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EUROPE

Record Attendance in Expanded EU

Admissions in the 25-member European Union hit the billion-ticket mark in 2004, reports the European Audiovisual Observatory. Together, the six largest markets (France, UK, Germany, Spain, Italy, Netherlands) accounted for 802.6 million tickets sold, up 5.9% from the year before. France saw the largest increase (+11.6%), followed by Italy (+6%), Germany (+5.2%), Spain (4.1%) and the United Kingdom (2.4%).

Recent figures however underlined the cited the problems European films are having finding distribution away from home. On average, the 750 or so films made in 2003 earned a 21% share in their domestic markets vs. a mere 7.5% share outside their borders.

EAO Adds Euro Copro Info to Iris Merlin Database

The European Audiovisual Observatory recently posted the 50 bilateral coproduction agreements in force between European countries on its website. The full texts are available free of charge in the Iris Merlin database, which also provides a brief summary of each agreement, the date it took effect and contact details in each country for further information. The Iris Merlin database serves to search the latest legal developments in Europe's audiovisual sector.

For further information: <http://merlin.obs.coe.int>

FERA Reacts to Proposed Service Directive

The Federation of European Film Directors (FERA) has reacted to the recently proposed European Directive on Services in the Internal Market, asking the European Commission and the European Parliament for revisions before it is put to the vote. As a reminder, the directive calls for deregulation in the culture and media sectors, among others.

EASTERN EUROPE

EEAP Gets New Shareholder

Eastern European Acquisition Pool (EEAP) now has a third shareholder, Slovenia's Cinemania Group. Joining A Company Consulting & Licensing and ProRom Media Trade with a 26% interest, Cinemania Group expands EEAP's area of influence in Central and Eastern Europe.

Launched in 2003, EEAP buys the rights to independent films for the entire region on behalf of its distribution partners: ITI Cinema and Kino Swiat (for Poland), GPI Garsu Pasaulis Irasai (for Estonia, Latvia and Lithuania), Discovery Film and Video Distribution (for Slovenia, Croatia, Bosnia Herzegovina, Montenegro, Serbia and Macedonia) and Budapest Film Distribution (for Hungary). Headed by Alexander van Dülmen, the company recently acquired the German hit comedy *Seven Dwarfs*. For more information on this company: <http://www.eeap.de>

GERMANY

2004 Cinema Report: Attendance and Market Share Up

The Filmförderungsanstalt (FFA) has released its report on film for 2004: German movie houses sold 156.7 million tickets, up 5.2% from the year before, and box office takings reached CAD1.44 billion (vs. CAD1.37 billion in 2003). Of the 430 releases in 2004, 121 were German, compared to 179 American. Attracting 36.7 million viewers German films took a 23.8% market share, the highest since 1990. And homegrown titles ranked 1, 2 and 3 in the international top 10 (no. 1 was *Raumschiff Surprise* with 9.1 million admissions). In 2004, four German productions topped the million-ticket mark.

Video Market Doubled in Five Years

The video and DVD market (sales + rental) increased by 103% in the past five years, climbing from CAD1.39 billion in 1999 to a record CAD2.82 billion in 2004. Of special note: this market exceeded the box office by 96% in 2004.

Coproduction Agreements with Brazil and New Zealand

Germany has signed a coproduction agreements with Brazil and New Zealand, covering feature films, television, video and digital production. Both accords require at least 20% financial and artistic participation.

78% of German Private Fund Monies Goes to US Productions

According to Stefan Loipfinger's *fondstelegramm*, Germany's private equity funds raised CAD2.42 billion in 2004, 15% less than in 2003 (CAD2.84 billion). The analysis reveals that this year, for the first time, 78% of the monies were invested in US productions, compared to 11% in non-German European projects and just 10% in German productions. VIP tops the private fund list for 2004 with investments of CAD663.4 million, followed by Hannover HL Leasing (CAD511.68 M), LHI Leasing (CAD311.5 M) and ALCAS (CAD198.5 M).

X-Filme into World Sales and Animation

Producer X-Filme Creative Pool, already active in local distribution via subsidiary X Verleih, is making its debut in world sales with the Dani Levy comedy *Go for Zucker!* Until now, X-Filme has contracted its titles on a deal-by-deal basis to companies like Beta Cinema and Bavaria Film International. Designed to optimize the international career of in-house productions, X-Filme World Sales will be handled by Andro Steinborn (head of legal and business affairs) and Stefan Arndt (producer). The company has also launched Animation-X, in association with Promedia, a private fund aiming to produce two or three features a year in either conventional or computer animation. The first project, *The Three Robbers*, an adaptation of Tomi Ungerer's children's book, goes into production in July with a budget of CAD5.97 million.

X-Filme Creative Pool is the producer behind the 2003 smash hit *Good Bye Lenin!* For further information on the company: www.x-filme.net.

SPAIN

Distribution and Promotion Deal for Spain and Portugal

Spain's "Instituto de la Cinematografía y de las Artes Audiovisuales" (ICAA) and Portugal's "Instituto de Cinema, Audiovisual y Multimedia" (ICAM) have signed a one-year, renewable, reciprocal agreement for the distribution and promotion of Spanish and Portuguese films. Financial assistance will be available for costs incurred for prints, subtitling, promotion and advertising. The support is capped at 50% of eligible costs, to a maximum of CAD 80,682 per film.

Markab Creativos Unveils CAD 48.4 million Fund for Film and TV Producers

Markab Creativos chose the Berlin Festival to unveil plans for Markab Finances, which, for its first year, will have CAD48.4 million in funding for Spanish film and television production. The company put the fund together with the help of film industry-related investors advised by investment bank GBS Finanzas. Markab Finances offers development, production and distribution support as well as international coproduction expertise. And through an agreement with insurer Marsh Inc, Markab Completion will provide completion guarantees for films budgeted at more than CAD 2.42 million. For more details: www.markabcreativos.com

FRANCE

More European Film Commission Alliances

After Madrid and Berlin, the Île-de-France Film Commission (Paris) has signed a third cooperation agreement with the Lazio Film Commission. Created in early 2004, the Lazio Film Commission covers the City of Rome and Italy's principal film and TV facilities, most notably Cinecittà. It will also sign with its counterparts in Madrid and Berlin, creating a four-way European alliance for film and TV coproductions. These deals are aimed at facilitating the exchange of services between commissions, holding coproduction meetings and developing shared initiatives with other European partners.

Celluloid Dreams Distribution Opens Doors

Hangameh Panahi's world sales company Celluloid Dreams has formed Celluloid Dreams Distribution, headed by Stéphane Auclair. True to the parent firm's creed, the new outfit will distribute "original, singular films, with different worlds, that lend themselves to initiatives other than the usual media promotion." Celluloid Dreams Distribution plans to release six to eight films a year and will kick off with Ondi Timoner's *Dig!*, hitting French screens on April 13.

Evi Fullenbach Back at Canal Plus

Evi Fullenbach has been named head of film at pay-TV Canal Plus. After leaving her job there as head of acquisitions in February 2004 to join Quinta Communications (Tarak Ben Ammar), she

returns to handle film for the Canal Plus Group's premium channel and its various specialty channels.

IRELAND

Film Ambassador to LA?

During a trip to Los Angeles, Irish Arts Minister John O'Donoghue said he intends to appoint a film ambassador to Hollywood to attract major shoots to Ireland. The country's tax incentive scheme known as Section 481 has been prolonged to 2008, and the cap on investments in big-budget films (>CAD30.66M) was raised to CAD24.2 million on January 1.

For more information on Section 481: <http://www.filmboard.ie>

ITALY

Dujass Film: New Production-Distribution Player

Marco Ambrosino and Veronica Salvi (who also heads Esse&Bi Cinematografica) are now producing and distributing through Dujass Film. The new company, which has acquired part of the Esse&Bi Cinematografica library, plans to release a dozen features a year (mainly comedy and animation). At the Berlin Festival, it picked up the Italian rights to the Olivier Ducastel-Jacques Martineau French farce *Shellfish and Crustaceans*. Dujass is also readying to release its animation feature *La Storia di Leo*, a first film by Mario Cambi. Veronica Salvi was one of the first producers to take on 3D animation in Italy.

MALTA

Tax Incentive Introduced in Malta

The Malta Film Commission has announced a tax incentive designed to attract more foreign productions to the island. It allows producers to claim a 20% rebate on locally incurred costs.

NETHERLANDS

Ido Abram Departs CineMart

Ido Abram is stepping down after seven years at the helm of CineMart, the coproduction market of the International Film Festival Rotterdam.

UNITED KINGDOM

Door Opened to Copro Treaties with Five New Countries

While the UK's current coproduction treaties are under review, Secretary of State for Culture, Media and Sport Tessa Jowell has announced her intention to begin negotiations on coproduction agreements with South Africa, China, India, Jamaica and Morocco. "More than 27 million South Africans went to the cinema in 2003. In 2001 India made more than 1,000 films - making it the world's largest feature film producer. And with a population of over a billion in China it makes sense to tap into this market," she said. The United Kingdom already has coproduction agreements outside of Europe, with Canada, Australia and New Zealand. In 2004, 83 of the 132 films made by the UK film industry were coproductions, worth CAD328.1 million.

Tax Credit Blues

With the run-up to elections looming, UK producers are worried about delays in setting the rules for the new 20% tax credit due to replace Section 48 in July. PACT (Producers Alliance of Cinema and Television) is asking that the Section 48 expiry date be pushed forward, and the UK Film Council wants Section 48 to be maintained for 2005-06 to ensure a smooth transition. For the moment, anxiety prevails as a number of films could be cancelled for lack of financing.

UK Financiers Form Lobby Group

Six UK firms have formed the Screen Financiers' Association (SFA) to take a common stand vis-à-vis the Inland Revenue and the Treasury. They are Aquarius Films, Baker Street Media Finance, Magic Hour, Movision, Prescience Film Finance and Surefire. Among other things, SFA is defending its Code of Practice, put in place to improve the transparency of member operations.

Enterprise Investment Schemes for Primetime Drama

The recent change to the Communications Act that sees producers retain the foreign rights to their productions is fostering new TV financing systems in the UK. Especially popular are enterprise investment schemes (EIS), which are already common in film financing and offer 20% tax relief on investments of up to CAD464,884. Alchemy Vision hopes to co-finance five or six primetime drama projects worth about CAD232.45 million in this way, acquiring foreign rights in exchange. Half of them are to be local, but Alchemy will also consider coproductions, especially with the US. All projects must have strong international potential and a domestic broadcaster commitment for at least 70% of the budget.

Digital Screening to Help Diversify Movie Lineup

As part of its policy to improve public access to specialty films and broaden diversity within the lineup, the UK Film Council has signed a CAD26.95 million contract with Arts Alliance Digital Cinema (AADC) to set up and run a network of 250 digital screens. The first installations will be operational in fall 2005 and the rollout will be completed 18 months later. Each cinema will guarantee a minimum number of specialty film (art house/foreign language) screenings a week.

The network will allow distributors with specialty films to circulate them in digital format at competitive prices.

Channel 4: A Velvet Revolution?

Since being appointed CEO last summer, Andy Duncan (41) has been setting Channel 4 on a course at once more commercial and more in line with public service. To boost performance, he has reintegrated the E4 digital operations and the FilmFour film activities into the core organization, and refocused the ambitious goals (annual sales of CAD125.5 million) of 4 Ventures, the group's business arm. At the same time, he is taking bold steps to expand access to Channel 4 programs, such as a partnership with public service Channel 6 and a proposed Internet distribution channel for documentaries available to high-speed users. But Channel 4 may fast be running out of options. And it is under the close scrutiny of regulator Ofcom, which will decide whether it merits public funding. Channel 4 has a 9.7% average audience share and is the BBC's only real competitor in terms of creative programs.

New Charter for BBC

Tessa Jowell, Secretary of State, DCMS, has unveiled a Green Paper called "A strong BBC, Independent from the government", which presents the government's proposals for the renewal of the BBC's Royal Charter in 2006. This document looks at all aspects of the BBC, from its programming to its financing, including its governance and accountability to the public. The government recommends changes to the BBC's management and governance system for increased transparency and to maintain its funding through the mandatory household licence fee. It also suggests that the BBC should continue to be established by a 10-year Royal Charter. An important piece is dedicated to supporting the film industry and calls on the BBC to showcase the best of UK films and to implement a feature film investment strategy. BBC chair Michael Grade has reacted favourably to the government proposal. So has the UK Film Council. A public consultation on the green paper has now been launched. For further details: www.bbccharterreview.org.uk.

UK Dominates TV Format Market

According to *Rights of Passage*, a report produced by Britain's Television Research Partnership, the UK largely dominates the TV format market with titles like *The Weakest Link*, *Who Wants to Be a Millionaire?*, *Pop Idol*, *The Alphabet Game* and *Ready Steady Cook*. Based on a survey of the schedules of 57 channels in 10 different countries (including the US, Japan and Australia), the report indicates that UK companies hold a 45% share in terms of volume and a 49% share in terms of number of titles. Readers will not be surprised to learn that *Who Wants to Be a Millionaire?* has been licensed or optioned in 107 territories. The full report is available on the TRP website: www.trponline.co.uk

Training: Skillset Launches New Website for Film Industry

Skillset, an independent agency for training in the audiovisual sector, has launched Skillset Film, a new website devoted to filmmaking skills. Designed for everyone working or wanting to work in the UK film business, this is a one-stop shop, providing information on the industry in general, specialized training, the different professions and more. To pay a visit: www.skillset.org/film.

Film Network Promotes UK Directors

The BBC has joined forces with the UK Film Council to create Film Network, a pilot website designed to showcase the best of British independent short film. During the six-month trial, Film Network will introduce 50 shorts from the UK Film Council, funded through the National Lottery by the New Cinema Fund's Digital Shorts Programme, and from other prominent film organizations partnering in the site (Short Circuit, Onedotzero, Shooting People, BBC Talent). The site aims to promote emerging UK talent by profiling filmmakers and their work, and established directors and novices alike can create personal pages there. The UK Film Council's New Cinema Fund, which has backed many of the showcased films, invests in 100 shorts a year from new directors. For further information: www.bbc.co.uk/filmnetwork

RUSSIA

UPI Opens Video Distribution Arm in Russia

Universal Pictures International (UPI) has set up a Russian video distribution arm headed by Egor Borisov. The studio plans to have a first title, *The Bourne Supremacy*, on the shelves by mid-March. This change in strategy (UPI distribution was previously farmed out) is due to strong growth in Russia's DVD consumer market.

SWITZERLAND

New Swiss Efforts to Attract Foreign Productions

Film Location Switzerland, the Swiss film commission, has been hard at work promoting its homeland to foreign producers, acting as a sort of tourist bureau for filmmakers, touting the country's diverse sites and other benefits. Of the 150 requests it receives each year, 30% come from India, 20% from the US, 15% from the UK and 35% from other points around the globe. To attract national and foreign shoots to the Geneva area, the association "Fonction: Cinéma" and the cantonal Department of Public Education plan to create a foundation with a CHF1-million budget for film production. Investment would be conditional on shooting in the Geneva canton and on two or three times the investment amount in local spending. The goal would be about eight productions a year.

DreamAgo to Hold First Writing Workshop in Switzerland

Under the patronage of leading lights like Stephen Frears and Alain Corneau, DreamAgo will hold its first writing workshop from April 24 to May 1 in Switzerland. The program is designed for screenwriters of all nationalities having a first-draft feature film script in either English or French. For further information: www.dreamago.com

ELSEWHERE AROUND THE GLOBE

International Network of Casting Directors launched

Meeting at Berlin in conjunction with the European Film Promotion's Shooting Stars initiative, fifteen feature film casting directors from seven countries have founded the International Network of Casting Directors (INCD) to exchange ideas on an international level and take advantage of synergies for international coproductions. They are Olivier Carbone, Françoise Menidrey, Frédérique Moidon, Nicholas Ronchi (France), Anja Dührberg, Heta Mantscheff (Germany), Barbara Giordani, Beatrice Kruger, Shaila Rubin (Italy), Pep Armengol, Camila Isola (Spain), Imor Hermann (Sweden), Leo Davis, Debbie McWilliams (UK) and Lina Todd (US).

Australia – 2004 Box Office

The Australian box office grew by 4.79% in 2004, totalling CAD835.33 million. The year's biggest hit was *Shrek 2*. More foreign films were released – 80, compared to 43 in 2003 – but their earnings dropped by about 13 % to CAD34.2 million.

China – Liberalization for International Sales

With the push to promote Chinese cinema, independent producers are now allowed to travel and show their films at international markets abroad. Massway is a private distribution and world sales firm founded last year in the wake of China's recent economic deregulation. The company handles local films at home and at festivals such as Berlin, where it had two features at the European Film Market. Massway manager Cindy Lin says that many low-budget Chinese auteur films warrant the support of an international sales agent.

Hong Kong – Private Investor to Back Production

Cable operator i-CABLE Communications will invest CAD46.4 million in 10 to 20 local films over the next two years. The company is currently in talks with several Hong Kong producers. The move comes none too soon for Hong Kong's film industry, where production bottomed out in 2004.

India – a sought after coproduction partner?

After the UK's announcement, Italy wants to step up trade between Italy and India by means of a coproduction agreement. What's the attraction? Mumbai has about 250 movie houses, India has a total of 12,500 screens, and the country turns out about 1,000 features a year.

Japan – 2004 Box Office

The Japanese box office rose by 3.8% in 2004 to CAD2.47 billion for 170 million admissions. Ticket sales got a boost with the November release of Hayao Miyazaki's latest film *Howl's Moving Castle*, which topped the year's charts and took in CAD233.9 million in 2004 alone.

Japan – Studio Ghibli Striking Out on Its Own

Animation producer Studio Ghibli, responsible for such Hayao Miyazaki hits as *Spirited Away*, *Princess Mononoke* and *Howl's Moving Castle*, is severing ties with parent company Tokuma Shoten Publishing this month.

FESTIVALS AND MARKETS

Winter and Spring are two busy seasons for the Festivals and Markets Bureau. The year started off with the Sundance Film Festival and the American television market NATPE held simultaneously, followed immediately by the Berlinale and the European Film Market. Presently we are in the midst of the Cannes Film Festival pre-selection process and finalizing details for the Canada Front Showcase taking place at MoMA in New York starting March 16. Last but not least, MIPTV starts April 11 with 87 Canadian exhibiting companies.

Sundance Film Festival : Canada once again in the spotlight

Telefilm Canada in partnership with the Department of Canadian Heritage's Trade Routes Program, spearheaded the business and press centre. The Lounge was a vital hub for American and International professionals seeking to meet Canadian filmmakers and talent. In addition to the seven short films presented, this year's line-up included *Shake Hands With the Devil; The Journey of Roméo Dallaire*, which walked away with the World Documentary Audience Award. This was the second year in a row that Canada has won the Audience Award (last year's winner being *The Corporation*). Our promotional brochure is on Telefilm Canada's website at : <http://www.telefilm.gc.ca/05/516.asp>

NATPE : continued in 2006?

Telefilm coordinated the Canadian presence at the NATPE market in partnership with the Canadian Heritage Department through its Trade Routes Program as well as the Department of International Trade. Although there have been questions raised on the part of the industry as well as Telefilm with regards to the continued presence of a Canada Pavilion during the NATPE market, attendance increased this year and our 27 exhibiting companies were very busy. Most of our companies had a full slate of meetings. We are presently conducting our customary survey of participating companies to better evaluate the industry's performance at this market. We will consult with the industry during the course of the next few months and review the pertinence of our continued participation for 2006. To consult our promotional brochure with all the companies' corporate profiles, go to : <http://www.telefilm.gc.ca/05/5221.asp>

Berlinale / European Film Market

Canada was again very present at this year's Berlinale with eight films participating, as well as a strong presence within the European Film Market. Canadian films fared very well with full attendance at their screenings. Our promotional brochure can be consulted at:

<http://www.telefilm.gc.ca/05/516.asp>

As in the past few years, Telefilm managed the "Canada Stand" which serves as a focal point of information for the Canadian industry, and acts as a liaison and promotional centre during the market. This year the stand was supported by the Department of Canadian Heritage, through the Trade Routes Program, as well as SaskFilm. Among 165 registered companies at the Market, the "Canada stand" supported 24 Canadian production and distribution companies. There were also several first time participants on site to evaluate the potential of their market participation for the 2006 edition of the European Film Market, which will be held in a new venue at the Martin-Gropius-Bau building, practically doubling the existing exhibition space.

Canada was also an active participant at the "Berlinale Coproduction Market", with two out of a total of 24 projects selected from all over the world : *Chasing the Stars* represented by Orca Productions from Vancouver and *Then Again* represented by Sienna Films of Toronto. The Coproduction Market serves as a platform for chosen projects to meet prospective coproduction partners, as well as hosting several topical information panels. The Canadian Embassy's trade section organized a three part information session entitled **Zoom in on Canada**, highlighting Canada's fiscal and film production advantages. This proved to be highly valuable for the promotion of trade links between the Canadian and the German film industry representatives.

Finally, the **Meet Canada in Berlin** event attracted over 500 industry representatives. This networking event was co-hosted by Telefilm Canada and the Canadian Embassy's Trade and Cultural sections, and sponsored by the provincial film funding agencies Ontario Media Development Corporation and SaskFilm and Video Development Corporation.

Canadian Front: New Films - MoMA

The New York Museum of Modern Arts, in collaboration with Telefilm Canada, will be featuring "Canadian Front : New Films 2005", the second annual showcase of new cinema from Canada. It is a nine-film program featuring an eclectic selection of Canada's brightest filmmaking talent. This event is made possible with the support of Foreign Affairs Canada and the Canadian Consulate in New York. This prestigious event serves to raise awareness of some of Canada's creative talent in the US market. For more details, please consult :

<http://www.telefilm.gc.ca/05/516.asp>

MIPTV – April 11 to 15 2005

The Canada Pavilion, coordinated by Telefilm Canada, will be hosting 84 Canadian companies, there to exhibit their products to potential buyers and in some cases producers looking for business investments or coproduction partners. You can consult the profiles of these exhibiting companies by visiting our website at the following address :

<http://www.telefilm.gc.ca/05/mip-liste.asp>

Paris, March 7, 2005

European Office
With the collaboration of the Festivals and Markets Team