

Franco-British Council

The film industry in Britain and France – *strategies for success*

Report of a seminar: March 2000

Jean-Marie Le Breton

Contents

1. Introduction	2
2. The state of the film industry in Britain and France	2
3. State policies	3
4. Financing	4
5. Technological change	6
6. Conclusions	6
• British participants	8
• French participants	9
• Programme	10

Introduction

Artistically speaking, the twentieth century was the century of the cinema. The 'seventh art' has become a feature of everyday life and the trigger of a cultural revolution. Meanwhile the cinema, in progressing from silent films to talking pictures, and from black and white to colour, has become an industry in its own right.

Upton Sinclair wrote in 1917 that the cinema would unite the world and serve to americanise it and the last years of the twentieth century showed him to be not very wide of the mark. Even in countries with a strong national cinema industry, its market share rarely exceeds 10–20%. France is an exception, with French films taking more than 30% of the national market. Even so, American films dominate the French market, because of their distribution network and often because of their quality.

Recent productions demonstrate that both French and British films still have a clear national identity. That is why the Franco-British Council thought it was time to turn its attention to the film industry in the two countries. The object was to assess the situation in such a way as to go beyond generally accepted ideas and cut-and-dried judgements. This meant studying the policies intended to safeguard national film industries, and getting away from the simplistic picture of a state-subsidised cinema (in France) and a cinema boldly besieging the American market, whilst trying to preserve its distinctive identity (in Britain). The financing and production of films was to be examined, as well as their distribution and marketing. Consideration would also be given to the cinema of tomorrow, and the implications of digitization and new technologies in the broadcasting of images.

The meeting brought together directors, producers and distributors from the two industries. The feeling that emerged was that the film industries of Britain and France would go their separate ways, but the differences between them will be more a matter of tactics than of strategy

2. The state of the film industry in Britain and France

The two co-chairmen, Jean-Pierre Hoss and Lord Birkett began by addressing this question.

The French film industry is, for several reasons, the foremost in Europe. It is supported by a market consisting of over 155 million cinema admissions per year, as well as films on pay television, which reach five million subscribers, and the video market. It has survived successive crises which have hit cinema ticket sales, first in the 1970s with competition from television, then in the 1980s with the development of the video market, independent television and pay-TV. It also enjoys active government support in the shape of a redistribution of box office receipts and contractual conditions imposed on television in favour of French films. As a result the industry is healthy, with 180 films made in France in 1999, 150 of them French productions. With over 30% of the national market share, the French industry maintains an enviable position in the European film industry.

The French system, organised along lines laid down in 1945, is based on a levy on ticket prices, and the proceeds (*le compte spécial du Trésor*) have enabled many good quality productions to be made. When a lot of films began to be shown on television, further arrangements were negotiated, ensuring that financial help was available for all the aspects of film production and distribution. For many years this

policy had the effect of sustaining the high proportion of French films on the national market (50% before 1985), Efforts to support them abroad however, were not altogether successful. In Britain French films represent no more than 1% of total distribution, whilst British films in the last ten years have managed to reach between 4% and 9% of the French market.

A rather different picture of the British film industry was presented at the seminar. According to Lord Birkett one could say both that there had been a renaissance in British cinema and that it was in crisis. He wondered whether one should be more concerned with the number of films made or with their quality. On the British side there seemed to be more interest in the latter. Cinema attendance has certainly dropped. Thirty times as many people went to the cinema in 1944 as in 1984. Cinemas no longer have the same social role. Production and distribution are no longer in the hands of big national concerns practising vertical integration; some films are produced with huge budgets and others on a shoestring.

Lord Birkett felt that there would always be jealousy of American productions, and of the competition they represent. People would lament the drain of film-makers to Hollywood. They would moan about the lack of government protection for the national industry, whilst admitting that lottery funds had allowed more films to be made. In the end, more than a hundred films are made annually. There may be a crisis in the British film industry, but it is hardly on its last legs.

3. State policies

Alexander Walker wondered whether there was any justification for government subsidy of films which were neither commercially nor artistically successful. He was equally critical of the policy that allowed large companies like the Rank Organisation or APA to be broken up and of those who wanted to use public money to make big budget films capable of attracting both a European and an American public. He said that films financed by the national lottery in the last ten years had shown only a very mediocre return on investment, and were not of high quality. None had been a great success. This has harmed the reputation of British films and the British film industry in general.

Because distribution in Britain is in the hands of large American companies, the profits of successful British films like *Notting Hill* have gone to America. Seven 'British' films made in 1997 with American capital accounted for 54% of the total takings of British films. Meanwhile, 30 films financed by the Lottery accounted for only 1% of the takings. It remains the case that there is practically no UK market for films not in English.

Mr Walker regarded the use of lottery funds to finance films as a mistake. It has destabilised the market; too many mediocre films have been made; the rich have been subsidised whilst new, talented people have failed to benefit. Distribution remains in the hands of the Americans, and 82% of the films they show in Britain are American.

The French view of public funding was quite different. M. Siritzky agreed that state funding had increased the number of poor quality films. But that was not where the problem lay. The question was whether American domination was inevitable. Judging by recent trends seen on television and the fact that some of the American 'majors' have lost some of their market share in films, the answer was no. The effort to increase cinema going (for example the success of multiplexes) has resulted in increased attendances after a period of losses. European groups,

such as Canal+ and the Berlusconi group can change the situation with regard to distribution.

M. Toscan du Plantier strongly supported French policy which had proved its worth in the face of American competition that had become both stronger and more sophisticated. The US makes a lot of films, including some very good ones and some with considerable intellectual weight. M. Toscan du Plantier noted that there was a considerable British presence in films at the quality end of the market as though the British were making a specialty of transmitting the European cultural heritage to America. So if we want to keep on making good quality films in Europe, now is the time to formulate a truly European policy. Chancellor Schröder has suggested Franco- German cooperation in distribution. Is Britain ready to join in? But we must win back an audience with an appetite for good European films without falling into the trap of blandness suggested by the term 'Europudding'

In the debate which followed several points were raised: Does the fact that they are financed with French money make French films more truly the products of their country than British films made with American capital? Are they of better quality? Have they made good use of state subsidies?

The reply offered was that in the French system, creative young people had been able to make films. How could their quality be judged apart from the good results gained in film festivals? Are they representative of French society? It is difficult to say. A French director said simply that a good film which is not a commercial success can do more for the art of cinema than a successful but mediocre production.

One of the French participants said that what was most important in France was not subsidies but the will to maintain a French film industry. Besides, it was not strictly speaking state aid, but money from ticket sales which was used for production. Because of action taken by the French government, television, far from killing off the film industry, had actually helped it. Just as the cinema had not killed the theatre, television had not killed the cinema, and the internet would not mean the end of television.

More interest than scepticism was expressed on the theme of European cooperation. The agreements on Franco- British cooperation were recalled. But it was not appropriate to wage war on America. Hollywood was not the enemy.

So it is in the distribution sector that European cooperation might work, although some still questioned the ability of Europeans to overcome cultural differences without producing 'europudding'. Others recall the natural inclinations of countries which have a shared language. But why not establish more links between production and distribution and thus provide better protection for the independence of the creative process?

4. Financing

Some speakers pointed out that the average American film has a much larger budget than the average European film. However big budget European films (they do exist) are not always successful whilst others with smaller budgets make a profit.

There are three main sources of funding in the two countries:

- the special account of the CNC (Centre nationale de cinématographie) and the British national lottery

- television
- private finance.

The cinema as an art form is of course much more expensive than painting, music or poetry. And as Nicolas Seydoux pointed out, in twenty years the average cost of an American film has doubled (from 10 to 20 million dollars). Even more significantly, the cost of bringing out and distributing a film has tripled from 4 million to 12 million dollars. Even the American industry encounters cost problems.

In France, whilst the proportion of finance coming from the film companies has diminished, financing through television has risen from 18% to 38%. That raises the question of the independence of the cinema, bearing in mind that a television channel co-finances the whole of French film production.

However, M Seydoux noted, the system of financing the French film industry has allowed it to survive. Costs are bound to continue going up, so it is crucial to maintain the level of cinema attendance.

All agreed that a national film industry must be able to attract an audience of a certain size to survive. On the British side, Nik Powell whilst distrusting government regulation, recognised that the problem of distribution was fundamental. The ability to put money into this sector will be the key to the success of good new films. These films can succeed even on small budgets. However, for the national film industry to continue it must also produce big budget films like the recent French film *Astérix*, which has not been distributed in America yet, but which has already attracted an audience of 24 million in Europe. The present emphasis on production has meant that a number of films made with the help of government funds have not found a market and are not being shown. Another speaker felt that there should be a marketing effort for the cinema comparable with that of the car industry. We must recognise that too high a priority has been given to the production of films without enough attention being paid to their distribution, and thus to market access.

Also, one speaker emphasised, the production of a film using new techniques can be financed by a small budget, and can facilitate the freedom of the young film maker and the birth of new talent.

The 'Media plus' project was mentioned. This is aimed at encouraging the distribution of European films in Europe. Perhaps the time had come for a combined European effort to exert some control over distribution. It would not matter whether the finance came from governments or from the industry, or from both.

Lord Puttnam highlighted the historic nature of the merger between AOL and Time Warner. With its understanding that film-making and distribution are interdependent, the merged company's influence could be decisive for the future of film distribution. He said that the 21st century had begun on the day of this merger agreement (8 January 2000). Noting the increasing difficulty of offering a film to the public, he wondered whether the Americans will succeed in establishing a virtual monopoly in distribution as they already have in production. If it is true that the quality of films is constantly improving, it is at the same time increasingly difficult to distribute them. In Britain no company can rival the American "majors". If we want to rank with the Americans we will have to put in place measures to support the industry which will be tantamount to breaking the rules of fair competition.

5. Technological changes

Lord Puttnam turned to the question of new technologies. They are already in existence, but as yet we do not fully appreciate the effects they will have. What products will the public expect? What will be the results of the ending of protective measures? What will happen to intellectual property? New types of products result from the use of computer technology. There will be short films, documentaries and programmes targeted at a particular audience. The showing of films with digital technology is only a matter of time, but we cannot foresee all the consequences of this development. Programming will change radically; presentation costs will drop steadily. It seems certain that the new technologies will favour the use of the English language (as is already the case), even though dubbing will become technically easier.

In conclusion, Lord Puttnam said that we must not forget that the film industry is part of the modern world's greatest industry, born out of the information revolution.

M. Costa-Gavras agreed with Lord Puttnam. Nevertheless, would it not be advisable to continue to protect creativity and to encourage it? We must recognise that if there is still a film industry in France which allows film makers to express themselves and to make quality films, it is because of the deliberate intention of the French government.

Jean-Claude Sergeant spoke about the choices the two countries had made with regard to the new technologies. Britain opted for terrestrial digital technology and channels that specialise in showing films (Film 4 on the encoded Channel 4). In France films are broadcast by cable and satellite. The question is whether the multiplexes will be able to survive the competition of films being shown in the home in comfort and with the excellent technical quality provided by digital technology.

The ensuing debate again showed how the two delegations were split. On the British side there was great suspicion, to say the least, of the principle of subsidies, seen as related to a form of state control and leading to an encouragement to bureaucracy. The French side generally applauded the results of government policy and trusted the regulatory authorities both to safeguard the film industry and to deal with the consequences of the digital revolution. The British, somewhat optimistically, think that talent will always win through, whereas state aid might keep alive ventures which deserve to fail. It was clear that the attitude to market forces was very different on the two sides.

Can the European project provide an answer? Some British speakers brought up the example of Airbus, which has allowed European industry to maintain its position in the aviation industry in the face of American competition. But the analogy might be inappropriate and in any case European cooperation will not stop each country wishing to safeguard the products of its own national culture.

6. Conclusions

Towards the end of the debates some important subjects of discussion were suggested. Whilst it is true that the creative artist, in this case the film-maker, follows his own individual process of development and stands alone with his work, in order to make it a reality he needs money. Films will always cost money, and the film industry will always be prone to domination by the big companies.

State intervention to protect the national industry is in conflict with the free market.

Should one contemplate a European policy which, by its sheer scale, would have a much greater impact? Is it possible to allow the large American groups now in existence to take advantage of our respect for the rules to increase their domination? How can creative freedom be preserved with the near-monopoly situation enjoyed by the big (American) groups in the film industry? Would not the emergence of new (European) poles broaden the opportunities of European film makers? Especially with the development of digital technology in mind, how can competition be organised to re-establish some equality of opportunity for European film makers, so that they no longer have to look to the United States for the means to pursue their career, or simply to express themselves artistically?

Finally, the general impression remains that the British place more trust in the market than in the restriction of competition. They are more optimistic about maintaining a film industry in the face of competition from the big American companies, and, in order to do so, perhaps they are counting on the benefits of having English as a common language. For their part, the French reaffirm their commitment to State policy to protect the national industry. And they would be open to a European policy on distribution which would put back into practice the rules of balanced competition.

The seminar closed on an optimistic note. There was a common willingness to support strongly the efforts of distributors to provide greater opportunities to European cinema.

The film industry in Britain and France; strategies for success

BRITISH PARTICIPANTS

Lord Birkett	(Chairman) , President, School for Performing Arts and Technology
Barbara Dent	Manager, Film, British Council, France
Philip French	<i>Observer</i> Film Critic
Nick Fraser	BBC Storyville
David Garrett	Executive VP, Summit Entertainment
Ann Kenrick	Secretary-General, Franco-British Council
Ruth Kitching	Assistant, Franco-British Council
Iain Johnstone	Film critic
Ruth Mackenzie	Special Adviser to the Secretary of State, DCMS
Richard Mayne	Franco-British Council
Jeremy Newton	Chief Executive, NESTA
Sir Peter Petrie	Chairman, Franco-British Council
Lord Puttnam	Chairman, Enigma Productions
Nik Powell,	Scala Productions
Simon Relph	Director, Skreba/Greenpoint films
Lisbeth Savill	Solicitor, Olswang
Mark Shivas	Perpetual Motion Pictures
Alexander Walker	Evening Standard Film Critic
Paul Webster	Chief Executive, Channel Four
Roger Wingate	Curzon Cinemas

The film industry in Britain and France: strategies for success

FRENCH PARTICIPANTS

Jean-Pierre HOSS Directeur général du Centre national de la Cinématographie (CNC)

Sylvie BLUMENKRANTZ Attachée de direction de la Section française du Conseil franco-britannique

Michel CIMENT Journaliste, Positif

COSTA-GAVRAS Réalisateur et producteur

Catherine DEMIER Directrice des financements, de la réglementation, de la prospective et de l'information, CNC

André FONTAINE Ancien Directeur du journal Le Monde

Jean-Michel FRODON Journaliste, Le Monde

François IVERNEL Directeur général de PATHE IMAGE

Thierry de LA FOURNIERE Président du Festival du Film britannique de Dinard

Jean-Marie LE BRETON Secrétaire général de la Section française du Conseil franco-britannique

Clara MERIAUX-DELBARRE Déléguée générale de l'Union des Producteurs de Films

Jean-Claude MOYRET Directeur de l'audiovisuel et des techniques de communication, Ministère des Affaires étrangères

Xavier NORTH Conseiller culturel près l'Ambassade de France à Londres
Directeur de l'Institut français du Royaume-Uni

Emmanuel RODOCANACHI Ancien Président de Natexis

Pascal ROGARD Délégué général de la société civile des Auteurs-Réalisateurs-Producteurs

Jean-Claude SERGEANT Professeur de civilisation britannique (Paris III)

Coline SERREAU Réalisatrice

Nicolas SEYDOUX Président-directeur général de GAUMONT

Serge SIRITZKY Président-directeur général d'ECRAN TOTAL

Daniel TOSCAN DU PLANTIER Président d'Unifrance Film International

Pierre TRIAPKINE Chef du Bureau « Cinéma », Ministère des Affaires étrangères

Jacques VIOT Président de la Section française du Conseil franco-britannique

Pierre VIOT Président du Festival international du Film

Fabienne VONNIER Présidente de PYRAMIDE

The film industry in Britain and France: strategies for success
29 March 2000 PARIS

PROGRAMME

Introduction and overview by *Lord Birkett* and *Jean-Pierre Hoss*

Session One: Policies

Introduced by *Alexander Walker*, *Serge Siritzky* & *Daniel Toscan du Plantier*

- Production – production companies, conglomerates
- Distribution – how is it organised? links with production of foreign films
- Exhibition – how many screens, ownership and control, multiplexes
- Europe and America

Session Two: Financing

Introduced by *Nicolas Seydoux* and *Nik Powell*

- Sources – in-house finance, private finance, subsidies
- Production costs – social security
- Television

Session Three : The future/technological change

Introduced by *Lord Puttnam*, *Jean-Claude Sergeant* and *Costa-Gavras*

- cinematography
- directing
- editing
- screening
- distribution and the internet
- the role of television
- home cinema
- national identity

Conclusions: findings, recommendations, publicity and follow-up