

THE STATE GOVERNMENT OF RIO DE JANEIRO AND THE CITY OF RIO DE JANEIRO CREATE R\$ 18 MILLION MOVIE FUND TOGETHER WITH BNDES, SESI/RJ INVESTE RIO AND RIOFILME

The State Government of Rio de Janeiro and Rio de Janeiro's City Hall will combine efforts to implement the RIO AUDIOVISUAL program, geared towards stimulating audiovisual activity in the city and the state. Several lines of action will be undertaken, such as the creation of the R\$ 18 million fund FUNCINE RIO 1, and of the new RIO FILM COMMISSION. In addition, an Incentives Program worth R\$ 5 million will be launched on November 23rd. The State Secretary of Culture and Distribuidora de Filmes S/A – RioFilme, a company associated to the City Secretary of Culture, will develop these actions in collaboration with public and private partners as BNDES, INVESTE RIO, SESI/RJ and other.

The program was announced on Wednesday, September 23, in a ceremony at Palacio da Cidade. Governor Sergio Cabral, Mayor Eduardo Paes, State Secretary of Culture Adriana Rattes, City Secretary of Culture Jandira Feghali, State Secretary of Economic Development Julio Bueno, Director-President of RioFilme Sérgio Sá Leitão, President of Rio de Janeiro State's Development Agency Maurício Chacur, FIRJAN President Eduardo Eugenio Gouvêa Vieira, BNDES Vice-President Armando Mariante and National Cinema Agency President Manoel Rangel were present.

There, Governor Sérgio Cabral and Mayor Eduardo Paes signed the TECHNICAL COOPERATION AGREEMENT between The State of Rio de Janeiro and The City of Rio de Janeiro that creates the RIO AUDIOVISUAL program. After that, BNDES Vice-President Armando Mariante, FIRJAN President Eduardo Eugenio Gouvêa Viera, INVESTE Rio President Maurício Chacur and RioFilme Director-President Sérgio Sá Leitão signed a PROTOCOL OF INTENTIONS regarding the creation of FUNCINE RIO 1. And Governor Cabral signed a DECREE that allows for the state tax-free importation of audiovisual production, post, infrastructure and exhibition hardware.

These measures were announced a day before the opening of the 2009 RIO DE JANEIRO INTERNATIONAL FESTIVAL. It runs through October 8th and is also part of the RIO AUDIOVISUAL program, from which it received a R\$ 2 million sponsorship this year. On September 25th, at 5:30 PM, during Rio Seminars – the conference series that occur parallel to the Festival – State Secretary of Culture Adriana Rattes and RioFilme Director-President Sérgio Sá Leitão, along with other guests, will present a detailed presentation of the actions that this new initiative will set off.

Rio de Janeiro is the main audiovisual hub in Brazil, with a potential to be the Latin America leader in the field. Rio de Janeiro's audiovisual industry accounts for nearly 30.000 direct and indirect jobs, mostly in the city of Rio de Janeiro. Films made in Rio de Janeiro represent 88,1% of the public share and 90% of box office share of Brazilian movies, and they represent 54,3% of the domestic pictures released in the first semester of 2009. With this partnership, the government of both the State of Rio de Janeiro and the City of Rio de Janeiro recognize the strategic importance of creative industries to the region's economy and culture as a social right.

The Program's main goals are:

FUNCINE RIO 1

The creation of a Financing Fund for the Domestic Movie Industry (Funcine), aimed at the investment in production of competitive movies, building of movie theatres in regions where the offer of such places do not exist and the participation in equities in innovative companies in the infrastructure and distribution sectors. Companies applying to the fund must be based in Rio de Janeiro.

FUNCINE RIO 1 will be formed in December 2009 and will receive initial resources from BNDES (R\$ 9 million), INVESTE Rio (R\$ 4 million), RioFilme (R\$ 4 million) and SESI/RJ (R\$ 1 million). RioFilme launched on September 22 the public bid that will choose the financial institution to manage the Fund, to be announced on November 6. The investment decisions will be taken by a Investment Committee formed by representatives of the quota holders. Private companies are expected to join the fund, raising an initial value of R\$ 18 million.

RIO FILM COMMISSION

The establishment of a single RIO FILM COMMISSION, servicing state and city, that will coordinate effective initiatives to attract and support audiovisual production the State and the City of Rio de Janeiro. The idea is to raise the number of domestic and foreign productions made in Rio de Janeiro, thus promoting both the state and the city, and to increase the demand for audiovisual services – with a direct positive impact on the region's income and jobs. Executive Steve Solot, former MPA's Vice-President to Latin America, will be the CEO of the new RIO FILM COMMISSION. Among other actions, the RFC will offer a R\$ 1 million FUND TO SUPPORT PRODUCTIONS SHOT IN RIO DE JANEIRO, in order to make the city and the state more competitive and more attractive for producers coming from other states and from abroad. Plus, Rio-based production companies may be allowed a 5% rebate on what they spend shooting in the state whenever working in conjunction with an out-of-state or foreign production.

JOINT INCENTIVES PROGRAM 2009/2010

The launching, on November 23, of a Public Call for Projects, for a program that will distribute a total of R\$ 5 million among different projects in the following areas:

- Development of Feature Movies and TV Series Pilots
- Development of Electronic Games based on national movies or series;
- Development of Multiplatform Audiovisual Content for new and traditional medias
- Support for Movie Festivals
- Incentives for Exhibitors
- Production of Short Films
- Income Prize for distributors

GLOBAL RIO

The launching of GLOBAL RIO, a R\$ 3 million per year credit line for investments in foreign productions with great potential to promote Rio de Janeiro both in Brazil and abroad, such as "Rio, I Love You", part of the "Cities of Love" series, which will be shot here in 2010.

BUSINESS INCUBATOR FOR CULTURAL ENTERPRISES / AUDIOVISUAL MODULE

The creation of a Business Incubator for Cultural Enterprises / Audiovisual Module, in partnership with PUC-Rio's Instituto Gênesis. The goal is to develop entrepreneurship among the sector and to stimulate the breeding of new business models and new technologies. There will be eight companies, 4 of which fully dedicated to animation.

AUDIOVISUAL TECHNOLOGY PARK

The start of planning, along with City Hall's Instituto Pereira Passos, the creation of the Rio de Janeiro Audiovisual Technology Park, in the newly-revitalized Docks Area of downtown Rio.

STUDIES ON THE ECONOMIC IMPACT OF AUDIOVISUAL INDUSTRY

Fundação Getúlio Vargas will be contracted to develop a complete study of Rio de Janeiro's audiovisual industry and its impact on the city's economy. The study will be helpful in the elaboration of policies for the sector and in the creations of indicators to evaluate these policies.

RIO DE JANEIRO INTERNATIONAL FESTIVAL

With a R\$ 2 million investment, made through RioFilme, the City of Rio de Janeiro is the main sponsor of Rio de Janeiro International Festival in 2009. This support to the event – a movie festival with conferences and activities that help popularize the access to film content – comes after a two-year interval and is representative of the new policy regarding Rio de Janeiro's audiovisual.

STATE TAX EXEMPTION FOR IMPORT

Exemption of state taxes on the importation of production, post, infrastructure and exhibition hardware for Rio de Janeiro's audiovisual sector.

NEW TAX INCENTIVES (ISS AND IPTU)

A new bill (PL 133/2009), sent to the City Council in April, proposes exempting audiovisual companies, labs, studios, production, distribution and infrastructure companies devoted exclusively to Brazilian movies, either Brazil-made Brazilian-themed, of the Building and Territorial Urban Tax until December 31st, 2014.

Other possibilities of tax incentives to stimulate the sector's development are under study.