



Supporting Film Distribution in Europe: Why Is Overcoming National Barriers so Difficult?

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1 EU Support for Film Distribution: A Residual Issue?

MEDIA and *Eurimages* are well-known supranational programs offered by the *European Commission* and the *Council of Europe* which aim at promoting the European film industry by encouraging the production and distribution of films and fostering cooperation between professionals. Since they were introduced (1991 and 1989), both support programs stress the importance of domestic and cross-border distribution of European films. Ever since, they argued that film support is meaningful only when all parts of the value chain and not only production, the dominant form of support to film, are addressed (De Vinck, 2014; Henning & Alpar, 2005).

However, more than 25 years later, European audiovisual markets are still fragmented and characterized by significant differences in market size, export capacity, culture, and language (Bergfelder, 2005; Bondebjerg, Novrup Redvall, & Higson, 2015; Pauwels, 1995); theatrical exhibition in Europe is still dominated by US blockbusters, important cinematic works still do not find their way to national audiences, and the distribution of European films outside national borders remains relatively low (Fontaine, 2016; Grece, 2016). Today, European film distribution is scattered over various European distributors, with a few larger players (e.g., *StudioCanal*, *Pathé*, or *EuropaCorp*) producing and distributing European productions on a large scale, a limited number of successful European distributors specifically prioritizing European titles (e.g., *The Wild Bunch*), and a larger number of over 180 other small European film distributors (see Lange, 2017).

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Despite the efforts of MEDIA and *Eurimages* (De Vinck, 2014; Herold, 2010; Sarikakis, 2007), however, the highest levels of support are still found at national level. To bring the numbers into comparison, as far as budgeting is concerned, the annual budget volume of the *French Centre National du Cinéma* (CNC) (around 630 million euros) comes close to the budget of MEDIA (824 million). Yet, MEDIA spreads over a budget period of 6 years and targets more than 28 countries.

With regard to national film support, this much is clear: most existing mechanisms were developed gradually after World War II in an attempt to tame the dominance of the US film market in cinema and video rental markets (Ezra, 2004; Mattelart, 2000). Support was therefore aimed at protecting sufficient volume and handed out as *direct* state subsidies to film productions (Council of Europe Film Policy Forum, 2008), with the exception of some larger European countries that also included funding for film distribution. Moreover, significant differences in the scale and diversity of policy support (e.g., support for subtitling, promotion, theatrical release, co-productions, etc.) parted larger EU Member States from smaller ones (Elsaesser, 2005; Olsberg-SPI, 2012; Schooneknaep & Pauwels, 2014; Sparrow, 2007).

In this context, we will address the issue of national support for film distribution in Europe. We ask why cross-border distribution is still a “residual issue” in the EU policy framework. For this, we will discuss some main “structural barriers” for cross-border distribution of cinematic works that hinder their EU-wide distribution. Then, we will describe the various forms of distribution support as part of a larger “audiovisual policy toolkit” (Grant & Wood, 2004; Pauwels, 1995; Raats, Evens, & Ruelens, 2016). Building on our typology, we will then present the findings of a large-scale comparative analysis of all distribution support mechanisms in the EU28. This analysis was conducted in the context of the EU-wide HERA-funded MeCETES research project (2014–2017), a consortium between the University of York, the University of Copenhagen, and the Vrije Universiteit Brussel. It analyzed national and European policies to improve cross-border distribution of film and television works.¹ In more detail, we analyzed (a) the extent to which national support schemes have included measures to enable domestic and cross-border distribution of film, (b) to what extent these support measures take the form of direct subsidies or indirect forms of support, and (c) how differences between larger and smaller European countries in terms of the scope and volume of distribution support have been accentuated in the EU28.² As a result, we found improvements in developing support mechanisms that target both domestic and cross-border distribution; nevertheless, domestic production remains the dominant support focus of national film funds, with distribution support being restricted to promotion and marketing rather than substantial support for theaters, distributors, and online platforms.

¹<http://mecetes.co.uk/>

²The analysis included the UK as part of the European Union. We therefore refer to EU28 here.

In all, we will argue in favor of an approach that stresses the importance of distribution support. Notably, however, we posit that a *wider* and *more coherent* “audiovisual policy toolkit” is much needed and should be introduced as new policy architecture for film in Europe. It is for this reason that we argue that the success of audiovisual policies in Europe is closely related to an effective system of distribution, which is in turn the result of an interplay between various types of resources, various levels of policy (regional, national, and European level), and a combination of support, regulatory obligations, and additional government actions (such as monitoring, research and education, etc.).

2 Structural Barriers for Film Distribution

When the *European Commission* entered the audiovisual domain in the 1980s, scholars, policymakers, and media professionals identified the main obstacles for developing a European film market (Harcourt, 2005; Herold, 2010; Sarikakis, 2007).

Most of the deficiencies result from the fragmented market structure of the European audiovisual industries, which consist of various small and a few large media markets (Lowe & Nissen, 2010; Puppis, 2009; Trappel, 2011).

This fragmented European market hampers the distribution of national works. On top, the fragmented European markets are challenged by strong competition with Hollywood productions which had penetrated the European market at a great pace since World War II (Jäckel, 2003).

Over the past decades, however, figures do show an increase in the total European market share, up to a record high of 33% in 2014 and slightly down to 26.6% in 2016 (European Audiovisual Observatory, 2017). Most of this is explained by a limited number of successful European blockbusters (such as *Skyfall*) and domestic films that are successful in their own market. The share of admissions and releases of non-national European films remains low.³ Typically, a market share of 10% is accounted for by non-national European films, a percentage largely accounted for by films from larger production markets with considerably bigger budgets (the UK, France, and Germany) (Wutz & Perez, 2014).

Economic theory identifies various barriers for market entry: economies of scale (another market realizing huge cost advantages through higher output), government regulation (e.g., quota limiting new players), lack of capital (lack of resources to enter a new market), vertical integration (the extent to which players in the other market are concentrated within larger groups), lack of know-how of markets and audience behavior (which is of particular importance in the case of film, when dealing with certainty of demand), customer loyalty (e.g., a greater adherence to national film), etc. (see, e.g., McAfee, Mialon, & Williams, 2004; Porter, 1985).

³For example, the only European films in the Danish box office top 10 of 2016 were Danish releases, *A Conspiracy of Faith*, *The Reunion 3*, and *The Commune*, respectively, first, second, and ninth (Danish Film Institute, 2017).

For our analysis, we define three barriers for European film productions that hamper domestic and cross-border distribution. We call these barriers “structural” because they come as quasi-natural constraints embedded in the economic structures of markets and are usually considered as being beyond a country’s policy control (Bain, 1954; Caves & Porter, 1977; Ramstad, 1997).

First, productions in small European markets are mostly low- to very low-budget films compared to their US counterparts. The lack of market scale of most European countries prevents European feature films to employ the same cost-intensive standards to compete with big budget US blockbusters.

The scale of the US market allows films to reach bigger audiences, hence allow bigger budgets. The 2015 *Academy Award*-winning Polish-Danish drama *Ida*, for example, had a budget of 2 million euro, whereas budgets from a US blockbuster start at 50 million. Additionally, the US system is characterized by strict control over distribution, which enables US majors to rationalize production investments in ways that big budgets are allocated to fewer titles, a prioritization of commercial franchises (e.g., sequels and remakes), and considerable budget spent for marketing. This in turn allows US companies to build up scale, spread risk, and increase audience awareness (De Vinck & Lindmark, 2012). In Europe, production and distribution are scattered over various smaller companies, with only a limited number of production companies (mostly French or British) being able to take the financial risk that big budget productions competing with large-scale blockbusters would require (Bakker, 2005; Mattelart, 2000; Vasconcelos, 1994). The lack of production capacity also makes small audiovisual markets dependent on larger neighboring countries, especially for small countries that share a language with a large neighboring one (Petrie & Hjort, 2007).⁴

Second, the lack of market size also limits the capacity to recoup revenues from domestic markets. In turn, this is not promoting sales internationally, since domestic market success for buyers of films is often a crucial prerequisite (Pauwels, 1995). It also makes it more difficult for producers in small markets to arrange presales and minimum guarantees (i.e., when revenues from selling distribution rights in a specific country are already negotiated before production starts and being included in the budget). Part of the success of Danish series as *The Killing* and *Borgen*, for example, is due to the sales of distribution rights to, among others, Germany and the UK up front (Raats et al., 2016).

Third, *cultural specificity* and *language differences* form barriers of distribution (Bergfelder, 2005; Everett, 1996, p. 23). Europe alone has 24 official languages; releasing a film across the whole of Europe thus means dubbing or subtitling in all these regions, which would increase the cost and complexity for European distributors significantly (Betz, 2009, pp. 48–56). Some markets, such as the UK, are that used to watching US and domestic films in English that a subtitled film is

⁴An example of this is Wallonia, the French-speaking part of Belgium, which shows a strong presence of French players in the audiovisual sector and a huge popularity of French television and film, thereby limiting the development of national players and domestic productions.

often immediately labeled as “art house” or “highbrow.” *Cultural differences* are not only found in language, however. Cultural sensibilities and preferences are manifold and traditionally create distance between different audiences (Bergfelder, 2005, p. 325; Gubbins, 2012). “Humor,” for example, differs significantly all around the world, even between nations who speak the same language, and is hence a difficult genre to export. “Crime and costume drama,” on the other hand, “travel” much better due to their common narrative structure, stereotypes, and recognizable features (Bondebjerg et al., 2015; Wood, 2007, p. 27).

As a consequence, European films that are successful in the European market are more often being remade in the USA even before the original versions are released in that market, because “promoting and distributing of foreign films generates less profit than buying the rights for the original story” (Betz, 2001, p. 29). This also occurs within Europe, as the example of Flanders and the Netherlands shows: both share Dutch as common language, but domestic box office successes in Flanders are more likely to get a remake in the Netherlands and vice versa.

These structural barriers usually manifest themselves more clearly in small Member States. However, market size does not automatically generate a lack of competitiveness, as the success of Danish film and TV drama productions (Bondebjerg et al., 2015; Willems, 2010) has shown.

3 The Policy Answer: Targeting Production Volume with Subsidies

The need to establish some sense of “cultural support” to protect markets from foreign dominance in cultural terms, as well as the recognition of feature film as an art form, had led to the introduction of national support policies across Europe after World War II (e.g., Hedling, 2013, p. 95). Until the end of the 1980s, European countries traditionally lacked coherent mechanisms to stimulate and support national audiovisual industries (Hannerz 1992; Pauwels, 1995; Straubhaar 2003, 2014).

When looking at the extent of national support to film, size differences in EU Member States were significant in the 1980s. Whereas bigger countries such as France markedly invested in a coherent policy toolkit consisting of quota for exhibition, direct support, tax credits, and a levy on, among others, cinema and cable distribution (Kerrigan & Ozbilgin, 2004), smaller countries, on the other side, suffered from a lack of a combination of direct and indirect support measures. Countries such as Belgium (and mostly the Dutch-speaking part Flanders), Greece, Portugal, and Ireland had been lagging behind in terms of support mechanisms for a long time (Pauwels, 1995, pp. 348–349) and focused mainly on safeguarding production volume in the domestic market. Indeed, ironically, support for distribution was restricted to markets that required it less than their smaller counterparts.

The preference of policymakers to support production in the form of selective subsidies to single projects was common in most European countries. This included support for preproduction, script writing, and production development. Only some large countries had co-production schemes. Involving more producers from different regions/countries also allows an increase in the available budget as well as increasing

the number of markets to release the film (Dibie, 1992; Hoskins, McFadyen, Finn, & Jackel, 1995; Kerrigan & Ozbilgin, 2004). Where available, distribution support mostly consisted of funding for dubbing and subtitling. Only a few countries supported cinema owners directly. Additionally, public broadcasters were often entitled a role in film production too but often lacked incentive to invest in cross-border productions given their focus on national audiences and steady income flow.

Besides these forms of support, some European countries—among others France—had already installed quota systems to guarantee production and distribution of domestic audiovisual content. The aim here too was safeguarding the volume of national film industries against the perceived dominance of US productions. But, as demonstrated in the 1990s, these quotas were not always tied to coherent support policies and therefore often missed their target. Biltreyst, Pauwels, and De Vinck (2007), for example, describe how European investment quota leads to “quota quickies”: cheap productions programmed outside of prime-time slots to reach the quota but barely attracting any audiences.

4 The “Audiovisual Policy Toolkit”

Grant and Wood (2004) coined the term “cultural policy toolkit” to describe the combination of regulatory and support mechanisms in the cultural industries. The cultural policy toolkit includes direct government support, public service broadcasting, and quota and regulatory measures to sustain cultural diversity (see also Donders & Raats, 2015; Humphreys & Gibbons, 2011). Building on this, we develop the concept of “audiovisual policy toolkit” to describe the full portfolio of incentives policymakers better apply in order to support audiovisual markets and sustain the production and distribution of, among others, cinematic works. Describing the audiovisual policy toolkit requires a cross-sector approach that transcends traditional divisions between ministerial departments and different policy levels (supranational, national, regional, and local). As such, we discern five types of support, as presented in the table below (based on Pauwels, 1995): (1) measures to increase direct (commercial) value, (2) subsidies, (3) participatory financing/auto-financing, (4) fiscal measures and investment stimuli, and (5) other general economic incentives.

4.1 Distribution Support Within the Audiovisual Policy Toolkit

The categorization above provides a number of important elements for further analysis of distribution support mechanisms. First, it shows that support to film industries combines both funding and regulatory measures and a series of direct support (i.e., money invested in productions) (*type 2*) or indirect mechanisms (e.g., obliging cable distributors to contribute to media production) (*type 3*). Additionally, it shows how support mechanisms can comprise of *support for content* and measures developed as *support for context*. The latter includes support for aspects surrounding the content, such as subtitling, but also funds for award campaigns (*type 1*), developing tools for increasing media literacy, etc.

The categorization above also shows how measures aimed at production and distribution are inextricably linked. Production support, for example, can be tied to obligations to include a minimum number of distribution partners (*types 1 and 2*); public broadcasters' remit could include investment in film in the form of buying television rights (i.e., increasing domestic distribution) (*type 1*) (Broughton Micova, 2014); tax breaks aimed at production might also increase national interest (*type 4*) due to the location where the shooting took place (Olsberg-SPI, 2014).

The conceptualization of audiovisual measures as policy toolkits thus serves our overarching approach to reveal the complexity of distribution-enhancing policies. In our analysis we identify different forms of distribution support within the first two types in Table 1. Our analysis looks at support mechanisms rather than regulatory options and does not include quota for cinematic distribution (i.e., regulatory measures to oblige film exhibition to have a minimum percentage of a certain type of films, most commonly domestic or non-national European films).

The following categories of distribution support mechanisms are thus included:

1. *Support for distributors*: Direct support for distributors aims to increase the acquisition of films for national or international distribution.
2. *Support for exhibition*: These include specific measures such as subtitling and dubbing support, support for digitization of cinemas, and support to create the digital file that can be electronically transmitted (DCP).
3. *Support for promotion*: This includes all kinds of facilitating and logistic support for promotion of films, most commonly aimed at the international market. This kind of promotion support is often part of dedicated funds focusing exclusively on promotion and participation of award campaigns and presence at international film festivals and markets.
4. *Support for audience development*: Indirect measures aiming to improve film culture and film literacy, often integrated within the work of national film funds.
5. *Support for co-productions*: These mechanisms target development and production as well as distribution. They include co-production agreements between governments, as well as co-production funds with involvement criteria attached (such as minimum number of countries included or distribution partners included) to generate a larger sale.

The categorization of distribution support presented above is used to develop a mapping of all EU Member States. Data for the mapping derives from a close reading of annual reports, government agreements, and press communication from film funding organizations, regulators, and cultural policy departments in the countries involved. Where available, data is cross-checked with additional input from websites and comparative reports.⁵ With regard to the inventory of distribution support mechanisms, a few remarks should be taken into account.

⁵For the purpose of this chapter, sources to develop the mapping were not included in the reference list.

Table 1 The European Union's audiovisual policy toolkit

	Type of support	Description	Examples
1	Measures to increase direct (commercial) revenue	Every type of revenue generated from the sales of film rights	Grants in return for guaranteeing distribution; mechanisms to enlarge export; supporting attendance at international sales events; regulation of the chronology of media and release windows; quota for cinematic exploitation in cinema, independent production, public broadcasting investments
2	Subsidies	Selective or automatic support aimed at development and distribution of, respectively, specific titles or a select period of time	Production subsidies and slate funding mechanisms for screenwriting, production, postproduction
3	Participatory financing	Contributions from multiple stakeholders (cinema exhibitors, distribution majors, retail distributors, broadcasters, cable and telecom players, advertisers and advertising brokers, hardware manufacturers, etc.) to share the burden as well as opportunities	Levies on the sale of hardware, often redistributed to authors' rights associations, or other forms of taxations on hardware, such as the private copy system for blank DVDs
4	Investment stimuli, credit loans, and other fiscal measures	Benefits for (private) investors in audiovisual works in the form of fiscal advantages or beneficial loans	Tax shelter systems Tax credit systems
5	Other general economic incentives	General instruments to stimulate expansion with specific sectors, branches, or types of companies or the formation of public-private partnerships in the audiovisual sector	Support for entrepreneurial training, support for public-private partnerships, support for start-ups and spin-offs, support for SMEs

Source: The authors

First, note that limited accessibility of data prevented the same consistent and systematic mapping for all mechanisms, as not all Member States publish consistent data that is publically available. Moreover, differences in language restrict analysis of various research sources and grasping the complexity of all available forms of support.

Second, over the past 20 years, the European Union has been extended with an extra 13 Member States, a combination of small (Malta, Cyprus) and larger (Poland, Romania) audiovisual markets. Comparing policies in 2016 with policies developed in the 1980s and 1990s thus means comparing with a European Union that only included 15 Member States.

Third, we define larger and smaller countries based on population size. However, this is not the only defining feature characterizing the size of a country. Indeed, countries that are considered small are usually, but not necessarily, countries with a small number of inhabitants, and according to Hallin, more variables need to be taken account to be able to assess country size fully (Hallin, 2009, p. 101). Nevertheless, it is a useful indicator since it directly influences the size of media markets (Puppis, 2009, p. 8). We define countries with over 14 million inhabitants as “large.” This also allows us to include the Netherlands (with a population of 17 million) as a large country.

Fourth, besides all policy mechanisms supporting distribution, one should also take into account the various initiatives enhancing distribution that stem from the strategies of the market players themselves, such as investments of private broadcasters into domestic film.

Finally, note that a developed and diversified toolkit should not be considered a panacea of successful cross-border distribution. While our analysis revealed that strong markets often rely on diversified “audiovisual policy toolkits,” mapping the scope and number of distribution support measures is not enough to assess the effectiveness of policy support. Other variables, such as volume of funding, number of awarded projects/companies, domestic box office, etc., should also be taken into account.

Table 2 below provides a summary of all initiatives listed in the inventory of EU28 countries.

5 Small States still struggling with distribution support

Depending on the type of distribution support, EU28 Member States can be grouped into four categories:

- (1) *Countries showing a strong emphasis on all aspects of successful distribution* (e.g., France, the UK, the Netherlands). Their portfolio consists of support for print and advertising, support for exhibitions, distribution, dubbing, subtitling, and promotion, and support for import of non-national European cinematic works.
- (2) *Countries characterized by extensive distribution support, however, focusing primarily on the national markets* (e.g., Ireland, Austria, and Sweden). The policy toolkits comprise of promotion support through participation in international film festivals but also domestic support for exhibitors and distributors.
- (3) *Member States supporting distribution primarily by promotion*. Member States assist national films to be selected in festival selections or contribute to national and international campaigns for festivals and sales. Flanders (Belgium) and Luxembourg are examples.
- (4) *Countries restricting film support to production or co-production support, without having specific distribution support* (Malta and Croatia), mainly because the amount of national productions is marginal.

Table 2 EU policy inventory

	Support for distributors	Support for exhibition	Support for promotion	Audience development	Co-production ^a		Support for distributors	Support for exhibition	Support for promotion	Audience development	Co-production
AT	X		X		X	IE	X		X		X
BE (FL)	X		X	X	X	IT	X	X	X	X	X
BE (WL)		X	X	X	X	LT			X	X	
BG	X		X	X		LV	X		X		X
CH	X	X	X	X		LX			X		X
CY						MLT			X		
DE	X	X	X	X	X	NL	X	X	X	X	X
DK			X	X	X	RO			X		
EST	X	X	X	X	X	PL		X	X	X	X
FI	X	X	X	X	X	PT	X	X	X	X	X
FR	X	X	X		X	SE		X	X	X	X
GR			X		X	SK	X	X	X	X	X
HR		X	X	X	X	SL	X	X	X	X	X
HU	X	X	X	X	X	SP	X	X	X	X	X
						UK	X	X	X	X	X

Source: The authors

^aMostly in the form of bilateral agreements and not necessarily restricted to co-productions between nations, also within regions

As shown in the previous sections, small countries have seen a much later start and made less use of the full portfolio of regulatory options. Various small Member States have been struggling for decades to establish a film fund scheme, which, assumingly, was hardly strong and stable enough to support domestic production, let alone distribution. When observing the categorization above, differences in the scope and combination of mechanisms between large and small Member States seemingly continue to exist. Prolific production markets such as France were often the first ones to introduce additional support measures (Kerrigan & Ozbilgin, 2004).

Portfolios of large countries show more diversified forms of audiovisual support and the strongest support for distribution. France has a toolkit with more than 20 initiatives aiming to enhance distribution, making it the most extensive toolkit in the EU (Jäckel, 2007). Here, the *Centre National du Cinéma et de l'image Animée* (CNC) provides support for all areas in the distribution process, ranging from incentives for cinema exhibition and digitization over film clubs and festivals to subsidies for distributors to place the films in the national and international markets. Additionally, *ACM Distribution* provides possibilities of dubbing films in other languages such as Spanish, Italian, and German. This works in combination with *UniFrance* that aims to promote national and international presence of French audiovisual content. The mechanisms have contributed to an excellent track record in distribution within and beyond Europe. The national market share for French films of 40% and the high amount of French films in the list of most successful European films that circulate outside national borders can account for that (European Audiovisual Observatory, 2015).

Similar discrepancies between larger and small countries are seen in the countries that entered the EU in the 2000s. The large Member State, Poland, for example, could work on national exploitation of content, national and international promotion, supporting dubbing and subtitling, print and advertising, and the creation of master copies. Note that Member States such as Poland or Hungary already had strong film funds that predate their entrance in the EU. Small new Member States (Cyprus, Malta, Latvia, etc.) have a less developed policy toolkit and focus on creating qualitative content through a structured film fund. Lithuania, for example, established a film fund not earlier than 2012, again targeting production rather than distribution in its funding schemes. However, these countries also often lack structures for domestic film production, which makes distribution mechanisms hardly of any use. Cyprus, for example, only provides a limited amount of production support, i.e., for one or two films a year.

Differences have reduced over the years, however. Small countries have increasingly included specialized incentives for national exploitation and promotion. Ireland, for example, has set up support for distributors to cope with release costs (print and advertising, trailers, market research) and measures to help Irish producers market their film if they had not yet secured a distribution deal. Others have been investing more in support measures surrounding film production and distribution, without directly subsidizing acquisition of rights. Sweden has heavily invested in film literacy and audience development measures, and Flanders (Belgium), while not directly including distribution in the film fund portfolio, has

established Flanders Image as part of the *Flemish Audiovisual Fund*, to actively promote film festivals and international sales and take part in promotion campaigns. Since 2017, the fund also provides limited support for distribution of specific Flemish films in domestic theaters.

6 From Content to Context Support

In the 1990s, support showed a preference of support measures for financial subsidies, with the national development of the audiovisual industry and the domestic market as the prime focus (Kerrigan & Ozbilgin, 2004). Other direct measures existed in the form of support for dubbing, subtitling, and the creation of master copies. Indirect support mechanisms (such as distribution obligations for co-productions and release quota in cinemas) existed in larger countries such as France. Over the years, initiatives such as these, mainly targeting the *context* surrounding the audiovisual works rather than *content*, were increasingly integrated into the portfolio of national film funds. This was especially the case for support for promotion. In most cases, this entails additional grants awarded after the production of the film and is thus not included as part of the strategy when development of the film has started.

Supporting the context also entails support mechanisms for digitization of theatrical release. Various countries including France added direct support for digitization of smaller and art-house cinemas to their toolkits in the 2000s to ensure qualitative distribution. However, this one-time-only financial support often remained quite limited, and in a lot of cases, analogue screens were only partly replaced in smaller cinemas, which is not sufficient to provide structural aid for these small enterprises.

Yet another form of distribution support gained importance in recent years, i.e., audience development schemes (e.g., Finland, Ireland, Denmark). These indirect support measures have been added to the support kits of national film funds over the years, but the budgets made available for audience measures are often disproportionate to their ambitions; they are often project-based and hence lack a structural basis. As such, they offer an additional “extra” to film fund schemes, rather than making up a structural resource for supporting distribution.

In the 1990s, toolkits targeting distribution of films primarily focused on stimulating export of domestic films. Today, 15 out of 28 Member States provide funding for national exhibition. Films are produced for local markets, so they aim to generate the widest possible audience at home. Promotion and distribution are therefore aimed at generating domestic revenue, with promotion support from broadcasters and cinema exhibitors. However, if a film is expected to generate large revenues in the home market, producers and sales agents seek potential in broader distribution at international markets such as the European Film Market in Berlin or the *Marché du Film in Cannes* (often in combination with support from the MEDIA program). While a focus on domestic markets remains dominant, EU28 does show an increase in promotion activities aimed at European and international sales.

Twenty-six out of the 28 countries support their respective markets with promotion mechanisms, either through logistic support within a film promotion agency such as Flanders Image in Flanders or by awarding international distributors financial support to acquire domestic films (e.g., *The Dutch Film Fund for International Distribution and Dubbing*).

What our inventory of distribution support mechanisms also showed is that distribution is indeed still often considered from the perspective of export only, or in other words generating scale by expanding markets. More exceptional is support for non-national European films in the domestic market. Six countries allow distributors to apply for funding for non-national European films, with the prime objective to generate a richer and qualitative film culture: France, the Netherlands, the UK, Spain, Greece, and Finland. In Greece, the *Hellas* label acquires international titles for domestic exhibition. In the UK, international productions could be awarded a *Breakout*, *New Model*, or *Sleeper Award*, allowing investments in advertising and new distribution platforms. Spain, the UK, and Finland have also expanded support for dubbing, subtitling, and print and advertising to include films from other Member States.

Finally, irrespective of the size of the country, most countries share a continued investment in co-production schemes. Additionally, they work together through bilateral agreements. France is involved in many of these, e.g., with Italy and Germany; Flanders often co-produces with the Netherlands; and Scandinavian countries are connected through the *Nordic Film Fund*. Most of the EU Member States also participate in the *Eurimages* program.

7 Conclusion: Distribution Support Remains Critical

This chapter aimed to determine to what extent distribution support genuinely forms a part of national policy toolkits. It questioned whether policies have effectively developed into diverse-layered and coherent policy toolkits that could enhance the distribution of films across the European Union.

In diversifying their audiovisual toolkits, initiatives from European funding schemes such as MEDIA were often looked at. However, despite this harmonization of toolkits for distribution support, many of the thresholds that existed in the 1990s still exist today.

Nevertheless, our study shows a series of changes with regard to policy measures for distribution. Comparing EU28 Member States with existing literature on EU15 in the 1990s, the evidence showed that Member States' toolkits have, firstly, increased the emphasis on distribution mechanisms; secondly, Member States have diversified their policy toolkits with a combination of measures directly and indirectly targeting distribution, most often by facilitating the conditions for distribution. Thirdly, there is an uptake in efforts to enhance cross-border distribution, especially with emphasis on promotion on international markets, and fourthly, differences between large and small markets in terms of diversification of policy toolkits have slightly been corrected.

As such, our data underpins the observed shift from a relatively protectionist focus in audiovisual policies to a more integrated approach involving a combination of indirect and direct mechanisms (European Audiovisual Observatory, 2012; Lange & Westcott, 2004; Talavera, 2016). The latter approach consists of a more integrated take on distribution involving a combination of indirect and direct mechanisms and the possibility of working with and selling to fellow European countries.

Despite these efforts, the focus on distribution within European film policy remains limited. As more European films are being made annually, competing in national theaters and on VOD platforms with ever more titles, the challenges for European film distribution are considerable. National productions still struggle to cross borders and reach audiences within the *European Union*, let alone becoming global market successes. A mere focus on production might lead to strong creative content; it doesn't provide any guarantee that quality films will be a box office success. In a fragmented European film market, distribution rather than production should be put to the forefront (Cunningham & Silver, 2013). Setting out from the perspective of an integrated toolkit, an increased focus on distribution on the level of national policies requires, among others, the following priorities:

- (a) Increased effort in guiding audiences toward European films (i.e., education, film literacy programs)
- (b) Production subsidies that reward investments in scale of the production and potential market (such as co-productions or including presales of distribution rights as part of the production budget)
- (c) Increased efforts to help circulate non-national European films within European markets
- (d) Specific requirements for public broadcasters to co-invest in domestic film and program European films
- (e) Regulatory requirements to stimulate new market entrants such as *Netflix*, *Amazon*, *HBO*, and *Google* to invest in European co-productions
- (f) A rationalization of existing support measures of national film funds with an eye on long-term structural outcome, rather than project-based add-ons with limited budgets
- (g) Support building strong brands in foreign markets
- (h) Increase visibility and scale of existing—and often fragmented European VOD platforms for European film

As release windows are currently undergoing huge transitions, the question ultimately becomes to what extent national film support can adapt shifts in release windows and a shift toward a *digital single market* to its advantage or rather than losing its relevance altogether (Ulin, 2013). The proliferation of new distribution services, new market entrants, and shifting windows that resulted in the *digital single market* policy proposal of the *European Commission* increasingly urges policymakers across Europe to assess the sustainability of existing forms of national support and explore additional forms of media governance sustaining domestic

content (De Vinck & Pauwels, 2015). According to De Vinck and Pauwels (2015), in essence, two questions are crucial for the future of film distribution in Europe. First, will players succeed in overcoming traditional thresholds ingrained in the European fragmented market structure, which privileges Hollywood productions? And, second, will digital developments take away borders between film audiences that are segmented on a territorial, language, and cultural basis? A move toward less territorial restrictions and a single market for film distribution will affect national support policies, as we might expect European-level initiatives are likely to become more important to address these challenges. But at least for the moment, borders are likely to continue to play a role in film distribution.

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