The paper analyses the impact of co-production and EU support instruments on the European film market using a dataset containing the country-by-country revenues of all films distributed in Europe from 1994 to 2016 with at least 50,000 tickets in total.

The film market in European countries is characterised by the fact that in each country, the most viewed films are US and domestically produced films, while those produced in other European countries have minority, if not marginal, market shares. The development of co-productions and the media support programme could help to strengthen the presence of European films in countries other than their country of production.

After many decade of support US movies remain market leader in every European country. Production budgets of European films remain low with focus on local themes and no approach to European market. No successful path of internationalization emerged.

European and national policies try to support the creation af an European industry fostering coproduction both to increase production budget and to create European themes.

Cooproductions collect more budget from different countries, ease distribution agreements, but make complicate to write stories and shooting. Can be distinguished different approach to coproduction.

The main instrument of European policies are Media Programme and Eurimages.

The results of the analysis are mixed.

In the first econometric model, the total number of tickets sold in Europe by each title is related to the production budget the genre, some technical data on the film and the variables whose impact we want to evaluate. In this case, the coefficient of co-productions and the Media programme is positive and significant, while that of Eurimage is non-significant. This is understandable given that Eurimages mainly supports cultural and niche films.

Table 1

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **hh** | **nofirst\_share** | **rating** | **Total admissions\_** |
| **Media** | -0.019 | 0.029 | 0.171 | -0.159 |
|  | (3.85)\*\*\* | (4.11)\*\*\* | (7.13)\*\*\* | (5.63)\*\*\* |
| **Eurimages** | 0.007 | 0.004 | 0.159 | -0.195 |
|  | -0.74 | -0.24 | (3.55)\*\*\* | (4.10)\*\*\* |
| **coprod** | -0.063 | 0.319 | 0.029 | -0.251 |
|  | (12.13)\*\*\* | (37.98)\*\*\* | -1.19 | (9.60)\*\*\* |
| **Totaladmissions\_** | 0.038 | -0.04 | 0.028 |  |
|  | (23.16)\*\*\* | (18.51)\*\*\* | (2.51)\*\* |  |
| **distr\_breadth** | -0.03 | 0.015 | 0.036 | 0.131 |
|  | (87.84)\*\*\* | (33.31)\*\*\* | (18.94)\*\*\* | (92.34)\*\*\* |
| **rating** | 0.001 | 0.003 |  | 0.026 |
|  | -0.65 | (1.78)\* |  | (2.52)\*\* |
| **year\_prod** | 0.006 | -0.004 | -0.008 | -0.027 |
|  | (19.75)\*\*\* | (11.88)\*\*\* | (4.67)\*\*\* | (15.88)\*\*\* |
| **genre f.e.** | x | x | x | x |
| **prod country f.e.** | x | x | x | x |
| **\_cons** | -10.735 | 9.332 | 20.963 | 64.937 |
|  | (18.88)\*\*\* | (12.83)\*\*\* | (6.19)\*\*\* | (19.38)\*\*\* |
| **R2** | 0.82 | 0.82 | 0.3 | 0.64 |
| **N** | 9,898 | 9,898 | 9,898 | 9,898 |
| \* p<0.1; \*\* p<0.05; \*\*\* p<0.01 | |  |  |  |

On the other hand, co-production does not seem to have an effect on the diversification of revenues per country in the sense that co-produced films have revenues that are more concentrated on a few countries.

In a second econometric model, the revenues of the single title per country are analysed, with a total of over 400,000 observations, as a function of the production budget of the individual film data, country specific data such as GDP, unemployment, internet penetration and of course the variables whose impact we want to measure.Once the country corrections are made, the coefficient of both Media and Eurimages becomes negative, while the co-production coefficient remains positive, but with a very small value. Furthermore, a negative trend emerges over the years, a substitution of cinema consumption with the spread of the internet and cellular telephony.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **admiss\_pc** | **admiss\_pc** | **admiss\_pc** | **admiss\_pc** |
| **Media** | -0.304 | -1.495 | -0.671 | -1.73 |
|  | -0.59 | (4.70)\*\*\* | -1.29 | (5.18)\*\*\* |
| **Eurimages** | -4.16 | -2.922 | -4.221 | -2.95 |
|  | (5.61)\*\*\* | (6.21)\*\*\* | (5.78)\*\*\* | (6.20)\*\*\* |
| **Prod\_share** | 23.343 |  | 23.339 |  |
|  | (30.37)\*\*\* |  | (29.78)\*\*\* |  |
| **coprod** |  | 0.404 |  | 0.226 |
|  |  | -0.96 |  | -0.55 |
| **contry exhibit x year f.e.** | - | - | yes | yes |
| **f.e. prod country** | yes | yes | yes | yes |
| **vector film** | yes | yes | - |  |
| ***R*2** | 0.29 | 0.21 | 0.36 | 0.26 |
| ***N*** | 69,655 | 96,812 | 69,658 | 96,864 |

In conclusion, the results of the European policies to support the film industry appear very uncertain.