Extract from:
Josef Wutz, with the contribution de Valentin Pérez,
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ABSTRACT OF THE REPORT *of Josef Wutz* AND RECOMMENDATIONS *of Valentin Pérez*

The aim of this report by Josef Wutz is to show the present dissemination of European cinema in Europe and worldwide. For this purpose four countries – France, Germany, Italy and Spain – will be studied in detail, taking into account all stakeholders in the film industry: filmmakers, distributors, cinema operators, video content providers and public film support institutions. Recommendations will then be made by Valentin Pérez with a view to strengthening the position of European cinema.

The focus will be on **four major trends** that are currently being faced by European cinema and that may present some serious challenges.

1. European productions at record level despite unchanged market share

918 full-length European films were produced in 2005. By 2011 this figure had risen to 1,321, but their share of cinema tickets sold remained unchanged at around 25 percent. The European film market is also characterised by a high degree of concentration. Just a few films achieve large audiences and many full-length films have difficulty attracting a wide audience.

This report shows how support is now available for film production at both national and European level in order to facilitate more intensive film creation. Nevertheless, the imbalance between support for production and support for distribution seems to be a hindrance to the easy circulation and optimum success of some film productions.

2. Digitisation of the cinema landscape

There is no doubt that new digital technology has many advantages when it comes to simplifying distribution and improving the projection quality of European films. However, the weakest cinemas, which are generally the smallest ones, have difficulties in funding such investments.

3. Preservation of artistic diversity and quality

This report highlights how the European film landscape owes one of its special features to the various art house labels that guarantee the artistic and cultural value of these kinds of films and cinemas. However, these labels remain confined to national level and are subject to different criteria in each country and different levels of subsidies.

4. New ways of consuming European films

Apart from in Germany, the cinema is still the preferred location for the exploitation of films, but there are now many new channels. There has been a decline in the DVD market, and this has not been compensated for by Blu-ray sales, but there has been a general increase in the popularity of Video on Demand (VoD), although this increase has been reduced by illegal downloads.

These new developments involve **costs that are partially paid for by national film support.** The level of such support varies from country to country. For example, in 2012 the German film support institution, the *Filmförderungsanstalt* (FFA), supplied funds amounting to €76 M (without support from the local German states) whereas the CNC (*Centre national du cinéma et de l'image animée*) provided €770.36 M. At European level, European film is on average subsidised to the tune of €70 M to €80 M annually under the MEDIA programme.

These bodies support every aspect including distribution, exploitation, the video sector, promotion, new technology and, above all, production.

More widespread dissemination of European cinema in European countries and in the rest of the world would be possible if markets and national support could successfully be adapted to meet the new requirements.

This report makes **four recommendations:**

1. Improve the balance between production support and distribution support

Film creation should continue to be supported by the individual institutions, whereas current inadequate support for distribution should be increased in order to safeguard the distribution of existing European films.

2. Support cinema operators and, in turn, regulate cinema programmes to ensure stronger representation of European cinema in Europe

All cinema operators should be helped to digitise their cinemas and art house cinemas should be guaranteed specific assistance. In return, operators must commit to making European films a central element of their programmes.

3. Stimulate new distribution methods in view of digital technology

VoD is a very promising platform that should be supported. As television is still very widespread throughout Europe, public television companies should be encouraged to include more European full-length films in their programmes.

4. Take into account the cultural contribution made by European cinema to Europe's image

It should be possible to make European cinema stronger in both cultural and financial terms. Filmmakers, producers, distributors and promotion companies should be aware of the fact that Europe's image, culture and values are conveyed through European cinema. In terms of quality, this is an added benefit that should not be undervalued.