

MEDIA SALLES
Kuurne
Ad Weststrate, UNIC's President

Dear colleagues and dear friends,

On behalf of UNIC, I thank you for your invitation.

As you know, UNIC, International Union of Cinemas, is the union of national associations of cinema owners of fifteen mainly European countries, (Germany, Austria, Belgium, Denmark, Spain, Finland, France, United Kingdom, the Netherlands, Italy, Norway, Switzerland, Luxembourg, Israël, Hungary).

Since 2000, companies such as Europalaces, UGC, Kinopolis Group and Utopolis have also been members of our organisation.

UNIC represents about 30,000 screens with more than 950 million annual admissions covering about 400 million inhabitants.

Most of UNIC'S members represent the majority of cinemas in their country, from independently-owned cinemas to circuits, together with subsidised and art cinemas.

Several times a year we meet with our colleagues from the United States and Canada.

It's a pleasure and a necessity to meet several times a year in Europe or in the United States.

This cooperation is essential for the exchange of information between our two continents and for increased collaboration on issues of common interest such as digital cinema, piracy or windows because exhibitors all over the world face the same problems.

I Attendance

In terms of attendance, the year 2006 was positive in Europe after a disappointing 2005. The attendance increased in almost all the member states +7.9% in Germany, +10% in Austria, +7.5% in France, + 7.7% in Belgium, 12% in Finland, +9% in the Netherlands, +5.3% in Norway.

There are some exceptions with the UK -4.9%, Hungary -3.9% and Spain -5.1%.

Generally speaking, good results for national films make the difference in attendance figures. For instance, in France the national market share was about 45% in 2006.

II Digital cinema

We are aware that the real development of digital cinema is imminent.

From the beginning, UNIC has defined fundamental objectives for a possible transition towards digital cinema: quality, standards and competition, security and the operational control, financing, profitability and development.

In a continuing demonstration of worldwide commitment to digital cinema excellence, NATO and UNIC decided to release a Letter in August 2006 calling for the creation of a certification program for digital cinema equipment.

We recognized that the motion picture theatre industry faces one of the most significant technological transitions in its history and that technical specifications alone are not sufficient to guarantee a minimum level of performance for digital cinema. That is the reason why we decided last year to define the necessary characteristics for a qualified and unified certification program.

One of the most important aspects is also financing and profitability. We are taking a look at what's happening in the United-States with great interest but we are aware that the situation is very different in each European country.

Digital cinema must not generate heavy investments for exhibitors as savings on prints are only an advantage for distributors.

The development of digital cinema must be controlled in order not to penalize any exhibitors.

The question of the transition is also crucial especially during the coexistence of the two systems. Fair competition must be guaranteed for all exhibitors.

To sum up, we have 3 necessary pre-requisites :

- **distributors should pay for the transition**
- **the interoperability of all digital equipments**
- **the keys must be delivered for all the screens of a given theatre.**

III Piracy

We had constructive exchanges with NATO and MPAA in Cannes and Amsterdam in 2006 on this issue.

Piracy is increasing with high bandwidth internet access becoming the norm. We are conscious of the risk and are making efforts to raise the awareness of audiences and to reinforce controls in the cinemas.

Trailers and advertising campaigns have been made in several countries in Europe. We strongly believe that education, especially for young children who are the most receptive, but also for all patrons, is one of the keys to fight piracy.

Lawsuits against Internet users who download films illegally or sell illegal DVDs are also one of the answers but can't be the only solution. That is why we are very interested in the "graduated answer" which is implemented in the United States.

An international coordination with NATO, MPAA, Canada, Japan, etc. is essential to our industry.

The cinema industry must also develop legal offers of films on Internet and maybe sign VOD agreements with IAP's, as in France.

IV Windows

Shortening the windows is not an answer to piracy. UNIC has always stated that the media chronology represents a fundamental element for the audiovisual system as a whole.

Given the difficulty to determine a common European starting date for the chronology, UNIC finds that, as the chronology is guaranteed on a European level, the theatrical window for a film must be set in advance by contract between the parties and all the professionals concerned.

The cost of a theatrical release of a film first and on DVD several months later must not be an excuse to reduce this time period.

We have explained several times that a 26-week or a six-month period is the minimum to be respected in each European country.

One can only observe that this delay is not respected in many European countries and has a tendency to shrink year after year, so that it is approaching four months, sometimes less.

Therefore, during the Berlin Film Festival 2007, UNIC reassessed the importance of a reasonable and significant theatrical period of exclusivity. The theater is vital for the value of a movie in the way it strongly influences its future chain of exploitation (DVD, VOD, PayTV, free TV...).

In Germany and in the United Kingdom, some of the biggest cinema chains have pulled “Night at the Museum” off their screens in protest against Fox’s plans to rush out the DVD version.

Fortunately, in some European countries, exhibitors have agreements, as in Denmark with a 6-month window, in France with a 6-month window law and in Spain with a 4-month window law which is about to be adopted. This is very encouraging and we will try to implement this frame in as many countries as possible.

Thank you very much,

Ad Weststrate
President of Unic