

ANNEX

Chapter 1: Operational objectives and actions to be implemented

1. Acquisition and improvement of skills in the audiovisual field
 - 1.1. Strengthen European audiovisual professionals' skills in the fields of development, production, distribution/dissemination and promotion in order to improve the quality and the potential of European audiovisual works.
 - 1.1.1. Scriptwriting techniques
Operational objective:
 - Enable experienced scriptwriters to improve their capacities to develop techniques based on traditional and interactive methods of writing.Action to be implemented
 - Support the development and the implementation of training modules on identifying the target public, editing and development of scripts for an international public, and the relationship between the scriptwriter, the script editor, the producer and the distributor.
 - Support distance learning and encourage exchanges and partnerships associating countries and regions with low audiovisual production capacity and/or with a restricted linguistic or geographical area.
 - 1.1.2. Economic, financial and commercial management of production, distribution and promotion of audiovisual works
Operational objective
 - Develop the professionals' ability to grasp and integrate the European dimension into the fields of development, production, marketing, distribution/dissemination and promotion of audiovisual programmes.Action to be implemented
 - Support, in addition to the actions carried out by the Member States, the development and updating of training modules in management, taking into account the European dimension.
 - Support distance learning and encourage exchanges and partnerships associating countries and regions with low audiovisual production capacity and/or with a restricted linguistic or geographical area.
 - ***Set a maximum charge for providing and making available the material of the 25 Member States' national film libraries when that material is to be used by SMEs producing films or programmes with similar content or by independent film producers who are nationals of or have their registered office in a Member State. Where the material is used for commercial purposes and the aim of the producer who requested the material is to create a similar product, financial negotiation shall be possible, provided that the principles of pluralism and knowledge and dissemination of cultural heritage are always observed.***
 - 1.1.3. Inclusion upstream of digital technologies for the production, post-production, distribution, marketing and archiving of European audiovisual programmes
Operational objective
 - Develop the professionals' capacity to use digital technologies, in particular in the fields of production, post-production, distribution, marketing, archiving and multimedia.

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Action to be implemented

- Support the development and implementation of training modules in digital audiovisual technologies, in addition to the actions carried out by the Member States.
- Support distance learning and encourage exchanges and partnerships associating countries and regions with low audiovisual production capacity and/or with a restricted linguistic or geographical area.

1.2. Improve the European dimension of audiovisual training activities

1.2.1. Support for the networking and mobility of European training professionals (European film schools, training institutes, partners in the professional sector)

Operational objective

- Encourage exchanges **and regular cooperation** between existing training institutions and/or activities.

Action to be implemented

- Encourage the programme beneficiaries to intensify coordination of their initial and further training activities in order to develop a European network, **eligible for Community support, in particular for cooperation involving players, including television broadcasters, from Member States which acceded to the European Union after 30 April 2004, and/or Member States with a low audiovisual production capacity and/or restricted geographical or linguistic area.**

1.2.2. Training for trainers

Operational objective

- Ensure that trainers are competent.

Action to be implemented

- Contribute to training for trainers, in particular by distance learning.

1.2.3. Support for individual training maps

Operational objective

- Encourage mobility of cinema students in Europe.

Action to be implemented

- Mobility scholarships linked to a training project.

1.2.4. Introduction of coordination and promotion measures by the bodies supported under *point 1.1.1* of this Annex

Operational objective

- Promote coordination and promotion of the projects supported by the programme.

Action to be implemented

- Contribute to the adoption of targeted actions of coordination and promotion of the training activities supported by the programme.

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- 1.2.5. Enable, through special scholarships, the professionals from *the Member States which acceded to the European Union after 30 April 2004 and from other Member States that have a low audiovisual production capacity and/or cover a small geographical and/or a linguistic area* to take part in the training activities set out in point 1.1.1 of this Annex

Operational objective

- Facilitate the participation by professionals from *the Member States which acceded to the European Union after 30 April 2004 and from other Member States that have a low audiovisual production capacity and/or cover a small geographical area and/or linguistic area* in the projects supported by the programme.

Action to be implemented

- Contribute to setting up a grant mechanism.

2. Development

- 2.1. Support the development of production projects intended for the European and international markets submitted by independent production companies

Operational objectives:

- Support the development of European works of the following types: drama, animation, documentary and multimedia;
- Encourage companies to produce quality projects with international potential;
- **Encourage the development of new talents and professionals through the establishment of the Pier Paolo Pasolini Prize for New Talent.**
- Encourage companies to use digital technologies in production and distribution *as from the development phase.*
- Encourage companies to devise strategies for international screening, marketing and distribution *as from the development phase.*
- Enable SMEs to access support for development and tailor actions to meet their needs.
- Ensure complementarity with the actions supported by MEDIA to improve audiovisual professionals' skills.

Action to be implemented

- Support the development of audiovisual projects or project catalogues, **in particular for cooperation involving players from the Member States which acceded to the European Union after 30 April 2004 and/or Member States with a low audiovisual production capacity and/or restricted geographical or linguistic area.**
- Support digitisation of European audiovisual works *as from the development phase.*

- 2.2. Support the elaboration of financing plans for European production companies and projects, including co-production projects

Operational objectives:

- Encourage the elaboration of financing plans by production companies for works of the following types: drama, animation, documentary and multimedia.
- **As a follow-up to the preparatory i2i action,** encourage the search for financial partners at European level to achieve synergy between public and private investors and the devising of distribution strategies *as from the production phase.*

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Action to be implemented

- Support the side costs of private financing of production and co-production projects presented by SMEs (such as financial expenses, insurance and completion guarantee costs).
- Support **access by SMEs, in particular independent production companies, to** financial companies active in drawing up investment plans for the development and co-production of audiovisual works with potential for international distribution.
- **Encourage financial intermediaries to support the development and co-production of audiovisual works with potential for international distribution.**
- Support cooperation *between national agencies* in the audiovisual sector.

3. Distribution and dissemination

Horizontal operational objective

- Enhance the linguistic diversity of European audiovisual works distributed.

Action to be implemented

- Support dubbing and subtitling for distribution and dissemination, through all available channels, **in particular by digital media**, of European audiovisual works for the benefit of producers, distributors and broadcasters.

3.1. Strengthen European distribution by encouraging distributors to invest in the co-production, acquisition and promotion of non-national European films and to set up coordinated marketing strategies

Operational objective No 1

- Encourage cinematographic distributors to invest in the co-production, acquisition, **rights of exploitation** and promotion of non-national European films.

Actions to be implemented

- Establish a system of automatic support for European distributors, proportional to cinema admissions for non-national European films in the Member States taking part in the programme, subject to a ceiling for each film and adjusted for each country.
- The support thus generated may be used by distributors only for investment in:
 - non-national European film co-production;
 - the acquisition of non-national European films;
 - editing (copying, dubbing and subtitling), promotion and advertising of non-national European films.

Operational objective No 2

- Encourage European distributors to cooperate with a view to adopting joint strategies on the European market.

Action to be implemented

- Establish a system of selective aid for non-national European film distribution intended for European distributor groupings and grant them direct aid where they exist on a permanent basis.

Operational objective No 3

- Encourage cooperation between distributors, producers and sales agents in order to set up international marketing strategies for European audiovisual works right from the production phase.

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Action to be implemented

- Establish a system of support for the creation of a promotion kit for European cinematographic works (including a subtitled copy, an international sound track — music and effects — and promotion materials).

Operational objective No 4

- Encourage access to financing of SMEs for distribution and international sale of non-national European works.

Action to be implemented

- Support the side costs (such as financial expenses and completion guarantee costs) connected with distribution and/or international sales activities such as: acquisition of European film catalogues, searching for new markets for these films, and setting up of permanent groupings of European distributors.

3.2. Improve the circulation of non-national European films on the European and international markets by incentives measures for export, distribution on any medium and cinema exhibition

Operational objective No 1

- Encourage cinematographic distributors to invest in appropriate editing and promotion of non-national European films.

Actions to be implemented

- Establish a system of selective support for cinematographic distributors for the promotion and marketing of European films outside their production territory. The selection criteria for the films may include provisions aiming to differentiate between the projects according to their origin and the size of their budget.
- Grant special support for films of interest for the development of European *linguistic and* cultural diversity, in particular in the form of aid for the release of a non-national European works catalogue over a given period.

Operational objective No 2

- Encourage the screening of non-national European films on the European market, in particular by supporting the coordination of a cinema network.

Action to be implemented

- Encourage cinema owners to screen a significant proportion of non-national European films in commercial cinemas for first release for a minimum defined period. The support granted to each cinema owner will be determined according to the number of tickets sold for non-national European films over a reference period.
- Contribute to the development of educational and awareness-raising activities for young cinema-goers.
- Support the creation *and consolidation* of a European cinema owners' network developing *joint* actions of this type.

Operational objective No 3

- Encourage international sales and export of non-national European films in Europe and world-wide.

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Action to be implemented

- Establish a support system for European companies distributing cinema films internationally (sales agents) according to their performance on the market over a given period. This support will have to be invested in the acquisition and promotion of new European works on the European and international markets.

- 3.3. Promote the transnational broadcasting of European audiovisual works produced by independent production companies by encouraging cooperation between broadcasters on the one hand, and independent producers and distributors on the other.

Operational objective No 1

- Encourage the broadcasting of non-national European audiovisual works from independent production companies.

Actions to be implemented

- Encourage independent producers to produce works (drama, documentary and animation) involving the participation of at least *three* broadcasters from several Member States **or at least two broadcasters from different Member States** belonging to different linguistic areas. The selection criteria for the beneficiaries will include provisions aiming to differentiate between the projects according to the size of their budget.
- Grant special support *for* films of interest for the enhancement of Europe's **linguistic and** cultural diversity and audiovisual heritage.

Operational objective No 2

- Facilitate access to financing for European independent production companies.

Action to be implemented

- Support the side costs (such as financial costs, insurance and completion guarantee costs) connected with the production of works (drama, documentary and animation) involving the participation of at least three broadcasters from several Member States **or at least two broadcasters from different Member States** belonging to different linguistic areas.

Operational objective No 3

- Encourage the international distribution of European television programmes **made by independent producers, bearing in mind that distribution of such programmes requires the approval of the independent producer, who should receive an appropriate percentage of the proceeds.**

Action to be implemented

- Establish a system of support for European international distribution companies of audiovisual works (international distributors) according to their performance on the market over a given period. Support thus generated will have to be invested by the international distributors in the acquisition and promotion of new European works on the European and international markets.

- 3.4. Encourage the digitisation of European audiovisual works

Operational objective No 1

- Improve the distribution of non-national European works on digital media for private use (DVD), in particular by encouraging editors to cooperate on creating multilingual masters on a European scale.
- Encourage the use of digital technologies in European works (creating digital masters which can be used by all European distributors).

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- Encourage editors in particular to invest in appropriate promotion and distribution of non-national European audiovisual works.
- Support the multilingualism of European works (dubbing, subtitling and multilingual production).

Action to be implemented

- Establish a system of automatic support for European cinematographic and audiovisual works editors on media intended for private use (such as DVD, DVD-ROM) according to their performance on the market over a given period. Support thus generated will have to be invested by the editors in the editing and distribution of new non-national European works on digital media.
- Support companies specialising in the digitisation of content

Operational objective No 2

- Encourage on-line distribution of non-national European works through advanced distribution services and new media (Internet, video-on-demand, pay-per-view).
- Encourage the European audiovisual programme industry to adapt to developments in digital technology, in particular with regard to advanced on-line distribution services.

Action to be implemented

- Encourage European companies (on-line access suppliers, special-interest channels, etc.) — by measures to digitise works and create promotion and publicity material on digital media — to create European works catalogues in digital format intended for use on the new media.

3.5. Encourage cinemas to exploit the possibilities offered by digital distribution

Operational objectives

- Encourage cinemas to invest in digital equipment, by facilitating access to credit by cinema owners.

Action to be implemented

- Support the side costs (such as financial expenses and insurance) incurred by cinema owners for investment in digital equipment.

4. Promotion

4.1. Improve the circulation of European audiovisual works by ensuring that the European audiovisual sector has access to the professional European and international audiovisual markets.

Operational objective No 1

- Improve the conditions of access for professionals to trade events and to professional audiovisual markets inside and outside Europe.

Action to be implemented

- Provide technical and financial assistance in connection with events such as:
 - the principal European and international cinema markets;
 - the principal European and international television markets;
 - thematic markets, particularly for cartoons, documentary, multimedia and new technologies.

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Operational objective No 2 and action to be implemented

- Encourage and support the constitution of European catalogues and the setting up of databases of European programme catalogues intended for professionals.

Operational objective No 3

- Encourage support for promotion from the pre-production or production phase.

Action to be implemented

- Support the organisation of forums for *the* development, financing, co-production and distribution of European (or mainly European) works and programmes.
- Set up and launch marketing and sales promotion campaigns for European cinematographic and audiovisual programmes during the production phase.

4.2. Improve access to European audiovisual works for the European and international public

Operational objectives and action to be implemented

- Encourage and support audiovisual festivals to screen a majority or significant proportion of European works.
- Prioritise and support festivals contributing to the promotion of works from Member States or regions with low audiovisual production capacity and of works produced by young Europeans, and enhancing **linguistic and** cultural diversity and intercultural dialogue.
- Encourage and support initiatives for image education organised by *youth festivals*, in particular in close cooperation with schools and other institutions.
- Encourage and support initiatives by professionals, in particular cinema owners, public or commercial television channels, festivals and cultural institutions which aim, in close cooperation with the Member States and *the Commission*, to organise promotional activities for the general public for European cinematographic and audiovisual creation.
- Encourage and support the organisation of events with wide media coverage such as prize awards **and European film festivals**.
- **Support participation in festivals by young professionals and professionals from countries with a low audiovisual production capacity.**

4.3. Encourage common actions between national film and audiovisual programme promotion organisations

Operational objective:

- Encourage networking and coordination of European common actions and projects.

Action to be implemented

- Support the creation of European promotion platforms.
- Support European groupings and umbrella organisations for national and/or regional promotion on the European markets and worldwide.
- Support the networking of festivals, in particular the exchange of programming and of expertise.
- Support the grouping of projects pursuing identical, similar and/or complementary aims.

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- Support the setting up of networks of databases and catalogues.
- ***Make arrangements for exploring, as part of the process of systematically collecting cinematographic works forming part of the national heritage of the Member States and the European heritage, and as provided for by Recommendation [No .../... of the European Parliament and of the Council of... on film heritage and the competitiveness of related industrial activities]⁽¹⁾, the possibility of establishing a network of databases encompassing the European audiovisual heritage, together with the relevant organisations, in particular the Council of Europe (by way of Eurimages and the European Audiovisual Observatory).***

4.4 Encourage promotion of **and access to** Europe's cinematographic and audiovisual heritage

Operational objective and action to be implemented

- Encourage and support the organisation of events, in particular those targeting young people, to promote Europe's cinematographic and audiovisual heritage.
- ***Provide support for archives covering European cinematographic and audiovisual heritage.***
- ***Provide support for European cinematographic and audiovisual heritage on new and innovative distribution platforms.***

5. Pilot projects

Operational objective

- Ensure that the programme adapts to market developments, mainly in connection with the introduction and use of information and communication technologies.

Action to be implemented

- Support pilot projects in areas considered by audiovisual sector players to be likely to be influenced by the introduction and use of new information and communication technologies.
- Disseminate widely the results of pilot projects by organising conferences or on and off-line events to encourage the dissemination of good practices.

Chapter 2: Arrangements for implementation

1. Community support

1.1. The share of the Community contribution in the cost of operations supported

The financial contribution from MEDIA may not exceed 50 % of the costs of operations supported, except in the following cases.

The financial contribution from MEDIA may be up to 60 % of the costs of operations supported:

- (a) for training activities in countries or regions with a low audiovisual production capacity and/or with a restricted linguistic or geographical area;
- (b) for projects submitted under the development, distribution/dissemination and promotion strands which have the merit of highlighting the value of European linguistic and cultural diversity;
- (c) for actions, amongst those described in point 1.3 of this Annex (distribution and dissemination), identified as conforming with the procedure set out in Article 11(2) of this Decision.

⁽¹⁾ OJ L ...

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The financial contribution from MEDIA may be up to 75 % of the costs of operations supported for training activities in the new Member States of the European Union. Attention will be focused on this provision during the mid-term evaluation of the programme.

1.2. Arrangements for Community support

Community support is in the form of grants or scholarships.

In the training sector, at least 10 % of the available funds each year must be allocated to new activities as far as possible.

1.3. Project selection

The selected projects must comply with:

- the provisions of this Decision and its Annex;
- the provisions of *Regulation (EC, Euratom) No 1605/2002 and Regulation (EC, Euratom) No 2342/2002*.

2. Communication**2.1. Commission**

The Commission may organise seminars, symposia or meetings to help implement the programme and may institute any suitable information, publication and dissemination measures, particularly in connection with monitoring and evaluation of the programme. Such activities may be funded by grants or calls for tender or may be organised and financed directly by the Commission.

2.2. MEDIA desks and MEDIA antennae

The Commission, acting directly in concert with the Member States, shall establish a European network of MEDIA desks and MEDIA antennae, which will operate as an implementing body at national level in accordance with Article 54(2)(c) and (3) of Regulation (EC, Euratom) No 1605/2002 for the purposes of:

- (a) informing professionals in the audiovisual sector about the various types of aid available under European Union policies;
- (b) publicising and promoting the programme;
- (c) encouraging the greatest possible participation by professionals in the programme's activities;
- (d) helping professionals to present their projects in response to calls for proposals;
- (e) encouraging cross-border cooperation between professionals, ***institutions and networks***;
- (f) liaising with the various support bodies in the Member States in order to ensure that the programme's activities complement national support measures;
- (g) providing data on national audiovisual markets and trends therein.

3. information about the european audiovisual market, participation in the european audiovisual observatory *and cooperation with the eurimages support fund*****

The programme provides the legal basis for the expenditure necessary to monitor Community audiovisual policy measures.

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It provides for the European Union to continue participating in the European Audiovisual Observatory. This will ease access to information for operators and dissemination in the sector. It will also contribute to greater transparency in the production process. ***The programme could likewise enable the European Union to explore possible cooperation with the Council of Europe's Eurimages Support Fund for the co-production of cinematographic works, with a view to promoting the competitiveness of the European audiovisual sector on the international market. Such cooperation should not be of a financial nature.***

4. Management tasks

The programme's financial allocation *may* also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities, required directly for the management and the realisation of the objectives of the programme, in particular, studies, meetings, information and publication actions, expenses linked to *computer* networks focusing on information exchange, together with all other technical and administrative assistance expenses that the Commission may have recourse to for the management of the programme.

5. Checks and audits

For the projects selected in accordance with the procedure described in Article 9(3) of this Decision, a system of random auditing shall be set up.

Any beneficiary of a grant shall keep at the Commission's disposal for a period of five years following the final payment all supporting documents on the expenditure incurred. Beneficiaries shall ensure that, if *necessary*, any supporting document in the possession of partners or members is made available to the Commission.

The Commission, either directly through its staff or through any other qualified external agency of its choice, is entitled to carry out an audit on the use of the grant. These audits may be carried out throughout the term of the contract and for a period of five years from the date of the payment of the balance of the grant. The outcome of these audits may lead to a decision by the Commission to recover funds.

The Commission's staff and external persons authorised by the Commission shall have suitable access, in particular to the offices of the beneficiary and to all information needed, including that in electronic form, to carry out the audits properly.

The Court of Auditors and the European Anti-Fraud Office shall have the same rights, especially of access, as the Commission.

Moreover, in order to protect the European Communities' financial interests against fraud and other irregularities, the Commission is authorised to carry out checks and verifications in situ under the present programme, in compliance with Council Regulation (*Euratom, EC*) No 2185/96 ⁽¹⁾. If *necessary*, investigations shall be carried out by the European Anti-Fraud Office and shall be governed by Regulation (EC) No 1073/1999 of the European Parliament and of the Council ⁽²⁾.

⁽¹⁾ OJ L 292 of 15.11.1996, p. 2.

⁽²⁾ OJ L 136 of 31.5.1999, p. 1.

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Introduction of 1 and 2 euro banknotes

European Parliament declaration on the introduction of 1 and 2 euro banknotes

The European Parliament,

— having regard to Rule 116 of its Rules of Procedure,

A. whereas many European citizens are still unhappy about the euro,

B. having regard to the impact which the absence of 1 and 2 euro banknotes has on people's perception of how much the equivalent coins are worth,