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# Film Co-Production with France

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KRAJOWA IZBA PRODUCENTÓW  
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\*The Act of 9 November 2018 on financial support for audio-visual production

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# 1. FRANCE: EUROPE'S LARGEST FILM MARKET

The French film industry is an invaluable partner for European filmmakers, setting the standard for the audiovisual industry and providing an example for many countries worldwide with its model of public support for film production.

France represents the largest film market in Europe. The importance of the audiovisual sector in France is underscored by the fact that it employs more people than the automotive industry. A total of 220,000 individuals are engaged in film production<sup>1</sup>, with an additional 18,000 employed in cinemas and distribution. On average, 300 films<sup>2</sup> are produced in France each year, with total budgets reaching 1.3 billion euros. In 2023, more than 700 films were distributed in cinemas, with 180 million tickets sold, 40% of which were for domestic productions.

## Centre National du Cinéma et de l'Image Animée (CNC)

The CNC is a French public institution with responsibility for the development, regulation and support of the audiovisual industry, including cinema, television, new media and video games. It plays a pivotal role as the primary organiser of the French audiovisual market, overseeing one of the world's most substantial film funding systems.

The CNC's budget is primarily funded through taxes on cinema tickets, television broadcasters, streaming platforms, and internet service providers. In 2023, the CNC's public funding totalled approximately **€716 million**, of which €311 million<sup>3</sup> was allocated to cinema support.

The CNC offers both automatic and selective support mechanisms, as well as tax relief schemes, such as the **Crédit d'impôt international (C2I)**, which attract foreign producers to film in France.

## Exception Culturelle: The Role of Film in Shaping Cultural Identity

In response to the growing dominance of global corporations, particularly American ones, in the film and television sectors during the 1980s, French policymakers sought to develop a strategy to safeguard their cultural identity from the influx of cultural products from other countries, often more commercial and mass-oriented.

In the early 1990s, France adopted the term *exception culturelle* as a key policy objective, seeking to exclude cultural industries (films, television programmes, music) from free-market trade agreements, particularly during WTO negotiations. France argued that culture should not be treated as an ordinary commodity, given its essential role in shaping national and social identity. Consequently, cultural products, including films, books, and music, deserve special support and protection from excessive commercialisation.

Through the *exception culturelle*, France not only implemented a publicly funded system to support its film industry but also significantly influenced the European debate, inspiring other countries to introduce similar support mechanisms for their cultural sectors.

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1 Bilan du CNC, Les chiffres clés 2023, p. 19

2 Bilan du CNC, Les chiffres clés 2023, p. 7

3 Bilan du CNC, Les chiffres clés 2023, p. 18

## Funding Sources in France

Sources of funding for French-initiated films in 2023<sup>4</sup>:

Source	€ million	%
<b>Domestic sources</b>	<b>1057.42</b>	<b>93.68%</b>
Producer contributions	438.09*	38.81%*
SOFICA contributions	34.53	3.06%
CNC automatic funding	24.25	2.15%
CNC selective funding	39.04	3.46%
Regional funds	30.14	2.67%
Broadcaster co-productions contribution	54.90	4.86%
Pre-sales of TV licences	328.97	29.14%
Distributor's MG across combined exploitation rights	56.82	5.03%
MG for theatrical distribution	26.36	2.34%
MG for VOD, DVD & TV	1.65	0.15%
MG for international sales (French share)	22.68	2.01%
<b>Foreign sources</b>	<b>71.37</b>	<b>6.32%</b>
Including MG for international sales (non-co-production territories)	2.27	0.20%
<b>Total</b>	<b>1128.79</b>	<b>100.00%</b>

\* Producer contributions are calculated as the difference between defined sources and the budget, including tax credits (crédit d'impôt cinéma) of 30% for eligible expenses, which contribute approximately €85 million annually.

The figures presented here represent the funding sources for films that may be described as 'French-initiated'. A film is considered to be French-initiated if the primary producer is French and drives the project. It may be surprising to Polish filmmakers that CNC support programmes (both automatic and selective) and regional funds contribute so little to production expenditures, which in total amount to just 8.26%. The majority of films in Poland would not have been able to proceed to production with such limited support from the Polish Film Institute (PISF).

It should be noted, however, that this breakdown does not reflect the entirety of public support available to the French industry. Producer contributions include unlisted domestic incentives such as tax rebates from the Crédit d'Impôt Cinéma, which cover up to 30% of eligible expenses, adding approximately €85 million in automatic funding to the market.

4 La production cinématographique en 2023 Les films agréés aux investissements, CNC, March 2024, p. 23.

It is notable that a significant proportion of funding for film production in France comes from market-based sources, including investments from broadcasters and distributors. When combined with funding from SOFICA investment funds, these sources account for 50% of the total funding available. This high level of commitment from the audiovisual sector is a result of a legal requirement for broadcasters to invest in film production specifically for cinema. In return, broadcasters also benefit indirectly through CNC support for audiovisual production, with an initial focus on television.

French film producers thus have access to a diverse range of complementary funding sources. For a single project, a producer may draw on automatic sources, including:

- Automatic account funds, a share of CNC budget revenues generated by the producer's earlier films,
- Crédit d'impôt cinéma, production incentives in the form of a tax rebate covering up to 30% of eligible expenses. This support is granted without restriction and upon approval of the production by the CNC, which is accompanied by an audit submitted with the tax declaration.

Additionally, producers may access selective funds, including:

- CNC programme funding, including *Avance sur recettes*, which can be combined,
- Regional fund contributions,
- SOFICA funding from private investment funds,
- Contributions from pay-TV broadcasters, such as Canal+,
- Contributions [advances against future receipts] from free-to-air broadcasters such as TF1, public TV (France 2, France 3), M6, and ARTE, with the possibility of splitting licences among multiple broadcasters,
- Minimum Guarantees from distributors and sales agents.

## 2. THE ADVANTAGES OF PURSUING MINORITY CO-PRODUCTIONS IN FRANCE

Selecting France as a co-producer for Polish film projects offers a range of advantages that extend beyond the mere securing of financial resources. France's film market and developed infrastructure provide unique collaboration opportunities, making it an attractive partner for co-productions. The CNC sets out the following arguments that enhance its appeal to foreign co-producers:

- **Access to Skilled Professionals** - France has one of the most experienced and professional film markets in the world, offering a wealth of expertise to support film production. The availability of experts in key areas such as production, distribution, international sales and post-production represents a significant asset. Co-producing with France allows for collaboration with renowned producers, distributors, and teams, thereby raising the project's execution level and increasing its chances of success.
- **The Largest Cinema Market in Europe** - France provides access to **the highest number of cinemas and screens in Europe**, with over 2,000 cinema halls and more than 6,000 screens. This is a crucial consideration for co-producers who are not only considering production but also distribution. Collaborating with French distributors and sales agents provides access to a significant audience in the largest film market in Europe.
- **Bilateral Co-Production Agreements** - France has signed **co-production agreements with 50 countries worldwide**, facilitating the realisation of multilateral projects involving producers from a range of nations.
- **Efficient Financial Support System** - France offers a variety of financial support tools for films, ranging from direct subsidies to market-sourced financing mechanisms.
- **Access to Major Film Festivals** - France is home to some of the world's most prominent film festivals, including the Cannes Film Festival, which plays a pivotal role in promoting international productions. Other notable festivals include the Annecy Animation Film Festival, the Clermont-Ferrand Short Film Festival, and the Nantes Documentary Film Festival, which also serve as excellent platforms for making an international impact. Co-producing with France enhances the chances of participating in these prestigious events, significantly boosting the visibility and artistic value of the project.

### The Polish-French Film Co-Production Agreement

France has entered into over 50 bilateral co-production agreements with other countries worldwide. It is worth noting that it was with France that the Polish government signed its first such agreement in 1970, subsequently replaced by a new agreement in 2012. This is the sole bilateral agreement between Poland and a European country; all other agreements are with non-European countries.

The agreement stipulates that films jointly produced are to be regarded as domestic films in both countries, therefore conferring eligibility for public funding. Furthermore, France's agreements with markets such as China, Brazil, Australia, South Africa, Mexico, South Korea, and Ukraine may facilitate Polish co-productions with these nations. Consequently, if France has a similar agreement in place in a third country, the Polish contribution is also deemed domestic. This remains the case even when France is a minority co-producer.



A notable improvement in the 2012 agreement is the provision enabling the minority party to attain co-production status with a mere 10% contribution, contingent on mutual agreement. This is particularly advantageous, given that even med-sized European co-productions can easily reach budgets of €5 million. This amendment facilitated Monolith Films' co-production of *Based on a True Story*, directed by Roman Polański.

## French International Co-productions: A Potential Market for Polish Companies

In France, approximately 300 films are produced annually, with between 40% and 50% created as international co-productions. This equates to 120 titles in 2023. Notably, France's involvement in international co-productions is not one-sided. The country participates in almost equal numbers in minority co-productions [62] and films for which it seeks foreign partners [58]. The average budget for these international co-productions in 2023 was **€5.56 million**, with a total of 38 countries involved in their production.

Traditionally, Belgium has been France's most frequent partner in French-initiated film co-productions, contributing to 29 films in 2023 (21 bilateral co-productions and 8 multilateral ones). Germany and Italy followed, with 8 and 7 films respectively, solidifying their position as France's top collaborators over the past decade.

Italy and Belgium remain at the forefront of minority co-productions, with 12 films each scheduled for release in 2023. Germany and Portugal follow with 8 and 7 films, respectively.

In comparison, Polish co-productions with France are relatively limited in number and do not reach the scale and potential of either market. Poland is not only behind France's immediate neighbours and other countries with a similar linguistic heritage, but also behind countries such as Spain, Portugal, Greece and Luxembourg. Given the low overall number of Polish international co-productions, it is to be expected that the number of Polish-French projects is limited.

Another factor contributing to Poland's lower ranking in co-production rankings is the absence of a joint co-production fund. In recent years, the CNC has entered into nine agreements to establish bilateral co-production funds, including collaborations with both established partners like Germany and Italy and with countries such as Portugal and Greece. These funding mechanisms have facilitated the successful securing of French financing for projects from these countries. Over the past five years, French funds have supported Polish projects on three occasions, compared to 17 Greek and 24 Portuguese projects.

Please be aware that the CNC is now phasing out these bilateral co-production funds. Going forward, support for minority co-productions will be administered solely under the Aide aux cinémas du monde programme. The only exceptions are the Franco-German Mini-Traité and the Franco-Italian Development and Co-production Programme, which will continue to operate.

Country	French Majority Co-productions					French Minority Co-productions				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Belgium	34	19	25	31	29	9	9	17	17	12
Italy	4	3	8	10	7	15	7	21	17	12
Germany	14	8	13	8	8	16	5	11	7	8
Switzerland	4	6	6	5	4	6	2	3	7	4
Spain	2	1	2	-	2	5	5	7	10	7
Canada	5	3	3	7	5	3	1	1	7	4
Luxembourg	3	2	6	4	5	2	2	6	5	1
Portugal	2	-	5	2	1	3	2	3	9	7
Tunisia	2	1	4	5	1	2	1	2	3	2
Greece	1	-	2	1	1	3	6	4	2	2
Morocco	-	1	1	4	2	2	1	-	-	2
...										
<b>Poland<sup>5</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>2</b>	<b>-</b>

**Source:** *La production cinématographique en 2023 Les films agréés aux investissements*, CNC, March 2024, p. 14.

## Limitations and Challenges of the French Market

France is a major player in the European film market, with approximately 120 co-productions a year. However, there are several challenges and obstacles to working with France that limit its co-production potential.

### French Language Requirement

The majority of public support available in the French market is limited exclusively to French-language films. This primarily affects selective funding, without which the available pool of support is considerably reduced. Consequently, for Polish-led co-productions, where Polish is the dominant language, only a few selected funding sources are available, significantly constraining opportunities for collaboration.

### A Single Programme for Minority Co-Productions

At present, *Aide aux cinémas du monde* (ACM) is the only programme for minority co-productions, covering projects from around the world and therefore extremely selective. The structure of the programme favours projects that promote cultural diversity and debut films. There is a clear preference for 'socially engaged' films over mainstream productions.

### Exclusion from Most CNC Programmes

Another disadvantage is that support from the ACM programme cannot be combined with tax rebates or other selective CNC programmes. In most European countries, it is common practice for co-producers to secure additional contributions through production incentives, which are granted automatically and create a leveraging effect. Obtaining one source of funding opens access to others. Unfortunately, the inability to combine ACM with other forms of national support significantly reduces the possibility of obtaining at least 10% of the film's budget, which is necessary to achieve international co-production status.

<sup>5</sup> Data on number of co-productions with Poland based on CNC and Film France data.

## Adherence to the 'Old' European Convention on Cinematographic Co-Production

France's decision not to sign (and seemingly not to intend to sign) the Council of Europe's 2017 Convention on Cinematographic Co-Production represents another significant barrier. The 2017 agreement introduced significant simplifications to co-productions in Europe, lowering the minimum minority share to 10% for bilateral co-productions and 5% for multilateral ones. As France has not yet ratified the 2017 Convention, co-productions involving France are still subject to the 1992 European Convention on Cinematographic Co-Production. This sets the minimum share for a co-producer at 20% for bilateral projects and 10% for multilateral co-productions.

Furthermore, this regulation effectively excludes France as a partner in multilateral co-productions, as France's involvement in a project requires all other co-producers to adhere to the 'old' convention, which excludes smaller stakeholders in the project.

As a result, while collaboration with France can be prestigious and attractive for certain projects, the opportunity is primarily open to films with high festival potential, created mainly by well-established directors producing auteur and socially engaged cinema.

### 3. Sources of Funding for Minority Films in France

In 2023, foreign films generated €48.83 million in France. While the majority of this sum was attributed to French producers, it is probable that, rather than representing their own contribution, a portion of the funding was sourced externally, potentially through Eurimages support.

In 2023, contributions from TV broadcasters - the second-largest French funding source after producers - reached €13.59 million, marking the highest level since 2017.

Overall public support reached €9.84 million, representing a 9.3% increase compared to 2022 (€9 million) and a 25.5% increase relative to the 2017-2019 average (€7.84 million). Of this, automatic support amounted to €0.51 million, selective support to €7.66 million, and regional support to €1.67 million.

Across all forms of distribution, licensing revenues reached €9.73 million in 2023. Notably, foreign licences, including film sales in markets beyond the co-producing countries, brought in €4.56 million. Finally, contributions from SOFICA funds declined by 64.3% compared to 2022, totalling €1.56 million.

#### Funding for Minority Films (million EUR)<sup>6</sup>

Category	2023	%
<b>French Investments</b>	<b>48.83</b>	<b>22.42%</b>
Contribution from French Producers	17.68	8.12%
SOFICA Contributions	1.56	0.72%
CNC Automatic Support	0.51	0.23%
CNC Selective Support	7.66	3.52%
Regional Funds	1.67	0.77%
Broadcaster co-productions contribution	2.87	1.32%
Pre-sales of TV licences	10.72	4.92%
Distributor's MG across combined exploitation rights	2.26	1.04%
MG for theatrical distribution	2.83	1.30%
MG for VOD, DVD & TV	0.08	0.04%
MG for international sales (French share)	0.98	0.45%
<b>Foreign sources</b>	<b>165.92</b>	<b>76.20%</b>
Including MG for international sales (non-co-production territories)	3.58	1.64%
<b>Total</b>	<b>217.75</b>	<b>100.00%</b>

#### Aide aux Cinémas du Monde (ACM)

The ACM is a fund established in 2012 by two institutions: the CNC (Centre National du Cinéma et de l'Image Animée) and the French Institute. The fund's objective is to foster and facilitate international co-productions of feature films (>60') between France and other countries worldwide. The ACM is committed to promoting cultural diversity in film, nurturing new talent, fostering artistic and technical collaboration with the French film industry, and enhancing its attractiveness.

<sup>6</sup> La production cinématographique en 2023 Les films agréés aux investissements, CNC March 2024, p. 25

The ACM operates as a selective programme, supporting projects of all film types (fiction, animation, documentary) within the framework of production funding. The fund has a budget of €6 million and makes allocations during four sessions each year. Separate committees assess debuts and second films, as well as post-production funding. The latter priority is reserved exclusively for projects that were unsuccessful in the first or second committee, have not yet premiered, and are seeking funding for post-production costs.

The primary language of the film must be one of the official languages used in the country or countries where the principal photography takes place, or in a foreign country or countries of which the director is a citizen.

The funding is provided in the form of a non-repayable grant, with a maximum value of:

- **€300,000 for production costs (the average grant for fiction is: €140,000, while the average grant for documentaries is: €75,000).**
- **€70,000 for post-production costs (the average grant is: €45,000).**

At least 60% of the funding must be spent in France.

Should the budget for the film exceed €2.5 million, the film must undergo an approval procedure (agrément) through the CNC and obtain a minimum of 20 points for films initiated from abroad or 25 points for films initiated from France.

Please note that the following are not eligible for the programme:

- Financial co-productions (without creative input from the French side) with a budget exceeding €2.5 million.

Furthermore, the following types of projects are not eligible for funding:

- Selective funding for the production and development of film projects, e.g. Avance sur recettes.
- Automatic and selective funding for the production and development of audiovisual projects (i.e., non-film projects).
- Tax incentives (crédit d'impôt international) for expenses related to executive production (e.g. C2I or TRIP).

The total amount of public support (including ACM) must not exceed 50% of the financing for the French portion of the project. Exceptions to the public funding threshold may be granted up to a limit of 80% in the following cases:

- For debuts or second films.
- For projects with a total budget below €1.25 million.

## Statistics:

The Aide aux Cinémas du Monde (ACM) fund, which was in operation from 2012 to 2023, boasts the following achievements: a total of 4,600 projects were submitted, which equates to over 380 applications annually. Only 651 projects received funding, representing a mere 14% of applicants. This figure demonstrates the rigorous nature of the selection process.

The majority of the funded films are feature films (560), but ACM has also provided support for documentaries (80), animations (9), and two hybrid projects. A notable proportion of the financed films are first or second

features by emerging directors, representing 54% of the projects. This highlights ACM's dedication to nurturing young talent. In 2023, 41% of grants were awarded to women directors, reflecting the fund's commitment to promoting gender equality within the film industry.

Of the 507 completed films, 506 premiered at international festivals. Films supported by ACM have gained recognition at major festivals worldwide, including 168 in Cannes, 74 in Venice, 65 in Berlin, and 29 in Locarno. Thanks to these successes, 327 films were distributed in France, collectively selling 15.4 million tickets, which confirms the vibrancy of the French distribution market.

## Polish Accents

During the 12-year tenure of the ACM fund, only four films with a Polish majority have received funding. The films *Cold War* [2017], *Corpus Christi* [2018], *Woman on the Roof* [2022], and *The Green Border* [2022] have been funded. This is fewer than the number of films from the Czech Republic [5], Ukraine [6], Serbia [7], Georgia [8], and significantly fewer than the number from Romania [18]. According to data from the CNC, Polish projects actively seek this funding, applying four to five times a year. However, it appears that Polish producers are primarily engaged in minority co-productions.

Following a lengthy period of inactivity, the 'curse' was finally broken in 2017 with the success of Paweł Pawlikowski's *Cold War* and the achievement of *The Green Border* by Agnieszka Holland. This may lead to greater awareness of the fund among Polish filmmakers. Gaining a deeper understanding of the fund's specifics and requirements could facilitate more effective applications for support in the future. There is a significant untapped potential for co-production opportunities among debuts in Polish cinema. The most Polish project that received funding in the debut commission was *Intruder*, directed by Magnus von Horn. It is also no coincidence that the last two Polish films to receive ACM funding were directed by women.

It is clear that the current funding mechanisms make ACM an important gateway to co-production with France. Since the fund's inception, only one Polish majority film has been co-produced with France without receiving ACM funding: *Leave No Traces* by Jan P. Matuszyński

Year	Film Title	Director	Producers	Funding Stage	Amount (€)
2017	<i>Cold War</i>	Paweł Pawlikowski	MK Productions, Opus Films SP Z Oo (Poland), Apocalypse Pictures (UK)	Avant réalisation	110,000
2018	<i>Communion (La)</i>	Jan Komasa	Les Contes Modernes, Aurum Film (Poland), WFS Walter Film Studio (Poland)	Après réalisation	40,000
2022	<i>Une femme sur le toit</i>	Anna Jadowska	Blick Productions, Donten & Lacroix Films (Poland), Garagefilm (Sweden)	Après réalisation	50,000
2022	<i>The Green Border</i>	Agnieszka Holland	Blick Productions, Metro Films (Poland), Marlene Film Production (Czech Republic), Beluga Tree (Belgium)	Avant réalisation	140,000

***One of the key benefits of the Aide aux Cinemas du Monde (ACM) fund is that, for films with a budget of less than €2.5 million, it does not require the project to obtain international co-production status in order to qualify for funding. This provides a level of flexibility for projects that may not secure additional funding from French sources, as the grant from ACM remains valid even if the French co-producer's share does not exceed 10% of the total budget.***

***Funding from ACM is provided in the form of a non-repayable grant.***

## Regional Funds

Regional funds are a crucial source of financing for minority co-productions. While they do not occupy the same dominant position in the market as, for example, those in Germany, their investment scale in productions is growing rapidly. In 2023, local governments allocated a total of €98 million in funding for audiovisual projects, representing a €15 million increase over the previous five-year period.

These funds are increasingly providing financing for minority co-productions, driven by market needs that necessitate diversification of funding sources. This shift provides regional producers with the opportunity to engage in international co-productions without having to wait for approval from the ACM programme, which has become more selective due to its global scope. Moreover, in instances where both programmes are successful, the funds can be combined.

The largest and most active of the 36 local governments offering financing are Région Île-de-France, Bureau des images Grand Est (BDI), Pictanovo, Alca Région Nouvelle-Aquitaine, Gindou Cinéma, BAT des Pays de la Loire, and the Commission Régionale du Film Provence-Alpes-Côte d'Azur. The funds available range from €3 to €8 million, with the average funding per project approximately €150,000.

It is noteworthy that these funds have a comprehensive policy in place to support the audiovisual industry. They provide assistance at all stages of production for a range of projects, from short films through full-length features, documentaries to animations, across various exploitation fields. Their support is not limited to film production, and they often provide assistance to producers during the development stage of minority films. Some funds, such as those in regions like Centre and Aquitaine, are open to financing minority films specifically within the context of project development.

## SOFICA

A distinctive aspect of the French market is the financing mechanism known as a SOFICA (Société pour le financement de l'industrie cinématographique et audiovisuelle). These are private investment funds that operate under an annually renewable licence and are subject to close monitoring by the CNC and financial authorities in relation to management quality, financial performance and the criteria for selecting supported projects. A SOFICA may be established by representatives from the audiovisual industry or by operators from the banking or financial sectors. Since their introduction in 1985, SOFICA funds have become a significant source of funding in France, responsible for investing between €30 million and €40 million annually in film production.

SOFICA funds are interested in investing in international co-productions. Through this mechanism, fund shareholders gain the right to a substantial tax reduction (48%) on their income tax. French producers often combine SOFICA funds with other support mechanisms, such as CNC funds or Crédit d'impôt cinéma. SOFICA is particularly attractive for foreign producers seeking partners in France, as including funding from this mechanism frequently opens the door to additional financing opportunities.

## Funding Structure

It should be noted that SOFICA is not classified as a co-producer. In return for its investment, SOFICA acquires the rights to the revenues generated from the exploitation of the works in which they have invested. In the event that a work generates revenue in excess of the initial investment, SOFICA is entitled to residual income, commonly referred to as a bonus. The fact that SOFICA funds are compensated from revenue streams (such as cinema, television, video, etc.) presents a risk due to the inherent unpredictability of box office results. The tax benefits available to SOFICA shareholders are viewed as compensation for this risk.

## Types of Projects

SOFICA invests directly in films through investment agreements and indirectly by taking equity stakes in production companies. Their focus is on:

- Original French-language films.
- Films from countries that are signatories to the European Convention on Cinematographic Co-production, signed in Strasbourg on 2 October 1992.

Additionally, they may invest up to 20% of their annual managed capital in co-productions that are produced in the language of the majority co-producer, provided that the country is a signatory to a bilateral co-production agreement with France or the aforementioned European Convention.

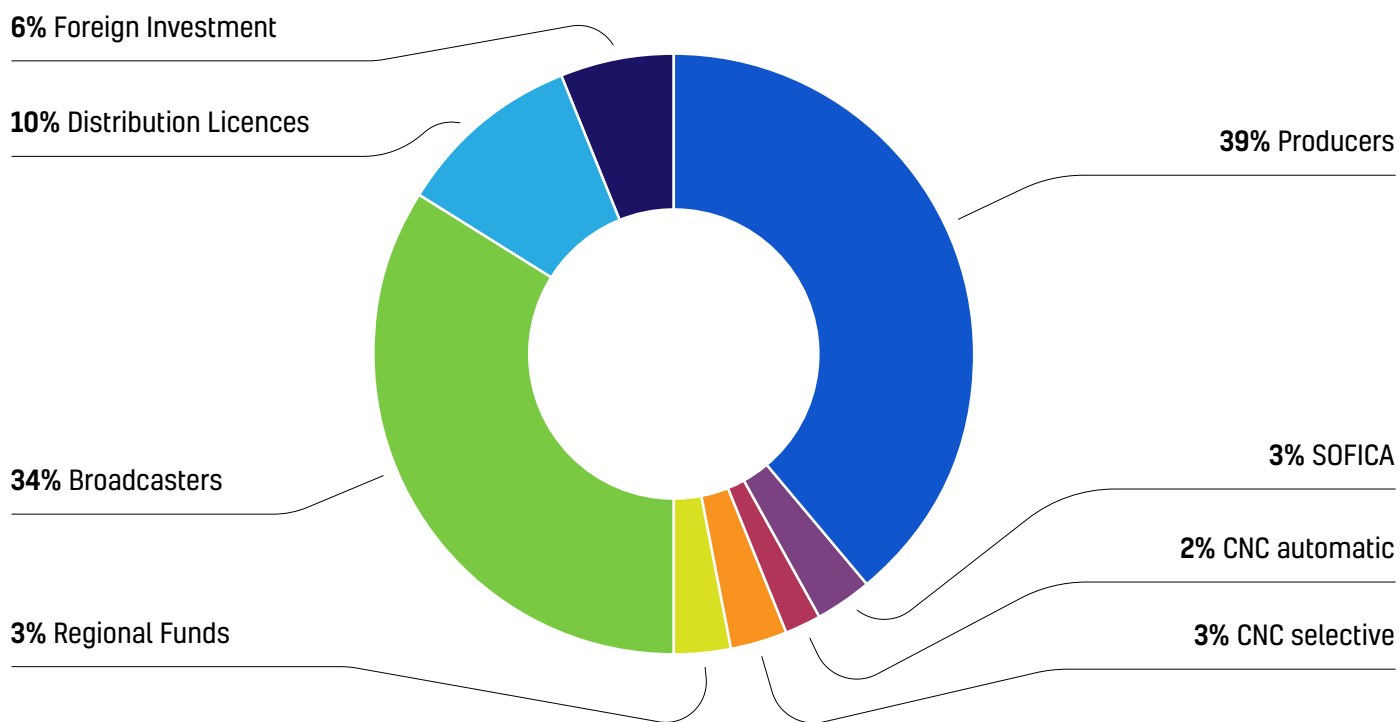
SOFICA contributes its share of funding before filming begins (or before the film's theatrical release in the case of distribution investments) and is repaid solely from future revenues. This makes it an invaluable partner for the industry, as they help to secure financing plans and provide funding at an early stage of production, thus avoiding the need for securing cash flow. This direct investment prior to filming enhances production liquidity and mitigates financial costs, which can be a substantial burden for independent producers. Moreover, investments in distribution provide the necessary funding for distributors to meet their guaranteed minimums and cover promotional costs.

SOFICA plays a vital role in the sector, complementing other private funding sources. In 2023, SOFICA provided financing for 136 approved films, with an average investment of €264,400 per film, representing 5.3% of the average budget. The total amount invested through SOFICA in 2023 was €36.09 million. This demonstrates the significant role SOFICA plays in providing funding for audiovisual production, with their participation often influencing the decision of other investors to join a project.



A notable example of successful SOFICA funding for a Polish film is *The Green Border*.

### Sources of funding for French majority films in 2023



### The participation of SOFICA in film production from 2014 to 2023<sup>7</sup>:

Measure	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of Films Financed by SOFICA	103	112	97	116	106	116	96	129	108	136
French Initiative Films	89	101	90	103	101	108	90	120	93	125
SOFICA Investments (million EUR)	33.99	36.73	31.70	44.04	34.81	34.11	29.87	37.16	33.16	36.09

7 La production cinématographique en 2023 Les films agréés aux investissements, CNC March 2024, p.33

## TV Broadcasters

French television broadcasters are required to invest in film production under the Loi sur la liberté de communication, enacted on 30 September 1986. This legislation has been updated and expanded to adapt to market changes, including the introduction of video-on-demand (VOD) services. It mandates both public and private broadcasters to fund audiovisual productions, including feature films, as part of a system designed to protect and promote cultural diversity.

French broadcasters are required to allocate a specific percentage of their revenues towards financing audiovisual productions, with the percentage varying depending on the type of broadcaster.

- **Pay-TV broadcasters** (e.g., Canal+) that offer films as part of their subscription packages are required to allocate **12-15% of their annual revenue** to film productions. Approximately **9% of this amount** must be directly invested in theatrical releases, while the remainder can be used for other audiovisual content.
- **Free-to-air broadcasters** (e.g., France Télévisions) are obligated to invest **3.2% of their annual revenue** in film productions.
- Since 2021, streaming platforms such as Netflix, Amazon Prime Video, and Disney+ have also been subject to these regulations. It is mandatory for them to allocate a minimum of **20-25% of their revenue generated in France** to support European productions, including French films. At least 80% of this amount must be invested in French-language productions, with at least 20% should be earmarked for theatrical releases.

In 2023, television broadcasters funded a total of 201 films, representing 67.4% of all approved productions. This demonstrates the significant and steadily growing role of broadcasters within the audiovisual market. Of these, 125 films received support from both pay-TV and free-to-air broadcasters, indicating increasing collaboration between the two sectors<sup>8</sup>.

## ARTE France Cinema

ARTE is a distinctive broadcaster with a clear mission and a dedicated programming strategy focused on cultural content. While there is no legal obligation to invest in film productions, ARTE consistently supports projects of high artistic value, backing both established filmmakers and emerging talents experimenting across diverse film genres.

ARTE GEIE (Groupement européen d'intérêt économique) is the central unit within ARTE's organisational structure, facilitating collaboration between the French partner (ARTE France) and the German partner (ARTE Deutschland). ARTE France Cinéma is a specialised division of ARTE France, focusing exclusively on cinema production. It primarily supports artistic and auteur-driven films from France and other countries. Film projects can be submitted to ARTE France Cinéma via a French co-producer.

In 2023, ARTE France invested €9.19 million in 23 films, including 17 French productions<sup>9</sup>. Each year, in addition to approximately twenty feature films, ARTE France funds two to four feature-length documentaries and one animated feature.

ARTE France Cinéma's commitment to co-production is accompanied by a pre-sale agreement, which guarantees future screenings on the ARTE TV channel and its online platform, arte.tv. The level of funding provided to ARTE

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<sup>8</sup> La production cinématographique en 2023 Les films agréés aux investissements, CNC March 2024, p.26

<sup>9</sup> La production cinématographique en 2023 Les films agréés aux investissements, CNC March 2024, p.31

France Cinéma-supported projects varies according to the project type:

- **Licence acquisition:** Ranges from €75,000 to €150,000 (France + Germany) depending on the film's characteristics and the anticipated broadcast slot.
- **Co-production contribution:** Varies from €50,000 to €450,000.

Pre-sales by ARTE France guarantee simultaneous broadcast in France and Germany. It is therefore the responsibility of French producers to ensure that German distributors and/or the international sales agent are informed of the co-production arrangement with ARTE.

## Project Submission

Projects must be submitted by a French producer acting as the lead producer or co-producer of the film. Submissions are accepted on a quarterly basis, exclusively via ARTE's online portal. Each submission is reviewed by the editorial team, which includes external readers, to ensure that every screenplay is read by at least three individuals. The director of ARTE France Cinéma then creates a shortlist of around ten projects to be presented to the selection committee. This committee, composed of filmmakers, industry representatives, and executives from ARTE France and ARTE GEIE, meets four times annually to select projects for financial support.

Notable Polish majority films that have received support from ARTE include *Cold War*, *The Green Border*, *Woman on the Roof*, *Safe & Silent* (ARTE Deutschland), and *Leave No Traces*.

## LE CRÉDIT D'IMPÔT INTERNATIONAL (C2I): PRODUCTION INCENTIVES FOR FOREIGN FILMS

France offers production incentives in the form of a tax rebate for foreign productions that carry out all or part of their work in France. Eligible projects must include elements linked to French culture, heritage or territory. The C2I rebate, granted selectively by the CNC, is available to the French company responsible for carrying out the production. This rebate covers up to 30% of eligible expenditure in France (or 40% for films with extensive special effects and expenditure exceeding €2 million), subject to a ceiling of €30 million per project.

## Requirements for Executive Producers

In France, an executive producer is a company which, under a contract with a foreign production company, is responsible for the production of a film or audiovisual work. There are no capital restrictions for the applicant company, which can therefore be a subsidiary of a foreign producer or a special purpose vehicle. A list of production companies operating in France can be found on the website of Film France ([www.filmfrance.net](http://www.filmfrance.net)).

## Eligible Works

To qualify for the C2I rebate, a project must meet all of the following criteria:

- Eligible works include narrative and animated films (single or series), excluding documentaries and any promotional or institutional videos.
- Projects must not receive additional support from other CNC funding programmes.
- Productions must spend at least €250,000 on eligible costs in France, or 50% of their total production budget if this is less than €500,000.
- For feature films, at least five days of shooting must take place in France.
- Feature films must score a minimum of 18 points in the 'Plot' category (including 7 points for 'Dramatic Content'), while animated films must score a minimum of 36 points in the 'Animation' category (including 9 points for 'Dramatic Content').

## Eligible Expenditure

Eligible expenditure, calculated from the date of submission of the application, includes only expenditure incurred by a French company managing the production of the film in France. The tax rebate, which is limited to €30 million per project, covers 30% of the following eligible expenditure (excluding VAT):

- French and European personnel costs, including writers, actors, technicians, and social contributions, are eligible. In the case of actors, the salaries eligible for the rebate are limited to the rates set by the relevant film industry collective agreements and conventions.
- Payments to technical service providers and other suppliers involved in the production of film and audiovisual works.
- Transport, accommodation and subsistence costs necessary for the production.
- Depreciation costs of assets used during the production, in particular for the period during which they are actively in use.

## Additional 10% Rebate for Visual Effects

In addition to the existing 30% rebate on qualifying expenses incurred in France, an additional 10% rebate has been available since 1 January 2020 on visual effects expenditure in feature films where the proportion of visual effects is high and the expenditure on digital visual effects production in France exceeds €2,000,000. This enhancement brings the total rebate to 40%. A work is considered to have visual effects if at least 15% of the live-action shots, or approximately one and a half shots per minute, are digitally processed. The cost of digital visual effects includes the cost of adding characters, set elements or action objects, or modifying scene renderings and camera angles.

## Approval (Agrément)

Applicants are only entitled to use the C2I if the work they produce has been approved by the CNC (Agrément).

### Application for Provisional Approval (Agrément provisoire)

French producers wishing to benefit from C2I must first apply to the CNC for a provisional approval (Agrément provisoire). This initial application must include all relevant documentation and can only be submitted after a production contract has been signed with a foreign producer, as this contract forms part of the application requirements. The standard application form can be obtained from the CNC or from Film France (www.cnc.fr or www.filmfrance.net). The date of submission of the application is the starting point for the calculation of eligible costs, and any costs incurred prior to this date will not be taken into account for the purposes of the rebate.

After verification by Film France, CNC evaluates the application on the basis of the eligibility criteria. Once the criteria have been confirmed, the CNC will issue a provisional approval.

## Application for Final Approval (Agrément définitif)

Upon completion of the project, the producer must submit a Final Approval Application to CNC, including additional documentation and a video copy of the work. CNC will then verify compliance with the eligibility criteria before granting final approval.

## C2I Payout

At the end of each tax year, the French production company must appoint a chartered accountant to audit the production's accounts and submit them to the tax authorities with the corporate tax return. If the amount of the incentive exceeds the corporation tax due, the French government will pay the difference to the company. The rebate itself is considered non-taxable income and is exempt from VAT. The tax authorities may release funds before final approval, although such approval confirms entitlement. If approval is not granted, the tax authorities will reclaim any rebates paid.

## Loan Advances on C2I

As with many other sources of finance in France, C2I may be subject to discounting, i.e. borrowing against the provisional approval granted, with the approval of the CNC. France has a robust market for loans secured by pre-sales, minimum guarantees and public subsidies, which encourages the development of high quality industry standards.

France has a number of specialised banks offering production loans, including:

- **Cofiloisirs and Neufлизe OBC**: Major financial institutions offering tailor-made credit services for film production, including bridge loans secured against expected revenues from rights sales or other sources of production financing.
- **Institut pour le Financement du Cinéma et des Industries Culturelles (IFCIC)**: A public institution supporting the financing of audiovisual projects, the IFCIC offers loan guarantees that improve producers' access to financing at the production stage, including for projects with secured pre-sales.

## Optimal Situations for Using C2I

The C2I tax rebate is particularly suitable in the following scenarios:

- **No Requirement for Full Co-Production with France:**

For projects that don't require a formal French co-producer but benefit from access to French resources such as technical crews, locations or post-production services, C2I allows the project to be completed in France without requiring a share of ownership or influence over creative direction.

- **A High Proportion of Production in France:**

The more production that takes place in France, the more financially advantageous C2I becomes, as it requires a minimum spending threshold in France to qualify. For productions with significant in-country activity, C2I helps to maximise the rebate.

- **Big-Budget Projects with Significant Tax Rebate Potential:**

For large productions, such as international blockbusters, that can allocate substantial budgets to spending in France, C2I offers a significant financial advantage through its rebate on qualifying expenditure.

- **Films or Series with Broad International Appeal:**

Productions with broad international appeal—such as English-language films, projects from streaming giants, or high-budget series—will particularly benefit from C2I if they wish to use French resources but remain independent of French co-producers.

## Benefits of Using C2I:

- **Flexibility:** Productions gain access to French resources without having to involve a French co-producer, allowing greater management freedom.
- **Significant Financial Rebates:** Projects can receive up to a rebate of up to 30% on eligible expenses.
- **Access to Advanced Infrastructure:** C2I offers access to France's well-established film and technical infrastructure, while allowing productions to retain full creative control.

## Potential Drawbacks:

- **High French Expenditure Requirement:** Productions must allocate a significant portion of their budget to in-country expenses, which may reduce flexibility for projects planning to use limited French resources.
- **Bureaucratic Requirements:** The application process can be complex, requiring productions to meet numerous criteria in order to secure the rebate.

In conclusion, C2I is an advantageous solution for large international productions that wish to utilise French resources while maintaining complete control of the project without involving local co-producers.

# FOCUS ON POLAND

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