

Canadian Media Producers Association

International Strategy 2018/2019 – 2020/2021

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A. INTRODUCTION

The purpose of this three-year strategy is to generate and support activities that create and promote international co-production opportunities for the CMPA's membership, expand international market knowledge and strengthen links with offshore industry organizations looking to broaden their own international market reach and presence.

Every attempt will be made to ensure that the CMPA's international strategy is practical and will provide a real service to its members.

B. SECTOR OVERVIEW

1. Vision, mission statement, goals and objectives

The CMPA works on behalf of members to promote and stimulate the Canadian production industry. Its overall goal is to ensure the continued success of Canada's independent production sector and Canadian made content in Canada and globally. We promote global possibilities by supporting Canadian media production companies in facilitating creative and profitable international business opportunities, including co-production partnerships.

The main objectives of CMPA's international activities for the next three years are to:

- Promote international production partnerships
- Expand international market knowledge
- Strengthen links with international industry stakeholders

2. Description of the industry and its importance for Canada

In 2015/16, the Canadian media production industry reached \$6.76 billion in total volume of film and television production¹. During this same period:

¹ According to statistics in *PROFILE: Economic Report on the Screen-Based Media Production Industry in Canada (2016)*.



- Export value in terms of the amount of foreign revenue collected by the production industry for sales reached \$3.31 billion
- Canada's production industry generated 253,000 full time jobs and \$20 billion in GDP for the Canadian economy

Co-productions continue to be critical in the international marketing area as international partners provide important links to foreign sales. In the last 10 years, Canada's screen content producers partnered in more than 700 international co-productions totaling over \$5 billion. In 2016, France and Germany continued to be Canada's main co-production partners, with Australia, the UK and Ireland rounding out the list of main partners for the year. With the top two partners comprising 65% of total budgets, there is room to increase activity outside of these two countries - especially with those that share a common language and trading link - while further solidifying and diversifying business opportunities with the top partners.²

3. International competitive position – unique selling attributes & competitive advantage(s)

Canadian production companies have forged an international reputation for delivering a level of unparalleled production expertise and service. Canada is also known for its particular strengths in computer animation and visual effects. As requirements for those technical services have grown in almost all production genres, Canadian companies are well-placed to deliver on these needs.

Despite the strength of the Canadian dollar over the past several years, the Canadian industry has held its position in serving the lucrative location market primarily for US producers. With the present exchange rate back at more traditional levels (and expected to remain there if not dip in level), the industry will again become more attractive to filmmakers based south of the border. On the other side of that coin, small Canadian production companies will find it more expensive to self-promote when it comes to mounting offshore productions. This represents a significant opportunity for the CMPA to support their efforts in whatever ways are most effective.

² Ibid.



4. Progress made, accomplishments and lessons learned

Since January 2001, the CMPA has been active in the international arena, promoting the interests of its members by facilitating production possibilities and addressing any structural or policy issues which do not maximize co-production partnerships.

The CMPA's international strategy is focused on providing assistance to its members in making sustainable offshore connections which lead to mutually successful co-productions. Directly, and with public and private assistance where practicable, interested members are assisted with establishing a range of contacts at all levels of filmmaking production in the international space.

This focus has prompted the Association to be involved in the world's largest entertainment market and trade events in the entertainment industry, including the Cannes International Film Festival, NATPE, the Hong Kong International Film and TV Market, MIPCOM, Berlinale and MIPTV.

The CMPA has also worked with government and private-sector partners to offer international missions to Australia, New Zealand, the US, Brazil, South Africa, South Korea, Singapore, Norway and others.

The successes of international market presence and trade missions have demonstrated that by bridging the business and logistical gaps between Canada and key foreign markets through missions, more production activity is generated, direct market intelligence is gathered and Canadian productions gain international visibility. Hundreds of new contacts have been created and member evaluation surveys have all reported positive business outcomes.

C. TARGET MARKETS

In the target markets identified below, the efforts of the CMPA are aimed at a range of international professional companies involved in all aspects of the filmmaking and digital production industries.

1. Established markets: France, Ireland, UK, US

a) France

France is internationally recognized as a trailblazer in the film and television industry, with box office revenues expected to modestly rise from US \$1.5 billion in 2016 to US \$1.6 billion in



2021.³ The country commands an established support structure through favourable tax and financial incentives and is a major catalyst for access to European, Latin American, and Asian markets. Yielding US \$18.2 million, France is the most important territory for broadcaster pre-sales worldwide.⁴

State and regulatory bodies such as the Centre national du cinéma et de l'image animée (CNC) and Sociétés de financement de l'industrie cinématographique et de l'audiovisuel (SOFICA) play indispensable roles in France's distinguished industry. The State upholds that a robust film and television industry is a cultural priority and provides strategic support to finance, distribute, promote, and export content. For nearly 70 years, Unifrance (administered by the CNC) has been a world-leader in providing support in selling French films in major international markets. As a result of France's international efforts, French films are experiencing unparalleled success in selling to Russia and Mexico.⁵ Significantly, France is a top European exporter of animation.⁶

Canada and France have a long-standing, fruitful partnership celebrating 77 feature film and 119 television audiovisual treaty co-production projects since 2006.⁷ The total combined budgets of these co-productions amounted to almost CAD \$600 million, securing 48% of the share of co-production activity between Canada and partner countries.⁸ France is the second most important country to Canada for exporting feature films and is demonstrably a partner of choice for Canadian films.

³ PWC (2017) *Global Media and Entertainment Outlook 2017–2020* (<https://www.pwc.com/outlook>)

⁴ De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*

⁵ De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*

⁶ Ibid.

⁷ CMPA (2016) *PROFILE: Economic Report on the Screen-Based Media Production Industry in Canada*

⁸ Ibid.



ACTION: CMPA intends on leading a delegation of Canadian producers to France in June 2018 to explore business-to-business meeting opportunities with French producers at The Annecy International Animation Film Festival.

The Annecy International Animation Film Festival features animation and cartoon content in the following categories: Feature films, short films, films produced for television and advertising, student films and films made for the internet. France is the second most important country for Canadian feature film exports and has been Canada's principal co-production partner for over ten years. From 2006–2015, Canada and France's audiovisual treaty partnership resulted in a total of 196 projects with the Canadian share of the total global budget at CAD \$695 million. France continues to be an important market for Canada's screen-based industry and this mission permits the opportunity to further strengthen and enhance business collaborations in this market.

b) Ireland

Ireland's film and television industry offers a highly developed infrastructure, backed by consistent Irish government support, a competitive tax incentive and project funding. Ireland has co-produced with almost every European territory, as well as Canada, Australia and South Africa. It has a wealth of experienced co-producers across all forms of film, television, animation and digital media. The audiovisual content production sector in Ireland is estimated to be worth in excess of CAD \$725.9 million.

The Irish Film Board (IFB) is the main funding body and is also charged with attracting productions to shoot in Ireland. Incoming shoots have included the Canada-Ireland co-production *The F Word*, and the Canada-Ireland TV show *Vikings* for History Channel US.

IFB figures for the industry show that production activity for the independent film, television drama and animation sector has reached the highest level on record, contributing over CAD \$235 million into the Irish economy through employment creation and spend on local goods and services.

Section 481, the Irish tax incentive for TV and film, was recently extended to 2020. This incentive was increased on January 1, 2015 from 28% to 32% of a film's Irish spend, precipitating a system change from investor-led funding to a tax credit.

Given the significant interest expressed by its members, the CMPA and a number of Canadian industry partners led a highly successful mission to Dublin and London in the fall of 2015.



ACTION: In the fall of 2020, the CMPA will look to organize a follow-up mission to Ireland.

From 2006 to 2015, the Canada-Ireland audiovisual treaty coproduction partnership accounted for 22 projects, resulting in a total global budget of CAD \$549 million. Canada's share of the global budget was CAD \$156 million. This mission will focus on maintaining positive relations with our sister organization in this country.

c) UK

The UK television industry is a major international success story and a natural co-production partner for Canada. This market produces thousands of hours of content each year, contributing approximately CAD \$2.4 billion to the UK's GDP.⁹ In terms of gross box office sales, the UK is the second most important exporter of feature films in the world, steadily increasing since 2005 to US \$9.4 billion in 2015.¹⁰ Series such as *Downton Abbey*, *Spooks*, *Sherlock*, *Life on Mars* and *Doctor Who* have secured unprecedented success in the international arena, as have innovative formats such as *The X Factor*, *Masterchef*, *Who Wants to be a Millionaire*, *Strictly Come Dancing*, *Dancing on Ice* and *Top Gear*.

The UK broadcast landscape is constantly evolving. Financing the gap between license fees and production budgets, responding to the trends in media convergence and consumption, and meeting audience demands for more diverse content have paved the way for increasing collaboration - across genres, sector and international borders. The challenge of creating content volume that will appeal to a global audience for viewing on multi-screen devices is immense.

The UK has consistently been Canada's top or second co-producing partner of choice in the last 10 years. In the last 5 years, the Canada-UK has been the most used treaty with 88 productions.¹¹ It is worth noting that the small number of UK-Canada co-productions resulted in a demonstrably high value of total sales, accounting for 23% of all foreign sales.¹² The UK is

⁹ We are UK Film (2017). (<http://www.weareukfilm.com/facts-and-stats>)

¹⁰ De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*

¹¹ Telefilm Canada. <https://telefilm.ca/en/coproduction/statistics-on-coproduction>.

¹² De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*



the second most-important market for the pre-sale of Canadian programs, generating over CAD \$90,446,872 in revenues.¹³

The UK government has become increasingly supportive of the industry with improved lottery-sourced funding and tax concessions. Relaxation of the domestic (and by extension international project) certification process offers wider opportunities for international co-productions as they are now eligible for direct funding; approximately 25% of funded projects are international co-productions. An added incentive for continued market presence is the drop of the UK's corporate tax rate on April 1, 2014.

The implications of the UK's decision to leave the EU have yet to become clear but the uncertainty of EU nationals' right to stay after the Brexit poses a major concern for the film industry.¹⁴

Given that the UK remains one of the top co-producing partners for Canada and the production, CMPA led a mission to Ireland and the UK in the Fall 2015 to continue to reinforce business relationships and gather on the ground industry information.

ACTION: In the fall of 2020, the CMPA will look to organize a follow-up mission to the UK.

From 2006 to 2015, the Canada – UK audiovisual treaty coproduction partnership accounted for 183 projects, resulting in a total global budget of CAD \$977 million. On average, films coproduced with the UK achieve a much higher volume of sales. This mission may involve attending Content London, which takes place at the end of November and hosts the following conferences: *The International Drama Summit*, the *Unscripted Entertainment Forum* and *C21Kids Content Futures*. Overall, this mission will focus on maintaining positive relations with our sister organization in this country.

¹³ Ibid.

¹⁴ European Audiovisual Observatory (2017) *Focus 2017 World Film Market Trends*



d) US

The US, and specifically Hollywood, is considered the global entertainment and media capital. It is a movie mecca that generates over CAD \$703 billion in revenue that is expected to grow to over CAD \$804 billion over the next four years.¹⁵ The US industry is highly concentrated: the 50 largest companies account for about 70 percent of revenue; however, small companies can compete successfully by creating low budget movies for niche audiences. In 2016, US production volume remained steady with a total of 789 films.¹⁶ The US also dominates in global film exports, generating 70% of its film revenue from foreign markets¹⁷ with animation being its greatest export.¹⁸ For Canadian companies, the US is the top export partner for film sales, generating CAD \$57,990,646.¹⁹

Independent production companies are no longer limited to making and distributing documentaries and art-house projects. Once considered renegades, many companies of this type are now well-established and well-respected industry players. Continued concern over the economy, increased opportunities for new media distribution, the need for quality content at lower production costs, and limited financial risk have made independent film production an attractive business model. The affordability and accessibility of production technology has further democratized the marketplace for the independent production house.

Independent cinema in the US relies heavily on press reviews and media attention, particularly around the key talent of actors and directors. At present, there isn't a perception of Canadian cinema or a new generation of directors taking root in the public's consciousness to create energy and excitement around new Canadian films. As a result, Canadian films are often considered niche.²⁰

Given the challenge as detailed above regarding the lack of perceived identity of Canadian cinema within the US, it is important for the CMPA to band together with Canadian industry partners to maximize every opportunity for producers to galvanize and champion all Canadian content and Canadian-based creators in US programs, irrespective of financial investment in

¹⁵ De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*

¹⁶ European Audiovisual Observatory (2017) *Focus 2017 World Film Market Trends*

¹⁷ De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*

individual projects. In order for Canadian producers to take advantage of the co-venturing opportunities with the US and making inroads with Hollywood, they must know the inner workings of the US industry and gain direct access to financiers, broadcasters, packaging agents and casting agents.

Canadian companies are interested in more targeted initiatives bringing together US buyers with Canadian sellers, and in support for co-ventures with the US to grow their businesses and their international reach. Interviewees explained that opportunities exist for sales to US distributors for day and date releases on VOD platforms.²¹

ACTION 1: CMPA intends on expanding its outreach to the US through partnerships with the Producers Guild of America and contacts established through an L.A. Pre-Sale Pitch Sessions initiative in August 2018.

The US is the most important country for Canadian feature film exports. It is well-documented that the involvement of US talent (even in a limited way) can greatly support foreign sales. As noted by De Rosa and Burgess (2017), "seventy-two percent of the top films that sold more than 4 million tickets outside of Europe between 2010 and 2014 had a US distributor attached". The August 2018 mission will focus on expanding current Canada – US partnerships.

ACTION 2: The CMPA is also looking to lead a mission to the South by Southwest (SXSW) Conference & Festival in March 2020.

Taking place mid-march in Austin, Texas, SXSW offers producers at varying experience levels the opportunity to attend panels, workshops, and mentor sessions, with expert filmmakers and industry leaders. The film festival, running at the same time, aims to celebrate emerging talent both in front of and behind the camera and often highlights independently produced films. The conference and film festival are highly regarded events that will aid in developing meaningful Canada – US business relations.

²¹ Ibid.



2. Emerging markets: China, India, Latin America (Colombia and Mexico), Nigeria

a) China

Global Affairs Canada reports that China is the fastest growing film market and is now the second-largest film market in the world. China is expected to surpass North America as the largest movie market in the world by the end of 2017.²² In 2016, China surpassed the US as the #1 market by number of screens,²³ increasing from 24,607 screens in 2014 to 31,627 screens in 2015. March 2017 marked important policy development, when China enacted film legislation calling for transparency in the censorship process.²⁴

Films have become central to Chinese courtship and consumption: its domestic box office grows by 20-30% annually. Although the Chinese government actively encourages private investment in the independent sector, only 34 big-budget films and a handful of independent foreign ones are allowed into China each year. Foreign producers are still looking to get a foothold into China to tap into the country's vast audience. Canadian science fiction and fantasy tales tend to generate high levels of export revenues in China. Further, Chinese buyers show interest in animation and romantic comedies.

China offers an enormous consumer market based on its large population and robust purchasing power. The country is also willing to pay for premium branded commodities and services, and is increasingly cognizant of the need to protect foreign intellectual property rights in the face of prevalent piracy issues.

Hong Kong has state of the art infrastructure in place, providing wide-range support to the industry, including film, television, music, design, comics and animation, games and other forms of digital entertainment, particularly with a focus on innovations in virtual reality. Its insularity from the rest of the world is fundamentally changing as more and more companies attend key events such as Hong Kong FILMART, looking for potential production partners. Significantly, in 2016, Canada and China began exploratory talks on a free trade agreement ²⁵

²² Global Affairs Canada (2017) *Canada's State of Trade*. http://www.international.gc.ca/economist-economiste/performance/state-point/state_2017_point/index.aspx?lang=eng

²³ European Audiovisual Observatory (2017) *FOCUS 2017 – World Film Market Trends*.

²⁴ Ibid.

²⁵ Global Affairs Canada (2017) *Canada's State of Trade*. http://www.international.gc.ca/economist-economiste/performance/state-point/state_2017_point/index.aspx?lang=eng

and as noted in CMF's 2017 *Your Market Is Everywhere* report, "several Canadian companies have had success both exporting to and collaborating with Chinese producers".²⁶

CMPA led a delegation of 12 Canadian producers to Hong Kong FILMART in March 2017 with industry partners. As relationships within China develop slowly, CMPA will sustain outreach and research support for Canadian producers interested in this market for at least 3 years, to ensure that long term benefits are supported.

ACTION: The CMPA and/or its members may have representation in the Canadian Government's creative industries-focused mission to China in April 2018. In addition, the CMPA is looking to lead a mission to China (likely Hong Kong FILMART) in 2020.

One of the main objectives of FILMART is to promote cross-media, cross-businesses partnerships. De Rosa and Burgess (2017) report that Canadian science fiction/fantasy/tales are appealing to Chinese audiences and these genres are generating high levels of export revenues. The CMPA is also looking into other events in China that may be of interest, with opportunities in Shanghai noted as a priority.

b) India

In 2014, Canada and India ratified an international audiovisual co-production treaty. As the largest producer of films in the world in terms of the number of projects, India is now coming onto the global film production scene. Over the last 3 years, India continues to steadily release a large number of domestic features, with 1903 films certified in 2016.²⁷ More recently, the Government of India has implemented several initiatives to attempt to liberalize regulations relating to foreign film policy, including fiscal benefits, film festivals and awards, and facilitating the shooting of films.²⁸

According to PricewaterhouseCoopers' *Indian Entertainment and Media Industry report*, India's E&M sector showed strong growth last year, with revenues rising from CAD \$15 billion to CAD \$17.7 billion – a year-on-year increase of 20%. This growth was achieved in spite of a relative

²⁶ CMF Trends (2017) *Your Market is Everywhere* – China

²⁷ European Audiovisual Observatory (2017) *FOCUS 2017 – World Film Market Trends*.

²⁸ KPMG (2016) *Film Financing and TV Programming: A Taxation Guide*.

slowdown in the broader economy. In 2015, the Indian market generated US \$1.5 billion in domestic box office sales.²⁹ KPMG projects that the Indian film industry will reach a size of INR 219.8 billion in 2018.

Home entertainment is booming (where the much lower cost of accessing audiences on DVD and VOD is a significant factor), especially with respect to animation and documentary content consumption. Regardless of Indian preferences to watch films in local languages, India presents a number of opportunities for Canadian film, television and digital content producers that merit further exploration, including access to a solid talent pool at reduced costs, and access to private sector financing. Having a presence in the Indian market on a longer term and ongoing basis is vital for Canada to exploit these opportunities. Key industry trends include emerging sources of revenue, increased collaboration with international studios, the rise of 3D cinema, the advent of digital cinema and the growth of multiplexes. Recent Canadian–Indian deals have focused on the genres of children’s programming, animation, and both scripted and unscripted lifestyle programming.³⁰

At the present time, Canadian companies note a number of challenges with doing business in India, including a lack of business relationships, lack of Indian experience coproducing with Canadian companies, linguistic hurdles and piracy.

ACTION: CMPA will explore leading a mission to the Goa Film Bazaar for further business-to-business meetings in the fall of 2019. Until that time, additional research will be undertaken to further strengthen business opportunities and synergies between producers from both countries.

The Film Bazaar, generally taking place at the end of November, is the largest South Asian film market. The market is significant as it opens the door to the sale of world cinema in the South Asian region. Given that film buyers and sellers from all across the globe attend this event, it will be an important mission to advance India–Canada film and television partnerships.

²⁹ De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*

³⁰ CMF (2017). *Your Market Everywhere – India*

c) Latin America – Colombia

The screen-based industry in Colombia continues to grow. With exponential growth forecasted for the years ahead³¹, Colombia has been identified as an emerging market with broad Canadian interests. Colombia offers low filming costs and customary technical infrastructures that result in the production of high-quality content.³² The market is ranked fourth in Latin America for the number of films produced.³³

Increasing from, on average, 4.2 films per year between 1997 and 2003 to an average of 8 films after 2004, Colombia and producing partners have procured the benefits of established screen content policies and incentives.³⁴ In May 2017, the Canada Media Fund, Proimágenes Colombia, and MinTIC signed an agreement to incite co-development initiatives for digitized animation, fiction, and documentary content.³⁵

In addition to financial incentives, organizations such as PROCOLOMBIA have gained momentum in helping to support international strategies that attract upscale foreign film and TV production to the country. By 2021, box office revenues are expected to rise 6.5% from US \$146 million to US \$200 million, with subscription TV revenues reaching US \$1.2 billion.³⁶ Although Hollywood films continue to dominate Colombia's box office charts, local production is said to be on the rise.³⁷ In 2016, Colombia received their first Oscar nomination for the film *Embrace of the Serpent*.

ACTION: CMPA intends on leading an exploratory mission to Colombia's Bogota Audiovisual Market in July 2019.

The Bogota Audiovisual Market is a prime event for producers around the world to experience Colombia's growing film industry and picture-perfect shooting locations.. The exploratory mission will navigate the structure and key players involved in Colombia's audiovisual sector.

³¹ PWC (2017) *Global Media and Entertainment Outlook 2017-2020* (<https://www.pwc.com/outlook>)

³² KPMG (2016) *Film Financing and TV Programming: A Taxation Guide*

³³ Ibid.

³⁴ Ibid.

³⁵ CMF Trends (2017) *Your Market Is Everywhere – South America*.

³⁶ PWC (2017) *Global Media and Entertainment Outlook 2017-2020* (<https://www.pwc.com/outlook>)

³⁷ Ibid.

d) Latin America – Mexico

With a GDP larger than most European countries, Mexico is an important emerging market for screen content production. Traditionally, media ownership in Mexico has been concentrated and as a result, competition has been limited.³⁸ In comparison to Latin American countries, Mexico has the second highest volume of international sales at CAD \$1.4 million.³⁹ The service sector in the country is enjoying consistent growth in gross national product and exports - and the film industry seems to be a solid contributor to climbing export levels. Strikingly, the Mexican film market is expected to reach CAD \$1.2 billion in box office revenues by 2018, with film admissions reaching CAD \$265 million in that same year.⁴⁰

Currently, there are no specific tax laws regulating film financing and television programming in Mexico. A tax incentive to promote national film production was introduced in 2005 and modified in 2007 (this tax incentive has not been subject to any material changes to date). This incentive is available to all entities and individuals and consists of a tax credit equivalent to the amount invested in national cinematography projects against the income tax payable in that same year.

Canada and Mexico's screen production relationship continues to evolve. The two countries share an audiovisual co-production treaty.⁴¹ In addition, the physical proximity of Mexico to Canada (and in addition to the US) may prove to help accelerate collaboration and partnerships with Mexican media companies. This closeness should also be explored as a way to gain access to other Latin American media industries.⁴²

The Mexican government has a number of incentives and programs in place to stimulate production in Mexico by foreign producers, including ProvAV, Fidecine, Foprocine, and the Eficine tax credit. As long as foreign producers have a production partner in Mexico, they are eligible to apply for these incentives.

³⁸ Global Affairs Canada (2017) Canada's State of Trade. (http://www.international.gc.ca/economist-economiste/performance/state-point/state_2017_point/index.aspx?lang=eng)

³⁹ De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*

⁴⁰ Ibid.

⁴¹ CMF Trends (2017) *Your Market Is Everywhere – Mexico*

⁴² De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*

ACTION: The CMPA intends on leading a mission to Mexico's *Guadalajara Film Festival* in March 2019.

Mexico's *Guadalajara Film Festival* is considered the most prestigious film festival in Latin America. The festival's activities include the following: *Guadalajara Film Market & Producers Network*, *Iberoamerican Film Market*, *Short Up!!!* (Short films), *Digital Space* (Digital Cinema Keynotes), *Iberoamerican Coproduction Meeting*, *Guadalajara Build* (Postproduction Market), *Expotec* (Technology Show), and *Iberoamerican Film Crossing Borders* (Foreign Market Training). This mission will focus on networking with Latin American producers and on information gathering efforts in order to expand business opportunities throughout Latin America.

e) Nigeria

Nigeria is Africa's most populous country, and one of the continent's largest economies. Its primary source of income is oil but due to the financial crisis of 2008–09 and the drop in the price of oil, its economic growth has been diversified⁴³; the entertainment industry has become a large part of its growth. Its film industry is second largest in the world, only surpassed by India's Bollywood, generating US \$7 billion, employing 1 million people and producing over 2,500 movies per year. Its contribution to the country's national GDP is 1.4%. Box office revenue is forecast to keep on rising, increasing at a CAGR of 8.0% over the forecast period from US \$79 million in 2016 to US \$116 million in 2021.⁴⁴ According to journalist Emily Witt, author of *Nollywood: The Making of a Film Empire*, Nigeria is positioned to become a "global brand much like the films of Bollywood or Kung Fu movies."⁴⁵

While most movies are generally low budget and are backed by private investors, Nigeria's creative industries enjoy government support in the form of initiatives to reduce financial burdens on new investments, and encourage both foreign and local investments into the film

⁴³ CIA World Factbook (<https://www.cia.gov/library/publications/the-world-factbook/geos/ni.html>)

⁴⁴ PWC (2017) *Global Media and Entertainment Outlook 2017–2020* (<https://www.pwc.com/outlook>)

⁴⁵ PBS News Hour: *Inside Nollywood, the booming film industry that makes 1,500 movies a year.*

(<https://www.pbs.org/newshour/arts/inside-nollywood-the-booming-film-industry-that-makes-1500-movies-a-year>)

industry. The government also lends support to the industry in fighting piracy.⁴⁶ With their increased presence at MIPCOM and AFM, Nigeria is working on strengthening its relationships with Europe and North America.⁴⁷

Canada does not have a co-production treaty with Nigeria; however, exploring collaboration opportunities with this rapidly growing and maturing market would be advantageous from a financial and creative perspective.⁴⁸

ACTION: The CMPA is looking to lead an exploratory mission to Africa International Film Festival in Lagos, Nigeria in the fall of 2018.

Nigeria's screen-based industry is booming and has been designated as a market to watch. In this exploratory mission, the CMPA will assess the benefits of research conversations with producers and will investigate various funding opportunities in this region. This mission will also provide the chance to view the current state of film and television infrastructure and talent.

3. Markets on Radar – Key market insights & updates: Central European Countries (Czech Republic, Hungary, Poland), Nordic Countries (Finland, Norway, Sweden), South Africa

The CMPA will conduct exploratory meetings at major international events to gauge mutual interest in co-production and other business opportunities with each of the markets outlined below.

⁴⁶ The Guardian: *Nigeria: FG's Support for Creative Industry Paying Off, Says Mohammed* (<http://allafrica.com/stories/201712130538.html>)

⁴⁷ Variety. *AFM: Nigerian Film Industry Looks to Work With Hollywood Partners* (<http://variety.com/2017/film/spotlight/afm-nigerian-film-industry-looks-to-work-with-hollywood-partners-1202606939/>)

⁴⁸ De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*

a) Central Europe – Czech Republic

The Czech Republic is predicted to remain an attractive location for film production in the 21st century, especially for films and high-end TV dramas.⁴⁹ Since 2015, the country has experienced strong box office growth with admissions expected to rise to US \$17.2 million by 2021.⁵⁰ Local films are especially popular with an impressive average market share of 20 - 24% over the past few years and reaching nearly 30% in 2016.⁵¹

The volume of foreign productions in Czech Republic steadily increased with the introduction of its incentives program in 2010. The incentive program largely provides support for feature films, TV, animation, and documentary films. Remarkably, there is no cap on the funding amount awarded per project.⁵²

With the highest average earnings in the former Eastern Europe, the Czech Republic is a well cabled and generally well-developed television market with a competitive series of VOD packages, most of them linked to existing TV channels.

b) Central Europe – Hungary

The Hungarian film industry has experienced dynamic development over the past few years.⁵³ Favourable legislative changes and the creation of a new film funding organization have ultimately led to the rejuvenation of Hungary's film industry. Hungary's total cinema revenue is expected to increase from US \$75 million in 2016 to US \$102 million in 2021.⁵⁴

In the spring of 2011, the Hungarian Government decreed that a new motion picture company be established and a national strategy be created in order to revitalize the Hungarian film industry and settle any outstanding debts. As a result, the Hungarian National Film Fund was

⁴⁹ KPMG (2016) *Film Financing and TV Programming: A Taxation Guide*

⁵⁰ PWC (2017) *Global Media and Entertainment Outlook 2017–2020* (<https://www.pwc.com/outlook>)

⁵¹ Ibid.

⁵² KPMG (2016) *Film Financing and TV Programming: A Taxation Guide*

⁵³ KPMG (2016) *Film Financing and TV Programming: A Taxation Guide*

⁵⁴ PWC (2017) *Global Media and Entertainment Outlook 2017–2020* (<https://www.pwc.com/outlook>)

created, with a budget of almost CAD \$30 million. Since the creation of the Fund, there have been many Hungarian films in production, some of which were high budget international co-productions and Hungary has also hosted a number of international productions. Hungary's 25% rebate scheme remains an attractive incentive for foreign producers.

The enacted legislative changes also led to improvements in film infrastructure. Strikingly, Hungary offers a talented and experienced film production workforce with acclaimed production personnel. Investments in infrastructure have also provided the foundation for the rapid growth in Hungary's digital media sector.⁵⁵

c) Central Europe – Poland

Poland's production industry achieved noteworthy success in 2016. Reaching their highest production level in over a decade, Poland released 54 films and six minority co-productions.⁵⁶ Significantly, in 2016, five local films ranked among the top ten Polish films, compared to merely one in 2015.⁵⁷

Overall, Poland has a well-subsidized and flourishing national production industry, releasing an average of 36 films a year. State support for the film industry in Poland with the introduction of the Cinematography Act and the Polish Film Institute (PFI) in 2005 provides public grants for film production, selected festivals and events, developing archives, education and professional training, as well as for promotion of the Polish film industry abroad. As such, there has been a rapid increase in the number of films being produced in Poland, as well as the number of foreign filmmakers interested in becoming involved in co-productions and other film services in Poland. In addition, VOD services such as Netflix and Showmax are quickly gaining in popularity.

⁵⁵ KPMG (2016) *Film Financing and TV Programming: A Taxation Guide*

⁵⁶ European Audiovisual Observatory (2017) *FOCUS 2017 – World Film Market Trends*

⁵⁷ PWC (2017) *Global Media and Entertainment Outlook 2017–2020* (<https://www.pwc.com/outlook>)

The PFI continues to actively improve production funding opportunities in Poland. In 2016, the PFI created a minority co-production fund with a budget of US \$2 million to increase international co-productions.⁵⁸ Then, in 2017, the government announced a plan to improve incentive schemes with funds of US \$23 million.⁵⁹ The new incentive plan is available for local and international film and TV drama producers and offers a 25% rebate on Polish production costs.⁶⁰

d) Nordic countries – Finland

Finland has a fast-growing production service, post-production, and VFX industry. Newly allocated filming funds and financing schemes piloted by the Finish Film Institute are expected to continue to nurture this sector. In 2016, Finland's total cinema revenue reached US \$109 million and is anticipated to increase to US \$126 million in 2021.⁶¹

In 2015, the Finish Film Institute launched a private fund to invest in Finish production. The fund was initiated with roughly US \$24 million equity from a pension fund and has been designed to be self-sustaining.⁶² The fund will collect capital once the current receipts of funds begin to turn a profit.

International co-productions are eligible to receive support from the Finnish Film Foundation, however, no formal filming incentive has been introduced as of yet. Currently, Finland has co-production treaties with Canada (1998) and France (1983). Over the past five years, the Finish Film Institute has funded the production of 90 international co-productions.⁶³ Finland offers a stable and competitive business environment.

⁵⁸ European Audiovisual Observatory (2017) *FOCUS 2017 – World Film Market Trends*

⁵⁹ Ibid.

⁶⁰ Ibid.

⁶¹ Ibid.

⁶² CMPA Executive Committee (2016). *International Approaches to Cultural Policy & Production*.

⁶³ Ibid.

e) Nordic countries – Norway

Norway is a very prosperous country – the fourth richest in the world measured in GDP per capita – and has a healthy cinema sector with a strong tradition of art house distribution. The Norwegian distribution and exhibition market has remained fairly stable over the past five years. Increasing by 11.4% year-on-year, Norway has experienced two years of strong box office revenue growth.⁶⁴

In 2016, Norway's local market share was 23.9% and in 2021 the country's cinema revenues are expected to grow to US \$206 million.⁶⁵ This is a strong number for a relatively small country. Most Norwegian films are sold to European countries who share similar cultures and social physiognomies.

In terms of television, Norwegian public broadcasters are required to buy 25% of their content from independent producers.⁶⁶ Norway also has a mature pay-TV market with subscription TV penetration reaching 97.8% in 2016.⁶⁷

f) Nordic countries – Sweden

As funding options and co-production opportunities become more accessible, Sweden's film industry continues to ripen. Since the 1991 tax reform, Sweden's reputation as a high-tax country has become obsolete. Sweden experienced a notable 2015 with box office revenues reaching US \$212 million.⁶⁸

Swedish films receive support from the Swedish Film Institute (SFI). Introduced in 1963, the SFI has worked to strengthen international working relationships between Swedish production companies and foreign producers. Including Canada's 1994 treaty, Sweden has five co-

⁶⁴ PWC (2017) *Global Media and Entertainment Outlook 2017-2020* (<https://www.pwc.com/outlook>)

⁶⁵ Ibid.

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ Ibid.



production treaties in total.⁶⁹ The SFI aims to develop film expertise, strengthen international financing, and to support film exportation. Generally, the SFI provides funding for 8–10 minority co-productions a year.⁷⁰ However, currently no tax incentives exist for film and television investors or producers.

While Sweden’s status as a major exporter of films to the international market has declined sharply since the 1980, there have been definite signs of improvement over the past three years: admissions to Swedish films up by 28 %, a strong market for children’s films, and an expanding home base for pan- Scandinavian giants such as Canal+ Sweden, Filmnet and Voddler. Sweden also has established at least 141 on-demand services.⁷¹ Sweden’s 2015 banner year wrought momentum that continued well into 2016.

g) South Africa

South Africa has a bustling film industry and has been forecasted as a market to watch by PWC 2017–2021 Global Media and Entertainment Outlook. In 2016, South Africa reached a century high record with the release of 28 domestic productions, which is six more than the previous year.⁷² Growth in production volume has been largely attributed to the following factors: the weak rand, scenic shooting locations and favourable weather conditions, a sophisticated workforce, and a competitive rebate system.⁷³

Two additional alluring features of South Africa’s screen-based industry are their Department of Trade and Industry’s incentives to grow the film industry and state-of-the-art infrastructures to support production activity. The Canadian Media Fund Trends Report further details the strategic benefits of bolstering business with South Africa by highlighting that the Canadian–South Africa co-production treaty (1997) provides Canadian producers with, on average, 26% back on eligible spending.⁷⁴ Canadian content fairs well in South Africa and Canadian producers claim that the Canada–South Africa co-production treaty is the “easiest to set up”.⁷⁵

⁶⁹ CMPA (2016) ExComm Preliminary Research Documents

⁷⁰ Ibid.

⁷¹ Ibid.

⁷² European Audiovisual Observatory (2017). *FOCUS 2017 – World Film Market Trends*.

⁷³ CMF Trends (2017). *Your Market Is Everywhere – South Africa*.

⁷⁴ Ibid.

⁷⁵ Ibid.

With consumer spending on media and entertainment forecasted to triple in the country by 2020, it is indispensable to continue to foster business relationships and opportunities in South Africa.

South Africa's industry has grown over 85% in the last 5 years and is now one of the top locations for film, television and commercials. Their industry is expected to continue to grow with revenue estimated to rise to US \$239 million by 2021.⁷⁶ Co-productions are attractive to South African producers as it permits bigger budget films that are more competitive in international markets.⁷⁷ Canada's 20-year co-production relationship with South Africa proves to be a valuable partnership for Canadian producers.

⁷⁶ PWC (2017). *Global Media and Entertainment Outlook 2017-2020*. (<https://www.pwc.com/outlook>)

⁷⁷ De Rosa, M. & Burgees, M. (2017). *Exporting Canadian Feature Films in Global Markets*.



Appendices

A. Summary of 2018/2019 International Activity

2018-2019			
MONTH	COUNTRY	ACTION ITEM	DETAILS
JUNE (2018)	France	The CMPA intends on leading a delegation of Canadian producers to France in June 2018 to explore business-to-business meeting opportunities with French producers at The Annecy International Animation Film Festival.	The Annecy International Animation Film Festival features animation and cartoon content in the following categories: Feature films, short films, films produced for television and advertising, student films and films made for the internet. France is the second most important country for Canadian feature film exports and has been Canada's principal co-production partner for over ten years. From 2006-2015, Canada and France's audiovisual treaty partnership resulted in a total of 196 projects with the Canadian share of the total global budget at CAD \$695 million. France continues to be an important market for Canada's screen-based industry and this mission permits the opportunity to further strengthen and enhance business collaborations in this market.
AUGUST (2018)	US	The CMPA intends on expanding its outreach to the US through partnerships with the Producers Guild of America and contacts established through an L.A. Pre-Sale Pitch Sessions initiative in August 2018.	The US is the most important country for Canadian feature film exports. It is well-documented that the involvement of US talent (even in a limited way) can greatly support foreign sales. As noted by De Rosa and Burgess (2017), "seventy-two percent of the top films that sold more than 4 million tickets outside of Europe between 2010 and 2014 had a US distributor attached". This mission will focus on expanding current Canada-US partnerships.
OCTOBER (2018)	Nigeria	The CMPA is looking to lead an exploratory mission to Africa International Film Festival in Lagos, Nigeria in the fall of 2018.	Nigeria's screen-based industry is booming and has been designated as a market to watch. In this exploratory mission, the CMPA will assess the benefits of research conversations with producers and will investigate various funding opportunities in this region. This mission will also provide the chance to view the current state of film and television infrastructure and talent.
MARCH (2019)	Mexico	The CMPA will continue to explore networking and business-to-business meeting opportunities with Latin American producers at key festival and market events. We intend on leading a mission to Mexico's Guadalajara Film Festival in March 2019.	Mexico's Guadalajara Film Festival is considered the most prestigious film festival in Latin America. The festival's activities include the following: Guadalajara Film Market & Producers Network, Iberoamerican Film Market, Short Up!!! (Short films), Digital Space (Digital Cinema Keynotes), Iberoamerican Coproduction Meeting, Guadalajara Build (Postproduction Market), Expotec (Technology Show), and Iberoamerican Film Crossing Borders (Foreign Market Training). This mission will focus on networking with Latin American producers and information gathering efforts in order to expand business opportunities throughout Latin America.

B. Summary of 2019/2020 International Activity

2019-2020			
MONTH	COUNTRY	ACTION ITEM	DETAILS
JULY (2019)	Colombia	The CMPA intends on leading an exploratory mission to Colombia's Bogota Audiovisual Market in July 2019.	The Bogota Audiovisual Market is a prime event for producers around the world to experience Colombia's growing film industry and picture-perfect shooting locations. Colombia continues to be an attractive market for foreign producers as rebate schemes and incentives are generous. The exploratory mission will navigate the structure and key players involved in Colombia's screen-based industry.
OCTOBER / NOVEMBER (2019)	India	The CMPA will explore leading a mission to the Goa Film Bazaar for further business-to-business meetings in the fall of 2019. Until that time, additional research will be undertaken to further strengthen business opportunities and synergies between producers from both countries.	The Film Bazaar, generally taking place at the end of November, is the largest South Asian film market. The market is significant as it opens the door to the sale of world cinema in the South Asian region. Given that film buyers and sellers from all across the globe attend this event, it will be an important mission to advance India-Canada film and television partnerships.
MARCH (2020)	US	The CMPA is looking to lead a mission to the South by Southwest (SXSW) Conference & Festival in March 2020.	Taking place mid-march in Austin, Texas, the SXSW conference offers producers at varying experience levels the opportunity to attend panels, workshops, and mentor sessions, with expert filmmakers and industry leaders. The film festival, running at the same time, aims to celebrate emerging talent both in front of and behind the camera and often highlights independently produced films. The conference and film festival are highly regarded events that will aid in developing meaningful Canada-US partnerships.
MARCH (2020)	China	The CMPA is looking to lead a mission to China in 2020.	The CMPA is looking to attend Hong Kong's FILMART in 2020. A main objective of FILMART is to promote cross-media, cross-businesses partnerships. De Rosa and Burgess (2017) report that Canadian science fiction/fantasy/tales are appealing to Chinese audiences and these genres are generating high levels of export revenues. The CMPA is also looking into other events in China that may be of interest, with opportunities in Shanghai noted as a priority.

C. Summary of 2020/2021 International Activity

2020-2021			
MONTH	COUNTRY	ACTION ITEMS	DETAILS
NOVEMBER / DECEMBER (2020)	UK & Ireland	In the fall of 2020, the CMPA will look to organize a follow-up mission to the UK and Ireland. In the meantime, the CMPA will continue to work with its sister organizations in both counties.	From 2006 to 2015, the UK accounted for 183 audiovisual treaty coproduction partnerships with Canada and Ireland accounted for 27. On average, films coproduced with the UK achieve a much higher volume of sales. Additionally, Content London takes place at the end of November and hosts the following conferences: The International Drama Summit, the Unscripted Entertainment Forum and C21Kids Content Futures. This mission will focus on maintaining positive relations with our sister organizations in these countries.