

[FR] Report on Financing Cinematographic Production and Distribution in the Digital Era

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On 8 January, at the Conference on Diversity in Cinema (Assises pour la Diversité du Cinéma) organised by the National Centre of Cinematography and the Moving Image (Centre National du Cinéma and de l'Image Animée - CNC), cinema professional René Bonnell presented a 190-page report on financing cinematographic production and distribution in the digital age. After drawing up a thorough statement of the economy of the sector and the situation of relations between its various stakeholders, the report goes on to present the prospects for the various markets, for the cinematographic industry (cinemas, video, TV, operation, Internet), and for supplying the support fund. It ends with a list of fifty specific measures and the desirable strategic guidelines for adapting the financing and development system for the cinema to the digital era.

These measures mainly involve a more balanced sharing of risk, based on greater transparency (more frequent reporting and auditing) and control of production costs (presenting estimates in a different way, adaptation of controlled financing according to practices). Attention was drawn in particular to the inflated amounts paid to stars, amounts which are sometimes totally unrelated to the economic potential of the films concerned. On the financing of production, the report advocates reorienting pre-financing (pre-purchase by television channels, SOFICA, public support) and the contribution of additional capital through crowdfunding, an alternative production model that incorporates distribution. On the distribution of films on the various markets, Mr Bonnell proposes bringing the window for SVOD to 18 months (instead of the current 36) subject to two conditions intended to balance the competition among national and foreign operators for VoD: on the one hand the extension of the video tax on foreign operators (this has already been voted), and on the other the entry into force across Europe of the principle of charging VAT at the rate in the consumer's country. Recalling that media chronology is linked to the mechanisms for pre-financing films, the report recommends that the mechanism should only apply to those films which benefit from them. For the others (one film in three), producers should be able to negotiate the various ways their films are to be used, according to their own timeframe. Abandoning the freeze on VOD rights is also advocated. The Minister for Culture and Communication has announced the imminent setting up of a number of working parties in line with the main points raised in the report, including media chronology. On completion of the corresponding work and consultation, the measures will be adopted by means of an inter-professional

agreement, regulations, or legislation.

***Le financement de la production et de la distribution
cinématographiques à l'heure du numérique, rapport de René Bonnell,
Décembre 2013***

http://www.cnc.fr/c/document_library/get_file?uuid=6c327877-e43e-405c-a8af-b46ee1d20ae6&groupId=18

*Financing for cinematographic production and distribution in the digital era, report
by René Bonnell, December 2013*

