

**EXPORT DEVELOPMENT STRATEGY 2007-10
(FINAL)**

Confidential

Contents

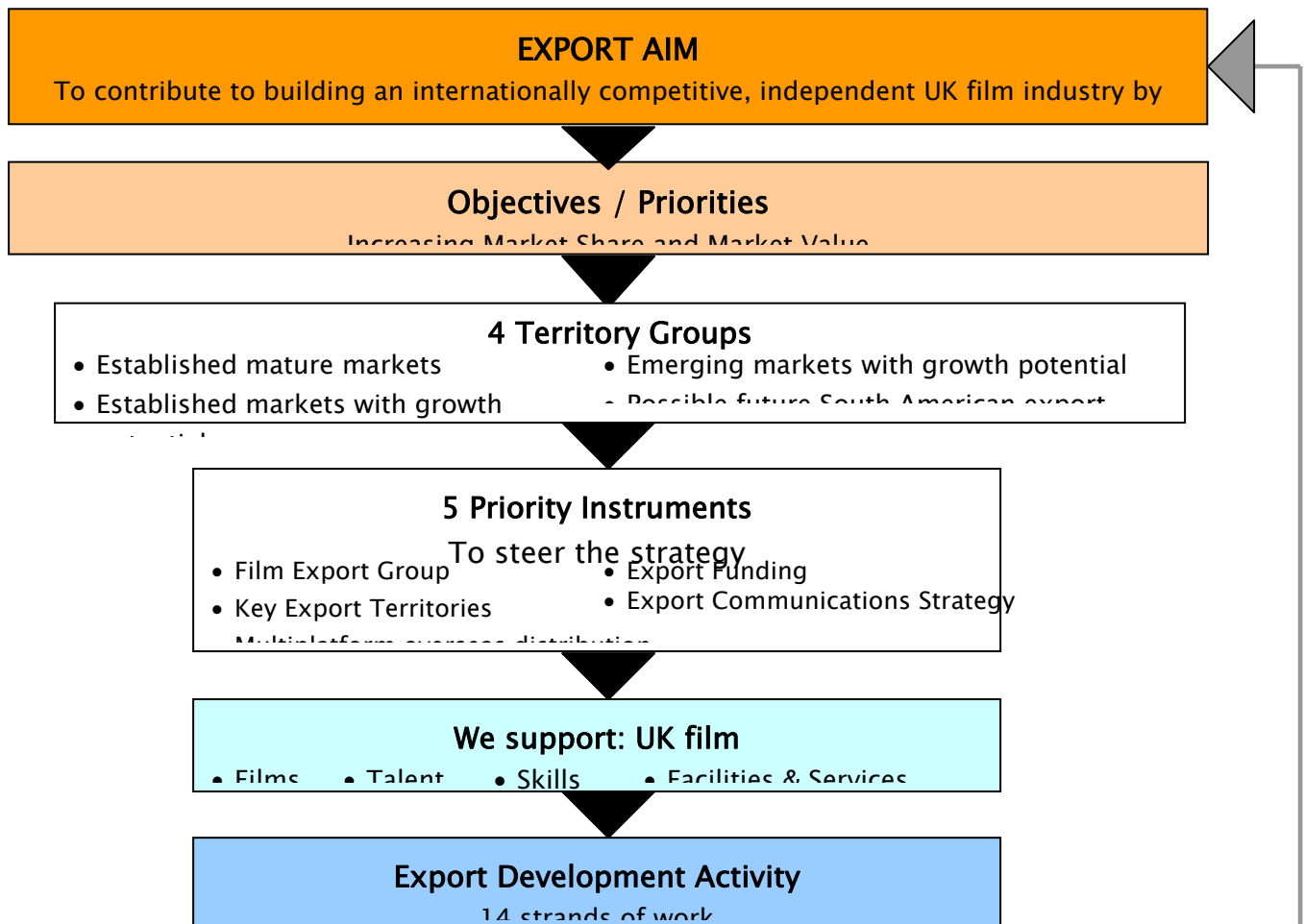
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1. Executive Summary

The UK Film Council ('UKFC') Export Development Strategy 2007–2010 is designed to help redress the factors contributing to the market failure of independent UK Film and to secure the industry's future through a programme of export research and development activities. It provides an evidence based framework for small and medium sized enterprises to successfully exploit medium and long term export opportunities in under exploited markets, and generate income for reinvestment.

The aim of the Export Development Strategy is to contribute to building an internationally competitive, independent UK film industry, by focussing on key territories. 14 strands of Export Development Activity contribute to delivering this aim and the Strategy objectives.

The diagram below illustrates the elements of the Strategy, identifying its overall aim, objectives and how the UK Film Council Export team proposes to deliver them:





Measures of Success

Evaluation of Export Development Strategy and activity between 2007-10

2. Purpose

The UK Film Council Export Development Strategy and its activities support the Council's goal of helping make the UK a global hub for film in the digital age with the world's most imaginative, diverse and vibrant film culture, underpinned by a flourishing, competitive film industry.

It plans to do this by helping to maintain and increase the international market share and value of independent UK film product, talent, skills and services (*UK Film*) by helping facilitate a conducive international trading sales environment.

Independent *UK Film* companies are primarily classified as small and medium enterprises (SMEs).

This strategy identifies the UK Film Council's export development aim, objectives and priorities for 2007–2010.

3. Rationale

The strategy has been formulated to help to redress the market failure¹ affecting the independent *UK Film*² SME sector in the wider world.

The competitive international marketplace combined with the resource constraints of film SMEs (as with their creative industry counterparts) leads to film businesses focusing on maximising income from current established markets using traditional distribution windows.

In order to complement the export work of the industry itself, this strategy harnesses both medium and long term opportunities in under exploited international markets and in digital technology. Public funding for research and development (R & D) will provide a clearer understanding of the value, characteristics and business models of these territories and their technological opportunities.

¹ 'Rational for Actions to Assist the Development of UK Film' – UKFC RSU

² Independent film product, talent, technical and craft skills, and facilities and services

The strategy focuses on four groups of territories:

- Established markets with UK growth potential³
- Emerging markets with growth potential ⁴
- Established mature markets⁵
- Possible emerging markets in South America⁶

Increased success in the international market will maximise future income for reinvestment in films and infrastructure and also improve recoupment prospects for independent film. This is crucial to building the sustainability of the UK's independent sector.

This paper has been developed following extensive consultation with the Film Export Group (UK Trade & Investment, DCMS, Film Export UK, UK Post, National and Regional Screen Agencies, British Film Institute, BKSTS, UK Film Council), UK Film Council partners and the wider industry.

4. Export Value

4.1 The Numbers

The UK industry cannot sustain itself through a domestic market alone. Without trading success abroad Britain would not have an independent production industry. Global market success is also essential to develop and maintain culturally diverse independent film to ensure that our talent tells our stories, that our crews and talent are employed in front of and behind the camera and that UK services are contracted.

³ Japan, South Korea and Russia

⁴ China and India

⁵ US, Canada, France, Germany, Italy, Spain, Australia

⁶ Argentina, Brazil, Mexico, Chile

In 2004 the UK sales sector raised £51 million of **film financing** for independent British films – 44% of their total budgets. In 2005 this rose to an estimated £80 million⁷.

In 2006 UK Film exports generated £913 million⁸ – £582 million in **royalties** and £331 million in **film production services**, increasing the balance of trade surplus to £128 million⁹.

The **international distribution market** has become progressively more important. In 2006 the US studios generated 73% (\$25.82 billion)¹⁰ of box office revenue from the international market place. In 2006 £300 million was spent in the UK on P & A by the industry as a whole, of which the vast majority was US studio spend.

Independent British films with established talent generate (in general) 65% of income from international market and 35% from domestic¹¹.

However only 4% of smaller budget independent UK films (£0 – £5m) achieve a 12 territory box office total of twice or more of their budget.¹²

The softening of the pre-sales market for smaller independent films over the last 10 years due to the reduction in value of TV rights fees and increased sources of soft money has changed the way in which independent films are financed. This has increased the importance of growing market share and the value of UK films in established and emerging markets. **UK owned independent international sales companies** generated £189 million worth of export sales in 2005 – an increase of £61 million on 2004.¹³

Current independent film financing structures will come under renewed pressure during the transition from traditional distribution models to those required for the

⁷ UK Sales Sector Report 2006 – Olsberg SPI

⁸ Office for National Statistics

⁹ Currently the Office for National Statistics' data capture system does not make it possible to split royalties generated by UK independent films from those generated by US studio funded British films, or to analyse the performance of particular services within the film production services category.

¹⁰ MPAA – 2006 U.S. Theatrical Market Statistics Report

¹¹ UK Film Council – **NOT SURE OF SOURCE**

¹² UK Film Council RSU – International Box office by UK film budget

¹³ 2006 UK Sales Sector Report – Olsberg SPI

digital future. It is essential that *UK Film* exploits the opportunities that digital offers to gain increased access to the international market utilising research and information exchange to identify and develop relevant business models to successfully monetise income from multi platform distribution.

4.2 Public Value

Commercial film export success delivers substantial and lasting cultural and public value by generating large audiences abroad, as well as income and profits for reinvestment In assisting market entry and expansion for *UK Film* around the world, we create consumer familiarity and demand for British products and business practice across film and other industries. This supports the continued production of culturally British films helping the UK industry’s sustainable development. The public value from export success is illustrated in the table below:

1. Market Development Value (Economic)	Contributes to the UK economy in terms of employment, skills, exports, inward investment and tourism
2. Company Development Value	Contributes to the successful development of companies within film and related sectors
3. Cultural Value for the individual (Film Industry)	Provides pleasure and stimulates the imagination, enriching the life of the nation’s citizens through film
4. Educational Value	Improves, increases and deepens understanding of the world, its diversity and its history for citizens of all ages
5. Social Value - communities	Improves understanding within and between communities in the UK and abroad, encouraging participation by all and enriching their lives.
6. Global Value	Positively represents UK culture around the world, and builds partnerships with other countries

5. Background – Export Development 2004–07

5.1 What We Set Out to Do

UK Film Council International developed a commercial export strategy at the end of 2003, to provide advocacy and leadership to harness opportunities arising from the emergence of new international markets, to respond to challenging developments within the global film industry, and to address fragmented government support for *UK Film* export development. The strategy was informed by **three overarching objectives**:

- To support the sustainability of the UK film industry
- To work towards a joined-up UK-wide commercial export promotion strategy across industry, government and government film agencies
- To position the UK as the European centre for global film activity across all sectors of the export value chain.

Plans were developed to deliver the objectives by:-

- Identifying priority international export territories
- Supporting UK companies to exploit export opportunities
- Ensuring that export promotion is a key component of the new international film co-production treaties
- Improving knowledge and access to international market research
- Facilitating UKFC International's export input to UKFC strategy more generally
- Developing benchmarks to measure the impact of UKFC export promotion activity.

The strategy supported the export of film product, creative talent, technical and craft talent, facilities and services, and focused on the following territories:

- **Established:** USA, Europe, and Japan
- **Emerging:** India, China, South Korea, Former USSR, European Accession States. The strategy provided a simple, practical and resource efficient way for UKFC to deliver the three overarching export promotion objectives, working in partnership across UKFC, industry, government and wherever possible with relevant government film agencies.

5.2 What Was Achieved

Key export development outputs delivered since 2004 have been:

- The launch of the International Festival Sales Support Scheme in 2005. 28 films have been supported generating 208 sales deals worth approximately \$10 million e.g. *Yasmin*, *Free Jimmy*, *Road to Guantanamo*, *London to Brighton*
- The establishment of London UK Film Focus¹⁴ (2004 onwards) which has enhanced relationships between UK sales companies and foreign distributors, and improved long term sales results for UK companies¹⁵. The event has showcased 175 films including 64 premieres and generated approximately \$7 million of sales during the 3 day event¹⁶
- Securing export relationships in key established and emerging export territories i.e US, Western Europe, South Korea, Japan, Hong Kong
- Facilitation of research delegations to increase understanding of the export potential of key countries i.e. Asia (Hong Kong, Japan and South Korea)
- The establishment of *UK Film* umbrella market stands. 64 UK film companies participated on seven umbrella stands in the US and Asia, generating sales of approximately \$12.5 million (e.g. American Film Market, European Film Market, Hong Kong FILMART, Asian Film Market)
- Increased funding support (by 500%) for UK film export activity from UK Trade and Investment
- Creation of a Film Export Group (FEG) Export Strategy (2004–08) with varying degrees of buy-in from the group's members for a joined-up approach
- Established a clear picture of the size and range of the UK Sales Sector from commissioned research
- Creation of a fully constituted trade body for UK based film sales companies – Film Export UK – to take active responsibility for the sector's interests
- Development of benchmarks by which UKFC and FEG export activities are measured and evaluated.

¹⁴ Delivered operationally by Film London through a partnership of Film London, Film Export UK and UK Film Council

¹⁵ Film Export UK

¹⁶ Film London LUFF Reports 2004 – 2006

6. Operating Context

There are a number of international, domestic and UKFC specific factors that impact on the export of independent UK films – and will continue to do so for the next three years. These are grouped below under the following headings:-

6.1 Political Factors

6.2 Economic Factors

6.3 Social Factors

6.4 Technological Factors

6.1 Political Factors

- A film friendly government
- Central and regional government support for relationships with BRIC¹⁷ countries
- Increased recognition of the importance of film exports for the sustainability and financing of the UK's independent film industry across government and UKFC
- Relationship between UK foreign policy, perceptions of the UK abroad and export success.
- EU state aid policy and prioritisation of to the new accession states' film industries
- Foreign competitor export agencies investing substantial resources to support the export of their national film industries¹⁸.

6.2 Economic Factors

- Increasing numbers of independent films competing in the international market place
- Reduction in international TV sales values ¹⁹

¹⁷ Brazil, Russia, India, China

¹⁸ Unifrance (France): €1.1M pa; German Film (Germany): € 5.5M pa; ICAA (Spain): €3.8M pa; KOFIC (Korea) US \$2.3M and JETRO (Japan): US \$11.2M. The agencies deliver export policy and activity such as international distribution and p and a funds, international film festival and market support, research, international showcases of national films etc.

¹⁹ UK Sales Sector Research Report – Olsberg SPI 2006

- Emergence of new economies with substantial predicted GDP growth e.g. BRIC countries²⁰
- 3.2% of the UK Film Council 2007–2010 budgeted²¹ (Film in the Digital Age 2007 – 10, UK Film Council) annual expenditure (lottery and grant-in-aid) is dedicated to international activity. 0.6% is allocated to commercial export development
- Reduced UK resources to support *UK Film* in the wider world resulting from cuts to film export budgets and staff at UKTI and the British Council
- Plateauing of cinema admissions in established markets
- Loss of revenues due to film theft
- Lack of clarity over the value of online rights and a coherent strategy to exploit them.

6.3 Social Factors

- Transformation of the way people access information and consume entertainment across the globe.
- Growing ageing demographic in many parts of the world e.g. Japan, Western Europe
- Dominance of English language in filmed entertainment
- Perceptions of UK abroad.

6.4 Technological Factors

Digital technology is transforming the way in which film and moving image is financed, produced, distributed and consumed across the globe. It presents massive challenges and opportunities for *UK Film* exports. These include:

- Opportunities for global audience development through multi platform digital distribution
- Facilitating the transition from traditional distribution financing models to trans-national digital models with the risk of unknown income returns

²⁰ Grant Thornton International Business Report 2007

²¹ UK Film Council – Film in the Digital Age 2007–10

- Support for the transition from traditional territory by territory sales models to new business models appropriate to the digital age
- Increased and shared knowledge on the exploitation of digital rights.

7. Strategic Aims and Objectives

7.1 Aim

The Strategy's aim is : **' To contribute to building an internationally competitive, independent UK film industry by facilitating export success in key territories**

7.2 Objectives

The Strategy has two objectives:

Objective 1: To help maintain and increase the international trade value of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry.

Objective 2: To help maintain and increase the international market share of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry.

8. Policy and Funding Priorities

The UKFC Export Strategy is delivered through five priority instruments:

- The Film Export Group (FEG) and joined up FEG UK-wide export strategy
- International distribution via traditional and digital platforms
- Identification and re-evaluation of key export development territories

- Identification of additional funding for exports
- Communications strategy for export development.

The strategy focuses on four territory groups:

- Established Mature Markets (USA, Canada, France, Germany, Italy, Spain and Australia), with substantial predicted broadband infrastructure by 2010.
- Established Markets with growth potential (Japan, South Korea and Russia)
- Emerging Markets with growth potential (India and China – focusing on cities with sizable educated consumer class populations)
- Possible future South American Export Markets (Brazil, Argentina, Chile and Mexico).

The strategy assumes:

- Stand still in UK Film Council International and UK Film Council US export budgets
- Continued access to, and building on, financial and other resources e.g. UK Trade and Investment, BERR, Media, UKFC Communications.

Table 7.1 below illustrates the territories, sectors and their level of priority within the strategy, as well as anticipated budgets and income split across the four territory groups.

Table 7.2 demonstrates what strands of activity fall under each policy funding priority, and illustrates the milestones set against each strand. The table also indicates which objectives and parts of UK Film are supported by each strand. Please note that in some cases, the priority instrument represents the strand of activity itself, for example : Film Export UK.

Table 7.1 Export Territories and Export Budget split

	KEY EXPORT TERRITORIES									
	Established Mature Markets				Established Markets with Growth Potential		Emerging Markets with Growth Potential		Possible Future Export Markets South America	
	US	Canada	France	Germany	Japan	South Korea	China	India	Brazil	Argentina
	Italy	Spain	Australia		Russia				Mexico	Chile
SECTORS	POLICY									
International Film Distribution	<ul style="list-style-type: none"> Policy and initiatives that deliver across more than one territory, i.e. LUFF, IFSS, film markets, research delegations Research & Development focussing on digital platform distribution 				Research & Development		Research & Development		Research (UK film performance tracking)	
Priority	Very High				Very High		Very High		Medium	
Talent	<ul style="list-style-type: none"> Promote talent to facilitate the international distribution of UK Film 				Research & Development		Research & Development		Research (Analysis of UK talent via film performance tracking)	
Priority	High				High		High		Medium	
Services and Facilities	<ul style="list-style-type: none"> This sector's overarching export market is the US and is serviced by the Office of the British Film Commissioner. However there is a demand for knowledge of export opportunities in markets with growth potential 				Research & Development		Research & Development		Research	
Priority	Low				Low		Low		Low	
Technical and Craft Skills	<ul style="list-style-type: none"> This sector's overarching export market is the US and is serviced by the UKFC Film Commission 				Research & Development		Research & Development		Research	
Priority	Low				Low		Low		Low	
	EXPORT BUDGET (UKFCI and UKFCUS) + OTHER INCOME									
	Established Mature Markets				Established Markets with		Emerging Markets with		Possible Future Export	

Financial Year (in pounds sterling)			Growth Potential		Growth Potential		Markets South America	
	UKFCI & UKFCUS Budgets	Other Income	UKFCI & UKFCUS Budgets	Other Income	UKFCI & UKFCUS Budgets	Other Income	UKFCI & UKFCUS Budgets	Other Income
2007/08	229,150	88,572	48,300	62,510	30,700	13,578	11,850	3,440
2008/09	204,850	79,150	50,100	73,050	53,300	30,950	11,850	1,350
2009/10	174,950	75,570	51,350	21,555	84,850	56,215	8,850	2,160
TOTAL	608,950	243,292	149,750	157,115	168,850	100,743	32,550	6,950

Table 7.2 Export Development Policy and Funding Priorities and their Measures and Milestones

Export Development Policy and Funding Priorities and their Measures and Milestones		UK Film			Objectives	
<p>Priority Instruments* and 14 Export Development Strands of Activity</p>	<p>Milestones 2007–2010</p>	International Distribution	Export of UK Talent and Skills	Export of UK Services	1. Help to maintain and increase the international trade value of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry	2. Help to maintain and increase the international market share of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry
Film Export Group and FEG Strategy						
Activity strand (1)	<ul style="list-style-type: none"> Facilitate the 2009–12 Film Export Group Strategy Deliver new strategy by March 2009 	✓	✓	✓	✓	✓

Export Development Policy and Funding Priorities and their Measures and Milestones

		UK Film			Objectives		
		International Distribution	Export of UK Talent and Skills	Export of UK Services			
<p>Priority Instruments* and 14 Export Development Strands of Activity</p>	<p>Milestones 2007-2010</p>					<p>1. Help to maintain and increase the international trade value of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>	<p>2. Help to maintain and increase the international market share of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>
	<p>Identification and re-evaluation of key export development territories</p>						
Activity strand (2)	<ul style="list-style-type: none"> Review priorities and confirm level of support for each of key export territories annually 	✓	✓	✓	✓	✓	
<p>International Distribution via traditional & digital platforms</p>							

Export Development Policy and Funding Priorities and their Measures and Milestones

Export Development Policy and Funding Priorities and their Measures and Milestones		UK Film			Objectives		
		International Distribution	Export of UK Talent and Skills	Export of UK Services			
<p>Priority Instruments* and 14 Export Development Strands of Activity</p>	Milestones 2007-2010					<p>1. Help to maintain and increase the international trade value of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>	<p>2. Help to maintain and increase the international market share of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>
	<p>Activity strand (3) International Festival Sales Support</p>	<ul style="list-style-type: none"> Support between 30 and 60 British films at key international festivals over the course of 3 years 210 deals to be generated in 40 countries (1) worth approx. £16.2 million over three years 	√	√			

Export Development Policy and Funding Priorities and their Measures and Milestones

		UK Film			Objectives		
		International Distribution	Export of UK Talent and Skills	Export of UK Services			
<p>Priority Instruments* and 14 Export Development Strands of Activity</p>	Milestones 2007-2010					1. Help to maintain and increase the international trade value of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry	2. Help to maintain and increase the international market share of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry
	<p>Activity strand (4) R & D to identify and measure opportunities and impact trends for on-line distribution</p>	<ul style="list-style-type: none"> Number – find out how RSU measure R and D- ask Paul Richardson and David Steele 					√

Export Development Policy and Funding Priorities and their Measures and Milestones

		UK Film			Objectives		
		International Distribution	Export of UK Talent and Skills	Export of UK Services			
<p>Priority Instruments* and 14 Export Development Strands of Activity</p>	<p>Milestones 2007-2010</p>					<p>1. Help to maintain and increase the international trade value of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>	<p>2. Help to maintain and increase the international market share of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>
	<p>Activity strand (5) London UK Film Focus</p>	<ul style="list-style-type: none"> • 40% of buyers initiate deals at LUFF, per year • 45% of sellers initiate deals at LUFF, per year • Deals done per year at LUFF to have a total value of USD 2 million • 150 international buyers to attend LUFF per year 	√	√			
<p>Activity strand (6) Film Markets</p>	<ul style="list-style-type: none"> • Per year, 25 companies to attend 3 Film Markets, generating deals with a total value of USD 5m 	√	√		√	√	

Export Development Policy and Funding Priorities and their Measures and Milestones

Export Development Policy and Funding Priorities and their Measures and Milestones		UK Film			Objectives	
		International Distribution	Export of UK Talent and Skills	Export of UK Services	1. Help to maintain and increase the international trade value of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry	2. Help to maintain and increase the international market share of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry
Priority Instruments* and 14 Export Development Strands of Activity	Milestones 2007-2010					
	<ul style="list-style-type: none"> 6 UK project to be selected for film financing markets in key Asian territories 					
Activity strand (7) Territory specific distribution initiatives, across four territory	<ul style="list-style-type: none"> 2 distribution initiatives with 2 key market i.e co distribution agreement, exhibition and distribution support 	✓	✓		✓	✓

Export Development Policy and Funding Priorities and their Measures and Milestones

		UK Film			Objectives		
		International Distribution	Export of UK Talent and Skills	Export of UK Services			
<p>Priority Instruments* and 14 Export Development Strands of Activity</p>	Milestones 2007-2010					<p>1. Help to maintain and increase the international trade value of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>	<p>2. Help to maintain and increase the international market share of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>
	groups						
<p>Activity strand (8) Facilitate UK access to EU MEDIA funds and resources</p>	<ul style="list-style-type: none"> • X of UK companies accessing support • X of UK films accessing support • X value of support accessed 	√	√		√	√	

Export Development Policy and Funding Priorities and their Measures and Milestones

		UK Film			Objectives	
		International Distribution	Export of UK Talent and Skills	Export of UK Services		
<p>Priority Instruments* and 14 Export Development Strands of Activity</p>	Milestones 2007-2010					
	<p>Activity strand (9) Export Policy for UK talent</p>	<ul style="list-style-type: none"> • Deliver policy March 2009 • UK talent to win a total of 38 awards over the three-year period • UK talent to win a yearly total of 15% of awards on offer at two major international awards ceremonies (Academy Awards, BAFTA Film Awards) and the following international film festivals: Berlin, Cannes, Sundance, Toronto and Venice 	√		√	√
					<p>1. Help to maintain and increase the international trade value of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>	<p>2. Help to maintain and increase the international market share of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>

Export Development Policy and Funding Priorities and their Measures and Milestones

Export Development Policy and Funding Priorities and their Measures and Milestones		UK Film			Objectives		
		International Distribution	Export of UK Talent and Skills	Export of UK Services	1. Help to maintain and increase the international trade value of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry	2. Help to maintain and increase the international market share of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry	
<p>Priority Instruments* and 14 Export Development Strands of Activity</p>	Milestones 2007-2010						
	Activity strand (10) Festivals	<ul style="list-style-type: none"> 90-180 UK films to be included in the programmes of key international festivals (IFSS list) 	✓	✓		✓	✓
	Activity strand (11) Clarify breakdown of ONS film export data	<ul style="list-style-type: none"> Identify accurate statistics for film exports royalties and services by 2010 - subject to discussions with ONS 	✓	✓	✓	✓	✓

Export Development Policy and Funding Priorities and their Measures and Milestones

		UK Film			Objectives		
		International Distribution	Export of UK Talent and Skills	Export of UK Services			
<p>Priority Instruments* and 14 Export Development Strands of Activity</p>	<p>Milestones 2007-2010</p>					<p>1. Help to maintain and increase the international trade value of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>	<p>2. Help to maintain and increase the international market share of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>
	<p>Identification of additional funding for exports</p>						
<p>Activity strand (12) Internal sources of funding</p>	<ul style="list-style-type: none"> • Generate £300,000 from the internal UKFC sources to support export activity by 2010 	√			√	√	

Export Development Policy and Funding Priorities and their Measures and Milestones

		UK Film			Objectives		
		International Distribution	Export of UK Talent and Skills	Export of UK Services			
<p>Priority Instruments* and 14 Export Development Strands of Activity</p>	<p>Milestones 2007-2010</p>					<p>1. Help to maintain and increase the international trade value of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>	<p>2. Help to maintain and increase the international market share of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>
	<p>Activity strand (13) External sources of funding</p>	<ul style="list-style-type: none"> • Generate £400,000 from external sources to support export activity by 2010 	√				
<p>Export Communications Policy</p>							

Export Development Policy and Funding Priorities and their Measures and Milestones

		UK Film			Objectives		
		International Distribution	Export of UK Talent and Skills	Export of UK Services			
<p>Priority Instruments* and 14 Export Development Strands of Activity</p>	<p>Milestones 2007-2010</p>					<p>1. Help to maintain and increase the international trade value of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>	<p>2. Help to maintain and increase the international market share of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry</p>
	<p>Activity strand (14)</p>	<ul style="list-style-type: none"> Export Communications policy delivered March 2009, in partnership with UKFC Communications Department. Policy to identify performance monitoring methods and benchmarks to be met. 	✓	✓	✓		

*Priority Instruments are listed in bold type, as a heading running across the width of the table. In some cases, the priority instrument represents the strand of activity itself, as is the case, for example, with Film Export UK.

9. Measures of Success

Top Level Priorities / Objectives and their Measures and Milestones

OBJECTIVES	MEASURES		2007 - 10 MILESTONES
<p>1. Help maintain and / or increase the international trade value of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry.</p>	<p>Primary indicator (1)</p>	<ul style="list-style-type: none"> • ONS Export & Balance of Trade data (2) 	<ul style="list-style-type: none"> • 2008 - 09: RSU to identify Royalty value of non-studio film for previous 10 years • <i>2009 - 10: Milestone(s) to be set based on above analysis.</i>
	<p>Secondary Indicators</p>	<ul style="list-style-type: none"> • International sales income generated from UKFC owned film rights 	<ul style="list-style-type: none"> • <i>Milestone(s) to be set following analysis of UKFC Production Finance data for period 2000 - 07.</i>
		<ul style="list-style-type: none"> • International box office data captured by RSU in key export territories. 	<ul style="list-style-type: none"> • Grow the 2006 value of non-studio UK film box office by 15% - 20% over a three year period. (3)
		<ul style="list-style-type: none"> • Value of UK films sales generated by FEUK members. 	<ul style="list-style-type: none"> • 2008-09: In collaboration with FEUK, develop system to record and analyse the value of sales deals delivered by FEUK members (4) • 2009-10: Growth in sales value of UK film of 5%-8% in the period.

		<ul style="list-style-type: none"> • Value of film finance raised by the UK Sales Sector for UK production. 	<ul style="list-style-type: none"> • 2008–09: In collaboration with FEUK, develop system to record and analyse the value of film finance raised by FEUK members for UK films • The UK Sales Sector to raise an average of £40m in film financing for film production.
		<ul style="list-style-type: none"> • Value of exports by UK Screen members. 	<ul style="list-style-type: none"> • <i>Milestone(s) to be set subject to outcome of UK Screen Facilities Research 2008.</i>
		<ul style="list-style-type: none"> • Inward Investment Data 	<ul style="list-style-type: none"> • Inward investment income of £1bn over three year period.
		<ul style="list-style-type: none"> • Export of Facilities / Crew 	<ul style="list-style-type: none"> • <i>Milestone(s) to be set following the findings of the forthcoming UK Screen Facilities Research 2008 and Production Guild statistics, if these are available.</i>
		<ul style="list-style-type: none"> • Value of UK independent DVD and VOD export revenues (5) 	<ul style="list-style-type: none"> • <i>Milestone(s) to be set subject to UKFC finding resources for RSU to buy and analyse existing data.</i>

OBJECTIVES	MEASURES		2007 - 10 MILESTONES
2. Help maintain and / or increase the international market share of UK films, talent, skills and services in order to secure financing for reinvestment in the UK film industry	Primary indicator	<ul style="list-style-type: none"> • UK film box office market share in key export markets from RSU territory data 	<ul style="list-style-type: none"> • EITHER Maintain 8.2% UK global market share per year (6) OR grow market share by 10% (aspirational target – see (7)).
		<ul style="list-style-type: none"> • International award-winning UK talent. 	<ul style="list-style-type: none"> • UK talent to win 15% of available awards over the three-year period (8).
		<ul style="list-style-type: none"> • Film Releases Rates 	<ul style="list-style-type: none"> • 2008-09: RSU to provide rate for ‘UK films released abroad’ over past 5 years in the 11 non-UK territories RSU capture data from • <i>Milestone(s) to be set subject analysis of the above</i> • Raise ‘release opportunities’ rate to 35%.

Notes:

- (1) Primary and Secondary indicators have been used due the issues surrounding use of the ONS figures. The latter provide general measures, but the data is not fine enough to measure the specific and subtle progress of the Export sector.
- (2) Greater transparency of ONS export data is required if it is to be of relevance when evaluating film export activity. Data provided by ONS is dominated by studios with current figures including inward investment productions – this means the data has little relevance to the independent, non-studio UK sector. Furthermore, breakdown of the ONS data is not permitted due to the Trade Statistics Act, which prohibits the ONS from disclosing the basis for their figures – ie: it is not possible to state whether ONS data includes UK Sales Agents.
- (3) This will be done using data captured by RSU for those key territories which RSU covers.
- (4) As FEUK is still in formative stages and a relatively small organisation, it will require some effort on both sides to develop an adequate system for gathering deal information which is crucial to monitoring UK Film Council Export Development performance, and measuring progress
- (5) As innovation in digital technology continues to change the way films are made, viewed and distributed, data on VoD will become increasingly important to assess future trends. Systems need to put in place now to track progress and change in this area.
- (6) This figure includes studio and non-studio figures. This milestone based on the assumption that the West is moving

into a recession. It is calculated based on an average of three worst results over the last five years.

- (7) This should be read as an 'aspirational' measure. The percentage increase is calculated on the basis that a 3% to 5% growth is forecast over the next decade.
- (8) Information on awards won by UK talent will be collated from: Academy Awards, BAFTA Film Awards and the following major film festivals: Berlin, Cannes, Sundance, Toronto, Venice.

10. Resources

The Export Development Strategy 2007–2010 assumes that the International and UKFC US export budgets (£230,000 and £90,000 respectively) remain at standstill compared to the last three years.

The strategy is structured to pull together UKFC-wide export activities and resources to maximise UKFC export outcomes. Delivery of policy priorities and activities depends on working in closer partnership with other UKFC departments and external bodies. (Refer to **Table 7.2**).

The export development work is delivered by two full time posts.

The Office of the British Film Commissioner is responsible for the strategy and delivery of export support for UK crews, services and facilities involved in inward investment production from the US.

11. Summary

The UKFC Export Development Strategy 2007–2010 aims to maintain and increase the international market share and value of independent UK film product, talent, skills and services (*UK Film*) by facilitating a conducive international trading sales environment.

The Strategy is structured to address the factors contributing to the current market failure of independent *UK Film* and help to secure the industries future through a programme of export research and development activities. It provides an evidence based framework for SMEs to successfully exploit medium and long term export opportunities and generate income for reinvestment.