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## **BULGARIA:**

### **TIMID PROVINCIALISM AND ISOLATION**

**Dina Iordanova**

The choice of Bulgaria to illustrate the processes taking place in the cinemas of new Europe's smaller countries is not obvious at first blush. All former socialist countries suffered a drop in film production in the early 1990s, but after the initial disarray previous output levels were restored in some places and the production cycle stabilised, reinforced by the introduction of new legislation and well-regulated funding mechanisms. Bulgaria, however, is nowhere near recovering and the crisis persists.

The overall political atmosphere in Bulgaria since 1989 has been one of overall political instability and persistent economic crisis. Governments kept changing and most of them stood accused of corruption at some point. Most importantly, whereas many other Eastern bloc countries joined the European Union in 2004, Bulgaria's entry was postponed, as the country is still deemed 'unfit' for Europe.

While these processes represent the worst aspects of volatility, bad management and misguided privatisation, they are widespread across the former Eastern bloc and the example of Bulgarian cinema can also stand in for the situation in other small and persistently failing film industries in countries that continue to suffer the repercussions of isolation and timid provincialism. These industries are rarely written about<sup>1</sup> and part of the interest in considering Bulgaria is the way in which this will extricate the specifics of a national cinema that is not only small but also provincial.

### **Becoming ‘European’ after 1989: Parallel Industries**

Just two decades ago culture and media in the countries of the Eastern Bloc were thought to be ‘immune’ to international commercialisation trends (Mattelart et al. 1984). Today, however, the picture has changed dramatically. The film industries in the countries of the former Soviet bloc rapidly became ‘European’; they came to resemble the film industries of small West European countries, replicating all their problems and shortcomings. The current position of Eastern Europe’s film industries within the New International Division of Cultural Labour (Miller et al. 2001) is characterised by free movement of screen capital to cheap production locations and containment of labour mobility, brokered on the exploitation of skills and facilities developed under state socialism.

Film-making in state-socialist Eastern Europe (1948-1989) represented probably the best case of a tightly vertically integrated film industry. Film production and distribution here worked within a specific framework of cultural administration. Each country had a government body in charge of filmmaking; film financing was centralised and generous,

and came exclusively from the state; the state-owned studios and other production facilities employed permanent teams of salaried workers. Once completed, films were distributed nation-wide by the state-run distribution organization, first shown within the system of state-owned theatres and eventually screened on national television. The capital-intensive nature of film production requires that ‘any film industry must either address an international market or a very large domestic one in order to amortise production cost’ (Willemen 2006: 35). Hence, a system of exchange of feature films between the Eastern Bloc countries was in place, and films made in the countries of the region were getting guaranteed international exposure. The break-up of the bloc also meant the collapse of a consolidated distribution market that was never replaced by a similarly sized market in any of the new configurations.<sup>2</sup> Profit was not a goal; it was enough for the films to return the investment, and most of them did as they were made on relatively small budgets and seen by large audiences domestically. Driven by an underlying intent to rationalize, streamline, and facilitate the production-distribution-exhibition cycle this model successfully maintained consistently high production outputs, comparable to (and sometimes exceeding) the cinematic outputs of similarly sized countries in Western Europe.

After 1989 cinema was no longer ‘the most important art’ and the new governments were neither willing nor able to continue underwriting filmmaking in full. The state’s involvement in running the cultural industries came to a halt; new legislation was introduced to regulate ‘hands off’ and ‘laissez-faire’- type approaches to culture. The film industries underwent volatile structural changes throughout the region and were subjected

to often contradictory undertakings in administration and finance. At first there was crisis, which found expression in crumbling production routines, an abrupt decrease in state funding, a sharp increase in unemployment among skilled personnel, and a considerable decline in documentary and animation output. There was also a concurrent crisis in distribution and exhibition. Earlier concerns over freedom of expression rapidly vanished and worries over the constraints of a market economy emerged. Financing for film production changed profoundly, moving from the unit-based studio system to producer-driven piece-meal projects. The scarce state subsidies, competitive in some countries or automatic in others, turned into a hotly contested territory. The involvement of national television networks in film production and exhibition became of vital importance, as did funding linked to international co-productions and the expanding sector of private financing. Most studios were partially or fully privatised and thus engaged in competition, for example, to attract foreign film crews to shoot on location. A range of new small production companies proliferated, competing for advertising business from the West or offering services to runaway productions.

Filmmakers from each one of the countries in the region turned to the West as the only desired partner. The reasons were twofold—economic and political. In strictly economic terms, the capitalist economies of the West and the transitional economies of the East developed a relationship of ‘haves’ and ‘have-nots’, as the funds needed to keep cinema going could only come from the solvent West. Politically, reorientation to the West was now on top of the agenda for all East European countries, and former partnerships within the Eastern bloc were thus quickly abandoned in favour of new alliances with the West.

Today, two clearly distinct ‘parallel’ film industries, functioning pretty much independently from each other, exist side-by-side in the countries of Eastern Europe: the international service industry linked to global Hollywood and the domestic industry.

**PARALLEL INDUSTRIES**

<i>International service industry</i>	<i>National cinema</i>
<ol style="list-style-type: none"> <li>1. Production: Studio and other production assets are foreign owned and maintained mostly for the sake of attracting international runaway business. Reliance on foreign-financed (big budget) productions. Below the line personnel mostly engaged on an on-going basis; occasional opportunities for input from local creative talent.</li> <li>2. Distribution: Mostly Hollywood subsidiaries, engaged in distributing Hollywood product, both to theatrical and ancillary markets.</li> <li>3. Exhibition: Theatre owners mostly work in blanket-booking mode with Hollywood subsidiaries.</li> <li>4. Audiences: Mostly engaged with Hollywood product, which is synonymous with cinema to most cinemagoers.</li> </ol>	<ol style="list-style-type: none"> <li>1. Production: Handled by small companies on a per project basis; no ownership of production assets. Small composite budgets and reliance on grants as no full recoupment is likely. Studio space and teams secured ad hoc where needed. Creative personnel closely engaged with their own projects but also contracted to work occasionally within the international service industry.</li> <li>2. Distribution: No access to the operation of big distribution companies; occasional deals with small local or international distributors; reliance on guerrilla distribution.</li> <li>3. Exhibition: Individual deals with theatres for occasional showings. Heavy reliance on TV exposure and festival screenings.</li> <li>4. Audiences: Ignorant about domestic cinema as a consistent process. Pleased to see the occasional domestic film but would not seek it out. Occasional instances of domestic blockbusters.</li> </ol>

On the one hand there is a well developed and often profitable operation in place to attract and service large scale international productions, with a streamlined system of studios, service companies, facilities, and below the line personnel. On the other hand, there is the sphere of domestic filmmaking, with a much smaller technical and production base that is set up ad hoc on a per project basis; the local creative ‘above the line’ talent is engaged mostly here. This second sphere had earlier been central but is now marginalized and squeezed to open up space for the lucrative international productions operation; it has come to function as a parallel and secondary film industry. It is in the context of this second industry that films claiming to represent the national identity discourse are made today. In theory, the two industries could benefit from more integration as the presence of large international productions could underwrite the sustainability of the local industry. In reality, at least for the time being, they are almost fully detached from each other.

### **Whatever Happened to Bulgarian cinema?**

In the past, Bulgaria’s film industry was compatible in size to the industries of similarly-sized countries like Belgium, Switzerland, Hungary, and Austria in terms of facilities and outputs. Today the country ranks at the very lowest end of European cinema in just about every respect--production, spectatorship, assets.

Film production started in Bulgaria around the 1930s but only developed properly under state socialism in the aftermath of World War II (Micheli, 1971; Brossard, 1986; Holloway, 1986, 1989). At its peak in the early 1980s, the industry employed about 2,500 highly qualified workers engaged around the film studio *Boyana* and a number of

production units and companies making features, documentaries and animation.

Bulgarian films played at big festivals and were distributed internationally, mostly to other countries in the Eastern Bloc. The annual domestic production output was shown at the national cinema festival in Varna.

Nearly 600 feature films were produced during the forty-five years of state socialism (1945-1989), peaking at around twenty-five features annually in the mid-1980s. In addition, about 20 television films, as well as 400 shorts and animated films were made annually during the same period. Since 1989, with varying degrees of success, the yearly number of feature films has been around four or five a year (compatible to the outputs of the late 1940s); the total output of Bulgarian films for the fifteen-year period between 1990 and 2005 is slightly over 60 (or less than 30% of the earlier production capacity). Not a single Bulgarian feature title was released in 1999.

On recent occasions when critics were asked to name the best Bulgarian films of all times, most proposed films from the 1960s and 1970s; not a single film made after 1985 has ever made it into the top ten. Ironically, it seems that Bulgarian cinema's identity remains confined to the past, when filmmakers had to be politically conformist but still enjoyed a chance to be prolific.

In the aftermath of 1989, the film industry was characterized by suppressed government funding, empty studios eager to attract foreign film crews, disappearance of domestic films from the wide screen, and armies of idle film professionals. The production of animated and short films shrunk substantially.

Reforms started with the March 1991 closing of TSO Bulgarian Cinema which was directly funded from the state budget. In June 1991, a *National Film Centre (NFC)* was created as an alternative to centralized film production; funding powers were reallocated from the ministry of culture to the *NFC*, which established a public commission to disburse the scarce state funding to selected film projects and put in place various bylaws and regulations for producers. In 1992, the *Boyana* studio, previously owned by the state, was transformed into a state-run shareholding company, *Boyana Film EAD*. The same period saw the liquidation of state-owned distribution enterprises such as *Rasprostranenie na filmi* (internal film distribution) and *Bulgaria Film* (international sales and distribution).

It was not until 2003, that a long-awaited Film Industry Act was passed, raising hopes for more effective regulation in the area of state support for the cinema industry including distribution and promotion, and intellectual property rights issues. Once again, the National Film Centre was appointed as the executive administrative body for cinema within the Ministry of Culture with a responsibility for support for production, distribution and exhibition.

During an interview at the *goEast* film festival in Wiesbaden in April 2006, Professor Bojidar Manov, leader of the Bulgarian film critics and an important FIPRESCI figure, compared Bulgarian cinema to a person who is struggling to recover from a massive stroke. Every sign of progress and improvement, every step forward is celebrated as a

huge achievement, yet no one ever mentions that the person remains a shadow of his former self.

Similar views are frequently expressed in the pages of the trade magazine *Kino*. Producer and critic Pavlina Jelena argues that the filmmaking community in Bulgaria has failed to secure a respectable place for cinema in the new system of culture management, resulting in serious challenges to the very existence of the nation's cinema (Jeleva, 2005).

Consequently, the main feature of Bulgarian cinema nowadays is its isolationism, linked to a muted process of lowering artistic criteria and to nostalgia for a romanticized past, which effectively inhibits forward looking strategies. The prevalent admiration for petty achievements, Jeleva insists, makes new undertakings even pettier and muffles all ambitious attempts adequately to express national identity in cinema.

Back in the 1970s and 1980s Bulgaria's cinema had come to be known and respected for its poetic character (Holloway, 1986, 1989), for its lyrical and sensitive approach to love and affection, for its elegiac and graceful treatment of universal existential themes, and for its tongue-in-cheek assessment of history's volatilities. This sensitivity and insightfulness was no longer present in the majority of the films released throughout the 1990s.

In post-communism, cineastes had to develop new survival skills focused on fundraising and guerrilla distribution, a challenge met well by some but not others. As a result, some veteran filmmakers were only able to complete a film or two before sinking into oblivion

while others simply disappeared from the scene. The shrinking funds triggered generational conflict between established filmmakers who were embittered over the new market realities but nevertheless continued to fight hard and younger filmmakers who had no choice but to enter the scene in these difficult times and to try to break through in a situation of vanishing opportunities, resulting in petty confrontations. An example is the altercation between newcomer Dimitar Petkov (director of *Devil's Tail/ Opashkata na dyavola*, 2001) and veteran Nikolai Volev (director of *Devil's Mirror/Ogledaloto na dyavola*, 2001). Petkov accused Volev of deliberately changing the name of his film in order to mislead viewers and take advantage of the promotion and success of *Devil's Tail*. Both films performed just as feebly.

Those belonging to the middle generation, whose work had peaked during the 'perestroika' period of the 1980s, are commonly referred to as a 'lost generation.' Only a few really new directors came to the stage in the 1990s and it is only very recently that younger directors have managed to release films at all. Emerging cineastes face a difficult situation: due to non-existent distribution their names never become known nation-wide; only actors who work in television are known across the country today.

In a context of limited opportunities for professional realization, seeking employment abroad becomes a solution that functions as a kind of remedial blood-letting: if the dilemma is between a less than optimal career abroad (or even a change of career paths) or staying idle at home, emigration seems to be the more viable alternative. According to a *Financial Times* estimate, by July 2006 more than 750,000 people (about 10% of Bulgaria's population) had left the country to seek work abroad. It is not possible to

provide figures for the numbers of creative personnel who have migrated, however. Many film professionals simply use the newly acquired freedom of movement to go for ‘spells’ abroad rather than establishing themselves permanently outside Bulgaria. They then shuttle back and forth between Bulgaria and whichever country they find enabling. Veteran actor Stefan Danailov, for example, played in some popular Italian gangster TV series throughout the 1990s; he is now back home where he serves as Bulgaria’s culture minister. Younger directors go back and forth between opportunities in countries like Italy or Germany, where they are usually engaged in low profile television work, and film-related work in Bulgaria, where they keep pushing poorly financed feature projects.

In the Bulgarian media, the outmigration of talent is lamented as a significant ‘loss’ and a ‘brain drain’, even though it has created a sizeable and lively Bulgarian artistic diaspora. No Bulgarians seem to have achieved genuine celebrity abroad yet, but some--like cameraman Emil Hristov, actor Hristo Shopov (who played Pontius Pilate in Mel Gibson’s *The Passion of Christ*), writer Doriana Leondeff (who works regularly with director Silvio Soldini in Italy), or art director Evgeni Ganev (who created the cool city graphics of Sylvain Chomet’s acclaimed animation *The Triplets of Bebelville*)--have done well for themselves by establishing comfortable positions in a range of countries.

More than a decade ago Andrew Horton (1995) outlined several tendencies that he had observed in the cinema of former Yugoslavia, including a proliferation of smaller production companies working in conjunction with larger studios on a film-by-film basis; increased collaboration between film and television production and the development of a

made-for-video film market of cheap, swiftly shot genre movies; and an increased number of international co-productions. Most of these elements also apply to Bulgaria. During that transitional period many filmmakers found themselves unprepared to deal with the new funding situation and the previously non-existent figure of the producer obtained definitive importance as a result, as did a number of rapidly proliferating small production companies. Film financing became a more complex affair involving the juggling of a composite budget that could fall apart at any moment, depending as it did on contributions from amongst a wide range of sources: scarce state subsidies, private investors, European funding bodies such as *Eurimages* and MEDIA, co-production partners, and television.

Film grants are now awarded once or twice annually by a commission that has been distributing funds ranging between one and a half million Euros in the mid-1990s to around 3-4 million Euros in the mid-2000s. The declared goal is to secure budgetary financing for five feature films annually (the average budget of which is estimated at 600,000 Euros), ten full length documentaries and up to 120 minutes of animation production (about 15 animated films). The intention has always been to cover the bigger part of the budget of the successful projects, but in reality the subsidy often has not stretched much farther than 50% with the rest of the financing coming either from television networks or from private sponsors. Thus, who receives funding and who gets the chance to do creative work is an important issue, and it cannot be denied that there are instances of preferential treatment. Struggles over alleged unfairness in funding awards re-emerge in the media nearly every year. In order to put financing together, producers

are compelled to seek assistance from television networks, and to enter into international partnerships. Bulgaria has been an active member of *Eurimages* since 1993 and Bulgarian companies have benefited from funding awards, most often in joint ventures with associates from neighbouring countries such as Turkey or Greece, more often as minority rather than majority partners. The country joined MEDIA in 2002, and has since been contributing about 137 000 Euros per annum, a contribution that has been assessed as worthwhile provided that the projects financed through MEDIA bring back grants exceeding membership contributions several times over. The country's filmmakers also benefit from financing through the Balkan Film Fund, which encourages regional co-productions.

Under state socialism, the cycle of production, distribution and exhibition was run in an integrated manner, with all components coordinated centrally. Even though the system was charged with producing dull politically correct films, it was effectively safeguarded from the drawbacks of excessive commercialism. It was an arrangement comparable to the classical studio system where the big Hollywood studios exhibited their films in a system of theatres they owned. And like the 1948 anti-trust decree that forced the studios to break up their well-consolidated mechanism, the break-up of the fully vertically integrated state socialist system enhanced distribution as a key intermediary operation within the film industry cycle.

The centralised control over distribution and exhibition networks as well as over the television medium had made it easy to keep the audience from fragmenting: people were

to be exposed to whatever was on offer. There were instances of interference and censorship, yet, ironically, the percentage of censored films was significantly smaller than the percentage of those films that never get into distribution today, in the context of open market conditions.

The abolition of a centralized management of culture divorced domestic film production from exhibition and distribution. The well-integrated and centralised vertical distribution network of what used to be the Eastern Bloc rapidly disintegrated. By the end of the decade it was replaced by a more or less uniform system of Western-controlled subsidiaries whose main rule of engagement was full loyalty to the Hollywood product. While Bulgaria's distribution today carries an overwhelming percentage of Hollywood fare (currently about 85 %), the distribution of Bulgarian features internationally is at a record low.

Exhibition practices have also changed since 1989. In the context of an overall decline in admissions (as growing ticket prices became unaffordable for many), the centrally run system of state-owned theatres was abolished, and after a rushed privatisation in the late 1990s, many cinemas across the country closed or were converted into restaurants or bingo halls. In the 1980s more than 3,000 cinemas functioned across the country, many in villages. By the end of the century, cinema screenings no longer took place in villages and smaller towns. Statistics show that by 1999 one screen catered for nearly 43,000 people in the country (as opposed to one screen per 2,600 in 1980).

Year	Cinemas	Screenings	Spectators	Bulgaria's population
1960	1.515	743.300	112.100.000	7.867.000
1965	2.403	1.027.500	126.400.000	8.201.000
1970	3.170	983.300	112.600.000	8.490.000
1975	3.689	988.600	114.300.000	8.722.000
1980	3.453	988.400	95.851.000	8.862.000
1995	232	136.000	4.676.000	
1996	219	112.600	3.641.000	8.340.900
1997	216	97.400	3.186.000	8.283.200
1998	205	100.100	3.204.000	8.230.400
1999	191	84.300	1.922.000	8.190.900

**Source:** <http://www.titra.net/>

A US\$4.5 million sale of cinemas in the capital Sofia (20,000 sq. meters of exhibition facilities run until then centrally by Sofia Film) took place in 2001. A special clause in the sale's contract specified that exhibition activity should be continued for at least five years, which was particularly contentious as most cinemas were situated in prime real estate locations where space retails at 1,000 Euros per square meter. Heavy penalties were to be imposed for re-selling or re-purposing. Nonetheless, the buyers did not comply with the obligations and, amidst protests from industry members, just three years

later Sofia's cinemas were re-sold to developers for 25 million Euros. Even though they had to pay penalties of 7 million lev (3.5 million Euro) the buyers still made a profit of 8 million Euros. This effectively resulted in the liquidation of cinema exhibition activities in many parts of the capital. Some say that what happened in Sofia was the end of a cycle that began in the provinces and left the country without theatres; there has been extensive talk in the media about the damaging impact that the disappearance of cinemas has had on the nation's cultural memory. *Kino* magazine and some newspapers have been running nostalgic pieces chronicling the history of well-known cinemas, the demise of which now appears to be a turned page in recent cultural history.

A new multiplex, Arena 1, which can accommodate nearly 3,000 spectators, opened in Sofia in 2003 and immediately gathered about 70% of the audience in the city. It is run by one of the Hollywood subsidiaries (Alexandra Group). Several other multiplexes have since opened in newly built shopping centres, and these are all owned by foreign companies or Hollywood subsidiaries. There is also a significant growth in ancillary markets (video, DVD, cable/digital TV), most of which are dominated by foreign-owned companies.

The most problematic aspect of the crisis resulting from the changes in the distribution and exhibition business is that the domestic, locally-produced Bulgarian cinema has turned into a cinema without an audience. In the early 1990s viewers could no longer be taken for granted and film-makers were faced with accelerating audience segmentation. Filmmakers could not identify whom they were addressing in their works: If they tried to

appeal to a mass taste, they faced the overwhelming competition of imported mass culture. If they tried to address a more sophisticated audience, they were doomed to failure, as in the mass-market economy distributors and exhibitors have little interest in researching and targeting scattered pockets of potential viewers. One producer even claimed that most films in Bulgaria are now made for an audience of about thirty people—usually the filmmakers' own friends. Films are typically unable to recoup the monies that are invested in them, even in those cases where the budget was commensurate with the size of the country's population.

During the communist period of non box-office orientation, however, local films were able to make their money back and sometimes even turn in a profit (it is claimed that about 30% of the funds that the socialist state invested in filmmaking were simply re-investment of distribution revenues); nowadays such a scenario is out of the question. The widest-seen Bulgarian film of recent years, a city-girl-escaping-to-an-idyllic-village story, *Mila from Mars* (2004, Zorntisa-Sophia), scored an audience of 20,000. The most successful film of 2005, *Stolen Eyes* (dir. Radoslav Spassov), which addressed the painful memories of state-sponsored ethnic confrontations between Christians and Muslims in Bulgaria's recent history, was seen by about 10,000 spectators in Sofia and the film's director was quoted as planning to organise the distribution in the provinces himself, personally taking a copy of the film on a tour from town to town. *Lady Z* (2005, dir. Georgi Dyulgerov), a hard-hitting story of a socially ostracized teenage girl, which was acclaimed at festivals and won the prestigious Heart of Sarajevo award, was seen by slightly over 4,000 people during the three months of its release in Sofia; once again, the

arrangements for distribution across the country were left entirely to the producers as none of the big commercial distributors were interested in committing to distributing the picture. Indeed, many new Bulgarian productions have had a single screening altogether — to see them, one needs to be in Sofia when they just happen to be shown for specialized audiences. The full production of Bulgarian filmmaking can only be seen during the festival *Golden Rose* in Varna, an industry gathering of insiders that takes place biennially and showcases features, documentaries, and animation. There is no national distributorship that looks into sales of Bulgarian cinema abroad (Bulgarian cinema is usually not represented at film markets), so if a film does manage to break through to international distribution circuits, it is due to the efforts of the team behind it.

Indeed, television is the last resort for Bulgaria's own cinematic products. Over several years, Channel 1 of Bulgarian television aired a programme, called *Ponedelnik 8<sup>1</sup>/2* which featured older Bulgarian films, preceded by documentaries discussing the process of making the film and the respective period in the film industry. Developed under the overall direction of Evgeny Mikhailov, CEO of *Boyana Film*, the programme attracted a good-sized audience and for a while was the only mass forum for Bulgarian cinema. In the aftermath of 1989, public space was overtaken by cheap American entertainment product, often of the straight-to-video kind. Bulgarian films had all but disappeared. Those growing up in the 1990s would not normally see on the screen people talking in their own language or living in the same cities, a situation leading to low national self-esteem and an inferiority complex. Showing Bulgarian films that addressed the concerns of local people and featured life in their respective communities, that tackled important

historical episodes (e.g. the forced collectivisation of land in the 1950s) or addressed controversial issues specific to the country (such as the mass migration from villages to cities during the period of rushed industrialisation, resulting in a depopulation of villages), alleviated the budding unease over the loss of distinct identity. According to Petrova, the programme successfully targeted the younger generation of Bulgarians, encouraging them to regain national self-esteem by teaching ‘a new appreciation of national cultural production’ and respectively offering ‘an antidote to the Western cultural production and information flow that has inundated Bulgaria in the post-communist period.’ (Petrova 2003: 27). The recently launched satellite channel TV Bulgaria aimed at diasporic Bulgarians also screens Bulgarian films, just as it features the cinema show *Kino po noti*.

### **The Sale of Boyana Film Studio**

Most of the studios in Eastern Europe, including Jadran and Avala in Yugoslavia, Buftea in Romania, Koliba in Slovakia, the four Polish studios, and the three Mafilm studios in Hungary, were built during the 1950s. However the largest and oldest studio in the region, *Barrandov* in Prague (second in size only to the Italian *Cinecitta* and somewhat bigger than the East German *DEFA* (near Berlin) dates, like *DEFA*, from the pre-war era and possessed the most advanced production facilities. These studios were meant to serve mostly the needs of the national film industries, in addition to co-productions from within the East bloc. However a number of Western films were also shot in countries like Romania or Yugoslavia, even at the height of the Cold War.

But with the disappearance of centralized funding for cinema in the post-Communist era, the studios rapidly lost business. It soon became obvious that they would be better off if they emphasized the rental of facilities instead of waiting for the resurrection of a sustainable domestic production cycle. With maintenance budgets reduced to bare minimums, armies of idle employees (many of whom were soon made redundant) and equipment that was rapidly becoming out-of-date, the studios throughout Eastern Europe entered a fierce competition with each other as they sought to attract ‘runaway’ productions. Compared with the West, these studios were still able to offer much lower production costs, and the goal thus became one of ensuring that local, below-the-line personnel and facilities were used. Various degrees of privatisation were carried out, often on direct recommendation from the International Monetary Fund. In the most successful cases the privatisation of the studios was accompanied by the establishment of independent satellite film service companies, and these brought a steady stream of international business to the studios.

*Boyana*, the Bulgarian studio, was no different. Like the other studios, it was built in the 1950s on a large piece of nationalized land on the perimeter of the Vitosha mountain near Sofia, overlooking the city. Besides feature film production, the studio was home to smaller administrative film production units for documentary, TV, and animated films. During its peak times in the 1980s, *Boyana* had an annual output of around 25 feature films and attracted a small but sound number of international productions.

Like all other Bulgarian businesses, *Boyana* was hit by financial difficulties in the early 1990s. In 1992 it was turned into an independent state-run unit, *Boyana Film EAD*, engaged in servicing productions for, and working in close collaboration with, national TV; like many other studios in the region, this Bulgarian studio had no choice but to cut the number of employees drastically. For more than a decade, *Boyana Film*'s CEO was Evgeny Mikhailov, a former film director, who is credited with saving the studio from being cut into pieces by restitution of the land to previous owners, and with updating the technical equipment.

Mikhailov managed to bring a relatively steady flow of foreign productions to *Boyana*, but his international connections were limited. Even though *Boyana* provided a variety of services--budgeting, contractual security on the projects, recruiting staff, casting, post-production labs--it was more often rented for the inexpensive facilities and labour rather than for the full range of services on offer, with foreign productions organising their own extras and casting and with post-production completed elsewhere.

There were high hopes that with the entry of countries like Hungary and the Czech Republic into the EU in 2004, and the likely disappearance of the cost advantages there, Hollywood's interest in Prague and Budapest as shooting locations would decline and many productions would move South East to cheaper locations like Bulgaria or Romania. This 'portable industry' of highly mobile trans-national filmmaking enterprises could bring significant benefits to the local industry. For the time being, however, no radical

change has come about, and *Boyana* cannot be said to have benefited drastically from the ‘portability’ of the runaway business.

*Boyana*’s turn to be privatised came in 2002, when an initial valuation was commissioned by the national Privatisation Agency. The valuation set the price at 50 million lev (about 25 million Euros or US\$30 million). The price included the studio’s entire land (30,000 square meters), its three soundstages (2,000 sq. meters), various other production facilities, a Kodak-equipped film lab and an animation unit, as well as extensive stock of wardrobe and props.

Bids were invited in mid 2004. At this time, the valuation was reduced by 80%, down to 10 million lev (5 million Euros). The reasons for the reduction were not clear; media reports alleged evidence of significant conflict of interest and corruption. The future owner was expected to commit to preserving the site as a production venue for at least ten more years, to producing at least two Bulgarian films a year during the first three years, and to making further investments in the studio for approximately 6 million Euros in the first four years after the sale (Goldsmith/O’Regan, 2005: 143). Four offers were received by the deadline (25 February 2005): from Bavaria Film (Germany), Ealing Studios (UK), NuImage (USA) and Dragon International (an international consortium which was eliminated for procedural reasons).

The winning bid was Nu Image’s; they offered 12, 223 937 lev for 95% of the shares (6, 250,000 Euros or \$7,6 mln US). Of these, 65% of the shares were to be paid for in cash

while the remaining 30% could be paid for in privatisation vouchers (which could be purchased at a fraction of the full value of the lev). The buyer was to make further investments of another \$36 million US in order to bring the facilities up to date with the needs of Hollywood producers. The ownership transfer was to take place on condition that the buyer mortgaged the land of the studio to the Bulgarian state for the next 20 years, the point being to guarantee the continuation of filmmaking activities.

Based in Los Angeles, Nu Image had been making films in Bulgaria since 1999 and had produced nearly fifty B-features there. It claims to have brought in at least half of Boyana's existing business. The company's main owner, Israeli-born Avi Lerner, is a producer of the ilk of Cannon Films' Menahem Golan and Yoram Globus. Starting off as a concession stand worker at a drive-in in Tel Aviv, Lerner engaged in production in South Africa, established a branch in Hollywood in the early 1990s (forming Nu Image and Millenium Pictures with partners), and sought to diversify into Eastern Europe. While most of the nearly 200 films for which he is credited as producer are in the low budget action-adventure genre, Lerner is in the process of moving out of the B-movies area into higher budget mainstream studio fare.

In line with Lerner's intentions, Nu Image's representative in Bulgaria, David Varod, has been insisting that the company will aim to bring high profile and high budget productions to *Boyana*. According to Varod, the studio is 'in very bad shape, and the infrastructure is a mess', so he has lots of work to do before he can make it a profitable enterprise. His plans are to expand the current 2,000 sq. meters of stages up to 20,000 sq.

meters. For the time being the production slate in Boyana is dominated by Nu Image's own action-thrillers, but efforts are underway to attract other productions as well and there is talk of an annual turnover of US\$100 million (indeed, parts of Brian de Palma's *Black Dahlia* were recently shot here).

Nu Image's contract for Boyana was signed in August 2005 but the full transfer of ownership was significantly delayed. The local film community raised fears that Nu Image would turn to foreign productions at the expense of domestic projects or that they would liquidate the studio altogether and sell it off as valuable real estate. Members of the community were particularly bitter over the fact that the studio was being sold at a price equalling a fraction of the budget of an average Hollywood film.

A group of film directors led the opposition. They attempted to expose corruption, described the privatisation as a 'robbery' and claimed that the film industry's assets (built over many years) were being given away for 'a hand down', with contempt for the nation's 'emotional and spiritual memory' (Spasov 2006).<sup>3</sup> The leadership of *Boyana Film EAD* collectively resigned in October 2005; they made calls for a special parliamentary commission to investigate alleged irregularities surrounding the privatization. This was, however, gradually put on hold as it was believed such hearings could interfere with Bulgaria's impending EU integration plans. The last resort of the protesters was to approach the European Parliament, but their undertaking did not meet with much success.

Nu Image denied all allegations--the terms of the sale were not tailored to favour them in any way; they were not planning to dispose of filmmaking activity at *Boyana* nor did they intend to sell the studio's land; they would use it for filmmaking and would not change the type of activities for the stipulated period; and they would fully support the making of two Bulgarian features a year and up to 20 min. animation. Local producers 'should wake up' and understand that what Nu Image offers is the best that they can get, insisted David Varod (in Schwinke, January 2006). Nonetheless, up until the summer of 2006 the transfer of powers had not yet taken place and there were bureaucratic complications. Some of the scheduled shoots had to be cancelled, bringing losses for Nu Image. <sup>4</sup>

Even though most objections were based on projected fears rather than valid concerns, the controversy was justified. The speculation that the studio's land would be sold off for a profit, a move that would spell the end of the country's film industry, were grounded in past disappointments. Some of Bulgaria's largest assets, companies like *Bulgartabak* or *Balkan Airlines*, were sold in shady deals that effectively led to their liquidation soon after the sale. The most relevant and recent example of a worrisome transaction was the previously mentioned sale of Sofia's cinemas, a deal in which the new owners opted to sell off and pay the penalty for not maintaining exhibition activity (and still made a hefty profit). The fact that the sale was to a company whose own survival as a Hollywood player is not secure, reinforced the spectre of *Boyana*'s land being sold as prime real estate. For the time being, however, keeping *Boyana* going through Nu Image is the only reasonable option on the table. As far as the domestic production ecology is concerned *Boyana*'s sale was the final step in shaping the parallel industries where the production of

national films is no longer a default feature of the national studio. The servicing of large runaway productions from Hollywood and elsewhere has become the default arrangement, whereas work on domestic productions will need to be negotiated on a per project basis.

In the final analysis, how a studio participates in the international production ecology is determined not so much by strict economic factors as it is by the perception of its ‘symbolic importance’ in the eyes of investors. And being located in what is perceived as an isolated provincial corner of Europe, *Boyana* loses out. Being based ‘in a country that nobody really knows,’ as Nu Image’s David Varod put it (to Schwinke, January 2006), a lot of convincing and promoting is necessary to secure the international business that *Boyana* requires to thrive.

### **Bulgaria’s New Parallel Industries**

Like other East European countries earlier, Bulgaria has been ‘carpetbagger heaven’ (Millea 1997) for the most part of two decades. In the context of overall political volatility and short-lived governments, assets are being sold off in a rushed and often heavily disputed manner. The public discourse is one of lamenting the loss of what is now seen as a previously prosperous national industry. Problems are often blamed on the loss of assets and the transfer of control to foreign carpetbaggers. In a representative newspaper piece, veteran cameraman and director Radoslav Spassov, for example, expressed dismay over the government’s indifference and bitterly commented that the cycle of the US take-over of whatever was left of Bulgaria’s film industry was now almost complete. With the sale of *Boyana* (including all its inventory and equipment), he

claimed that 95% of the means of production had now been passed to American hands. In his estimate, 85% of the distribution sector, 80% of the cinema exhibition and 97% of the media promotions are also American-controlled (Spasov 2006).

Spasov is right to speak of foreign dominance over film and media, but the control is not all in US-hands. In reality the ownership situation is more complex, with a number of other interests—entrepreneurs from Israel, Greece, Turkey, Germany, former Yugoslavia and elsewhere—being drawn into the motley landscape of new media ownership. There is a range of bigger and smaller-sized players, but also medium-size investors and even swindlers looking out for new ventures. They all co-exist side by side and sometimes enter into improbable interactions of a ‘wild West’ variety.

It is all part and parcel of the transition and there is no need necessarily to subscribe to the tragic stance often taken by local industry figures. It is clear that in the global division of labour there are losers and there are winners, and that Bulgaria’s national film industry will never return to what is now seen as a blissful period of sheltered prosperity.

## Notes

1. Such a category would include the national cinemas of countries like Slovakia, Romania, Albania, a range of other former Soviet or Yugoslav republics (e.g. Ukraine, Georgia, Bosnia, Croatia, Macedonia, Serbia, etc.), but also other 'provincial' cinemas across the globe, in Africa, Asia, and Latin America.
2. Along with the break-up of Yugoslavia, for example, filmmakers here saw the break-up of a consolidated distribution space. They often complain today that whereas their films were previously shown automatically across all six federative republics, nowadays their outputs remain confined to tiny domestic markets.
3. Opponents of the sale protested the low sale price of \$7.6 million and insisted that the earlier \$50 million estimate was more realistic. The studio is situated on 300 000 square meters of land, the cost of which is estimated at 100 Euros per square meter and growing, thus the land alone is worth at least 30 million Euros, they claimed. The 14 000 square meters' worth of buildings could be sold for another 7 million Euros, the recently acquired equipment for about 2 million Euros, and then there is the cost of 60 thousand costumes, 3 000 pieces of weaponry, and tens of thousands of props.
4. The loud public controversy surrounding *Boyana's* privatisation was very similar to the critiques expressed in the Czech Republic when the *Barrandov* studio was privatised a decade earlier. Like *Boyana*, *Barrandov* was privatised under the government stipulation that it should continue as a film production studio. Just as in the *Boyana* case, Czech film directors insisted that the studio's actual market value was up to five times higher and that the price had been artificially lowered

simply because the preferred purchaser's available capital was far from sufficient to cover the studio's real value. Back then, fears were voiced that privatising *Barrandov* would bring the Czech film industry to an end and that the studio's land would be parcelled and sold as real estate. Unlike *Boyana*, however, in the *Barrandov* case the alleged price lowering had been effectuated in order to keep the studio in domestic hands (Clark, 1992); *Barrandov* is still Czech-owned. Had *Boyana* hired competent Hollywood representation and consultants, had it encouraged satellite production companies to grow alongside it (as was the case in Hungary and the Czech Republic), the studio would have been able to get a much better share of international business. Domestic ownership does not, however, seem to have been a priority.

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