

European Commission  
DG Competition  
Information, communication & media  
B-1049 Brussels

Ministry of Culture  
2 Nybrogade  
DK-1203 Copenhagen K

Tel : +45 33 92 33 70  
Fax : +45 33 91 33 88  
E-mail : kum@kum.dk  
Web : www.kum.dk

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Contribution from the Danish government on the draft Communication from the European Commissions on State aid for films and other audiovisual works

The Danish government welcomes the European Commissions consultation on the draft Communication on State aid for films and other audiovisual work. To fulfil the potential – both economic and cultural – of the film and audiovisual industry in the Member States it is necessary to have contemporary State aid assessment criteria for support for producing films and audiovisual works.

In general the Danish government recommends that a new Communication will be in line with the development in the film and audiovisual industry and the effects of the digital revolution on the industry. This without losing the focus on European films as a strong cultural product which creates a unique cultural diversity among the Member States.

In general the Danish government would like to draw the Commissions attention to the concerns expressed by the industry. It is crucial for a new Communication that it reflects the reality of the industry. A new Communication should be a lift for the industry into a new world of digital challenges. All for the best of a strong European film production based on the cultural diversity of Europe.

More specific the Danish government would like to comment on to the following topics in the draft Communication:

Scope of activities

As mentioned by the Commission some Member States offer support for activities other than film and audiovisual production, including film distribution and film promotion, which are not covered by the current Cinema Communication.

The Danish government therefore welcomes the extension of the scope of the Cinema Communication to cover the whole value chain of a film production from development to production and consumption.

It is though the opinion of the Danish government that there still is a need to reconsider the definition of audiovisual works covered by State aid criteria of the current Cinema Communication which are limited to films and TV productions. Here there is a need to incorporate new types of audiovisual works such as cross-media and video-on-demand. In particular interactive works such as video games should be assessed using the same criteria as for films and televisions productions.

#### Territorial spending obligations

The current Cinema Communication allows Member States to insist that up to 80% of the production budget of a subsidised film production is spent in the Member State offering the aid. The proposal from the Commission is that Members States may require that up to 100 % of the aid awarded to the production is spent in the territory offering the aid.

This could threaten the stability of the European public support to the audiovisual sector and the ability of Member States to develop and adopt policies and strategies to meet the future challenges of the sector. It could in worst case lead to a reduction in funds to support films and other audiovisual works.

We therefore encourage the Commission not to over regulate on this subject.

#### Competition to attract major foreign productions

The Commission is expressing concern on competition among Member States to use state aid to attract inward investment from large scale, mainly US, film production companies.

The Danish government is not aware of the extent of the use of public subsidies that could lead to a subsidy race among the Member States. But a higher transparency for these schemes could be needed as an overview of the numbers of European and US films that are subsidised by these schemes.

On this question the Commission should be aware of not disturbing the conditions for European co-production and bilateral treaties with third countries.

#### Improving circulation of European films and audience choice

The Danish government generally supports the Commission's intention to simplify clearance, administration and licensing of IPR across borders, adapting rights-management in the light of technological development and to facilitate the digitization and dissemination of cultural works in Europe, including the promotion of online distribution of audiovisual works. In this regard the Danish government emphasis the importance that initiatives at European level balance these considerations with the interests of relevant stakeholders, such as consumers, rights holders, content producers and providers.

