

Speech by Jan van Dommelen, President of UNIC, at the Technical Seminar on Digital Cinema held at Cinema Expo International 2003 on June 23

It's Monday. Programming in Europe's cinemas is nearly complete. The results of the past weekend compared to the expectations are our topics when we see or speak to each other.

2 Fast 2 Furious opened in Europe in 10 countries. Iceland and South Africa opened with *Dumb and Dumberer*, Australia with *Bruce Almighty*, Hong Kong and Singapore with *The Hulk*.

Are the results as good as expected, and if not, what's the reason for this? Weather conditions maybe?

For the studios and exhibitors world-wide this is a Monday ritual, differing only in terms of times and continents.

Will Digital Cinema change all this?

I hardly believe so.

I represent UNIC, together with NATO, the two largest trade-groups in the world for motion picture cinema operators. Members of UNIC are present in fourteen, mainly European, countries, representing more than 26,000 screens and 850 million annual admissions covering about 375 million inhabitants.

UNIC is still growing because of the building of new multiplexes in Eastern Europe. Why are they interested in joining our organisation? There are various reasons, but one that is very important to them is to be present while D-Cinema starts to develop.

Every exhibitor knows he will implement D-Cinema in due course.

When it's ready and when

the most important problem is solved: "Who will pay for it?".

For many reasons I am sure D-Cinema will come. Improved quality, no loss of quality in prints, lower costs for the distributor, etc. Maybe some cinema operators will experiment with other forms of entertainment, like shows, sport-events, operas, etc. but this is a story with more question marks than sure answers and certainly not the argument for changing technical equipment.

UNIC supports D-Cinema, but we want a roll-out when D-Cinema is mature and the important questions are answered, making it right from the beginning. A lot of National trade organisations from all over the world already stated in December 2001 that we need the same global technical standard. We have seen only too clearly the problems caused by different standards for digital sound.

Like today, you must be able to play the same title everywhere in the whole world, without any technical changes. Projection equipment must be compatible and interchangeable to avoid monopolies resulting in unfair pricing of the equipment.

Secondly, sometimes it looks to me as if this is even the main point, we need a very detailed business and financing plan for the roll-out with the studios. Furthermore there are a lot of practical things we want to discuss with the studios and/or DCI. To put it

simply, we just want to remain the bosses in our own cinemas and maximise the box office for us as well as for the studios.

The comparison is already often made: 35 mm projection can be bought for € 20,000, and will last 20 years or more.

The lowest priced digital projector for screens up to 11 meters costs more than € 100,000 at the moment and is already "old" when it comes to the cinema.

I don't believe that the costs for D-projectors will be substantially lowered in the near future. After all there are only 130,000 screens world-wide, so you never can produce these projectors in big numbers as you do with TV sets.

Raising the ticket price 5 times more than at present is impossible, so there must be a solution found if the roll-out takes place.

As mentioned earlier, the weekend results are important to us. Would they be higher if we already had D-Cinema in place this weekend? "Forget it". It is even too beautiful to dream of.

We have to keep both our feet on the ground. We need D-Cinema to be better than 35mm. I know this is easier said than done. But if we install D-Cinema the patrons must notice it on the screen and not in the advertisements.

Projection quality, this is a very loaded topic internationally. ITU who is discussing the problem of technical standards has no clear opinion on how to approach this topic. Therefore, for the time being the item of D-Cinema is tabled. But UNIC's approach is very clear: projection must be better than the present system. A different question for the same issue is if ITU is the proper organisation to decide about the standards at all. For a simple reason, we are no broadcasters.

As John Fithian will cover the relations with DCI I don't want to touch on those topics.

But from this place, I want to thank the officers of the International Distribution Community who understand our practical input and concerns. I thank them for their guidance and confirm on behalf of UNIC that we will have a continuing dialogue about implementing D-Cinema in the near future and we support them all 200% in their fight against piracy.

Thank you.