European Parliament

Support for films from smaller Member States

Success criteria and challenges for small markets

Small European film markets[1] cannot sustain their film industries on commercial revenue in the domestic market alone. Additional sources of income are **public funding, theatrical export** and **incoming investment**, which all have their own success criteria and sources of competition. National public policy and funding levels in small markets do not always allow for support across **targets** and it is hard to meet diverging success criteria with the same films.

Small markets can be differentiated according to their **performance and their national policies' orientation** across these targets. Population size or number of films produced do not predetermine whether it is easier or harder for small markets to achieve success. There are small markets that perform well across several success criteria, while others struggle with building up the right conditions for broader competitiveness. Therefore, **small markets' needs for support differ**.

Target	Domestic 'resonance'	Export	Artistic recognition	Incoming investment
Success criteria	High domestic market shares and/or national public value	Circulation across many countries, audience numbers, commercial profits	Awards, nominations in festivals	Employment & fiscal goals (e.g. money spend on local facilities and talent)
Factors for success	Films meeting local demands, cinema and distribution infrastructure	Films meeting global demands, connection to the global market	Films, trades and talents that correspond to artistic criteria of festivals	Attractive incentive and investment schemes, highly skilled trades talent, facilities and locations
Competition	Imports from markets in the same language	US films, films from higher capacity European markets	Films from across the world	Economic, tax & media policy from other countries
Challenges	Size of domestic market, production cost, infrastructure, cultural participation	Budgets, limited export track-record, difference between international and domestic demands	Limited access to high-level festivals	High volume of incoming productions increasing domestic costs, losses if facilities go unused

Creative Europe MEDIA support for countries with low audiovisual capacity (LCC)

The MEDIA strand has the explicit **remit to take into account differences across countries** regarding the production, distribution and access to audiovisual content including linguistic and geographical specificities. A part of this endeavour to ensure a more level playing field is the identification of European **markets with lower audiovisual capacity (LCC)**. Capacity is currently defined through the number of applications and awards to MEDIA's (2014-2020) Slate Development, which supports independent production companies to develop 3-5 film or TV projects.[2] It is important to note that many LCC countries are small, but there are small markets that are classed as high-capacity (e.g. Belgium, Denmark). These tend to be the ones that also perform well across several success targets.

To increase LCC participation, MEDIA 2021-27 includes the Mini-slate-development instrument (2-3 projects) exclusive to LCC countries. In other instruments, applications involving LCC beneficiaries score extra points. The mid-term evaluation of Creative Europe 2021-27 indicates that the programme on the whole increases the international availability of European content. The share of supported co-productions involving LCC countries has **increased from**

Policy Department for Citizens, Equality and Culture
Author: Cathrin BENGESSER
Directorate-General for Citizens' Rights, Justice and Institutional Affairs
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under 5% in the 2014-20 programme **to 30%** since 2021, but supported co-productions still tend to **follow established pathways** (e.g large plus small market of same language). The support to LCC countries per capita has increased more than the support to high capacity countries, but there is still a difference.[3] Countries with **lower levels of national public funding** also tend to receive less Creative Europe funding in relation to the number of people employed in the audiovisual sector.[4]

How can Creative Europe's support for small markets be improved?

For small markets that often focus their public support on domestic resonance or artistic recognition, Creative Europe funding is a way to **help expand exportability**. Animation and genre-film like crime, family, sci-fi and horror, feature strongly among the successfully exporting film from small markets, including VoD distribution. Strategic capacity building for these types of film could help small markets to **diversify their filmic repertoires** and build their own niche in international trade rather than competing for big budgets with Europe's large markets.

Maintaining if not expanding **targeted support to LCC markets** promises to continue improvement of LCC participation. **Support to co-development between LCC and high-capacity countries** is a suitable tool for helping expand the portfolio of genres and budgets to films with export potential. Extra points for LCC-led co-productions could address their current role as minor partners. If the project moves into production, a leading role can also bring higher spending and on-screen recognizability to LCC, thereby helping them to build up a track-record as co-production partner and exporter. Similarly, co-production is suitable for giving small markets in general and LCC markets specifically better **access to high-level festivals** which is a main driver for export of artistic oriented European films.

The cinematic window is vital for the success of European films, because it is the main source of revenue in the film industries and correlates with VoD circulation and viewing. **Support for the theatrical distribution** of European film is therefore of continued relevance. Films that only export in the VoD window can struggle for attention since **discoverability** involves many factors outside presence and prominence on streaming services.

How could adjustments to the AVMSD framework further support VoD circulation targets?

Small markets can benefit less from the **30% quota for European works**. First, they have fewer titles to go around. Second, particularly low capacity countries often lack the integration into the global market decreasing their potential for international sales. Third, transnational SVoD players localize their catalogues to lesser degrees in very small or less developed VoD markets. LCC countries also tend to make fewer investment demands on VoDs.[5]

While some countries have introduced domestic sub-quotas, small markets face the risk of elevating **competition for rights** between local and transnational VoD players at the expense of consumers and the local VoDs' position, since they often capitalize on domestic resonance content. A way to increase the diversity of films circulating on VoD that avoids this competition in the home market and helps LCC countries to strengthen integration into the global market could be to encourage transnationally operating VoD players to **invest in licenses for content outside the MS** they target.

The current **prominence obligations for European works** are hard to efficiently implement and regulate particularly for smaller MS. More knowledge on effective prominence measures for European works is needed. An obligation for prominence of **sevices of general interest** on smart TV interfaces could increase audiences' awareness of the services which currently already perform an important role in ensuring access to domestic and international small market content.

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1 The Crescine (Horizon Europe) project has defined European small markets to encompass populations between 1 and 16 million.

2 LCCA: Croatia, Czech Republic, Estonia, Greece, Poland, Portugal, Romania. LCCB: Bulgaria, Luxembourg, Slovenia, Lithuania, Slovakia, Hungary, Latvia, Cyprus, Malta plus third countries.

3 Commission staff working document (2025): p. 31.

4 *Study on broadening participation under the creative Europe media programme – Final report*, p. 62-63.

5 *Study on broadening participation under the creative Europe media programme – Final report*, p. 19.

Administrator responsible: Michaela FRANKE, Cosmin ROMAN Editorial assistant: Ivona KLECAN

Contact: poldep-iust-a@europarl.europa.eu

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