RĪGAS EKONOMIKAS AUGSTSKOLA
STOCKHOLM SCHOOL OF ECONOMICS IN RIGA

SSE Riga Student Research Papers
2007:2 (89)

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ISSN 1691-4643
ISBN 978-9984-822-01-3

November 2007
Riga

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Latvia as a Place for Making Films: Reality and Perspectives

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March 2007
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Acknowledgements

The author would like to express her gratitude to the thesis supervisor Roberts Kilis for his great help, valuable suggestions and contacts. I would also like to thank Ilze Gailite-Holmberga, Andrejs Apsitis, Ieva Romanova, Peteris Krilovs, Inga Perkone - Redovica, Gints Berzins, Agris Redovics, Lelda Ozola for the interviews, data and the valuable insights into the topic. The author also would like to thank TAM Films and personally Jean Counet for support and assistance during the research.

Abstract

This paper analyzes one of the sectors of Latvian creative economy – the film industry. It describes Latvia as a place for making films from 10 infrastructural perspectives, namely, built infrastructure, financial and informational support, accessibility of facilities and specialists, higher education possibilities, additional and informal education, spaces for convergence and connectivity, global partnerships and trade initiatives, diversity advantage and distribution. The research is based on the interviews with 8 major film sector institutional players, as well as quetionnaire results of Latvian film industry participants: film students, filmmakers and different film funds and organizations representitives. The main findings show that the main problems of the Latvian film industry is lack of the financial support, distribution and process continuation, as well as problems with quality and diversity of the national production. However, the interest from young generation in making films, different fund availability, possibilities of co-productions and wide European market can be considered as the good preconditions for the industry to grow and develop. The contingent valuation of the industry in order to assess how valuable film sector is for the economy as whole and for society as such could be a valuable next step to proceed with.

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1 Introduction

It is argued that creative industries are one of the biggest employers and fastest-growing sectors in the world's leading economies and that creative industries are widely regarded as a key asset of a move to an economy dependent on intangible more than physical assets. After the collapse of the Soviet system, in 16 years Latvia seems to be more and more interested in the possibilities of the development of its creative sector. It is in the interest of the state not only because of the valuable impact on the development of the culture, creativity and identity, but also because of the economic reasons: the flourishing of the creative industries may generate lots of benefits for Latvia like employment, investments, entrepreneurship, etc. In 2006 Latvia proclaimed creative industries to be the national priority for its politics in the years 2006-2015 (Minister Cabinet, 2006).

One of the most interesting and controversial sectors of Latvian creative industries, which is also included in the national priority list, is a film production sector. The necessity of having national cinematography, the quality of it and the need of financial support are the questions quite often raised not only in mass media, but also on the governmental level. As one of the brightest examples could be mentioned the intention to liquidate all state financing for the Latvian film industry by minister president Einars Repse during his presidency in 2002 (Mikelsons, 2007) in contrast to big efforts to get extra financing for film sector made by current Minister of Culture Helena Demakova (Matisa, 4 Jan. 2007). So the future of this sector is unclear at the moment and pretty much dependant on the free will of the leading parties rather than supported by economic interest and relevance. In 2007, the state financing of the national film production still remains one of the smallest ones in the EU, just 1,017 million LV that in its turn equals the financing of one Latvian theater, e.g. Latvian National Theater gets 1,1 million LVL per year (Rietuma, 2007). In the meanwhile, the survey shows that 2/3 of Latvian inhabitants don't go to cinemas at all (Zirnis, 2007). In addition, the survey conducted by Latvian National Channel indicated that viewers mostly prefer Hollywood (35%) or Russian films (24%) rather than Latvian ones (26%) (LTV7, 2005). However, another survey on creative industries also showed that Latvians don't watch films made in Latvia with the same critique as foreign ones and are even ready to give some discount for the quality of Latvian films, as they appoint more emotional connection and value to movies made in the home country than foreign ones (Grube, 2005).

No report outlining and describing all possible issues of the film sector in Latvia has been done so far. So taking into consideration the existence and actuality of problem, this Bachelor Thesis will concentrate on the Latvian film industry or in other words on production of films both by local filmmakers and foreign ones on Latvian territory, as these are, undoubtedly, interdependent and connected processes. To estimate industry potential and its perspectives in Latvia, it is necessary to explore the existing market, infrastructure, the level of development, availability of professionals and other factors which are favorable for developing this sector.

Investments in the industry can appear if European filmmakers and production companies would be interested in co-productions, which is a rather popular practice worldwide. The other issue is that foreign production companies might see the great possibilities of using specific locations, taking cost advantage and/or having a valuable cooperation and might be interested to invest money in hiring facilities and staff abroad. For instance, Czech Republic is rather popular among filmmakers for its cheap, but rather developed film infrastructure with well equipped studios and good film schools (Smith, 2005). So, perhaps, Latvia could also become a favorable location for filmmakers, but then there should be facilities, professionals, equipment and favorable conditions to shoot available. That is why it is relevant to explore the reality and the perspectives of Latvian Film industry and give some suggestions of how this sector can be developed further. So the question of this thesis is *what factors favor Latvia as a place for making films and what could be the steps for developing the sector further?*

The given paper is structured in the following way. Chapter 2 will have a look on the literature available on the topic. Chapter 3 will present the methodology and sources available collecting the information. Chapter 4 will introduce the brief description of Latvian film production history. Chapter 5 will present the throughout description and the analysis of the film sector. Chapter 6 will include a short summary and a suggestion section. Chapter 7 will conclude.

2 Review of literature

2.1 Place concept

The concept of place is important in the framework of this work as it is in the interest of Latvia to attract and have the film industry working exactly on its territory rather than having Latvian resources (financial and human) used to produce the films somewhere else. There are quite a few works done to estimate why some places succeed and other fail to grow and develop in the long-term.

Kevin Kelly in his book “New Rules for the New Economy” suggested that nowadays new economy operates in a space rather than a place, and other time more and more economic transactions will migrate to this new space. He states that people will inhabit places, but increasingly the economy inhabits a space (1998, 94-95). However, the increasingly influential view suggests that place remains important as a locus of economic activity, because of the tendency of the firms to cluster together. This view is built on the influential theories of Alfred Marshall, who argued that firms cluster in agglomerations to gain productive efficiencies. The contemporary variant of this view, advanced by Harvard Business School professor Michael Porter, has many proponents in academia and in the practice of economic development (Florida, 2005, 29).

The creative capital theory developed by Richard Florida in his book “Cities and The Creative Class” argues that creative people power the regional economic growth, and these people refer places which are innovative, diverse and tolerant. The Creative Centers tend to be the economic winners of our age. Not only do they have high concentrations of Creative people, but they boast high concentration of creative economic outcomes, in the way of innovations and high-tech industry growth (2005, 35).

All these views make us interested to get to know what makes or doesn’t make Latvia a center of the creative community which is able to attract and retain talents with a focus on film industry.

2.2 Latvian Audiovisual production

A brief description of the Latvian audiovisual sector is done in the report of the National Film Center “Audiovisual production in Latvia: A Nordic Context” by Uldis Dimisevskis and Simon Drewsen Holmberg issued in January 2007. However, the objectivity of interpretation of facts and figures of this report is doubtful, as it is made on purpose of attracting international community making films in Latvia. Interviews and other data available for the author of the thesis on the topic show the different interpretation of the facts mentioned in the report. So, although the overview will be used in the thesis as a rather reliable source of the objective facts and figures about the industry, all different opinions will be taken into consideration in order to evaluate and interpret them.

2.3 Other countries’ experience

There are several works which give some insight in other countries’ practice and experience within the film sector. However, we will have an overview of the few works which outline the film industry development in such countries as Denmark (which is often compared to Latvia in terms of the market possibilities) and the Czech Republic (which is considered to be one of the most attractive locations for foreign filmmakers). Two works are particularly interesting and give a good description of those markets.

1) “Report on the State of Czech Cinematography 2005” presented by the Ministry of Culture of the Czech Republic (further MC of CR) gives an interesting insight into the Czech Republic film market and presents the recent trends, which can be used as a useful source for description of the Czech film industry.

2) “A Mapping Danish Film industry” research was made by Copenhagen Business School (further CBS) in order to access the future potential as well as outline the problems of the Danish film industry. Numerous issues are discussed including market opportunities, new technologies, and significant current barriers to grow. The special emphasis was placed on identifying bottlenecks related to finance and capital markets, education and skill endowments, labor market dynamics, organizational arrangements and inter-firm interactions.

These works are of the specific interest as they give an overview of how film industry develops in other countries, the information also helps to compare Latvian film industry experience and issues with the ones other countries face and make decent suggestions of how Latvian film sector could be developed further.

3 Methodology

This thesis is aiming at a thorough description of the Latvian film sector. For this purpose the approach of the Creative Economy Programme Infrastructure Working Group, which was presented in researching the potential of creative industries for the UK government, will be used. It presents 10 infrastructural conditions which are needed to compete globally (2006). These conditions will be used to explore the current situation of the film sector. The approach outlines main issues of a creative industry and helps to present the results on the subject in the structured way. It analyzes the infrastructure from ten main perspectives:

1. The existence of the world class High profile cultural and built infrastructure – cinemas, film halls, theaters, big production studios, film laboratories. The wider the range of this infrastructure is the greater is the range of creative opportunities.
2. A wide range of the film industry specialist support services: investment programs, government financial support, international funding, high quality network initiatives, legal aspects.
3. A wide range of specialist and accessible facilities for the film industry: human and technical resources. Crucial is affordability and accessibility.
4. A strong and specialized Higher education sector: the quality and quantity of study programs within the film sector.

5. An innovative further and school education sector plus a strong informal learning sector: availability of further education, experience exchange programs, workshops, seminars, conferences, as well as special programs for schools.
6. Spaces for convergence and connectivity: places where filmmakers can meet, exchange ideas and build relationships: e.g. film festivals, unions, special events.
7. Global partnership and trade initiatives: co-productions and foreign film production in Latvia.
8. Diversity advantage: diverse production, availability of diverse film products to the viewer.
9. Strong spaces of cultural consumption connecting spaces of production: the distribution system.
10. Cultural infrastructure at the centre: how film production brings value through consumption of goods and services to other industries and the economy.

The Thesis will consist of the analysis of the Latvian film industry according to above mentioned criteria: discussion of each aspect will include an overview of facts and figures, outlining the main advantages and disadvantages of Latvia as a place in the context of discussed subject and making conclusion based on the empirical evidences and the comparison with the other countries.

In case some discrepancy in information/estimation or interpretation appears, the author presents several views on the issue, but outlines which source is considered to be more reliable.

To gain the objective evaluation of the film infrastructure both primary and secondary data is used.

Primary data include the interviews with eight industry experts - the major film sector institutional players, each representing a particular union, organization or activity in the film sector. Namely, the director of the National Film Center Ilze Gailite-Holmberga, the representative of Latvia in “Eurimages” Andrejs Apsitis, the chair of the filmmakers union Ieva Romanova, the head of the film expert commission in the State Culture Capital Foundation Peteris Krilovs, the head of the department of Film, TV and Theater Art of Academy of Culture Inga Perkone - Redovica, the president of the Latvian Guild of Cinematographers Gints Berzins, the founder of the Riga Film Museum and the film expert Agris Redovics, the director of the “Media Desk” Latvia Lelda Ozola. These experts outline the main trends and issues of the film sector, give their expertise in particular subjects and provide their opinion of what should be done within the film industry to develop it further (interview questions are available in Appendix 1).

Additionally, the questionnaire (Appendix 2) is given to the people tightly connected with the film sector: producers, directors, film students, policy makers, etc. The questionnaire consists of three main sections each concentrating on the particular issue. First section asks to evaluate current situation for the particular issues of the film sector using Likert scale from 1 till 7, where 1 means “absolutely not developed”, 7 means “perfectly developed” and N stands for no opinion. Second and third sections are aimed on finding out what is filmmakers’ community opinion of what should be done in order to make more national films and to attract foreigners to make more films in Latvia: industry participants have to prioritize given options. This method is used in order to find out what are the most important and crucial issues for filmmakers and how they differ for improving domestic market production and attracting foreign companies production to Latvia. The data gained is proceeded with SPSS. The results on the first section will be presented in description of 10 infrastructural conditions at the time the particular point is discussed. The results from section two and three will be used in the suggestion part while discussing the perspectives of the industry.

Responses for the questionnaire are gathered through the Latvian Filmmakers Union network (e-mails), as well as handing it in personally in the National Film Center. The sample consists of 54 observations. This amount is reasonable for the research as the whole community of filmmakers approximate estimate is around 300 people in Latvia (Ilze Gailite-Holmberga, 2007). Moreover, the sample is enough representative: there are 26 females and 28 males: 11 film students, 31 filmmaker and 12 organization/union or fund representatives. 20,4% of the sample is 18-24 years old, 27,8% are 25-35 years old, 33,3% are 36-50, 16,7% are 51-63 years old and 1,9% is 65+.

Secondary data includes information from the websites from several main film institutions like the National Film Center, the Culture Capital Foundation, the Latvian Filmmakers unions, etc. The thesis is based on the statistical information from the booklets of the National Film Center, as well as relevant publications on the topic and statistical data gained during the interviews.

4 Latvian Film Sector History

The Latvian film sector history goes back to 1896 when the first cinema show in Riga happened. It took more than 20 years till the first Latvian feature film “I went to the war” directed by Vilis Seglins appeared. Then in 1923 the cinema “Splendid Palace” (now still working cinema “Riga”) was opened, and that time it was the most pompous cinema in the Baltic States (Latfilma, 2007).

The first color film in Latvia the documentary "Soviet Latvia" received The Special Prize of Jury at Cannes International Film Festival. In 1963 the construction of the Riga Film Studio (1890 m2) was completed (Latfilma, 2007). It had remained one of the biggest film studios of the Soviet Union with yearly capacity of 15 feature films and more than 1000 people employed. Around 125 films were made during period 1962-1990 in its premises, among them such famous Latvian films like the films of Aleksandrs Leimanis "Vella kalpi", Gunars Piesis – "Pūt, vējiņi!", "Sprīdītis" un "Maija un Paija", Janis Streics – "Limuzīns Jāņu nakts krāsā"; and also "Nāves ēnā", "Salna pavasarī", "Purva bridējs", "Ceplis", "Pie bagātās kundzes”(Rigas Kinostudija, 2007).

In 1977 the forerunner of "European Documentary Film Symposium" which still takes place bi-annually in Latvia, the theoretical documentary film symposium in Riga was founded. The first International Film Forum „Arsenals” (currently a biennial event) took place in 1986 (Freidenbergs, 2004, 9).

In 1989 Juris Podnieks produced an impressive chronicle on the agony of the Soviet Empire "Hello, Do you Hear Us?". About nine million people watched this documentary in the cinema theaters in the course of five months. It was a turning point in the history of Latvian documentaries (Latfilma, 2007).

In 1990 the Academy of Culture was founded giving the chance to acquire the professional education in filmmaking for the first time in Latvia. Further years bring important rewards for Latvian filmmakers: in 1990 the documentary "Crossroad Street" by Ivars Seleckis received "Felix", the prestigious prize of the European Cinema, in 1995 the puppet animation film "Let’s Fly" (director Nile Skapans) received Crystal Bear for the best children short at the 18th International children’s Film Festival in Berlin (Latfilma, 2007).

In 2000 the cooperation and promotion platform of all three Baltic countries was established in order to promote and represent films from Estonia, Latvia and Lithuania on different film festivals and international events. Latvia has joined co-production fund “Eurimages” in 2001 and “Media Plus”, the EU audiovisual support program, in 2002. In year

2003 first and the only at the moment multiplex cinema was opened in Riga with around 3000 seats and 14 screens (Freidenbergs, 2004, 9-10).

5 Latvian Film Sector Infrastructure

This section of the thesis will contain the analysis of the Latvian film industry from 10 perspectives. It presents facts and figures about each issue, expert opinion on the subject, results of the questionnaire on the particular point, comparison and best practices of different countries in the discussed area.

5.1 High profile cultural and built infrastructure

Talking about the high profile built infrastructure in Latvia we can mention three main areas of interest: the existence of film studios (high profile production facilities), the existence of a film development laboratory (high profile post-production facilities), and the existence of classical and multiplex cinemas (high profile distribution facilities).

Film studios

There are two major studios with shooting pavilions in Latvia. First is the Riga Film Studio – the old studio from the Soviet times with 3 big pavilions (Rigas Kinostudija, 2007), which was the biggest film studio in the Northern Europe during the Soviet period. Nowadays, this studio premises are mostly used shooting TV shows, there has been no major film projects held since 2003 in its premises. All of possible rentable premises of the studio are rented both by film companies like animation studios, some creative unions, as well as by the commercial sector (Matisa, 2 Apr. 2006).

31% of the shares of the Riga Film Studio belongs to the Ministry of Culture of Latvia and that deprives studio of participating in the competition for the EU financing (government should have less than 25% of shares in the company in order to be able to compete for the EU money). The ministry of Culture is not planning to invest in Riga Film Studio money at the moment, as it sees financing of the film production as a bigger priority for now (Matisa, 2 Apr. 2006). However, recent decision of government to sell 7% of its shares of Riga Film Studio (Latvijas Vestnesis, 2006) shows the interest of giving the possibility for studio to attract EU funds and reinforce its activity.

There are different opinions concerning the need of the reinforcement of the studio. Agris Redovics considers that there is no sense in rebuilding the studio as there is no need in it any more (2007). Ieva Romanova sees positively the development of studio and the creation of producers' team there (2007). At the moment if we talk about the development of the studio exactly for the film production, there are three main issues to consider: first of all, a huge investment is needed to buy and install new up-to-date technologies in the studio. Secondly, to make the studio work for the film production lots of professional human resources are needed, the availability of which is a big problem in Latvia, which will be discussed further. Thirdly, the Latvian film production is not big and typically low budget, so a modern film studio is not affordable for the local filmmakers. There should be lots of location marketing to attract foreign ones and provide process continuation, otherwise it makes no economic sense to run the production at all. So the development of the Riga Film studio and further work for the film production is doubtful at the moment.

The second film studio is Cinevilla – a newly built smaller studio in Jurmala providing open air film sets with around 150 ha of which 15 ha are covered with large scale film sets. Cinevilla has some technical equipment, 2 pavilions and a modern sound studio (Cinevilla, 2007). These studio's open air film sets were built for the needs of the historical drama "Defenders of Riga" and decorations are pretty specific, and it is questionable if they can be used extensively for other projects (Romanova, 2007). However, Cinevilla is a good and unfortunately the only example of the modern film studio in Latvia.

Film laboratory

A film laboratory is needed to develop film material, such as negative and positive, black and white and color, on different film formats (Wikipedia, "Film laboratory", 2007).

Latvia doesn't have a film laboratory, so its films (if shot on film, but not on video) are mostly developed in Russia, Poland, the Czech Republic or Scandinavia. There are well-established co-operation which guarantees rushes developed in 24 hours (Dimisevskis, 2007, 5).

There is a big discussion about necessity of having a film laboratory in Latvia. It could serve all three Baltic countries as well as some other countries. However, there is no clear economic argument for it, as there is no clear evidence that establishing such a laboratory will pay off. The Baltic market is not big enough to give a proper return and turnover, and whether other countries would prefer the Latvian film laboratory over well-known Russian or Scandinavian ones is another open question.

The film industry experts differ in their opinion about the question. Andrejs Apsitis considers that there is no need to have the laboratory as Latvia can ensure film development within 24 hours and having the film laboratory will not pay off (2006). Inga Perkone-Redovica, Gints Berzins and Ieva Romanova see the existence of the film laboratory as some kind of remedy for the Latvian film industry. They think more films will be made and Latvia will be more attractive as a location if we have one here (2007). The idea of the establishment of the film lab had been discussed for lots of years; this year there is a hope for the one to start operating on the Latvian territory (Berzins, 2007).

Cinemas

There is still only one multiplex theatre (a cinema with six or more screens, generally featuring stadium seating and other amenities often not found at smaller movie theaters (Wikipedia, “Multiplex cinema”, 2007)) located in Riga and overall 33 screening places with 48 screens in Latvia. For comparison Lithuania has 4 multiplex cinemas, 55 screening places with 72 screens and Estonia has 2 multiplex, 53 screening places with 67 screens (Baltic Films, 2007). The figures show that the number of cinemas continue to decrease sharply in recent years (Table 1, Appendix 3). Lots of regions in Latvia don’t have cinema theaters at all.

Although the number of cinemas is decreasing, the data gathered by the EU Audiovisual production monitoring agency shows that the cinema attendance in Latvia increased for 22,7% in year 2006 compared to 2005. Our neighbors have even more impressive results: in Lithuania the cinema attendance increased for 50% and in Estonia for 40,2% (DELFI, 23 Feb. 2007).

The National Film Center reports that private investors with the help from distributors and some public funding will soon start to take over those ailing provincial cinemas from the municipalities that currently run them (Dimisevskis, 2007, 7). However, this argument is doubtful as Agris Redovics mentioned having a cinema in the regions doesn’t pay off, so there is no economic reasoning for private investors to build up cinemas (2007). This argument is supported by the tendency that 15 places where films are screened close every year (Table 1, Appendix 3) rather than open. In addition, one of biggest Latvian film critiques Dita Rietuma says that even existing cinemas in Riga like “K-Suns” and “Riga” face some problems and not able to show original films due to some financial problems. The only cinema which experience good attendance rates is “Coca-Cola Plaza” (Spotnet, 2007). This leads to the conclusion that viewers value comfort and choice possibilities within the chosen cinema and most of Latvian cinemas need to be reconstructed in order to be able to propose it.

The problem of cinemas might be two-sided: either there is no interest from Latvian inhabitants to see films on the big screen or no big screens to see the films on. The example of the Czech Republic is pretty interesting to consider in this case: for 10 million inhabitants (4 times more than in Latvia) there are 485 classic cinemas with 496 screens, 29 cinema cafes and 16 multiplexes with 142 screens. The total number of seats is 154,000. More than one hundred cinemas survive in small towns. In addition to that there are around 64 locations hosting private or irregular film screenings, 101 open-air cinemas, as well as traveling cinemas. The

Cinematography Fund has been subsidizing classic cinema refurbishing for years. Different economic results of cinemas in different places make it obvious that the human factor, i.e. cinema management, plays a crucial role (MC of CR, 2005, 39). This means that there might be a problem in Latvia with the cinema going culture what could be the result of the lack of the films people would be interested to see, lack of the good cinemas as well as the wrong cinema management.

Overall, Latvia has only few objects which can be considered as the high profile infrastructure, namely 2 studios, 1 multiplex cinema and some classical cinemas. The development of such infrastructure gives obviously some advantages: having good studios and a film laboratory can raise the interest from the foreign filmmakers; having more modern cinemas provide bigger possibilities of distribution and creation of the special cinema going culture. It is worth mentioning that it is doubtful such objects will appear thanks to the state financing in upcoming years, so it is in hands of private investors (both local and foreign) to build up these infrastructure in Latvia. Last events show that there is an interest from private investors' side to build such objects, however, only in Riga at the moment: for instance, company Cinamon who possesses three multiplex cinemas in Lithuania is going to build a multiplex cinema in shopping mal "ALFA" in Riga (Delfi, 8 March 2007).

5.2 Support

Financially, local Latvian production can not make a return on the monetary investment due to its small market and the lack of the efficient technical infrastructure (Dimisevskis, 2007, 6). So the financial support for the local filmmakers is a crucial issue to consider. Typically there are 4 forms of how a film production process is financed: public funding, funding by different organizations like "Eurimages", "Media", etc., TV financing or co-production of projects, as well as private investment. The following section will overview what kind of support is available in Latvia.

Public Financing

There are two possibilities to apply for state money for the filmmaking in Latvia:
1) The National Film Centre of Latvia (further NFC) – the financing comes from the state budget through the Ministry of Culture. The project competition is announced once a year. The financing is allocated on the basis of project quality. Expert committees, three persons in each branch – feature films, animations, documentaries, other film branch related projects (festivals, film museum, etc.) take the decisions. The experts are not regular staff of the Centre; they are the film business representatives appointed by the strategic board of the NFC. However, they should not have any interests in any of the projects submitted for the competition (Latfilma, 2007).
2) The Culture Capital Foundation of Latvia – the financing comes from the excise tax on alcohol, tobacco and gambling. The project competitions are announced 4 times a year. There is an expert committee consisting of 7 professionals that takes the decisions (Latfilma, 2007).

As we can see from the Table 2 in the Appendix 3, state financing has been increasing last years. Most of experts consider this to be a positive tendency and that is gives a hope that more and more money will be given for the film production. Still in the reality we can see that such funding is still very little, as in fact it allows making only one average budget feature film (Redovics, 2007). If we calculate the real increase in the financing, we see quite interesting results. The overall increase in the support for the film industry is 8,8% in 2006 and 6,4% in 2007. If we take into consideration that the average Latvian inflation in 2006 was 6,5% and this year prognosis is around 5-7% (Vaikulis, 2006), the real increase in the financing can hardly cover the inflation. In other words, the financing is almost on the same level.

In year 2006 3 fiction films, 6 long animation films and 3 short animation films as well as 9 documentaries were finished with the state support (Matisa, 4 Jan. 2007). Those were the projects supported by the NFC, but not entirely financed by it. As we can see from theGraph 1 in the Appendix 3 from EUR 3,367,003 which were spent on the completion of the films in 2006, the NFC contributed only 37% (1,250,953 euros).

Year 2007 figures of dividing the financing for the film production by the National Film Center are pretty much descriptive of the current situation. Altogether for the state support from the NFC candidates 92 projects: 28 fiction films, 42 documentaries and 22 animations. There should have been more 4 million LVL available to meet the demand, however, there are only 1,017 million available for that purpose (roughly ¼). According to estimates, it is possible to support 3-4 fiction films, as there are only LVL 635,700 available for features and LVL 135,000 for feature co-productions.

To produce 25 documentaries there is a need for LVL 313,000, but there are only LVL 167,400 available. The biggest part of the documentaries also candidate for money from the Culture Capital Foundation (LVL 70,000). The strategy of the CCF with documentary films is to finance valuable documentary films which don't get enough financing from the National Film Centre (Krilovs, 2007). Among all candidates for money from the NFC there are also 6 documentary co-productions, which will divide LVL 41,400 among themselves.

The demand from the animation side is 846,465 LVL, the money available – LVL 213,900 (1/4). The worst situation is with the animation co-productions. In civilized countries animation film budgets are so huge, that it is impossible to be friends with no money. However, this is impossible without the proper financing, and the current budget doesn't provide one. The animation co-production budget is LVL 52,900 for demanded at least LVL 315,260 (Matisa, 1 March 2007).

The expert of the National Film Center Agris Redovics who is in the committee for dividing money, says: "Last years we tried to give money to the ones who had already started making a film, so that they could finish it. Financing those projects, we often had to refuse funding good, promising projects, just because we don't have enough money (2007)".

Inga Gailite-Holmberga adds that "the previous year policy was to give at least some small support for small projects. Starting from this year the priority is not to split money that much – give more money for less projects. Like this some big projects can be completed. The NFC introduced the point system: we evaluate projects giving the points. More points one can get, for instance, for arranged distribution or better planning. We are interested to promote stronger companies (2007)".

So the main conclusion is that the money given by the state for the film production are not enough to cover the existing demand for it, what in a way is the same in every country; that is why the selection of the best projects for existing funds happen. However, in Latvia there are often trade offs between giving money to lots of cheap projects rather than some more expensive ones or supporting finishing old ones rather than giving money for the new projects, what proves that the financing is not enough to support all good projects.

The second big issue of the support system was outlined by Ieva Romanova during the interview. The state budget is planned in the short-term, but it is hard to make any forecasts for the short term in the film sector. The competition for the money can be announced only after the budget is accepted, and that is too late and not convenient for the film production. The other thing is the budget for the film industry is a changing number, so there is no clear vision what amount of money the film production will be given next year (2007).

The State Culture Capital Foundation provides the financing for short films, documentary films, experimental films and educational films. It is not big financing, but pretty important one. For instance, the film education in the Academy of Culture can only be improved thanks to the CCF. As the Academy doesn't have any budget for the educational work as such, it can get it from only from the CCF support (Krilovs, 2007).

As we can see from the Table 3 in the Appendix 3, the overall support of the Culture Capital Foundation for the film industry is on the same level during several years (around 255,000 LVL yearly). The figures show that money given for the film industry increased for 10% in 2003, decreased for 7,3% in 2004, increased for 6,1% in 2005 and decreased for 2,5% in 2006. If we calculate the real support taking into consideration the inflation, we will see almost no increase or decrease yearly.

The survey shows that the Latvian film industry participants evaluate the state financing negatively with 2,69 on average. What is interesting is that the film students are more optimistic about it and consider it almost average (3,82), the filmmakers are on the contrary rather pessimistic and evaluate it only for 2,19 (Table 12, Appendix 4). This could be explained by the simple fact that the filmmakers experience big struggling for money yearly.

Furthermore, the informative and organizational support of the NFC were evaluated rather average (3,88). The highest evaluation in this question was given by the organization representatives (5,00), the lowest by the filmmakers (3,47). It means that the administrative resource of the film sector appoints more value to the work of the NFC than the filmmakers consider they practically get.

Support Programs

Latvia is a part of the main European support mechanisms for the audiovisual production as European Commission's "MEDIA Plus" and the Council of European "Eurimages" programs. The funding of these two agencies, as well as some others, has provided the audiovisual industry in Latvia with EUR 1.7 million (Dimisevskis, 2007, 9).

MEDIA

There are 2 pockets for the film production in "Media" program: one for the project development and the other for TV broadcasting. Within the project development framework, there is financing of the first stage of development: the idea development and preparation – the stage till the beginning of shooting. The competition for it happens twice a year and it is possible to get 50% of costs. During 5 years of the participation in the program, Latvian companies managed to get EUR 700,000 from this pocket (Table 4, Appendix 3).

4 times per year the TV broadcasting program rewards producers who managed to arrange the selling of the film to at least 5 channels while the film is still in production. Documentaries get 20% of production costs, and fiction 12,5%. There is also a special program for the film distribution: it is made for other European countries distributors in Latvia. They can group and get around 50% from their costs 3 times per year. EUR 137,300 were given by this program in 5 years in Latvia (Table 4, Appendix 3).

Once a year "Media" also sees how much films were distributed, how much viewers hey had and then it is possible to get something for the each viewer – this is so called automatic support program. These money can be used for the new projects only. Latvian companies got EUR 28,885 from this program in 2005 (Table 4, Appendix 3).

The other program of "Media" is for supporting the education. There is a possibility for companies who are interested to organize international courses in Latvia to get some support. However, there haven't been any projects in Latvia so far.

Then there is also the festival support, for instance, for such international festivals as "Baltic Pearl" or "Arsenals". As these festivals are considered to be small ones and they get some fixed amount: Latvian companies got EUR 79,100 for its film festivals in three years (Table 4, Appendix 3).

Another interesting program supports the film promotion. It is made in order to help projects to meet the producers and distributors. This year there is a first project from Latvia: the Baltic Documentary film forum which will happen this autumn (Ozola, 2007).

From 2002-2006 the EU Media program support for projects with Latvia amounted in EUR 1,260,258 (56% for the development (25 projects: 15 Features, 6 documentaries, 3 animation and 1 multimedia), 26% for the production (4 projects: 3 documentaries, 1 animation), 12% for the distribution (25 projects: 21 Features, 4 locations), 6% for festivals (4 festivals)) (Dimisevskis, 2007, 9).

The new program "MEDIA 2007" will provide 755 million EUR for the European film industry in next seven years. Almost 65% of the overall budget will be used in order to help the turnover of European films within the countries and around the world. "MEDIA 2007" program money will be distributed for pre and post production, dividing 755 million investments in 5 main areas:

1) Training (the technique of writing screenplays, economics, financial management (7%));
2) Development (individual projects, catalogues, new talents, co-productions, other financing (20%));
3) Distribution (distributors, sales agents, cinemas, broadcasting organizations (55%));
4) Promotion (access to market, festivals, common events, cultural heritage (9%));

5) Horizontal actions (help little and middle businesses to get to financing and favor the European film distribution on the digital platforms (4%)) (DELFI, 12 Feb. 2006).

The good point about the “Media” program is that the result of whether the project gets money or not depends on the quality of the project; Latvian projects have the possibility to compete with European ones. All decisions are made in Brussels. There are no country quotas: the best one gets the money (Ozola, 2007). So there are all pre-conditions for the Latvian filmmakers to participate and get the support from this organization.

EURIMAGES

“Eurimages” is a fund solely concentrated on co-productions among its member states, aiming to promote the European film industry by encouraging the production and distribution of films and fostering co-operation between professionals. “Eurimages” is an international organization with 32 members, and each member pays a membership fee (Latvia pays 0,2% of Eurimages total budget, for comparison France pays 20% of it). So the budget of the organization is formed from this membership fee. In 2007 “Eurimages” has 20 million euros and 5 sessions to divide the budget. The funding is given to co-productions, where more than 70% of the share belongs to the member of “Eurimages” member countries. On average there are 25 projects per session and around 12 of them get financing. “Eurimages” provides so called gap financing: production shouldn’t be finished at the moment of applying, the distribution of the film should be granted, all partnerships should be arranged. “Eurimages” gives the kind of loan for filmmakers, as soon as film starts earning money back it will have to be paid back. However, the average return is not big, around 6% (Apsitis, 2007).

The support for Latvian co-productions was 5 feature-length films: 3 animations, 2 features have received the funding (Dimisevskis, 2007, 10). The Table 5 in the Appendix 3 shows the financial flows of Latvia in “Eurimages”: Latvia paid 372 thousand euros as a participation fee and received 348 thousand euros back for five of its projects. So financially the participation in “Eurimages” is a zero sum game for Latvia at the moment: Latvia got back for its projects almost the same sum of money it paid in. The interesting note is that Latvia got money for all projects it handed in (5 out of 5) (Apsitis, 2007). “Eurimages” is one of the most accessible ways to finance co-productions for Latvia, as it was mentioned before, the state financing is not enough for that purpose.

According to the survey results, the support of “Eurimages” and “Media” programs were evaluated average however with a positive sign (4,57): the organization representatives again gave higher evaluation of this issue (5,17) than the filmmakers (4,64) or the film students

(3,29). The evaluation of the film students is pretty low, what could possibly be explained by lack of the experience with those support programs.

Other support

European TV channels have become a major contributor to film financing and have sustained the production slates of independent producers (CBS, 2005, 36). However, in Latvia the situation is obviously different. Latvia has 5 national channels. Only two of them are financed additionally by the state, the rest three earn money from advertising (Table 6 Appendix 3). So the budget of the TV is a big problem. In the film law which is supposed to accepted soon, the obligatory national television support to the national film production is also included, however, at the moment due to very little budget of LTV, it is impossible to talk about big sums (Matisa, 4 Jan. 2007).

For comparison, we can have a look on how the Czech cinema is financed. The total Czech state funds for the 20 plus feature films produced last year were a mere 2.5 million euro, and Czech public TV has become a traditional filmmakers' co-producer (Kontos, 2006). The Ministry of Culture of the Czech Republic reported that “in spite of the underfinancing of the film production, the production of feature films rose achieving the highest annual output of the past decade. This was partly the result of appearance of new strong investor for film – TV Nova” (MC of CR, 2005, 1).

Indeed, the financial support provided by the Latvian government and TV is not enough in order to ensure a constant and diverse process of the film production. It is doubtful that the state support can suddenly increase sharply or TV would have more money to invest in the film production, so the other ways of the supporting the national film production should be found. One probable solution is the different European support programs like “Eurimages” or “Media”, which proved to work in Latvia. The main advantage of them is that the financing mainly depends on the quality of the projects and is not limited in terms on one country. The other way of the development of the local production could be by attracting the foreign filmmakers to Latvia, as this would obviously help to earn money for the local filmmakers. Such a possibility will be discussed further.

5.3 Range of specialist and accessible facilities for the film industry

This part is aimed at discussing the technical and human resources of Latvia. As there is no general database in Latvia with the list of all equipment and professionals available, as well as data how many people are employed by the film sector, we will rely mostly on the opinion of the industry experts in this question.

There are different views on how well technically equipped Latvia is. As after regaining of the independence the film industry became a deal of private companies, the data concerning the real technical equipment of Latvia is no longer available in the systemized way, rather the word of mouth and personal network helps to track the right equipment and professionals.

Technical equipment

As it was mentioned before there are two major studios providing the state-of-the-art facilities and around 35 independent production companies offering different kinds of services in the audiovisual industry. Latvia can service an almost complete production cycle, except for the lab work if using a celluloid film (Dimisevskis, 2007, 5).

Agris Redovics considers that there is enough technical equipment to make films in the digital format and edit them, as for shooting on film, then there are certain problems (2007). Gints Berzins agrees that the technical stock is enough for the running projects; it is possible to find cameras and lights (2007).

Inga Perkone-Redovica admits that the video/digital production is quite developed. However, there is not enough 35mm film production; there is not enough equipment for that (2007).

Ilze Gailite-Holmberg states that our technical infrastructure is rather average. It is worse than in Lithuania, where they managed to develop a good infrastructure serving the foreign production (2007). This view is confirmed with the survey results: the technical stock of Latvia got quite an average evaluation of just 3,81 (Table 12, Appendix 3).

Human Resources

The human resources is one of the biggest issues of the film industry. There are two major problems outlined by most of the experts: first is that there are not enough specialists available as it is not possible to ensure the film production process continuation. People can’t sit and wait for the job, as it seems to be seasonal, so they leave to work in other spheres (Berzins, 2007). The survey shows that the financial incentives to make films in Latvia are considered to be pretty low (2,75) (Table 12, Appendix 4), so obviously the filmmakers look for other ways to earn money. This leads to another problem: they start making films as a hobby rather than as work and then the professionalism disappears (Perkone-Redovica, 2007).

In principle, Latvia can ensure the whole cycle of production for 2-3 films, as there are lots of contacts with foreign colleagues, for instance, Lithuanians and Estonians often come to help. However, we don’t have ourselves lots of professionals in the specific areas (Romanova, 2007). Usually there are just few professionals available for each specialization and there is a queue after them (Gailite-Holmberga, 2007). The survey shows that the availability of the professionals is rather average (4,30). The film students evaluated it the lowest with 3,64 and the filmmakers and the organization representatives higher with 4,47 and 4,50 respectively. That supports expert opinion that there are professionals available, but those are quite few.

Second issue outlined by all experts is that Latvia lacks assistants in different film production spheres. Ginsts Bezins says: “The biggest problem I see with the Latvian film infrastructure is that there are no good assistants: no director assistants, no light assistants, no camera assistants. There are almost no assistants at all. And that is a very crucial problem for big projects (2007).” According to the results of the questionnaire, the availability of the assistants was evaluated lower than availability of professionals with 3,21 (Table 12, Appendix 4).

Most of the specialists in the film industry are older people. As there is no process continuation, there is no natural change of generations. There is a big interest from young generation to study film, but the professionals grow through practical experience, and as there is no constant work, people quit. Experts believe that until people would be able to realize themselves in films, in real practical work, they can’t become professionals. For instance, in Latvia there is a big problem with screenplay writers. Not enough attention is paid to it and there is no regular cooperation. And then it happens that the directors try to write screenplays, producers to direct and so on (Romanova, 2007).

Overall, Latvian film sector is considered to be a small community, where everyone knows everyone, what kind of equipment is possible to get and where. As there are no constant process of making films, it seems sometimes hard to clearly define who is a professional filmmaker in Latvia, as some people are forced to earn money with TV and advertising and make films as a hobby rather than profession. The good database availability, where all projects, available equipment and human resources would be registered, could help to organize the process better, as, how Ieva Romanova admitted, now companies are too separated in their activities and one company can hardly know what the other is doing: which equipment from it and professionals are available (2007). Moreover, as one of Latvian producers Gatis Upmalis mentioned, if at least 5-6 feature films would be made yearly, then administrative and creative personnel would be busy all year long (Slisans, 2007, N47) and the problem of people quitting because of the lack of the work will be solved.

The interest of the young generation in making films is a good pre-condition for the film labor market development. With the increase of the film production possibilities, the need to have professionals in different fields will increase. A good example is a light company who is bringing up new professionals for the market in Latvia at the moment (Slisans, 2007, N47). And this proves that as the film market will develop, the problem of the lack of the professionals will be solved by companies who will be coming and teaching professionals in order to meet the demand.

5.4 Higher Education Sector

In order to get educated professionals and ensure some kind of a natural generation change, the education is one of the most crucial issues. In this part we will have an overview on the higher education possibilities for the filmmakers.

Latvian Academy of Culture

In Latvia Higher education in the film production is possible to get only in the Academy of Culture on the faculty of Film, TV and Theatre Arts. There are bachelor courses for cinematographers, film directors, screenplay writers and film theory once in four years. This year the academy will have first graduates in the master program for the film directors. There were only one bachelor course of the film directors 13 years ago and now they are planning to have another one after 2 years. This year there will be a graduation course of the cameramen with around 16 people finishing their 3 year study program.

According to Inga Perkone Redovica, who is the head of the film faculty, there is one main problem with the Latvian film education. The Academy of Culture currently provides an academic education, and it is professional education system what would suit these programs the most. The academic education has very strict rules: for instance, there should be only 20 hours per week of studies, no practice is planned. And film students can actually make a lot of practical work, and it is even possible to say that they are overloaded too much at the moment, what is ‘against the law’.

Having the system of the professional education could benefit the faculty also in another way: the costs would be calculated differently. The technical equipment of the academy now is mainly renewed through winning the competitions for financing from the Culture Capital Foundation. There is no money given for it from the state budget in the direct way. So the change for the professional education could improve the situation.

Another issue is that nowadays everyone in the academy gets the same diploma, and it is not written there whether you are a cameraman or a director or a screenplay writer – it is just the bachelor of human science. With the professional education system implementation, graduates would get a professional education diploma, which confirms that they are the film cinematographers, directors, etc.

The program for changing from academic to professional system has been prepared, however, it hasn't been handed in yet. The reason is that there are rumors that the division between academic and professional education will be cancelled soon, so the question remains unclear at the moment.

Overall, the idea is to create the conditions so that students could feel the process during their studies. There is a good cooperation with studios for that, for instance, as there is not enough good sound equipment in the academy, there is a cooperation with Jura Podnieka Studio and students can come and work together there. Sometimes studios even ask to send students for practice, especially when they are shooting such big films like "Defenders of Riga" (Krilovs, 2007). There are also some master classes for students which happen regularly in cooperation with different countries like Germany, Denmark, etc. (Perkone-Redovica, 2007).

Inga Perkone-Redovica admitted that there is enough digital video equipment, and students are prepared to shoot on video, however, due to the lack of the equipment and the film laboratory there is a problem with shooting on film (2007).

What refers to cooperation with high schools and information about different possibilities for students, Inga Perkone-Redova states that "there is sometimes even too much of it: too much of proposals and information. Everyday some new proposal comes, and it turns also in some kind of routine and you even stop paying attention to it. But overall, every week students can go to some festival if they want. I think that information is available; the other thing is how to get on with it (2007)".

During the interview it was stated that the mainstream of the Latvian film sector now are the graduates of the academy. The majority of them work in advertising and TV. The ones who studied the film theory mostly are involved in the organizational sphere: production or administration. There are some exceptions; however, most of the graduates are connected with the film industry (Perkone-Redovica, 2007).

There are different opinions about the quality of education. The survey shows that the education in the Academy of Culture is estimated lower than average (3,32) (Table 12, Appendix 4). According to Ilze Gailite-Holmberga, the education provided by the academy is not internationally competitive (2007). It is also possible to say that it could be both plus and minus that the Academy of Culture doesn't have yearly graduates of all needed professions for the film production. The advantage is because the competition for entering the film faculty is big enough to ensure that the most talented people get in. The drawback of such a system is that it could be one of the reasons why Latvia lacks professionals: there are just not enough possibilities to study. The bigger amount of graduates would create the bigger competition on the labor market and could increase the level and quality of the film production. And the solution in face of the Baltic Films and Media School as well as other film schools which are accessible for Latvians is one step of resolving the problem.

Baltic Films and Media School

The idea of a common Baltic film education was spearheaded by the cooperation platform Baltic Films. This initiative, supported by three Baltic governments and the Danish based Nordic-Baltic Film Fund, was met with success and an internationally competitive education for Baltic film professionals became a reality. In 2006, under the auspices of the Tallinn University, the Baltic Films and Media School (BFMS) opened its doors to the first round of candidates (Dimisevskis, 2007, 7).

11 students from Latvia were accepted in the new Baltic Film and Media School last year. The School proposes a 2 year professional master education in such specializations as producer, film director and operator. To cover the tuition for studies students will be able to apply for the Culture Capital Foundation scholarship amounting 15 thousand LVL (BNS, 2006). The Baltic Films and Media School seems to be a promising project which could possibly provide all three countries with the competitive international film education. At the moment it is hard to evaluate it, as it is only on the first year of its activities and no results are available so far.

5.5 Additional and informal learning sector

As the film industry is characterized with fast growth and continuous technological change, the availability of further education and development programs, courses, seminars and workshops is the crucial factor of keeping the competitiveness and professionalism of the local filmmakers. Thus, this part of the thesis is concerned with further or additional education opportunities for the industry participants.

Another issue is so called audience development programs. Those programs could help to raise interest and awareness about the film sector and identify a positive career path opportunities within the film industry.

Additional training for professionals

As it was stated by most of the industry experts there are pretty often some workshops and different trainings available in Latvia. There are some professional guilds and unions, which organize seminars and workshops, where people can meet each other and exchange the experience. For instance, in the cinematographers' guild they meet once a month for some event (Berzins, 2007). Animators get trained regularly. The NFC states that there are short courses available for professionals abroad, and they also organize some seminars and workshops regularly in Latvia (Gailite-Holmberga, 2007). The “Media” provides the funding for trainings abroad: around 20 professionals use its programs every year (Ozola, 2007).

Overall, it is possible to say that different additional education opportunities exist in Latvia and abroad. However, it could be also stated that there might exist some problem with quality and applicability of that additional education, as the survey showed, the industry participants evaluate conferences, workshops and seminars lower than average just with 3,61. However, information availability on different opportunities was estimated higher with 4,35 on average (Table 12, Appendix 4).

Audience development

Talking about special educational programs, there is an educational project for introducing and popularizing Latvian films in schools. It includes theoretical knowledge about the film history and development, as well as practical information, including trips to the Riga Motion Studio, the Riga Film Museum, film studios, where it would be possible to see the film production in process. This program was developed by JAR STUDIO whose aim is to support and promote different cultural events (JAR Studio). There are no data available of how successful was the project, however, such initiative can be evaluated only positively, as it can bring long-term valuable results of audience development.

Riga municipality is also interested in it and even provided LVL 12,500 for documentary films demonstration within the project “Socially Educational set of documentaries for school students”. The aim of the project was to broaden the vision of youngsters, talk about important topics and popularize documentary films (LETA, 23 Feb. 2006).

As we can see, there are certain attempts to popularize the national cinematography among youngsters. How actively these programs are used depends on the initiative and information availability for schools and interest of youngsters. Still the overall attempts to educate and inform about the national film production is a positive step towards growing the audience who would be interested to see national films.

5.6 Spaces for convergence and connectivity

Experience exchange and networking is a very important feature to succeed in different project development and cooperation. There are special places and events, which gather filmmakers like film festivals, symposiums, trainings. We will have a closer look on which events and places are available in Latvia for connectivity.

Film festivals

Having international festivals is a good possibility of networking and gaining experience, as how, for instance, the Czech Republic experience shows there are hundreds of accompanying workshops, discussions, seminars, meeting with guests, exhibition and social events happening around 50 film festivals in the Czech Republic with over 20, 000 registered guests, of which more than 2,000 foreign authors, film professionals and journalists; and at least 600,000 spectators (MC of CR, 2005, 22).

International and national film festivals are one of biggest events for the filmmakers in Latvia. There are quite few of them: International Film Forum “Arsenals” takes place every other year (even years) in September – October, International Animation Film Festival “Bimini” takes place every year in April, National Film Festival “Lielais Kristaps” takes place every other year (odd years), International Film Actors Festival “The Baltic Pearl” takes place every year in September, International Children’s Film Festival Berimor’s Cinema and Youth Film Festival 2ANNAS (Latfilma, 2007). 5 of these film festivals even united in order to better coordinate their activities and increase the prestige of the Latvian Film festivals on the international level (Delfi, 16 Aug. 2006).

Additionally, also foreign festivals provide possibilities for networking. Yearly Latvian films participate in around 160-180 film festivals. However, of course, not every time there is a possibility for filmmakers to go to the festival, as those are happening all year round in different countries around the world. Still there are usually representatives from Latvia on most of the biggest European festivals like, e.g. Berliane or IDFA.

Organizations

The audiovisual production in Latvia is represented and supported by a number of professional and cultural organizations such as the Filmmakers Union of Latvia, the Latvian Film Producers Association, the Latvian Guild of Cinematographers and the Latvian State Archive of Audiovisual Documents (Dimisevskis, 2007, 12-13), which are also the places of connectivity. One of the biggest networking places is the Latvian Filmmakers union, which has around 300 members. The union represents them and their interests, making conferences, giving information about different projects. They organize some kind of event – lectures, informational sessions – twice a month. The Filmmakers union work together with the NFC in order to develop the film sector in Latvia and protect the rights of its members. For instance, some of its members are not paid for the work done and the union should be able to deal with those problems. The filmmakers union has some regular meetings once in 3 months to discuss the problems of film production as well (Romanova, 2007).

The union is also the working place for some free-license filmmakers; it gives all kinds of different references upon request and keeps track of the work done by its members. It tries to be the kind of the center for filmmakers and their activities; filmmakers can use its premises and get help and consultation. The union is also the member of several organizations and represents its members in such organizations as the Federation of European Film Directors, The Council of the Creative Unions of Latvia, the Confederation of the Filmmakers' Unions of CIS, Latvia, Estonia and Lithuania (Romanova, 2007).

Other places

There is another event which is a place for connectivity and experience exchange: the European Documentary Film Symposium, which takes place every other year (odd years) in September. This event is gathering documentary film theorists and filmmakers in order to analyze the trends of development and leading problems of this art form (Latfilma, 2007).

In addition, the best places where international contacts are made are those educational programs abroad, where people get a chance to meet each over and work on different projects. Such contacts results in valuable cooperation (Ozola, 2007). As it was mentioned before the Latvian filmmakers have a chance to participate in those programs thanks to support of “Media” program.

Overall, it is possible to say that there are quite few places for the filmmakers to meet and exchange experience. Having more of big international events like film festivals could gather more international experts and professionals. These events will be useful, if they would be accompanied with workshops and guest lectures given by famous film directors and other professionals.

5.7 Global partnership and trade initiatives

Talking about global partnership and trade initiatives there are two main issues to consider: co-productions and the possibility of making some part of production in Latvia (shooting some piece of the film here or hiring local companies for producing the part of the film, e.g. part of animation).

Co-productions

Co-productions benefit Latvian filmmakers not only in the way that they get the work, bigger budgets and more professionals, but also as they double/triple their audience and get possibility to experience and learn making international production. To become a co-producer of some project, the one should be able to cover around 10% of production costs. Co-productions also give a possibility to distribute films made in Latvia in the other countries and that is a very crucial factor, as the domestic market is extremely small.

Latvia is a part of the European co-production convention ensuring equal treatment for European co-producers wanting to produce in Latvia. From a single co-produced project in 2002 Latvia moved to projected 9 films to be released in the year 2007 (2002-1, 2003-2, 2004-4, 2005-3, 2006-6, 2007-9). What, in part, contributes to this growing number of co-productions is the lower budget for films or the parts of the projects made in Latvia (Dimisevskis, 2007, 11).

Some Latvian co-productions turn out to be pretty successful: for instance, the animation studio RIJA together with Estonian studio “Eesti Joonisfilm” is nominated by the European animation film association “Cartoon” for prize of best European animation film production for their last work “Lotte from Gadgetville” (DELFI, 27 Jan. 2007). This animation had already around 15 thousand viewers in Latvia and was shown in the competition program on the A class festival in Berlin. (Matisa, 4 Jan. 2007).

As most of the countries can’t afford to finance big projects, the tendency that the projects get financing from European co-production funds develops more and more alone (Redovics, 2007). However, Latvian film industry participants consider that co-productions in Latvia are developed lower than average (3,49) (Table 12, Appendix 4). How it was stated before the small state support makes it hard to attract valuable co-productions here, as Latvian companies can’t co-invest even the small part of the project (Gailite-Holmberga, 2007). Still the membership in “Eurimages” which solely concentrates on the co-production funding is a good pre-condition for the development of big projects and creating valuable cooperation, what was already successfully done by Latvian animators.

Foreign productions in Latvia

Making a country an attractive location to shoot for foreign companies is one of the biggest interests of most European countries, as this brings money inflow in the country in the way of taxes, income for hotels, production studios, serving people, etc. This also gives a chance for the companies to earn money and spend them on development of own projects, equipment and people.

The foreign practice proves that serving foreign companies can greatly benefit the country. The perfect example of it is the Czech Republic: services provided to the foreign film and TV production companies are financially very important there. Together with the production of the advertising spots, their turnover is many times higher that that of the domestic film production (MC of CR, 2005, 1).

There is a pretty controversial opinion about Latvia as a location for making films. Some experts consider it is cheaper here than in Europe, we have nice locations, good architecture (Krilovs, 2007) and pure nature (Ozola, 2007), but on contrary some of them consider that Latvia is not able to provide value for money: labor force prices here reach European ones and such locations as in Latvia can be also found in Russia, Poland and other Eastern Europe (Berzins, 2007). Peteris Krilovs stated that having two big projects at Latvia at a time would be a disaster, as we don't have enough specialists and technical equipment for that (2007). Andrejs Apsitis agrees that Latvia is not cost friendly country for filmmaking. In the Czech Republic the costs are 3 times lower and you can come there with just one traveling bag. If one wants to make a film in Latvia, they have to come with lots of his own people and equipment. For instance, we don't have steady camera equipment in Latvia (Apsitis, 2007).

The director of the National Film Center Ilze Gailite-Holmberga considers that for attracting foreign companies in Latvia the marketing of the place should be done (2007). The survey shows that currently the film industry participants evaluate location marketing just with 2,88 on average, the lowest evaluation on this point was given by different organization representatives – just 2,30 (Table 12, Appendix 4). This is an interesting observation, as those organizations are the ones who should be in charge of location marketing. So the improvement of this issue is basically in their competence.

Furthermore, tax incentives are a big issue and motivation factor for the film production. Even the US, which remains of the biggest film producers, has already started to introduce their tax incentives strategy to the different states of America. They are doing that mainly to prevent lots of American productions simply leave, because of high costs in the USA. Those productions choose Canada, Eastern Europe, South America- the countries that provide tax incentives. For example, in New York, when not only state tax incentives, but also city tax incentives were applied, shootings have increased by 57%, that is additional 300 mln USD. Coming back to Europe, quite few countries provide tax incentives: Hungary, Belgium, Ireland, Luxembourg, Malta, the UK. Hungary introduced tax incentives only last year. The results speak for themselves: in terms of the local productions they are expecting to shoot at least 10 films this year as compared to 1-2 films per year before the tax incentives program (Skikas, 2006).The Czech Republic being one of the major European film production points also considers introducing tax incentives being afraid to lose the market (MC of CR, 2005, 6).

At the moment there are no tax incentives for international production companies willing to produce in Latvia. Some steps are being taken by the Ministry of Culture to investigate the possibility of such a scheme within the tax system of Latvia. A preliminary study has been produced by the international consultancy firm KPMG (Dimisevskis, 2007, 8).

Unfortunately, the research of KPMG shows that the Latvian tax system doesn't allow anything like this. However, in the film law (which hopefully could be accepted this year) there is a scheme, which ensures support to the producers who will work in cooperation with the local film studios (Matisa, 4 Jan. 2007).

This is highly unlikely that suddenly the state financing will increase for 30% yearly or we will have 10% for big European co-productions. It is feasible to try to find the issues to attract the foreign filmmakers to come here and make films. This will help to grow professionals and update technical stock of the local companies. And the more national films will be made (Ozola, 2007).

5.8 Diversity advantage

This part is aimed at discussing the diversity of the Latvian audiovisual production, namely, what is produced in Latvia and what is available for Latvian viewers.

The Table 7 in the Appendix 3 shows what kinds of films have been produced in Latvia in recent years. There were around 3,4 feature films premiere in last five years. This year it is expected to have 7. However, this is not necessarily connected with the increase of the film production financing, most of those 7 films mostly were made during several years, for instance, "Defenders of Riga", which is financed already for 5 years (Redovics, 2007).The survey shows that the industry participants see the feature film production pretty underdeveloped, giving it only 2,88 on average (Table 12, Appendix 4). In Denmark, which can be compared to Latvia with regard to population and market, they produce around 20 feature films per year, as well as lots of short films and documetaries. However, we should mention that there are also appropriate money available for it – 40 million EUR (Slisans, 2007, N40).

The biggest part of the Latvian film production is documentaries. There could be two reasons for that: we have good tradition of making documentaries and have talent for them and/or those films are just cheaper to make as you can be rather creative with means of production. The survey shows that theLatvian documentary production is considered to be developed better than average (4,98) (Table 12, Appendix 4). Still only around 15 documentaries are made every year (Table 7, Appendix 3), which is really little figure, if we compare to successful Czechs with 460 documentaries in 2004. It is possible there because the key partner of independent documentary makers is the Czech television, which not only produces its own documentaries, but also co-produces, commissions or buys ones of others (MC of CR, 2005, 31). But that also means that Czech viewers are interested to watch national documentaries, otherwise it is doubtful TV would invest in making them. In a meanwhile, LTV also started to show Latvian documentaries every Saturday and they report that ratings are pretty high (Gailite-Holmberga, 2007). This could be a push for the Latvian television to produce own documentaries, co-invest or buy the national production.

Animation has been the best export product of the Latvian audiovisual industry. The capacity of the animation work in Latvia is estimated at approximately 60 minutes per month (Dimisevkis, 2007, 6). Latvian animation production got the highest evaluation (5,51) (Table 12, Appendix 4).There are all professional conditions for Latvian animators to become equal partners in the European context and there are lots of examples of successful cooperation (Apsitis, 2007). As it was mentioned before some of Latvian animations are available on DVDs and broadcasted. It is even possible to say that Latvian animation is the most recognized product of the audiovisual production.

Talking about diversity, we should also pay attention to which films are available for public. Latvia mostly experience USA and European film premieres. The Latvian film premieres account for 0,02% on average from all films premiere in years 2000-2006 (Table 8, Appendix 3). From 6,904,099 admissions in year 2006 only 0,006% (25,839) were accounted for the Latvian premieres (Table 9, Appendix 3). The interesting question is whether there is no diversity of local films and that’s why people don’t go to them or people don’t go to them and that’s why there is no diversity. Gints Berzins admitted that showing Latvian films in the biggest cinema “Coca-cola Plaza” is more the charity from the side of its owners, as it doesn’t bring any money for them (2007). Latvia experiences a really little market share of the national films (5,7% according to NFC (Baltic Films, 2007), which is a doubtful figure, if we see that the Latvian films account for 0,02% of all premieres) compared to Europe: for instance, 24,4% of Czech , 34% of Danish films shown in the countries are national ones (Table 10, Appendix 3). In addition, among the 31 new Danish releases, no less than three films were at the Top 5 and six in the Top 10 in 2005 in Denmark (Pham, 2006).

As Latvian viewers don’t watch many Latvian films, the professional evaluation and recognition is of big importance (Slisans, 2007, N47). One of the drawbacks of the Latvian culture is the absence is the film critique as such. One of biggest Latvian critiques Normunds Naumanis says that around 90% of the Latvian national films are even not worth writing a review about, as they are absolute crap, so there are 10% left to write about (Grube, 2005). There could be two explanations for such a phenomena: first of all, having same kind of films all the time is the result that those are basically the cheapest one, the ones it is possible to get money for (Romanova, 2007). Secondly, there is no incentive for people to make qualitative films, as those films will not be shown anywhere. That is why we get just get the TV show quality. If there was a requirement that only qualitative films are shown, then people would be stimulated to work with the maximum strength and ask for the maximum quality. In Latvia the demand doesn't regulate the quality. The only thing which stimulates and increases the requirements for quality is the opportunity to be shown on the international film festivals and be noticed (Krilovs, 2007). The survey results on this question confirms that the Latvian film quality can not be considered to bethe best, the average evaluation was 3,52 (Table 12, Appendix 4).

So the diversity could be named as one of the issues of the Latvian film production. There are both not enough films produced and not enough films shown in order to talk about the diversified sector.

5.9 Distribution

Distribution is one of the biggest issues for any film industry. As in the end if there is no consumption of a good, the production seems useless. So in this part will have a closer look of where films produced in Latvia can be seen: film festivals, TV, cinemas, availability on DVDs, etc.

The NFC reports that in the year 2005 alone Latvian films were screened in 52 countries and these numbers are projected to grow due to active communication on the part of the National Film Centre in collaboration with the producers, as well as the increasing demand of films from Latvia (Dimisevskis, 2007, 7). Still, although a number of Latvian films have sold their broadcasting rights to many countries in Europe and beyond, it cannot be considered an economic success. The only guaranteed return of the investment in a particular production is secured by the automatic support system run by the National Film Centre of Latvia. It is a system that rewards the most successful film productions either on the festival circuit or at home, based on the number of tickets sold (Dimisevskis, 2007, 7).

The film distribution in Latvia is a big issue. In principle, there are just 2 distribution companies which distribute foreign films here (Perkone-Redovica, 2007). The rare examples of the distribution in Latvia are made, for instance, by animation studio DAUKA which made a DVD collection of its 92 animations. This could be possible only with the help of the Latvian Television, the State Culture Capital Foundation and the Riga Film Studio. The distributor of the DVDs has become one of two Latvian distributors Forum Cinemas Home Entertainment (DELFI, 7 Nov. 2006). DAUKA is on of the rare studios which managed to have their animation shown also on TV. The Latvian Musical Channel demonstrates animations of DAUKA: they are shown every morning from 7.00-10.00 and in the evening around 20.00 (DELFI, 8 Jan. 2007).

TV can and do show some Latvian films, but as the budget is a big problem, they can't pay much for it. Moreover, sometimes, there is a situation that it is cheaper for them to buy some

300 series of some Brazilian soap to fill in the time. Of course, people who shoot in Latvia thir films to TVs to show it, as then at least to some audience can see the films (Redovics, 2007). Step by step within 2 last years we have some collaboration with the Latvian Television. Before it was not there, they could even have asked money to have the films shown (Gailite-Holmberga, 2007). Still cooperation with TV is evaluated to be not very developed, just 2,70 (Table 12, Appendix 4).

Looking on the other countries' practices is valuable to see how TV could support the national production. For instance, Finland is a paradise for films: they show all nationally produced films on TV. They have special quotas to buy national films; there is even the obligatory law which demands it: they have to have the certain percentage from the broadcast time filled in with the national production (Krilovs, 2007). Another good example are Czechs: Czech Television is the single largest commissioner, buyer and broadcaster of Czech documentary and animation. There are 3,500 documentaries aired in 2005 with total running time of almost 1,500 hours and 2,900 animated films with total time of 400 hours (MC of CR, 2005, 43).

Furthermore, talking about distribution, we have only 18 cinemas in whole Latvia. In some regions there are no cinemas at all. Lots of children in Latvia have never been in the cinema (Romanova, 2007). The problem is that there was some break in the industry, there were not much films, people stopped being interested and stopped waiting for local films.

The other problem is that filmmakers themselves don't think about distribution. They just make the film and then go for next one. There are no distribution companies which would concentrate on the distribution of Latvian films. And filmmakers are forced to skip distribution and go for the next film (Ozola, 2007). Now there is even such situation that some directors take their films and go traveling around Latvia to show them. Nowadays the technique allows showing films everywhere; you just need to get viewers (Redovics, 2007). However, it seems obvious that those who make films, they would like to make them, but not go around and show them.

The problem with the state support is also that it too much concentrates on the production, but doesn't think about the distribution. This is partly due our heritage from the Soviet times, when there was a good distribution system. Nowadays from all films which were produced, it is good if around 10% get into the screen. This is partly because we don't have money for marketing and partly because we mostly produce art-house films, but not commercial ones (Gailite-Holmberga, 2007). Denmark is an example of a country which heavily supports the distribution process: the Danish Film Institute allocated approximately EUR 4,860,000 in subsidies for marketing and distribution in 2005 and approximately EUR 4,243,000 in 2004 (Hoefert, 2006).

There are some attempts made in order to make Latvian films available. For instance, the Latvian filmmakers union have made around 26 cassettes with Latvian films and now are trying to get financing for issuing films on DVDs (Romanova, 2007). Latvian films can be also seen in the film museum, some of films are even available on DVDs (Berzins, 2007). Starting from year 2007 the digitalization of the Latvian films is taking place in the Film museum, as there is a project to ensure the access to see all those films in every library in Latvia (Matisa, 4 Jan. 2007).

The distribution remains one of the most problematic spheres of the Latvian film industry. This is also seen by the results of the questionnaire, where the average evaluation of the question about how developed distribution in Latvia is scored very low, just 2,31 (Table 12, Appendix 4). This happens due to three main reasons: the small market, the lack of distribution channels and TV support for screening of the national films, and the lack of strong policy and interest to distribute both by the state and by filmmakers. In addition, there might be some correlation between inability to distribute the national production and the lack of quality and diversity which was discussed above.

5.10 Cultural infrastructure at the centre

This part deals with how valuable is the film production for the Latvian inhabitants, Latvian economy and development. It is concerned with how the film production brings value to the Latvian economy.

There are no economic calculations made in order to estimate how profitable or unprofitable the film industry in Latvia is. The small market as well as the fact that there are no overly wealthy TV stations in Latvia has created the situation that no feature film can turn a profit in this country. The situation where of about 2.5 million inhabitants in Latvia, 30% are non-Latvians who are not the primary audience of the national films, also contribute to this fact. No Latvian film has achieved the stunning commercial success on a international level, although numerous films have had great success on the international festivals. Even the films that become national hits, e.g., the feature film “Dangerous Summer” by Agris Grauba, have decent admissions (about 80,000 tickets sold in cinemas), but still can not recoup their production expenses (Abolina, 2004, 5). Even Denmark with the biggest in Europe market share of domestic films and good financing experiences the same problem: not all films generate return. Of the 42 Danish films supported by the Danish Film Institute from 1999 to

2001, 15 films have generated money for the producer, while 27 have not (CBS, 4, 2005).

Above mentioned facts prove that Latvian films alone can’t make return on investment in the film industry. However, the turnover of the film industry as such is usually calculated based not only the money involved in the film production, but also based on such factors as the cinema ticket sales, video/DVD rentals and sales, foreign sales and other items (e.g. remakes, merchandising, etc.) (CBS, 2005, 12). If we have a look on available data, then there are only few numbers which can be used for calculating turnover of the film industry in Latvia. For instance, Gross Box Office (amount of money raised by ticket sales) data (Table 11, Appendix 2) proves that the Latvian film industry had a turnover of at least EUR 7,289,602 in 2006. It is impossible to say precisely how much money from that sum stayed in Latvia in the way of taxes, salaries and other expenses, and how much went to pay distribution rights and as a profit for the foreign shareholders, however, this figure reflects that the film industry has an impact and the weight in the Latvian economy. Additionally, there are money given by the state for the film industry amounting EUR 3,358,261 plus other sums like money from the foundations and money from the foreign filmmakers hiring equipment or professionals here, money from DVD/video rentals and private investments. For instance, it was calculated that for every euro invested from the predecessor of “MEDIA 2007” program (“MEADIA Plus” and “MEDIA Training”), there are 6 euros of private investments (DELFI, 12 Feb. 2007).

So overall the film industry have some minor impact on the economy in the way of consumption of goods and services, employment and taxes. Unfortunately, there is no research done on how big is the impact. The example of Denmark which market is comparable to Latvia is an interesting case of how economically active the industry can be. The contribution of the Danish film industry to the Danish economy is less than 1 per cent of BNP. However, the industry demonstrates very impressive growth rates (CBS, 2005, 4). The film and video production, make up the core of the film industry. This sector alone had in 2003 turnovers of approximately EUR 310 million and export worth EUR 34 million. It should be noted that these figures only come from the sale of goods and services abroad. The total export would, thus, be greater if foreign financing in relation to Danish films and co-productions were included in the figures (CBS, 2005, 12). According to Danish Film Institute, there were 5,135 full-time salary jobs in the film industry in 2003 (CBS, 2005, 15).

The estimations of how valuable the Latvian film industry is could make clear whether investing in the film sector benefit Latvia in some way. If it turns out that the more the state invests in the film industry the more it gets back in the way of employment, investments, taxes, diversity, education, etc., then it would be a good argument to develop this sector further. In addition, if it is possible to prove that the development of the film industry could benefit other sectors of the economy (for instance, tourism and hospitality services or some kind of production of special equipment), then it would be another strong argument to invest in the industry.

6 Summary and suggestions

The table below presents main points of 10 infrastructural conditions discussed above.

Infrastructure condition	Advantages	Disadvantages
1 High profile infrastructure	- 2 studios with pavilions (one big and old, one modern) - 1 multiplex cinemas (one multiplex will be built soon) and 18 classical cinemas - film laboratory is expected to be opened	- some regions have no cinemas - 1 studio is currently not working for film production - no film laboratory
2 Support	- State financing nominal increase yearly - Activity of EU support programs like Eurimages and MEDIA - Starting tendency of TV initiatives of film production	- Real state support increase can hardly cover the inflation - TVs are not able to invest big sums in production
3 Range of specialists and accessible facilities	- Enough technical equipment for the current amount of production - Interest from young generation to study film - Good cooperation links with Estonian and Lithuanian colleagues	- Not enough equipment to shoot on film - No facilities to develop film - No process continuation, people leave - No specialists in certain areas - Not enough assistants
4 Higher Education Sector	- Possibility to get film education in Latvia in the Academy of Culture - Diverse study process and good cooperation with studios - Possibility to get master degree in different specializations in Baltic TV and Media School	- Academic system of education is not suitable for film education (need to be changed for professional) - No possibility to practice with shooting on film - Study programs repeat only once in 4 years in the Academy of Culture
5 Additional and informal learning sector	- Availability of courses, seminars, workshops - Possibilities to go abroad for courses with support of MEDIA - Attempts to popularize cinematography at schools (audience development)	- Biggest knowledge are gained through practical experience: not enough of possibilities to get it in Latvia - Quality and applicability of seminars can be the issue - Participation in programs for popularizing cinematography are subject to initiatives of schools and students
6 Spaces for convergence and	- Several international and national film festivals in Latvia - Participation in film festivals	- More festivals could ensure more network possibilities

connectivity	abroad - Several professional and cultural organization existence - Regular European Documentary Film Symposium in Latvia - Possibilities to network on different local and international courses, workshops, seminars	
7 Global partnership and trade initiatives	- Co-production practice increase - Examples of successful co-productions - Some good pre-conditions to attract foreign market like locations, nature, architecture, cheaper labor (?)	- Not enough state support to participate in big co-productions - No tax incentives for foreign filmmakers to make films in Latvia - Not enough professionals, assistants and equipment to serve foreign productions
8 Diversity advantage	- Interest from Latvian viewers in national documentaries	- Problems with quality - Problems with diversity - Small attendance of Latvian films
9 Distribution	- Automatic support system of NFC for rewarding the most successful films based on amount of tickets sold - TV started to show national production - Project of digitalization of films and making them available in every library in Latvia - Latvian filmmakers union has 26 cassettes made with Latvian films - Some examples of DVD distribution of Latvian animations	- Just 2 distribution companies - TV is not actively yet showing national films and is not able to pay for broadcasting big sums - Not enough cinemas - Filmmakers don’t think about distribution - State is not concentrated on distribution, pays more attention to production
10 Cultural infrastructure at the centre	- Industry has a tendency to grow and develop	- No economic estimations done concerning the industry and its impact on the economy

The table shortly summarizes the main points of the Latvian film infrastructure. It helps to answer to the first part of the research question about which factors favor Latvia as a place for making films. According to our findings those would be a promising project and interest of the development of the film laboratory, Riga Film Studio and a multiplex cinema, the availability of the financing from the EU support mechanisms as well as the increasing state support, the interest and possibility for young generation to study the film art, the availability of further education and projects to popularize the national cinematography, the examples of the successful co-productions and good locations for foreign productions, the increasing interest of viewers to watch Latvian documentaries, the interest of the TV in showing the national films and the examples of the success of the Latvian films on the international film festivals. All these combined with the successful experience of Denmark who managed to develop the national cinematography to the very good level proves that there are the pre-conditions for the sector to develop further.

However, there is the whole list of factors which need some improvement or change. Tables 13 and 14 in Appendix 4 shows how filmmakers, film organizations representatives and film students prioritized what should be done in order to have more national and foreign film production in Latvia. This answers to the second part of the research question, namely, what could be the steps for developing the sector further. We can see that the financing increase is the highest priority, if we talk about the production of the national films and among the highest if we talk about attracting foreign production to Latvia (Table 13-14, Appendix 4). At the moment government have no clear strategy concerning the financing of the film sector. There is an idea what it should increase, but no economic estimation made for how much and if it should increased at all. The contingent valuation of the film sector could help to clarify the situation. This approach is widely used in Europe to estimate the economic value of various cultural sectors (Noonam, 2002). It will help to clarify how much the state should interfere and finance industry and how valuable the industry is for the Latvian economy.

The other obvious problem of Latvian film sector is distribution. And if in the case of foreign production the distribution system of Latvia doesn't seem to play an important role, the industry participants ranked distribution to be one of the highest priorities in order to move forward the national film production (Table 13-14, Appendix 4). Having more cinemas could improve the cinema going culture, but not necessarily will help to more national films available on big screens. It is more likely that TV interest in showing national films will be the most effective solution for the distribution problem. The law which would oblige TV to show the national production could support the process, however, it seems hard to imagine at the moment how in that case TV will manage the problem of the lack of the quality of the national films and lack of constant supply. Obviously, these would be the separate problems to solve.

Additionally to the distribution, the availability of professionals were prioritized to be the most important for the film production in Latvia (Table 13-14, Appendix 4). Lack of professionals or lack of professionalism could be the reason of bad quality discussed above, what goes in line with not enough education and practice availability. More bachelor and master programs in the Academy of Culture could be the solution to have more professionals available in the market. In addition, if the quality criteria would be important for having a film shown, then there would be more incentives for the local filmmakers to increase their professional skills and the quality of the work. Still we should keep in mind that the best practice for filmmakers are on the set, thus, the continuation of the film production process is an important issue.

At the moment Latvia can’t attract foreign productions with tax incentives. However, having foreign productions would definitely be a push for the local film market. There are different ways how to attract production to Latvia: to develop the film infrastructure aimed at serving foreigners, to do a lot of networking and location marketing, as well as provide foreigners with some financial incentives like cheap labor force, special financial schemes, which would benefit them. A film laboratory proved to be not the biggest issue for industry participants at the moment, on the contrary having film law accepted is viewed as more important issue for the Latvian film sector. Furthermore, the good technical stock availability, and the active supporting organizations proved to be ranked the highest (Table 13-14, Appendix 4).

In addition, to the list with the factors for prioritizing, several other issues were outlined by the filmmakers, the union representatives and the film students of what should be done to change the situation with the Latvian film sector. Among those were more information for the society about the national films, guaranties and security from the side of the state, good managers for the film industry, qualitative hotels and transportation system, strong producers who see things in perspectives, good screenplay writers, interest and support from society, financial incentives, more networking, the state order for children films, acquiring of different distribution ways like cable TV, DVDs, etc. Most of those suggestions make sense and could be a good pre-condition for the Latvian film sector development, however, if we are talking about the first step to take, this should be exactly the economic evaluation of the film industry such as a Contingent Valuation made by government in order to assess and have clear vision of how valuable this sector is for economy as whole and for society as such.

7 Conclusions

Overall, this paper gave some overview of what is happening with the Latvian film industry at the moment. The work proved that Latvia has some advantages as a place for making films such as good locations, some built infrastructure, the film education as well as the support of the government and other organizations for the film production.

The interviews with the experts and the questionnaire for the industry participants gave a valuable insight in how they see the Latvian film sector and what they consider to be crucial issues for it. Different evaluation, facts, figures and opinions helped to give a thorough evaluation of the Latvian film sector according to 10 infrastructural conditions.

The analysis showed that Latvia lacks public financing, however, the European support programs proved to be effective in supporting the local filmmakers. Latvia also faces the problem with the availability of the professionals and the assisting staff, though the interest of the young generation is a good pre-condition for the labor market development in case the film production process continuation is secured.

The other problems Latvian film industry faces are the lack of distribution for the national production, the lack of quality and diversity. These issues might be interdependent and should be solved in order to talk about the film industry development. Additionally, co-productions and attracting foreign production in Latvia is in the interest of the Latvian film sector, but there is a lot to be done in order to be able to position the country as a favorable location for making films.

The case of Denmark is a good example of how valuable and developed can be the industry within the same market size. The research done in this paper could be a good pre-condition for further studies on the topic. The Contingent valuation of the film industry in Latvia could be a valuable next step to proceed.

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Appendix 1

Interview questions

1. What is connects you with Latvian film industry?
2. Please describe how you see Latvian film industry.
3. How do you see development of Latvian film industry in recent years? (What has changed? What caused these changes?)
4. What are the main problems film industry faces in Latvia?
5. What is the state policy towards filmmaking? (Is Latvia a favorable place for film making? what state does? what it should do?)
6. What to your mind is the state role in film industry development?
7. What are the trends in the industry? (labor market, funding, availability and affordability of equipment and resources, co-productions)
8. How developed is film infrastructure (to your mind)? (explanation of infrastructure)
9. What is the situation with availability of professionals? What motivates people to make films in Latvia?
10. What are the places they can get knowledge/education/experience apart from the Academy of Culture?
11. How wide-spread and developed is co-production practice in Latvia?
12. What should be done in order to create favorable conditions for film sector development?
13. Which factors you think are important in order to be able to make more national films in Latvia? More foreign films on Latvian territory?
14. What perspective do you see for Latvian film industry?

Appendix 2

Questionnaire

Hello!
I am the final year student of SSE Riga and currently working on my thesis concerning Latvian film sector. It would be of great help for me, if you could spend some 5 minutes of your time and fill in the questionnaire. Your opinion matters a lot.
Thanks!

Section 1
In this section I would like to propose you to evaluate how developed are certain factors within Latvian film sector, where 1 would mean "absolutely not developed" and 7 is "perfectly developed", N stands for no opinion on given subject

1	Technical stock (cameras, lights, sound equipment, etc.)	1	2	3	4	5	6	7	N
2	Professional staff (directors, cameramen, sound designers, etc.)	1	2	3	4	5	6	7	N
3	Assisting staff (camera assistants, light assistants, etc.)	1	2	3	4	5	6	7	N
4	Information about projects, job possibilities, seminars, workshops, funding	1	2	3	4	5	6	7	N
5	State financing of film industry (through KKF and NFC)	1	2	3	4	5	6	7	N
6	Funding and financial support by MEDIA+ and Eurimages)	1	2	3	4	5	6	7	N
7	Distribution of Latvian films	1	2	3	4	5	6	7	N
8	Co-productions	1	2	3	4	5	6	7	N
9	Cooperation with TV	1	2	3	4	5	6	7	N
10	Education provided by Academy of Culture	1	2	3	4	5	6	7	N
11	Conferences, workshops, seminars for film makers	1	2	3	4	5	6	7	N
12	Support of NFC (organizational and informational)	1	2	3	4	5	6	7	N
13	Domestically produced film quality	1	2	3	4	5	6	7	N
14	Financial incentives to make films (salary level and workload)	1	2	3	4	5	6	7	N
15	Location marketing	1	2	3	4	5	6	7	N
16	Animation production	1	2	3	4	5	6	7	N
17	Fiction production	1	2	3	4	5	6	7	N
18	Documentary production	1	2	3	4	5	6	7	N

Following two sections are aimed to estimate what are the most important factors to develop in order to make more films in Latvia. First section stands for making more domestic films and second for making more foreign productions in Latvia.

Section 2
Which factors are important in order to make more domestic films?
(Please rank from 1 till 15, where 1 would indicate the most important factor and 15 the least important factor)

	Increased funding
	Film law/strategy acceptance
	More training, workshops, seminars
	Existence of film laboratory
	Emphasis on distribution
	Availability of professionals (directors, cameramen, editors, etc.)
	Availability of assistants (light assistants, sounds assistants, etc.)
	Good technical stock availability
	Active unions (organization of different kinds of activities, member right protection)
	Active supporting organizations (National Films Center, MEDIA+, Eurimages)

	Cooperation with TV
	Good database availability (list of all production companies, equipment, professionals availability at certain period)
	Co-production possibilities
	Participation in international/domestic film festivals
	Strong community (good networking)

Please indicate if you consider any other factors which may help to increase domestic film production.

Section 3 **Which factors are important in order to make Latvia a favorable place for making films for foreign filmmakers? (Please rank from 1 till 14, where 1 would indicate the most important factor and 14 the least important factor)**	
	Increased funding
	Good distribution system in Latvia (possibility to have the films shown)
	Co-production possibilities
	Location popularization
	Tax incentives
	Good technical stock availability
	Availability of professionals (producers, operators, sound designers, etc.)
	Availability of assistants (light assistants, sounds assistants, etc.)
	Well-qualified professionals
	Qualitative work/ past record (prizes and nomination from film festivals, successful co-productions, films shown abroad)
	Existence of Kodak film laboratory
	Strong filmmakers community in Latvia (networking, union activities and support)
	Good database availability (list all production companies, equipment, professionals availability)
	Participation in international/domestic film festivals

Please indicate if you consider any other factors which might be important in order to make Latvia a favorable place for making films for foreign filmmakers

Personal information:

Age	
18-24	
25-35	
36-50	
51-63	
64+	
Gender	
Male	
Female	

Occupation	
Film student	
Film maker	
Fund/union/film organization representative	

Appendix 3

Table 1: Number of Cinemas 1990-2006

	Total number of places where films are screened	Including Number of permanently working cinemas	Total number of seats	Number of seats of permanently working cinemas	Number of multiplex cinemas	Total number of screens
1990	1103	90	158 695	n/a		90
1995	268	52	53 592	17373		54
1996	137	34	28 892	14404		36
1997	114	35	22 715	12244		38
1998	112	37	24 277	11910		41
1999	115	32	26 094	10009		118
2000	108	30	22 922	10304		111
2001	110	34	23 722	10603		113
2002	103	33	25 144	9194		107
2003	88	33		12078	1	105
2004	50	24		10157	1	67
2006	33	18		7185	1	49

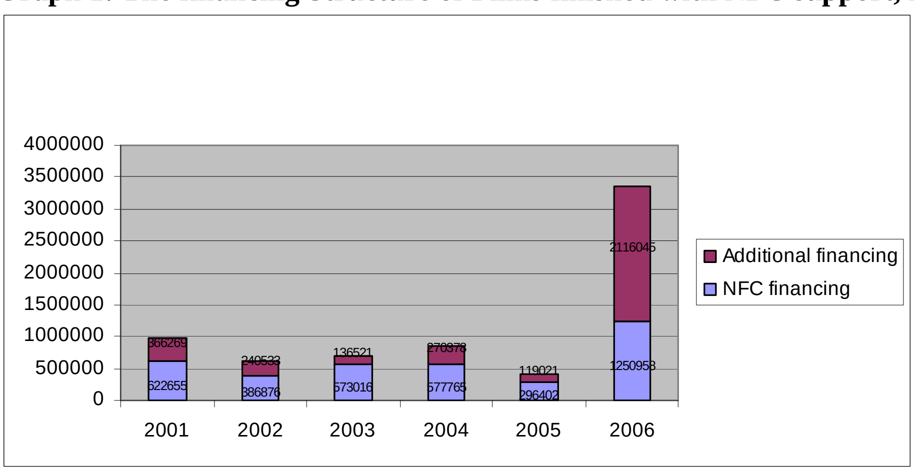
Source: Lafilma, 2007

Table 2: Annual State Support for Film Industry, EUR

	National Film Cantre	Culture Capital Foundation	Total
2002	1125183	883929	2009112
2003	1131675	819672	1951347
2004	1104284	1125150	2229434
2005	1961679	939101	2900780
2006	2089636	1067160	3156796
2007	2219957	1138304	3358261

Source: National Film Center, 2007

Graph 1: The financing Structure of Films finished with NFC support, EUR



Source: National Film Center, 2007

Table 3: Culture Capital Foundation financing of film sector, LVL

	1Q	2Q	3Q	4Q	Total
2000	69566	54000	54200	63552	241318
2001	54000	74000	20000		148000
2002	52500	63005	62928	66289	244722
2003	66425	57435	52535	94440	270835
2004	60635	66085	63783	60472	250975
2005	58124	63900	77300	67044	266368
2006	60125	62125	62024	75480	259754

Source: Culture Capital Foundation, 2007

Table 4: Media Desk supported projects in Latvia, EUR

	2002	2003	2004	2005	2006	Total
Pre-production	70000	140000	130000	190000	170000	700000
Distribution			58500	43000	35800	137300
Automatic Support				21885		21885
Production			225000	82000	15000	322000
Film Festivals			20000	34100	25000	79100
Total						1260285

Source: Media desk Latvia, 2007

Table 5: Eurimages 2002-2006, EUR

	Paid in	Paid out	Difference
2002	70.422	22.500	-47.922
2003	71.401	0	-71.401
2004	76.409	294372	217.963
2005	77.268	31250	-46.018
2006	77.208	0	-77.208
Total	372.707	348.122	-24.585

Source: Eurimages representative in Latvia Andrejs Apsitis data

Table 6: Latvian TV Channels

Channel	Coverage	Public/Private	Owner	Financing
LTV1	Nationalwide	Public	Republic of Latvia	State Budget, Commercials
LTV7	Nationalwide	Public	Republic of Latvia	State Budget, Commercials
LNT	Nationalwide	Private	Group of individuals	Commercials
TV3	Nationalwide	Private	Modern Times Group	Commercials
TV 5	Riga, Riga region	Private		Commercials

Source: Latfilma, 2007

Table 7: Domestic films released 2002-2006

	Feature films	Shorts	Animation	Documentaries	Total
2002	1	6	8	6	21
2003	7	3	3	19	32
2004	3	2	5	16	26
2005	2	1	6	20	29
2006	4	1	3	11	19

Source: National Film Center, “Facts and figures” 2007

Table 8: Cinema premiers 2000-2006

	Domestic	European	USA	Other	Total
2000	4	14	87	1	106
2001	2	35	100	6	143
2002	1	30	65	3	99
2003	9	33	86	3	131
2004	3	46	110	7	166
2005	2	44	90	15	151
2006	4	41	102	11	158

Source: National Film Center website 2007

Table 9: Breakdown films by origin 2006 (premieres)

	No of films	Admissions	GBO LVL	GBO EUR
Domestic	4	25839	49668	40671
European	41	329798	875976	1246409
USA	102	1519841	3751363	5337739
Other	11	69380	175189	249273
Total	158	1944858	4852196	6904099

Source: National Film Center, “Facts and figures” 2007

Table 10: Market Share for National Films on European Markets 2004-2005, %

Country	2004	2005	Source
Switzerland	2,5	5,8	OFS
Czech Republic	23,8	24,4	Min.Cult./UFD/ Screen Int.
Germany	23,8	17,1	FFA
Denmark	23,7	34,0	DFI
Spain	13,4	16,7	ICAA
France	38,6	36,9	CNC
United Kingdom	23,4	34,0	UK Film Council/Nielsen EDI
Italy	20,5	24,8	Cinetel
The Netherlands	9,2	13,6	NVF/NVB
Norway	14,9	14,0	Film&Kino
Sweden	23,3	22,5	SFI

Source: European Audiovisual Observatory, 2006

Table 11: Gross Box Office 2002-2006

	LVL	EUR
2002	1908380	3127868
2003	2206909	3140166
2004	3500988	4981485
2005	3830746	5450692
2006	5123132	7289602

Source: National Film Center, “Facts and Figures” 2007

Appendix 4

Table 12: Results of questionnaire from section 1

	Missing values	Mean	Mean		
			Film students	Filmmakers	Fund/union representative
1 Technical stock	2	3,81	3,91	3,87	3,55
2 Professional staff	1	4,30	3,64	4,47	4,50
3 Assisting staff	2	3,21	2,82	3,40	3,09
4 Information	0	4,35	3,82	4,42	4,67
5 State financing	0	2,69	3,82	2,19	2,92
6 Funding	7	4,57	3,29	4,64	5,17
7 Distribution	0	2,31	2,91	2,10	2,33
8 Co-productions	1	3,49	3,40	3,32	4,00
9 Cooperation with TV	1	2,70	2,73	2,37	3,50
10 Education	4	3,32	3,73	3,27	3,00
11 Conferences, workshops, seminars	0	3,61	3,09	3,58	4,17
12 Support of NFC	2	3,88	3,80	3,47	5,00
13 Film quality	0	3,52	3,36	3,61	3,42
14 Financial incentives	3	2,75	2,89	2,87	2,27
15 Location marketing	6	2,88	3,67	2,83	2,30
16 Animation production	3	5,51	4,78	5,57	5,92
17 Fiction production	2	2,88	3,30	2,70	3,00
18 Documentary production	2	4,98	4,60	4,90	5,50

Table 13: Results of questionnaire from Section 2

Factors	Ranking	Average
Increased funding	1	2,21
Availability of professionals	2	4,94
Emphasis on distribution	3	6,14
Active supporting organizations	4	6,25
Film law/strategy acceptance	5	6,41
Good technical stock	6	7,16
Co-production possibilities	7	7,22
Cooperation with TV	8	7,86
Availability of assistants	9	8,22
More training, workshops, seminars	10	9,24
Strong community	11	9,55
Participation in international/ domestic film festivals	13	10,65
Film laboratory Active unions	12 14	10,47 11,47
Good database availability	15	12

Table 14: Results of questionnaire from Section 3

Factors	Ranking	Average
Tax incentives	1	3,61
Availability of professionals	2	5,88
Good technical stock availability	3	5,9
Location popularization	4	6,14
Well-qualified professionals	5	6,33
Increased funding	6	6,63
Co-production possibilities	7	6,78
Qualitative work/ past record	8	7,45
Availability of assistants	9	7,49
Good database availability	10	8,25
Film laboratory	11	9,06
Strong filmmakers community	12	9,69
Participation in international/ domestic film festivals	13	10,65
Good distribution system in Latvia	14	11,16