

The Implementation of the Cultural Exception Concept on the French Cinema Development and the Complexion of its Domestic Movie Theater Industry

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ABSTRACT

The French government is committed to providing a special treatment on cultural products by implementing the Cultural Exception on the French cultural policies relating to the cultural industry such as the French cinema industry and its domestic movie theater industry. In an effort to protect the French cinema industry as well as its domestic movie theater industry, the French government imposed a number of policies such as quota restrictions and tariff arrangements of import film, funding to support French cinema production, as well as strict regulatory processes in the development of the movie theater industry sector in level domestic by foreign investors. These policies have long been used to maintain the French cinema industry as well as its domestic movie theater industry sector in the face of Hollywood Film domination, competition of global cinema exhibition chain, new challenges in technology development and the dynamics of international policies within the EU level. The adoption of cultural exception concept in French cultural policy relating to the French cinema industry and its domestic movie theater industry sector is the French government's resistance form in order to defend its cultural identity. This study aims to know how the cultural exception concept applied to the French cultural policy and it gives an impact on the French cinema development as well as its domestic movie theater industry. In order to reach the objection, this study uses qualitative research design. The literature review has been chosen to obtain secondary data from books, journals, and also from government publications and documents. Furthermore, this study applies a political economy perspective to provide an overview of the French cultural policy related to its cultural industry. The application of the cultural exception concept adopted into the French cultural policy and imposed by the French government is able to make the development of the French cinema industry and its movie theater industry sector grow strongly at domestic level. For the sake of the economic factor in French cinema industry sector, the French government is more openly supporting the making of films adapted to the global market in order to compete with Hollywood films. On the other hand, there are homogeneity and monopoly in the French movie theater industry sector which is only controlled by local exhibitor or domestic companies.

Keywords: *France, French cinema, Movie Theater Industry, Cultural Exception, Cultural Resistance*

1. INTRODUCTION

The cinema industry and the movie theater industry in France are not just a business commodity or a production of commercialized culture. The French government is committed to giving a special treatment to cultural products. The special treatment is now known as the Cultural Exception. This concept aims to protect the culture from becoming a commodity. This concept is in line with the idea of the UNESCO Convention on the protection and the promotion of the diversity of cultural

expressions that acknowledge the sovereign right of States to implement policies to support their cultural industries [1].

The Cultural Exception idea itself was initiated by France in the General Agreement on Tariffs and Trade (GATT) in 1993. In this negotiation, France led the European Union in its pursuit of the cultural exception strategy during GATT and it has been a strong proponent of various audio-visual support measures implemented at the European level [2]. At the regional

level, especially in France, the concept became identical and aligned with the French cultural policies in an effort to protect, nurture and develop its cultural industry, for the purpose of this study, it will be focused on the French cinema industry and its domestic movie theater industry. The aim of this study is to know how the cultural exception concept applied to the French cultural policy and it gives an impact on the French cinema development and the complexion of its domestic movie theater industry.

France takes in a tense relationship with globalisation relating to its cultural identity and sees globalisation as a threat to cultural diversity. Held, McGrew, Goldblatt and Perraton describe that the globalisation is indicated by the 'stretching of social, political and economic activities across political frontiers', driven by the enlargement of worldwide systems and it affects on an increasing interconnectedness between nations [3]. France considers it as a threat to its cultural identity. This idea encourages and shapes government action that leads to the continual modernising of policies to protect and promote its cultural industry.

The cultural industry discussed in this study includes the French cinema industry and its domestic movie theater industry. The French cinema industry as a component of the audio-visual sector has a premium position in economic sector and is one of the smallest of France's cultural industries [4]. It is also the one has the smallest share of their home market. So that makes sense for them to protect intensively in support of the industry, which is viewed most fragile and where it is most threatened in the face of Hollywood film domination.

On the other hand, there is a strong state intervention in the domestic movie theater industry. In France, US companies discovered business stretching complicated, not only because of its undeniable antipathy towards Hollywood, but also because of the control and domination of the French movie theatre industry at level domestic. The cultural exception concept on the French cultural policy has an impact on the complexion of movie theater industry at domestic level. This sector becomes uniform or controlled by certain parties and their regulation reinforce this condition.

This study aims to know how the cultural exception concept applied to the French cultural policy and it gives an impact on the French cinema development as well as its domestic movie theatre industry.

2. METHODS

In order to reach the objection, this study uses qualitative research design. The literature review has been chosen to obtain secondary data from books, journals, and also from government publications and documents. Author wants to capture and explain an outline of the phenomenon that fits the study focus through literature review. Furthermore, this study applies a political economy perspective to provide an overview of the French cultural policy related to its cultural industry.

3. RESULTS AND DISCUSSION

In this section, we will discuss about the practice of the cultural exception concept on the French cultural policy manifested in a series of regulations and government interventions. The French government takes a role in funding, legislation and supervising measures on the French cinema industry as well as its domestic movie theater industry.

3.1. Funding measures

A cinema production or a substantial cinematographic industry needs both tax and budgetary regulations. The French government showed only very slight involvement in the film industry until the foundation of the CNC (*Centre national de la cinéma et de l'image animée*) - a privileged instrument at national level - in 1946. The CNC is a central player in the French cultural policy for supporting the French cinema industry and its domestic movie theater industry. The CNC makes a determining of large-scale cultural policy, and creating the special characteristic of the current system.

In accordance with the government publication entitled *Cultural Policies in France* issued by The French Coalition for Cultural Diversity in collaboration with the Ministry of Culture and Communication of France and The CNC states that the French cinema industry has only a very minor share on the cultural budget, but the French government still takes control over it and it remains a privileged area. The State determines major orientations and stabilities while the CNC organises the provisions and allocation of resources. The CNC takes roles, both as an instrument of the public institutions and as a professional establishment. The intervention of the CNC is oriented on providing financial aid from *Compte de soutien* or automatic support that covers production aid, distribution support and exploitation with commercial

and profit purpose. [1]. On the other hand, the CNC takes a part of the selective support to maintain an offer when market conditions would not make possible [1]. These aid systems lean entirely on a set of tax measures such as TSA (*Taxe spéciale additionnelle*), which is a particular tax of every admission ticket [1]. The other tax measures set are the tax on television broadcasters that one-third going directly to the cinema and the video/VOD tax that three-quarters is allotted to the cinema [1].

This government publication also informs that there are also the tax incentives as a benefit from state support organised by limited companies, SOFICA (*Société de financement du cinéma et de la télévision*). Gaining approval by the Ministry of Culture and Communication, SOFICA focuses its sole activity on cinematographic or audiovisual works funding. This tax provision gives particularly procedures of a 20% tax credit for a work whose shooting and post-production expenses are made mostly in France [1]. Beside that, there is also a supplementary tool of the financial support from the CNC called the IFCIC (*Institut pour le Financement du Cinéma et des Industries Culturelles*). The IFCIC founded in 1983 by the Ministry of Culture and this institution is intended to facilitate access to bank credit for cultural businesses, notably by providing diverse guaranteeing loans based on the type of project and giving an expert appraisal of the specific risks in relation to this type of activity [1].

3.2. Legislative measure

3.2.1. Protection of the French cinema industry

There are two general strategies a country can enforce to protect its cinema industry. First, by striking quotas to make sure that local films are not cast off the market by Hollywood movies and then, by granting subsidies to encourage the production of new films [5]. France has long engaged both methods to preserve its film industry in the middle of strong Hollywood film domination. France is willing to fight for its film industry by being the only true rival to Hollywood. France attempts to infiltrate and dominate at all costs in order to compete with the Hollywood movies domination.

Chaudhuri [6] tells that during the globalisation of the 1990's, Hollywood held Europe and makes Europe as its most valuable export market. Attempting to extend its influence into the former communist country in Eastern Europe, where in that period happened the lifting of trade limitation that created unusual levels of competition from US films. That is seen as a problem and threat to France, Britain, Germany, Spain, and Italy as Europe main film

producers and makes their domestic marketplace is widely captive to Hollywood.

The GATT or trade agreements between the Europe and United States are but an attempt series of the American film business to attain advantageous trade and expansion effort as well as export of its films to Europe. However, France, as the only European country still to possess a viable film industry, has robustly resisted because of they want to maintain its film industry [6]. At France's demand, the agreements comprise a quota restriction on the amount of films to be imported into France every year from the United States [6]. The United States wanted unrestricted access to the screens, but France retained the quota to around 180-200 films a year [6]. France considers that its subsidies agendas and quota limitation are reasonable because of the immense deal unfairly that already existing in the audiovisual sector.

Dubbing and subtitling was implemented progressively in the French market and it has been regulated on the Decree No. 61-62 of January 18, 1961 establishing public administrative regulations for the implementation of articles 19 to 22 of the Code of the film industry governing the employment of French subtitles and dubbing on non-French films which are screened in theaters throughout France [7]. French law gives also the strong protection of authors' rights. An original works of an authors has moral rights and economic rights and it has been regulated by the *Code de la Propriété Intellectuelle* [1]. The ethic rights tied to the authors are unchangeable and inviolable, but the economic rights are transferable concerned exploitation of his work and the *Code de la Propriété Intellectuelle* furnish the provision of remuneration reception for each case of exploitation [1]. In addition, French regulation precludes any international handover of authors' rights to their forthcoming work [1].

3.2.2. Protection of the France's domestic movie theater industry

France is the number one moviegoer country regarding its contribution of the theatre admission fee in Europe. In France, US companies discovered business stretching complicated, not only because of its undeniable antipathy towards Hollywood, but also because of the control and domination of the French movie theatre industry at level domestic by local exhibitor such as *Les Cinémas Pathé Gaumont*, *Le Circuit Georges Raymond* (CGR Cinemas), *L'Union Générale Cinématographique* (UGC) [8].

When AMC, American Movie Theater, projected its movie theater on the suburb of Toulouse in 1998 but it was never built and triggered a petition organised by local exhibitor that made a campaign about the neocolonialism

and warned the local citizens [8]. The second attempt of AMC to propose its movie theater in Dunkirk got trouble and rejection from the local press. They also have to respond resistances from domestic independent theater such as Studio 43, a local exhibitor. It was resolved only after AMC accepted that the AMC could show only dubbed version while the independent theater would show popular non-French movie with subtitles [8].

The complexion of the France's domestic movie theater industry becomes uniform. In terms of international business penetration, it had not differed. Kinopolis is still the only foreign exhibitor in the domestic market since 2017 [8]. There is no presence of the international global player in multiplex cinema chain such as the ODEON Cinema Group, Cineworld in French Market [8]. In France, the development of the domestic movie theater industry has been constructed by a discourses series around globalization, Americanization, presumption as an existential threat to the French domestic movie theater and the French national culture and identity [8].

On July 1996, French government passed the Raffarin Act, which provided a two-level system of regulation implemented in cinema development in which new builds of 1500 seats or more and later it scaled down to 999 seats as well as expansion to existing cinemas of 2000 seats or more would be probed by the CDACi (*Commissions départementales d'aménagement cinématographique*), a second national commission that was constituted to evaluate permits denied or awarded and could overrule the local commission and for the purpose of defending independent movie theaters in town and city centres [8]. Law n ° 2014-626 of June 18, 2014 relating to Crafts, Commerce and Very Small Businesses (1), Code of Cinema and the Moving Image, Article no. 57 governing the role and function of CDACi (*Commissions départementales d'aménagement cinématographique*) [9].

3.3. Supervising measure

French government provides a support for export given to French cinema that involves several instruments such as the international aid program organised by the CNC which includes the aid for international exploration as well as assistance for promotion and sale such as dubbing and subtitling in foreign language, reformatting, conversion, design and dissemination of promotional supports, etc [1]. The other organization entrusted by the CNC is UniFrance that promotes the French cinema worldwide. Unifrance especially focused on global market surveys and supports films in international festivals and markets. [1].

To accomplish the global promotion and expansion mission of its film industry, France, through the Ministry of Culture and Communication, involves in many European cinema agenda like Eurimages and Euromed Cinemas. Eurimages program planned for the furtherance and growth relating to the European cinematographic works while Euromed Cinemas program supports the diffusion and exportation relating to the European and Mediterranean Films including Algeria, Egypt, Morocco, Israel, Tunisia, etc [1].

French government provides several policies to support the French cinema industry and its domestic movie theater industry by the strong state intervention. They take a role in funding, legislation and supervising measures, particularly through the CNC (*Centre national de la cinéma et de l'image animée*) and a set of tax regulations enables to acquire funds to promote its cinema industry. Furthermore, there is a dependable system for funding production in support of the entire French cinema industry activities and its expansion and exportation. French law gives also a legislative framework which emphasizes the protection of the French cinema industry and the French movie theatre industry themselves.

Foreign companies are having difficulty expanding into the movie theater industry sector in France due to the strong development and growth of the France's domestic movie theater industry and the tight regulations imposed by the French Government. Homogeneity and monopoly were created in the movie theater industry sector in France, which was only controlled by local exhibitors (domestic companies). The French government intervenes in the country's economy by applying the concept of cultural exception. The motive is not only about economic growth, but also protection and promotion of national interests, as determined by the administrative elite.

The political motive that shapes the French government action is a practice of cultural resistance. The cultural exception concept adopted in French cultural policy relating to the French cinema industry and its domestic movie theater industry sector is a form of the French government's resistance in order to maintain its cultural identity from the domination of Hollywood films, competition of global multiplex cinema chain, new challenges in technology development and the dynamics of global policies within the EU level.

4. CONCLUSION

The application of the cultural exception concept adopted into French culture policy and imposed by the French government is able to make development of the French cinema industry and its movie theatre industry sector grow strongly at domestic level. For the sake of the economic factor in French cinema industry sector, the French government is more openly supporting the making of films adapted to the global market in order to compete with Hollywood films. At the same time, the French government is still sustaining the production of films that particularly satisfy a cultural role for the elite national and also international audience [10]. On the other hand, there are homogeneity and monopoly in the French movie theatre industry sector which is only controlled by local exhibitor or domestic companies.

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