Study on the Impact of European Support Programmes on the State of Lithuanian Audiovisual Industries

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Report prepared by

KEA EUROPEAN AFFAIRS

for

The International Cultural Programme Centre, Media Desk Lithuania

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Background

The audiovisual industry is an important promoter of a country's culture and language and can enrich the lives of its citizens by deepening their understanding of the world, its history and its diversity. Supporting film allows a nation to showcase its talent to its own citizens and around the world, meeting the demand of domestic audiences who want to see stories that are relevant to them in their own language.

Increasingly, the audiovisual industry is also recognised as an important future industry that can generate growth and employment for the economy. This argument is based on a systemic view of the so-called creative industries, described by the World Bank as one of the fastest growing sectors of the world economy. Besides direct employment growth in the sector, public support for the audiovisual industries generates multiplier effects in the economy, leads to positive spill over effects from the creative sector to the wider economy and positively impacts on tourism growth as it markets a country to a wide audience abroad.

On these grounds, support for the audiovisual sector has expanded in the past decade in most European countries, to take fuller advantage of the benefits of a growing audiovisual sector.

The Lithuanian Audiovisual Sector

Lithuania's film sector proves to be an important cornerstone of the country's cultural and creative ecosystem and – even though it is entrenched in a small language market – has the potential to make significant contributions to the country's economy.

The Lithuanian Box Office has tripled in size between 2005 (EUR 3,768 million) and 2007 (EUR 10,320 million), following an increase in the number of cinema screens. The market share of Lithuanian films is small (2,7% in 2008), mainly as a consequence of the low number of Lithuanian films being produced and released each year (2-4 annually). However, as Lithuanian films such as *Loss* or *Forest of the Gods* have shown, there is a strong demand for Lithuanian language films in the country. This is also reflected by the success of US animations at the Lithuanian box office, which have been dubbed into Lithuanian.

The Lithuanian production sector consists of a first tier of established and prolific production companies, a second tier of younger production companies, and a few smaller, emerging companies. The sector has a particular strength in documentary filmmaking. It also includes the Lithuanian Film Studios, a strong, local player in servicing foreign productions, as well as associated production service companies. The Lithuanian film distribution sector is relatively concentrated, consisting of three major players, as is the exhibition sector, with Forum Cinemas – active in both sectors - playing an increasingly dominant role.

The Lithuanian emerging games sector consists of one major operator and a number of small and micro businesses. A significant share of the sector's activity comprises development support for international projects. Given the growth potential of the video games industry some companies have expressed interest in developing their own projects for the Lithuanian market.

The Sector's International Dimension

Europe's fragmented audiovisual industries are dependent on international collaboration in the context of strong Hollywood competition. EU co-production is thus an important feature of the European audiovisual sphere. Alongside national support schemes for film, the Lithuanian audiovisual industry is therefore also influenced by European audiovisual policy structures, most notably in the MEDIA Programme as well as into Eurimages.

The Impact of Lithuania's Participation in the MEDIA Programme and Eurimages

This short study evaluates the impact of the participation of Lithuania in different support strands of the MEDIA Programme and in Eurimages. Its focus lies primarily within the Lithuanian film industry, encompassing operators in film production, film distribution and film exhibition, as well as the Lithuanian games sector.

The report shows that Lithuania's participation in the schemes has made a strong impact on the Lithuanian audiovisual industry in multiple ways. Firstly, training and professional information provided and/or co-organised by the MEDIA Desk Lithuania, as well as through the Summer Media Studio, currently fills a gap in the Lithuanian audiovisual industry that is not bridged in any other way. As the findings suggest, this has furthered the professionalisation of the local film sector. Moreover, this professionalisation has also been fostered through the participation of Lithuanian film professionals in MEDIA supported programmes such as EAVE, which have contributed to the adoption of an international perspective and mindset.

Secondly, a number of films have been developed and entered production with MEDIA funding that could not have been realized without its support.

Thirdly, the MEDIA Programme has made a strong contribution to the circulation of European films in Lithuania. MEDIA distribution support has increased the diversity in Lithuanian cinemas, with the number of released films increasing since 2002 by 26%.

Fourthly, MEDIA funding has contributed to securing the existence of Lithuanian cinema institutions Cinema Centre SKALJVIA and the film festival Kino pavasaris, both central to the promotion of European film in Lithuania.

Finally, industry satisfaction with the MEDIA Desk Lithuania is high. The MEDIA Desk plays an important role in networking the local film sector and a significant proportion of stakeholders regularly attend its events.

Lithuania's competitiveness in MEDIA

Lithuanian operators have been successful in accessing MEDIA funding through several of its specialised support schemes. However, as shown in the main part of this report and despite some recent signs of better performance, it has continuously underperformed its comparator countries (Latvia, Estonia, Slovenia) in gaining MEDIA project development support, and there exists scope to improve this situation. Reasons for this weak performance are linked to a range of issues:

- A lack of experience and/or professional mindset on the producer's side
- An industry structure that does not operate clearly along the lines of development and production, partly because of a lack of funding on national level for development, partly because of confused/delayed production cycles
- A lack of screenwriting talent that would allow projects to take fuller advantage of development funding

- Weak support/ no reward from national funding bodies to seek out MEDIA funding

The main body of this report further examines these challenges and possible answers in detail.

Recommendations and Future Strategy

How can Lithuania ensure that its audiovisual sector further benefits from MEDIA in the future? As this report shows, it is intrinsically linked to the need to rethink the country's current strategy. Consultations showed that neither access to MEDIA support – which is dependent on national co-finance – nor Lithuania's European co-production activity is high on the agenda of major funding institutions and some important players of the sector. As a result, the current national funding mechanisms support operators in a sub-optimal way, especially when pursuing MEDIA funding and co-production finance. For example, maintaining a single, annual deadline for funding applications appears to be a rather restrictive procedure for internationally operating companies. The main part of the study includes a set of practices which should be reviewed in this context.

However, the future success of Lithuania's audiovisual sector does not only hinge on its participation in the MEDIA Programme. Its ability to gain more market share is also dependent on a progressive audiovisual policy that encompasses economic as well as cultural arguments for fostering film and reflects on the sector's relevance to areas such as trade, tourism and its inter-linkages with other creative industries.

Importantly, the sector would benefit from a national audiovisual skills and talent strategy. Such a strategy would include a focus on media literacy and film education in schools, the expansion of training and education provision for film professionals, as well as production support for emerging, first-time and second time directors. The report illustrates how a skills and talent strategy can help small countries such as Lithuania to maintain a dynamic audiovisual sector.

A reassessment of Lithuania's audiovisual strategy finally cannot stay clear of examining the importance that the state gives to the sector. In 2008, Lithuania spent only 0.85 EUR per citizen on its audiovisual industry - compared to 2.71 EUR by Latvia and 5.06 EUR by Estonia, one of the lowest annual state supports for the film industry per capita in Europe. Lithuania also remains the only country in the European Union that does not operate its own dedicated, independent National Film Centre. There is therefore a need to re-examine Lithuania's approach to film and games and to recognise the socio-economic and the cultural impacts that an even more dynamic audiovisual sector would have on Lithuania.

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Author: KEA in association with Dr. Norbert Morawetz