Film i Väst

Analysis.

PUBLIC FILM FUNDING AT A CROSSROADS

A Film i Väst Analysis report. Authored by Tomas Eskilsson.

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APPENDICES

The appendices are published at **www.analysis.filmivast.se** and can be downloa-ded. The territorial reports are executive summaries. The reader can contact the authors (contact details at the website) for complementary information about each territory. Film i Väst Analysis will commission and publish separate reports with strong links to the main topics in *Public Film Funding at A Crossroads*. The first, *Streaming Giants and Public Film Funding* is available now.

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

Separate publications:
Creative Overload (**Wendy Mitchell**, to be published in May)
Streaming Giants and Public Film Funding (Michael Gubbins, working title, to be published in March)

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Editorial team: Tomas Eskilsson, Katarina Krave and Bengt Toll
English language editing: Lydia Papadimitriou

Special thanks to all the interviewees and our Think Tank members, see Method, p 27.

Graphic design **Anders Avehall** and **Gus Kaage**/Film i Väst

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PROLOGUE

During the second half of the 2010s it became increasingly obvious that film policy and its current practices in Europe were at risk of becoming obsolete. This was no great surprise. Since the beginning of the new millennium the conditions have existed that would make it possible to organize production, distribution, and screening of film in a completely different way. Increased digitalisation has brought about radical changes in the physical means by which films are made, circulated, and consumed. Digitalisation has led to an identity crisis for many media, including film.

But while crisis is often the mother of innovation, the European film policy took a far slower 'don't worry, be happy' approach. Only when the sector's globalisation was a fact, and both new and old cash-rich American-owned media companies became pivotal players in the European sector, did alarm bells start ringing: How could Europe continue owning and controlling its intellectual property? Who would have creative and artistic control? How could independent production companies continue to exist? How could the traditional European co-production model be preserved? Which companies would carry on producing and distributing European content to cinemas? And how could the essence and diversity of European film be safeguarded? Questions abounded and they remain unresolved.

All the above means that the role, focus and relevance of public input in the film industry must be reconsidered. A public film funding body may well choose to bury its head in the sand and hope to re-emerge a while later into a world that is the same as before. The risk, however, is that in the meantime politicians and decision-makers have decided that it is best to leave the head buried, and to add the rest of the body as well. This report, *Public Film Funding at a Crossroads*, examines the reasons, meaning and relevance of public input in a fast-changing world, one where the conditions for financing production, organising circulation and screening film have fundamentally changed. What should the public sphere protect, and what are its chances of success?

The report uses 'film' in a broad sense, referring to all audiovisual forms of storytelling.

The broad principles and values (also referred to as 'ideology' in this report) that underpin the policies of public film agencies in Europe, aim to safeguard:

• cultural/artistic idiosyncrasies with territorial reference
• film as an art/culture form
• diversity in all its senses
• European ownership
• independent production companies that own the underlying rights, and along with the filmmakers have artistic freedom and creative control
• rights handled territory by territory
• and cinemas as a central place for shared experiences.

Private sector players, however, have a highly pragmatic attitude towards the above. When offered the opportunity to make a lucrative deal with a large global player, production companies and filmmakers are prepared to lose ownership, artistic freedom and creative control. The realities of the global market take precedence over any adherence to principles. This is understandable and one cannot moralize over it.

So how should public film policy be formulated and understood now, in 2025, and up to 2030? Will policy and practice follow the attitudes and approaches taken by private players in Europe? Or is there another way?

We hope that you who read the report at times will be provoked. What is happening in our sector in Europe is challenging and will continue to be so in the future – and all good and fruitful debates need fuel not consensus given in advance. We believe that many of the themes of the report will be discussed intensively in the coming years and that many sometimes painful reassessments will be required – including for us who have authored this report.

Our world is transforming and moving fast. The ability to be flexible, to move fast and possess analytic skills are crucial in the future. This report does not claim to offer all the answers and solutions, but rather it aims to formulate the questions and explore them.

The author and the editorial team
The author and the editorial team of the report have deep roots in public film funding. The issues raised in this report, especially the future vitality, relevance, necessity and attractiveness of public film funding – are central to us.

Author:
Tomas Eskilsson (Founder of Film i Väst, CEO 1992–2017, Head of Strategy 2018–; Chairperson Cine-Regio, 2021–)

Editorial Team:
Tomas Eskilsson
Katarina Krave (CFO, Film i Väst, 1992–2020; Business Affairs, Film i Väst, 2020–; Business Affairs, SVT 2021–)
Bengt Toll (Head of Business Development, Film i Väst 2003–08; Deputy CEO and CEO Swedish Film Institute, 2008–12; senior consultant 2013–)

INTRODUCTION

BACKGROUND

During the second half of the 2010s the conditions for producing, distributing, and exhibiting/viewing moving pictures changed fundamentally. Global, American-owned companies altered their business logic and modus operandi. From having acted as global physical and digital distributors of predominantly American-made audiovisual content, they then moved as financiers/commissioners/producers into other regions of the world, which traditionally not had been their area of focus. With the shift in geographical emphasis, the balance of power between European companies, European public film funding bodies, and American players also shifted.

While the broader reasons behind this paradigm shift are digitalisation (including new technologies) and globalisation, these conditions alone do not create new structures for financing, production, circulation, and consumption. These are created because of the central players' individual and shared interpretations of contexts, opportunities and necessities. Or, to put it differently, it is a combination of having access to capital and deciding how that capital should be used. The most important single factor for the rapid universal shift that has already affected and will continue to impact on the broader ecosystem of production/distribution/exhibition in Europe (and elsewhere) is the American major studios' decision to become leading players on the Video-on-Demand (VOD) market and to focus on Direct to Consumer (D2C). To achieve their objectives, global American-owned companies have already dynamically moved into funding and commissioning local European content for their over-the-top (OTT) services.

These changes have arisen in a complex context that is defined by broader societal and economic circumstances and trends; the needs, desires, and choices of individuals; and the strategies and tactics deployed by various players.

A major change might by its nature be revolutionary and topple structures and power balances in one fell swoop, or it might be radically evolutionary. In the latter case, the old, for a while, co-exists with the new. It is essentially a scenario where significant aspects of the old fade away, while the remaining elements adapt to fit in with the new. We interpret past and future external changes in the audiovisual ecosystem as radically evolutionary developments – a paradigm shift.

The emergence of the pandemic in 2020 has instigated plenty of discussion about its impact on film production, distribution, and exhibition. We have chosen to view the pandemic as an accelerator, speeding up what was going to happen anyway. The pandemic has not been, nor will it be, a game changer on its own – with one possible exception: the position of movie theatres as the church for film lovers.

Public systems for funding production, distribution and screening of film and serial drama in Europe are modelled on what we refer to as the 'old world' situation. Cinema (i.e., theatrical) film is becoming an aging art form, increasingly like the historical forms of art that national and regional cultural policy in Europe has a strong tendency to protect: symphonic music, institutional theatre, opera and cultural heritage. All the above are recipients of a disproportionately high share of public funds if other cultural policy objectives are considered such as audience participation, the reach and engagement of most citizens in a territory, as well as artistic development and innovation.

At the same time, we must ask ourselves what kind of society we are creating if we do not nurture these forms of art and culture, even if their reach is not as wide as would have been wished. Will cinema film in future be integrated into public cultural policy based on its historical, rather than its contemporary, significance? Is film policy, therefore, at risk of becoming museum-like by nature?

This report asks and begins to address many more questions, such as: Is it possible, and if so how, for public film agencies to interact with the power players of the new age, that is with both globally and regionally dominant streaming providers? This 'new world' embraces a far wider variety of content than the 'old world' in terms of languages, stories and the characters depicted. Are there relevant cultural policy arguments for why the public sector should fund the production of global streaming services? Are there economic policy arguments, seen in the light of the debate on public funding for global tech giants setting up business in various European countries? The big giants are geographically everywhere – and at the same time nowhere, as they operate at a distance from many territories that they reach. In the long term, are national and regional film agencies and funds doomed to be niche players? Is it possible for them to create attractive scenarios that trump the offerings of the global giants?

We have commissioned complementary reports about the creatives and the content boom (*Creative Overload* by Wendy Mitchell) and global streaming services and public film funding (*Streaming giants and public film funding* by Michael Gubbins). The additional report covers important areas and gives in-depth understanding. Facts and figures from these reports have been used in the main report.

THESIS

We strongly believe that public film funding has a crucial and important role to play in the future. But film and audiovisual policies need to be reformulated, and the operational models for public film funds changed. The main thesis of the study is that given the changes in the external environment, public film funding must renew its argumentation and alter its offering in order to remain relevant and attractive.

We believe that regional, national and transnational funding bodies have an essential role to play to protect film for the long term in the context of a territory's cultural policy. Only cultural policy and selective public film funding hinged on a modern, reformulated, version of existing 'ideological' principles can secure and guarantee sustainable production of content with a distinct cultural reference for the territory. As the global giants' hold on the European film industries increases, the traditional arguments for public film funding in Europe are being fast disarmed. New arguments that can anticipate and manage future changes in and of the ecosystem must be formulated.

By offering an overview of the current and projected situation as understood by industry professionals in different European territories, this study seeks to prepare the ground for a reformulation of the arguments regarding the future legitimacy and relevance of public film funding – specifically, selective public film funding.

The latter part of the 2010s saw the establishment and dramatic growth of various publicly funded automatic incentive schemes for film and drama series production. The exponential growth in film and drama series production that was driven by streaming boosted the interest of politicians across Europe as the idea emerged that large, rapid socioeconomic gains could be made.

Automatic systems of public film funding – including cash rebates and taxation-based incentives – were thus introduced as part of many nations' economic policy, with the expectation that they would produce large and visible additive effects, primarily on employment.

However, the key question that European decisionmakers must ask themselves is whether the structure of the incentives strengthens or weakens bearing general arguments for the public funding of European film – arguments that are founded on the ideology that most politicians and decision-makers claim to support. Selective and automatic funding systems (created via political decisions) need to work under and with the same core principles if the selective cultural policy-based funding should have long term legitimacy.

PURPOSE

The purpose of the study is to set the foundations for a Europe-wide discussion and debate regarding the objectives, arguments, tasks and methods of public film funding, based on an in depth understanding of current and ongoing worldwide changes.

Public film funding is at a crossroads. The world is changing dramatically and rapidly, and the urgent challenge is to find a new balance between history/the old world and future expansion/the new world, while catering for the needs, and embracing the opportunities of, the present. What is the role of the public sector, and where are public initiatives relevant and necessary?

Public Film Funding at A Crossroads leads up to a discussion and a set of recommendations for politicians, policy makers and public funding bodies. What are possible future principles, objectives and arguments for public agencies. The study also maps and outlines crucial questions that have already been asked but not yet answered. Is it, for example, possible to transform bearing elements of the ideology on which European film policy is based and adapt it to the fast changing reality, and to the new and different ecosystem? And, fundamentally, is this desirable?

A meaningful discussion on the future of public film funding must reflect how private players think and function. For any public intervention to be relevant it needs to be able to work with the world of creatives (directors, scriptwriters and creative producers), production companies, distributors/rights managers, exhibitors, streaming services and so on – so it needs to consider their values and priorities.

The focus of this study and further discussion is on Europe, as this is where public film funding has historically been around the longest and been most extensive in scope.

TERMS

Film

We use a broad definition of the term 'film' that reflects changing perceptions and understandings brought about by digitalisation. While feature film and creative documentary remain at the core of public film funding scrutiny, it is impossible to reflect on regional and national film policy without including drama series, singles for streaming services and TV channels, hybrid formats, online series and shorter formats. This expanded notion of 'film' includes all audiovisual forms of storytelling which derive from and draw on cinematic qualities – storytelling on cinematographic ground. The report also includes computer games/video games/digital games (hereafter called computer games) because they are part of many countries' film policy or audiovisual policy, even though the games industry identifies itself as an interactive and not a storytelling medium, in which users redefine rules, conventions and content. Therefore, unless clearly and explicitly stated otherwise, the terms 'film', 'film sector' and 'film industry', refer to this broad definition.

Ideology and foundations of film policy

European film and audiovisual policies are based on fundamental principles embraced by transnational, national and regional public film agencies, and to a large extent by private companies in the film sector. We refer to this as 'ideology', as it consists of an interrelated set of ideas and ideals that form the basis of film policy. Despite specific policy variations across agencies, the sector is driven by this ideeology which underpins the formulation of specific objectives and actions.

With broad consensus, this ideology aims to safeguard:

- film as an art/culture form
- diversity in all its senses
- cultural and artistic freedom with territorial reference
- European/national ownership
- independent production companies that own the underlying rights and intellectual property (IP), and along with the filmmakers have artistic freedom and creative control
- rights handled individually territory by territory/nation by nation
- and the movie theatre as a central place for shared experiences.

Public film funding is legitimated by the understanding that film (in the broad sense defined above) is an art form with cultural reference and significance (including language) to a defined territory. Therefore, an individual work's relevance, artistic ambition, audience potential and contribution to boosting the long-term sustainable development of the economy (which includes private companies, creative personnel, infrastructure, know-how and expertise) are all factors that variably feature in the given assignments for national film agencies and regional film funds.

The old world and the new world

The text repeatedly refers to the 'old world' and the 'new world'. These are not two separate worlds, each with its own set of players – they are both part of the same ecosystem. The old world is dependent on a mixture of private and public funding. Public film agencies and public service broadcasters are central for the old world's existence. The thinking of public film funders tallies with the ideology described above. The new world, governed by powerful global players who act on different commercial principles, bears a radically different ideology.

Broadly speaking, the new world ideology is characterized by ordering and/or acquiring all global rights. Creative and artistic freedom is sometimes as great as it is in the old world, but it is more often curbed and restricted. Local content is attractive, but the majority of the 'originals orders' strive for generic expression and storytelling. Royalties might exist for directors, scriptwriters and cast members, but not for producers.

Production companies are often transformed into production service providers. The new world's unbeatable attractiveness lies in the speed of its decision-making, its predictability, the limited bureaucracy of its application processes and its earning potential. One can say that the new world's ideology in many ways are old and bear strong similarities with the commercial ideology that has historically dominated the American film industry's modus operandi.

Other areas

National and, occasionally, regional film policy may also include film heritage and film promotion. The focus of this study is on selective film funding primarily of production, but also distribution, exhibition and in some cases streaming.

Film heritage and film promotion are commented on peripherally in the study, as these are usually included in or have strong links to other areas in cultural policy, such as: the preservation of cultural heritage; promotion of own creation; or the participation, knowledge and understanding of different art forms (for example media literacy).

METHOD

The study is based on more than 700 interviews in Europe with key representatives in public film funding, film and drama series production, games development, distribution, marketing, exhibition and streaming/broadcasting. The interviewees have been guaranteed anonymity. For the purposes of this study, the aggregated results are more significant than individual responses.

The interviews were organised by linguistic and/or market territory and led by different researchers in each territory (see *Territorial reports*). The introduction to the study, the core questions and themes were the same for all. The interviews were made through out 2021, most of them late spring, summer and early autumn.

Aside from individual interviews, we also organised dialogue seminars, or workshops for national film agencies, regional film funds, guilds, trade organisations and individual or groups of predominately production companies. These gave the opportunity to over 3,500 participants to contribute to a discussion on the questions put forward in the study.

The study had two think tanks. One that followed the work from the instigating stage to final product. The core group consisted of:

Charlotte Appelgren (secretary general, Cine-Regio)

Thomas Gammeltoft (CEO, True Content Entertainment)

Johanna Koljonen (Author/Project Manager, Nostradamus/Göteborg Film Festival)

Per Strömbäck (Spokesperson, Swedish Game Industry)

One that discussed the study's recommendations. This group consisted of:

Helge Albers (CEO, MOIN Filmfoerderung Hamburg Schleswig Holstein)

Gregory Faes (Directeur General, Auvergne-Rhone-Alpes Cinéma)

Mar Izquierdo (Head of Zinema Euskaraz & Grants, Zine Euskadi/Basque Government Film Fund)

Birgit Oberkofler (Head of Film Fund and Commission, IDM)

Industry facts and statistics are being collected on an ongoing basis and will be published on the study's webpage. The rapid and dynamic developments in the sector, however, render many facts and figures outdated even as they are published, so the emphasis in the main report is more qualitative than quantitative. The report is mainly based on the interviews, dialogue seminars and the workshops that have been conducted. The recommendations are the conclusions of the report author and editorial team of the study. When the word 'we' are used in the rest of the text, it refers to the report author and the editorial team.

QUESTIONS

The questions that we invited the interviewees to engage with concern the rationale for, and legitimacy of, public film funding, but also concern broader elements in the ecosystem. Representatives of public film agencies were invited to reflect on their future role, regardless of whether it is motivated primarily by cultural or economic/business policy, or whether they identify as active initiative takers or passive financiers – in other words, whether they consider themselves as central players for knowledge, expertise, creativity, capital and networks or principally as financiers. In this context, we were seeking responses to questions such as:

• What competences are required for the different roles? What support systems/investment models are needed if relevance and legitimacy for public film funding are to be achieved?

Below are the main questions we asked the interviewees:

• How do you view your own operation/company now, and in 2025? How do you view your own role now, and in 2025?

• What contemporary arguments are there as to why film is a public matter in your territory? What future arguments do you think are necessary for film to continue being considered a public matter in your territory? Do you think that the public sector in the short, medium and long term will increase or decrease its funding for film – and why do you think so?

• What role(s) do you think a public film fund might have in the future? Why these roles? What is required for a public film financier to be legitimate and relevant, now and in the future? Why?

In formulating the questions, our starting point was that funding for production, distribution and screening of audiovisual works in Europe is primarily part of cultural policy, both on local, national and transnational level.

However, funding for the development and production of film/audiovisual works is also often regarded as part of economic policy. A fully developed audiovisual policy combines cultural and economic policy elements – but the focus of this study is on selective film funding, which is more closely associated to cultural policy, but may also include elements of economic policy.

Historically, regional film policy is usually understood as a blend of cultural and economic policy – or, more specifically, as economic policy based on cultural policy. This ideology is shared by most, but not all regional film funds. They all however define themselves, with barely any exception, as institutions belonging to the old world.

TIPS TO THE READER OF THE REPORT

The report is meant to be useful for many different types of readers.

To facilitate navigation and ensuring that readers can access the content that relates to them more easily, the report is presented in separate sections. We have also chosen to repeat some fundamental parts of the reasoning so that readers who may want to quickly orient themselves by focusing on Conclusions and Recommendations can do so easily.

Readers who have worked for a long time in the sector will be familiar with sections that present the historical background and development in the 2010s and early 2020s and can therefore omit reading large parts of the following chapter.

CONTEXT

HISTORICAL BACKGROUND: THE 2010S AND EARLY 2020S

During the 2010s and early 2020s, the debate around film in media, among policy makers and in the industry more widely, was dominated by two themes: digitalisation, and the competition between streaming platforms for global and regional dominance.

These two phenomena are linked, and they have both been, and will continue to be, central drivers of change for the film industry now and in the foreseeable future. More recently, green sustainability, diversity and inclusion issues have also gained in importance. None of these issues can be considered in isolation from digitalisation and globalisation.

Digitalisation

Digitalisation has transformed and continues to transform a raft of different sectors. It took a relatively long time for it to spread on every level and for the shift from analogue to digital to become a reality. The film industry was late to the table, but since then things have advanced quickly. Digitalisation is an ongoing process with no end date.

Only when 3D (a very old invention that gained renewed popularity in the digital era) was introduced on a grand scale in the early 2010s did the digitalisation of distribution and theatrical exhibition started to accelerate. Publicly funded digitalisation of cinema screens was accompanied by a vision to enable a broader repertoire, in which niche content was allowed more space.

The theory and concept of the ‘Long Tail’, first introduced in *Wired magazine* in 2004, was for a while raised to the status of an ideology. It was based on the idea that the expansion of the internet would enable content that had previously had trouble being seen, such as niche and older content, to find its audience and lead to far stronger sales. It would therefore be wise for distributors and other parts of the industry to invest in this type of content rather than block-busters.

Digitalisation in the production process led to significant growth in the number of feature films made, and by extension to a dramatic increase in the number of cinema premières for new, previously unreleased films. During the second half of the 2010s, most films released theatrically were launched with three to four times the number of copies as Digital Cinema Packages (DCPs) than in the old, analogue film world. However, the overall capacity of movie theatres in terms of screens and seats was, at best, unchanged.

The potential for a release with good long-term results became therefore considerably lower than before, as films had to be kept in the cinemas for a shorter period to accommodate for the constant flow of new releases. Measured in numbers of tickets sold, few films performed as well as before. However, higher ticket prices and a growing Asian, primarily Chinese, market, resulted in box office levels overall remaining steady, however, albeit for a smaller number of films.

Digitalisation made the production of film cheaper and more accessible. This enabled more and more people to express themselves using moving pictures, that they could then easily upload on social media. 'Broadcast yourself', as YouTube puts it. Self-generated content grew fast during the 2010s.

Digitalisation pulled the mat from under the last 30 years' home entertainment (VHS and DVD), but also paved the way for the new: VOD is expected to grow by more than 100% over the next four years, as no market is mature, and penetration is low in many important territories.

For feature films and drama series, digitalisation – especially streaming – means that people can watch what they want, when they want and where they want. The large growth in capital for both serial drama and singles for streaming, and the volume of released titles that followed, has put huge pressure on cinema.

During the second half of the 2010s there was speculation that cinemas would not last beyond the next five years, especially considering all the major film studios' plans to launch their own streaming platforms which inevitably would lead to fewer mainstream films released in the traditional way.

These tensions led to debates about the length of the exclusive cinema window, in other words the period when film theatres can show a film without competition from ancillary markets, and therefore where most earnings for exhibitors are generated. While it was initially possible to defend the length of the exclusive cinema window, it appears likely that the very significant rise in streaming due to the pandemic, along with the altered focus of central players towards D2C, will lead to a reduction of the length of cinema window exclusivity long term.

Cinema owners around the world hope to be able to secure a 60 to 90 days exclusive window for most titles, but it is likely that they will have to accept some day-and-date releases, whereby a film is released simultaneously in cinemas and on a streaming platform, or a radically shorter window for prospective blockbusters from the major American studios. It is likely that local titles will have a far longer window for theatrical screenings than American studio films, as European distribution companies generally have less muscle in discussions with cinema owners.

The streaming platforms' competition for global and regional dominance

Netflix was launched in 1997 as a company that rented DVDs by mail order. In 2007 it began offering streaming services online. The content was originally niche and targeted an audience with special interests.

Few would have imagined what a major distribution disruptor the company would become, let alone the avalanche it would instigate in terms of content. By 2021, Netflix remained number one in streaming services, but its position was under threat. Its growth has abated, particularly during the latter phases of the pandemic, and its competitors were gaining market share.

Netflix now faces tough competition both globally and locally. Amazon Prime, Hulu (now Disney-owned), Apple, Facebook, Disney+, AT&T Warner/Warner Media, including HBO Max, soon to merge with Discovery/+, Peacock (Comcast/NBC Universal), Paramount+ (ViacomCBS/SkyShowtime) along with a long line of other global and local players already or will soon offer different variations of streaming services: SVOD (subscription VOD), AVOD (wholly or partially advertising-funded VOD), BVOD (broadcaster VOD) and combinations that also encompass TVOD/PVOD/EST (transactional VOD – purchase and rental). When Disney+ launched in three countries on 12 November 2019, it took just 24 hours for the service to pick up ten million subscribers. Disney+ has the express ambition to establish itself as the dominant VOD/streaming platform worldwide. When the planned merger between Warner Media and Discovery goes ahead, it will create a very competitive player.

The establishment of new streaming platforms has gone hand in hand with some of the media world's biggest company acquisitions. Disney acquired significant parts of Fox. Disney and Fox represent about 40% of cinema attendances in the US in a normal year. Disney has also acquired the advertising-funded streaming service Hulu. In other parts of the world, Disney operates the content hub Star, which features content acquired from, among others, the purchase of Fox (including Century and Searchlight).

Telecom giant AT&T bought Warner. Warner also owns HBO/HBO Max, which is gradually being rolled out worldwide. The new HBO Max will exist in two versions: a subscription, advertising-free service, and a cheaper AVOD service with limited advertising. A merger between Warner Media and Discovery will be in place Q2 2022.

New mergers and acquisitions will be made as the competition for local and global dominance escalates.

Streaming platforms are increasingly producing, commissioning, and acquiring originals: drama series, feature films and documentary films/series. The offering still includes some licensed content available for a limited time in a particular streamer, but this is waning.

The ‘originals’ projects are often initiated and developed by a production company that is also given responsibility for carrying out production by the prime, and often sole, financier – the streamer. This is often made through a production service agreement. The VOD service frequently owns the project fully and receives all the earnings from the exploitation. The production company receives a high fee for carrying out the production. Such productions initiated and owned by streamers can often access funding from national or regional automatic production incentives, but not from selective public funding systems.

It is likely that in the future global streaming services will want to have greater access to external funding – including selective public funding – to reduce their costs. To make this feasible, it is possible that the global giants will open themselves up to other forms of distribution, such as a limited exclusive cinema window and electronic sell-through (EST/TVOD) on the production’s home market, combined with symbolic ownership of the project for the production company.

In the western world, traditional pay-TV subscriptions are rapidly decreasing. Households are instead designing their own packages by subscribing to different streaming services and taking advantage of free TV services (A/Play/F/BVOD) online. We forecast that the average household in the future will have three to five subscriptions to streaming services with an offering of film and drama series.

Local and global streaming platforms fight for dominance month by month. They work with provisional strategies with short time frames that can be measured in months, not years. Competition and market development is changing at a very rapid pace.

The global streaming services are power players in the European film world, thanks to their finances and their position in the market. Their power will increase in the next few years. Virtually all the global services will make original feature films and drama series in the home languages of the European nations. Netflix's offering currently comprises equal parts English and non-English language material. At the time of writing, Netflix is the biggest commissioner of film and drama series in Europe. What will happen when other American-owned global giants follow suit? Many of our most interesting filmmakers are already choosing the opportunities that the streaming services offer.

Selling global (or essentially global – i.e., everything except the project's 'home territory') SVOD-rights to a streaming service may likely be the best and most lucrative solution for the owners of a specific film. However, what does this mean for the traditional model of film funding and management of the finished film? Will the current crowding of titles for movie theatre release resolve itself as fewer titles demand a certain length of cinema exclusivity, or will the opposite occur, will there be more large-scale releases by the major players so that the film can quickly be made available on VOD?

A clear trend has already emerged whereby the major players are releasing far fewer films in cinemas, but the releases are considerably bigger than before: a far higher number of screens followed by a rapid transfer to the TVOD-market or D2C on the producer/distributor's own streaming service. The first weekends and weeks of a film's release are becoming even more important than before for bringing back financial returns.

The main competitive tools of the global streaming services – and the transnational regional ones that are operating in similar ways – are volume and exclusivity: the amount of content produced and released; and its exclusive availability on a particular platform. It is likely that prospective customers compare different services based on these two parameters, and then choose between services based on the type of content they want access to. While individual customers only utilize parts of the offering available from each service, volume and exclusivity are fundamental for a streaming service to retain its subscriber basis. The customer must be presented with a constant flow of new, highly interesting and exclusive content.

Expansion in content production is therefore driven by the idea that volume and exclusivity are the main competitive tools for the streaming services. Providers must build a sufficiently extensive, interesting library for different target groups; they have to offer plenty of exclusive attractive content, and they must have enough premières every week or month to attract and retain customers. Consequently, if they are unable to work with licensed content – which the studios' arrival on the streaming market is rendering virtually if not completely impossible – they must make it themselves.

In recent years the world has seen a dramatic growth in drama series production, primarily of high-end drama series, that is, series that are made with the same ambition and production values as cinema film. The almost exponential growth in such production is very likely to continue in the years to come. The production segment of the industry is itself counting on a five- to ten-year gold rush before this growth levels out (see section below).

This great expansion also favours companies that have content to license. The potential to sell internationally has increased as the market has far more buyers looking for content to fill their streaming libraries with. Rights owners of attractive feature films (and not just of titles intended for cinema) particularly benefit from this.

There are advantages and disadvantages to this great growth in production. Among the advantages are continuity and economic stability both for creatives and delivery-oriented production companies. Another might be that different types of European content gain a far broader circulation. Among the disadvantages, the appetite of the global OTT-services for European content that ideally works on different markets risks hollowing out the distinctive local character and the anchorage in the territory's stories, people, culture, temperament, and uniqueness, in favour of a generic approach.

The huge growth in volume also creates problems in regards to capacity. Capacity today is one of the most widely discussed aspects globally among respondents related to the production of film and drama series: There are not enough creatives, producers, line producers, heads of departments, teams and facilities to be able to deal with the expansion. Who will work with the required content at the desired quality level?

NEW ROLES

The traditional roles of the distributor and sales agent in film and drama series are being redefined. The governing factors again are: digitalisation and globalisation, and its effects on production, distribution, and consumption; the huge – and growing – influx of capital for content production; the rapid growth of automatic funding systems; and the concentration of ownership and power. This altered playing field is placing increasing demand to redefine business and operating concepts, organizational structures, and staffing.

As discussed above, in recent years there has been a raft of mergers and acquisitions both nationally and internationally. Fewer and bigger is the order of the day. This development is driving the transformation of the role of international sales companies and distributors.

The sales companies' business has grown more complex as the primary customer could be a single platform that operates globally. Is the sales company necessary, or could the project owner along with, say, an individual agent be the seller? One possible revised role for the sales companies would be for them to shift the focus of their operations to packages; by extension the platform would wholly or partly fund projects that have been secured at an early stage. A sales company's argument under such a new operating concept would be that it has extensive knowledge, competence, a far-reaching network, and a well-known brand, all built up from previous experience, all of which can be deployed to structure and implement the project's funding.

When digitalisation made its breakthrough, the distributor was transformed into a lender and market promoter. Most distributors of size in Europe are in the process of shifting the emphasis of their operating concepts. Rights acquisitions, rights management, rights exploitation, and a more active role for generating content (production/co-production, commissioning, and packaging) that can be exploited, managed, and owned are becoming increasingly more important. The major distributors acquire, and wholly or partially develop, rights, which are then either outsourced to production companies or produced inhouse.

Talent agencies

In America and the English-speaking world, talent agencies have long played a major, and growing, role in packaging projects. These agencies have producers, directors, screenwriters, and actors on their books. Nowadays, they package and fund both film and drama series projects. There is considerable resistance to the agencies' influence and power from certain categories of guilds and major players such as streaming services.

In Europe's major film nations, there are companies offering similar services, although they give the production company greater influence over the package's design (director, screenwriter, central cast).

These companies offer a financial service that consists either in structuring and implementing the funding, and/or offering a combination of capital and managing the funding.

Production companies

In the new rapidly changing film and drama series world, all the above roles are being redefined. Projects are increasingly being initiated by someone other than a director and/or a screenwriter.

This is reshaping the role of the producer into a far more creative one. Furthermore, often the production must be organized differently for capacity-related reasons, as the director, for example, cannot be counted on to take part in the entire creation of a serialised project or a feature film. The more traditional producer role (managing the financing and implementation of the production) partly lives on in arthouse film, but here too a change is taking place.

The production companies' role as developers, financiers, implementers, and managers of the title's exploitation is being challenged on all sides. The new and future landscape risks transforming production companies into primarily implementers of projects – service producers. In this context, the business for the company lies in ensuring a substantial fee and as large of a margin as possible for the implementation of a project financed and exploited by others.

As a result, production companies are modifying their offering, which now primarily stands for know-how and competence linked to creativity or implementation. Ownership, packaging, and exploitation are increasingly replaced by skills in realizing different parts of a feature film or a drama series. To a growing degree, others control the copyrights.

Redefined roles and the public film funding bodies

There is a distinct tendency towards a redefinition of central roles and value chains: the chain of producer-distributor-exhibitor is gradually becoming commissioner-packager-creative hubs-implementer-and rights acquirer/manager/exploiter. The latter however cannot be regarded as a logical chain in the same way as before. Automatic funding from different types of incentives has become a more pertinent part of the funding plans of both feature films and drama series. In contrast, resources for selective film financing are dwindling, being fragmented across different expressions and formats, or hollowed out by inflation in the sector (primarily comprising of dramatically higher costs for labour). One central question to grapple with is: how should public film financiers approach projects that are fundamentally owned and controlled by one global (read: American) or regional private giant?

Public selective capital can still be necessary and attractive. All type of cinema films in smaller and mid-sized nations/markets, commercial arthouse, and arthouse projects that strive to maintain creative and artistic control, are examples of film categories with continued need for traditional funding. The big question right now is if there will be an appetite to produce films aimed for cinemas when the market is so shaky and there are unprecedented possibilities to reach a global audience if, as a director, scriptwriter or producer, you change your mindset and financial strategy.

Public film financiers, national and regional, must review their offerings, seek new, more proactive approaches, and focus far more on formalized collaborations, know-how, competence, networks and, if possible, on the specific fund's brand. Fundamentally, there is a need to realize the fact of an inexorable transformation from a big fish in a little pond, to a small fish in a large and ever-growing pond.

Public film agencies in transition

As already noted, there is an increasing discrepancy between the ideological foundations for European film and the reality that is emerging. Various industry organizations/guilds represent the traditional ideology, but the reality (and the ideology) of the global streamers is creating new irresistible opportunities for creative professionals. This new reality is generating threats, which sometimes leads to defensiveness and a dogged determination among old-world institutions to hold onto their established ideology and neglect to prepare for adjusting to the new circumstances.

The role of public film policy and film agencies on a transnational, national, regional and (where applicable) local level, is to support and supplement privately run and organised production, distribution, theatrical exhibition and to some extent streaming. In other words, no public support is offered without private investments and companies and vice versa. This applies whether the emphasis of the film policy is cultural, economic or a combination of the two.

Film has been regarded as a unique type of collaboration between the private and public sectors. Today's conditions, however, challenge the foundations of this reasoning. Private capital from global (American-owned) companies has flooded into the sector in many countries in amounts never previously witnessed, leading to a drastic shift in the balance of power among players. Public film agencies – the representatives of the old world and its different logic and business models – find themselves side-lined.

Transforming their operation is difficult and may prove impossible. Put simply, the competences, knowledge, networks and working models used by public film agencies do not work as well in the new, more complex, reality.

But some public film agencies/film funds display a counter-productive self-confidence. They are finding it difficult to fully realize that they are no longer 'king/queen' in their territories, and that the new world will not permit them to maintain this role.

Moreover, change, both in national film agencies and major regional film funds, is inhibited by the wide-spread combination of clientelism and mutual dependency between beneficiary and funder.

As a result, they hold on to the established ideology and power structures, while the new realities push them further out into the periphery. In many territories, change is restricted by national and European legislation and its accompanying rules and regulations which are slow to adapt and respond to the new realities.

Impact of the new business concepts

Above, we described the shift in emphasis in the business and operating concepts in various areas. Below, we clarify the consequences of this shift for transnational, national and regional film agencies.

Production companies

The activities of production companies now and in the future are based on three important added elements, which differ from the old world's focus on rights ownership and exploitation. These are: creativity, volume, and margin. The concentration of ownership in the production sector, which is already happening, and which shows signs of increasing, must be interpreted based on the need to create volumes that jointly guarantee a good margin.

Commissioners in the new age have a stronger focus on creativity. The services and processes of prime interest are the screenwriter/s, the director and the creative producer. The execution can be bought elsewhere.

Production companies still want to own some of the rights, not least to guarantee that they have influence and control over the work's creation. Reliance on commercial earnings from owning catalogues/libraries of rights has, however, decreased year over year.

Production companies of any size that cannot regularly create major commercial successes or volumes and margins are doomed to go out of business in the relatively short term. This is one reason why so many companies now are willing to be bought up. There are plenty of companies that want to be acquired, and plenty of significant players who want to buy them and further increase their volume. This will therefore affect concentration of ownership in the production sector, as noted above.

European public film policy is largely shaped around the independent producer, who traditionally controls the project and owns exploitation rights. The new business models make it harder and harder to talk about an independent producer in this sense.

In certain countries, regulations and legislation risk making public input in a whole raft of publicly and/or artistically attractive projects impossible when the independent producer in legal terms becomes primarily an implementer, with little or no ownership and control of the project. One critical central question for the future is whether production companies/producers will continue to be involved with national film agencies and regional film funds, when they can work with business partners who can guarantee them volume and margins.

What would be the motivation for them to do so? In a world where the formats and consumption of moving images are merging, the decision-making power lies with capital-strong commissioners. The counterforces to such a landscape will likely not be individual public film funding bodies, but strong networks of public funds and/or public/private partnerships that can jointly guarantee the implementation and execution of projects. Can public film agencies adapt to such a world, and if so, how?

Distributors/rights management companies

Business for surviving distribution companies contains one (or more) of the below elements: (a) a move into exhibition and streaming (b) a move into production; and ideally (c) lifelong rights and exploitation management. Financing and packaging of talent, as well as acquisition of rights, were early ideas in the distributors' quest for new relevance.

Optimizing earnings for feature film intended for cinema distribution lies in an intelligent combination of releasing to cinemas as well as VOD. The key for distributors' future survival will be to maximize earnings of rights management.

Arthouse distributors who have not developed their business to also encompass other categories will face challenges, as they will have trouble modifying their old business ideas/models – acquiring distribution rights for a limited period and not for all media. Who in the future will bring to the market all the 'small' and artistically challenging films supported by national and regional film funds?

Other categories

Except for cinema films, the previously (sometimes) distinct roles of commissioner and financier have merged, as both are now covered 'in house' by streaming services, but also traditional broadcasters to some extent.

The pandemic will accelerate the predicted development of movie theatres into either blockbuster palaces that use the latest technology to maximize the experience, or cosy establishments for adult audiences to watch feel-good and/or thought-provoking films. Ticket prices will be considerably higher, capacity in terms of screens and seats will lower, and alternative uses for the spaces will increase. Most films will be shown only very briefly at cinemas, if at all, to then be released on EST/TVOD, while others and perhaps primarily the feel-good and/or thought-provoking films will play for far longer. For those looking for some cosy or inspiring time spent with friends, whether the title is also available on their device or not is less important.

Public funding for feature film has historically been strongly linked to cinema screening. What will it mean for the legitimacy of public funding if the feature film is 'just another type of content' on a screen near you? Will this drive development towards film funds being replaced by public IP funds for independent (not owned by streamers) works? What political risks does such a shift entail?

Projections for 2025

The pandemic has acted as an accelerator of developments in the sector, but it is not in itself the cause of what is happening in the European film industry. Some of the predictions that we identified before the pandemic were the following– and these continue to stand:

• Falling cinema attendance in the western world but with stable or increasing box office. We predicted (see *Film i Väst: Transformation and development in the ecosystem 2019/20*) a 25% decline in cinema attendance figures up to 2025. As cinemas increase the visitor experience and comfort, while also reducing capacity, they can balance it out by higher ticket prices. 'Cosy cinema' for the adult audience and 'maximum thrills' for the younger blockbuster audience is projected as the future of the movie theatre.

• The transfer of viewing from big screens (cinema screens, TVs) to small screens (mobile phones, tablets and computers).

• Dramatic growth of the VOD market encompassing subscription, advertising-financed, bought, and free content (more than a doubling in earnings up to 2025).

• Changes to, leading to the dissolution of, distribution windows: A shorter (if any) exclusive cinema window, and a flexible VOD window with no obvious discernible flow between TVOD and SVOD/AVOD/BVOD.

• Continued consolidation and concentration, and increased competition, between giants. A market with large conglomerates and small, clearly niched, companies with low overheads – regardless of category. We predicted a wide-spread elimination of medium-sized enterprises.

• Continued change in fundamental business concepts and business models, caused by the overall changes in the ecosystem. Growing conflict between fundamental old world principles and the new world realities in which European companies must operate.

• Continued expansion of content production, driven by the need among (primarily regional and global) streaming players to boost their competitiveness.

WHAT EUROPE SAYS

FINDINGS

Below we summarize the respondents' reflections on the central themes of the study. We have made our interpretation of the territorial reports (in consultation with our nine European partners) considering the territories' size and weight in the European and global film world. We have also considered and included findings from the dialogue seminars/workshops completed to date.

There are differences in how respondent groups reflect on central questions, and these are clearly related to the issues that arise from the specific territory in which each one operates. We claim that the differences can primarily be explained by the following factors: the extent to which global streaming services fund local content; the degree to which film and other audiovisual content is consumed through streaming; the strength of public selective film funding systems; and the endurance of old world ideology in these systems and the industry at large.

The geographical distance between the UK and France may not be long, but the differences are considerable when all four explanatory factors are applied. Eastern Europe, which this study defines as the region of the former socialist European countries, became part of the European family after the fall of the Berlin Wall. The public sector and film have a completely different history than in Northern, Western and Southern Europe (see appendix), and have therefore had a slightly different attitude towards the traditional ideology – even though they have integrated European policy objectives, regulations, and conventions.

In the text below, we will refer to territorial differences where necessary, but if the deviations are negligible or concern only one or a few smaller territories, we refrain from comment.

Private players' views on the present and the future
Below is a summary outline of the reflections from production companies, distributors/rights managers, cinema owners, broadcasters, international sales agents, international film festivals, games development companies and streaming services regarding their roles and their views on public film funding now and in the medium term.

The ecosystem and the film landscape
Most respondents envisage a world with considerably larger and fewer companies. Small, and very small, niche businesses will, however, continue to exist in all areas. It is interesting to note that a few respondent categories (such as distributors) consider this as a positive development.

Production companies are the respondent category that view the future most positively. Cinema owners and traditional distributors of, primarily, arthouse films are the most concerned.

The respondent groups reflect on the relationship between the old and new world in different ways. The new world will weigh more heavily in the ecosystem; the new world's financial muscle is far stronger than that of the old world.

Changes in business and operating concepts
The interviews with production companies, distributors/rights managers, international sales companies and cinema owners generally concur with our understanding that there is, and will continue to be, a shift in bearing business and operating concepts.

In countries where regional and global streaming services have become central financiers of local content, production companies in principle hold onto the fundamental pillars of the traditional old-world ideology, but it is impossible for them not to take advantage of the opportunities offered by the new world. In the best-case scenario for the producers, the old world will be of the same size as at present, while the new world will continue to grow. The production companies' business concept is increasingly shifting towards volume and margin – more output with better profit margins – sometimes regardless of ownership or non-ownership of IP rights.

In countries where global streaming services do not finance local content – for instance some smaller Eastern European countries – the production companies would like to see the move towards volume and margins happen, as it would contribute to their long-term survival. Ownership has not, to date, paid for food on the table, nor for opportunities for stability and development.

In countries with a relatively large domestic production volume and a still marginal financing of local content from global players, the responses differ. The insistence on rights ownership and exploitation as principal business concepts is more manifest. The expansion in drama series production, however, has prompted many production companies to change focus and reprioritize. Drama series production has traditionally brought only limited ownership to the production company, and the potential to earn money by exploiting the content has been limited, as has the full creative and artistic control. This has already made production companies more dependent on the margin created in producing the series – and therefore more ready to accept the terms of the new world.

Most production companies believe that in the future they will have to base their business more on volume and margin, regardless of the degree to which they support the old world and its ideology.

The operations of distributors, and particularly of those that primarily deal with mainstream content, are shifting as described above. European arthouse distributors, however, have long been having financial problems. The most common way of dealing with these is to expand the business to also include other stages: production and/or exhibition/screening. Another method, albeit on a smaller scale, is to emulate the larger players and move into rights management, which would enable broader exploitation that is not dependent on cinema distribution.

Virtually all arthouse distributors see a future where fewer/far fewer titles than now will have cinema distribution. The responses are more divided when European main-stream distributors reflect on the same question. The majority need more titles to exploit. The main question, however, is whether the exploitation will still need cinema distribution to achieve maximum success. Opinions are divided here.

Many broadcasters, and very specifically public service broadcasters, can see what used to be their natural position of strength being challenged by the global companies in the new world. As one head of drama put it: 'In 2018 we were a very big fish in a small pond, whereas now in 2021 we're a very small fish in a big pond – a pond that will also carry on growing'.

The challenge is particularly palpable in territories where global and regional streamers account for funding of most of the domestic drama content (such as the Nordics). The perceived worrisome situation is exacerbated by the fact that the fragmented financing model has not only become harder to utilize but is also less attractive for reasons that we expand on below.

One likely scenario for 2025 is that traditional broadcasters generate a lower volume (fewer titles) of drama series than at present – unless, that is, they open their doors wide to collaboration with global streaming services. There is a large question mark as to the degree to which they will continue participating in the funding of feature films with cinema as the first window.

Public service broadcasters participation in the funding of feature films for cinema will, likely, be determined by political decisions and the remits assigned to different public service enterprises.

Growth

There is relatively broad consensus among the respondents that the gold rush in content production will last until at least 2026. A significant group forecast growth throughout the entire 2020s. One would expect that reflections on this question would have been related to the extent to which streaming services have begun funding local content, combined with the strength of public service broadcaster financing – yet it does not appear that simple.

Respondents in countries like Italy and Spain are the ones who expect the gold rush to last longest, while the German-speaking countries believe it will be over before 2025, even though the global streaming services are only now becoming major financier and commissioners in the territory.

Capacity

Capacity is identified as a central challenge in virtually all territories. At present there is a shortage of producers, directors, line producers and many above-the-line functions. The capacity problem is driven by the rapid growth in content production.

The shortage of talent, expertise, and knowledge is leading to a dramatic rise in pay in the sector, which causes problems to the old world. For the new world's players, European costs levels are not a problem; it remains relatively cheap to produce content in Europe. Access to well-equipped and up-to-date facilities is also identified as part of the capacity issue. Meanwhile, studios for virtual production are being invested in and built like never before.

Few respondents foresee that the current capacity problems will be resolved by 2025. Capacity development ought to be of just as great interest to the old world as the new one. The ecosystem requires concerted efforts to develop and adapt to both a stable old world and a dramatically expanding new world.

Intellectual Property (IP) and rights ownership
For the old world and its players, it is very important that IP and exploitation rights are owned and controlled by the production company that applies for a project. This will become an important arena symbolically, with an ongoing tug-of-war between the bearers of the ideology in the old world, and the thinking of the new world.

Somewhere in between there exists a long row of respondents who broadly support their fellows in the old world, but who are prepared to be pragmatists: it is more important to them for their own operation to develop in a sustainable way in the long term, than to hold firm to old world principles no matter what.

Here we find cinema chains who want the opportunity to screen and sell tickets to the flagship productions of global streaming services; we find a large majority of production companies who want to secure their long-term survival and development through volumes and margins; we find broadcasters who feel bad about their company losing IP, but who want to secure funding and a high level of ambition in their drama series productions.

Perhaps the tug-of-war will end up somewhere in a compromise around the centre-line in many territories. The major, relatively lavish, projects will continue to be made with full ownership for the streaming service, whereas in other projects the production company will maintain ownership, if not full control, and regain the rights after a certain period. As for theatrical exhibition, when the studio-owned OTT services will allow an exclusive cinema window, Netflix and others will do the same – this is already now a fact.

The independent producer
Defining who can apply for, and receive, funding from public agencies is a crucial point both for the agencies themselves and to some extent for some of the most highly acclaimed companies of the old world. Having said that, it is not an area most respondents choose to reflect on. It is hard to say why; perhaps it is not perceived as sufficiently important, or it is too complex.

The fragmented financing model versus one (or two) stop financing
One of the biggest advantages of the major global streaming services is the ability to finance a feature film or drama series quickly, and with a single partner – a model that had been impossible for independent production companies in most countries.

In territories where an increasing proportion of local production is financed by global and some of the bigger regional streaming services (which have adopted the same model), this financing model is far too attractive to turn down. On the plus side are speed, predictability and having to discuss and communicate with only one partner; on the minus side is the fear of losing all creative and artistic control. For most respondents, the attractive far outweigh the risks.

Many respondents feel that the fragmented, territory-based financing model of the old world has become far too complicated and time-consuming. It is especially hard to manage simultaneously with the gold rush of the new world.

Given the shortages of creativity, knowledge, and expertise, it may be impossible to sustain a system whereby development and financing take as long as they do at present. Creative producers, line producers, directors, actors, over-the-line personnel and skilled film workers can take their pick from the projects on offer.

Time gaps when you have a chance to gather all the creativity and expertise necessary to realize the project disappear in the vortex of the fragmented financing model.

Among the respondents who primarily work with drama series there is great concern that the fragmented, territory-based, model that is already hard to use, will become even more unworkable in the future.

The fragmented financing model could also be acting as a cost driver and be counter-productive in terms of sustainability requirements. The need to chop up the production into pieces that can be allocated to different parts of the world, requires additional resources for traveling and working away.

European co-production in the future?

Relatively few respondents reflecteded on the prospects of traditional European co-production in the future. This discussion is held primarily by arthouse companies. Among these, there is great concern that in the future there will be less money ear-marked for minority co-production, primarily from the national film agencies.

More commercially oriented companies prioritize financing models that avoid as far as possible co-production with parties outside of the home territory. Various combinations of incentive financing and/or sales of territories are preferred.

The position and role of cinemas

The position and role of cinemas in the future is of interest to virtually all respondents. Most respondents believe that the movie theatre will remain as an important screening platform for feature film for large-scale shared experiences, but overall, its significance will decrease. There will be other opportunities and strategies for screening feature-length fiction and documentary films.

The cinema-going experience must evolve regardless of the intended audience group. Cinemas should be prepared to provide more thrills, more comfort, better curation, improved guest reception and enhanced service in the future. Most respondents believe that what is shown at the multiplex and what is shown at other cinemas will become increasingly different.

The vast majority of respondents believe the number of titles screened in cinemas will decrease. The American studios will release a limited number of films for cinema distribution, but most of their titles will go directly to each studio's own streaming platform.

The respondents' projection regarding cinema attendance in the future varies, but most foresee a drop in the number of admissions and increased ticket prices.

Arthouse distributors consider it necessary to reduce the number of titles that have traditional cinema distribution. Films with very limited potential to attract audiences to the silent room must be reduced – if nothing else for purely economic reasons.

Most respondents in all categories foresee a shorter exclusive cinema window. The length of the average cinema window envisioned in the medium-term ranges from 30 to 90 days. In some European countries, the period of exclusivity is regulated by law and/or regulations interpreted as law. This primarily affects domestic films that are unable to have a flexible release adapted specifically to the film. There is an overall concern that there will be different windowing rules which mean that local and European films will have longer cinema exclusivity than American studio films.

Among distributors there is optimism that the agreements regarding exclusivity will be customized for each title. Distributors/rights managers who operate in the new value chain (cinema, TVOD, SVOD/BVOD/AVOD) are particularly keen to identify flexible solutions.

Cinema owners and managers can see that some of their power has vanished after all the American studios, and some European ones, have become active on the streaming market. This puts them in a weaker position to negotiate what percentage of the ticket price should go to the movie theatre owners. Adjustments will have to be made in the exclusivity period, and it may be necessary to accept that some titles will be released at the cinema and on streaming simultaneously or have a very short exclusive cinema window.

Cinemas realize that they will have to survive on screening fewer titles: 'less should and need to be more'. They share the view of other respondents that the cinema experience must be enhanced.

Some respondents predict that blockbuster releases will be on a grander scale. The multiplex will not necessarily be synonymous with the ability to show more titles to different audience groups, but rather it will be the place for its designated audience to see fewer films, especially curated for them, the turnover of which will be even faster than at present.

Neighbourhood cinemas and arthouse film theatres that manage to communicate well with their audience will continue to have their place. Meanwhile, both theatre owners and other respondents believe that spaces will increasingly be used for a wide range of cultural purposes, and that the screening of 'alternative' content such as concerts, opera and esports, will increase dramatically.

There is relatively great concern that cinemas in smaller towns will be closed if the public sector does not intervene.

Attitudes towards and understanding of the new world

The respondents' attitude towards, and understanding of, global streaming services varies. A small group of respondents say that the global giants' invasion of Europe reduces the need for public selective film funding, or even renders it unnecessary. The new powers will make sure that a variety of content in each territory's language is produced.

Talent development, according to them, is no longer needed, as opportunities to develop as a creative are greater than ever before. When asked to respond to arguments about the importance of cultural specificity and the risk that generic content will completely dominate their response is: Is this not already happening, regardless of who the financier or commissioner is?

On the opposite side is a substantial majority who believe that the global and, to some extent, regional streaming companies should be recognised as enterprises that create opportunities for growth and sustainable long-term development of production companies and creatives, while they also threaten the ground pillars of the ideology that has characterized the sector to date.

The financing and decision-making models offered by the new world are extremely attractive. In territories where the global and regional OTT-services have become the predominant financiers of local content, many production companies have completely rethought their strategies, and virtually always offer their content to a streaming service first.

There is great curiosity about the priorities and business models of the global streaming services in the years to come, mainly because no one can predict confidently. This is no great surprise, as these players' strategies and tactics encompass very short time frames and moving fast is a key virtue.

Views on public film financiers (national and regional film agencies)
National film institutes, public service broadcasters and major regional film funds are regarded as the key foundations of the old world. These roles are not under question and are appreciated by most respondents.

The issue is not whether they should exist, but whether they will be able to do their job given the broader changes discussed here, and how they will be able to manage the wider world on which they depend.

According to the respondents representing private players, public film financiers generally lack up-to-date knowledge and expertise regarding the ecosystem. These respondents are looking for enhanced know-how about both the old and the new world. There is great concern that the lack of expertise will increase over the next few years, while the new world grows ever larger and more powerful.

Respondents feel that many public film financiers have bureaucratized their application systems, and fear that this trend will continue in the years to come, while the new world is perceived as offering fast decision-making unencumbered by bureaucracy. The lack of speed in the decision-making process is perceived as an ever-increasing problem for public film funding.

Most respondents would like to see enhanced dialogue with public film financiers regarding both their projects and the wider issues that both public and private players must contend with.

Views on public film funding: rationale and priorities
The primary reasons as to why public selective film funding is important are mainly related to some of the fundamental pillars of the old world ideology presented above:

- film as an unquestionable form of art and culture that requires public support
- the public funder as guarantor that the content has a strong cultural reference and is of cultural significance to the territory – including issues of cultural identity, cultural heritage, people/environments/stories that are founded in the territory and to some extent the language
- the public funder as guarantor for artistic and creative freedom and control
- the public funder as guarantor for the ownership staying in Europe/the specific territory

Public selective film funding is also seen as a central guarantor that cinema film with a clear cultural reference to the specific territory will continue to be made in the future.

Other reasons for the perceived significance of public film funding can be attributed to the size and power of the new world. However, in countries where the global streaming services are important, inclusion and diversity are barely mentioned as reasons.

The respondents say that the global streaming services are light years ahead of the public sector bodies in understanding and meeting the requirements of inclusion. The market will meet the inclusion challenge for purely commercial reasons; therefore, it does not have to be a priority in the public sector argues the respondents, the public sector will not catch up, nor can it set as clear requirements.

In countries where power over content has not been noticeably affected as the new world has not penetrated to the same degree, the defence for the independent production company and independent content remains strong – and therefore support for the current *modus operandi* of public film funders. In territories where the global companies exert a strong influence, the picture is less clear, and the question on how to (re)define the role of the independent producer is harder than ever to answer (see section below).

Discussions in recent years on what the streaming giants prioritize have influenced the arguments in favour of the protection of the old world. If language used to be a central category, cultural reference and significance is now highlighted as the most important aspect.

A large majority of respondents advocate that public film financiers should make far greater investments in fewer projects – which essentially means a higher degree of selectivity. Greater investments are regarded as necessary for retaining the attractiveness of public film funding. Virtually everyone would like to see less fragmented film funding.

Large investments, less bureaucracy, stronger communication, speed, prioritization of cinema film and predictability are considered as primary virtues for the public film funding of the future.

The desire for greater investment in fewer projects also applies to development. If the projects are to safeguard the talent linked to film, far more investments are needed for development.

Very few respondents see it as appropriate for public film financiers to fund content where the underlying rights are not owned and controlled by the production company that applies for the project. One respondent at a major European production company even suggested that a wall should be built between the old world and the new world – figuratively understood to mean a wall for public film financiers. Checkpoint Charlie, on the other hand, would be a free and open passage for all private companies. The wish to use both the potential in the old world and the new world is strong among producers.

Views on public involvement in talent development are divided.

Some respondents think that talent development should be deprioritized, claiming that 'the market' offers unimaginable opportunities for new talent to become established. Other respondents feel that talent development is a central aspect of the public remit, but that a fresh approach and a clearer focus on identified young talents are needed.

One common wish is for national and regional film agencies to focus more on, and contribute more to, capacity development in the broader sense. This wish is intended for the public sector generally rather than public film financiers specifically, although it is hard to see that anything could happen unless national film agencies and regional film funds get involved.

Public film financiers on the present and the future

Public film funders think of themselves largely as a product of the politics in their territory, although they do also refer to their history and in some cases their 'DNA'. The regional film funds are a more distinctly differentiated group than the national film agencies. The starting point for regional film funding is often a mix of culture and economic policy, while most national film agencies are part of their country's cultural policy.

All public film agencies have strong formal and emotional ties to the old world and ideology. There are some, primarily regional ones, however, that consider it necessary to find openings into the new world. Most national film agencies/regional film funds observe the same changes in the wider world as other respondents – what varies is their interpretation. The application of the new logics and business concepts among private players is barely discussed by public film agencies.

Self-image

The self-image of most European public film financiers is closely linked to what they see as their appointed mandate. This varies widely between different territories in terms of duration and status. A significant percentage of respondents see political change as a greater threat to their operations than changes in the broader ecosystem and the balance of power.

National film agencies, major regional film funds and some (but not all) public service broadcasters think of themselves as being absolutely necessary if feature film (especially 'quality' film) is to be produced in their territory. Differences in the mandate across different public selective film funders (for example whether they can finance all kinds of quality film as opposed to just arthouse film) are influenced by factors such as the territory's size and access to other funding for domestic film – especially automatic funding systems, such as tax shelter/tax incentive/production rebate. To some extent, the market share for local film may be a factor in how national film agencies interpret the emphasis of their mandate.

Regional film funds, and especially small ones, place a heavy emphasis on making visible people, environments and stories that are grounded in their territory.

Relatively few national film agencies and regional film funds carry out any kind of conscious change process to maintain their relevance and attractiveness in the future. Where there is work on change and renewal, it is usually linked to new expressions and different horizontal perspectives (see below). Only the odd national and regional agency is currently undertaking a change process that links to the views of the private respondents on them, such as the lack of relevant, up-to-date knowledge and expertise, the need for less bureaucracy, the desire for faster and more predictable decision-making processes, and enhanced communication with the wider world. The discussion about more money for fewer cinema film projects (this includes title funding for distribution) is held to a limited degree by the public respondents.

The lack of engagement in the matter can be explained partly by the absence of reflection on what happens to the business concepts of distributors and movie theatres, and partly by the fact that it is seen as virtue to allocate the money to as many parties as possible.

The concept of film is seen as problematic by few respondents, and there are no clear definitions of what platform neutrality means. The absence of a clear, lasting definition of 'film' coupled with a principle of platform neutrality that suggests that the expectation of a cinema premiere is essential for a film fund, could, in the short term, be an awkward area to sort out, further obscuring the matter for the wider world.

Drama series

In the territories where drama series production has grown exponentially over the past five years, a discussion arises as to whether it is logical for public film funders – aside from public service broadcasters who create content for their own channels – to co-fund television series. The debate intensifies when these locally produced drama series are allocated considerable resources by the global streamers.

Given the above, a small group of public film financiers have begun considering whether it is reasonable to continue funding serial drama. The question is particularly relevant while the gold rush is ongoing, and will continue to be relevant when a plateau in European content is reached, as large-scale production of drama series is and still will be made irrespectively of public selective funding (but with public tax incentives/cash-rebates).

Public financiers who deem it necessary to continue funding drama series production in their territories say that it is necessary for defending cultural reference and significance, as well as creative and artistic control for production companies and filmmakers. Others claim that arguments of this kind are already limited in validity, especially when it comes to creative and artistic control.

Few respondents have reflected on what the consequences of collaborations between public service broadcasters and streaming services will be for public film financiers. While there are very few answers to this question right now, the question will likely grow in importance as collaborations of this type become more common.

Some regional film funds are moving in the other direction – away from the impersonal global product, to ever more culturally specific one: They want to prioritize drama series which, compared to feature film, are a far more effective tool for providing insights into the territory's people, settings, and stories.

Another regional argument for continuing to fund drama series is that they are a tool for strengthening regional infrastructure (i.e., know-how and expertise) and the territory's production companies.

Film versus audiovisual policy

Many countries and territories have gone in the direction of an integrated audiovisual policy and practice, or a 'film & audiovisual' policy with the corresponding funding and investment structure. This effectively means funding for and investment in drama series as part of the operations of the public agency (which traditionally catered only for cinema film).

At the core of this matter is the definition of film – which is often not clarified. Certain respondents distinguish between film, media and games (in which case 'media' includes drama series and web series).

A few countries and territories have a film policy under an older interpretation of the ideology, and with a traditional understanding of film. Most of these countries are in Eastern Europe, but there are also a few examples in the rest of Europe. In the latter case, several have declared themselves to be platform-neutral, meaning in this case that they in theory are not concerned where and how the content is released, and whether there will be a cinema premiere; however, it is unlikely that the respondents use this term in the sense of changing their perception of what film as a format and means of expression means.

A small number of respondents reflect on the premise that their audiovisual policy risk, in the long run, leading to fragmentation in the funding system – in other words, that there will be marginally more money spread thinly for more purposes.

Language and cultural reference

Language and cultural reference and significance (which includes: cultural identity; cultural heritage; people, environments, and stories with roots in the territory; and, metaphorically speaking, *le terroir,* in other words, the importance of the soil for the product, in a similar way as when talking about French wine) are primary arguments in support of public film policy.

In countries that usually dub audiovisual works, language, as an argument for public funding, is of secondary importance. Rather, the predominant reflection here is that film is the seventh art form and should therefore be protected like the other arts. In recent times, reasons have expanded to include cultural reference and significance.

In smaller countries where regional and global streaming services finance most of the local content, the argument regarding the importance of public film funding has been shifted from language to cultural reference and significance. These are also seen as the most important reasons why public film funding is needed in the medium-term.

IP, independent content, and independent producers

The vast majority of the public film agency respondents still deem it crucial that public funding and investment should go into productions where the underlying rights are owned and controlled by an independent production company. The main problem for the future lies in how to define an independent production company. This is a key question if content controlled wholly or partially by global streaming services continues being excluded from selective public funding.

A group of respondents stress the importance of European harmonization of the definition of independent production company. A relatively large group of public film agencies believe it will be hard, if not impossible, to reach a common understanding of what an independent production company is; perhaps this mainly reflects the fact that the degree of influence of the global OTT services across European territories varies. Some respondents believe definitions regarding ownership and influence should be included in legislation, while for others this is a strange expectation since culture in their territories is not generally legislated.

When dealing with streaming services, a group of respondents regard it as central to be 'advocates' for their production companies in order to help strengthen their position. The aim is to protect the compensation levels while guaranteeing a certain level of ownership.

A few respondents feel it is important to help ensure that producers/production companies receive some of the royalties received by other categories (directors, screenwriters, actors).

A few respondents highlight the issue of independent content. These are primarily institutions that work with a broad spectrum of expressions and formats (audiovisual works). Being defined as 'independent' is key for being able to receive public funding. The question here is whether independent can be understood in the same way when talking about feature film, drama series, VR/AR and games development.

The questions relating to ownership of IP, artistic and creative control, the definition of independent production company and independent content will continue to be in focus in the years to come. On a general level, this discussion is also about how to protect European ownership of new content and attractive rights.

Decision-making models

Most public film agencies work with fixed application deadlines and decision-making by committee. A few respondents discuss the need for faster decision-making and to some extent less bureaucracy. The Scandinavian model with individual decision-makers ('Filmkonsulenter') prompts interest, although some respondents are concerned that such a system could lead to a drop in quality. They feel that a committee of people with different areas of expertise can better consider all the advantages and drawbacks of a project.

In the Nordic region, some public funding bodies have developed their decision-making model to achieve the same multifaceted assessment of a project, without slowing down the decision-making process.

Several respondents reflect on the need for faster decision-making, without suggesting any actual solutions. The discussion regarding how to structure decision-making models is likely to continue up to 2025, and to intensify as power structures and power balances change.

More formats and expressions

Over the past five years, more and more formats and means of expression have come to be integrated into public film policy/film & audiovisual policy. For film agencies that have a clear brief based on audiovisual policy and/or film & audiovisual policy, this is a logical development, albeit one that is rarely reflected on with any depth. New expressions and formats have been integrated as they have become visible in the public arena. Computer games, VR/AR and web series are examples of expressions/formats that various public agencies have opened to.

Computer games

Funding for games development is handled differently in different countries. In some territories, game development has been integrated into a film & audiovisual policy. Only few respondents representing these institutes reflect on the area's importance and status; they simply observe that the funding programme includes games. Very few emphasize game development as an area that should be assigned greater weight and priority in the years to come. It is not unusual that game development funding is concentrated to intended educational games and games for very young children – according to the respondents this is a logical prioritization if the available funds are to have any effect at all.

In many territories, games development comes under other areas of policy such as IT and communications. In the UK and a few other countries, games are covered by national automatic incentives. Sweden, with one of Europe's largest and by far most successful games industries, has no special funding for games development. The Swedish games industry says that integrating the sector into a film & audiovisual policy would have a negative impact on the industry.

There are partly contradicting views on how games should be handled within a film & audiovisual policy: one advocates game development should be dealt with on a project-by-project basis and in the same way as other audiovisual works; the other suggests that the funding should focus more on developing companies.

Talent development

Virtually all the public film financiers see talent development as important for the future. There is, however, no collective voice regarding what talent development should focus on and prioritize. Several respondents are of the opinion that the focus should be on young talent. There is a clear trend that initiatives should more widely be format-neutral and encompass a range of different expressions. Some respondents link talent initiatives to social inclusion, primarily regarding gender and ethnicity.

Horizontal perspectives (social inclusion, environmental issues)

The vast majority of transnational, national and regional film agencies consider horizontal perspectives as a central aspect of their operations in the years to come. There is however a marked contrast between respondents who see horizontal perspectives as overriding other concerns, and agencies that say these should never be allowed to infringe upon artistic and creative freedom.

Support for intensified work in environmental matters is very strong. Some respondents express a strong desire to see European harmonization – a standard for certification. This would make life easier for projects planned as European co-productions, where dividing the production up between several territories is inevitable.

Public service broadcasters' views.

Public service broadcasters have been the single hardest group to convince to respond to the questionnaire. This can be interpreted in different ways. They are too busy with day-to-day operations to spend time and energy to define and understand the new realities. To quote one respondent: 'we are primarily concerned about the new normal and political changes to have time for anything else'.

The responses from the public service broadcasters that took part in the study deviate only slightly from those of other public film financiers. Concern for their own relevance and future attractiveness is, however, far greater in territories where regional and global OTT services have become central commissioners of local drama and feature film content.

Most respondents regard themselves as a significant part of the old world, even though some express a strong desire to collaborate with global streaming services to a greater degree.

A few respondents reflect that the future for public service is not to be a broadcaster but a streaming service. Some believe this has already happened.

Public service broadcasters and cinema film

Public service broadcasters have an ambivalent attitude towards feature films with movie theatres intended as the first window. This can most simply be interpreted as the sector's being prepared to continue funding cinema film if it is a distinct part of a politically determined public service broadcaster mandate. Based on most respondents' answers, one must place a large question mark as to whether public service broadcasters will continue as a cinema film financiers after 2025.

European co-production and collaboration

There is great concern for the future of classic European co-production. Many territories have severely cut funding for minority co-productions and claim to have seen fewer projects circulated and of a decreasing average quality level.

Public film agencies are divided on the issue of what the future for classic European co-production is. Most want to believe that there is a future, but many are uncertain. The combination of growing and more attractive production incentives and the opportunities offered by the streaming services are changing the picture.

There are also a few respondents who are worried that classic European co-production will only add to the over-production of 'small' cinema films.

Other issues

AVMS(D)

The EU's Audiovisual Media Services Directive (AVMS(D), hereafter AVMS) is a matter of much discussion. The current study is monitoring the development of AVMS implementation in different countries and will reflect the discussion, as well as actual execution and outcomes in the website linked to publication of the report.

For the majority of the national public film agencies, AVMS is an important issue. Attitudes vary significantly, from the tough French one to far more cautious ones.

Regional film funds may engage in the issue, but they do not own it. It is a national matter. Some respondents express concern that the implementation of AVMS has no regional dimension and, worse, that it could help strengthen primarily metropolitan areas at the expense of the regions. A few respondents also reflect on what AVMS will mean for the capacity problem. They say that already the formal requirement for 30% local and European content by the global streamers (without an investment obligation in new local and European content) contributes to continued volume growth and to heightened capacity and talent problems for the old world.

Another critical reflection relates to how different forms of AVMS implementation could contribute to reinforcing or countering the power of the global streaming services over local content. Is it wise to cause further growth in volume? Is it wise to force the global players to order even more local content?

Production incentives/automatic public funding

The question of the respective value of automatic as opposed to selective public film funding divides the production companies and the distributors. The majority say that both are needed and see great value in selective film funding. The minority say that automatic film funding (here understood as tax incentives and production rebates) should be strengthened at the cost of selective funding; their main argument is that this will increase predictability and thereby the ability of public film funding to remain relevant and attractive in the future.

There is strong support among public film agencies that both selective film funding and automatic production incentives are needed. A small number of respondents warn that incentives with non-restrictive regulations as to who can apply and receive funding could help further increase the rate of expansion in the global streaming services' repertoire strategies in different territories. In the longer run, production rebates and tax incentives could serve to support these players' power over local content. Others see the incentives as an important foundation for boosting long-term sustainable development in the sector.

A few respondents point out that it is hard to understand the logic of a film & audio visual policy that first argues for the importance of European ownership and artistic/creative control, only to then immediately strengthen incentive funding that operates under a completely different logic.

CONCLUSIONS

CONCLUSIONS

This Chapter is entirely based on the interview answers, dialogue seminars and workshops.

The study makes it possible to reflect on and draw conclusions in a wide range of areas, and with respect to the interests of different respondent groups. Here we concentrate on the conclusions that have some bearing on European film policy (transnational, national and regional) and public film agencies.

The overarching conclusion of the study is that public film & audiovisual policy must be overhauled to create a lasting, logically cohesive foundation that works after the paradigm shift. Given the changes in the ecosystem selective film funding must renew its argumentation and change its offering to remain relevant.

In the long term, it is essential to protect film as a still-crucial aspect of a territory's cultural policy. Cultural policy and selective film funding are how the production of relevant content with a distinct cultural reference and significance to the territory can be guaranteed. The film/audiovisual policy that would achieve this should be largely hinged on a modern, reformulated version of the European old world ideology presented above.

Cultural and economic policies concerning film must become clearer and more coherent. In many territories central principles are cancelled out in one area of policy by how funding is handled in another. Public activity can be the result of political will beyond the activity itself. But such a view is only partially true. Many public cultural institutions have a clear identity, a DNA that is both inherent and historically evident. When it comes to formulating future strategies, such a DNA and the ways in which it is perceived by the wider world serves to both limit and create opportunities.

Answering the questions ‘who’ and ‘what’ national film agencies and regional film funds want to be in 2025/2030 calls for various positions to be taken, but also for a reality check about whether they can play the role they want to. Regional film funds face a particular challenge: what is the regional perspective in the world of AVMS, recovery funds and different incentives?

Will regional film funding outside of the metropolitan areas be increased by massive public economic encouragement measures, which normally tend to benefit the nation’s capital and surrounding areas? What is needed for geographical diversity and regional perspectives to be genuinely important and meaningful after the paradigm shift?

Public film agencies across Europe see the pandemic as a factor that has accelerated the transformation of the ecosystem for the production, distribution and exhibition of film and audiovisual works. Prior to the pandemic many respondents had predicted a far slower development, one that would not fundamentally change business concepts, business models and the relationships between different parties so quickly. The major American studios’ decision, in the late 2010s, to invest in their own streaming services and focus on D2C, altered the circumstances for companies in the field of traditional cinema film in one fell swoop.

Further effects of this change of circumstances are:

• The mainstream cinemas loss of their perceived place as a central source of earnings for studios’ films, and thereby the opportunity for a longer exclusive cinema window for these works.

• The reduced negotiating power for distributors and international sales companies as windows shrink or disappear, and business models change.

• The need for tech-based streaming services Amazon and Netflix, which had previously been able to rely on licensed material from the studios, to generate their own content, acquire large catalogues/libraries, or sign contracts with companies that have them.

• The funding and production by global American-owned companies, for the first time in history of content in a wide range of languages and in multiple territories.

• The competition in terms of volume and exclusivity between global and regional streaming services, and the consequent dramatic growth in content production for at least the coming five-year period.

• Capacity problems and a shortage of talent, which are restricting growth.

• The drive towards mergers and acquisitions, consolidation, and concentration, as a result of competition.

• The transformation of production companies' business model through the principles of volume and margin, and of distributors to becoming rights managers.

A vast majority of public film agencies have a shared attitude as regards global streaming services: they cannot and should not fund content that is produced for, owned and controlled by a streaming service. However, this public stance is fogged, since some deviations are made, and because most automatic funding systems (production incentives) in Europe do not exclude content owned and controlled by a global, American-owned OTT service.

Film and/or audiovisual policy

The first question policy makers must take a stance on is whether they want a film funding policy or an audiovisual funding policy. The trend in Europe is to move from film policy to audiovisual policy. Many European film agencies have over time, been fully or partly transformed into operations that work across a broader audiovisual field: drama series, games development and VR/AR are some of the added formats/expressions.

How the public sector's focus is interpreted partly depends on whether the starting point is a film policy, or a policy for the audiovisual sector. The term 'platform-neutrality', referring to openness to any means of exhibition for the supported work, as adopted by certain film agencies that are instrumental in establishing film policy, paves the way for a radical reinterpretation of how a mandate should be understood. When the primary window is streaming, it does not matter whether the work is three minutes, 100 minutes, or ten hours long.

Our main means of consuming the content is the same: on a screen, regardless of its portability, size, or location. Whether we see the content all in one go or with interruptions is not explicitly linked to the content's length or how it is categorized. Audiovisual policy implies that the formats merge. The quality of the story is essential, and this should not be limited by format – but how can pure old-world film policy tally with platform neutrality?

One key problem in an audiovisual policy is the lack of definition about what the public sector can get involved in. The terms 'independent' and 'cultural reference/cultural significance' used to date are open to question.

Streaming is the common denominator for all expressions, but the commercial conditions for different categories in different sectors vary widely. What is 'independent'? And to what degree will the emerging ecosystem offer genuine creative and artistic control for the (nominally) independent production company?

The games industry does not see itself as an obvious part of a story-telling-centred definition. It considers games as an interactive medium where players reinterpret and reformulate conventions, rules and content. Independence here is not seen as a virtue, while global reach and recognisability are far more important than cultural reference to a specific territory.

If, however, the territory decides to stick to the traditional ideology-based film policy, the risk is that in a relatively short time, it will come to be perceived as part of an antiquated policy for a museal art form. This, in the long run, may affect the political desire to support/invest in film altogether.

It took film a long time to finally win a place in many territories' cultural policy. Audiovisual policy lies at the intersection between cultural and economic policy. Most of the production of audiovisual works is independent of public funding, also in relatively small European countries.

One of the risks of transforming film policy to audiovisual policy is that there are the same or only marginally more resources to be distributed among more purposes/expressions/formats. The risk is that it will be harder to establish clear prioritization making the public aspect less relevant, particularly in a world where powerful global players seem to have limitless finances.

For an audiovisual policy, in the true sense of the term, to be productive, it is necessary to realize that the defined political area does not mean that the development and production of all expressions/formats need public funding. Priorities must be made.

The study clearly advocates that the old world should continue providing funding for and give priority to cinema film and the large-scale shared experiences. Considerably larger funding/investment should be put into fewer projects.

Challenges

A lack of relevant, up-to-date know-how and expertise

Public film agencies are perceived by the respondents as not having relevant, contemporary know-how and expertise. The criticism is general and includes virtually all film agencies. There is great concern that this identified weakness will be greater in 2025 than at present. The respondents' viewpoints are primarily linked to a current and updated understanding of the ecosystem, and to a deeper understanding and knowledge of the logics and behaviour patterns of the global players.

If the public film agencies are to deal with the lack of knowledge and expertise which the audiovisual industry perceives, they require self-insight and a willingness to change. Restructuring and personnel overhauls might be necessary, to create space for new recruits with the right know-how and expertise.

Some public agencies claim they have various employees in place with specific, in-depth knowledge about a well-defined area. Is it possible to unite the specific knowledge areas to form a whole? Are not more generalists needed instead, people who have a thorough structural understanding and analytical ability?

Most of the private respondents are looking for overall holistic knowledge, intellectual mobility and an analytical ability that can deal with the broad contexts rather than individual aspects.

Questions about restructuring and staffing are far more central than before, and according to the non-public respondents ought to cause every management team in a public film agency to think long and hard.

Volume versus quality: over-production of 'small' cinema films versus more money for fewer cinema films

There is a budding discussion among some public film agencies that there is an over-production of 'small' feature films in Europe – films that have severe problems to reach an audience and will have an even harder time to do so in the future.

There is a perceived considerable confusion of terms among both public and private bodies, who equate 'small' feature films with no market potential with arthouse films – a confusion that has led to far too many cinema films with no ability to reach out being awarded funding.

Over-production of film with no real artistic or audience potential has an adverse impact on the national film brand. There is also a risk according to many respondents that good-quality cinema film with great audience potential gets pushed out.

Very few European cinema films of any kind can be made without public funding – in many smaller European countries, literally none. Even so private respondents argue, many public agencies seem to think the opposite is true. There is also according to the private respondents an identified lack of insight among many public film agencies that political legitimacy is created by both audience and artistic success – an obvious fact for publicly funded performing arts institutions in large parts of Europe.

The concentration on volume over quality gets heavily criticized by the respondents in the study. Most non-public operations see a future where fewer domestic cinema films with greater potential to reach and be relevant to an acceptably large audience is a necessary cornerstone in public film policy and in practice. That position is shared by respondents from all categories – including arthouse companies.

In many cases, public film agencies focused on selective film funding aim to favouring as many parties as possible. The number of projects awarded funding is, for many national and regional film agencies, a relevant and important indicator. This is an area where there is a clear discrepancy between non-public respondents' views on the selective funding system, and the public agencies whose job it is to manage it.

Many public film agencies must deal with everything from the desire to play Santa Claus and hand out colourful packages to as many of those 'in need' as possible, to the lack of understanding about what the present and future cinema film market will be like and how it will work.

The attractiveness of the existing old-world funding model

The fragmented financing model (across various territories as co-productions, and/or from different funding sources within one country) can be seen as a direct consequence of how the old-world ideology has been interpreted and understood in recent decades, primarily by public film agencies, public service broadcasters, and the recipients of funding and investment. When it was the only or the predominant option, the fragmented financing model offered a well-functioning, albeit slow, system for funding both feature film and drama series.

Clouds started gathering over the dominant funding form in the 2010s. The production companies' profits fell and were halved in many territories, while a period of exponential growth began in drama series production. The drama series boom offered production companies and creatives continuity and a chance for the producers to create greater volume and margins – a more reliable business concept than exploiting rights.

The new world offers simplicity and rapidity – one (or two)-stop financing, rather than a project only being feasible if several partners are on board. Predictability is a key factor when production companies decide which projects they really want to involve themselves in – and the same goes for the filmmakers who can choose between a wide range of options. Under its current modus operandi the old world cannot offer a competitive alternative to the new world – now or in the foreseeable future.

The respondents representing private companies would like to see public film agencies working faster and more predictably, and/or create predictability through co-operations (public/public or public private partnerships). Investments/grants should be far higher and given to fewer projects. The lack of attractiveness in the fragmented financing model is potentially fatal for selective film funding.

There is a small minority of respondents who would like to see more or only automatic funding, but that could change quickly into a majority. The question about the attractiveness for the old world financing model is particularly explosive for public film agencies if they still see the funding of cinema film as one of their central purposes. If they want the most interesting production companies and filmmakers to continue making film for the big screen – film that is artistically challenging but also film that reaches out and is relevant to a large audience – they must act.

Demand for less bureaucracy and greater speed

How should public film agencies handle the demand for less bureaucracy and greater speed? There is a feeling among respondents that central public film agencies are increasingly using their authority to further bureaucratize application processes and forms of dialogue.

The question of less 'paperwork' (even digitalised 'paperwork') and greater speed is closely related to the attractiveness (if any) of the fragmented financing model. Every action that complicates and slows decision-making is counter-productive to the up-holders of the old world, and risks strengthening the new world and depriving the old one of attractive projects.

The respondents would like to see de-bureaucratization, stronger dialogue and greater speed in decision-making, and regard this as very important if public film funding is to retain its attractiveness. Some public film agencies reflect and act on the financing model, the bureaucracy surrounding applications, the pace of decision-making, (the lack of) predictability, and the excessive number of approvals – the very factors that would make the old world attractive in the future if they were dealt with properly.

Windowing and cinema exclusivity

The issue of windowing, in other words the agreed time before a work appears on different exploitation platforms, is high up on the agenda and is discussed extensively and even angrily at the time of writing.

The question takes on an extra edge in countries/territories where film policy is written in law and/or interpreted as a regulation written in stone expected to function for several years ahead. To begin with, how should film policy relate to the cinema owners' desire for a continued long exclusive cinema window and everyone else's demand for the opposite? How should public film agencies approach and understand the discussion in relation to whether they have an audiovisual policy and/or are platform-neutral?

The study clearly shows that respondents see only two windows for cinema films in the future: movie theatres and streaming. The latter can be split into several parts (TVOD – SVOD/AVOD – AVOD/BVOD/FVOD) – parts that may not necessarily come in a logical order.

In this, respondents follow the interests that represent their various roles. Most film owners and rights managers/distributors would like to see a far shorter exclusive cinema window and want the conditions to be the same for publicly funded cinema films as for American studio films.

Public film agencies are interested in the window issue, but only occasionally do they take a clear position; this may be the result of a lack of clarity surrounding platform neutrality and audiovisual policy. What mandate does a public film agency have to have an opinion on the issue, and how should that opinion relate to the principle of platform neutrality or to a full-scale audiovisual policy that equals expression and formats?

One way of understanding the respondents' wish is that public film agencies must adopt a more holistic and analytical attitude if they are to play a better, more active role in reforming the window structure. No category in the sector will benefit long-term from too long an exclusive cinema window for domestic film – not even the cinemas, which must regroup and understand their possible role in the future ecosystem. Film owners and rights-managing distributors must be able to exploit the streaming window (TVOD/EST/PVOD) while audiences still have the title fresh in their minds, and before it moves to other 'platforms'.

Focus on cinema feature film or drama series

The interviews clearly show that private respondents would like to see a stronger focus on cinema film – the most funding-dependent format now and in the future. Meanwhile, the public film agencies are mainly moving in another direction. The number of areas for funding is generally increasing, partly a result of the shift from film to audiovisual policy, but also to keep up with current perceived trends.

Many regional funds distinctly express a desire to redistribute funds from cinema production to drama series production – a more reliable tool for disseminating the image of a specific territory's people, environments, and stories. And perhaps a method that lays a better foundation for building a long-term sustainable industry.

A possible interpretation of the public film agencies' responses is partly that they wish to favour as many players (read: creatives and production companies) as possible in their own territory; and partly that they wish to promote their own territory to the greatest degree possible. These priorities, however, are rarely set in relief to the paradigm shift, the changes in the ecosystem and the altered business logics in the different categories.

There is a budding discussion among a small group of respondents as to whether public funding should be used to further stoke the exponential growth in drama series production in many territories. Are the public funds really needed? What do they actually contribute? In what way does the financial input strengthen the artistic and audience quality?

The counterarguments are that drama series have far greater and more reliable audience impact, and that the public funds are needed to guarantee cultural reference and significance. Public investment in drama series production is necessary to claim reach and relevance to many of the territory's citizens; potentially helping to disseminate the image of the specific territory to the world; and guaranteeing geographical diversity.

We and the respondents (esp. the production companies) claim that public film agencies should/could play a more active role in financing cinema film than drama series. The ability to conduct a meaningful dialogue between funders and creatives about a specific project is far greater if it relates to cinema film. A drama series, in contrast, is governed by the broadcaster/streaming service that ordered it.

The question of where the key emphasis – film or drama series – should lie in transnational, national and regional film agencies' funding/investment programmes, will need to be discussed and debated during the years to come. In a longer-term perspective, the question may become virtually obsolete. If formats converge and story becomes the only criterion, these distinctions will become meaningless – it will be a completely new world. Content will be screened almost exclusively on streaming platforms; some content could also be screened in large silent rooms where many people come together for a shared experience. Very few respondents expect to see such a development during the 2020s, but after that, who knows...?

Co-financing computer game development – or not

Is it meaningful for national film agencies and regional film funds to co-finance the development of computer games? Are there any relevant financial resources? Do the public film agencies have the expertise to handle such funding?

Relatively few respondents including public film financiers that have funding programmes for games development have commented on this area. Non-public respondents have generally questioned the necessity for initiatives for games development by public film agencies.

Attitudes on the matter are divided among games companies and representatives for the sector. Some, including the European Game Developers Federation (EGDF) consider it important for the assessment of funding for the games industry to be based on a broader analysis that includes both the company and its entire slate. In territories where the assessment has been carried out in this way, the funding has proven to be successful and has had a positive impact on development.

An assessment approach like this, however, requires that the public film funding bodies acquire the necessary knowledge to be able to analyse what is needed to develop the local games industry into a global market.

The public sector has a vital role to play in stimulating the start-up of more companies, and encouraging talent, infrastructure and capital could be important tools in achieving this. Others have conveyed a more traditional, i.e. per project, view of funding for the games industry, in line with practices in the development and support of cinema film.

There is a certain logic in integrating computer game development in a public film and audiovisual policy – and especially one that aims to make an impact on a local level. Games are seen by most as a cultural phenomenon that can and should be embedded in everything, from media literacy to local initiatives that boost participation and creation.

The computer games industry's overall logic, however, as already noted, differs radically from the rest of what national and regional film agencies deal with.

There is nothing to say that all areas of an audiovisual policy need the same treatment, or, specifically, that they should be able to receive financial support for its development and production. In our view, the results of the study indicate that the public film agencies should refrain from providing project funding for computer game development. Other measures, however, aimed at structure, know-how, expertise and enterprise in the sector could well be supported in the context of this policy.

Language and territorial point of reference

The definition of territorial reference and significance varies. For most non-dubbing territories there is a clear link between the use of a national/local language and a motivation for public funding for film and drama series. However, in territories where global players are or are becoming the most significant financiers of local content, language is no more a relevant argument. Public funding is therefore not a necessary condition to produce high-quality film in a home nation's language.

Some parts of the audiovisual industry, such as computer games, need access to global (and not local or national) markets if artistic and commercial success is to be assured. Many acclaimed arthouse directors and arthouse production companies have the same approach.

For many regional film funds, territorial cultural reference is fundamental. Their remit is to support works that tell stories with people and environments that reflect the territory and globally disseminate its image. From a European perspective the size of the regional fund and the extent to which it prioritises a territorial point of reference are linked. Major regional film initiatives often go together with a stronger focus on art, audience and industry building.

One can assume that in the future it will be even more important to argue that public funds make a difference and contribute to genuine diversity, ultimately founded in the territory's (country, language area or region) people, identities, settings, and stories. In this case, public input can be a guarantor for non-generic content.

National and regional film agencies that currently do not have a clear link to the territory, but primarily to film as a major art and audience phenomenon, may need to consider whether a more distinct attitude towards their territory is needed to safeguard their legitimacy. The counterargument to this is that an overly obvious focus on territorial cultural reference would be restrictive of artistic expression and could also make these films excessively provincial.

Global streaming services

Virtually all non-public respondents say that public film agencies should not finance and invest in content that is fundamentally owned and creatively controlled by a streaming service – particularly a global, American-owned one. The question is to what extent will this be a tenable position in the future.

There are already various models of collaboration between a production company and a streaming service. The next few years are likely to pave the way for in-between models, where some of the rights are still owned by the production company which develops and executes the production. The crucial question will probably be who has the creative and artistic control.

Public film funding institutions must agree on a basic attitude towards global streaming services, as well as develop tools that enable ongoing reassessment. This goes for public service broadcasters too. There are plenty of examples of collaborations between a public and a global player that led to win-win effects. Collaboration is often about developing new talent and expertise. More often, regional, rather than national, funds are partners for the streamers.

Some public film funders today take on the role of advisor or 'lawyer' to the production company. Their aim is to strengthen the production company's position in relation to the streaming service. Working with a global streaming service can mean greater opportunities for production companies in a territory to develop in a long-term sustainable way. The attitude and working method can be linked to objectives for building a sustainable industry for the future.

IP and the 'independent producer'

How Europe should safeguard control and ownership of IP in the future is a central question, and one often discussed today – so also among our respondents. The questions relating to ownership of underlying rights (intellectual property/IP) and the definition of an independent production company – which thereby has the right to apply for public funding for its projects – is very likely to be ongoing in the years to come.

In a world where streaming is the format and where the balance of power has shifted, it is relatively pointless to link the definition of independence to whether a production company is owned by, or entirely dependent on, a broadcaster; it would be more relevant to start from whether the operation is owned, controlled by, or decisively dependent on a streaming service instead. What happens then? Which independent production companies will be left to apply for projects from selective and automatic public funders in that case?

Another approach would be to focus on European and national ownership of the project, rather than of the production company that applies, but this too could be a risky proposition that opens the door to dummy solutions.

The future of co-production

One of the most discussed topics by the production companies' respondent group is the future for traditional European co-production. Is there room for the traditional European co-production in a world that is moving away from the fragmented financing model? One can assume that there will continue to be a certain type of project for which the traditional financing model is important and attractive. These will be arthouse projects primarily screened at international film festivals, and special projects by the great film auteurs. The latter category already can work for and with global streaming services with full creative and artistic control. The films this model produces are guaranteed immediate global dissemination and a large audience.

The need for reflection and reassessment among public film agencies will grow as more and more festivals start accepting films financed by global and regional streaming services. How can one compete for the most interesting, brand-building projects and collaborations when one's financial muscle is relatively limited?

The co-production model of the old world could be a counter-productive financing model for projects that have a chance to receive offers for the global SVOD rights, and where the control is retained for cinema exhibition and TVOD in the home territory. Public film agencies must increasingly bear this opportunity in mind and decide whether it presents a unique opportunity to achieve global dissemination, or whether it is too painful a departure from established principles.

Even before the pandemic, there were fewer international minority co-productions projects seeking funding. National film agencies and major regional film funds that have historically had a great interest in this type of co-productions will, in the short and medium term, need to assess the focus of their work. Is it of interest to co-finance minority arthouse projects whose main form of distribution is the film festival? If so, what does the funding body want to achieve? How can you compete for the more prestigious, auteur-based films that have not already been financed by a streaming service?

Talent

Definitions and initiatives around talent development ought to be linked to whether they are a part of film policy or audiovisual policy, and whether the focus is cinema film or audiovisual works.

A relatively extensive reorientation of talent work is under way in Europe. Reoriented initiatives tend to prioritize a younger target group, yet still people who could establish themselves as professionals. In several cases, talent work is run in close collaboration with a strong global player. Short film is increasingly regarded less important for talent development. The focus is instead on web series, pilots, and drama series, and not least on prototypes that can serve as business cards for the talent. Overall, there is a shift towards a more flexible attitude regarding length and form.

It is reasonable to assume that talent work and talent initiatives will continue to change form and guise as platforms, ecosystems and production technologies go on developing.

One unanswered question is who the talent work is being done for. If the national film agency and/or regional film fund considers the respondents' wishes, cinema film with a strong cultural reference will be in focus. This should then reasonably be the guiding principle for development work. Perhaps powerful initiatives focusing on carefully selected young talent is the way forward. The initiative should be so compelling and so generous that it cements the talent to the old world, at least for a while.

Innovation, infrastructure, and the technological shift

Tools developed in the field of games and VR are now used in the production of animated film and also in feature films and serial drama. One can assume that this crossover will continue to grow as the technology becomes cheaper and more userfriendly.

In many European countries, new technologies are seen as increasingly becoming of crucial importance to film and drama series production and a central element in the infrastructure of a specific territory. If the know-how and expertise is to be adapted to the demands of the future, investment programmes must be launched now. Extremely heavy investment is needed in the territories that want to be in the competition to become production hubs of the future.

The question is, how long can one wait for the prices for the necessary technology to drop? And is the volume growth of recent and future years sustainable in the long term?

Deterritorialization

It can be assumed that the discussion regarding the EU/Europe as one territory will continue and become even more intense over the years to come. One of the bearing arguments against deterritorialization of audiovisual rights risks being nullified as it becomes increasingly obvious that content is and will continue to be produced in Europe's many languages, regardless of whether the EU/Europe is seen as a single rights territory or not. Production will also take place in a range of territories, there-by in theory if not in reality guaranteeing geographical diversity.

The defenders of the old-world ideology must find a partially new arguments for safeguarding territory-based financing and exploitation.

RECOMMENDATIONS

It is a challenge to give advice to policymakers, politicians, and public film agencies when the world is changing so quickly and constantly. Europe is a multifaceted continent with many and prominent differences. The same applies to the conditons for our sector.

The changes in the ecosystem described above are very differently evident in different parts of Europe: in some, the global players have already gained a leading position and are central to the production of domestic content in the specific territory's own languages; in others, both global and regional players are changing conditions in the ecosystem; in a third group, the expansion has only just begun; in a fourth group there are strong local players that dominate the VOD sector completely; and in a fifth not much has happened so far and perhaps change will not be that dramatic the next couple of years.

Despite such differences, digitalisations and globalisation will transform substantial parts of the ecosystem and infrastructure in a majority of Europe's countries.

In most European countries, national film agencies, regional film funds and public service broadcasters have become accustomed to being indispensable for turning ideas into reality. It takes courage and hard work to reassess this self-image and start seeing oneself as an institution that must adapt and develop to remain relevant in the future.

As things stand now, it is tempting for film and audiovisual politics, policy makers and public film agencies to consciously or subconsciously become defenders of the old film structures in their entirety. There will be a group of allies: players and creatives that will still choose the old financing path – sometimes as the last option when no one in the new world says 'yes' to their project. Public film agencies can continue to feel needed, even if both audience and artistic results are weak. They can still fight to find projects that have current and future relevance given their objectives and remit. At the end of the year, they will at least be able to claim to have made a difference: the money was spent and was awarded to x number of projects.

However, if politics and public film funders want to safeguard the old world, it needs a new approach and new arguments to create relevance and attractiveness. The old world must prove that it can deliver cultural (read: relevant for the public) and artistic results that the new world cannot deliver.

Habits and thought patterns can be enduring phenomena. This is particularly noticeable in the sometimes intense discussions and debates that creatives, production companies, distributors and public film agencies in Europe engage in. There is no reality check nor any real reflection on how the old-world ideology should be understood in relation to the new reality that already exists.

One way of seeking relevance could be to include more means of expression to supposedly prove the importance of public input. Another way could be to focus on areas that, to date, have been neglected: diversity, gender equality, inclusion and environmental issues – areas which many respondents argue at present are handled in a far better, more structured and proactive way by global streaming services.

Changes that need to be considered and recognized

The study identifies several areas that we believe need to be considered and recognized by both film and audiovisual politics and the agencies that handle support for, and/or investments in, film and audiovisual works.

The ecosystem has changed radically. In terms of: business logic; financing strategies; who has substantial financial resources; who dictates the terms; the conditions for production, dissemination, and screening/viewing – all that was previously solid has now melted into air. The balance of power between the old and new worlds has shifted at a rapid pace and will continue to do so in the medium term.

As already stated, the content boom and the rapid growth of available capital has created capacity problems that will deepen over the next few years. Capacity is a problem for both the old and the new world. The risk of severe damage is significantly greater for the old world, which cannot compete in the cost spiral that the capacity problem creates. Will the great quality products of the future (artistic and public) be linked to the old world at all? And if so, what is required?

For public selective film funding to continue having future relevance, the works it supports and/or invests in must ultimately reach and concern citizens/taxpayers to a sufficient extent. It will not be a sustainable argument to assert that its grants, soft loans, or investments are important for keeping a few small production companies alive if the works produced by these companies and creators only reach a shrinking number of people living in Europe's bigger cities. This is especially true as the new world produces quality, intellectually and aesthetically challenging, content both by young newcomers and established creators. European ownership and the importance of safeguarding independent production companies will only be important if they lead to the production of the best and most urgent content.

Movie theatres and cinema attendance have been severely hurt by the COVID-19 pandemic. The return to cinemas is most likely a long and slow process, and even the most eager movie theatre lovers risk losing confidence that going to the cinema is necessary for them to experience an individual work.

One of the starting points for this report is that the pandemic is not in itself an explanatory factor for understanding current and upcoming changes in the ecosystem. It has only accelerated developments that would have happened, and will happen, anyway. However, after working on the report for a year we strongly feel the shadow of a doubt. Could it be that the pandemic will affect cinema going in the long term? How much of the infrastructure will remain? What direction will cinemas take? Would they become a cultural venue, a 'less is more' venue, with fewer and more carefully selected offerings? Will the pandemic forever change habits and behavior patterns?

Most of the study's respondents see a future with fewer films being released in cinemas. Multiplexes and arthouse cinema owners and managers alike believe that 'less is more': a better curated selection of films geared towards the interests of the audience of the specific movie theatre or multiplex.

By extension, public film agencies need to dare to be more selective and support/invest in substantially fewer cinema films. This will also contribute to ending the overproduction of small cinema films.

The notion of 'arthouse' film needs to be defined and understood. There is a counter-productive confusion that equals arthouse with 'small' film, i.e., relatively low budget and totally dependent on public support. Key words in a definition of arthouse could be a strong personal voice with an easily identified signature dealing with an existential theme of great and urgent importance.

The increased and justified criticism of public film funders needs to be taken seriously. In our opinion public film agencies need to strengthen their understanding and analytic ability to interpret the developing ecosystem in all its complexity. This includes the new world.

Decision making needs to be faster and more predictable. Bureaucracy should be kept to a minimum. Dialogue should strive to be on eyelevel with the public film funders' prime customer: production companies.

To secure current and future relevance public film agencies need to broadly strengthen: their know-how; their expertise; their ability to be creative team players and opponents; and their industry networks.

As availability of capital becomes less important, national film agencies and regional film funds must become creative knowledge organizations with excellence, in a completely different way than they are today. This in turn requires comprehensive restructuring, reorganization, and brand-new recruitment strategies.

Few regional film funds or national film agencies today have a real ability, all else being equal, to make an adequate shift that marks them as creative knowledge organizations with a breadth of scope, unique cutting-edge expertise and huge relevance to the market and industry of today and tomorrow.

Film and audiovisual politics and its offspring film (and audiovisual) agencies must renew the argumentation about the importance of selective public film funding. The argumentation must have intellectual depth and weight and stand a comparison with the new world's offer.

To sleep with the enemy?

To sleep or not to sleep with the enemy? To keep the enemy close or at distance? These are two crucial questions for public selective film funds. The film and audio visual world are transforming with a high speed. The change of principles and business models makes the world greyer. Global American-owned streaming services have opened to cinema releases and to deals that give the production company at least some symbolic ownership. To 'act local and be global' is rhetorically changed to give priority to local content with a strong reference to the territory. Why then should selective public funds exclude supporting content with a close link to a streaming service or even owned by it? In our opinion politics and public film and audiovisual agencies need to clearly formulate what they want to achieve.

In our view, public film agencies should be open to be involved in one-off high-quality projects in connection to global streaming services but should not develop organized long-term collaborations with them regarding production. In such a context, they will become inexorably useful idiots and losers – the inequality in resources and real power will not play out in favour for public film agencies. It is a central virtue in public film funding to only finance what could not be made without public support, for instance the vast majority of local cinema films – whatever fantasies one can have about the local market. Global streaming services content, on the other hand, will be made with or without support and investment from public film agencies.

Win-win collaborations of the type described above (talent, capacity and infrastructure development) could be one way of drawing territorial benefit from the huge expansion in content production that the streaming services generate.

The original economic arguments in national film policy were often linked to the development of a sustainable, professional, vibrant industry with potential for growth and an ability to deliver good quality products. These are objectives that can also be supported by a selective funding system. But if production volume, skills development and employment are the only considerations, then automatic funding and incentives is the path of choice.

It is wise to work with arguments that are provisionally relevant to be able to constantly fend off changes in the world around us. The conditions are not quite the same in different parts of Europe. Economics, politics, law, living patterns, the degree to which local content is financed by the new world's players and the extent to which the territories residents have left scheduled TV, are some of the factors that influence how the arguments for public film funding must be formulated (see above).

The regional arguments are different and vary from territory to territory, as does the balance between culture and economic policy for regional funding agencies. The regions (not the capitals) that have historically succeeded best have been the ones that have a clear, reasonably unique operating concept that is easy to communicate.

They have often expressed a clear thought about why they want to exist, and for whom: their target group, type of content, geography, and other aspects.

One possible future model for national and regional film agencies to create relevance is to establish organized, equal collaborations with other publicly and privately financed bodies, private companies and producing partners. Correctly structured collaborations like these could create sufficient predictability for the film agency to help fulfil the arguments for public input. For territorially based institutions that do not have extensive automatic funding systems, this could be the only opportunity to safeguard production in their own territory.

RECOMMENDATIONS TO POLICY MAKERS AND POLITICIANS

Film Policy or Audiovisual Policy?

Digitalisation, globalisation and the transformation of the ecosystem has made it more difficult to define the word ‘film’. The definition used in this report, ’storytelling on cinematographic ground’, implicitly supports the adoption of an audiovisual (rather than a film) policy.

In most territories the difference between ‘film and audiovisual policy’ or ‘audiovisual policy’ is about semantics. When a funding body includes formats such as drama series in its programme, a rebranding of the policy area is necessary since ‘film’ is understood to refer strictly to the formats that were included in a film policy.

In the not-too-distant future, the main consumption of all types of moving images will be streaming. Consequently, formats and their understanding will slowly merge. The focus will be the story, not the duration of the product.

It is probably easier to talk about a story that is concluded; or a story that carries on and on. Some stories can and will be made available in dark silent rooms, movie theatres, where we are offered high-quality viewing and watch with concentration.

There is a high degree of consensus that screening at movie theatres is the best way to create strong shared viewing experiences. This is certainly true for the near future. However, there are already many forms and tools for creating digital communities where you can watch the same content at the same time with your friends and others, but on your own screen in a separate space. You can use another screen to engage with the community.

We think that it is important to have a more complex understanding of what aspect of the movie going experience is superior to sharing separate viewings.

Competence, knowledge, and creativity moves in a broader spectrum of expressions. Creatives work with many different forms of expressions and formats. The same could be said of other skilled professionals in the audiovisual sector. This is a strong argument for an audiovisual policy. The same can be said about technology. Virtual production could be the dominating standard for nearly all audiovisual production in the not-so-distant future.

Most countries and regions in Europe have a de facto film and audiovisual policy. In our opinion very few if any have an integrated thoroughly formulated audiovisual policy. The overall thinking that makes the formats equal in a logical way is missing. And bearing principles that equal the different manifestations of storytelling on cinematographic ground are often not there.

Cinema films made for movie theatres (first window) are prioritized and regulated in ways that are totally different from all other expressions. Media/window chronology/model in some European countries is a law and in others treated as something absolute. Film and audiovisual policies in Europe often refer to the ‘audiovisual sector’, and ‘platform neutrality’, but nearly all selective national public film funding prioritizes cinema distribution and screening at movie theatres.

Pro and cons with an audiovisual policy

There are several distinct advantages with a film and audiovisual policy, or an audiovisual (as opposed to a ‘film’) policy. It is more up to date and sustainable in the long term. It can, at least in theory, handle changes in the ecosystem and in interpretations of formats and expressions more easily.

We believe that the feature film format will survive, but how we understand lengths will change. The distinct difference between a feature film and for instance a mini drama series will be limited. Movie theatres will not only be for screening feature films. They are already transforming into cultural venues where alternative content such as opera, concerts, e-sport games and smaller performances are included in the repertoire.

The obvious disadvantage with a film and audiovisual policy/an audiovisual policy is the perception that all included expressions and formats need public support. The risk of having too many funding programmes where the possible support offered is too small to have an effect is substantial. Our recommendation is for the selective public funding agencies to have a film and audiovisual policy that dares to prioritize and clearly state what formats and expressions need public support/investments. This should in turn refer to the specific territory’s cultural policy and/or cultural and economic policy.

Priorities within an audiovisual policy

The voice of the respondents in the study is strong. Cinema films should be given priority in the mid-term future. Without public support no or very limited production of cinema films will take place in Europe. Furthermore, more money should be awarded to fewer projects.

National and transnational film and audiovisual film policies should in our opinion follow this voice during the 2020s. All objectives and indicators that make it difficult for public funding bodies to support/invest in the best and most urgent cinema film with substantially more money should be excluded. ‘Best’ and ‘most urgent’ should be understood in terms of intrinsic artistic qualities and the potential for audience reach. This should not exclude additional funding programmes for singles (feature films and feature length documentary films) that are aimed for other (not theatrical) type of dissemination. To recommend to give cinema films priority might be seen as a contradiction, but as stated above we see the ability to make priorities within an audiovisual policy as a crucial virtue.

It is tougher to give a recommendation to regional film funds. The most important objective and their *raison d'être* is often (at least for small and medium-sized regional funds) to manifest the region's stories, people and environment.

Hence the understanding of pro and cons with involvement in productions owned and controlled by global streamers becomes more complex. What is more efficient than drama series or singles (feature films) that tells such a story but is spread globally by their platforms? This type of production can also be the best tool to create good economic value for the territory.

Perhaps the only strong counter argument for some regional funds is the sometimes formal or otherwise emotional need to be a part of the old world's funding models. We cannot recommend a clear stance for regional bodies. Each fund needs to define its own priorities in relation not only to the region itself but also if it wants to be a part of the broader 'old world' funding systems (national and European).

It is necessary that a fund's film and audiovisual (or audiovisual) policy is based on an in-depth description and analysis of the sector and what constitutes its different parts. Such understanding will make it easier to identify and prioritise what should be supported/invested in and what could be left to the market.

Other issues that policymakers need to take a stance on

IP

Digitalisation and globalisation have changed the world we live in – as has the world of film. The impact of globalization is sometimes forgotten when discussing the future of public film funding, even though it is this factor that primarily affects and explains what is happening right now and what will happen in the next few years to come.

American capital is invested on a large scale in local content for global dissemination – evidence of the power of globalisation in the sector. This presents opportunities and threats. Obvious advantages are that the specific territories films are spread and made available around the world in a historically unique way and that more content can be made and efficiently circulated. Possible disadvantages can be that the specific territory and its film industry lose its influence and ownership of the IP.

The present public discussion in Europe is highly centred around the importance of European ownership of IPs. This topic is perceived as the clearest conflict area between the old world and the new world. Many officials in transnational and national structures are afraid that American-owned global companies will take control of European content.

Our analysis is that the conflict area between the old and new world is becoming less black and white and turning into grey in terms of IP too. The creatives and producers strive to maximize the potential that the old and new world offer in combination.

One of the present's most popular 'trick' is to finance as much as possible from national funds with the global rights remaining to sell to the streamers when the film is completed. And since the global VOD-services no more refuse a cinema window and are perceived as less afraid of content with a strong cultural reference and significance to the territory of origin, this arrangement seems to work quite well.

A weaker focus on ownership from producers can be a problem for public film agencies and rights management/distribution companies. Ownership and control of the IP can be seen as an important motivator to guarantee that the project owner, the production company, makes the best possible content to be able to maximize the outcome from the ownership. There is a perceived obvious risk that to be pleased with the produced content is sufficient (when the carrot of earning good money from the exploitation is not there).

For many creators and producers, artistic freedom, creative control, producer fees and production company fees are significantly more important than ownership. There is very little evidence that ownership gives any substantial incomes on short-, mid- and long-term for most production companies in Europe. The real importance of ownership is instead to create artistic and creative freedom and control.

Is the ownership of the IP as such, or the cultural reference, that is most central to national and regional policymakers and politicians? Is the individual local product's potential to reach and concern the audience locally and globally, or the supposed protection of local producers and distributors, most important? Is ownership per se the only tool to achieve creative and artistic control?

We have chosen to not give a clear recommendation regarding film and audiovisual policies and ownership of IP. It is an area that need further discussion, in-depth knowledge, and studies. Digitalisation and globalisation will continue to drive development of the sector and its business models and affairs.

Our recommendation at this stage is to adopt an approach that can contribute to strengthen local and global success for the territory's content, and at the same time secure creative and artistic control for creatives and producers. A thinking and 'strategy' that underlines public funding's importance for the most urgent (art and audience) content.

Independent producer and the question of who can be a beneficiary
Europe is struggling to formulate an updated contemporary definition of the 'independent producer' and, by extension, of who can be a beneficiary of selective public funds. The way the issue is handled differs in different parts of Europe. This, in turn, depends on the state of the film production ecosystem in different parts of Europe.

A too narrow definition of the role whereby, for example, a company that for a certain period strongly depended on a global streaming service is then disqualified from being able to seek public funding can be counterproductive in the long term for nations and regions and their film funding bodies. An urgent and important feature film may not be made because of lack of access to public funds.

There is big risk that an excessive focus on technicalities is replacing the discussion about the relevance for public selective film funding in the future. It is most likely better to focus on for instance European/national ownership of companies.

We will continue to follow this crucial topic and map different ways of defining independent producer. Let us see whether it is possible to find a meaningful recommedation for a common European definition that does not only relate to application for transnational European funds.

The importance of going to the movies
Public film policies have a strong historical connection to movie theatres. Reflection about these venues and what they offer is crucial to define in a film and/or audiovisual policy. What is the value of big, strong shared experiences? Is going to the movies central for achieving that? Policymakers can and should not hide behind the blurry term platform neutrality – a clear stance is called for.

If the answer is that it is important to secure the possibility to big, strong shared experiences in movie theatres this must affect the formulation of the whole film and/or audiovisual policy. What does it mean for choice of projects? How can, and how should, shared experiences be defined? How many people are expected to share the space of projection if a film viewing experience is to be shared? Are there other undisputable values in seeing a film in a movie theatre, and if so, what are they?

Our recommendation is to identify film viewing in a cinema space as a distinctive and valuable shared experience, and to allow it to govern in the medium term the choice of what cinema films to finance – films that would gain added value from such a mode of exhibition/reception. In this context, audience potential and the anticipated intensity of the experience (understood as any form of strong emotion that a work can arouse) that the film can offer would become central criteria for prioritizing such works.

In our opinion there is too much ‘compensation thinking’ in the way in which public film funders choose to fund cinema films, in particular: it is pointless to think that one compensates for market shortages by funding films that very small numbers of citizens want to watch (if the films do not have a strong potential to become festival darlings and tour around the world).

There is also an unrealistic presumption in many territories that so-called ‘commercial’ cinema films i.e., films with a realistic possibility of reaching a large audience, can be made without grants, loans, or investments from the public sector. This is a fact in only a few large European countries and for extremely few cinema films. The compensatory handling of public selective film support risks leading to fewer and fewer cinema tickets being sold to domestic films – something that was obvious and clear in the late 2010s.

The brand of the films of the specific territory is therefore weakened and risks being completely undermined in the slightly longer term unless priorities are clarified, favoring both works of real high artistic value and good quality films for large audiences – but not films that have no prospects in either the art or the commercial context.

Maximizing the outcome

Film and/or audiovisual policy must maximize the potential outcome. We cannot and will not specify what that is. The vision, the objectives, and available resources will give the answer in each territory. We do, however, think it crucial that the discussion about how to understand the best outcome should also link to changes in the ecosystem and the power balance between the old and new world – a reality check.

If the old world should be able to compete with the new world it is necessary to focus on audience reach and importance of the work. Key indicators to measure the result of film and audiovisual outcome need to primarily focus on these two concepts. Film and audiovisual policies should be formulated to facilitate flexibility and competitiveness. Flexibility in all aspects is crucial for the old world to be able to maximize the outcome and by extension maintain its legitimacy.

We strongly recommend a more flexible approach to window models and media chronology with the aim of maximizing reach. Reach and urgency of content are much more crucial aspects of future legitimacy for selective film funding than protecting old-world business models that don't work now and will not work in the future.

Horizontal perspectives vs. distance between politics and art/culture
Our time bears the stamp of increased conflicts along the left and right and the GAL-TAN scales. GAL stands for green-alternative-libertarian and TAN for traditional-authoritarian-nationalist. GAL-TAN is not a useful way to understand all political conflicts but can be an analytical tool to study disputes linked to cultural policies.

Horizontal perspectives have become a central part of different areas of policy in many territories (GAL). Some of the most common issues are sustainability, diversity, and inclusion.

Diversity and inclusion often refer to the internationally recognized seven grounds of discrimination (gender, transgender, ethnicity, religion or other belief, disability, sexual orientation, and age), sometimes with the addition of race and class. It has become increasingly common for horizontal perspectives to be also included in the day-to-day operation of a policy.

The importance of implementing horizontal policies covering the cultural field can sometimes conflict with the guiding principles of cultural policy, which highlight the importance of keeping a distance between politics and decisions relating to artistic works and cultural expressions.

Our recommendation is to continue to safeguard artistic freedom and freedom of expression, and that maintaining a distance between politics and decisions relating to the content and production of audiovisual works should be the main principle. This is partly in order to safeguard from potential future political change which may bring about completely different values (TAN).

Diversity and inclusion are in our opinion central questions and perspectives. There are many ways for public film agencies to discuss and engage in the question without interfering with artistic freedom (see below).

RECOMMENDATIONS FOR PUBLIC FILM AGENCIES

The necessary first step for public film agencies
Across Europe, there is an expressed need among many but not all transnational, national and regional public film agencies to discuss why they exist and what they should focus on.

We believe that every national film agency and regional film fund must conduct a comprehensive discussion on what it wants to prioritize considering the brave new world in which it must operate. This is a tough discussion; the changes in the ecosystem are faster and more radical than anyone could have predicted. The risk of choosing the wrong path is evident. Even so, public agencies must reformulate and develop their offering. To date, this process has mostly ended in an anxious triangulation with the industry's players.

The reasonable starting point would instead be to go back to former and present cultural (and, for some, economic) policy objectives that set the framework for the operation, and then to reconsider from scratch how those objectives can be achieved in the new landscape and ecosystem. The analysis can then be used to prioritize strategies, tactics and what kind of offerings that can and should be made.

Important questions to answer are who the agency's target groups are, who do they serve, and how is this reflected in concrete terms. It is impossible to make sound strategic decisions or to restructure an operation if there is no realistic idea of what the operation produces. Most public bodies (according to our interviews) do not have a clear idea of this.

Below you can find a list of questions to be answered by politicians and funding bodies alike.

Most public film agencies understandably and rightly refer to the mission and objectives given by 'their national and regional politicians'. Opinions however differ about how proactive a film fund can be within that framework, and how vigorously a film agency can argue for policy changes.

> **** We strongly recommend public film agencies to be (even) more active in their dialogue with politicians, civil servants, and policymakers.***

One obvious aim of the dialogue is for national film agencies and regional film funds to create maximum agility, space and flexibility for tactical and strategical changes to manage the fast-evolving changes in the ecosystem and the power balance between the old and the new world.

Most respondents in this study care for the old world and its central institutions. The old world can and should offer what the new world can't. But the interviewees also share a worry that national and regional film agencies don't have sufficient competence and knowledge to understand the present and future ecosystem. The risk is that the operation is handled in a way that underlines the lack of present and future relevance and attractivity. The perceived lack of communication as well as fast and predictable decision making by film agencies are that in many private respondents' eyes evidence of the public bodies' difficulties to understand the 'competition' with the new world.

The same can be said about the widespread impression that bureaucracy is increasing and becoming more difficult to handle. Public film agencies should understand this criticism as a reflection of one of the obvious differences between new world power companies (global and regional streaming services) and old-world public bodies – a comparison that gives the new world a huge advantage.

Denial is seldom the best way to tackle criticism. It is better to acknowledge and accept the opinions as fair and legitimate given the context – and act. The most crucial part of the critique is the lack of relevant competence.

Public film agencies must strive to become accepted (by the industry, the public and politicians) as state-of-the-art organisations with outstanding holistic and specific expertise. Reorganisation and new models for the operation will be a necessity for most funds.

The study points out many topics that are important for public film agencies to be involved in. We briefly describe some of them below. We understand and respect that for some national film agencies and regional film funds there exist legal restrictions that regulate how a public body can operate and that some of our recommendations would be impossible to implement.

Capacity

Capacity is a crucial factor in most European countries. Studies and analysis linked to capacity should be conducted by a neutral institution such as a public film agency, and its findings addressed to relevant authorities and political bodies. Capacity development is also an area where it is, and will be, fruitful for the public sector and bigger private players, for instance global streaming services, to cooperate.

Both the old and new world urgently need a plan/programme to help solving acute and future crucial shortages of creatives, producers, head of departments, key crew functions and up to date facilities.

> **** We recommend that national and bigger regional film agencies engage in in-depth analysis of present and future shortages of skilled industry workers at all levels.***

Long term commitments and engagements

One way for selective public film financiers to increase attractiveness is to 'dare' to make long-term binding decisions about participation in the financing of the development and production of, for example, several films from a production company linked to a specific creator (director and possibly screenwriter) – even if the funder only has knowledge of one project at this point.

> **** We recommend that public film financiers consider the possibility of offering more long-term collaborations linked to identified production companies and possibly creators.***

The window model or media chronology – if any

Today's market of constant premieres of attractive singles and drama series on global and regional streaming services is transforming the context where films are released. A film must be available to the audience while it is still perceived as current and new.

Otherwise, the system helps to condemn many titles to oblivion and de facto help to minimize instead of maximizing the potential audience reach.

Public film funders must carefully monitor and analyze what is happening to the survival and future direction of movie theatres.

We believe that an essential part of future legitimacy for selective film funding lies in always reflecting and help maximizing the outcome: audience reach, urgency and impact for each individually selected film project. Nothing else should be considered as holy.

> **** We recommend that public film financiers increasingly engage in the issue of windowing with the aim of maximising the audience outcome for each title. In our opinion, this necessarily means fighting for flexible solutions and that more films are distributed with a shorter or no exclusive cinema window and no fixed window model or media chronology.***

How to deal with the overproduction of 'small' cinema films

The overproduction of 'small' cinema films, here understood as films with very limited potential to reach and engage an audience in film theatres, is a present and potentially future dilemma for the old world and its supporters.

The content boom, aka the gold rush, creates a substantial increase of local content in many countries, which also includes feature films. There is no need for public film agencies to focus on volume as such.

There can be many legitimate reasons for supporting certain types of films with a limited potential reach. Such reasons can be linked to talent development, continuity for assessed interesting creators and production companies, to make room for artistic experiments and to stimulate and encourage new voices.

The problem is that the supported films do not have well thought out alternative models of dissemination. Models that stimulate other forms of releases and do not force films into a traditional cinema distribution.

Public film financing systems and, by extension, film financiers bear a great responsibility for the current situation and thus for breaking the trend.

Support systems that make a clear distinction between support for cinema films and support for films with a different distribution model may be a possible method. Funding programmes that stimulate alternative forms of distribution may be another.

*** We recommend that support systems should make a distinction between cinema films and films with alternative distribution model to deal with the overproduction.***

The global streaming services – just an enemy, or is the world less black and white?

As we have already explained, there is no inherent moral value in engaging or not with the power players of the new world. The overall mission and objectives for the agency set the terms that would determine whether such engagement would be positive and desirable or not. The issues are partly different at national and regional level.

For us, there are two guiding principles to consider: ensuring that one does not become a useful idiot; and maximizing the outcome in projects one have chosen to support. There is no need to support and invest in projects where the intervention is not necessary or adds value.

Public efforts that contribute to the outcome of a project nationally and internationally are a big plus. How do we balance the two mentioned principles? How can projects valuable for us benefit as much as possible from the old and new world in combination – the grey zone?

*** We recommend every agency to consider a strategic and stable approach to the grey zone.***

Horizontal perspectives

Earlier we recommended sticking to the principle of keeping arm's length distance between politics and decisions on support for artistic works. With such an approach, public funding bodies cannot impose horizontal perspectives on artistic content – art should be free.

The global (and in many cases regional) streaming services have extensive mandatory farreaching protocols regarding diversity and inclusion. This has commercial grounds, but it also reflects the values of the global companies and American liberal mainstream media.

In our opinion, the principle of arm's length distance does and should not prevent public film financiers from engaging in issues such as diversity and inclusion. There are many ways to work with these dimensions and to design programmes that contribute to increased diversity and inclusion.

> **** We recommend public financiers to engage in issues such as diversity and inclusion and not letting the principle of arm's length distance prevent them from that.***

Strategic alliances and collaborations

Public film agencies generally see themselves as independent authorities/administrations/companies. They make their decisions formally without considering the positions of other public (and private) bodies. They belong to the old – and for a long time successful – fragmented, territorybased, financing model.

The big changes in the ecosystem have made the fragmented financing model unattractive to creatives and production companies alike. The predictability offered by one-stop/two-stop financing is irresistible and interlinks nicely with changes in business models.

If the public film agencies find it important that the most interesting creatives and companies (in terms of outstanding artistic quality and audience reach) continue to make films for movie theatres, and/or drama series for public service broadcasters/streamers, while retaining full artistic and creative control, they must in the near future either offer the same funding opportunities themselves, or form strategic alliances with other public film agencies and private companies that would enable this.

Public film agencies must fundamentally reassess their self-image and their way of acting if they genuinely compete and retain their relevance. Public service broadcasters and some private broadcasters are facing the same reassessment.

> **** We recommend public agencies to thoroughly examine the possibilities to create contexts through public/public and/or public-private partnership, where a more proactive role can be adopted but with full respect for rules and principles.***

Proactive or reactive

Public film funding has by nature been reactive. It has essentially entailed sitting in an office, waiting for projects to be submitted for consideration. This was/is a functioning working model, as long as the project owners are dependent on public funds to be able to make their films.

In recent years, there have been several examples of cautious steps towards a more proactive approach, usually linked to underrepresented groups or types of stories that have been deemed to be missing.

The question is whether it is possible to combine a public remit in the field of film with a role closer to that of a commissioner. How should this be understood in relation to the demands for equal treatment and the principles of arm's length distance and artistic freedom? Is it possible to create contexts through public-private partnership, where a more proactive role can be adopted but with full respect for rules and principles?

How can we stimulate international cooperation and co-production in the present and evolving ecosystem?
European and international co-production has historically been a successful model for funding important artistically ambitious films and contributing to increased circulation and a greater public impact for them. The changes in the ecosystem and in the balance of power between the old and new worlds create major contemporary and future problems for the traditional model of European co-production.

In our opinion, public selective film financiers should work together to create new flexible models for international collaborations for financing primarily artistically important works. Collaborations should speed up the funding process and create increased predictability. Reciprocity should be a central principle for co-operation between funding bodies from different territories, formal rules that create obstacles must disappear – such as spending requirements, rigid allocation of ownership in the project, and formal requirements for the territories' highest and lowest share of funding. On the other hand, the parties in the cooperation shall commit to contribute to maximizing exposure and the possible public outcome of selected projects.

We recommend that public selective film financiers work together to create new flexible models for international collaborations for financing primarily artistically important works.

EPILOGUE

The ambition of this report, as stated in the prologue, is not to present all the answers and solutions to the questions of the present and the future, but rather to formulate them.

As we worked on this study, many of our own assumptions about different respondent groups' views on several fundamentally important issues have been challenged and proven to be incorrect. Similarly, our own understanding of the principles that guide public film funding now and in the future has been shaken.

We have gained many new insights along the way – not least through the many dialogue seminars we have conducted. Dialogue has been a central virtue in our work.

We hope that you who now read the report sometimes felt provoked. What is happening in our sector in Europe is challenging and will continue to be so in the future – and all good and fruitful debates need fuel not consensus given in advance.

We believe that many of the themes of the report will be discussed intensively in the coming years and that many sometimes painful reassessments will be required – including for us who have authored this report. It is therefore wise for policy makers and public film agencies to return to the obvious classical questions:

• What is public film funding for, including what values it should be based on?

• What do we deliver today and what do we want to deliver in the future? To whom? Why?

• Who is the institution for? Who are 'we'? What do we want to be? Why?

• How does our primary customer (the production companies and creatives) perceive us? How do we want them to perceive us in the future? Are we sure that we have relevant knowledge of the production companies'/creatives' perception of us? How can we acquire safe knowledge?

• Do we work with scenarios in the strategic planning process? Are the scenarios based on knowledge, know-how and analytical ability? How can we work with scenarios that reflect changes in the world around us including political, economic, and policy changes? What time frame is relevant for projections?

• What vision do we see for our operation? How do we communicate the desired vision to 'clients' and the world around us?

• How do we work with change processes and what governs those processes? Have we created good conditions for agile working methods and an agile organization overall?

The report is a contribution to the discussion about the future of the 'ideology' of public film funding in Europe. It is not certain that it will look the same in different parts of Europe. The globalization of the sector is a powerful and transformative force, but localized effect may vary. Part of the discussion, therefore, is to explore, without preconceived notions and answers, whether it is possible to find any common principles and values that we can share in the multifaceted continent that Europe is.

The report has been published, but the work on it has not been completed. We will continuously update the text and add new side studies. Hopefully, in the future, we will meet physically and in digital rooms to discuss what is closest to at least our hearts: vital, relevant, necessary, and attractive public film funding.

SUMMARY

During the years the conditions for producing, distributing and exhibiting moving images changed fundamentally. The balance of power shifted. Global, American-owned companies altered their business logic and modus operandi. The geographical emphasis also shifted.

The driving force for this shift has been the major American studios' decision to become winning players on the Video-on-Demand (VOD) market and to focus on Direct to Consumer (D2C). Via launching their own streaming platforms, they have altered the fundamental conditions for the distribution and exhibition of films. To achieve their objectives, they have extensively started to fund and commission local European content in each nation's language to distribute on their OTT services.

This has forced all different parts of the industry in Europe to rethink and reflect their own objectives.

European public film funding policies are based on a set of values, pillars embraced by transnational, national and regional public agencies, and to a large extent also by private entities.

The report calls this 'ideology', as it can be interpreted as a holistic attempt to understand the sector, on the basis of which goals/objectives and actions for the future can be formulated.

This ideology can be defined as safeguarding: film as culture, an artform; diversity in all its senses; cultural and artistic freedom; territorial reference; European owner-ship; independent production companies owning the underlying rights (IP), allowing the filmmakers artistic freedom and creative control; rights handled individually by territory or nation; and the cinema as a central place for shared experiences.

Public support mechanisms for funding production, distribution and exhibition of film are based on this ideology and are modelled on

an established, traditional, what we call 'old world' situation.

The global streamers brought in a 'new world' that encompasses a far wider variety than the old one in terms of languages, stories and the characters depicted. They also came with considerable amounts of new capital.

These big giants are geographically everywhere and nowhere. In the longer perspective, are public film agencies doomed to be niche players?

The study focuses on the future legitimacy and relevance of public film funding, and specifically, of selective public film funding.

Rather than relying on industry facts and statistics, the study is based on more than 700 interviews in Europe with representatives of public film funding, film and drama series production, distribution, marketing, sales, screening, streaming, broadcasting, and games production.

In addition, over 3,000 industry members participated in workshops and focus groups that ran parallel to the interviews.

The main questions discussed concerned both the present situation and the respondents forecast for 2025 and beyond. Especially the role of the public funders now and in the future.

Production companies are the respondents that view the future most positively. The greatest concern exists among cinema owners and traditional distributors of, primarily, arthouse films.

Production companies in countries where the global streamers have become central financiers of local content, officially hold onto the keystones of the ideology, but it is impossible not to take advantage of the opportunities offered by the new world. The emphasis in the production companies' business concept is increasingly shifting towards volume and margin, sometimes regardless of issues of ownership.

Other notable findings with bearing on the future relevance of public funding are the following:

• Mainstream cinemas are losing their natural place as a central source of earnings for most studios' films, and thereby the opportunity for a longer exclusive cinema window for these works.

• The conditions for distributors and international sales companies change radically when windowing and business models change.

• For the first time in history, global American-owned companies have been funding production of content in a wide range of languages, in a long list of territories.

• The global and regional streaming services compete with volume and exclusivity, and this will drive dramatic growth in content production for at least the coming five-year period.

• Capacity problems and a shortage of talent are restricting growth.

• Competition is leading to mergers and acquisitions, consolidation and concentration.

• Among public film agencies, there is a principal attitude as regards global streaming services: they cannot and should not fund content that is produced for, owned by, and controlled by a streaming service. But more and more exceptions are noted, and a grey zone is growing.

• Most respondents embrace the old-world model but at the same time demand radical changes to bring it more up to date, that is, more in line with what the new world has to offer.

• There is a growing awareness among the public agencies that the balance of power has shifted. How to deal with this will be essential to remain relevant in this new environment.

• The study has also noted a growing criticism against the public funders: they lack knowledge of the new ecosystem, they are over bureaucratic, non-communicative, and slow in decision-making.

• The study has also detected a wider range of issues that have to be dealt with urgently and where public agencies must act accordingly:

• Talent is draining to the new world that offers a range of possibilities.

• The fast and one stop shop way of financing projects is more attractive compared to the old world's slow co production model.

• The role of cinemas: while a theatrical premiere may no longer be a necessity for the financing plan, for the perception of the film, it may still be important.

• The over production of smaller films, arthouse films or festival films, that are squeezed out of the cinemas and into oblivion.

• The widely discussed matter of eligibility. What is an independent producer in this new world?

• The study concludes that public funders on all levels have work to do in order to adjust their purpose to the new realities.

SOURCES

The report's main sources are the 700+ interviews made in Europe and the dialogues workshops/seminars with focus groups, public film agencies, production companies, guilds, broadcasters and exhibitors carried out during 2021. The report text is by and large a summary of the territorial reports (Findings and Conclusions), the dialogue seminars (Findings and Conclusions) and the discussion in the think tanks (Introduction, Context and Recommendations).

The editorial team has in addition used open sources such as annual reports, both from public film agencies and private companies. *C21, Señal News, Economist, Screen International, Variety,* trades and other media have given valuable ongoing insight in mega trends.

The reports by ***Michael Gubbins*** and ***Wendy Mitchell*** gives context and in depth understanding of specific elements in the evolving ecosystem. Both texts have an extensive citation of sources. Facts that also to some degrees have been used in the main report.

GLOSSARY

Audiovisual
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 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.

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: an 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 offered 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).

Region/regional
Region is defined as a defined geographical area that depending on the context can be 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.

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).

CONTRIBUTION

THINK TANK 1 AND 2

Core group:
Charlotte Appelgren (Secretary General, Cine Regio)
Johanna Koljonen (Author, Nostradamus/Göteborg Film Festival)
Thomas Gammeltoft (CEO, True Content Entertainment)
Per Strömbäck (Spokesperson, Swedish Game Industry)

Additional group/Recommendations:
Helge Albers (CEO, MOIN Filmfoerderung Hamburg Schleswig Holstein)
Mar Izqueirdo (Head of Zinema Euskaraz & Grants, Zine Euskadi/ Basque Government Film Fund)
Gregory Faes (Directeur General, Auvergne-Rhone-Alpes Cinéma)
Birgit Oberkofler (Head of Film Fund and Film Commission)

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

Others
Initial English language translation: **Matt Bibby**
Initial presentation concept: **Stellan Forsberg**, Monday Relations
Initial research: **Daniel Bodenfors**