



Diverging European box office and production figures

A loosening link?

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Deputy Head of Department for Market Information

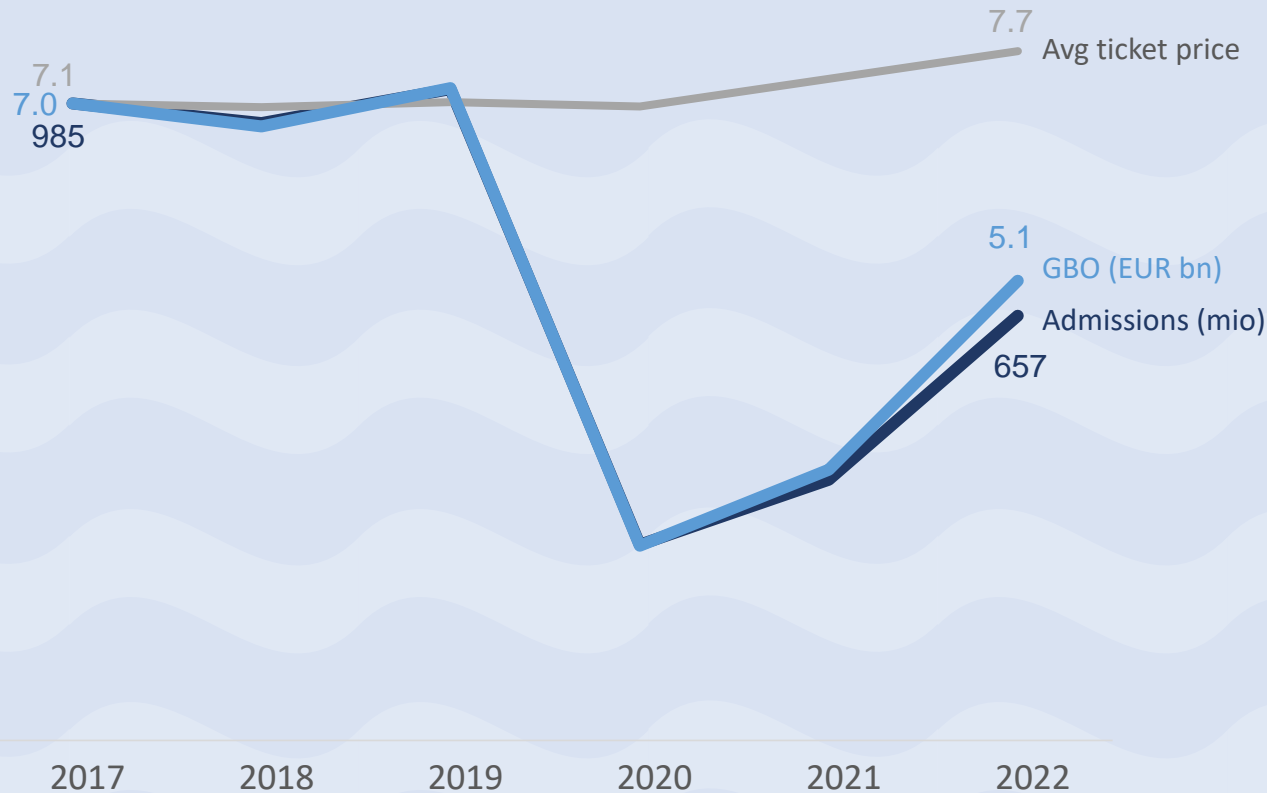
European Audiovisual Observatory



Let's start with the
fundamentals

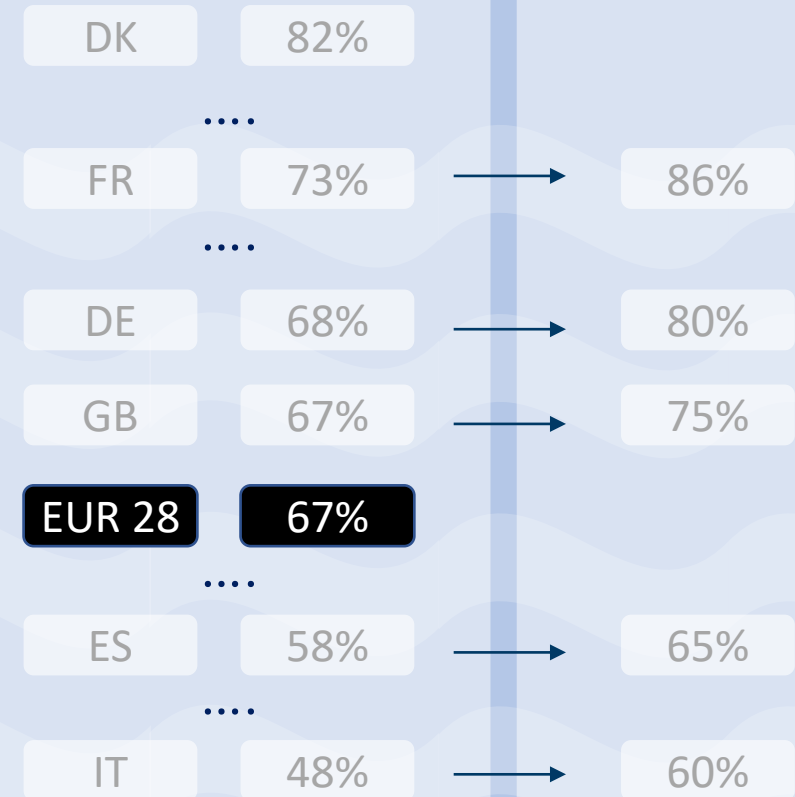
European box office is growing, but still 33% lower ...

Admissions & GBO in Europe 28



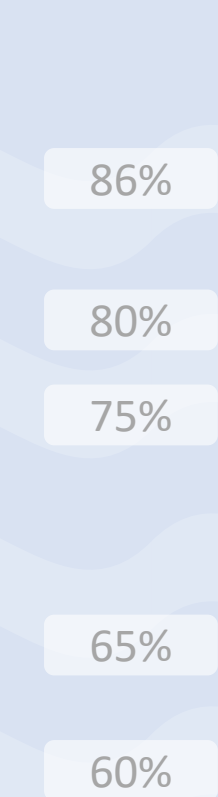
Source: European Audiovisual Observatory (EAO)

2022 “recovery rates”



Source: EAO

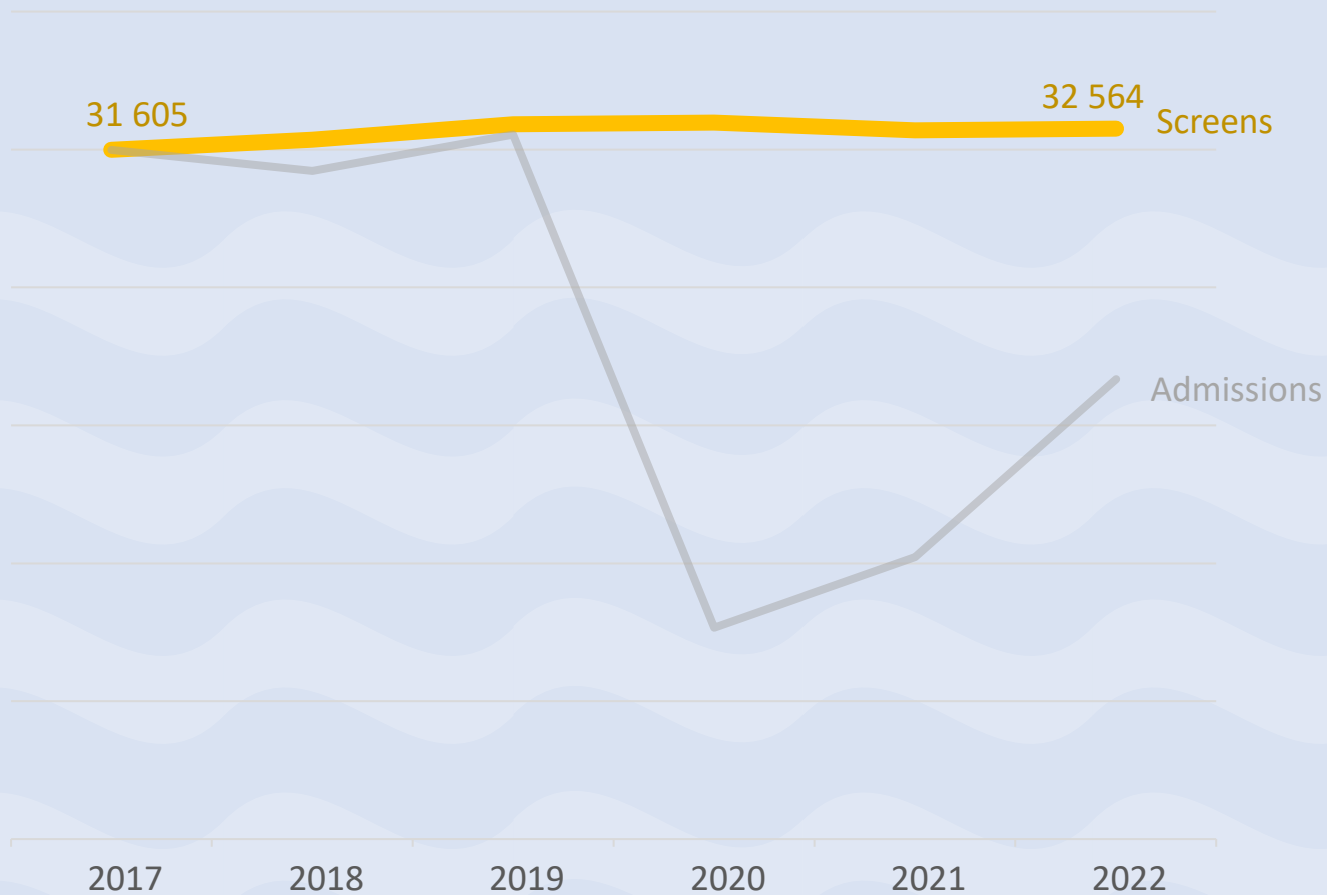
2023 “recovery rates” Jan-Apr



Source: Comscore, OBS

However, European screen base did not shrink (at all)

Screens in Europe 28 (est)



Source: European Audiovisual Observatory (EAO)

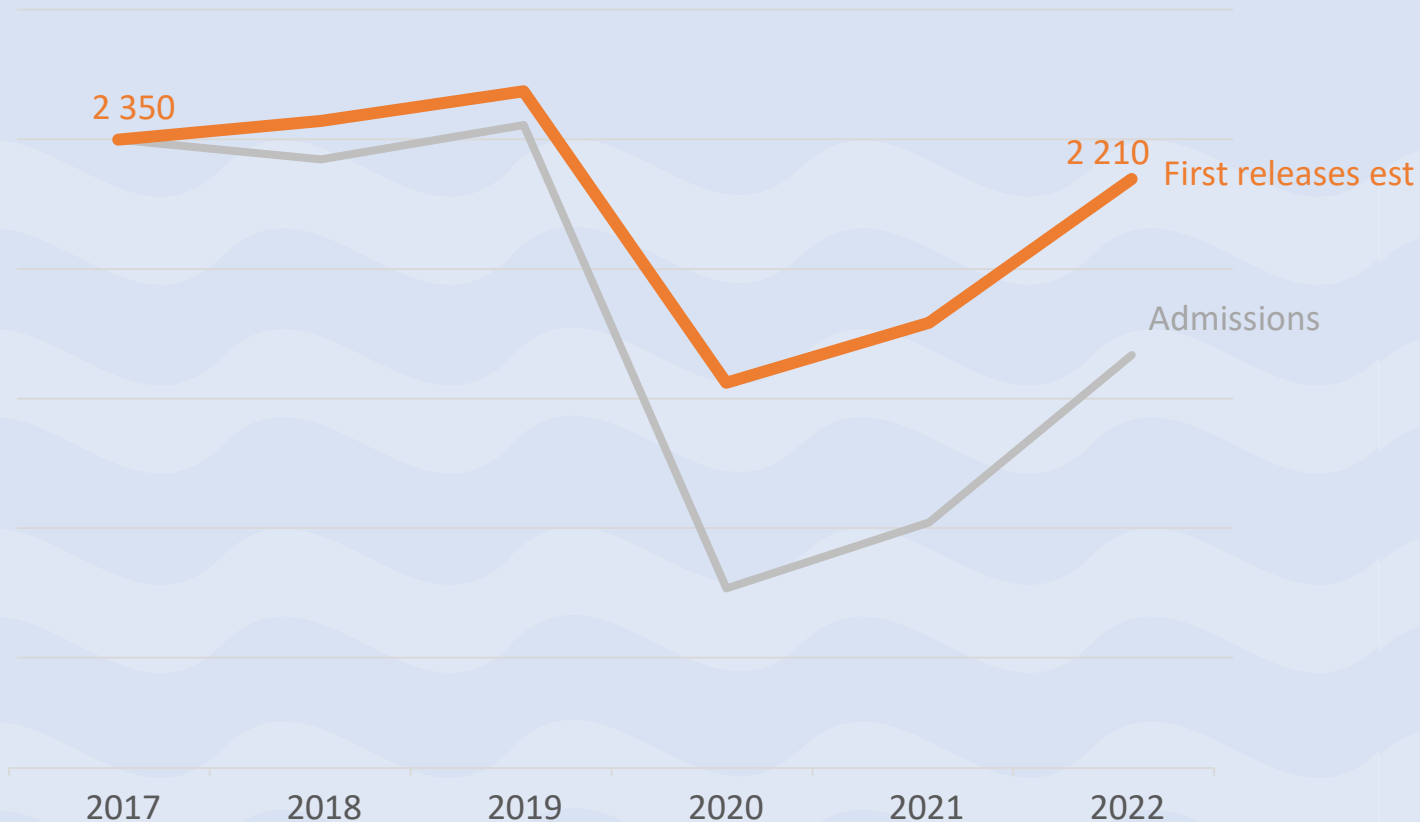
2022 “recovery rates”

EE	139%
....	
FR	105%
GB	102%
DE	101%
EUR 28	101%
ES	100%
IT	97%
....	
CZ	79%

Source: EAO

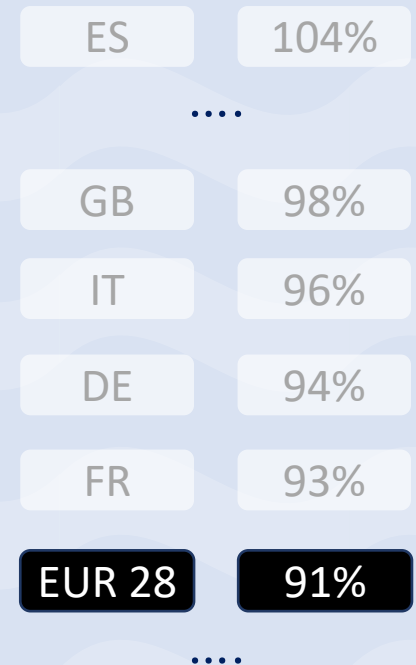
Number of first releases (almost) back to normal levels ...

Nr of theatrical first releases in Europe 28 (est)



Source: European Audiovisual Observatory (EAO) / LUMIERE

2022 “recovery rates”

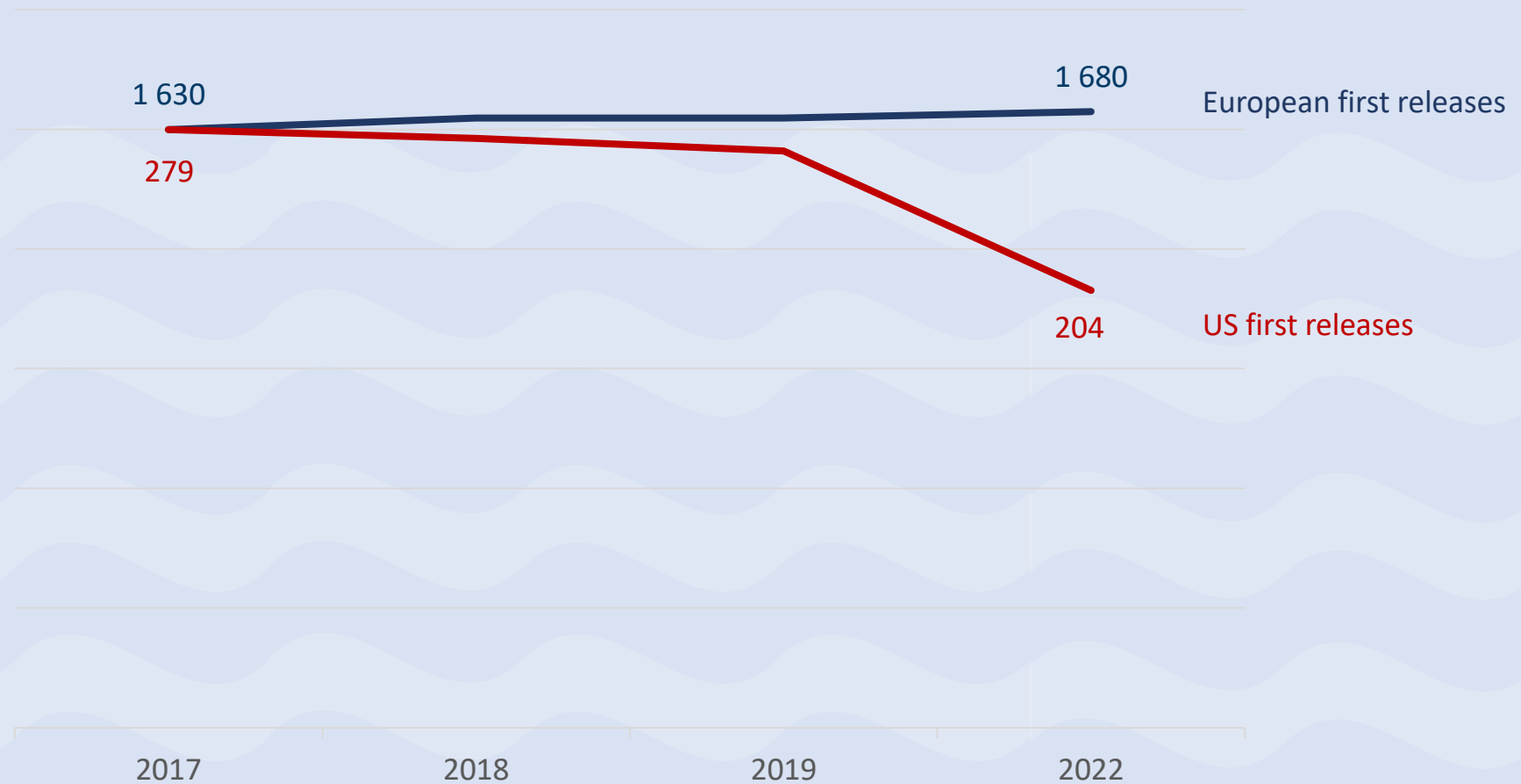


Source: EAO

a closer look
at the **film offering**

More European, less US releases ...

Indexed development of European and US first releases in Europe 28 (est)



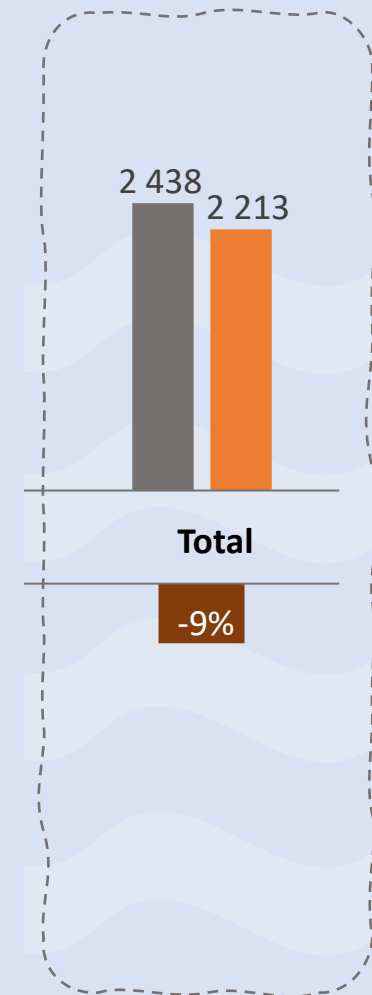
Source: European Audiovisual Observatory (EAO) / LUMIERE

... and far fewer blockbusters and mid-tier films

Number of first releases by admissions bracket

Avg 2017 - 2019

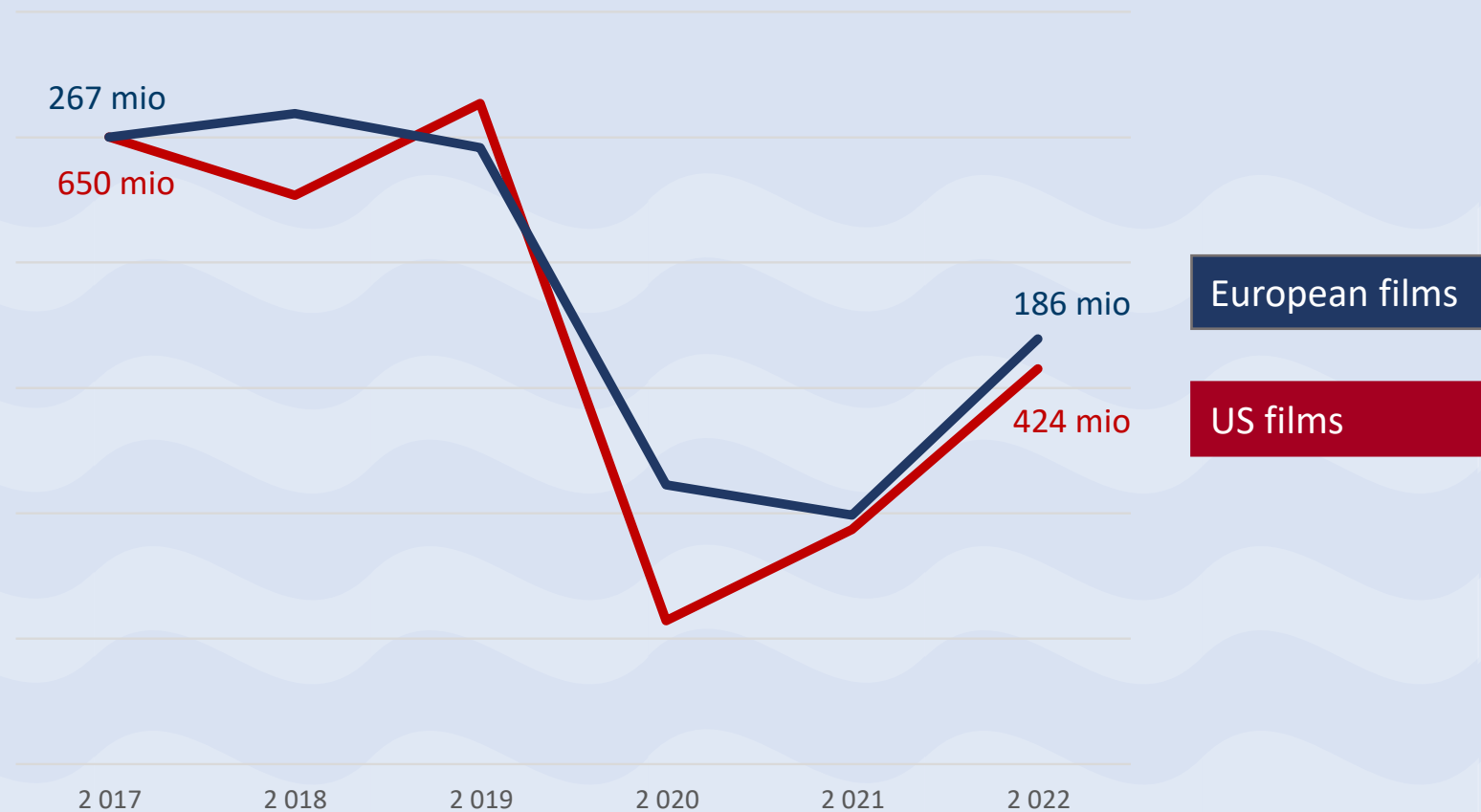
2022



a closer look
at the **drop in admissions**

Drop in US admissions not proportional to drop in releases

Admissions to European and US films in Europe 28



Source: European Audiovisual Observatory (EAO) / LUMIERE

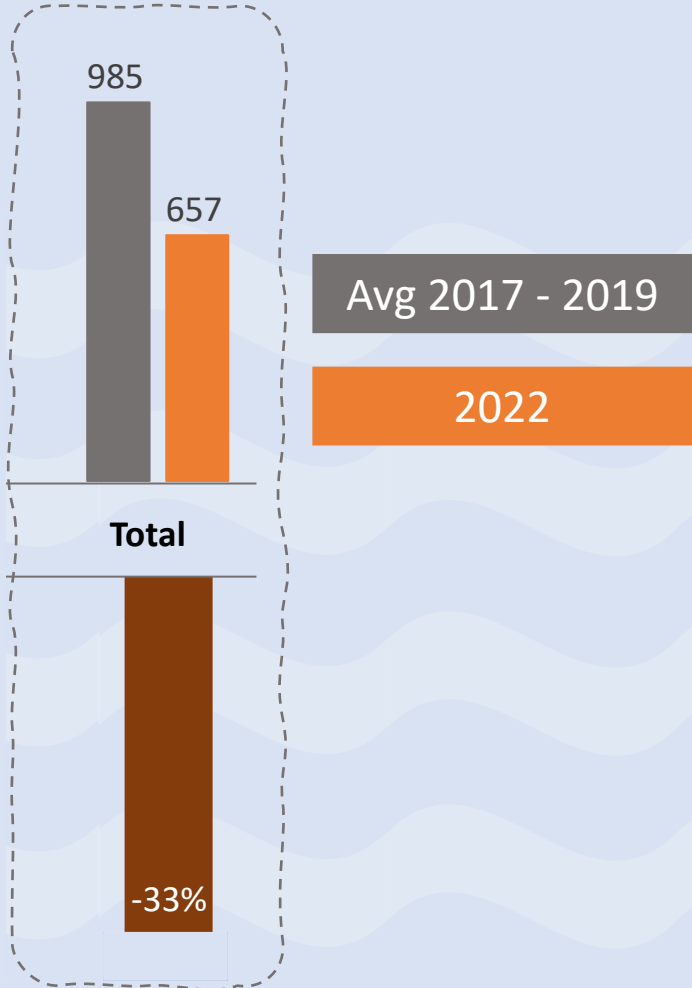
a reminder, in 2022 ...

	Market share	First releases	Films on release
European films	28.4%	2 210	> 5 400
US films	64.5%	204	> 1 300

Admissions drop due to lower admissions to high grossing films ...

Admissions by admissions bracket – Europe 28

in million

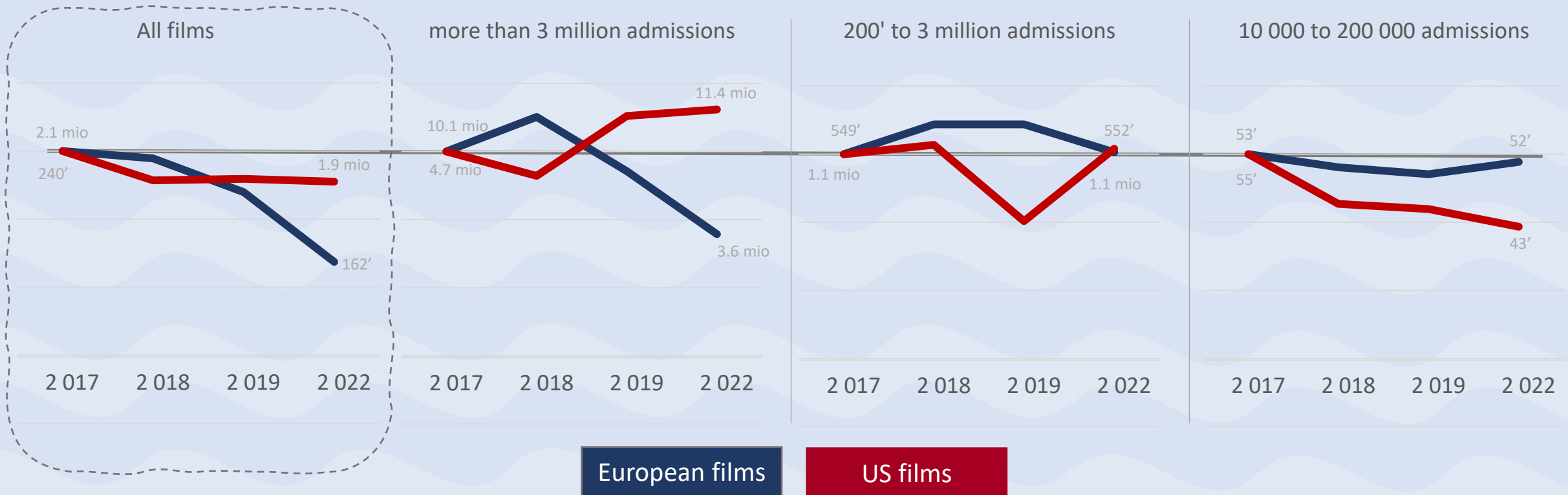


Source: European Audiovisual Observatory (EAO) / LUMIERE

Lower average admissions to European films

Indexed average admissions to US and European films*

* in million. Calculated only for films selling more than 10 000 tickets.





concentration

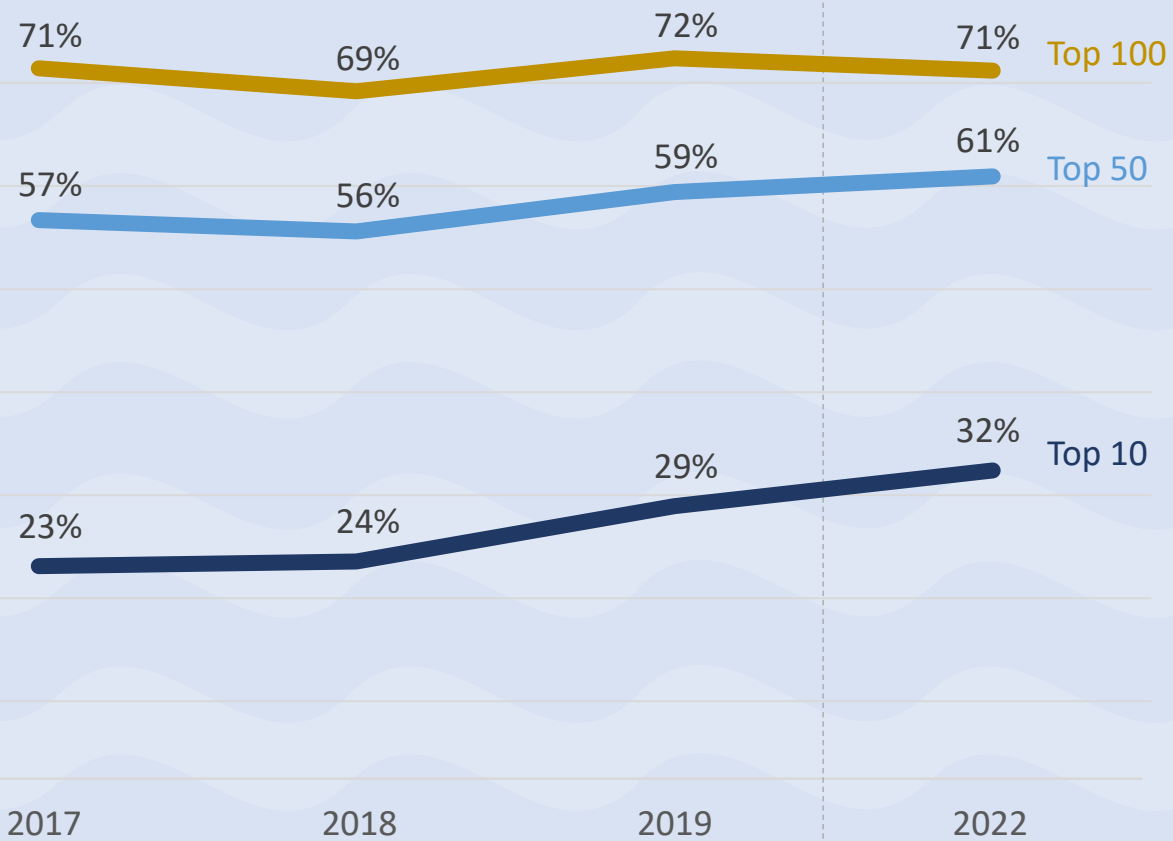
Fewer films accounting for 80% of total admissions

Nr of films taking 80% of total admissions



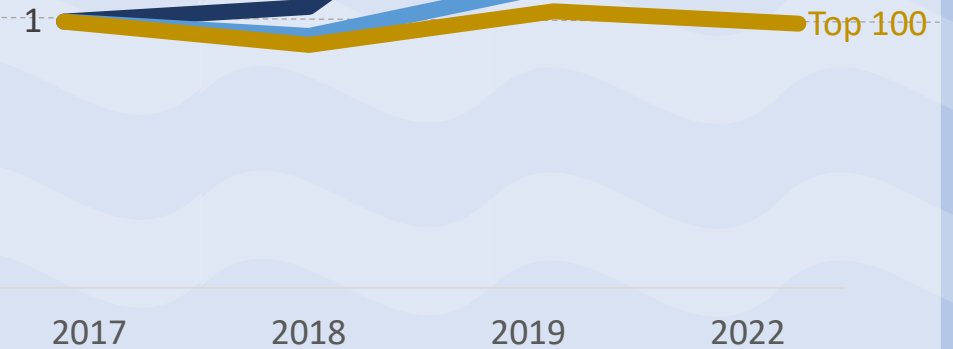
Increased concentration on top 10 films

Share of top films in Europe 28 (prov est)



Source: European Audiovisual Observatory (EAO)

Indexed development



Source: European Audiovisual Observatory (EAO)

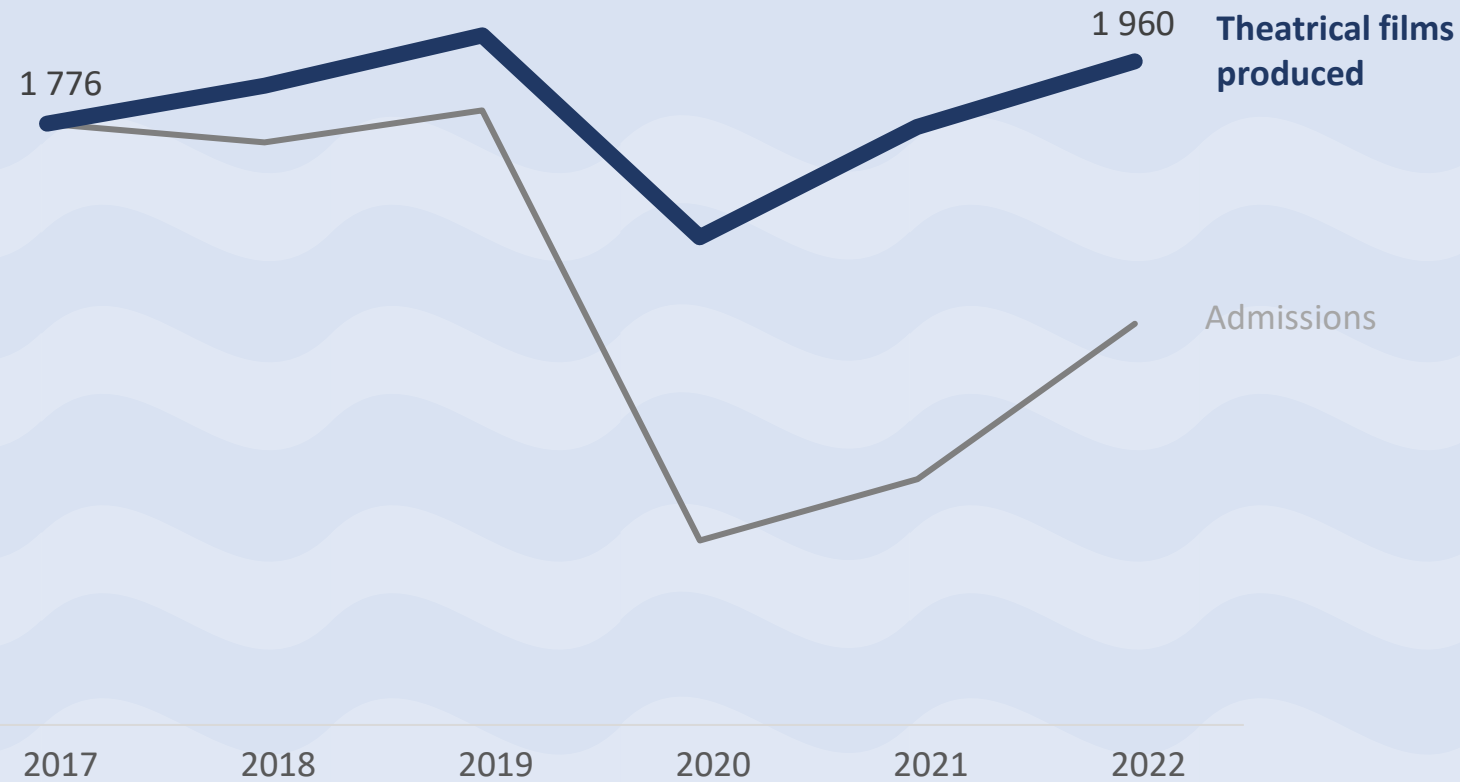


implications on
production levels

Productions seemingly unaffected by box office decline ...

Nr of European theatrical films produced

In units



Source: European Audiovisual Observatory (EAO)

Recovery rates



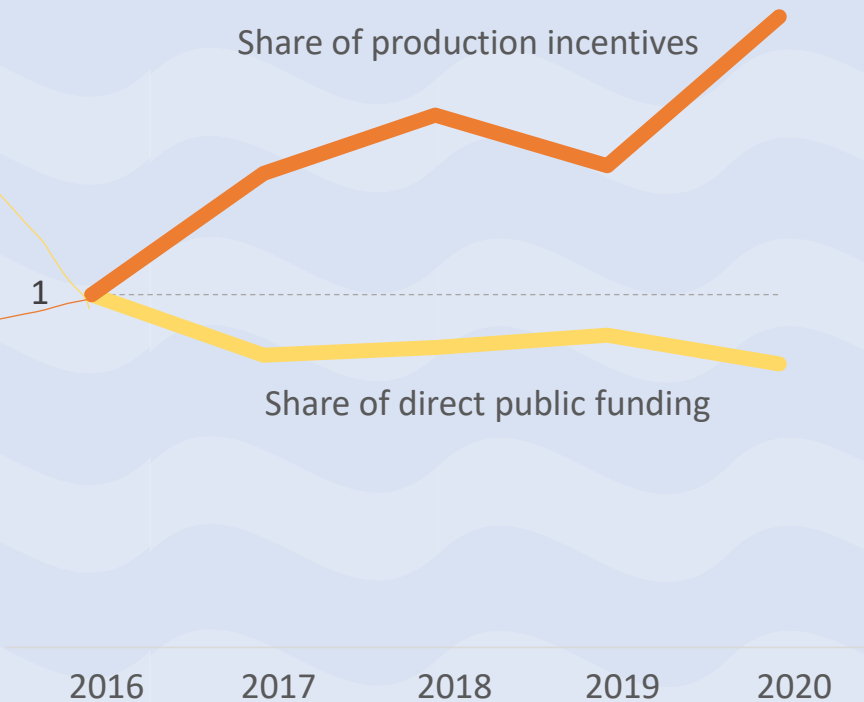
... arguably thanks to public support

Financing structure of European theatrical films (prov. est.)

	2016	2020
Direct public funding	29%	24%
Broadcaster contributions	26%	21%
Prod Invest (excl Broadcaster)	16%	18%
Production incentives	9%	16%
Presales (excl national TV and VOD)	15%	14%
Other financing sources	5%	7%
Total sample fin. volume (in EUR billion)	1.4	1.3

Source: European Audiovisual Observatory (EAO)

Share of direct public funding vs production incentives

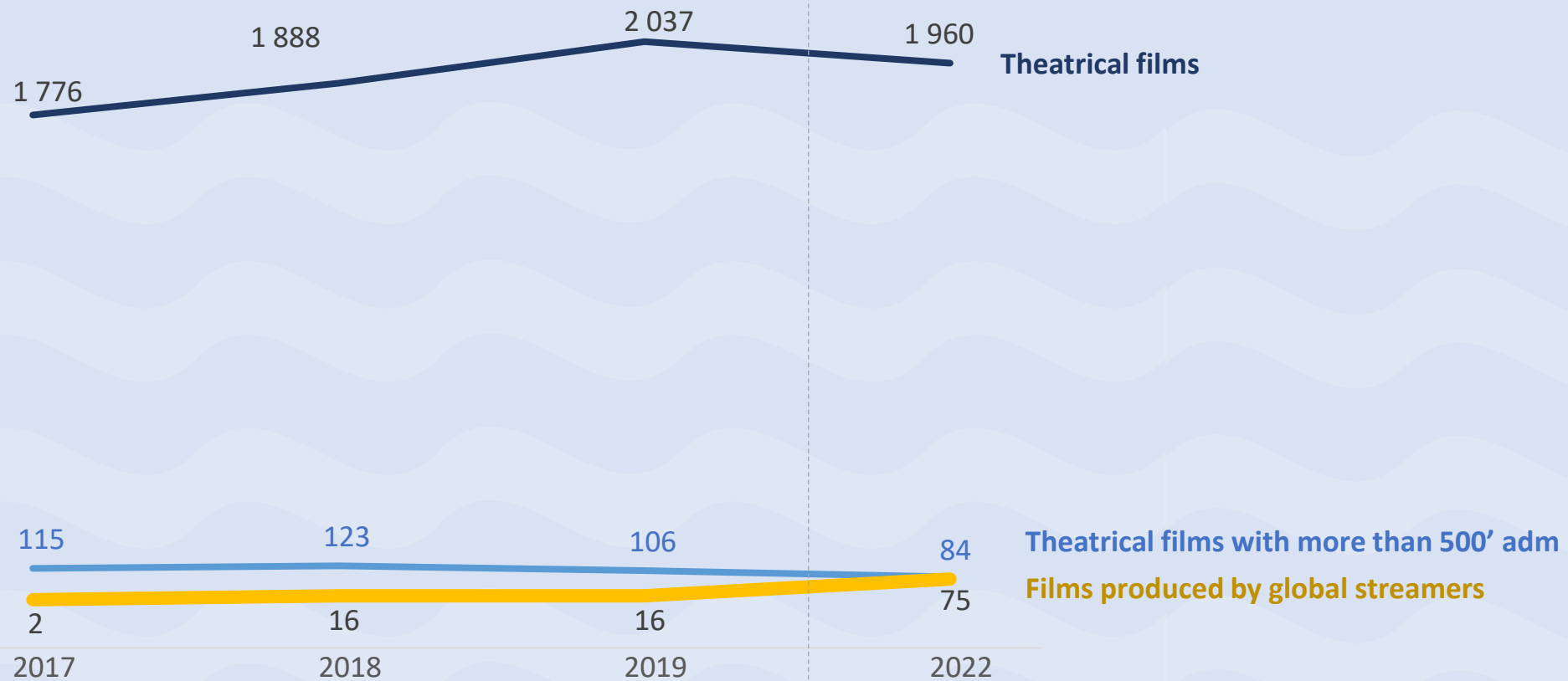


Source: European Audiovisual Observatory (EAO)

Increasing number of platform films

Number of European theatrical and streaming films produced

In units



Source: European Audiovisual Observatory (EAO)

Wrap it up, already!



... Lower box office

... Higher concentration

... Lower avg admissions

... Meaning, that while theatrical exploitation was already difficult for European films, it became even more difficult

... Despite that, production levels seems to be unaffected by this

... **Is the traditional link between box office and film production loosening?**

tbd



Cultural diversity in a competitive industry

A two-fold objective for a multi-level public policy

European Audiovisual Observatory Conference
Cannes Film Festival, 20 May 2023

Sophie Valais

Deputy Head of Department for Legal Information
European Audiovisual Observatory



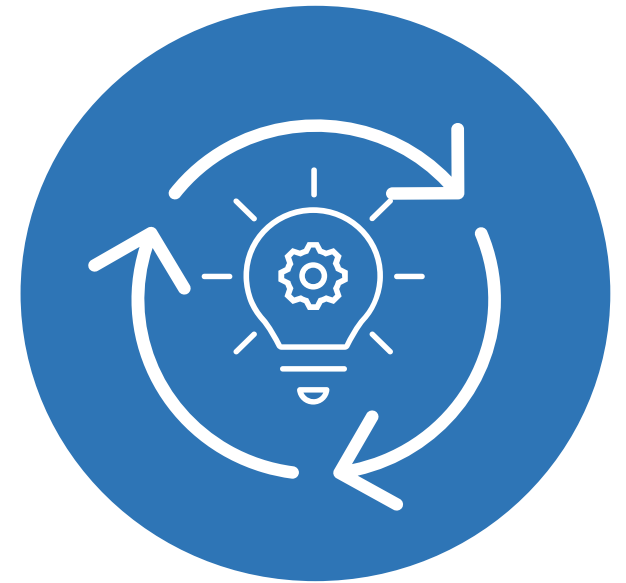
A range of public policy tools based on support to culture and the industry



Legal basis in
the EU Treaties



EU legal toolbox
and key concepts



A diversity of
national approaches

Legal basis in the EU Treaties



Image source: Robert Baldwin, A Matter of Principle

A two-fold objective for EU action...

Culture



Industry

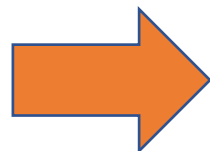
Legal basis for EU action

Culture and subsidiarity

- **Art 167 TFEU:** The EU contributes to the flowering of the cultures of the Member States
- **Art. 5 TEU + Art. 2.5, Art 6(c) TFEU** - Principle of subsidiarity of EU action on culture

Competition and exclusive competence

- **Art. 173 TFEU** - Shared competence to ensure the competitiveness of the EU industry
- **Art. 107(3)(d)** - Exclusive competence of the EU on competition rules



includes rules on state aid

EU legal toolbox and key concepts

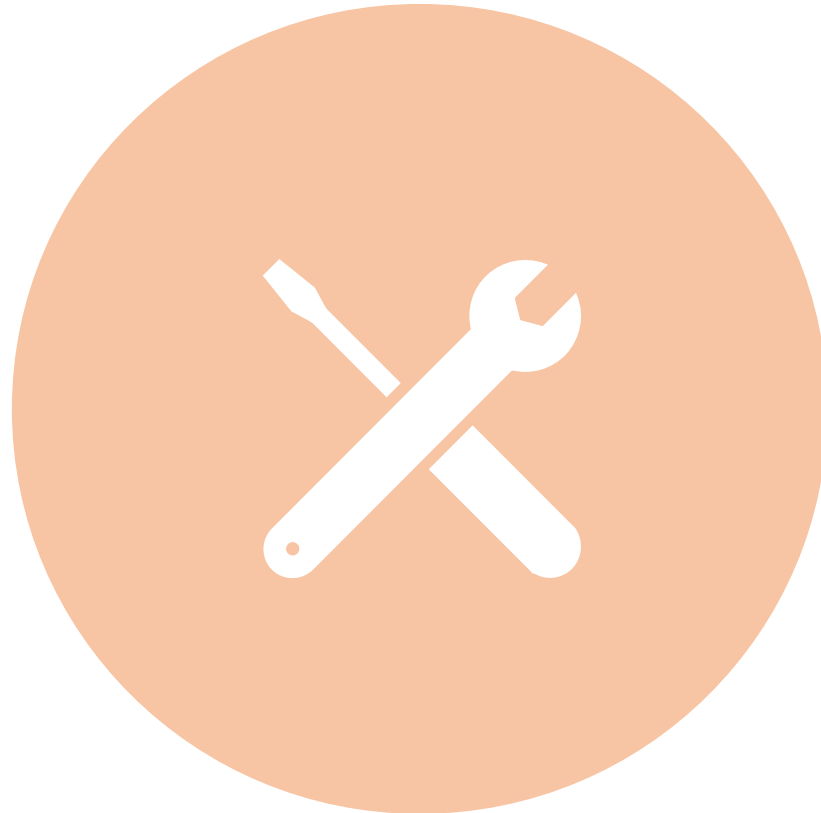


Image source: Simon Laganière, Les outils

A multi-dimensional EU legal framework

Copyright Package

Sat-Cab Directive

**Communication on state aid for films
and other AV works**

EU Competition law

Audiovisual Media Services Directive



**Creative
Europe**

Portability Regulation

Geo-Blocking Regulation

Services Directive

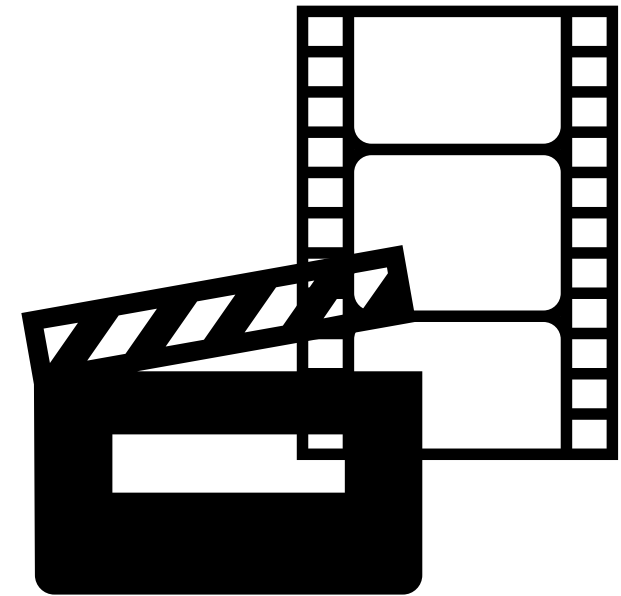
E-Commerce Directive

DSA/DMA

Obligations - Promotion of European works

Audiovisual Media Services Directive (revised in 2018)

- **Obligations on TV broadcasters
(Articles 16-17)**
- **Obligations on on-demand services
(Article 13)**



Promotion and distribution of European works

Obligations for TV broadcasters (Articles 16-17)



majority proportion of
broadcasting time



of broadcasting
time/programming budget for
European works created by
producers who are independent
of broadcasters

Promotion and distribution of European works

Obligations for on-demand services (Article 13)

OBLIGATION



Percentage of European works in their catalogues



Prominence

VOLUNTARY

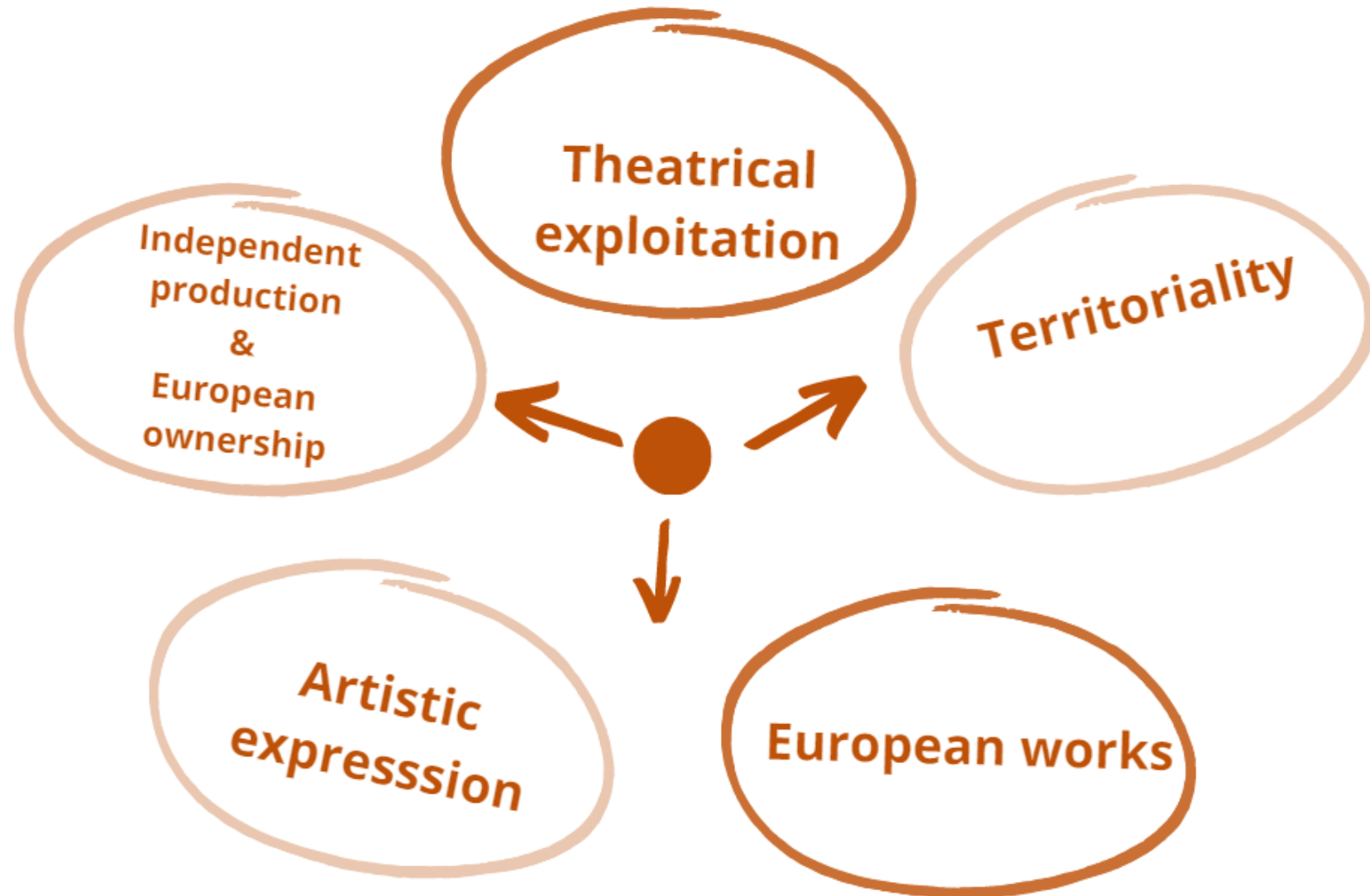


Financial contribution:

- Production
- Acquisition of rights
- Levies -> Funds

Including targeting services

A policy approach based on some key concepts...



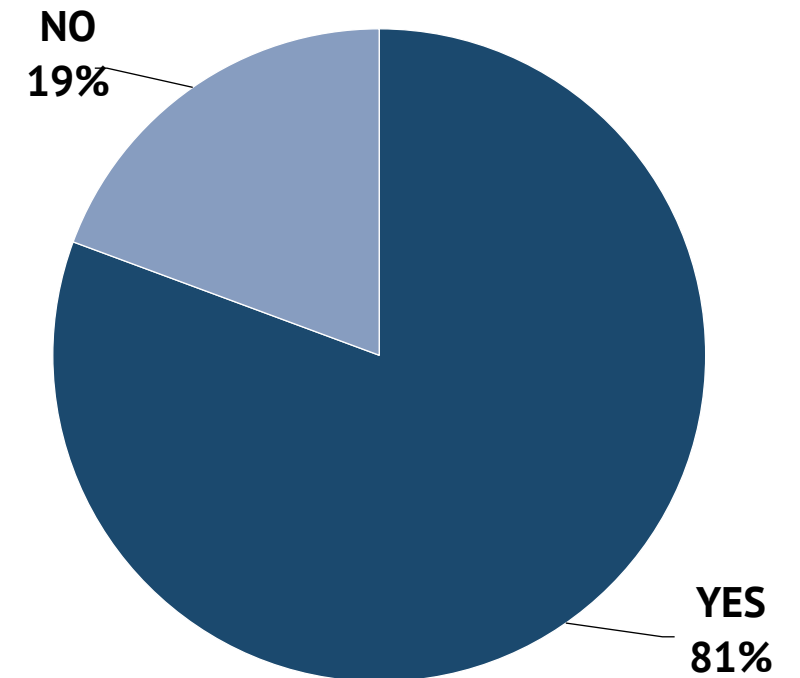
Defining “European works”

Under Art. 1(n) AVMSD, European works are:

- i. **works originating in Member States;**
- ii. works originating in European **third States party to the European Convention on Transfrontier Television** of the CoE;
- iii. **works co-produced** within the framework of agreements related to the audiovisual sector between the Union and third countries.

Without prejudice to the possibility of Member States laying down a more detailed definition as regards media service providers under their jurisdiction.

Definition of “European works” in the EU27



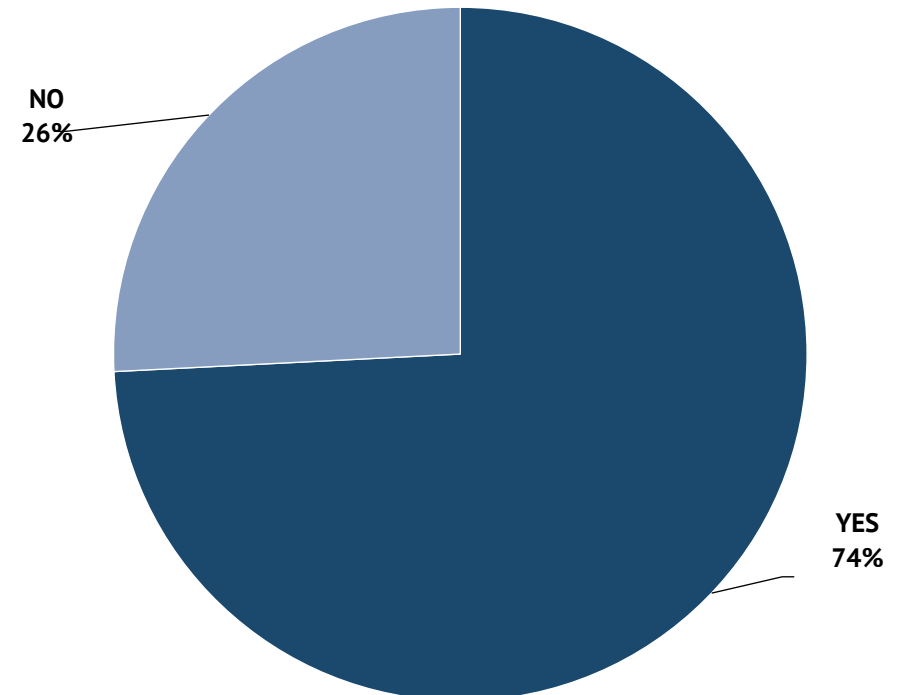
Defining (or not) “independent” producer

Art. 17 AVMSD – Independence from broadcasters

Recital 71 AVMSD: criteria used are:

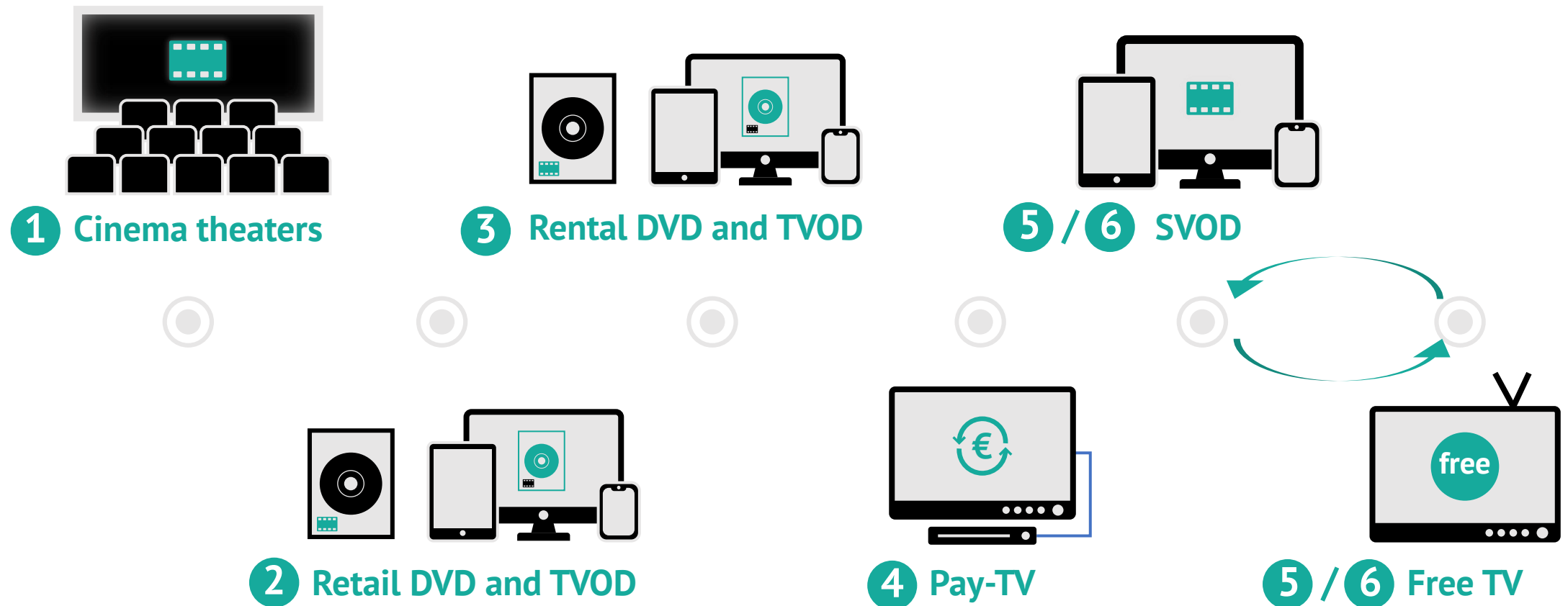
- the **level of shares** hold in the production company (or vice versa);
- the **level of turnover** that a production company makes due to contracts with a single AVMS service.

Definition of “independent producer» in the EU 27



Regulating (or not) release windows

The exploitation of cinematographic works



Release windows – various approaches

EU Legal basis: EU Competition Law + Art. 8 AVMSD

Legislation

Bulgaria
Film Industry Act



France
Cinema Code



Public grants

Austria
ÖFI Guidelines



Ireland
Screen Ireland Guidelines



Agreements

Spain
Interprofessional agreement



Denmark
Industry agreement



A diversity of national approaches

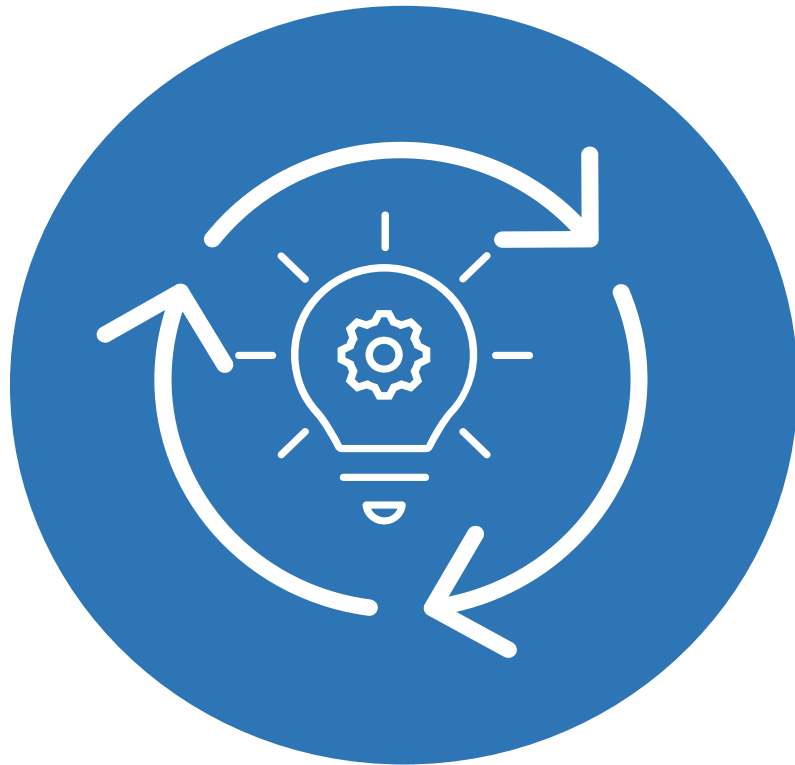
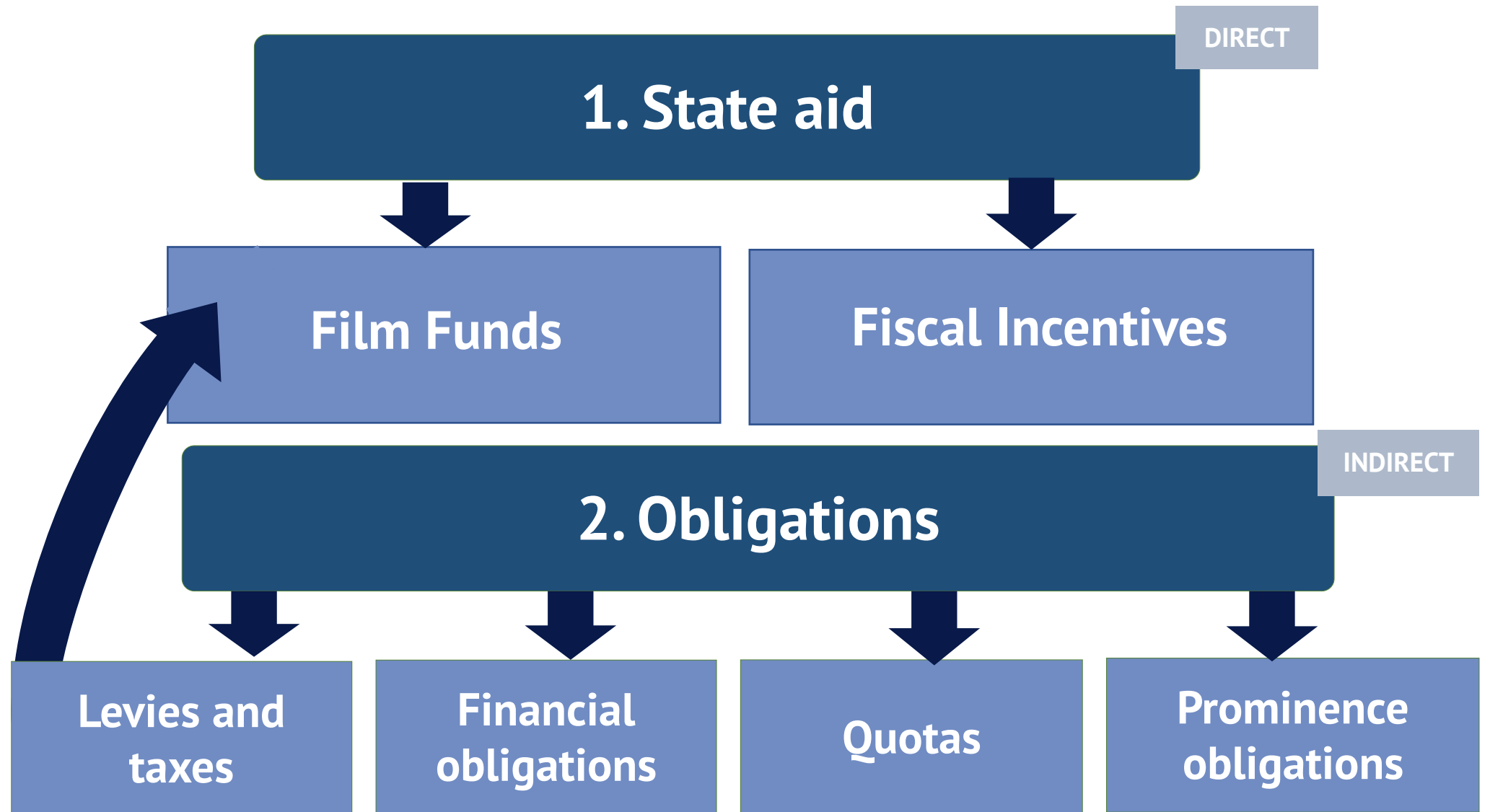
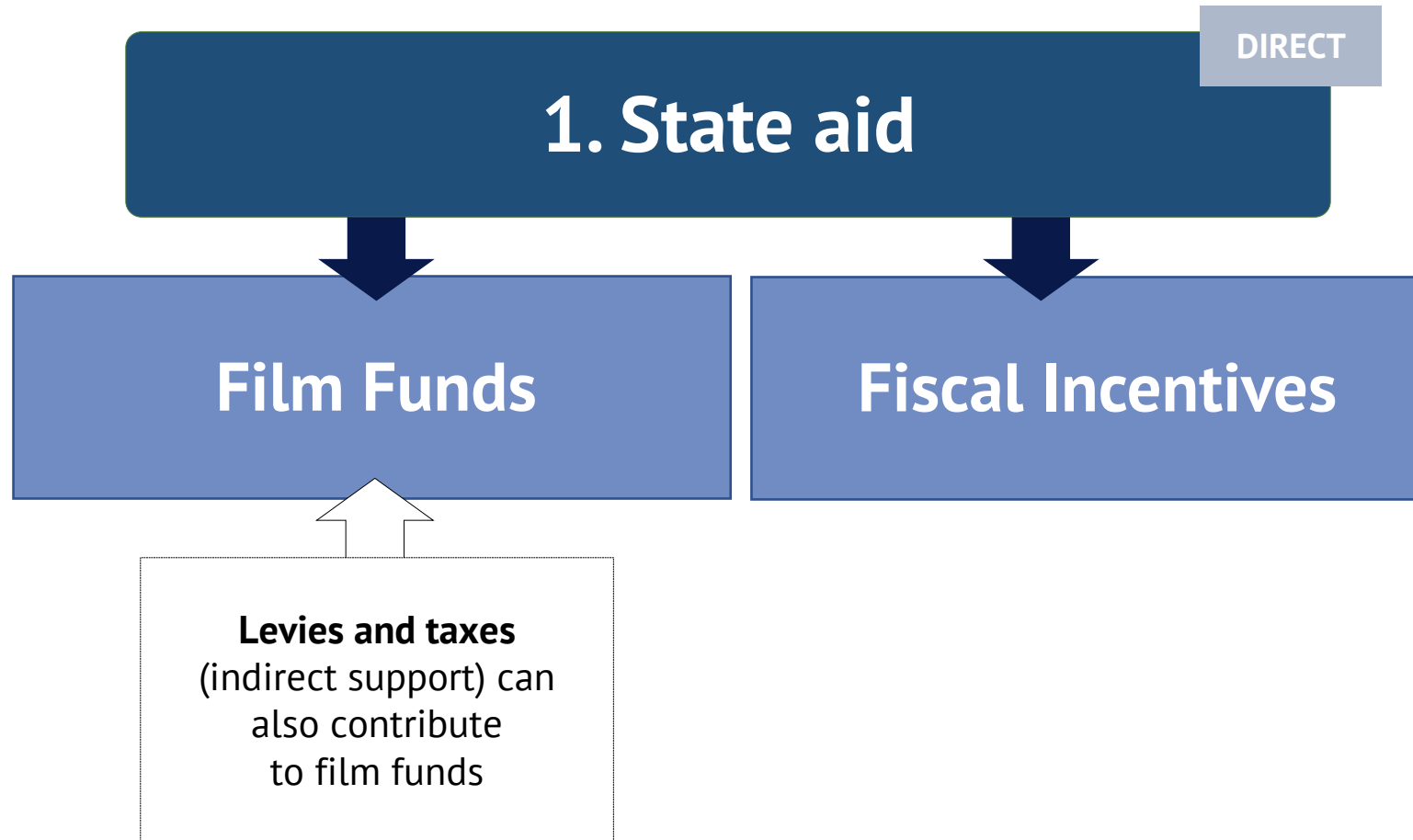


Image source: [DVD: The Wolf of Wall Street \(theartsdesk.com\)](#)

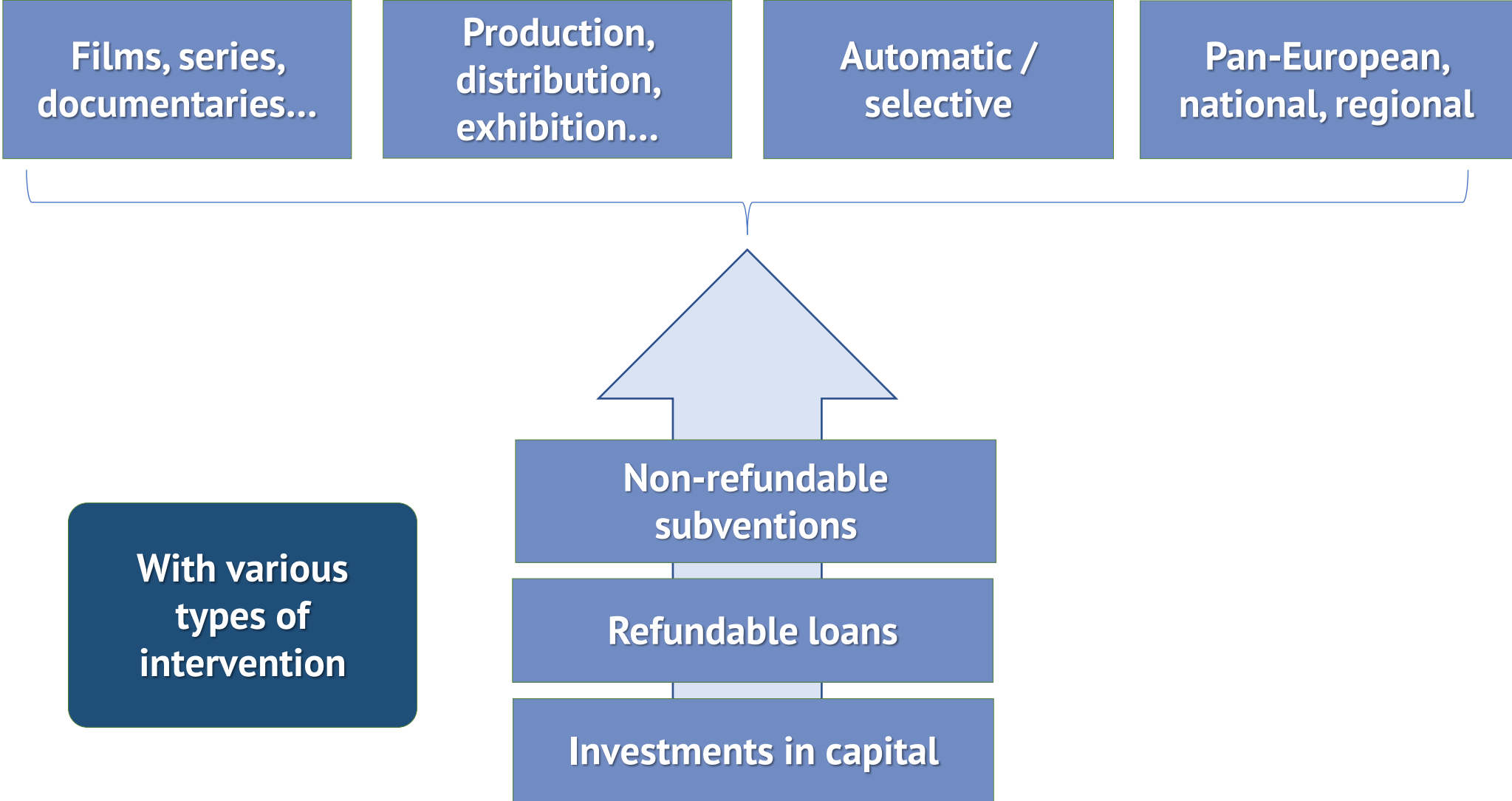
A two-sided full ecosystem...



Public aid: support to cultural diversity vs. support to the industry



Various types of public aid



Various types of fiscal incentives

Incentives can be set in

General State
budget

Tax law

Specific culture-
related law

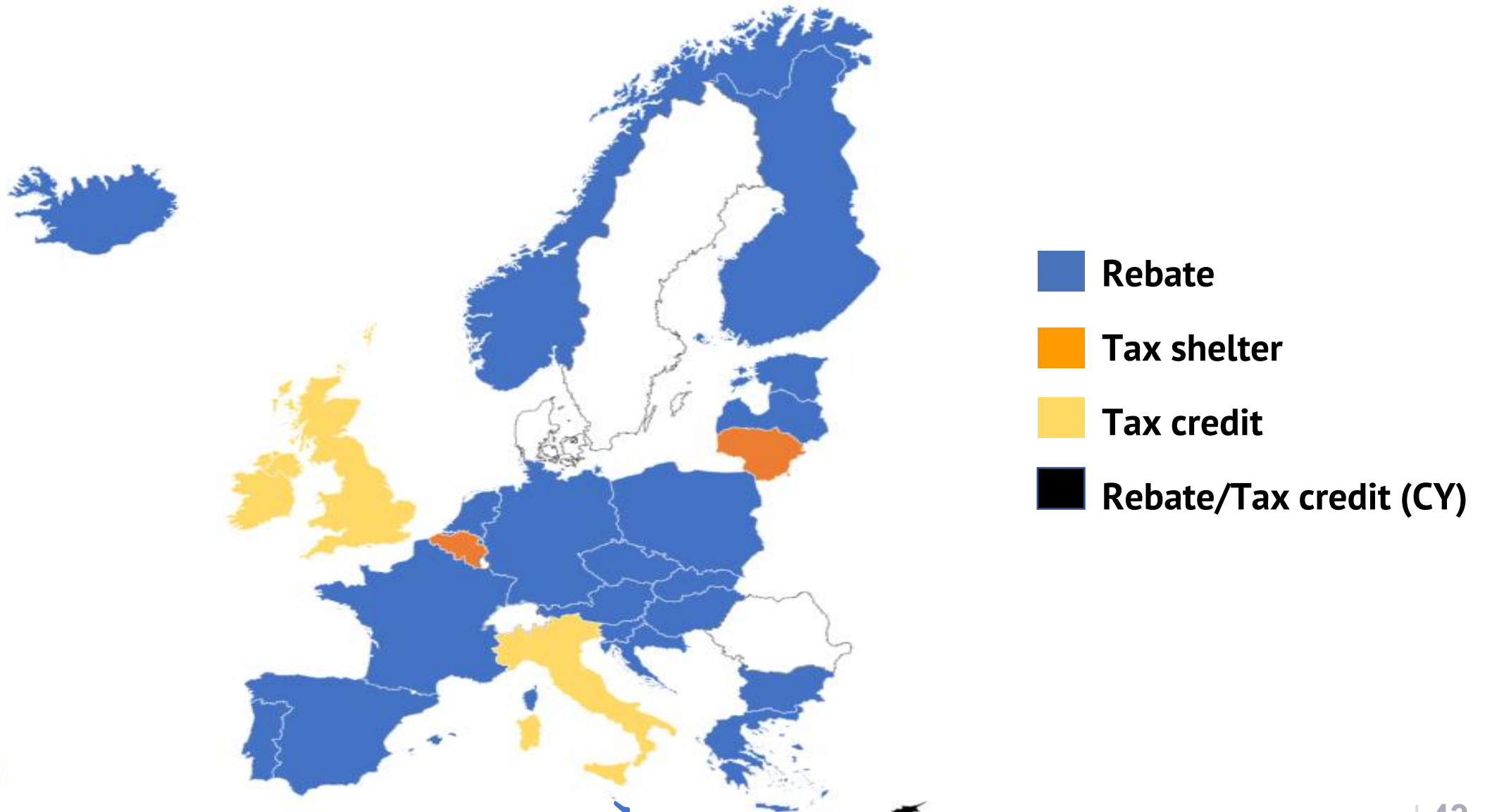
Incentives can take various forms

Tax shelters

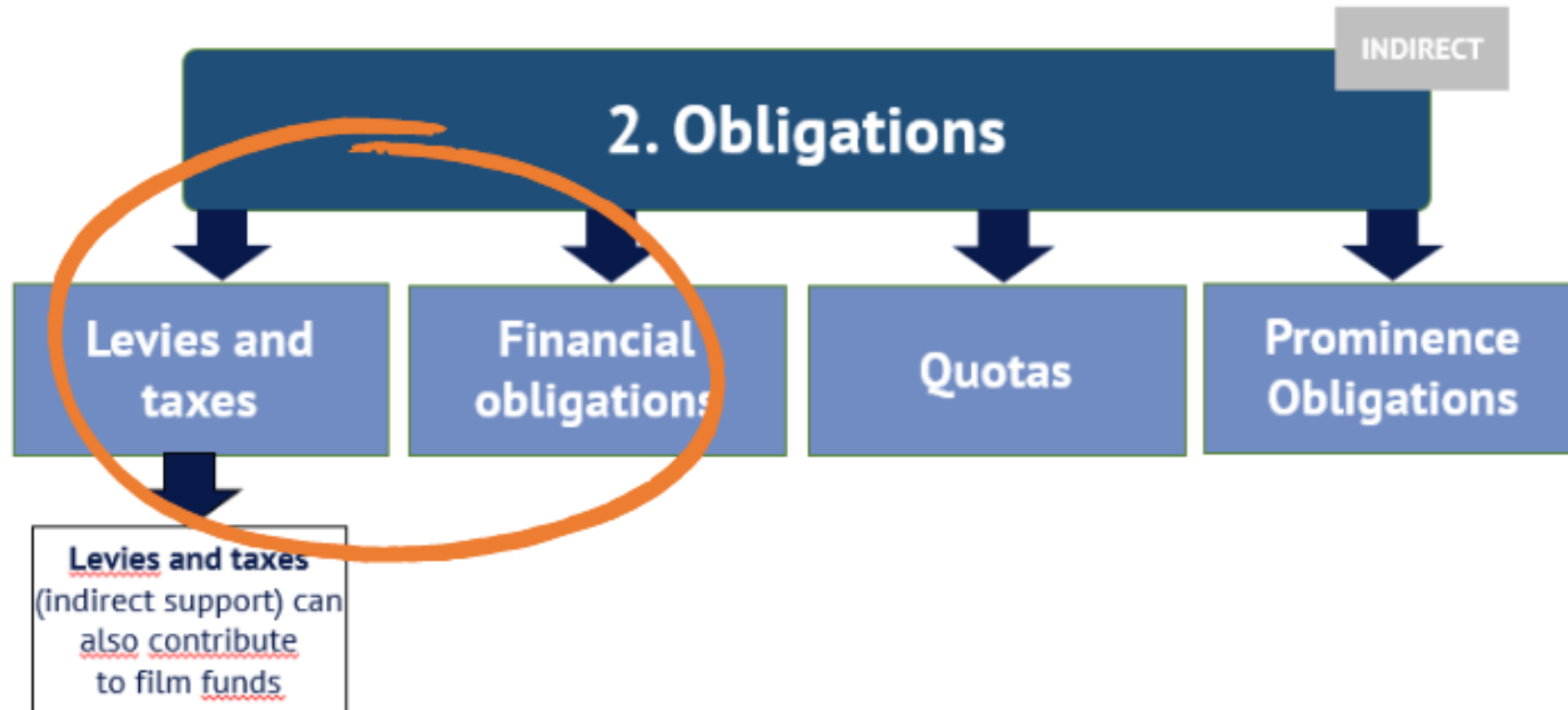
Tax rebates

Tax credits

Overview of fiscal incentives in Europe



Financial obligations, taxes and levies



Financial contribution (Art. 13.2 AVMSD)

VOLUNTARY

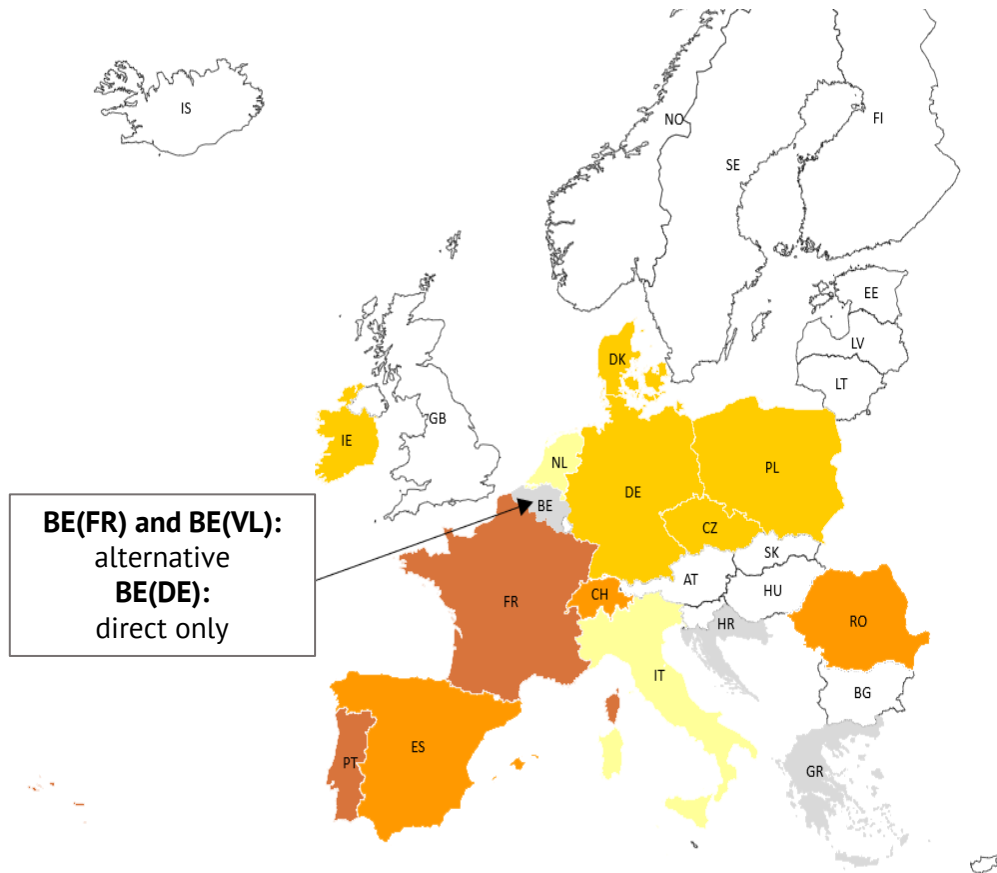


Financial contribution:

- Production
- Direct investments
- National funds

Including targeting services

National overview - Financial contribution



BE(FR) and BE(VL):
alternative
BE(DE):
direct only

VODs

- Direct only
- Levies only
- Alternative
- Cumulative
- See focus box

FOCUS BOX

	Domestic	Targeting
CZ		None
HR		
GR		

TV BROADCASTERS

- No obligation
- Obligations on domestic and/or targeting services
- Belgian specificities

BE(FR):
financial obligations
BE(VL) and BE(DE):
no obligation

Next steps?

- ❖ **Culture or competitiveness: Are these goals still valid today?**
- ❖ **Do the tools match the goals?**
- ❖ **What is cultural diversity in today's market reality?**

Image source: Next, by Eilia Urquiza, La Panda production

A FILM BY ELIA URQUIZA

NEXT

LA PANDA PRODUCTIONS presents NEXT a film by ELIA URQUIZA
produced with TAMARA ARIAS edited with CARLOS MARQUÉS-MARCET
executive producers JULIA FONTANA, DAVID MARTIN-PORRAS and NICOLÁS MONTESINOS
sound editor ALEJANDRA MOLINA sound mixer FERNANDO NOVILLO
additional camera and color correction TIM BALCOMB
distributed by PLAYTIME AUDIOVISUALES



Thank you for your attention!

sophie.valais@coe.int



And now the panel discussion!

Meet our guests (from left to right)

Moderator: **Sophie Valais**

Laurent Dutoit, CEO of
Agora Films (CH)

Didar Domehri, Producer,
Maneki films (FR)

Tomas Eskilsson, Head of
Strategy, Film i Väst (SE)

Moderator: **Gilles Fontaine**

Mariela Besuievsky, (ES)
Producer, Tournesol Media

Chris Marcich, CEO of
Croatian AV Centre (HR)

**Asger Flygare Bech-
Thomsen**, CEO of Nordisk
Film Cinemas (Nordic)

Thanks so much for attending and see you all next year!

For more information about the European Audiovisual Observatory, drop by on our stand just next to this conference room – H1. We've got some great free cinema databases to show you!



Observatoire européen de l'audiovisuel
European Audiovisual Observatory
Europäische Audiovisuelle Informationsstelle

COUNCIL OF EUROPE



CONSEIL DE L'EUROPE