Film Policy Under MERCOSUR:  
The Case of Uruguay  

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Abstract: This paper explores the cultural dimensions of regional integration that could result from the regional trade pact of the Latin American Southern Cone called MERCOSUR. The aim of this study is to understand whether cultural industries such as film can be aided by state policies that work to erase borders between neighbouring countries and to facilitate interchange and trade through regional integration. Despite grassroots mobilization by filmmakers, this cultural dimension of MERCOSUR has not been realized in any material fashion. This research explores the various reasons for the failure of this policy. The Uruguayan film industry serves as a case study of some of the obstacles to cultural integration.  

Introduction  
This study explores the ways in which cultural industries such as film are affected by state policies in the Latin American Southern Cone. The essential purpose of these policies, implemented under the regional trade pact MERCOSUR, is to erase borders between neighbouring countries and to facilitate interchange and trade through regional integration. By promoting a network of cross-border film co-operation, this effort could potentially contest (or, in an ideal world, circumvent) Hollywood’s dominance in the areas of film production, exhibition, and distribution. Despite grassroots mobilization by filmmakers of the member countries (Argentina, Brazil, Paraguay, and Uruguay), however, this cultural dimension of MERCOSUR has not been realized in terms of any definitive, active institutional
ized co-production initiatives. This paper examines the various reasons for the failure of this policy. Uruguay and its audiovisual industry demonstrate why the implementation of regional audiovisual policies has not worked under the regional trade agreement MERCOSUR. My research suggests that film production in Uruguay has been aided more on both local and pan-Ibero-American levels than on a regional level.

MERCOSUR, the Common Market of the Southern Cone
The regional trade agreement MERCOSUR (Mercado Común del Sur), or the Common Market of the South, formed in 1991 out of a series of meetings that resulted in the “Tratado de Asunción” (Asunción Treaty) being signed by four South American nations: Argentina, Brazil, Paraguay, and Uruguay. The need to establish a common market through regional partnerships arose partially from the idea that on a global scale, nations were more interconnected than ever before in terms of economic exchange, communications networks, and the like. Spurred by the economic success of the North American Free Trade agreement (NAFTA) between the United States, Mexico, and Canada, as well as the combined strength of nations comprising the European Union (EU), the idea of a regional trade bloc for nations of the Southern Cone gripped collective imaginations. This alliance would assist in fostering economic, political, and cultural integration in the region to realize increased productivity and economic stability. Overall, with the implementation of this “free trade zone,” the combined market for these countries amounted to more than 220 million people and experienced 400% trade growth from 1990 to 1997 (MERCOSUR Web site, 2000). In 1996, two other countries, Chile and Bolivia, petitioned to join MERCOSUR and were made associate members.

The creation of MERCOSUR followed two models of supranational integration: that of NAFTA and that of the EU. It followed a model similar to NAFTA in its economic dimensions (that is, creating a free trade zone in the region for various industries including agriculture, automobiles, etc). In its cultural dimension, however, it was more closely aligned to the EU in terms of emphasizing the integration of the languages spoken in the region and bolstering cultural identities rather than ignoring differences. Hernan Galperin, in his study comparing MERCOSUR to the EU and NAFTA, points out that the co-ordination of cultural policies was explicitly outlined in the Cultural Integration Protocol by the end of 1996. As Galperin points out, the emphasis is put on the interchange and collaboration of fine arts and literature, while the audiovisual industries are not explicitly discussed (Galperin, 1999, p. 14).

According to political scientist Rafael Leucona, MERCOSUR as an economic experiment has proved beneficial in increased regional growth. The total GDP grew from $660 billion dollars in 1992 to $1,134 billion in 1997. This amounted to a 72% growth in five years for a combined average of 14.5% annual growth (Lecuona, 1999, p. 28). In terms of trade and investment in the region, the reports have been glowing. Although disputes have sometimes arisen between member countries in relation to specific industries, there is consensus that MER-
COSUR overall has been beneficial to the region. However, in terms of cultural integration, what steps were taken to facilitate this? How do cultural industries in Latin America (i.e., industrial goods of potential cultural value that have traditionally been state subsidized) fit into the economic and cultural mandates of MERCOSUR?

**MERCOSUR and cultural integration**

The notion of a pan–Latin American integration is not new. It is an idea that has found expression throughout the region’s history—from the works of Simón Bolívar (whose ideals represented the quintessential pan–Latin American vision) to renowned essayist José Martí, Cuban independence leader and author of *Nuestra America*. It can be seen in the continental-wide regional integration of Latin American filmmakers during the 1960s and as a continually recurring theme in Latin America, if only in a shared sense of utopian longing. With MERCOSUR, however, the idea was to take a smaller region within Latin America and begin the process of erasing borders for trade and cultural interchange within Latin America. Similarly, there have been trade pacts forged between the Andean Countries, called “The Andean Pact,” and between nations in the Caribbean, known as the Caribbean Common Market (CARICOM). However, the notion of cultural integration has not been at the forefront of these trade negotiations. Similarly, in the case of MERCOSUR, there is nothing written as part of the Asunción treaty that directly alludes to the cultural aspects of regional integration. Despite this lack of official acknowledgment, there has been a concerted effort by municipal and federal governments to address this issue and facilitate integration on a cultural level.

In terms of cultural industries, and especially film production, exhibition, and distribution in the Southern Cone, these efforts are twofold. The primary goals are first that the national film industries create a common market for trade and circulation of their products to encourage the economic viability of audiovisual production in the region; and second, that national film industries work alongside governmental bodies to move toward the creation of a regional identity that is expressed both culturally and cinematically. Unfortunately, in examining more closely the aim of culturally integrating member nations through the interchange and joint creation of cultural artifacts such as film and video, one finds that the situation has been more of a dream than actual material practice. This paper explores the issue of cultural integration by way of film production and the promotion of film co-production in the region. Although there have been a few films co-produced between the MERCOSUR nations beginning in the 1980s, there has been no systematic support of these projects, and thus they have been few and far between. These film productions have not had special incentives or tax breaks, unlike other regions where their governments aid national cinemas though the use of tax breaks on investments and other incentives.¹

In recent years, filmmakers and other concerned members of film sectors in Brazil, Argentina, and Uruguay (Paraguay to a lesser degree) have lobbied to reach solutions and/or legislation to aid in this process of promoting regional pro-
duction. In this paper, I argue that difficulties have stalled the process mainly for the following reasons: 1) market inequalities, 2) state film finance disparities, 3) inadequate film exhibition and distribution, and 4) lack of political will by lawmakers. My intention for this project was to explore the idea that national film industries in small and/or developing countries could pool resources and engage in co-production agreements to produce films. In the summer of 2000, I spent one month in Buenos Aires, Argentina, and one month in Montevideo, Uruguay, to research how efforts such as these were being made in a positive direction within MERCOSUR. The majority of my research on this topic came from interviews with state and local officials working to improve the film industry in Uruguay, filmmakers, journalists, and students. My written sources were mainly cultural journals and newspaper articles dealing with the cultural dimensions of MERCOSUR and/or the Uruguayan film industry. Books on the Uruguayan film industry and regional film production under MERCOSUR are, unfortunately, scarce, and the latter are limited in their discussion of Uruguay.

Before embarking on this project, my optimism in researching newfound institutional support for co-productions stemmed from the news of activities around this topic beginning in 1995. Annual MERCOSUR film festivals have been held in Uruguay and Brazil since that year, and roundtable discussions with Latin American ministers of culture about “MERCOSUR and Audiovisual Integration” sprang up in 1996. Even the Los Angeles based Sundance Film Institute created a two-day seminar for screenwriters in the Southern Cone entitled “MERCOSUR and the Global Marketplace” with the purpose of assisting filmmakers in “analyzing the reality of international financing for MERCOSUR productions, the channels of distribution in the region and the world, and finally, the opportunities for co-productions with international financing” (Barnabé, 1998).

Finally, a committed organization in Buenos Aires, AMERIGRAMAS, was created in 1995 expressly to lobby the Argentine government on the following fronts: 1) to support the standardization of film legislation for all MERCOSUR countries, 2) to relax the borders and customs duties tied to facilitating film production between MERCOSUR nations, and 3) to implement financial means of support to facilitate cross-border film production, exhibition, and distribution. AMERIGRAMAS has repeatedly organized conferences and worked to petition legislators to implement change in this area (interview with Eva Piwowarsky, Director, AMERIGRAMAS, 2000). Sadly, other than a few concessions, this effort has borne relatively little fruit.

Although there have been few changes to legislation with an aim to facilitate the free flow of labour, film stock, film equipment, and the films themselves across borders, there have been some positive outgrowths. Even though most policymakers have expressed inertia on these issues, this has not deterred advocates in the film sectors of Argentina, Brazil, and Uruguay from mobilizing in their respective countries to foment change. In this study I focus principally on the case of film production in Uruguay and the efforts that were made to push the small film industry forward in new ways and to strengthen the film industry financially.
The issue of MERCOSUR and those efforts will figure predominantly, despite the fact that a solid policy is yet to be realized. One outgrowth of lobbying have been new alternatives that have principally emanated from the local level (such as the city of Montevideo).

On the Ibero-American level, rather than the regional Southern Cone level, Uruguayan filmmakers have been able to contribute money to a film finance pool based in Spain called IBERMEDIA and thus reap much larger loans from it. From these efforts, and not from regional integration, Uruguayan film and video production has been occurring at an unprecedented rate. This is especially noteworthy considering the inconsistent and bumpy trajectory of past Uruguayan film production. Despite the problems preventing co-operative film production on a regional level (in the form of co-productions or otherwise), the industry is surviving due to other forms of assistance, both national and international. However, the question remains: Why has a partnership in film production in the Southern Cone been so difficult to achieve on a regional level? The next section addresses these problems from the perspective of the Uruguayan film industry.

Problems with film co-production: The Uruguayan perspective

Historically, Uruguay was created as a nation to serve as a buffer between the two “giants” that surround it. Both Argentina and Brazil have vast geographical terrain and sizable populations. Brazil has a population of 100 million and Argentina one of about one-third that size, at 36 million. Uruguay, in contrast, has a total population of 3 million inhabitants. Uruguay is equally small in terms of an audiovisual market, so historically it has faced problems in finding a solid base of film investors to finance films. Therefore, one of the principal strategies for filmmakers has been to cobble together co-production funds from countries in Latin America and Europe. However, as one Urugayan producer put it, “When one goes out in search of co-production funding, what Uruguay can bring to the table are not high sums of money, and it is difficult to start a project almost from zero” (Dessent, 1998, p. 14). In other words, Uruguay must depend often on other countries to invest in national films. Rarely is Uruguay the majority investor.

In 1994, concerned filmmakers, videographers, and other audiovisual producers lobbied the state legislature for the creation of a national film institute to assist in the development of a systematic and stable film industry in Uruguay. Other countries in Latin America and other parts of the world (arguably most nations except the United States) recognized the need and importance of a state-supported film institute to assist in film finance mechanisms, film legislation, and other necessary policies, and to serve as a base to market national cinema abroad. For most Latin American film industries, funding mechanisms were created, such as a law stipulating a 10% surcharge on the purchase of all movie tickets, to be earmarked for national film production. In the case of Uruguay, however, this did not happen.

The Instituto Nacional del Audiovisual (INA) was established under the Ministry of Education and Culture, created by the Executive power on June 8, 1994. The institute’s function was purely symbolic—that is, it was instituted for interna-
tional relations purposes, and was also used as a symbol of the country’s development. For example, the INA was able to meet with state film officials from other countries to sign co-production treaties should a nation such as Spain or Mexico decide to co-produce a film in Uruguay. Overall, however, it could not provide any kind of production funding to its filmmakers—national or otherwise. Unlike other film institutes in South America, such as Argentina and Brazil, Uruguay’s film institute could provide no awards for national scriptwriting competitions, no co-production funding loans, nor any other financial incentives for filmmakers at home or internationally. In a positive turn of events, however, the INA applied to join the now 12-member film finance pool IBERMEDIA in 1997. The group includes Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Mexico, Peru, Portugal, Spain, Uruguay, and Venezuela. By participating in a pan-Ibero-American finance pool, this gave Uruguay a chance to recoup a generous amount of film funding if a Uruguayan film project was selected by the IBERMEDIA committee.

IBERMEDIA was created after a series of meetings in the Conferencia de Autoridades Cinematograficas de Iberoamerica (the Conference of Iberian-American Film Organizations, CACI) to initiate what they have deemed the creation of an “Iberoamerican audiovisual space.” This is to be achieved primarily through a co-production fund and a system of networking Ibero-American producers. It aims to stimulate the development of exhibition and distribution of films and to promote the interchange of audiovisual professionals of member countries (see Programa IBERMEDIA Web site, www.programaibermedia.com).

The finance pool IBERMEDIA is modelled after the success of the European film program MEDIA (Méasures pour Encourager le Developpement de l’Industre Audiovisuelle), in which each country contributes to a fund in accordance with what the nation can afford. Spain, for example, pays the highest sum per year of $2 million. Other countries pay less. Moreover, to combat the discrimination that occurs when producers choose to co-produce with the wealthiest nations (Spain, Mexico, Brazil, etc.), it is stipulated that all film projects must be a three-member co-production, with one or more members being small countries. This statute was modelled after the European program EURIMAGES, which also mandates three-country co-productions. Via IBERMEDIA, Uruguayan filmmakers have had the opportunity to compete for sums of money that were on average 10 times greater than the original sum they contributed annually ($100,000). Therefore, the INA has so far functioned as a basis for supranational co-operation between countries in Latin America, Spain, and Portugal. It has not established a formal funding mechanism for national filmmakers, nor has it created local initiatives to assist in sustaining audiovisual production. Still, the fact that for the past three years Uruguay has managed to drum up financial support for inclusion in IBERMEDIA has had favourable repercussions. For the year 2000, $2.3 million was allotted to 23 projects, all of which have cobbled together other forms of private and state funding to produce Ibero-American co-productions (La Nación Line, 2000).
**Uruguay's national film history**

The history of film production in Uruguay has been inconsistent, marked by periods of inactivity. There has often been a lack of film producers and little to no state support. These inconsistencies have negatively impacted the ways in which film production as a viable and practical investment is viewed today. Uruguay has a curious film history: Uruguayan cinema has been marked as having a history of various “first Uruguayan films” due to the long breaks in between national production. For example, the first film ever made was in 1898, but in 1923, the film *Almas de la costa* (Souls of the Coast), directed by Juan Antonio Borges, was billed as the “first Uruguayan film.” Later, in three separate instances in 1938, 1979, and 1994, all of these films billed themselves as “firsts” due to the major lapses between produced films (El Cine Uruguayo, 1996). On a positive note, however, in the 1990s, a series of low-budget films made by Uruguayans were commercial and critically acclaimed successes: Beatriz Flores Silva’s *Pepa la Pistoleria* (Pepa, the Pistol Handler), 1993; Pablo Dotta’s *El Dirigible* (The Dirigible), 1994; and Alvaro Buela’s *Una forma de bailar* (A Way to Dance), 1997. Both Flores Silva and Buela used video technology rather than film to offset costs, and they received both local and international funding to complete their projects.

In sum, the main issue to confront all audiovisual producers in Uruguay is the same that plagues all producers who live in small countries—that of a small internal market. Media economists Wildman and Siwek (1988, p. 3) observe that the amount of production money invested in a film or TV product is directly proportional to the size of an initial market. Therefore, the larger the market potential, the greater the incentives for producers to invest in creative outputs (star actors, special effects, etc.). This logic of investment explains why a large, wealthy home market is a key component of success in the film and television trade. And it is a major reason why the audiovisual industries in Uruguay have been historically underfunded. At the same time, it explains in part why the United States has remained by far the dominant player in global audiovisual production and trade.

**Problems with film and television exhibition in Uruguay**

Throughout the history of Latin American film exhibition, there has always been the larger structural reality of the occupation of Latin American film screens by U.S. film distribution chains (Johnson, 1996). This has been a difficulty for national filmmakers and producers throughout Latin America due to the entrenched stance and huge imbalance of global flows in trade for U.S. audiovisual products to the rest of the world. Exhibitors throughout the Southern Cone are prone to show U.S. film fare because it is generally a less risky option. Because exhibition chains are profit-making enterprises and have no stake in screening national fare over foreign material, they generally err financially “on the safe side.” This typically results in discrimination for national distributors, unless the Latin American director has name recognition.

In addition to this inequality of opportunity, countries such as Uruguay and Paraguay face the realities of having television transmitted from neighbouring countries into people’s living rooms. Therefore, in addition to having the Holly-
wood behemoth in movie theatres and on television screens, there is also the constant stream of larger neighbouring countries with more developed television industries such as Argentina and Brazil who have their television signals flowing freely across national borders. In this instance, although the porous borders may provide more viewing options for the Uruguayan public (in that they can receive the Argentine broadcast signal for a few television stations), they may at the same time present problems for a less developed television industry such as Uruguay’s, because it must compete for viewership against a neighbouring country with much higher production values. Communication theorist Pool (1990) argues that small countries that have national television, film, or radio stations and cannot compete successfully on the market should not invest their resources in it. He would not support a national media system if it could not compete with a larger, more successful system from abroad. Ultimately, Pool’s ideas are not useful in conceptualizing cultural industries, because they ignore the fact that cultural industries have dimensions that are cultural, and thus distinguish them from other industries. The cultural industries—radio, television, film, and the press—are integral components of a nation’s development. Each nation receives cultural benefits, or what economists call “positive externalities,” from its cultural products, regardless of their success on the national or global market. In summary, while it is culturally important for Uruguay to sustain its audiovisual industries, it faces considerable competition both regionally and globally.

Lack of political will
Another problem that has plagued the Uruguayan audiovisual sector is the lack of co-operation between filmmakers and policymakers and other state officials to reform cinematic legislation. Filmmakers in Uruguay have expressed their frustration at the lack of attention or interest they have received from lawmakers. As filmmaker Beatriz Flores Silva observed in an interview in the summer of 2000:

> We could gather and complain all we want to about these various obstacles we face as filmmakers. The problem is that if it has no interest to the políticos, there will be no change…. There is always a great distance between the organizers of these [MERCOSUR] conferences, that is to say filmmakers, and the people in government that make all of the decisions. (Silva, 2000).

As a response, filmmakers have banded together in organizations such as the Association of Producers of Uruguay to lobby the government for change. Among the responses filmmakers gave in relation to the idea of regional integration was that, first and foremost, Uruguay as a smaller, poorer country still had to struggle for basic funding mechanisms on the state level before it could seriously lobby to further a regional accord. In an interview in 2000, Washington Azcaré, the current director of the INA (National Audiovisual Institute), stated:

> Legislators do not believe that our national film industry should be taken seriously. Because we have a poor track record of maintaining a healthy and sustained film institute, it isn’t in their consciousness. They tend to concentrate on other issues, not ones pertaining to national cinema. (Azcaré, 2000)
This lack of political will could also be described in terms of the movement toward establishing a cultural dimension of MERCOSUR as envisioned by communication scholars Facundo Solanas and Mariana Vazquez.

In the world of business and the investment of technology the MERCOSUR appears to be advancing in huge leaps and bounds. Given the commercial exchanges, the joint-ventures (contracts that Brazil-Argentina have made that reach 150 or so, and now Chilean companies are investing in these deals), and vertical integration among member nations, things are progressing. But it doesn’t look the same in the cultural realm, and above all in the audiovisual sector. Although the technology exists to produce “a MERCOSUR audiovisual space,” in this moment there doesn’t seem to be the political will to move this space forward. (Solanas & Vazquez, 1998, n.p.)

Notwithstanding this roadblock, on the local level there have been concerted efforts by film, video, and television producers to counter this political invisibility in Uruguay.

**Grassroots responses from committed audiovisual producers**

This lack of political will by political elites has not deterred filmmakers from lobbying both the federal and municipal governments in an effort to create new infrastructures to facilitate low-budget film and video production. One positive change on the municipal level was the result of an agreement put forth by the City of Montevideo to the four main cable television companies in 1995. When cable television was beginning to be installed in the capital, the municipality struck a deal with the cable companies: If they wanted permission to lay down cable lines in the city, they had to agree to implement an annual fund for national audiovisual producers, the Fondo para el Fomento y Desarrollo de la Produccion Audiovisual Nacional (Fund for the Development of National Audiovisual Production, or FONA).

Cable television generally has been a viable and profitable system in the Southern Cone and thus was a strategic sector to target in order to subsidize audiovisual production through the means of a “tax” placed on the cable companies. Originally, the cable companies agreed to establish a fund of $1 million per year to encourage national audiovisual production. Instead, the amount that materialized was $240,000 per year. Each year since its inception, there has been a competition for audiovisual productions. The first year the competition was held, 14 applications were submitted from which three fiction projects, three documentary projects (both on video), and one animation project were selected. In 1996, there were more than 40 submissions, and three one-hour fictional video projects were funded at $50,000 each. Three documentary videos were each awarded $15,000. While these are not large amounts of money in the filmmaking business, the funds represented a means for those awarded them to obtain further international funding. In recent years, the funding has increased to three projects of $80,000 to be shot in 16mm or 35mm format (FONA ’97: Los futuros rodajes, n.d.).

Other developments at the local level include the establishment of a Montevideo film commission called Locaciones Montevideanas (Montevidean Loca-
tions) in 1996. The centralized commission could co-ordinate production and postproduction for countries that wished to shoot a film at low cost with the help of skilled technicians. In addition, it created an opportunity to promote a tourist image of Montevideo and other provinces of Uruguay for export. Finally, the City of Montevideo created a fund to assist local filmmakers who have obtained international funding but are still short of the final budget they require. Called a “finishing fund,” it was created as a result of a landmark case in which filmmaker Beatriz Flores found herself (at merely 8% short of her funding goal) unable to continue production after having already received grants through IBERMEDIA and other sources. Montevideo’s new fund granted her a small amount of money to “push her over the peak” and complete her project (interview with Martin Papich, Locaciones Montevideanas director, 2000). In this way, depending on the amount of money it contributes to a given project, the city becomes a co-producer.

Finally, the entrance of television channels as film co-producers is a novel development in the history of Uruguayan film production. In many countries in Europe, as well as some in Latin American countries (Mexico, Argentina, and Brazil), there exists a symbiotic relationship between the film industry and television. Many television channels have chosen to produce or co-produce films because doing so lends prestige, allows them to advertise their product at minimal costs, and provides content for their stations. In Uruguay, however, the inclusion of television channels as participants in film productions is very recent. Channel 10 of Uruguay has agreed to donate technicians, goods, and services to a few low-budget films in the past few years. This may eventually lead to stronger integration between television, a wealthy and resourceful enterprise, and the film industry, which is often in need of financial support.

All of these new and evolving partnerships and film funding mechanisms are strengthening Uruguay’s national film production. Uruguay realizes that it has some catching up to do before it can realistically work with other MERCOSUR member countries that have well-developed film industries, namely Argentina and Brazil. Indeed, one of the structural problems associated with MERCOSUR is the power imbalance between the “heavyweights,” Brazil and Argentina, and the smaller, less economically powerful countries, Uruguay and Paraguay.

Structural asymmetries under MERCOSUR

Compared to that of Argentina and Brazil, Uruguay’s film industry is slowly developing but as of yet is not a consistent entity. In fact, debates continue as to whether film production in Uruguay can technically be called an “industry.” Similarly, Paraguay has even less of a film industry to speak of, although it has begun to produce one or two major films per year. The disparate levels at which Uruguay’s and Paraguay’s film industries operate in relation to those of Argentina and Brazil reflect the larger inequalities between these countries. As it stands there exists a structural lopsidedness in that richer nations have a large home market and see no reason to invest in smaller, poorer nations. The evident economic disparities will not translate into fair and equal standards for all member states if there is
not a more level playing field. Ticio Escobar, a Paraguayan cultural critic and art historian, explains the asymmetries in these terms:

It is obvious that … MERCOSUR will have a certain impact on the economies of smaller countries (Paraguay and Uruguay) and a different impact on their larger neighbors (Brazil and Argentina). These inequalities should be pointed out strongly and discussed in relation to the cultural plane, especially in its relevance to the dimension of state subsidies and investment by the private sector. To avoid that smaller countries participate as lesser members of MERCOSUR, it is fundamental … for the convergence of cultural policies of the region to be dealt with responsibly. (Escobar, 1995, pp. 63-64)

The MERCOSUR treaty presents a challenge for countries of the Southern Cone to co-operate and integrate as neighbours. At this point, however, there is still no parity between these countries in many sectors, the audiovisual realm included. Only when all MERCOSUR members have national film industries aided by agencies with a funding base such as a National Film Institute will they meet on more even ground. Fortunately, in recent years, a few token efforts have been made by wealthier governments to encourage the fostering of regional cultural integration.

In June of 2000, one such initiative was passed by the Argentine film institute (the National Institute of Film and Audiovisual Arts, or INCAA) for a new competition in which filmmakers from the MERCOSUR countries were invited to submit a screenplay to be shot in and co-produced by one or two other MERCOSUR countries. The winner of the “Best Film Project from MERCOSUR” would be granted a sum of money and institutional support to shoot a film in the region (Ministerios de Cultura, 2000). This gesture, however small, represents one tiny step toward a larger cultural integration through the regional trade pact.

There are problems associated with MERCOSUR, however. For example, commercial entities such as car manufacturing and agriculture are industries favoured over the cultural producers because of their commercial nature. In the same vein, large television conglomerates (Rede, Globo, Clarín, and the like) have tremendous advantages over small film companies without a base of corporate holdings. These television conglomerates better fit the definition of an “industry” and thus are considered as “industrial entities” under MERCOSUR. As such they have historically been favoured by the state over small director-producer companies, which must struggle for financial backing, exhibition, and distribution much more than large multimedia conglomerates.

Why film rather than television industries are in greater need of support from MERCOSUR

Jesús Martín-Barbero, a Colombian communication scholar, observes in his article on identities and cultural industries that

MERCOSUR agreements do not contain cultural industries legislation. In the considerations of the Asunción Treaty no clear mention is made of culture, and since then there have been several declarations of intentions … with regard to an agenda for cultural policies especially oriented to the standardization of leg-
islation, the protection of patrimony, the formation of information networks, and in general the diffusion of “high culture.” This is demonstrated by the Cultural Integration Protocol signed in 1996 and the arts exhibitions, cofinanced publications, fellowships for young artists, and the writers’ exchange programs. The audiovisual industries do not seem to fit into that “seal” whereas the Clarín group—a multimedia conglomerate that ranks third in the Latin American audiovisual space, after Rede Globo and Televisa—does. (Martín-Barbero, 2000, p. 42)

This commentary is useful in pointing out the tensions inherent to the cultural industries, particularly those of Latin America. They are in essence industries that contain both a consideration for cultural attributes and an adherence to an artistic or “national issues” sensibility. Simultaneously, they must adhere to a logic and ethos that is tied to the market, both on the national and global scale. Therefore, cultural industries such as film fall coincidentally under the often opposing categories of “culture” and “industry.” As Martín-Barbero points out, there is interpretation by the state linking its support of the fine arts, or “high arts,” to that of industry, whereas the terms governing the state’s “high culture” assignation systematically exclude the mass cultural industries, which include film, video, and television production.

At the same time, Martín-Barbero does not want to suggest that very powerful multimedia conglomerates such as Argentina’s Clarín, Mexico’s Televisa, and Brazil’s Rede Globo are not excluded from the state’s preferential purview. Indeed, these businesses are so wealthy and powerful that it would make sense for the state to include them in MERCOSUR proceedings, not as cultural entities, I would argue, but rather as industrial ones. Clearly, this is why the regional trade agreement was drafted in the first place—to facilitate industrial growth and regional co-operation. Surely these multimedia groups comply with this mission. However, Martín-Barbero makes the error of conflating the television and film industries as though they were both controlled by large multimedia conglomerates and thus should both be given approval by MERCOSUR as industries deserving of special perks.

What should be clarified here with regard to Martín-Barbero’s comments is that the television and film industries do not operate under the same industrial structure nor with the same commercial logic. In other words, film industries operate under very different industrial and cultural processes than do television companies. While it is true that in some countries such as Brazil and Argentina the multimedia conglomerates currently invest in film production, this is an exception to the rule. Film industries in Latin America are not in the same privileged position as television industries, yet in fact, small independent director-producers make more films than do television companies.

In terms of state support for productions funded by television companies (owned primarily by multimedia conglomerates), the legislation varies by country. In Brazil, for example, whereas a large television station may wish to invest in a Brazilian film, the state (under the terms of the Lei do Audiovisual) forbids these large corporations access to film subsidies by the state film institute. In Argen-
tina, by contrast, legislation allows large television stations to produce films utilizing state funds, thus reaping potential subsidies in the process. This form of “corporate welfare” is indicative of the neoliberal economic policies favoured by then-president Menem (Falicov, 2000). In Uruguay and Paraguay, the situations are reversed. There is no national film funding mechanism, nor any film legislation in place to encourage national audiovisual production. Thus, it is up to individuals or small production companies to appeal for local funds as well as outside funding to make films and videos. This, of course, has been problematic for the reasons outlined above (small market, absence of a coherent film history, etc.).

Conclusion
The cultural dimensions of MERCOSUR have far to travel to arrive at a regionally systematic road map to facilitate regional film production. Although efforts have been stalled in implementing standardizations for film production collaboration, I would argue that this might change with an acknowledgment that not all of the countries in the trade pact are at the same level of development. Efforts to help countries such as Uruguay and Paraguay develop their film industry potential would ultimately work in the interests of regional integration. Despite the fact that regional proposals for improving film production and circulation are being met for the most part with complacency by legislators and policymakers throughout the Southern Cone, there have been progressive developments on the local level, as in the case of Uruguay, and on the Ibero-American level, as in the creation of IBERMEDIA.

Uruguay’s grassroots initiative to create local, tailor-made solutions to specific problems illustrates the progress the country is making on the road to achieving a more equal footing with larger, more powerful nations (with more developed film industries) in the region. The fact that IBERMEDIA has proved to be so successful may stem from the egalitarian practices it observes. The agency allows each nation to pay what it can afford, and in so doing establishes a system that encourages participation by smaller countries that might otherwise be at a disadvantage for producing and marketing films. Perhaps these models, in conjunction with industrial development in Uruguay and Paraguay’s respective audiovisual industries, will ultimately bring the region closer to establishing a productive and fruitful collaboration.

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Note
1. In comparing the efforts by various nations in Europe, for example, one can see that there has been a reinvigoration of production in countries such as England and Ireland. Thanks go to Sharon Strover for making this point of comparison.

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