

# Vilnius film industry economic impact study

Vilnius  
2023





# Vilnius film industry

The **smooth growth of the film industry** is due to the professionals working in the industry, Lithuanian Film Centre and Vilnius Film Office activities and a friendly regulatory and tax system, which allows to remain competitive in the Baltic States and Eastern Europe.



Film industry professionals



Diverse cultural experience



Lithuanian Film Centre



Regulatory and tax framework



Vilnius Film Office

Since 2014, a film **tax incentive** for film production came into force in Lithuania (up to 20% for the first five years, and **up to 30% of the film production budget since 2019**).



Regulatory and tax framework

The Lithuanian Film Centre under the Ministry of Culture, implementing the film-related policy of the Ministry of Culture, **aims to promote the development of the country's film sector and support the Lithuanian film industry** by **providing funding for** film projects every year.



Lithuanian film industry facts&figures 2017–2021

The increasing amount of film projects and their budgets – foreign and national productions – reveal the real situation. Particularly **notable is the growth of Lithuanian film projects**, which account for the majority of all films shot in Lithuania.



Thanks to the favourable tax system, highly qualified film industry professionals, and the architectural diversity of Vilnius, **foreign filmmakers come** to shoot films and TV series.

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About the  
analysis

The **goal** is to assess the economic impact of film projects in Vilnius.

The main **tasks** of the economic impact assessment of film projects for the city of Vilnius were identified based on the specification of the Terms of Reference:

1. Assess the economic impact that the production of film projects brings to the city of Vilnius;
2. Define the size of the film industry in Vilnius;
3. Identify the weaknesses, strengths, threats and opportunities of the film industry in Vilnius;
4. Develop recommendations on ways to strengthen the film industry in Vilnius.

The **following methods** were used to assess the economic impact of film projects for the city of Vilnius:

1. Qualitative interviews with the representatives of the film industry. In order to collect data from representatives of the film industry operating in Vilnius City, qualitative interviews were conducted between August and October 2022, involving 15 respondents representing the film industry;
2. Analysis of publicly available information sources and statistics;
3. Analysis of secondary information sources, best international practices and studies of similar nature.

When preparing the analysis of the cost-benefit assessment of film projects for the city of Vilnius, the following **limitations** were encountered:

1. The economic impact assessment is defined on the basis of assumptions derived from expert interviews, and relative values derived from analysing film production budgets and applying the resulting proportions of the main expenditure groups to the entire sample;
2. When evaluating value-added, not only is the production of films and videos included, but also the production of TV programmes in general, because according to the classification of economic activities (NACE Rev. 2), J5911 includes entities engaged in the production of motion pictures, video films and television programmes.

01

About Vilnius  
film industry



88

Production  
companies



22

Distributors



12

Advertising  
production  
companies



6

Animation  
production  
companies



11

Film festivals  
and events



19

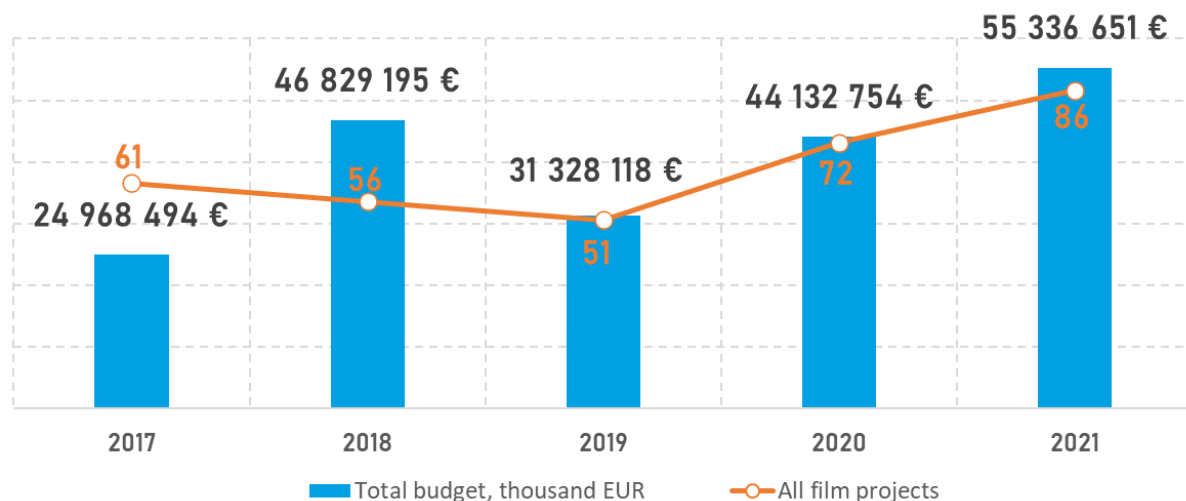
Organisations  
and institutions

**In 2022, the number of organizations operating in the film industry and registered in Vilnius was 174.** Most of the organisations in the film industry (88 companies) are classified as production enterprises (production companies, post-production companies). There are 22 distribution companies, 12 advertising and 6 animation production companies registered in Vilnius. The film industry is united by 19 organisations and institutions (associations), and 11 film festivals and events are organised in Vilnius. There are 16 companies operating in the film industry but engaged in other activities.

**The core of the film industry is made up of micro and small enterprises (up to 50 employees), which are mostly focused on one segment of the value chain.** It is difficult to quantify the number of enterprises active in the film industry, since not all enterprises involved in the production of film projects are registered under one code of the classification of economic activities (NACE Rev. 2) (J5911).



Film projects receiving profit tax incentive and LFC support, EUR, No. of projects



The number of film projects (production companies – entities registered in Vilnius) that benefited from the tax incentive and received LFC national funding increased by 41% between 2017 and 2021. **In 2021, a total of 86 film projects were produced in Lithuania, with a total budget of more than EUR 55.3 million.**

## Changes in the volume of film projects by type of film project (2017-2021)



Co-productions

Total budget

↓50 per cent

Number of projects

↓26 per cent



National productions

↑1.9 times

↑1.6 times



Foreign productions

↑6.3 times

↑3 times



Animated film production

↑7.5 times

↑1.5 times



02

# Economic impact of film production for the Vilnius City

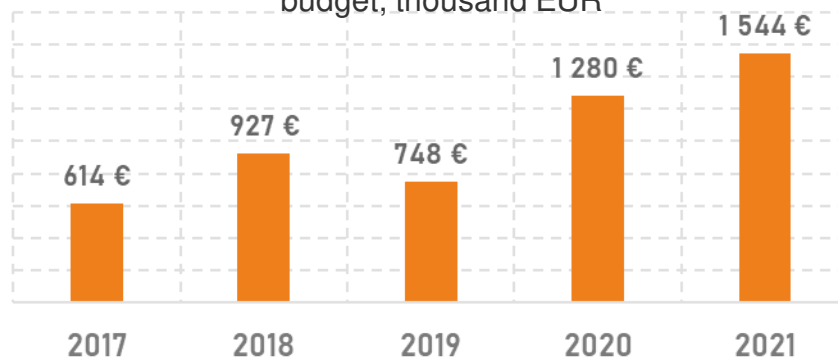
## 02 Taxes paid to the Vilnius municipal budget

**Personal income tax** is a direct tax which, after being redistributed according to the statutory requirements, is paid into the budget of Vilnius City.

**Fees paid for the use of paid parking spaces** – indirect tax (municipal levy), which goes into the budget of Vilnius City Municipality.

### Direct tax

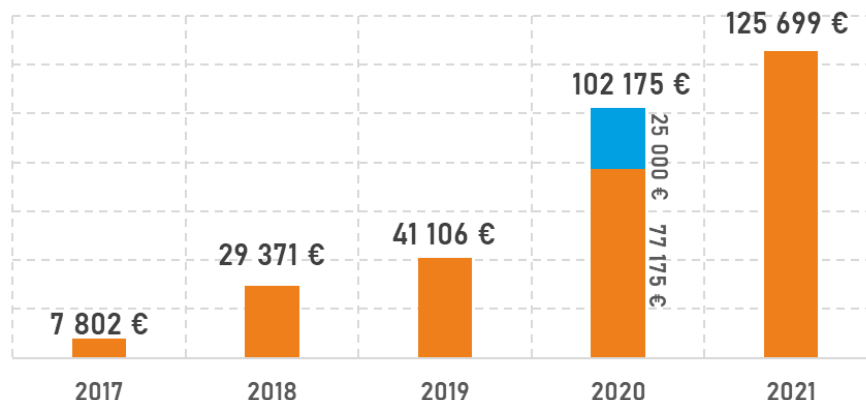
Share of personal income tax credited to the Vilnius City budget, thousand EUR



The share of personal income tax paid on the salary of people working in film projects credited to the Vilnius City Municipality budget has been growing steadily over the period 2017-2021, with the share of the personal income tax collected in 2021 increasing by 2.5 times in comparison to 2017. In 2021, **around EUR 1.5 million of personal income tax was credited to the Vilnius City Municipality budget.**

### Indirect tax

Amount of fees for parking credited to the budget of Vilnius City, EUR



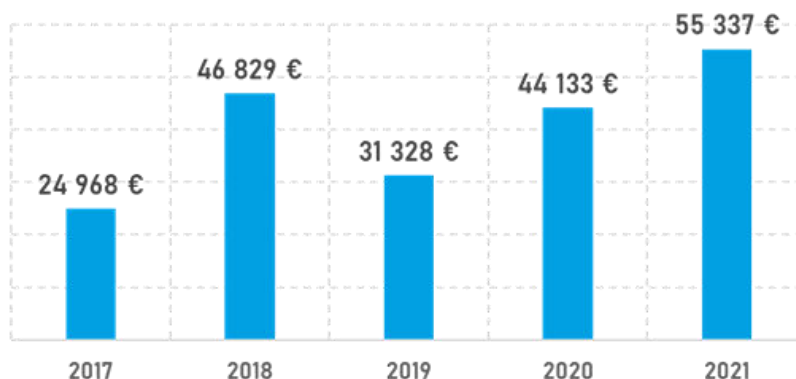
■ Film production companies ■ Vilnius Film Office

The toll for the use of paid parking spaces charged to the budget of Vilnius City Municipality increased more than 16 times in the period 2017-2021, **and the total amount of the toll collected was more than EUR 281 thousand.** In 2020, in order to mitigate the effects of the COVID-19 pandemic on the film industry, Vilnius Film Office signed tripartite agreements (Vilnius Film Office, production company and Vilnius City Council) for the co-financing of the blue parking zone in the city.

## Production costs



Total production costs of film projects, thousands EUR

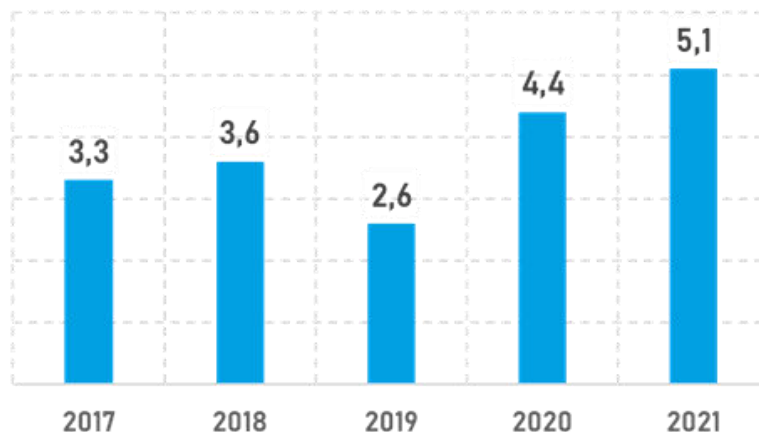


The period 2017-2021 has seen a rapid increase in the production costs of film projects. **In 2021, the total amount of budgets more than doubled compared to 2017, reaching around EUR 55.3 million in 2021.** Figures from 2018 were relatively large as two very big commissioned films were filmed in Lithuania.

## Employment



Jobs created by the production of film projects, thousands

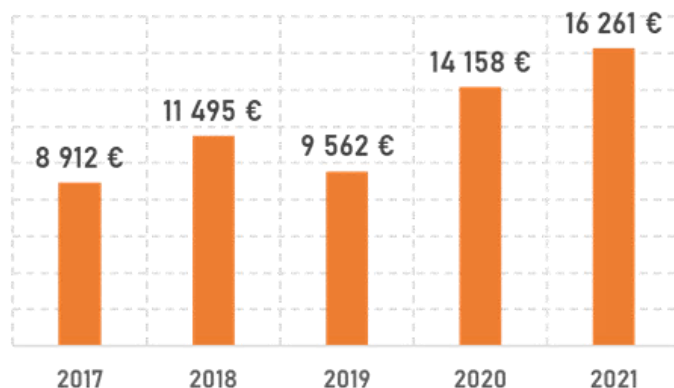


The number of jobs created between 2017 and 2021 has been uneven, as the number of jobs created depends directly on the type of film project (national, co-production, foreign) and the size of the project. **In 2021, the number of jobs created by the production of film projects in Vilnius city could be around 5,000.** Compared to 2017, the number of jobs in 2021 increased 1.5 times.

## Salary paid



Staff salaries from film project budgets, thousands EUR

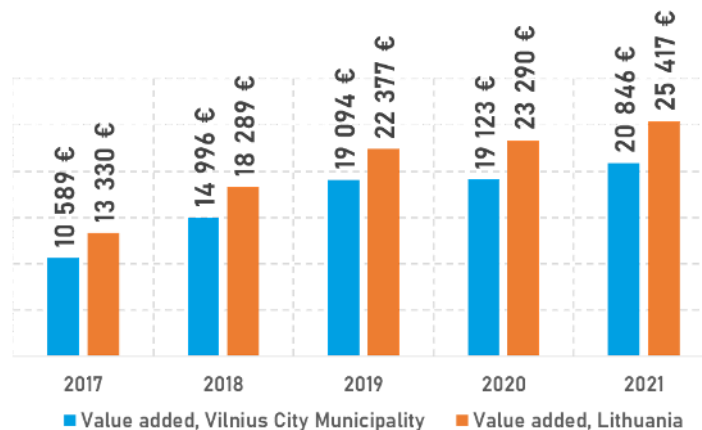


As the number of jobs created has increased, so has the amount spent on staff remuneration. **In 2021, around EUR 16.2 million was allocated to salaries.** Compared to 2017, the share of salary paid in 2021 has risen 1.8 times.

## Added value



Value added in the production of films, videos and television programmes, thousands EUR

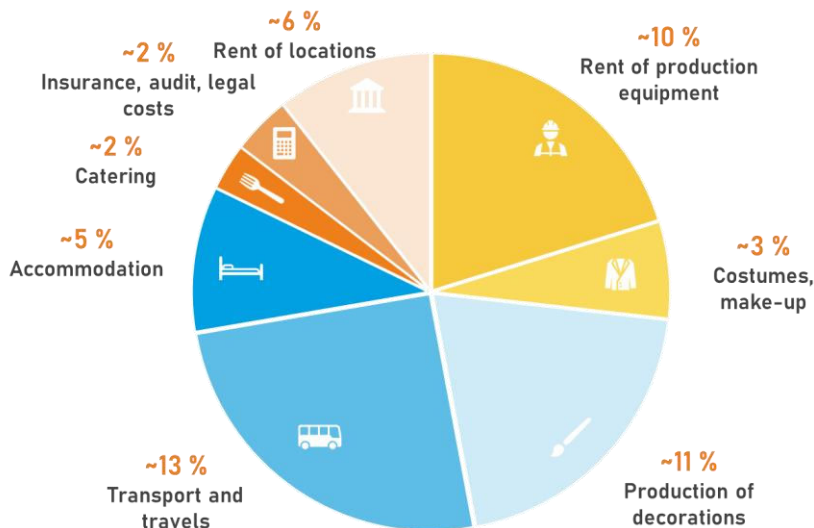


In Vilnius City Municipality, the value added\* from the production of films, videos and TV programmes in the period **2017-2021 has almost doubled, reaching EUR 20.8 million in 2021. This accounted for 82% of the total value added** in the production of films, videos and TV programmes in Lithuania.

\* The value added calculation includes the value added generated by the production of films and videos, but also by the production of TV programmes.

## Budget breakdown

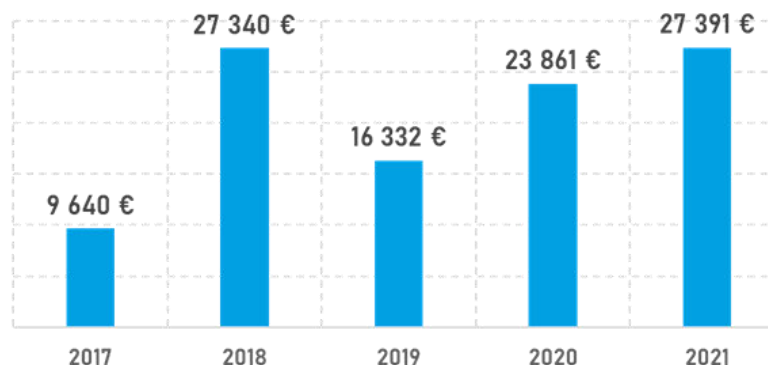
Distribution of film production budgets by supporting sectors of the film industry



The largest share of the film production budget is spent on transport and travel (around 13% of the total), followed by: production of decorations (around 11%) and production equipment rent (around 10%).

## Income from film projects

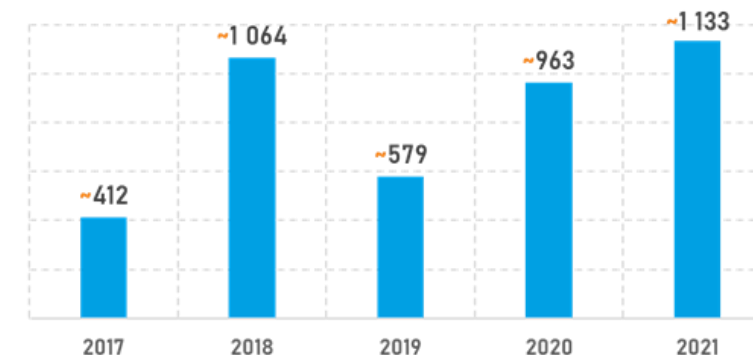
Revenue from the production of film projects, thousand EUR



Revenue from film production projects has been growing steadily over the period 2017-2021. In 2021, the revenue generated increased by around 2.8 times compared to 2017, reaching around **EUR 27.3 million in 2021**.

## Employment

Number of jobs created, units



In 2021, the expected number of employees related to servicing film production projects was more than **1,000** and increased around 2.7 times between 2017 and 2021.





# SWOT of Vilnius City as a friendly city for the film industry

## Strengths

- Active efforts of the Vilnius Film Office in cooperation with representatives of the Lithuanian and foreign film industries;
- Effectively operating Vilnius Film Office, contributing to the promotion of Vilnius at the most important professional events of the film industry in Europe;
- The film industry is recognised by the city as one of the most important priority areas of the CCIs (Cultural and Creative industries);
- City leaders' actions to promote the city of Vilnius and its achievements at various international events;
- Favourable attitude of the representatives of the city towards film projects;
- Globally recognised film projects have been implemented in Vilnius to promote the city;
- Vilnius is unique in its architecture and the variety of epochs, but at the same time it is compact and convenient for the production of film projects;
- A wide variety of public locations in the city;
- A large number of accommodation facilities and their variety (from B&B to 5\*);
- Large number and variety of cafes and restaurants;
- A wide choice of high-quality services that meet the standards of EU cities;
- A safe city (for incoming world-class stars);
- Convenient commuting links (easy to get out of the city and into the countryside). This reduces filming time;
- Vilnius Film Office participates in the activities of two international film associations – the European Film Commissions Network (EUFCN) and the Association of Film Commissioners International (AFCI).

## Weaknesses

- Limited supply of infrastructure suitable for indoor filming (film studios, pavilions);
- Increasing rentals for municipality-owned, state-owned and private locations;
- Increasing parking fees;
- Limited capacity of Vilnius Film Office (lack of funding);
- Lack of systematic approach of the city to the funding of film education programmes (the tender is held once every 3 years, with a budget of 50 000 EUR);
- Vilnius City has no cinema or film fund to finance national/co-production film projects or support filmmakers (e.g. Riga, Tartu, Prague, Vienna, Lublin, Krakow);
- Fam trips are not funded and organised;
- Limited city marketing budget to promote Vilnius as a film location internationally;
- Limited number of direct flights to Vilnius.

## Opportunities

- Efficiency of the film profit tax incentive;
- Cooperation between the film industry and the private sector in implementing the investment project of the new film studio/pavilions;
- Cooperation with educational institutions in training professionals in the film industry;
- Growing potential for film tourism (promotion of Vilnius city through foreign and local channels).

## Threats

- Changes in profit tax incentives regulation;
- Tax incentives of popular competing locations (e.g. Prague, Budapest, etc.), increased competitiveness;
- Availability of infrastructure (film studios, pavilions) in popular locations (e.g. Prague, Budapest, Warsaw, Bucharest, Varna, etc.). Infrastructure projects for the film industry are being developed with state and city support (e.g. in Tallinn);
- The issue of upgrading infrastructure suitable for indoor filming (film studios, pavilions);
- Lack of human resources (operators, lighting technicians, artists, sound technicians, special effects specialists, location managers);
- Outflow of skilled professionals and talent (emigration);
- Limited number of study programmes available in higher education institutions, lack of professional education training in the film industry;
- Changes in the economic situation: inflation, prices on energy resources, increased prices of various services and goods.

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Recommendations

## For the City of Vilnius

- **Establish a regional Vilnius City Fund** to finance film projects and support filmmakers (e.g. Riga, Tartu, Prague, Lublin, Krakow);
- **Implementation of the investment project for a new film studio.** Infrastructure, like film studios and pavilions, is particularly important in order to attract larger foreign film projects, and there is currently a lack of it. It is noted that it is already difficult to compete with geographically close European cities (Prague, Budapest), which can offer more developed infrastructure. Based on good practices in foreign countries, some competitor cities (e.g. Tallinn) are developing joint projects involving the central government, the city and the film industry. One of the proposed solutions or alternatives to the infrastructure issue is PPP (*public private partnership*).
- **Increase the frequency and funding of the grants for educational programmes.** Vilnius City Municipality organises a competition for the funding of film education programmes, which aims to foster the activities of film education and the dissemination of film culture in Vilnius City and to promote the creative expression of film culture and filmmakers. Currently, the calls for applications are announced once in 3 years, and in 2020, EUR 50 thousand were allocated for the competition of film education programmes. In order to increase the participation of the film industry in the competition for the funding of film education programmes, the amount of funding and the frequency of publication of the competition should be reviewed.
- **Strengthen the capacity of the Vilnius Film Office.** Increase the funding and number of staff.
- **Fund the fam trips** (in cooperation with Baltic and neighbouring countries);
- **Integrate the services provided by municipal enterprises (one-stop shop)** into the application form for filming permits (electricity, water, Grinda services);



## For the City of Vilnius

- In cooperation with other Baltic and Nordic countries, join **Nordisk Film & TV Fund, other regional cooperation formats or initiatives;**
- **Increase cooperation** with larger neighbouring foreign cities (e.g., Poland) to strengthen the number of joint projects in the film industry;
- **Expand the service of filming permits in Vilnius in the field of advertising.** Currently, Vilnius Film Office provides a film permit service only for films;
- **Increase funding for the marketing of the Vilnius Film Office.** Consider the possibility of updating the Vilnius Film Office website, increasing cooperation with Go Vilnius (using the Go Vilnius website for advertising), prepare a promotional presentation about the Vilnius film industry, which could be presented by the municipality representatives to foreign representatives during conferences.
- **Exploit the potential of film tourism in Vilnius.** Effective tourism destinations and focused tourism marketing management, service quality, tourism products and environment creation are important in order to create a competitive city with tourist flows. Film tourism is one of the opportunities for creating tourist attractions. Films and TV series that are popular and win awards globally allow viewers to connect with characters and filming locations, and prompt them to visit the places where the project was produced. It is proposed to implement marketing measures aimed at target audiences in cooperation with the public institution Go Vilnius, the national tourism development agency Lithuania Travel and inbound tour operators. It is also proposed to develop specialised film tourism products for potentially attractive markets and tourist segments (film/series → market and target audience → marketing tools).

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Key results

## Organisations operating in the Vilnius film industry (2022)



88

Production  
companies



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Distributors



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Advertising  
production  
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production  
companies



11

Film festivals  
and events



19

Organisations  
and institutions

## Trends in film projects (2017-2021)



Co-productions

↓ 50 %  
Total budget

↓ 26 %  
Number of projects



National  
productions

↑ 1.9 times  
Total budget

↑ 1.6 times  
Number of projects



Foreign  
productions

↑ 6.3 times  
Total budget

↑ 3 times  
Number of projects



Animated film  
production

↑ 7.5 times  
Total budget

↑ 1.5 times  
Number of projects

Benefits for Vilnius  
City\***5.1 million EUR**

Share of personal income tax  
from the production of film  
projects credited to the budget of  
Vilnius City

**281 thousand EUR**

Share of parking fees from film  
production projects received by  
Vilnius City budget

Benefits for the  
film industry\***202.2 million EUR**

Production costs for  
film projects

**51.7 million EUR**

Staff remuneration  
costs

**~19 thousand**

Jobs created

**84.6 million EUR**

Added value  
created

**104.5 million EUR**

Revenue generated from the  
production of film projects

**~3.9 thousand**

Jobs created in supporting  
sectors