COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 26.07.1996
COM(96) 346 final

REPORT FROM THE COMMISSION

TO THE COUNCIL, THE EUROPEAN PARLIAMENT
AND THE ECONOMIC AND SOCIAL COMMITTEE

SECOND ANNUAL REPORT

ON PROGRESS IN IMPLEMENTING

THE ACTION PLAN FOR THE INTRODUCTION OF

ADVANCED TELEVISION SERVICES IN EUROPE

JOINT INTRODUCTION

The Action Plan for the Introduction of Advanced Television Services in Europe was established by the Council Decision of 22 July 1993 (O.J. No. L 196/48, 5.8.93) with the objective of ensuring the accelerated development of the market for advanced television services in Europe using the wide-screen 16:9 format.

The approach is based on stimulating the broadcasting and programme production elements in the value chain so that all the different actors and elements in the television services chain necessary to deliver 16:9 services to the home could fall into place. This is a condition for achieving the accelerated development of the market for 16:9 services. In the light of this approach, the Action Plan lays down two indicative targets to be achieved during its life:

(i) "a critical mass of advanced television services in the 16:9 format;

(ii) a sufficient and increasing volume of programming in the 16:9 format and with high technical quality both in picture and sound and of such a nature as to facilitate an optimum audience rating, such programming to be broadcast in the above mentioned services".

To achieve these targets, Community funds of 228 MECUs were foreseen for the period mid-993 until mid-1997.

The Action Plan Decision requires the presentation of a report annually to the Council, the European Parliament and the Economic and Social Committee on the activities of the preceding year. This Communication presents the Report for 1995.

The Second Annual Report focuses on the activities carried out during 1995 and the results to date in achieving the objectives of the Plan. Section A deals with the Broadcasting part (objective (i) above) and Section B deals with the Programme Production part (objective (ii) above). Activities up to the end of 1994 were reported on in a previous report (COM (95) 263 final, 16.7.95).

This Report appears at a time of intense speculation regarding the future of broadcasting, faced with the prospect of new, non-broadcast media such as video-on-demand and the Internet. There is also a revolution underway in broadcasting itself: pay-TV operators are poised to launch digital television services on cable and satellite. Preparations are underway for the launch of digital terrestrial television. The transition to digital television has a key role in ensuring that broadcasting remains attractive in the face of new competition. The introduction of digital television is however not the only important transition underway which will shape the future.

The Report covers the other important transition in broadcasting: changing the screen format from the old 1930s film format in the proportions 4:3 to the globally-agreed 16:9 wide-screen format. This is a difficult task, but an important one because of the commercial, creative and technical possibilities it opens both for the industry players and the public.

The transition to wide-screen is complementary with the transition from analogue to digital technology. In several ways, it's much harder than introducing digital TV, which can be just a decoder box plugged into an existing TV set. Introducing wide-screen means changing the architecture of the TV set itself.

This Report shows how the Action Plan for the Introduction of Advanced Television Services has triggered the first stage in the transition from the old screen format to the 16:9 wide-screen. It describes the progress since last year's report and the future prospects of this important programme; and how wide-screen is already contributing to the future of broadcasting today.

Second Annual Report on Progress in Implementing the Action Plan for the Introduction of Advanced Television Services in Europe

---

JOINT EXECUTIVE SUMMARY

The **most important barrier to the introduction of wide-screen TV has been the structural separation of consumer electronics and broadcasting. The so called 'chicken and egg' syndrome** meant that broadcasters would not introduce wide-screen until TV receivers were generally available while manufacturers would not commit to mass-producing receivers until there was broadcasting. The Action Plan's first task was to address this by offering a financial contribution towards the extra costs of broadcasters and programme producers so that manufacturers could market wide-screen TVs with confidence.

> Please turn to Appendix - page 21, "Frequently Asked Questions" for further detail on the rationale behind the Action Plan.
>
> See Figures 1A & 1B in annex 1 for details of the flat rate Community contributions available to broadcasters and producers.

Broadcasters and manufacturers are working together...

Here the news is 100% positive: thirty nine broadcasters in thirteen Member States are now transmitting in wide-screen. The Action Plan has supported them with funding equivalent to over 50,000 hours of 16:9 broadcasting from budget line B3-2014, between its start in July 1993 and December 1995. Thanks to these Community resources, **the Action Plan has broken the vicious circle** and enabled wide-screen TV sets to be put on the market. The wide-screen television market has started. Consumers are responding enthusiastically; the installed base of 16:9 TV sets has risen to around 500,000. This report demonstrates the truth behind the Action Plan's principle assumption: once there is broadcasting, wide-screen TV sets will sell. **One fact is very striking: the close correlation between the volume of broadcasting supported by the Action Plan and sales of 16:9 sets.** For visual proof, see Figure 4 on page 16.

Increased sales of wide-screen sets are the only optimistic feature of an otherwise stagnant television market in 1995. It may not be exaggerating to say that wide-screen is the strategic product that will provide a future for the TV manufacturing industry in Europe. Strong sales of wide-screen television full justify the decision to separate the change in the screen format from the other major change, the shift from analogue to digital broadcasting. Manufacturers will not produce integrated digital television receivers for a number of years because of the scale of manufacturing investments required. Digital TV will therefore begin as a separate market for decoder boxes attached to existing sets. As a screen format, 16:9 is anyway technology-neutral and this is one of its great advantages for the consumer.

The Action Plan anyway leaves the choice of technology to the broadcaster. The majority of broadcasters have so far chosen to offer wide-screen to their existing audiences using the analogue D2-MAC or PAL Plus systems, given that the transition to digital broadcasting will take up to twenty years to complete. Other broadcasters are willing to build a new audience from zero in order to benefit from digital technologies. The Action Plan funded its first wide-screen digital service in 1995. It is expected that 1996 will see further digital services introduced, with a significant wide-screen element.

...and there are plenty of European programmes in 16:9

The programme production part of the Action Plan ensures that programme producers are linked to the 16:9 dynamic of the broadcasters and manufacturers. In less than three years, the **Action Plan has supported nearly 20,000 hours of 16:9 programming** from budget line B3-2013. It has contributed around 95 MECU towards wide-screen production and remastering from budget line B3-2013, in order to ensure that there is an increasing supply of high quality European programmes available to broadcasters and their audiences. **Almost 90% of all the funding has been invested in new programmes.** This has boosted both the quantity and the quality of 16:9 programmes available to broadcasters.

The Action Plan is helping European producers to constitute a catalogue of long-shelf life 16:9 programmes whose value will outlast the life-span of the Action Plan itself. Existing and future 16:9 broadcast services will be able to draw from this catalogue of long-life, "stock" programmes far into the future. Confirming this trend, major fiction and documentary series in most Member States are now planned from the outset in 16:9. These two programme genres are particularly suited to the 16:9 aesthetic and showed the strongest growth among different genres of programmes funded in 1995. The Action Plan has therefore positioned 16:9 as the format for prestige long-shelf life productions.

By assisting programme producers to migrate to 16:9, the Action Plan is ensuring that they participate in the next indispensable step in the evolution of television and that they have one fixed point in the maelstrom of new technologies which they must navigate in the coming years. **The Action Plan is therefore a key element in the European Union's audiovisual policy and should be supported through to its conclusion** so that producers in late starting markets enjoy the full benefits of participation.

Milestones in 1995

1995 saw a number of important milestones passed half-way through the Action Plan's four year life.

The special funding regime for late starting markets started, drawing on the reserve of 68 MECU set aside for them in the Council Decision. Broadcasters and producers in **Greece, Italy, Denmark, Sweden, Ireland and Austria were thereby enabled to start wide-screen transmissions and programme making.** Broadcasters and producers in these Member States benefit from a higher level of funding commensurate with their greater difficulties in introducing 16:9 - 80% of the flat rates.

Normally broadcasters in these Member States are unable to introduce innovations like 16:9 wide-screen until years after they have been launched in the leading markets. It's remarkable how well the Action Plan has worked in the late starting markets, ensuring their participation very soon after wide-screen started. The decision to reserve 68 MECU for the late starting markets was a wise one - and this report shows that it has been justified. Wide-screen broadcasting has started in these Member States - but it's still in its infancy. Achieving an impact on the market will take several years: the public must have time to buy sets. **It is therefore important to maintain support for the Action Plan in 1997, by allocating the balance of funding permissible under the Council Decision.** This is also important for the continuing confidence of the market actors - producers, broadcasters and manufacturers - in the European Union's commitment to the introduction of the 16:9 format.

During 1995, the Action Plan committed almost all of the funding available for the early markets. These include the driver markets for the whole Union, notably France and Germany, where 16:9 must succeed. The major dividend of this investment was undoubtedly the successful mass market launch of the PAL Plus system in Germany. PAL Plus is the wide-screen broadcasting system chosen by a majority of broadcasters so far. Just 3.2 MECU remained on the Action Plan's broadcasting budget at the end of 1995 for the early markets funded at 50% of the flat rates.

Future prospects for wide-screen and the Action Plan

The Commission considers that the Action Plan has successfully completed its initial task - breaking the chicken and egg syndrome - in almost all Member States. This is gratifying but the Commission also has concerns: **the Action Plan's prospects of achieving its indicative target of a critical mass of wide-screen services in Member States' markets by June 30 1997 are much less certain. Achieving critical mass is important in order to secure the sustainability of the market.** However, only France, Germany and Belgium showed signs of achieving a critical mass of services by the end of 1995.

The problem is one of resources, rather than any fundamental difficulty with the Action Plan itself, or the market, which has welcomed wide-screen positively, as shown in this report.

Considering the future, it will be important to ensure that the benefits of 16:9 are well-integrated into the digital environment. The Commission believes it would be desirable to forge the closest possible link between digital broadcasting and wide-screen TV for their mutual benefit. Wide-screen enhances the consumer attractiveness of digital TV, with other propositions apart from "more channels". Shortage of radio spectrum anyway limits the number of channels of terrestrial digital TV. Wide-screen also opens the way to the future introduction of digital high definition television which uses the 16:9 aspect ratio. Some broadcasters and programme producers would like to offer their viewers the high impact and realism of HDTV on big screens - the ultimate evolution of Home Cinema - rather than just more channels.

In mid-1995, the Action Plan was half-way through its four year life, which ends on June 30 1997. The Commission felt that it would be appropriate to assess how far it was likely to achieve the objectives set out in the Council Decision, a critical mass of services and an increasing supply of wide-screen programmes. **As a first step, the Commission requested an independent evaluation of the Action Plan by external consultants. This study will consider progress towards the objectives and prospects for the future.** The analysis will help the Commission to assess the desirability of a sequel to the Action Plan and the scope of such a measure in the event that it should be justified. There will also be further consultations with the market actors and others, notably in the context of a conference to be held later this year.

Budget lines

B3-2014 - Broadcasting, managed by DG XIII

B3-2013 - Programme production and remastering, managed by DG X

SECTION A : BROADCASTING

1. MANAGEMENT OF THE ACTION PLAN

1.1 Call 95/1

Funding for "late starting markets"

This was a joint call[1] with the programme production part of the programme. The most important new element which distinguished this Call from preceding ones was the availability of funding from the reserve of 68 MECU established in the Council Decision for "late starting markets". [2] Broadcasters in Member States, without any 16:9 services, or with limited 16:9 coverage, could benefit from funding at a higher rate - 80% of the hourly flat-rates - rather than 50%.

This reserve was intended by the Council to ensure the Community dimension by enabling the less developed markets to have access to the Action Plan. Without these favourable terms, it was feared that broadcasters in the larger Member States, or those with better developed markets, would consume the entire Action Plan. The role of the larger or better developed Member States is important since they are the driver markets for new consumer electronics products. This reserve is significant because it ensures that the other Member States will benefit from progress in the larger or better developed Member States. Specifically, it helps ensure that the Action Plan's "spread and balance" criteria for the equitable community-wide distribution of funding will be met over the life of the Plan.

Response

Once again broadcasters responded strongly, requesting funding equivalent to 65,000 hours of broadcasting, of which 14,000 hours were offered by broadcasters in 80% markets. Total budgetary resources were comparable to 1994, equivalent to around 20,000 hours of broadcasting; note that the 80% funding possibility has the effect of reducing the number of hours of broadcasting that can be funded since each hour costs the Action Plan more.

The main features of the response were as follows:

- 22 broadcasters funded from earlier calls re-applied;

- a further 10 new entrants in 50% markets applied;

- 10 proposals were received from new entrants in 80% markets.

---

[1] O.J. No. C 26, 1.2.1995, p.4.

[2] Art. 2.5, 93/424/EEC, Council Decision of 22 July 1993 on an Action Plan for the Introduction of Advanced Television Services in Europe. O.J. L 196, 5.8.1993, p.48.

Results of Call 95/1 broadcasting

Figures 1a and 1b show the final allocation of hours of funding following Call 95/1, with *new entrants in italics*. Broadcasters in Ireland and Sweden were enabled to start 16:9 transmissions in those Member State. This raised the number of Member State participating in the Action Plan to ten.

ACTION PLAN 16:9 BROADCAST SERVICES FINAL ALLOCATION 95/1

Figure 1a: 50% markets

	Broadcaster	Code	Requested hours	Allocated hours
1. FRANCE	Canal +	F2	3.376	1.400
	MCM	F5	3.984	1.200
	France Super	F4	6.022	2.700
	Cinécinémas	F3	2.912	900
	Paris Première	F6	1.460	400
	Arte	F1	251	250
France total			**18.005**	**6.850**
2. GERMANY	Première	G5	900	700
	ARD	G1	500	500
	BRF	G2	300	300
	ZDF	G7	800	800
	3Sat	G8	960	960
	MDR	G4	400	400
	FAB	G3	5.150	400
	SWF	G6	100	100
Germany total			**9.110**	**4.160**
3. NETHERLANDS	TV Plus	N1	2.025	1.000
Netherlands total			**2.025**	**1.000**
4. SPAIN	RTVE	E3	575	250
	TV3 Catalan	E5	427	300
	RTVA Canal Sur	E2	695	200
	EUSKAL	E1	200	200
	TVG Galicia	E4	240	250
Spain total			**2.137**	**1.200**
5. PORTUGAL	TVI	P1	400	200
Portugal total			**400**	**200**
6. BELGIUM	RTBF	B4	700	700
	Canal+TVCF PAL	B3	2.880	950
	BRTN 1	B1	415	415
	BRTN 2	B2	260	260
Belgium total			**4.255**	**2.325**
7. UK	Channel 4	U1	100	400
	S4C	U2	1.014	400
UK total			**1.114**	**800**
Total zone 50%	Total zone 50%		37.046	16.535

Figure 1b: 80% markets

	Broadcaster	Code	Requested hours	Allocated hours
8. GREECE	*EPT Hellenic TV*	GR1	200	200
	ERT-3	GR2	250	250
	TVS	GR4	3.276	250
Greece total			**4.876**	**700**
9. SWEDEN	*TV 1000*	S1	5.104	1.300
Sweden total			**5.104**	**1.300**
10. IRELAND	*RTE*	IR1	263	250
Ireland total			**263**	**250**
Total zone 80%	Total zone 80%		**13.062**	**2.250**
Grand Total=32 PROJECTS (80%+50%)			**50.108**	**18.785**

The main elements underlying this allocation were as follows:

- The Commission and the Member State Committee agreed a funding period of one year from 1 January 1996.

- On the recommendation of the independent, external technical evaluators, four projects received were not funded because they did not meet the project quality criteria set out in the annex of the Council Decision.

- The 22 broadcasters funded under earlier calls were awarded the same as they had received in 1994 on a *pro rata* basis.

- The ten new entrants in 50% markets received the number of hours they had requested for the funding period

- The ten new entrants in 80% markets also received the number of hours they had requested for the funding period

The Commission and the Committee agreed that it was important to maintain continuity of funding in the 50% "driver markets", particularly the need to support the mass market launch of the PAL-Plus wide-screen TV system in Germany at the Berlin IFA show in August. This would offer the best possibility for the 16:9 market to become established in those countries, given that 16:9 would not be sustainable in 80% countries without success in the "driver markets". Relatively low demand for broadcast hours in the 80% markets reflected the difficulty broadcasters in those countries faced in launching 16:9. A simple division of the available budget between 50% and 80% would not therefore have reflected market development.

1.2. Call 95/3

After 18 July, a further 4 MECU became available.[3] A further Call was therefore organised in order to allocate these funds[4]. The Commission felt that the additional call could provide an opportunity to increase the participation of broadcasters in 80% markets. Several projects that had not been funded in Call 95/1 were resubmitted with improvements, following discussions between broadcasters and the Commisssion. The Austrian and Danish public broadcasters submitted proposals for the first time.

Response

- 20 broadcasters applied including 6 that had already been funded following Call 95/1.

Results of Call 95/3 broadcasting

Figure 2 shows the final allocation of funding pursuant to Call 95/3. 16:9 broadcasting in Austria and Denmark could start, following successful applications by broadcasters in those countries. Note that Danmarks Radio will transmit in 16:9 using the digital satellite norm specified by the Digital Video Broadcasting Group, the first digital wide-screen service in Europe.

Figure 2

ACTION PLAN 16:9 BROADCAST SERVICES FINAL ALLOCATION 95/3

		Code	Requested hours	Allocated hours
1.Netherlands	*Veronica*	N1	2500	400
2.United Kingdom	Granada	R1	150	150
Total 50%			**2650**	**550**
3.Italy	*Telenuovo*	I1	1760	300
	Synthesia	I2	1160	200
	Videolina	I3	1850	200
4.Austria	*Orf*	AT1	360	360
5.Denmark	*Danmarks Radio*	D1	430	400
Total 80 %			**5560**	**1460**
Grand total			**8210**	**2010**

New entrants in italics

The main consideration behind the distribution is as follows:

- broadcasters who had already been funded under Call 95/1 received no funding from Call 95/3.

---

3 The European Parliament had blocked this sum pending receipt of the 1994 Annual Report.

4 O.J. No C 212, 17.8.1995, p.28.

Since the 4 MECU was part of the same 1995 budget, it seemed reasonable to give priority to those who had not been funded under Call 95/1, especially new entrants.

1.3. Evaluation methodology

Note that the evaluation procedure for both calls was unchanged from 1994. An independent external consultancy assisted with the technical evaluation of projects. Their tasks were first to establish elegibility of proposals against the "project quality criteria" set out in the Council Decision; second to provide a ranking of the projects with particular emphasis on the likely attractiveness of the services to audiences; third, to identify omissions and weaknesses in the proposals so that the Commission could address these in contractual negotiations.

The technical evaluations supplied important inputs into the Commission proposal for both calls. However, the "spread and balance" criteria were applied by the Commission exclusively before formulating its proposal to the Committee. The Technical Evaluators' Summary Reports were made available to the Member State Committee.

1.4 Building on the excellent foundation set down in earlier years

Two maps illustrate graphically how Calls 95/1 and 95/3 have successfully built on earlier activity. Figure 3A was published in last year's annual report[5]; it shows that 22 broadcasters in eight Member States were transmitting in 16:9 format. Figure 3B is an updated version which includes broadcasters funded in 1995. A total of 39 broadcasters are now transmitting 16:9 services in thirteen Member States.

[5] Figure 2, P.12, COM (95) 263 final/2, Brussels 22.06.1995.

Action Plan Broadcasting
30-12-94

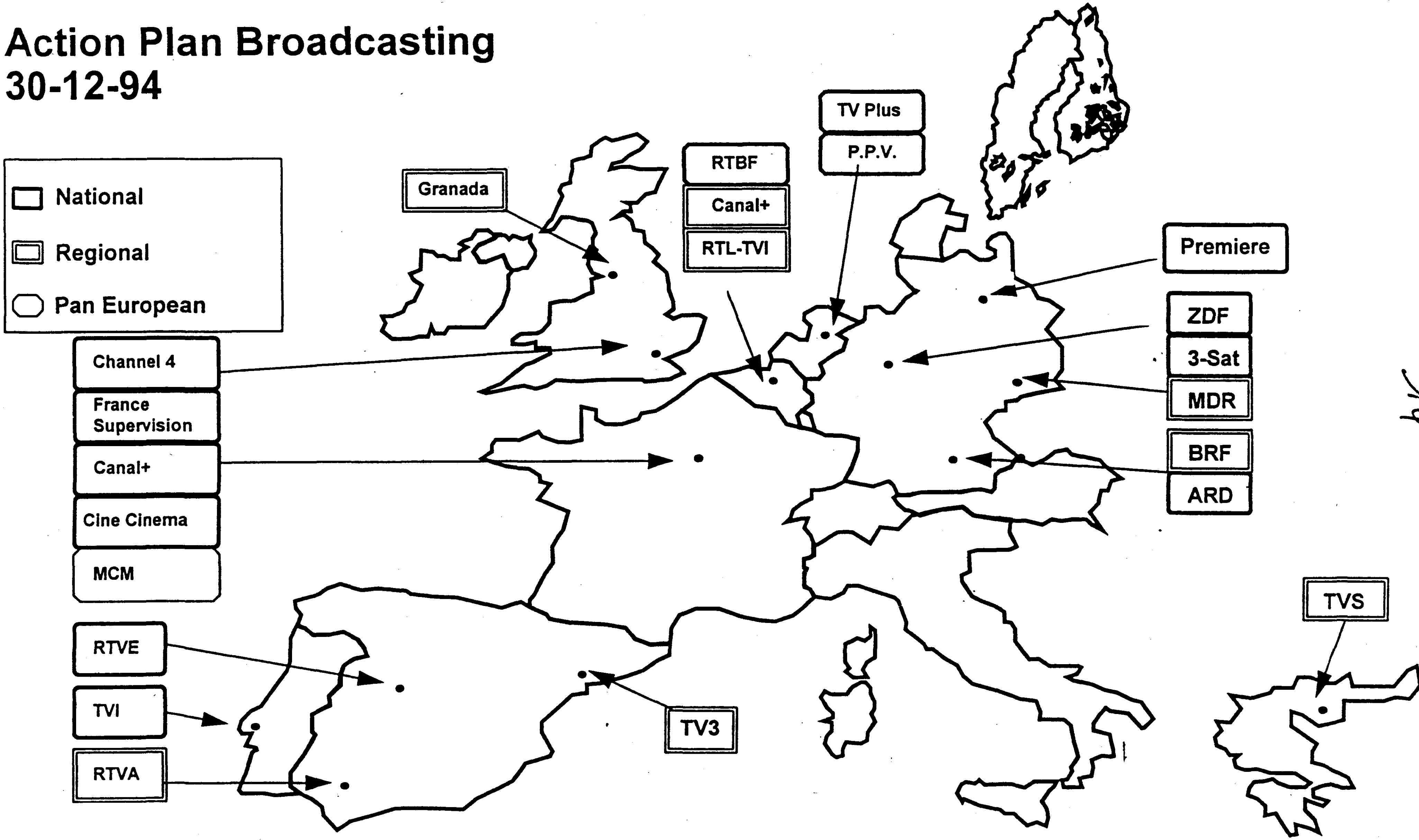
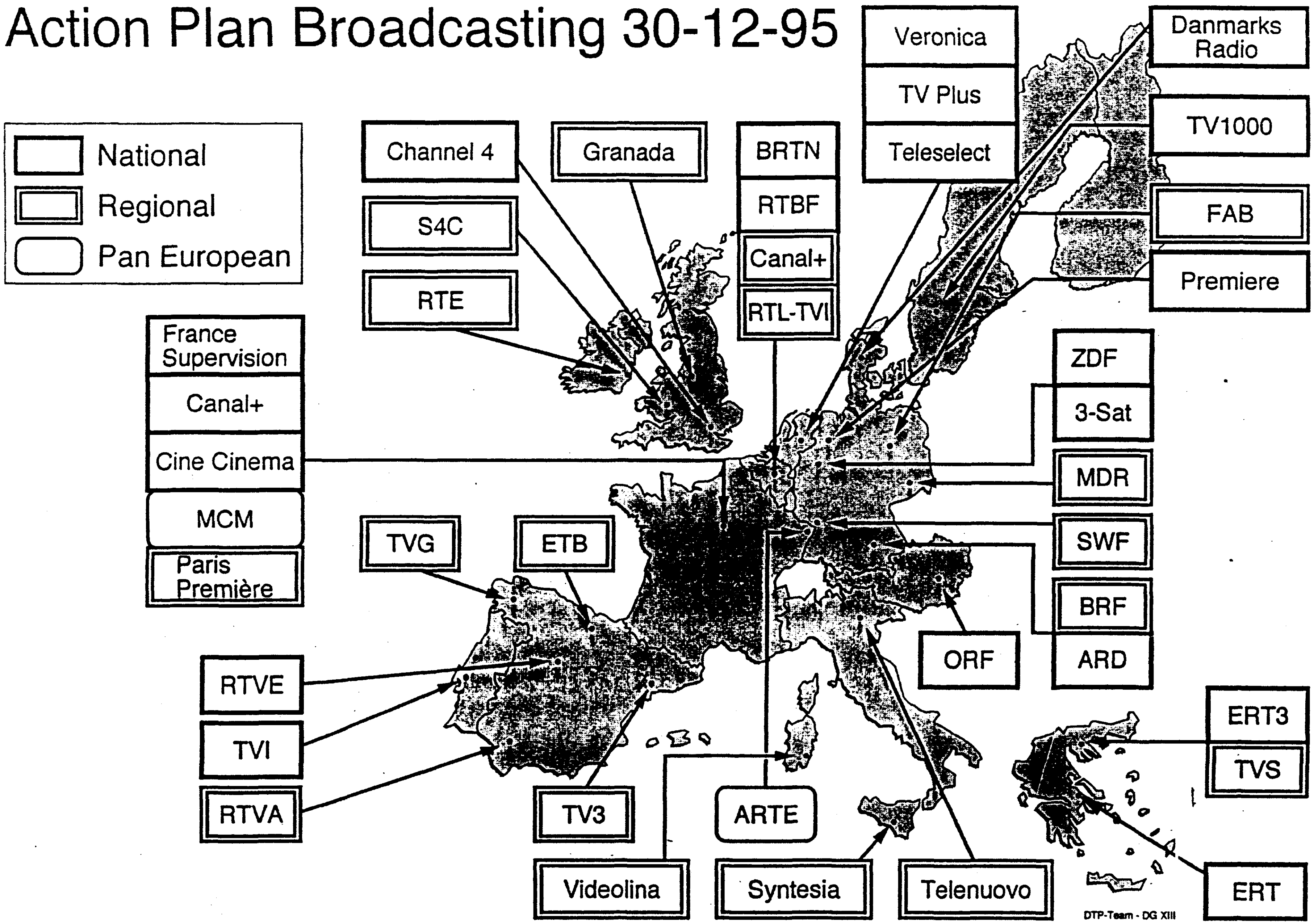


Figure 3A



Action Plan Broadcasting 30-12-95
National
Regional
Pan European
Channel 4
S4C
RTE
Granada
BRTN
RTBF
Canal+
RTL-TVI
Veronica
TV Plus
Teleselect
Danmarks Radio
TV1000
FAB
Premiere
France Supervision
Canal+
Cine Cinema
MCM
Paris Première
TVG
ETB
ZDF
3-Sat
MDR
SWF
BRF
ARD
ORF
RTVE
TVI
RTVA
TV3
ARTE
ERT3
TVS
Videolina
Syntesia
Telenuovo
ERT
DTP-Team - DG XIII

Figure 3B

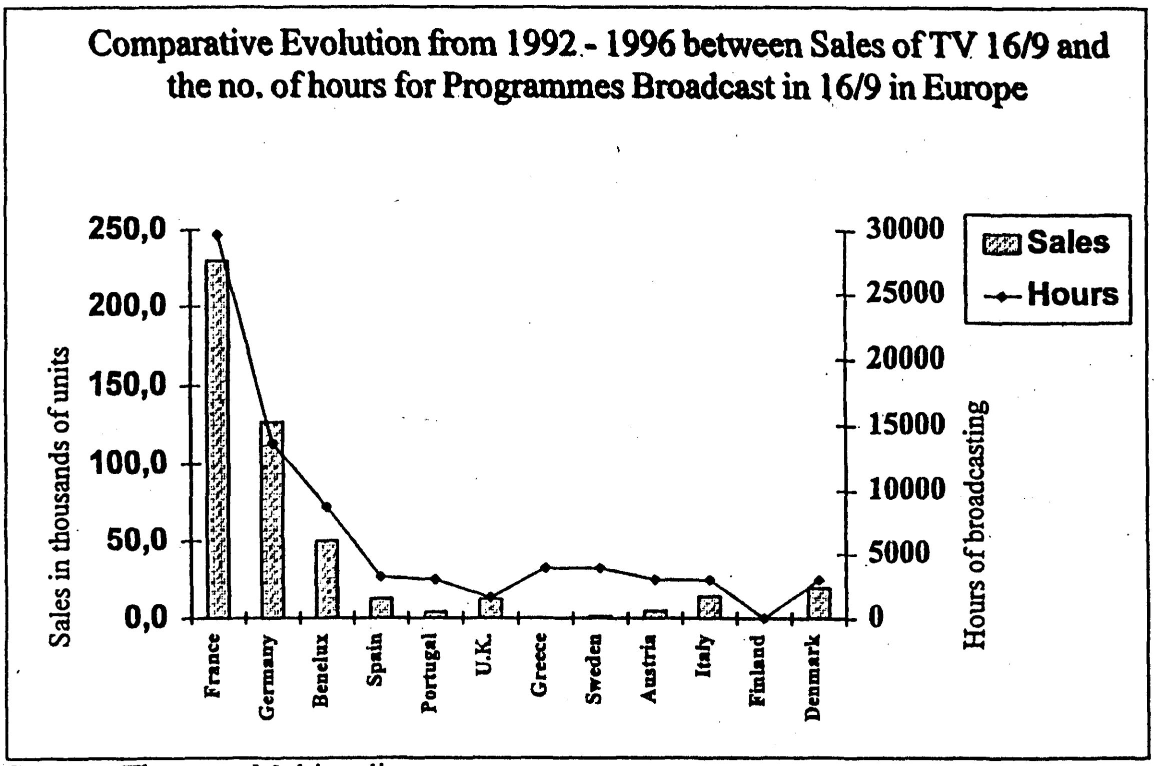
15

2. IMPACT

2.1. How 16:9 broadcasting triggers sales of 16:9 TV sets

The initial challenge was to break the "chicken and egg" syndrome which had prevented 16:9 from reaching the market originally: broadcasters would not transmit without receivers being on the market and manufacturers would not commit to mass production without broadcasting. The preceding section has described the enthusiastic uptake of 16:9 by broadcasters in thirteen Member States so this difficulty is largely solved, although it would be desirable to have more services in certain markets.

Figure 4 : Comparative Evolution from 1992 - 1996 between Sales of TV 16:9 and the number of hours for Programmes Broadcast in 16:9 in Europe.



Source : Thomson Multimedia

Figure 4 shows the comparative evolution from 1992-96 of TV sales and hours of broadcasting supported by the Action Plan. The correlation between cumulative sales of wide-screen TV sets and broadcasting is very close, particularly in France and Germany where 16:9 first started. This demonstrates that the Action Plan is having the intended effect. Germany and France are motor markets for the whole of Europe and started earlier than others. They matured quickly, rapidly developing a range of services to stimulate consumer demand. The Action Plan seems to be well on the way towards meeting its indicative target in those markets, together with Belgium, of catalysing a critical mass of services. Achieving critical mass is important if the market is to become self-sustaining, as foreseen in the Council Decision.

The progress of the German market largely justifies the considerable resources committed in 1994 and 1995. German sales of wide-screen sets tripled to 75,000 units and this growth is directly attributable to the Action Plan. German broadcasters made a heavy collective commitment to 16:9 at the Berlin IFA show, with extensive transmissions from the IFA itself, underwritten by Action Plan funding. Manufacturers showed an extensive range of receivers at all price levels and screen sizes, demonstrating their commitment to the product. German consumers had ten different brands of receiver to choose from following the IFA.

The 1994 annual report argued that favourable development of the German market would be a precondition for the success of the 16:9 format in Europe.[6] Two reasons were given: first because of the importance of the German market in general; and more specifically, because the successful German launch of PAL-Plus would be a prerequisite for 16:9 to succeed in most other countries, since PAL-Plus is the system selected by the majority of Action Plan broadcasters for 16:9 transmission.

Other markets are either far from achieving a critical mass of services or started later; the lag between the allocation of funding, broadcasting of the subsidised hours and television sales means that market impact will come in 1996 and 1997, particularly in the late starting markets funded at 80%. Annex 2 contains graphics comparable to figure 4 for ten Member States individually.

Note that the comparatively low sales of 16:9 receivers in the UK market reflect the BBC's decision to link wide-screen to its project for digital terrestrial broadcasting. Transmissions cannot start before the end of 1997, until the digital terrestrial transmission system becomes operational, after the expiry of the Action Plan.

2.2. The strategic importance of 16:9 TV sets to the consumer electronics industry

The following section demonstrates the importance of wide-screen for the consumer electronics industry.

---

6 COM (95) 263 final 16.06.95 p27, section 3.3

Figure 5 below shows unit sales of all colour TV receivers in the EU. The volume of sales was at best stagnant and actually contracting in most markets.

Figure 5

Total Colour Television set sales 1994 and 1995 [7]

(Thousands of units)	Austria	Benelux	Denmark	Finland	France	Germany	Greece	Italy	Portugal	Spain	Sweden	U.K.	EU15
1995	492,0	1 350,0	320,0	-	3 575,0	5 450,0	400,0	3 010,0	540,0	1 860,0	430,0	3 545,0	20 972,0
1994	524,0	1 395,0	316,0	-	3 650,0	5 529,0	400,0	3 012,0	510,0	1 836,0	460,0	3 563,0	21 195,0
Trend (in %)	-6,1%	-3,2%	1,3%	-	-2,1%	-1,4%	0,0%	-0,1%	5,9%	1,3%	-6,5%	-0,5%	-1,1%

Source: EACEM

One important reason for stagnation is that there has been no strong reason for consumers to replace their television sets. The products are very reliable and have a long life and there have been no fundamental changes to the appearance of TV pictures received at home since the introduction of colour thirty years ago. Even the introduction of digital TV could just mean more channels of 4:3 TV, of no better quality than today's pictures if broadcasters prefer to have more channels rather than changing the presentation, by introducing wide-screen and/or introducing studio quality pictures to the home.

New products and innovation are the life-blood of consumer electronics. They restore value in the eyes of the consumer and refresh manufacturers' profit margins since consumers know that the cost of consumer electronics products falls over time. Compared with the effect that compact disc has had on the music business, the inertia of the TV receiver is very marked. 16:9 is the biggest change to the television receiver since colour and is just the kind of incentive that the consumer needs to restore interest in a product that is still largely manufactured in Europe. It is contributing to the stabilisation of employment in an industry where the number of jobs has declined by 40% since 1982. [8]

Increased sales of 16:9 receivers were the only positive feature of the television market last year. Figure 6 below shows 1995 sales of 16:9 TV sets in Europe, with a 64% increase in sales across the EU 15 compared with 1994. The 275% increase in German sales - to a very respectable volume of 75,000 units - is particularly impressive, as is progress in neighbouring Benelux. Despite the strikes at the end of last year, French sales grew by 55% in the final four months of 1995 compared with the same period in 1994, according to SIMAVELEC.[9]

7 Figures for 1995 are provisional

8 Source: EACEM. Based on industry statistics for 1994.

9 Summary of the press conference given by Mr Serge Amiard, the President of SIMAVELEC on 13.02.96, P.4

Figure 6

Sales of 16:9 wide-screen TV sets 1994 and 1995 [10]

(Thousands of units)	Austria	Benelux	Denmark	Finland	France	Germany	Greece	Italy	Portugal	Spain	Sweden	U.K.	EU15
1995	4,0	30,0	10,0	-	85,0	75,0	-	6,3	1,0	4,5	0,5	4,2	220,5
1994	0,7	10,0	7,0	-	85,0	20,0	-	3,0	1,0	4,0	1,0	3,0	134,7
Trend (in %)	471,4%	200,0%	42,9%	-	0,0%	275,0%	-	110,0%	0,0%	12,5%	-50,0%	40,0	63,7%

Source: EACEM

3. PROSPECTS FOR 1996 AND 1997

Following the two 1995 calls, the Action Plan is supporting broadcasting in thirteen Member States. Some 16:9 services from neighbouring countries are available in Luxemburg; only Finland lacks any 16:9 broadcasting. After only two years of Action Plan operations, the speed with which the 39 broadcasters have launched 16:9 services is a testimonial to the Action Plan's success in accelerating the development of the services market.

In particular, late starting markets have made rapid progress, with a strong demand for broadcasting in the first year of 80% funding. Only 3 MECU of broadcast funding remained for future allocation in the early starting markets following the 1995 calls; the remaining Action Plan funding is reserved for the late starting markets. The 1996 broadcasting budget was reduced by 50%. It is therefore of critical importance that adequate budget is made available in 1997 so that the late starting markets can benefit fully from the favourable terms set out in the Council Decision.

3.1. The issue of critical mass

The Council Decision sets the indicative target of a critical mass of 16:9 broadcast services as an indicative target for the broadcasting side of the Action Plan. The Council took the view that the accelerated development of the services market would be crucial in order to meet the overall objective of contributing to the market penetration of 16:9 receiver equipment. This approach was fully supported by the European Parliament.

However, the extent to which a critical mass of services has been reached is much harder to assess than the acceleration of the services market. Broadcasting markets are fragmented by language and tradition in Europe, even if national frontiers are a diminishing barrier. There may need to be a critical mass of services in each Member State for the Action Plan to achieve its indicative target.

---

10 Figures for 1995 are provisional

By this criterion, the Action Plan has a difficult task to achieve before its end on June 30th 1997. France and Germany are the most likely candidates to achieve critical mass, possibly also Belgium. Other markets are still in "break out" mode, with one service, like Portugal or Sweden. The majority of Action Plan services were still less than one year old in 1995.

In order to help assess the critical mass issue, the Commission has engaged a consultancy firm which will report in mid-1996. This is expected to be a major input into the Commission's reflections on whether there should be an extension of the Action Plan or what other policy measures should replace it in order to consolidate the success of 16:9 in Europe.

* * *

APPENDIX

Backgrounder on wide-screen 16:9
- Frequently Asked Questions -

Why wide-screen?

The wide-screen screen format in the proportions 16 to 9 (16:9) is the only globally agreed parameter for the future of television. It's more ergonomic than the current 1930s movie format used by TV, the squarer 4:3 format. Wide-screen brings TV into line with cinema which has used wide-screen since the 1950s. It works with both analogue and digital pictures and is therefore "future proof"; it protects consumer investments in the display, the most expensive part of the TV. The successful introduction of 16:9 is a requirement for the future introduction of digital high definition television. Wide-screen is simultaneously an important feature of the deepening relationship between film and TV - it brings the movie aesthetic into TV - and an important element which the audiovisual industries contribute to the broader convergence of audiovisual, telecommunications and computing.

The problem

Changing the screen format is much harder than just plugging another box for satellite or digital TV into an ordinary TV. 16:9 is a fundamental alteration to the core of the system; the architecture of the TV receiver itself changes. This requires real co-ordination between manufacturers and broadcasters if consumers are going to be offered wide-screen in a synchronised manner. And wide-screen TV could not be introduced into Europe because of the "chicken & egg" problem. Broadcasters would not start to transmit wide-screen until wide-screen TV sets were on the market; manufacturers refused to launch them until transmissions had begun. The market was blocked, even though all market research evidence showed that consumer interest in wide-screen 16:9 was considerable.

Why invest public money?

What economists call "Market Failure" means wide-screen would not otherwise reach the public. Consumer electronics manufacturing now requires European scale at minimum. Broadcasting still has a national structure for regulatory and linguistic reasons. The introduction of colour in the sixties was the last major innovation - when both manufacturing and broadcasting had a national structure - and this was successful: colour TVs and services appeared at the same time. The current asymmetry between the structures of the two industries causes practical difficulties because the "market forces" and investment timing requirements are different. In any case, a *laisser faire* approach based exclusively on "market forces" is inappropriate in the broadcasting sector, because public broadcasters still account for such a high percentage of audience ratings.

The need

Public broadcasters have long pioneered the introduction of new technologies like colour, stereo and teletext. However, they all have financial difficulties which have made it very hard for them to undertake the significant investments necessary to transmit 16:9, even though they all know 16:9 is the future of TV. The Action Plan has so far helped 17 public broadcasting channels to launch wide-screen services, helping them to sustain their traditional role as pioneers into the 1990s. Commercial broadcasters - funded by advertising or pay TV subscription revenues - have a short term perspective: wide-screen hits their financial "bottom line" and pay-back on the investment takes a long time. Action Plan funding combats short termism by weakening the accountants' case against 16:9.

The solution

The Action Plan breaks the "chicken and egg" problem by offering an hourly community contribution towards broadcasters' extra costs through budget line B3-2014 - and those of producers through another budget line B3-2013. Note that funding programming in wide-screen is not enough on its own: the programmes must be *transmitted* in 16:9 to trigger consumer interest in the new format. The Action Plan's tough quality control criteria stress the need for attractive wide-screen services capable of winning high audiences; in this way the impact of the Community funding is maximised.

SECTION B : PRODUCTION

INTRODUCTION

The Action Plan, a Community instrument for the audiovisual sector

The aim of the Action Plan, a four-year Community instrument (July 1993- July 1997), is to act as a catalyst for the development of the market in advanced television services. The encouragement for the development of a European dimension on this market will spur the television audiovisual industry to modernize and prepare for the future in a coherent, clear and synchronized manner: when the time comes it must be ready for a fully digital content.

Advanced television services are now broadcasting in the 16:9 format, on which a consensus has been reached in Europe. The 16:9 format has two major advantages. The first is technical: it is neutral in relation to the various transmission standards and thus encourages the transition from the analog world to the digital world. The second is commercial and aesthetic: this panoramic format gives higher image quality and brings television in line with the cinema.

The structural effect sought by the Action Plan is to develop a critical mass of advanced television services in order to make them generally available at European level. For that purpose, the strategy adopted by the Action Plan takes into account the interests of all those involved in the audiovisual chain. As the main actors in broadcasting are the programme distributors and producers, the Action Plan deploys its efforts in two directions by simultaneously stimulating supply and demand for 16:9 programmes in a coordinated and decisive manner at Community level. Thus the 16:9 Action Plan offers European broadcasters and producers supplementary funds to cover the additional costs generated by the 16:9. Considerable investment in terms of both finance and equipment is needed to broadcast and produce 16:9 material.

The 16:9 market

In addition to broadcasting services, see section A, part 2, p. 16 -the 16:9 market includes general public and professional equipment linked to the use of this format. The launching of 16:9 broadcasting services at European level encourages investment and drives modernization, which is necessary for the competitiveness of the audiovisual industry, the professional equipment of the broadcasters, and of production, rental and equipment firms. The Action Plan has the effect of streamlining the industry in general.

The Action Plan, an integral part of the Community audiovisual policy

By participating in the emergence of a critical mass of 16:9 services in conjunction with the economic actors, the European programmes industry can be clearly oriented towards the future. Producing in 16:9 guarantees technical quality. The systematic encouragement of European production to use production equipment compatible with the 16:9 format is a strategic commitment at European level to the durability of programme catalogues.

Programme catalogues are the basis of any strategy. They are the source of the industry's revenue. They are a business asset. Catalogues consist of material with a long shelf-life which can be rebroadcast and exploited on markets other than their own. The Action Plan, which is geared to the programmes industry, is thus an integral part of the Union's audiovisual policy. Its purposes are to strengthen the structural capacity of the audiovisual programmes industry and to develop its European dimension.

The methodology of the Action Plan is based on these considerations. The programmes section of the Action Plan joins with the producers themselves and the economic actors who invest in the 16:9 in cofinancing the additional cost either of producing new 16:9 programmes or of remastering material available in other formats to make them compatible with the 16:9 format. 50% or 80% of the additional cost is cofinanced on the basis of flat-rate hourly scales.

Scope of the Action Plan

Calls for proposals[11] invite European producers to apply for aid for new productions and/or remastering. Eligibility criteria are as follows:

- producers must be established in one of the Member States of the European Union;

- producers must show that a 16:9 broadcaster established in the European Union undertakes to broadcast the programme covered by the application;

- producers must certify that co-financing of the additional costs comes from economic sources other than the Action Plan.

If the aggregate aid applied for exceeds budgetary availabilities, priority criteria are applied to select the production projects. No place is given to qualitative assessments of the programmes' contents and priority is given to:

- long-life ("stock") programmes;

- projects submitted by independent producers;

- projects from Member States with small production capacity or with a restricted language area;

- projects for which the additional sources of financing come exclusively from economic operators.

Where existing material is to be remastered, priority goes to programmes of European origin.

---

11 A first combined services/programmes call will be followed by two calls for the programmes section during the following twelve months - Annex 5 to the Council Decision.

CHAPTER 1 - 16:9 ACTION PLAN 1993-95

This chapter outlines activities pursued under the Action Plan in 1995 and the development of the Community programme; this is a particularly useful analysis after two and a half years' operation.

1.1. Overall results expressed in ecu and hours:

Year	1993	1994	1994	1995	1995
Call	1/93	1/94	2/94	1/95	2/95
Million ecu	11.6	19.4	33	18.1	12.5
Hours	2 936	4 555	5 648	4 099	2 551

Five calls for proposals have been organized since the Action Plan was drawn up: one in 1993, two in 1994 and two in 1995. The budget for each call was different. At first there was an upward trend until the second call in 1994 and then a downward trend until the second call in 1995.

In all, ECU 94.6 million was allocated to European producers between July 1993 and 31 December 1995 to produce or remaster programmes in the 16:9 format.

The ECU 94.6 million cofinanced 19 789 hours of programmes in 16:9:

- ECU 84.4 million cofinanced 12 367 hours of new programmes in 16:9; and
- ECU 10.2 million cofinanced 7 422 hours of remastering.

1.2. Proposals (production and remastering projects) received under the Action Plan

Stable number of proposals received

The number of proposals received was relatively constant at 1 000 or so for each call. The smallest number of applications received (732) after the 1/94 call can be explained by the fact that the first call under the Action Plan (1/93) had benefited from the launch of the programme and most of the production projects in preparation were attracted en masse. It was necessary to wait for call 2/94 for producers to submit numerous new applications for production aid.

Call	1/93	1/94	2/94	1/95	2/95
Proposals received	944	732	1.113	970	1.116

Increase in the number of programme hours submitted under the Action Plan

Since the start of the implementation of the Action Plan, the programme hours corresponding to aid applications received under the Action Plan rose significantly, as is shown by the following table:

Call	1/93	1/94	2/94	1/95	2/95
Hours received	7 500	8 000	10 356	16 392	10 735

The tenders submitted after each of the first two calls (1993 and early 1994) totalled 8 000 programme hours. At the end of 1994, the total was 10 300 hours. A new peak was passed early 1995 when applications from producers totalled 16 400 programme hours. For 1995 as a whole, demand reached 27 127 hours as against 18 356 hours in 1994.

Increase in the number of tenderers using the Action Plan

Over the first two years of its implementation, the total number of tenderers increased threefold. At the end of 1994, following three calls, this total stabilized at an average of 200 producers per call.

Call	1/93	1/94	2/94	1/95	2/95
Number of producers	80	148	243	184	190

1.3 The professionals involved

The two main categories of producers who benefited from the Action Plan are the independent producers and broadcasters. The following table shows the breakdown of budgetary funds between them and their respective share in the production of new 16:9 programmes.

Year	1993	1994		1995	
Call	1/93	1/94	2/94	1/95	2/95
ECU Broadcasters	56%	62%	50%	55%	56%
Producers	44%	38%	50%	45%	44%
HOURS Broadcasters	63%	78%	55%	73%	73%
Producers	37%	22%	45%	27%	27%

1.3.1 General analysis

Since the start of the implementation of the programme, Community funds have been shared out evenly between independent broadcasters and producers: on average, between 1993 and 1995, 55% of the funds were allocated to broadcasters and 45% to independent producers, while broadcasters account for 68% of the hours and independent producers 32%. In these percentages, it must be noted that broadcasters' hours consist mainly of remasterings, studio productions and sports programmes, for which the hourly scales on which the Community grant is calculated are much lower than for other categories of programmes. Independent producers, for the most part, make long-life programmes for which the scale is much higher.

The above table and graph show the development of the various stages of the implementation of the Action Plan, which are as follows:

1993-1994 - Launch of the first 16:9 services cofinanced at the rate of 50% of the additional costs:

At the time of the first call for proposals (1/93), broadcasters received 56% of the budgetary funds and produced 63% programme hours. The pioneer markets were ready to start up, and this first call coincided with the launch of the first 16:9 services for which broadcasters urgently needed 16:9 programmes. Although there were only a few of them (60), independent producers submitted programmes under the Action Plan that were ambitious in terms of hours, a fact which explains how they provided 37% of programme hours.

Call 1/94 saw a strengthening in the new 16:9 services. 16:9 broadcasters intensified their efforts to reinforce the identity of their channel and thus needed a very large quantity of programmes in order to immediately fill the programming schedules. That call was dominated by broadcasters, who produced 78% of programme hours in order to achieve a breakthrough of their 16:9 services. The budget rose to 67% (ECU 19.4 million compared with ECU 11.6 million for the first call) and thus made it possible for 68 new independent producers to enter the 16:9 market.

End 1994 - Arrival of a large number of independent producers on the European 16:9 market

Call 2/94, which was allocated the largest budget of all the calls for proposals, marked a turning-point in the implementation of the Action Plan. On that occasion independent producers arrived in number on the 16:9 market. A total of 220 producers (95 more than for the previous call) made 45% programme hours, the highest percentage of all the calls. Broadcasters and independent producers shared budgetary funds evenly. That call was the first to prove by its results that there was a genuine pioneer market for European 16:9 services.

1995 - Launch of 16:9 services on late developing markets cofinanced at the rate of 80% of the additional costs

Because of the variable rate of economic and technological development in broadcasting in the various Member States and the absence of projects from some of them, the Action Plan was unable to cover the whole of Europe in a homogeneous manner from the outset. The 16:9 market must in time cover all the European Union, including markets with smaller potential either because of their reduced language area or the structural weakness of their audiovisual industry. The Council Decision consequently made provision for a budgetary reserve, available on 1 January 1995, for "markets not being fully served in the early stages of the implementation of the action plan".[12] The rate of assistance for these markets was higher than for pioneer markets: Community funds covered a maximum of 80% of the additional costs for production and remastering.

Call 1/95 was the first call for proposals to apply the 80% rule. The countries which benefited from it were, in principle Italy, Denmark, Greece, Ireland, Luxembourg, Sweden, Austria and Finland. Call 1/95 enabled producers on these markets to launch the 16:9 format.

On the whole, funds allocated to this call were evenly distributed between broadcasters and producers. Broadcasters produced 73% programme hours. The number of 16:9 broadcasters increased from 20 to 42 during 1995. The launch of the services of a second wave of broadcasters was a decisive factor in the high programme requirements of broadcasters. The very strong demand for hours received under this call (16 392 hours, or 60% up on the previous

---

12 Twelfth recital.

call) confirmed the very high programme requirements of the new services on the new markets.

In the case of call 2/95, 56% Community support was allocated to broadcasters. The distribution of hours was similar to that of the previous call: 73% new programme hours were produced by broadcasters and 27% by independent producers.

1.3.2 Independent producers

The variety of producers reflects that of the European audiovisual world. Some big names in the production world appeared regularly, as did some younger producers who are interested in the 16:9 format. Since the entry into force of the Action Plan, a nucleus of pioneer producers producing 16:9 programmes has been formed. Over a quarter of the hours of new productions relating to the 1/95 call came from producers who responded to all the calls since the beginning. The percentage of producers who are loyal to the Action Plan is constantly increasing: 11% for the 1/94 call, 15% for the 2/94 call. These producers who are resolutely committed to the 16:9 format primarily produce documentaries and fiction programmes.

In its action to support the durability of European audiovisual catalogues, the Action Plan is an efficient tool of the Union's audiovisual policy. Audiovisual catalogues are the business asset of the European programmes industry, and particularly of the independent producers who are the spearhead of European audiovisual creation. Although European producers lack financing capacity, works produced must have a long life in order to ensure income and develop their activities.

While the 16:9 format is a decisive substantive argument for the durability of the audiovisual heritage, it is also an essential formal argument for audiovisual creators and professionals generally. 16:9 format aligns television on the cinema. 16:9 centring and image quality are a decisive aesthetic contribution to fiction programmes, documentaries and other cultural programmes which illustrate the European heritage (painting, architecture, music, dance, history). Europe's cultural heritage which is enhanced by the audiovisual media is thus enriched and the European Union's self-imposed task of safeguarding the cultural riches and diversity which are Europe's hallmark is being carried out.

1.3.3 Broadcasters

An average of thirty or so broadcasters took part in the programmes section. They responded to calls under the Action Plan in their dual capacity as broadcaster and producer. As they set up their own 16:9 services, they enjoy support from the Action Plan not only through the production aid which it provides but also through the clear political signal of commitment to a European future which the Plan's very existence sends to the industry as a whole.

Little by little broadcasters are fitting their studios out in such a way that they can produce a range of in-house material that accounts for a significant part of their programmes and audience. Moreover, the identity of the channel is closely linked to this type of production.

1.3.4 The 16:9 European map

Independent producers and broadcasters work increasingly with the Action Plan to implement the new 16:9 technologies which are already digital and thus play the quality card.

The 16:9 map is European. 16:9 broadcasters have come to support each other, launching their services together and forging new ties of solidarity in an environment which still remains essentially 4:3. For example, the Pal+ group of broadcasters launched the 16:9 format in Germany in 1995; certain activities such as coverage of major events like the Olympic Games are organized at European level.

Broadcasters and producers increasingly act as real partners to prepare the present and the future, that is to say, to create a suitable programme supply which will enable 16:9 services to be made general. That emphasizes their real complementarity in the audiovisual field. By its pioneer work, the Action Plan has awakened the European programmes industry to the need for a massive coordinated effort for a genuine renewal. 16:9 services are a sphere where the only successful action is European.

2.1 New productions

2.1.1 Types of 16:9 programmes

(expressed in hours for each call for proposals)

Programme	1/93	%	1/94	%	2/94	%	1/95	%	2/95	%
Fiction	165	10	201	8	320	9	391	14	256	13
Docu-mentary	193	11	464	19	845	25	650	24	496	24
Cartoons etc.	0	0	23	1	19	1	12	0	46	0
Cultural events	230	14	312	13	402	12	500	19	297	15
Sport	613	37	471	19	1 001	29	446	16	265	13
Studio	466	28	1019	40	821	24	729	27	714	35
TOTAL	1 667	100	2490	100	3408	100	2728	100	2074	100

Between 1993 and 1995, the Action Plan cofinanced the production of 12 367 hours of new 16:9 programmes, about half of which consisted of long-life programmes (fiction, documentaries, cultural events), 23% sport and 30 live broadcasts.

The different categories developed in various ways:

Significant progress of the documentary: 2 648 hours produced

The documentary has progressed steadily and significantly: it rose from 11% of the hours of new productions in 1993 to 24% hours in the last call, thus more than doubling its share of the total hours of programmes. This breakthrough by the documentary shows that the 16:9 format is particularly suited to documentaries with a creative content. This result fits in with the objectives pursued by the European audiovisual policy in its concern to encourage the creation of audiovisual catalogues. Documentaries offer significant long-term added value; professionals put their life span at twenty years. They can be exploited on markets other than their own (dubbing is easy) and can be transposed to other modes (CD-ROM, multimedia, video cassettes).

It should be noted that on the world market the documentary is in full expansion,[13] and that among European broadcasters the 16:9 channels are those which broadcast the most documentaries.[14]

Steady progress of fiction programmes: 1 333 hours produced

Fiction programmes have reinforced their position and at the last call accounted for 13% of the total hours of new productions cofinanced by the Action Plan, as against 10% for the first call. The hourly production costs of fiction programmes are the highest and the development process is the longest.

Fiction programmes in 16:9 form a prestigious part of European audiovisual catalogues. Some fiction programmes supported by the Action Plan enjoy wide popular success in their countries of origin and, increasingly in the European Union. Two examples:

The weekly broadcasting of *Tatort* is a real event in Germany. Each Sunday, this televised series, broadcast by ARD, the first public German channel, reaches 25% to 35% of the audience; 8 to 9 million spectators are true to it. This series is now broadcast on other European channels. 16:9 production attracts directors from the cinema and thus enables television technicians (for example, cameramen, photographic directors) to film as for the cinema. In France, the *Maigret* series is very popular; fiction programmes such as *La rivière Espérance* or *L'allée du Roi* reach large audiences when they are broadcast.

Maintenance of the proportion of cultural programmes: 1 741 hours were produced

Cultural events (operas, concerts, ballets, live shows, circus) tend to account for around 15% at each call. The use of the 16:9 format goes hand in hand with the aesthetic and cultural quality of these broadcasts. In 1995, three quarters of the cultural events were filmed by broadcasters. One quarter was produced by independent producers who specialize in this type of production and who maintain very close links with various broadcasters with whom they plan and make their broadcasts of events.

---

13 in Industry survey, "TV WORLD", September 1995, page 10.

14 in "Broadcasting & Cable International", October 1995, page 50.
Documentary output (%) on European Channels 1993-1994.

(November 1994), Channel Four (UK) 10.18%, ARD(D) 6.92%, ZDF (D) 7%.

Importance and maintenance of the proportion of studio programmes: 3 749 hours produced

Studio programmes are a very important part of the programming requirements of broadcasters at every stage of progress in 16:9 services. Studio programmes (games, chat shows and the like) have many functions: immediately filling programming grids, securing the ratings and its public and the advertisers - the key to the success of the channel: creating the channel's image and establishing its identity.

Large but declining proportion devoted to sport: 2 796 hours produced

The number of hours devoted to sport has been falling steadily since 1993: 37% of the total volume of hours in 1993, 13% at the last call. But this should not be interpreted as a decline in sport in programme requirements. Sport is one of the strongest attractions in the programming of a television channel and retransmissions are extremely important in terms of market shares. Moreover, major events like the Olympic Games are faithfully followed by a public that is ordinarily is much less interested in televised sport. It is also an occasion clearly identified by professionals for renewing a large part of the television sets.

Cartoons are almost non-existent: 100 hours produced

1% of programmes at each call were cartoons.

In general, broadcasters preferably produce programmes with a very short life and independent producers catalogue works:

- 70% of the programmes produced by broadcasters were short-life programmes - live studio shows or sports programmes. The remaining 30% can be broken down into cultural programmes, documentaries and fiction;

- 85% of the programmes produced by independent producers were documentaries and fiction - catalogue works. The remainder of the independent production consisted of broadcasts of cultural events.

2.1.2 Programmes analysed by format

(results expressed in hours per call for proposals)

Format	1/93	%	1/94	%	2/94	%	1/95	%	2/95	%
Super 16	197	12	259	10	393	11	365	13	293	14
35 mm	74	4	60	3	134	4	83	3	21	1
625 video	698	42	1756	70	2034	60	2092	77	1284	62
1250 video	698	42	415	17	847	25	188	7	476	23
TOTAL	1667	100	2490	100	3408	100	2728	100	2074	100

Four formats received Community subsidies. Two of them were film media, namely the 35 mm (the cinema film format) and the super 16 used mainly for television. The two others were video formats: the 625-line format for the conventional television video and the high-definition 1250-line format. Through these four categories, the Action Plan thus covered all aspects of television production.

Ceiling on the 35 mm: 372 hours produced

Compared with other formats, use of the 35 mm rarely exceeded the 3% mark. It is infrequently used in European television production because it is very expensive, but it retains pride of place in certain fiction programmes or certain prestige documentaries. In 1995, 90% hours in 35 mm were produced by independent producers and 10% by broadcasters.

The super 16 mm made progress: 1 507 hours produced

From 12% at the first call, it has now reached 14%. This format is the link between cinema and television and is emerging as the standard format for the European film intended for television. In 1995, 54% hours in super 16 mm were produced by independent producers, a more balanced figure than that for the 35 mm format. The 46% produced by broadcasters were mainly documentaries and fiction.

Domination of the 625 video: 7 864 hours produced

This format very clearly dominated 16:9 services. The 625 video is emerging as that used by most broadcasters: in 1995, 80% of the 625 video hours were produced by broadcasters. 20% of the 625 video hours were lighter programmes produced by independent producers who produce series.

Drop in High-Definition (1250 video): 2 624 hours produced

From 42% in 1993 to 23% at the end of 1995, the HD experienced a sharp drop in the total number of hours supported by the Action Plan. The 1250 video is the preferred medium for broadcasting high-profile sports events (Olympic Games, world championships), cultural events and documentaries with a creative content. HD is used for programmes where coverage of an event calls for several cameras because the video enables the image to be monitored rapidly. Moreover, the aesthetic quality (realistic picture, faithful colour reproduction) of the high-definition technique coupled with retransmission in 16:9 format is the reason why prestige events are broadcast in this format.

Broadcasters devoted more time to medium-length documentaries, while independent producers preferred to make ambitious long-length series on cultural matters such as music or the arts in general. That explains how in 1995 60% of the HD video hours were used by independent producers.

2.2 Remastering

Remastering is a technique whereby programmes existing on one master are transferred to another master compatible with 16:9 broadcasting; it is used mainly for cinema films. On the launch of the 16:9 services, remastering of films has two advantages. It enables programming schedules to be filled immediately much more cheaply than with new productions, and it can be done very rapidly if the original is of good quality.

When 16:9 services were being launched, broadcasters' investments tended to be spread over many areas. While channels equipped themselves with studios and ordered works from independent producers, two categories of programmes which are extremely popular with the public made it possible to fill the programming schedules immediately without going through the television studios - remastered films and sports retransmissions.

As the 16:9 market develops, the European 16:9 catalogue grows and the volume of 16:9 programmes available increases. Circulation of these programmes to the various 16:9 services in the European Union increases supply. Accordingly demand for remastering is falling slightly.

Most remastering is made on digital media and it thus enjoys the technical advantages of those media. Remastering is a way to make European film catalogues durable.

Development in remastering since the beginning of the Action Plan

Since the beginning of the implementation of the Action Plan, remastering has accounted for an aggregate 7 422 hours programmes.

ECU million

Call	1/93	%	1/94	%	2/94	%	1/95	%	2/95	%
New productions	10.2	88	16.7	86	30	91	15.7	87	11.8	94
Remastering	1.4	12	2.7	14	3	9	2.4	13	0.7	6

Hours

Call	1/93	%	1/94	%	2/94	%	1/95	%	2/95	%
New productions	1667	57	2490	55	3408	60	2728	67	2074	81
Remastering	1269	43	2065	45	2240	40	1371	33	477	19

The budget for remastering followed the general budget trend of the calls for proposals and the percentage of the total budget allocated to remastering was 10.7% at 31 December 1995.

2.3 Professional equipment

Broadcasting equipment is still largely dominated by the 4:3 format, and few broadcasting channels are completely equipped with 16:9. Little by little, professionals are changing their equipment from 4:3 to 16:9. They begin by purchasing new cameras: 50% of professional cameras sold are cameras which are switchable from 4:3 to 16:9. Moreover, this trend pushes prices down and thus encourages further purchases. At the end of 1995, the penetration rate of 16:9 cameras of the European market was 10 to 15%, with a top rate of 30% in the most advanced countries.

625 video equipment is now spread throughout the European Union.[15]

	F	D	UK	E	NL	B	GR	IRL
Studio	4	15	4	0	7	6	3	3
OB-van	12	2	1	9	7	4	0	0
St/OB camera	90	85	30	11	75	40	21	8
ENG camera	15	?	5	7	10	?	13	6
Editing	10		5	5	12	5	0	4

[15] in 16:9 equipment, Widerview Conference, Brussels, 6.12.1995.

CONCLUSIONS

Expanding the audiovisual catalogues

In two and a half years, the Action Plan cofinanced 19 789 programme hours for a total of ECU 94.6 million. This volume of hours can be broken down into 7 422 hours of remastering and 12 367 hours of new productions. Among the new productions, there were 2 648 hours of documentaries, 1 333 hours of fiction programmes and 1 741 hours of cultural events. These stock works are a major contribution to European audiovisual catalogues, the business asset of the programmes industry as a whole. Thus independent producers stepped up their role in the creation of these catalogues. For them the 16:9 format is a substantive and formal argument in favour of quality production.

In order to make 16:9 services general throughout Europe, less mature markets must be equipped with them. 1995 was the year the Action Plan used the budgetary reserve for that purpose. The generation of an adequate supply of programmes and the creation of a programme catalogue takes time: independent producers need time to adjust. The Action Plan is monitoring this trend and supports those producers during this transitional stage. The Action Plan which is improving its programme data base is finalizing the preparation of the European 16:9 catalogue, which will be available on WWW via the European Commission's Europa server.

A partnership for a dynamic 16:9 market

Through the dynamics of the Action Plan, broadcasters and producers act as true partners in the supply of 16:9 services, proceeding from their complementarity to create a viable supply of material which will make 16:9 services generally available at European level. After two and a half years of implementation of the programme, the budgetary funds of the Action Plan were evenly distributed among them: 55% were allocated to broadcasters and 45% to producers. Broadcasters were responsible for 68% hours and independent producers 32%. For the most part, broadcasters engage in remastering and produce very short programmes which establish their channel's identity. This identity attracts an audience which will then become loyal to other types of programmes.

The programmes industry invests in the future at European level

The Action Plan made the programmes industry durably aware of the need for a massive, coordinated effort to renew and upgrade professional equipment and practices. That is also where the impact of the Action Plan lies: it made European producers aware henceforth that they should invest in the future at European level. If the soundness of the Action Plan were to be questioned, the entire sector would see it as a disavowal of the action taken so far, including its underlying principles. Too small a budget would slow down to the point of stopping the introduction of 16:9 services on late developing markets and would compromise current production.

General Conclusions

International competition and innovation

The European audiovisual industry faces international competition. In addition, there is the challenge of technological innovation which will enable it to remain competitive. Thus the audiovisual industry must constantly prepare its future. The ongoing digital revolution is boosting efficiency, though it is causing a review of conventional broadcasting modes. A first result is the multiplicity of channels.

The industry must take up a dual challenge: modernize and consolidate. It is imperative that an effort be made to adjust to the future in a coordinated manner in order to achieve the European dimension essential to ensure that the European audiovisual industry holds its own in world competition.

Integration of the new technologies into the European audiovisual industry

This is the real context of the Action Plan's objective - the emergence of a critical mass of advanced television services. The audiovisual industry must pass a threshold beyond which there will be an autonomous impetus resulting in generalized 16:9 services on a European scale. For the moment, the critical mass of 16:9 services has not yet been reached.

The 16:9 format is the format of the future. That was confirmed in terms of European rules and regulations by the October 1995 Directive on transmission standards.[16] Professionals who commit themselves to the 16:9 format thus commit themselves to rethink the long-term future of their profession, their audiovisual catalogues and television.

The 16:9 format is part of a broader challenge - the integration of new technologies into the European audiovisual industry which it helps to encourage. Already, digital television is not spoken of in terms of the future but of the present. Because it is neutral in terms of standards, the 16:9 format leads to projects at European level in the field of the new technologies.

16 Directive 95/47/EC of the European Parliament and of the Council of 24 October 1995 on the use of standards for the transmission of television signals. OJ L 281, 23.11.1995.

ANNEX 1

Figure 1A

Broadcasting Costs

	Flat rate (ecus per hour)
First 50 hours	6 000
From the 50 first hours	2 500

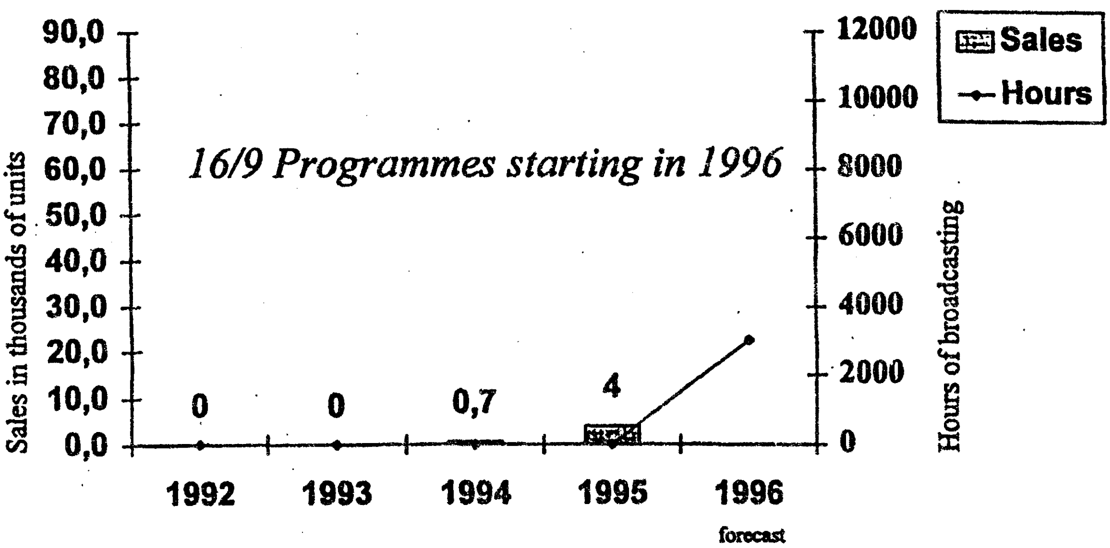
Figure 1B

Revised Programme Making Costs

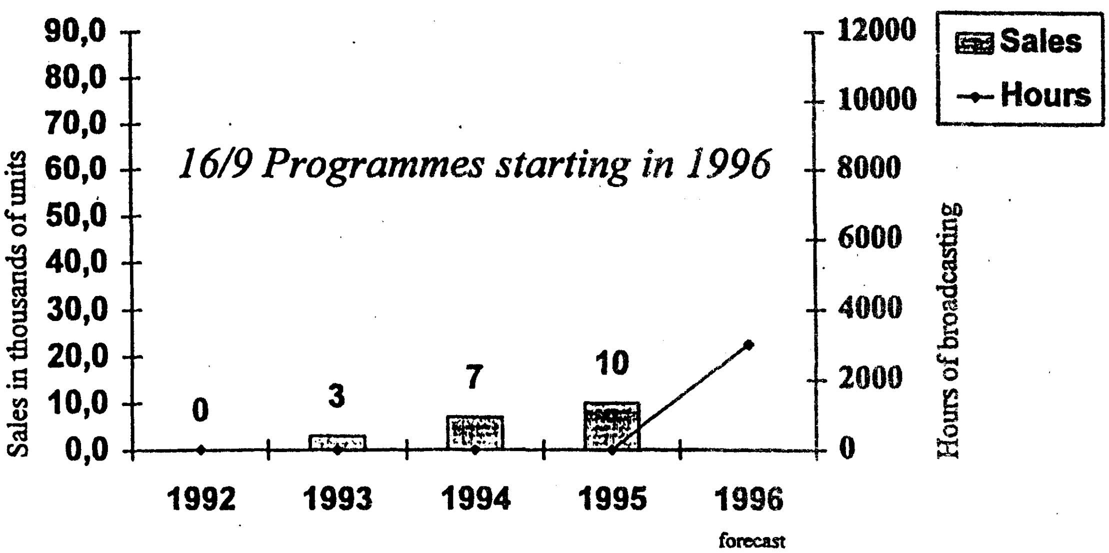
Programme Type	**Flat rate (ecus per hour)**
Programmes remastered from existing material, suitable for broadcasting in 16:9 and in 625 lines	3 000
Programmes remastered from existing material, suitable for broadcasting in 16:9 and in 1 250 lines	5 000
Super 16 mm	12 000
16/9 625-line video production a) stock programmes b) flow programmes hours 1 to 20 21st and following hours	 12 000 12 000 6 000
35 mm production	30 000
HD-video production (1250 lines) a) stock programmes b) flow programmes hours 1 to 20 21st and following hours	 60 000 20 000 10 000

ANNEX 2

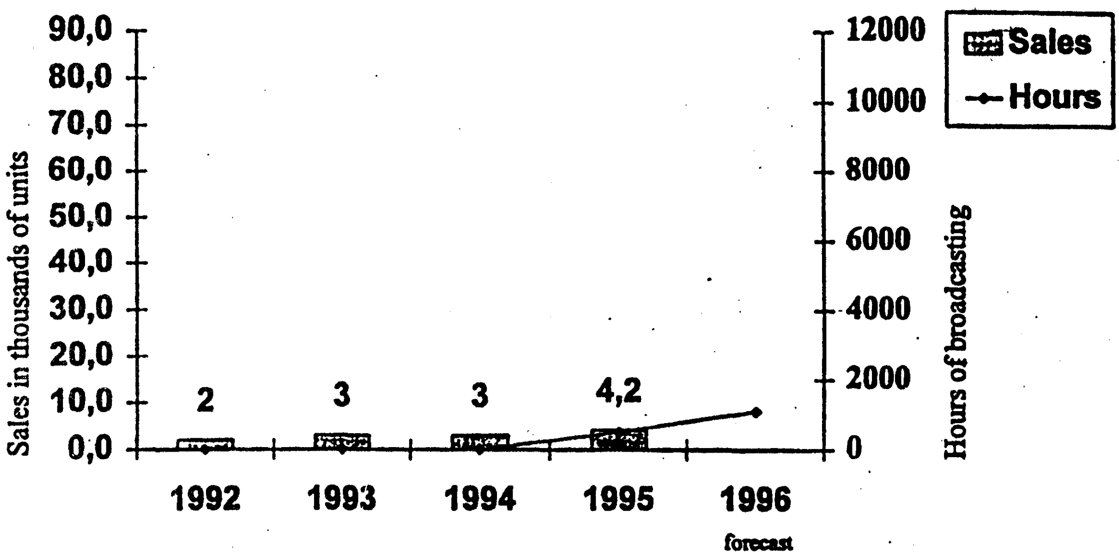
Comparative Evolution between Sales of TV 16/9 and the no. of hours for Programmes Broadcast in 16/9 in Austria



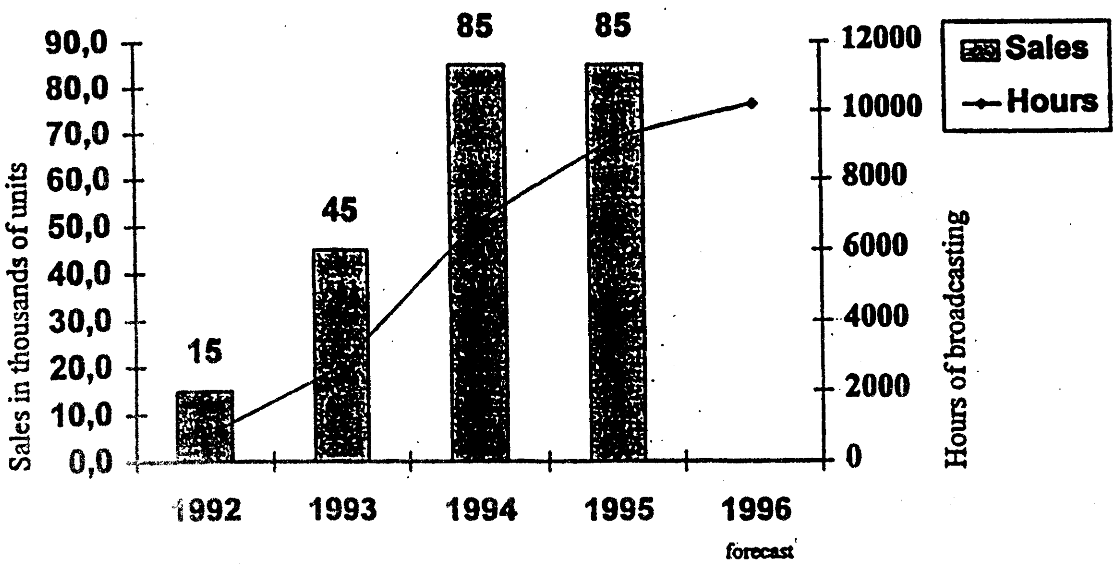
Comparative Evolution between Sales of TV 16/9 and the no. of hours for Programmes Broadcast in 16/9 in Denmark



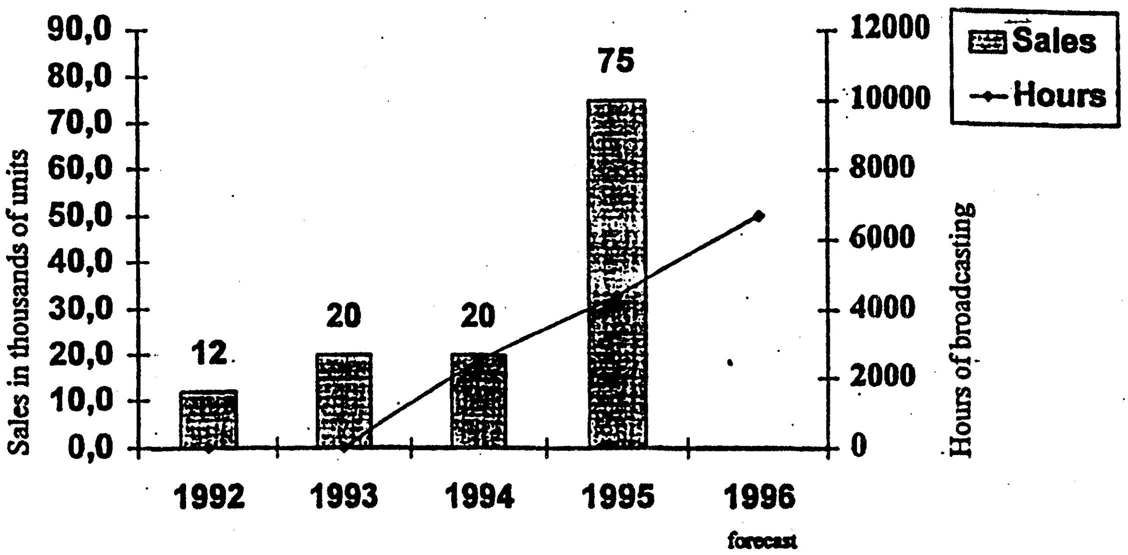
Comparative Evolution between Sales of TV 16/9 and the no. of hours for Programmes Broadcast in 16/9 in the U.K.



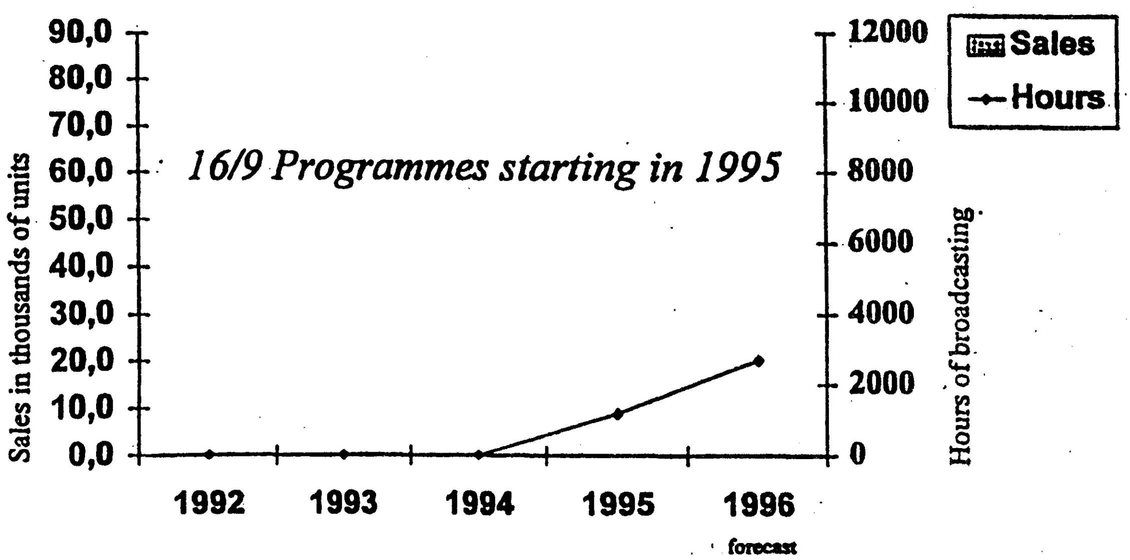
Comparative Evolution between Sales of TV 16/9 and the no. of hours for Programmes Broadcast in 16/9 in France

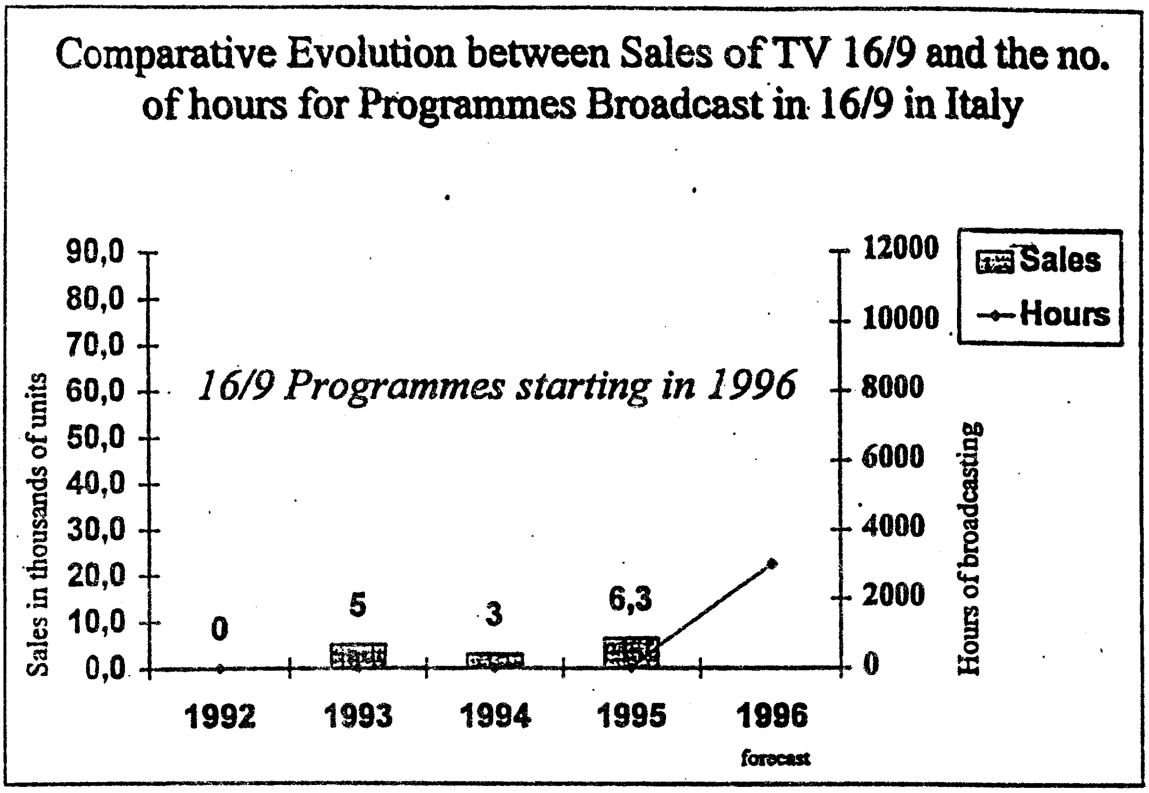


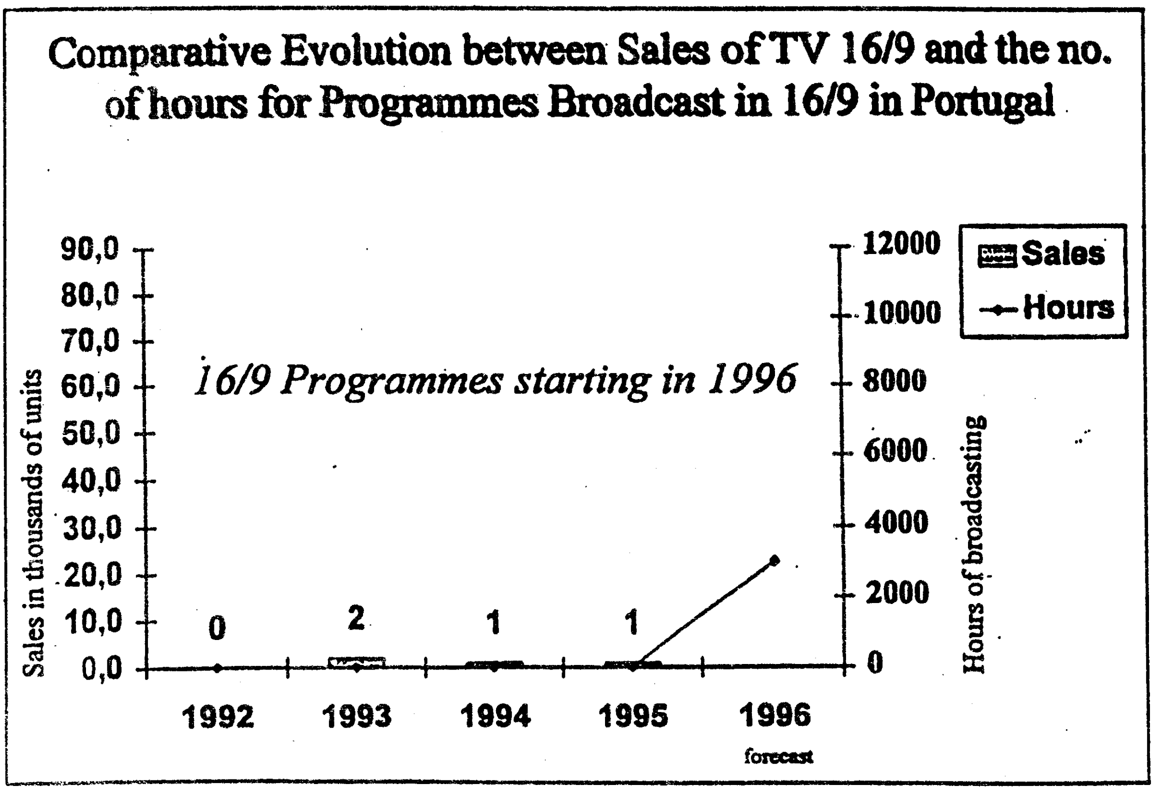
Comparative Evolution between Sales of TV 16/9 and the no. of hours for Programmes Broadcast in 16/9 in Germany

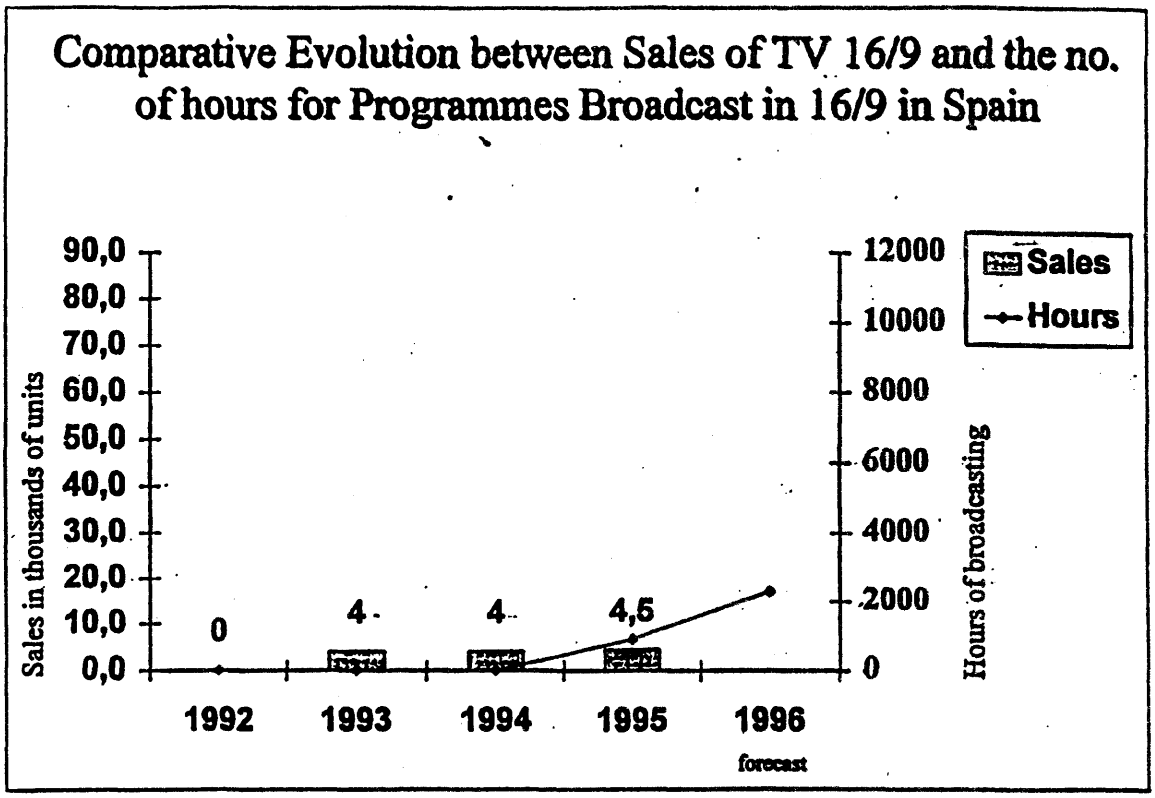


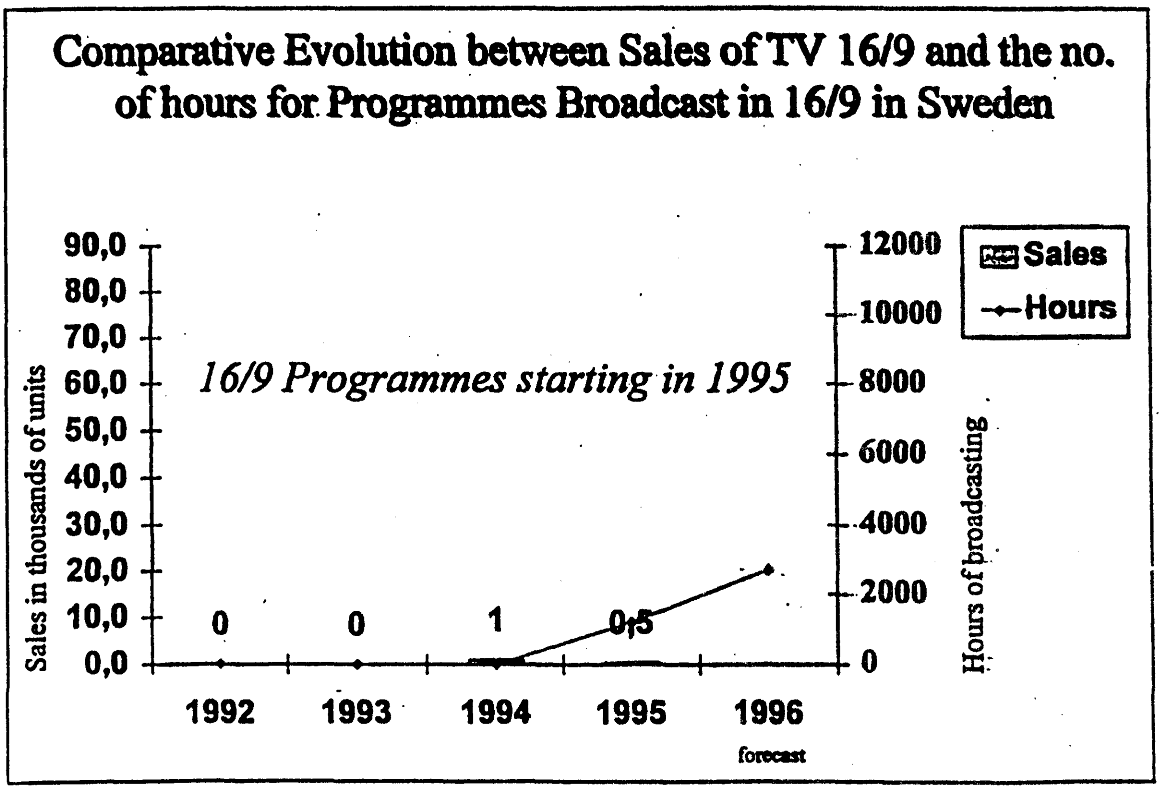
Comparative Evolution between Sales of TV 16/9 and the no. of hours for Programmes Broadcast in 16/9 in Greece




Comparative Evolution between Sales of TV 16/9 and the no. of hours for Programmes Broadcast in 16/9 in Italy
90,0
80,0
70,0
60,0
50,0
40,0
30,0
20,0
10,0
0,0
Sales in thousands of units
16/9 Programmes starting in 1996
0
5
3
6,3
1992
1993
1994
1995
1996
forecast
12000
10000
8000
6000
4000
2000
0
Hours of broadcasting
Sales
Hours


Comparative Evolution between Sales of TV 16/9 and the no. of hours for Programmes Broadcast in 16/9 in Portugal
90,0
80,0
70,0
60,0
50,0
40,0
30,0
20,0
10,0
0,0
Sales in thousands of units
16/9 Programmes starting in 1996
0
2
1
1
1992
1993
1994
1995
1996
forecast
12000
10000
8000
6000
4000
2000
0
Hours of broadcasting
Sales
Hours


Comparative Evolution between Sales of TV 16/9 and the no. of hours for Programmes Broadcast in 16/9 in Spain
90,0
80,0
70,0
60,0
50,0
40,0
30,0
20,0
10,0
0,0
Sales in thousands of units
12000
10000
8000
6000
4000
2000
0
Hours of broadcasting
Sales
Hours
0
4
4
4,5
1992
1993
1994
1995
1996
forecast


Comparative Evolution between Sales of TV 16/9 and the no. of hours for Programmes Broadcast in 16/9 in Sweden
90,0
80,0
70,0
60,0
50,0
40,0
30,0
20,0
10,0
0,0
Sales in thousands of units
16/9 Programmes starting in 1995
12000
10000
8000
6000
4000
2000
0
Hours of broadcasting
Sales
Hours
0
0
1
0,5
1992
1993
1994
1995
1996
forecast

ISSN 0254-1475

COM(96) 346 final

DOCUMENTS

EN 16 15

Catalogue number : CB-CO-96-345-EN-C

ISBN 92-78-06632-X

Office for Official Publications of the European Communities

L-2985 Luxembourg