The Fries Plan, COM 2019-2023:

Coronavirus reveals fragility of AFP

AGENCE FRANCE PRESSE

"Facing the crisis": in a message to AFP's staff[1], then in an interview with the business daily Les Echos[2], our CEO Fabrice Fries recently drew the first conclusions concerning the *"unprecedented economic and social impact"* of COVID-19.

Highlights:

→ *"Our financial health is indexed to that of our media clients, who are faced with the collapse of the advertising market. Our print media clients have seen newsstand sales- which still represent a major portion of revenues – dissolve."*

→ *"While we are certain to be affected, we have two advantages that will soften the impact of the crisis for us." …"We are thus fortunate not to be in a stranglehold"...*

→ *"We expect difficult days ahead," but "we are on the right trajectory" and management "remains confident".*[3]

The CEO wants to be reassuring. Even if in the Les Echos interview he hedges his bets: "Will our plan fall apart due to the crisis? The question is legitimate..."[4]

Advantages weakened by the transformation plan

What are these "*two advantages*" that, according to Mr. Fries, will help AFP resist the crisis?

"The first and more important is the public interest nature of our editorial production..." Nothing interesting here until you look at the French, which uses a term that indicates the public interest of an activity, but not public funding. No mention of our public interest mission (**mission d'intérêt général** or MIG) which is defined in Article 2 of AFP's statutes as "*to provide French and foreign users with exact, impartial and trustworthy information on a regular and uninterrupted basis*".

Nothing surprising, then, when Mr. Fries notes that thanks to the mobilization of all employees "*We are an essential component of our media clients' 'business continuity plans': our presence on the ground makes us even more indispensable in these unprecedented circumstances."*

However the projects piloted by the CEO – his **Transformation Plan** and the 2019-2023 **Aims and Means Contract** (Contrat d'Objectifs et de Moyens or COM) – have instead tended to *weaken* AFP's public interest mission, as we have repeatedly warned. Remember that the "Fries Plan" resulted in 78 job cuts and that it will, in a widely-shared analysis, lead to a weakening of our *text* services, and thus the Agency's ability to provide *information*.

"Our second advantage is our dominantly subscription based economic model. This protects us in the short term and makes us more resilient than many other media organizations."

We agree! Except that, here as well, the strategies management has pursued for years favored the development of one-time sales and has offered to AFP's clients – even the richest – tailor-made subscriptions all too often at a discount[5].

Lies by omission and fake news on the state's role

Oversight or intentional omission? The CEO does not mention the Agency's third "advantage" which is, however, essential: the state **subsidy** which it receives.

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[1] Unless specified otherwise, the citations are from Mr. Fries's May 5 message to staff on Aurore

[2] Interview of Fabrice Fries in Les Echos, May 13, 2020 - http://u.afp.com/3Qut

[3] Interview in Les Echos…, op. cit.

[4] Ibid.

[5] See our detailed analysis in French of the Fries Plan published in 2018 - http://u.afp.com/ored

In 2019, the French state provided the Agency with a subsidy of €124.4 million (including €11 million for the Transformation Plan); and also paid *€20.5 million* in subscription fees to receive our news services. Meanwhile, our commercial revenue came in at *€167 million (-0.5%).*[6]

Note: Since 2015, the state subsidy covers only additional cost of AFP carrying out its *public interest missions*, which are calculated in accordance with highly technical and contestable rules agreed by France and the European Commission.[7] Brussels verifies, via the Agency's Financial Commission, that the amount of compensation remains *below* the *additional cost* the Agency incurs to carry out its public interest missions. Otherwise, according to the Commission's logic, this would tip the level playing field of free competition and be a violation of EU treaties.[8]

Given that the amount of the public subsidy is fixed in advance for five-year periods in the *Aims and Means Contract*, this is a *powerful advantage* for the Agency's finances. Moreover, since 2018 the Agency has benefited from an early disbursement of the state subsidy which helps avoid cash flow problems in case of unexpected events like the COVID-19 crisis.

Why does Mr. Fries not mention this third "*advantage*"? Perhaps emphasizing the fundamental role of public financing is inconvenient for a CEO who when appointed in 2018 stated clearly that he wants to "***open the question of the capitalization of the Agency once the transformation plan has sufficiently advanced***."[9]

On this point, which aims to *reduce public funding for AFP* and, ultimately, its *privatization*, the CEO has advanced stealthily since his appointment. Like his predecessor Emmanuel Hoog, Mr. Fries has studiously avoided any mention of the *gradual disengagement* of the French state, and has instead implied the inverse. When asked if AFP will receive any exceptional aid from the French state due to the COVID-19 crisis, he replied: "*The state already increased its support for AFP last year by helping finance the Transformation Plan… We're not counting an additional boost… I would add that AFP hasn't relied upon state-supported furloughs for its core business.*"[10]

AFP stringers who have been furloughed will appreciate the compliment![11]

The above-mentioned aid finances a plan whose ultimate aim is to *reduce public funding* for the Agency and thus weaken its third "*advantage*". To see this clearly one only needs to look at the 2019-2023 Aims and Means Contract, which is easier said than done because the Agency's management and the French state *refuse to publish it*, hiding behind the argument of *business confidentiality*.

New COM, a new heavy blow for AFP

Despite this lack of transparency – not very compatible with the concept of democratic control of public funds – we can disclose that during the negotiations over the COM the French state toughened the CEO's initial plan, thus dimming the Agency's perspectives on two points:

1/ The state increased financial pressure on AFP

The €17 million in aid disbursed in 2019 and 2020 for the Transformation Plan (including €13 million that finances not the development of the Agency, but cutting and offshoring jobs) was initially planned as a sort of financial catch-up for costs that AFP incurred under the 2014-2018 COM but which had not been compensated by the French state. But in the final version the money is attributed under the 2019-2023 COM.

Decryption: The Fries Plan was proposed as being financed from funding due in the past but never received. However, by placing it under the current COM, that means the potential

[6] AFP press release, April 29, 2020, http://u.afp.com/3AZm, 2020 draft budget
[7] See « *Missions d'intérêt général de l'AFP et financements publics* » (04-04-2014) – http://u.afp.com/3AJT
[8] *SUD* denounced this provision, introduced in 2015 into Article 12 of our Statute, as placing AFP under guardianship.
[9] Fabrice Fries, *"AFP, 2018-2022 - changeons !",* p. 8, Action 10 - http://u.afp.com/3Qv3
[10] Interview in Les Echos…, op. cit.
[11] See *SUD* tract: *"COVID-19 / Furloughs for stringers: When AFP sets a bad example"* - http://u.afp.com/3PUN

amount AFP could receive from the state through 2023 is being reduced by €17 million. There is thus less margin for exceptional help, say for example an economic crisis that means a planned for increase in commercial revenue doesn't pan out. Thus the policy choices already made means that AFP will be *forced to again cut costs*!

2/ The COM freezes compensation for the MIG at the 2018 level

In 2018, Mr. Fries stated that if the MIG is compensated at a constant level of 95% of its cost, that would mean that without a cost-cutting plan the French state's funding should increase from €113.3 million euros in 2018 to €128.8 million in 2023.

His plan included a *freeze in public financing for the MIG* save for an annual *+0.6% adjustment for inflation.* This would hold AFP's financing steady in real terms. However, as *SUD* representatives revealed during the January 2020 CSE meeting, that modest increase *disappeared* from the signed version of the COM: *public funding for the MIG is frozen in nominal terms and is to decrease in real terms* once inflation is included.[12]

This table summarizes the evolution of AFP's financing, excluding the exceptional funds for the Transformation Plan. It has been produced by *SUD* based on figures provided by management during a presentation on Plan Fries in October 2018 and the presentation on the new COM to the CSE in January 2020.

MIG funding in €millions	2018	2019	2020	2021	2022	2023	Total
Trend without cuts*	113.3	113.3	120.8	121.1	125.8	128.8	
Fries Plan**	113.3	113.3	114.2	115.1	116.1	117.0	
COM 2019-2023***	113.3	113.3	113.3	113.3	113.3	113.3	
Fries Plan savings		-	-6.6	-6.0	-9.7	-11.8	-34.1
Additional COM savings		-	-0.9	-1.8	-2.8	-3.7	-9.2
Total savings *(excluding)*							**-43.3**
** MIG compensated at 95%* ***MIG frozen except for +0.6% inflation adjustment* **** MIG frozen at 2018 level, €17 million cost Fries Plan*							

Conclusion: *excluding* the *exceptional aid to finance the Fries Plan, AFP will miss out on €43.3 million in funding during the 2019-2023 period (average €8.7 million per year.)*

The severity of these austerity measures is camouflaged by the €17 million in exceptional aid to finance the Fries Plan disbursed in 2019 and 2020. This permits our CEO and the government to spin the situation and say: "*The Agency received increased support from the French government...*"[13]

Squaring the circle

This is the financial context that the COVID-19 crisis hits, a crisis that will *very likely have a negative impact* on hitting revenue growth goals set in the Transformation Plan.

Here we go again: since the first Aims and Means Contract (COM 2003-2007), *the only objectives that are regularly met are those seeking to contain or even reduce spending on staff and other operating costs*. COVID-19 or not, commercial targets have *never* been fully met.

Will the Transformation Plan be any different? Unlikely, as there is little enthusiasm from staff, who are tired of austerity plans and failures of previous "strategic projects".

However, Mr. Fries is standing his ground as he was appointed to carry out a transformation of AFP, a transformation aimed at abandoning of our public interest mission via a pivot towards serving private interests: partnerships and deals with Facebook and other FAANGs, sharing and privatization of content, and the *overture of our capital*. Staying the course, Mr. Fries proposes that staff agree with him on "*two certainties*".

1/ "*now more than ever, we must achieve the cost savings laid down in the transformation plan*";

[12] See the transcript of the January 31,2020 meeting of the CSE on Aurore.
[13] AFP press release, April 29, 2020, op. cit.

2/ "*we must keep on conquering*" thus we must enter into commercial wars with rivals who have always had more financial resources than us, whether they are private like AP and Reuters, or state agencies like China's Xinhua which is now very active in Africa.

Neither credible nor convincing! Whether we like it or not, ensuring that AFP retains its place among the top global news agencies *without significant public financing* while at the same time ensuring that it "*under no circumstances fall under the control, either de facto or de jure, of any ideological, political or economic grouping*"[14] has always been an exercise in **squaring the circle**.

Only those who conceived the 1957 Statute succeeded thanks to *political will* (the French parliament voted unanimously!) and the *tenacious professionalism* of a leadership team headed by the journalist and former resistance fighter, Jean Marin.[15]

Today, that model is broken. Not because of the financial problems of the media industry or international competition (which already existed in 1957), because of the harmful rules of the Europe of capital, which prohibit public aid for investment and limit subsidies necessary for the proper functioning of the Agency. In effect, AFP is victim of the same ideological dogma and same political choices as our public hospitals.

Tomorrow shouldn't resemble yesterday!

***Enough!* That sentiment is gaining ground everywhere.** See for example the Plan for overcoming the crisis, which has been endorsed by numerous organizations including the CGT and *SUD*-Solidaires.[16] The crises in the health, environment, economic and social spheres requires a serious reconsideration of the policies which led to the catastrophe. That is also true for the media sector, weakened by its financialization.

→ **How to guarantee all the world the right to information that is as complete, pluralistic and objective as possible?**

→ **Can AFP still contribute in a decisive fashion? Will it have the means to defend its world ranking?**

These questions are being posed once again; the answers will come not only from within AFP, nor from the technocrats in Brussels or Bercy. Because this is a **social issue**! It needs **a wide debate** along a wider axis: the redemocratization of media, "*for information, which has too long been confiscated by those in power, finally becomes a public good and not just a piece of merchandise*" (Public declaration co-signed by *SUD*-AFP).[17]

At this moment, *SUD* calls on AFP staff and staff representatives to resist this financial logic that imposes endless austerity and sacrifices. Now more than ever we must ask about the consequences of the Transformation Plan, in particular about the newsroom reform, the Image Plan, the partnership with Facebook...

When the government is distributing billions to firms which pollute and offshore jobs, we expect our CEO to be in the forefront calling for needed *public funding for the news media* – for AFP and other independent outlets – rather than calling on staff – both the permanent and the precarious – to make more and more sacrifices!

Paris, June 8, 2020
***SUD*-AFP (Solidarity-Unity-Democracy)**

[14] Article 2 of the 1957 Statute, undermined by modifications made in 2014/2015 – Cf. http://u.afp.com/3PUY
[15] Jean Marin, *« Une contribution de la France à la liberté de l'information »* - http://u.afp.com/3PU4
[16] https://france.attac.org/IMG/pdf/le_plan_de_sortie_de_crise.pdf
[17] *"Pour une réappropriation démocratique des médias"*, February 2019 - http://u.afp.com/JwVf