

Finance and Co-productions in Brazil

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From an economic perspective, the audiovisual industry plays a strategic role in the dissemination of information and therefore in the decision-making process of the world economy, not to mention the capacity of generating products, employment and income. It was estimated that the revenue of the audiovisual industry in Brazil in 1997 was about 5.5 billion dollars, equivalent to approximately 1.0% of Gross Domestic Product, compared with 1% in Argentina, 0.5% in Mexico, 1.1% in Europe and 2.7% in the USA.¹

The four main American distributors enjoy the largest slice of the national market while the remaining market share is occupied by small independent distributors. From time to time, the major players, like Columbia, Sony, Fox, Warner and UIP, have also invested in the distribution of Brazilian products. In this case, the company also acts as the producer, profiting from fiscal exemption in the remittance of foreign currency used in the co-production of Brazilian films (through Article 3A, resources secured through fiscal renouncement). *Dois Filhos de Francisco*, with over 5 million viewers in Brazil, *Carandiru*, *Se eu fosse você* and *Cidade de Deus* are examples of this practice.

Biggest Box-Office Intakes since 1995

¹ Britz, Iafa. "Brazil-Europe: Notes on Distribution, Finance and Co-Production". *Exploiting European Films In Latin America*, Media Business file, n. 09, MEDIA Programme, Spain.

	FILME	ANO	PÚBLICO	VALORES CAPTADOS	RENDA (R\$)	PRODUTORA MAJORITÁRIA	DISTRIBUIDOR
1	Dois Filhos de Francisco	2005	5.319.877	5.471.000,00	36.728.278,00	Conspiração Filmes	Columbia TriStar do Brasil
2	Carandiru	2003	4.693.853	4.800.000,00	29.623.481,00	HB Filmes	Sony e Columbia
3	Se Eu Fosse Você	2006	3.644.956	4.298.172,32	28.916.137,00	Total Entertainment	Fox Film do Brasil
4	Cidade de Deus	2002	3.307.746	7.584.935,26	19.539.624,00	O2 Filmes	Lumière e Miramax Filmes
5	Lisbela e o Prisioneiro	2003	3.169.860	4.180.212,35	19.915.933,00	Natasha Enterprises	Fox Film do Brasil
6	Cazuza – O Tempo Não Para	2004	3.082.522	3.654.161,77	21.230.606,00	Lereby Produções	Columbia TriStar do Brasil
7	Olga	2004	3.076.297	6.650.000,00	20.363.415,00	Nexus Cinema e Vídeo	Lumière
8	Os Normais – O Filme	2003	2.977.641	1.500.000,00	19.852.517,00	Missão Impossível Cinco Prod. Artísticas	Lumière
9	Xuxa e os Duendes	2001	2.657.091	3.523.413,00	11.691.200,00	Diler & Associados	Warner Bros.
10	Xuxa Popstar	2000	2.394.326	1.902.354,00	9.625.191,00	Diler & Associados	Warner Bros.
11	Maria – A Mãe do Filho de Deus	2003	2.322.290	3.579.997,00	12.798.413,00	Diler & Associados	Columbia TriStar do Brasil
12	Xuxa e os Duendes 2	2002	2.301.152	5.524.250,00	11.485.979,00	Diler & Associados	Warner Bros.
13	Sexo, Amor e Traição	2004	2.219.423	3.619.761,04	15.775.132,00	Total Entertainment	Fox Film do Brasil
14	Xuxa Abracadabra	2003	2.214.481	3.524.250,00	11.677.129,00	Diler & Associados	Warner Bros.
15	O Auto da Compadecida	2000	2.157.166	-	11.496.994,00	Globo Filmes	Columbia Pictures do Brasil
16	Xuxa Requebra	1999	2.074.461	3.043.335,97	8.173.376,00	Diler & Associados	Fox Film do Brasil
17	A Grande Família – O Filme	2007	2.027.300	-	15.476,00	Globo Filmes	Europa Filmes
18	Didi – O Cupido Trapalhão	2003	1.758.579	3.275.535,00	8.984.535,00	Diler & Associados	Columbia Pictures do Brasil
19	Simão, o Fantasma Trapalhão	1998	1.658.136	-	6.118.522,00	Renato Aragão Produções Artísticas	Columbia TriStar do Brasil
20	Deus é Brasileiro	2003	1.635.212	5.499.000,00	10.655.438,00	Rio Vermelho Filmes	Columbia TriStar do Brasil

(Figueiró, 2007)

Every audiovisual activity in Brazil is regulated and supervised by the National Film Agency (ANCINE), a special and independent autarchy linked to the Ministry of Culture that acts as strategic Unit in fomenting film productions in Brazil, lending support to foreign co-productions and creating and implementing public policies and specific funds in order to meet the increasing demands of this constantly developing market.

It is important to note that all foreign screen productions carried out in Brazil must be reported to Ancine and will require the participation of a national production company which will be responsible for the production before the agency and other federal, state and municipal bodies. There is a clear distinction between the business models followed by Brazilian and foreign producers: one is production services and the other is international co-production.

Production Services is when an international producer only wants to carry out his work at a location or studio in Brazil, without the use of the national partner's resources, simply hiring a national company that will be responsible for carrying out the work and providing the necessary support for recruitment, logistics, lease of equipment, etc.

For U.S. and European producers, offshore deals are a means of lowering costs and hedging their financial bets at a time when the banking crisis has made film production loans at home harder to come by.

International Co-production takes place when there is an association of one or more companies in the joint production, with the following types of partnerships:

- When the co-production involves a Brazilian company and a partner originating from a country with which Brazil maintains a diplomatic co-production relationship. The minimum compulsory nature of the Brazilian partner's participation in the patrimonial rights of the work will be specified by the abovementioned diplomatic agreement;
- When the co-production involves a Brazilian company and a partner originating from a country with which Brazil does not maintain a diplomatic co-production relationship. In this case, there is a minimum compulsory nature of the Brazilian partner's participation in at least 40% in the patrimonial rights of the work.

The international co-productions also are protected by two different procedures regarding the resources invested by the Brazilian partner and which will guarantee its participation in the enterprise:

- When there is an intention of securing funds by using mechanisms of fiscal renouncement for the financial participation in the project; or
- When one simply wants to obtain Brazilian Product Certification without receiving incentive funds.

It is worth recalling that, in both cases, the works carried out under the terms of the co-production agreement will be considered as national works in all the participant countries and, therefore, will consider all the benefits stated in the effective country legislation of each co-producer (ABRAFIC, 2008).

Brazilian Production Funding Mechanisms

Co-productions are a sign of the Brazilian film industry's growing prestige and its emergence from two decades in the financial doldrums. Once among the most active in Latin America, the nation's filmmaking industry was decimated by devaluations, hyperinflation and shifting government policies (KRAUL, 2008).

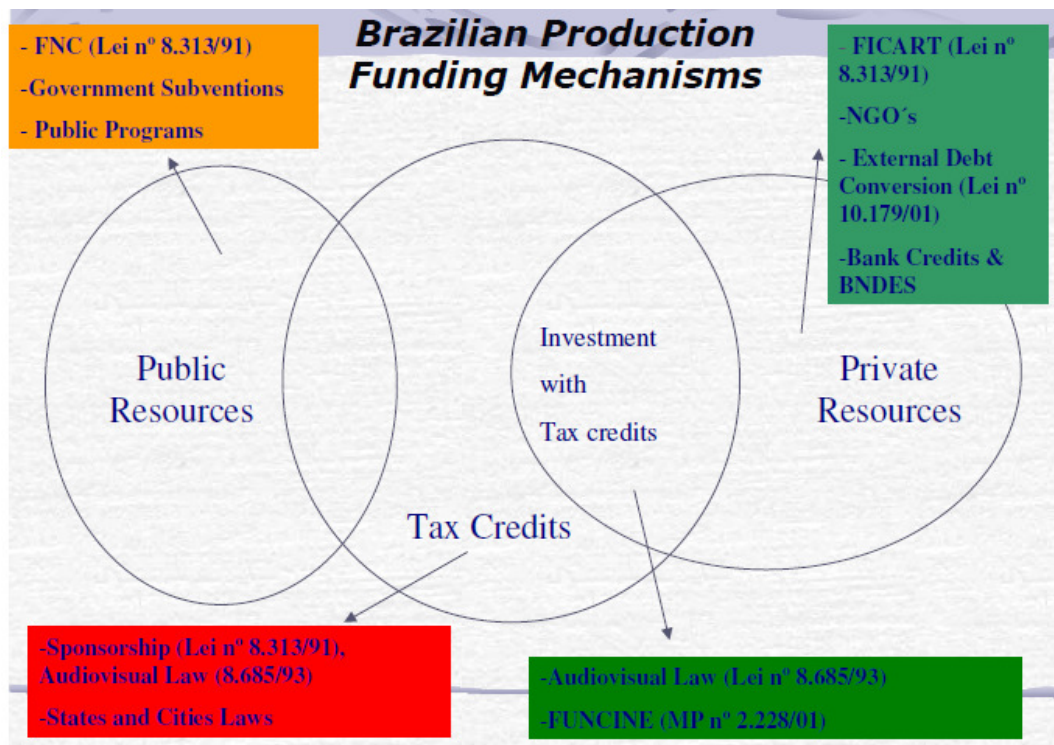
A neoliberal influx began to figure on the horizon in 1990 with the election of Fernando Collor de Melo. Collor, ironically an heir to the traditional methods of right-wing populism, demagogically assumed a "dismantling of the state apparatus", which was basically a ruinous blow to the public sector. This proved particularly disastrous in the cultural area, where institutions and budgets were wiped out, staff laid off and a whole project-funding system effectively torn down over night. The determination was that the market should be the criterion for sustaining artistic production (BOTELHO, 1998).

After making just two movies in 1991, the federal government launched its fiscal incentives policy, which allowed for the gradual resumption of Brazilian cinematographic production, and Brazilian filmmakers completed 90 productions in 2008, of which a part were partnered by Italian, Portuguese, Canadian and Latin American producers.

During the administration of President Luis Inácio Lula da Silva, the incentive laws have remained a key to the competitiveness of the Brazilian film industry.

Annual national film output has risen progressively as a result of this incentive policy, and we are seeing favorable new structural parameters for the development of a film industry in Brazil, such as the Audiovisual Sector Fund.

With R\$ 37,963,007 available in 2008, the Audiovisual Sector Fund is directed to all the links in the productive chain and the single most important innovation in comparison with the existing policies is the introduction of loans with sound perspectives for financial returns.



Source: Anders, 2008

The structure of Brazilian resources of funding is basically composed by Public Resources (FNC, Government Subventions and Public Programs), Tax Credits (Sponsorship, Audiovisual Law and State and City Laws) and Private Resources (FICART, NGO's, External Debt Conversion and Bank Credits & BNDES).

Although these funding mechanisms are greatly diversified, Brazilian film is still completely dependent on two resources, both of which come from the Audiovisual and Rouanet laws.

Both the Audiovisual and Rouanet Laws allow companies to tax deduct sums invested in Brazilian films. The Audiovisual Law has two core devices: Article 1 determines that companies can deduct up to 3% of total tax returns on condition that the money is channeled into audiovisual productions; and Article 3, which provides incentives for foreign distributors to invest in national film production (as co-producers), offering up to 70% tax rebate on profits remitted abroad (ALMEIDA & BUTCHER, 2003, p. 25).

To cite an example: of the R\$7 million it cost to produce Fernando Meirelles *Cidade de Deus* (City of God), R\$5.5 million was invested by O2 Filmes, while the remaining R\$1.5 million was raised through the incentive laws. This parcel of R\$1.5 million came through Article 3 of the Audiovisual Law, which made the distributor Lumière a co-producer and exclusive rights-holder for nationwide distribution (SOUZA, 2003). Cases like this confirm the importance of the incentive laws and government policies in nurturing domestic film production (MATTA, 2009).

Dois Filhos de Francisco (Two Sons of Francisco), by Breno Silveira, the biggest Brazilian box-office draw since 1995, had Columbia as co-producer (and distributor) through Article 3. This is an interesting case, as the co-producer and distributor actually *invited* the *Conspiração* to come on-board, and was involved in the script and production right down to the master copy. This is not common practice at the Brazilian division of Columbia, but proved effective in producing a mass-interest film – and ran counter to the market rule, by which co- and associate producers have no power to interfere so directly in the creative process (FIGUEIRÓ, 2007).

Another example of participation by a major player – in this case Disney – that became a co-producer under Article 3 is the animated film “The Year My Parents Went on Vacation”, by Cao Hamburger. According to the director, “People seem to be looking for fresh ideas and different environments,” and “It probably comes from globalization, the interest in new cultures” (KRAUL, 2008).

Other sources of funding, such as distributor advances, State and Municipal Laws for cultural incentives, municipal tax (fiscal) exemption laws and risk investors, are usually marginal in the film’s budget.

Direct ANCINE Incentives (2003-2008)

Fomento Direto ANCINE	2003	2004	2005	2006	2007	2008
Desenvolvimento	R\$ 500.000,00	R\$ 1.020.000,00	-	-	-	-
Produção	R\$ 4.490.000,00	-	-	-	R\$ 3.695.370,26 *	-
Finalização	R\$ 1.906.049,00	R\$ 6.819.984,00	R\$ 1.948.500,00	-		-
Prêmio Adicional de Renda	-	-	R\$ 4.162.000,00	R\$ 7.500.000,00	R\$ 8.380.065,00	R\$ 8.176.052,24
Prêmio de Qualidade	-	-	-	R\$ 1.000.000,00	R\$ 500.000,00	R\$ 700.000,00
Universalização do Acesso	-	-	-	-	-	R\$ 542.986,00
Sub Total - Editais ANCINE (R\$)	R\$ 6.896.049,00	R\$ 7.839.984,00	R\$ 6.110.500,00	R\$ 8.500.000,00	R\$ 12.575.435,26	R\$ 9.419.038,24
Ibermedia (contribuição Fundo em US\$)	\$450.000,00	\$597.000,00	\$600.000,00	\$600.000,00	\$629.216,54	\$600.000,00
Distribuição Brasil-Argentina	R\$ 500.000,00	R\$ 180.000,00	R\$ 240.000,00	-	-	-
Co-produção Brasil-Portugal (em US\$)	\$300.000,00	\$300.000,00	\$300.000,00	\$300.000,00	\$300.000,00	\$300.000,00
Co-produção Brasil-Galicia	-	-	-	-	-	R\$ 300.000,00
Total Internacional (em R\$)	R\$ 2.680.550,00	R\$ 2.586.471,60	R\$ 2.310.000,00	R\$ 1.935.810,00	R\$ 1.756.219,26	R\$ 2.373.000,00
TOTAL FOMENTO DIRETO	R\$ 9.576.599,00	R\$ 10.426.455,60	R\$ 8.420.500,00	R\$ 10.435.810,00	R\$ 14.331.654,52	R\$ 11.792.038,24

Source: CFD/SFO – ANCINE

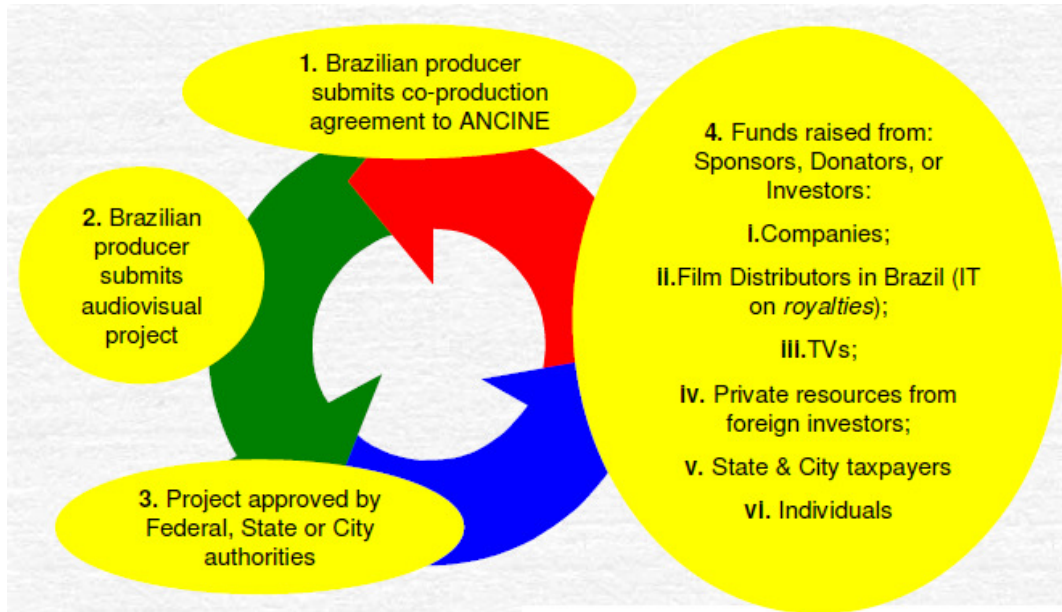
In addition to fiscal incentives, it is also necessary to stress the importance of direct promotion policies implemented through competitions and edicts from the Ministry of Culture, Petrobrás, the Brazilian Development Bank (BNDES) and ANCINE, as can be seen from the table above.

A new investment alternative for the film industry comes in the form of the National Film Industry Financing Fund (Fundos de Financiamento da Indústria Cinematográfica Nacional - FUNCINES). This resource allows financial institutions duly accredited with the Central Bank to set up funds for investment in independent Brazilian film and audiovisual products, as well as undertakings associated with the film production chain.

The first FUNCINE - BB CINE, managed by Banco do Brasil - was launched in 2004. FUNCINE funds are expected to inject credit into both distribution and screening, filling the gaps in the commercialization of national cinema.

Recently, the Brazilian Development Bank (BNDES) created the Audiovisual Productive Chain Support Program (PROCULT), whose general objective is to support the development of the Brazilian Audiovisual Industry, considering the specificities of the sector. PROCULT covers the lines of production, distribution, marketing, exhibition and infrastructure services.

System Workflow for a co-production which intends to take advantage of Brazilian Tax Credit benefits



Source: Anders, 2008

A co-production can be eligible for Brazilian Tax Credit benefits when:

- A Brazilian independent production company submits the coproduction agreement, signed according to the treaty, for ANCINE'S approval;
- A Brazilian production company presents the project to ANCINE describing content, budget, and desired funding mechanisms;
- National producer has, according to its curricula, to raise tax credit funds;
- ANCINE performs a technical analysis and approves the project;
- From there on, national producer sets about raising funds directly with investors/sponsors.
- Investors/Sponsors deposit funds in the project's bank account under producer's management.

Basically, there are two modalities for Co-Production Public Funding: Investments or Sponsorships.

Investments are the case when a company purchases ownership rights of the audiovisual product with

tax credit money (equity acquisition), and *Sponsorships* are the case when tax credit money does not allow ownership rights to be purchased by the investing/sponsor company.

Among the Sponsorship Mechanisms we can find the Rouanet Law, the Audiovisual Law and State and City regulations. Among the Investment Mechanisms there are FUNCINES, Audiovisual Law (Article 3) and Article 39.

Brazilian producers are frequently accused of having a ‘subsidy trap’ mentality, spending most of their time chasing public funds. They are dependent on the state and secure funding through connections and lobbying. State investments in cultural projects can be seen in the table below: in 2006, the biggest investors in Brazilian cinema were the state-owned companies Petrobrás, Eletrobrás and BNDES. Through the Rouanet Law, investments from Petrobrás and Eletrobrás account for 80% of all such monies invested in nationally produced projects.

Sums invested by Supporters/2006 - Rouanet Law (R\$ Mil)

Rank	Incentivador	Valor	%
1	Petrobrás - Petróleo Brasileiro S/A / Petrobrás Distribuidora S/A	28.653,2	75,6%
2	Eletrobrás - Centrais Elétricas Brasileiras S.A. / Centrais Elétricas S.A. - Eletrobrás	1.745,0	4,6%
3	CSN - Cia. Siderúrgica Nacional	1.610,0	4,3%
4	Porto Seguro Cia de Seguros Gerais	730,0	1,9%
5	Cia Vale do Rio Doce	470,0	1,2%
6	Videolar S/A	450,0	1,2%

Source: ANCINE, 2007

Sums invested by Investors/2006 – Audiovisual Law (R\$ Mil)

Rank	Investidor	Valor	%
1	Banco Nacional de Desenvolvimento Econômico e Social - BNDES / BNDES Participações S.A - BNDESPAR / Agência Especial de Financiamento e Indústria - FINAME	9.150,0	17,1%
2	CIA de Saneamento Básico do Estado de São Paulo - SABESP	2.861,5	5,3%
3	C & A Modas Ltda	2.160,0	4,0%
4	USINAS SIDERURGICAS DE MINAS GERAIS S/A - USIMINAS	2.000,0	3,7%
5	VIVO - Telegoiás Celular S/A / TELEST CELULAR S/A / Celular CRT S/A / TELERJ Celular S/A / Telems Celular / TELERGIPE Celular S/A / Telemat Celular S/A / Norte Brasil Telecom S/A	1.960,0	3,7%

Source: ANCINE, 2007

In a year like 2009, when the current economic crisis affected the profits of Brazilian companies, both public as well private, the outlook is for a radical decrease in the amount of funds available to finance new productions.

In spite of everything, the film and audiovisual market in Brazil has an annual turnover of 8 to 10 billion dollars, which puts it somewhere between 8th and 10th in the world ranking.

Co-productions

If TV productions are well positioned when it comes to exportation, especially given the high level of industrialization the made-for-TV business has achieved in Brazil, the same cannot be said for Brazilian cinema.

According to data from Ancine, the national film board, there are currently an estimated 170 feature films ready for release or in production. This has led Brazilian filmmakers, producers and public administrators to draw the same conclusion reached by former president Fernando Henrique Cardoso when he famously declared that it was time to “export or die”.

For Silvio Da-Rin, Audiovisual Secretary at the Ministry of Culture (in 2009), the present co-production policy does not simply aim to increase investment in Brazilian productions, but also broaden the range of market possibilities for those films.

This government stance has found expression in policies such as the Cinema of Brazil Program, created in 2006 through a partnership between the Ministry of Culture (MinC), the Audiovisual Secretariat (SAV), the Brazilian Trade and Investment Promotion Agency (Apex) and the Audiovisual Industry Union of São Paulo State (Siaesp).

Brazilian TV Production is another important segment of this international turning point in the co-production sector and it was developed by the Associação Brasileira de Produtoras Independentes de TV (Abpi-TV).

Since the beginning of the Cinema of Brazil Program², international co-productions increased by 200%, which sums up to US\$ 43 million generated in international business. The result of this program is that 30 Brazilian films have already been screened in over 17 countries in different parts of the world, such as Israel, Greece, India, China, France, Germany, Spain, Mexico and Colombia. Many of these films were sold and distributed on the commercial circuit. (FIGUEIRÓ, 2008).

Through the participation of Brazilian producers at the most prestigious international film festivals (Rotterdam, Cannes, Clermont-Ferrand, among others), as well at Brazilian film festivals, business meetings have yielded agreements that attract external investments in new audiovisual projects.

An initiative of a Brazilian Association, the Brazilian Film Commissions Alliance (Abrafic), and Apex, recently released a manual which contains a description of the relevant entities, the main rules, norms and procedures to be observed in the development of transnational productions and co-productions in Brazil (ABRAFIC, 2008).

Co-production is a much abused term: it may refer to any form of co-financing (a pre-sale to a television channel, theatrical distributor or foreign territory) or creative and financial collaboration between various producers (including broadcasters). In recent years, co-financing arrangements have been more popular than inter-governmental co-production agreements (JÄCKEL, 2003).

² The Cinema of Brazil program has 95 associate companies, including the biggest Brazilian production companies, such as O2, LC Barreto, Gullane, Tambelini, Conspiração and Casa de Cinema de Porto Alegre.

Number of international co-productions made per year

Ano	Qtd.
1995	1
1996	0
1997	1
1998	3
1999	3
2000	5
2001	2
2002	4
2003	4
2004	8
2005	4
2006	10
2007	11
Total	56

(ANCINE, 2008)

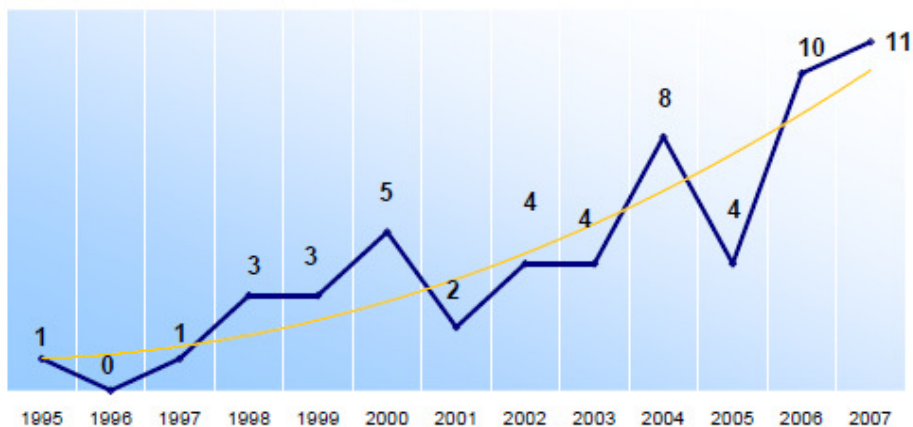
Number of international co-productions currently underway

Etapa	Qtd.
Em captação	14
Em preparação	5
Em filmagem	1
Em finalização	16
Total	36

Total geral	92
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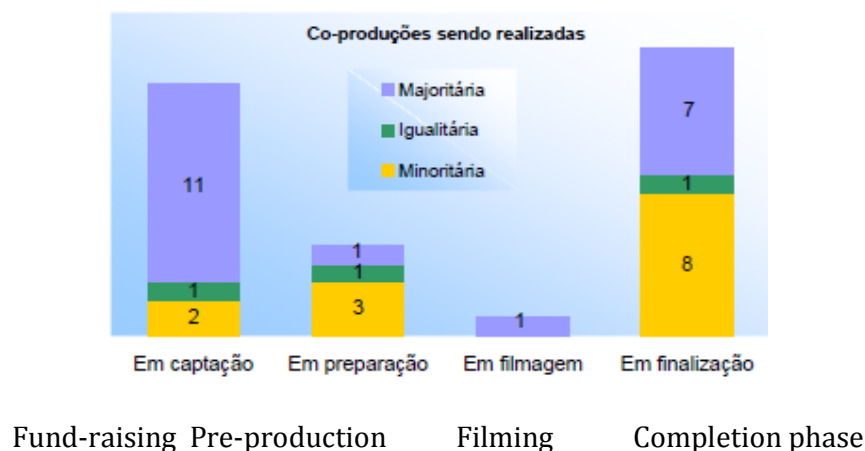
(ANCINE, 2008)

International co-productions year by year (with trend line)



(ANCINE, 2008)

Number of international co-productions underway and the share of Brazilian patrimony involved (minority, equal and majority share)



(ANCINE, 2008)

The table below shows that 49% of these international co-productions involve partners from other Latin American countries. In addition to the Latin-American Film Co-production Agreement and the Ibermedia Programme, the creation of the “Mercosul Audiovisual” programme, in partnership with the European Union (EU), has strengthened audiovisual co-production ties between Brazil and Europe through the injection of some € 1.8 million.³

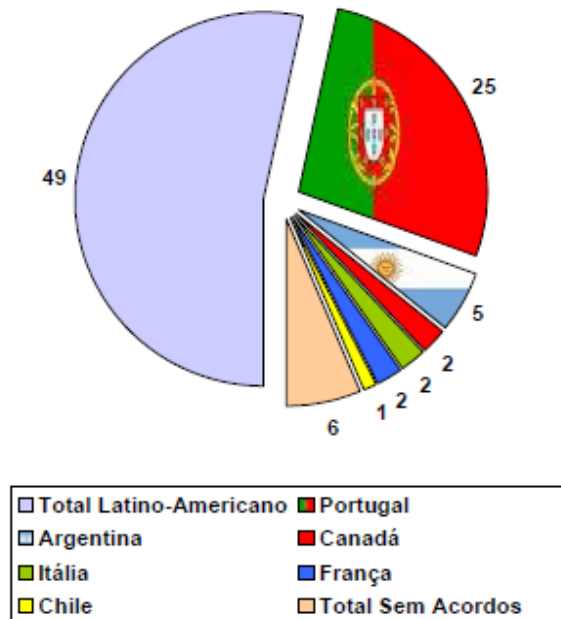
Bilateral and Multilateral co-production agreements used

Acordos utilizados	Produzidas	Em produção	Total	%
Latino-Americano	22	13	35	38%
Portugal/Latino-Americano	6	7	13	14%
Chile/Latino-Americano	1	0	1	1%
Total Latino-Americano	29	20	49	57%
Portugal	21	4	25	27%
Argentina	3	2	5	5%
Canadá	1	1	2	2%
Itália	1	1	2	2%
França	0	2	2	2%
Chile	0	1	1	1%
Total Acordos	55	31	86	93%

³ Program orchestrated by MINC in September 2008, during a special meeting of Recam (Mercosul Board of Film and Audiovisual Authorities) at the Rio Film Festival, and implemented by the Audiovisual Secretariat (SAV) in 2009.

(ANCINE, 2008)

Breakdown of International Co-productions per Country/Block



The phenomenon of co-productions in Brazil is quite recent. However, everything suggests that this will be the future production format. The Brazilian government has as policy of stimulating co-productions through the expansion of institutional relationships among film institutes and bilateral and multilateral agreements.

Brazil's Bilateral Agreements in the Audiovisual Sector

- Film Co-production Agreement Brazil-Germany (2005)
- Cooperation and Film Co-Production Agreement Brazil-Chile (1996)
- Co-production Agreement Brazil-Canada (1995)
- Co-production Agreement Brazil-Argentina (1988)
- Co-production Agreement Brazil-Venezuela (1988)
- Co-production Agreement Brazil-Portugal (1981)
- Co-production Agreement Brazil-Italy (1970)
- Co-production Agreement Brazil-France (1969)
- Co-production Agreement Brazil-Spain (1963)

Brazil's Multilateral Agreements in the Audiovisual Sector

Latin-American Film Co-production Agreement (1989) – Argentina, Cuba, Mexico, Panama, Venezuela, Colombia, Ecuador, Nicaragua, Peru, Dominican Republic and Brazil

Cooperation between ANCINE and other institutions⁴

Ibermedia Fund

Portuguese-Brazilian Film Co-production Protocol

Galician Audiovisual Consortium Cooperation Protocol

Co-Production Cases

Blindness, by the director Fernando Meirelles, a co-production by O2 Filmes (Brazil), Rhombus Media (Canada) and Bee Vine Pictures (Japan), had a budget of CDN 27,975,000.00, and was the first feature-film to come out of the Brazil-Canada Agreement.

In addition to a 25 million-dollar budget for this adaptation of the novel by José Saramago – a sum hitherto unthinkable for a film produced exclusively with funds from Brazilian fiscal incentive laws -, Meirelles' partnership also ensured the movie's distribution through the powerful Fox. The result: besides the 630 thousand tickets sold in Brazil, the film's release abroad, in countries like the US, Canada and Japan, was also assured (RODRIGO, 2008).

⁴ Co-production "Protocols", under an umbrella agreement, are simpler and establish more concrete measures, such as financial support. The Brazil-Portugal Protocol, which defines the *Edital Luso Brasileiro*, is a case in point, with awards of up to US\$ 150 thousand for Portuguese/Brazilian productions.

Financing Structure for *Blindness*

Financing In \$CDN						
	Equity	Soft	Loan	Advance	Total	Totals
Canada - Telefilm and Corus	4,500,000				4,500,000	
Canada - Alliance Atlantis				1,375,000	1,375,000	
Canada - Tax credits		1,500,000			1,500,000	
Canada - OMDC			400,000		400,000	7,775,000
Brazil - Art 3o		1,500,000			1,500,000	
Brazil - Art 1o e 1A (BNDES, FIAT, C&A)		1,950,000			1,950,000	
Brazil - Pref. Paulinia		150,000			150,000	3,600,000
Japan - Cinema Investment			10,000,000		10,000,000	
Japan - Cinema Investment	3,000,000				3,000,000	13,000,000
Advances Italy and Scandinavia				2,500,000	2,500,000	
Producers and Director deferrals*	1,100,000				1,100,000	3,600,000
Total	8,600,000	5,100,000	10,400,000	3,875,000	27,975,000	27,975,000

(O2 Filmes, 2008)

Co-production agreements hold various benefits for Brazilian producers. Cláudia da Natividade, who produced the film *Estômago*, by Marcos Jorge, highlights that “co-production ensures that a Brazilian film will be released in at least one other country”, adding that, “in the case of European partnerships, European certification helps a lot in terms of access to the international market” (RODRIGO, 2008).

These comments are corroborated by the fact that 2/3 of the Latin-American output that secured European distribution between 2002 and 2006 were co-productions with European countries. For other Brazilian producers, co-production:

- gives the film the marketing advantage that goes with mixed-nationality movies
- provides access to production funding and international distribution
- facilitates an exchange of experiences
- allows for the division of costs and fundraising

As long as the important matter of accessing all the conceivably relevant sources of public funding is not the one-and-only all-important reason for taking the co-production route, collaboration can be extremely fruitful. Project content is the most fundamental and relevant factor in cementing such partnerships. If the film’s story genuinely requires the involvement of producers from different countries because of location or talent, then other advantages are likely to emerge in due course: a “division of labor”, with each co-producer tackling not just the public funding sources, but also the distributors, television channels, banks and insurance companies in their own terrain (PARDO, 2002).

IBERMEDIA 2008**MODALIDADE CO-PRODUÇÃO - BRASIL MAJORITÁRIO - 1ª CONVOCATÓRIA**

Projeto	Empresa Produtora Brasileira	Diretor	US\$
Muita Calma Nessa Hora	Idéias Ideais Design	Cris D'Amato	\$140.000,00
As Doze Estrelas	Lapfilmes Produções Cinematográficas	Luiz Alberto Pereira	\$140.000,00
Do Começo ao Fim	Pequena Central e Lama Filmes	Aloízio Abranches	\$140.000,00
Total			\$420.000,00

MODALIDADE CO-PRODUÇÃO - BRASIL MINORITÁRIO - 1ª CONVOCATÓRIA

Projeto	Empresa Produtora Brasileira	Diretor	US\$
América!	Dezenove-Som	João Nuno Pinto (Portugal)	\$150.000,00
El Sexo de Los Angeles	CCFBR Produções	Xavier Villaverde (Espanha)	\$90.000,00
Total			\$240.000,00

MODALIDADE CO-PRODUÇÃO - BRASIL MAJORITÁRIO - 2ª CONVOCATÓRIA

Projeto	Empresa Produtora Brasileira	Diretor	US\$
C.U.B.A.	AIA Produções e Mastershot	Alessandra Silvestre (Brasil) - Cesar Charlone (Uruguai)	\$100.000,00
Total			\$100.000,00

MODALIDADE CO-PRODUÇÃO BRASIL - MINORITÁRIO - 2ª CONVOCATÓRIA

Projeto	Empresa Produtora Brasileira	Diretor	US\$
Isla 10	Cinemavideo	Miguel Littin (Chile)	\$150.000,00
García	ProDigital	Jose Luis Rugeles (Colômbia)	\$100.000,00
O Grande Kilapi	Raiz Produções Cinematográficas Ltda.	Zézé Gamboa (Portugal/Angola)	\$100.000,00
Reus	Panda Filmes	Emiliano Goessens (Uruguai)	\$70.000,00
Total			\$420.000,00

Brazil - Portugal Co-productions - 2008**PROJETOS DE CO-PRODUÇÃO MINORITÁRIA BRASILEIRA**

Projeto	Empresa Produtora Brasileira	Diretor	Valor (US\$)
Duas Mulheres	Taiga Filmes e Video Ltda.	João Mário Grilo	\$150.000,00
O Último Voo do Flamingo	Videofilmes Produções Artísticas Ltda.	João Ribeiro	\$150.000,00
Total			\$300.000,00

PROJETOS DE CO-PRODUÇÃO MAJORITÁRIA BRASILEIRA

Projeto	Empresa Produtora Brasileira	Diretor	Valor (US\$)
As Doze Estrelas	Lapfilme Produções Cinematográficas Ltda.	Luiz Alberto Pereira	\$150.000,00
Capitães de Areia	Lagoa Cultural e Esportiva Ltda.	Cecília Amado	\$150.000,00
Total			\$300.000,00
TOTAL CO-PRODUÇÃO BRASIL - PORTUGAL			\$600.000,00

Fonte: CFD/SFO - ANCINE

Brazil - Galicia Co-productions - 2008

PROJETOS DE CO-PRODUÇÃO MINORITÁRIA BRASILEIRA

Projeto	Empresa Produtora Brasileira	Diretor	Valor (R\$)
O Sexo dos Anjos	CCFBR Produções Audiovisuais Ltda.	Xavier Villaverde (Espanha)	300.000,00
Total			300.000,00

PROJETOS DE CO-PRODUÇÃO MAJORITÁRIA BRASILEIRA

Projeto	Empresa Produtora Brasileira	Diretor	Valor (R\$)
Entre a Dor e o Nada	Meios de Produção e Comunicação Ltda.	Alberto Graça	300.000,00
Total			300.000,00
TOTAL CO-PRODUÇÃO BRASIL - GALÍCIA			600.000,00

Fonte: CFD/SFO - ANCINE

Conclusion

In 2008, the total invested through local, regional and national incentives, subsidies and support programs in the audiovisual sector was U\$ 182 million dollars (see table below), meanwhile, the sums invested through international agreements (Ibermedia, Brazil – Portugal Co-production Agreement, Brazil – Galicia Co-production Agreement) during the same period totaled U\$ 2 million dollars (see tables above).

FONTE	VALOR (R\$)
BNDES	113 milhões ¹
Captação artigo 3º da Lei de Audiovisual	63.4 milhões ²
Festivais	59.9 milhões ²
Fundo Setorial de Audiovisual	37 milhões
Programa Petrebras Cultural	30.3 milhões
MinC (SAV)	13.6 milhões
Rio Grande do Sul	12 milhões ⁴
São Paulo (Estado)	8.5 milhões
São Paulo (Município)	8.4 milhões
Paulinia	5 milhões ⁴
Programa Cinema do Brasil	5 milhões
Brasília	4.3 milhões ⁴
Rio de Janeiro (Município)	3.5 milhões ⁴
Bahia	1.3 milhão
TOTAL	365.2 milhões

(FIGUEIRÓ, 03/2008)

Brazil has a cinema network that does not surpass two thousand theaters – the vast majority being occupied by Hollywood fare. As such, transnational financing programs are important not so much for the sums invested in nurturing the national output, but for the chance they give Brazilian filmmakers to reach audiences outside the limited circuit of their home country. (RODRIGO 2008).

As such, international co-productions through Article 3 of the Audiovisual Law have enhanced film industry performance, with foreign players in charge of distribution (the majors) and exhibition (Cinemark and UCI). This amounts to an internationalization of the Brazilian film market, with the denationalization of control over the economics of national film (GATTI, 2005). National film performance has come to depend directly upon partnerships between producers and distributors in order to assure the minimum conditions to compete for screen-space (MATTA, 2004)

Both the Audiovisual Law and the Rouanet Law are tax exemption laws, meaning the collection of financial resources for the production of a film depends on the profits of Brazilian companies. Very few producers are able to raise funds from a single source and most films entail a multiplicity of deals. The diversification of sources of funding would appear to be one of the possible ways of guaranteeing minimum stability for the area, especially in this time of global economic crisis. This diversification is healthy for any sector, as it gives the professionals more room to maneuver and, given the resulting “broader spectrum of taste”, increases their chances of having their projects accepted (BOTELHO, 1998).

Though the Brazilian film market is the tenth-largest in the world in terms of box-office intake and the seventh-largest in terms of audience, it could not be described as self-sustaining (KLOTZEL, 2006). Such a dependence on resources coming from these laws, as well as the de-structuring of production, represents the main problems for the definitive establishment of a film industry in Brazil.

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