CHAPTER 5

Disentangling economics and culture in European policies for cinema: what can we learn from Portugal and non-commercial exhibition?

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1. Background and scope

The importance of cultural policies is widely acknowledged for stimulating cultural consumption and democratising the access to culture and the arts. Along with the social construction of cultural tastes and practices (Bourdieu 1979; Bennett et al. 2009) and beyond some sociological reconfiguration of the 'worlds' of cultural practices, research highlights the persistent connection between social inequalities and culture across the whole circuit of creation/production, distribution/availability and consumption/participation (Donnat 2011; Lombardo & Wolff 2020: 76ff; Jancovich & Stevenson 2019). Policy orientations by the European Union (EU) foreground the need to attend to peripheral territories (especially non-dense urban areas), as they combine multiple socioeconomic and cultural asymmetry factors (Pasikowska-Schnass 2018; Bell & Oakley 2015). Culture remains an urban-centred issue in all its dimensions, and outside metropolitan areas cultural supply is scarce, as well as often dependent on public intervention to correct asymmetries.

This broad picture applies to cinema, in-between market- and cultural-driven logics, and to film exhibition in particular. Despite '[the] movement towards decentralisation, observed [in the EU film and audiovisual funding] since the 1980s' and in the 1990s (Lange & Westcott 2004: 18), the push was towards production (Cucco 2018), responding to the economic turn of cultural policies (Menger 2013). European theatrical exhibition remains concentrated in multiplexes located at shopping malls, where American (US) blockbusters dominate: European films constitute the majority of the films released, while US films account for the majority of admissions (Fontaine 2020; see also Poort & van Til 2020). In parallel, video-on-demand (VOD) logics appear to follow theatrical performance (Fontaine 2020:15), leaving theatrical cinema more captive of promotion strategies rather than of cultural accessibility policy schemes.

The argument that the commercialisation of culture through international trade might lead to homogeneity on both supply and demand (Throsby 2010) applies to cinema. Multiplexes have contributed to the decrease or even disappearance in the number of alternative exhibitors that in general provide a wide diversity of films and genres (they struggle to compete with powerful exhibitors, which in turn establish complex contracts with distributors, see Barnett 2015). This has contributed to a higher homogenisation of the demand (Park 2015), as well as to the conversion of theatrical cinema into an element of entertainment culture, especially among young people (e.g. Taylor 2016; Lombardo & Wolff 2020). This scenario does not consider the effects of the Covid pandemic, which led to unprecedented losses in admissions during 2020 (Blázquez et al. 2020: 70-71).

Attention to distribution and exhibition is scarce, mostly concerned with the cultural effects of the dominance of commercial (mostly Hollywood) exhibition (e.g. Vickery & Hawkins 2008; UNESCO 2016). Especially in the EU, several subjects are being researched, discussed and implemented, such as screen digitalisation, digital archives and VOD distribution and consumption, pointing up the difficult trade-offs between the potentials and the fallacies of digitalisation (Inglis 2010; Creton 2015; De Vinck &Pauwels 2018). Additionally, incentives towards the independent film distribution and exhibition for the diminishing of territorial inequalities are also being targeted (Paris 2015; Aveyard 2009, 2011; Poort & van Til 2020), along with the potential of digitalisation in diversifying and broadening the accessibilities to cultural-artistic contents, such as recorded live performances (Bakhshi & Throsby 2014; King 2018).

These developments argue for the need to consider distribution and exhibition as interconnected policy priorities (along with production), in order to address 'the contradictory tension between the growing abundance of films and the possibility that the majority of them will ever find an existence through encountering an audience' (Creton 2015: 18).

In addition to these fragilities (revealing difficulties on the market side, i.e. the power of distributors and established exhibitors), and despite the potentialities of digitalisation, theatrical exhibition remains residual in national policies for cinema, and is being challenged by the rapid dissemination of streaming distribution combined with the increasing adoption of online cultural practices by young people (Hadida *et al*. 2020) this is a trend that the pandemic has accelerated, while leaving film consumption more subjected to the 'choice of the majority' (Creton 2015). This means the progressive exclusion from catalogues of films that do not meet market benefits, which in turn generates additional pressures on public policies (Harris 2018).

Portugal is not an exception regarding the above scenario, quite the contrary, as it is a small country, of about ten million inhabitants highly concentrated in coastal urban areas. Independent film exhibition is a residual part of the whole film circuit and systematic knowledge about the Portuguese socioeconomic dimension of the cinema sector is very limited. Moreover, there is conceptual ambiguity about the meaning of the 'independent' segment. We will follow its common technical definition, as used in most European policy papers and reports, covering non-commercial (which includes festivals) and semi-commercial exhibition, i.e. exhibition outside the major production and distribution circuits on a commercial basis. In Portugal, semi-commercial exhibition concerns regular theatrical exhibitors programming minority filmographies, configuring the so-called independent/arthouse cinemas, *strictu sensu*[3]. Non-commercial exhibition (NCE) is addressed to non-profit entities and refers to two different segments: festivals and 'alternative circuits' of exhibition. The latter is the subject of this paper, as the festivals segment configures a different scale and scope, and so requires a specific approach.

NCE is an almost invisible segment, considering official data and reports, as well as academic research, both in Portugal and the EU. Previous research has identified the potential universe of non-commercial exhibitors in Portugal (Santos & Barbosa 2019): a wide range of local cultural agents, mostly young and highly qualified, working on a volunteer basis in very fragile organisations (including film societies), often without the minimum technical requirements for film screening, so not eligible for public support[4]. Results confidently stress that, in locations where there is no regular cinema supply, non-commercial exhibitors are often the only relationship between local people and cinema and sometimes any cultural activities. The most striking result was that the NCE geography follows the existent territorial asymmetry: it is concentrated in locations where there is commercial exhibition and that host most of the film festivals and other regular film events that configure the possibility of contact with artistically and historically recognised films and *auteurs*.

[3] According to the Portuguese Institute of Cinema and Audiovisual, it targets exhibition of 'national, European, or other countries filmographies whose distribution in Portugal is less than 5% of the market share, in relation to the number of spectators' (ICA, 2021a). We will get back to this in section 4.

[4] A systematic web search allowed the construction of a database with 266 exhibitors in 2014 (53% with regular exhibition), based on which a sample was extracted for the implementation of a survey for characterising the exhibitors.

The subject of this chapter takes the research a step further, aiming at approaching NCE as a strategic segment for countering cultural inequalities and homogenisation, thus taking the perspective of cinema policies, both national and European. Specifically, the goal is to evidence NCE as an element for cultural decentralisation, by reflecting upon the evolution of public policies for cinema in Europe and Portugal. A comprehensive analysis will be ensued, based mostly on legislation and official reports of the European Audiovisual Observatory (EAO) and the Portuguese Institute of Cinema and Audiovisual (ICA), in order to depict European and Portuguese public policies for cinema as the context of NCE. Additionally, data about the Portuguese support programmes for cinema will permit the retrieval of essential information about the Portuguese scenario for NCE policy.

The chapter is divided in three main sections. First, we will sketch a general contextualisation of the EU policy framework for cinema (section 2). Then, we will focus on Portugal (sections 3 and 4): an outline of the Portuguese cinema policy settings will be presented (section 3), followed by a focus on cinema support and Portuguese policies for NCE (section 4). Hoping to have contributed to the clarification of the (minor) place and the (high) importance of the cultural dimension of film exhibition (for which NCE might be a driver), some final considerations will be drawn.

2. Sketching EU policies: between economics and culture(s)

Despite its birth in Europe, the cinema industry quickly entered a 'second phase', with the displacement of its core to the US in the 1910s, and was 'characterised by massive financial investment, the creation of national and international markets for American films, and the reorganisation of production such that it became large scale and systematised' (Moran 2005: 2; see Bakker 2005 for developments). The end of World War I definitely made the US industry dominant and consequently the first efforts to protect and encourage cinema in Europe date back to the 1920s. The main policy goal was protecting national industries by imposing quotas – as was the case, for example, in Germany, Italy and the United Kingdom (UK) (Newman-Baudais 2011). Subsequently, public intervention in the cinema sector evolved, taking the form of direct economic aid, granted according to the different models that were established by specific objectives, aiming at disseminating national cultural identities. The early association between public intervention for cinema and political regimes is well-known, as cinema was soon perceived as a powerful asset for governments: the 1930s decade saw the rise of *propaganda* as fascist regimes were escalating in Italy, Germany, Spain, France, and others such as Portugal. Those were times of turbulence in Europe which shows that the cultural history of state intervention does not have only a positive side.

While cinema was spreading as popular culture and entertainment (Bakker 2008), art cinema, i.e. (mostly) 'amateur and semi-avant-garde films', was attracting social elites (Dickinson 1969: 85). This was the origin of film societies, which started in Paris, then literally *ciné-clubs* organising private sessions for subscribers. After World War I, they progressively evolved to reactions towards American cinema, arguing for quality instead of entertainment only. Film festivals, in a very different model than today, originated from those movements (De Valck 2007): Venice Film Festival was the first experience, in 1932, and Cannes would have followed in 1939, had it not been for the beginning of World War II. In fact, this war hampered the promises of the art of cinema in Europe, while the American industry continued flourishing.

After the war, cultural policies emerged as part of the European welfare state, and cinema was a core issue for meeting global commerce and culture (Crane 2014). Support for national cinemas started to be legislated in several European countries by the end of the 1940s (in France, Italy, Germany and the UK), while civic, artistic and political movements proclaiming (and making) cinema as art were being established (film societies, specialised publications, festivals and professional meetings, training, etc.). This was crucial for the cultural representation of 'European cinema' as artistic, in opposition to Hollywood entertainment. Two initiatives were both symbolic and foundational for the changes to come: the Cannes Film Festival was launched in 1946, and the International Federation of Film Societies (FICC) was created at its first edition (see Sadoul 1991: 300-373).

The establishment of the European Economic Community (EEC, 1957) was a step further in terms of contributing to the institution of a single market. Regarding film industries, it was acknowledged that European unification and free trade were needed to counteract the US dominance (Stubbs 2022). However, culture was not foreseen in European agreements until the Maastricht Treaty (1992), and the French argument of 'cultural exception' at GATT (1993) was a milestone (though polemic) regarding EU policies. The so-called 'creative industries turn' in the last decades of the 20th century (Menger 2013) benefited the film industry as one of the fundamental concerns of European economies and cultures, in order to gain competitiveness in the face of the American industry oriented by an efficient blockbuster-driven market strategy in film production (McKenzie & Smirnov 2018; Brookey & Zhang 2018). Additionally, there was a consensus around the importance of culture as capital, i.e. as an economic asset (Throsby 2011), and as a driver of competitive advantage (Hill & Kawashima 2016). Despite very different national schemes, there is unanimity when considering the common pursuit of 'the convergence of economic and cultural goals' (Cucco 2018: 263).

As mentioned, production is the priority of policies' incentives, taking the lion's share of public funding and regulation, and so leaving distribution and exhibition more dependent on market forces, which has benefited the dominance of US productions all over the world (Crane 2014; Park 2015; Raats *et al.* 2018). The first types of formal support were automatic, but selective support schemes were soon introduced after World War II[5]. Both types of support are still implemented, and occasionally a combination of both is used (Cucco 2018). As pan-European policies started gaining autonomy by the end of 1980s, national schemes are combined with initiatives at the European level. European funds are mostly used for regional integration at different territorial levels, such as the Creative Europe's Media Sub-Programme and Eurimages, operating at a pan-European level, or the Nordisk Film and TV Fund and Ibermedia, comprising cooperation between different countries with cultural affinities (for analytic details, see Poort & van Til 2020). Nevertheless, the articulation between national and pan-European policies evidences not only legal and economic intricacies, but also the diplomatic side of negotiating different national schemes and powers. The challenge for EU cohesion policies in this matter is huge and difficult, aimed at achieving common scale and scope to compete worldwide, while preserving national particularities, as Poort & van Til (2020) showed.

The foundation of the European Audiovisual Observatory (1992) signals the importance of stimulating a 'European film industry' and has been highlighting its positive (although slow) evolution, as shown by the circulation of European films within Europe and in the world (Kanzler 2020), or by the leveraging of production and distribution budgets through incentives to co-productions (Stubbs 2022).

A significant European initiative on the exhibition side is Europa Cinemas network (founded in 1992): in 2018, it covered 58.2 per cent of the total European screenings, 34.5 per cent of the total European non-national screenings, 29.9 per cent of the total European non-national admissions, and 55.3 per cent of the total European admissions. It works as a label, fostering supra-national European identities and strengthening independent/arthouse cinemas (the semi-commercial segment, see above), while aiming at a global scenario. The Portuguese participation is still residual, considering other countries of similar size[6], as the programme requires pre-established theatrical structures, making it difficult for most film societies to join without proper involvement of local governments (see section 4).

[5] According to the EAO, automatic funding can be defined as 'cumulative funding provided by national film funds to which a producer has an absolute entitlement so long as they (or the firm) meet certain prescribed conditions', while selective funding is described as 'cumulative funding granted by national film funds at the discretion of the relevant issuing body' (Kanzler 2018: 156).

[6] In 2024, there were 11 Portuguese cinemas in the Europa Cinema network, while, for example, Sweden had 49 cinemas and Greece had 47.

In general, sub-national funding bodies are rare in Europe, and when existent they are seldom committed to theatrical exhibition (Kanzler & Talavera 2018). Moreover, comprehensive data about local/municipal support is not usually available, making comparisons even more difficult. This means that data about NCE does not surface in official reports, except when integrated in specific programmes for independent or arthouse exhibition. Besides France and its complex schemes for distribution and exhibition, Norway stands out as the country with a strong tradition in local distribution and exhibition. The UK also has a history of municipal cinemas, and specific programmes were recently addressed towards vulnerable territories, while stressing the advantages of digitalisation for more equal cultural accessibility. Portugal is one of the countries with no guidelines formally established for cinema at the local level, and therefore municipal public support is dependent on the initiative of cultural agents (eventually supported by the central state) and casuistic deals for programming cinema that might be established.

All in all, distribution and exhibition are the least transparent segments, in fact the most market-driven, which is being facilitated by digital technologies and the associated difficulties in regulating vertical integration of big companies (see Hadida et al. 2020). This leads to the argument of unbalanced policies in many countries, which influences the conditions for engaging with the audiences. Without proper distribution and exhibition, many subsidised films do not meet potential audiences, and that is a rather consensual concern when reflecting about national cinematographies (Creton, 2015; Harris, 2018) and also 'the effectiveness of the European film financing system' (Poort *et a*l. 2018: 8).

This situation favours the US industry, based on an efficient global distribution system that other countries struggle to compete with, especially outside the entertainment segment (Alaveras *et al.* 2018). Additionally, it justifies the American pressures for worldwide liberalisation, as US policies are aggressively oriented towards the establishment of foreign trade agreements that guarantee *their* films will penetrate external markets (Crane 2014). The adoption of the 'cultural exception' argument emerged as a response in many countries, in different versions, in particular after the fact that the digitalisation of screens facilitated the expansion of mainstream cinema, instead of stimulating the circulation of independent films (Raats *et al.* 2018; Poort *et al.* 2018). Digitalisation shows the difficult trade-off between private and public sectors, as public policies aim to combine the potential of digitalisation regarding cultural accessibility with private economic interests of distributors and exhibitors (Inglis 2010).

In the EU, the 'cultural exception' argument is interconnected with the definition of 'cultural criteria' by each member state, as an effort to protect national cultures. Access to film funding, whatever the phase of the chain (from story concept to delivery to the audience, production, scriptwriting, development, distribution, promotion and participation in film festivals) complies with cultural requirements, following national parameters, to ensure that the projects will contribute to the promotion of art and film culture. This is especially relevant in France, where cultural, political and economic investment in cinema is recognised as incomparable within the EU: despite critics and concerns (e.g. Creton 2015), French policies seem successful in combining market and culture, preserving an image of cultural distinctiveness.

The uneven size of the EU national markets is not negligible for the above purposes, impairing smaller countries' support mechanisms, which is the case of Portugal (Raats *et al.* 2018: 197). But, as we are arguing, historical backgrounds are important. Norway, for example, is 'an outlier', its distribution and exhibition policies being anchored in a locally-run system with early implementation. The Norwegian scheme is referred to as being a 'state-supported but not statist' strategy (Harris 2018: 238), which means that public support was crucial for implementing and consolidating a decentralised system that has succeeded in combining public and private interests regarding distribution and exhibition. In line with this and taking advantage of the small size of the country, a nation-wide digitalisation programme launched in 2010 was completed in 2011: Norway was the first country with fully digital cinemas (Aas 2015).

In sum, cinema policies remain largely targeted to the economic aspects of the industry, rather than the cultural ones. Notwithstanding that this may be regarded as a quasi-natural effect of countering the US hegemony, questions arise when we go beyond the general picture. Building an EU shared framework in the cinema industry is a complex process: in order to get economies of scale and scope, the cultural dimension becomes an economic instrument rather than the other way around. This tends to favour the countries with solid economies and public policies, as there is the risk of impairing small sized countries, in particular those with structural vulnerabilities (both in culture and economics), such as Portugal. The Audiovisual Media Services Directive (AVMSD, 2010, last revision in 2018), is an example of the efforts towards European cohesion policies, as it 'governs EU-wide coordination of national legislation with regard to all audiovisual media [which] include all kinds of services, from TV broadcasts to on-demand services and, since revision of the Directive in 2018, also video-sharing platforms.' (Blázquez et al 2022: 13). Although it is a step further for regulation and support for cinema and audiovisual, the rhythm and the conditions of national transposition of AMSDV differ across countries. Two quite different cases, regarding the contribution obligations for VOD services, illustrate the differences: in Portugal, the annual fee is of 1 per cent of the companies' 'relevant revenue', while in France it might come up to 25 per cent. The subsequent application of the fees also varies: in Portugal, the money will go directly to the entity responsible for cinema policies and support (ICA), but in some countries (such as France) it includes direct investment in cinema. In the next section we will go through the Portuguese policies for cinema, emphasising their socio-historical context while attempting to line up with the European framework.

3. Cinema industry in Portugal: outline of a policy and non-commercial exhibition

As mentioned above, Portugal is not a big country, which compels a market fragility in terms of the economics of cinema: there is no scale for *industrial* production, support for cinema is predominantly public and highly centralised, and budgets are low (Kanzler and Talavera 2018).

Money to subsidise cinema depends on screening fees, subscriptions fees and investment obligations, which follows the general European framework in the sequence of the liberalisation of the media markets in the 1980s – in Portugal, that process started in the 1990s, with private broadcasting. This major change, combined with the progressive diversification of support programmes, made the contribution of private investors essential, despite being difficult to obtain. At the same time, stimulating audiovisual works (with autonomous support programmes since 2012) would contribute to clarifying the distinction between public support for (more) authorial films (non-refundable grants) and private investment for entertainment and audiovisual contents. Several schemes for complementing public funds have been essayed since the second half of the 2000s, but some did not work at all due to lack of interest from the private sector, while others are too recent to allow evaluation[7].

As for the cultural-artistic dimension, Portuguese filmographies have a tradition of international reputation in all genres (fiction, documentary and animation), measured by circulation and awards in festivals and other reputed events. This acknowledged quality of Portuguese authors and films has little to no effect regarding the way Portuguese cinema is internally recognised, watched and valued, and this gap is sometimes mentioned as a 'divorce' between the Portuguese people and national cinema (Monteiro 2004). This situation induces a difficult balance in public policies,

[7] A very recent example is the Support Fund for Cinema and Tourism (2018), a cash rebate scheme aiming at attracting cinematographic activities that might project Portugal as a tourist destination. It is a common initiative of Culture and Tourism government areas that has been followed by an Incentive to Production and Film Capturing (2018), and the creation of a project group assigned to promote and implement the Fund (Portugal Film Commission in 2019). Preliminary evaluation (ICA 2020) evidences positive results on the production side. However, impacts on admissions and gross box office need more time to be measured, and most probably complementary initiatives and measurements are needed, on the side of culture rather than the market, such as effective socio-territorial impacts at the local level.

imprisoned between the safeguard of a strategic internationalisation of Portugal through an artistic-authorial cinema (seen as a market niche and a driver for its cultural projection – Costa 2002) and the adaptation to the European policy framework (aiming at market scale and scope within Europe and the global context dominated by the US).

Table 5.1 and Table 5.2 present some indicators of the Portuguese market between 2007 and 2019. During the period covered, 672 domestic films were produced, all types and genres considered (shorts and feature films, fiction, documentaries and animation), with two minimums, in 2013 and 2014, since no new public funding was awarded in 2012, 'the zero year of Portuguese cinema'[8], as a direct result of the *troika* intervention after the 2008 crisis (see chapters 10 and 11). Feature films count for around half of the overall national production (328, on average 25 films per year, the majority being fiction films)[9]. Production is not high, even for a medium-sized country, and the gap between the number of applications for public support and the number of funded projects is persistently high, due to public budget limitations[10].

Table 5.1.
Portuguese cinema between 2007 and 2019, by year: number of domestic films produced and % of feature films produced:

	2007	2008	2009	2010	2011	2012	2013
Number of domestic films produced	52	55	50	66	57	39	24
% of domestic feature films produced	30.8	45.0	40.0	39.4	50.9	48.7	54.2

	2014	2015	2016	2017	2018	2019
Number of domestic films produced	27	51	48	65	72	66
% of domestic feature films produced	44.4	60.8	58.3	58.5	59.7	56.1

Source: ICA.

[8] Coelho, Alexandra Lucas, "Retrato devastador. 2012 é o ano zero do cinema português." In *Público*, October 6, 2012.

[9] The production of documentaries has increased since 2012, *grosso modo*, and in some years it dominated feature films production. As for animation, only 1 feature film was produced, in 2009.

[10] The number of films produced has been increasing over the last 5 years, but growth in the number of applications for public support is higher, despite some changes in support programmes, e.g. incentives to co-productions.

Table 5.2.
Films released by origin, admissions and domestic films market share in Portugal, 2004-2019 (%):

Origin	2007		2008		2009		2010		2011		2012		2013		2014		2015		2016		2017		2018		2019	
	Films	Adm.	Films	Adm.	Films	Adm.	Films	Adm.	Films	Adm.	Films	Adm.	Films	Adm.	Films	Adm.	Films	Adm.	Films	Adm.	Films	Adm.	Films	Adm.	Films	Adm.
Europe (co-productions included)	30.7	11.7	34.9	11.8	31.0	7.7	38.9	7.3	37.0	5.2	43.8	16.4	39.7	19.6	44.1	13.3	47.3	20.0	43.6	8.9	43.8	10.6	43.3	8.5	46.8	12.2
Europe	*24.5*	*8.9*	*28.5*	*9.3*	*22.9*	*5.0*	*30.5*	*5.5*	*28.9*	*4.5*	*34.4*	*11.1*	*33.9*	*16.2*	*32.9*	*8.5*	*39.7*	*13.5*	*37.0*	*6.6*	*33.6*	*8.0*	*34.7*	*6.6*	*34.8*	*7.6*
Portugal	*6.2*	*2.7*	*6.4*	*2.5*	*8.1*	*2.7*	*8.4*	*1.9*	*8.1*	*0.7*	*9.4*	*5.3*	*5.7*	*3.4*	*11.2*	*4.8*	*7.6*	*6.5*	*6.7*	*2.4*	*10.2*	*2.6*	*8.7*	*1.9*	*12.0*	*4.5*
Co-productions Europe-USA	19.0	21.8	16.2	23.2	16.6	28.6	11.1	19.6	11.6	16.0	6.9	9.9	7.8	7.1	9.9	15.5	9.3	9.1	7.3	11.2	10.2	9.5	10.1	19.1	10.7	11.1
USA (co-productions included, exc. Europe)	46.0	66.2	46.8	63.9	49.8	63.3	47.3	73.0	45.8	78.0	47.6	73.3	47.4	71.4	41.9	70.4	38.6	70.2	42.0	78.7	41.7	79.2	41.3	71.2	33.8	74.8
Other origins	4.4	0.4	2.1	1.1	2.6	0.4	2.7	0.1	5.6	0.8	1.7	0.3	5.2	1.8	4.2	0.8	4.8	0.7	7.0	1.2	4.3	0.7	5.2	1.1	8.7	2.0
N (admissions in millions)	*274*	*16.3*	*235*	*16.0*	*271*	*15.7*	*262*	*16.6*	*284*	*15.7*	*288*	*13.8*	*348*	*12.5*	*313*	*12.1*	*355*	*14.6*	*398*	*14.9*	*372*	*15.6*	*404*	*14.8*	*391*	*15.5*
Ratio admissions / inhabitants	1.5		1.5		1.5		1.6		1.5		1.2		1.2		1.2		1.4		1.4		1.5		1.4		1.5	
Domestic films market share (%)*	6.2		6.4		8.1		8.7		8.1		9.0		5.7		11.2		7.6		6.8		10.2		8.7		12.9	

* Feature films.
Source: ICA.

The magnitude of the fragility of Portuguese films in the national market is expressed by the origins of the films released and their admissions (Table 5.2). More than 50% of the films released each year are non-US productions, with European films taking the lead and exceeding the US share since 2014, in line with the EU trends[11]. The share of domestic films released is very low and it reached around 10 per cent of total feature films only in three years (11 per cent in 2014, 10 per cent in 2017 and 12 per cent in 2019). Considering admissions, the picture changes (except for Portuguese films): US films dominate, never going below 70 per cent of total admissions since 2010. Distribution and exhibition are even more concentrated: the five main Portuguese distributors, as well as the five main exhibitors, represent almost the whole market, with around 95 per cent of the market share or more, as measured by admissions (ICA 2021b, c).

All in all, cinema's penetration, as measured by the ratio between total admissions and the population, is very low in Portugal: below 1.5 in 6 of the 13 years covered, a value that was only surpassed in 2010 (1.6). The situation gets worse when considering that more than half of the 308 municipalities had no cinematographic activity in 2023 (i.e., commercial and semi-commercial exhibition).

If for nothing else, the above portrayal makes clear why non-profit cultural organisations play a key role in exhibiting films at the local level to counteract territorial asymmetries: they are often the only link local populations have with culture and the arts. Furthermore, it confirms the need for public intervention, not only to promote the supply of films through the whole territory (democratising the possibility of access to cinema), but also to contribute to its diversity (correcting the dominance of US films by stimulating the exhibition of alternative filmographies and Portuguese films).

Portuguese policies for cinema must be considered in close connection with the country's contemporary history, which reflects its peripheral position within the EU. Some transformations, during the past half-century, were determinant for the position of Portugal in Europe. The major rupture was the democratic revolution in April 1974, that put an end to 48 years of dictatorship, with a hard censorship system formally established in 1933 (see chapter 1). That also meant the end of the last colonial empire in the world, along with its devastating war (1961-1974). In 1986, the country joined the EU (then EEC), which was the result of a significant effort to catch up with European modernity and socioeconomic standards. Ten years later (1995), the autonomy of culture was acknowledged, following EU policies, and a Ministry of Culture was created. Its further existence, however, was marked by discontinuities, in close relation with the government parties, as non-socialist

[11] In terms of number of films exhibited, US market share is over 50% (ICA 2021b).

governments have always devalued the institutional scope of culture (Garcia *et al.* 2016). Between 2011 and 2014 culture was relegated to the statute of a Cabinet Office under the Presidency of the Council of Ministers. During this period, in the sequence of the 2008 financial crisis, Portugal was subjected to a severe programme of external financial 'assistance' (after Greece and Ireland in 2010), provided and supervised by 'the troika' (the European Commission, the European Central Bank and the International Monetary Fund; see chapter 10).

The above historical circumstances influenced the course of Portuguese cinema policies, despite the attempts of approximation to Europe and its funding models. Before the democratic revolution, cinema was a precious instrument for structuring nationalistic ideology through the legitimacy of a popular culture based on Catholicism, rurality and patriotism (Torgal 2010). The end of World War II and the geopolitical changes in its aftermath troubled the Portuguese dictatorship: the regime would last for the next three decades, but more and more isolated and facing difficulties in preventing external influences, such as the movement of film societies, which formally started in 1945 and, although extremely limited and widely perceived as anti-regime (Granja 2007), it did not stop.

As post-war changes in Europe were pressing the Portuguese isolationism, the germ of an explicit policy for cinema was issued in 1948, expecting to introduce some modernisation while reinforcing institutional control over films, filmmakers, companies and even audiences (see Miranda 2020 for details). Even though, it allowed some new authors to be supported, mainly through international training grants. That, along with the support of Calouste Gulbenkian Foundation in Lisbon[12], contributed to the later emergence of a new generation of Portuguese filmmakers during the 1960s, which was the germ of the primary representation of (contemporary) Portuguese cinema, labelled, in the 1980s, as 'new cinema': artistic, experimental, internationally recognised as *European cinema* (Cunha 2018). Some policy reconfigurations were implemented in the aftermath of the May 1968 French cultural revolution, of which the establishment of a specialised organism for cinema in 1971 (the Portuguese Institute of Cinema – IPC) was the major change. IPC was attributed financial autonomy, and configured some openness regarding the European context, while meeting some expectations of professionals and artists (as their international success was an instrument for the external image of the regime) *and* reinforcing the state control over cinema (Cunha 2018: 160 ff).

[12] Its role was of primary importance in supporting the Portuguese arts and artists before democracy.

IPC launched the basis for subsequent policy structuration: it lasted for more than four decades, with minimal functional adaptations to the profound transformations of the country enabled by the democratic revolution in 1974. All in all, an economic policy aiming at an internationally competitive *industry* of cinema was unachievable, so the legacy of a culture and arts-driven cinema ('new cinema') remained the core aspect of contemporary Portuguese production, relying on international recognition of some authors and highly dependent on public support to exist. Despite the mobilisation for structural changes in facing a 30-year delay regarding post-World War European changes, by the time of the Portuguese accession to EEC (1986) cinema policies were outdated.

It was only in 1993 that a new regulatory scheme was defined, and subsequent adaptations to EU directives and to technological changes were essayed, under the liberal economic turn, i.e. fostering 'self-sustainability', 'economic rationality', and less dependency on the state. Support for international circulation (festivals in particular) was explicitly addressed, assuming the quality of Portuguese cinema (in fact, the high probability for Portuguese films to be awarded); and so was the encouragement of co-productions, especially with member states that Portugal had already collaborated with (in terms of programmes or production funds). Support for production was restructured, establishing specific schemes, such as: an automatic support system (from the income which resulted, for example, from ticket fees charged during the exhibition period), direct support system (financial contribution obtained directly by the producers) and a selective support system. As for distribution and exhibition, films from European member states benefited from distribution quotas, and exhibition was referred to as requiring further regulation, to ensure independent cinema would be encouraged. Still concerning exhibition, it was established that the government would collaborate with the municipalities regarding theatrical cinemas, which was never accomplished.

Constant alterations occurred until 2004, when a new legal framework was designed, which, despite further revisions (in 2012, 2018 and 2021), has maintained its structural guidelines. Three major alterations are worth noting: the foundation of the National Culture Board (CNC) in 2006, with a specialised section for cinema and audiovisual; in the following year, the current Institute of Cinema and Audiovisual (ICA) was established; and in 2021 the transposition of the AVMSD was regulated.

The Portuguese trajectory shows efforts to overcome the country's backward condition regarding EU standards, which helps to explain many regulatory changes. Cinema is an expensive industry and the financial support granted in Portugal has always lagged behind the EU average (Kanzler & Talavera 2018), while ICA remains the main financing source, sometimes the only one, so augmenting the agents' dependency on central-state support. This situation risks resulting in a double-edge sword regarding cinema policies. We will discuss it in the next section, arguing for the need for multilevel policies, where NCE should be addressed.

4. Public support for cinema in Portugal and the role of non-commercial exhibition: the need for multilevel policies

We evidenced that Portuguese cinema policies were far from stabilisation when the liberal turn in the global economy happened, a driver for the ensuing 'creative' turn in cultural policies, leading to the general retreat of public policies all over Europe. Last but not least, the *troika* intervention in 2011-2014 caused a huge impact on Portuguese cultural policies – in 2012 no public money was allocated to cinema, as mentioned. As pointed out in section 2, the countries with better performance in the EU film market present more robust public policies, which include more efficient distribution and exhibition schemes. This is why NCE emerged as a crucial element to consolidate the cinema sector in Portugal, as otherwise market forces would be dominant, putting at risk cultural diversity and democratisation.

We have been arguing that some degree of complementarity between national and regional/local policy levels is vital, and this complementarity is basically inexistent in Portugal. In this section, we will outline an insight on Portuguese support for cinema, focusing on distribution and exhibition and highlighting the role of NCE. Table 5.3 presents the evolution of the amounts available for cinema support between 2007 and 2019: all programmes, distribution and exhibition (data on festivals and NCE are provided).

Keeping in mind the EU context (Kanzler & Talavera 2018), underfunding is clear in total available amounts. Arguments for the urgency of more public money to support Portuguese cinema are recurrent, on the basis of its high artistic quality, international recognition, and emphasising the need for strategies regarding the internal acknowledgement of Portuguese cinema. Despite this, ICA direct financial support is relatively high, justified by market fragilities regarding private contribution mechanisms: in sub-programmes driven by cultural criteria mostly (e.g. production and exhibition), the amount of support is up to 80 per cent of the total cost of the projects (under a pre-defined maximum value per project)[13]. This means that the diversification of sub-programmes has not been accompanied by a correlated financial reinforcement, which results in a decreasing selection rate, as the number of candidates is increasing, in production especially, as referenced. In 2014 there was an atypical growth (73 per cent), which was related to the post-*troika* recovery.

[13] The actual maximum for a production project is €0.7M.

Afterwards, a slight growing trend has arisen, with some (relative) peaks, mostly related to the programmes' regularity (e.g., contests for festivals are triennial).

Table 5.3.
Evolution of public support for the cinema and audiovisual sector between 2007 and 2019: all programmes, distribution and exhibition (thousands, non-deflated):

	2007	2008	2009	2010	2011	2012*	2013	2014	2015	2016	2017	2018	2019
All programes	10,190	10,190	10,190	10,190	10,140		10,190	17,654	17,763	18,419	18,540	18,940	20,550
Distribution (all sub-programmes)	700	700	700	700	700		620	650	650	715	850	975	975
Exhibition (all sub--programmes, exc. Festivals)	300	300	300	300	250		250	350	150	420	445	350	570
Festivals**	750	750	750	750	750		500	2,400			2,400		
NCE (alternative circuits)***	100	100	100	100	100		100	200		220	220		220

* 'Zero year'.
** 2007-2011: annual and biennial contests/awarding; 2013: support for one year; from 2014 onwards: triennial contests/awarding.
*** 2007-2013: annual and biennial contests/awarding; from 2014 onwards: biennial contests/awarding.
Source: ICA.

Specific measures addressed to distribution and exhibition include different sub-programmes. An autonomous programme addresses film festivals (on national territory, competitive and international), and 'alternative circuits' (NCE, as defined in section 1). As for distribution, support is targeted to national works (in Portugal), as well as to European and minority world filmographies, as measured by admissions market share (less than 5 per cent), diversity of films' origins, and initiatives promoting audiences' engagement[14]. Table 5.3 evidences that distribution and exhibition are almost residual in the face of the global amounts: distribution gets 5.2 per cent, on average (12 years, i.e. 2012 excluded), while exhibition gets 2.3 per cent As for NCE, the yearly amount is stable: €110,000, with a maximum value per project of €5,000 (up to 80 per cent of the project), which means aiding around 20 projects per year, i.e. a small part of the potential universe (see section 1). The festivals sub-programme has also maintained a quite stable amount between 2007 and 2019.

Let us briefly present the support framework for distribution and exhibition before getting back to NCE.

Distribution sub-programmes addressed to theatrical venues comprise incentives aiming at countering the Portuguese territorial asymmetry. Selective criteria combine (depending on the sub-programme) the number of cinemas involved, the presence in specific zones with less than 0.5 spectators per inhabitant and the number of screening days (outside Porto and Lisbon). In practice though, contribution to wider accessibility is low, as distributors tend to privilege the number of cinemas instead of the screening time. The result is that, excluding multiplexes, many films get one-day screenings only.

Support for semi-commercial exhibition is targeted at independent/arthouse cinemas (see section 1). It includes cultural criteria similar to distribution, and 'the existing cinema supply in the municipality' is addressed (ICA, 2021b). This would introduce a reasonable territorial adjustment if it were not for the coastal-urban Portuguese concentration, as mentioned above: although each municipality has at least one theatrical venue, regular cinema programming is not a local policy priority, which means that there are just a few eligible candidates for ICA support.

NCE and festivals sub-programmes are directed to non-profit entities, following cultural criteria, but no regional/local incentives are assigned. However, support is plurennial, as a means to facilitate the exhibitors' planning and strategy, i.e. some stability: three years for festivals and two for NCE (see Table 5.3). As festivals have

[14] Three sub-programmes (ICA 2021a): one for national works only; another including national, European and world minority filmographies (with two applications per year); and the third addressed to 'cinematographies with cultural relevance and low diffusion' in all channels (theatrical, VOD and subscription-on-demand (SOD) platforms, DVD/Blu-ray editions and digitisation and/or conservation and recovering of old films). Support for distribution of national works is decided by ICA, the other two by jury boards.

become more professionalised (for which adjustments in eligibility for funding programmes have contributed, such as a minimum of two previous editions and the presence of at least one competitive segment), most small-medium festivals located in peripheral areas do not meet the minimum requirements to apply. As ICA support is limited to a maximum of 50 per cent of each festival edition total costs (up to €100,000), complementary funding is mandatory, and this benefits major urban areas, where festivals' positive externalities related to agglomeration economies attract not only municipal assistance but also some private sponsoring. As a result, the geography of festivals has been reinforcing the existing asymmetries, contributing to the disappearance of festivals that were important both for film diversification and as local-regional development drivers. Acknowledging this issue, a new programme addressed to medium-small festivals was launched in 2024.

There is an evident potential for NCE to fill (at least some of) the gaps the above segments do not, in terms of regular cinema supply all over the national territory. Non-commercial exhibitors are mainly film societies, but as the distance to urban centres grows, diverse cultural-artistic associations assume film exhibition as part of their activities. Because they tend to be relatively unstructured organisations, geographically dispersed and based on voluntary work and informal practices (see section 1), they configure quite a invisible activity (although sometimes regular), and therefore it is difficult to build a real alternative exhibition circuit. And of course beyond the applicants for ICA support, these entities are very hard to identify and characterise, which means that many agents and initiatives operate outside the institutional field (e.g., unable to follow the rules for theatrical exhibition, so to apply for public funding – Santos & Barbosa 2019).

Eligibility for ICA financial support entails requisites aiming at incentivising structural consolidation of non-commercial exhibitors and exhibition. For example, a digital ticketing system has been mandatory since 2003, the equipment being provided by ICA for free. Applications foresee the presentation of detailed annual plans, including a minimum of 30 different films per year (no juxtaposition with film festivals or extensions of film events extensions of any kind is allowed), and for each film a thorough description of its characteristics and target audiences is mandatory. Criteria regarding the Portuguese language or the weight of Portuguese films, as well as the presence of short films, animation and documentary, are also part of the boards of juries' evaluation. A promotion strategy must also be designed. Complying with these apparently basic requirements is far from being easy, especially as urban density diminishes.

The digital ticketing system allowed the availability of systematic data about the Portuguese non-commercial exhibition since 2004. Tables 5.4 to 5.7 summarise selected information about the Portuguese non-commercial exhibitors between 2007 (as before that year the system was still being implemented) and 2017. During this period, 47 exhibitors were present in the database, which represents only a small portion of the real universe (see section 1). The fragility of the segment is clearly reflected in the irregularity of their activity records, meaning that non-commercial exhibitors often operate outside the formal system: only one fifth of the exhibitors were present in the database during the whole period (Table 5.4). As for those with continuous registers since 2014 (8 exhibitors), it is not yet clear whether they will stay formally registered or not.

Table 5.5 shows the territorial coverage of the 47 non-commercial exhibitors registered in the database, by calculating the percentage of municipalities they represent in each Portuguese region (cumulative values for the whole period): in all regions, they represent a very limited number of municipalities, illustrating the high extension of the territory that is uncovered (even taking into account the limited range of the statistical registers). Table 5.6 is especially expressive regarding the scope of NCE official statistics: although the use of the digital ticketing system became mandatory for receiving public support, not all the granted exhibitors complied with this requisite (and others, not subsidised, adopted the digital ticketing system). As referred to above, one of the targets of ICA support for NCE is to incentivise some professionalisation of the agents, so that the segment will be clearly identified and monitored to improve public policy, but it seems that even the state recognises that the majority of the entities need time (and assistance) to consolidate their organisations and formal practices.

Table 5.4.
The presence of non-commercial exhibitors in the database: number of years registered by the exhibitors between 2007 and 2017 (N):

	Number of exhibitors
11 years	9
8-10 years	5
5-7 years	12
Less than 5 years:	21
Since 2014	*14*
Before 2014	*7*
Total	47

Table 5.5.
Municipalities with non-commercial exhibitors' activity between 2007 and 2017, by region (% of the number of municipalities in each region):

Region	% of municipalities with NCE	Number of municipalities in each region
Lisbon Metropolitan Area	16.7	18
Porto Metropolitan Area	29.4	17
North (exc. Porto Metropolitan Area)	11.6	69
Centre Region	12.0	100
Alentejo Region	3.4	58
Algarve Region	18.8	16
Azores Autonomous Region	26.3	19
Madeira Autonomous Region		11
Total	12.3	308

Table 5.6.
Number of non-commercial exhibitors between 2007 and 2017, according to whether or not they have received financial support*:

		2007	2009	2011	2013	2015	2017
Exhibitors in the database	Received financial support	17	16	19	17	19	19
	Did not receive financial support	2	4	3	3	11	11
	Total	19	20	22	20	30	30
(Number of non-commercial exhibitors supported by ICA)		(19)	(19)	(21)	(21)	(20)	(22)

* In 2012, no support was granted.

Non-commercial exhibitors are intrinsically targeted to focus on cultural-artistic outcomes, and as already mentioned, they often operate in areas of very low cultural density. Table 5.7 below shows that municipal screens are the most used by the entities registered in the database: NCE relies predominantly on available screens, which exist in all municipalities. Nevertheless, in most of them the use of municipal screens for film screening is dependent on the municipality own programming, which means that regular scheduling for NCE is not the rule, and this makes cinema supply irregular in many locations where non-commercial exhibitors operate. As non-commercial exhibitors are also (*et pour cause*...) intrinsically receptive to adapting to unconventional and improvised screening conditions, in order to compensate the difficulties of regular film screening, a significant part of NCE is not registered, as it often does not comply with legal requisites for cinema exhibition.

Table 5.7.
Types of venues for film screening used by non-commercial exhibitors between 2007 and 2017 by type of exhibitor (N):

	Own venue	Municipal (public) venue	Public institution (non-municipal)	Private venue	Other
Film society	2	18	8	3	3
Cinema		2		4	
Cultural-artistic	3	3			
Other	4	3			
Total*	9	26	8	7	3

* Total > 47 because some entities screen in more than one venue.

Finally, most of the non-commercial exhibitors have developed a local embeddedness that involves many possibilities for socio-cultural initiatives beyond cinema. Theatrical exhibition means much more than viewing films projected on a big screen, it means social encounters and interaction, which are crucial for social cohesion and social participation. Additionally, even film societies (which are 'the most specialised' in cinema exhibition) tend to engage in different cultural activities, particularly in localities where there is no cultural-artistic regular supply. As local cultural agents, non-commercial exhibitors are privileged targets regarding the potentialities of digitalisation in countering the extreme territorial cultural asymmetry, not only in film supply, but also in other arts (performative and visual), as long as they have been recorded.

So that the above considerations become real and sustainable, two pivotal changes in public policies are required. One is that the different central-state institutions must cooperate, i.e. that integrated cultural policies will be developed, articulating cinema, visual and performative arts, and heritage[15]. This does not mean the diminishing of autonomy for each area, but the need for new ways of cooperation, so that changes (such as the digital challenges and opportunities for cultural accessibility) are effectively taken into account. The second pivotal change concerns the articulation of different policy levels, which, in the case of Portuguese cinema, appears to be urgent. Central-state policies are essential in compensating the clear market failure in the cinema sector, which seems clear for non-commercial exhibition. But local and regional involvement is essential, either for cultural densification (multiple centralities) or for the efficiency of national policies (see chapter 4). On the one hand, a higher budget from the state (ICA) is crucial, not only for better assistance to each exhibitor but also to reach a wider number of entities: in 2020, the amount awarded to NCE duplicated globally (€200,000 per year) and the maximum per entity (€10,000), so it is not expected that the number of subsidised entities will increase. On the other hand, intermediate levels of intervention are critical, by means of direct and indirect support mechanisms. Excluding ICA, direct support in Portugal is inexistent: there are not regional funds for cinema. As for indirect support, the mobilisation of different regional and local agents is crucial. Municipalities should be actively involved in cinema exhibition, taking it, not as an external, casuistic, asset, but as an endogenous priority of local policies.

5. Final remarks

Public policies for cinema in Europe have been, since their initial establishment, a form of protecting and valuing national identities while countering the US hegemony. There is an evident two-fold interest regarding cinema: cultural and economic. However, financial interests and technological developments have always prevailed over cultural aspects when it comes to economic analysis of the cinema sector and the segments it comprises – production, distribution, and exhibition.

In general, European countries privileged either automatic or selective support programmes (or a combination of both), while US policies foresaw the establishment of foreign trade agreements, in order to guarantee worldwide circulation. Efforts to reach scale in European cinema industry (countering its fragmentation), and also scope (preserving European cultural distinction against US entertainment industry), seem pivotal in EU policies, but also very complex. The goal of preserving national identities and cultural diversity, and to compete internationally, conflicts with coun-

[15] These are the three areas with central-state specific institutions in Portugal. ICA is the only one with legal personality (it is a public institute), the other two (arts and heritage) are General-Directorates.

tries characteristics, historical backgrounds and national support schemes, which makes it difficult to achieve integration and to evaluate (compare) policies and their outcomes. The articulation of production, distribution and exhibition is still far from being achieved, the first segment getting more attention from both EU and national policies. Furthermore, data concerning regional support is frequently unavailable, even in countries that have regional support funds for cinema, and data about NCE is usually not considered in official reports, except when it is part of specific programmes for independent exhibition.

In this chapter, we reflected upon the relation between European policies and national singularities, discussing the Portuguese policies for cinema and the importance of NCE. All in all, economics and culture should not be apart, so that cultural diversity and accessibility are taken seriously (Throsby, 2015). This is particularly crucial in cinema, given its complex relation between market and culture: talking about disentangling culture and economics means being aware of the urgency to efficiently articulate both dimensions.

Portugal has a contemporary history of major transformations since the democratic revolution in 1974 that impacted public policies for cinema. These remain primordially dependent on the central state and, as in most countries, oriented towards production. High centralisation, a small internal market and an excessive territorial socio-economic and cultural asymmetry (with a sharp inequality regarding cinema supply) are factors that amplify the effects of underfunding but also reveal its limits. Adding to the fact that national filmographies are internationally recognised makes exhibition even more crucial for cinema policies as economic and cultural policies.

So, what can we learn from Portugal and non-commercial exhibition? As stated, the coverage for regular cinema exhibition across the Portuguese territory is low, and this evidences the need for film exhibition at local level and public intervention for the democratisation of culture. Though most of the Portuguese non-commercial exhibitors (film societies and other cultural-artistic agents) are concentrated in urban areas, their activity goes beyond the conventional film exhibition, i.e. NCE official statistics are clearly incomplete (as we showed, many exhibitors do not use the digital ticket system). Furthermore, some exhibitors operate outside the municipal urban centres, and they are often the only link local populations have with culture and the arts. Non-commercial exhibitors are intrinsically motivated by cultural goals: not only do they adapt to improvised conditions and quite often promote other activities besides cinema, but they also play a crucial role in counteracting the homogenisation of film supply, by exhibiting alternative filmographies and Portuguese films.

Our research evidences the need for public intervention, and that it requires regional/local complementarity with the central state (multilevel policies), as market forces tend to exclude this minor segment, all the more as the expansion of streaming is overwhelming. Non-commercial exhibitors have high potential regarding the potentialities of digitalisation for cultural accessibility. For this, however, the NCE segment needs to be better identified and characterised, i.e., efforts to gather robust data must be continued.