

Newsweek

May 19, 2003

NewsweekInternational.com

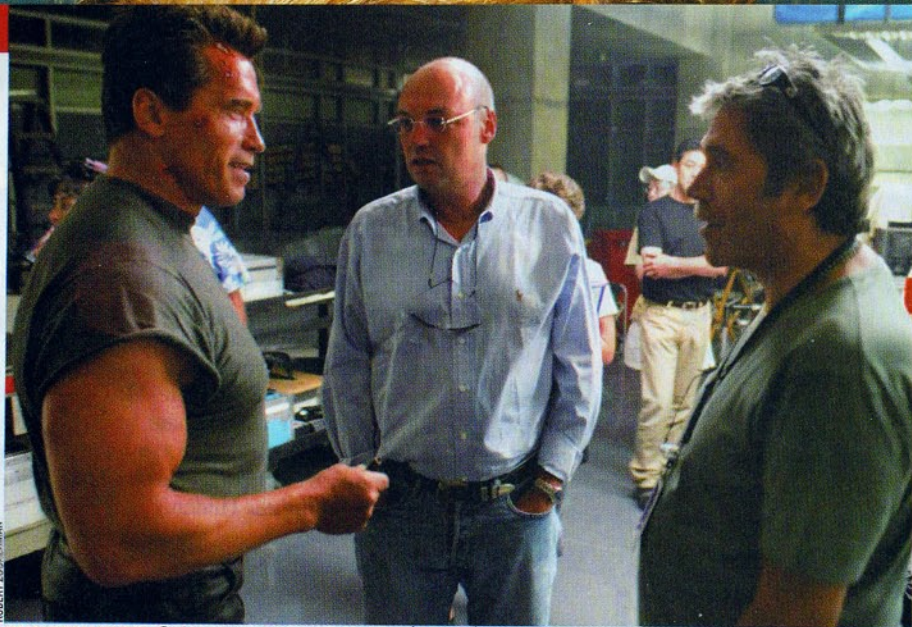
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EUROFUNDED: Schwarzenegger, Borman (center) and Kassir on the set of 'Terminator 3'

Just Call It Eurowood

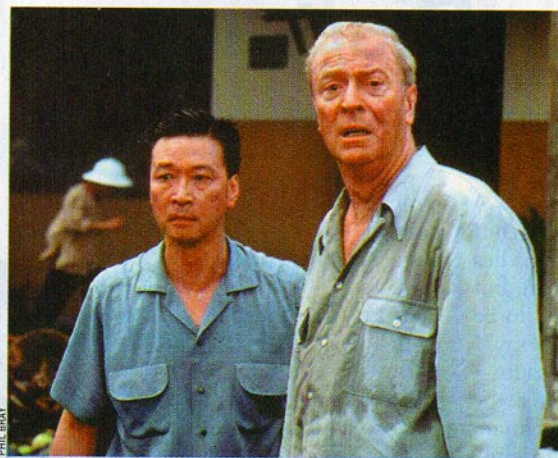
A new crop of cross-productions is hitting the screens

BY DANA THOMAS

WHEN HOLLYWOOD MOVIE producers Mario Kassir and Andy Vajna decided to revive the "Terminator" series for a third megabudget installment, they chose to look outside the seven major Hollywood studios for backing. "Independent financing allows us the creative control we need for these movies," explains Vajna. The only independent Hollywood player that could afford the \$170 million-plus budget was Intermedia, a Los Angeles-based production company fueled by a German investment fund. "They were looking for a tent-pole movie," says Vajna. "And we had it."

Once the deal was struck, with Arnold Schwarzenegger back as the muscle-bound cyborg, Intermedia auctioned the film's distribution rights to the studios. When "Terminator 3: Rise of the Machines" hits movie screens this summer—beginning with a promo-reel screening this week at Cannes—it will be under the auspices of Warner Bros. in the United States and Sony's Columbia TriStar overseas. Intermedia will remain discreetly in the background, quietly cashing in on its percentage of the profits.

After years of blaming Hollywood for the demise of European cinema, EU film financiers and producers have taken a new tack: developing and packaging "international" movies, then selling them, ready-made, to American studios. Hollywood, under increasing pressure to cut costs, par-



SILENT PARTNER: Intermedia's 'The Quiet American'

ticularly in film production, is welcoming them with open arms. To feed their international-distribution pipelines, the studios must release 25 to 30 films a year under their own banner. But they now produce only five or six of those in-house—usually monster-budget extravaganzas that play big around the globe. To fill in the gap, the studios are increasingly turning to the independent production companies, which are flush with cash from European tax funds and tax incentives.

Intermedia is the biggest of the Eurowood contingent. Launched a decade ago as a film-sales company based in Hollywood and Britain, it moved into production when it merged with German-born film executive Moritz Borman's Pacifica

Film Development in 2000. Quickly, Intermedia ramped up an impressive slate of important independent movies—films like "The Quiet American" and "Adaptation," both nominated for Oscars this year. Later, it acquired Initial Entertainment Group, which originally financed Martin Scorsese's "Gangs of New York."

Along with "T3," Intermedia has put together the upcoming "Aviator," a Howard Hughes biopic directed by Martin Scorsese and starring Leonardo DiCaprio, and Oliver Stone's historical epic "Alexander," starring Colin Farrell and Anthony Hopkins, set for release late next year. "It's not enough to come to Hollywood and say you have money," says Borman. "It's much better to say, 'I have a great script and a great director. Want to be partners with me?'" Filmmakers are drawn to Intermedia because, unlike the studios that develop films by committee and take years to get them into production, it promises creative freedom and can get the cameras rolling quickly. "Since there is very little bureaucracy," says Basil Iwanyk, Intermedia's president of worldwide production, "we can sit in a room with a filmmaker and say, 'These are the three people you are going to be dealing with from start to finish'"—a rarity in Hollywood.

Besides Intermedia, there is a host of smaller European firms knocking on Hollywood's door. These include Italy's Eagle Pictures, which is producing "The Lazarus Child," with Andy Garcia and Angela Bassett; London-based Qwert, run by former Hollywood executive Michael Kuhn, and BBC Films—best known for its involvement in "Iris" and "Gods and Monsters"—which opened an office in West Hollywood last year. Its latest project is "Sylvia," starring Gwyneth Paltrow as poet Sylvia Plath. "We don't pay very much—not anything like Hollywood does," says BBC Films head David Thompson. "But a lot of these stars have a great deal of money and are looking for something else. We're able to seduce them with the vibrant nature of the roles, maintain our integrity and focus, and not take on cheap, cheesy endings just to please the masses."

Will the studios eventually give up making movies in-house? Not likely. But with the studios' continued budget cuts, their increased need to satisfy global tastes and the continued growth of Eurowood companies such as Intermedia and BBC Films, the international borders that have long divided cinema will surely fade to black. ■



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