Film i Väst | *Analytics.*

Tomas Eskilsson

ALL THAT IS SOLID MELTS INTO AIR

Public Film Funding at a Crossroads II

WE WHO WORKED WITH THE STUDY

EDITORIAL TEAM

The editorial team has consisted of: **Tomas Eskilsson**, report author, Head of Film i Väst Analysis; **Katarina Krave**, researcher, senior executive/Film i Väst Analysis; and **Bengt Toll**, researcher, senior consultant.
The English language version has been edited by **Lydia Papadimitriou**, Associate Professor, John Moores University, Liverpool.

PARTNER

Cine Regio AISBL – Organisation of European Regional Film Funds: **Charlotte Appelgren**

EXPERTS

Belgium/Flanders: **Ilse Schooneknaep**
France/French-speaking Europe: **Vincent Leclercq, Philippe Reynaert**
Italy: **Rickard Olsson**
Netherlands: **Doreen Boonekamp**
Portugal: **Nuno Fonseca**
Spain: **Mar Izquierdo, Irene Jiménez Miragaya**
Germany/German-speaking Europe: **Manfred Schmidt**
Greece/Cyprus: **Lydia Papadimitriou**
Eastern Europe: **Petar Mitric, Joanna Szymanska**
The experts are presented in Appendix 4

© Film i Väst
Special thanks to all the interviewees.
Graphic design **Anders Avehall** and **Gus Kaage**/Film i Väst

CONTENTS

Preface 5
Starting Points 11
Purpose, Method, Research Questions 17
Impact Of External Factors On The Sector 27
The Purpose Of Film And Audiovisual Policy And Practice 37
Respondents' Reflections Of The Present And The Future 51
Coexistence In The Transformed Ecosystem 69
Where Will We Watch Content In The Future 83
Comments 95
Our Own And The Respondents' Conclusions 105
Some Preliminary Recommendations 121
Final Words: *Towards Public Film Funding At A Crossroads III* 135
Summary 141
Glossary 153
Sources and appendices 159

PREFACE

The first part of the project *Public Film Funding at a Crossroads* (published in 2022) was initiated before the pandemic but was carried out during it. These circumstances inevitably left their mark both on the assumptions and analyses we made and on the answers and reflections we received from our respondents and workshop participants. One of the greatest challenges when studying and reflecting on societal processes is the influence of time on analyses and thought figures. This is reinforced if the ambition is to understand future development and conditions, be it a specific area or to grasp the big picture. Most of us are prisoners of time.

As the clock is ticking, many of the global and intercontinental challenges whose blurred outlines we had just started noticing when working on the first report, have now become sharper and considerably clearer. New challenges have been added since: increasing political and social polarization locally and globally, an ailing economy, Russia's war of aggression in Ukraine and accelerating technological developments. If the first study was affected by a global crisis that the world had not experienced in hundred years, we now have to go back many decades to find the equivalent multitude of complicating factors.

Our sector struggles to reflect on how the economic and societal crisis affects basic conditions in producing, circulating, and consuming audiovisual content. Through-out most of its history, the audiovisual industry has seen growth and strong development even during periods of inflation and recession.

Eighteen months have passed since the first report was published. This may seem a short time in the light of the study's ambition to grasp the medium-term future. However, one year can be enough to reshape realities, discussions, and positions. The rapid transformation of the sector continues, but its development cannot be represented with weaker or stronger slope on a straight line; rather, like an unstable cardiogram, the chart shows leaps and bounds, decelerations and radical shifts in direction. The "crossroads" is changing character. It is not a simple level crossing anymore; it is more like a confusing roundabout with many possible choices of exit and entry. This can be very disorienting for some actors who may find themselves going round and round the roundabout, never finding their way out.

The public sector's policy options look different than just a year ago. But who will make the choices: politicians, film agencies or the sector itself? And should the principle of subsidiarity (understood as the EU principle that decisions should be made as close to the citizens as possible) be held high, or are more pan-European politics required?

How can audiovisual policy and film agencies deal with the dual challenge of lacking full perspective – circumstances keep evolving before there is time to fully process them, and of

being unable to make reliable linear projections of the future? The risk of making mistakes is obvious, but avoiding making changes would probably be worse.

In this report, we choose to interpret the ecosystem changes and the ongoing paradigm shift in varying ways. Many private and public actors share a conservative approach – the desire for the balance to be restored and the world to return to the old. A few even claim that nothing has really happened, that there is nothing to worry about, and that one should just continue with business as usual. However, over the past year, many private and public bodies have consciously or unconsciously begun to adapt to the new normal. The sector has been transformed by digitalisation and globalisation and the features are becoming sharper.

In the first report, we noted that many European countries lack a clear and coherent logic for film and audiovisual policy. For example, the widely embraced and "powerful" incentive funding (tax shelters, tax incentives or production rebates) does not follow several basic principles of the official national (and European) audiovisual policy. This effectively undermines the official European position on key issues such as copyright ownership, who and what can receive public support. The lack of a coherent logic for public involvement in production, and to some extent also in the dissemination and screening of audiovisual works, is a major challenge for future policymakers and public film agencies – but not the only one. Europe is a multifaceted continent. Modern history, democratic traditions and socio-economic conditions look radically different in different countries. In many of the smaller

countries, the global players/streaming giants are mainly content providers. The amount of local content financed by the streamers – if any – is limited. The"market disruption" in such cases consists of the increase in supply. If there is a boom in local content production, it is the product of larger and more generous incentives and the future-leaning expansion strategies of local broadcasters and streaming services.

All That is Solid Melts into Air – Public Film Funding at a Crossroads II' (PFFCII) aims to deepen the understanding and analysis of the currently most discussed issues in the audiovisual sector and link them to the future purpose of public film funding. PFFC and PFFCII form the basis of the third report, which will focus on different concrete recommended strategies for the future.

The world does not develop if everyone agrees with each other. Resistance to some of our ideas has helped evolve our own thinking. Sometimes we changed our views, sometimes we felt even more confident about our conclusions; regardless, our understanding and depth of analysis have been strengthened. As the conditions across Europe vary too much, we are aware that we will not be able to provide recipes for everyone; we do, however, hope that Europe will be able to unite around a few central basic principles and questions that need and demand an answer. Let us see!

STARTING POINTS

The full title of this report should read as *All That is Solid Melts into Air – Public Film and Audiovisual Policy and Funding at the Crossroads II*, since our investigation and recommendations apply to the breadth of content provided by the audiovisual sector/industry, as clarified in the first report. Its purpose is to investigate and discuss the future long-term sustainable relevance of public film and audiovisual policy and its practices. Its particular focus is on selective funding of works and activities – to put it differently, for policy and practice rooted in cultural policy. We (the editorial team of the report) consider selective funding as a crucial element in safeguarding cultural reference and significance linked to a specific territory – whether a nation or a region. Europe is made up of a diversity of cultures, languages, environments, people, and stories. Film and audiovisual policies with strong selective elements are crucial to manifest diversity. This logic depends on the credo that the basis of the policy is the specific nation and/or region. One might ask how sustainable this thesis is: the global village, in which – not least – the intellectual and creative elite mainly live in, dispute territorial definitions. Much of the most challenging and "exciting' art has had no clear roots in the creator's home country.

Diversity in the production, dissemination, and exhibition/display of local and European works, however, matters if the content is to reach and concern citizens. For European films to be able to compete both at home and outside their own territories, film agencies need to develop a stronger audience focus.

We who initiated this study have a long experience of public film funding, and of film and audiovisual policy. We started working in the sector in the late 1980s – a time of change when a clearer European focus was being created in the realm of the audio-visual.

The conditions for public film and audiovisual policy and film funding differ greatly across Europe. Economic strength, the organisation of public activities in general, the status of cultural policy, the distribution of responsibility and power across different levels (local, regional, and national) and the division of responsibilities between politics and authorities are some of the decisive factors that contribute to the variance. Another important factor is how film and audiovisual policy is financed: via general taxation, excise duties or a combination of both.

As discussed in the first study (*Public Film Funding at a Crossroads*, March 2022) the digitalisation and globalisation of the sector that has intensified in the last few years, have reshaped the broader ecosystem, including business models and operational ideas across the value chain in the sector. The large increases in capital, content production and supply have

created new conditions for all parts of the sector. As global, mostly American-owned, streaming giants have become important financiers of local content, power structures in many countries are changing. The rise of Direct to Consumer (D2C) solutions adopted by several established studios, is fueling conversion. In countries where incentive schemes (automatic funding) play a greater role in the financing of audiovisual works than those offered by public film funders (selective funding), a different kind of dynamic is created. Either way, the central public actors of the "old world" have lost their importance and assumed power.

Film and audiovisual policy, as well as film agencies, must change their fundamental logic and arguments to continue to be relevant and meaning bearing. Film agencies need to restructure, reorganize, and make sharp priorities to help create real added value for citizens and for the sector.

Public Film Funding at a Crossroads (March 2022) was based on a bottom-up perspective. Production companies, distributors, cinema owners, broadcasters, streaming services, international sales companies, international film festivals, and transnational, national, and regional film agencies reflected about themselves, their actor group and film and audiovisual policy and its operations in the present of the interviews and in five years' time. This extensive groundwork created a foundation for a discussion about the present and future of public film and audiovisual policy and agencies.

PURPOSE, METHOD, RESEARCH QUESTIONS

PURPOSE

This second report (*PFFC II*) deepens the discussion on the future medium- and long-term purpose of public film and audiovisual funding. The aim is not to give clear or simplified answers. Rather, articulating the problems and expressing a basic understanding of their complexity is deemed necessary as the foundation on which to be able to, later, formulate principles/policies, working strategies and tactics. Europe is multifaceted; it is therefore neither wise nor reasonable to assume that the answers will be the same for its different parts.

METHODS

PFFC II is based on more than 300 interviews with key persons in Europe's film and audiovisual sector. The interviews resulted in 60-90-minute-long in-depth reflections from the respondent on pre-known topics (Appendix 1). Not all respondents discussed all questions. Rather, respondents focused on the areas that were of most relevance for the interest that they represented.

Furthermore, the editorial team has been in regular communication with the study's territorial experts and through them

gathered information about developments in different parts of Europe. These conversations have mainly been based on the study's three main areas: the future purpose of public film and audiovisual policy and practice; how the different players in the sector will coexist in the transformed ecosystem; and where will content be seen in the future (with a special focus on movie theatres).

Focus group meetings and dialogue seminars in Northern, Western, Southern and Eastern Europe deepened and complemented the picture of how the sector views the most burning issues in its part of the world. Focus group meetings, in-person, have been arranged in France, the United Kingdom, the Nordic countries, and Eastern Europe. The focus groups have consisted of key persons from the sector in each territory. They have met a half day to discuss a selection of the questions posed by the *PFFCII*. Cine Regio has similarly conducted several workshops based on the study.

We have commissioned in-depth articles that take a closer look at some of the countries that were not covered by the focus group meetings. Summaries of the focus group meetings and in-depth articles can be found in the appendices.
In the report, we distinguish between the respondents' answers and views, and our own (the editors) questions and conclusions.

We have supplemented interviews, focus group and dialogue meetings with an extensive survey addressed to film agencies (see Appendix). We have mainly used the survey to ensure that we have drawn the right conclusions by using different types of tools.

THEMES AND QUESTIONS

The topics/questions have been gathered under different themes, but the reflections are all linked to the future purpose of public initiatives and the principles that should govern the implementation of future film and audiovisual policy. Appendix 1 sets out the framework for the interviews, focus group discussions, Cine Regio's workshops, and the survey.

As noted in the preface, it is important to understand the impact of external factors on policy and practice. The report therefore begins by describing the reasoning around macrotrends in economics and politics, and how these may affect the sector as a whole in the coming years.

The main chapter of the report focuses on exploring the aim of audiovisual policy and practice. Here we take a closer look at how the 'operators' (transnational, national and regional film agencies) interpret cultural policy principles and want to act in the future in the transformed ecosystem. We reflect on how film and audiovisual policy should be understood in its entirety, and whether it can currently be considered logically coherent.

Two issues have dominated discussions in the sector over the past year or so, both of which have strong implications for the future purpose and direction of audiovisual policy and practice. The most frequent theme in recent years' discussions has been how we, policymakers, film agencies and actors across the value chain, should relate to and act in the transformed ecosystem. Such discussions have been linked, implicitly and sometimes explicitly, to the changing power relations of the transformed ecosystem. The questions concern the prin-

ciples for what "cohabitation" in the new ecosystem should look like. They range from definition issues that can be linked to who and what can receive public support, to whether and how streaming services should contribute to the publicly funded production of domestic films and drama series.

The question "where will we watch content in the future' has grown in importance over the past year. The time before the pandemic was characterized by a massive increase in both content production in many European countries, and access to a much larger volume of films and drama series than before in all European countries. The pandemic accelerated trends already observed. The pattern of where, when, and how Europeans access different types of content changed rapidly.

Already before the pandemic, many observers – not least American analysts and players – predicted a decline in cinema attendance during the first half of the 2020s but an upheld box office income. The forecast assumed that the audience were prepared to pay a substantially higher ticket price given that the movie theatre experience was developed and strengthen. The cinemas' response to these challenges and threats was to adopt a "less is more" approach and give fewer titles significantly more capacity. The reopening of movie theatres after the pandemic raised several questions for both the sector and related policy. What fundamental values should characterize film and audiovisual policy – should it reflect where the citizens should see different types of content, or should it be truly platform-neutral? What are the policy implications of either position? Is it possible to reconcile platform neutrality with safeguarding the great shared cinema experiences? Or is the

attachment to movie theaters just a nostalgic throwback to the times when the village or town cinema was like a church, and a friendly wink to those who believe that films should only be ex-perienced in cinemas?

The report reflects capacity, but we have chosen to not focus specifically on this topic. We do discuss, however, issues such as the economic consequences of the lack of capacity, the general and sector-specific high inflation in some countries, and the battle that the old world makes to maintain the most interesting creators. We pay special attention to talent development and issues that can be linked to which talent film agencies develop into what. Talent development is an area that is seen as important in the respondents' reflections on the future for audiovisual policy and its practices.

READING STYLE

Public Film Funding at a Crossroads has gained considerable circulation. It has been read and discussed by public film financiers and the sector's private actors, but also by politicians, civil servants, academics/scholars and film students around Europe and the rest of the world.

We strive for a text that can be read and understood by people with widely differing prior knowledge. We have deliberately chosen a less academic approach when writing this report. The discussion on the future of film and audiovisual policy should be a conversation that involves many to create maximum support and thus also a stronger and more sustainable impact.

The report contains sections, such as the one on the origin,

development, and logic of film policy, which can be skimmed by those who have solid knowledge and experience of the sector. Unlike the previous study, this report focuses on one main theme, the future purpose of audiovisual policy and practice, and it is structured in a logical way that constantly refers to this theme.

SOURCES

The report is mainly based on information gathered from interviews and conversations with leading individuals in the sector's value chain, both private and public. These people have been guaranteed anonymity. The names of the focus group participants are published, but not who said what. We have also made use of experts in the audiovisual policy and practice of named territories. Their names are listed under "experts" above. The survey respondents have been guaranteed total anonymity. This refers both to the specific institution and to the respondents.

DEFINITIONS AND CLARIFICATIONS

There is a considerable degree of confusion in Europe about the use of simple everyday words and concepts. In one part of Europe, the word "film" is synonymous with a single work of a defined length; in another, it refers to storytelling on a cinematographic ground; in a third, a film is only a film if the work starts its "public life" in a cinema. In the first report, we adopted the second definition. It proved to create unnecessary confusion as it differed from the language used in many parts of Europe. In this report, we use the first definition, with the

risk of being misunderstood, mainly in France, but also in Spain. However, if we adopted the third definition, even more people in Europe would have difficulty understanding.

In parts of Europe, "audiovisual" is synonymous with drama series. In essence, however, the term is used as a collective term for expressions based on sound and image.

One way to avoid confusion arising from uses of terms is to be more specific about which expression and format is specifically referred to in every specific point. However, such an approach risks losing the" wood for the trees", in other words, spending too much time on details and counteracting generalizations that can help to create a comprehensible context.

Other industry terms and concepts are explained where they appear in the text. We also refer to the specific glossary. The terms country, nation and region are defined and understood differently. Here we have chosen to avoid it becoming too complicated. This means that we include federal states such as Germany and Austria, for example, in nations. Historical nations have been designated as just this where it is necessary for the understanding and nuance of different reasoning. We are well aware that this is a simplistic approach, but at the same time believe that the reasoning and conclusions of the text are not affected.

IMPACT OF EXTERNAL FACTORS ON THE SECTOR

To a certain extent, respondents reflect on overall societal trends and macroeconomic changes. Those who choose to comment, usually refer to prospects for the size of public resources for film and audiovisual works in the medium term, and to the position of public service broadcasters (PSB). The latter discussion could be considered as litmus paper on how to understand and reflect value shifts, societal trends, and macroeconomic changes.

ECONOMY

We divide the reasoning about the effects of economic development on the sector into three main areas: (a) where and how content is consumed; (b) financing of film and audiovisual works motivated by cultural policy (predominantly selective funding); and (c) financing of films and audiovisual works linked to policies other than culture (certain types of automatic funding, tax incentives etc.).

Surprisingly perhaps, a smaller proportion of respondents are worried that the economic situation will reduce the nominal resources available for selective funding, i.e., cultural policy-motivated financing of film and audiovisual works. Most commonly respondents believe that such public finan-

cing will remain unchanged. The problem is not resources in absolute terms. Rather, it is inflation, and in particular the sector inflation, that risk significantly reducing the value of public inputs. There are relatively few conclusions about what the latter means. Do film agencies' priorities need to become tougher and clearer, or should the 'savings' affect all projects and areas equally?

Many film agencies and policymakers have seen the possibility of charging streaming services a levy, form of tax, or obliging them to reinvest in national content, using Audiovisual Media Service Directive (AVMSD), paragraph 13 as a rescue and a way to maintain the financial strength of the cultural policy-motivated funding of film and audiovisual works. So far, this has shown to have limited effects (see below).

The economic arguments for increasing incentive systems: production rebates; tax incentives; tax credits; and tax shelters, have benefited from a weaker economic development in many countries. Politicians continue to strongly believe that incentives can deliver economic value, read tax revenue, that exceeds the cost of implementing them. This is despite the obvious risk that incentives mainly result in enhanced inflation largely due to capacity problems. The second main argument in favor of incentives is the risk of losing turnover if the production of film and drama series production moves abroad. The economy, infrastructure, and know-how of the sector are better off if the territory participates in the incentive competition than if it with-draws. The second argument has relatively strong support from most respondents.

Inflation and the slowdown in the economy have created a

cost-of-living crisis that has hit hard as it affects essentials: food, heating, and fuel. The big question is how this will affect households' long-term willingness to consume different types of audiovisual services: cinema, pay-tv, and various forms of Video on Demand (VOD) services. At the time of writing, there is no definite forecast about how this will play out in Europe. However, it can be assumed that total consumption, measured by how much Europe's citizens spend on audiovisual services, will not increase over the next few years and that there is a great risk that it will decrease unless the economy is strengthened. Growth in the entire audiovisual sector is predicted to be lower than for the rest of the economy the coming years (PwC, Global Media and Entertainment Outlook).

Respondents are concerned that cinema attendance and perhaps also box office will remain below pre-pandemic levels as the price of the ticket is considered too high in relation to what most households can afford to pay. Others, however, argue that the cost of a cinema visit is still low compared to other kinds of entertainment outside the home, such as the cost of a fancy cup of coffee in a good café. Most embrace thinking influenced by economic theory and consider the effect of being able to access similar content of the same quality at a cheaper price at home; this reasoning does not work out in favor for movie theatres.

In Europe, the pay-tv market has been stable so far, but in the US, pay-tv subscriptions continue to decline rapidly. It is difficult to predict how the European market will develop and to what extent it will be affected by the economic situation. According to Digital TV Analysis, pay-tv revenues will decline

across Europe (-18%). In Eastern Europe, the decline will be particularly marked as a direct result of the shaky economy, low birth rates and relatively high migration. During the same period, the over-the-top streaming (OTT) market will grow strongly in Eastern Europe. In the US, consumer average consumption of OTT services declined sharply in the latter part of 2022 and the beginning of 2023. On the other hand, nearly half of U.S. households pay for at least five OTT services.

The streaming market is constantly evolving. In our opinion, it is not a fully structured market, although now it may look like it is consolidating. The constant tactical and strategic changes and movements of different players create a difficult picture to interpret. In some territories, the economic development of households may lead to more people choosing Advertised based Video on Demand (AVOD) or Free Ad-Supported Streaming TV (FAST) solutions and replacing one or more of their Sub-scribed Video on Demand (SVOD) subscriptions. This development looks likely to be more pronounced in the United States than in Europe. In countries like Sweden, the number of SVOD subscriptions continue to increase despite the weak economic development (Mediavision).

POLARISATION

In recent years, Europe and large parts of the world have seen increased political and ideological polarization. Authoritarian and illiberal tendencies have grown in strength and gained influence. This has sometimes led to restrictions on the

independence and freedom of media. Politics has set limits on artistic freedom and sometimes pointed out what content is desirable, and thus what can and should be produced with public support.

Through both traditional and social media, these authoritarian and illiberal viewpoints have acquired a relatively large influence over the political agenda and the public discussion. On the left, and here we include classical liberalism, the positions on issues concerning identity and inclusion have become sharper and clearer – regardless of whether they concern color, ethnicity, gender and/or sexual orientation.

The divide along the GAL-TAN scale (see the first report) has intensified both among citizens and in politics. Cultural policy and related areas have been transformed into a conflict zone in a completely different way than before. Traditional, authoritarian, and nationalist ideals (TAN) are set against green, alternative, and liberal values (GAL) and transformed into manifest ideas about what art and culture the public should support and how the public bodies should operate in different areas of art and culture. The GAL-TAN scale has major shortcomings, but it is certainly a useful tool for understanding the conflicts that will affect the discussion on the objectives and priorities of film and audiovisual policy now and in the near future.

THE EVOLUTION OF AI

The very rapid development that is taking place in the field of Artificial Intelligence (AI) affects virtually all parts of society. Until very recently, the audiovisual sector's discus-

sions focused on the use of data and algorithms. Today, there is a growing concern that AI may become an important tool in different types of creative processes. The discussion has quickly moved from being about the possibilities of the brave new world to the threats that it poses.

It is still unclear how AI will affect the sector, but it is very likely that it will dominate the discussions very soon. The implementation of AI-related tools will redefine some of the issues we reflect on below. For example, it will make the discussion about rights ownership sharper and more complex.

Only occasionally have respondents reflected on AI and its implications for audiovisual policy and practice. So far, only the awareness that AI can create movie scripts has penetrated. For most respondents, the fact that AI can be used in different ways for several areas in the production of audiovisual works has not yet struck as reality, but as science fiction.

Generative AI is a category of artificial intelligence that uses learning models that can generate new outputs based on large amounts of input. These programs can produce or manipulate language, images, audio and video. Generative AI software can create content in all conventional media formats. It can also translate source inputs from one format to another, for example, enabling text prompts to produce not only additional text, but images and video. Generative AI can be used to completely change the conditions for producing and thus business models of a wide range of companies in the audiovisual sector. It will affect work organization, and which skills and competences are central. Key questions to ask are how disruptive and divisive generative AI will be for the audiovisual sector.

Generative AI is predicted to be particularly useful (source: *Variety,* Special Report, April 2023) in the audiovisual and related sectors. Today, relatively few companies in the sector use generative AI, but it is wise to assume that there will be rapid growth. It will be difficult to resist the values AI can create.

Several researchers, developers and intellectuals highlight the risks from generative AI and call for pausing, or stopping, its further development. Most likely, however, there will be no stopping for such technology. The question that concerns us here is whether audiovisual policy and film agencies should play with or against. Different attitudes are already beginning to emerge. A core area traditionally reflected in audiovisual policies is rights ownership. We think that in the short term this will be the area where audiovisual policy makers and film agencies will focus on.

We'll come back to the thriller generative AI in the final report... to be continued then...

THE PURPOSE OF FILM AND AUDIOVISUAL POLICY AND PRACTICE

Film policy emerges

During and immediately after World War II, the position of American film was strengthened. The wheels turned almost unhindered on the other side of the Atlantic, while for obvious reasons it was difficult to do business as usual in most European countries. Film policy emerged in Europe as a response to a threat: the strengthening of American dominance in movie theatres and a weaker position for the nations' own films. "Local" films could not be financed on the market to the same extent as before. The initial policy measures were ultimately aimed at addressing existing and looming market failures, understood here as a lack of domestic films in one's own country's language, and with cultural reference to and significance for one's own country. In France, the Centre National du Cinema (CNC) was created almost immediately after World War II (1946). In several other European countries, the first political decisions on support for domestic films were taken in the early 1950s.

In France, film policy was financed by taxes (levies) on existing and future exploitation windows. This model also served as a role model for several other European countries. In most European countries, film policy was initially financed in the

same way as other cultural and artistic areas of public interest, mainly from the state budget.

The first major transformation of the ecosystem: television

At times when the ecosystem for production, dissemination and screening is transformed through technological and market developments there is increased urgency for national film policy to adapt and develop. In the 50s/60s the television set moved into our homes. The sharp increase in easily available moving image content led to a dramatic decrease in cinema attendance. In response to this crisis, during the 60s and early 70s many European countries institutionalized film support. National film agencies were founded and given the task to implement the agreed film policy.

The second transformation: home video

The next major transformation of the ecosystem took place in the late 70s and early 80s, when home entertainment had its breakthrough. The number of exploitation windows for films and other audiovisual works increased. Audiences had far more choice in terms of what, how and when to watch. Access to significantly larger and more diversified film and audiovisual content increased, including films produced directly for the home entertainment market – not always the best works, but some-times with significant global spread. By extension, as the ecosystem for production, screening, dissemination, and audience habits changed, audiovisual policies that went beyond traditional film began to develop in Europe.

Europeanization

In the 80s, the establishment of new institutions, such as the Council of Europe's co-production fund Eurimages, and various forms of EU support within the MEDIA scheme, led to the formulation of a clearer European dimension in both policy and practice. In concrete terms, this took the form of support programs to: promote the circulation of European films and to some extent other audiovisual works beyond national borders; develop skills and competences; foster entrepreneurship; and en-courage cooperation in the European audiovisual sector. The various regulations and support programs aimed to contribute to enhancing cultural diversity and to strengthening Europe's and European content's ability to compete at home and internationally.

The development of various cross-border cooperation and support programs increased the need to define what type of content, and who should be able to benefit from different public support both at European level and nationally. The definitions of "independent content" and "independent producer" became central.

Over time, there was also a perceived need to protect European cinema and the audiovisual sector from mainly the aggressive competition from the other side of the Atlantic.

The regions enter the arena

During the late 1980s and early 90s, the number of regional film ventures increased radically. This can partly be explained by the fact that the regions started positioning themselves in

the political arena and that geographical diversity was given greater political importance during the late 70s and 80s. Paradoxically, regionalisation as an ideology goes hand in hand with internationalisation and globalisation – something many are passionate about, and others are terrified of. Whether perceived as fundamentally positive or negative, this period saw the introduction of more proactive regions committed to venture in the audiovisual sector.

The motivations for the existence of regional film funds vary greatly. Some recurring factors include:
• Film is a cultural form and an "old art" that not only rely on commerce.
• Film needs public support to be produced so it is legitimate for regions to also support the sector.
• Geographical diversity is required to safeguard the diversity and development of national cinema and other audiovisual works by enriching it with "other" people, environments, and stories beyond the capital, where most film and audiovisual production is usually concentrated.
• The audiovisual sector has experienced ongoing growth and appears to be unaffected by cyclical fluctuations.

Some of the earliest regional film ventures were made in so called historic nations such as Scotland and Catalonia, others in regions that had a great need to develop their business structure and/or image. Film – and to some extent drama series – production was intended to strengthen the image of an innovative and progressive region. Films and drama series

convey the image of the territory's people, environments, and histories. By pairing cultural policy arguments with regional development policy arguments, regional film funds were created in North, West and, to some extent, Southern Europe (Spain and Italy).

The German model, with its clear requirements for a film or drama series production to spend more than the "regional grant" – the so-called regional effect– offered a great support for the argumentation in favor of regional funds, regardless of which policy area it originated in.

The objectives of regional film ventures vary considerably more than those of nation states and may be radically different in nature than them. Such objectives may include: increasing production volume; achieving artistic recognition and/or audience success; generating works linked to the specific region that reach and concern virtually all citizens of their own territory; making visible the specific region's people, environments and histories nationally/internationally (to put the region on the "mental" map of the citizens in a specifically defined geographical space); developing and building a viable and long-term sustainable "industry"; building a sustainable infrastructure for film and audiovisual production; contributing to the development of a more diversified economy in their own region; creating growth in the region's econ-omy; enhancing the specific region's position as a tourist destination; and strengthening and developing the region's creative talents and production companies.

The specific region may have a purpose that includes several of these objectives. The combination of objectives can be link-

ed to several policy areas, such as culture, economy/economic development and/or education. Where the emphasis lies varies from region to region.

The current ecosystem changes in the sector have affected to a limited extent the regional purpose of film and audiovisual policy and its various practices. Rather, the overall gradual move from film to audiovisual policy at all levels has had a deeper impact on the distribution of the regional funds. In other words, without any real changes in policies and objectives, funding priorities have, in many cases, shifted from film to drama series.

European regulations

The aim of European AV regulations is to ensure cultural diversity and to protect competitiveness at national and European level. The status can differ between countries, with some adopting them as laws, and others as decrees. In substance, however, whatever their formal definition, they have most often been interpreted as binding.

A complaint in 1997 against the French automatic support scheme, *Soutien à la cinématographique*, formed the basis, and created the principles, for state aid control laying the foundations for the first so-called EU Cinema Communication (2001) that was limited to the production of film and other audiovisual works (creation of an audiovisual work and not industrial activities).

At that time, the European Commission established criteria according to which state aid could be granted to films within EU member states:

• aid can be directed at a cultural product;
• each member state can decide on specific national criteria (subsidiarity principle);
• the producer must be free to spend at least 20 % of the film's budget in other member states;
• the level of aid is limited to 50 % of the production budget, except for so-called "difficult" and "low budget" films;
support for a specific part of the production (i.e., post-production) is prohibited.

Digitalisation, the audience's changing consumption patterns and the need to extend the areas of support beyond production motivated an audit. The Commission noted the undesirable competition between Member States, so-called subsidy race, where state aid was used to attract major film productions to a country or region.

The Commission launched a public consultation on public support for the film sector. It turned out to be a lengthy process, and the new Cinema Communication was eventually adopted in November 2013. The 2013 Cinema Communication includes public support for all aspects of filmmaking – from idea to delivery – as well as support for movie theatres. However, support for video game development was not covered. Some cornerstones of 2013 Cinema Communication were:

• The aid must be targeted at a cultural product.
• The principle of subsidiarity applies.
• Clearer rules on how much the country/region can require spending in its own territory.

• Definitions of how large the public support (aid) can be in relation to the total cost of each project.

Despite the Commission's initial statement on the "subsidy race", the final wording was rather vague, and the Commission confined itself to considering it its duty to monitor the further development of this type of aid to ensure that competition is based primarily on quality and price, rather than on state aid.

Cinema Communication is only one part of the European regulations governing the financing of films and audiovisual works in Europe. To this must be added conventions for, among other things, co-productions (Council of Europe) and various directives, most importantly perhaps the EU's AVMSD.

Today, there is considerable consensus among the pan-European interest groups that the EU should regulate the streaming giants' business conditions, primarily regarding IP ownership. It also calls for a clearer definition of who can be a beneficiary of state aid regardless of the form and format, and whether it should be traditional audiovisual public funding or incentive financing.

Most respondents believe that regulation of incentives is necessary (see below).

New rationales

Since the 2010s, social and political changes have paved the way for a new rationale for film and audiovisual policy. Sustainability, diversity (a concept that embraces inclusion and representation), and gender balance have become essen-

tial elements in the film and audiovisual policies of most countries and regions. Links to democracy and freedom of expression are strengthened.

There is a clear line between the original motives for film policies in different European countries and the measures taken and principles enshrined decades later, but there are also important differences. The move from film to audiovisual policy has had a decisive impact on how the smallest component of film and audiovisual policy is defined and how purpose and focus are understood.

The transformation from film to audiovisual policy

Film policies transformation into audiovisual policies meant that more expressions and formats were integrated into policies and public support systems. Public film and audiovisual funding could now be justified under different rationales. It became crit-ical to redefine the focus of policies and operations, and what they should ultimately safeguard. Is it citizens' access to content that has clear cultural reference and significance linked to the territory? Is it the notion of independence ("independent producer" and/or "independent content")? Is it the filmmakers/creators? Is it national and/or European ownership of the content? Is it the infrastructure? Is it European cooperation? Is it the development of talent, know-how and competence? Is it innovation? Is it the visibility of the territory's people, environments, and stories? or is it something else? In most cases, of course, it is a mix, but if you mix too many purposes, there is a great risk that the very essence of the policy will become diluted. It will also be diffi-

cult to defend in times of scarcer financial resources and antagonistic political contradictions. Arguably, the most central question today if one is to define the ultimate future purpose of audiovisual policy is "whose interest should audiovisual policy and film agencies primarily serve'?"
It is not easy to integrate audiovisual policy into cultural policy. It seems that audiovisual policy is automatically moving to a mix of cultural and economic dimensions. On the one hand, this can be seen as a strength – the sector gains a significantly larg-er status when it becomes part of a broader economic policy; on the other hand, the logic and focus of audiovisual policy moves increasingly away from its origins. It is no longer about protecting against existing or possible market failures, but rather about strengthening innovation, growth, and the territory's position on the global arena. The development of videogames, VR/AR, podcasts and, in the long term, new tech-nologies can be central areas to invest in. The move is sometimes dressed in a beautiful ideological garb where the common denominator is presented as "independent" diversified content.

The expansion of content production is not directly related to the demand of citizens – it is about the streaming services and broadcasters' competition for market share. The war is fought with two weapons: volume and exclusive content. Incentives have been central to driving content expansion.
The audiovisual sector includes several areas where equity is not in short supply, quite the opposite. One can perhaps understand the ventures in expression/formats that can survive without public support:

• as a tool to safeguard independent content;
• as a tool to strengthen the content's link to one's own territory (cultural significance and reference);
• as a tool to strengthen the position of the independent producer;
• and as a tool to compete for the location of production – i.e., public incentives/subsidies that cannot be related to market failures but to po-tential economic values.

The near future

The level of conflict and polarisation in the world, combined with the turmoil in public finances, may affect public investments in the sector. There is concern among respondents that cutbacks or frozen grants will affect subsidies based on quality, read selective funding, while general subsidies that drive volume and turnover will not be affected. What does this mean for the long-term sustainability of audiovisual policy and for its focus? Will cultural values have a chance to compete with measurable economic effects?

How should cultural policy linked to the audiovisual field be understood in the future? A common reasoning among the sector's actors, private and public, is that film and audiovisual works are culture and art forms and should be treated as such, equated with other art forms. This is something with which we obviously agree. However, this does not necessarily mean that society/taxpayers should invest large resources in all parts of the area. European public support for art forms such as literature, visual arts, performing arts and music is often related to cultural heritage, education and market failures/

shortages. The areas that the market can sustain itself receive no, or marginal, support. In other art forms, industrial policy elements are of minor importance – if at all present.

There has always been a slippage in film and audiovisual policy between cultural and economic policy. This raises questions that the sector's policymakers, as well as public and private actors must answer: Should film and other audiovisual works be seen mainly as part of an industry that can be called "audiovisual", or should they be identified as art and cultural forms? The answer/s may not be the same for different types of expressions but have fundamental implications for the policy area's current and future purpose and design.

The discussion about film and audiovisual policy is often hung up in the lack of capital for the purpose, so also for the study's respondents. A good example of this type of discussion concerns AVMSD's paragraph 13 in many countries. The AVMSD provides as mentioned above for the possibility to supplement the requirement of at least 30% of the content shown in Europe to be European; and to achieve this it gives countries the option to introduce a levy/tax, and/or a requirement for an investment obligation in national and European content. The latter is not in itself a problem, the former has created unrealistic notions that now it will exist a one-armed bandit for national film agencies to draw with a 100 % chance to win a jackpot.

RESPONDENTS' REFLECTIONS OF THE PRESENT AND THE FUTURE

Questions that require answers

The current film and audiovisual policy issues are characterized by the paradigm shift and the rapid development that the sector has gone through and is still going through. The paradigm shift has changed the conditions for all players in the sector and has greatly increased the amount of available content that most of Europe's residents find qualitatively good, and interesting to watch and engage in. Across production, distribution and screening of film and serial drama, the balance of power has been reshaped. The rapid development of the sector has created capacity problems, which have amplified existing problems.

The need for a film and audiovisual policy must be relevant for the citizens and the sector. It is crucial to define in which policy area(s) film/film and audiovisual policy belong/have their roots – within which larger context should this policy area be understood nationally, regionally, and locally.

What should film (and audiovisual) policy ultimately aim for? What is its purpose?

The debate on the future aims and objectives of film and audiovisual policy continues to be tentative. It moves in

circles around themes identified before the pandemic. These include:

• the transformation of the ecosystem by digitalisation and globalisation;
• what type of content really needs public intervention;
• who should the policy serve;
• how are the market-disrupting forces: global streaming services; Europe's subsidy contest; and expansive broadcasters, changing the context of existing film and audiovisual policy;
• how is the balance of power between public and private actors changing;
• the overproduction of content and how the content should be managed;
• and how to understand the effect of the content boom on audiences, audience choices and the future position of cinema.

Europe's film agencies and most of our private respondents currently focus on money and definitions. Below we take a closer look at some of the hot areas: AVMSD; incentives; who can be a beneficiary; how do you define "independent producer" and "independent content'. Implicitly, several of these themes provide an opportunity to discuss the main purpose and focus of public film and audiovisual policy and practice. The original questions of the PFFC project therefore remain. What should be the main objective of film and audiovisual policy and how should it be formulated to be relevant in the medium and long term? What aspects of the "ideology" for public film policy and film funding need to change for them to be relevant to citizens and the sector?

What should film and audiovisual policy cover? What should be its scope?

Audiovisual policy has developed in a wide range of European countries in recent decades. There are only a few countries and regions that can be said to have a clear film policy that does not include other audiovisual expressions and formats. There are common denominators in the audiovisual policies of different countries and regions, but also distinct differences. Some of the differences can be explained by the interpretation of the word "audiovisual", but mainly it is about the scope of expressions and formats that should be accommodated in both policy and practice.

The move from film to audiovisual policy is logical. Know-how, competence, creativity, and technology are used across different expressions. Individuals and companies often work with several expressions or move between them over time. Software, hardware, and other infrastructure are used for producing film, serial drama, animation and video games.

If one looks at different audiovisual policies from the outside, it is easy to interpret it as an *ad hoc* arena in which expressions and formats are integrated without much thought and as they become established. If it is an audiovisual expression, it should not only be integrated into policy, but also transformed into an area to be provided with a support program and regulations. Detailed rules are proposed, regardless of need or not. Policy makers is often eagerly cheered on by at least parts of the sector's private actors.

One of the challenges of an audiovisual all-encompassing policy and practice is to find and strike a balance between the

support programs developed for different expressions. So far, the big winner in the transfer to audiovisual policy is drama series – but how relevant and reasonable is such a priority today? Drama series production has benefited more than any other form of expression from the expansion in the OTT sector and from the incentives war. Is it reasonable for film and audiovisual agencies to add to that expansion? Is public money really needed beyond PSBs commissioning of serial drama and the purchases of domestic and European dramas made by them? An increasing proportion of respondents share the view that there is reason to question what they consider to be excessive public support for serial drama. They are not opposed to all forms of drama series support, but to the scope.

Very few of the study's respondents reflect on how many expressions should be integrated and embraced by audiovisual policy. If there are question marks, they mainly concern the relevance of support for video game development, and a large-scale involvement in the development of systems and technologies. However, there are film agencies and policymakers who see support for innovation as an important part of a dynamic audiovisual policy. A third position is represented by those who generally see audiovisual policy and practice as important tools for strengthening Europe's position and countering American domination.

The problem for supporters of wideranging audiovisual policy practice is that there are European examples where some expression and formats have developed more quickly and with better quality where no public support has existed. This, however, does not mean that lack of support leads to quicker

and better development of other expressions and formats. Some expressions, such as cinema films, are heavily dependent on public support to exist and develop.

Most respondents share the view that for an audiovisual policy to be relevant and effective, a clearly defined strategy is required, with processes of selection about what to support being a critical factor. Massive incentive programs cannot alone create and guarantee coherent strategic development and build relevant know-how, skills, and infrastructure.

Both the respondents of the study and we question whether the political will exists to allocate sufficient economic conditions for a genuinely all-embracing audiovisual policy in almost all European countries and regions. If an audiovisual policy is too broad, but funds are insufficient and therefore resources are fragmented into too many expressions and formats, there is a risk that the overall result will be weak. For an audiovisual policy to be meaningful and deliver clearly measurable results, it is crucial to prioritise.

How will audiovisual policy be financed?

There is no major discussion about how a more expansive audiovisual policy should be financed except for those countries where the AVMSD is supposed to contribute to its financing. Countries that finance their audiovisual policy mainly with levies continue along this path, countries with a film and audiovisual policy financed from the national or regional budget continue along theirs. Which path you are on is essentially determined by the nation's tradition. In some countries, levies are seen as a nuisance that should only be

used in exceptional cases; in these countries, there is often an established aversion to levies among politicians and officials in the often-powerful Treasury Departments.

The debate on different public funding models for film and audiovisual policy is of varied importance. In countries where incentive funding and private investment dominate, the discussion is very different because automatic funding is closer to the logic and objectives of economic/industrial policy.

At regional level, other crucial dimensions of the funding of audiovisual policy determine the extent to which the region itself can decide its own focus and priorities. Regions in federal states or countries where the regions have the right to tax the citizens, and regions that have a degree of autonomy from central government, have a significant degree of freedom to define their own policies. In countries where the national film agency or other state bodies decide and handle the grants to regional film funds limits the extent to which they can freely decide on direction and priorities. In such cases, national priorities govern the design of regional audiovisual policy – whether partly or wholly.

What should film and audiovisual policy regulate?

Some of the above arguments bear on the discussion of what are the limits for what Europe/the EU – read politics – should regulate. The audiovisual sector is currently the most regulated area in the cultural sphere. There are rational reasons for this, but at the same time there is a risk that the sector will be over controlled, and that vitality will disappear. For many, regulation is the first, most important, and most central tool for

the public sector. In our view, there is a risk that introducing more, and new regulations will obscure the need for reassessing their purpose and objectives. The details often become more important than the whole.

A small majority of the report's respondents explicitly expressed requests for additional European (read the EU) regulations. The requests range from regulating who can apply for and benefit from public support in various forms, to basic conditions for business deals with, for example, streamers.

As stated earlier, Europe is a multifaceted continent. A regulation that makes perfect sense in Western Europe, can be counterproductive in the Nordic countries and/or Eastern Europe. In the Nordic countries, for example, it would be a major problem if the integrated companies were excluded from the public support system. Nordisk Film and SF Studios are key engines in this part of Europe. In several countries, primarily in Eastern Europe, the inflow of production from other countries is central if it should be possible to build, maintain and develop know-how, skills, and the neces-sary infrastructure.

The views of the respondents on key definition questions vary so widely that it would be very difficult to find sufficient consensus to regulate these at European level.

AVMSD implementation and outcome

Appendix 3 presents a map and a detailed description of how Section 13 of the AVMSD has been implemented. In many countries, the process from proposal to implementation of

levies and investment obligation in local content has been complicated and divisive. Denmark and the Netherlands are clear examples of this. The contradictions and differences in approach have made it difficult for among others producer association to take a position. Some have seen the implementation of these parts of AVMSD as a threat – something that in the long run could lead to reduced and not increased investment in the specific territory's content; others have seen it as a necessity to be able to strengthen the financing of both film and drama series.

The major streaming services have actively lobbied against levies and investment obligations with the aim to completely stop the introduction of a streaming tax and to minimize the size of a possible investment obligation. The way in which lobbying is conducted has taken varied forms in different countries.

The level of conflict has resulted in modest percentages for levies and investment obligations. Levies of around two percent and investment obligations of less than five percent of the respective service turnover in the specific territory are common.

In many countries, there have been unrealistic expectations of how large the contribution would be if a levy for streaming services were introduced or increased and what growth in content production would be generated if an obligation to commis-sion local content were introduced. This has led to disappointment among film agencies and parts of the film and drama series community.

For a more detailed description of the general arguments

about the advantages and disadvantages of implementing a streaming tax and an investment obligation, see the first report.

The incentives – threats or opportunities

National and in some cases regional audiovisual policy utilizes different forms of incentives as a common tool for public investment in the audiovisual industries. Tax incentives in the film and media sector were first introduced in the United States in the early 1990s. This was a response to the increased exodus of Hollywood productions, during the 1980s, to countries with lower production costs, mostly Canada. At the same time, American film production was concentrated in Los Angeles and New York, leading to capacity problems in these hubs.

Louisiana was the first U.S. state to introduce a tax incentive (1992) with the goal of keeping so-called "runaway productions" in the country, while building a local film industry. The UK soon followed in introducing a tax relief scheme to increase investment in the film industry. As this proved too weak, it was replaced five years later with a different one which came to be abused, creating a market for companies that effectively brokered tax relief, not least for international productions for a fee. But shame on him that gives in – a new incentive scheme was introduced in 2007 and is still in place.

Several of the countries that introduced tax-based incentives early on had similar problems, so these were replaced by new ones.

By 2022, there existed 33 European national incentives of

various kinds. To compare with the US which then had 35 incentives (source OlsbergSPI).

In the 2010s incentive systems grew in importance. They greatly expanded the amount of public funds available for the AV industry, increased the maximum amounts that a project could receive, as well as the percentage of the amount spent in the specific territory that was offered. In many cases 20 to 25% became 30 to 40%. Since 2019, the value of the various incentives has remained unchanged in Europe except for a few countries that have increased the value, in some cases significantly. Greece, Sweden, and Austria – have also belatedly introduced new incentives. Large expansions have taken place in Italy (10% up), Slovakia (13% up) and Spain (30%-50% up).

The so-called "Subsidy race" or "Incentives war" is mostly a western and southern European phenomenon. This is where both the percentage and the maximum amount that an individual project can be awarded from incentive schemes have been increased most. One can speculate about the motives, which we believe are two: the desire to become a/the leading European hub for the production of local and international audiovisual works; and/or the desire to counteract the risk of losing production to other countries.

The respondents' critical remarks about the incentives revolve around:

1. The need to work with a more complex purpose, more clearly linked to film and audiovisual policy in Europe and in the specific territory.

2. The need for the same basic rules to apply concerning who can be a beneficiary from both incentives and other kinds

of public film production aid. The discussed ground rules for the applicant relate to:

- the degree of ownership in the project;
- ownership of the company;
- who has made the decision to develop and finance the project – the applying company or the main financier;
- if the applying company is defined as independent;
- if it has creative and artistic freedom and control

3. The need to link incentives more clearly to cultural values.

4. The need for the EU to regulate incentives by maximum the percentage of money spent in a specific region/nation and total amount an individual project can receive.

5. How to prove economic impact when virtually all countries in northern, western and southern Europe have major capacity problems; with no, or limited, capacity to be absorbed, incentives basically only create inflation.

6. In countries where incentives have more funds available to distribute than the traditional public system, the real power over film and audiovisual policy has shifted from culture to economy/finance/tax.

7. "To be or not to be": should we reset Europe and forbid the use of incentives?

Capacity development

Lack of capacity means lack of creative talent (including producers), line producers, heads of departments, film workers and adequate facilities. The capacity problem, or "capacity" in short has been a hotly debated topic in recent years and it is a

direct result of the boom in content production.

Capacity is generally commented by respondents as an important underlying problem, but it is not central to the discussion on the future of audiovisual policy and practice for respondents. With one exception: talent development. This is seen by most as a central part for developing future capacity and as an essential task for film agencies.

There is a great variation in opinions about how talent development should be approached. Should the old focus on short films considered as "school" and "development platform" remain, or is it time to make this mindset obsolete? Should the future model consider hybrid formats and prototypes for different types of content? And should YouTube, TikTok and other social media be central to both finding and disseminating the talents' work? An example of the latter is BBC Talent Lab program (a collaboration with TikTok).

On talent development, the respondents mostly asked questions rather than provided answers: How broad is the span of talent development work, does it cover most of the central professional functions? What does the path from being a talent to being a professional look like? There are several possible answers to these questions, and these ultimately relate to the traditions and dominant mindsets of those involved in production in a specific country and in some cases a region. In territories with a severe capacity shortage, unorthodox thinking has created new career paths for a wide range of professional functions. From "talent" to "established professional" is an area that, many argue, requires constant empirical follow-up and research should the work that film agencies do or plan to

do be meaningful. As the reality in which talent work is to be conducted is constantly changing character, agile approaches and working methods are required.

The work of national film agencies and regional film funds with talent development seems to lack deeper analysis of current needs and priorities, according to many of the interviewees. It places too much focus on the development of talent who want to make artistically ambitious films – an area where Europe today has a large overproduction. The hunt to develop personal voices/auteurs becomes too dominant. The question is also whether most of the public institutions that support talent work have sufficient competence and financial muscle to be able to develop the great film artists of the future.

Today, many talent development programs are run around Europe in collaboration with a global streaming giant, often Netflix. The programs are sometimes financed by both public bodies and the streamer. Film agencies reflect on this differently. Some worry that the "Netflix academies" will streamline their talents and adapt them to the streaming service's algorithm-driven storytelling and to the production models pre-ferred by OTT services. Others see a marginal difference between that world and the one that talents encounters when they are hired by one or other of Europe's major production companies to produce drama for a public service, or a traditional broad-caster. In both cases, this is a world that does not resemble the one that talents have been prepared for at a film school, or in a traditional talent program.

Almost all national film agencies and regional film funds see talent development as central, and an important area to

develop. National film agencies see great value in the work of regional film funds in this area because talent is "everywhere". Most national and regional film agencies consider that traditional short film-based talent development work is valuable, but at the regional level there is a greater willingness to supplement it with other tools and focus. Horizontal perspectives, such as inclusion and gender balance, are more clearly emphasized in talent work than in other areas of activity.

In our opinion, the objectives for talent work often remains diffuse and are related neither to the development of the ecosystem, nor the priorities for the existing audiovisual policy, here we include incentives.

What type(s) of actor(s) should manage film and audiovisual policy na-tionally, regionally, and locally?

During the work with *PFFCII*, we have come across very few proposals aimed at reforming film agencies and/or, more broadly, public institutions linked to the sector. This does not mean that there is no discussion and reviews made of everything from support systems to whether certain assignments should be moved from, for example, national to regional level or the opposite. But what is lacking is overall, big picture, thinking.

The report's survey confirms: without politics, politicians/policy makers, there will be no real change. Most national and regional film agencies formally see themselves as an extension of politics. This is in itself no surprise and partly logic. An example of the importance of politics is the new German government's proposal for a radical reshaping of film and

audiovisual policy – new policy objectives, new support systems and changed working methods. Regardless of whether it will be implemented in full or in part, it was already met with a strikingly large number of positive reactions at the presentation – as if it were long awaited.

When the proposal was presented, the starting point was as elegant as it was illustrative. Germany had received numbers of Oscar and Bafta nominations for the film *All Quiet on the Western Front,* financed by Netflix. The new world challenged and, in a way, outmaneuvered the old-world system.

For many respondents, an important question for the future is whether countries should strive for a coherent audiovisual policy where objectives and overarching principles cover the whole area. Today, incentives are often handled by another authority, have radically different objectives and are not subject to the same basic principles. We perceive that this is a discussion that in the vast majority of countries is still in its infancy but can quickly become relevant as many of the sector's players strive for increased coherence.

What is required of film agencies to carry out their film (and audiovisual) policy mission?

There is some insight that film agencies' competence about the transformed ecosystem needs to be strengthened and developed. And that such competence is essential if they are to be able to conduct meaningful work in the fast-developing ecosystem.

COEXISTENCE IN THE TRANSFORMED ECOSYSTEM

OVERALL

The evolution of the audiovisual landscape continues to be rapid and dynamic. What it looks like varies from country to country. The more opaque and fast-moving landscape does not in itself make defining the future purpose of film and audiovisual policy more difficult. Paradoxically, the cornerstones of the transformed ecosystem are becoming clearer. The rapid development is forcing sharper prioritization of what transnational, national and regional film agencies can and should focus on. It is not possible to be everywhere and the areas where public involvement becomes meaningful may be fewer in the relatively short term.

The development of generative AI and the transformation of the internet into the metaverse are challenges facing the sector's policymakers and film and audiovisual agencies. Issues around ownership and control of rights, Intellectual Property Rights (IP/IPR), can become even more complex. It is therefore crucial that position and definition discussions focus on what is at the core of public assignments, and in the values that can be sustainable in a fast-moving landscape.

The discussion about how national and regional film agencies should relate to streaming giants, mainly global ones, has

changed character over the past year or so. Black and white have become grayer. The discussion is increasingly about what can be gained from co-financing and cooperation in defined fields with clear rules and limits.

The transformation of the ecosystem coupled with the issues of rules and boundaries puts definition discussions high on the agenda. The question is what definitions will be sustainable in ten years' time, therefore justifying the large amount of time required to reach them.

The discussion on how Europe should perceive, and relate to, the involvement of global players in the financing and dissemination of local works is mainly driven by Western Europe. Streaming giants supply content to the inhabitants of most European countries, but they only commission local films and series in some parts of Europe. There are significant variations in terms of where content is consumed: in some parts of Europe, most residents watch streamed content, while in others linear viewing still dominates. It is difficult therefore to generalise and draw unified conclusions for the whole of Europe. The introduction of investment obligations and the different responses to it, also shows the pitfalls of a standardised approach.

In the first report, a common recurring reflection set local versus generic content. There was great fear that global services would undermine the soul and character of storytelling with strong roots in a territory. Today, few respondents comment on this; even here the world seems grayer. Many feel that streaming giants offer greater artis-tic and creative freedom and control in the film field than "old world" actors – a percep-

tion that presents a major challenge for film agencies.

In some countries, respondents feel that the large SVOD services' requirements for a clear genre are limiting, and that funded projects are increasingly mainstream. At the same time, it is noted that this is not unlike how private and public service broad-casters act – and perhaps it is not surprising.

WHO SHOULD QUALIFY FOR SUPPORT FROM A FILM AGENCY

Who should be a beneficiary? And for what? Should it be for the work or the company?

The discussion on what type of production company can receive support ('independ-ent' or not only) is central in many countries and regions. This also has strong European weight as European co-production is governed by the European Convention and/or by bilateral co-production treaties; in both cases, a definition of who can receive support is crucial.

The public fixation on the "independent producer" is a growing problem as the concept is perceived in radically different ways by key players across the value chain, countries, and regions. The risk is that Europe will end up in a watered-down, rather meaningless compromise in which several interpretations can be accommodated. Is it perhaps preferable for Europe to learn to live with multiple – but clear – definitions?

For some respondents, the discussion is not only about who can receive support, but also about what can receive support. For some respondents the notion of "independent content" is as sacred as "independent producer". Here the confusion becomes even greater.

Key definitions

Once the definition was simple and clear. In most European countries, an independent producer/production company was defined as a company that was not owned by a broadcaster or was dependent on a specific broadcaster only to a limited degree. The IP would be wholly or substantially owned by the company seeking public support.

Today, a wide range of definitions and mindsets abound among policymakers, film agencies and interest groups.

To facilitate the discussion, we have chosen to highlight various aspects discussed. These are mixed in different ways in different territories and by different interest groups.

A large part of the discussion focuses on ownership of the company seeking support. There are still respondents who stick to the old definition or a version of it – only they supplement "broadcaster" with and/or "VOD service". Another dimension concerns whether the ownership company is based in one country and/or within Europe. According to some, companies that are wholly or partly owned by non-European interests, in most cases defined as American, should not have access to European public funds. This is regardless of whether the specific company has arisen from, and/or has its entire business located in a European country.

The large production company groups/conglomerates are seen by some as a problem in themselves. Banijay, Freemantle, BETA, Newen, Mediawan and others can be understood as European-owned, but most of them operate globally. Here there is a very wide range of thinking on the part of the respondents. Some want to exclude from the definition of "inde-

pendent producer" all production companies that have an "external" owner/not own themselves. Others are more open to synergies and/or compromise.

It is easy to understand the arguments in favor of local and European ownership, but it is already difficult to find out who owns what. Companies listed on the stock exchange trade globally. Companies currently integrated into a European production company group may soon be owned by non-Europeans. These companies do not necessarily have to be American; Asian and Middle East-owned companies and/or corporate groups are likely to also get into the game.

Another dilemma in the discussion about who should benefit from public funding is that successful audiovisual policy is dependent on production companies that can deliver. In Western Europe it is becoming increasingly difficult to find production companies of any size that have not been bought by a production company group. A critical question therefore arises: Who will deliver the big, ambitious films and dramas that are so central to the position of domestic content if not production companies that are integrated and approved by the "system"?

According to some respondents and interest groups, if the applicant company owns and controls the rights, it should be able to apply for support from film agencies, regardless of who owns the company. There are different variants in terms of ownership of rights: full ownership, substantial ownership, or unspecified share (any ownership). The differences in perception of how much rights ownership should be required for access to public funding are partly related to the type of content discussed.

Another dimension in the discussions about ownership of the company and/or the content is whether the company that owns the applicant company, its parent company, controls several viewing windows, and/or whether it can prevent the exploitation of the content beyond a defined window. This aspect partly refers to fully integrated companies or companies with some vertical integration; but can also be related to the traditional definition whereby an independent company cannot be owned by a broadcaster.

By and large, regional film funds adhere to the definition that dominates nationally. For some national film agencies and regional film funds, activities in the territory (offices/headquarters and staffing) are a central and overriding aspect for a company to be eligible for funding. It can therefore under certain conditions open the door for "production service" companies to apply for and receive support for projects.

Some respondents argue that production companies that possess their own decisionmaking rights irrespective of IP ownership, primarily understood as the right to decide which projects are to be developed and financed, should be considered independent and thus have the right to apply for support.

It is important to safeguard local and European ownership

In the discussion about what coexistence should look like in the transformed ecosystem, ownership of copyright is perhaps the most important and central point. National film agencies and regional film funds are almost one hundred percent in favor of national and European ownership of the

companies that benefit from public funding. And they are also almost as pro for the specific projects to be owned by the production companies that receive public support.

The view of the production companies is different. A year ago, ownership was seen as important, even though volume and margins were the most fundamental elements in the production companies' business concept. Ownership of underlying rights was necessary as it was enabling the generation of additional volume and margin. Today, production company respondents, especially those that mainly produce drama se-ries, reduce the importance of ownership of IP rights even more.

The streaming giants need to balance their economies. Today the streaming giants are open to discussing models of shared IP ownership, where there is at least the possibility of a national exploitation window. It may be that the discussion around copyright ownership in a fairly short time perspective will be less sharp and decisive.

The issue of copyright ownership has had a clear European emphasis. Should Europe continue to own its IPs, or will they be American owned? The topic has great symbolic value for European content creators. It will continue to be in the agenda for a while, but the context in which it is discussed will change character. In the longer term, the continued globalisation of the sector will play a role, as more ways of packaging and displaying content will emerge. The model of territorial-based rights management, which European companies mostly rely on, is under threat. This threat will increase as already known innovations are implemented.

Independent content

For some respondents representing specific interests, and for some film agencies, independent content is a more important factor for defining what could be funded than the profile of the beneficiary. While working with PFFCII, we have come across several definitions of independent content. The simplest draws a direct line between company and content: if the beneficiary is an independent production company which owns and controls the IP, the content is independent.

Independent content, however, can also be defined differently: for example, if the creators and the production company have artistic and creative freedom and control, therefore the decision-making rights on the content, then what they produce can be deemed "independent".

This discussion is not easy as in reality there are multiple factors that limit independence. For example, all commissioned content, including the content ordered by traditional broadcasters, is only independent to a limited extent. It is quite common for traditional film financiers to prioritize certain types of projects. Even if these priorities are not formally written down on paper, they are known by at least the more experienced production companies, which, by extension, develop content that has potential to be funded. As these companies prioritise projects that have higher chances of doing so, it could be argued that the degree of independence of their content is compromised.

In Europe, there are limits to the proportion of funding per project that can come from public film agencies and other public sources. Commercial players do not easily subordinate

themselves to the principle of independent content. If commercial companies are expected to be co-financiers, the playing field and the independence of the projects are affected.

Film and audiovisual policy and practice, quite reasonably, refer to a range of horizontal perspectives: inclusion, diversity, sustainability, and gender balance. These aspects play an increasingly important role when both private and public bodies decide which content to co-finance. Arguably this restricts the independence of this content.

From a philosophical point of view, it is easy to sympathize with the importance of independence in content production, but in practice there is a long list of obstacles that are difficult to overcome. The system is ambivalent: it both wants and does not want independence. It goes without saying that there are exceptions as there are creators/auteurs and companies that are given freedom and independence by both private and public financiers; but these are exceptions.

THE GREY ZONE

We define the Grey Zone as the arena where film agencies and/or PSBs co-finance local content with a streaming giant. In such cases, normally the project is owned by the production company, which can exploit the content for a defined period in the project's country of origin and/or in the main other countries that financed it. The SVOD rights will be held by the streaming service for a longer period, after which the SVOD rights go back to the production company.

On the drama series side, there is no fixed and clear pattern. There are examples where the streaming service is ahead of a

PSB also in the country of origin of the project, but usually it is the other way round. The size of each party's contribution, as well as the principles of the specific PSB company, are of great importance. It is harder to get a clear picture of the production company's position in drama series projects compared to feature films.

The Grey Zone, or whatever one chooses to call it, is one of the most discussed topics currently. This is partly a public discussion, but it is also an issue that several national film agencies and regional film funds are grappling with internally.

The Grey Zone offers several benefits to PSB and film agencies. Attractive projects in the domestic market can have a guaranteed large global spread and, with the backing of a global streamer, they can potentially reach a much larger audience. The funding process is shortened. The chances of retaining central talent in the film/drama series are greater. If a project can be done with fewer partners, the opportunity for artistic and creative freedom and control increases. For regional film funds that focus on projecting the image of the people, environments and stories from their region, financial collaboration with streaming giants can significantly increase the fulfillment of central objectives.

Respondents identify a few disadvantages in such Grey Zone financing. Some fear that the balance of power in projects may shift in favor of the streamers. Others worry that streaming services may indirectly erase local distinctiveness and pave the way for generic storytelling. This type of argument, however, is less common now than a year ago.

In our survey, over 40% of film agencies answered that they

participated in the financing of a work that is also financed by a streaming giant, but where the rights remained with the producing company. For 80% of these respondents, the reason for participating is that it benefited the production company in question. Only a small number of film agencies have a well-thought-out strategy linked to the transformed ecosystem and the opportunities offered by the Grey Zone to achieve audio-visual policy goals.

Concrete examples of tactics/strategies that involve some form of collaboration with streaming giants are:

• Using development funds towards developing films and dramas with a strong local character, with the aim to get these works ultimately financed wholly or largely by a global service. This is not considered a problem but an opportunity. Substantial support in the development phase puts the producer in a stronger position and strengthens the project's territorial roots.

• Projects that require a higher budget but mainly have home market potential can be financed considerably more quickly if they are funded in the Grey Zone. Co-financing from the streaming giant enables the work to be made with greater ambition and quality. In addition, the project receives a guaranteed international spread that would not otherwise have been the case. And the possibility of local exploitation at cinemas and '"ransaction Video On Demands" (TVOD) is retained.

• The Grey Zone is an opportunity for smaller production companies to create a better and more sustainable economy and stability. This tactic is mostly expressed by regional film

funds, which then also see it as their task to become the production company's lawyer and help strengthen its position in the project in two ways: through ownership/symbolic limited ownership and through higher financial compensation for the implementation of the production.

WHERE WILL WE WATCH CONTENT IN THE FUTURE?

GENERAL DESCRIPTION

How do audiovisual policy and film agencies perceive that we "should" watch/consume film and other audiovisual works in the medium term, to meet key audiovisual policy objectives? And – assuming the objectives are not met – what do film agencies need to do to achieve them?

Most respondents in both studies, as well as media commentators and industry analysts, believe that we have undergone and/or are still undergoing a paradigm shift. In substance, this paradigm shift is no different from the others. Previous periods of transition have seen the conditions and attractiveness of different viewing windows reshaped – so too this one. The debate and discussion have largely come to be concentrated around movie theatres, but that is making it too simple. The paradigm shift affects the conditions for all existing viewing windows and for all actors.

Europe's audiovisual policy are largely attached to cinema, even though "platform neutrality" is a determining principle in the policy documents of many countries and regions. The cinema is still seen as the church in the middle of the village/town/city.

From an audiovisual policy and practice perspective it

ought to be admissions and not box office that were the focus, but that is not always the case. The perspective mix creates confusion in the debate and increases the risk for miscommunication. It leads back to how one understands the lowest common denominator for audiovisual policy and to overall questions about culture policy.

CINEMA

Cinema attendance has decreased after the pandemic (see, for example, the European Audiovisual Observatory's latest Focus report) even if we at the time of writing see a "Barbenheimer" effect in many countries. What path should film-and-audiovisual policy take? Is the way forward platform neutrality or continued protection of great shared experiences? An alternative position is a mix of asserting platform neutrality as an overarching principle, but at the same time protecting the experiences that cinema screening of films is supposed to provide.

The necessary debate in Europe on the future of cinema and what is meant by platform neutrality is partly obscured by the lack of a common definition of "film" (see Definitions).

In *PFFC* it was clear that both cinema owners and distributors of different sizes and with different orientations considered the solution to be "less is more": Giving to fewer films and better curated programs significantly greater real capacity (start times multiplied by the number of chairs in the screening "rooms"). There is no change in approach among both cinema owners and distributors in this regard.

It is difficult to identify a uniform picture of what the future

cinema landscape will look like. Before, during and after the pandemic, many smaller cinemas changed their focus and transformed themselves into cultural venues where film is part of the business, but not necessarily the main thing. Many respondents believe that commercial, more mainstream-oriented actors will operate fewer cinemas and generally reduce capacity: number of seats and perhaps also starting times. There is an obvious danger that cinema visits will become a pleasure for a well-off and well-educated middle and upper class in major cities. The cost-of-living crisis and weak economic development risk deepening the problems movie theatres are challenged with.

"How many people" and "who" will watch films in cinemas in the short to mid-term are among the most challenging questions for film and audiovisual policy. The questions also have philosophical and moral implications. Is it a political task to define where citizens should access different types of content, or is it up to the citizens themselves to choose where they want to see the specific film (and drama series)?

Audience development and audience design are central to the discussion about the future of cinema film. Most of our respondents see education and audience development as important ventures to get audiences to return to the movie theatres and then choose to see artistically ambitious films from their own country. Regardless of the type of film, the inclusion of an audience perspective in the development work, production and the launch and marketing of the film is central. The critical aspect is whether this work will contribute to the audience choosing to see films or the specific film in

theatres, or whether it will rather benefit the overall impact in different "windows".

The development of young audiences has long been a central perspective for most film agencies. The work with media literacy has had two starting points: to strengthen children and young people's ability to understand and critically reflect on cinematic content; and to contribute to increasing children and young people's interest to see qualitative feature films and documentaries preferably in movie theatres. The adult world's laudable focus on children and young people has had some distinct blinkers. It has not been understood that children and young people's consumption of moving images far exceeds their own and that children and young people have an intuitive knowledge and analytical ability that is often greater than that of the adult world. The development of technology and platforms for disseminating content (such as YouTube and TikTok) has also led to children and young people learning to use moving images to communicate a message, story or feeling in a completely different way than most adults.

For most public film agencies, media literacy is an undisputed central area, but the evidence is weak that it leads to something more than – hopefully – a greater ability for critical reflection of cinematic content. Cinema attendance among young people has drastically decreased in recent decades, while, as respondents point out, fewer and fewer young audiences choose to watch artistically ambitious films in movie theatres in key European cinema film markets.

Film may come to resemble other art forms where, for decades, there has been a well-intentioned desire to get

young people interested in high-quality and classical works. Such attempts have often not been very successful; instead, the paying audience of many cultural institutions has grown older.

The efforts to broaden and develop the audience are perhaps too paternalistic to ever have a greater impact. The young and, for that matter, the elderly will resist authorities telling them what to see and where to see it. This is a fair situation – even if it is a shame from a policy perspective. How to create desire and thus interest are parameters that must be integrated in a clearer way in the work with children, young people, and quality film. The importance of creating desire is commented on by many of the respondents.

The cinema crisis sharpens the sting on several issues that have been discussed for a long time: Issues about windowing (if any), platform neutrality, the definition of film, how we measure audience and impact, the evaluation of the intensity of experience, but most importantly whether the cinema should still be a central basic element – perhaps the most central element – of audiovisual policy. If we look at the overall distribution of public resources for audiovisual policy, including incentives, most European territories have long since devalued the position of cinematographic works. The craze for cinema and cinema film is an ideological position that is given great symbolic value, while at the same time, increasing financial resources are invested in serial drama.

Public support for movie theatres is available in many European countries, with different scopes and focuses. It is not easy to reflect the public grants as there may also be local,

regional and national support. Local support may be based on safeguarding public meeting places, stimulating local cultural life and/or referring to the cinema as a central cultural venue for many art forms. Regional aid may be based on disseminating and enabling the screening of regionally produced films or be a general aid to increase the real breadth of supply. National support can be the product of a tradition or a desire to ensure that there is the opportunity to spread primarily the nation's films throughout the country, but also to the venue as such.

The next few years will determine whether the cinema crisis was a coincidence or the new normal with perhaps 20-25% fewer sold tickets than in the early 2010s. If so, what does this mean for film and audiovisual policy? Will cinema continue to be the central ideological element around which most projects are built?

Most people who work for national and regional film agencies, we dare to say, are movie theatre lovers. Us too. This is not a strength when reality challenges the position of the cinema. "We" find it hard to understand that not everyone thinks that film is best watched in a theatre, or why it is not the cinema visit but the Netflix/Max/Disney+ subscription that people prioritize when the economy is tight, and things are getting worse.

Technologically, the cinema experience will have a hard time competing with what you can create at home. Future strategies for movie theatres must be built around the great shared experience, but how do you curate and create such an experience? And what can film agencies and other public bodies do to make this objective, this relevance, arise?

HOW TO DEAL WITH OVERPRODUCTION?

While working on the PFFC, comments were made on the overproduction of films that have little or no potential to reach an audience in movie theatres.

When we presented the report around Europe, the overproduction of film was a topic that engaged our audiences and where action was called for. A massive majority of respondents said that the audiovisual policies and its operations, film agencies, should give priority to cinema films in the future, but that support should be given to fewer films and be considerably larger.

The discussion about overproduction is even more marked today but it has partly changed character. There are parts of Europe where respondents see overproduction as a general problem – too much of all types of content are produced, not just films meant for the traditional window model.

The combination of:

- cinema owners' concentration on "less is more"
- a decrease in real capacity (measured by the number of chairs and lounges exclusively for film screenings)
- the heavy dependence of cinema on the public selective support systems which has been weakened by inflation
- and a growing awareness that significantly more support must be given to fewer films

may suggest that the problem of overproduction of too many cinematographic works may solve itself. However, there is one distinct "but" – and that is the large and increasingly powerful incentive systems in many European countries.

Respondents' opinions on regulated window models differ.

A majority want to see a media chronology adapted to the individual title.

Overproduction, in combination with regulations of the window model, has been a European concern for a long time. Since the 2000s, the number of film premieres has grown at a rate that has in no way been matched by an increase in capacity and audience at the cinema level. This has led to films that could potentially reach an engaged audience never being able to do so, being subsumed into the current window structure, and being forced to start their public life in the cinema window when it really did not fit.

In our opinion, plenty of film and audiovisual policies and practices are stuck in an unproductive "volume" mindset. The public system is supposed to generate a certain amount of cinema films, regardless of whether there is a demand and/or an opportunity to distribute it in a sensible way. Old truths persist about how many films are needed to guarantee a good market share for local film. This reasoning is often linked to the fact that a certain volume of decisions is required as it is certain that a number of films will not work, and it is not possible to know which they will be – and if public funders want to achieve their objectives.... Well, we believe that most film agencies are wise and world-conscious enough that they know which films stand a very limited chance to reach an audience in cinemas and which have potential. Many local markets are fairly predictable.

Most of our respondents strongly believe that the dialogue between creators, producers, distributors, financiers, and cinema owners in many markets is too weak. Without a strong

consensus, it is difficult to manage decisions for individual works and therefore the overall audience outcome cannot be maximized. If film agencies want to be more proactive, this is an appropriate area where they could contribute significantly.

PLATFORM NEUTRALITY: WHAT IS A MOVIE?

During the second half of the 2010s, audiovisual policies and therefore agencies in many countries switched to a so-called "platform neutrality" principle. According to our respondents, it was not clear what this really meant and how it continues to be understood. One can see the move from film to audiovisual policy as logically tantamount to platform neutrality. But that's not the typical conclusion: the neutrality was understood to be about film. Here, film is defined as a completed coherent documentary or feature story with a defined length (minimum x minutes, maximum y minutes).

In a platform-neutral policy, a theatrical release would, in theory anyway, no longer be required. The work could be handled in a different and more flexible way. However, there were and still are plenty of regulations, financial incentives and reward systems that in practice made true platform neutrality impossible.

The work of defining and implementing platform neutrality is still ongoing in many territories. It is possible that the quickest and best way to transform support schemes and adapt them to the transformed ecosystem and viewing landscape is to ignore the concept of platform neutrality; instead, the starting point could be reaching an audience, creating a public encounter and, overall, maximizing the public outcome

of each publicly supported film no matter where we see it, how we see it or when we see it.

THE WINDOW MODEL – MEDIA CHRONOLGY

It is almost 20 years since the sector began discussing the possibility for the audience to watch what they want, when they want, where they want and how they want. Various interests, but also public regulations of the sector and its viewing windows have temporarily slowed down development. The question is how long this windowing model will last. In many territories, illegal downloading is on the rise again. One can partly understand this phenomenon as a way of being able to usurp the right to just the above.

In *PFFC*, the window model/media chronology is extensively commented on. It can be said that progress is slow, but in a liberalizing direction. There is a growing realization that each work needs a tailor-made model for its dissemination (see for instance the proposal of a new German film and audiovisual policy).

COMMENTS

PFFCII is primarily concerned with identifying and discussing areas where film and audiovisual policy needs to change to remain relevant in the medium and long term. In interviews and survey responses, most national and regional film agencies see themselves as products of the territory's audiovisual policy; any change in fundamental principles and operational objectives must ultimately be initiated by politics. In the first report we concluded that a rigid understanding of the link between the client, the policy, and the contractor (the film agency), risked leading to an overly passive attitude on the part of the latter. We therefore urged film agencies to actively push forward in the necessary change work.

KEY CHALLENGES FOR AUDIOVISUAL POLICY, NOW AND UP TO 2030

In both the *PFFC* and *PFFCII,* we have tried to highlight some of the main challenges facing the sector and audiovisual policy. We have focused on the tangible and the most discussed topics.

The understanding of the transformed ecosystem is very different in various parts of Europe. This is logical, as developments have been diverse and moved with different

speed. Combined with the lack of a common understanding, this variety poses greater challenges to Europe than before. It is therefore important to ask: What should be considered the common denominators, if any, and how should they be perceived as relevant for the whole and not just parts of the continent?

In many countries and regions, film and audiovisual policy and selective funding has lost its central importance. This is due to a combination of factors:

• the build-up of ever more extensive and generous incentives;

• inflow of U.S. capital for local production of films and dramas;

• and the aggressive efforts of private local players such as broadcasters/telecom companies/local streamers.

These three factors are interlinked in a complex way that varies from country to country. The positions of audiovisual policy's primary tools – film agencies and PSBs – are considerably weaker; from being big fish in a small pond they are now small fish in a big lake. Very few European countries have so far been able to reform or adapt their audiovisual policies to create a truly coherent policy.

One of the challenges that the respondents comment on most frequently is the incentives, and in particular, the subsidy competition, the "incentives war". There are plenty of voices arguing that some form of regulation must be provided for both the percentage of costs in a specific territory that can be covered by an incentive and for the maximum amount that can be given to an individual project. Most respondents

choose to link the discussion to the broader question of who can receive public support in general, but some of our interviewees want to see more specific criteria about which projects can receive support through incentives. Some believe that horizontal perspectives, such as inclusion, all types of diversity (also geographical), sustainability and gender balance, should also be considered. It was also discussed whether evaluation indicators should be created that would contribute to enhanced overall quality – for example, genre diversity and thematic diversity.

In some European countries domestic film and drama series production are significantly dependent on incentive funding. If the ambition of the policy is to strengthen the position of local content, this can be a problem because incentives do not usually impose any requirements for a clear connection to the territory, potential audience potential and artistic quality.

There are also internal factors that can explain the weakening of audiovisual policy: the lack of a coherent logic linking the traditional, cultural policy principles, with the economic policy principles on which incentives are based. In the past, it was possible to live with the lack of coherent logic, but the increased presence of global streaming giants in many countries exposes the problems that such incoherence causes.

The transformation of the ecosystem creates a discrepancy between the overall audiovisual policy objectives and their implementation. There is a great risk that the culture policy measures will be undermined or further marginalised as they are perceived as unattractive and ineffective. This is a real threat that many of our respondents comment on.

To the above two factors should be added the slowness in making policy changes, whether culture or economy based, in many countries and regions. It is simply not been perceived that the express train is on its way before it has already passed the station.

In a first step, policymakers must formulate policies adapted to their own territory where constructive principles are productively found for how cohabitation in the transformed ecosystem should look. A second step must reflect the paradigm shift, the diversity, attractiveness, and potential of local content to reach and affect virtually all citizens. It is necessary, considering the situation in one's own territory, to find a window order/media chronology model that ensures that publicly supported content can reach the widest possible audience. A tough showdown with traditions and interests awaits.

Film and audiovisual policy has lived in symbiosis with movie theatres/cinema. We believe that part of this tradition is worth upholding for the time being, but the "why" and "how" must be reformulated and adapted to the present and the future. Cinema can continue to play a role in the great shared experiences for some of the films produced with support from film agencies. To secure the position of cinema in audiovisual policy, it will be necessary to define more clearly what are the great shared experiences and how they relate to and for what local content.

FILM AGENCIES AT THE CROSSROADS

Film agencies mirror the challenges of politics. Naturally, as noted above, most of the national film agencies and regional film funds see themselves as extensions of the audiovisual policy in their territory.

Film agencies face some additional and/or sharper challenges. One of these is the combination of changed business models and ideas, and the continued transformation of the production company landscape.

In many countries in northern and western Europe, film and drama series production is completely dominated by large European production groups. In some countries, they are challenged by American-owned counterparts. In large parts of northern, western, and southern Europe the main suppliers of domestic films and drama series are the large corporate groups. These groups/conglomerates operate with a range of brands. They do not run charity activities. The owned companies must deliver to the parent company. The easiest way to do this is to invest in fundable content (read "safe cards"), volume and margin. Drama series are safer bets than feature films for cinema. This does not mean that ownership and exploitation of owned rights would be completely devoid of interest, but...

A few respondents reflect on what the concentration of ownership at the production company level means for the film agencies' ability to deliver against artistic and audience objectives in what concerns feature films. The two-tier production company landscape, on one side, acquired companies incorporated into a large international group; on the other, very

small and unstable production companies with weak continuity, is a real but rarely debated challenge for film agencies. In Western European countries, very few production companies with more than three to five employees and continuity, have not (yet) been acquired by an international production group, or have strong links to an integrated company.

The major challenges for the public system are that the larger companies have a better ability to be stable suppliers. Many national and regional film agencies reflects that the changes in the production company landscape have had a major negative impact on how many ambitious film projects (with a comparatively higher budget) that are developed.

Integrated companies, where the parent company has interests in distribution and/or cinema operations, create fewer problems for the public system. This type of company is still active in the development and production of cinema films.

There are no signs that public selective funding has become more attractive for the beneficiaries since we made PFFC, quite the opposite. The same applies to financing models based on a wide range of partners and complex co-production structures. The attractiveness of commissions from streaming giants and/or a combination of few partners and massive incentive funding is hard to beat. For most producer respondents are fragmentised financing models only tempting if no other option exists.

In our survey, two-thirds of all film agencies believe that the most important principle to safeguard in audiovisual policy practice is that the applicant production company owns the underlying rights. There is a clearly expressed concern that

production companies will become production service companies.

Above, we note that the Grey Zone is an area that many film agencies continue to ponder and struggle with. At the same time, the streaming giants' changes in their business models open for significantly more projects to be made in the Grey Zone with full respect for the production company's ownership of rights and for a local mainly traditional exploitation.

A large majority of the film agencies that responded to the survey agree with the on-going criticism against their own operations regarding slowness, bureaucratization, and lack of enough competence about what the logic and mindset of the transformed ecosystem's consists of. Almost half have started work aimed at change and improvement.

Very few film agencies have reflected on what we consider the greatest challenge: The fact that film agencies have lost their unthreatened position as guarantors of artistic and creative freedom and control. A large group of respondents believe that they have greater freedom and control when working on a film for a streaming giant. Even respondents who in the PFFC had a different stance, now changed their minds. In the long term, in our opinion, it is of the utmost importance to restore confidence that film agencies are central for artistic and creative freedom and control. It is an essential cornerstone to ensure the attractiveness and relevance of public funding of films and audiovisual works in the medium and long term.

OUR OWN AND THE RESPONDENTS' CONCLUSIONS

In what follows, we summarise some key conclusions and define some areas where strategies are necessary – strategies that will be further developed in *Public Film Funding at a Crossroads III*. This means that we cannot avoid repeating facts and arguments.

Europe is a multifaceted continent. It is a great challenge to make general reflections on audiovisual policy and practice as conditions differ radically in terms of governance; political and administrative culture; history; population; size of the territory; geography; economy; the relationship to faith, history, and traditions; and the degree of modernity. These are some of the conditions that fundamentally affect how cultural policy, its focus, and practices, are viewed.

Fundamental conditions in the sector, such as infrastructure, know-how and skills vary widely. The production, dissemination, and screening landscapes are radically variable. In some European countries, global streaming giants have become central commissioners of domestic content, in others they mean relatively little. In some countries, linear TV viewing has largely been replaced by streaming, in others not. A full list of factors that fundamentally differentiate the conditions across Europe would be very long.

To the above, audiovisual policy in most European countries has in practice two premises, one explicitly linked to cultural policy and one implicitly to economic policy. The basic principles of these policies/practices often differ radically.

About the problem of reflecting change and its consequences

In the many interviews we have done and conversations we have had, we encountered some fundamental problems. Many of Europe's public and private actors share a rather conservative view. They want everything to go back to how things looked in the past, they are longing for yesterday. We are the first to admit that it is difficult to process the continuing transformative power of digitalisation and globalisation. In the mid-1990s, one of Sweden's largest daily newspapers, after interviewing the then Minister of Transport and Communications, stated that the internet is a fly that blows by. The risk of taking an overly "nostalgic" position is that you become hesitant and reactive. This can be a devastating position in a world that will continue to move rapidly, non-linearly and dynamically, while being more polarized.

Most respondents share the view that the sector has undergone a paradigm shift and/or is still undergoing one. But what does this shift mean in practice? There is great variety in how the sector interprets the power of change. Some respondents strongly believe that the sector anyhow will return to business as usual – "it has always done so" *[sic!]*, to those that foresee a sector totally dominated by AI and big global players.

Changes in the world around us to reflect on and manage

Both public and private respondents commented to a limited extent on political and external changes. This is not surprising as it is difficult to make long term forecasts in these areas. What is more problematic, however, is the lack of proactive thinking about how external changes should be structurally managed in the long term to minimize possible damaging effects. What arguments are needed in an economically tougher time, and what arguments are needed to guarantee film agencies and PSBs a politically independent position – especially in a landscape with stronger antagonistic ideologies.

Together with the paradigm shift, the political polarization, has already redrawn the map in the discussion about PSB's mission, resources, and future. It is likely that soon national film agencies and regional film funds (if they don't already are) will also be affected.

Together with the paradigm shift, economic development, has already redrawn the map in the discussion about what national and regional film agencies should prioritize. Public finances, as well as household economies, are expected to weaken in the medium term. At the same time the ongoing digitalisation and globalisation will continue to reshape the sector. We agree with most respondents that film agencies cannot avoid having sharp discussions about priorities. There are great risks in waiting while the real value of the financial means agencies have at their disposal decreases.

Changes in the economic and political environment raise the question of the financing of audiovisual policy. This is not

a simple topic. On paper, it may appear that an excise duty-based model/levy model is more robust than the one based on appropriations via the state and regional budgets. Excise duties are based on political decisions and the AV market cannot be seen as eternally stable. There is much to suggest that the best and most sustainable outcome could be created by a combination of financing via both the budget and excise duties. More on this in the concluding report.

Technological development, especially AI, will be a challenging area to manage for the sector. Copyright is central to audiovisual politics and practice and is already a contentious area, as the ongoing actor and screenwriter strike in US at the time of writing illustrates. In the meantime, the implementation of AI is underway in a wide range of areas and with several of the leading global players on the track. It won't be easy to sort out AI for policymakers and film agencies. The possible difficult areas are infinitely numerous across audiovsiual policies entire spectrum.

The overall perspective: purpose and key topics

Below we have chosen to make several generalizations, well aware that the reasoning is not equally valid for all countries and regions in Europe. We consider them necessary to reflect on European dilemmas. There are two main areas in question: the problem of overproduction and the importance of creating a coherent audiovisual policy that combines cultural and economic policies. By "coherent" policy we mean a policy that has/has almost the same objectives for both traditional film and audiovisual financing and incentives.

Europe needs a common new long-term sustainable roadmap for film and audiovisual policies and practices that embraces the diversity of preconditions, but fully respects the principle of subsidiarity. The latter is central to being able to handle the multifaceted conditions. The problem with overly detailed pan-European positions is that they benefit some countries, but, in reality, they mean very little in others. The risk is that they create false hopes and weaken more important "local" solutions and arguments.

The discussion about a possible reformulated purpose must have some form of common starting point and external understanding, regardless of whether it is to be conducted at regional, national or transnational level. One of the major problems in the present is that the actors have different perceptions of what has happened and how it should be understood. While most people we have interviewed and/or met in work-shops and seminars agree that we have had or are undergoing a paradigm shift, their views differ about what will be the consequences of the shift.

Digitalisation and globalisation have given citizens possible access to a huge range of film and drama series. The increase in supply is not only linked to the global streaming services, but also to local VOD services. Many professionals find it difficult to fully understand what the new landscape looks like and how the choices for consumers have changed. The conditions for audiovisual policy and practice to be truly relevant to citizens look already radically different from 2020.

Several of the northern and western European markets show maturity trends in various aspects (*Global Streaming*

Study, Simon-Kusher). Viewing is stable or slightly decreasing. Regardless of how one understands supply, there is no need to contribute to further increasing it. An excessive proportion of the content co-financed in various ways by public funds, and/or based on funds made available to the sector by public decisions, neither reaches citizens nor concerns them sufficiently.

The question of "what is the lowest common denominator of audiovisual policy" is rarely discussed in concrete terms. In our opinion, this is a crucial question, and the lack of an answer is one of the main reasons why the dialogue on policies and prac-tice is so difficult to conduct. The conversation on public policy issues would be more productive if everyone agreed that the starting point is the citizen, with all other perspectives following, possibly as prerequisites.

The effects of the paradigm shift in the business environment have been to transform the business logic throughout the value chain. Current audiovisual policy is based on an understanding of the business models in production, dissemination and screening; however, this is no longer correct interpretations. As a result, many of the measures and support programs that film agencies work with risk being less relevant.

A great deal of effort has been put into discussing the definition of independent production company in recent years. This is not surprising since production companies are both the largest recipients of various forms of support and the most central pre-requisites for the practice of audiovisual policy. One can also understand the discussion around independent producers as implicitly serving as a conversation arena to

consider other factors linked to changes in the ecosystem – especially issues concerning power and influence.

The increasingly dominant role of large production company groups/conglomerates in several European countries has emerged as a new potential market-distortion. Many respondents believe that a central dimension of the definition of "independent producer" is that you own and control: your own decisions; rights; and any revenue from the exploitation, at one hundred percent. The discussion about independent production companies is to a limited extent about how the production landscape has been radically reshaped and in many European countries. This can be a sensitive discussion for some, but it is a necessary one if we aim to chisel out long-term sustainable principles and strategies for public film and audiovisual funding.

If "independent producer" is difficult to define in the present, "independent content" is even more complex. Here many respondents seek a common logic for audiovisual policies and practices that embrace a wide range of expressions and formats – even if, as most agree, this fares badly for expressions with a significant commercial dimension.

In what follows, we play the devil's advocate. To avoid any misunderstandings, we reiterate our unreserved and generous support for public film and audiovisual policy, not least for the selective funding of production, distribution, and screening of films. Our position is that a lively and clarifying discussion about the principles and practices of audiovisual policy is crucial to create long-term sustainable and popular support for it.

Let us begin by assuming that the European principles

regarding cultural diversity and competitiveness, continue to remain central. Here we add the central national principle that has so far underpinned the rationale for public film and audiovisual funding: addressing market failures and/or shortages – whether existing or threatening.

In our opinion, before embarking on the understanding of the audiovisual sector as a policy area, several issues need to be addressed. Here are some examples: How do we understand the policy area in relation to the schizophrenic nature of how the audiovisual sector identifies itself: Culture or commerce? Private or public? Art or entrepreneurship/trade/business? Both within the sector and among politicians, these perspectives are frequently mixed and appear seamlessly connected. However, if the perspective is commerce, entrepreneurship and trade, the question then to be explored is: does the public sector contribute to creating a healthy or a chronically ill business sector in need of continuous public support?

National film policy objectives often refer to artistic quality and success, audience reach and domestic market share and to a healthy and vibrant production, distribution, and exhibition sector. However, a clarifying discussion is difficult to conduct when one is constantly running into dead ends, as the debaters, rather carelessly, play the card of cultural diversity to then mix it up with competitiveness (of the nation's and Europe's). Cultural diversity and competitiveness are far too often linked to volume of works and players. Only a few wants to discuss the fact that that for example the production sector in many European countries is totally dominated by a few company groups.

In a market economy, the volume of supply is thought to be regulated by demand. However, much of the audiovisual sector's supply of content is sustained both by generous public subsidies in the form of incentives, and, to a lesser extent, by tradi-tional public support. There is usually no clear reasoning linked to real and assumed demand for the content. An unreflective approach to volume is also common here. A sound audiovisual policy must find an approach in which supply, and demand are better balanced. The competitiveness of national and European content remains central, but it is not created by massive overproduction. In much of northern, western and southern Europe, the answer is strong audience quality and not volume as such.

Audiovisual policy and its practice would benefit from making more frequent use of control questions such as: Is public support needed for this format and expression? What will it contribute to? And is there an alternative and more relevant use of public funds in the sector? Addressing market failures and shortages must still be considered a guiding perspective. If exceptions are made to this principle, there must be a very clear rationale.

Everyone sympathises with the importance of safeguarding cultural diversity both within their own country and at European level. Protecting the diversity of cultures that Europe and its countries and regions harbored has been a central principle in European institutions from the beginning. However, there is no clear consensus on how the concept should be understood. Cultural diversity is often linked by many of the study's respondents to inclusion and a broader

concept of diversity: gender, ethnicity, skin color, sexual orientation, faith.... What does cultural diversity mean at European level, what does it mean at national and regional level?

The prerequisite for real cultural diversity is that it embraces all aspects of diversity: the work's content and its form, the creator and the audience. If no one or very few people see the content, it is doubtful that the objective of cultural diversity has been achieved regardless of how one defines it.

Many critical reflections can be made on the use of the concept of "cultural diversity". Arguably, globalisation makes it harder to identify the origin of content – to what extent the soul and temperament of the territory play a role in storytelling and form. Many of our time's celebrated creators live in the global village with a clear ambition to communicate around generic themes. This does not necessarily mean that they make completely generic content, but distinctive characteristics in language, form and dramaturgy risk to be put aside.

Ecosystems, technologies and living patterns in major population centers are inter-woven across the globe. Outside such centers, one finds conservative national/regional/local opposition to globalisation and modernity – a resistance that often favors authoritarian tendencies. The audiovisual sector's reflections on diversity often become too shallow. A relatively large group of respondents ask themselves whether "cultural diversity" has become an overarching and governing perspective – so dominant that both the audience and the art are forgotten.

The respondents' discussions about cultural diversity reflect in many ways the political and value polarization in

Europe. Most respondents are strongly supportive of GAL values. This does not mean that one does not think about how cultural diversity should be understood, how cultural diversity should have a real impact and how this perspective should be balanced by others.

Competitiveness for both Europe as a whole, and its countries individually is more clearly linked to original film policy aims than the contemporary interpretati0n of cultural diversity. This perspective emerged from the unrest that built up in the decades after the Second World War: How was it possible to ensure that citizens would have access to content with cultural reference and significance for their own territory? How to prevent American content from becoming too dominant culturally and economically? In our interviews with both representatives of film agencies and producer respondents, we have often perceived that this now is a secondary and sometimes neglected perspective. Other aspects, such as film as an art form and as an engine for maintaining entrepreneurship and infrastructure are given greater current and future importance. Competitiveness is interpreted in a radically different way than at the dawn of film politics.

The move from film to audiovisual policy integrates support for drama series and sometimes for documentaries with primary distribution via television. The greater public impact of dissemination via television has perhaps helpfully masked the limited average public impact of films supported by film agencies. However, the paradigm shift, today's and tomorrow's media landscape, weakens this argument.

We see some distinct problems with the obscure position

given to the audience perspective in some countries and regions. One is a matter of logic: why is it important to safeguard cinemas and the position of movie theatres if citizens do not watch domestic content there to any great extent? Another is about lacking clear objectives linked to domestic films and drama series market share – a position that makes all critical reflection on global actors and forces lose meaning and strength. We agree that competition should be just, and fair and that domestic and European content should be given priority, but it is a problem if the main, and sometimes the only suggested, solution is European and national regulations. It is not possible to become competitive just by regulating away competition; one must win the audience by vir-tue of one's own strength. We consider the latest as a central task for audiovisual policy and practice in the future.

The growth of incentive systems over the last ten years has radically changed the balance of the real existing audiovisual policy in a wide range of European countries. A large majority of the study's respondents explicitly and implicitly discuss how the incentives contradict manifest objectives of the audiovisual policy.

The topic of incentives is complex. European incentives cannot be understood in isolation. Different European countries are in competition with systems that exist in other parts of the world. The incentive war/subsidy contest is global. The contestants are found in all continents and often have the ambition to attract production from all over the world. Here, the issue of sustainability weighs lightly and is usually cheated over. However, one aspect that distinguishes Europe

from the rest of the world is that in many countries there is both strong selective and automatic support for the funding of film and drama series – and this can manifest at regional, national, and transnational level. The choices of Europe and many European countries are therefore different from those in other parts of the world.

Our assessment is that it is not possible to reverse history; instead, one must productively marry cultural policy with the economic policy that has bearing on the sector.

The discussion on coexistence has to a large extent been based on how policymakers, film agencies and private companies in Europe's large countries have interpreted globalisation and its impact on fundamental principles in the public/private interaction and between different actors in the value chain. To some extent, the debate has become greyer and less antagonistic as the old world, Europe, and the new, America, have become accustomed to coexisting or living alongside each other.

An increasingly urgent question is where we will watch content in the future. When we did the first study, there was a great belief among the respondents that audiences would return to cinemas relatively quickly. Today, faith has been replaced by doubt. The position of cinema is a symbolic issue, but where we will watch the content in the future is a considerably larger and more all-encompassing issue that really should have been on all agendas several years ago.

One of the major policy challenges in the talks about the position and role of movie theatres in future audiovisual policy is the cinemas' stated willingness to invest in "less is more".

Fewer titles should be given significantly greater capacity (the number of times the film starts multiplied by the number of seats in the rooms where it shows). There is a broad consensus that far too many films are being released, not least European ones.

The volume of production in some markets brings another problem. Who, i.e., which distributors and cinema owners, should manage the works and guarantee that they are given an acceptable opportunity to reach an audience? In too many European countries, the window model/media chronology is still rigid and inflexible. For long, powerful private interests have been given far too great opportunities to dictate window lengths. This is to the detriment of a wide range of local titles that would benefit from completely different release patterns.

Many of the commercial cinema chains see themselves as part of a "blockbuster industry". The changes in the ecosystem and business logics have created a shortage of potential local and global, mostly English language, blockbusters. The shortage risks exacerbating if the now (August 2023) ongoing conflicts between the studios, the actors' union and the screenwriters become prolonged. In parallel, the changes in the ecosystem have reduced the number of intended large domestic audience films being developed for traditional distribution in many key European markets. Against that, one can set the hope/belief that the big streaming giants will release more titles, including local ones, in cinemas.

SOME PRELIMINARY RECOMMENDATIONS

In this chapter we sketch preliminary recommendations. It is not possible to provide general and foolproof answers to complex questions. We see these recommendations as cliffhangers towards a final study that will continue the various storylines along and bring them to different ends.

Coherent strategies and content

Creating a more coherent audiovisual policy that would marry cultural and economic policy has been seen by both us and most respondents as central. There is however no common position on what a historic compromise between cultural policy and economic policy might look like. Most respondents want to let it tip over one way or the other. The majority advocate that cultural policy should take precedence and that economic policy measures should be made on a cultural policy basis. One can interpret this as a desire to guarantee what one sees as the original foundations of film and audiovisual policy. These, in turn, are often interpreted in connection with the interest one represents.

In the text above, we clarify our own position. We believe it is impossible to move the time backwards. Audiovisual policy must necessarily include both cultural and economic policy

elements. We share the view that cultural policy and its principles should take precedence. In the long term it is necessary to have the same objectives and principles governing the policy (traditional/culture policy + incentive and/or economic policy) in a territory, be it a region, a nation or a continent. This is feasible at regional level and should be so at national level.

It is a challenge to have common objectives and principles at European level. In some countries, incentives have been necessary to build a functioning infrastructure and continuity. Many countries in Europe still have an underdeveloped audiovisual industry and a severely underfunded traditional audiovisual policy. Against this, it can be objected that if you do not balance measures aimed at achieving economic effects with ones that promote creativity and the production of domestic, public and artistically interesting content in your territory, you always run the risk of being outcompeted. Such is capitalism.

A new coherent policy should strengthen the competitiveness of Europe and its countries (and this cannot be understood in terms of production volume). The US competes successfully on the European and global stage with a fraction of the volume of content that Europe generates. Substantially more money must therefore go to fewer projects.

The objectives and the basis for funding allocation, not least for the existing incentive systems, must be changed. This could be done by introducing semi-selective elements, for example, giving European content a clear priority in the incentive schemes and considering other factors linked to audiovisual policy objectives.

To avoid the market-distorting effect of incentives, including overproduction of content, the EU should, in our view, regulate some of the parameters of the incentives: what proportion of what is spent in a country (or region) can a grant be; and what is the maximum amount that a project can receive. The incentives war, as some choose to call it, must stop. Initially, it will be a dilemma to regulate so that European content, European-owned content, has absolute priority as production from other parts of the world (read the United States) has been central to the building of knowledge, skills and other infrastructure in some countries. Incoming production from US – the Hollywood dream – has also functioned as a key argument for implementing incentives in some countries.

One of the major challenges in marrying cultural policy with economic policy is that parts of the sector are dependent on public support in the long term. As the sector is not fundamentally market-driven, it is therefore difficult to fully identify it and a significant number of its actors as an "industry". How to solve this?

Common approach towards an audiovisual policy and practice lowest common denominator

We believe that it is crucial to agree on a starting point and define for whom ultimately audiovisual policy exists. A clear distinction between fundamentals and supporting functions will help clarify some of the existing confusion concerning audiovisual policy. Traditional audiovisual policy is reasonably clear in its starting points: Its task is to guarantee citizens' access to indigenous content that concerns them with cultural reference

and significance for the territory. The prerequisite for this to be done is that there is competence, know-how and creativity and that there are domes-tic actors who can develop, finance, produce, disseminate and screen/show the content. Without the first, the second will not be central to support or include in any form of audiovisual policy based on culture.

If the citizen's access to diversified content that reaches and concerns them is the most important thing, then what does that mean for the reasoning about the importance of independent producer? This issue is gaining an increasingly sharp edge as the position of production company groups is strengthened. In some countries this is not seen as a problem, while in countries with more strict definitions of independent producer it creates convulsions. There are many tactics, for instance the creation of holding companies, to give companies that are part of the groups an opportunity to deal with definitions that exclude companies that do not fully own themselves and their own decisions.

Policy makers must ask themselves whether it is wise to exclude companies that can deliver good quality for substantial audiences or whether it is better to acknowledge the importance of these to enable the production of competitive content. What is most important: to safeguard a very strict definition of who can be a beneficiary/independent producer? or to secure the completion of key objectives ?

We believe that audiovisual policy must be pragmatic, without giving up on the most central values: diversified domestic content that reaches and concerns citizens and can compete with what is produced elsewhere.

Cultural diversity or competitiveness? Which of the two should be given priority, if any?

The discussion about cultural diversity is less about the need to make visible the cultural diversity that exists in a country or in Europe, but more about the contemporary definition of inclusion and plurality. Those in favour of the present understanding of cultural diversity see inclusion and plurality as central factors for achieving competitiveness. The thesis is that diversity is key for attracting groups who do not currently engage with domestic content to do so. We have found very little evidence that individuals in general prioritise audiovisual content that explicitly reflect them (gender, age, sexual orientation, ethnicity, skin color, class, etc.). Arguments about the importance of equal treatment, representation, tolerance and insight into the lives of others bear stronger evidence and also give a stronger argument for why film matters.

Regardless of how cultural diversity is defined, there are good reasons to safeguard it, but for it to be meaningful, content must reach and concern audiences both at home and abroad. Facts and statistics suggest that Europe and its countries should strengthen the focus on their competitiveness and on their audience. This applies particularly to films.

The thinking around "volume" that exists in several European countries is reaching the end of the road. Some argue for volume as a key tool for achieving audience goals and ensuring cultural diversity. The evidence in both cases is weak. Selection criteria and objectives for audiovisual policy can create good cultural diversity without increasing the overproduction of content. Audience and artistic quality linked to diversity

must be at the center, not numbers. Supply and demand must eventually converge, if not be in full balance.

How to relate to technological development and its consequences for the sector

First came all sorts of digital technological advances, then came the globalisation of some countries' content, and now the Metaverse and AI will be amplifiers. Not everything comes from the United States, but Silicon Valley is crucial to the commercial development of transformative factors (Malcolm Harris, *Palo Alto: A History of California, Capitalism and the World*). California has a crucial impact on how the pro-duction, dissemination and display of content has changed, although we in the sector daily love to read and hear about other developments that says that this is not entirely true.

We talked to countless respondents who predicted the streaming services' early adaptation to the traditional business model and media chronology. This may happen in the next couple of years when VOD services are looking to balance their economies to find new momentum in the ongoing streaming war. One can question if it is long term? We doubt it. The streaming giants' tactical and strategic choices will be important for the development of the Grey Zone and how film agencies, PSBs and streaming services can collaborate in the financing of films and drama series.

In North America in particular, a kind of restructuring of the VOD market is underway where the household interest in subscribing to various services is replaced by a mix of SVODs, AVODs and perhaps to some extent by FASTs. It remains to be

seen whether the same development will take place in Europe over the next few years and what impact this will have on the appetite for local content – factors that will affect the conditions for the "traditional European" funding system.

Today, global streaming services focus on simplifying packaging of content and offerings – a strategy that in the long run may mean reduced diversity in supply. New relatively capital-strong non-US players continue to enter the VOD-market. Some of these have global ambitions and could then contribute to maintaining diversity in the streaming market.

It is likely that how we understand AI as a tool in content production will become and be the most discussed topic in the coming years (see for instance *Nostradamus 2023, Everything Changing All at Once*) . Here, it is important that audiovisual policy and practice stay focused. Copyright and rights ownership have been for a long time perhaps the most central underlying element in audiovisual policies. Film agencies rightly see themselves as the main defenders of production companies (and creators) control and ownership of copyright.

AI creates lots of problematic, but also fascinating opportunities in the creative development and production of film and other audiovisual expressions. The transformative power is extremely strong. AI is already used in the production process of various expressions and in the production of commercials.

We are being wonderfully conservative in our recommendation here and see it as crucial that audiovisual policy and practice focus on protecting copyright and its ownership. If the acquisition and exploitation of European rights by

US-owned streaming giants was perceived as a threat, it is nothing compared to the potential danger posed by AI. The forces that develop AI have economic muscles that will be difficult to control.

The questions of what rules, tactics and strategies should govern coexistence in the transformed ecosystem will not be easily determined by the public bodies alone. All that is solid melts into air. The continued digitalisation and globalisation will require an agile approach from policymakers, film agencies and the industry. Film and audiovisual policy and practice must decide on a few basic principles that apply regardless – principles that are absolutely necessary to adhere to in order for the policy and, by extension, the activities of film agencies and PBS to be meaningful to citizens and to the sector.

The most distressing and anxiety-provoking issue: the position of cinemas in future audiovisual policy

Even before the pandemic, discussions about the future status of cinemas were common. Formally, some countries had abandoned movie theatres as a key enabling element in their audiovisual policy and practice and declared themselves as platform neutral. However, there was often still support and rules that prioritized a traditional dissemination model that identified movie theaters as the first and most important window.

The sector's romantic approach to the movie theatre as a very, very special venue and the superior quality of cinema screening are manifest. There is extensive support among the respondents for both studies for the public sector to continue to give priority to support for cinema films, and to help ensure

that they can be disseminated and shown as well and as widely as possible. The grants awarded should be higher and go to fewer titles to enable the films to be made with improved artistic height and have a greater impact in the large dark silent room.

The resumption of cinemas, however, has cast doubt on whether it is possible to stick to this priority. Audience development, audience education, audience design and media literacy have gained a stronger status and have been seen as tools to secure that the movie theaters is the church in the middle of every village and town – a fundamentally romantic approach. It has also been even more evident for most that multiplex cinemas are part of a blockbuster industry and that cinema owners generally want to lean towards a "less is more" strategy. In smaller towns, the cinema has been transformed into meeting places and arenas for many different cultural and art forms.

We question neither the greater quality that can be extracted from concentrated viewing, nor that it is possible to create a stronger common experience in the cinema space, but rather how should policy and practice relate to the actual position of movie theatres. Today we watch movies everywhere, when we want, and how we want. A fraction of film consumption takes place in cinemas. Technological advances connected to digitalisation have initially been seen as threats in all mass media, but the evidence that they completely kill off "old" forms is lacking. Books, newspapers, CDs and vinyl records are still made. The movie theatre will live on, even if the globe's inhabitants watch movies in theaters comparatively to a lesser

degree. While it is unlikely that in the long term the cinema will be the church in every major village and small town, it is likely that a space where films can be watched together will continue to exist.

Our sector does not want to identify cinema and cinema attendance as a museum-like form of culture, but perhaps audiovisual policy partly must see it that way. It is not the cinema screening of publicly supported films that will ensure that most of these films reach and concern as many citizens as possible. Film and audiovisual policy and practice must drop the hem and see cinema as an opportunity for the wider dissemination of some, but not all the works supported. This does not prevent all films from being shown at events such as film festivals.

National policy must decide whether the movie theatre is part of a local cultural infrastructure, just as public libraries are in some countries. If the answer is "yes", then just as in the case of libraries, support is not linked to just one art form but to a wider area, in the case of libraries media. The requirement for municipalities to guarantee that there are one or more cinemas (depending on the municipality's number of in-habitants) could then be justified by the fact that the "cinema" is a cultural meeting place where different cultural forms can meet an audience. For a "movie theatre law" to become legitimate, one needs sorting out how it potentially affects cinemas that operate entirely commercially – and that's not easy.

Independence of film agencies

In the first report's recommendation, we underlined the importance of film agencies being proactive *vis-à-vis* politics. That importance has only increased in line with the rapid changes in the world around us. Film agencies must be able to be agile to manage an ecosystem that is constantly in motion. We fully understand that many film agencies see their mandate limited and conditioned by politics and politicians. We also understand that history and traditions are difficult to overcome for a single policy area, but the fact remains. The risk of restricting the film agencies' right to take initiative and act is that audiovisual policy becomes obsolete and, at worst, counter-productive.

The independence of film agencies must be guaranteed. This does not mean that there should not be frameworks and policies, but the task of politics cannot and should not be to regulate in detail. In substance, it is just as important to guarantee the independence of film agencies as PSBs.

The fact that Europe is so diverse and that the conditions for audiovisual policy and practice look so different has many explanations. A key factor is related to policy and its role. Legislatively, this cannot be regulated away. Cultural policy in a broad sense is and should be covered by the principle of subsidiarity, but perhaps it is possible to achieve change in countries and regions where the independence of film agencies is severely limited, given that film agencies and industry join forces.

FINAL WORDS: TOWARDS *PUBLIC FILM FUNDING AT A CROSSROADS III*

What are the key takeaways from the countless presentations and discussions of and about this and the previous study's issues and themes, as we now start to work on the final study/report? The aim of the concluding report will be to present and discuss possible future objectives, strategies and tactics for audiovisual policy and practice.

It is important to stress our use of the plural here. We have been aware from the start, and continue to believe, that there cannot be a single set of answers that could be applied to all European countries and regions.

As often stated in the report, Europe is a multifaceted continent. To the extent that we have chosen to generalise, we have done so in order to develop a clear line of argument. As a result, some of the reflections will be perceived as more or less relevant in a specific country/region or part of the continent.

The lack of shared reality and common conditions leads us to the conclusion that the concluding study/report will consist of a shorter pan-European part, and several fuller territory specifics. Here we imagine that a territory is defined, among other things, by language, history, traditions and principles of politics and the exercise of power. The ambition is to cover the whole of Europe. Let us see if it can be done.

As we embark on the work, we bring with us several themes and challenges that are shared by most countries and regions. These questions concern:

- the lack of coherent logic in the real existing audiovisual policy
- the approach to technological development
- principles for how public and private actors can interact in the transformed ecosystem
- the position/status of movie theatres in the "market" and in politics
- how to enable and guarantee citizens' access to domestic content long term
- film agencies and PSBs independent status
- financing of traditional audiovisual policy
- the ideology for a modernised, long-term sustainable audiovisual policy

We began our work by stating that the arguments and basic foundations for public film funding must change to ensure continued relevance and attractiveness. We ventured to suggest that there was a common ideology for public film and audiovisual policy that was shared by the vast majority of Europe. What does a modern version of this look like – a version that can handle the changing ecosystem and the paradigm shift created by digitalisation and globalisation?

There are also some issues that are of great importance in the dominant film and drama series markets in Europe. We believe that these subjects will ultimately have a wider European significance as they characterise the image of the

continent and have a dominant position in the discussion. Overproduction and volume fixation are not problematic for all European countries, but they certainly are for some. This discussion also has bearing on how to sort out and formulate a more coherent audiovisual policy. Aspects of the issues presented above are also gaining greater importance in some of the dominant film and drama series markets in Europe. This applies, for example, to principles for collaboration in the transformed ecosystem after the paradigm shift.

Our work with *Public Film Funding at A Crossroads* has always been based on dialogue with both film agencies and actors along the value chain. For us, it is the most important virtue to safeguard as we move forward. We meet out there somewhere in the world and talk further about the key issues of our sector. This is how insights and understanding are built. Our reports are the product of many, many individuals' wisdom, questioning and input.

SUMMARY

Starting points, method

All That is Solid Melts into Air – Public Film Funding at a Crossroads II (PFFCII) aims to deepen the discussion around the future purpose and relevance for film and audiovisual policy and practice.

Europe is a multifaceted continent. Conditions and terms look radically different in different countries. In several smaller countries, global players are only (or predominantly) content providers as they fund limited amounts of local content. The "market disruption" in such cases consists mainly of the increase in supply.

If there is a boom in local content production, it is essentially the product of ever larger and more generous incentives, and it is to some extent linked to private broadcasters and to local streaming services' increased commissions of drama series.

PFFCII is based on more than three hundred interviews with key persons in Europe's film and audiovisual sector, focus group meetings, dialogue seminars, ongoing dialogue with our experts, close up articles on selected countries and an extensive survey for public film agencies.

Impact of external factors on the sector

A smaller proportion of respondents than a year ago are worried that the economic situation will drastically affect the resources available for culture policy-driven financing of film and audiovisual works (selective funding). The concern is about the effects of inflation (both general and sector-specific) for the value of public support.

The economic arguments in favor of incentives have benefited from the weakening of economic development. There is a continued belief that incentives can deliver economic value.

Inflation and the slowdown in the economy have created a cost-of-living crisis. The question is how this will affect households' willingness to consume audiovisual services such as: cinema, pay-tv and various forms of OTT services.

Authoritarian and illiberal tendencies have been strengthened in Europe and created increased polarisation. Cultural policy and related areas have been transformed into a conflict area in a completely different way than before.

The respondents only in exceptional cases reflect AI, metaverse and other technological developments. When they do, it is usually about the streaming giants' use of algorithms. The fact that AI in diverse ways can be implemented in many areas in the production of audiovisual works is not yet a reality for most respondents – it is science fiction.

Audiovisual policy

Audiovisual policy has developed in a wide range of European countries and regions in recent decades.

The audiovisual sector is currently the most regulated area

in the cultural sphere. For many respondents, both from the public and private sectors, regulation is the first, most important and most central tool for the public sector.

Tax incentives and cash rebates are common tools in state policies to support national production, to create jobs locally and growth in the economy. The "subsidy race" or the "Incentive War" is essentially a global phenomenon where parts of Europe participate. There are two key motivations for this: the desire to become a (or the) leading European production hub of local and international audiovisual works; and/or the desire to counteract the risk of losing production to other countries.

The respondents' discussion of the incentives revolves around: the need to work with a more complex purpose that is more clearly linked to film and audiovisual policy in general in Europe and in the specific territory.

The result of the survey we made for public film agencies is clear: without politics and policy makers, there will be no real change.

Co-existence in the transformed ecosystem

The discussion about how national and regional film agencies should relate to streaming giants, mainly global ones, has changed character. Black and white have become greyer. The discussion is increasingly about what can be gained from co-financing and cooperation in defined fields with clear rules and limits.

In our survey, just over 40% of the film agencies have financed at least one film or drama series that is also financed by

a global streaming giant, but where the rights have remained with the producing company. For 80% of these respondents, the reason for participation is that it benefited the production company in question.

The transformation of the ecosystem coupled with the issues of rules and boundaries puts discussions about definitions about who and what can be a beneficiary high on the agenda.

In the first report, local versus generic content was a common recurring reflection. Today, few respondents comment on this; even here the world seems greyer. Many producer respondents feel that streaming giants offer greater artistic and creative freedom and control than "old world" actors – a major challenge for film agencies and public service broadcasters. On the other hand, there are respondents who consider that SVOD services are increasingly choosing streamlined mainstream content.

Where will we watch content in the future

How will we and how "should" we consume "film" and other types of audiovisual works in the medium term to meet key audiovisual policy objectives?

Previous paradigm shifts in the sector have been characterized by a sharp increase in supply, an influx of capital and enhanced opportunities to choose where, what, when and how we watch. The current paradigm shift is no different from others.

Europe's film and audiovisual policy are largely attached to the movie theatres – even though platform neutrality is written into the governing documents of many countries.

During the work on the first report, comments were made on the overproduction of films with little or no potential to reach an audience in theatres. The vast majority of respondents said that the film agencies should prioritise cinema films in the future, but that support should be given to fewer films and be considerably larger.

Overproduction in combination with the regulated window model has been a European problem for a long time. The number of unique film premieres increased during the third millennium at a rate that was in no way matched by an increase in capacity at the theatre level.

The public system is often stuck to the number of films that are assumed to be needed to have a strong market share for local film, or in a mindset that can ultimately be attributed to keeping companies (and creators) alive.

Most respondents across Europe believe that the dialogue between creators, producers, distributors, financiers, and movie theatre owners is too weakly developed. Without strong consensus, the conditions for managing the individual work are reduced or don't exist.

Comments

In interviews and survey responses, most of all national and regional film agencies see themselves as products of the territory's audiovisual policy. In the first report, we found that a rigid understanding of the link between politics, policymakers, and the contractor (film agencies), risked creating an overly passive attitude on the part of the latter. We therefore urged film agencies to actively push forward.

The understanding of the transformed ecosystem is quite different in different parts of Europe. The lack of common understanding and the fact that the development has been so scattered poses greater challenges to the EU and other pan European structures than before.

The cultural policy-motivated film and audiovisual policy within the framework of cultural policy has lost its central importance in many countries and regions. The build-up of ever more extensive and generous incentives; the inflow of non-European capital for local production of films and dramas; the massive increase in supply; and private local players (broadcasters/telecom companies/streamers) massive investment in domestic films and drama series. The positions of traditional audiovisual policy practice (film agencies and public service broadcasters) are overall considerably weaker – from being big fish in a small pond to being small fish in a large lake.

The transformation of the ecosystem create a discrepancy between overall objectives and implementation. There is a great risk that the culturally politically motivated measures will be undermined or further marginalised as they are perceived as ineffective and unattractive.

Film policy has lived in symbiosis with cinema. The cinema can continue to play a role in the great shared experiences – a central dimension, albeit sometimes an implicit one in the cultural policies of most countries and regions. To secure the posi-tion of movie theatre in audiovisual policy, it will be necessary to define more clearly what great shared experiences are, and for what domestic films cinema works.

In many countries in northern and western Europe, film and drama series production is completely dominated by production company groups. In some countries, American-owned counterparts challenge them. The two-tier production company landscape: acquired companies incorporated into a large international group of companies versus very small and unstable production companies with weak continuity is a real but rarely debated challenge for film agencies' ability to deliver against key objectives.

In our survey, two-thirds of all film agencies believe that the most important principle to safeguard in their own operations is that the applicant production company owns the underlying rights. There is an equally manifest fear that production companies will become production service companies. Many film agencies see themselves as the main defenders of the production companies and their IP-ownership.

Very few film agencies have reflected what we perhaps see ourselves as the greatest challenge: The fact that film agencies have lost their position as a guarantor of artistic and creative freedom and control. Many respondents believe that one is offered greater freedom and control when making a movie working with a streaming giant.

Some conclusions and recommendations

Audiovisual policy in most European countries has in practice two premises, one explicitly linked to cultural policy and one implicitly to economic policy. The basic principles of these policies/practices are often dissimilar. Creating a more coherent audiovisual policy that marries cultural policy and eco-

nomic policy has been seen by both us and most respondents as central. The majority advocate that cultural policy should take precedence and that economic policy measures should be made on a cultural policy basis. A new coherent policy should strengthen the competitiveness of Europe and its countries. The objectives and allocation bases, not least for the existing incentive systems, must be changed.

Some of the confusion of the time on audiovisual policy issues is ultimately due to the lack of a common understanding of who the policy is ultimately for and a clear distinction between "fundamentals" and supporting functions. The lack of consensus also blurs the discussion on a coherent audiovisual policy. The traditional audiovisual policy is clear in its starting points. The task is to guarantee citizens' access to culturally diverse content that are more attractive to "watch" than content from other parts of the world. The prerequisite for this to be done is that there is competence, know-how and creativity and that there are actors who can develop, finance, produce, disseminate, and screen/show the content. Without the first, the second will not be central to support or include in any form of audiovisual policy based on culture.

If the citizen's access to diversified content that reaches and concerns them is the most important thing, then what does that mean for the reasoning about the importance of independent producer. This issue is gaining an increasingly sharp edge as the position of production company groups is strengthened. In some countries this is not seen as a problem, while in countries with more strict definitions of independent producer it creates convulsions.

More respondents to the second report than the first discussed cultural diversity. The reflections mainly concerned the meaning of the concept and whether cultural diversity has been given an overriding position at the expense of artistic quality and audience potential. Regardless of how cultural diversity is defined, there are reasons to safeguard it, but for it to be meaningful content must reach and concern audiences at home and abroad. Facts and statistics suggest that Europe and its countries should strengthen the focus on their competitiveness and on their audience. This applies not least to the film field.

First came all sorts of digital technological advances, then came the globalisation of at least some countries' content, and now Metaverse and AI will be amplifiers. We see it as crucial that audiovisual policy and practice focus on protecting copyright and its ownership. If the acquisition and exploitation of European rights by US-owned streaming giants was perceived as a threat, it is nothing compared to the potential danger posed by AI. The forces that develop AI have economic muscle that will be difficult to match and control.

The continued digitalisation and globalisation will require an agile approach from policymakers, film agencies and the industry. Film and audiovisual policy and practice must decide on a few basic principles that apply regardless – principles that are necessary to adhere to for the policy and, by extension, the activities of film agencies and PBS to be meaningful to citizens and to the sector.

There is extensive support among both studies respondents for the film agencies to continue to prioritise support for cine-

ma films and to help ensure that this can be disseminated and shown as widely and as well as possible. The grants awarded should be higher and go to fewer titles to enable the films to be made with a higher artistic height and have a greater impact in the large dark silent room.

The movie theatre will live on, even if the globes inhabitants to a lesser and lesser degree will watch movies in theaters. It is unlikely that in long term it will be the church in every major village and small town. However, there will most likely exist a common room where films can be watched together.

In the first report's recommendation, we underlined the importance of film agencies being proactive *vis-à-vis* politics. Film agencies must be able to be agile to manage an ecosystem that is constantly in motion. The independence of film agencies must be guaranteed. This does not mean that there should not be frameworks and policies, but the task of politics cannot and should not be to rule in detail. In substance, it is just as important to guarantee the independence of film agencies as PBS.

The fact that Europe is so diverse and that the conditions for audiovisual policy and practice look so different has many explanations. A key factor links to policy and its role. Legislatively, this cannot be regulated away. Cultural policy in a broad sense is and should be covered by the principle of subsidiarity.

GLOSSARY

Audio Visual
Today defined as electronic media possessing both sound and visual elements. Its originally referred to something that involves both seeing and hearing. EU especially points at film, broadcasting, video and multimedia as vital audiovisual activities.

Arthouse
Arthouse means films with a recognizable and strong personal voice behind them and that deals with existential and /or politically important themes.

AVMS(D)
AVMS(D) stands for the Audiovisual Media Services Directive that governs the EU's coordination of national legislation of broadcasting and on-demand services. The directive establishes common rules and regulates variations allowed in EU countries national policies.

Cinema
Cinema in the context of this study is defined as the actual venue, cinema theatre or movie theatre, where cinema films

are shown to a live audience.

Cinema Film
A film created for firsthand screening in a cinema.

EST
Electronic sell through – a way for consumers to pay a one-time fee to download a media file for storage on their own device.

FAST
Free Ad-Supported Streaming

Film
Film in this context is defined as all audiovisual forms of storytelling which derive from and draw on cinematic qualities.

Ideology
The report defines ideology: a interrelated set of ideas and ideals that for instance can form the basis of a policy and its practical applications.

Media chronology
The regulatory organisation of the availability of films on the various distribution media

OTT-service
An over-the-top (OTT) media service is a media service offe-

red directly to viewers via the Internet. OTT bypasses cable, broadcast, and satellite television platforms, the types of companies that traditionally act as controllers or distributors of such content. In the report the term is used synonymous with video-on-demand (VoD) services that offer access to film and television content

Platform neutrality
Platform neutrality indicates that the audiovisual funding system has no formal opinion about where the content should be viewed/consumed. All platforms should be treated equal (cinemas, VOD-platforms, linear TV etc).

PSB
Public Service Broadcaster

Region/regional
Region is defined as a defined geographical area that depending on the context can be a everything from a continent, a group of countries to much smaller entities. In this text it refers most often to a legally defined geographical area inside a nation and/or to a defined part of Europe (the Nordics, Eastern Europe etc).

Territory
Territory should here be understood as a geographical area that depending on the context can be a nation or a region (see above).

Window model
See media chronology.

VOD
Video on Demand – a system for watching films or other type of audiovisual content on the internet or television at any time. There exists several form of VOD-services:
• AVOD = Advertising based video on demand
• BVOD = Broadcaster video on demand
• FVOD = Free video on demand (offered by a network operator free of charge)
• SVOD = Subscribed video on demand
• PVOD = premium video on demand, a higher priced of EST (see below) near or simultaneously as films cinema premiere
• TVOD = Transactional video on demand, here exists two sub-categories electronic sell through (EST) where you pay once to gain permanent access to for instance a film or a drama series, and download to rent (DTR).

SOURCES & APPENDICES

SOURCES

The primary sources of the study are the interviews conducted with three hundred key persons in Europe's film and audiovisual sector. To this should be added focus group meetings in Eastern Europe, France, the Nordic countries and the UK (see appendices), close up articles on specific countries (see appendices), and a survey for public film funders.

The text refers on a number of occasions to current data from different analysis companies. Here we only refer to data that is publicly available without payment. The information can in most cases be found on the websites of the referred companies and/or on freely accessible parts of C21 and Sënal News.

A more detailed list of sources will be published in connection with the release of the printed version of the report on 15 September.

SOURCES

The appendices, reports and articles are published at www.analysis.filmivast.se and can be downloaded.

Appendix 1 Topics for the interviews

Appendix 2 Survey to filmagencies

Appendix 3 Status of Article 13´s transformation across Europe
Appendix 4 Presentation of the experts

Focus-group meetings

The reports from the Focus-group meetings are executive summaries. The reader can contact the authors (contact details at the website) for complementary information about each focus-group.

Eastern Europe (Assistant Professor **Petar Mitric,** Producer Joanna Szymanska)

French speaking Europe (Senior Consultant **Vincent Leclercq,** Senior Consultant Philippe Reynaert)

German speaking Europe (Senior Consultant **Manfred Schmidt**)

The Nordics (**Tomas Eskilsson, Katarina Krave, Bengt Toll**)

UK (**Bengt Toll,** Associate Professor **Lydia Papadimitrious**)

Articles

Flanders (Producer **Ilse Schooneknaep**)

Italy (Senior Consultant **Rickard Olsson**)

Netherlands (Senior Consultant **Doreen Boonekamp**)

Portugal (Visiting Professor **Nuno Fonseca**)

Spain (Journalist **Irene Jiménez Miragaya**)