



Film production in Greece: Economic impact

Study team

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1. Introduction
2. Film industry in Greece and in Europe
3. The economic impact of film production
4. Legislative framework and incentives to attract foreign productions
5. Conclusions and proposals

Creative and cultural industries, CCI

- Contribute about 3% of EU-27 GDP and employ more than 7 million people (~ 1 million self-employed, freelancers)
- 2002 - 2011: export growth from Europe to the rest of the world at an average annual rate of 6.3%.
- 2010 onwards: annual growth rate exceeding 10%.
- Sectors with significant innovation, particularly resilient in the crisis with respect to the prospects for their further development and employment especially of young people.

Greece

- Contribute about 3% of GDP, employ 110,000 people (Q1 2013), ~ 3% of employment in Greece (Avdikos, 2014).
- One of the nine new sectoral National Strategic Reference Framework (NSRF) programmes

- ❑ Music and Film Production
- ❑ Advertisement Production
- ❑ Television and Radio Programmes
- ❑ Specialised design (web design, industrial design, fashion design)
 - ❑ Textile - Clothing
 - ❑ Footwear- leather - fur
 - ❑ Jewellery
 - ❑ Furniture
 - ❑ Games
 - ❑ Crafts
- ❑ Software production
- ❑ Video Games
- ❑ Publishing
- ❑ Architecture
- ❑ Representational and visual arts

Culture

- One of the most popular aspects of culture
- Reflects cultural diversity, different traditions and the history of each country.

Economic activity

- An economic good that offers opportunities for economic activity.

Channel of Promotion

- Regarded as one of the most powerful and popular advertising tools for a country.

- **Identify** the contribution to the Greek economy of
 - a) the film industry
 - b) the wider audiovisual industry
 - c) attracting foreign productions in Greece
- **Analyse** the obstacles to attracting major international productions
- **Propose interventions** for the removal of such obstacles

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The domestic and foreign film productions in Greece have a long history



1960's - mid 70's

- Period of prosperity
- Significant foreign productions (eg The Guns of Navarone, Never on Sunday, Zorba the Greek)

1990's

- Greek films at international festivals (eg Eternity and a Day)
- Greek blockbuster movies (eg Safe Sex)

1980's

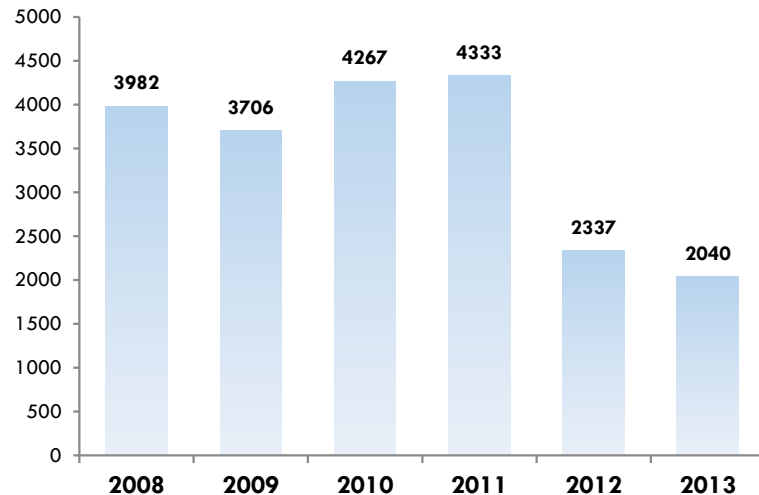
- Decrease in cinema ticket sales
- Blockbuster productions (eg Λούφα και Παραλλαγή)
- Filming of James Bond in Meteora and Corfu

2000's

- Important productions (eg A Touch of Spice, Brides)
- Development of film distribution companies
- Hollywood productions (eg Mamma Mia)

In recent years, film production has entered a crisis period

Employment in the audiovisual industry in Greece, 2008-2013

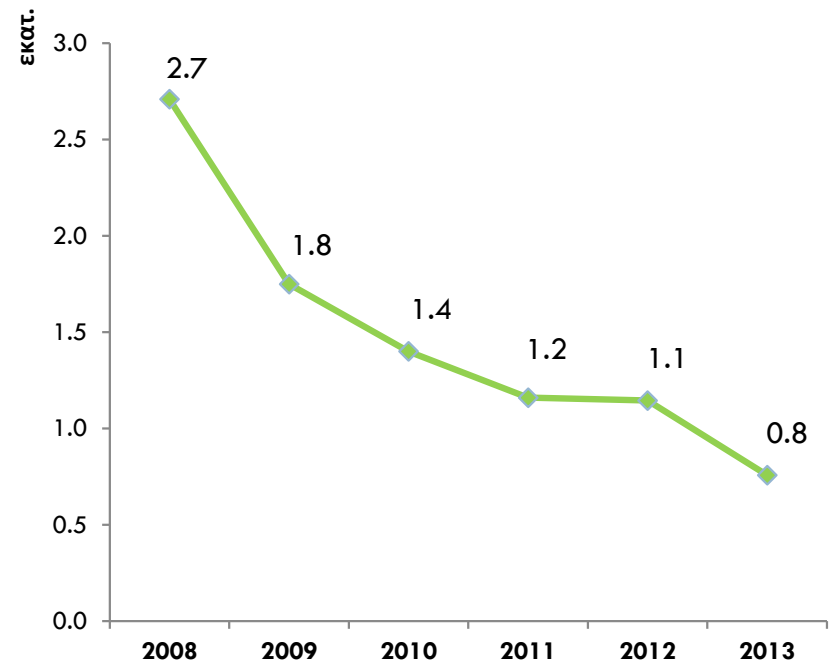


Source: ELSTAT, Labour Force Survey

- The number of sold tickets for Greek films in 2013 fell to less than 1/3 of the level in 2008
- The tickets for all films (foreign and Greek) recorded an average annual decline of 7.3% between 2009 and 2013.

- The employment in 2013 decreased by half compared to two years earlier
- Turnover fell on average by 14% each year between 2010 and 2013

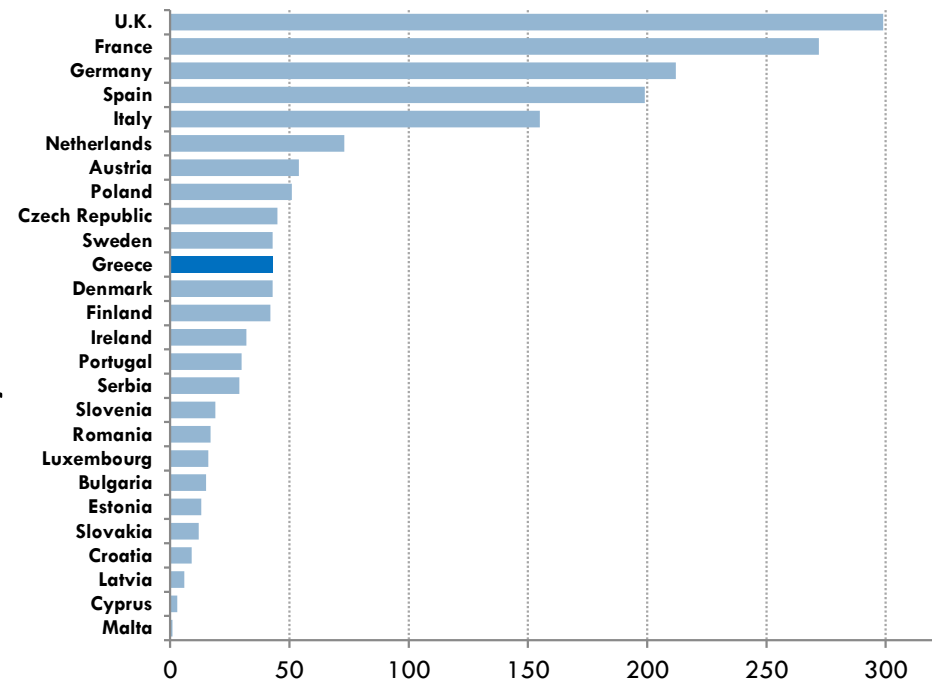
Tickets for Greek films in cinemas



Source: Greek Film Center

- The United Kingdom and France are the European countries with the most developed film industry
- In terms of number of productions, Greece is on a par with the Scandinavian countries
 - Most of these, however, are low cost productions
- The share of the sector* in GVA in Greece is lower than in most EU countries
 - It fell to 0.3% in 2011 from 0.64% in 2009

Domestic film production in the EU-27, 2011



(*) Includes fiction, animation and documentary films lasting 60 minutes or more

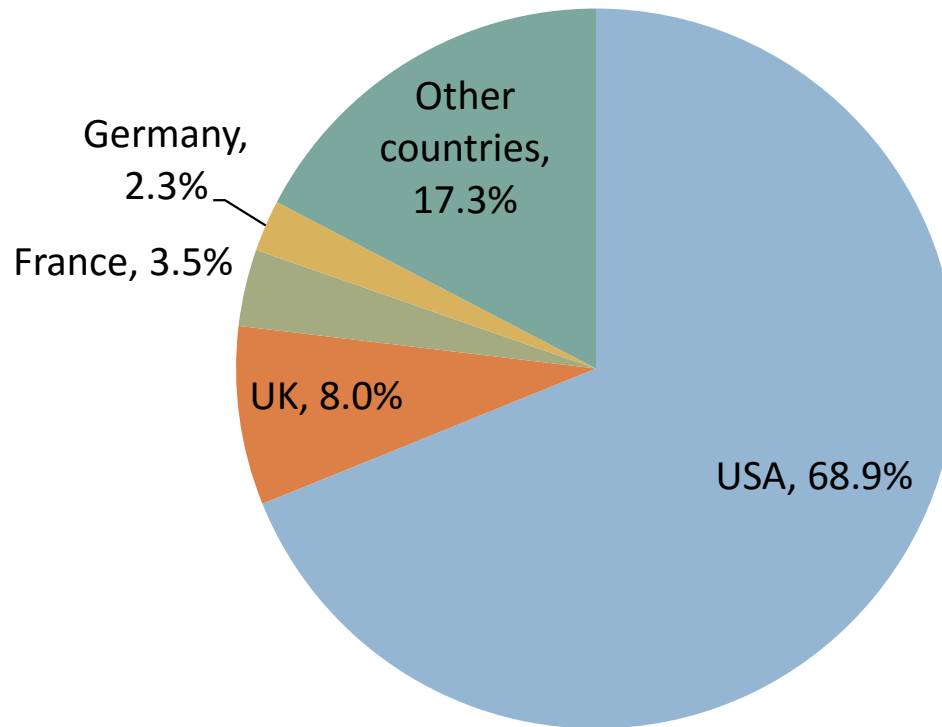
Source: Unesco

(*) Production and audiovisual programming and broadcasting activities

Significant dominance of American cinema in Europe



Share in sold tickets per origin of feature films in the EU-27 in 2012

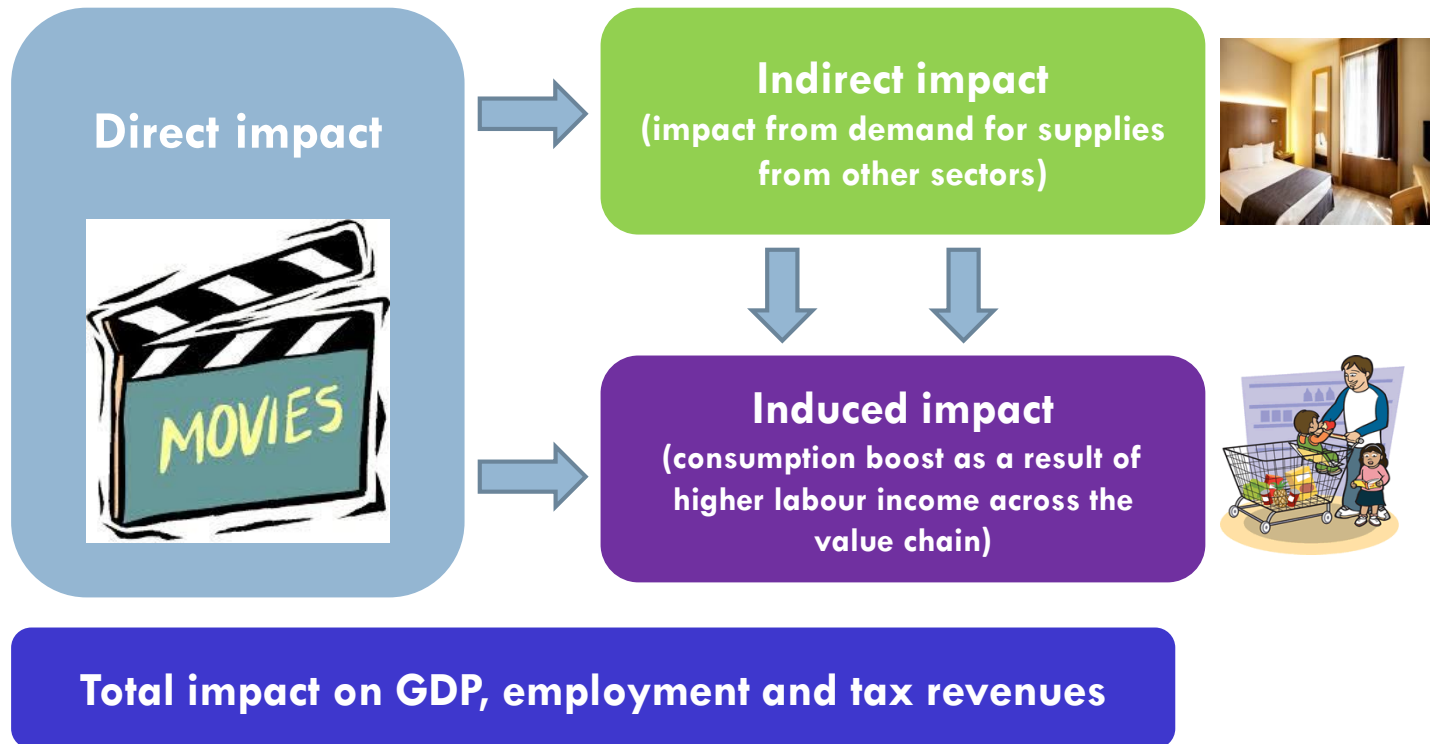


Source: Unesco (Institute for Statistics)

About 2/3 of the films viewed in the EU (2012) were of US origin - most European films are shown only in the production country, as the distribution in other countries is limited due to cultural and multilingual diversity.

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Assessment of the overall impact of cinema on the Greek economy

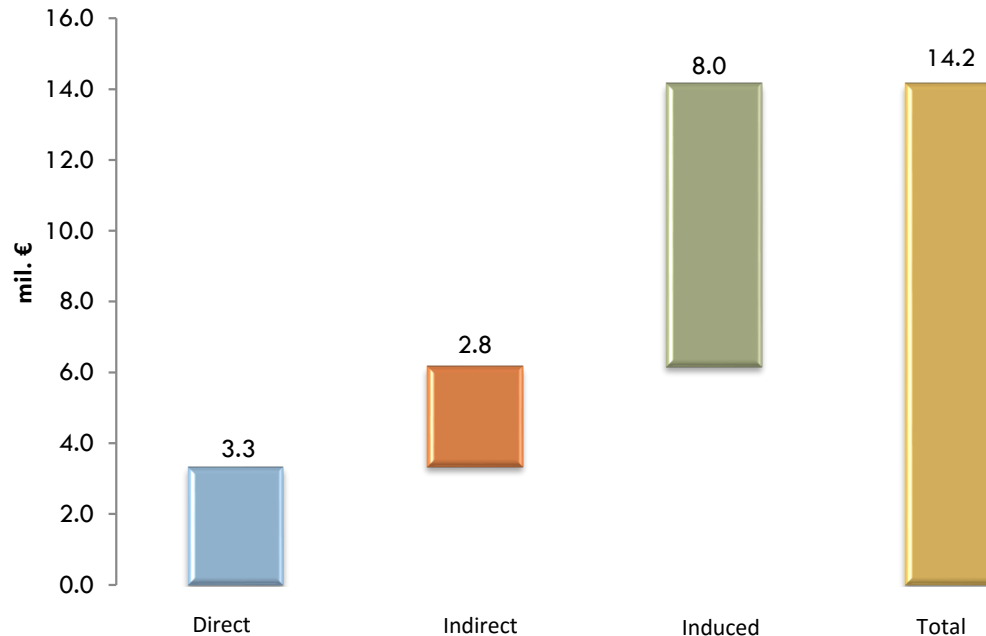


The assessment of the overall effect is calculated with the use of input-output tables and the Leontief input-output model

The production of 20 Greek films annually, with an average budget of €450,000, leads to an increase in GDP by €14.2 million



The effect on the country's GDP from the annual production of Greek films



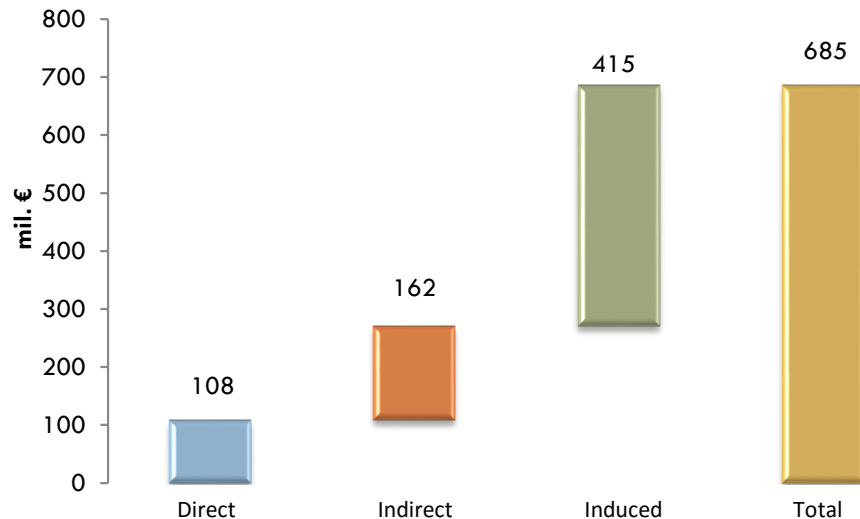
Source: Input-Output Model IOBE

- The overall impact on employment is estimated at 272 jobs
- In terms of fiscal revenue, the contribution of the industry approaches €3 million.

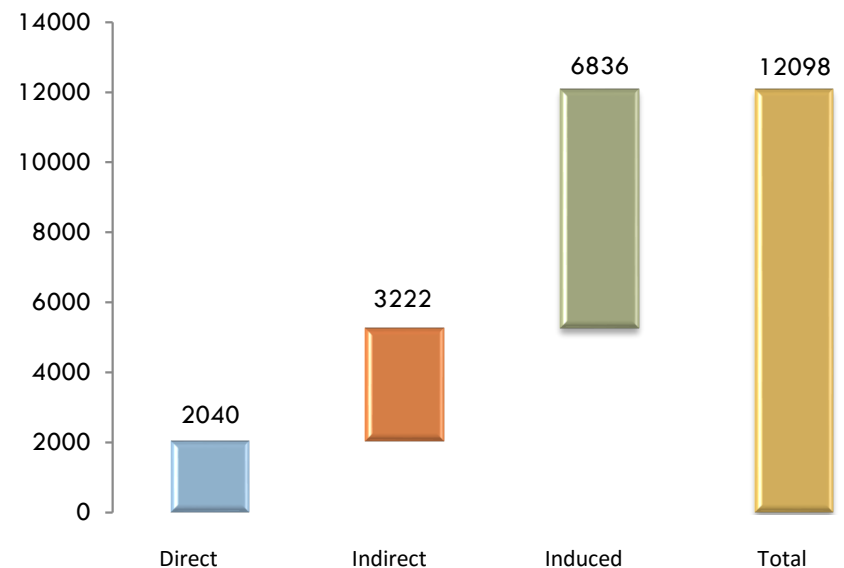
The contribution is larger if we take into account the production of television programmes and advertisement clips

The overall impact of the audiovisual industry

on GDP



on Employment

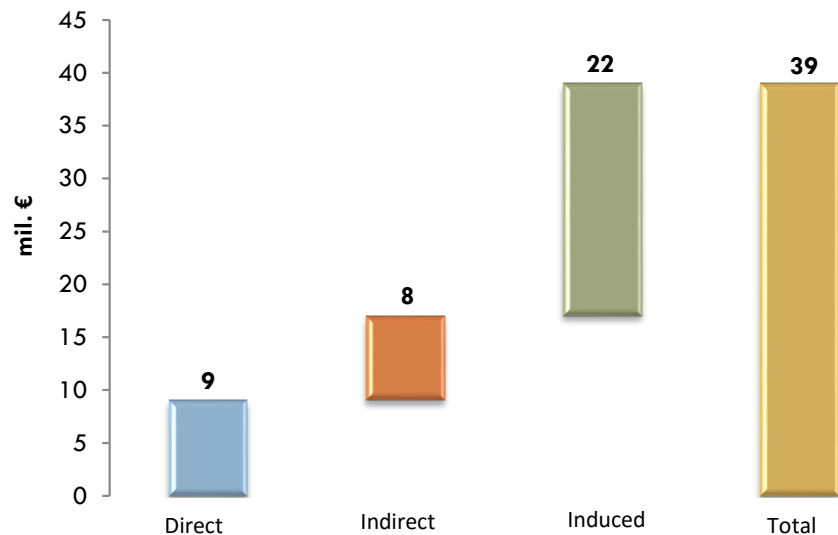


Source: Input-Output Model IOBE

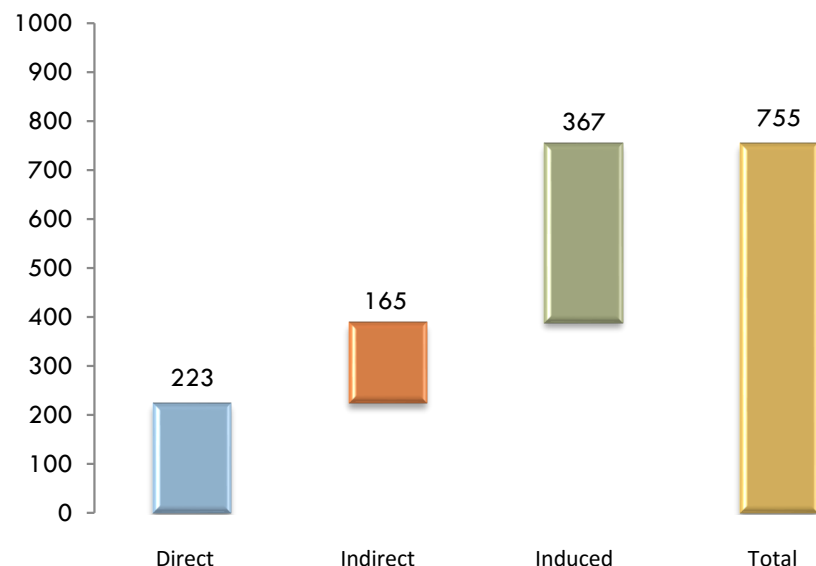
- The overall impact of the sector on GDP is €686 million, of which €108 million is the direct effect on GDP
 - The effect of household consumption (induced impact) is three times higher than the direct effect.
- In terms of employment, the impact is estimated at 12,100 jobs
- In terms of fiscal revenue, the contribution of the sector approaches €159 million.

It is estimated that a big foreign production (€25 million expenditure in Greece) can increase GDP by € 39 million

The effect of a big foreign production on GDP



The effect of a big foreign production on employment

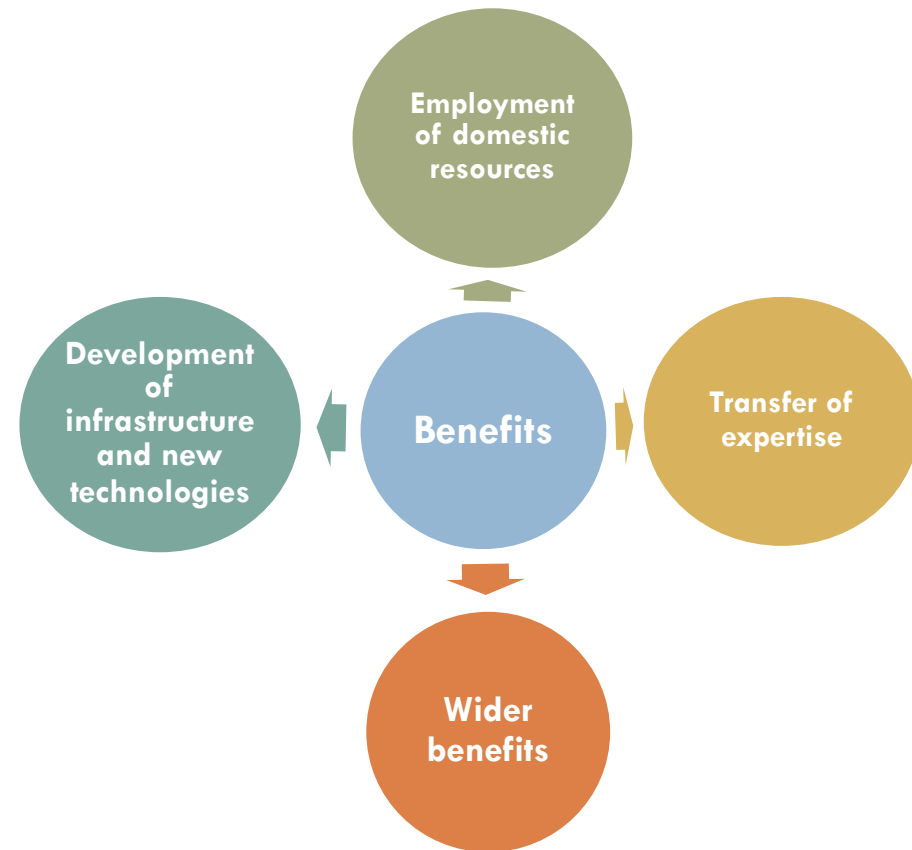


Source: Input-Output Model IOBE

In terms of employment, a single big foreign production may sustain more than 755 jobs during the shooting, of which 223 positions would be in sectors directly involved in the film production.

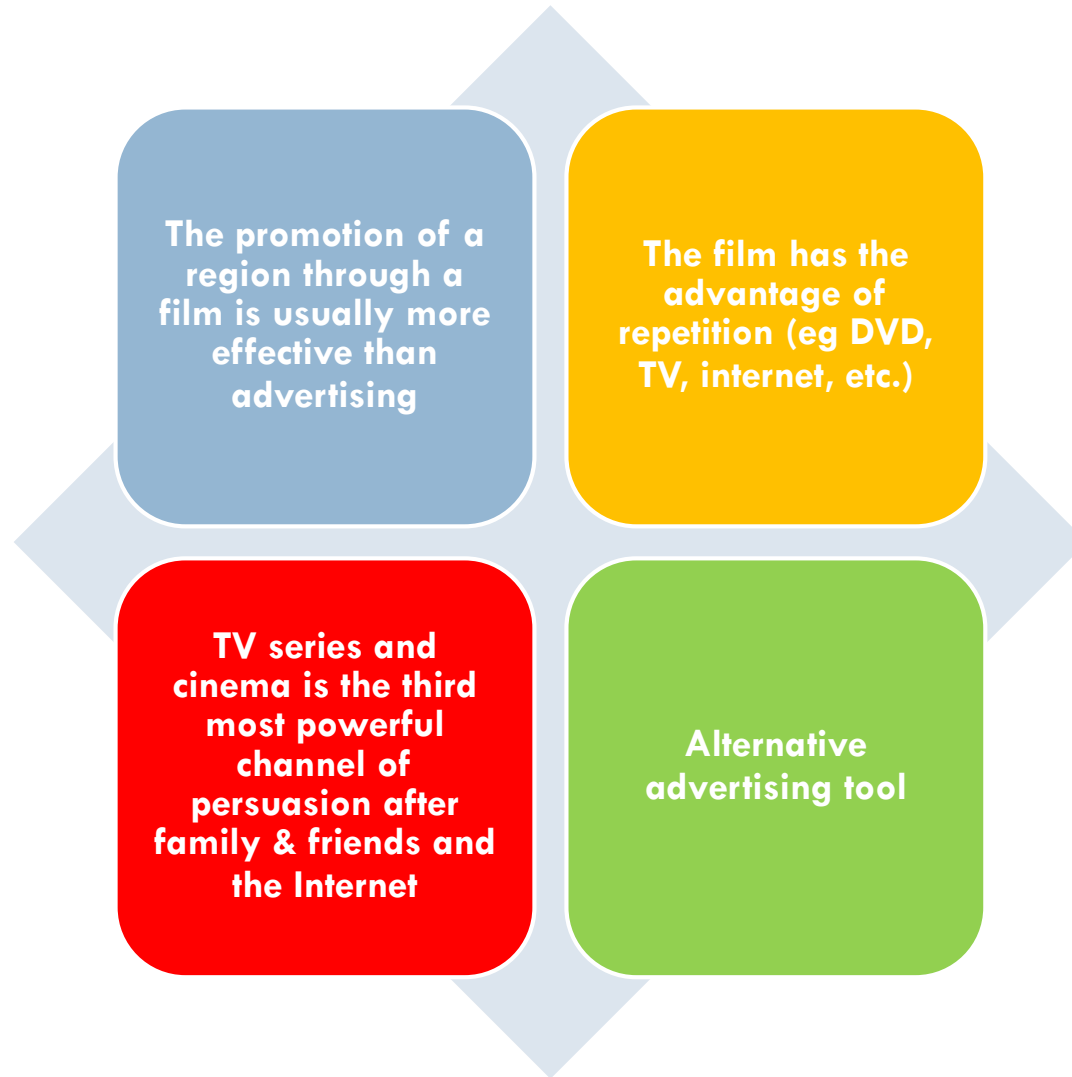
- Contributes to the strengthening of the domestic film industry
 - ▣ Employment of technical and artistic resources, knowledge transfer, development of technological infrastructure
- Generates wider impact with significant benefits for the economy and society
 - ▣ Part of a film's budget is spent in the region of the shooting
- Upgrades the national 'brand name' of the host country

Benefits of attracting foreign film productions



To attract foreign producers, many European countries have introduced incentive mechanisms

The cinema is a strategic communication tool



There is a significant link between attracting foreign films and tourism

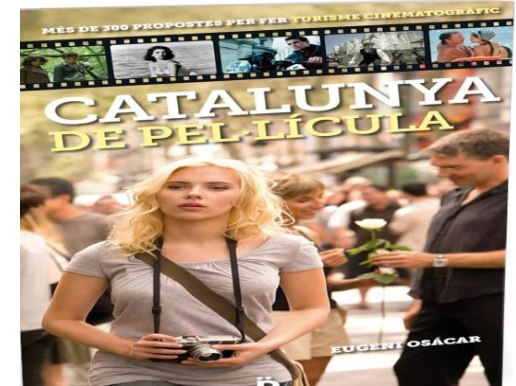
- A significant number of people visit a region or a city, attracted by the beauty of the landscapes and cultures captured in a film.
- The tourism promotion in some countries includes film production as a marketing and promotional tool



Tourism promotion of New Zealand following the film "The Lord of the Rings"



Advertisement of an airline based on the film «Hobbit»



Tourist guide of Catalonia, mapping areas used in film shootings

Attracting foreign productions supports tourism and the domestic film industry



- Significant tourism growth in areas where successful commercial productions were shot
 - ▣ For example, in the United Kingdom (Harry Potter - Alnwick Castle) and in New Zealand (The Lord of the Rings)
 - ▣ About 10% of the inbound tourism in the United Kingdom (corresponding to tourist spending of \$3.2 billion) is estimated to come from the development of the domestic film industry
- In areas where foreign productions were made, the domestic film industry experiences a boom
 - ▣ The Wellington region of New Zealand (also referred to as "Wellyhood") attracts many film shoots
 - ▣ In several EU countries, including the neighbouring SEE countries, attracting foreign production companies has contributed to the development of domestic film production facilities and the adoption of new technologies.

For Greece, there are indications that foreign productions led to tourism growth in Kefalonia and Cyclades



| | Budget (mil. \$) | Revenues (mil. \$) | Filming Location | Effect on domestic tourism * |
|------------------------------------|------------------|--------------------|-----------------------------|-------------------------------------|
| Captains Corelli's Mantolin | 57 | 87,7 | Kefalonia | +14%** |
| Lara Croft: Tomb Raider | 115 | 405,9 | Santorini, Kenya, Hong Kong | +12%** |
| Mamma Mia | 52 | 753,9 | Skopelos, California | Indications of a positive effect*** |

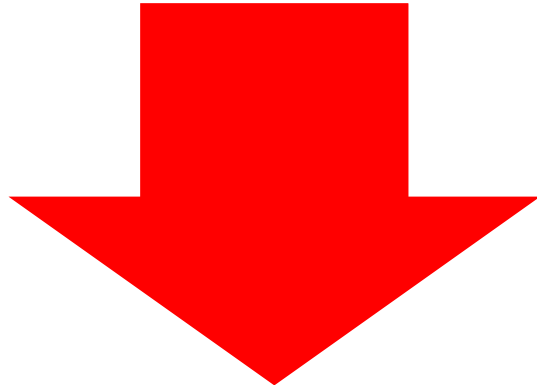
(*) Foreign visitor arrivals in hotel accommodation per area of the country

(**) Compared with the performance that would be achieved if the movie had not been made in the region

(***) Not so strong, possibly because the effect is focused on only one part of the county and specifically in Skopelos, where the shooting took place

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Need to attract foreign productions in order to develop the domestic audiovisual sector



- The fiscal discipline limits the possibilities of the state to support the domestic movie industry
- Difficulty in financing investment projects with high commercial uncertainty



- Necessary to implement existing legal provisions (e.g. channel the proceeds from the specific tax on cinema to film producers)
- Explore other tools of growth (e.g. attracting foreign film productions)



Significant weaknesses in the existing institutional framework for attracting foreign film productions



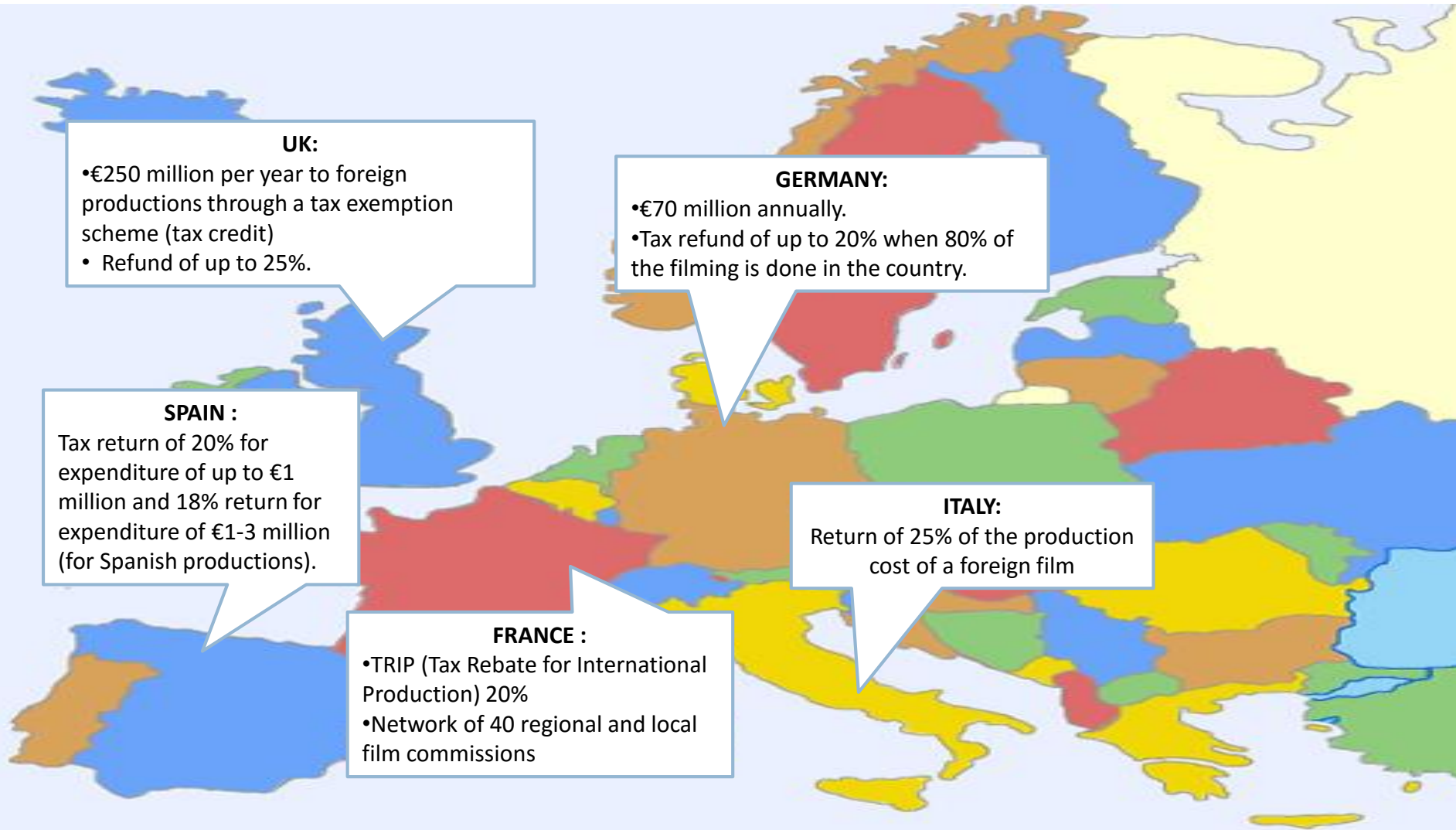
Bureaucratic obstacles

- ❑ Complex procedures
- ❑ Overlapping responsibilities of many institutions
- ❑ Lengthy procedures for access to specific areas of interest
- ❑ Ambiguities in the legislation, which leave room for subjective interpretations
- ❑ Lack of a set pricing list

Weak economic incentives

- ❑ Low contribution from the Greek Film Center
- ❑ Lack of effective tax incentives in Greece (e.g. VAT return)
- ❑ In contrast to Greece, many European countries subsidise 15-30% of the production cost
 - ❑ e.g. in Croatia, 20% of the production expenses can be claimed back if the expenditure made in the country exceeds €1 million

Incentives for attracting foreign films in five large EU countries



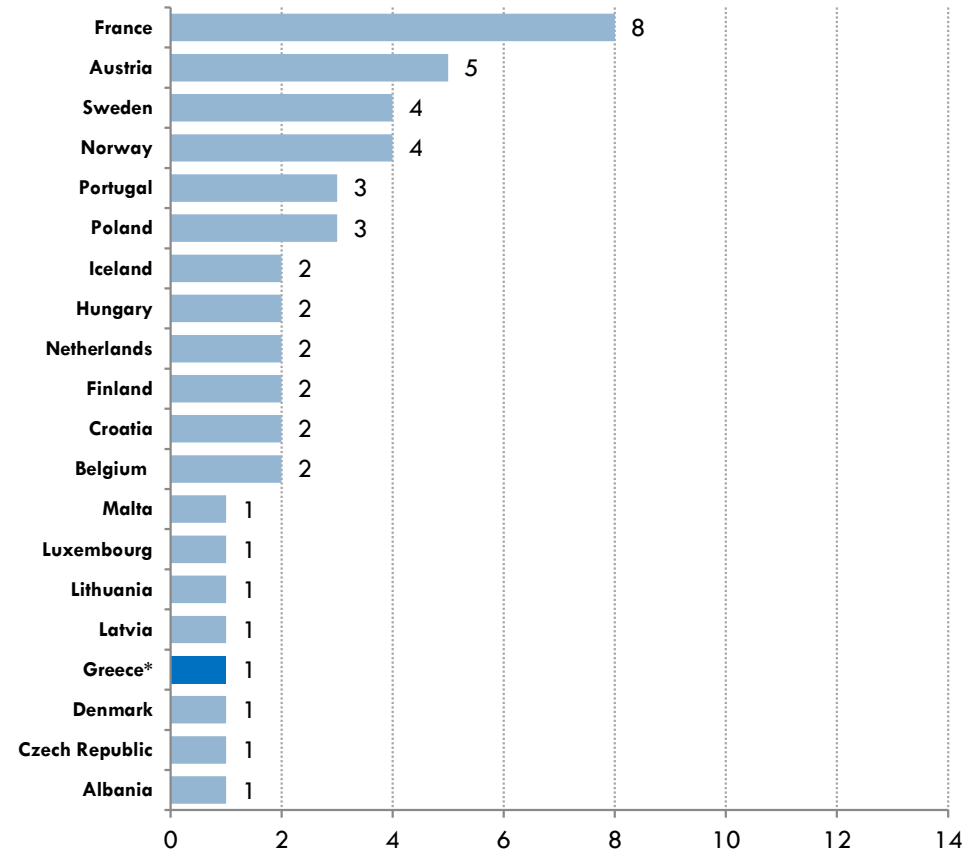
The role of Film Commissions in attracting foreign productions is important



- **Non-profit organizations** aimed at attracting audiovisual productions (films, TV series, documentaries, commercials, etc.) in an area.
- **Under the supervision of a public body**, offering a wide range of services for free.
- **The primary goal is to contribute to the enhancement and promotion of an area**, aiming at broader economic benefits, such as strengthening local businesses and ensuring professional competences in work related to the audiovisual industry.
- **Priority is the administration of a large range of procedures** (and possible dysfunctions arising from them), which in many cases exceed the powers of a single entity (e.g. region, county, etc.).

- In Greece, the Hellenic Film Commission Office was established in 2007
 - However, this office does not seem to be fully operational
- Law N.3905/2010 envisages the establishment of a promotion division (Hellas Film) and a directorate of international audiovisual productions (Thessaloniki Film Commission).
 - These offices do not seem to be operating

Film commission offices in European countries



Source: European Film Commissions Network (EUFCN)

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- Domestic and foreign filmmaking in Greece has a long history
- In recent years, film production has entered a crisis period
- In terms of film production volume, Greece is on a par with the Scandinavian countries
 - ▣ However, the majority of the domestic productions are low cost
- The production of 20 Greek films annually with an average budget of €450,000 leads to an increase in GDP of €14.2 million, supporting 272 jobs throughout the economy
- Taking into account the value of the total activity of the audiovisual industry, the overall contribution in terms of GDP is estimated at €686 million, of which €108 million is accounted directly to the sector.
 - ▣ In employment terms, the overall effect is estimated at 12,100 jobs, with the employment in the sector itself standing at about 2,000 people.

- Attracting and shooting foreign film productions offers significant benefits to the domestic film industry and economy.
- A major foreign production in Greece with a budget of €25 million can boost Greek GDP by €39 million.
- Attracting foreign productions has an important contribution to tourism development as well
 - ▣ According to our econometric estimates, there are strong indications that the films Captain Corelli's Mandolin and Lara Croft: Tomb Raider led to (statistically significant) increase in tourism in Kefalonia and the Cyclades respectively

The physical and cultural features of Greece could be utilised to make the country a competitive option for the shooting of audiovisual projects, strengthening the domestic industry both in terms of the necessary infrastructure (e.g. development of new technologies) and in terms of creating new specialised jobs.

- Quality administrative services by the state and simplification of the procedures for shooting films.
- Active role of the Greek Film Commission
 - Provide information and assistance about all matters related to filmmaking in Greece.
 - Supply materials (e.g. photographs, studies, publications, statistics) for the best possible information of the foreign filmmakers.
 - Issue permits for shooting scenes, as long as any relevant fees have been paid and the competent institution has not submitted a written reasoned refusal.
 - Issue a single pricing catalogue for services provided by the state, which will help foreign producers to determine the production cost for filming in the country
- Adoption of new information technologies
 - ▣ An electronic platform, which will enable the filmmakers to submit an online application for authorisation

- Explore the possibility of further subsidy to particular types of films, highlighting Greece and Greek culture
 - ▣ E.g. a subsidy for employer contributions of people involved in filming, offering incentives to use domestic resources
- Tax rebate for expenses incurred in Greece by international film productions
- A stronger Thessaloniki Film Festival could also contribute in the attraction of foreign film productions.

Greece should be placed on the international map of film production. In this direction, the Greek government will have to carefully consider the lifting of obstacles which restrict the film industry's further growth, so that it can contribute at the greatest extent possible to the economy and society.

Thank you!

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