From: THE PRIVATE SECRETARY

HOME OFFICE
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28 November 1988

→ CDP to see

Dear Dominic

PRIME MINISTER'S BILATERAL WITH PRESIDENT MITTERAND
30 NOVEMBER 1988

We have agreed with the Foreign Office that we would send direct to you briefing on the French position on European audio-visual developments in connection with the Prime Minister's bilateral with President Mitterand on 30 November.

We understand that President Mitterand is unlikely to push the French interest in these matters at the Rhodes Summit on 2/3 December, but he may nonetheless want to refer to it rather more fully at the bilateral. The attached briefing material is, therefore, fairly comprehensive.

I am copying this letter and enclosure to the Private Secretaries to the Foreign and Commonwealth Secretary, the Secretary of State for Trade and Industry and the Minister for the Arts, and to Sir Robin Butler.

Yours sincerely
Catherine Bannister

MISS C J BANNISTER

Dominic Morris, Esq.

FRENCH DESIRE TO STIMULATE EUROPEAN AUDIO-VISUAL DEVELOPMENTS

Line to take

- Support Hanover European Council conclusion on audio visual aspects. UK also wants to see a strong European audio-visual industry.
- For us however the way to achieve this is primarily through industry-led and industry-financed initiatives. Do not necessarily rule out some pump-priming financial support at national or EC level. But Governments cannot and should not seek to prop up the industry through schemes of public subsidy which remove the need for it to respond to market forces and consumer demands.
- UK Government's recently published White Paper on Broadcasting has set the future framework for a more open and competitive market and greater consumer choice. Subject to basic minimum standards of consumer protection, these are the factors which must influence what is produced, and it is not for national Governments or the EC to second guess the market by seeking to dictate to viewers what material they should be offered.
- Any new initiatives to strengthen the broadcasting market in Europe, through the industry, should not be confined to EC Member States. Other European countries should also be given the opportunity to participate.
- Initiatives at industry level will be well placed to take

account of the rich cultural diversity of Europe and the different cultural priorities of individual countries. Attempts to produce European uniformity in this area will kill creativity.

- UK would be prepared to participate in discussions aimed at strengthening the European broadcasting industry, provided the general framework for action is right. We believe that the initiative and funding for such developments must primarily be a matter for the industry itself rather than national Governments or the EC

Background note

For some time, most of the Member States of the EC and some other European countries have expressed concern about the prospect of an expanding broadcasting market in Europe being vulnerable to the import of cheap, poor quality American programmes. To prevent this, they see a need to strengthen the competitiveness of the European audio-visual (broadcasting and film) industry. This was reflected in a conclusion of the Hanover European Council in June 1988 that "it is urgently important for the Community that European production of audio-visual programmes reflecting the richness and diversity of European culture should attain a level more in line with the broadcasting capacity in Europe."

2. The French, who were behind the Hanover conclusion, are known to be keen to stimulate and strengthen the European audio-visual industry, and in particular their own, through measures at the national and European levels. They already have a series of national support and subsidy schemes and are enthusiastic backers of the Commissions own Media Programme and other parallel initiatives in the Council of Europe such as the recently introduced Eurimages scheme for encouraging film distribution. In a letter to the Commission in early October (copy attached), President Mitterand spoke in terms of a new initiative in the form of an audio-visual EUREKA programme. EUREKA is a pan-European scheme to encourage industry-led projects in science and technology with no central funding mechanism. It was originally a French proposal but was successfully taken over and given a more commercial flavour by the United Kingdom.

3. Early indications suggest that the French believe that such a programme of action for the audio-visual industry should be financed, at least partly, from public funds - either from the EC, or from national Governments, or both.

4. Their starting point in all this is therefore different from that of the United Kingdom. Our approach - as set out in the recent White Paper on Broadcasting - emphasises the need for deregulation, the freeing of market forces, a more open broadcasting market and the widening of consumer choice. They on the other hand are more concerned with protecting their audio-visual industry and their language and culture from Anglophone imports. As a result, they adopt an interventionist approach with heavy reliance on subsidies for "cultural" works.

5. Despite having trailed their intention to develop new proposals to strengthen the European audio-visual industry, the

French have yet to provide any detailed indication of what they have in mind. We are attempting to influence their thinking, by stressing the importance we attach to initiatives in this area being industry-led and industry-financed. Officials had bilateral discussions on these matters with the French on 22 November and we are anxious that this dialogue should be continued.

<mc>PM/Bilaateral/Briefing/24/11

BRUSSELS (EU) Monday 10 October 1988 - President François Mitterrand has forwarded a letter to Commission President Jacques Delors to detail France's concepts concernin the launching of a plan for an "audivisual Eureka", whose main objective will be the cr of European programmes for television networks. The European Commission reacted positively to that initiative, which corresponds roughly to the guidelines of the actic already developed by the Commission in that sector, and it announced that a first repor to the Heads of Government would be ready for the Rhodos Summit at the beginning of Dec ber.

EUROPE recalls that Mr. Mitterrand had announced this initiative at the Hanov summit held at the end of June. The European Council had then announced in its conclusions that "it is most urgent for the Community that European production of audiovisual programmes reflecting the wealth and diversity of European culture reach a level more compatible with Europe's radio- and television broadcasting capability", and that there is a need to "urgently review the possibility of establishing a Eureka project in the audiovisual sector". At the end of September, during the session of the General Affair Council, the French Minister for European Affairs, Mrs. Cresson, indicated that Mr. Mitterrand's initiative would be detailed shortly (see EUROPE of 29 September, page 6).

In his letter to Mr. Delors, President Mitterrand recalls first the conclusic of the Hanover summit and continues as follows :

"You will recall that, in Hanover precisely, I had taken the initiative of al ting the Heads of State and Government on the risks that European culture and industry would be exposed to if we failed to react to the current situation : Europe imports clc to half of the cinema and television programmes it broadcasts. Out of each one hundred hours of programming acquired in Europe, only eighz come from another European country. Europe exports also very little, since its programmes account for less than 15% of worl exports. In coming years, new technologies - cabled networks, satellites - by multiply television channels, will result in a substantial increase of the demand for programmes

It is clear that if Europe wants to avoid being submerged by pictures origina ting elsewhere, it must develop its own programme industry, whose products will be broa cst on its territory and beyond.

Of course, I noted with great satisfaction that the Commission presented the "television without frontiers" draft directive in order to facilitate the movement of cinema and television programmes. The Media Plan, still at experimental stage, deserves to be further developed. At the same time, within the framework of the Council of Eurc pe, the "EURIMAGES Fund proposed by France will provide financial support for European coproductions.

These are the elements of an initial answer. However, it has become necessary to proceed faster and to mobilise all those who, in the Community or in other European countries, want to work together. We have often discussed the subject and I know your interest for everything that serves Europe.

I suggest that we use as an example the method which demonstrated its effecti veness in the EUREKA-high definition television project. It is, indeed, thanks to the Commission's decisive contribution that the European D2 MAC standard could be adopted i Dubrovnik in May 1986; this new standard considerably improves the quality of sound anc enables a choice between several languages for the same picture. Last September, in Br ton, the combined efforts of the Commission and the industrialists participating in EU KA enabled the successful demonstration of a complete high definition television networ from cameras to programmes - with satellite broadcasting. I wish that the Rhodos Europ Council would support the continuation of this action.

It is clear to what extent EUREKA-AUDIOVISUAL should incite professionals - script writers, producers, TV networks, advertisers - to create programmes correspondir to the culture and expectations of the European public and to concentrate on helping th production of fiction programmes, cartoons, documentary films; to develop sub-titling, dubbing and multilingual filming to overcome linguistic barriers; to improve training i new communication technologies and professions. These projects might be jointly financ by public funds from the MEDIA or EURIMAGES programmes, or by national aids that could be granted by each Member State, as well as by private funds. In each country involved in EUREKA-AUDIOVISUAL, similarly to what is already being done in EUREKA-technology, an appointed official could make sure that our efforts are being correctly implemented.

The development of programmes and new technologies are strengthening each oth EUREKA-AUDIOVISUAL and EUREKA-high definition will ultimately have to pool their effort just as the European Commission and EUREKA officials will build audiovisual Europe in c mon agreement".

AD

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From the Minister for the Arts

CSO
29/XI

C88/5901

Dominic Morris Esq
Private Secretary
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29 November 1988

Dear Dominic,

... I enclose a short report on the EC Ministers of Culture meeting in Athens today, which you may wish to include in briefing for the Prime Minister's meeting with President Mitterrand tomorrow. This should be read in conjunction with the briefing enclosed with Catherine Bannister's letter of yesterday's date.

I am copying this letter to Stephen Wall, Catherine Bannister, Neil Thornton and Trevor Woolley.

Yours,

Eleanor

MISS E M GOODISON
Private Secretary

Informal Meeting of Ministers of Culture, Athens
29 November 1988

The informal meeting of Ministers of Culture took place in Athens on 29 November. There was an exchange of views prompted by Melina Merkouri on extending the European City of Culture concept beyond the twelve to Eastern Europe, and on audiovisual developments - where the Greek Presidency and the Commission argued for increased European programme production.

The Ministers agreed to consultations to be conducted by Greece, Spain, France and the Commission with the Council of Europe and to exploratory discussions with Budapest. Dublin was agreed as European City of Culture for 1991.

On audiovisual developments, Mr Luce acknowledged different approaches, but stressed the need for industry-led initiatives on the lines of the French suggestion for a EUREKA-style approach to audiovisual co-operation, recorded in the conclusions of the Hanover European Council. The French Culture Minister referred to technical standards for High Definition Television and the need to increase European programme production. Culture Ministers reached no conclusions on 29 November.

We should not support any further commitments to action in the audiovisual sector until we know more about the French EUREKA ideas, and the Commission's existing MEDIA programme of pilot projects has been assessed and agreed by Ministers.

Office of Arts and Libraries
29 November 1988