

Romania: Financing Cinematography

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Romania benefits from being one of the EU countries with lower cinematographic production costs, and that is why it is on the radar of many international studios. The cumulative annual turnover of the film industry in Romania is approximately EUR 53 million, derived mainly from foreign productions in Romania.

Local professionals and professionals who work at co-productions can access Romanian funds for their projects. The main authority involved in regulating and supervising cinematography in Romania is the National Cinematography Council (CNC). Among others, the CNC collects the money for the cinematographic fund and selects the cinematographic projects that receive financial aid.

Sources of Income

The cinematographic fund is funded through different sources, including economic operators' contributions. Such contributions are from: (1) the sale and rent of recorded media, either physical or digital (3% of the sale/rent price or 15% for adult films); (2) revenues from selling advertising minutes of cable television companies (3% of the sale price); (3) the exploitation of cinematographic films in cinemas and other public places (4% of the exploitation proceeds); (4) cable retransmission (1% of the monthly revenues of economic operators); (5) gambling (4% of the amounts collected to the state budget from gambling operators); (6) internet downloads of audiovisual works (3% of download price); (7) streaming services (4% of unique transactions or

subscriptions); (8) advertising revenues obtained by the Romanian Television Company (15%). Some economic operators can also directly fund cinematographic productions with the amounts owed to the cinematographic fund, up to certain thresholds.

Funding Opportunities for Cinematic Projects

Out of the cinematographic fund, the CNC can grant (1) loans without interest (direct credit) and (2) non-refundable financing for film production and development.

Direct Credit is granted for film production (i.e., operations carried out for making the standard copy of the film) for all types of film, and for project development (i.e., writing or rewriting the script, documentation, drawing up the budget and financing plan, etc.) of feature fiction, documentary, or animated films. Direct credit for project development would only be granted to competition-selected authorized persons that fulfill certain conditions. This credit cannot exceed the amount of 3% of the value of the average production credit of a fiction, documentary, or animation film made in the previous year.

Direct credit can also be granted to international productions where Romanian productions have a contribution of at least 10% for multilateral co-productions and 20% for bilateral co-productions. The minimum financial contribution of the borrower must be 6%. The direct credit for production cannot exceed 50% of the total value of the production budget.

Non-Refundable Financing can be granted for: (1) encouraging filmmakers who have already obtained public success; (2) encouraging internationally acclaimed filmmakers; (3) the distribution of Romanian films of all genres; (4) encouraging the operation of art cinemas; (5) organizing or participating in domestic and international film festivals and fairs; (6) supporting cultural programs, cinematographic education, publishing specialized publications.

Legal and natural persons registered in the Cinematography Registry, who fulfill certain conditions and who are selected via a competition can apply for non-refundable financing for the distribution and exploitation of films. Recently, CNC General Manager Anca Mitran announced the first competition of cinematic projects for 2022. There is approximately EUR 8 million in funding available. The CNC is worried that Romanian directors prefer making films for festivals and that there are no films made for the public, especially for adolescents and children.

Local Authorities can also support the film industry by (1) building cinemas; (2) allocating funds and granting local tax or other facilities; or (3) renting suitable land.

State Aid can be provided, with the approval of the Competition Council. Currently, several such state aid schemes are ongoing: (1) a state aid scheme to support the production of films intended in particular for theatrical release – the scheme is applicable until December 31, 2023, and is projected to service up to 800 beneficiaries, from a budget of EUR 90 million; (2) a state aid

scheme for the organization of film festivals in Romania – the scheme is applicable until December 31, 2023, and is projected to service up to 600 beneficiaries, from a budget of EUR 4 million; (3) *de minimis* state aid – there are four such schemes, each applicable until December 31, 2023, with different numbers of beneficiaries and separate budgets.

Although there are some difficulties in actually disbursing the promised amounts from the state aid schemes, talks are underway with the relevant authorities to unlock the situation.

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