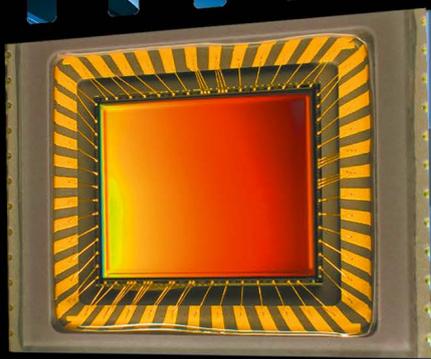
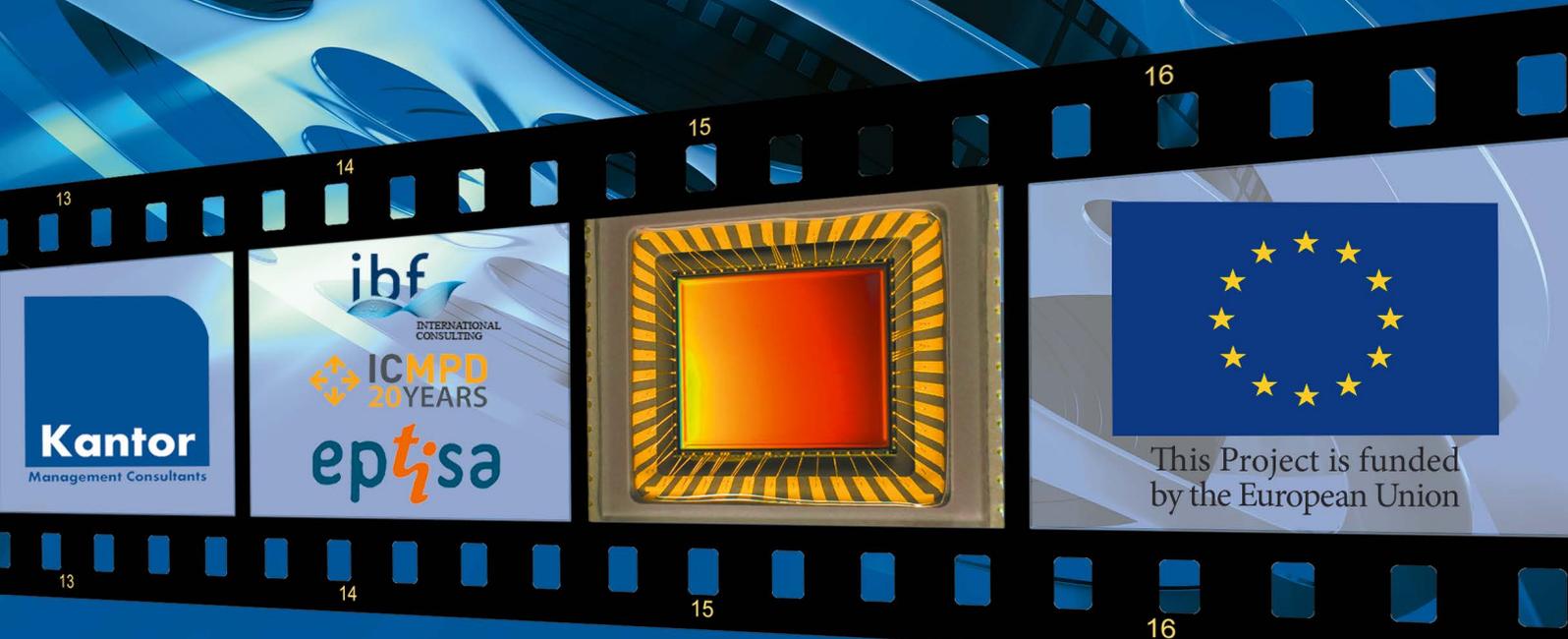




**Short term high quality studies to support activities under the Eastern Partnership
HiQSTEP PROJECT**



**The Situation of Cinema and the Audiovisual Industries in the Eastern Partnership Countries
Regional Report**



PREFACE

This regional study on the Situation of Cinema and the Audiovisual Industries in the Eastern Partnership (EaP) Region is part of the project 'Short term high quality studies to support activities under the Eastern Partnership – HiQSTEP, EuropeAid/132574/C/SER/Multi', carried out by an international consortium under the leadership of Kantor Management Consultants to support the activities of Platform 4 'Contacts between people'.

In the context of Creative Europe and of the EaP Platform 4 Work Programme this mapping study was supposed to enhance the EaP countries knowledge of the regional context in which their industries operate and of the situation in other countries. It was also supposed to help the European Commission to structure the discussions under Platform 4 and readjust its actions to better address the actual needs

and challenges in the region and in individual countries.

The study has been implemented by the study team under the leadership of Mr Terry Sandell who was supported on data collection by Ms Maria Mirzoyan (Armenia), Mr Jahangir Selimkhanov (Azerbaijan), Mr Anton Sidarenka (Belarus), Ms Lana Ghvinjilia (Georgia), Mr Ion Bunduchi (Moldova) and Ms Julia Sinkevych (Ukraine).

Overall supervision of the study has been carried out by Przemysław Musiałkowski, Team Leader of the HiQSTEP Project.

Sincere thanks go to the national stakeholders in the Eastern Partnership Countries who provided information in interviews and responses to questionnaires.

July 2015

TABLE OF CONTENTS

Objectives	2
Study background	2
Current practices of the Eastern Partnership Audiovisual Industries	3
Cinema and Film: Priority Areas in All the EaP Countries	3
Dealing with the Past and Common Needs and Themes	5
The Main Challenges	6
The Audiovisual Production and Commercialisation Life-Cycles in the EaP Region	7
External 'Non-Cultural' Factors Affecting the Audiovisual Sectors of the Countries	8
Legislation Issues	10
Overview SWOT	10
Recommendations	13
The Country Studies: Statistical and Data Issues	14
Armenia Country Situation	16
Background	16
Challenges and Issues	17
Azerbaijan Country Situation	18
Background	18
Challenges and Issues	20
Belarus Country Situation	21
Background	21
Challenges and Issues	22
Georgia Country Situation	23
Description of the Audiovisual Sector	23
The Role of the Audiovisual Sector in National Policies	23
Current Developments and Issues	25
Legislative Situation	25
Conclusion: Challenges and Perspectives	25
Moldova Country Situation	27
Background	27
Challenges and Issues	28
Ukraine Country Situation	29
Description of the Audiovisual Sector	29
The Role of the Audiovisual Sector in National Policies	29
Current Developments and Issues	30
Legislative Situation	31
Conclusion: Challenges and Trends	31

THE SITUATION OF CINEMA

OBJECTIVES

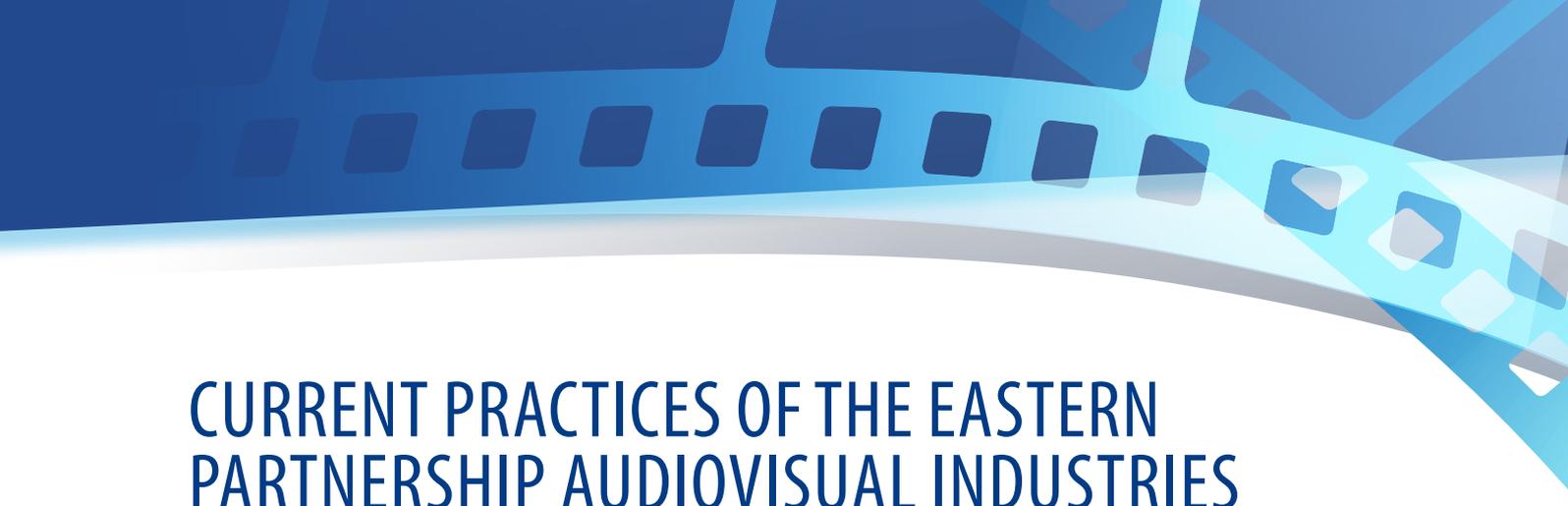
The overall objective of this Study was to help the EaP countries to better understand the situation, including possible problems, of the audio-visual sector in the region. More specifically, the study was supposed

to provide a comprehensive overview and analysis of the situation in the region and individual countries as well as a detailed description of the audiovisual industries in the EaP countries.

STUDY BACKGROUND

The commissioning of the Eastern Partnership Audiovisual Study under the HiQSTEP Project has been timely because of various important background and context factors. These include:

- EU priority interest in the cultural and creative industries, including the audiovisual sector, from the point of view of the contribution they can make to sustainable social and economic development, not least in relation to employment creation
- Heightened EU interest and increasing understanding of the Eastern Partnership region in the context of three of the countries having signed Association Agreements
- Current re-examination and probable future changes of EU Neighbourhood Policy and a fresh approach to relations with the Eastern Partnership countries, with at least part of the policy discussion including the cultural dimension
- Radical changes implemented last year through the unified 'Creative Europe Programme' which represents a new model for EU funding of culture and consists of two sub-themes, audiovisual and culture
- Membership of, and therefore access to the 'Creative Europe Programme', for two of the EaP countries (Moldova and Georgia) with a third (Ukraine) joining imminently and two others (Armenia and Azerbaijan) expressing some interest in participating in one form or another
- The launching of a new EU-EaP Culture Programme 2015-2018 which is focused on technical assistance and policy support with the cultural and creative industries as one area of priority
- The evident priority in all the six EaP countries being given to cinema and film as far as cultural policy is concerned. This includes the revival of film production, repair and renewal of infrastructure and new developments in national cinema in response to the disastrous collapse of the industry in the post-Soviet period
- Rapid and radical ongoing changes in the audiovisual area, driven by technological developments, which are presenting extremely complex monitoring, regulatory, legislative, social and economic challenges for governments with which they find it increasingly difficult to navigate
- Development of a new European Convention on Cinematographic Co-production whose changes should work to the advantage of the countries in the region, all of whom are increasingly involved in international co-production activity.



CURRENT PRACTICES OF THE EASTERN PARTNERSHIP AUDIOVISUAL INDUSTRIES

The Study has confirmed that the countries are quite different in terms of their domestic data collection systems, the quality of what is collected and the degree to which the data is made available. While not unexpected, and not confined to the audiovisual sector, the Study has highlighted a major need shared by all the countries in the region - the problem of lack of availability of reliable, consistent and systematised information and statistical data which can be used for analytical purposes and to develop evidence-based cultural policy.

This issue, lack of a solid, available and useable factual and statistical 'toolbox' which can be used for practical policy and management purposes, has been discussed during the course of the Study with several current and past ministers and deputy ministers in the region, all of whom have formally or informally confirmed that it is a serious problem. As a result, this constitutes the single most important strategic recommendation from the Study and is addressed in the Recommendations section at the end of this report.

CINEMA AND FILM: PRIORITY AREAS IN ALL THE EAP COUNTRIES

While cinema and film are a priority in all countries in policy terms there are significant differences in the stage at which the countries are in terms of cinema revival or rebirth. It must be understood that this is happening against a background of a catastrophic post-Soviet collapse in the 1990s of a previously strong cinema and film infrastructure. This disastrous situation has continued for almost two decades. All the countries are now addressing this situation but of course the resources available and the approaches differ.

Considerable investment and attention in comparative terms is being put into the renaissance of cinema in the individual countries and brief examples from each country illustrate this and together give a general regional overview of current developments.

In Armenia, after going around in circles for five years and more in connection with draft cinema legislation and suffering from extremely poor exhibition/screening facilities, there is a new desire to move forward. In particular there is a commitment to increase the international possibilities potentially open to Armenian cinema and a more evident motivation to build on success, including on some excellent initiatives of the Golden Apricot International Film Festival which represents the face of Armenian cinema internationally. One or two of their successful initiatives have been controversial but of significance beyond a cinema context, notably the work the Festival has done to promote Armenian-Turkish film cooperation. It is a courageous example of intercultural dialogue. Armenia's fresh approach to international cinema cooperation is also illustrated by its current

THE SITUATION OF CINEMA

interest in Eurimages. It should be noted too that it is the only country in the region that is a member of the European Audiovisual Observatory.

In Azerbaijan, in another example of that country's use of its economic resources to build up aspects of its cultural infrastructure and make its mark internationally, there is a ten-year, properly funded, development programme for cinema (2008-2018). This covers all aspects of cinema and filmmaking from financing, commissioning and production through to exhibition/screening facilities. It includes the establishment of many new cinemas in Baku and provision of international state-of-the-art film archive and heritage facilities.

In Belarus, substantial investment is being put into upgrading and extending production and related facilities at Belarusfilm, the state studio which still monopolises a lot of production in the country. Alongside capital investment, there have also been interesting developments at Belarusfilm in terms of experimenting with new forms of international film cooperation. There has, for example, been a new approach to co-production opportunities with Europe and elsewhere, alongside the established Russian de facto market domination of the Belarusian film industry.

In Georgia, there is already an internationally recognised new wave of young Georgian filmmakers reviving the country's Soviet-era reputation for filmmaking. This revival can be seen to be linked directly and indirectly to wider, progressive general reforms in Georgia (e.g. 'de-Sovietisation' and measures to make the climate for small and medium businesses better). It is also directly the result of the work of the Georgian National Film Centre. In the last few years the Georgian National Film Centre has been pioneering fresh ideas, establishing a new brand of professionalism, demonstrating openness and transparency and in general

offering a successful model which, perhaps adapted to local specificities, could be very relevant to other countries in the region.

In Moldova, challenged by resource constraints and working from a more modest base, green shoots are appearing. A Law on Cinema was passed in July 2014 which has cleared the way for a new cinema policy which includes establishment of a National Film Centre and the opportunity to put in place fundamental elements essential for the healthy development of a national cinema and for international engagement e.g. formal definition of what constitutes a 'national product' which then facilitates international co-production. Moldova joined the European Convention on Cinematographic Co-productions in 2011, but like other countries in the region that joined earlier, has been unable to make use of it. 'Unofficial' co-production has taken place, particularly with Romania, but the new legislation and related developments, including membership of 'Creative Europe', should fast-track the country into the mainstream and help it catch up on European and international co-production opportunities.

In Ukraine, while clear cinema and audiovisual policy is still absent¹, national cinema is one of the priorities in an emerging but contested cultural strategy which is focusing on 'national product'. While there is a general recognition of the special role of cinema, cinema development in Ukraine is particularly

1 - It is not that there has not been policy, it is mainly that there have been policy initiatives which have been started and then aborted for political reasons, because of a change of government or simply because of a change of minister. This phenomenon is a common weakness in some of the countries of the region. In Ukraine exhaustive work was done on cinema legislation a decade ago but it faltered because of language issues and politics. A new Ukrainian Ministry of Culture draft cultural strategy has recently been made public (April/May 2015) and at the current time, energised by the Maidan events, there is considerable and contested debate and work being done on cultural policy both at government and non-government level.

complicated currently not only because of war and the economic situation but also because certain important lingering Soviet legacy challenges have hitherto never been properly addressed². These include what to do with the national Dovzhenko Studios in Kyiv and another Soviet dinosaur, the two-thousand membership-strong Union of Cinema Workers, most of who are no

2 - These lingering Soviet legacy challenges also exist to a greater or lesser degree in the other EaP countries and are discussed in more detail later. The countries of the region these dinosaur 'unions' continue to exist. Membership consists often and mainly of an older, non-practising generation but the 'Union' sometimes represents a powerful lobby even though it, and its members, may be marginal or irrelevant to contemporary cultural practice and output. Many of these 'old guard' members, for various reasons, would like a return to the old system and closed access to opportunities sometimes representing a threat to recently introduced transparent and open practices and competitive funding procedures. Georgia is perhaps an example of where democratic and transparent good practices successfully developed by the Georgian National Film Centre could still be undermined by such a lobby.

longer engaged in filmmaking.³ While such lingering Soviet-legacy issues remain largely untackled, there have been new and modernising developments, sometimes modest, such as the creation of the Motion Picture Association of Ukraine, a new-style professional membership association. In this positive context it should be noted that there is a healthily developing, national-level and internationally focused, all-year industry component to the Odessa International Film Festival, notwithstanding that festival's uncertain financial circumstances.

3 - The Soviet-era 'creative unions', including the Union of Cinematographers. Administratively powerful and financially stable, the Union of Cinematographers institutionally had various non-cinema related functions such as distribution of housing, access to cars and consumer goods and so on. A main purpose of the 'Union of Cinematographers' was to facilitate state political control of filmmaking with membership confined to those who were considered reliable. Only members were able to make films. In most of

DEALING WITH THE PAST AND COMMON NEEDS AND THEMES

While, as has been mentioned above, in all six countries in policy terms there are differences in both the stage at which the countries are in terms of cinema revival or rebirth, the resources available and the approaches, there are many themes and needs common to the region, as well as many new challenges which they share with EU Member States.

To flourish national cinema and filmmaking have particularly complex needs everywhere. This is not least as a result of the dichotomy of their being both a particularly powerful form of art and cultural expression on the one hand and an important investment business and industry on the other. The total state domination of cinema

and filmmaking in the Soviet era still exerts a continuing influence even after more than twenty years of independence. For example, the 'State Committee' model for control of the management and regulation of the cinema sector, even in those cases where the model itself no longer exists, seems to have bequeathed some anachronistic practices. In tandem with that, the Soviet 'creative union' structure which selected and controlled those who worked in the audiovisual sector, similarly still has a direct and indirect mainly negative influence on the cinema scene in all the EaP countries. Even where some reform or change has taken place, it could be argued that the legacy of 'State Committee' practices and thinking and the institution of the 'creative

THE SITUATION OF CINEMA

union' have been significant barriers to progress in developing a much-needed modernisation process.

It is still broadly true that with the exception of Georgia, where a good and often exemplary start has been made by the Georgian National Film Centre, these inherited and mutated models both actively and subliminally shape a lot of what goes on in the region's audiovisual sectors.

Such things as effective modernisation measures, for example those related to transparent and competitive production grants, or imaginative encouragement of alternative non-state sources of investment, or incentivisation facilitating public-private partnerships are not yet in place or in the occasional instances where they are in place, they are not yet fully functioning and established.

THE MAIN CHALLENGES

Against a positive background, therefore, of cinema and filmmaking being a priority in all six countries with a number of fresh initiatives and changes, the main, but not only, challenges for the EaP countries can be seen as four-fold:

- dealing with distorting Soviet-era legacies. This includes the not yet entirely extinguished Soviet notion of the state as sole commissioner, producer and funder of film production, examples of non-consultative top-down 'State Committee' and 'Party' style policy formulation which are often still in evidence, 'closed' Unions of Cinematographers which still have significant lobbying influence even though its members are mainly older generation and no longer active practitioners, huge non-viable state studio production facilities with outdated or obsolete equipment and unreformed sclerotic and anachronistic specialised education and training systems
- addressing the ramifications created by the catastrophic collapse in the 1990s and beyond of all aspects - financing, production, distribution, exhibition, conservation - of the cinema infrastructure. The impact was not only on the industry itself but affected society as a whole. For example the impact it

had on audiences. There is a younger generation in some of the countries of the region who have never had a 'cinema experience' because of mass closure of screening facilities, especially in the provinces but also to a dramatic degree even in the capital cities. The problem of screening facilities especially outside of the capital is paralleled in all the countries by the absence of a healthily-functioning distribution system

- understanding and then being able to create policies, legislation and skills training opportunities to catch up with and respond to the on-going revolution in digital technologies and other evolving developments in the audiovisual industry. This includes dealing with the demise of old financing and business models, supporting in timely fashion the mushrooming of new opportunities and adapting to rapidly changing cultural⁴ and commercial markets. The question arises as to whether there is a potential danger that the countries' understandable desire to 'repair the past' - the catastrophic collapse in the 1990s - may be dominating the countries' nascent modernising agendas which should be more digitally and future-

4 - e.g. the tastes and consumption behaviour of a more visually-aware younger generation

focused. Are the various modernising agendas for the audiovisual sectors in the region to a certain degree based on a historical perception of a traditional national cinema industry rather than on the pursuit of a strategy of state intervention and support based on fast-changing and radically different future realities and needs?

- getting on top of intellectual property (IP) issues in the audiovisual sector. Another area of extremely difficult practical reality as sometimes 'pirating'⁵ has become almost institutionalised. It is far more complex than it is for EU Member States. Although 'pirating' mainly affects foreign and international IP owners⁶, it is an increasingly important barrier and disincentive to investing

5 - It is not uncommon in the region for even TV channels illegally to broadcast feature films. The problems and anomalies for governments in the region simultaneously to make real efforts to introduce better protection of IP while at the same time paradoxically being perpetrators is perhaps symbolically illustrated by Georgia's highest court until very recently (it has now signed license agreements) recording cases related to breaches of IP legislation and rules on its computers which were installed with pirated Microsoft software. It should be noted that Georgia in terms of conforming and implementing international IP regulations is probably ahead of the other countries in the region.

6 - Examples can be found ninth region, for example of licensed television companies illegally broadcasting foreign feature films.

in domestic audiovisual production. Developing policies that create the 'climate' for sustainable investment and funding support for national cinema and other audiovisual products and for international co-production opportunities is another of the needs of this sector e.g. making things 'business-friendly', providing practical support for producers⁷, facilitating profitability and so on. The 'climate' - not only related to IP issues - is often not only unsupportive but positively hostile, sometimes amounting to the equivalent of totally unnecessary 'own goals' to take a football analogy. Examples include Tax Code regulations in some of the countries where, for example, distinction is not made between grants, investment and income and where all three for tax purposes are treated as 'profit'. This very important and mainly neglected Tax Code issue is highlighted in the Recommendations section and is part of a more general observation that incentivisation levers are in general not used in cultural policy in the region.

7 - It should be remembered that even the concept and role of 'producer' has a relatively short history in the EaP countries. In the Soviet era there was only one producer - the state. The employment codes in some of the countries have still not caught up with and administratively recognised many professions and job categories vital in contemporary, modernised economies.

THE AUDIOVISUAL PRODUCTION AND COMMERCIALISATION LIFE-CYCLES IN THE EAP REGION

If one looks at the audiovisual industries in the countries in the region in terms of their two life-cycles - the production life-cycle (i.e. the development and production stages) and the commercialisation life-cycle (i.e. distribution, exhibition and broadcasting), there are many common regional features,

again much of it emanating from the lingering Soviet legacy mentioned above.

In terms of the production life-cycle, common features include, especially in the case of cinema, dominant state funding of production with very little private

THE SITUATION OF CINEMA

investment. The nature of this state funding is beginning to change in some of the countries with the slow introduction of more transparency, competition and the opening up of government grant systems at least to some degree to non-state players. On the other hand, some old Soviet practices related to production still persist such as the system of 'state orders' where the government still acts as commissioner, producer and funder, usually using the state national studio, to create product which it feels is politically or morally 'desirable'.

In general, for various reasons, the commercialisation life-cycle is not well-developed in the countries of the region. In this context the growth in international co-productions in which all the countries are participating is beginning to have a healthy effect, either because marketing and distribution is being carried out by an experienced international partner or by exposure to and learning from good international practice. If improvements are being seen in terms of international distribution through co productions, by contrast domestic national distribution systems are weak and in some cases hardly exist. Nothing has really replaced the old Moscow-based Soviet distribution system.

The vacuum is being filled in areas where it is profitable by commercial Russian companies, some of whom engage in practices that are not always supportive of national policy.

The problems in the region in terms of distribution are in large measure connected with the catastrophic collapse of screening facilities in the 1990s and beyond. The need for distribution of course diminished as the number of screens dwindled and the absence of distribution also contributed to the closure of at least some screens. The situation is slowly starting to ameliorate. For many years and until very recently, for example, it was regularly reported that in Armenia there were only one and a half screens in existence in the country. Even in Georgia, where as mentioned elsewhere in this report much progress has been made, the paucity of screens is still an issue.

It could be argued that part of the current problems related to distribution can be attributed to the continuing dominance of cinema by the state and is a result of government choice of prioritisation. In some cases there is a total official focus on production but neglect of distribution, exhibition and broadcasting issues.

EXTERNAL 'NON-CULTURAL' FACTORS AFFECTING THE AUDIOVISUAL SECTORS OF THE COUNTRIES

When looking at the broader cultural sector and at the audiovisual sector in particular, it is important to understand, although it is usually not recognised in the region itself, that the barriers and constraints to good and sensible cultural policy are often to be found outside of the cultural

or audiovisual sector itself. That said, inside the cultural and audiovisual sectors there are systemic problems creating barriers and constraints. The causes of the absence of healthy incentivisation and stimulation of modernisation or growth in the wider cultural sector are partly to do with the

continuing existence of a basically Soviet 'Ministry of Culture' model, albeit mutated and improved, which is still found in all six countries. While they may seem to differ quite a lot from country to country, the Ministries of Culture mainly operate on the basis of seeing culture as what their Ministry does, rather than what culture is now or the humanitarian, social and economic role it should play in a contemporary modernising country. The Ministries tend to be weak in terms of research, policy and effective strategic management but on the other hand are still very actively engaging in hands-on event management as if, as in the Soviet past, the state is the only producer.

Notwithstanding the systemic problems mentioned above emanating from within the cultural sector and from mainly anachronistic Ministries of Culture, the causes of the absence of healthy incentivisation and other forms of stimulation of modernisation or growth in the wider cultural sector are found outside the sector and the immediate functions of those Ministries of Culture. One can take one important example to illustrate this - the area of legislation. However good specific cultural or audiovisual legislation may be, there is a problem in all the countries of the region that it is non-cultural legislation which often has the greatest impact, usually negatively, on the cultural and audiovisual sector.

Mention has already been made of regulations related to the Tax Code, but similar 'own goals' can be found in the countries' Employment Codes⁸, in their Customs and Excise practices⁹, in policies (or the absence of them) and regulations

8 - For example in some of the countries until recently the profession of 'producer' did not exist in their employment codes.

9 - There are examples of where some provision is made in legislation (e.g. customs-free import of foreign equipment for shooting a film) but which is not implemented because customs officials are unaware of the regulations.

related to the creation and operation of SMEs, in unnecessary bureaucratic procedures for registration of legal entities and how VAT functions. All of these impact dramatically on the cultural sector and not least on the audiovisual sector. Taking the example given earlier, state definitions of what is 'income', what is 'investment' and what is a 'grant' can mean the difference in the audiovisual sector of a film being made or not being made, of a cultural or creative organisation surviving or dying.

There appears to be very limited active recognition in the region at state level of what has just been described. It does not appear to be a priority remit of the region's Ministries of Culture. This is possibly not by active and conscious choice but may be because Ministries of Culture are lower in the state 'pecking order' than most other ministries and therefore do not have sufficient within-government political influence or leverage. The strong tradition of vertical top-down state management and absence of horizontal, joined-up government lower than at the apex of state power means that such issues, problems and 'own goals' cannot easily be institutionally managed. It is very rare that Ministries of Culture manage to engage other ministries either in culture agendas or are able to convince and demonstrate the positive role culture can play in contributing to the agendas of other ministries.¹⁰

10 - It is worth noting in this context that as a possibly regional 'first', the Georgian Ministry of Culture and Monuments is organising in June 2015 a two-day Retreat/Conference for deputy minister level representatives from other ministries to brief and involve them and receive feedback on the Georgian National Culture Strategy which is currently being developed.

LEGISLATION ISSUES

Mention has just been made of legislation. There is of course a need for good cultural and audiovisual legislation. The reality, however, is that legislation in the Eastern Partnership region usually follows, rather than leads or determines, what happens in a given field. Legislation is often passed but not implemented or enforced. The detail of cultural legislation is frequently unknown to those who are supposed to be implementing it (especially in the regions). Because it usually addresses past problems and immediate concerns rather than anticipating future needs, cultural legislation in the region quickly goes out of date and becomes redundant.

Examining cultural legislation in the Eastern Partnership region as the Study has done has been more important for what it reveals about other things rather than about how effective legislation is in practice. One can take specific country examples to illustrate this point. In Armenia they have, as mentioned above, spent more than five years trying to develop a Law on Cinema. This is indicative of the complex and contested views of the politicians and

industry professionals involved. It is also probably indicative of the low priority given to cultural legislation in relation to other legislation in the overcrowded agendas and timetables of the country's parliament and drafting committee which is typical of the region as a whole. In Azerbaijan, although cinema is one of the very major priorities with a ten-year State Programme backing it, the draft legislation has still not been passed. In Moldova the debates about the Law on Cinema, eventually passed in 2014, related as much as anything else to language policy and complex identity politics within the country. This had also been the case in the past in Ukraine and continues today in a debate around what constitutes a Ukrainian 'national product' as far as policy and legislation are concerned. In Georgia, current drafting of an update to the legislation related to the cinema and audiovisual sector is indicative of the degree to which legislation is now starting to be triggered and driven there by the sector and its practical needs and not by 'top-down' politicians and declarative politics as was usually the case in the past.

OVERVIEW SWOT¹¹

In an overview SWOT analysis of the state of cinema and filmmaking in the Eastern Partnership region, it can be seen that all the countries, to differing degrees, are successfully 'repairing the past' and putting behind them the catastrophic collapse in the post-Soviet period of their cinema and filmmaking industries and infrastructures. They have been doing this in circumstances

- political, financial and technical - which are often difficult and complex and they can rightly celebrate what they are achieving and their strengths. The appearance in recent times of their pavilions at Cannes is more than symbolic; it is a sign that collectively they are a new and exciting new force on the international scene. Individually they are all making their mark albeit with some countries, for example Georgia, in certain areas ahead of the game.

11 - Strengths, Weaknesses, Opportunities and Threats Analysis.

Weaknesses not unexpectedly are also part of the mix. The weaknesses could be strategically significant in the future which is why they have been highlighted in this report but hopefully not to an extent that they overshadow success and the unquestionable progress made. The Recommendations for obvious reasons also focus mainly on weaknesses and again this should not be taken out of context.

In terms of opportunities, one could perhaps see them in terms of three categorisations: missed opportunities, current opportunities and future opportunities. It is sometimes not productive to dwell on the past or be wise after the event but on the other hand it is important to learn, especially if there are lessons to be learnt related to repeating or current themes. In this context, the Study found two areas where missed opportunities, had they been explored properly or imaginatively, could have had an impact and produced a different and more positive scenario. Or at least they could have possibly contributed to achieving a little earlier the stage that has now been reached.

The first is that the countries have been relatively slow in recognising the value and importance of co-productions¹² and some years were wasted as a result. In particular, some of the countries ratified a decade and more ago the European Convention on Cinematographic Co-productions but did not explore its potential benefits for them or use it at all. At the risk of using Georgia too often as an example in this report, that country has recently woken up to the fact that a goose which had the potential to lay golden eggs, the Convention, had been there totally neglected for a decade. Once this was recognised, and because of other recently reformed and modernised aspects of its cinema scene, Georgia has since then

12 - Another important Soviet legacy which in general needs more exploration and understanding in the context of the region.

been on a springboard to international success¹³.

The second area of missed opportunity is slow and still insufficient recognition of the benefits of working together as a region when there are so many common needs. These common needs could have provided the potential for the six countries to develop a strong and shared 'hexagonal bloc' agenda in relation to the development of their national audiovisual sectors. Although there have been relatively small scale cross-border initiatives, usually through film festivals or civil society-led projects, there has been an absence of any large-scale, government-backed, policy-led activity to develop 'win-win' regional goals, alliances and activities to develop the national audiovisual sectors. This is probably more to do with the general prevalence in the countries of the region of a lack of a 'win-win' tradition and an ongoing 'zero-sum game' mentality¹⁴ rather than anything specifically related to the audiovisual environment. Whatever the reason, it is not difficult to imagine various 'what-might-have-been' scenarios such as establishment of a regional film fund which attracted extra-regional and international foundation funding or a regionally-based distribution system or mechanism in the absence of domestic systems.

Of the current opportunities, quite a lot is being made of them. More sharing of experience both regionally, at a European level and internationally, would however certainly lead to wider and more effective use of these opportunities. Co-production

13 - It should be noted that it is not only the Convention on Cinematographic Co-productions which is an example of the countries of the region failing to understand or not being sufficiently helped to understand the purposes and values and how to make proper use of European and international conventions. Other examples related to the cultural sector are the diversity conventions, the Hague Convention and so on.

14 - Another important Soviet legacy which in general needs more exploration and understanding in the context of the region.

THE SITUATION OF CINEMA

opportunities are an obvious area but there are probably other still untapped opportunities, for example related to external, including European, support related to specialised education and training. As noted earlier this is an area where there are weaknesses. Demand for producer training, scriptwriting skills and latest developments for certain 'below-the-line' cinema professionals are common needs in most, if not all, of the six countries.

Experience shows that opportunities are often best exploited by the initiative of individuals but state-dominated environments often get in the way or inhibit individual initiative. Unfortunately the Study found not infrequent examples of this in the region, perhaps happening to a greater degree in some countries than others. The importance of individual initiative is particularly true in the case of international opportunities.

In terms of future opportunities, in the context of the Study, there are two areas which should be mentioned. The first is specific - the EU 'Creative Europe Programme'. The second is very general and relates to the digitalisation and related 'revolutions' and rapid developments taking place internationally in the wider audiovisual industry.

In terms of 'Creative Europe', Moldova and Georgia have already joined. Ukraine, after a confused false start, is expected to join imminently i.e. over the next few months once some remaining detail has been settled. The opportunities offered by 'Creative Europe' for the region, even in cases where there is not full access, are potentially exciting both through the Media and Culture sub-programmes. There are however caveats. Exactly how it will work in the initial period is still beset with information gaps, certainly amongst professionals and practitioners in the region. These information gaps need to be

addressed. Secondly, there is a possibility that in the region there is an underestimation of what is required in terms of the application process and sometimes this is combined with a view of it as a 'lottery' rather than a hard-fought competition. Thirdly, the number of organisations in the region that have the required legal status, financial experience (including being able to find or attract the local financial contribution that has to be found) and connections to make or attract serious multinational partnerships is going to be limited initially.

In terms of the opportunities offered by the digitalisation revolution and other developments in the audiovisual world, the Study found ambiguities and contradictions which make future predictions uncertain. On the one hand the region has impressive technical and IT manpower and at this level there is no question that the countries can compete internationally. The question is whether their professionals, for example, young Ukrainians, Armenians and Belarusians, will be developing their own countries' audiovisual, cultural and creative industries or be working instead in Los Angeles, London, Berlin or Moscow.

At a state or governmental structural level, the relevant authorities (and who the relevant authorities are is often unclear) struggle, as do their counterparts in Brussels and in the individual EU Member States, to try to understand and keep up with what is happening in the digital and audiovisual worlds. It is an area where EU resources, knowledge and experience, however hard the EU itself finds it trying to keep up with developments, nevertheless has so much to offer the countries of the region. The countries of the region at times do not seem yet to be on the starting blocks in terms of many of the current and future digital and technologically-driven challenges. In Europe we are used to legislation needing to chase and try to keep up with reality in this new digital, content-producing

world. In the Eastern Partnership region, however, if it takes some countries five years to produce a local Law on Cinema, it needs little imagination to anticipate the problems, some already existing, if they are going to be on their own dealing with the ramifications of the audiovisual digitalisation and content revolution. At best, at present capacity, they will be able to join conventions and international agreements to address such situations.

Administratively and sometimes in policy terms it is not always evident that the countries are facing in the right direction concerning where the audiovisual sector is going. Mention was made in passing earlier both about clarity as to who the relevant authorities are. Reference was also made as to how national audiovisual policies have been focused primarily on cinema and been oriented to 'repairing the past'. Audiovisual policy in the region is often perceived narrowly as either cinema policy or cinema and TV broadcasting policy with scant attention paid to new areas such as the emerging games industry, an already major music video/clip industry (not culture because it is not a responsibility of the Ministries of Culture?) and so on.

At the beginning of this report attention was drawn to the serious limitations of current capacities in the countries of the region to gather useable statistical and informational data for policy purposes even related to cinema. In the newer audiovisual areas there is little or no available monitoring or other information. There is no audiovisual product register which allows any sense

of quantification in the new areas yet successful computer game products, for example, are certainly being created in the countries of the region.

Outside of cinema and filmmaking, the rest of the audiovisual world is largely uncharted by the authorities because it is being led by private entrepreneurs and commercial companies working in a fragmented fashion. Unlike in most EU Member States, professional membership organisations are not a tradition and in the main do not exist, so obtaining information and statistics or any kind of overview is not possible through that channel. For the governments of the region, again unlike most EU Member State governments, they are handicapped by the fact that the role of the authorities is often simply to control and sometimes to exploit private and commercial sector activity. This is done, for example, through an unhelpful attitude to company and 'sole trader' registration, punitive taxation and auditing regimes and, not rarely, open or hidden petty corruption. In such circumstances private entrepreneurs and commercial companies in true Pavlovian fashion keep contact with the authorities to a minimum and certainly are not naturally inclined to share information. The support, partnership and benefits that many EU Member State governments offer to their private and commercial employment and wealth creators, which have usually been developed consultatively with professional membership associations representing those private entrepreneur and commercial interests, simply do not yet exist in the region.

RECOMMENDATIONS

1. This issue, lack of a solid, available and useable factual and statistical 'toolbox' which can be used for practical policy and

management purposes, has been discussed during the course of the Study with several current and past ministers and deputy

THE SITUATION OF CINEMA

ministers in the region all of whom have formally or informally confirmed that it is a serious problem. It is an area where EU assistance could be offered if requested. This could be through the EU-EaP Culture Programme, the EU TAIEX and Twinning Programmes, the targeted workshops/conferences organised by EEAS/DG Education and Culture and through extension of any existing arrangements with Eurostat. It is an area in which UNESCO should also be encouraged to be more active in the region.

2. All national authorities in the EU and the region are struggling to keep up with the legal and practical ramifications of the digital revolution, the 'Internet of everything' and the move from traditional production models to multi-use 'content production'. To a degree to which the countries of the region find it useful, any EU or EU Member State cooperation in the area of regulation, legislation or training related to new developments in the audiovisual sector should be encouraged. Obviously some activity is already happening but a more planned, comprehensive and strategic approach would be helpful.

3. The 'climate' or context for culture, in particular for the audiovisual sector, is often not helpful in the Eastern Partnership countries and is generally not yet the main strategic focus of Ministries of Culture. It would be useful if through the HiQSTEP Programme or a similar mechanism a study could be made in cooperation with the

countries to focus on tax and regulation issues related to the audiovisual sector and non-culturally-specific legislation. Such a study should look in detail at 'own goal' problems (such as the problem of Tax Codes not distinguishing between 'grants', 'investment' and 'income') and the whole area of lack of incentivisation measures. In particular the study should look at the extent to which various good European incentivisation practices and experiences could be of practical relevance to the countries of the region.

4. In the past there has been a missed opportunity for creation of a 'win-win' regional relationship focused on development of the audiovisual sectors. The value of closer cooperation of the Eastern Partnership countries is self-evident because of the similarity of their needs and of their Soviet-era legacies. For example, Moldova is in the process of setting up its first National Film Centre while Georgia has very successfully developed a successful model in the creation and in particular in the recent development of its own National Film Centre. Consideration should be given to development of an annual or biannual clearly-focused and issue-based gathering of relevant policy-makers and specialists from the region perhaps with carefully selected specialists from Europe also participating. This could be under the aegis of the EU-EaP Culture Programme if the Eastern Partnership countries think such a gathering could be useful and value-adding and that Programme is an appropriate context.

THE COUNTRY STUDIES: STATISTICAL AND DATA ISSUES

In all the countries of the Eastern Partnership region there is a general problem with statistical and similar empirical information

related to the cultural sector. The systems for collecting various types of cultural sector 'hard' data either do not exist or are weak

or inconsistent. During this Study formal and informal discussions with present and former ministers and deputy ministers of culture, as well as with others, made it abundantly clear that provision of the type of information needed in a complex modern world for strategic management and evidence-based policy development is severely limited.

The background to this problem is that the old system of collection of statistical data inherited from Soviet times is no longer appropriate for modern management and policy purposes but in those countries where it has been abandoned it has not been replaced by any consistent, robust systems. In those countries where the old system at least in part still operates, data collection is sometimes mechanistic and somewhat detached from everyday realities. Where apparently sound data or statistics exist they are often only part of the picture. For example, while the number of screens in a country is known, it is quite possible that there are no comprehensive cinema visitor statistics.

Sometimes statistical information may look as though it is comprehensive but in fact it is partial and therefore deceptive. Most available statistical information in the Eastern Partnership countries is collected by a section of a Ministry of Culture or by an institute working directly under its aegis or by a specialised body such as a film commission or national film centre. The data collected normally relates however only to organisations and activities directly funded or administered by the Ministry or those that receive funding from the state. Cultural organisations and activities which are in the commercial sector or are related to NGOs and private entrepreneurs and even those which are administered by another ministry (e.g. the Ministry of Education or the Ministry of Youth) are usually not included.

There are other anomalies too. For example, in some countries there are quite big 'Unions

of Cinematographers' which, although they still wield some influence, often have very few among their membership who are actually actively involved in filmmaking. Similarly even official annual statistics related to the number of films produced in a country can be misleading as it may refer only to those made in state studios or those that have received a state subsidy. Such statistics usually ignore what is produced by independent studios. The emergence of commercial cinemas and multiplexes also represents a problem as they often treat their box office and audience figures as commercially confidential information and do not make it available.

Finally even what would seem to be the very simple statistical area of co-production is complex. In some countries there are 'official' and 'unofficial' co-productions. An 'official' co-production is one that involves a state certified 'national' film working through formal and official co-production administrative and financial channels. An 'unofficial co-production' is one where the film is not a state certified 'national' film or where it has not been the subject of an official application for funding. Unofficial co-productions often are ignored in official statistics about co-production activity but can in fact be more numerous than 'official' co-production. A further complication is that in some countries the legislative and administrative basis has not been in place to define and identify a state certified 'national' film so in countries such as Armenia and Moldova all co-productions, even those receiving state funding support are technically 'unofficial' co-productions.

It was disappointing that in the case of Azerbaijan a statistical snapshot was not able to be included in this report because information was not made available by the relevant Azerbaijani authorities notwithstanding official requests being made. It was decided not to hold up the publishing of the Report while waiting for the information requested.



ARMENIA COUNTRY SITUATION

BACKGROUND



The main institutions shaping Armenian cinema and filmmaking include the National Cinema Centre of Armenia which was established in 2006, the Hayk State News and Documentary Film Studio and the Robert Sahakyants Animation Studio, all three of which are official state institutions funded by the Ministry of Culture. Other key players include the well-established Golden Apricot International Film Festival and over twenty independent production companies.

Like other countries in the region, Armenia is working to 'repair the past'; in other words trying to re-establish the fairly solid cinema and filmmaking infrastructure it had in Soviet times. The main feature of Armenian cinema in the post-Soviet period was the almost total disappearance of all cinemas in the country which of course then had dire ramifications for film production and film distribution. Until very recently Armenia had in reality only one cinema, the Moskva, which is in the capital Yerevan. There has been an amelioration of the situation regarding exhibition/screening in the last two to three years with the opening of a multiplex in Yerevan and other new screens.

Against this background of almost no screening facilities the role of the

Golden Apricot Film Festival should be acknowledged. Apart from it being an impressive feat to establish a film festival with an international reputation, the festival has been the face of Armenian cinema internationally. Both through the festival itself and through including through the Golden Apricot Fund for Cinema Development, its staff have been working on an impressive array of projects over many years especially focusing on cross-border cooperation. These projects have included a major EU-funded 'Directors Across Borders' project which brought together partners from Georgia, Ukraine, Turkey and Italy and one component of which was imaginative and courageous co-operation with Turkish filmmakers and the creation of the Armenia-Turkey Cinema Platform.

Armenian cinema has to some extent suffered from the absence of any specific legislative base. Drafting of a cinema law started in the 1990s and the process has still not been completed although in the last three years and in particular in recent months a greater sense of urgency seems to have emerged with a ratified Law on State Support for Cinema expected during this year. It should open the way to the possibility of 'official' co-productions through use of the European Convention



on Cinematographic Co-productions, some tax incentive mechanisms and in general provide a more stable framework within which Armenian cinema and filmmaking can develop. Armenia is also joining Eurimages and if everything happens as

it seems to be planned, from 2016 new opportunities should be opening up.¹⁵

15 - Armenia joint Eurimage in January 2016, after this report had been finalised. The country's accession to Creative Europe is expected by the end of 2016.

CHALLENGES AND ISSUES

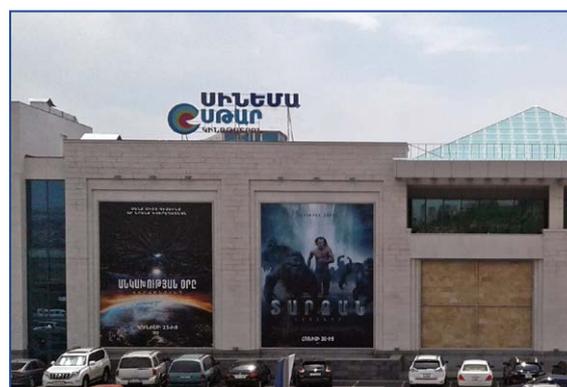


Among the challenges and issues currently facing Armenian cinema and its film industry are:

- the absence of an up-to-date legislative framework for cinema and the audiovisual sector notwithstanding much discussion and drafting in recent years relating to a proposed Law on Cinema
- the whole audiovisual chain, including both the cinema and television sectors, are in need of modernisation, starting from funding and production through to distribution and exhibition
- there are direct and indirect film education and training issues which are interconnected. these include a lack of modern technical equipment in the institutions teaching filmmaking which in turn means that in general there is

limited up-to-date filmmaking capacity and a lack of well-trained 'below-the-line' technical professionals. Improved skills training is needed in areas such as scriptwriting

- notwithstanding Armenia's international networking through its active diaspora, best advantage is sometimes not taken of international cooperation and related opportunities. Extremely good work has been done through programmes and projects under the aegis of the Golden Apricot International Festival but on the other hand Armenia ratified the European Convention on Cinematographic Co-productions in but has never used it. Similarly its relationship to Eurimages is ambiguous and it is not yet clear how it will be exploiting the possibilities membership provides.





AZERBAIJAN COUNTRY SITUATION

BACKGROUND



The making of a film in Azerbaijan in 1898, just three years after the Lumière brothers, is now part of Azerbaijan's post-independence, developing national cultural identity. Azerbaijan's success in producing good films at certain times during the Soviet period reinforces a perception of cinema and the audiovisual sector as being an inherited part of the country's cultural future.

Since 2000 there has been a systematic investment of oil and gas revenues into culture and cultural diplomacy in a 'top-down' but pragmatic strategy which even some 'bottom-up' critics recognise has had its successes.

Current developments related to cinema and the audiovisual sector in Azerbaijan were set in motion by a 2007 Presidential Decree which signalled that addressing the post-Soviet problems and future development of Azerbaijani cinema were to become a state priority. In 2008, the 'State Programme for Development of Azerbaijani Cinema, 2008-2018' was adopted and set out the strategy and goals.

The main objectives of the 'State Programme for Development of Azerbaijani Cinema, 2008-2018'

has set out to strengthen the material and technical base of cinema including:

- the creation of a modern production base
- supporting films which have serious creative and cinematographic value
- restoration of the distribution and exhibition infrastructures
- preservation of a modernised state cinema network combined with privatisation of other cinema venues
- promotion of national films internationally and development of links with foreign distribution companies
- training of film professionals
- dubbing of films in the Azeri language
- greater attention to anti-piracy measures
- restoration and preservation
- digitalisation of national and other films
- the State Film Archive as the depository for copies of all film material
- study and promotion of film heritage
- education and training



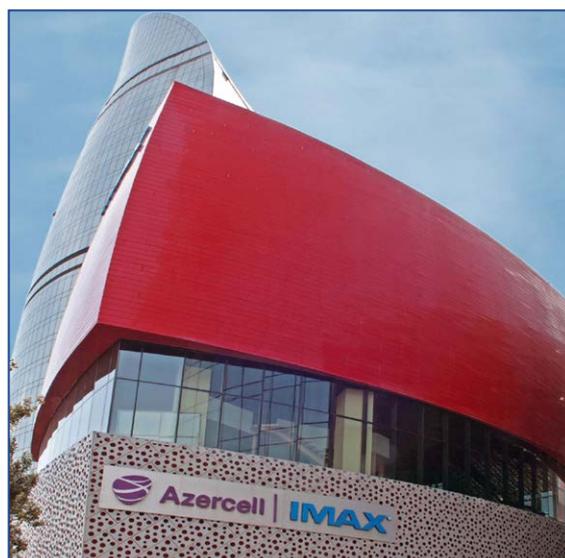
- international cinema cooperation including co-production activity.

The 'State Programme' also encompassed the TV industry. One of the main developments was the controversial banning in 2012 of the screening of all foreign television serials/soaps on the eleven Azerbaijani TV channels. The ban included Turkish serials/soaps which are particularly popular in Azerbaijan. Officially the move was to stimulate and strengthen domestic TV production in this area although there also seemed to be a link to state 'protection of public morals'. In practice what happened was that those who could afford it switched to cable TV and continued to watch the foreign product. It is too early to say whether the banning of foreign serials/soaps has been successful in terms of creating a competitive capacity to produce appealing domestic serials/soaps.

The 'State Programme's' investment can however be perceived as already producing results in terms of a younger generation of directors and producers which is emerging. They include people such as Ilgar Safat, Ilgar Najaf and Shamil Aliyev.

Important factors related to Azerbaijan's film industry include:

- commissioning of films is coming overwhelmingly from the Ministry of Culture and Tourism and other state bodies
- costs in Azerbaijan are high which discourages investment by non-state players
- unlike in other post-Soviet states, in 1990-1995 when there was no state funding for production, in Azerbaijan an impressive number of privately-financed films were produced
- there are six state film studios of which



the major one is Azerbaijan-Film. They produce about 4-6 feature films each year, about twenty documentaries plus animation and short films

- independent production companies have emerged including about a dozen serious ones. In recent times they became eligible for state funding and one of them, Nariman Film, was at one point thought to be receiving about 70% of its funding from state sources.

The 'State Programme' has been used to stimulate a number of initiatives. This includes greater international engagement related to cinema and film, notably an application to join Eurimages and the establishment of an Azerbaijan pavilion at Cannes, part of a wider initiative actively to promote Azerbaijani filmmaking internationally. In addition priority is being given at state level to international co-production activity with partners so far having included the Russian Federation, Germany, Georgia, Turkey and Spain.

One project worth noting is the AzCinemaOnline Internet Cinema¹⁶ which is promoting Azerbaijan cinema both

16 - www.azcinemaonline.az

domestically and internationally and has an impressive list of features, shorts and documentaries. The project has been led by the company Narimanfilm with support

from the Ministry of Culture and Tourism and the Union of Cinematographers plus some private sponsorship.

CHALLENGES AND ISSUES



Among the challenges and issues currently facing Azerbaijan cinema and its film industry are:

- commissioning of films is coming overwhelmingly from the Ministry of Culture and Tourism and other state bodies, often in the form of old Soviet-style 'state orders'. This is probably having a distorting effect both in terms of diversity of content but also in terms of Azerbaijani filmmakers being less ready for competitive or commercial markets
- there is a policy of attracting foreign filmmakers to use Azerbaijan as a location for shooting films and there is an Azerbaijan Film Commission, one of whose main functions is to encourage this. While the country's natural diversity - it has a surprisingly wide range of climatic zones - make it an interesting shooting location, it is a high-cost country and this does not make it naturally attractive for producers
- not unique in this respect, Azerbaijan ratified the European Convention on

Cinematographic Co-productions in 1999 but has been slow to use it. In the first two decades of independence a lot of the countries in the region mechanically signed up for conventions often not appreciating the potential practical benefits of them. This particular convention was a good example of that and in many respects a missed opportunity

- audience development for serious cinema, as in all the countries, is important especially for the 'lost' younger generation who now consume films in non-traditional ways
- the political environment in Azerbaijan is authoritarian and based on a 'top-down' model. While there are good examples, particularly in Asia (e.g. Singapore, South Korea, Taiwan, Hong Kong etc), where this has produced strong national cultural sectors which came to be able to compete internationally, the circumstances in Azerbaijan may be different. Younger filmmakers and cinema professionals may be tempted to leave for more conducive creative environments if domestic controls and procedures inhibit their ability to fulfil their full potential.

As mentioned earlier in this Report, unfortunately the necessary information to produce a statistical snapshot was not made available by the relevant Azerbaijani authorities although official requests were made. Therefore the statistical snapshot is not included in the report.



BACKGROUND

While all the Eastern Partnership countries have Soviet era legacies in relation to their audiovisual sectors in Belarus Soviet-style structures and practices have either survived or been actively reinvented. Everything is basically state-run and there are, for example, no private cinemas. The main legislation regulating cinema and filmmaking is the 2004 Law on Cinema which was given some amendments in 2012 which specifically opened up more possibilities for international cooperation and co-productions and followed a 2011 Presidential decree on cinema which also signalled a change of approach in some areas

The continuation of Soviet era models and practices is not to say that there is no change. Impressive investment is being put into upgrading of facilities and capacities at Belarusfilm, the national state studio, and since 2012 a film production open competition has been operating.



The Belarusian situation however is unique in other ways than just in its preservation of Soviet-style structures and practices because of the relationship with Russian Federation interests. Both production and distribution in Belarus are dominated and effectively determined by its neighbour. In terms of distribution nearly all films



shown in Belarus, including American and European films, are purchased and supplied from the Russian Federation and shown in Russian. In terms of production the country's film industry is in many respects a service industry for the Russian market. Much of Belarusfilm's activity is servicing Russian production companies and in this respect there may be a link to the upgrading of Belarusfilm's facilities. Belarusian TV production also takes Russian commissions while there are private Belarusian commercial production companies, allegedly with state funding, also providing services to Russian companies where the product is shown in the Russian Federation and later comes back to Belarus as if it is a Russian import.

There is no tradition of a Belarusian national cinema and indeed there appears to be little domestic interest in local product which further deepens the situation in which the Belarusian film industry is producing for others. Some critics argue that even the state's increasing interest in international co-productions is more about being a service industry than being a genuine partner. That said there does seem to be some change in the approach to at least some co-production projects especially prestigious ones involving European partners where Belarus has

supplied a modest contribution to funding and not just services which was the model in the past. Being associated with a successful European product of course also has political benefits given the country's

problematic image. It should be noted that Belarus is not a signatory to the European Convention on Cinematographic Co-productions.

CHALLENGES AND ISSUES



Among the challenges and issues currently facing Belarusian cinema and its film industry are:

- Ta complex and confused environment in terms of direction, policy control, ownership and management in a context in which there has been a lack of any strong tradition of a specifically Belarusian 'national' cinema movement
- an undeveloped and limited local market for audiovisual production coupled with dominance in the home market of imports of Russian-language product from the Russian Federation (some of which in fact is actually produced in Belarus by Russian companies for the Russian market and then 'exported')
- while state control and management of the cultural sector in general is fairly comprehensive, in the audiovisual sector in many respects there is a low-level of government control and management. In reality the main players are Russian private businesses and other Russian

audiovisual interested parties using Belarus as a de facto Russian Federation provincial production base and service industry

- while Belarusian film industry skilled manpower and production facilities are in demand, there are also areas of weakness including an apparent paucity of directors, producers and scriptwriters
- the fact of not having a strong 'national' cinema tradition, weaknesses in other than 'below-the-line' film education and training and the absence of a National Cinema Centre or similar institution inhibit the strategic direction and growth of the Belarusian audiovisual industry
- a lot of trained and creative Belarusians from the audiovisual sector choose to move to the Russian Federation or Europe because of dissatisfaction with their domestic environment and greater opportunities elsewhere.



DESCRIPTION OF THE AUDIOVISUAL SECTOR

There have been quite rapid changes in Georgia in recent years in terms of its economic development and business climate. This has also been reflected in the audiovisual sector. In particular cinema and the film industry have seen the beginnings of a renaissance after the catastrophic collapse of the 1990s which affected all the countries of the Eastern Partnership region. The ramifications of that collapse continued until relatively recently. Cinema and filmmaking, being an industry and business as well as an art form, are benefiting from the improvement in the business climate as has the music industry.

The impact of wider reform and modernisation in Georgia in the last few years has begun to be seen in the cultural sector but it is in the cinema and film sector where there have been the most noticeable and successful changes. There is a confident younger generation of Georgians working in the audiovisual sector who are having an impact internationally and in general one can expect the audiovisual sector in the country to grow and strengthen in the coming years.

The major gap at present is that national cultural policy (as in the other Eastern Partnership countries) has tended to



focus almost exclusively on state cultural organisations, institutions and practices and ignore the private or commercial cultural sector. By its very nature development in the audiovisual sector and cultural and creative industries is mainly being driven by non-state independent, private and commercial organisations and entrepreneurs who are working on their own and in general without there being any government support or practical interest. It will be interesting to see whether the new Georgian Cultural Strategy which is currently being developed and which should appear in the first quarter of next year will address this situation given that support for cultural and creative industries was already a stated Ministry of Culture priority.

THE ROLE OF THE AUDIOVISUAL SECTOR IN NATIONAL POLICIES

In the past Georgia's strong cinema and music traditions achieved international recognition. In Soviet times Georgian films were popular with Soviet audiences but also several films were successful in Europe. It should be remembered that in terms of production, after the Russian

Federation and Ukraine, Georgia was the most active filmmaking Soviet republic producing 20-25 feature films each year. That output dwindled to virtually nothing in the immediate post-independence period and for almost twenty years cinema and filmmaking were in a very bleak



GEORGIA COUNTRY SITUATION

situation much to the sorrow and shame of Georgians who had been so proud of their national cinema. In Soviet times Georgia also had some of the best cinema attendance figures.

As with some of the other Eastern Partnership countries the collapse of the cinema infrastructure and film production created anomalies such as what to do with the big state studios and their obsolete equipment. The leading institution in Georgian cinema had been and remained the film studio Gruzia-Film (Kartuli Pilmi) where 90% of the production capacities and technical staff were concentrated. During its history over 800 feature films, shorts and TV films, 600 documentaries and 300 animations were made there. A decision was at one point taken to privatise it but the privatisation process was poorly managed and did not bring in the expected investment making the situation perhaps even worse than before. Today two thirds of the shares in Gruzia-Film are held by the state.

This dismal situation concerning cinema and filmmaking began to change about five years ago. Led by the Georgian National Film Centre (GNFC) there have since then been very positive developments which have produced a new creative climate in the country and facilitated strong international links, particularly in the area of co-productions. The Georgian National Film Centre was originally set up in 2001 and followed the model of the French CNC. It is a de jure state organisation under the Ministry of Culture and Monuments but in recent years it has been operating in a very professional way fairly independently and in the main at arm's-length from government even though it is the main state funding agency for all film. Apart from funding through the Georgian National Film Centre there is also a small separate film production fund in the Autonomous Republic of Adjara.

Although Georgia signed the European Convention on Cinematographic Co-production in 2001, with it being ratified in the following year, as with other countries in the region it did not make use of it. This changed in 2010 when the Georgian National Film Centre introduced a National Film Certificate procedure, which is a requirement under the Convention, and actively started to promote the Convention. In the following year Georgia joined Eurimages and in combination with the use of the Convention this led to significant activity related to co-productions. In general it stimulated the sector especially as Georgia was very successful in drawing on Eurimages funding and several of the films made have been critically acclaimed internationally, winning awards at various festivals. This has restored the prestige of Georgian cinema and produced a new young generation of cinema professionals.

This success has also encouraged the Georgian National Film Centre to move imaginatively into areas such as audience development. They are for example responsible for a very interesting and extensive programme of taking film into schools as an extra-curricular activity which has been popular and met with a lot of success. They have also in the past years imaginatively developed their own systems to demonstrate transparency in terms of funding decisions for example and can justifiably be recognised as a model of good practice.



CURRENT DEVELOPMENTS AND ISSUES

Georgia is the first Eastern Partnership country to become a member of the EU 'Creative Europe Programme'. Although this happened only very recently this year they have already set up two Creative Europe Desks, for the culture and MEDIA sub-programmes respectively, with the Georgian National Film Centre being responsible for the latter.

The positive climate for cinema and filmmaking has stimulated interest in Georgia as a shooting location. The Georgian National Film Centre had earlier produced an electronic guide for film producers presenting Georgia as a 'film friendly' country. It provides information about locations and information on

film organisations, funds, educational institutions, film festivals, TV companies, movie theatres and film studios and a brief review of Georgian film history. Tbilisi Municipality is currently developing a programme to turn Tbilisi into a 'film-friendly' city recognising the benefits of being a location in terms of tourism as well as the immediate and direct economic benefits.

While Georgian cinema and the example set by the Georgian National Film Centre represent a success story, there are still problems areas, in particular a paucity of screens, absence of a distribution system and ongoing problems with the former state studio Kartuli Pilmi.

LEGISLATIVE SITUATION

The legislative base for cinema and filmmaking is the Law on State Support of Cinema passed in 2000 and which amongst other things made provision for the establishment of the Georgian National Film Centre. There have been subsequent amendments to it and some further new changes are currently being drafted. In its current form it defines the legal mechanisms for state support for cinema, establishes the status of a national film, provides the legislative base for financing

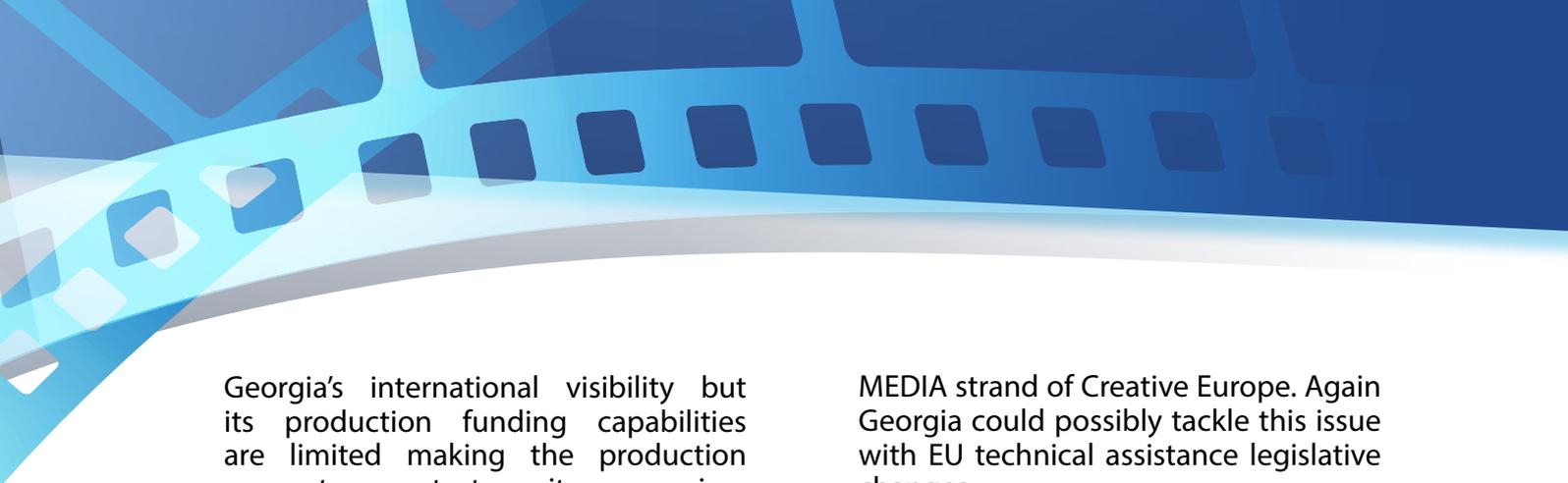
production and distribution and the role of official institutions/organisations operating in the film sector. With the Laws on Culture and on Protection of Copyright and Related Rights it provides the legal context for activity in the sector.

The European Convention on Cinematographic Co-productions is the other major piece of legislation specifically related to cinema and as mentioned above has been actively used in the last five years.

CONCLUSION: CHALLENGES AND PERSPECTIVES

Among the challenges and issues currently facing Georgian cinema and its film industry are:

- The Georgian National Film Centre has been successful in recent years in supporting film industry growth and



Georgia's international visibility but its production funding capabilities are limited making the production support contests it organises fiercely, and perhaps too extremely, competitive. Each production contest (e.g. documentary feature support, first time director feature support, regular feature support, animated short support etc.) is only conducted once per year and sometimes receives 30-40 applications with only two of the projects being awarded production support. Supplementary funding could perhaps be explored by a dedicated contribution from the national lottery or by direct funding from the state budget

- Georgia has been successful in transforming its Soviet era legislation and tax system into a modern business-friendly system (usually ranked among the world's top ten countries by the Ease of Doing Business index of the World Bank). Nevertheless the tax code and legislation are not the most helpful for film development, production, local and international distribution, local and international co-productions, local and international service productions. The VAT application rules are a particular issue so is the absence of sufficient tax incentives which makes the Georgian production environment less competitive compared to countries that have such incentives.
- This general area is one where detailed international technical advice (e.g. from the EU) could be useful
- Georgia currently does not meet the requirements of the European Audiovisual Media Services Directive (AVMSD) and this negatively impacts on support for local productions, issues relating to the protection of minors etc. It also prevents Georgia from enjoying, for example, full membership of the

MEDIA strand of Creative Europe. Again Georgia could possibly tackle this issue with EU technical assistance legislative changes.

- Georgia is among those countries with a high piracy rate which is inappropriate given the progress it has made in so many other areas.
- Georgia's success needs to be seen in perspective. In 1980 Georgia had 20 million annual admissions (for a population of 4.5m) at present with a limited but growing number of screens, a high piracy rate and lack of international distribution presence, admissions are between 600,000 and 900,000, a pattern common to other Eastern Partnership countries.
- There are no working systems for box office reporting and cinema sector and audiovisual industry research.
- There is no distribution system operating in Georgia which impacts negatively directly and indirectly on cinema development
- Compared with its ambitions and future needs specialised audiovisual education and training is currently inadequate and this problem needs to be addressed if Georgia is to sustain the success it has built up
- The Georgian National Film Centre in recent years is a very positive example of the type of professionally-driven cultural sector organisation so much needed in all the countries of the region. It specifically offers a in the cinema sector a model that could be adapted in certain other countries. For example, its experience might be extremely helpful to Moldova which is in the process of setting up its own national film centre.



BACKGROUND

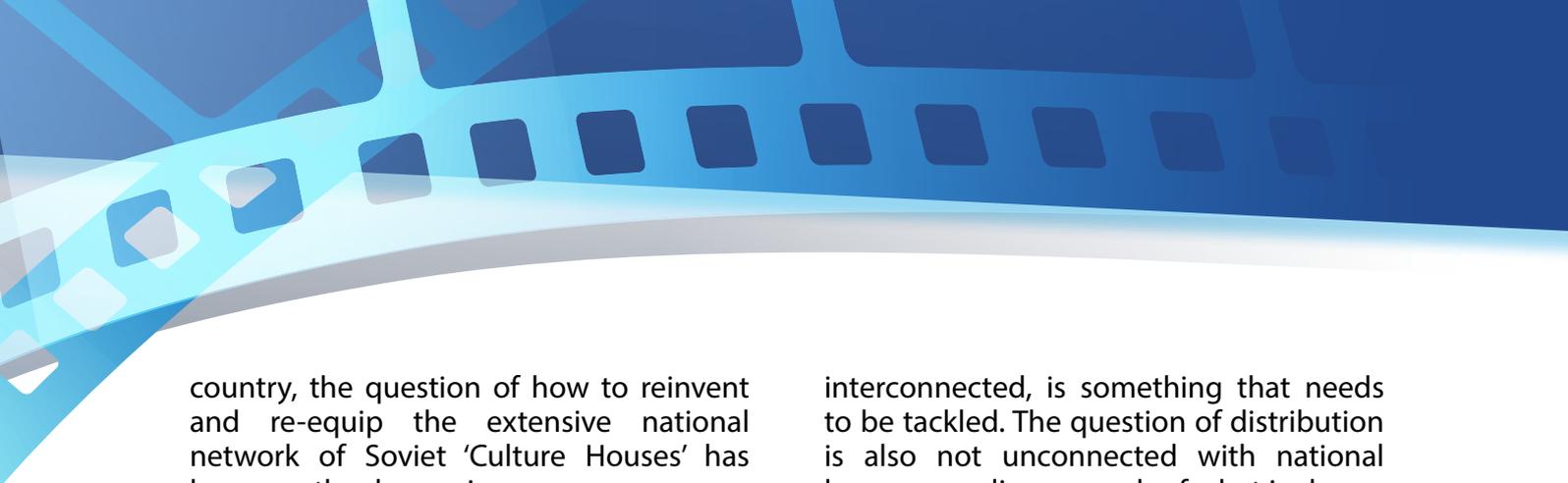
The audiovisual sector, in particular Moldovan cinema, has a more recent and more modest pedigree than some of the other countries in the region but at the current time there are potentially interesting new developments which are emerging. These developments are being activated by Moldova's signing of the EU Association Agreement with the implications and requirements that flow from that, the country becoming the second (after Georgia) Eastern Partnership country to join the EU 'Creative Europe Programme' and in particular by new legislation, the July 2014 Law on Cinema.

The passing of the new Law on Cinema was particularly important as at one point it looked as though it was going to be an example of cultural legislation in the region being discussed and debated for years without outcome. The Law on Cinema was really needed to set a practical as well as a legislative framework for a new stage of cinema and filmmaking in the country. In particular it made provision for the setting up of a National Film Centre which when established will be able to provide a professional focal point and push forward an agenda for addressing some of the things that have been missing hitherto which have inhibited healthy growth.



One important weakness hitherto has been the absence of a legislative base for defining a Moldovan 'national' film which is a requirement for 'official' international co-productions. Moldova joined the European Convention on Cinematographic Co-productions in 2011 but has not been able to make use of it because of that. Although quite a lot of cooperation has been going on with Romania in the audiovisual area, apart from that Moldova has not been particularly active in terms of co-production activity. One can expect this situation to begin to change over the next two or three years.

Moldova, like the other Eastern Partnership countries, has been burdened by a number of Soviet era legacies which have acted as barriers to modernisation. The Employment Register did not recognise the profession of producer and the state while on the one hand not able to provide serious funding to the audiovisual sector still instead on holding the rights to films to which it had provided funding instead of them belonging to the producer and creators. As in other countries there was an anachronistic 'Union of Cinematographers'. It has become an NGO and in recent times has attempted to rejuvenate itself under new leadership by attracting younger members. Being a predominantly rural



country, the question of how to reinvent and re-equip the extensive national network of Soviet 'Culture Houses' has been another legacy issue.

As in other countries problems of film distribution and piracy, the two sometimes

interconnected, is something that needs to be tackled. The question of distribution is also not unconnected with national language policy as much of what is shown on screens in Moldova is in Russian and has been distributed by Russian companies.

CHALLENGES AND ISSUES

Among the challenges and issues currently facing Moldovan cinema and its film industry are:

- putting the provisions of the 2014 Law on Cinema into practice and using the opportunities it offers to establish new, healthy directions for Moldovan cinema and filmmaking
- successfully setting up the new National Film Centre and perhaps using the Georgian 'model' and experience as a starting point
- learning how to use the opportunities offered by 'Creative Europe' membership which to some extent will be determined by the successful setting up of an effective 'Creative Europe Desk'
- development of increased co-production initiatives and opportunities
- reviewing and addressing audiovisual and cinema sector training and skills needs and identifying the necessary capacity building mechanisms and resources to provide what is needed
- developing the commercial and industry aspects of Moldovan cinema which has traditionally been perceived as mainly 'subsidised art'
- achieving growth and increased employment opportunities in the audiovisual and cinema sectors especially for younger people in order to avoid a brain-drain and haemorrhaging of skills to Romania and elsewhere.



DESCRIPTION OF THE AUDIOVISUAL SECTOR

In the last three years an annual Kyiv Media Week, which focuses on content production, has been organised which has grown in size and importance. Under this umbrella there have also been two Kyiv

Co-production Meetings, an international platform for presenting television co-production opportunities with the third edition planned for September 2015.

THE ROLE OF THE AUDIOVISUAL SECTOR IN NATIONAL POLICIES



Cultural policy in Ukraine is in a great state of flux at the present time with often quite divergent views amongst those professionally involved. The outlines of a proposed new government Cultural Strategy have been published in the context of the main priorities for 2015 set by the Cabinet of Ministers' Action Programme and the Coalition Agreement. This focus on a new approach to culture is in large measure a response to the Crimean and eastern Ukraine events with the question of access to 'national cultural values' - particularly by people caught up in the armed conflict, young people and those living in rural or remote areas - being of central importance. The Cabinet of Ministers' Action Programme and the

Coalition Agreement have specifically tasked the Ministry of Culture to:

- operate in line with European principles and practices;
- to formulate and implement, together with other ministries and experts, the Ukrainian Humanitarian (Socio-Cultural) Strategy for 2025 providing cross-sector cooperation in economic and humanitarian spheres through harmonisation with other national level strategies and programme documents;
- to develop a draft law on 'National Cultural Product' taking into account creation, distribution and consumption of 'national cultural product' and to promote the Ukrainian national cultural product in the European and international cultural space;
- to explore and attract new funding sources for culture

It also sets directions for modernisation of libraries (with special attention to remote and rural areas) and museums and a state language policy guaranteeing the use of all languages in everyday life and at the same time promoting the use of Ukrainian



UKRAINE COUNTRY SITUATION



as the single state language in all spheres of public life. The language policy aims to protect the right of Ukrainian citizens to access education, culture and services in Ukrainian but to stimulate at the same time foreign language learning, especially the languages of the European Union. The definition of 'National Cultural Product' and its ramifications will undoubtedly have a significant direct and indirect impact on the audiovisual sector.

As in other countries of the region, cinema is a major priority of national cultural policy, but also like the other countries the state finds it impossible to fund the sector

to the degree that is in reality needed. This is particularly true at the present time against a background of war and serious economic deterioration. The interest in cinema is of course related to national identity and in the Ukrainian context this has meant that cinema has often been part of 'language politics', and wider issues about the use of Ukrainian.

In 2010 the Ukrainian State Film Agency was set up under the Ministry of Culture to monitor and develop the cinema sector and film industry and to allocate the state budget for the sector. Since 2011 cinema has been stipulated as a priority of state social policy through the Law on Culture and the Law on Cinema. The conditions for the cinema and filmmaking sector in Ukraine have as a result have, until very recently, improved including in terms of funding and introduction of more helpful rules through a new Tax Code of Ukraine for the National Film Industry including production and exhibition. This year's state budget however has seen a significant drop in cinema funding as a result of the war situation.

CURRENT DEVELOPMENTS AND ISSUES

As mentioned above an outline draft National Cultural Strategy has recently been produced and been made public as a consultation document and the main priorities for the Ministry of Culture for 2015 have been set by the Cabinet of Ministers' Action Programme and the Coalition Agreement in a context of national crisis created by the war situation. In addition other special measures are being taken, for example, films from the Russian Federation Russian produced after 1 January 2014 and Russian films produced after 1991 with military content are now banned in Ukraine.



Until the events in Crimea and eastern Ukraine modest positive progress was being seen. For example, in 2013 seven new Ukrainian feature films were shown which was a record number since independence. Four of them had received state support. In that same year twenty feature films were produced of which fourteen were full-length and six shorts. Foreign films however dominate the screens in Ukraine generally representing about 95% of what is shown.

In 2013 Ukraine began the process of becoming a member of Eurimages but for financial reasons did not pursue membership. It is in the process of finalising its joining of the 'Creative Europe Programme' after a period of uncertainty. Since the existence of a properly resourced 'Creative Europe Desk' is a key to maximise benefits of the Programme it is to be hoped that the Ministry of Culture will be able to allocate the necessary resources for this.

LEGISLATIVE SITUATION

There is a 2014 Law on Cinema which provides the legislative base for cinema, filmmaking and the official organisations managing the sector and which replaced the 1998 Law on Cinema.

The European Convention on Cinematographic Co-productions was signed in

1992 but only ratified a decade later in 2012. Following this the Ukrainian State Film Agency was made responsible for the National Film Certificate procedure which is required by the Convention and facilitates 'official co-productions'. Although not as active as Georgia, Ukraine has slowly begun to use the Convention.

CONCLUSION: CHALLENGES AND TRENDS

Among the challenges and issues currently facing Ukrainian cinema and its film industry are:

- the crisis situation, especially as it affects state funding, as a result of war in eastern Ukraine and the Russian occupation of Crimea
- how the legislation related to 'National Cultural Product' will impact on the audiovisual sector
- whether new cultural policy will lead to modernisation of the system and in particular embrace in a positive way the interests of the independent, private and commercial cultural actors.

Photos by:

Armenia: Maria Mirzoyan

Azerbaijan: Mirnaib Hasanoglu

Belarus: UP Minskinovideoprospekt

Georgia: Lana Ghvingilia

Moldova: Andrey Seanko

Ukraine: Przemysław Musiałkowski

Coverphotos:

Fotalia/Tatiana Shepeleva; Sergii Shcherbakov; BESTGREENSCREEN



Find out more about the Eastern Partnership:
European Commission, Directorate-General for
Neighbourhood and Enlargement Negotiations:
<http://ec.europa.eu/enlargement/neighbourhood/eastern-partnership>
[facebook.com/Studeast](https://www.facebook.com/Studeast)