

COVID-19 | IMPACT ON AUDIOVISUAL PRODUCERS

Document submitted by Eurocinema in view of the Stakeholders' meeting organized by the European Commission.

**Stakeholder's meeting – European Commission
March 31st 2020**

The following statement does not undermine the full understanding that I have of the difficulties met by the other fields of activities of the sector and more generally of the economic operators and individuals crossing this crisis.

The audiovisual producers are hardly affected by this unprecedented situation.

I have interviewed many of them and gathered information of our exchanges. I want to draw your attention on the following:

- For the time being, the crisis causes strong cash problems and I wish to emphasize on that point:
 - As for the films in production, the banks generally only discount as per agreed terms (end of preparation, first week of shooting etc...). All the payments are stuck. Nonetheless, the salaries of the crew and the artists must be paid at the end of the month.
 - As for the permanent crews, most of them are working from home when they are occupied. Some had to be temporarily dismissed when it is legally possible (it has been put in place in France but not in all countries of Europe).
 - The banks will charge high rates because they are in risk, more particularly with SMEs.
 - Some Member states have put in place some counter-guarantees of bank loans. This is fine but it still means that the loans granted to SMEs will have to be refunded in 2021. This extra-burden will mortgage the future of the companies.
 - All the measures taken by the governments to alleviate the cash problems of the companies take time and often, when they are decided, there are computing problems that arise (overloaded platforms).
 - The production companies massively draw on their cash reserves for the time being and this strongly jeopardizes their capacity to invest into the development of new projects.
 - All the producers I have spoken to said that they have a solution for the next two or four weeks. After that, they might be obliged to apply for bankruptcy.
- The costs of this new situation cannot be evaluated now since:
 - The crisis has not ended.
 - All the consequences of the crisis are unpredictable. For instance:
 - in the future it will be hard to sell a project since we have no idea of how the public will react and what will be the market tomorrow.
 - The advertising incomes of the broadcasters are drastically shrinking, they will invest less into the future projects.
 - The audiovisual license fee financing public broadcasters is calculated in a different way in each country but in the near future, the consent/capacity of the citizens to pay it will decrease.
- The cancellation of the festivals means to the films and the producers:
 - A loss of prestige.
 - A sale strategy knocked down, since the festival's markets are essential to the sector.
 - A coproduction market for the projects in financing process that has vanished since the festivals are important places to find financing and to close the co-production deals.

- The shutdown of the theatres means:
 - A loss of income for the financiers
 - A congestion of the releases when the confinement is over with a fierce competition jeopardizing the films that are not immediately expected by the market (often arthouse films but not only).

Considering all the aforementioned points, the main message to which I wish to draw your attention to is:

- The first thing Media program can do is to anticipate the outstanding payments without documentary proofs (to be delivered at a later stage).
- The use of the Observatory to monitor the evolution of the situation and the regulation in each Member state is necessary.
- The Commission should work on a guide of recommendations addressed to the Member states specific to the sector which has its peculiarities. I remain at your disposal to participate to the drafting of such a document.
- In coordination with the European Investment Bank, it is necessary to set an emergency program to guarantee bridge loans with no interest rates in coordination with the Member states.
- Workers, self-employed and free-lance are at the core of our activity. Many Member states begun to put in place emergency measures aimed to guarantee their payments and rights during the crises. It is of the utmost importance that these efforts be encouraged by the Commission and monitored by the European Audiovisual Observatory.