

[FR] Assessment of Unlimited Cinema Season Tickets

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Seven years ago, the company UGC launched the first annual cinema season ticket. This cost FRF 98.00 (15 euros) a month and gave unlimited access to the 350 cinemas in the company's network (see IRIS 2000-8: 9). Its competitors (Pathé, Gaumont in conjunction with MK2) were very quick to follow, launching their own unlimited annual season tickets.

The scheme immediately caused an outcry on the part of both the independent operators and the beneficiaries, who feared serious distortion in competition and a loss of earnings from the remuneration granted to distributors, producers and authors. The public authorities therefore intervened to regulate this new mode of cinema attendance. Thus the Act of 15 May 2001 supplemented the Cinematographic Industry Code (Article 27), by providing that a cinema operator setting up, or joining, an unlimited cinema season ticket scheme was to be subject to prior authorisation from the Director General of the national cinematographic centre (*Centre National de la Cinématographie* - CNC). Last July, the CNC authorised UGC to extend the scope of its "UGC Illimité" scheme to cinemas in the MK2 chain, thereby representing 70% of the market in Paris. At the same time, the CNC approved a new scheme, called "UGC Illimité à 2", which offers the season ticket holder the possibility of being accompanied by another person. The CNC noted, however, that the two new schemes were likely not only to be of distinct advantage for UGC in comparison to any other unlimited season ticket scheme in the inner Paris area, but also to cause repercussions on the operation and distribution market in Paris, with the real risk of creating competitive tension. This was the reason that the authorisation was only granted for a fixed length of time, to end on 14 March 2009. Meanwhile the CNC asked for the Paris market to be monitored, to make sure that the cinema chains concerned were not abusing their dominant position. Despite this reservation, several professional organisations in the cinema sector, greeted this authorisation "with much uncertainty and questioning", and issued a warning to the Minister for Culture. The SACD and the ARP believe that "this new season ticket scheme cannot but make independent cinemas even more fragile and destabilise commercial relations between UGC and MK2, and the other professionals in the cinematographic sector". They are also indignant "that UGC and MK2 have obtained the possibility of a 10% increase in the price - paid by the cinemagoer - for their unlimited access card, thereby increasing profitability, while maintaining and confirming the freeze on the reference price, which is used as the basis for the remuneration granted to distributors, producers and authors". In response,

the Minister emphasised the importance of the season ticket schemes, which made it possible to stimulate cinema attendance and to promote the diversity of choice available to cinemagoers. She nevertheless stressed the need for these schemes, like other special price offers, to observe the essential principles of copyright, and fair remuneration for creative work. Thus the Minister considers that the time has come to assess the impact of the arrangements applicable to the unlimited season ticket schemes so that they can be improved, particularly as regards their transparency. This assessment has been entrusted to the Chairperson of the CNC's Committee for authorising unlimited season tickets, Marie Picard, who is also legal adviser at the Conseil d'Etat.

Réaction de Christine Albanel suite à l'agrément accordé par le Centre national de la cinématographie à une nouvelle formule de cartes d'abonnement illimitées, 1er août 2007

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