COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION

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

FINAL 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[1] 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 can fall into place. This is a condition for achieving the accelerated development of the market for 16:9 services. Community funds of up to 228 MECU were foreseen for the period mid-1993 until mid-1997 in order to contribute towards the additional costs of introducing the 16:9 format. Broadcasters and Programme Producers were entitled to apply for this funding through calls for proposal.

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.[2] This Communication presents the Report for 1996 and 1997.

This Annual Report therefore focuses on the activities carried out during 1996 and 1997 and the results to date in achieving the objectives of the Plan. Section A deals with the Broadcasting part (budget line B3-2014 - managed by DG XIII) and Section B deals with the Programme Production part (budget line B3-2013 - managed by DG X). Activities up to the end of 1995 were covered in previous reports.[3]

This is the final Annual Report on the activities of this four year Action Plan. The Commission will publish an evaluation report in 1999, following the conclusion of the Action Plan's implementation in December 1998. This will assess the Action Plan's impact on the market and upon the sectors concerned.

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1 93/424/EEC, O.J. No. L 196/48, 5.8.93

2 *Ibid.*, Art. 6.

3 COM (95) 263 final, 16.06.95; COM (96) 346 final, 26.07.96

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

JOINT EXECUTIVE SUMMARY

Broadcasting

Impact

During the last two years of the Action Plan's active life, the 16:9 set market grew strongly. Sales of 16:9 sets quadrupled from 220,000 in 1995 to an estimated 800,000 in 1997. The installed base of 16:9 sets had reached around 2 million units by the end of 1997. The 16:9 format is best established in the markets which started transmitting 16:9 early: France, Germany, Belgium, Netherlands.

Digital television services started in Europe during 1996, including 16:9 transmissions. Since the first wave of digital television services are mostly pay TV bouquets, services are delivered via decoders connected to existing TV sets. Without an installed base of 16:9 sets, pay TV operators would therefore have had little reason to include 16:9 transmissions. However, in those Member States where broadcasters have taken the opportunity to build an installed base of 16:9 sets ready for the start of digital services, the Action Plan has ensured that the market will provide digital 16:9 services. The overlap between the profile of pay TV subscribers and purchasers of 16:9 sets suggests that market convergence between digital TV and 16:9 is being achieved. The 16:9 format is set to surf the crest of the digital wave.

Output

The broadcasting part of the Action Plan supported 36 broadcasters, contributing towards the transmission of 9,900 hours of broadcasting through Call 96/1 and Call 97/1. Sharply reduced budgets meant that this total was much lower than in 1995 when the Action Plan supported nearly 21,000 hours. The lion's share of Action Plan hours (66%) was allocated to the so called "late starting markets", those without national 16:9 services on 1.1.95. The Commission reserved what little funding could be allocated in the 50% category to broadcasters in Member States where the 16:9 market was still blocked, either because there were too few 16:9 services, or because broadcasters were waiting to start digital services before transmitting in 16:9.

By its close, the Action Plan had involved broadcasters in all Member States. Finland had been the last Member State without 16:9 services[4], but the first Finnish broadcaster started transmitting in 16:9 following Call 96/1, joined by others after Call 97/1. These last two calls for proposal also enabled further new services to be funded in Italy, United Kingdom, Netherlands, Belgium, Portugal.

Programme Production

The production part of the Action Plan funded 5,633 hours of 16:9 programmes through Call 96/1 and Call 97/1. About 80% of these hours were new productions and 20% were remasterings of existing programmes into the 16:9 format. The steady decrease in the number of hours allocated to remastering (For instance in 1994 remastering accounted for 40% of the total allocated hours of programmes) implies that a majority of the 50% and 80% countries have been focusing on new productions as opposed to remastered programmes, which have been typically used by broadcasters just starting to transmit in 16:9 for the first time. The transition from remastering of existing programmes to producing new programmes in 16:9 is a very positive indication of the success and permanence of the 16:9 format with producers and broadcasters.

[4] Luxemburg has no national broadcaster transmitting 16:9, but other countries' 16:9 services are available via terrestrial, cable and satellite.

The significant increase in 1996 and 1997 in both the number of proposals received and the number of applicants also showed the high level of awareness achieved by the Action Plan among European independent producers and broadcasters. Producers responded to Calls 96/1 and 97/1 by applying for a total of approximately 46,000 hours of programmes, while the equivalent total number of hours applied for in the five previous calls from 1993 up to and including 1995 was 43,000. These figures show that the Action Plan has awakened the European programmes industry to the need for renewal and to the necessity to prepare for digital markets which will demand an ever increasing quantity of 16:9 programmes.

It is also very important to stress that the last two calls financed more than 3,000 hours of stock programmes, giving a major boost to European audiovisual catalogues, which are the primary business asset of the programme production industry.

SECTION A: BROADCASTING

1. MANAGEMENT OF THE ACTION PLAN

During the period covered by this report, there were two joint calls covering both broadcasting and programme production, Call 96/1 and Call 97/1. The following sections will review the broadcasting part of these two calls.

As with Calls 95/1 and 95/3, 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%. The Council Decision reserved 68 MECU for these "late starting markets" for allocation after 1.1.95. The hourly flat-rates paid by the broadcasting part of the Action Plan were unchanged.[5]

1.1. Call 96/1

Response

In response to the call for proposals published in February 1996,[6] broadcasters requested funding equivalent to 55,500 hours of broadcasting, equivalent to nearly 90 MECU of funding. Demand was divided much more equally between broadcasters in the "late starting markets" (43%) and those in the driver markets (57%) than in 1995. Budgetary resources available for the call were however less than half what was available to earlier calls, when it had been possible to fund up to 21,000 hours of transmissions. It should also be noted that the 80% funding possibility reduced the number of hours of broadcasting that could be funded; each hour cost the Action Plan more.

The main features of the call were as follows:

- 42 proposals were received, of which two were ruled ineligible for the broadcasting call, following consultations with the independent external evaluators.

5 Either 50% or 80% of the rates set out in para 4 of the annex to the Council Decision: 6000 ECU per hour for the first fifty hours and 2500 per hour for each subsequent hour. See Annex A below.

6 OJ No. C 26, 1.2.96, p.4

- One of these proposals was subsequently reassigned to the programme production call; another was ruled ineligible for evaluation because it contained none of the information requested in the call for proposals.
- 23 broadcasters funded by earlier calls re-applied.
- exactly half the proposals were from 80% countries.
- the average number of hours requested per project was 1611 hours.

Results of Call 96/1

Tables 1a, 1b and 1c show the final allocation of funding following Call 96/1, with new entrants in italics.

Table 1a

ACTION PLAN 16:9 BROADCAST SERVICES FINAL ALLOCATION 96/1 50% funding

	Broadcaster	Code	Requested hours	Allocated hours
1. FRANCE	*Multivision*	FR5	2.340	150
France total			**2.340**	**150**
2. GERMANY	*NDR*	A2	150	100
Germany total			**150**	**100**
3. NETHERLANDS	*NOS*	N1	804	400
Netherlands total			**804**	**400**
4. SPAIN	*Telemadrid*	E2	208	100
	Television Valenciana	E3	276	100
Spain total			**484**	**200**
5. UK	*BskyB*	R2	400	400
UK total			**400**	**400**
Total zone 50%			**4.178**	**1.250**

Table 1b

ACTION PLAN 16:9 BROADCAST SERVICES FINAL ALLOCATION 96/1 80% funding

	Broadcaster	Code	Requested hours	Allocated hours
6. GREECE	ERT	G2	400	200
	ERT 3	G3	810	200
	Channel Seven X	G1	2.375	300
	Nethold Hellas - Filmnet	G4	1.374	500
Greece total			**4.959**	**1.200**
7. SWEDEN	TV 1000	S1	3.168	500
Sweden total			**3.168**	**500**
8. ITALY	Syntesia	IT4	900	50
	Telenuovo	IT5	1.620	100
	Videolina	IT9	1.360	50
	Nueva Antenna Tre	IT1	1.400	200
	Rete 7	IT3	2.702	200
	Telemontecarlo	IT6	1.500	500
	Telepadova	IT7	250	200
	Teleregione	IT8	120	120
	Videomusic	IT2	1.000	500
Italy total			**10.852**	**1.920**
9. IRELAND	RTE	I1	500	365
Ireland total			**500**	**365**
10. AUSTRIA	ORF	AU1	430	400
Austria total			**430**	**400**
11. FINLAND	*TV Tampere*	F1	170	170
Finland total			**170**	**170**
Total zone 80%			**20.079**	**4.555**

Table 1c

ACTION PLAN 16:9 BROADCAST SERVICES FINAL ALLOCATION 96/1
Total allocation

	Requested hours	Allocated hours
Grand total=24 Projects (80 % + 50 %)	24.257	5.805

The main elements underlying this allocation were as follows:

- The Commission and the Member State Committee agreed a funding period of two years;

- A reduced budget meant that only new entrants were funded under the 50% funding regime and the majority of successful proposers received far less than they had requested;

- That broadcasters in the 80% countries must be well-served (83% of total funding awarded).

The reduced budget meant that it was no longer possible to maintain continuity of funding for a number of excellent broadcasting projects which had been funded under preceding calls. The Commission would have preferred to phase out funding more gradually, but there was no room for manoeuvre so the final allocation involved difficult decisions. However, the Commission had clearly signalled to the Member State Committee in 1995 that there would be very little funding left for projects in the 50% countries.

Apart from funding the three small Italian regional broadcasters funded earlier under Call 95/3 again, Call 96/1 funded six more Italian broadcasters for the first time. TV Internazionale and Videomusic - subsequently renamed TMC 1 and TMC 2 - are national channels controlled by the Cecchi Gori group. The regional channels - such as Nuova Antenna Tre - are much larger than the first group funded by call 95/3.

Based on experience elsewhere, it would have been reasonable to expect the public broadcaster RAI to initiate 16:9 broadcasting in Italy. However, the first 16:9 transmissions in Italy were made by small regional broadcasters. The Action Plan had supported these projects through Call 95/3 because the Commission felt that a start needed to be made in Italy, even if it was symbolic, and geared to promoting 16:9 towards other broadcasters as much as towards the regional audiences covered. Certain Italian members of the European Parliament had also expressed concern about Italy's lack of participation in the Action Plan.[7] The entry of two national channels and some important regional broadcasters through call 96/1 vindicated the approach adopted under Call 95/3.

Wide-screen transmissions in Finland also started following Call 96/1, since TV Tampere, a regional station, had applied successfully.

1.2. Call 97/1

Response

This was the last call under this Action Plan. In response to the call for proposals published in October 1996[8], broadcasters requested funding equivalent to 69,247 hours of broadcasting, equivalent to 120 MECU of funding.

The main features of the call were as follows:

- 67 proposals were received; three projects were reallocated to the programme production part of the call;
- 31 broadcasters funded by earlier calls re-applied;
- Italian broadcasters submitted 32 proposals;
- the average number of hours requested per project was 1305 hours.

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7 Parliamentary Question No. 2649/95 by Mrs Marin; No. 2724/95 by Messrs. Podesta, Azzolini, Ligabue, Caligaris and Boniperti; 2736/95 by Mr Tatarella and 2754/95 by Mr Dell'Alba

8 OJ No. C 288, 1.10.96, p. 46

Results

Tables 2a, 2b and 2c show the final allocation of funding following Call 97/1, with new entrants in italics.

Table 2a

ACTION PLAN 16:9 BROADCAST SERVICES FINAL ALLOCATION 97/1 50% funding

	Broadcaster	Code	Requested hours	Allocated hours
1. SPAIN	Euskal Telebista	E1	300	230
	RTVE	E2	1500	300
	TV3 de Catalunya	E4	495	230
	TV de Galicia	E3	400	230
Spain total			**2695**	**990**
2. PORTUGAL	*RTP*	P1	500	450
Portugal total			**500**	**450**
3. UK	*BBC*	R2	431	400
UK total			**431**	**400**
4. NETHERLANDS	NOS	N1	1000	110
Netherlands total			**1000**	**110**
5. BELGIUM	*VTM*	B4	148,5	36
Belgium total			**148,5**	**36**
Total Zone 50 %			**4.774,5**	**1.986**

Table 2b

ACTION PLAN 16:9 BROADCAST SERVICES FINAL ALLOCATION 97/1 80% funding

	Broadcaster	Code	Requested hours	Allocated hours
6. FINLAND	*MTV*	F2	300	300
	TV-Tampere	F1	190	130
	YLE	F4	70	70
Finland total			**560**	**500**
7. GREECE	Nethold Hellas - Filmnet	G3	968	150
Greece total			**968**	**150**
8. IRELAND	RTE	I1	300	170
Ireland total			**300**	**170**
9. ITALY	*Antenna Tre Veneto*	IT 23	1100	250
	Nuova Antenna Tre	IT 1	700	150
	Telepiu - Omega	IT 20	4138	300
	RAI	IT 12	1200	350
	Telenorba	IT 22	1746	250
Italy total			**8884**	**1300**
Total Zone 80 %			**10.712**	**2.120**

Table 2c

ACTION PLAN 16:9 BROADCAST SERVICES FINAL ALLOCATION 97/1 Total allocation

	Requested hours	Allocated hours
Grand total=18 Projects (80 % + 50 %)	**15486,5**	**4.106**

The main elements underlying this allocation were as follows:

- a funding period of two years agreed by the Commission and the Member States;

- an extremely limited budget of 7.8 MECU, down from 12.5 MECU in 1996;
- a final opportunity to ensure a good spread and balance of community funding across Member States, in line with market possibilities;
- in particular, opportunities to extend the number of services in Italy, Spain, Portugal and Finland;
- and to initiate digital 16:9 services in certain countries.

In the 80% bloc, the roll-out of 16:9 in Italy and Finland were the most obvious highlights.

The Finnish regional television station TV Tampere had already been successful in Call 96/1. The start of its 16:9 service generated considerable press interest. As in Italy, this was instrumental in attracting the interest of the main national channels, the public broadcaster YLE and its commercial competitor MTV. YLE is transmitting digital 16:9 programmes by satellite initially; terrestrial broadcasts will start as receiver equipment becomes available.

Of the 32 Italian projects submitted, the restricted budget forced the Commission to focus only on those likely to achieve maximum market impact. The digital satellite services proposed by RAI and the pay TV operator Telepiu were clearly important. At the time of the allocation, the Commission believed these would achieve less impact on the TV set market than either analogue terrestrial or digital terrestrial services. However, co-location of a number of Italian broadcasters on to a so called common digital platform will create synergies, a bouquet effect that will carry more credibility than individual channels 16:9 transmissions. These should benefit the 16:9 market. RAI's transmissions will be free-to-air 16:9 digital simulcasts of programmes in its main national services. The range of terrestrial 16:9 services is enhanced by the inclusion of two more important regional broadcasters, Telenorba and Antenna Tre Veneto.

In the 50% bloc, RTVE's proposal for a terrestrial 16:9 service offered the possibility of much greater market impact than its earlier satellite service. The absence of 16:9 from RTVE's terrestrial services had limited the progress that regional broadcasters could make on their own. In concluding this contract, the Commission placed very high priority on promotion, which had been a major weakness of the satellite service.

The selection of two projects showed up the limitations of a dogmatic approach to the distinction between 50% and 80% countries. Although individual broadcasters in Portugal and the United Kingdom had been successful in early calls - before 80% funding became possible on 1.1.95[9] - other broadcasters had not followed. Call 97/1 was therefore a final opportunity to stimulate these "late starting" markets in the

9 See Art 2.5, Council Decision 93/424/EEC of 22 July 1993 on an Action Plan for the Introduction of Television Services in Europe

50% category, in the interests of achieving “spread and balance” per the Council Decision.

RTP, the Portuguese public broadcaster, submitted a high quality project of strategic importance. Theirs is only the second 16:9 service available in Portugal. The Commission believed it was important to provide further impetus in this market, again placing high priority on promotion.

The BBC plans to transmit digital satellite and terrestrial services starting in summer 1998. It intends to transmit 30% of prime time in 16:9 within one year of starting digital transmissions. The BBC will be investing heavily in promotion; Action Plan funding will reinforce this activity.

1.3. Evaluation methodology

Evaluation procedures for both calls were unchanged from earlier years. An independent external consultancy assisted with the technical evaluation of projects. Their tasks were first to establish eligibility 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. How Calls 96/1 and 97/1 build on earlier activity

As in earlier reports, the following series of maps show in graphic form how 16:9 services have rolled out in Europe since the beginning of the Action Plan. The series has been updated to take into account the calls 96/1 and 97/1. The format has been changed so that each map shows the results of calls for proposal year by year, rather than being cumulative. The high number of broadcasters supported by the Action Plan over four years means that it is no longer feasible to display them all on one map. Once all Call 97/1 broadcasters have started transmissions, the Action Plan will have helped 63 broadcasters in all fifteen Member States to transmit in the 16:9 format.

Figure 1

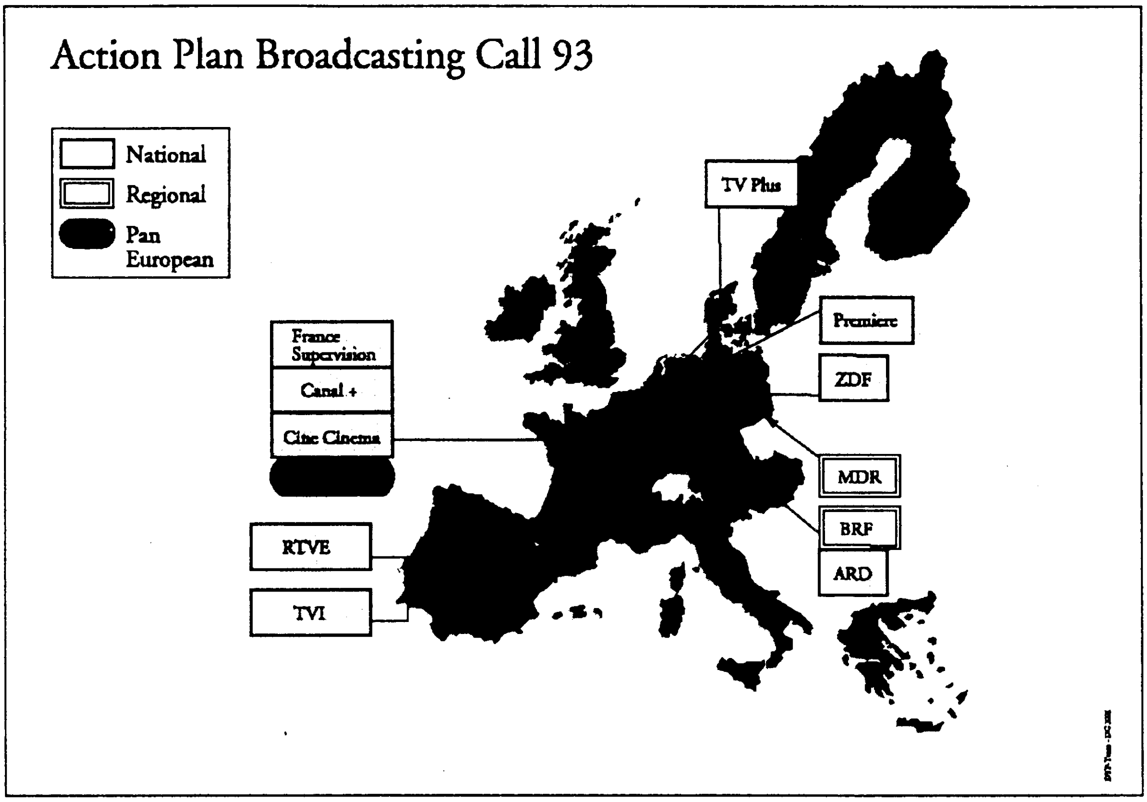


Figure 2

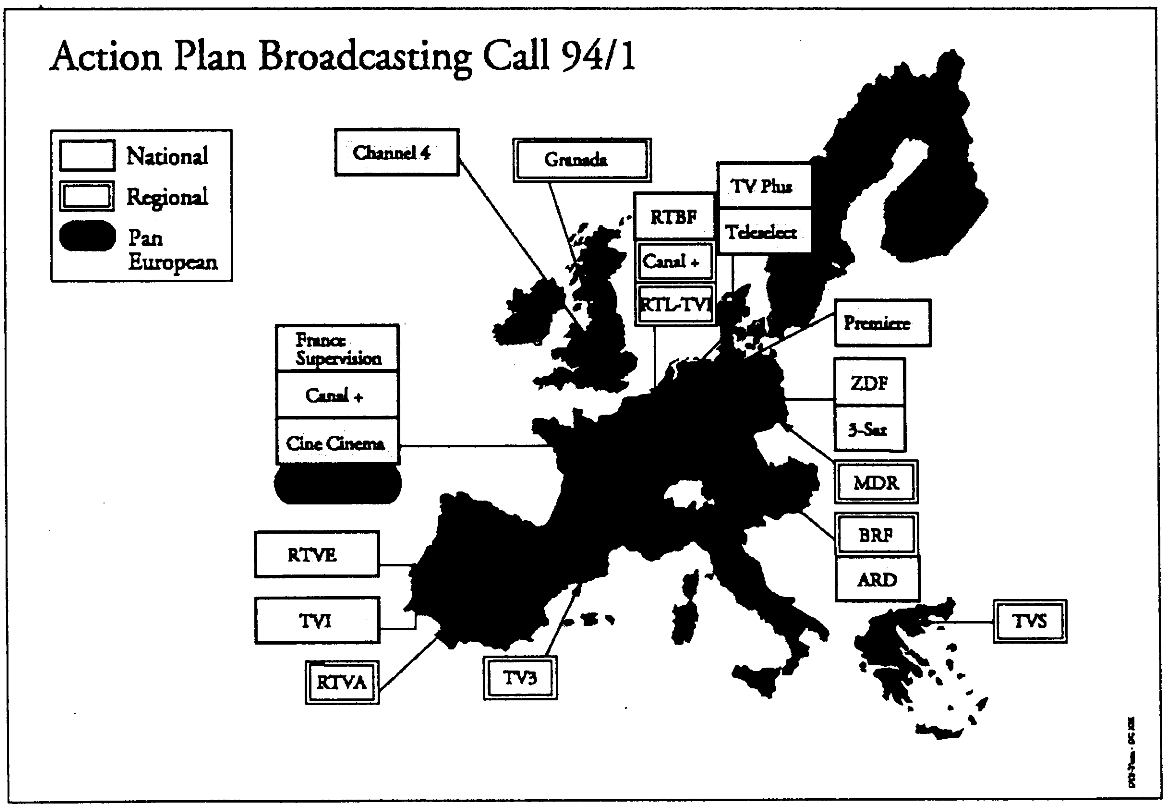


Figure 3

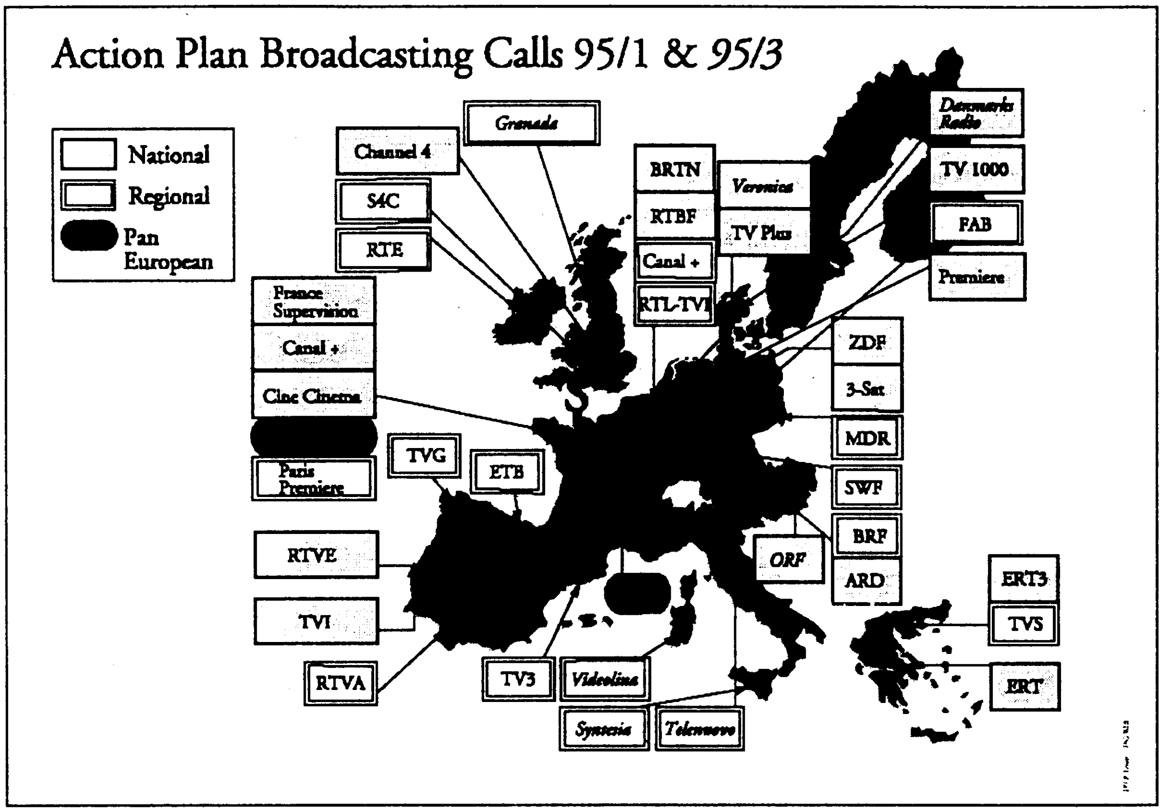


Figure 4

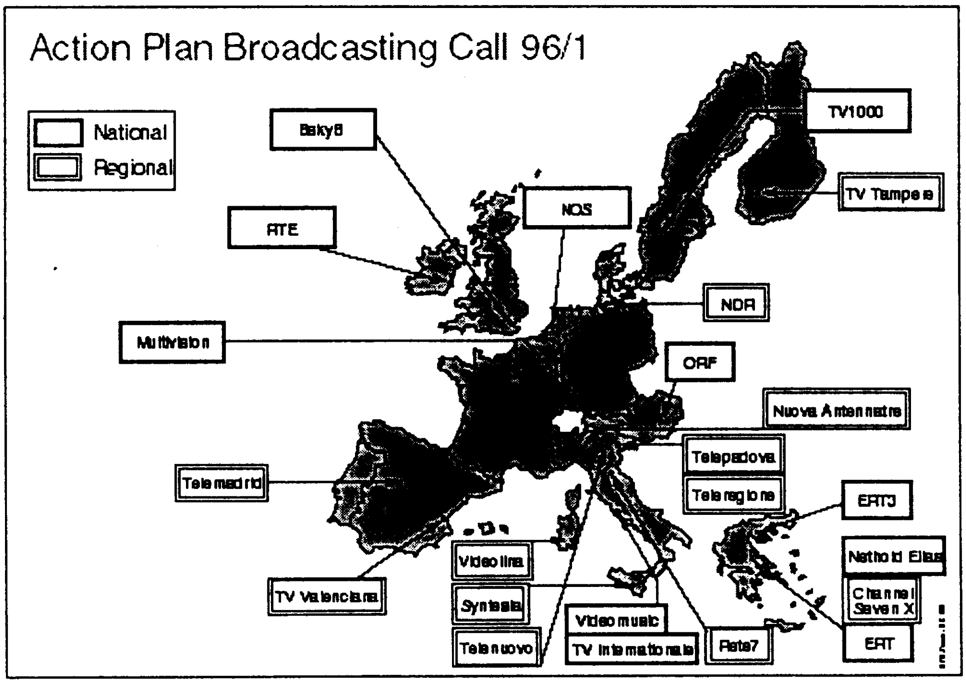
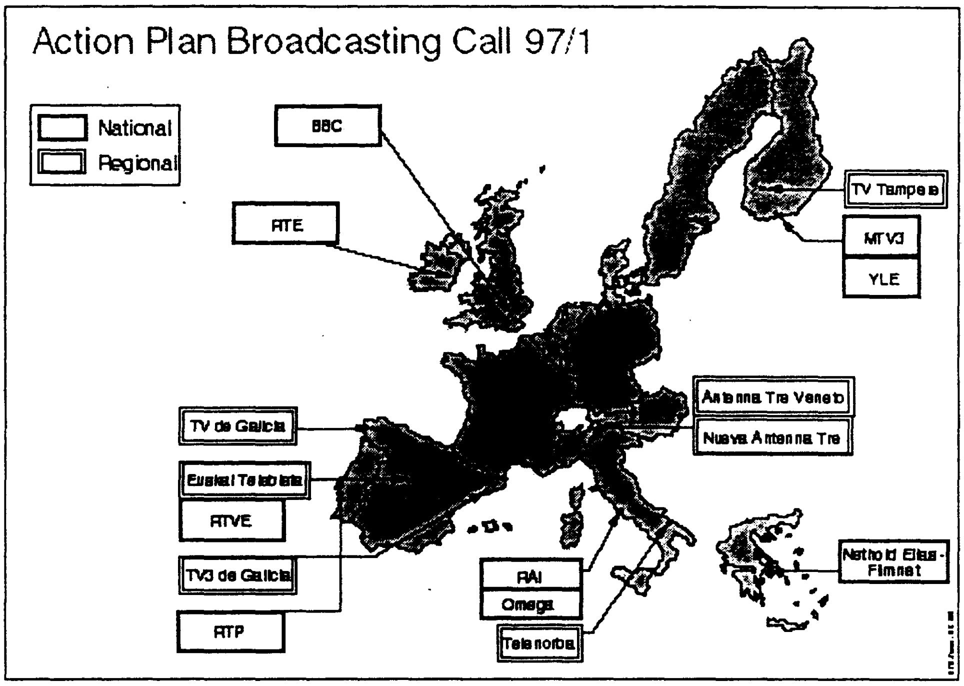


Figure 5



2. MARKET IMPACT

2.1. Sales of 16:9 TV sets

The 1995 report demonstrated a close correlation between cumulative sales of 16:9 sets and the number of 16:9 hours broadcast[10]. The report also showed that the core 16:9 markets were the ones that had started earliest, namely France, Germany and the Benelux countries, the so called "pioneer" markets.

Table 3 shows that these countries are still the main 16:9 markets in Europe and that the installed base is at least 1.7 million. These figures are conservative. Other estimates of the European installed base of 16:9 TV sets are as high as 2.4 million.[11] Preliminary forecasts suggest that annual European sales will reach at least 3.5 million in 2000.

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10 See COM (96) 346 final, figure 4, p.16 in particular.

11 Advanced Television Markets, October 1997. Strategy Analytics estimate 2.2m. These European estimates probably include non-EU markets such as the 150,000 16:9 sets sold in Switzerland. SBS began PAL Plus 16:9 tranmissions at the same time as German broadcasters. Extensive German satellite broadcasting has helped stimulate the Swiss 16:9 market.

Outside the "pioneer" markets, EACEM estimates for 1997 predict a doubling of sales in most of the "late starting" markets, albeit from very low volumes. In the UK, manufacturers revised their 1997 sales estimates upwards sharply, to 70,000, following the BBC's announcement that it would be transmitting digital television in 16:9 format.

Table 3

OVERVIEW OF 16:9 TV SET SALES IN THE EU 1992 - 1997

(unit sales 1992-6; 1997 estimates)

Country	1992	1993	1994	1995	1996	1997	CUMUL
Austria	0	0	700	4000	8000	19000	31,700
Benelux	0	10000	10000	30000	148000	190000	388,000
Denmark	0	3000	7000	10000	8000	15000	43,000
Finland	0	0	0	0	1000	2000	3,000
France	15000	45000	85000	85000	135000	200000	565,000
Germany	12000	20000	20000	75000	145000	225000	497,000
Greece	0	0	0	0	2000	4000	6,000
Ireland	0	0	0	0	1000	2000	3,000
Italy	0	5000	3000	6300	13000	26000	53,300
Portugal	0	1000	1000	1000	3000	12000	18,000
Spain	0	4000	4000	4500	16000	25000	53,500
Sweden	0	0	1000	500	2000	11000	14,500
UK	2000	3000	3000	4200	25000	70000	107,200
Total	29000	91000	134700	220500	507000	801000	1,783,200

Source: EACEM

2.2. The start of digital television services and 16:9 - First phase

In December 1997, there were already over 200 digital television services in Europe. The population of digital decoder boxes had reached two million units, according to broadcasters' best estimates, of which 1.75 million were rented units.

On 17 April 1996, Canal Plus became the first broadcaster in Europe to launch digital television services. France accounted for around half the European installed base of digital decoders in December 1997, shared between three competing service bouquets, Canal Satellite Numérique, TPS and ABSat. French digital bouquets have included 16:9 digital transmissions from the outset. One of the French service providers has established that 25% of its subscriber base is watching digital television on a 16:9 TV set.

This link demonstrates the important overlap between the consumer profile for pay TV subscribers and the profile of "early adopter" buyers of 16:9 TV sets. The link between pay TV and 16:9 is not confined to France. In an Action Plan proposal submitted several years ago, a pay TV operator elsewhere cited market research showing that its subscribers tended to be "early adopters" of all new technology products, and were pioneer computer users at home and Internet subscribers.

Notwithstanding the strong support of public broadcasters for the 16:9 format, the Commission is pleased about this link between pay TV and 16:9. During the early stages of the Action Plan, the Commission had been concerned that pay TV broadcasters' smaller audience made them a less cost-effective way of promoting 16:9 than free-to-air broadcasters with much larger audiences. However, supporting pay TV appears to have offered a highly targeted way of promoting 16:9. The Action Plan has enabled pay TV operators in a number of countries both to test the commercial attractiveness of the 16:9 format in their established analogue services and to help create an installed base of 16:9 sets within their subscriber bases for subsequent digital services.

These early results from the French digital market also provide some support for the Action Plan's whole philosophy: build up an installed base of 16:9 TV sets ahead of the start of digital services and independently of the broadcast standard. French broadcasters used the now obsolete D2-MAC standard to transmit 16:9 during the opening phase of the Action Plan.[12] French 16:9 TV set buyers have also been able to take advantage of the large number of hours of analogue "letterbox" transmission in 4:3 on the terrestrial channels. 16:9 sets can expand these transmissions to fill the 16:9 screen. The availability of 16:9 sets therefore converted "letterbox" 4:3 transmissions into a supplementary means of promoting the uptake of 16:9.[13]

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12 The consumer investment in D2-MAC was never high because pay TV and cable TV operators rented most of the decoder boxes, with a view to swapping them for digital ones when digital services were launched.

13 Note that PAL and SECAM letterbox transmissions were never elegible for Action Plan funding because they do not meet the quality requirements set out under Art 5.1 paragraph (iv) of the Action Plan's Implementation Procedures set out in the Technical Annex of the Decision.

Given that it was always known that Pay TV operators would initiate the first wave of digital television services,[14] using cable and satellite transmission, it was important that there were already 16:9 sets in people's homes. Pay TV is by definition a business based on adding decoder boxes to existing television sets.[15] Without 16:9 sets already in the market, it is doubtful that most pay TV operators would have added to the complexity and risk of launching digital TV by including 16:9 transmission.

Evidence from the early days of the digital TV market therefore suggests the Action Plan has played an important role in ensuring that there are 16:9 sets in European homes, ready to take advantage of this first wave of digital television, launched by pay TV operators. These services are characterised by plenty of feature films, ideal programming for the 16:9 format. Moreover, the 16:9 format has also been able to benefit from some of the massive resources devoted to promoting digital television and subsidising decoder boxes.

3. FUTURE PROSPECTS FOR 16:9

3.1. Second phase of digital TV and 16:9

If the first phase of digital television has been led by pay TV operators using cable and satellite transmission, the next phase will be characterised by free-to-air terrestrial transmission in 1998. The UK and Nordic countries are leading the way.

The UK market is particularly important for the development of 16:9 because it is the last of the three big driver markets to start. France, Germany and the UK are the largest, the richest and the most dynamic consumer electronics markets. To succeed in Europe, any new consumer electronics product must be well-established in all three markets.

Despite the analogue 16:9 services offered by Channel 4, S4C and Granada, most UK broadcasters believed that the perceived disadvantages of earlier 16:9 analogue TV transmission systems outweighed the advantage of stimulating the 16:9 TV set market before the availability of digital TV.[16] They preferred to wait for the launch of UK digital services in 1998. This decision prevented the 16:9 TV set market from starting earlier.

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14 The DVB specifications for digital cable and satellite transmissions were available before the more complex terrestrial digital TV system was defined.

15 Pay TV broadcasters' decoder boxes usually contain both the necessary technologies for conditional access and descrambling, together with the electronics for receiving digital or analogue broadcasts.

16 Most UK broadcasters believe that the PAL Plus transmission system is unsuitable for use in the UK because it produces a "letterbox" picture on 4:3 sets. UK audiences are unaccustomed to "letterbox", unlike most audiences in continental Europe.

However, the BBC's announcement in 1997 that it would achieve 30% 16:9 content within one year of starting digital services had an immediate effect. Sales of 16:9 TV sets took off and 1997 total sales may reach 70,000 sets. Clearly the BBC's 16:9 transmissions will be of strategic importance for the development of 16:9 in the UK. Other UK broadcasters have made a so far unquantified commitment to the 16:9 format.

As the UK is one of the three large driver markets for consumer electronics in Europe, broadcasters were able to convince manufacturers to make available all-digital integrated 16:9 TV sets. These are scheduled to appear during 1998 as digital services start up. These digital sets will also be available in Scandinavian markets. Clearly, without a viable installed base of 16:9 sets in the market already, it is essential to have 16:9 digital sets available from day 1 of digital services.

The Commission will be considering the link between 16:9 and the digital television in greater detail in its final evaluation of the Action Plan, scheduled to appear in 1999, after the end of the Action Plan's implementation.[17] Among other things, this will need to examine in greater detail the various different ways of introducing 16:9 television pursued by broadcasters.

Meanwhile, it should be noted that transmitting 16:9 using digital terrestrial also includes a significant element of subsidy because Member State governments are making available free of charge to terrestrial broadcasters additional radio spectrum for digital TV services. Terrestrial radio spectrum is a valuable resource. The additional capacity is being made available on a temporary basis, in order to accelerate the migration from analogue to digital and recover analogue radio spectrum.

3.2. Digital Versatile Disk

Although "letterbox" versions of films have been available on VHS cassettes for several years, picture quality leaves a lot to be desired once these pictures have been expanded to fill a 16:9 screen. The European launch of the Digital Versatile Disk in Spring 1997 will bring be an additional stimulant for 16:9. Many video publishers will include a 4:3 version of a film on one side of the disk and a 16:9 version on the other. The Action Plan has arguably played a role here, because there would not be much point in including the 16:9 version unless there were 16:9 sets in consumers' homes.

The availability of DVD means that consumers will have the possibility of acquiring a high quality digital medium for building their own collections of film and TV programmes in 16:9.

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[17] No further funding will be distributed following Call 97/1, contracts signed in 1997 do not conclude until the end of 1998.

3.3. World Cup Football in 16:9

Through Commission Decisions taken in April and July 1997[18], the Commission allocated a total of 1.4 MECU to TVRS, the consortium of French broadcasters that is undertaking programme production on behalf of FIFA.[19] The funding is a community contribution towards the extra costs of a parallel production effort in 16:9 so that 16:9 pictures are available for European broadcasters.[20]

The Commission and the Member State Advisory Committee were favourable to this project when it was proposed by EACEM, the manufacturers' association. The World Cup football tournament has always stimulated sales of new consumer electronics products therefore manufacturers stated they were willing to invest substantial sums in promoting sales of 16:9 TV sets for the World Cup.

Broadcasters in six Member States[21] have already agreed to carry the coverage and it is expected that others will sign up by the time the World Cup starts.

3.4. International comparisons

The Japanese market is strong, with sales of 5.5m 16:9 sets in 1996 and over 6m estimated in 1997, over 50% of all TV sets sold.[22] As noted in the 1994 report, TV manufacturers control most of the retail outlets in Japan.[23] They have been able to withdraw 4:3 sets progressively, ahead of the development of 16:9 broadcasting. Some sets can downconvert NHK's analogue HDTV transmissions. Since many video games are now in "letterbox" format, this has also helped. Moreover DVD has already been launched in Japan.

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18 Decision E/97/456 - C(97)906 - 1.04.97 and E/97/1216 - C(97)2065 - 1.07.97

19 Financing this activity from the programme production part of the Action Plan was not possible. In the 1997 budget commentary for the B3-2013 budget line covering programme production, the budgetary authority states "This appropriation is intended to cover the production in and conversion to 16/9 format of programmes intended to be reused (long stock programmes) to the exclusion of programmes intended in principle to be broadcast only once, such as news bulletins, sports broadcasts or televised serials..." (OJ No. L44 14 February 1997 p.802). The European Parliament's Committee on Culture, Youth, Education and the Media had earlier expressed concern that B3-2013 was supporting sports production on a cultural budget line.

20 It is possible to integrate 16:9 and 4:3 production but broadcasters outside Europe were concerned that this might affect the quality of the 4:3 coverage and would not permit 4:3 and 16:9 coverage to be combined. The 16:9 coverage will however be shown in Brazil and Canada, according to EACEM.

21 Denmark, France, Greece, Italy, Spain, UK.

22 Source: Advanced Television Markets newsletter *ibid.*

23 COM (95) 263 final, 16.06.1995, P.26 para 3.2

In the USA, manufacturers and broadcasters are preparing to launch digital high definition television services towards the end of 1998. [24] The United States will effectively join the 16:9 community. This development will increase the availability of 16:9 programming and also reduce the production costs of the big screen technologies necessary for HDTV. Without big screens to achieve its full realism and impact, HDTV offers little or no advantages over 16:9 in standard definition, on ordinary size TV screens (<100 cms diagonal). As a large, monolingual market, the USA is better suited to pioneering the introduction of HDTV services than Europe's smaller, fragmented broadcasting markets since it will achieve economies of scale earlier in respect of new, big screen technologies.

3.5. The Action Plan bows out

The Commission has not proposed a sequel to this Action Plan. This is a mark of faith in the commercial prospects of wide-screen. Now that wide-screen exists in the home, it is no longer just an interesting technical possibility; it is part of the market, and not just in Europe, but also in Japan and soon in the USA.

The interim evaluation report[25] carried out by independent consultants during 1995/6, together with a conference organised by the Commission in September 1996[26], both recommended an extension of the Action Plan in order to achieve the "critical mass" of 16:9 services stated in the Council Decision. However, critical mass was only an indicative target, not an end in itself; nor was it defined. The objective was to "Contribute to market penetration by receiver equipment". With an installed base of around 2m 16:9 TV sets forecast for 1997, the Commission felt that the market had made important progress since the interim evaluation and the conference.

Now that wide-screen exists in the market, the powerful market forces behind digital television will be able to sustain it more effectively than any public subsidy scheme. Indeed, broadcasters who plan to transmit 16:9 terrestrial digital services will have benefited from a much more valuable subsidy than the Action Plan ever offered: free spectrum.

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24 HDTV uses the 16:9 wide-screen format, but has a higher bit-rate in order to produce quality pictures on big screens, thereby adding to impact and realism.

25 *Review of Action Plan for Advanced Television Services*, December 1996, Final Report, Coopers & Lybrand and Convergent Decisions Group.

26 *Reshaping Television for the Information Society*, Brussels, 26 September 1996.

An extended action plan would therefore no longer play the role of the catalyst for take-up of the new format. A further period of public funding would have risked creating a dependency culture by attracting "subsidy hunters" who might discredit wide-screen commercially. Taking into account the difficult budgetary constraints faced by the EU, and increased risk of market distortion posed by continuing subsidies in a growing market, an extension would not have been sufficiently cost-effective and would have carried higher risks. The role of the catalyst will end after Call 97/1 Action Plan broadcasting contracts terminate in December 1998.

Convergence and the competition from new, interactive services will in future force broadcasters to change the experience of watching television more fundamentally than they have done over the past thirty years. The television now has to compete with the personal computer; several US computer manufacturers are already planning to launch computers with 16:9 monitors for reception of digital TV and DVD viewing. Convergence will therefore accelerate penetration of the wide-screen format not just in television but in the new services environment too.

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SECTION B: PROGRAMME PRODUCTION

4. INTRODUCTION

4.1. The Action Plan, a Community instrument for the audiovisual sector

The aim of the Action Plan, a four-year Community programme (July 1993-July 1997), was 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 modernise and prepare for the future in a coherent, clear and synchronised manner..

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 analogue world to the digital world. The second is commercial and aesthetic: this panoramic format gives superior image quality and brings television in line with the cinema.

The structural effect sought by the Action Plan was 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 took 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 deployed its efforts in two directions by simultaneously stimulating supply and demand for 16:9 programmes in a co-ordinated and decisive manner at Community level. Thus the 16:9 Action Plan offered 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.

4.2. The 16:9 market

In addition to broadcasting services, 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 modernisation, 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 had the effect of streamlining the industry in general.

4.3. 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, has been thus an integral part of the Union's audiovisual policy. Its purposes have been to strengthen the structural capacity of the audiovisual programmes industry and to develop its European dimension.

The methodology of the Action Plan was based on these considerations. The programmes section of the Action Plan joined 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.

4.4. Scope of the Action Plan

Calls for proposals invited European producers to apply for aid for new productions and/or remastering. Eligibility criteria were 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 exceeded budgetary availability, priority criteria were applied to select the production projects. No place was given to qualitative assessments of the programmes' contents and priority was 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 was to be remastered, priority went to programmes of European origin.

5. 16:9 Action Plan 1993-97

This chapter outlines activities pursued under the Action Plan in 1996 and the first half of 1997, and the development of the Community programme; this is a particularly useful analysis after four years of operation.

5.1. Overall results expressed in Ecu and hours:

Year	1993	1994	1994	1995	1995	1996	1997
Call	**1/93**	**1/94**	**2/94**	**1/95**	**2/95**	**1/96**	**1/97**
Million Ecu	11,6	19,4	33	18,1	12,5	12,1	9,5
Hours	2.936	4.555	5.648	4.099	2.551	3.066	2.567

Seven calls for proposals have been organised since the Action Plan started: one in 1993, two in 1994, two in 1995, one in 1996 and one in 1997. 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. The budget for the 1996 call was just slightly larger while 1997 budget was again lower.

In all, ECU 116.2 million was allocated to European producers between July 1993 and 30 June 1997 to produce or remaster programmes in the 16:9 format.

The ECU 116.2 million cofinanced 25 422 hours of programmes in 16:9:

- ECU 105.2 million cofinanced 16 856 hours of new programmes in 16:9; and
- ECU 11 million cofinanced 8 565 hours of remastering.

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

Number of proposals received

The number of proposals received was relatively constant at 1 000 or so for each call with a significant upward trend as from 2/95. 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. The 1996 and 1997 calls received the largest number of application since the beginning of the Action Plan with, respectively, (-1350 and 1580 proposals.

Call	1/93	1/94	2/94	1/95	2/95	1/96	1/97
Proposals received	944	732	1.113	970	1.116	1.350	1.580

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	1/96	1/97
Hours received	7.500	8.000	10.356	16.392	10.735	22.350	24.012

The proposals 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. Call 1/96 and 1/97 had a massive response with respectively 22 350 and 24 012 proposals submitted.

Substantial increase in the number of proposals using the Action Plan

Over the first two years of its implementation, the total number of proposals increased threefold. At the end of 1994, following three calls, this total stabilised at an average of 200 producers per call. The total number of proposals increased then dramatically in the last two calls, reaching the remarkable total of 421 in call 1/97. The main reasons of this important increase have probably been the fact that the Action Plan was at this point well known and also that it was known by the interested parties that the Plan was coming to an end.

Call	**1/93**	**1/94**	**2/94**	**1/95**	**2/95**	**1/96**	**1/97**
Number of producers	80	148	243	184	190	385	421

5.3. The professionals involved

The two 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	1994	1995	1995	1996	1997
Call	**1/93**	**1/94**	**2/94**	**1/95**	**2/95**	**1/96**	**1/97**
				Ecu			
Broadcasters	0,56	0,62	0,5	0,55	0,56	0,52	0,55
Producers	0,44	0,38	0,5	0,45	0,44	0,48	0,45
				Hours			
Broadcasters	0,63	0,78	0,55	0,73	0,73	0,72	0,76
Producers	0,37	0,22	0,45	0,27	0,27	0,28	0,24

5.3.1. 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 1997, 55% of the funds were allocated to broadcasters and 45% to independent producers, while broadcasters account for about 69% of the hours and independent producers 31%. In these percentages, it must be noted that broadcasters' hours consist mainly of remastering, 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:

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

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 by 67% (ECU 19.4 million compared with ECU 11.6 million for the first call) and thus made possible that a total of 128 producers (68 more than the previous call) to enter the 16:9 market.

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

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 numbers on the 16:9 market. A total of 220 producers (92 more than for the previous call) made 45% programme hours, the highest percentage of all the calls. Broadcasters and independent producers shared the budget evenly. That call was the first to prove by its results that there was a genuine pioneer market for European 16:9 services.

1995/96 - 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. But the 16:9 market had in time to cover all the European Union markets. 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".[27] 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% of the 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 need of programmes by the broadcasters. The very strong demand for hours received under this call (16 392 hours, or 60% up on the previous 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.

Finally, as far as call 1/96 was concerned, financial support was very evenly distributed : 52 % of the financial support was allocated to broadcaster and 48% to independent producers. On the other hand, the break-down of production hours shows a predominance of the broadcaster (72 %) on the independent producers (28 %) . This result is in line with those of the previous calls.

27 Twelfth recital.

1997 - The last call

Call 1/97 received the highest number of applications ever (1580) with a total request of about 75 Mecu. 55% of the available funds (9.5 Mecu) were distributed to broadcasters and 45 % to independent producers. This result was in line with the average of the previous calls. As far as hours allocation in call 1/97 is concerned, it has to be pointed-out the predominance of broadcasters with a share of 76% of the total hours.

5.3.2. *Independent producers*

The variety of producers reflects that of the European audiovisual world. The 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 and up to 35 % for the 1/97 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 and cinema. 16:9 image quality is 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..

5.3.3. Broadcasters

An average of forty 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 enjoyed 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.

5.3.4. 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 counting on quality.

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 and the next Football World Cup in France, are organised 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 continue. That emphasises their real complementarity in the audiovisual field. By its pioneering work, the Action Plan has awakened the European programmes industry to the need for a massive co-ordinated effort for a genuine renewal. 16:9 services are an area where the only successful action is European.

6. RESULTS OF THE ACTION PLAN

6.1. New productions

6.1.1. *Types of 16:9 programmes*

(expressed in hours for each call for proposals)

Year	1993		1994		1994		1995		1995		1996		1997	
Call	1/93		1/94		2/94		1/95		2/95		1/96		1/97	
	Hours	**%**	**Hours**	**%**	**Hours**	**%**	**Hours**	**%**	**Hours**	**%**	**Hours**	**%**	**Hours**	**%**
Fiction	165	10	201	8	320	9	391	14	256	13	403	17	487,7	19
Documentary	193	11	464	19	845	25	650	24	496	24	840	35	513,4	20
Cartoon	0	0	23	1	19	1	12	0	46	0	30	1	0	0
Cultural Event	230	14	312	13	402	12	500	19	297	15	338	14	436,4	17
Sport	613	37	471	19	1001	29	446	16	265	13	444	18	205,4	8
Live Recording	466	28	1019	40	821	24	729	27	714	35	370	15	924,1	36
Total	**1667**	**100**	**2490**	**100**	**3408**	**100**	**2728**	**100**	**2074**	**100**	**2425**	**100**	**2567**	**100**

Between 1993 and 1997, the Action Plan cofinanced the production of 16 856 hours of new 16:9 programmes, about half of which consisted of long-life programmes (fiction, documentaries, cultural events), 20% sports and 29% live broadcasts.

The different categories developed in various ways:

<u>Significant progress of the documentary: 4 001 hours produced</u>

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 of 1995 and reached a peak of 35% in 1996, thus more than tripling its share of the total hours of programmes. Within call 1/97, 20% of the total hours of new productions have been documentaries, confirming, substantially, the progress made in the previous calls. 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 and that among European broadcasters the 16:9 channels are those which broadcast the most documentaries.

Progress of fiction programmes: 2 223 hours produced

Fiction programmes have significantly reinforced their position and at the last two calls accounted respectively for 17% and 19% 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.

Maintenance of the proportion of cultural programmes: 2 515 hours were produced

Cultural events (operas, concerts, ballets, live shows, circus) tend to account for around 15% at each call (17% at call 1/97). 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 specialise in this type of production and who maintain very close links with various broadcasters with whom they plan and make their broadcasts of events. From 1995 up to 1997, independent producers have further intensified the production of cultural events.

Decline in 1996 and prompt recovery in 1997 of the proportion of studio programmes: 5 043 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. Within the 1996 call, nevertheless, studio programmes accounted for 15 % only of the hours produced. This significant decline had its reason in the progress made by long-life types of programmes such as documentary and fiction. On the other hand, in 1997 the percentage of studio programmes grew up dramatically reaching a share of 37% of the total hours of new productions.

Large but significantly declining proportion devoted to sport: 3 445 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 of 1995. In 1996 there has been an important recovery (18% ; 444 hours produced) mainly due to the Atlanta Olympic Games . The downward trend was confirmed in 1997 with only a 8% share devoted to sport programmes. 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 or the Football World Cup, are faithfully followed by a public that is normally 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: 130 hours produced

About 1% of programmes at each call were cartoons. No cartoons productions were funded within call 1/97.

The preferences of broadcasters and producers were as follows:

- 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.

6.1.2. Programmes analysed by format

(results expressed in hours per call for proposals)

Year	1993		1994		1994		1995		1995		1996		1997	
Call	1/93		1/94		2/94		1/95		2/95		1/96		1/97	
	Hours	%	Hours	%	Hours	%	Hours	%	Hours	%	Hours	%	Hours	%
Super 16 mm	197	12	259	10	393	12	365	13	293	14	460	19	359	14
35 mm	74	4	61	3	135	4	83	3	21	1	73	3	26	1
Video 625	698	42	1755	70	2034	60	2092	77	1284	62	1746	72	2182	85
Video 1250	697	42	415	17	846	25	188	7	476	23	145	6	0	0
TOTAL	1667	100	2490	100	3408	100	2728	100	2074	100	2424	100	2567	100

Four formats received Community subsidies. Two of them were film formats, namely the 35 mm and the super 16. 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 35 mm: 461 hours produced

Compared with other formats, use of the 35 mm rarely exceeded the 3% mark. In the last call (1/97) this format has been used for only 1% of the programmes. 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.

Super 16 made progress: 2 324 hours produced

From 12% at the first call, the super 16 format has reached 19% in 1996 and 14 % in 1997. 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 by 625 video: 11 780 hours produced

This format , as expected, dominated 16:9 services. Video 625 is used by most broadcasters: in 1995, 80% of the video 625 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): 2 779 hours produced

From 42% in 1993 to 23% at the end of 1995 and down to just 6% in 1996, the HD experienced a sharp drop in the total number of hours supported by the Action Plan and practically disappeared in call 1/97. 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 which have a catalogue value. 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.

6.2. 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 was made on digital media and it thus enjoyed all the associated technical advantages . 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 8 565 hours programmes.

ECU million

Call	1/93		1/94		2/94		1/95		2/95		1/96		1/97	
	MECU	%	MECU	%	MECU	%	MECU	%	MECU	%	MECU	%	MECU	%
New productions	10,2	88	16,7	86	30	91	15,7	87	11,8	94	11,6	96	9,1	96
Remastering	1,4	12	2,7	14	3	9	2,4	13	0,7	6	0,4	4	0,4	4

Hours

Call	1/93		1/94		2/94		1/95		2/95		1/96		1/97	
	Hours	**%**	**Hours**	**%**	**Hours**	**%**	**Hours**	**%**	**Hours**	**%**	**Hours**	**%**	**Hours**	**%**
New productions	1667	57	2490	55	3408	60	2728	67	2074	81	2423	79	2074	96
Remastering	1269	43	2065	45	2240	40	1371	33	477	19	643	21	500,6	4

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 10.8% at 31 December 1995.

The steady evolution of remasterisations towards a less significant position in the allocated number of hours implicates that a majority of the 50% and 80% countries are now focusing on new productions as opposed to remasterisation which are typically preferred by starting markets.

7. CONCLUSIONS - PROGRAMME PRODUCTION

7.1. Expanding the audiovisual catalogues

In four years, the Action Plan cofinanced 25 422 programme hours for an allocated total of ECU 116.2 million. This volume of hours can be broken down into 8 565 hours of remastering and 16 856 hours of new productions. Among the new productions, there were 4 001 hours of documentaries, 2 223 hours of fiction programmes and 2 515 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 encouraged to start. 1995 was the year the Action Plan started, as foreseen by the Council decision, to use the budgetary reserve for that purpose. The generation of an adequate supply of programmes and the creation of a programme catalogue takes time and independent producers needed time to adjust. The Action Plan has been monitoring this trend and supported those producers during this transitional stage. The Action Plan is improving its programme data base by finalising the preparation of the European 16:9 catalogue, which will be available via the European Commission's Europa server in ***http://europa.eu.inf/A16_9/.***

7.2. 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 four 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 about 69% hours and independent producers 31%. For the most part, broadcasters requested remasterisation and produced very programmes which establish their channel's identity. This identity attracts an audience which will then become loyal to other types of programmes.

7.3. The programmes industry invests in the future at European level

The Action Plan made the programmes industry aware of the need for a massive, coordinated effort to renew and upgrade professional equipment and practices. The Action Plan succeeded in transforming wide-screen from an interesting technical possibility into a market phenomenon.

7.4. 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: modernise 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.

7.5. Integration of 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 generalised 16:9 services on a European scale. By the end of its implementation, the Action Plan will have funded over 25 000 hours of new or remastered programmes, giving a fundamental support to the 16/9 market in approaching a critical mass.

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.[28] 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. In fact, digital broadcasting is gaining ground every day. Moreover, the 16:9 format is now considered by all broadcasters to be one of the important factors in identifying digital broadcasting as the "Television of the Future".

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28 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		12 000
b) flow programmes hours	1 to 20	12 000
	21st and following hours	6 000
35 mm production		30 000
HD-video production (1250 lines)		
a) stock programmes		60 000
b) flow programmes hours	1 to 20	20 000
	21st and following hours	10 000

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