EAST EUROPE'S CINEMA INDUSTRIES SINCE 1989: FINANCING STRUCTURE AND STUDIOS

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Abstract

The decade worth of the East European transition allows us to sum up important lessons of the stormy and profound transformation in cultural administration. The East European cultural industries were the first ones to suffer massive cuts and withdrawal of secure funding early in the 1990s. Cinema was affected most notably. In all of the East European countries filmmaking underwent volatile structural changes and was subjected to often contradictory undertakings in administration and financing. The crumbling production routines caused a creativity crisis in many filmmakers. Problems included unfair competition, deepening generation gap, and decline in feature, documentary and animation output. The concurrent crisis in distribution and exhibition led to a sharp drop in box office indicators for all productions carrying an East European label. At the same time some East European films enjoyed an international critical acclaim. The volatility in East European cinema coincided with a clearly articulated period of insecurity in West European cultural policies, driven by a growing anti-American sentiment. The establishment of such pan-European funding bodies as Media 95 and Euroimage came as a reaction to the overwhelming triumph of commercialism in cinema. The share of inter-national subsidies for filmmaking in poverty-stricken Eastern European studios quickly increased as the concept of "national cinema" gave way to a "new European" one. The article focuses on the following topics: changes in East European production schemes, the end of national cinemas, issues of co-producing with focus on Euroimage, media and commercial financing, the questions of domestic versus foreign film distribution and exhibition, and festivals.

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A decade worth of the East European transition allows us to sum up important lessons of the stormy and profound changes in cultural administration. The pattern of changes has been similar throughout all East European countries: sharp decrease in government funding, empty studios eager to attract foreign film crews, the disappearance of domestic films from the wide screen, armies of idle film professionals.

Just what has changed in the past ten years? The East European cultural industries were the first ones to suffer massive cuts and withdrawal of secure funding early in the 1990s. Cinema was affected most notably. Financing for film production changed profoundly, being awarded to competing individual films by state committees rather than through semi-autonomous film units. There was a significant drop in the number of movies produced between 1991 and 1993. More recently, however, a greater number of features are being released annually. In some countries, the output came back to normal numbers fairly quickly (Czech Republic) while in others the decline persists (Bulgaria).[1] The crumbling production routines caused a creativity crisis in many filmmakers. Problems included unregulated and therefore unfair competition, a deepening generation gap, and decline in feature, documentary and animation output.

The concurrent crisis in distribution and exhibition led to a sharp drop in box office indicators for all productions carrying an East European label. The abolishment of the centralised management of culture divorced the domestic film production from exhibitors and distributors, and earlier distribution networks, domestically and internationally, were ruined before new ones had come into being. Most of the new private distributors who emerged subsequently chose to strictly abide by market rules and to work with Hollywood box-office winners rather than play the losing card of domestic ones, moreover there is a decline in the overall number of admissions purchased as ticket prices became non affordable for many.

The volatility in East European cinema coincided with a clearly articulated period of insecurity in West European cultural policies, driven by a growing anti-American sentiment. The establishment of such pan-European funding bodies as *Media* and *Eurimage* came as a reaction to the overwhelming triumph of commercialism in cinema. The share of international subsidies for filmmaking in poverty-stricken Eastern European studios quickly increased as the concept of "national cinema" gave way to a "new European" one.

For a while East European filmmakers seemed to be losing their domestic audience. The years when people would go to the cinemas to see national film productions seemed to have passed beyond retrieve. Filmmakers were in trouble identifying whom they addressed in their works — if they tried to appeal to the volatile mass taste, they faced the overwhelming competition of imported mass culture. If they decided to address a more sophisticated audience they were doomed to not be able to reach it, as in an underdeveloped market economy distributors and exhibitors were not interested in researching and targeting scattered pockets of potential viewers.

Toward the end of the 1990s, however, some national productions came near the top of domestic box office figures. Films such as Jan Sverak's *The Ride* (1994) and *Kolya* (1996) in the Czech Republic, of Martin Sulik's *The Garden* in Slovakia (1994) climbed to the top of box office charts. The most notable case is the one of Serbia where all three top grossing films for 1998 were domestic productions — Emir Kusturica's *Black Cat, White Cat*, Srdjan Dragojević's *Wounds*, and Goran Paskaljević's *Powder Keg*.

Not only at home, but also internationally, many East European films enjoyed a significant critical acclaim (*Kolya, Underground, Before the Rain*). In fact, if one carefully

looks at the number of festival prizes awarded to films from Eastern Europe, it will not be difficult to show that the 1990s have been the most successful decade for East European filmmaking ever. Thus, I am far from sharing the opinion that East European cinema as an art form is undergoing a major crisis. If there is a crisis, it is one that is characteristic of the European cinema in general, affecting its Western and Eastern counterparts alike, a crisis of identity in an era that marks the end of national cinemas.

The cinematic output has not changed so profoundly as to allow us claim that the old film culture has been destroyed and is now being replaced by a ruthlessly triumphant commercialism. The state-financed propagandistic super productions have disappeared, now replaced by privately-financed super productions like Jerzy Hoffman's *With Fire and Sword* (*Ogniem i mieczem*, Poland, 1999), budgeted at $8 million, or Nikita Mikhalkov's *The Barber of Siberia* (1999), the most lavishly financed film outside Hollywood. The partisan action-adventures and the silly socialist comedies of communist times have disappeared, now replaced by mafia action-adventures and silly post-socialist comedies. The films focusing on the ethical concerns of everyday life, the so-called cinema of moral anxiety, have disappeared, now replaced by the films focusing on the drab everyday life and moral despair, the so-called post-communist *chernukha*. In spite the commercialisation, all East European countries continue making the same type of art films they were making before, and continue releasing films dealing with traditional thematic spheres such as national history, Holocaust, war. The cinematic image of the deconstruction of the Berlin Wall was used by filmmakers as a synonym of the new era and was widely used in documentaries and features. Contrary to the common logic, however, it was not the demolition of the Berlin wall, but the crisis in the Balkans that became the subject of the most extensive cinematic interest: the Bosnian war was explored in nearly forty features and over two hundred documentaries made world-wide, thus becoming the event that occupied the minds of the largest number of filmmakers since 1989.

In this study I will focus on issues of the transformation in production in East European film industries, leaving aside for now the equally important questions of distribution and exhibition, to which I intend to devote a separate study. I will first outline the changes in production financing, will discuss the consequences of the substitution of film units with independent producers, and will discuss the new mechanics in state subsidies, the growing role of television as co-producer in feature filmmaking, the juxtaposition between cross-border productions and co-productions, as well as the emerging presence of private funding in filmmaking. My second task will be to revisit some of Eastern Europe's film studios and see how ownership and control has changed (or is still changing).

Financing

During communist times it was more or less matter of personal politics for filmmakers to secure the funds for their films. In the times of transition that followed many found themselves unprepared to deal with the new funding situation. A new type of dependency — the market one — is replacing the political dependency of the past. Filmmakers now learn with various success to adjust to the new reality and to do extensive homework before taking their projects to the funding bodies.

In a study devoted to the recent cinema of former Yugoslavia, Andrew Horton outlined several tendencies he had observed:

- a proliferation of smaller production companies, many consisting only of a few filmmakers, which work in conjunction with larger studios on a film-by-film basis,
- an increased commerce between film and television production and the development of a made-for-video film market of cheap, swiftly shot genre movies,
- an increased number of international co-productions (Horton 1990).

It can be claimed that these characteristics apply to the situation in film production in most countries of the former East bloc. Across Eastern Europe, tax laws are still to be revised to work to the filmmaker's advantage, a number of legal issues affecting operating matters are still to be sorted out, and mechanisms to allow for potential profits to be accounted for and safeguarded are only gradually coming into place. Workshops, funded most often by the Media II program of the EC and offered in various Western European countries are aimed to teaching East European filmmakers and producers the basics about the anatomy of a film agreement — production checklists, financing contracts, loan sources, subsidy mechanisms, distribution/sales agreements, and insurance issues.

I would like to revisit some of these basic elements in the changing conditions for film financing.

From the Film Unit to the Producer. Under the system introduced in the early 1960s, the film units within the studios of the East bloc functioned as the basic film production entity. The units, usually led by a well established director, comprised of several directors, as well as screenwriters, cameramen, set and costume designers, and sometimes even actors, all salaried employees who only received bonuses upon the completion and the release of a new film. Traditional producer's functions include securing funding — but it was already there, and bringing together the creative team (writer, designer, DP, director, and cast) — but within the units it was more or less clear who was working with whom. With all funding coming centrally from the State budget in the form of annual grants and with a semi-autonomous status of the units, there was no need of producer. Many people involved in the filmmaking process did not even need to know the exact cost of the productions they were involved in — their salaries were not in danger whatever the number of admissions generated by their films was; smashing box office figures would not make them millionaires, either.

In the new times, even a film which has been granted a state subsidy, is ultimately financed from a patchwork of funding sources, like grants, loans and investments. Thus the figure of the producer becomes of increasing importance. The producer, whose role is to create the budget and then balance it by acting as an intermediary between finance and talent, is rapidly gaining a crucial position in the filmmaking process. As a result of the changing structure of film financing, the demand for competent producers far outweighs the supply, and there is growing recognition of the fact that the producer is at least as important as the director. In this changing context the attention of East European-born Western producers, like Hungarian-born Canadian Robert Lantos (*Alliance*) or Romanian-born French Marin Karmitz became crucial figures to those in Eastern Europe who wanted to make films for audiences wider than their own countries. Karmitz, for example, while being the executive producer for films by the Taviani Brothers (*Good Morning, Babylon*, 1987), and most recent films of Claude Chabrol, also produced Russian *Taxi Blues* (1990) by Pavel Loungin and the *Three Colors* trilogy of Kieslowski (1993-1995). Karmitz is the man behind the successful re-launch of Romanian director Lucian Pintilie, having acted as producer on his latest films *Too*

Late (1996) and *Last Stop Paradise* (1998). Robert Lantos, who is the man behind most recent works of prominent Canadians like Atom Egoyan and David Cronenberg, is the executive producer of the new Istvan Szabo Austro-Hungarian-Holocaust epic, *The Taste of Sunshine* (Canada/Hungary, 1999).

The established Western-based producers aside, many East Europeans enter the game. In the Czech republic, actor Jiri Bartoska, recently announced he is about to wear the hat of a film producer. Many actors and directors act as producers for their own films — like Czech Jan Sverak who co-produced his award-winning *Kolya* (1996), Polish actor Olaf Lubasenko, who produced his own directorial debut, *Sting* (1997), and Slovak director Martin Sulik, whose company is called *Titanic*. Trade magazine *Variety* recently reported on the activities of a new producer, Severyn Ashkenaz, a Polish-born American, who entered film production in his native country after a career as a real estate developer in L.A. and became the founding president of Creative Management Co., a talent agency in Poland and of CMC Pictures, the company's production arm. A meeting of Ashkenaz with production executives from various Tinseltown companies was reported as an effort to attract more Hollywood production to his country. The main advantage of production in Poland Ashkenaz has cited are production costs of 40 cents to the dollar (i.e. savings of 60%). Other incentives for shooting in Poland Ashkenaz has listed are bison herds, horses, several hundred castles, qualified stunt people, three studios and a special low airfare arrangement with LOT (Olson 1998).

State Subsidies. Throughout the region, state funding for film has been replaced by public funding bodies that grant subsidies on a per project basis. Most of the boards and commissions that came into being have only with limited funds at their disposal, and award anywhere between 50% to 10 % of the estimated project costs. High inflation rate further affects the nominal value of the grant which often ends up covering a lower percentage of the production costs than initially estimated.

Who receives funding and who gets the chance to work is an important issue, and it cannot be denied that there are instances of preferential treatment. Fights over alleged unfairness in funding awards reemerge in the media of Eastern Europe nearly every year. The issues of funding are also debated during stormy meetings of the respective unions of filmmakers. Even in Western Europe film production is largely subsidised. With Eastern European countries now open to the same market pressures, it has become imperative for government involvement to continue. However, it has proven a burden for the new governments to maintain sufficient funding levels for the film industry.

The emerging funding scheme differ slightly from country to country. The situation in Central East Europe was surveyed by Bjorn Ingvoldstadt in 1995, who outlined a similar picture across the region (Ingvoldstadt 1999). Nearly all Polish films produced after 1989 have received a $250,000 government grant, awarded by the Ministry of Culture on the basis of submitted script proposals. In Hungary the total subsidies allocated for both 1991 and 1992 have been 11 million forint per year, but one needs to take into account the 30% inflation which significantly has lessened the worth of the subsidies. Toward the end of the 1990s, three funding bodies award subsidies to Hungarian film projects — the Motion Picture Foundation of Hungary, the National Cultural Foundation, and the Millennium Fund. The MPFH is the most important and prestigious body, receiving direct funding from the state budget, taking autono-

mous decisions, and providing up to 20% of the projected film budget. In the Czech Republic, the Film Fund for the Development of Czech Cinema awards grants to individual projects, but the award covers only up to 30% of a given film's budget, making it a requirement for filmmakers to look for co-production partners, E.C. funding, and private investment. Approximately half of the films in production were receiving government funding, either from the national fund or from various E.C. sources.

In Bulgaria, the re-structuring of the film industry mostly took the shape of reallocation of funding powers from the ministry of culture to a newly created National Film Centre (NFC), and a public commission of filmmakers that gives funding to selected film projects. The commission is supposed to distribute the awards based on the merits of the projects, and in 1996 it became notorious for rejecting all the projects that were presented, thus effectively contributing to the minuscule output numbers of this nation's current cinema (Iordanova 1998).

Television is becoming an increasingly important funding source. TV involvement in productions becomes particularly desirable given the fact that films financed by television are guaranteed to be shown (and hopefully seen) by a nation-wide audience. In compliance with Polish content quota requirements, the two state-run channels in Poland have continued production activities, and production funds are allocated to projects by a commission currently under the direction of screenwriter Macej Karpinski. Most Czech and Slovak films are receiving some form of funding from television as well.

The channels have been exchanging films' budget funding for future broadcast rights, as narrative films are considered to be particularly attractive feature for their prime time programming slots. The involvement of television stations in production, however, has resulted in some controversies. This is the case, for example, of the involvement of the Milošević-controlled Radio-TV-Serbia in the production of Emir Kusturica's *Underground* (1995) a film which was officially released as a French-German-Hungarian co-production and which was nevertheless believed to have some shady deals in its financing. RTS claimed it had provided only "services in kind" with no firmly set value attached, in exchange they had acquired the right to broadcast the movie. According to some journalists, 5% financing was coming from Radio-TV Serbia. Other sources quoted a figure of $10,000,000 that RTS had put toward production costs. The CiBY executive claimed that no direct financial participation was in place, and that it was a pre-sale deal. Director Kusturica himself claimed that the services rendered by RTS did not have monetary value at all but rather consisted of lending studios and equipment in exchange to the right to show the film on Serbian television. Indeed, the film was serialised for RTS and aired in six parts in the summer of 1995 (Iordanova 1999).

In the Czech republic, the controversial involvement of the even more controversial TV enterprise NOVA which announced plans to film a novel by the late Bohumil Hrabal led to a noisy and well publicised clash between veteran director Jiri Menzel and TV NOVA's producer in 1998. 40% of TV Nova's programs are domestically produced, and the number of feature film productions is growing, making it the second biggest producer of films in the Czech republic after Barrandov (TBI 1999, 120).

Cross-Border Productions and Co-Productions. International financing for film is increasingly becoming the major component in each East European country film production industry. The form of this financing is more often in the form of grants (or loans)

and as investment on rare occasions. France is the main partner for Hungary, Romania, and the Czech Republic, Poland's primary co-production partner is Germany, while in the Balkan region one observes a number of regional co-productions involving Greece.

Pan-European film funding bodies such as Media 95 and Euroimage award funds to Eastern European projects in a competition with others from the West of Europe. Initially, in the early 1990s, the Media program served as an umbrella agency for a number of different funding initiatives. It subsequently evolved into Media 95 (and then Media II) which has awarded grants and loans to a large number of East Central European projects. Euroimage operates under a similar mandate. These agencies use the categories of minority and majority participation in a film production to describe the type of their involvement in any given feature film project.

An example of co-production is the first Bosnian movie shot after the war. Ademir Kenović's *Perfect Circle* (1996) was made with grants scraped from the Soros Fund, Pro-Helvetia, and Rotterdam's international film festival's Hubert Bals Fund. Macedonian *Before the Rain*, which had the participation of the Macedonian Ministry of Culture, would not happen if it were not for funding received from French and British sources. The UK-French-Czech co-production *The Life And Extraordinary Adventures Of Private Chonkin* (1994), directed by Oscar-winner Jirí Menzel, was a unique adaptation of Vladimir Voinovich's Soviet satirical novel.

Some of the Euro-funded initiatives, however, end up as weak "Europuddings." Some of the funding criteria strengthen this risk, like for example the requirement of Euroimage that each project reflects a cross-cultural European content. This requirement, for example, resulted in artificially attached elements that essentially ruined the film *The Black Swallow* (Bulgaria-France, 1994, dir. George Dyulgerov). Telling the story of a Bulgarian gypsy girl, the film included an implausible and therefore ridiculous subplot about a French teenager recovering at a Bulgarian spa after a car crash.

Co-productions, however, are quite a different thing from the cross-border productions, which are largely foreign undertakings only using local facilities and extras. The East European country which provides these last ones is not listed as a participating once the film is released. An example of cross-border production would be French Luc Besson's feature *Joan of Arc*, shot in the summer of 1998 in a Czech area near the Polish and Slovak borders, where a medieval bridge and town were constructed by Prague International Films (the Czech representative of Gaumont). The set construction created around 400 temporary jobs, and even larger numbers of local people were employed as extras.

Romania attracted several cross-border productions focusing on the Gypsies — some parts of Tony Gatlif's musical *Latcho Drom* (France, 1994) were set in Romania, and so was the next feature of the director, *Gadjo Dilo* (France, 1997), shot in its entirety on location in Vallacchia. Alan Saffron, an Australian-born entertainment entrepreneur and founder of Mastermind Entertainment, a production company involved in low-budget projects, was shooting in 1998 a feature called *Bury Me Standing*, budgeted at $5 million U.S. (Karon 1997).

While Bulgaria has a low number of co-productions (corresponding to general low output numbers), the country still gets a fair share of co-productions. Even if Sofia has not become as popular a shooting site as Prague, it nonetheless has managed to attract a number of international co-productions. HBO produced *Crisis in the Kremlin* in 1992, in which Sofia stood in for Vilnius. In Italian *Elvjs and Marilyn* (1998) Sofia stood in for scenes which were supposedly taking place in Budapest. Bernardo Bertolucci has used

some of the Boyana studio facilities in the filming of his *Little Buddha* (1993). Israeli Menahem Golan shot his *Armstrong* in Sofia in the summer of 1996, and Greek Michalis Cacoyannis shot scenes for *Varya* in Sofia in the summer of 1998, an Onassis Foundation produced adaptation of Chekhov's *Cherry Orchard* with English actors Alan Bates and Catherine Cartlidge, and Charlotte Rampling. The project that achieved most publicity in Bulgaria, however, was the gigantic set for the 1995 Cannes winner, Emir Kusturica's *Underground*, built in Plovdiv by Chaplain Films: a production that created temporary jobs for many unemployed workers at the city's bankrupt plant for metal constructions (Iordanova 1999).

In the early 1990s, the king of low-budget movies, US producer Roger Corman, made a number of films going back and forth between Bulgaria and Romania. He would fly in a crew of four-five Westerners — a director, a cameraman, and two-three actors, and rent all the other services locally, as well as cast local actors in the supporting roles. The resulting films, usually of the direct-to-video output for the mass American market, were films like *Dracula Raising* (USA, 1993, Fred Gallo), made in Bulgaria with a Bulgarian actor in the role of Vlad the Impaler, or *Bloodlust: Subspecies III* (USA, 1994, Ted Nicolau) a derivative vampire flick shot in Romania. While giving temporary employment to local technicians and actors, these projects barely contributed much to the repute of the respective national cinema industries.

At the same time, attracting reputable Hollywood productions has been a rewarding experience for the Polish film community. Even though Poland was not listed as a producing country, bringing in director Steven Spielberg for location shooting of acclaimed *Schindler's List* in Krakow generated a world-wide attention to the domestic film industry, and brought international recognition to set designers Allan Starski and Ewa Braun, and to cameraman Janusz Kaminski, who since also filmed Spielberg's *Saving Private Ryan* (1998).

Private Financing. Last, but not least source of financing are investments from abroad as well as the newly emerging private businesses from within Eastern Europe. Various banks, insurance companies, and business groups have at one time or another invested in projects, mostly of the respective film industry of their own countries. Product placement becomes a practice, with the logo of a financial institution or a company appearing in the film to promote their activities. On some occasions it has been said that films have been used for money laundering (e.g. Bulgarian/USA production *Bird of Pray*, 1995) but no legal action has been taken against any of the released films.

Western involvement is not as much on a per project basis, but rather through investments in studios, TV networks, distribution, and exhibition facilities. A growing number of reports, however, talk about Western private entrepreneurs investing in East European film production companies as well. In 1998, for example, the Dow Jones/Wall Street Journal heiress Elizabeth Goth acquired minority stake in a Czech production company, Stillking Films, a deal which was realised with the brokerage of a New York-based investment company (Meils 1998c). Stillking Films was founded by Czech-based Americans, maintains a second bureau in Poland, and plans an expansion to Hungary in the near future.

The versatile combination of subsidies, co-production arrangements, private investments, and deals with television stations have all contributed to the stabilisation of production levels. The balance in output numbers, disturbed originally by the drastic cuts in centralised financing, was restored much faster than expected by critics and

industry insiders. Eastern European filmmaking is catching up fast with its West European counterpart, and I expect that the production difficulties which either one of them faces will soon become largely identical. I expect that terms like mainstream, arthouse and independent filmmaking which are still mostly used when one speaks of the West will soon become applicable to East European film production as well.

Studios

West European studios, such as Cinecitta, Ealing, Pinewood, and Babelsberg may be better known internationally, but the studios in Eastern Europe were of similar capacity and size which allowed the East European countries to have film output numbers comparable to the ones of Western Europe. Even if the studios were meant to serve mostly the needs of the national film industries, studio executives of the communist era nevertheless maintained good contacts with the international film community, and a number of international co-productions were made in Eastern Europe still during the Cold War. These studios were especially sought after when one needed to shoot historical epics as large numbers of extras and cavalry were easy to secure, provided the studios had standing agreements with the national army which would send in the required number of trained soldiers to take part in the shooting and only charge amounts next to nothing. There were a number of co-productions within the East bloc, reflecting the status of international relations between concrete countries.

In the 1990s, with maintenance budgets reduced to bare minimums and equipment coming out-of-date, but still with much lower production costs compared to the West, the studios throughout Eastern Europe strive to survive. With various degrees of success. Many of the studios in Central East Europe are in increasing competition with each other, mostly struggling to attract Western co-productions to secure the use of local technicians and actors for the supporting roles.

Studios in Eastern Europe. Let us first take a look at what studios existed throughout Eastern Europe (see Vincenedeau 1995, 465).

The Albanian film studio, *Shqipteria e re* (*New Albania*) in Tirana was built in the 1950s and allowed for a steady production of newsreels and documentaries, as well as for feature filmmaking which developed at a later stage. In 1954, still before the split with the Soviet Union, Soviet director Sergei Yutkevich on the Soviet-Albanian co-production *Skenderbeg* (1954), about Albania's medieval national hero. The output of *Shqipteria e re* was five features yearly, and it has fallen down to one-two a year since 1991.

The Bulgarian studios, Boyana, were built in the 1950s on a large piece of nationalised land in the outskirts of the Vitosha mountain near Sofia. Besides feature film production, the studios were home to smaller administrative film production units, such as the studio for documentary films *Vreme*, the studio for TV films *Ekran*, and the animation studio. During its peak times in the 1980s (under the directorship of Pavel Pissarev), Boyana studios had an annual output of around 25 feature films.

The largest studio in the Balkans, Jadran Film, was initially established near the Croatian capital Zagreb in 1946. In 1955, huge Cinecitta-like studio facilities were built in the suburb of Dubrava. The studios were regularly utilised by Western filmmakers. In 1962 Orson Welles shot here his adaptation of Kafka's *The Trial*, and in the 1970s Alan Pakula's *Sophie's Choice* was shot here. Other studios in Yugoslavia included Avala and Vardar film, as well as a number of smaller production facilities.

The Romanian studio, Buftea, is located 16 km outside Bucharest and was mostly built between 1952-1958. It stretches over 30 hectare and has artificial hills and lakes, as well as a number of impressive permanent sets including a castle. Buftea also had five stages with a total area of 3,000 square meters, allowing for a number of productions to be shot concurrently. A glass-walled underwater tank, 30,000 period costumes and a million props and weapons were listed on its list of assets (Gaydos 1998). Orson Welles who seems to have loved his earlier experiences in neighbouring Yugoslavia worked here in 1968 and praised the equipment and the working conditions. Buftea studios were the site where a number of coproductions with other East European countries, as well as with France and West Germany were shot, the studio specialising in epic historical super productions (Meils 1998b).

The Czech *Barrandov* film studios were built at a small plateau near Prague in the period 1932-33 and were named after Joahim Barrande, a French geologist who did work in the area. The studios came into existence due to the entrepreneurial efforts of the Havel brothers, direct predecessors of today's Czech president Vaclav Havel. The studios' facilities were further improved during the Nazi occupation of the country by the Nazis who had plans to make Barrandov a filmmaking centre equal to the other studios in Babelsberg and Munich. The studio was nationalised in the late 1940s, and continuous state investments made it possible to build a special effects stage, a projection tunnel, and a water tank allowing shooting under water. Barrandov was the site where most of the celebrated films of the Czech New Wave were shot, it also attracted international co-productions, like Miloš Forman's *Amadeus* (USA, 1984) and Barbra Straisand's *Yentl* (USA, 1984). According to its web-site, Barrandov is the largest studio on the European continent http://www.barrandov.cz. It has 11 sound stages with total stage space of 7,000 square meters (7 stages at Barrandov and 4 stages at the satellite studios at Hostivar). Barrandov also has post-production facilities, large make-up and dressing rooms, laboratories, special effects, sound mix, dubbing, multimedia, and music studio units. Secondary production facilities for the Czech republic were located at the Bata film studios in Gotwaldov (Zlin). Zlin had four large sound stages, and a territory of 150,000 square meters. It is also the place where an extensive collection of children's films is kept. The Slovak studio, *Koliba* in Bratislava, was built after World War II.

The Polish state cinematography committee, Film Polski, run four main studio spaces: WDFiF in Warsaw, Leg Studios in Kraków, Lodz in Central Poland, and Wroclaw in Silesia, where production was realised via the administrative entities of the film units (*zespol filmovy*) we already discussed. Hungary operated three state-owned studios under the umbrella film agency Mafilm. According to economist Mihaly Galik, "production facilities belonged to a state monopoly [...] until 1987, when, on the initiative of influential film directors, four more independent studios were founded which started to make movies. The decentralisation of production gave some measure of autonomy to film directors, who played a leading role in the management of the new studios, but did not alter the basics of the system" (Galik 1998). One of the largest studios was DEFA near Berlin in the GDR. It had been in existence since the 1930s and had most advanced production facilities for its time. The thriving East German film production, now almost forgotten, evolved exclusively around this studio.

Studio Privatisation and Usage in the 1990s. In the post-communist era, many of the studios entered fierce competition for run-away productions which would keep their

personnel and facilities busy. Various degrees of privatisation were carried out depending on the country. We will look in more detail into some of these processes.

The studios in Albania have not been utilised by too many foreign productions, but it is important to mention Italian Gianni Amelio's *Lamerica* (1994) which was shot on location in the country (Iordanova 1998a). *Jadran* (Croatia), *Avala* (Serbia) and *Vardar* Film (Macedonia) no longer attract the number of co-productions they had before, but their premises are often used for post-production services. An interesting form of cooperation develops within the Balkans, with well-to-do Greek and occasional Cypriot and Turkish filmmakers using the services of their Balkan neighbours.

Like everybody else in Bulgaria, Boyana studios near Sofia were hit by financial difficulties. Although secondary studios such as *Vreme* and *Ekran* still exist, they can barely keep their staff busy. The feature film studio at Boyana has an extensive stock of wardrobe and props. The owners of the land on which the studios were built have been pressuring for restitution. In 1998 a piece of legislation was passed which made it possible and very likely for them to get back their pieces of land, which in a status of unclear legislation makes the future of the studios very murky. Under the current legislation, the studios are an independent state-run unit, *Boyana film*, which develops film production and distribution activities, and works in close collaboration with the national TV.

Following a recommendation of the IMF to privatise and facing the realisation that foreign companies find it increasingly difficult to use a state-owned facilities which were run in an inefficient centralised manner, the Romanian government announced that it would let the 70% control packet of the Buftea studio go for $2,7 million U.S. The privatisation was announced in mid-January 1998, with a deadline for bids of only about a month. In March the studio was acquired by Media Pro, the Romanian partner of CME in PRO TV, and by the Acasa cable channel (Meils 1998c). It is expected that after a face-lift and fresh investment boost, Buftea will be reoriented to specialise in TV production and will be used by CME for their numerous projects. A second, privately-owned film studio, Castel, came into existence in the 1990s in Romania.

In the Czech republic, efforts to privatise production studios have faced numerous complications. For a time, President Havel himself seemed to be in line to receive interest in Barrandov studios. However, the government decided that restitution of property would only extent to assets which had been nationalised after 1948. The studios, however, were nationalised a few years earlier.

The plans for the privatisation of Barrandov in the early 1990 were initially opposed by the veteran New Wave directors like Vera Chytilová and Jirí Menzel. They feared that commercialising the studio would bring the Czech film industry to an end and insisted that the government continues subsidising the film industry in much the same way the State had previously funded all the arts under communism (Bren 1993). Nevertheless, the government sold the studios to Cinepont (a company led by studio executive Vaclav Marhoul) for 514 million crowns (approximately US $20 million) which was believed to equal only about 20% of the real market value of the studios. "Opponents of the sale vehemently protested the low sale price, but it must be stressed that the government was intent on liquidating/privatising assets, that "book values" were widely used as a means to entice private capital, and that the only serious bid for Barrandov (once this sell-off structure was in place) was Cinepont's. Indeed, despite the fact that Barrandov was the only studio in Eastern Europe running in the black,

with quality facilities and a production cost half that of Hollywood, Cinepont could not secure a Western partner to help leverage the buyout," writes Ingvoldstadt (1999).

Barrandov was privatised under the government regulation that it was to continue to function as a film production studio, and if is to change in any way, a government approval is required. No real estate sell off was in the offing; rather, plans were being drawn up to build a Disney-style amusement park, complete with hotel (Kayal 1993).

Since the early 1990s, Barrandov has been a sought-after location for a large number of Western filmmakers, as well as for some from the East. Many international productions have been made here since 1990, like the German-Swedish epic *Stalnigrad* (dir. Joseph Vilsmaier, 1993), the American action-adventure *Mission: Impossible*, starring Tom Cruise (dir. Brian de Palma, 1997), but also Russian productions like Gleb Panfilov's *The Last Romanovs* (shooting in 1996) and Nikita Mikhalkov's *The Barber of Siberia* (shooting in 1997, released in 1999, touted as the most expensive European production with a $46 million US budget, starring Richard Harris and Julia Ormond). The studio advertises in trade magazines, maintains an impressive web-site (http://www.barrandov.com), and since 1995 has been retaining the services of a top Los Angeles-based industry executive, William Stuart, to represent its interest in the US market.

In 1995, Moravia Steel became the majority shareholder after acquiring an 80% share in the studios. For a while, the company seemed not too satisfied with this acquisition and seemed to be eager to cut its losses. In May 1997 the new owner ousted the former CEO Vaclav Marhoul, who still owns 20% of the studio (Meils 1998g). Toward the end of 1997 a growing likelihood to sell was reported, and there were mentions of more than 25 interested parties, with contenders like Nova TV (and respectively CME), and the telecommunication giant STP Telecom. In the fall of 1998 extensive talks were held with prospective buyers, most notably with Credit Suisse, acting on behalf of a six-year old production company, Lumar Film, which is still to release its first film, directed by veteran Vojtech Jasny (*Return to Paradise Lost*). The selling price for the studio complex and related properties was reported at $30 million, equivalent to the 80% share of Moravia Steel. There has been lot of speculation on the topic who is behind Lumar; all that has been officially announced is that their money come from private sources. And, indeed, some transfer of shares materialised in September 1998, with Moravia Steel selling a single share each at $500 to two external companies, Lumar and a German-based company, OTF, which has been represented by Jindrich Goetz, a former minority shareholder in Barrandov (Meils 1998h; 1998e). Such move was believed to be taking place in preparation for a take-over by the new shareholders, as one co-opted as shareholders regulations would permit Moravia Steel to simply transfer as many shares as agreed to the new players without seeking the explicit approval of the other minority shareholders in the enterprise.

Early in 1999, however, after a series of further intricacies surrounding the privatisation, and after a successful year at the box office, the long-expected sale of Barrandov studios was said to be postponed indefinitely. Moravia Steel, which had been courting buyers for the past two years, was now reported to not be in hurry to sell.[2]

Early in 1998, entertainment company Bonton purchased 62% of the shares ($1,6 million U.S.) in the other large studio in the Czech Republic at Zlin (Meils 1998a). The studio facilities are mostly used for dubbing and subtitling at the moment, but there are intentions to make investments toward refurbishing the theatrical facilities on the site, as well as further plans for a high profile European children's film festival.

Krátky Film in Prague, an animation and documentary studio and archive since the 1940s, where Jiri Trnka and Karel Zeman worked, and where eventually Jan Svankmajer started is the third most important studio in the Czech republic. Krátky Film was partially privatised in 1990 and for a while the Czech Ministry of Culture retained a large percentage of its stock, which allowed the company to retain some of the professionals laid off by Barrandov. The animation branch of the studios, *Jiri Trnka* and *Bratri v Tricku*, were kept busy mostly with foreign projects, but the documentary production came down to a minimum. Kratky Film suffered substantial financial losses in 1993. In 1995, Czech Insurance (Česky Pojistovna) company became a majority owner, and the basic capital of the studio was reduced to under $3 million U.S. (from $8.5). A new crisis situation developed in 1998. The company employees had not been paid since March, when the studio was estimated to have accumulated $12 to $15 million U.S. in debt. In early May, 1998, after the majority owner Czech Insurance announced a plan to sell its shares, it was announced that the studio was facing the threat of bankruptcy proceedings (Meils 1998d). In June, two top executives were fired, and the majority owner made a promise to refinance the company (Meils 1998e). If troubles continue, it is possible that the Kratky Film library, containing an estimated 10,000 titles (of which 1,000 animated films, and a wide range of documentaries and newsreels), may need to be put up for sale.

The picture is more or less the same in Slovakia, Poland, and Hungary, all fiercely competing to attract western film productions and struggling to increase the domestic productions currently utilising only a fraction of the available studio space and personnel. Tax breaks to foreign productions and a waver of the value-added Tax (VAT) and the local sales taxes are being discussed. In Hungary, all three state-owned studios have been in process of privatisation since mid-1993. According to Hungarian cinema expert, Catherine Portuges, "the state studio system that had at once promoted and created a large, often unwieldy bureaucratic infrastructure for distribution and exhibition was virtually dismantled" (Portuges 1999 forthcoming). In addition to Mafilm, a number of smaller production companies are working to attract American and British firms, as well as Western ad agencies. Hungary's tax system, however, has led to losing a number of projects to the Czechs.

Hungary is well renowned for establishing a special experimental film studio besides the facilities for mainstream film production — Béla Balázs studio was founded in 1959 and enjoyed a special status. Its output was entirely subsidised and the studio was run exclusively by young filmmakers. The studio evolved as a burgeoning centre for independent short and documentary, and since the 1980s it established itself as a centre for experimental and avant-garde cinema. Since 1989 Béla Balázs studio was given a non-profit foundation status.

Conclusion

If we strictly look at the artistic output and ignore the issue of the transition in the industry, one can barely speak of a new face of East European cinema, profoundly different from the one we know from before. The changes in ownership and control in filmmaking have not resulted in substantial change in the artistic output, at least not for now. I even expect to see a tendency toward further strengthening of the existing cinematic identity. We will witness a decline in the number of East European commercial film ventures, as many failures revealed that they cannot stand up to Holywood's competition.

A manifesto (*Manifesto of African Filmmakers*) adopted in 1982 by a group of filmmakers, summarises the main critical points that need to be addressed to secure a thriving film culture. According to the group:

- developments in production must be linked to those in the sectors of exhibition, import and distribution of films, technical infrastructure and professional training;
- the intervention of the state is needed to promote and protect private and public investment;
- measures to promote cinema are not viable on a purely national level but need to have a regional [...] dimension;
- future developments in [regional] cinema will need to be made in collaboration with television institutions;
- finance for developments in cinema can be found within cinema itself, in the receipts from the showing of foreign film (Armes 1995, 155).

It all sounds like the right platform for East European filmmaking to follow in these transitional times. Only, this particular text does not originate from Eastern Europe. It is a manifesto adopted by a group of African filmmakers during a meeting in 1982, nearly twenty years ago.

Do I want to suggest that the problems of African and East European filmmakers are identical? Not really. But they are not worlds apart either. It is important that East Europeans stop thinking of themselves as living through unique experiences. Many of the trends described above can be found in other, remote parts of the world. Canadian and Mexican studios work precisely as hard to attract American productions to use their facilities as do the East Europeans. Filmmakers in Korea and Thailand, countries with similar output numbers in feature film production, face the same type of financing problems as the *cineastes* in the countries of our discussion.

The times we live in mark the end of the national film industries. There is increasing dynamism seen in collaborative artistic projects which cross traditional boundaries and bring together previously isolated spheres. More and more often we see films like Goran Paskaljević's *Someone Else's America* (1995), a co-production of France/UK/Germany and Greece, directed by a Serbian, that takes place in New York and Texas. Neither one of the producing countries is the site of the action, suggesting that financing for film no longer finds direct reflection in the final product. The story is about Spaniards, Montenegrin and Chinese shot mostly in a European studio representing New York city.

Hungarian-German production *Bolshe Vita* (1996) tells a story about Russians and Americans who all end up in Central Europe to experience first-hand the lifting of the Iron curtain. In this case, the backdrop of the action is Budapest but there is only one Hungarian protagonist in the film. The encounters between East Europeans and Westerners could easily have taken place elsewhere, however. And they do, in films like *Broken English* (New Zealand, 1994, Gregor Nicholas) where a Croatian immigrant falls in love with a Maori man, or like *Exile in Sarajevo* (Australia, 1996, Tahir Cambis) about an Australian from Melbourne who takes refuge from civilisation in besieged Sarajevo. The world is on the move, bringing about encounters which would be unlikely just a few years ago. This mixing of cultures and peoples is reflected in the films which are being made these days.

Notes:

1. The peak years for film production seem to have been the mid-1980s. In 1985, for example, Czechoslovakia produced 50 films, Bulgaria — 40, Poland — 37, Yugoslavia — 30, Romania — 30, Hungary — 21, and Albania — 12. In comparison, during 1992 Czechoslovakia released 15 features, Bulgaria — 3, Poland — 8, Yugoslavia — 3, Romania — 12, Hungary — 17, and Albania — only one film. Film production figures from Vincendeau 1995, 465.

2. See *Screen International,* Jan. 29, 1999 p. 4. Ingvoldstadt (1999) writes: "The Czech production sector appears to be searching for a happy medium of limited state support without bureaucratic constraints. At times the industry has succeeded, most notably in terms of studio reorganization. The most commercially-viable studio has been privatized, while the government continues to fund less commercial facilities. At other times, the government may have removed itself too far: a lack of coordination between the state and domestic production companies is discouraging foreign productions from utilizing Czech facilities. However, this must be viewed as part of the larger learning process, as the production sector takes a crash course in surviving the free market. Indeed, because film productions have received only limited state backing, producers have been forced to enter into Western-style co-productions and television funding agreements."

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