Improving the circulation of non-national films in Europe – a film producers’ perspective

FIAPF welcomes the opportunity created by the Italian Presidency of the European Union to discuss the important strategic issue of promoting the circulation of European feature films within the European Union. The diagnosis of European cinema’s endemic underperformance with European Area audiences is well documented: on average, the proportion of non-national European films showing in the cinemas of Member states varies between 8 to 11% each year. Despite extensive co-financing and co-production, the majority of films made in Europe find it a challenge both to conquer a significant share of their own national market and to clear the hurdle of broader distribution in other European countries (let alone attracting any significant audiences there).

In 2001 and 2002, US films in the EU captured a market share of 65.37% and 71.24% respectively\(^1\). Whereas the stability of the demand for Hollywood movies has had the strategic advantage of generating the large revenue streams necessary for maintaining and modernising Europe’s theatrical infrastructure, it has also contributed to self-defeating thinking and a lack of vision on the part of the European film industry and those in Governments whose job it is to design and implement production and other incentives.

As its contribution to the search for viable solutions to the industrial and cultural stalemate of intra-European distribution, FIAPF has identified seven areas for potential discussion. We hope delegates to the Venice workshop will respond to those positively and that they can be used as the basis for some of the discussions:

1. **Support for national and non-national films must be integrated** - In most countries, the challenge starts with creating the right conditions for the supply and demand of local films for local audiences. The economic impediments to the penetration of local films in their own market are such that these films face difficulties akin to that of foreign (non-US) films. FIAPF believes it would be conceptually interesting to look at our European challenge not as a case of “European films versus US films” but rather one of stimulating the demand for “independent films” wherever they may come from, as an alternative and complement to the mainstream fare broadly represented today by Hollywood studio output. In our view, this premise leads to the conclusion that there is a need to address both problems – national and non national European films’ penetration – together. Making a varied selection of independent cinema (national, European non-national, rest-of-the world), available to European audiences and raising the awareness and “want-to-see” factor amongst those audiences will - over time - develop interest in an original cinema experience away from genre and format conventions of mainstream cinema. The same audience that relished discovering Wong Kar Wai will be open to an original work by a first-time director from Latvia, Germany or Spain.

---

\(^1\) Source: European Audiovisual Observatory – figure for 2002 is provisional
2. **Incentive policies must be long-term and comprehensive** - The only adequate long term approach to the lack of performance of EU films outside their national borders is for national film agencies to be given the means to support all the links in the film chain – development, production, post-production, distribution, export and marketing. State support policies need to be consistent, comprehensive, long-term. Too many countries suffer from short-termism with film policies moving in a fits-and-starts pattern. The trend is compounded by an EU competition regulation framework that is out of kilter with the cultural and market realities of the European film industry. The rigid and short-sighted constraints it imposes on film agencies over the subsidisation of the industry are downright counter-productive and in need of wholesale re-definition. FIAPF supports the Common Declaration of the European Film Agencies of March 2003, calling for a competition regulatory regime compatible with the atypical features of the European market for film and its cultural dimension.²

3. **Nurturing new directors is essential** - One very successful tradition of Euro-cinema is the director as star. This is perhaps more so than in the US, where, overwhelmingly, marquee value is provided by the front-of-camera stars. The golden era of European cinema in the three decades after WW2 was in part driven by star directors such as Fellini, Loach, Godard, Wenders, Fassbinder, etc. It is important that European policy should endeavour to keep this tradition alive rather than falling into a simplistic duality between commercial cinema and “auteur” cinema. The truth about Europe is that – much of the time – its “auteur” cinema is also a very sound commercial proposition. Films by Pedro Almodovar, Aki Kaurismaki or Mike Leigh still attract queues outside arthouse cinemas in Paris, Berlin or Rome.

4. **Multi-territory “studio” structures would help** - The debate on the need for larger industrial structures able to develop, finance and distribute European commercial films on a multi-territory basis needs to be re-opened. Whereas FIAPF does not believe in channelling important public resources to leverage the creation of a single studio (an idea floated during the Birmingham conference in 1998), we do think that more needs to be done to look at how a degree of public/private partnership may help some players with genuine pan-European ambitions achieve their goals. For this to occur, private sector candidates to the status of multi-territory distributor would need to be looking at a more advantageous risk/reward ratio than is currently the case. The availability of a bespoke tax break (with strings attached) may provide the incentive for such structures to emerge.

5. **Supporting sales companies would improve the performance of certain films**

Sales companies, and, in particular, small-scale “niche” companies such as Wild Bunch, Celluloid Dreams or Trust Sales (check that ?!) have built dynamic if small businesses on picking-up and selling to multiple territories, films by original, emergent directors from Europe and the Southern Hemisphere. These companies play a crucial role in establishing new film making talent by creating audience expectation and helping raise finance for subsequent projects. However, they are limited in their capacity to pre-finance projects in a risk position. An incentive scheme exists within the MEDIA Programme. In FIAPF’s opinion, it would need to be simplified and expanded in order to have the desired impact on this important sub-engine of the European film market.

---

² EFAD Common Declaration – 3rd March 2003 – press releases from UK Film Council and French CNC
6. **Film export agencies do help** - Whilst FIAPF does not believe in the concept of an umbrella export organisation for European films as a whole (the branding does not exist), our analysis of national film export agencies leads us to conclude that these can play a decisive role in driving the circulation of non-national films within the EU. Unifrance and Italia Cinema are two examples of dynamic and well-financed structures with their fingers on the pulse of the marketplace. These organisations accompany and sometimes amplify the work done by the private sector instead of substituting for it.

7. **The European film theatre needs to become a more sophisticated retail environment** – The multiplex “revolution” gave a new lease of life to the cinema experience in Europe, at a time when many prophesised its extinction. However, it is also a limited retail proposition, which works optimally for mainstream commercial cinema. The advent of e and d cinema, combined with more adventurous theatre design may usher in an era in which a more diverse mix of films can be proposed to the consumer on a cost-effective basis. The EU and national film agencies should support this trend by providing co-finance for r&d, the deployment of new screening technology and theatre refurbishment/redesign.

---

*FIAPF, the International Federation of Film Producers’ Associations is made up of thirty national producers’ organisations in twenty seven countries, including most of Europe, India, Canada, Japan, China and Argentina. FIAPF exists to defend and promote the economic and legal interests of film and audiovisual producers on a global basis. The Federation participates in the work of all leading international institutions, covering issues as diverse as copyright and neighbouring rights’ protection, anti-piracy, audiovisual technology standards and incentive policies in support of film production/distribution.*

*August 2003*