

Film  
i Väst



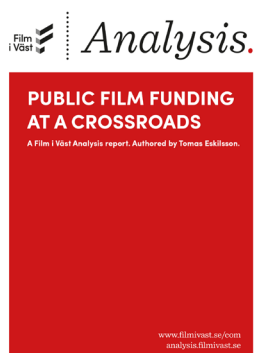
# *Analysis.*

## **PUBLIC FILM FUNDING AT A CROSSROADS**

### Appendix: The French speaking countries

**Authored by Philippe Reynaert, Xanady.**

[www.filmivast.se/com](http://www.filmivast.se/com)  
[analysis.filmivast.se](http://analysis.filmivast.se)



## ABOUT PUBLIC FILM FUNDING AT A CROSSROADS

*Public Film Funding at A Crossroads* was launched in Brussels in March 2022. It can be downloaded at [www.analysis.filmivast.se](http://www.analysis.filmivast.se). Here you also find the ten territorial reports, executive summaries, with strong links to the main topics in *Public Film Funding at A Crossroads*. There you also find **Michael Gubbin's** report *Streaming Giants and Public Film Funding*. In May, during the Cannes Film Festival, Wendy Mitchell's study *Creative Overload*, will be published at the same web site.

### Appendixes:

- Eastern Europe (Assistant Professor **Petar Mitric**)
- Flanders/Netherlands (Producer Ilse Schooneknaep)
- French speaking Europe (Senior consultant **Philippe Reynaert** in collaboration with Xanadu) - also in French
- German speaking Europe (Senior consultant **Manfred Schmidt**)
- Greece/Cyprus (Associate Professor **Lydia Papadimitriou**)
- Ireland (Dr **Mark Rainey** et al in collaboration with the WRAP Fund)
- Italy (Senior consultant **Rickard Olsson**)
- Spain/Portugal (**Belén Álvarez** et al in collaboration with Gabeiras& Asociados)
- The Nordics (**Tomas Eskilsson, Katarina Krave, Bengt Toll**)
- UK (MD **Leon Forde** et al in collaboration with OSPI)

## THE FRANCOPHONE COUNTRIES

The vast group investigated in this context includes France, French-speaking Belgium, Luxembourg and French-speaking Switzerland. Our objective (almost achieved) was to collect 50% of opinions in France, 30% in French-speaking Belgium, 10% in Luxembourg and 10% in French-speaking Switzerland. The apparent overrepresentation of French-speaking Belgium must not be attributed to the nationality of the investigator but rather to the overactivity of this small territory, which is the first co-producer of France and has in itself 3 public outlets for audiovisual funding (Centre du cinéma et de l'Audiovisuel, Wallimage et screen.brussels) and a powerful tax incentive.

From a professional point of view, the final sampling also corresponds to the objectives we set ourselves: 40% of the respondents are producers, 25% distributors, 15% theatre operators and festival organisers and finally 15% of Public Funds. The remaining 5% is divided between local television and streamers.

### 1. GENERAL CONSIDERATIONS

#### FRANCE/SMALL FRANCOPHONE COUNTRIES

We soon realized that the answers given by our interlocutors on certain points could vary considerably depending on whether they were French or not to such an extent that we had at one point considered writing two separate reports!

It is essentially on the danger represented by the rise in power of streaming platforms that the differences are glaring. Where Belgians, Luxembourgers and Swiss record the phenomenon in a certain resignation or even a desire to cooperate with these newcomers, many French professionals minimize the impact despite the great debate



*Senior Consultant Philippe Reynaert in collaboration with Xanady. Teacher in the 70's, film critic in the 80's, adman in the 90's and head of an audiovisual fund (Wallimage) during the first 20 years of the 21st century, Philippe Reynaert was also the founder and chairman of Cine-Regio, the European Network of Regional Film Funds and the cinematographic face of the Belgian public TV (RTBF) for 30 years. Today he acts as audiovisual adviser in the frame of Xanadu, his own consulting company.*

on the chronology of the media, which is nevertheless very agitated in Parisian circles.

This stronger resistance to what can, elsewhere, provoke a certain panic is explained by the solidity of the French financing model which, thanks to its unique food, via in particular a direct tax on ticketing, can provide substantial and sometimes automatic assistance such as the famous Support Fund. The performance of the French public framework explains, in our opinion, that quite a lot of our interlocutors believe that the danger of destabilization of the system is not real and that the public's enthusiasm for the platforms is rather the phenomenon of fashion that will only have a time...<sup>1</sup>

But, paradoxically, we were able to note that, on the measures to be taken in the face of the double effect of the pandemic and the development of the platforms, the proposed solutions meet regardless of the francophone territory concerned! That is why we have given up separating our report into two parts, one French and the other devoted to small territories. We will, however, point out the differences between countries when they seem glaring to us.

#### *THE STATE OF THE POST-COVID SECTOR*

Overall, the professionals say they have weathered the health crisis well and welcome the rapid steps taken by the public authorities to support them. 50% of them believe that their companies are doing well and 25% even dare the «very good»! Forfanterie or autosuggestion? Neither: it looks like the industry has shown real resilience and no one is reporting any significant Covid-related bankruptcy.

The situation seems a little less comfortable in French-speaking Switzerland. There is no unanimity of opinion to welcome the role of public authorities during the pandemic and some even develop a pessimistic or alarmist discourse...

*Before, I almost went bankrupt every six months.*

*Now it's every four months...»*

*(a Swiss producer)*

However, if we look a little deeper into this area of concern, we see that it is not only the health crisis that is at stake. Many actors in the French-speaking Swiss sector feel isolated in Europe, believing that their financing system is not attractive enough to trigger great international co-productions. And above all, they feel that they are “not interested in the platforms” while they see them investing in the German-speaking part of Switzerland.

It has already been said that the impact of the development of strea-

ming platforms, which has been accelerated by the various phases of confinement, is assessed differently in France and in small francophone countries. On the other hand, unanimity is reforming on the fact that the sector is about to undergo profound transformations in the medium term. Nearly 75% of our interlocutors agree on this point and there were none to say otherwise!

A different divide, between producers and public funds on the one hand and the other professions on the other, arises when the question that naturally arises from this profound foreseeable transformation is posed: that of the adaptation of the mode of operation. Producers (especially French) and public funds (in general) believe that they have never stopped adapting and that they will not necessarily have to change their practices significantly. The differences between French producers and those in small territories will be discussed later, But it should be noted here that distributors and independent platforms are much more worried about their future and often stigmatize the attitude of public authorities.

*We must stop considering production  
as the vault key and the room as the grail  
of any film production.*

*Independent distributors and broadcasters should be better supported  
by public funds”*

*(a Belgian independent streamer)*

We have not organized a confrontation of points of view, but we can be sure that an inter-professional debate on the issue raised by this assertion would not fail to be animated if we believe this other quote:

*“The share of revenues swallowed up by theatres  
and distributors condemns producers  
to live on crumbs left to them,  
while they are the ones who take the most risks”*  
*(a Belgian producer)*

We see it, despite the extremely insecure current context, there is no Sacred Union between the various components of the sector. Except in the particularly interesting case of structures that integrate horizontally production and distribution, or even exploitation... France is home to this kind of multifunctional group that has been particularly resilient to the pandemic.

However, the trend is developing on a smaller scale in French-speaking Belgium, where 4 production companies have recently shared

the capital of a distribution company that is strongly emerging on the market.

#### THE SECTOR AGAINST STREAMERS

It is difficult to come up with a unanimous position on this issue. Some see platforms as the Great Satan while others see their contribution as *“diversifying sources of funding and can only be beneficial.”*

Some fear the formatting of productions, while others see it as a unique opportunity to *“revive film genres that can only be financed internationally.”* Most are offended by the *“brutality of negotiating methods”* or the *“arrogance of these newcomers who know better than we do what to do or not”* when, on the contrary, a well-known French international salesman says that in a few years, *“Netflix will be remembered as an enchanted parenthesis”!* But in any case, everyone thinks that it is necessary a strong mobilization of the sector but also and especially of the public authorities if we want to avoid that the European market ends up *«in the hands of 4 or 5 American operators»*.

*“You can’t stop a wave with a stick!”*  
(a French public fund CEO)

On the attitude of public authorities towards international platforms, everyone admits that the fight is unequal given the investment capacities of each other but, failing to be able to fight on a level financial footing, the Public has a legislative power of regulation that allows, among other things, to impose on streamers a reinvestment in local production. Here the division between producers is clear: the French say they are satisfied with the way in which their government negotiated these future benefits, while the Belgians regret the timidity of their elected officials and that the Swiss Romans fear that theirs are not more valiant. The case of Luxembourg is very different since, on the FilmFund side, it is considered that *imposing platforms is a bad idea that will be paid for in the medium term because if they are forced to invest locally, these multinationals will compensate by further tightening their control over revenues and limiting all producers’ rights both in artistic terms and on their decision-making autonomy.”*

*“Between the ‘independent’ and ‘executive’ producers, a new category appears under the influence of the platforms: ‘dependent producers’”*  
(a French producer)

### *PUBLIC FUNDS: EXPECTATIONS OF THE SECTOR*

To the question of whether public funds are ready to support professionals in the face of changes in the sector, the answers are rather positive (especially in France): 50% of respondents are optimistic, 28% undecided, 22% doubtful but none is negative. As for whether, Beyond their obvious goodwill, these same public funds are ready to face these changes, the result is more mixed since the positive opinions go down to a small 33%, the undecided to 20% but that the doubtful ones climb to 38% and that there are downright 9% negative opinions. Nearly 65% of those surveyed are concerned about the urgent need to strengthen the skills of Public Funds staff if they want to remain legitimate. It should be noted that the Public Funds themselves on these questions of strengthening internal competences do not necessarily share the same point of view! Which is sometimes scary. For example, several major players in the French market see blockchains as a real solution to piracy and a fairer remuneration for rights holders, but exclaim: "With whom to talk about this in the various public offices?"

Without entering into this controversy, a much more important question arises: that of the financing of these public funds! Will it go up or down? Everyone obviously wants to bet on the first option but everyone also fears that it will be the second that ends up winning... And it is in the south of French-speaking Belgium, Wallonia, that the concern is greatest. It must be said that to the considerable economic damage of Covid19 were added the ravages of a terrible flood wave that affected 2/3 of the Region whose finances are now experiencing an even worse deficit.

*«We will not escape the return of unhealthy demagogic arguments like this:*

*should we give priority to the construction of  
a children's hospital or a mixing studio?»  
(a Belgian producer)*

We therefore thought it important to refine the research on this issue of public funding! In the medium term, nearly 41% think that they will decrease against only 23% who think the opposite! It should be noted, however, that more than one third of respondents prefer to say that *«it depends on the elections»* (France) or simply that they do not see it *«clear at all»*. At the end of the interview, we came back to the issue, but this time in the long term and there, a real touch of hope, 2/3 of the respondents remain confident and bet on an increase *«when things have calmed down a bit»*.

Although some of our interlocutors remain *“realistic rather than*

*pessimistic*” by reminding us, for example, “*Cultural competence is not compulsory in France<sup>2</sup> for local and regional authorities* and culture is too often an adjustment variable in budgetary balances, an “any economist” drift is possible”, or “as the market economy becomes increasingly important, governments may have to prioritize more ‘essential’ sectors such as health, safety or education...”, while “*the rise of populism always leads to a decrease in the resources allocated to culture,*” it seems stimulating to us to quote the main verbatim statements that accompany a return to optimism and combat:

- In **France**, there is a consensus on the defence of cultural diversity, and since the sector represents an enormous amount of employment, the public authorities will continue to increase slightly the means to face the risks.

- Without public support it is impossible to preserve the Swiss identity of the stories and their narration

- If there is no longer any long-term structuring support, we will again witness a flight of Belgian **talent** attracted by France in particular...

- It is now very important to work on the artistic justification of support for works, but systematically adding the economic dimension! We are probably at the top of a cycle. In **Luxembourg** as everywhere else...

- For the survival of auteur cinema in **Europe**, it seems essential that public budgets increase.

- Audiovisual is an area of future employment for young people and the demand for content continues to grow. Because the market is too small and fragmented, public investment will have to increase in response to the maintenance of audiovisual creation serving diversity.

- Additional means are needed to counterbalance the influence of the platforms. And be able to work with them by balancing the balance of power.

- It is a wish to be able to implement the defence of diversity and freedom of expression that can only survive if public authorities deploy more resources in an increasingly competitive and globalized context

- Public funds must be organised at European level to maintain a sufficient cultural weight (SOFT POWER) against American or Asian giants

- The social and democratic role of audiovisual and cinema is an issue that will always deserve proportionate support from public authorities

- There is a public sector “debt” to the world of culture as a result of the pandemic.

- Culture must be part of the sovereign functions of a state!



- Public funding will not decrease for the strategic and political reasons of cultural diversity and for the economic growth that the sector can represent.

- Due to the mathematical effect of the growth of the sector, aid schemes will increase. Moreover, the need to strengthen European production in the face of American-Chinese competition will make these supports indispensable and Europe will contribute more and more.

*“The public funds model is the ‘Deficit Financing’, they will have to increase their investment to compensate for the decline in TV and distributors”  
(a Luxembourg producer)*

- Governments will need to invest to offset the decline in GMs and traditional sources of funding (TV, etc.)

- We will have to rely on the mobilization of professionals and on a new element: the possibility of return on investment thanks to the series in particular.

- The market will take up more space. The state must rely more on the tool of regulation.

- Politics should re-evaluate the economic weight of culture in the broad sense!

- In absolute terms, this will increase thanks to the various incentives, but it is feared that traditional selective aid will fall

- The liberal political system will move more and more towards economic incentives

To follow up on these last two verbatim, let's now look at another divisive issue: the modalities of public support to the sector! For some producers, selective aid remains the panacea. *“Without the work of the commissions, it is impossible to bring new talents to the fore and encourage the first works”* is what is most often the case with them. But to this argument, an important fringe of their colleagues opposes another: *«We need in our business a minimum of predictability that only automatic aids can guarantee us»*. The two camps are looking at each other in the mirror, and we can see that between these two positions, many producers are not commenting on the issue and simply hope that the two systems, selective and automatic, can continue to coexist. On the public funds side, however, with very few exceptions, we cling to selectivity and advisory commissions. *“It is still the most democratic system* and, as Churchill said, democracy, though imperfect, remains the least bad system of government.” *And some even*

*definitively rule: “The automaticity of aid is not compatible with the tasks of a public service”.*

#### *WHO ARE THE REAL MASTERS OF THE GAME?*

Before moving on to the analysis by professional sector and as a preliminary conclusion on Francophone territories, let us conclude with a question that has not failed to inform the discussions: In the medium term, who will be the masters of the game in the cinematographic and audiovisual ecosystem? For more than half of the respondents, the answer is obvious (even if it is bitter): these are the international streaming platforms!

“We’re going to have to live with it”! Even more radical a French producer says:

*«Even traditional television channels will gradually become generalist platforms»*

*(a French producer)*

And many point to this profound change in usage that sacralizes consumption “on demand”. *“Young people, but not so young now, want to be able to see the images they want, at the time and in the conditions they want.”* The large platforms with their abundance of choice and portability seem to be winning the game! But there is still a small half of the respondents to oppose arguments to this irresistible rise of streamers...

One third of the “resistants” continue to rely on production houses.

*I sometimes feel like we’re walking on our heads! Platforms are never anything but*

*Super-televisions that go through copper or fiber instead of cable and microwave!*

*Their novelty and global scale make them, very temporarily, the masters of the game, but our sector has seen others, and ultimately, these platforms can only continue to exist if producers continue to produce...”*

*(a producer, distributor, French operator)*

In the same state of mind but even more radical, one participant even pointed to us as masters of the game in the medium term, the authors, stating that *«more and more, the real added value will be the originality of the contents»*.

And besides, it is not only international streamers that come to

disturb the ecosystem! The uses of traditional cinema consumers have changed dramatically during the pandemic and repetitive confinement has practically thrown them into the arms of the platforms. But we must not forget that, even before the outbreak of the virus, video games had begun very seriously to erode the market share of the 7th Art in the leisure time available. Among the youngest, gaming combined with the practice of social networks is perhaps the most powerful factor of room disaffection!

## 2. SECTORAL ANALYSES

### THE PRODUCERS

Unsurprisingly, the issue that excites producers above all others is the relationship they now have to maintain with streaming platforms.

The most pessimistic believe that *“a majority of producers will work in the executive for the platforms while a minority will try to continue carrying out independent projects.”*

Others view these two options as not necessarily contradictory: *“The platforms will be the priority gateway for ‘commercial’ projects in the good sense of the word, but there will remain a real audience for a more radical auteur cinema that always corresponds to a healthy business model. Working with platforms helps to smooth revenue and allows investments in riskier content.”*

*How will the new business model, which is gradually taking hold, affect the content of the films? We have always been in the cinema in a supply economy: is it now that, through this globalization of the audience that platforms provoke, demand will create supply? I hope that we are not going to reverse this model, which, until now, encouraged a certain boldness both in substance and form...”*

*I hope we’ll still be in a possible mix  
between the platform business model  
and a more classic aggregation model  
several financial sources that guarantee  
freedom to undertake and make artistic choices”  
(a French producer)*

Most of the producers interviewed therefore bet on *«a virtuous mixture between production of films by authors supported by TV channels and public authorities and production for international platforms of high-end series»*.

Achieving this fine balance presupposes two things: to be monitored and supported by public funds in a specific way on «cultural» produc-

tion as recommended by 70% of respondents but also “*explore the possibility of federating a number of producers who could bring a sufficient number of ambitious projects to the platforms in order to change the balance of power at the time of the negotiations*”.

Regardless of the strategy being considered, *a huge majority of producers continue to rely on “upfront compensation as residual rights continue to decline”.*

This is one of the lessons of this study, which appears strongly in small French-speaking countries: the unwavering faith on which the sector has relied since the 1990s and whose credo was: “*Let us build a catalogue of intellectual property because it is it that will determine the value of our society*” is wavering! *The overabundance of platform-related productions and the obsession with novelty that is instilled in the public by feeding it with “new” and “exclusive”, is gradually demonizing existing catalogues... And little by little, copyright is fading in favor of copyright...*

A Belgian producer explains to us that in his line-up, most of the films are co-produced and that he only owns the rights for Belgium, or even the French part of Belgium. From then on, the current catalogue value of its 140 intellectual properties is now sold at around €2,000/piece. Wouldn't his company be worth 300,000 euros?! It is one of the 60% of producers who therefore resolutely opt today for custom work for platforms on which they can margin reasonably...

An uninformed observer might say that we are failing to include in the calculations of profitability the revenues reported by the theatrical releases! But here again the finding is overwhelming. Nothing or almost nothing goes back to the producer who, with rare exceptions, seems to have resigned himself to paying only on the manufacture...

*You have to reduce the gap between  
what you have to finance to enter a European coprod  
and the revenues to which your share  
of the co-production should give you the right.*

*The producer is increasingly expected to put his salary into participation while he is floating far  
into the waterfall.*

*Without these revenues, the producer cannot invest in development or ensure the survival of his business”*

*(a Belgian producer)*

So the survival would be mainly in the «collaboration» (as we used to say during the war) with the streaming platforms? Even of this some doubt today in any case with regard to cinema films! When we see the

development of new AVOD models and the integration of sport by some streamers, we can indeed wonder about the future of collaboration with platforms that, for some pessimists, *«will gradually approach, in interactive version, old models of free-TV causing irretrievably a disinvestment in the cinema»*.

We'll see it later, this perspective triggers a strong call for public funds to refocus their investments on film films to the extent that it seems possible in the near future to create a virtuous circle of financing series through sales!

Another strong demand is to increase aid for the development of scenarios but also of talent and infrastructure for filming and post-production! *“All we have left to sell are our stories and our know-how”!*

The third major solicitation for public funds is linked to the emergence of new interlocutors in the production of co-productions: financial agents and packagers. These new players are increasingly powerful and have the characteristic of being able to be (if they wish) extremely fast in their decision-making process. If public authorities want to remain alongside producers to enable them to ensure the artistic and cultural integrity of works, they must give the human means to the Funds which represent them to be able to commit themselves more quickly and with shorter deadlines than what is generally practiced today!

### THE DISTRIBUTORS

Distributors fear for their future because the public aid that has been effective in getting through the worst of the health crisis is disappearing, and it is in the coming months that they will really take the effects of the closure of the cinemas. The productions on which they had guaranteed minimums are now extremely difficult to launch on the market because the films accumulated during the confinements and, given the funnel effect that will weigh on the releases until 2022, we can fear the worst, especially for fragile works...

The competitive environment already very aggressive before the crisis, has only worsened in recent months! The power of the platforms in terms of acquisition, constitutes a threat to their business model because they win many bearer securities by making the sellers multinational offers. And yet they continue to be pressured by European producers who want their films to reach the big screen at all costs.

*«Faced with the 1500 films produced each year  
in Europe despite common sense,  
we are now forced to ask ourselves a question:  
what deserves to be shown in the room*

*and incur distribution costs?”  
(a French distributor)*

A Belgian distributor completes the thought of his French colleague: *«We continue to produce massively and when all these films arrive on the market it is a bit of a game of massacre»*. Producers should produce fewer better-funded films and public funds should encourage them to do so, while also providing real support for promotion and distribution.

In the immediate future and beyond the effects of Covid, there is no shortage of problems that distributors are facing! This goes from the disappearance of the VPF to the modification of the media chronology and yet, during the investigation we still encounter a lot of voluntarism!

*The cinema remains the engine of film exploitation.  
The VoD market killed the DVD market and  
it begins to weaken linear television,  
but it cannot replace all types of consumption  
and remains, in any case,  
limited in the "home entertainment" sector.  
Unless the pandemic makes it impossible to live a social life, the cinema will regain  
its predominant place in the life of most films»  
(a Swiss distributor)*

As we have seen in other sections, sometimes the small francophone countries express very different positions from those of the French. Thus, distributors in small French-speaking countries readily believe that *"we must remove the "anachronistic" restrictions and contractual obligations that weigh on distributors such as holdbacks and French windows"*.

On the other hand, everyone agrees that *"the dualization of the market between multiplexes and Art & Essai theatres is likely to get even stronger" and that "the public will give even more priority to safe values (the 'must-see')"*

We must do everything to *"recover the young generation"* and to do so we must better *"work on events"*, *"use social networks"* and *"master the data"* too often abandoned to theatre operators.

*"Distributors must become essential agents of promotion and be paid for it"*

We are also moving towards a dualization of the public!

At all costs, a small, comfortable and well-equipped cinema circuit

must be maintained, including, whenever possible, a restaurant or at least a bar area. Without them, we run the risk of losing the ‘grey heads’ who have become accustomed to staying at home, subscribed to the platforms and perhaps even invested in a home cinema...

On the other hand for young people who consume images at any time on their smartphones, the movie release must be similar to the concert event for which they do not hesitate to pay crazy sums. They need large rooms whose technology is in itself an event.

At the same time, for niche productions whose number continues to increase distributors should no longer hesitate to explore alternative venues (giant outdoor screens, planetarium, concert halls, etc.) The key is to maintain sales control and to focus on agility.

## ROOM OPERATORS

Operators are primarily concerned with the return of the public to the theatres after months of closure due to pandemic. They always find an appetite for cinema, especially among older people and for Art & Essai cinema. But they are generally concerned about young audiences who are massively turning to other modes of consumption (platforms, smartphones). *Today, we want everything immediately, for free, just a click away. I hope we can slow that down a little bit.*

In any case, we will not return to normal until 2023 at the earliest...

Some even refuse any prognosis *“as long as the virus is there!”*

On the other hand, all want to continue to believe that the cinema will remain dominant because it brings real added value to the film. *“Platforms are complementary to the cinema experience,”* says a Swiss operator, *“but people will always need social contacts.”* As we read earlier in the study, many producers are encouraging them!

*“I am confident that the venues will remain  
an indispensable marketing tool  
for the continuation of the film channel.  
If only for this we must protect them»  
(a Luxembourg producer)*

Today there are many films on the market. The question is how to enhance films and give them visibility, we have to make choices. Theaters cannot show all the films,” says a Swiss operator.

The plethora offer, *“in which the public no longer finds itself”*, gives rise to a ruthless competition. «Hence the importance of the editorial gesture» is estimated in Belgium.



*«We must avoid favouring only blockbusters at the expense of other films, the so-called films of diversity or difference. If France has such a high attendance rate, it's because we have a diverse offer in terms of theatres and in terms of films»  
(a large French operator)*

The audience will look for the added value of the films: a great show or an author's label.

Audiences are more and more fragmented, by affinities: *«We must watch out for different sensitivities but We must shake the public, allow it to leave its usual sphere»*,

*«There is no more room for bland films»  
(a Belgian operator)*

On the evolution of their profession, the operators seem to be divided into two categories which, curiously, do not correspond to the usual division «large groups» versus «arthouse».

On the one hand, there are those who, while being aware of market developments, do not see their operating model evolve fundamentally. *“As long as there are films to show...”*.

And then there are those who seek and experience new formulas...

They believe that movie theatres need to be more attractive and more proactive. Events must become increasingly important (*“without falling into inflation”*), but we must build “a real alternative that breaks with passive consumption of a platform”

Communication with the public is also considered hyper-important. Facing the **entertainment** (4D projections, giant screens,...) of large complexes, the smaller rooms have a card to play in terms of **infotainment**.

The editorialization of the programming and the interaction with the audience via the digital channels is a key development however, as a Belgian operator reminds us: *«Dialogue with your audience is important, but you still have to have things to say to it»*.

The pedagogical aspect should also be supported more in collaboration with schools. *“It is very important for years to come to work with young people to show them the cultural value of films.”*

Theaters must finally continue to open up to other opportunities: documentaries, the first episodes of series, live events via digital connections...

The model can also evolve into ancillary activities: room rental,



events, personalized or technical projections...

The hall must above all be valued as places of culture that can energize a neighborhood, a village, a city and its shops beyond the horeca

*“Cinemas are strategically important  
to animate city centres.  
Let us not have any more bickering»  
(a Swiss operator)*

The pandemic has pushed large studios to experiment with formulas that still divide operators. Some believe that the fight of the rooms against the day&date and for the maintenance of the windows *has become a rear-guard fight. We don't care if a film is released on a platform at the same time and in our theaters. This is not an issue; people who go to the movies will consume both.* Others, on the other hand, believe that we must put an end to the experience of day&date as applied by the studios but that *it is anyway a precautionary measure in times of pandemic. In the medium term, it is difficult to see the studios do without the 13 to 14 million dollars accumulated worldwide each year in the theaters.*

The role of distributors is seen as essential, but they are not sufficiently supported by the public authorities. *“As publishers, they bring the film to life and give it life in theatres and the media.” They must focus on marketing (and especially digital marketing) in order to create film awareness. “Unfortunately in small countries they no longer have the means to do this after paying their BF.”*

*«In the medium term, multinational platforms will be the masters of the game»* says a **Luxembourg** operator who does not despair: *«Their tendency to put a lot of money in local production can be a glimmer of hope for European production»*. According to a Belgian operator, “the room is not in a weak position in the equation”. On the **Swiss** side, it is even believed that **«We must stop seeing platforms as the big bad wolf in the sheepfold»** and we go so far as to *«look for possible synergies between platforms and cinemas»* by quoting experiences deemed positive as *«The 25th Hour»*.<sup>3</sup>

It should be noted that the rapid development of the platforms, in addition to the concerns it raises in terms of spectator mobilization, leads a Luxembourg operator to ask a worrying question about the medium term: *“Will multiplexes still have access to American films whose streamers are fond of and will they have to diversify their programming to the detriment of Art and Essai theatres?”*

As for the action of public authorities, we would like them to be more enterprising and proactive even if only at the regulatory and legislative level to avoid that it is systematically the major disruptive economic

models that prevail! We need an efficient and respected regulation system.

But financial support would also be welcome at a time when the digital projectors will have to be renewed and financial reserves have been used to counter the effects of the health crisis. And there, opinions are divided! According to a small operator *“without public aid, at several levels, we would no longer exist!”* On the other hand, the representative of a large group believes that:

*When public money is committed to farmers,  
the means are too low and focus on supporting  
local production and small-scale farming.  
But when the big ones cough, the small ones die!”  
(a Belgian operator)*

## THE FESTIVALS

Restrictions related to the pandemic have also affected festivals and markets and have led them to review their profile and methods. More and more, they are positioning themselves as an alternative, both in terms of commercial exploitation and platforms.

The hybrid solution, with a platform part, has, in some cases, reached a new audience. However, a Belgian organizer says: Completely reject online formulas. What we do is intimately linked to place and conviviality.” Similarly for markets, “human and informal contact remains very important.” Skepticism about booths and virtual markets: «Online appointments will complement really important appointments»

Reduce the veil rather than imagine ever more extensive festivals, at the risk of losing the professionals and the public. We need to spare more time for the meeting and find a more human character». The representative of a Luxembourg festival defines the festival as «a unit of place and time in which an ephemeral community is built».

The platforms do not fundamentally change the eco-system of festivals. However, some films have disappeared on the fringes of festival circuits to find themselves directly on the platform.

On the other hand, it seems clear to all that the delayed effects of the pandemic will lead to the level of the supply of accordion films by 2025. «Everything will be staggered, with a roller coaster effect». “We went from a clear chronology to something very open, very multiple, to the point that it becomes difficult to navigate, including for professionals.”

It now appears that the audience of the auteur cinema is more willing to return to the theaters or it is that of the Festivals. Hence a

certain optimism despite all noting that «There is currently a great solidarity between the various links in the chain, and much more flexibility» and the impression that «the evolution of the MEDIA program will be favorable to the Festivals».

Funding is generally expected to remain relatively stable.

*There is clearly less public money but  
the public authorities are in debt to us.  
Our sector manages cultural and economic wealth.  
A cinema or a festival in a city,  
it is a lighthouse in the night»  
(a Belgian festival organizer)*

It should be noted that the biggest festivals did not respond very much to our apology for not necessarily having a look at the public funding of the rest of the channel. The most fruitful interviews were the result of very targeted events such as the Annecy Festival, for example, which «bet on a significant return to face-to-face and a return to the volume of attendance before the health crisis».

Its director says: Although attacked not only by the Americans but also by Asians, the animation industry in Europe is hyper-resilient. And the platforms, far from being unfavourable to it, even create an aspiration effect that lets us predict that we are going towards a Golden Age of Animation Cinema both in terms of funding and creation thanks to the technological decompartmentalization with the related forms of expression! Just think of the growing use of video game engines in our industry!" *And to conclude:*

*We position ourselves as a talent coach  
and projects at all stages of development.  
The Festival does not last only the time of the Festival.  
We now use  
publishing and podcasts among others because  
we intend to be a permanent issuer for the sector»  
(a French organizer)*

#### LOCAL PLATFORMS

Independent platform operators believe that it is in their interest to position themselves differently in relation to major global platforms. In this, they reach all respondents who think 85% that they have an interest in specializing their catalog to retain a niche audience.

There is a fragmentation of the offer with a great diversity of actors (including broadcasters, festivals, operators, distributors) «Everyone

*is getting involved in VOD», explains an operator in the Benelux market*

Local and European alliances will be key. *“We need to pool acquisition and marketing costs.”*

It is a matter of finding a balanced aggregation strategy with strong editorialization. *“Too much supply kills supply but the exclusive niche is too small in small markets.”*

The trend is towards free-VOD and advertising-funded AVOD. *“This will further dismantle the system.”*

## THE PUBLIC FUNDS

The study, entitled *“Public Financing at the Crossroads”*, is the group of participants who were asked to express their expectations regarding the National or Regional Funds active in their (large or small) countries.

Everyone, of course, hopes that the level of funding for these funds will, at the very least, be maintained or even increased! But everyone knows that the risk of disengagement of public funding is very real given the state of public finances after almost two years of pandemic. To this is added for Belgium terrible floods that, this summer, have emptied a little more the coffers of Wallonia and, in focus, a possible reform of the State that could call into question some cultural institutions...

To deal with this situation, we asked all respondents, What would be the arguments they put forward as a priority to convince the higher authorities that finance the audiovisual funds to continue to consider cinema as a matter of public interest.

The argument cited as a priority by respondents is: preservation of diversity (90%)<sup>4</sup>

Next are: the employment potential and economic development of the sector (70%)

and cinema as a tool to promote a territory beyond its borders (35%)

Similarly, in the event that public funds could maintain their level of funding, we asked all participants what would be the three areas of creation that should be given priority support in the coming years?

Cinema films are largely in the lead (90%) then come documentaries (40%)

The explanations that accompany these two choices are interesting to analyze because they are very different!

The series are in the process of finding a quasi-autonomous private economic model thanks to the platforms. This is not the case (and we think it will be less and less the case) for film films that will increasingly depend on the public support needed to compensate for

the smaller traditional or toll TV contributions but also international sellers, some of whom seem to be turning into simple «brokers» for the benefit of the platforms.

It is quite different for the documentary which is a product much sought after by the streaming services which is enthusiastic even and especially for the «documentary series»...

What scares, even scandalizes true fans of the genre, is the systematic «formatting» imposed by the platforms! There is, for example, this mania, very television, to open each documentary (or documentary episode) by a series of flash-forward that announces in a thunderous way the strong moments to come! And we hardly find any documentary in SVOD that is not accompanied by a ubiquitous voice-over and so pedagogical that it quickly annoys any spectator a bit intelligent! To safeguard the interest of the genre and avoid the confusion between real documentary gaze and sensationalist reporting, public selective aid remains the only safeguard.

A third question posed to the panel as a whole sought to identify the strategic areas on which the profession would like future public policies to be based.

Again the answers are enlightening...

Top priority is given to 'talent development' (68%). Faced with the growing demand for content, the territories that want to continue to exist on the world map of production are the ones that will seduce by the concentration and quality of the talents that they have developed both artistically and technically!<sup>5</sup>

And to do that, there are not 36 ways. The two axes then voted are "the defence of intellectual property of producers" and "development aid" (tied at 59%)

The industry, while seeing the short-term benefit of working in quasi-executive production for the platforms, intuitively feels that in the medium and long-term, it is necessary to preserve independent productions anchored in their territory and to do this requires better support upstream of production!

\*

\* \*

That is what the profession expects from those responsible for public funds, but what is their state of mind? Do they feel they are at a crossroads? The answer is yes! If, as we wrote above, they have the skills of their collaborators, a better image than that of the profession, they do not, however, have blinkers and know that, in the near future, *«it will shake»!*

All say they are ready to adapt to changes in the sector! But, (is it a stroke of fatigue coming out of this long pandemic?), they see a lot of obstacles to the necessary transformations...

Among the obstacles cited, the first is quite spicy: We are ready to move and even to revolutionize our modes of intervention. But it is the sector that is incredibly conservative!" *As for the other factor of discouragement, it is even more worrying: Our work has become too political. We depend too much on decisions made by elected officials who try to put themselves forward without necessarily fully understanding what the real stakes of the sector are.*" "Audiovisual policies are like hens that would discover a square egg."

But the bosses (and the bosses!) of the Fonds that we interviewed (5 in France, 3 in Belgium, 1 in Luxembourg and 1 in Switzerland), do not disarm!

Most feel that they do not have enough financial means to cope with inflation in production costs. Making films is becoming more and more expensive! *Even in the East now... The additional costs associated with Covid will no doubt continue and health measures will continue to slow down filming, which will also lead to additional costs. Moreover, the general economy of our countries affected by this crisis will gradually enter an inflationary movement, it is to be feared that, even if our subsidies are maintained, we will record a relative decline in our share capital.*"

And the same to add: The answer is undoubtedly in creativity and boldness. We must now take into account the new forms of audiovisual expression to which young people naturally turn because they are financially very accessible. Like podcasts for example».

All also voted (with one exception) for maintaining or strengthening selective aid systems. They understand the comfort that automatic aid systems offer producers but want to keep their investments strategic. They follow the opinion of the profession which asks them to concentrate the aid on the cinema of author, on the other hand the very notion of author divides and little even annoy!

*I am ready to declare in favour of auteur cinema,  
if everyone agrees that  
Julia Ducournau's cinema is emerging  
from auteur cinema»  
(a Director of a Belgian fund)*

"The films we support must also reach out to the public," "Any film, no matter how cultural, must also be popular. If we consider that this is impossible and that we are not going to succeed, then we must switch

to an economic model similar to that of the theatre.” «Film schools have a great responsibility: the students who enter her home with Star Wars in mind, are trained to come out of it by making a social intellectual cinema likely, they think, to please the Commissions»...

No doubt, times change...

\*

\* \*

### **GUY DALEIDEN (Filmfund Luxembourg)**

#### ***FEET IN THE DISH OF TERRITORIALISATION!***

The boss of the Fonds Luxembourgeois has never had his tongue in his pocket but he did well there! In July 2021, on the occasion of the Cannes Film Festival, he gave the magazine *«Ecran Total»*, an explosive interview titled *«Certain regions demand returns far too high»!*

The Luxembourg film sector is essentially dependent on international co-productions and has obviously suffered from the closure of borders with Canada or Ireland and the difficulties of circulation on the old continent. But since this difficult period required more flexibility in order to cope with the situation, Guy Daleiden has learned lessons that he intends to share with as many film funding partners as possible. Instead of moving teams from one country to another, we could consider touring more in a country while having the same financial return. Thus, with the Netherlands, we have reached an agreement not to find our expenditures in Luxembourg on a per-film basis but over a period of two to three years and on several productions. What we give up on one side, we could find on a next film». *But he doesn't just set a good example, he goes on the offensive: «Some countries or regions demand far too high returns» which, in the end, become obstacles to co-production.*

And in Venice, in September, he did it again! In the company of his accomplice, Bero Beyer, the recent boss of the Nederlands Filmfonds, he launches before a European association of producers delighted to hear him, a call to limit the requirements of territorialization of expenditures, Recalling that in Luxembourg they are at a ratio of 1 to 1.

Even more so, the two comrades are “greening” their discourse:

“Is it not absurd to ask productions to limit their carbon impact while forcing them to travel hundreds of kilometres, just to fill the specifications of local public financiers?”

The debate is on!

\*

\* \*



### 3. CONCLUSIONS

“Everything is going to change, but we have to rely on the collective intelligence of the sector to keep the cinema shining!” That’s a statement we would like to be able to subscribe to— But it is no longer time to hide our faces and the voluntary speeches, this time, will not be enough to restart the economy of our sector...

As soon as the profession recovers from the painful blow of the pandemic, that it must confront the unknown concerning the mosaic of media consumption patterns by an audience that the repeated confinements have pushed into the arms of platforms and towards interactivity. It is not only a matter of seeking the audience but also and above all renewing it! Set a course for the kids!

To help the sector meet these challenges, public funds will have to relax and speed up their procedures, open up to new forms of expression, finance fewer projects but finance them better... Finding a way to support dissemination in a less anecdotal way than now....

On the vast French-speaking territory, we feel that even France, the flagship country for all of Europe but lagging behind in this respect compared to its French-speaking Belgian «satellites», French-speaking Switzerland and (to a lesser extent) Luxembourg, begins to integrate the absolute necessity of co-productions not only to share the growing financial burden with other partner countries but also to ensure the dissemination of the supported works.

*“Faced with the platform economy,  
it is up to us to (re)build a network economy”  
(The coproductions manager of a french filmfund)*

We feel that a genuine European cultural policy is in the process of finding its second breath: let us bet more than ever on cross-border alliances.

Faced with the audiovisual fast-food promised to us by the streaming giants, it will be necessary to play tight to preserve cultural diversity, «an argument that would not be allowed to be stolen by the platforms!», because of course nothing is ever binary, black or white. “Since it is impossible to establish any kind of balance of power with this opponent backed by GAFAs, perhaps we should try to tame him?”

With this in mind, it becomes clear that the main objective of public support organizations must be to develop and stimulate the artistic and technical talents that now form the basis of our resistance, beyond the immediate economic benefits. Of course, one cannot imagine a national or regional government, financing an audiovisual fund from which it would derive no benefit but it is on this very notion of surplus



value that it is urgent to reflect and convince! If we want our territories and peoples to continue to exist through the narratives that stage them, we must admit that the image and sound industry has become globalized: it is no longer necessarily the direct contribution of cash that will attract the big co-productions but rather the human and technical resources that we will have tomorrow. This is why public funds must continue to support local productions by judging them by their structuring dimension and mobilizing young talent.

In the aftermath of the pandemic, the industry's awareness of the reality of the market must be harnessed: we must urgently enter the "fight for survival" mode if we want to continue to exist.

*In any case, there is no point in doing anything  
as if we were still before!"*  
(a Swiss producer)

#### **Notes:**

1. Feature films generate financial support through their commercial exploitation (theatre, TV, etc.). The sums calculated are entered in the accounts opened at the CNC on behalf of the production companies and can be mobilized by the producers to invest in the productions of their choice.

2. The same applies to the regions of Belgium.

3. The Twenty-Fifth Hour is a device allowing cinemas and other cultural places to ensure an online continuity of their activities and to maintain the virtuous ecosystem of the cultural network. This device was implemented on March 18, 2020, in response to the closure of French theatres due to the COVID-19 pandemic. The functioning of La Vingt-Cinquième Heure is based on the following principles: It allows to broadcast online, at fixed times, cinema screenings (or concerts, plays, operas, conferences etc) in geolocated virtual rooms, limiting public access to their local cultural sites. Unlike VOD platforms, the proceeds are divided between the cinema (or other cultural venue), the rights holder and the Twenty-Fifth Hour.

4. There is only one dissenting voice on this very politically correct argument, that of the director of a Belgian public fund who is probably rightly concerned: "The demands for diversity are going to be increasingly pronounced: how can this legitimate requirement be reconciled with the freedom of creation?" Could we go so far as to impose quotas?

5. Note that to the arguments of attractiveness that represent artistic resources and technical know-how, the regional funds would certainly have added, a few months ago, the variety and quality of their rural or built landscapes! A technological novelty, the appearance of the so-called «Volumes» Studios equipped with wall of LEDs instead of green backgrounds, alerts some managers who consider the virtual capture of their natural scenery heritage!

#### **Participants:**

Liza Benguigui Duquesne Présidente Odyssee Pictures  
Alain Berliner Administrateur Gérant Creative Hours  
Nathalie Bremond Responsable fonds de soutien long-métrage fiction ALCA  
Jeanne Brunfaut Directrice Centre du Cinéma et de l'Audiovisuel  
Emile Bugès Directeur Festival Visions du Réel  
Sébastien Colin Chef du service Cinéma, Audiovisuel et Gaming Région Ile de France

Jean Cottin Producteur Les Films du Cap  
 Guy Daleiden CEO FilmFund Luxembourg  
 Henri de Gerlache Président Cinéma Galeries  
 Stephan De Potter Co CEO Cineart  
 Tanguy Dekeyser Programmateur Proximus TV  
 Jean des Forêts Gérant Producteur Petit Film  
 Maxime Dieu Délégué général Festival International du Film de Mons  
 Laurent Dutoit PDG Agora Films  
 Anais Emery Directrice Geneva international Film Festival  
 Erna Epelbaum Directrice CineVital  
 Eric Franssen Directeur Palace  
 Laetitia Galitzine Productrice Chapka Films  
 Philippe Germain Directeur Général CICLIC  
 Fabrice Goldstein Directeur général Karé Productions  
 David Grumbach Président BAC Cinéma  
 Dany Habran Ex-Directeur Suavenière  
 Stephane Huard President sony pictures entertainment france  
 Marc Janssen Head of fiction RTBF  
 Alexis Juncosa Directeur Lux City FilmFest  
 Max Karli Producteur & Gérant Rita Productions  
 Maxime Lacour CEO Sooner  
 Pierre-Emmanuel Le Goff CEO La 25ème Heure  
 Romain Le Grand Président Marvelous Productions  
 Hervé Le Phuez Programmateur Festival Internationa du Film de Namur  
 Vincent Leclercq Directeur de la Transformation CNC  
 Philippe Logie Directeur des acquisitions et coproductions Be tv / V00  
 Noël Magis Managing Director screen.brussels  
 Mickaël Marin CEO Festival d'Annecy - Citia  
 Hervé Millet Gérant DESTINY FILMS  
 Virginie Nouvelle CEO Wallimage  
 Xavier Pattaroni Programmateur Cinemotion  
 Bruno Plantin-Carrenard Directeur UGC Belgique  
 Patrick Quinet Administrateur Délégué Artemis  
 Vincent Roget CEO Same Player  
 Christophe Rossignon Producteur Gérant Nord-Ouest  
 Jean-Yves Roubin Gérant Frakas srl  
 Gérard Ruey Directeur Consultant  
 Karin Schockweiler Chargée des Coproductions FilmFund Luxembourg  
 Carole Scotta Co-gérante et fondatrice Haut et Court  
 Nicolas Simon Directeur Utopolis  
 Bastien Sirodot CEO Umedia  
 Patrick Sobelman Producteur Agat Films / Ex Nihilo  
 Nicolas Steil President & CEO Iris Group  
 Alain Sussfeld Administrateur UGC France  
 Jani Thiltges CEO Samsa  
 Christian Thomas PDG Imagine  
 Patrick Vanden Bosch CEO Belga  
 Olivier Zegna Rata Délégué général Syndicat des Producteurs Indépendants  
 Jeremy Zelnik Directeur Industrie / Co-fondateur Les Arcs

## Notes

1. Les films de long métrage sont générateurs de soutien financier du fait de leur exploitation commerciale (salle, TV, etc.). Les sommes calculées sont inscrites sur les comptes ouverts au CNC au nom des maisons de production et peuvent être mobilisées par les producteurs pour investir dans les productions de leur choix.
2. Il en va de même en Belgique en ce qui concerne les Régions.
3. La Vingt-Cinquième Heure est un dispositif permettant aux cinémas et

autres lieux culturels d'assurer une continuité en ligne de leurs activités et de maintenir l'écosystème vertueux du réseau culturel. Ce dispositif a été mis en place le 18 mars 2020, en réaction à la fermeture des salles de cinéma françaises en raison de la pandémie de COVID 19. Le fonctionnement de La Vingt-Cinquième Heure repose sur les principes suivants: Il permet de diffuser en ligne, à horaires fixes, des séances de cinéma (ou des concerts, pièces de théâtre, opéras, conférences etc) dans des salles virtuelles géolocalisées, permettant de limiter l'accès du public à leurs lieux culturels de proximité. Au contraire des plateformes VOD, les recettes sont réparties entre le cinéma (ou autre lieu culturel), l'ayant-droit et la Vingt-Cinquième Heure.

4. A noter une seule voix discordante sur cet argument très politiquement correct, celle de la directrice d'un fonds public belge qui s'inquiète probablement à juste titre : « Les exigences en matière de diversité vont être de plus en plus marquées : comment concilier cette exigence légitime avec la liberté de création ? ». Ira-t-on pourrions jusqu'à imposer des quotas ?

5. A noter qu'aux arguments d'attractivité que représentent les ressources artistiques et le savoir-faire technique, les fonds régionaux auraient à coup sûr rajouté, il y a quelques mois encore, la variété et la qualité de leurs paysages ruraux ou bâtis ! Une nouveauté technologique, l'apparition des Studios dits « Volumes » équipés de mur de LEDs en lieu et place de fonds verts, alerte certains responsables qui envisagent la capture virtuelle de leur patrimoine de décors naturels !

