European countries have transitioned to digital technology at vastly different paces. They do not all have national policies geared to supporting the efforts made by independent cinemas. In all countries, these cinemas recognize the issues that the present situation entails for their industry, and are fighting to survive. They are far from having overcome these hurdles, and the CICAE is supporting them through this difficult transition period, as individual action cannot, by itself, get public authorities to take notice. This international conference was part of this approach; it aimed to identify common trends, provide an opportunity to share experience, and highlight some of the successful initiatives in France. For the first time, a public panel discussion presented the experiences of six exhibitors (members of the CICAE and representing six different countries) and addressed issues such as cultural diversity, the digital transition, and the future of arthouse cinemas. The audience included representatives of institutions such as the European Commission, as well as professionals, journalists, researchers and students, hailing from many different countries.

Panel discussion participants:
- Greta Akcijonaite, Kino Pasaka, Vilnius, Lithuania
- Michail Bakolas, cinema Le Parc, Charleroi, Belgium
- Tibor Bíró, CINE-MIS, Miskolc, Hungary
- Patrick Brouiller, President of AFCAE, France
- Mark Gosgrove, Watershed Media Centre, Bristol, UK
- Hrvoje Laurenta, Kino Europa, Zagreb, Croatia
- Detlef Rossmann, Oldenburg, President of CICAE, Germany,
Laurent Creton, moderator of this panel discussion and head of IRCAV at the University of Sorbonne Nouvelle Paris III, introduced the debate. In his view, this was an important event as it provided a unique opportunity to analyse a number of issues that are often discussed, but on which we lack the hard facts. It brought together many people who had responsibilities in the area of arthouse film, industry professionals, as well as researchers and government representatives. He mentioned that research in this area was insufficient, or that the findings thereof were not widely disseminated. His aim was to make inroads in examining this question: are arthouse cinemas thinking about their future, and if so how are they preparing for it? In 2011, do you project yourselves 5, 10 or 15 years from now? Evidently, you must be aware of the challenges and constraints, but also of the opportunities, without locking yourselves into a fatalistic determinism that some people say is the future we are moving towards inexorably. There is choice, and there is commitment. Also, we must not forget that arthouse cinema goes by very different definitions from country to country. Strategies and policies therefore also differ.

This round table was the result of a fruitful cooperation, which brought together Detlef Rossmann, president of CICAE, and Patrick Brouiller, president of AFCAE, as well as representatives of countries which we unfortunately do not hear from often enough, including Lithuania, Hungary and Croatia.

Hungary
Tibor Bíró (Cine-Mis, Miskolc) is vice-president of the Hungarian arthouse cinema association; he presented his country’s dire situation. Hungary is going through a political crisis and all state subsidies have been frozen for the past two years. National film production was very limited in 2010 and 2011. Nine out of the 44 arthouse cinemas have shut down. The State recently introduced a digital equipment support programme that aims to cover 75% of the cost of purchase, which is a vital breakthrough since these theatres do not have the resources to cover the full cost of digital equipment, while multiplexes (90% of the market) have no trouble going digital. This year, nine cinemas bought digital technology, but audiences are dwindling. The country’s only multiplex operator mainly screens American films. A meeting was organized in September where the aim was to plan common initiatives and define a common strategy. The country has a solidarity fund for the financing of national films, which should start concrete projects next year. This is taking place in an environment where access to art films, as well as to films for young people, is increasingly difficult and ticket sales are dwindling.

Laurent Creton drew the main conclusions from this presentation: many cinemas are closing down, arthouse films are increasingly hard to get, independent distributors are often struggling, digital equipment is so costly and related costs are so high that many small cinemas cannot make the switch. Then there is the crucial question of whether digital equipment really can help to increase cultural diversity in the distribution and viewing of films. Relying solely on market forces is not enough to durably preserve diversity.

Lithuania
Greta Akcijonaite (Kino Pasaka, Vilnius) pointed out that the country has no official arthouse film label or any cinema-related legislation, but that three theatres are self-proclaimed “arthouse cinemas”. In this environment, her cinema has survived by diversifying into film distribution, in an attempt to avoid becoming a second-release theatre. In Lithuania, 80% of tickets sold are for American blockbusters, 17% for non-national European films, and 3% for locally-produced movies. Multiplexes have gone digital and digital copies circulate on the national market.

Laurent Creton: For a long time, France has had a system that supports film production and distribution. Lithuania and many other countries have no such mechanism. There are also big differences among European countries. Thus, in our discussions and thinking, we need to factor in the national specificities and unchangeable factors that exist across Europe.
Croatia
Hrvoje Laurenta (Kino Europa, Zagreb) also distributes films, combining a release with a sponsored event. The State is also introducing an initiative through which it will fund 70% of the cost of equipment if the exhibitor can raise the remaining 30%. However, the transition to digital technology is perceived as a restriction to diversity in programming, as it may have an impact on freedom of choice.

Specific events tied to programming, well-suited to the local context, have given a new impetus to arthouse film in Croatia. The support of the Ministry of Culture is also vital, although establishing synergy between cinema’s industrial and artistic dimensions is not yet on the agenda.

Another important question to address is to what extent the digital switchover will determine what films cinemas will programme. Since the technology and the funding will come from third parties, the latter may want to have a say in the programming, thereby restricting cinemas’ freedom.

Laurent Creton: The economic and the cultural dimensions must be linked up. Independent exhibition and distribution are in a vulnerable state. What is proposed is to identify transversal integration solutions in order to embrace new territories.

Great Britain
Mark Gosgrove addressed the issue of release windows, noting how large companies apply pressure in order to obtain more and more recent contents. This is not without consequences: on the one hand, the risk of losing audiences, as they have an ever larger number of screens to choose from (Internet, DVDs, cinemas); and on the other hand, how this may affect distributors and the choices programmers will be able to make.

Laurent Creton: All media are exerting increasing pressure to obtain ever-fresher audiovisual products, ever more quickly. It is vital to have a cooperation network to gain a better understanding of the phenomenon and resist these market forces. The globalization of arthouse films risks stamping out the protection systems that have proven to be effective.
Belgium
Michail Bakolas (Cinema Le Parc, Charleroi) highlighted the importance of using limited resources in a creative fashion. For his theatre, this means desegregating the different forms of art by bringing them together in a future cultural centre, which will include a cinema. There is virtually no regulation in Belgium’s exhibition industry; as a result, the market is very powerful. 85% of cinemas have 2K projectors, and the remaining 15% will switch over by the end of next year with support from the authorities.
Cinema Le Parc is a single-screen theatre that grosses 40,000 admissions a year; it has a 2K projector and a yearly budget of 320,000 euros. In January 2011, it replied to a call for proposals for the redevelopment of the Charleroi hall, which is located in a quarter dedicated to contemporary art, with a special focus on moving images, notably film. Urban areas that offer a cross-over experience should probably become an issue of interest for Europe’s future, and should become a topic for discussion. The Charleroi initiative should serve as a model.
Laurent Creton: The cross-over and multipurpose role of movie theatres are two important topics today that should be taken into consideration when thinking about the development of cultural amenities. Non-media releases are a hot topic that should be analyzed in terms of relative size, programming times and types of programmes.

France
Patrick Brouiller, president of AFCAE, recalls what an arthouse theatre is all about: targeting young viewers, showing research and discovery films, animation movies, heritage films. The first thing an exhibitor needs to do is develop an editorial line for the theatre’s programming, and make sure the largest possible number of people can see those movies. Obviously some movies are more difficult to programme than others.
The film industry in France is also undergoing concentration, and this is putting independent cinemas at risk. At present, 70 million euros are spent in France to strike 35 mm prints. This cost is going to be brought down dramatically with the expansion of digital technology. However, with technology changing at such a quick pace, a new piece of equipment may become obsolete in five years. That is why risks should be shared as regards return on investment.
Patrick Brouiller explained that legislation passed in 2011 makes it mandatory for distributors to pay a contribution to support the digital transition (Virtual Print Fee). This is a useful way to support independent exhibitors as they shift to digital technology. With 2,000 arthouse cinemas totalling 40 to 50 million ticket sales each year, France is fortunate: the digital transition is properly overseen by public authorities (mandatory VPF for distributors and support programme for smaller theatres). However, he issued words of caution: “For the past 6 years, all the regulatory authorities whose job it is to foster diversity have been falling behind. Some stakeholders would like to take deregulation further or modify the release windows. We believe that theatres are the natural setting for the viewing of films, as well as the main contributors to the economic success of films.”

Germany
The main trends were outlined by Detlef Rossmann, an exhibitor based in Oldenburg, Germany and president of the CICAE. He underscored two major issues in the big countries: while film production is over-abundant and increasing constantly, admissions are relatively stable; furthermore, faced with skyrocketing rents, more and more downtown cinemas are closing down. He believed that public authorities should play a more proactive role in this area. This also applies to the digital transition, since it appears clearly that independent theatres will not be able to survive solely with their own resources. He expressed great concern for the future of small cinemas, particularly in Central and Eastern Europe: “The present DCI compliance requirements will force small cinemas to close down as they will no longer be able to turn a profit, and will not receive VPFs. Also, given the current economic crisis, governments are not
in a position to provide them with support.” Mr. Rossmann added that alternative solutions to the DCI-2K system should be found. Some theatres could install HD Blu-ray projectors which, he said, would be enough to meet their needs.