

# “The European Connection” Does the audiovisual support system MEDIA empower the cross border circulation of European audiovisual productions?

A paper presented at the  
European Network for Cinema and Media Studies (NECS)  
2014 Conference

Panel D9 – Creative Europe: Transnational Patterns of Film  
and Television Production and Distribution

Universita Cattolica del Sacro Cuore, Milan June 19-21, 2014

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Suggested citation:

Schooneknaep, I & Pauwels, C. “*The European Connection*”  
*Does the audiovisual support system MEDIA empower the cross border  
circulation of European AV productions?* Paper presented at NECS  
2014 Conference. Universita Cattolica del Sacro Cuore, Milan. June 19-  
21, 2014. <http://mecetes.co.uk/outputs/conference-papers/>

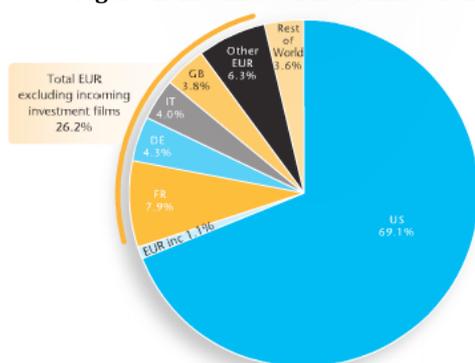
This presentation is part of the HERA project Mecetes that looks into the cross border circulation of European works; the research unit at the Vrije Universiteit Brussel approaches this subject from the policy perspective focussing on the EU policies for enhancing film & TV production, distribution and consumption in the digital era.

1. "If content is King then distribution is King Kong"  
(Cunningham & Silver, 2013, p.4)

*"L'ambivalence a duré toute la durée du comité... On était sensé apporter des idées pour faire connaître, à travers le cinéma, les activités de la CEE à l'exterèrieur. Mais nous pensions que la CEE devait aussi s'intéresser aux problèmes du cinéma"* (Batz, J-C., Colloque sur les voies et moyens d'une politique commune de la cinematographie dans le Marché Commun, Institut de Sociologie de l'ULB, Bruxelles, 24-26 avril 1968)

Distribution has been on the mind of the European policy makers since the early beginnings. During a colloquium in the 1968 at the ULB, JC Batz, president of the comity strongly emphasised that the weakness of Europe's audiovisual market lies in the circulation of European audiovisual works opposite its Hollywood counterpart and that it is the responsibility of the Community to work on these deficits by setting up a audiovisual community policy. In the present time, 40 years after the report, Europe still faces this same weakness. Almost 60% of films released in the EU are of European origin but they equal only 1/3 of all sold cinema tickets. These numbers are caused by the fact that 20% of newly released films are American productions that generate 65% of the admissions (Mediadesk Vlaanderen, 2014).

Figure 1: Breakdown EU admissioions (EAO)



The US has had a competitive advantage over the European film industry that has stagnated for quite some time, holding at the present time a market share of 69,1% opposite the 26,2% European productions have in total in the whole of Europe. One might say that 26,2% can be seen as a

sufficient market share for a market that is divided into 28 member states and almost as many languages. Within this 26,2% we can determine 4 power nations who almost completely comprise the total sum of the market share and has most films in the top box office lists. France holds the highest number, followed in consecutive order by Germany, Italy and the United Kingdom. The remaining member states share 6,3% (European Audiovisual Observatory, 2014, p.20).

The growing share that domestic films hold in their local markets can explain this percentage, which has been doing quite well this past decade. The French hold the highest local market share with numbers fluctuating between 30 and 40% (European Audiovisual Observatory, 2005-2013). A small region like Flanders also holds a firm 20% (on average 2 million admissions) market share. These numbers however do not link to excessive box office hits. The top ten of almost all member states is overruled by the same Hollywood blockbusters (*The Hunger Games*, *The Hobbit*). Only on occasion a limited amount of local productions pop up. Denmark and the Czech Republic have the highest number (five local productions while other vary between one and three local audiovisual works. Eastern European countries do even worse as their local productions don't appear in the top list. Additionally, almost none of the countries have films from other EU nations in their top films, except for Portugal and Austria. (European Audiovisual Observatory, 2014, pp.22-42). Consequently a high local market share does not equal a sufficient market share for audiovisual content from fellow member states. The non-national films often hold a market share under 10%.

Only occasionally non-national films break through the borders and reach more viewers than the average. This happened with films such as *Intouchables*, *The Girl with the Dragon Tattoo*, *Melancholia*, *And The Artist*. But also with films such as the *Harry Potter series*, *Skyfall*, *Taken 2*, *Resident Evil* and *Perfume* where one could say that "the euros learn English with a Hollywood accent" (Variety, October 31- November 6, 2011, p.18). The films listed above could be defined as a Hollywood blockbuster in theory due to the language and actors but is in fact paid and produced by local European studios but than distributed by the American studio's such as 20th Century Fox. In numbers this causes a false positive, as these films are not representative of the success of national cinema in their native language with their own talent. This trend can also be brought back to the strong presence of the tax shelter measure in several EU countries, as they open their beneficial market for the international productions.

The sector is more or less "handicapped" in distribution caused by the inherent structure of the European film industry i.e. the fragmentation, cultural diversity, language difference, national ideas of audiovisual support. The US can hold on to this cultural advantage due to their extensive English speaking home market, their worldwide distribution network, huge marketing budgets, and their vertical and horizontal integrated major studios (Everett, 1996, p.23; Wood, 2007, p.2). Europe on the contrary is scattered with 28 different home markets all presenting in their own language, a great amount of production and distribution companies dealing with one small part of the market and the necessity for state support as market forces are in a constant flux.

2. "European cinemas share a set of common problems and needs rather than a common culture" (Wayne, 2002, p.27)

The European Union is a construction consisting of 28 member states, with steep difference on a political, economical, social and linguistic level. Consequently they have created their own identity, "a patchwork of individual ways of entertainment" (Sorlin, 1991, p.3) and thus have a fragmented market on both the production structure and cultural framework (Commission of the European Communities, 2004, p.2) The local industries are determined by the national contexts, most of them with a strong tradition of state support as small national industries would not have survived the immense wave of international blockbusters being left to market forces alone (Jäckel, 2003, p.1-4). This brings us to the first aspect of the fragmented market; financially there is no equality. Each country chooses what can be devoted to film production in combination with the chances for private investment, which results in major budget fluctuation between member states. The attribution of the state support is largely based on prioritizing content that brings the national tradition and culture to the forefront. Additionally there are also differences in the "working practices, philosophy, labour costs and technical facilities that create or destroy the opportunities to make films (Jäckel, 2003, p.40). A whole range of factors can give one nation a competitive advantage over other nations. The tax system, the environment, the know-how, all influence how one approaches a national cinema.

The fragmentation is also to be found within the distribution market. Distribution companies are scattered across the Union, dealing with the rights of films for their own territories, this can be within one region (e.g. Benelux, Scandinavia) or just one country (De Vinck, 2009, p.217). Attempts by European distributors to join in a pan-European distribution deal (e.g. the Eurotrustees venture) often result in failure, as differences in identity could not be reconciled. The presence of the American vertically integrated studios on the European market has possibly added to this (Jäckel, 2003, pp.12-14; Wood, 2007, p.4).

One of the biggest causes of fragmentation of European Cinema, that prevents success on the global market, stems from the *language barrier* (Everett, 1996, p.23). Europe alone has 24 official languages, which suggests that more or less every European film has to be subtitled or dubbed if producers wish to distribute the films abroad. Before the coming of sound to cinema distributing foreign films worldwide was less of a problem. The debate of language has been on going ever since several attempts to resolve the issue such as shooting the film in a native language and the other most common languages failed (Betz, 2009, pp.48-56). Films made in national languages, English excluded, are being automatically labelled as art cinema. Consequently the values and norms that are being represented in foreign productions are often misunderstood which makes the consumption extremely difficult (Ezra, 2004, p.1; Everett, 1996, p.7).

Cultural tradition can be very different and consequently create a distance between the global audiences. Every film culture has its own values and norms. Humour differs significantly all around the world, even between nations who speak the same language. Additionally the artistic methods are not the same. The European style of photography is often slower and non-linear and stays focused on one frame much longer, opposite to the American style where action is the primary intention. Hollywood films tend to provide just those "narratives that are the lingua franca of cultural globalization" (Wood, 2007, p2; p.27).

The weakness in distribution caused by fragmentation, Hollywood dominance and cultural diversity has been at the forefront of the European audiovisual policy as policy makers have continuously tried to set up initiatives that had to tackle these weaknesses. One of them is the MEDIA program that presents distribution as core focus. Consequently the following question needs to be asked: In what way does the supranational support system MEDIA empower the circulation of European Cinema to overcome the handicaps of its industry? This will be the central research question presented today. We will combine a historical analysis of the MEDIA texts with the quantitative data published by the Commission, the European Audiovisual Observatory and the Lumière database. The actual data on the circulation of MEDIA supported works will focus on Belgium. The following sub research questions are to be answered:

- ❖ How did the European Union support the circulation of European audio-visual productions from inception to the present day?
- ❖ Did the support offer more chance of cross border circulation than other funding or no funding at all?
- ❖ What is the division in our case study nations? Is that in line with the circulation successes?

*3. "Without repeating in full the analysis of the European audiovisual market presented in the Communication, it is worthwhile recalling a number of facts which justify the proposed program and explain the urgent need for its introduction"(Council of the European Communities, 1990, p.1)*

Despite the presence of the distribution weakness for decades it took until the mid 80's to reach an agreement to set up a framework for audiovisual support aimed at distribution. The traditional focus of the European Union had "gradually become more and more involved in cultural and media issues" (De Vinck, Pauwels, 2008, pp.263) because of the "privatisation and liberalisation trends that swept the European audiovisual sector e.g. the disappearance of the public service broadcasters monopoly (De Vinck, Pauwels, 2008, p.265). Earlier several attempts to set up support funds for audiovisual content failed, as opponents fought against the cultural influence of such a fund that mainly focuses on the set-up of coproduction. Member States like Denmark, the UK and Germany highly resisted against the cultural actions coming from a supranational level

	MEDIA I	MEDIA II	MEDIA Plus	MEDIA2007
Distribution	43%	62%	57,50%	55%
Development	38%	26%	20%	20%
Training	7%	12%	9%	7%
Investment	5%	/	/	i2i=within Development
Small Countries	7%	/	/	/
Promotion	Within distribution	Within distribution	8,5%	9%
Pilot Projects			5%	4%

**Table 1: Breakdown of funding (De Vinck, 2009, pp.328-345)**

After multiple discussions MEDIA (Measures to encourage the Development of the Audiovisual Industry) saw the light in 1986 in the form of several pilot projects for the enhancement of circulation and distribution, leaving support for coproduction aside (De Vinck, Pauwels, 2008) and emphasising the need for a support system due to the problematic industry. The set-up comprised of three stages. In 1987 the industry was consulted to grasp the composition of the European audiovisual market, followed by the development of several pilot projects in 1988 (focused on distribution, development, training and financing) that eventually grew into the actual program from 1991 to 1995.

The MEDIA I proposal emphasised the necessity of supranational support as the industry is characterized by a “conspicuous mismatch between the supply and demand” caused by “inadequate distribution, fragile productions capacities, the lack of second market and the high financial risks” intertwined with the production of audiovisual content (Council of the European Communities, 1990). Consequently there is lack of presence of European content on the world market that is dominated by the Americans, as stipulated by the policy makers. Hence the necessity rose to develop the “ proposed action program...to improve the economic context of the audiovisual industries in readiness for the advent of the Single Market” (Commission of the European Communities, 1990). The community has to step up and create the needed cooperation structures to overcome the handicaps that were thrown at the sector and stimulate the market by setting forward six necessary aims including the set-up of a European audiovisual area, the enhancement of the production capacity, the growth of cross border circulation, the increase of world market shares, the promotion of new technologies while also creating a structure that keeps the balance between small and big nations, has special attention for SME’s, doesn’t just subsidize but enhances private investment and makes sure that measures are complementary with the regional support.

The first program prioritised six measures to fulfil the aims in the pre- and postproduction phase. The program wished to empower development, financial investment, professional skills, small nations, promotion and distribution by the implementation of nineteen initiatives; nine pilot projects from the earlier stage were continued together with the set-up of ten new ones. The distribution part of the program takes up most of the measures (eight in total) and the €200 million budget (43%). In order to tackle the insufficient circulation and the market fragmentation cinema distribution, video distribution, multilingualism and promotion needs to be supported, each with specific measures to be found in Table 1 (Commission of the European Communities, 1990). Within these objectives the investment in dubbing and subtitling to create multiple language version is highly present, just like the enhancement of the presence on promotional activities. Policy makers understood the obstacles that had been around for decades and wished to alter them with the specific investments with distribution at the forefront. They also mentioned from the very beginning that special attention is needed for small nations and the rise of new technologies. However the measures remained superficial and scattered in to many initiatives all with their own structures (De Vinck, 2009). The program also highlighted several objectives at the start that were not translated in concrete measures such as the set up of cooperation in distribution in Community level. The measures try to improve the circulation without working on the initiator of the problem fragmentation. Also the budget was rather low in comparison to what the sector initially wanted it to be.

It comes as no surprise that not long after, the first critical evaluations pressured the policy makers to make alteration in the program (Pauwels in De Vinck, 2009, p.332). These alterations were made in the second program MEDIA II that was set-up in 1996 to reach until the new millennium. The new program emphasised the same industry problems as its predecessor: the fragmentation, the low rate of circulation, the chronic market deficit, lack of investment and different degrees of production and “without a policy to safeguard its competitiveness, the anticipated cultural and economic benefits of the information society will not materialize” (Council of the European Union, 1995). In line with recently approved cultural policy in Maastricht Treaty the program emphasised the need to take account of the different national cultures (De Vinck, 2009, p.332). The program’s actions were designed to include a structural impact on the industry by taking full advantage of the community wide measures. In line with the first program the subsidiarity rule has to be followed by encouraging community and national measures to complement one another. The financial input needed to be in the form of returnable advances and soft loans, designed in a more automatic system rather than selective. The actions were divided into two strands, one for Training and one combining development and distribution. The training scheme wishes to enhance to professionalism in all stages of the value chain, especially attention for new technologies.

A key task for development/distribution support is “to make the most of size and cooperation potential of the single market as a way to break into the world market” and thus overcome fragmentation and market deficit (Council of the European Union, 1995). Development support will work on the early stages of a project that is often so rushed by support for screenplay writing, set-up of networks, and development of market strategies. Promotion needs to start already at the production stage; distributors must invest in production at the early stages and coordinate the different release windows from the start. Distribution support takes up a total of 62% of the budget comprising of support for film and video distribution, circulation of TV programs and promotion of audiovisual content on the European and world market. Selective support is handed out to single projects to be released outside their home market and the newly designed automatic support wished to reach multiple distributors for a catalogue of projects. Support for TV broadcasting is yet again focused at the dubbing and subtitling but also encourages broadcasters to invest in production. Promotion works on the visibility of the content on the European and world market by aiming support at festivals and sales agents. The second program proved to be more structured and had doubled the budget (€400 million) of the first program. Because of the selection and award procedures adopted by distributors in allocating the automatic support for film distribution, the MEDIA II aid for example went to films that already had a strong international circulation potential. It comes to mind that an extensive amount of films will always be left out.

In 2001 the new program MEDIA Plus and Training was released and made the distinction between the areas of attention even more clear (De Vinck, 2009), one aimed at Training, another aimed at the improvement of the industry with support for Development, Distribution/Marketing and a new additional scheme on promotion activities. The overall program emphasised the need for an adapted policy for the digital age that was developing at a fast pace and could bring new possibilities for the market. Nonetheless the fragmentation, and underinvestment of the market are still high on the agenda of the policymakers. The core objectives were more or less the same however initiated by the Lisbon Agenda a new method of support (i2i Audiovisual initiative) was added to the program to provide the sector with external funding from banks and other financial institutions (De Vinck, 2009). The i2i brought the necessary funding for SME's to attract additional investment they wouldn't normally receive. Investment in the development is extended combining single and slate support. Within the distribution support the need for encouragement of circulation, set up of networks, a distribution led production; media literacy and trial projects are prioritised. This is done by supporting cinema distribution with the already present selective and automatic support schemes and the support for sales agents and cinema networks. The support for circulation of hard copies remains with subsidies for Multilanguage versions and promotion, however the digital aspects were added. Television broadcasting is continued.

A new addition to the program is support for circulation online, as they hampered on the adaptation of the program to the digital age (Council of the European Union, 2001). Promotion thus gained its own part of funding and is no longer part of the distribution strand. Promotion will work on visibility at events and the creation of networks and is now found in a separate strand separate from distribution. Promotional support works on creating access to professional markets, the support for festivals, networking and activities to promote the films and programmes to the general public. Additionally pilot projects could be set up to test online distribution, digitising, cinema heritage and special interest channels. Both of them also work on the main barriers the European audiovisual industry continues to face as they wish to expand the attention of the public for European audiovisual works. The policy makers stipulated the changes with its predecessors in the proposal of the new edition. MEDIA Plus has structured the support to work on the long term by adding the i2i audiovisual initiative plus added support schemes that specially work at the digital technologies, this with the added support for circulation online and pilot projects. More and more attention is given to bring European audiovisual content to as many people in the Union through as many channels possible. Positive discrimination is also developed further. The budget was to be equal to MEDIA II but was fortunately raised in 2004 to €513 million as the program was to be extended for one year (De Vinck, 2009). The measures are extended and the budget is raised. However the period of MEDIA Plus also marks the accession of ten new member states that were all eligible for MEDIA support and the budget proved to be insufficient.

The fourth and last separate program MEDIA 2007 was set up in 2007 and lasted until 2013. The core of the program was yet again the problem of fragmentation and circulation as it “proved to be an important means of strengthening intercultural dialogue... and can only be achieved by reinforcing the sector and enabling the creative potential of European cultures to be fully realised” (Commission of the European Union, 2004). The division between MEDIA Plus and Training was eliminated and replaced by a structure with five action lines: Training, Development (upstream of audiovisual production), Distribution, Promotion (downstream of audiovisual production) and Horizontal Actions .The global objectives display this emphasis on distribution, more specific exchanges of cultural values. On the one hand the cultural specific audiovisual heritage of the member states must be guaranteed (“unity in diversity”) to create a dialogue between them. On the other hand the circulation of the content must be increased and by doing so the competitiveness of the industry can increase. The cultural role can be made more effective by empowering the economic base of the audiovisual sector. To achieve these objectives, the program set out to support the upstream of audiovisual production, pilot projects and the downstream of audiovisual productions. Support for training and development can be found under the support for the upstream of audiovisual production.

Training is supported when it deals with improving the quality of the scriptwriting, management and digital technology skills. Development logically deals with support for the production of content. The program also hands out support to pilot projects that specifically work on market developments in this ever-changing digital age. The downstream of audiovisual works, what is discussed here, consists of the support for distribution and promotion of European audiovisual works, more specifically a strategy needs to be set up to face world competition. In 2010 an additional system was set up to support the further digitisation of cinemas to exploit the new digital possibilities. The two support schemes, the Automatic and the Selective Distribution support were continued (Commission of the European Union, 2004). The system of automatic support provided support to distributors for re-investment that had to go to co-production, acquisition and editing, promotion, advertising based on the admissions for non-national European films in the Member States. The selective support is aimed at distributors to promote and market a single film outside the production country. There is again a small part of the budget reserved for sales agents based on their performance in acquisition and promotion (Commission of the European Union, 2004). Within the distribution support we can also find support for the digitalization and dubbing/subtitling of prints of the non-national audiovisual content as this facilitates an easier entry in the multiple markets of the Union. The promotion support is also aimed at a “co-operation and co-ordination” as the market needs to overcome to scattered methods of promoting the content (Commission of the European Union, 2004). Private and public national organizations and festival can apply for support to reach as much of the public of possible. Support can be asked to attend trade events to put the audiovisual works on display and to set up catalogues and databases. Additionally within the promotion scheme there is support reserved to improve the access for the public, to set up cross border joint promotion and to preserve the audiovisual heritage. MEDIA 2007 was “remarkably more detailed when it comes to global objectives on one hand, the operational measures on the other hand” (De Vinck, 2009, p.342). The cultural aspect also gained more importance in line with the Treaty. The support is aimed at every stage of the production process (including the early stages of production) and all possible mediums, as it is a long and intensive process to access the market and works on bringing the program into the rapidly changing digital age. The budget was raised to €755 million.

Some general observations can be made on the four consecutive programs. Distribution was definitely at the core of each program, divided between cinema, offline, television and recently online distribution. Promotion was part of the Distribution system for the first two years, evolving into its own separate system of support. An important evolution that was needed to put the suffering European market back on the map. The measures have become more structured and detailed over the past 2 decades.

The original 19 subprograms were regrouped to reach the audience on any medium at each stage of the production process. The programs followed the market changes and technological evolutions and adjusted accordingly. It also becomes more and more important to work on distribution from the very start of the production process to capture as many audiences as possible. The approval of the Maastricht Treaty initiated a gradual evolution towards a more cultural oriented policy where cultural and linguistic diversity needs to be maintained. The budget twice multiplied (200-> 755 million), a positive evolution one might say, however over the course of twenty years the amount of European member states also grew. Also important to mention is the separate support for small nations set up in the first program was absorbed by the other elements.

4. “We can only hope that promise bears fruit” (Orr, 2004, p.316)

The Commission reported in their proposal for the MEDIA2007 program that the distribution component “has had a positive effect on the circulation of European works on the European and international markets and supported 90% of the films distributed outside their countries of origin” (Commission of the European Union, 2004). This statement and the percentages can very well be correct, but there is a necessity to dig deeper in the market admissions to put this high number into perspective. In order to do so we have researched the box office admissions of MEDIA supported films in the European Member States (Lumière database). The selected films were produced between 2005 and 2013 with a special focus on Belgium, Denmark and the United Kingdom. The films are defined as an audiovisual work of the member states based on their country of origin principle and origin of the director. We have opted to dismiss the admissions of coproduction where the countries only have small involvement in as they don't represent the specific nations (e.g. *The Artist* is supported by Belgian tax shelter but shall not be defined in our list as a Belgian film).

Year	2005	2006	2007	2008	2009	2010	2011	2012
EU Films	4	5	5	3	2	2	5	4
MEDIA Supported	0	1	1	0	0	0	3	3

**Table 2: Amount of EU films + MEDIA supported films in Top 25 (European Audiovisual Observatory 2006-2013)**

Year	2005	2006	2007	2008	2009	2010	2011	2012
MEDIA Supported	4	4	2	4	4	9	11	12

**Table 3: Amount of MEDIA supported films in Top EU 25 (European Audiovisual Observatory 2006-2013)**

First we start with a view on the European Union as a whole. It was already mentioned that the market share of European audiovisual works improved caused by the rise of national market share. When taking the top 25 European Union films list at hand it becomes clear that the MEDIA program, especially the Distribution schemes have had an extensive impact this past decade. The amount of supported films gradually enhanced between 2005 and 2012, with an average of 4 (most of the films originate in the UK e.g. *Nanny McPhee*, *The Wind that Shakes the Barley*) between 2005 and 2009 steeply rising to 12 in 2012. This suggests that more and more distributors find their way to the MEDIA program. Most of the film gain the Distribution Automatic that means that is granted with a promise of reinvestment in the European film industry. However on average most of the films in the list supported by MEDIA were produced by France (cfr. European market share). The support also often goes to big budget pictures such as *The King's Speech* that gained €500.000 from the Distribution Automatic scheme. It seems that on occasion MEDIA added increased budgets of films that were already capable of circulating on their own resources. On the other hand, small budget pictures supported by MEDIA can surprisingly break through the often-shielded European markets. This was the case with *Intouchables* that reached the top of box office lists across Europe (European Audiovisual Observatory Focus Cannes 2006-2013).

Notwithstanding these successes, nuance is needed. The successful Hollywood blockbusters gain on average between 20.000.000 and 40.000.000 million overseas admissions, the best European films ignoring EU-US coproductions like *Harry Potter* and *Skyfall*, land at an average of 15.000.000 with *Intouchables* in 2012 as an exception with 24.067.566, also the highest noted MEDIA supported film. Most of the films in the Top 25 produced by European member states and supported by the program can't go above 4.000.000 million admissions (on a market of 503 million inhabitants). However this has also started to slowly change these past three years (European Audiovisual Observatory Focus Cannes 2006-2013).

Based on the numbers above we can conclude that the investments of the last MEDIA program proved to be prosperous. The more detailed measures and the condition of reinvestment carefully empowered the European audiovisual industry in their production of films that can start to compete for the attention of the European audience with the Hollywood blockbusters. Unfortunately not all European markets are represented as most of the films with high admissions originate in one of the four power nations (France, Germany, Italy and the UK) and Spain. The core objective to keep the balance between small and large production countries is nowhere to be found on this level. We need to dig deeper to determine whether the program actually empowers all.

Today's case study will be Belgium, an example of a small nation with a low production value. In Belgium cultural production is split between two communities. Each part has its own system of support, production and distribution. The cultural Flemish Audiovisual Fund and economic Screen Flanders support Flemish audiovisual content; in Wallonia this is done by the cultural Centre de Cinema Audiovisual and economic Wallimage-Bruxellinge. The Tax Shelter system is organised on a federal level for both regions. The problematic circulation that characterises Europe can already be found here at local level. Both regions produce a wide variety of qualitative films that hardly ever cross the language border. The regions have their own stars and genre preference. An application for European support thus originates from either one side or the other. Within the time frame 2005-2013, 151 fiction films were produced with a majority of Belgian investment and/or Belgian director (European Audiovisual Observatory Focus Cannes 2006-2013). Flanders produced 75 films, opposite 65 films in Wallonia and 11 were made in Belgium but directed by a foreigner (for example Sam Gabarski).

**MEDIA Support Belgium**

	N	Sum
Automatic	151	7
Selective	151	7
Development	151	10
i2i	151	19
Sales	151	1
Valid N (listwise)	151	

**Table 4: MEDIA Support for Belgium (MEDIA Results, 2005-2012)**

The MEDIA program chose to support a total of 26 (which equals 17% of the total) films over these past years. Automatic support was awarded 7 times, likewise for the selective measure. Development support was gained by 10 projects; 1 film's sales agent received support and i2i support was handed it out 19 times (European Audiovisual Observatory Focus Cannes 2006-2013). The i2i support system, set up as a bank guarantee measure, proves to be the most asked for MEDIA support by Belgian producers. This comes as no surprise, small nations often have a hard time collecting all their funds, a loan by the European Union that acts as a guarantee can help them attract the necessary private investments. The fact that i2i (on average €50.000) was awarded to more than 2/3's of the films emphasises the need for a supranational support system like MEDIA for small nations. Support for cross-border circulation is not always on their mind; a film's local success is what's most important. A third of all the films produced in Belgium never cross the border (27 of them are from Flanders opposite 19 from Wallonia), followed by 55 films that reach one other member state the more countries that are reached, the less films attain this result. A release in 3 other countries seems to be the reoccurring trend; only 6 of them were distributed in more than 18 countries.

When only looking at the 26 films supported by MEDIA, the percentages show us that the films with support have a higher chance of distribution in multiple countries. With MEDIA support the chance of no cross border circulation is at 3,8% opposite a 36,8% with no support. The same results can be found with circulation in multiple nations; there is a higher % that reaches more than 8 countries when MEDIA is involved. If we single out projects that received the specific Distribution (Selective and/or Automatic), we witness the same trend. All the films (11 in total) have cross border circulation, more than half reach more than 3 member states.

Amount of cross border circulation without MEDIA

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	46	36,8	36,8	36,8
1	49	39,2	39,2	76,0
2	15	12,0	12,0	88,0
3	5	4,0	4,0	92,0
4	2	1,6	1,6	93,6
7	2	1,6	1,6	95,2
8	1	,8	,8	96,0
9	2	1,6	1,6	97,6
13	1	,8	,8	98,4
20	1	,8	,8	99,2
24	1	,8	,8	100,0
Total	125	100,0	100,0	

**Table 5: Cross border without MEDIA**

Amount of cross border circulation with MEDIA

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	1	3,8	3,8	3,8
1	6	23,1	23,1	26,9
2	3	11,5	11,5	38,5
3	5	19,2	19,2	57,7
5	3	11,5	11,5	69,2
6	1	3,8	3,8	73,1
8	1	3,8	3,8	76,9
9	1	3,8	3,8	80,8
14	1	3,8	3,8	84,6
18	1	3,8	3,8	88,5
20	1	3,8	3,8	92,3
23	2	7,7	7,7	100,0
Total	26	100,0	100,0	

**Table 6: Cross border with MEDIA**

The results emphasize the necessity of such a program for a small nation like Belgium. On one hand they help the local producers to gain more budget and/or the necessary bank guarantees and on the other hand circulation enhances for the better. More fellow member states are confronted with Belgian cinema. Even so, the Flemish films that were supported by the MEDIA program are most likely the ones that have the most audience potential and thus can circulate better. This is for example the case for *Ben X*, *Hasta la Vista*, *L'Enfant* and *Le Silence de Lorna*. On occasion films that lean towards the arthouse genre were supported (*The Fifth Season*, *The Invader*). The support encouraged little to no additional circulation in fellow member states. These films are the ones that apply for Development; films like these also deserve to be made as they create the necessary cultural diversity the Union pushes through.

The same analysis is in progress for Denmark and the United Kingdom (European Audiovisual Observatory Focus Cannes 2006-2013). The following remarks can be made with the core research question in mind. During the period 2005-2013, 200 Danish productions were released, 24 of them were supported by the MEDIA program (12% of the total). Of those 24, distribution support was given to 19 films. The Danish clearly have more interest in setting up cross border circulation on one hand and were seen as interesting films to distribute in other member states. The films with the largest amount of distribution support succeed in gaining high box office results. However the films that didn't receive any distribution budget score lower at the box office, which suggests that the support pays off for Danish films.

When they gain it their box office chances improve. Additionally, the highest average box office can be found within the MEDIA supported films. The United Kingdom provides a whole different type of results. Of all the films supported by MEDIA, almost all of them gain distribution support and have cross border circulation in almost all member states. Little to no films were awarded support for development. MEDIA supported big budget films from the United Kingdom such as *The King's Speech*, *The Iron Lady* and *Nanny McPhee*, films that could easily be distributed in Europe without €500.000 support (European Audiovisual Observatory Focus Cannes 2006-2013).

### 5. (R) Evolution?

*"The European film industry has fought to establish, maintain and revive a place in the international film business (Jäckel, 2003, p.16)*

The central question of this paper was to determine whether the supranational support system MEDIA empowered the circulation of European Cinema to overcome the handicaps of its industry? Distribution proves to be the key element in the creation of a competitive European audiovisual market. JC Batz already emphasised this 40 years ago. The European policy makers have to work together to set up a community support system that works on the "handicaps" the European market has to deal with. After decades of discussion this finally happened in the form of the MEDIA program. Between 1991 and 2007 four programs were parts of the European audiovisual policy as they supported all aspects of the pre-and postproduction (Development, Training, Distribution, Promotion and Exhibition). The largest part of each budget, on average 60%, was reserved for the distribution strand that worked on distribution in cinema, on television, on hard copies and online. Promotion of the European audiovisual works has gained more and more importance over the course of the programs. The programs also became more detailed and structured plus tried to keep up with the market changes and technological changes.

Empirical data on the circulation showed that the program has effect on circulation. More and more European films supported by MEDIA are to be found on the list of top (European) admissions. Distributors find their way to the program and select European films for their markets. For a small nation like Belgium, the program also had influence on circulation, as there is a higher chance to reach more fellow member states when Distribution support is granted.

However the centralisation did not result into structural changes of the situation. The American dominance is still present, national films score better and better in their own market pushing content from other European nations aside. On the occasion that the non-domestic films cross their border the admissions are also not sky-high and are often dismissible. Only few exceptions have become actual box office hits (e.g. *Intouchables*, *The Artist*).

Additionally Distribution support was mostly granted to those who already have high potential for circulation and to nations that have a less problematic circulation. This results in a Europe of two separate speeds: the larger nations gain more out of the fund, while the small nations need to fight hard for small successes. Note that one of the main priorities is to reduce the imbalance between countries with a high production capacity and the ones with a low production capacity/geographical and linguistic deficits.

So what was than the empowerment of MEDIA? Over the course of 25 years the MEDIA program initiated a mentality shift within the European Union. Firstly, the problems of circulation were finally acknowledged as being a core issue for the European audiovisual market. In order to create a competitive market, policy has to take measures to tackle these handicaps. Secondly, the supranational policy also initiated the start and /or redefinition of national support systems. National support systems followed the course of the European Union and the importance of focussing on distribution. The adding of new elements is a third empowering aspect of the program. Separate promotional strand, i2i audiovisual system and support for pilot projects all point out the fact that policy makers put their efforts towards the empowering of the competitiveness of the European works on the European and worldwide market. Thanks to these measures smaller nations were able to enter the market, no matter how small their input. Fourth, MEDIA adapted the program to the constant market and technological changes so the producers would be up to speed with the major competitors. Openness for digital change can bring more possibilities for cross border circulation and help deal with the dangers of technological evolution in the film industry. A number of initiatives within the distribution scheme from the first program were continued such as the European Film Academy and the European Cinemas network. "The European Cinema Network" is a group of cinemas (1182 to be exact) across the world that programs non-national European productions from all over Europe to gain a broader interest in European cinema. The European Film Academy organises the European Film Awards and promotional events at the major festivals (e.g. Shooting Stars). They proved to be sufficient measures to promote European audiovisual content, gaining more and more importance in the course of the years. These measures have put the European film industry back on the map and made it more approachable for the audiences.

So where do we go from here? The focus on distribution is an absolute necessity and needs to be maintained but with an adjustment of the Automatic support system as it is mostly awarded to those who don't actually need this support. Smaller nations need to be more on the forefront of the policy, not just by positive discrimination in the award procedure. A system like i2i proves to be extremely successful and thus should be further developed in order to keep the competitiveness in the market. Also the system of necessary reinvestment should be more present future policy.

Helping the market to help itself can only have positive results. Financial support for distribution is one thing, but the core of the circulation problem can be brought back to the audience. There is no balance between supply and demand, audience are not educated in European Cinema, they only know their own and the Hollywood blockbusters. Audience development should be at the forefront of the policy, next to distribution. Just as a higher involvement of the policy in online distribution as it brings the new possibilities of cross border circulation, but there also has to be a focus on the dangers that comes from this evolution.

The recently released Creative Europe program has placed the same objectives as the previous programs as its focus, so this emphasised that the barriers remain. However the budget has been raised again, with yet again more focus on distribution. The new program has put the necessary focus on digitalisation and audience with the set up of an extensive production guarantee fund in 2016. So the circulation of the European film industry is to be continued. We have to wait on the results of the “sequel” to determine whether change is actually possible!

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