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# Continental drift

By **C21 reporter** 22-04-2020

Elena Lai, secretary general of European trade body the Coordination of Independent Producers (CEPI), tells C21 about impact of the Covid-19 pandemic on the industry and what the European Union should be doing about it.



Elena Lai

### How many audio-visual workers in Europe have been put out of work by the coronavirus?

Intense work has been undertaken by CEPI in conjunction with other key organisations in Europe and internationally to examine and address this issue.

As part of our chairmanship in the European Audiovisual Observatory, the European body dedicated to the gathering of data and intelligence for the AV sector, we are all working hand-in-hand to map this unprecedented situation, together with audiovisual and film funding agencies and the crucial support of the European Commission Media Unit, which has rightly created a Covid-19 task force dedicated to our sector.

We are human beings – people who have to pay rents, people who might not have a contract yet signed because of the very specific business cycle in film and TV, and people

who cannot ask for loans, as producers cannot use IP as collateral. So these days have shown even more the important relationships between cast and crew. We are all linked to each other.

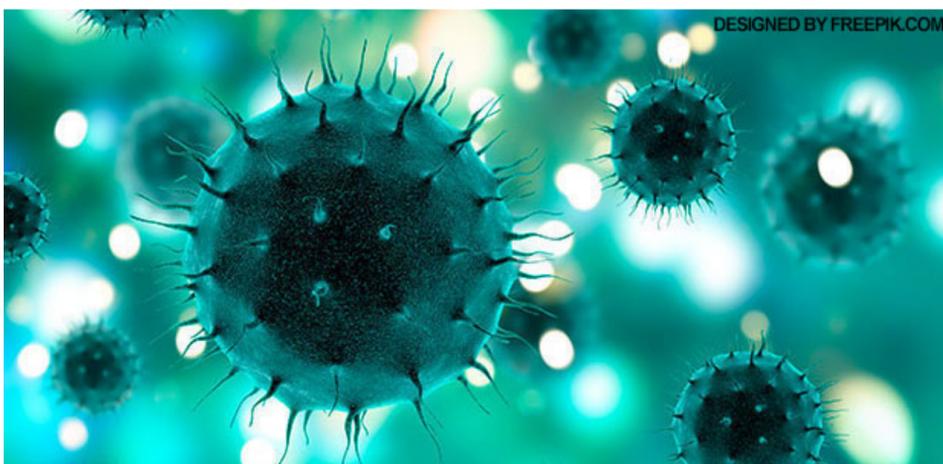
To better grasp what is affecting the production segment at CEPI, we have started a thorough mapping exercise of our national associations of independent producers, which will provide more specific data, such as loss of revenues for productions, and especially for SMEs [small and medium-sized enterprises].

We are estimating that among more than 8,000 companies we represent, at least 50% of them will be heavily impacted by this crisis. Some of our smallest companies, particularly in Central and Eastern Europe, have already lost 75% of their revenue.

### In which countries have the AV sectors been hit the hardest?

All countries have been affected. It will not come as a surprise that Italy and Spain have been the countries that have experienced the biggest impact. However, no territory has been left untouched. The cash flow to help SMEs across Europe, and in fact internationally, is still insufficient.

For this reason, we very much welcomed the latest European Parliament Resolution, voted last week, unlocking financing for cultural, creative and media sectors. This recognition for our sector will be key when it is time to revise the overall European budget and ensure SMEs can count on real, concrete support during the recovery period, or second phase, as many member states like to indicate.



Support is required at national level for the recovery of each domestic market, but also because if the AV sector is not supported and sustaining local production will have an impact on any future coproductions. Many of our members are keeping CEPI informed of their national progress. We are ready to be helping each other across Europe, so we are able to react faster and intervene promptly in very common issues.

One of the most common issues is related to the lack of insurance for film and TV productions in the wake of Covid-19. This is going to be so important in the

forthcoming months and the protocols developed at national level to foster a quick re-opening of sets will have to take this element into serious consideration.

Also, the evolution of tax credits is discussed, as this might be another way to look at the future picture if additional tax relief measures will spread across Europe and have a positive effect on international coproductions. Broadcasters in Europe, many of which will experience a decimation of commercial revenue, now must re-examine their funding models and work with the production sector to develop projects and license archive content for re-broadcast.

There is a lot on the agenda to handle, but we are confident the latest reviews of legal instruments developed at the EU level, like the AVMS [Audiovisual Media Service] Directive, will be instrumental to help TV and film productions from a regulatory angle, in a time where running our business is a clear challenge.

### Are there any countries where the governments are supporting the industry better or worse than others?

There is a strong sense of cooperation across all CEPI membership and I sense this cooperation across the AV value chain. In our daily and weekly updates, members are sharing their national experiences, which is very helpful when bringing new ideas and influencing your own national governments at a time where their scales of priorities put culture at the bottom.

In Italy, producers' association the APA are already categorising the type of damages affecting the AV sector and discuss the most effective ways to tackle them. In France, the USPA provided examples of different type of cash flow measures for

theatres and increased support for the sectors most affected, from distribution to cinemas and audiovisual.

In Croatia, they established greater flexibility in administering various programmes, including relaxing contractual deadlines streamlining procedures for filing applications and increased focus on getting funding out, especially for development – which at the moment is crucial for producers. Bureaucracy cannot become a burden at this difficult time, so the system has to be flexible and agile.

I must also mention the MEDIA Programme, with its schemes from producers, is adding a lot more flexibility because of the crisis. The response of audiovisual and film funds and the reciprocal coordination with them has been fundamental and very much welcomed this.

### **Are we at the point when companies are going into liquidation due to coronavirus?**

We are not yet at this point but the situation changes from day to day. Some of our members are already putting their employees on unemployment benefits as they are not in a position to sustain their salaries. It should also be understood the crisis for the film and AV sector is not just relevant to the lockdown period but will affect companies well beyond that.

I have heard of very good initiatives undertaken by public service broadcasters, such as in Portugal, where RTP launched a package of measures to help the national audiovisual sector. This consists of injecting money when it is most needed by independent producers. We truly hope that measures like that will also have a positive domino effect in the sector, as well as stronger support for our cinemas, the fast reopening of which is not being taken for granted, therefore also affecting our distributor colleagues.

We are looking forward to the discussions related to the future European budget. Member states will have a tough time prioritising in such a challenging time regarding how best to support the sector. Nevertheless, we strongly encourage them to reflect on our segment of the industry, which does not operate like other businesses – not acting immediately means it could be too late.

The culture and creative sectors are instrumental to the healthy system we all need to encourage, as TV programmes and films are what are really entertaining citizens at this difficult time of confinement.

*Elena Lai is head of office and account director at Europe Analytica, a Brussels-based public affairs consultancy specialising in the cultural and creative industries.*

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