

## THE CREATIVE ECONOMY IN UKRAINE STEP BY STEP. SITUATION AND PROSPECTS OF THE FILM INDUSTRY

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This paper analyzes the status and prospects of the film industry in Ukraine as part of a creative economy. The author speaks of the need for active government support of the industry and the first positive steps in this direction. Important role in promoting the film product in the international arena and promote domestic film industry author devotes to film festivals. And emphasizes that the establishment in Ukraine of appropriate legal, institutional, economic and technological conditions for the national film industry will ensure competitiveness of national films and film industry as a whole, will have a positive impact on the development of regional systems.

**Keywords:** film industry, film festivals, film production, film distribution, creative economy.

**Introduction.** In recent years the film industry gained the most rapid development in the system of creative industries across the world. A distinctive feature of the film industry from the traditional sectors of the economy is its constant growth, resistance to the crisis, cause of the widespread popularity among the population, and as a result, their commercial stability. UNCTAD researchers claim that the film industry is area that characterized by rapid growth during the 2008 crisis. Thus, according to a survey conducted by the U.S. National Association of owners of cinemas, cinema attendance in the peak of the crisis has increased by 5 percent, and the box office in the first quarter of 2009 grew by almost 9 percent. At the same time, the international box office of the American film industry reached the highest record, and reached 18.2 billion \$. The experience of the U.S. film industry has shown that annual screening is visited by about 1 billion people. In addition, the film industry provides 4.5 % of GDP in European countries, and provides jobs for 8 million Europeans.

**Analysis of recent research and publications.** The international experience of the film industry shows that the latter is not only a factor of cultural development of the nation, an indicator of spirituality and maturity of society, the formation of social consciousness, allows for admission to the budget, employment, but also has a significant impact in tourism development, brand promotion of regions (as evidenced by the experience of Hollywood and Disneyland) e.t.c.

Mostly these achievements of world cinema obtained through active supported by government, and were formed over a dozen years.

In Ukraine the issue of film industry engaged by O. Gritsenko, A. Litvinenko, K. Kopylova, A. Teluk, V. Lubchak. So A. Litvinenko analyzes the development of European film industry and highlights the major shortcomings of the industry in Ukraine. A. Gritsenko explores the film industry because of the effectiveness of cultural policies. A. Kopylova determine the prospects and possibilities of Ukrainian cinema.

But not explored is the development of the film industry in the context of the functioning of the creative economy and its role for regional development.

**The aim of article.** The aim of the article is to consider and analyze the film industry in Ukraine, to determine the economic effects of industry functioning in the context of the creative economy in Ukraine and outline the role of government in promoting film industry development.

**Main results of the research.** The successful functioning and development of cinema, as a part of the creative economy, requires continued support from the state and government at various levels, forma-

tion of appropriate infrastructure, investment and current funding, logistical means. Therefore, the development of the film industry in Ukraine belongs to the priorities of the state policy in the sphere of culture. At least, the following aspects of public policy embodied in the concept of the State program of development of the national film industry in the years 2012-2017.

In the legal framework, the film industry in Ukraine is covered by the Law «About cinematography» (1998), which defines the legal framework in the field of cinema and regulates social relations associated with the production, distribution, storage and showing films [1].

The implementation of the state policy in the cinema was entrusted to the State Agency of the movies, which was established by the Decree of the President of Ukraine of 06.04.2011 № 404. Work of the State Agency of the movies is aimed on the development and implementation of measures to create the conditions for the revival and development of national cinematography, structural improvements and reform of the national film industry, the producing of the system, and focuses on the implementation of the program's provision of public movie production [2].

However, an important obstacle to the development of cinema in Ukraine is that the domestic film market crowded with foreign products. So, in 2012 first introduced to show only 3 films by Ukrainian production. While 98.5% of box office movies are filled with foreign production, almost half of which belongs to the USA.

Table 1  
View movies in Ukraine in 2012 [3]

	The number of movie titles	including demonstrated	
		for the first time	repeatedly
<b>Total</b>	<b>488</b>	<b>203</b>	<b>285</b>
Ukrainian production	40	3	37
Foreign production – total	448	200	248
<i>are</i>			
Russia	82	28	54
United States	213	97	116
UK	16	6	10
France	22	8	14
Italy	23	3	20
India	13	1	12
other	79	57	22

However, the first positive effects in the film industry began to take shape after the creation of a single central supervisory authority – the State Agency of the movie. Activities of this Agency aimed at the development of filmmaking, allows to speak about the film industry in Ukraine as a competitive industry. Since 2010, was formed a positive trend of increasing public funding of the film industry (compared with 2008, funding by the government was increased by 2.4 times, and in 2012 amounted to 137 million UAH). Funding growth has allowed include in the Program of the production and distribution of national films over 100 film projects.

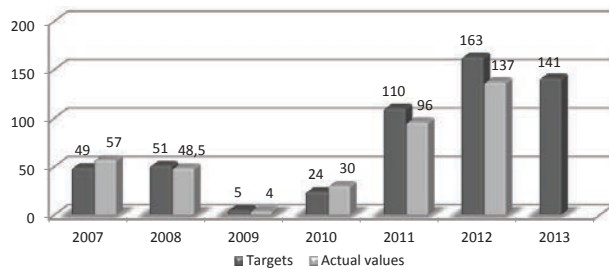


Fig. 1. Dynamics of public funding of cinema in Ukraine, million UAH [3]

This funding, undoubtedly, affected the volume of films produced for the respective years. Thus, in 2008, the number of films produced by government order amounted to 64 titles, in 2009 – 13 titles, in 2010 – 6 titles, in 2011 – 21 titles (including 5 chronicles materials), in 2012 – 90 titles (including 23 chronicles materials) [3].

During 2012, with the active financial support of the State Agency of the movies was completed 11 feature films (including 6 movie debut), 9 non-fiction films, 37 animated TV series episodes, 23 chronicles materials, finished shooting period of 13 films.

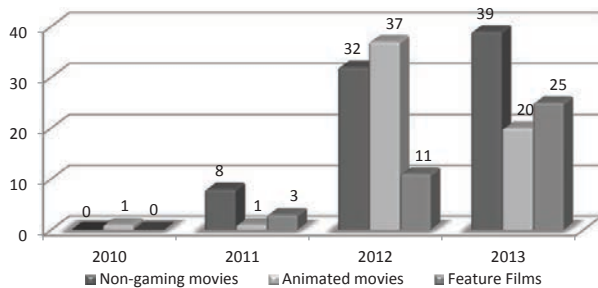


Fig. 2. Release films by Ukrainian government order, 2010-2013 years [3]

About positive trends in the development of film industry in Ukraine, in terms of national film production, is the fact that, in recent years the achievement of Ukrainian cinema is known in internationally. This is mainly achieved through the presentation of works of Ukrainian cinema in international film festivals. Thus, in 2001, a young film director T. Tomenko triumphed in the competition «Panorama» Berlin International Film Festival. In 2003, a Silver Bear received film Ukrainian animator S.Koval «Tram number 9». In the 2003 film «Mother» by A. Sanin represented Ukraine at the «Oscar». In 2005 the film «The Wayfarers» I. Strembytsky won the Palme d'Or for short film. In 2011 M. Vroda with their work – short film «Cross» was winner the Cannes Film Festival. In 2012 marked by award at international film festivals in Locarno M.Slaboshpytsky for the «Nuclear Waste» film and E. Neumann, who became the winner of the

prize program East of the West International Film Festival in Karlovy Vary. The «Firecrosser» by M. Ilenko, after two weeks the domestic hire, was attended more than 550 000 people. In addition, it entered in the Top 10 according to international rating of «Box Office», and thus became the most grossing Ukrainian film during the years of independent film production [3].

An important aspect of promoting domestic film industry is organizing and conducting film festivals. These festivals allow talking about global achievements of the film industry, ensure the strengthening of international cooperation in the film production fields, create a positive image of the region, to provide tourist attraction. The most famous film festivals in the world's are Venice Film Festival, Cannes Film Festival, Festival Del film Locarno, Berlin International Film Festival.

The most visited festivals in Europe are the Cannes Film Festival (France) and the Berlin Film Festival (Germany). Every year, about 400 films browsing about 200 000 spectators. Geography of festivals covering about 120 countries. Due to the scale, the festivals become the hallmark of the region. Millions of tourists each year visit the cities festivals, thus ensuring the development of tourist business and creating sustainable incomes for local businesses.

In Ukraine, film festivals are the only chance to talk about the achievements of national cinema as a competitive industry. Most festivals are held with active government support. The most extensive are the International Festival «Days of documentary films on human rights» («Docuday»), Berdyansk International Film Festival, International Children's Film Festival «Artek», Odessa International Film Festival, Kyiv International Film Festival «Molodist».

The «Molodist» film festival was launched in 1970 as a two-day viewing of the Kyiv State Institute of Theatrical Art student short films. Since then, the local initiative has gained international popularity: from 80s Ukrainian familiarized with the works of directors-debuts from Bulgaria, Georgia, Armenia and Russia, Baltic States, Kazakhstan, Azerbaijan and Germany. Since 1991 the «Molodist» is the only film festival in Ukraine, which is a part of the ratings FIAPF. It is a priority platform for presenting the reflects the best of contemporary cinema events – both mainstream and experimental [4].

The main objective of the festival is promotion young professionals in the film industry. Thus the festival provides an opportunity for young talents take their rightful place in the modern cinema.

Odessa International Film Festival, was founded relatively recently, in 2010, and has become perhaps the most important event for the creators of professional full-length film. Each year the festival takes over 100 thousand visitors from all over Europe and 400 outstanding professionals.

The Odessa International Film Festival is working with the British Council in Ukraine. It established a link between the festival and British filmmakers and other professionals in the field of cinema.

The basis of this cooperation was the setting up and getting international experience of cinema, including the development of trade relations between Ukraine and the UK filmmakers by organizing professional events, introducing viewers to the best examples of British cinematic hits by major program and art events, master classes for young Ukrainian cinema professionals.

In this context, it should be noted that the promotion of Ukrainian film industry on the world stage

becomes the main aspect of state cultural policy. For this purpose, first was issued «Ukrainian movie guide» on the achievement of national cinema in English. The specified directory gathered all the relevant information about the film industry of Ukraine that may interest foreign representatives.

With the support of State systematically conducting training film workshops and master classes for professionals and gifted youth. Among them – the film set «Modern animation: achievements, problems and prospects», a film workshop in the company «Kinotur», International Seminar «Workshop Docudays in Ukraine» and others. The aim of the seminar is to acquaint its film professionals with modern technologies in film, computer special effects, digital restoration and storage of materials in the archives, promote and raise Ukrainian documentary cinema, support for young documentary film directors and their involvement in the contemporary world cinema process, integration in the international market of documentary films.

The obvious is the fact that the regional breakdown film industry does not have a significant development, and concentrated mainly in Kiev. This situation is due to the lack of the production center, appropriate technical equipment for filming in the region. Although often thanks to the incredible natural and tourist sites Ukrainian regions becomes the main set for the foreign film. Instead, the consumption of movies is increasing every year in all regions.

Analysis of the level of availability of demonstrators films (per 100 thousand population) showed that the highest level available in its Khmelnytsky (17 units), Chernivtsi (14 units), Vinnitsa (13.6 units), Cherkasy (11,8 units) and Ivano-Frankivsk region (11.4 units). The positive trend is provided by expanding the network of cinemas, cinema entire formation, forming equipment, investment in the construction and renovation of distribution network, which enables the use of new format cinema. As a result of an active government policy, cinema attendance in recent years has increased significantly, which contributed to an increase in gross fees screenings (compared with 2008 gross fees of screenings in 2012 increased at 2.5 times and amounted to 772.9 million UAH)

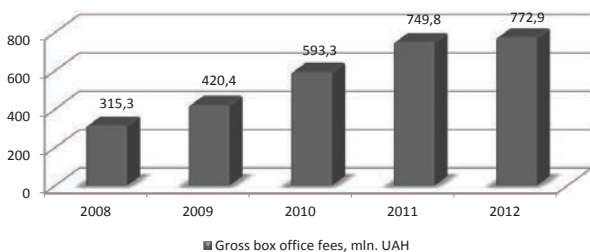


Fig. 3. Gross yield of screenings in 2008-2012, mln. USD [3]

An important direction in support of the domestic film industry was the adoption by the Cabinet of Ministers of Ukraine of Resolution № 20 from 16.01.2006. [5] This document provided a gradual transition of the domestic box office to Ukrainian dubbing (from 1 September 2006 – 20% duplicate copies of every foreign film; from 1 January 2007 – 50% of the copies; from 1 July 2007 – 70% of the copies).

Implementation of this initiative was subsequently fixed by the Tax Code, which provides tax relief operations related to the delivery of services for demonstration of national films and foreign films dubbed, and/or subtitled in the national language,

demonstrator movies. This provision of the Code is valid until January 1, 2016. Also exempt from taxation the amount of money or the value of the property transferred to benefit residents from target use for the production of national films (including animation) and audio-visual works, but no more than 10 percent of taxable income for the previous tax year.

The introduction of the tax exemptions for national film industry, along with the increase in budget funding for the creation and distribution of national films, improves conditions for the development of national cinema, made it possible to include in the program production and distribution of national films over 100 film projects.

Since the approval of the Resolution № 20 by the Cabinet of Ministers of Ukraine, film dubbing into the Ukrainian increased quality of movies significantly and this trend continues. With proper government support, including through the tax system in the film industry, the state can accumulate funds to support Ukrainian cinema and movies that are valuable in terms of culture.

In the context of Ukraine's accession to European cinema space, state supports participation in European co-production programs (participatory filmmaking at least two countries when they are involved not only in production but also to finance the film). It makes possible to increase the competitiveness of domestic film, increase its production, and further allow to enter international markets, make the promotion and distribution of domestic films abroad in support of European institutions. This system became the basis for the popularization of the film industry on the international scene.

State policy in the field of cinematography should primarily be aimed to attract the audience in national product. In this sense, is positive the experience in promoting national film industry in Poland. Thus, the box office results of 2011 top 20 highest-grossing films of the country accounts more than half of Polish films. However, we don't deny the fact that the Polish film industry funding is at an appropriate level, that makes it possible to shoot high quality movies, and the solvency of the population – to watch them. In Ukraine consumers prefer to watch movies online, because of the low ability to pay, or due to lack of quality films on a wide screen.

Actually the illegal copying and distribution of films, mostly through Internet is a major impediment to the development of the cinema business in Ukraine. On the one side the film expands the range of consumers, provision in cultural products increases, and the other – the reduced box office, which reduces film industry's efficiency.

Although, Ukraine has acceded to several international instruments on the protection of intellectual property rights, now the main issue is their practical use. So, state regulation the film industry must be expressed not only in its financial support, but also in established system of protection of intellectual property rights.

**Conclusions.** The analysis of the movie industry has shown that despite the relative «youth» Film Business in Ukraine, we are seeing positive trends in its development. Complete development of national cinema industry is possible provided of integration and cooperation with international cinematic organizations in all sectors of the movie industry: not only production but also distribution, film distribution network, the structure of the film industry, the festival movement and effective legislation. Like the European, government regulation of the creative economy

is based on active transnational cooperation. In this respect, government support and the quality regional policy of the film industry should be focusing on

building competitive domestic market film, as well as ensuring the decent presence of the Ukrainian movie in world cinema.

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## КРЕАТИВНА ЕКОНОМІКА В УКРАЇНІ КРОК ЗА КРОКОМ. СТАН І ПЕРСПЕКТИВИ КІНОІНДУСТРІЇ

#### Анотація

В статті проаналізовано стан і перспективи розвитку кіноіндустрії в Україні як частини креативної економіки. Автор говорить про необхідність активної державної підтримки розвитку галузі і про перші позитивні кроки в цьому напрямі. Важливу роль в просуванні кіно продукту на міжнародній арені та популяризації вітчизняної кіноіндустрії автор відводить кінофестивалю. Та наголошує, що створення в Україні належних правових, організаційних, економічних, технологічних умов для розвитку національної кіноіндустрії забезпечить конкурентоспроможність національних фільмів та кіногалузі в цілому, матиме позитивний вплив на розвиток регіональних систем.

**Ключові слова:** кіноіндустрія, кінофестивалі, кіновиробництво, кінопрокат, креативна економіка.

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## КРЕАТИВНАЯ ЭКОНОМИКА В УКРАИНЕ ШАГ ЗА ШАГОМ. СОСТОЯНИЕ И ПЕРСПЕКТИВЫ КИНОИНДУСТРИИ

#### Аннотация

В статье проанализировано состояние и перспективы развития киноиндустрии в Украине как части креативной экономики. Автор говорит о необходимости активной государственной поддержки развития отрасли и о первых позитивных решениях в этом направлении. Важную роль в продвижении кинопродукта на международной арене и популяризации отечественной киноиндустрии автор отводит кинофестивалю. И отмечает, что создание в Украине надлежащих правовых, организационных, экономических, технологических условий для развития национальной киноиндустрии обеспечит конкурентоспособность национальных фильмов и киноотрасли в целом, окажет положительное влияние на развитие региональных систем.

**Ключевые слова:** киноиндустрия, кинофестивали, кинопроизводство, кинопрокат, креативная экономика.

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## ДОДАТКОВА ОСВІТА СУЧАСНОГО МЕНЕДЖЕРА ЯК СКЛАДОВА ЙОГО ПРОФЕСІЙНОЇ ЗАТРЕБУВАНОСТІ ТА СОЦІАЛЬНОЇ АКТИВНОСТІ

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У статті представлено теоретичне обґрунтування необхідності ставити і вирішувати проблему створення концепції додаткової освіти менеджерів. Розкритий зміст поняття «додаткова освіта». Наведені характеристики неформальної освіти менеджера.

**Ключові слова:** менеджер, додаткова освіта, неформальна освіта, інформальна освіта, суспільство, соціальна активність.

**Постановка проблеми.** У сучасних умовах розвиток підприємств і організацій значною мірою залежить від професійних знань і умінь менеджерів усіх рівнів управління.

У будь-які часи менеджеру для максимальної самореалізації своєї особистості завжди не вистачало тих знань, умінь і навичок, які йому давали в процесі освіти як у загальноосвітній, так і в про-