

ANIMAR

EUROPEAN ANIMATION CONVENTION

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ANIMAR

EUROPEAN ANIMATION CONVENTION

Animar_BCN 2023 Spurred Momentum for Change in Europe's Animation Industry

Animar_BCN 2023 Brought Together Top Animation Experts to Chart a New Course

The second edition of the political forum, held from November 22th to 24th, expanded both in terms of the number of experts, over 90, and the number of countries represented, totalling 25, encompassing public bodies, broadcasters, production representatives and pan-European institutions.

Animar_BCN is an initiative of [PROA, the Spanish Federation of Independent Audiovisual Producers](#), and [ProAnimats, the Association of Independent Animation Producers](#), with the support of [ICEC](#) (Catalan Institute of Cultural Enterprises), [ICEX](#) Invest in Spain (Spanish Public Trade Agency), [Animation in Europe](#) (The federation of the European national Animation Producers' Associations) and [CEE Animation](#), in collaboration with [Diboos](#).

Over three days of intense debates at [Animar_BCN](#), key figures in the animation value chain, including organisations such as Animation in Europe and CEE Animation, engaged in substantive discussions aimed at enhancing the European animation industry's operational mechanisms. This convergence of diverse minds in Barcelona was noteworthy not only for the range of its participants — comprising government officials, educational leaders, industry veterans, and broadcasters — but also for the depth of the discussions that ensued.

This forum was a fertile ground for collaborative thinking, which led to tangible recommendations such as the need for stronger funding strategies across Europe, the development of compatible standards for co-productions, a stronger emphasis on audience building, and the retention of talent and original IP by independent producers.

Discussion Topics

At Animar_BCN, five critical subjects with one think tank each were at the forefront of discussions, each pivotal to the future of European animation:

- A. The Investment of Media Services in Animation Content**
- B. Direct Public & Tax Related Funding in European Animation**
- C. Market Financing, Equity Investment, Private-Public Co-Financing, and Cashflow Facilities**
- D. A Legal Framework for Animation Co-Productions**
- E. Distribution of European Animated Works in Europe and Globally**

Main Recommendations

The think tanks reached a series of conclusions following discussions which led to a set of **concrete recommended actions aimed at policy makers**:

- 1. Introduce a requirement to consider the diversity of genres and age demographic within the European quota and investments. Explore the idea of developing mechanisms that promote European Content on all screens alongside audience development schemes.**
- 2. Revise the AMVS guidelines affecting the definitions of audiovisual media service and independent producer, in order to broaden the mandate and strengthen independent productions.**
- 3. Urgently work on a legal framework which acknowledges animation specificities in order to encourage and streamline European co-productions for series.**
- 4. Establish effective funding support for dubbing to enhance the distribution of European animation series and films across Europe, and internationally.**
- 5. Create a meeting platform or event for production companies who wish to scale up and for equity investors interested in audiovisual content.**
- 6. Enhance development funding and define children and youth content as difficult productions, to allow for higher public financing supports.**
- 7. Facilitate better access for low-capacity countries to international co-productions by revisiting Creative Europe guidelines and improving minority co-production schemes.**

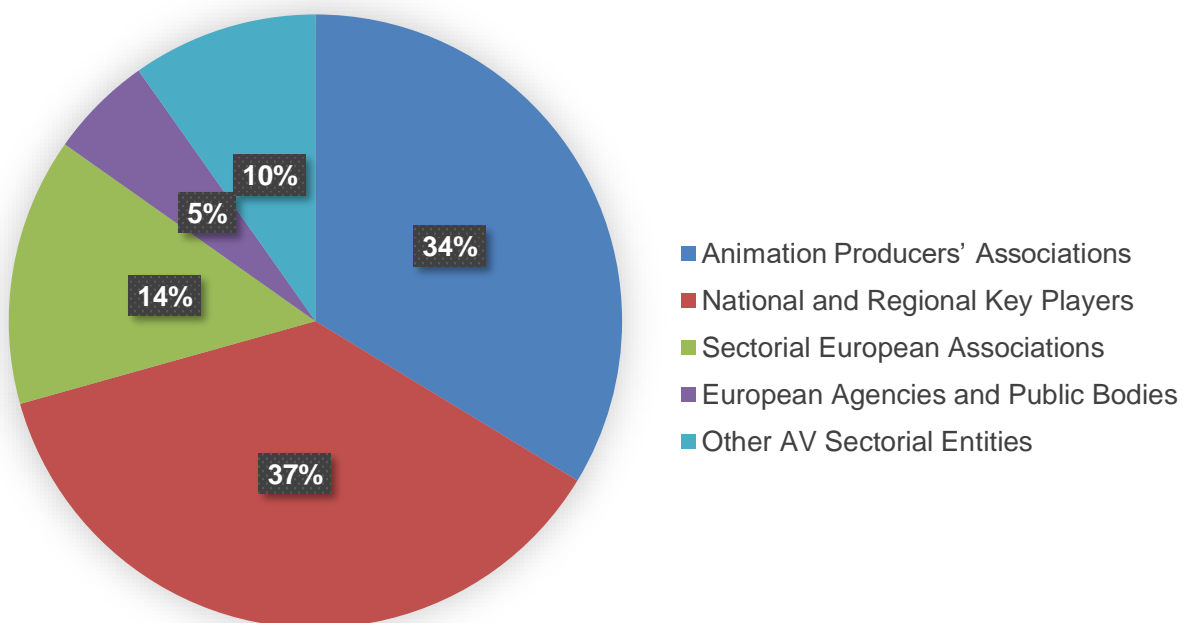
Methodology

1. Identification of animation key figures by country (representing producers' associations, national funds, TV commissioners, and so on) but also from pan-European entities and bodies
2. Experts from EEA countries gather together
3. Topics to discuss previously suggested by the Animation in Europe Board
4. Experts divided into diverse, balanced Work Groups to discuss one main topic (one topic per WG)
5. Information and cultural exchange within a trusting, safe atmosphere
6. Generation of conclusions and common solutions applicable across the continent
7. Approach of concrete recommendations in line with each topic's conclusions
8. Communication of recommendations to the European animation sector stakeholders

Experts

High-level professional profiles from all around Europe attended Animar_BCN 2023; more than 90 Experts representing 25 EEA Countries, plus European Entities representatives:

- Animation Producers' Associations from EEA countries
- National and Regional Key Players (such as National Public Broadcasters, Film Funds, and other National and Regional key players from EEA countries)
- Sectorial European Associations (Formed by Private or Public Broadcasters, VOD Platforms, Distributors, Sales Agents, Film Funds, and so on)
- European Agencies and Public Bodies



Territories

Europe	Czech Republic	Hungary	Poland
	Denmark	Ireland	Portugal
Austria	Estonia	Italy	Slovakia
Belgium	Finland	Latvia	Slovenia
Bulgaria	France	Lithuania	Spain
Croatia	Germany	Netherlands, The	UK
Cyprus	Greece	Norway	

Entities

ABAP (Bulgarian Animation Producers)	Coimisiún na Meán (Irish Media Commission)	Lithuanian Film Centre
AEPA (Spanish Animation Producers)	DFI (Danish Film Institute)	Lithuanian Ministry of Culture
AG Animationsfilm (German Guild)	DIBOOS	MIA (Mujeres en la Industria de la Animación)
ALICE (EU Interreg Programme)	DR (Danish Broadcasting Corporation)	NAPA (Nederlandse Audiovisuele Producenten Alliantie)
Anima Mundi (EU Horizonte Programme)	DSAF (Slovene Animated Film Association)	Norwegian Film Institute
Animation Germany	EIF (European Investment Fund)	NPA (Animation Norway)
Animation in Europe	EFAD (European Film Agency Directors)	NRK (Norwegian Broadcaster)
Animation Ireland	ERGA (European Regulators Group for Audiovisual Media Services)	Polish Film Institute
Animation UK	Estonian Animation Association	PROA (Spanish Federation of Audiovisual Producers)
APFI (Audiovisual Producers Finland)	Estonian Film Institute	ProAnimats (Animation Producers' Association)
APPA (Portuguese Animation Producers)	EURIMAGES	Producentforeningen (Danish Producers' Association)
ASAF (Association of Czech Animation Film)	Europa Distribution	Produzentenallianz (German Producers' Alliance)
ASIFA Austria	EUROVOD	RTP Portugal (Portuguese Broadcaster)
APAF (Slovak Association of Animated Film Producers)	Finnish Film Foundation	RTVE (Spanish Broadcaster)
AVEPA (Valencian Animation Producers)	Finish Ministry of Economic Affairs and Employment	Screen Brussels
Bulgarian Parliament	Greek Film Centre	Screen Ireland
Bulgarian National Film Centre	HAPA (Hungarian Animation producers association)	Spanish Ministry of Economic Affairs and Digital Transformation
CAA (Cyprus Animation Association)	Hellenic Animation Association	SPPA (Polish animation films producers' association)
Catalonia MEDIA Desk	HRUP (Croatian Producers' Association)	Stories X Women (Programme)
Cyprus Ministry of Culture	ICA (Portuguese Institute of Cinema and Audiovisuals)	TVC (Catalan Broadcaster)
CARTOON	ICAA (Spanish Institute of Cinema and Audiovisuals)	TVPabc (Polish Broadcaster)
CARTOON ITALIA	ICEC (Catalan Institute of Cultural Enterprises)	UNIC (International Union of Cinemas)
CEE Animation	ICEX (Spain Trade and Invest)	UPFF (Belgium French-speakers Producers' Association)
CEPI (European Independent Producers' Association)	LAA (Lithuanian animation association)	YLE (Finnish Broadcasting Company)
CineRegio	Latvian Animation Association	
CNC (French National Centre of Cinema and Animated Image)	LFA (Les Femmes s'Animent)	

WG1 – The Investment of Media Services in Animation Content

Co-chaired by Ms Petra Tarjanne, Finland, Ministerial Adviser, Minister of Employment and Economy & **Mr Philippe Alessandri**, France, Chairman of Animation Europe

Preamble

The expansion of US SVOD platforms (Netflix, Disney+, Amazon Prime Video, Max, Paramount+, Apple+) across Europe has not benefited the European animation industry as much as it has live-action fiction which is considered by the streamers as the best way to localise their editorial offerings. Furthermore, the ownership of the very few European animated series and films, such as “*Cuphead*”, and “*Arcane*”, being financed by global players, lies with U.S. companies.

In addition to the lack of investment in European animated originals, the acquisition by U.S. streamers of kids’ content produced within the European Union is also disappointing, since a large portion of the European quota can be fulfilled with UK content and due to the fact that adult fiction is being favoured over children’s content.

Fortunately, the European broadcasters, all public channels, and some commercial networks, are still commissioning or acquiring animation, but the level of their licence fees makes the financing of original content very challenging, meaning the European producers are unable to reach the high production value of the streamers’ originals. Furthermore, the territoriality regulation remains a major threat for the animation producers who must combine the investment of several national broadcasters to finance their series and films.

Five years after the vote of the AVMS Directive and considering its imminent revision, the time has come to evaluate the real impact of this European legislation on the animation industry, to reconsider the criteria of low-turnover and low-audience which has limited the impact of the regulation, and to strengthen the definition of European works and Independent Productions.

Objectives

- To map the current investment of the U.S. streamers within the E.U.
- To map the current investment of the European media services.
- To clarify the definition of E.U. independent productions.
- To brainstorm the revision of the AVMS Directive.

Work Group Key Thoughts

Animation production needs more representation when allocating budgets and investments. Platforms **tend to invest** significantly more in drama, as animation is considered *international content* that they can manage from their central offices. Also, animation is considered in many countries as *artistic/niche*.

The arrival of global media services, SVOD or ADVOD platforms, has a **negative impact on the local industry**, such as increasing talent fees, or national broadcasters facing a drop in their advertising revenues and being unable to afford the acquisition of premium content because of higher prices.

The **implications of platforms in Europe go beyond business**: their presence in the existing context concerns culture, diversity and equity. AVSMD should address and take into account every country member.

Undergoing discussions in countries where the Directive hasn't been applied yet are considering the following issues:

- How will it affect the local stakeholders? There's a need to identify all the relevant participants in the decision-making process and negotiations.
- With regard to the negotiations, it would be useful to have an **outlook on how other countries have established their regulations** and some **recommendation guidelines** for them to use during the conversation with different players.
- What is the most suitable financial obligation? Levies or direct Investment?

Multinational companies vs multiple national companies → here lies one of the challenges of platform regulation. However, there are reasons for optimism and there is existing evidence that audiovisual regulation has been applied successfully at a European level. (eg. Obligation to air 50% of European content thanks to the Television Without Frontiers Directive since 2010, and 30% of the catalogue of nonlinear media services thanks to the AVMS Directive since 2018). As suggested in the group, **some specific quota for animated or children's and youth content could be embedded in these obligations**.

The **definition of European content, which includes many countries within the Council of Europe** (such as Turkey, Russia, and the UK), **has a negative impact on the interests of the 27 EU members**, as some productions are being included in catalogues as European and accounting for 30%. A stricter/refined definition needs to be provided in order to **guarantee and protect** the production from the European Union State Members.

In the past, we have seen many products created within Europe, with the **IPs retained in the continent**. However, with the conditions offered by the big players, European ownership is being threatened.

The Geo-blocking Regulation

- Audiovisual services are one exception to the Geo-blocking Regulation. However, there are ongoing reports to be voted upon that suggest eliminating this barrier between countries. Although there will be a vote taken it won't be a legally binding rule. However, the implications of this discussion should be taken into account.
- With the purpose of building one single market, the end of geo-blocking would allow global players to access all E.U. markets at the same time. This goes against the common conception of markets as geographically delimited countries and surely would have a **negative impact** on investments and the industry business model. Consumers may also be affected, as they could see how the price of their subscription increases, as the price would be the same for every country in the single market.
- Another important issue concerns **language representation**. Would companies accessing this single market be forced to offer native language content to every country? If diversity and minority languages are to be guaranteed, this measure should be included in their obligations.
- It is true that eliminating geo-blocking benefits a number of people living abroad who could enjoy culturally located content from their home country. In this regard, it is necessary to find a solution that allows people living abroad legal access to the content of their home country and, at the same time, protects the interest of every player in the market. So, the question would be: **how can portability be extended without jeopardising the industry?**

Low audience / low turnover

- Article 13(6) AVMSD excludes media service providers with a low turnover or a low audience from financial obligations. But some global players (such as Disney Channel in France) are benefiting from this article due to the fragmentation of the audience.
- How is audience measured? It is difficult to determine since audiences are fragmented across platforms and services. One solution could be considering the **potential audience as a criterion in the guidelines**.

Should **user-generated content platforms**, many of them being big companies such as YouTube, Facebook, Instagram and Tik Tok, be treated as any Media Service Provider by the Directive? Should quotas and mandatory investment obligations be extended to them? The **difference between SVoD and these platforms** lies in property, as services such as YouTube don't own the content they offer, which is generated, uploaded and owned by users. However, using the YouTube case as an example, their kids channel suggests the existence of an editorial control behind it. This **editorial control** is also clear if we consider algorithms. These platforms designed them in order to show consumers the most relevant content for them.

How can we define European content in the AVMS Directive? Is it possible to modify the existing definition? It would definitely be a complex task, but a desirable goal can be set. At the moment, content is considered European if originated in a member state or in a third state included in the Convention. The definition lies merely on the expenses but does not take into account the IP retention. It would be desirable to establish a majority percentage (+50%) in the definition in order to keep ownership within Europe.

What can be done before 2026? The European Commission is due to convey an analysis on the impact of the AVMS Directive in 2026. Until then, collecting data is vital in order to properly understand the context of the industry and to ensure that the regulation protects the European stakeholders. In the meantime, policy-makers shall be informed about the challenges of the industry.

Conclusions

Last year in ANIMAR, one of the conclusions of the Working Group on Media Services' Investment was that European broadcasters' investment had reduced dramatically because of the competition of the digital media. But we were hopeful that, thanks to the AVMS Directive, US streamers would compensate by investing in the production of European animated series and films.

Unfortunately, it has not happened for several reasons:

- First, the investment obligations of the AVMS Directive have only been implemented in approximately half of the countries.
- Secondly, the mandatory investments or financial obligations (levies) are quite low, from 2% to 5% of the turnover in most territories, except for France and Italy which have 20% respectively.
- But the main reason is that U.S. streamers invest in local fiction and documentaries to attract local subscribers, and not in kid' content. European studios are involved, this is mainly through service work.

Animation in Europe considers that the political aims of the AVMS Directive have not been reached for animation and therefore recommends revisiting it on 4 levels:

- Investment obligations, potentially applicable by State Members, should consider the diversity of content proposed by each media service to make sure that some animation would be commissioned by the introduction of sub quotas.
- The definition of media services should be revisited to include video platforms such as YouTube etc. By deploying algorithms to select, target and promote content to viewers, YouTube and other similar platforms editorialise their free and pay services. This is even more obvious with YouTubeKids. YouTube triggers advertising in each country and therefore reduces the revenues available to European broadcasters.

- The definition of European Works should be revised. The content should not only be “originating” from Europe but also the IP should be “majority owned” by a European company/companies. Europe should be defined as the European Union exclusively. The benefits associated with European Content should be reserved for countries which impose European quotas to media services.
- The low audience criteria for the exemption of the obligations is impossible to apply in a highly fragmented linear and non-linear market. The guidelines of the AVMS Directive should define the audience criteria as the “potential audience”, meaning the percentage of subscribing households in relation to the total number of households in the case of non-linear services.

In addition to revisiting the AVMS Directive, **Animation in Europe** alerts the European Parliament and the European Commission to the dramatic consequences that revising the geo-blocking regulation and applying it to audiovisual works would entail. Producers’ ability to sell rights country by country is vital to the pre-financing and exploitation of content. Policy makers need to reflect on evidence-based studies to find an appropriate balance between improving access to content for citizens and fostering creative and cultural diversity.

WG2 – Direct Public & Tax Related Funding in European Animation (Theatrical and Non-Theatrical)

Co-chaired by Ms Julie-Jeanne Régnault, Belgium, Secretary General, EFAD (European Film Agency Directors) & **Mr Dirk Beinhold**, Germany, Vice-Chair of Animation Europe

Preamble

Goal & Process

Taking into consideration the results of last year's two Animar Work Groups on public funding for series and for feature films, we want to identify the needs to improve the funding situation for animation productions in the European feature films as well as other audiovisual formats. In the work group, we will examine relevant challenges, leading to specific recommendations to improve the existing system both on a regional, national and an EU level.

The objective of the workshop is:

- To better understand the different funding opportunities at regional, national and European level for animation, distinguishing between cultural funding (grants, subsidies...) and economic support (tax incentives).
- To discuss how they could be better improved and articulated to serve the needs of the animation sector.

Situation & Challenges

Animation productions are very costly. Licence fees are typically too low to finance them out of one country. International co-productions are almost always needed to raise the financing of an animated series or film. With that in mind, public funds across the EU should be as open as possible to foster co-productions and look beyond their own country or region.

However, there is a lack of transparency on the different rules and requirements related to public funding. In addition, there is a lack of cross-border networks and a lack of understanding of foreign markets. Language barriers can pose difficulties when co-producing. Typical production budget templates can be different between countries, e. g. some include P&A costs. Do we need EU-wide standards for green production, diversity and inclusion, etc.?

With that in mind, should regional, national, and European funds communicate more regularly with the goal of having complementary rules & tools? Do challenges affecting low-capacity countries make them feel less represented at the European level, and are majority co-producers too often from the larger Western European territories that profit from higher licence fees in their countries? Is EU-level funding for feature film production too arthouse-oriented, and does it adequately support the international potential of more commercial family entertainment? How essential is retaining IP rights in animation? Are tax-related tools more effective? Let's explore best-practice examples, e. g. how could different funds align to create joint (development) grants? Which of the more recent new funds and/or collaborations have created successes?

Work Group Key Thoughts

Main Challenges:

- **National fundings' lack of flexibility regarding animation projects.** Nowadays, almost every national budget is consumed by non-animation feature films. Each country's fundings for audiovisual projects should consider the possibility of having a separate budget or preferably separate schemes for animation projects.
- **Dependance on co-productions for animation projects.** As a result of the previous and the next point, most animation projects are forced to look for co-productions. But the actual rules for looking for fundings are difficult when an animation project involves other countries.
- **Low licence fees in Europe.** This is a major reason that forces animation projects to look for additional ways of funding.
- **Lack of budget for development processes of animation.** There is inequality between the development process of live action and animation films. Animation requires a longer and more expensive development process that national institutions usually do not consider.
- **Lack of balance between automatic subsidies and selection processes.** Each country has very different models of national funding. Some prioritise automatic subsidies over selection processes, and vice versa, which causes difficulties to earn enough fundings when co-producing with certain countries.
- **Difference of intensity rates between countries.** There are difficulties in finding enough market money for the budget of a production, when co-producing with countries with low and differing intensity rates (i.e. maximum percentage of public funding allowed).
- **Disparity between countries with larger film industries and countries with smaller ones.** East-western co-productions can be frustrating because they are not eye-level collaborations. Smaller markets are more open-minded towards co-productions than some of the biggest markets in Europe. These markets tend to give stronger support to majority co-producers from their countries, thus hindering low-capacity countries from initiating co-productions with them. In addition, it is hard to be considered part of the European production industry if a country does not have an automatic subsidy / tax rebate that competes with other countries with big industries.
- **Lack of countries in European conventions for co-productions.** To improve the animation budgets in Europe, more countries are needed to sign the co-production convention. In addition, more contributors are needed in the Council of Europe Pilot Program for Series Co-productions, which includes animation.

- **Lack of money for mainstream animation.** In the European animation industry, when talking of feature films, the focus is often more on arthouse than family entertainment. More public funding to mainstream animation feature films should be considered to create stronger international IPs out of Europe.
- **Gender inequality in the animation industry.** The number of men, women and other gender identities is unbalanced in the animation industry. More equilibrium should be fostered in order to construct an industry of animation with values such as empathy, dignity and equality.
- **Lack of safety for tax rebates.** In some European countries, as tax inspections seldom occur, production companies feel economic insecurity which could easily be solved by yearly or immediate tax inspections.
- **Deadline for the approval of an international creative co-production:** In order to be considered a co-producer, a production company must enter the project before the first day of shooting, which generates legal problems if a co-producer is needed after the production has started.

Possible solutions:

- **Higher funding for animation projects, especially for the stage of development.** Animation needs more development money than live action projects, as the process of development of animation projects is much larger and expensive (storyboard, visual development, etc.). Also, financial periods are tough because the deadlines of national schemes are not aligned at all. The answer would not be having separated budgets for producing animation projects, but rather separated and specific schemes devoted to animation, to foster fewer but better-quality projects.
- **A balance between automatic subsidies and selection processes.** When countries prioritise automatic subsidies over selection processes, the quality of the produced films can potentially be lower; and when they prioritise selection processes over automatic subsidies, it is rather hard to raise enough money and plan a co-production for animation projects. A balance between the two should be found to assure financing for the best possible animation project while improving their quality.
- **Higher intensity rate for children's content.** Children are a small target audience and there are much lower licence fees when producing this kind of content. If every country had a higher intensity rate for children's content productions, it would facilitate co-productions between different European countries, as they would all have potential access to higher public funding levels.
- **Most-favoured nation rules.** Production companies should be able to benefit from the rules of their co-producers' countries. This would foster countries to have better co-producing policies to attract co-productions from other countries. If not possible, funding bodies should at least be allowed exceptions, in which they could accept foreign rules from

the co-producers' countries for difficult cases. This could apply to intensity rates and other limitations that more liberally regulated countries don't apply as strictly.

- **More contributors needed for European conventions.** As many European countries as possible are needed to sign the new Council of Europe Pilot Program for Series Co-productions, which includes animation as well as the latest European co-production convention for feature films.
- **More equality between large and small European countries.** There should be more equality to allow more minority co-producers in larger countries; thus, there would be less dominance of larger countries, and smaller countries would be allowed to initiate projects by themselves, potentially attracting funding from larger countries.
- **Better compatibility of rules between countries regarding distribution budgets.** There should be standards for budgets across Europe. For example, while production publicity and the creation of certain marketing materials should be included in a production budget, against contrary practice in some countries, P&A costs should not be part of a production budget. It's impossible to calculate how much money is needed in the distribution process, especially in the media buying budget, until the film is finished and shown to distributors. Therefore, a distribution scheme that contemplates the final result of the film should be added at the end of the process to achieve a realistic budget for distribution. Laws that include distribution into production budgets, should be revisited for this purpose.

Conclusions

The objective of the thinktank was to better understand the different funding opportunities at regional, national and European level for animation and to discuss how they could be better improved and articulated to serve the needs of the animation sector.

The take-aways for solutions & practical implementations are:

- Due to low licence fees & high costs, animation is underfinanced and is mostly realised as international co-productions which was thus our focus:
 - In order to fund more successful projects that travel around the world, the development and financing of market-validated projects need much higher development funding.
 - Regarding public aid-intensity limitations (typically 50% or slightly more), children's content should per-se count as "difficult works" with the highest possible aid intensity limits.
 - Alter national rules in large countries in order to allow minority co-productions to access all available funding.
 - Allow national funding institutions to apply a "favoured-nations" rule to apply certain rules of the other co-producer country if it is best for the project.

- Smaller countries' experts suggest asking for faster and more reliable timing for decisions and for written commitments.
- All relevant countries should join the European Convention for feature films and join the new Council of Europe Pilot Programme for Series Co-Productions.
- In addition, other issues must be tackled:
 - Raise visibility of economic (and ecological) sustainability of animation productions to ideally add economic funding in addition to cultural funding.
 - A mix of automatic and selective funding with specific schemes for animation funding.
 - Higher development funds are needed for animation. Could selective development funding lead to automatic production funding? A professional evaluation of funded development results could lead to more informed production funding decisions.
 - More final safety for tax rebates.

WG3 – Market Financing, Equity Investment, Private-public co-financing, Cashflow Facilities.

Co-chaired by Mr Ronan McCabe, Ireland, CEO, Animation Ireland & **Mr Pablo Jordi**, Finland, Treasurer of Animation Europe.

Preamble

In Animar 2022, the topic of “equity financing” came up in several of the working groups, with a common recommendation to get better information about the **opportunities** private financing can offer to the European animation sector, namely initiatives like Mediainvest.

Private investment can complement public financing and accelerate the development of the animation industry but seems largely **underused** because of the lack of a track record and common understanding between the market requirements and cultural needs.

In this working group, we will examine the opportunities and challenges of equity investors such as toy companies and venture capital. We will discover together how it might help European production companies to scale up, and trigger gap financing for their series and films, in addition to the media services’ licence fees, distributors’ advances and public funding.

Status

Independent animation production in Europe is a potentially lucrative business for investors, as it has been proven in the last years.

For **producers**, private investment can have certain advantages such as accelerating the growth of animation projects, making them scalable.

However, there is still not a sustainable track record of private financing of animation in Europe.

Public bodies and film funds seldom collaborate with private capital.

Toy companies are usually equity investors in animation series (investing against a share of revenues, especially in L&M). However, the connection between the two industries is not as obvious in Europe as it is in Canada or South Korea.

The Mediainvest program opened new possibilities for co-investment in audiovisual productions between public and private sources, via funds, which can potentially benefit animation production. They are however addressed to Funds and fund managers, not to producers.

For the Venture Capitals to reach the productions we need three layers:

- Productions that are investment-ready
- Funds and fund managers
- Investors for the Funds (public and private)

Certain **Tax Incentives** such as SOFICAS or the Spanish Tax Credit (Producer contract) also involve “private investors” from outside the Audiovisual (AV) realm.

Objectives

- To identify the potential benefits and challenges of private investment as an accelerator for animated brands for producers, public bodies and broadcasters.
- To indicate the strengths and weaknesses of animated properties as an investment, compared to other AV investment and other high-risk investments (Pharma, R&D).
- What are the best practices to bring cohesion to public and private interests in animation production?

Work Group Key Thoughts

Challenges for accessing private funding

- Investors need to know if they are putting money into a startup (company) or a project.
- Investors need to understand the timelines/phases of the project.
- Lack of understanding of tools like EIF such as MedialInvest.

Why invest in European animation?

- One market with many different languages is an advantage for sharing rights
- Bundling projects or production companies together?
- Easier to agree on international timing and milestones?

EIF (European Investment Fund) MedialInvest Program

- **Guarantee facilities**
 - Usually offered to banks to facilitate cashflow for productions
 - Leverage assets with an equity or a guarantee
 - Equity and a Guarantee can be combined. Guarantee is a way to improve the rate of return (bonds for 5%) of a fund.
- **Equity**
 - How does it work?
 - Producers would contact the individual funds, not directly the EIF. EIF works with fund managers, not producers.
 - MedianInvest supported funds combine resources from EIF Funds with other monies from public and private sources: The contribution from EIF never exceeds 50% of a fund size (although that is not usual)
 - MedianInvest-supported funds are not industry/sector focused (i.e. can include games, animation, fiction): the composition of the team is important. The fund managers must have experience. (Missing in the AV sector)
 - The fund is team-specific, not country specific so it can work across several countries.
- **Advantages and disadvantages of EIF's MedialInvest program:**
 - EIF does not find investors: they invest, and that signal in turn attracts private investment.
 - Can be combined with public funding, e.g. FOCO Spain (COFIDES): they will match the funding received by EIF
 - Investors may be afraid of investing in a sector that is highly subsidised; they need to know how stable they are. Timing, complexities around different subsidies.
 - National associations could provide more weight when looking for funding (as it is the case of Enterprise Ireland).

Possible solutions (To improve market visibility of animation production)

- **We need to get producers investment ready**
 - Include CFOs and IT people in company structure: they are essential
 - 5 year time limit to get organised (set goals)
 - Step by step plan for raising profile and knowledge on both sides
 - AV people do not know investors: the challenge is to create a mechanism that would bring private money in for many projects. The voice of the producer is not being heard. Help producers understand how to get the money, how they can sell and how they can present the project. Producers coming together to adjust their own strategy.
 - Train producers to get their companies 'investor ready'. (Prepare the pitch)
 - Financial projections: 5 years at least (speculative nature of investment)
 - Involve professional financial managers
 - Develop as accurate budget
 - See the IP as the value of the company, not the productions
 - Producers should understand a value chain and an IP
 - Changing the mindset: Potential IP (a universe is created, not just a project)
 - Use talent and technology! Upskilling the professionals
 - Think about accessing bigger markets

- **Engage with the investment community**
 - Business models
 - Raising visibility
 - The subsidies world and financial world do not communicate well, but a strategic investor could validate a fund for other investors. Equity mandate needs to be clear for the investor, and a bigger margin is needed to attract a financial investor. Also, following the example of France SOFICAS: the industry makes the bank, the producers must educate the bank.

- **Compensating handicaps in animation**
 - Increasing/ establishing quotas for animation
 - Attracting investment with 3Ts: Talent, Trademarks, Technology
 - Support private investors in investing in animation (promote tax incentives with special conditions and annual returns) to accommodate long animation timelines

- **Three scenarios for investment:**
 - Strategic investors (IP)
 - Financial investors (Corporate)
 - Private/public (Slate)

Other suggestions

- Create a EUROPEAN independent streamer (e.g. FILMIN has 10% of Spanish market)
- Strategy to continue the momentum in every animation meeting (e.g. Animar at Annecy, Cartoon Business Investment forum.) that would be managed at a European level.
- Lab project: meet with investors with definite proposals: bring 5 producers (Slate 5 projects): sustainable, established producers with some smaller ones. Invite the investors to a well-prepared meeting
- Keep an eye on future regulatory framework for children's animation, which could affect private broadcaster investment
- **Improve the banking cash flow landscape in Europe:**
European banks seem to be unprepared to support cashflow for productions, which is a major problem in many European countries. France and Spain seem to be the exception thanks to Coficine and CreaSGR. Those success stories should be used to educate and give confidence to the banking sector across Europe.

Conclusions

Opportunities & challenges of private investment in European Animation

In order to understand the opportunities, it is essential to distinguish between equity investment on one hand and guarantee instruments on the other. Within the equity branch, it should be specified whether we are referring to investments in companies, in IP or in projects and productions. Concise language is a condition for a useful analysis and for a constructive dialogue between the different actors.

- For producers, private funding can be crucial as **top up financing** for projects to be able to enter production, but also at the development stage of new IPs.
- For broadcasters it is a way to make the projects in which they are involved viable.
- For public bodies and audiovisual agencies, it represents co-investment opportunities.
- For **private investors** within industries adjacent to animation (like toymakers, publishers, game studios, etc.) the investment in animation is "**strategic**", because it supports and complements larger IP plans, while it is supported by the companies' know-how and network.

Private investors can be classified in two groups according to whether or not they belong to IP based industries.

For private investors in general, investment in animation means gaining a potentially very high reward in case of a hit but the industry is not totally binary (hit or miss): projects with a more discreet level of success can be a viable and profitable business:

- The ability of the animation industry to develop IPs that are medium-agnostic, across different formats (therefore reducing risk) is a plus.
- Animation products can travel and circulate internationally.
- The variety of languages in Europe makes it easier for broadcasters and other partners to share rights.

Main challenges

Public-private co-investment opportunities like the Mediainvest program from the EIF or FOCO (in Spain) are not bearing fruit yet because they depend on private investment. Investing in animation projects is not an obvious choice for **investors**, who have other more straight-forward investment options. Some of the reasons for the lack of interest:

- Unclear when they can expect an **exit**. (At the end of development? At the end of production?).
- Unclear what they are investing in (an animation production, an IP, or the company).
- Animation sector is highly subsidised.
- Animation has an additional specific challenge of **long** production times (Returns arrive much later than other investments in Audiovisual, like live action fiction)

Other measures to incentivise private companies' investment in AV (like the Spanish production financing tax deduction scheme) are good in theory, but the implementation has to be flexible in order to be relevant for animation production pipelines (i.e., able to deduct taxes every year throughout an animation production instead of only at the end of production)

Some animation producers may lack basic business and financial literacy which would allow them to present their projects and companies properly as an investment opportunity, with a clear understanding of the target market, its size, and competitive advantage.

Bank systems in some European countries are not willing to support animation production cash flow financing, despite the guarantees and counter-guarantee facilities available.

A map of successful private investment and public-private co-investment cases should be developed.

Main threats

Risk of an unbalanced animation landscape with companies belonging to big groups on one hand (fully dependent on corporate priorities), and micro-companies on the other hand (fully dependent on public support).

Private-public co-investment could create a space for middle size companies in between these two extremes and mitigate "market failure".

Possible solutions

In order to enable and improve the access to private capital for the European animation industry and leverage the public-private opportunities, the industry has to get “market visibility” by 2027.

1. Producers have to become investment-ready

- We need tailored training programs for producers that put the focus on financial literacy, business models, and company governance.
- The programs need to have a practical, hands-on approach and can be developed at a national level and supported by national institutions like Screen Brussels, or by pan European organisations like Cartoon. In any case, a basic shared curriculum should be put in place. At the end of the training, producers should be able to communicate with fund managers and third-party investors.

2. Engage with the investment community.

- More contact and better communication with the investor community is necessary to generate interest and confidence among investors.
- The contact will take place by attending investor forums and side events around those events. The contacts can be facilitated by European or national trade agencies.
- Through the events’ discussions there can be mutual education between animation producers and investors. A possible interesting format could be a workshop where producers would make a case for possible investment funds to support animation, and investors would evaluate those cases to assess its appeal in the investment market.

WG4 – A Legal Framework for Animation Co-productions

Co-chaired by Ms Benedikte Danielsen, Norway, Production advisor for co-production and international financing, Norwegian Film Institute & **Mr Iván Ajenjo**, Spain, Vice-chair of Animation Europe

Preamble

Apart from the obvious benefits of pursuing creative partnerships and collaborations, the main reason to enter a co-production of an animation work in Europe is the need to get adequate financing and thereby share the responsibilities and the risk. As a result, the co-produced work/project is considered “national” in each territory involved and is eligible for public funding and for the European content quotas envisaged by EU legislation.

The framework is clear in the case of theatrical films: the co-production must be “official” under the rules of a co-production treaty, whether bilateral or multilateral. The **European Convention on Cinematographic Co-production** adopted in 1992 has provided a common legal framework for the member states. The **revised Convention** in 2017 provides more flexibility and reflects new industry practices, opening the access to non-European countries as signatories too. However, some major important countries **have not yet signed** it (including France and Germany) so any co-production these territories get involved in will still be governed by the old Convention. In addition, there is no clear answer in the case where the co-production is structured between two countries who have no official co-production framework. Moreover, **some requirements may not be adapted** for animation works. For instance, the deadline for the approval of the international co-production might be problematic for animation projects which by nature have longer production cycles than fiction.

In the case of **non-theatrical works**, there is no clear legal framework covering the assessment of nationality of co-productions: in some countries (like Spain) they assimilate to the feature films system, but not in others (such as France). A new Convention for co-production of audiovisual series is currently in draft stage at the Council of Europe, so now is the moment to tackle this issue and make sure the new convention takes into account the specificities of animation AV works.

Finally, we need to tackle the issue of **majority and minority co-production** rules and access conditions. Without efficient minority schemes, small countries can never co-produce with big market players – needless to say, a partner becomes “major” only when there is a minor one, so we need minor co-production schemes to exist. Additionally, the revision of the co-production aids within the new Creative Europe MEDIA shows discrepancies among large and small capacity territories, according to the internal study carried out by Animation in Europe.

Objectives:

- To map the current requirements for the international co-production approval of animated series in Europe: shall they follow the theatrical procedure?
- To map the current problems with regard to getting the nationality certificate that animation works usually face: is the law adapted for animation terms, deadlines and specificities?
- To discuss the majority/minority co-production schemes: how can we foster the collaboration between countries with very different market sizes?
- To brainstorm on recommendations to the regulatory bodies in order to facilitate and promote EU animation co-productions.

Work Group Key Thoughts

Although a legal framework for co-production is already in place, a differentiation between film and series production is needed.

A legal framework for feature films exists thanks to bilateral and multilateral agreements, with the last EU treaty in place since 2017. This was ratified by all EU countries except for France and Germany, which creates an issue of **discrepancy** when these two countries are involved in co-productions.

Cinematographic convention

- The revised convention on cinema provides low-capacity countries with better conditions to compete with bigger ones.
- The main obstacle to co-production is the disparity of the financing systems, therefore the need for **compatibility** of the rules of each country (nationality, credits, cash rebate, media, broadcasters etc.). The new convention is useful to set a common ground, but this might not be enough for animation.
- Takeaways:
 - If the convention is to be useful in the short term, it is necessary that all countries, including France and Germany, ratify it.
 - Main problems come when the convention refers to national legislation in specific points such as the definition of nationality for audiovisual works and the related criteria to consider them official in each country. Therefore, experts express the need for a common European database where nationality criteria are gathered together, provided it is updated recurrently, rather than printed data reports.
 - Unclear points of cinema convention can be used as a reference to improve the drafting of the **series convention**, whose ratification is much needed due to series co-productions outnumbering cinema. Each country ought to push their respective representatives towards this common goal

TV series convention

- To date, there is no European convention on series co-production.
- A **new convention** which started drafting in 2021 and due to completion in 2025, has the aim to create a standard that can be used by all EU countries. Some principles are based on already existing conventions but challenges similar to the cinematographic convention (e.g., definition of independence, nationality and rights) persist.
- News about the existence of this convention is received as a surprise by the majority of national experts, which shows the text has been drafted without the active participation of the production representatives and other key players.
- One key issue is the complexity of the convention specifically relating to the difference of the legal **relationship between distributors, broadcasters and producers** in a series compared to cinematographic work.

- **Recap of principles:**

- It establishes a legal framework for bilateral and multilateral international co-production of audiovisual works.
- The definition of independence is based on national legislation or a set of criteria set out in appendix to the convention in case of lack of national criteria.
- It sets up minimum and maximum contributions similar to the ones of the new cinematographic convention (minimum 10% for bilateral and 5% for multilateral co-productions).
- It excludes pure financial co-productions as financial co-producers are not considered official ones.
- It defines creative contributions to the development and production of series and enshrines the principles of the sharing of exploitation and revenue rights proportionately to the creative contribution.

- **Reaction to the text as of June 2023:**

The main feedback is that in its current form the convention's aims are not clearly understood; the misperception is that it is too restrictive in nature and could thus have the following effects:

- Promoting the view that only independent producers contribute to the cultural diversity of audiovisual works in the form of series.
- Belief that the use of the convention would become an obligation for all international production of series.
- Considering official co-production can take place only between independent producers, thus excluding Audiovisual Media Services as co-producers.
- Recognising only the creative contribution of independent producers, and thus permitting them through its provision to obtain shares of rights disproportionate to their actual contribution to the realisation of the work.
- Creation of an interference between a definition of intellectual property to be used for the purposes of the convention and disposition at national level.

- **Proposal for a clarified text**

- Include specific recognition of the role of all types of co-producers in the promotion of cultural diversity.
- Define co-production in a non-restrictive manner in relation to all stakeholders with no reference to the nature of the production company.
- Clarify that a creative contribution is brought to a co-production by the producer through the chain of title.
- Allow national authorities to limit, if they so wish, access to financial benefits to production companies qualifying as independent, with independence to be assessed under the national legislation.
- Replace the existing reference to intellectual property rights with a clearer reference to the ownership and secondary rights of the series and its link to creative contribution.

- **Animation in Europe comments to the text**
 - It agrees to have financial co-producers (audiovisual media services) as valid co-producers in the work, but it is important to make the difference between production companies carrying out the production and taking responsibility and the service only giving notes on the creative steps. AVMS can never access regional, national or European funding as they are not independent producers.
 - The **share of rights** would only be linked to the financial contributions of each partner rather than the creative contribution to the series.
 - AVMS are usually part of the copyright in exchange for their full financial contribution. This is inaccurate for two reasons: it underestimates the responsibility, the risk and the work of the independent producers and it does not value the rights related to the media services AVMS licence in their territories. It is therefore considered that the media services should get an equity share corresponding to the percentage of 50% of their financial contribution towards the total production budget.
 - **The timeframe of acquisition** of exploitation rights for AVMS should be limited to 7 years (with a potential extension to 10 years in the case of co-production, following the standard rule of Creative Europe MEDIA).
 - In the new table of points for animation works set out at Annex, several categories and points are not adapted enough for animation (ie, 'animation director' is not mentioned) so AiE suggests different changes and establishes a minimum of 30 points out of 40 (75% of the total).
 - **Independence criteria:** several clarifications are added in this last annex:
 - Ownership (no more than 50% owned by a non-European company);
 - Financial relationship (delete "to a large extent", make concrete answer and take it out or flexibilize in the case of low capacity countries);
 - Ownership of rights (7 years for pre-acquisitions/only 50% of the contribution accounts as equity investment).
- **Takeaways**
 - With regards to share of rights, panel members stress it should be linked to **financial and creative contribution (not one of them only, but a combination of the two)** as well as devising a different scenario for low-capacity countries to justify contributions in order to not kill development (ie, extending the acceptance of contributions in-kind as valid justification to all those territories).
 - Chair suggests that panel members talk to their respective **national film bodies** to have access to the animation convention text, and asks for an official demand to the Council of Europe so Animation in Europe can participate at working conversations in the same position than other invited stakeholders

Co-production schemes

- Minority schemes should be flexible enough to enable co-productions between minority and majority co-productions.
- In a **survey** by Creative Europe Media, out of 89 companies from 16 countries, 62% had not applied to the Europe Creative Media strand (content cluster) since 2021, with the

average success rate for reception of grants is around 40%. This is due to various reasons e.g. ineligibility because of project's characteristics, lack of information, impossibility to apply for Media grants because of company's characteristics, problems arising during application process.

- **Evaluation highlights:** problems of eligibility criteria, evaluation criteria, application process and improvement of national media desks.
- **Takeaways**
 - Panel members stress the importance of **“educating” applicants** to go through the survey, recruiting media experts with a focus on animation to learn how the system works and evaluate projects from within.
 - Focus on involving low-capacity countries (that are not eligible for co-productions due to no producer credits) in minority co-productions.
 - Problem of **overproduction** being easily funded but not distributed and the need to provide supportive activities that can balance advocates, lobbies, exchange of talent, meeting of producers, both on national and European level, and presenting the results to Creative Europe.

+ Extra point

Point made by the chair on the need to redefine the deadline for the approval of an international creative co-production (currently established before the first day of principal photography), given the overlap of production stages in animation and the more common entering and exiting of co-production partners in different moments of time. This modification shall be extended to both feature films and audiovisual works in the form of series, thus included in both European conventions covered at the working group.

One of the proposals is for **flexibility around** and an **extension** of the deadline to ask for co-production approval, keeping it open until the end of production. Another proposal is to consider ‘first day of principal photography’ as the first day of compositing (visual post-production) rather than the first day of animation.

Conclusions

Convention of Cinema

Even if the Revised Cinematographic Convention establishes a common ground and rules for the approval of official co-productions in the countries included in the Council of Europe, there are still issues regarding nationality that are not clear enough. Each country has a different system when stating what a national work is, and there are even different criteria for different purposes (whether we use the nationality for fund eligibility or for the European quota at the AVMSD).

- It would be good to have a clearer picture of the definitions of nationality in each country, what they are used for and what are the differences. A common database that keeps updated live would be a good solution to map the situation.
- The new convention has not been ratified by France and Germany, which means any co-production involving these countries has to be ruled by the old convention (1992) and cannot benefit from the extra flexibility of the new treaty. Therefore, WG4 unanimously demands France and Germany to ratify the convention to avoid discrepancies between territories and co-producers.

Convention of Series

Most of the countries or players (mainly producers and broadcasters) do not know the text. We all agree that a common ground for series is needed, but the current draft is not valid as it is.

- WG4 has evaluated the comments that Animation in Europe sent to the Council regarding the text and most of the comments are well accepted and supported.
- Animation in Europe stands for a new definition of the official co-production in which creative producers (independent ones) and financial co-producers (AVMS providers, not independent) are accepted, but limiting the share of the AVMS up to 25% of the share of the IP.
- Independent producers should be defined as those who are not owned by a broadcaster in more than 25% of their shares (if it is a single one) or 50% (if more than one) and they cannot be owned more than 50% by a non-European owner.
- The exploitation rights and licensed rights to AVMS providers involved in the co-production shall go back to the producer maximum 7 years after the licence start, so that the producer keeps them and can exploit them. Moreover, Animation in Europe stands for limiting the copyright that AVMS can get up to 50% of the monetary investment (the other 50% will be considered acquisition of rights).

Deadline for the approval of an international creative co-production must be modified: currently, producers have to ask for this approval before the start of shooting (first day of principal photography) but the animation process is different and production stages tend to melt to each other. The deadline to ask for the approval should be flexible “after the shooting starts, but before end of shooting” or the definition of first day to principal photography should be moved to a later moment in time, that is in compositing stages.

Media/Minority Co-productions

If we want to foster co-productions within Europe involving different countries from different regions and sizes, we need to strengthen the minority co-production schemes and we need to also strengthen the low-capacity country producers so they become eligible for MEDIA funds. This can be done either making MEDIA eligibility criteria more flexible (in terms of credits of previous works) for low-capacity countries, or loosening the conditions for them to become minority co-producers in bilateral /multilateral co-productions.

WG5 – Distribution of European Animated Works in Europe and Globally

Co-chaired by **Ms Eleanor Coleman**, France, Founding member and Vice President of Les Femmes s'Animent & **Ms Moe Honan**, Ireland, Vice-chair of Animation Europe.

Preamble

The presence of European content on European screens has been a constant political concern for over a decade. In 2010, the Directive Without Frontier imposed a 50% European Quota to all networks within the E.U. and in 2018, the AVMS Directive introduced a 30% European Quota to all non-linear services. However, to date, no European quota has been ever discussed for theatres, as is the case for Korean films in South Korea for instance.

The European Quota is evaluated in the overall content offering without distinction between genres or type of audiences which is a problem for animation. Would it be interesting to introduce a European animation quota for children and youth programming?

European animated series and films travel rather well compared to fiction but the circulation within the E.U. could be enhanced by an appropriate support for the dubbing into various languages and especially from the low capacities' countries.

Our animated audio-visual market is dominated by the bigger global IP effect, reducing slots, and shrinking of kids' slots on commercial networks, due to the drop of advertising revenues and broad distribution possibilities to a commercial happy few. In cinema, which was badly damaged and interrupted by Covid19, we are still attempting to recover audiences in many territories as people's habits were interrupted. Increased competition from new windowing models has influenced the way animated films are consumed by many. The marketing of films which is designed to promote for theatrical release, in order to reach its audiences is now a very different model when one observes the many independent films which are far less visible as they are left for the viewer "to find" on platforms who promote via algorithms. This can make it very challenging for independent films to find audiences, never mind *their* audience. Challenges continue in relation to accessing data regarding audience numbers resulting in flawed valuation methods which box office has traditionally provided. Some SVODs, who are cutting back due to financial concerns, are stopping their investment in animated feature films. That said, animated films perform well in theatres in many territories and the opportunities are there to promote European film in more theatres, on platforms and to build new audiences.

According to a report published by the **European Audiovisual Observatory** in 2022 on the dissemination of **European works on VOD platforms**, European works (films & TV seasons) made up 32% of all works found in VOD catalogues, comprising 21% EU27 works and 11% other European works (mainly UK), and 49% of the works were US content. On average, there are more film titles than TV seasons, and the countries with the most exports are France, Germany and Spain – although please note we do not have specific data for animation, this data applies to all kinds/genres of audio-visual works. This same report points out that, out of the Top 20 EU2-exported TV seasons, 10 were animated TV series for children (quite a high proportion); however, a greater amount of disseminated European works occurs on TVOD or FVOD rather than on SVOD, which means that the monetary contribution may not so high.

Work Group Key Thoughts

What defines success in European IPs?

The group defines two types of success:

- Commercial success, which focuses on matching and/or exceeding the investment done to produce and distribute the product.
- Artistic success, which would focus on, for example, winning animation awards.

The common agreement is that we should focus on a harmony between commercial and artistic success.

About the audience

- It is also highlighted that children are way more eager than adults to consume animations. In some countries, it can be challenging to get grown-ups to watch animated movies or productions, although over time this situation is changing thanks to the success of some IPs for adults.
- **Cinemas for schools** is a suggestion for promoting and supporting national productions. This would help producers and the whole distributing ecosystem. These cinemas or platforms for schools can be supported by national and local funds, and it consists of film-based learning programmes. It is supported by the idea of *film literacy*. This measure exists in many countries, but there is a huge lack of awareness about it and not all countries have such schemes focused on building audiences.
- **Longer periods of enhanced funding for the development** of animation should be created and enhanced so that producers are not forced too early to go into production.
- **Additional marketing development funding** should be also made available in order to work from an early stage with the agent and marketing sales consultants/distributors in order to test in the market more and build audiences.

What is European content?

- It is common to compare U.S. and European content with each other. Apart from having very different economic models, in Europe there are a lot of different countries with different cultures and ways of doing things, and we should be aware and cherish and support this diversity.
- European Animation can be seen as a brand in itself for governments, but from a consumer's point of view it is just perceived as another piece of media. With live action it seems easier to estimate the success of a localization unlike animation, which can flop when streamed in another country with little promotion.
- European content can be defined by either eligibility or reach, but from a strictly political and statistical view, when talking about the EU27 there is only 21% of European content. If we count the UK, we would be talking about 32% of European content (11% of content from the UK).

Should there be some special quotas for animated content?

- Quotas alone can limit the budgeting of new productions, because the priority is to reach the European quota of 30% rather than a quality product that can be distributed. It can force broadcasters into reruns of old content. It is also thought that animation producers should lobby for a sub-quota dedicated to animation, or children and youth, or a higher quota so that animation can be included as a necessary type of production.
- Does each country need to have production sub-quotas in order to protect specific sectors? Supporting the local language and culture is very important.
- Lower capacity territories suffer from underinvestment and have trouble reaching the minimum quota. Another problem of these quotas is that, at the end of the day, they are only a legal minimum, and sometimes productions are wasted in “dead hours” of transmission, and although they count as local content, it hardly reaches the public.
- The problem that the animation industry has is that platforms are investing mostly in live action to meet the quota for local production, and not investing in animation.
- The existing 30% European content quota does not apply to cinemas, they only apply to content in platforms and TV. Would it be best to create quotas for animations in cinemas in order to give wings to animated productions? It is believed by the people in the industry that not having a legal framework might negatively affect the animation industry.
- Quotas will only work if done in conjunction with more audience building and more investments in marketing and promotion.

Lack of Data

One factor that everyone agrees with is that more data is needed in order to study the market and the priorities that the producers should have. There should be data for the different types of production, such as live action or animation. Without it, it is difficult to pinpoint issues in the European market. This data is being gatekept by the streaming services. Although some countries manage to monitor how much each platform is being watched, it is only on a superficial level. The GDPR prevents agencies and governments from monitoring data on a more granular level, since this would violate the right of privacy of the consumer.

How do we promote original stories in Europe?

Some participants exposed that, in some European territories, scriptwriters and IP Creators are not well protected and believe that the copyright directives should be addressed. If producers were to distribute directly via a streamer, the streamer would take nearly all the IP rights. The producers would like to have more room for negotiating or some sort of law or regulation that would protect them and their original IP.

Windowing

Promoters and distributors are aware of the current scenario with the streamers gaining power. Some productions have invested more in promoting movies for streamers over cinemas, and although the movies are aired first on cinemas it is overlooked and people wait for the airing on streaming platforms. Apart from France, which has a 15-month span agreement between theatrical release and streamer release, many countries have increasingly short or no window agreements or laws that determine and protect windowing.

While producers want a bigger window to negotiate with other platforms, independent European film producers need a theatrical release, otherwise independent films won't be promoted on streamers and will not succeed – only big productions would have the chance to be properly promoted.

On that note, exhibitors frown upon windows being too close to the theatrical release, since this would incentivise the audiences to just wait a little time for the streamer release to watch it at home, and it would affect their business.

What is not leaving space for independent animated films?

A problem discussed during this round table is that there are too many films being released in general, so the time to release new movies is thin. For example, movies for children are better distributed during holidays. This depends on the country. All distributors want to release movies on the same dates, and not all of them can succeed. On a global level (not only animation) there are too many new titles appearing and as a distributor it is not possible to give room to all of them. Global IPs are dominating European cinema space in many countries.

Depending on the country, some cinemas won't allow for more than one animated movie at the time. Animation is not as popular in some regions, and it would be perceived as "too much". The number of movies targeted at younger audiences also takes part in this judgement.

Artificial Intelligence

Another heavy topic in this meeting has been the growth and usage of **AI** in translating, dubbing and creating content. While some believe that the priority is to project local productions all around Europe (or even the world), using AI dubbing and translating in order to minimise the costs, others believe that the *cultural and human value* of these productions would be lost. It is also believed that using AIs for this purpose would limit the creativity and quality of translations and thus devalue the product. The usage of AI in order to *create content*, or to animate, is also a concerning topic: so far, it has been demonstrated that AI content can be produced extremely fast and with minimum effort, but the product has no plot, no personality, and no quality.

Dubbing

Regarding dubbing, streamers and distributors usually ignore small markets because they estimate that the costs of dubbing exceed the expected revenue. That being said, it is also worth mentioning that dubs, especially animation for children, have a heavy cultural and social value. For countries with endangered languages, dubs are a great way of spreading and protecting the minority languages amongst younger generations.

The television models

Smart TVs are currently the main target of the production industry, which prioritises the streaming service model. This is leaving traditional TV models behind. Another growing market is *Fast TV*, which is a free, ad-revenue supported platform that looks like a traditional linear TV channel, but can be manipulated by the user to rewind, fast-forward or skip episodes. It is currently consumed by 47% of the US population and can be an opportunity market in Europe.

Concern was expressed over bias on televisions and tv remote controls themselves as they have customised startup screens built in and buttons which promote global platforms over local content providers which can be hard to access or even find.

Takeaways

- **Data:** We need more data from all platforms, especially streaming services in order to properly study the market and develop new strategies. We should develop and invest in research of data, one way of doing this is *collaborating with universities* in order to study the market and the social tendencies regarding media consumption.
- **Quotas:** Changing the current quotas might be a good solution. Although fighting for an animation quota inside the EU local content quota seems a lost cause, there are several options worth evaluating:
 - Asking for a minimum sub-quota of animated content or for children and youth.
 - Looking to increase the general European content quota in order to leave room for more animated content.
 - Audience development and audience building schemes should be created and enhanced in conjunction with quotas for cinemas and sub-quotas for animation.
- **Audience development:** Recently, there has been an emerging audience in animation, teens and young adults. Focusing on this target may be the best aim in the long run, since there is a high chance that they will keep consuming this kind of content for (potentially) the rest of their lives and encourage the upcoming generations to consume it as well. We have also talked about building an audience using school cinemas or giving more importance to the cultural impact of the productions.
- **Rights in distribution and laws:** Platforms want the right to have the product on their streaming services, and because of clashing interests and prices, the animation industry is often affected. Finding a way to regulate in order to balance the rights of distribution in order to benefit the animation industry would be best. There is a market issue there that needs to be addressed around the differences between streaming services and linear TV.
- **The international market**

Although we, as Europeans, agree that the “European brand” is not a real brand, with a consistent look or type of product we have to consider how the international market perceives us.

Identify good practices and success cases in different territories and adapt them for application in other countries

Conclusions

Data

According to a report published by the **European Audiovisual Observatory** in 2022 on the dissemination of **European works on VOD platforms**, European works (films & TV seasons) made up 32% of all works found in VOD catalogues, comprising 21% EU27 works and 11% other European works (mainly UK), and 49% of the works were US content. On average, there are more film titles than TV seasons, and the countries with the most exports are France, Germany and Spain, but, we do not have specific data for animation, this data applies to all kinds of audio-visual works. This same report points out that, out of the Top 20 EU2-exported TV seasons, 10 were animated TV series for children (quite a high proportion); however, a greater amount of disseminated European works occurs on TVOD or FVOD rather than on SVOD, which means that the monetary contribution may not so high.

Request that the Observatory publish data that shows a breakdown for animation that forms as part of that 21% of the EU27 (and 32% of other European Work).

Quotas

The presence of European content on European screens has been a constant political concern for over a decade. In 2010, the Directive Without Frontier imposed a 50% European Quota on all networks within the E.U. and in 2018, the AVMS Directive introduced a 30% European Quota on all non-linear services. But, the streamers do not invest in European animation.

Recommendation that quotas under the current European Directive 30% Quota to be allocated for Children's and Youth content, to fulfil the obligations we have to provide content to a diverse audience which include millions of children and youth across Europe, so that they can view both their own National and European animated content.

Likewise, to date, no European quota has been ever discussed for theatres, like is the case for Korean films in South Korea for instance. Our discussion was robust on quotas as they alone do not work, and so we want to emphasise that more supports need to be given for the implementation of audience development schemes which need to be done in conjunction with quotas for European Content Some programmes are happening in a number of countries such as school programmes, already introducing young audiences to European animated films as well as building future audiences for older animated content consumers. This is seen as a very effective tool and good for developing audiences when supported in the right way, but can be enhanced and implemented across Europe.

AiE would ask the Commission that we look now to examine the idea of a quota for Cinema too for European Films because there is an access issue, visibility issue in many countries still of European films including animated films in cinemas and on other platforms, which are still heavily dominated by US Content in many territories, with low opportunities for slots in cinemas for animation from Europe alongside supports for audience development for European Films.

Built-in Bias on TVs

Smart TVs and Remote Controls also now include built in bias set ups and start up screens for streamers such as Netflix and Amazon, often to the detriment of the local platforms and public broadcasters. Deals are also done by the Global streamers with manufacturers and we need to

regulate this practice which results in local channels being buried in set-up, hard to find or even where the viewer has to go in through an app to find local content providers.

Recommendation: that the Commission regulate this practice so that local content providers are not discriminated against and that local content is prioritised on the channel set up and/or start up screen.

European animated series and films travel rather well compared to fiction but the circulation within the E.U. could be enhanced by an appropriate support for the dubbing in languages from the low capacities' countries. This was seen to be of a high cultural importance and important in the context of respecting inclusion and diversity in Europe.

Recommendation: that appropriate supports for dubbing are put in place in order to address the need to distribute European animated content in all territories and support the cultural diversity of nations and languages in Europe especially among children and youth audiences.

Enhanced Support Longer Development and Marketing input to benefit the entire value chain for Animation

We would also wanted to highlight the need for additional supports to allow for a longer development period for animation, in order to hone the quality and enhance the capacity for the commercial films as well as more auteur-led animation films in Europe to find their markets, in conjunction with a budget for marketing in an additional way so that sales and marketing consultation can take place and distributors can support the project strategy earlier and build the pathways to sell it and find the audiences with the content makers.

Recommendation: that development funding supports are designed over a longer period for animation to maximise the potential of the content before production commences, with the specific needs of animation pipelines in mind which is generally front loaded, and to also provide additional marketing funding supports in the development phase in order to build interest in the market, and to reach the right audiences.

Recommendations approached by Animation in Europe, based on Animar_BCN 2023 Working Groups' conclusions

1.- Legal and regulatory framework

The set of national and European rules managing the audiovisual sector are an integral aspect of the industry, but they are not always aligned to the needs of the animation sector, therefore, in order to better serve it Animation in Europe recommends that important modifications take place.

- **Revisiting the AVMS Directive transposition:** The requirements for investment in European content should include a mandatory consideration for a diverse range of content types. This can be achieved by establishing a subquota that takes into account age and genre diversity across European regions. This approach aims to counterbalance the preference of US streaming platforms for specific categories, such as adult fiction. Furthermore, the current criteria based on "low audience" may not effectively apply to special interest platforms. Therefore, we recommend using the term "potential audience" instead, as it better reflects the dynamics and reach of these platforms.
- **Redefining some legal definitions/terms of the AVMSD:** such as 'audiovisual media service', which should include platforms such as YouTube (YouTube's algorithm is indeed doing editorial control of the content) or 'European work' (which should be content originated and mostly owned by a European company within the EU).
- **Extending the geo-blocking rule:** European Parliament should extend the exception of the geo-blocking rule for the audiovisual sector as the key framework which allows producers to finance and retain their original IPs.
- **Expanding the European Cinematographic Convention:** the revised co-production convention needs to include France and Germany to avoid unbalanced relationships between state parties, but also to third countries.
- **Animation in Europe requests that it becomes an observer of the Eurimages work group for the European Convention:** the current draft version of the European Convention for audiovisual works, that are in a series format, originated at the Council of Europe and does not recognize animation's specific needs, as it establishes rules which are too restrictive for creative and financial co-productions, and it does not establish a clear limit to the exploitation of rights by audiovisual media services. Therefore, in order for this treaty to be useful for the sector, Animation in Europe needs to be part of the Eurimages working group as an observer, in the same way that other European organisations are.

2.- Public and private financing

The experts in ANIMAR_BCN agree that animation is under-financed with typically low licence fees and increasing production costs especially in animation. Animation in Europe highlights the critical need for streamlining the different existing funding mechanisms across Europe to facilitate co-productions and enhance the financial stability of the animation sector, improving both public and private tools:

- **Raise development funding for market-validated projects:** in order to produce more commercially viable productions, funds should enable producers better liquidity to develop and finance projects to their fullest potential, before entering production.
- **Making financing schemes more compatible:** co-production systems are different in each country so their combination is not always efficient. Animation in Europe is asking for improved complementary funding rules, mixing automatic and selective schemes as well as adjusting national rules to allow minority co-productions full access to all funds, with the aim of strengthening low- capacity countries.
- **Extending public aid intensity limitation:** children and youth content should be considered as a “difficult work” across the EU in order to surpass the 50% public funding limitation and allow higher state aid intensity limits. Furthermore, AiE asks that a “favoured nations” rule be established, allowing funds to apply the most flexible rules of a co-producing country.
- **Securing intellectual property rights:** funds should focus on helping production companies to retain the rights of their own IPs, while supporting both artistic works, and commercial works, with a validated market potential. A way to do that is by strengthening development funding for longer periods so producers can create better works which can travel internationally.
- **Revising the rules of European-level funding such as Creative Europe or Eurimages:** the access requirements or eligibility criteria for these funds can be too demanding for small independent animation studios, especially from low-capacity countries. Some criteria such as the time period for previous works or the submission of full storyboards should be revisited and made more flexible.
- **Building a trustworthy environment for private investors:** there are opportunities for private financing that animation could be taking advantage of (such as the public-private co-investment schemes of MediaInvest), but they are not well known. AiE recommends creating tailored training and mentoring for producers in financial literacy and corporate governance as well as enhancing investors’ understanding of the audiovisual business model, creating healthy relationships between both sides.

3.- Promotion, visibility and accessibility of European animated works

Intellectual property rights and market competitiveness are key to the success and growth of the animation industry. It is vital that European authorities protect the works during their whole value chain, from development to production and also in distribution, so that we can maximise the impact of public money and generate stronger marketable products.

- **Highlighting the importance of data for Animation:** without appropriate data and statistics on the animation sector (for both the production and consumption), it's very challenging to assess the correct marketing strategies. We ask the EU Audiovisual Observatory to collect more data on European animation.
- **Building audiences:** we need more tools and new schemes to build audiences, and to shape the correct strategies around animation works. School cinema schemes are working in a few countries and much more can be done to actively incentivise schemes such as this and other audience building measures in each territory from early in the value chain. This could be done by strengthening the development financing and lengthening the period, as well as providing additional qualifying marketing finance in development to allow producer companies to attach agents and/or other marketing expertise earlier to test and grow interest in the market and support along the entire value chain.
- **Considering quotas for children and youth content:** these sub quotas should apply to the audiovisual media services who have an obligation to include 30% of European works in their catalogues, in order to serve our diverse European demographic, and in order to build new and future audiences. AiE also calls for a sub quota to be established for European theatrical content which faces less and less space in cinemas.
- **Better support for dubbing:** especially when targeting children audiences, the high cost of dubbing is one of the main barriers for distribution, in particular for low capacity countries. We ask funders to provide new and better tools to bear the cost of dubbing, in order that we can exploit more European content and reflect our European cultural diversities.
- **Improving the accessibility of local content and providers:** AiE asks European policy makers to regulate the unfair practice of making audiovisual devices (especially smart TVs) prioritise non-EU content over EU content on their start up screens, making local content invisible and/or harder to access. Furthermore, the inclusion of large US platforms' (such as Netflix, Amazon) bespoke buttons when designing devices and remote controls, is discriminating against European and local content providers.

Other Activities

Let's talk, Europe!

With the support of CEE Animation

European Co-production Study Cases. An informative session presenting Study Cases of multi-part European co-productions (cinematographic and non-cinematographic)

Study case 1: Richard the Stork and the Mystery of the Great Jewel



Format: Feature Film (84')

Coproducers: Knudsen Pictures (Germany), Walking The Dog (Belgium), Den Siste Skilling (Norway)

Broadcasters: NDR Norddeutscher Rundfunk

Public funds: Creative Europe Development Single Project

Presented by: Kristine Knudsen-Producer Knudsen Pictures (DE)

Study case 2: The Crunchers



Format:

TV series (52 x 11')

Coproducers:

Studio Zmei (Bulgaria), Animato (Italy), Je Suis Bien Conten (France)

Broadcasters:

CANAL, + RAI, BNT

European Public funds:

CREA-MEDIA- 2021-TV ONLINE

Presented by: Dimitar Petrov- Studio ZMEI CEO & Founder

Animar_BCN European Animation Convention Conclusions & Recommendations

Dissemination Panel and Closing Words

Round table in which we will discuss the conclusions of the experts and present the recommendations of the Animar_BCN European Animation Convention 2nd Edition.

Speakers:

- Mr Philippe Alessandri. France. Chairman of Animation in Europe and the CEO of Watch Next
- Ms Moe Honan. Ireland. Vice-chair of Animation in Europe and CEO of Moetion Films
- Mr Dirk Beinhold. Germany. Vice-Chair of Animation in Europe and CEO of Akkord Film
- Mr Iván Agenjo. Spain. Vice-Chair of Animation in Europe and CEO of Peekaboo
- Mr Pablo Jordi. Finland. Treasurer of Animation in Europe and CEO of Pikkukala

Moderator: Ms Sylvia Guirand, Journalist (France)

With the participation of:

- Ms Petra Tarjanne. Finland. Ministerial Adviser. Minister of Employment and Economy
- Ms Julie-Jeanne Régnault. Belgium. Secretary General. EFAD – European Film Agency Directors
- Ms Benedikte Danielsen. Norway. Production advisor for co-production and international financing. Norwegian Film Institute
- Ms Eleanor Coleman. France. Vice-chairwoman of Les Femmes s'Animent & Head of Animation Acquisitions at Indie Sales Company for features and International Business development and Pre sales for Blue Spirit
- Mr Ronan McCabe. Ireland. CEO. Animation Ireland

And the official speeches of:

- Mr Jordi B. Oliva, president of PROA, Federation of Audiovisual Production Companies
- Ms Carmen Jordán, Director of Creative Industries (ICEX)
- Mr Edgar Garcia, Director of the Catalan Institute of Cultural Enterprises (ICEC)
- Mr Iván Agenjo, president of ProAnimats, Association of Animation Production Companies

You can see the [complete session here](#) (min 15 and forward)



Networking Events

- Welcome Dinner
- Cocktail – Networking with the local animation ecosystem
- Cultural Tour to Palau de la Música
- Farewell Cocktail



You can see all the pics in the following links:

- [Animar BCN European Animation Convention 22/11/2023](#)
- [Animar BCN European Animation Convention 23/11/2023](#)
- [Animar BCN European Animation Convention 24/11/2023](#)

Press Clippings

Animar_BCN	https://mailchi.mp/cb72bb2173d3/animar_bcn-european-animation-convention?e=340f1a68b5
Proa	https://proafed.com/animar-el-think-tank-de-lanimacio-europea/
Proa	https://proafed.com/animar_bcn-25-paisos-i-un-arbre-de-nadal/
Le Film Français	https://www.lefilmfrancais.com/cinema/164730/animar-bcn-la-revision-de-la-directive-sma-dans-le-viseur
Animation Magazine	https://www.animationmagazine.net/2023/12/animar_bcn-forum-calls-for-changes-in-euro-animation-industry/
Animation World Network	https://www.awn.com/news/2nd-animarbcn-concludes-announces-eu-animation-industry-recommendations
C21	https://www.c21media.net/news/europes-animation-producers-draw-up-ideas-to-boost-industry-at-animar_bcn/
World Screen	https://worldscreen.com/tvkids/animar_bcn-concludes-with-recommendations-for-change/
Animation Xpress	https://www.animationxpress.com/animation/animar_bcn-brings-together-top-animation-experts-to-chart-a-new-course/
Kidscreen	https://kidscreen.com/2023/12/06/europes-animation-industry-wants-a-kids-content-quota-funding-and-training/
Cartoon Brew	https://www.cartoonbrew.com/politics/european-animation-producers-animar_bcn-235568.html
El Punt Avui	https://www.elpuntavui.cat/cultura/article/19-cultura/2362091-animar-bcn-impulsa-el-canvi-de-l-animacio-europea.html
Comunicacio21	https://comunicacio21.cat/noticies/animar_bcn-promou-canvis-en-la-industria-de-lanimacio-europea/
La Vanguardia	https://www.lavanguardia.com/vida/20231123/9400873/segundo-congreso-animar-bcn-debate-sobre-desafios-animacion-europea-agenciaslv20231123.html
Cineconñ	https://cineconn.es/animacion-europea-animar-bcn-coproduccion-ivan-agenjo/
Total Licensing	https://www.totallicensing.com/animar_bcn-spurs-momentum-for-change-in-europes-animation-industry/
Ecran Total	https://ecran-total.fr/2023/12/04/animation-in-europe-emet-une-liste-de-recommandations-pour-renforcer-le-secteur/

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