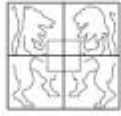


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## **The assistance of the French cinema industry “Would I lie to you?”**

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Just as every year for twenty years (*Sous le soleil de Satan* by M. Pialat, 1987), the French selection has left Cannes without the Palme d'Or. How can such a bad result be explained? French cinema benefits from a massive public support: the aids verge on 30% of the unassisted value of the cinematographic production, and the effective rate of assistance approaches half of the value added (49%). The assistance certainly brings about an abundant production (240 films were accredited in 2005 by the National Centre for Cinematography) but it does not seek to sustain the quality and the creativity of French cinema.

The French cinematographic policy has historically been focused on two concerns: supporting the cultural ambitions of French cinema, and reinforcing the industrial structures of the sector. The first objective relates to the “selective support”, which favours the renewing of talents, difficult works or cinema education. The second one matches with the “automatic support”, which links the extent of the support to box-office takings, broadcasting revenues and video receipts. A remarkable consensus has surrounded those objectives and instruments for more than fifty years, under the cultural exception and now the cultural diversity banners. However, the economic analysis shows that the industrial intents override the cultural concern.

In 2005, the automatic support largely prevails over the selective mechanisms: among the 125,5M€ allocated to French producers, 75M€ are attributed on an automatic basis. Because it is market-oriented, the automatic support generates a huge concentration in the distribution of the aids. In 2005, 10 firms capture 61% of the total amount and 115 other producers share only 10% of the available support. The main beneficiaries are essentially production departments of hertzian broadcasters along with the integrated firms dominating the cinema industry: EuropaCorp (the production company belonging to Luc Besson), Gaumont, UGC or

Pathé (see table 1). The turn-over is extremely low: eight of the ten main recipients in 2005 appeared on the list in 2004. Five among them were already listed among the main beneficiaries in 1995.

**Table 1.** The main beneficiaries of the automatic support toward production (AS), 2003-05

Rank	2003	2004	2005
1	Pathé Renn Production	EuropaCorp	TF1 Films Production
2	StudioCanal	TF1 Films Production	Pathé Renn Productions
3	Cinécomic (department of Gaumont)	Gaumont	EuropaCorp
4	TF1 films production	UGC Images	Gaumont
5	Gaumont	France 2 Cinéma	France 2 Cinéma
6	France 2 cinéma	Pathé Renn Production	M6 Films
7	Cabale (department of TF1)	ARP	France 3 Cinéma
8	La petite reine	Vertigo Production	StudioCanal
9	France 3 Cinéma	StudioCanal	SAJ
10	EuropaCorp	M6 Films	ARP
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Total expenditures of the support account for cinema (M €)	240.16	258.71	266.65
— Among which: AS toward Production (M €)	73,86	70,06	74,02
— Among which: AS toward production spent by the 10 main recipients (M €)	40,60	42,70	44,40
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Share of the AS toward production which is spent by the 10 main recipients	55.0%	60.9%	60.0%
Share of the total support toward cinema spent by the AS toward production of the 10 main recipients	16.9%	16.5%	16.7%

*Source : CNC*

In 2005, 45M€ of automatic support toward production are spent by the ten main beneficiaries, which represents 17% of the total support provided by the National Centre for Cinematography (production, distribution, video and exportation). Such a concentration and such a constancy of the public manna on few integrated and powerful firms reveal how incoherent, regarding its cultural ambitions, the French policy is.

The detailed calculations of the effective rate of assistance of two of those firms, Gaumont and EuropaCorp, confirm the capture of the cinematographic policy by a few firms that are completely embedded in international competition and markets. In 2002, the direct and indirect aids represent 48% of the value added produced by EuropaCorp, and 46% of the one

produced by Gaumont. In other words, nearly half of what they produce derives from the public regulation. The films made by Gaumont and Europacorp benefit respectively from 9.1M€ and 10.1M€ of automatic support in 2002, but do not receive any selective subsidy. That symbolizes how low their aesthetic intents are. In this regard, EuropaCorp, in a consistent and unambiguous way, states its position among the “*world cinematographic entertainment market*”, and recognizes that its objective consists in “*optimising, on the basis of particularly planned films, its profitability regarding the investments, while reducing the commercial risks*”.

The point is not to criticise the existence of a market-oriented French cinema: it obeys a legitimate and crucial logic. However, more than fifteen years after the Lang plan, which focused the policy on financially ambitious films, those films and those firms could now subsist on their own on the market. Powerful production companies now know how to position themselves in order to achieve success, regarding the needs of the market, and how to meet business partners that are ready to fund them. One of the most striking examples is Europacorp that is conscious of its commercial capabilities and whose strategy “*does not rest on governmental subsidies*”. But its movies, like those produced by Gaumont, still capture a substantial part of the support to French cinema.

In its current shape, the French cinematographic policy does not improve cultural diversity but on the contrary amplifies the market failures (improper concentration, standardisation of one part of the production, imitation of Hollywood Blockbusters). If the public policy only aimed at correcting market failures, supporting difficult works and sustaining quality, economic theory would legitimate massive aids, but this is not the case. Moreover, the support system has progressively become illegible. New aids have recurrently been created: they are now numerous, intertwined and above all incoherent. Those mechanisms result in such a complex system that few agents are really aware of their position in the system: are they net winners or net losers of the current architecture? The uncertainty drives them not to reform the system and reinforces the global inertia. Nothing but a detailed assessment of the support system will allow getting out of the *statu quo*.

French cinema deserves better than the current policy, regarding economic efficiency but also cultural diversity.