

Special Focus: Accession to the EU

Film Industries in an 'Enlarged' Europe

by Dina Iordanova

This article was commissioned around the same time the European Union lifted restrictions on the sale of oddly-shaped fruits and vegetables in supermarkets across Europe; an action that unleashed the public's affection for gnarled carrots, bendy cucumbers and bulbous potatoes that often tasted better than the perfectly shaped but tasteless produce on offer.

Another recent development in Brussels was the admission of countries from the former Eastern Bloc to the European Union. Not without some resistance, of course. The debates over the EU's enlargement revolved around the preoccupation of how to incorporate the markets of these geographically near, yet what some saw as 'non-quite-up-to-the-mark' states, while simultaneously ensuring that the affluent and mature consumer economies of the West were not 'inconvenienced'.

The admission process took place in stages and largely reflected media concerns on the degree of the socio-cultural 'difference' that kept countries of Eastern and Southern Europe apart from what was seen as the Western norm. The first phase of the enlargement, in 2004, extended to Hungary, Poland, the Czech Republic, Slovakia, Slovenia, Cyprus, Malta, Latvia, Estonia and Lithuania. In 2007, Romania and Bulgaria were also admitted. The candidacies of countries that still remain outside the European Union, like Serbia,

Croatia, the Former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, Montenegro, Albania and Turkey, are under discussion. Other countries, like Switzerland and Norway, seem to have decided that there is little benefit in joining the EU and have steered clear of any entry.

The admission to the EU put certain pressures on the new members: they now had to show that they were worthy of membership and discard any 'peculiarities' as soon as possible.

So how did the ramifications of their entry to the EU play out in the area of the film industry? What did film production and distribution gain from being part of this more affluent sphere?

The change in 2004 and thereafter was not as palpable as one would expect, mostly because the 'new' countries had embarked on the course towards 'becoming European' as early as 1989. The ascension to the EU, thus, was not the beginning of a process of strategic transformation, but its (successful) end.

Even though these national traditions could lay claim to having embraced filmmaking from the time of its very inception, they were now treated as 'emerging' cinemas. As such, it was important for them to gain visibility within the international marketplace. Having 'become European', however, the film industries and cultures of the former Eastern Bloc countries were beginning to resemble the film industries of small West European countries, even replicating their limitations and shortcomings. More and more, the previous Eastern European fare was losing its

uniqueness (the equivalent of that strangely-shaped fruit), resembling instead typical European fare, which often translated as dull and lacklustre. Rather than delivering a forceful message of cultural potency and freshness, films from the 'new' Europe were marked by specific Ostalgia and dourness that challenged foreign mass audiences and often fell into the middle-of-the-road category. The message was that people living in the countries of the 'new' Europe were inundated with a panorama of economic disparities and social ills that were likely to persist even after Europe became 'bigger and better'.

Filmmaking in state-socialist Eastern Europe (1948–89) represented probably the best case of a vertically integrated industry. Production and distribution worked within a tightly structured framework. The capital-intensive nature of film production was underwritten by the state; film financing was centralised and generous; state-owned production facilities employed permanent teams of salaried workers. Once completed, films were first shown within the system of state-owned theatres and eventually screened on national television, as well as distributed internationally via the well-oiled channels of cultural exchange within the Eastern Bloc. Profit making was not a consideration; it was enough for the films to return the investment, which most of them did as they were made on relatively small budgets and seen by sufficiently sizable audiences. Driven by an underlying urge to rationalise and streamline the industry cycle, this model successfully maintained consistently high production outputs, comparable (and sometimes exceeding) the cinematic outputs of similarly sized countries in Western Europe.

After 1989, cinema was no longer 'the most important art' (as Lenin had reportedly termed it after the 1917 Bolshevik Revolution) and the new governments were neither willing nor able to continue bankrolling it. The state's involvement in running the cultural industries came to a halt; new legislation of a 'hands off' and 'laissez-faire' type was passed. The early

1990s saw a crisis, characterised by crumbling production routines, an abrupt fall in state funding, a sharp increase in unemployment among skilled personnel, and considerable decline in the total output. There was a concurrent crisis in distribution and exhibition. Earlier concerns over freedom of expression dissolved, taken over by worries over declining markets. Financing for film production changed profoundly, moving to producer-driven, piecemeal projects. The scarce state subsidies, competitive in some countries or automatic in others, became a hotly contested arena. The involvement of national television networks in film production and exhibition became vital, as did funding linked to international co-productions and the growing area of private finance and investment. The break-up of the Eastern Bloc also meant the collapse of the consolidated distribution operation.

In this period of hiatus, Eastern Europe's only rational economic and political choice was to turn to the West as the sole desired partner. In strictly economic terms, the capitalist economies of the West and the transitional economies of the East developed a relationship of 'haves' and 'have nots', as the funds needed to keep the film industries going could only come from the solvent West. Politically, re-orientation to the West was now at the top of the agenda for all Eastern European countries, and former partnerships within the Eastern Bloc were quickly abandoned in favour of the new alliances that prevailed in the run-up to accession.

Most of the 'new' countries joined the Council of Europe's funding body Eurimages in the early 1990s, and many took part in various editions of the EU's MEDIA programme; they also became members of exhibition (Cinema Europe) and festival networks. This access to pan-European structures, however, did not lead to a significant boost in East/West exchanges. Instead, it facilitated the revival of regional co-operations, based on geographical proximity or cultural affinity. Romance-language Romania and France, for example,



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Laila Pakalnina's *The Hostage*

co-produce on a regular basis; many of the Eastern and Central European countries take advantage of their proximity to Germany, and the Balkan countries produce with each other. Croat-American director Rajko Grlic's *Border Post* (2006), co-produced by all the former Yugoslav republics with the participation of adjacent Hungary and Austria, is probably the best example of the prevalence of regionalism in Europe's South East. Projects that bring together partners from remote locations – like Laila Pakalnina's *The Hostage* (2006), co-produced between Latvia, Estonia and Slovenia — happen only occasionally.

One good result of the accession process was the passing of new legislation on matters related to film (a concern that otherwise would have been a low priority for governments that had more pressing economic issues to deal with). In some cases this also led to tax-incentive initiatives, often passed as a result of lobbying from film people familiar with the organisation of industries in the West who wanted to broadcast that the 'new' Europe was now open for business. In Hungary, for example, such individuals included Carolco veteran producer Andy Vajna, a returnee from the diaspora, or Andras Simonyi, a former Hungarian ambassador to the US and now CEO of the new Korda Studios.

Seen in a wider global context, the current situation in Eastern Europe is defined by the co-existence of two distinct industry strands, functioning independently of each

other: the international service industry linked to Hollywood's global operations, and the domestic infrastructure linked to the national film tradition.

First, there is the well-developed and profitable operation engaged in servicing large-scale international productions, with a streamlined system of studios, service companies and below-the-line personnel, which thrives on the exploitation of skills and facilities inherited from the period of state socialism. After privatisation in the 1990s, Eastern Europe's studios entered close competition with each other for control of this lucrative business. The Czech capital, Prague, home of Barrandov studios and key service companies like Stilling Films, grew into a booming centre for production. Neighbouring countries became interested in a slice of the cinematic pie, which saw rival studios springing up across the region. The approaching European Union accession date of 2004, however, caused apprehension over the inevitable price increases and brought about fears that this business would disappear overnight. It did not play out as badly as expected, but nonetheless many productions dropped the 'new' Europe in favour of countries that were still outside the Union, like Romania (where the recently built Castel studio, near Bucharest, has hosted productions ranging from horror films to more serious shoots) and Bulgaria (where the Boyana studios near Sofia were sold to new American-Israeli owner, Nulmage).



Jan Sverák



Cristi Puiu's **The Death of Mr. Lazarescu**

The other side of these 'parallel' strands comprised the remains of the national film industry, which is less present now than it was in the past. Even though it engages the cream of local talent, it employs a smaller production base that is set up ad hoc on a per-project basis. While central to the film industries of, for example, France or Denmark, in most Eastern European countries this sphere has been marginalised to open up space for the more lucrative international productions. National cinema nowadays has a lesser standing with cultural bureaucrats who need to ensure a steady flow of funds. And it is within this downsized arena that films concerned with national identity are being made.

In theory, these parallel strands could benefit from some integration, as the presence of large international productions could underwrite some of the local industry and boost its sustainability. In reality, at least for the time being, they are almost fully detached from each other.

Effectively rescued by the advent of parallel industries, which brought in a lifeline of international service demand while trimming domestic oversupply of films, by the time of the EU accession most of the film industries across the 'new' Europe had recovered from the financial crisis of the early 1990s. Output numbers had stabilised, and occasional domestic titles rose into the top ten at the box office, with commercial success stories linked to the names of directors like Jan Sverák

in the Czech Republic or Juliusz Machulski in Poland. The new generation of filmmakers can expect to enjoy reasonably productive careers at home without necessarily looking to migrate to the West.

Internationally, the most recent acclaim within the region has gone to Romania and a new generation of directors such as Cristi Puiu (*The Death of Mr. Lazarescu*), Corneliu Porumboiu (*12:08 East of Bucharest*) and Palme d'Or winner Cristian Mungiu (*4 Months, 3 weeks & 2 Days*). Awards and acclaim aside, international recognition could not remedy persisting domestic predicaments. The number of cinemas in Romania, a country of over twenty million inhabitants, had now fallen to only 38. Taking tips from self-distribution practices pioneered by Third World filmmakers, Cristian Mungiu used the proceeds of his award to rent a projection van from Germany and organised a tour of improvised screenings across the country, so that his fellow Romanians could also see his film.

Indeed, exhibition is probably the area where the new flow of funds from the EU could make the biggest difference. Most of the old



Corneliu Porumboiu's **12:08 East of Bucharest**

theatres have gradually closed their doors, often converted for usage as casinos and bingo halls, or sold off as office space. The closures came along with a move toward multiplexes, which sprung up in most capitals. Appealing to younger crowds but alienating mature audiences (who saw the hikes in admission prices as prohibitive), the new exhibition set-up works with a profoundly altered audience demographic.

What does the European future hold for people in the 'new' Europe? Two film students from Prague's FAMU, Vít Klusák and Filip Remunda, raise this question in their diploma project, the documentary *Czech Dream* (2004). A clever renunciation of the overblown media hype over Europe in the run-up to EU's accession, the film chronicles an outrageous hoax that the filmmakers pulled on their fellow citizens. As the film unravels, Klusák and Remunda put in motion a massive advertising campaign for a non-existent hyper-market which they call 'Czech Dream' and for which they erect a fake façade in the middle of an empty field outside the capital. On the appointed day, thousands of enthusiastic Prague consumers flock to the place, in anticipation of finding great promotional bargains. Their eagerness, however, soon turns into bitter consternation.

The scenes of outrage at the end of *Czech Dream* are accompanied by the filmmakers' commentary, which compares their despicable prank to the way in which Eastern Europeans sheepishly bought into unsubstantiated



'New' Europeans on the run up to accession in Czech Dream



Cristian Mungiu's 4 Months, 3 Weeks & 2 Days

propaganda and flocked toward joining the European Union. Czechs and other 'new' Europeans knew well that they were not the most esteemed partners Europe wanted; they also suspected that Europe would not be as generous as it seemed. Yet they hushed whatever hesitations they had and rushed into the accession. But what if the pledge of prosperity turned out to be an empty promise? Whereas Europe felt that, by admitting these countries, it was letting in idiosyncratic oddities, the 'new' Europeans had their own concerns over its potentially deceptive façade. A few years into the joint venture, the enlarged Europe is still marked by muted mutual mistrust, either side entangled in its own subdued prejudice and caution.

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'NEW' EUROPE'S PARALLEL INDUSTRIES

International service industry

Production: Studio and other production assets are privately owned and maintained mostly for the sake of attracting international runaway business. Reliance on big-budget runaway productions. Below-the-line personnel engaged on an on-going basis; occasional opportunities for input from local creative talent.

Distribution: Mostly Hollywood subsidiaries, engaged in distributing Hollywood product, both to theatrical and ancillary markets.

Exhibition: Theatre owners mostly work in blanket-booking mode with Hollywood subsidiaries.

Audiences: Mostly engaged with Hollywood product, which is synonymous with cinema to most cinemagoers.

National cinema

Production: Handled by small companies on a per-project basis; no ownership of production assets. Small composite budgets and reliance on grants that need no repayment. Studio space and teams secured ad hoc as needed. Creative personnel closely engaged with their own projects but also contracted to work occasionally within the international service industry.

Distribution: No access to the operation of big distributors; occasional deals with small local or international distributors; reliance on guerrilla distribution.

Exhibition: Individual deals with theatres for occasional showings. Heavy reliance on TV exposure and festival screenings.

Audiences: Pleased to see the occasional domestic film but would not normally seek it out. Occasional instances of domestic blockbusters.



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