

[FR] CNC to assess impact of unlimited cinema pass extension

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Following an opinion issued by the French competition authority, the right of cinema operators to sell unlimited passes was extended until 31 December 2023 under decree no. 2022-1296 of 6 October 2022, in accordance with Articles L. 212-27 *et seq.* of the Cinema and Animated Image Code.

In order to offer customers an unlimited pass, cinema operators must first apply for a licence from the president of the *Centre national du cinéma et de l'image animée* (National Centre for Cinema and the Moving Image, CNC) in accordance with Articles L. 212-27 *et seq.* of the Cinema and Animated Image Code. Three cinema operators (Pathé Gaumont, UGC and Le Cinéma des Cinéastes) currently hold such a licence. Licence applications and renewal requests must be accompanied by financial data in order to enable the CNC president to ensure in particular that the 'reference price', which forms the basis for the remuneration of rightsholders and distributors, is fixed in accordance with the average price of individual tickets sold by the operator, the current situation of the cinema market and the observed and expected effects of the unlimited pass.

A year ago, in view of the devastating impact of the health crisis on the cinema industry and the problems faced by cinema operators trying to provide reliable financial data to support their licence renewal applications, a 15-month extension was granted under the decree of 23 September 2021. At the same time, the CNC was required, within three months following the adoption of the draft decree, to publish an interim assessment of the impact that extending the scheme would have on other operators.

Under this extension, the licences of the three operators concerned will expire on 31 December 2022, 14 March 2023 and 30 October 2023 respectively. Requests for them to be renewed must be submitted to the CNC president no later than three months before they expire, i.e. by 30 September 2022 for Pathé Gaumont. However, the CNC president noted that, in view of the upheavals linked to the health crisis and the lack of information on the sector's current financial situation, the operators were still finding it difficult to provide sufficiently reliable financial data on the medium-term development of the market and the expected impact of the unlimited pass. The CNC would therefore be unable, within the time limits laid down, to analyse the renewal applications or verify the accuracy of the reference

price proposed by each operator under the criteria set out in Article L. 212-28 of the Cinema and Animated Image Code. The CNC also mentioned the recent launch of an interministerial 'cinema and competition' task force responsible, among other things, for examining the legal framework applicable to unlimited cinema passes and whose discussions were likely to result in legislative or regulatory changes by the end of 2023. For all these reasons, the draft decree submitted for the competition authority's opinion proposed that the current licences to issue unlimited cinema passes should be extended until 31 December 2023 for all the operators concerned.

While regretting the tight deadline it had been given to issue its opinion and the lack of adequate economic data for it to properly assess the proposed measure's impact on competition, the competition authority issued a favourable opinion on the draft decree. It considered, firstly, that the evidence that had been gathered during its investigation and discussions appeared to rule out the main risks to competition that the measure could cause, and secondly, that current holders of unlimited cinema passes could have been harmed by the non-renewal of the licences. However, alongside its positive opinion, the competition authority also asked the CNC to publish, within three months of the adoption of the draft decree, an interim assessment of the impact that extending the licences would have on the various stakeholders in the cinema sector.

Avis 22-A-07 du 03 octobre 2022 portant sur un projet de décret relatif à la prorogation des agréments des formules d'accès illimité au cinéma jusqu'au 31 décembre 2023, rendu public le 24 octobre 2022

https://www.autoritedelaconurrence.fr/sites/default/files/integral_texts/2022-10/22a07.pdf

Opinion 22-A-07 of 3 October 2022 concerning a draft decree on the extension of licences to issue unlimited cinema passes until 31 December 2023, published on 24 October 2022

Décret n° 2022-1296 du 6 octobre 2022 prorogeant les agréments des formules d'accès au cinéma.

https://www.autoritedelaconurrence.fr/sites/default/files/integral_texts/2022-10/22a07.pdf

Decree no. 2022-1296 of 6 October 2022 extending cinema pass licences

