

# Canadian Media Producers Association

## International Strategy 2018/2019 – 2020/2021

*As of 12 December 2019*

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## A. INTRODUCTION

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### *The Canadian Media Producers Association (CMPA)*

The CMPA is the national advocacy organization for independent producers, representing over 400 companies engaged in the development, production, and distribution of content made for television, cinema and digital media channels.

We work on behalf of our members to promote the continued success of the Canadian production sector, including the diverse content made by our members for both domestic and international audiences. Specifically, we organize and participate in international initiatives, represent industry interests to government, negotiate labour agreements, oversee copyright-related activities, offer mentorship programs, deliver professional development sessions, hold an annual conference and produce industry publications.

### *The CMPA in the international arena*

The CMPA has been active internationally for over 25 years. Often working in partnership with Canadian industry stakeholders and government, we:

- Provide our members with market intelligence
- Assist with access to foreign events, markets, workshops;
- Deliver export skills development sessions;
- Lead missions to foreign markets;
- Coordinate CMPA presence at international events (e.g. festivals, markets, conferences) to support Canadian producers and the Canada brand.

We also regularly liaise with our counterparts in key foreign media markets to help carry out our international work. One of most recent collaborative efforts involved signing a memorandum of understanding in October 2018 with our counterparts in Australia, Belgium, Brazil, Croatia, France, India, Italy, New Zealand, Portugal, Singapore, South Korea, the US and the UK to form the Global Creative Alliance (GCA). The aim of the GCA is to forge broad cooperative relationships to encourage international business relations and share market intelligence. GCA members will also act as co-administrators of the *Production Platform*, an online networking tool available to TV companies to pitch ideas to each other for international collaboration and communicate via the tool to develop those ideas.



### Our international objectives

Ultimately, the purpose of the CMPA's international strategy and resulting efforts in the international arena is to:

- Increase interest from foreign producers, buyers and financiers
- Increase direct knowledge of foreign markets
- Strengthen individual relationships with co-production partners
- Increase export opportunities – which is especially important for small and medium-sized companies

This purpose has prompted us to be involved in the world's largest entertainment market and trade events in the entertainment industry, including the Cannes Film Festival, American Film Market, NATPE, Hong Kong International Film and TV Market, Content London, MediaCon Dublin, Durban International Film Festival, FICCI Frames, MIPCOM, Berlinale and MIPTV. We have also lead industry-wide missions to a range of foreign markets, including Australia, New Zealand, the US, Brazil, England, Ireland, South Africa, South Korea, Singapore and Norway.

## **B. OVERVIEW: THE CANADIAN SCREEN-CONTENT SECTOR**

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### Description of the industry and its importance for Canada

In 2017/18, the Canadian media production industry reached CAD\$8.92 billion in total volume of film and television production<sup>1</sup>. During this same period:

- Export value in terms of the amount of foreign revenue collected by the production industry for sales reached CAD\$5.6 billion.<sup>2</sup>
- Canada's production industry generated 179,000 full time jobs and CAD\$12.8 billion in GDP for the Canadian economy.<sup>3</sup>

In 2018, Canada recorded a total OTT revenue of US\$1.b billion.<sup>4</sup> That revenue is expected to rise to US\$2.7billion by 2023.<sup>5</sup>

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<sup>1</sup> CMPA (2018). *PROFILE: Economic Report on the Screen-Based Media Production Industry in Canada*.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> PwC, Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>5</sup> PwC, Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)



By becoming the first non-European country to join the Council of Europe's *Eurimages* fund in 2017 and concluding the Strategic Partnership Agreement with the EU, Canada is building more global opportunities for its screen-based content creators, and optimizing the potential for attracting project financing and achieving commercial success.<sup>6</sup>

*Screen-content entrepreneurs on the international scene: sales and co-productions*

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. Despite the strength of the Canadian dollar over the past several years, the Canadian industry has held its position in serving the lucrative foreign location and services market. More than CAD\$4.77 billion in foreign location and service production in Canada – the highest level our country has seen.<sup>7</sup>

Co-productions continue to be critical to ensure the vitality of the screen-content sector in Canada. These productions are important vehicles to strengthen international ties in the audiovisual sector and a way to promote and market Canadian talent abroad. They also enhance each partnering country's production capacity by drawing foreign investment and by facilitating project financing for works that might not otherwise be produced, thereby boosting production budgets, generating employment and developing local talent.

In the last 10 years, Canada's screen content producers partnered in 615 international co-productions with budgets totaling almost CAD\$5 billion. France and the UK continue to be Canada's main co-production partners, with Germany, Ireland, and Australia rounding out the list of main partners in 2017. With the top two partners comprising 45% 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.<sup>8</sup>

Further, recognizing the importance of global markets and the value of Canada's coproduction treaties, the Canada Media Fund (CMF) has pursued bilateral co-development and coproduction agreements, setting aside modest funding envelopes for projects involving producers from Canada and Argentina, Berlin-Brandenburg (Germany), Colombia, Denmark, Ireland,

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<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.



Luxembourg, Northern Ireland, Scotland, and South Africa, with further such bilateral arrangements being contemplated in the future.<sup>9</sup>

## C. TARGET MARKETS

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In the target markets identified below, the efforts of the CMPA between 2018 and 2021 are aimed at a range of international professional companies involved in all aspects of the screen-content production industry.

### 1. Established screen-content markets: France, Ireland, UK, US, Italy, Germany, Australia

#### France

France is internationally recognized as a trailblazer in the film and television industry, with box office revenues expected to rise from USD\$1.6 billion in 2017 to USD\$1.72 billion in 2023.<sup>10</sup> France is the most important territory for broadcaster pre-sales worldwide, yielding USD\$24.9 million in 2017.<sup>11</sup>

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.

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.<sup>12</sup> France is also among the five largest business-to-business markets and economies globally.<sup>13</sup>

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<sup>9</sup> CMF (2019). Programs & Deadlines, <https://cmf-fmc.ca/en-ca/programs-deadlines/coproductions>

<sup>10</sup> PwC, Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>11</sup> De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*

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

<sup>13</sup> PwC, Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)



Canada and France have a long-standing, fruitful partnership celebrating 65 feature film and 112 television audiovisual treaty co-production projects since 2008.<sup>14</sup> The total combined budgets of these co-productions amounted to almost CAD\$1.29 billion, securing 28.8% of the share of co-production activity between Canada and partner countries.<sup>15</sup> France is the most important country to Canada for exporting feature films of all genres, and most especially animation productions.

France is a viable partner with a large potential audience for both French and English language productions. The market is estimated to grow to US\$1.8 billion in 2022 at a 1.8% CAGR and become the fourth-largest subscription TV market in Europe in terms of revenue. France has by far the largest, most-advanced IPTV market in Europe and is only behind China, the US and Russia in terms of subscriber numbers.<sup>16</sup> As of October 2018, France had a total of 192 on-demand audiovisuals established in the country and 247 available.<sup>17</sup>

The country continues to be Europe's biggest market for non-Hollywood films, with between two and two-and-a-half times the number of European (including French) films opening there than studio pictures.<sup>18</sup> In 2017, France produced 177 100% national films, 78 majority co-productions, and 45 minority co-productions.<sup>19</sup>

Key events in the France of importance to the Canadian screen-content industry include the *Anney International Animation Film Festival*, *MIPCOM*, *Cannes Film Festival*, *Séries Mania International Festival*, and *Sunnyside of the Doc*.

- France is a top European exporter of animation and continues to be catalyst for animation productions particularly through the *Anney International Animation Film Festival*, which holds a competition between cartoon films and various techniques such as animated drawings, cut-out papers, and modeling clay. Participating in this event will encourage business activities between Canada and foreign companies, in particular those from the European markets.

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<sup>14</sup> CMPA (2018). *PROFILE: Economic Report on the Screen-Based Media Production Industry in Canada*.

<sup>15</sup> Ibid.

<sup>16</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>17</sup> European Audiovisual Observatory, <http://yearbook.obs.coe.int/s/document/country-profiles>

<sup>18</sup> Market Study France 2010–2017, published May 2018, by Split Screen for German Films [https://www.german-films.de/fileadmin/mediapool/pdf/Marktanalyse/2018/France\\_2010-2017\\_MAI\\_2018\\_edit.pdf](https://www.german-films.de/fileadmin/mediapool/pdf/Marktanalyse/2018/France_2010-2017_MAI_2018_edit.pdf)

<sup>19</sup> European Audiovisual Observatory, <http://yearbook.obs.coe.int/s/document/country-profiles>



- *MIPCOM*, held in Cannes annually since 1985, is a robust trade show that is well represented by television studios and broadcasters. The event is comparable to a marketplace and is an indispensable opportunity to connect Canadian producers with international media buyer and sellers.
- The *Cannes Film Festival* has been described as the most important film festival with respect to worldwide impact and garnered media attention. *Cannes* was founded with the purpose of raising the profile of films to develop cinema, boost the film industry, and celebrate ingenuity on a global scale. Cannes revels in celebrating the best filmmakers and emerging talent from all over the world, making attendance at the Festival key for creative entrepreneurs' global market strategies.
- *Séries Mania International Festival* in Lille, France, is a 9-day international festival entirely dedicated to enthusiasts and creators of audio-visual series. In 2018, the festival drew over 55,700 spectators and over 2000 industry professionals.<sup>20</sup> The festival is described as a meeting place for series makers and “the place-to-be where decision-makers and audiovisual talents meet to discover projects in development or in production and imagine the new generation of upcoming series”.<sup>21</sup> *Séries Mania* is growing in festival participation and prominence.
- *Sunny Side of the Doc* is a major international marketplace for documentary and specialist factual content across all platforms. Each year, the 4-day event brings together broadcasters, decision makers, financing bodies, distributors, content creators and producers from around the world to sell or buy projects and programmes, and to find coproduction partners from 50 countries.

The CMPA intends to partner on the following activities in France with members of the International Business Development Group, lead by Telefilm Canada.

- *MIPCOM*
- *Marché du Film (during the Cannes Film Festival)*
- *International Animation Film Market (MIFA) at the Annecy International Animation Film Festival.*

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<sup>20</sup> <https://seriesmania.com/en/home/series-mania-festival>

<sup>21</sup> <https://seriesmania.com/en/home/series-mania-festival>



The goal of the partnership is to create enhanced visibility for Canadian participants, networking opportunities and a chance to showcase Canadian content.

For more information on the French screen-based content market, please see market report in Appendix I.

#### INTENDED ACTIONS – FRANCE

**Outbound mission:** The CMPA intends on leading a delegation of Canadian producers to Lille, France in March 2021 to explore networking and business-to-business meeting opportunities at *Series Mania Festival*.

**Attendance:** At the *Cannes Film Festival* and *MIPCOM* from 2018–2021.

#### *Ireland*

Ireland's film and television industry offers a highly developed infrastructure, backed by stable Irish government support. The entertainment and media sector in Ireland is estimated to be worth in excess of CAD\$6.8 billion.<sup>22</sup>

The Irish Film Board (IFB) is the market's 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.

Ireland has co-produced with almost every European territory, as well as Canada, Australia and South Africa, and has a wealth of experienced co-producers across all media platforms. 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 and garnering expanded interest from Canadian producers to co-produce with Irish partners. In 2017, Ireland produced two 100% national films, 15 majority co-productions, and 10 minority co-productions.<sup>23</sup>

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<sup>22</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>23</sup> European Audiovisual Observatory, <http://yearbook.obs.coe.int/s/document/country-profiles>



As of October 2018, Ireland had 18 established and 45 available SVOD services.<sup>24</sup>

Key events in Ireland for the Canadian screen-content industry include the *Mediacon Global Entertainment Summit*.

- The *Mediacon Global Entertainment Summit* offers an excellent opportunity to engage in high-level discussion with the global content industry. The summit facilitates strategic networking events and promotes global market development that is, among other things, conducive to Irish screen-content industry stakeholders undertaking outbound missions to continue on the ground discussions with key production partners such as Canada.

#### INTENDED ACTIONS – IRELAND

**Outbound mission:** To *MediaCon Dublin* in November 2018.

**Inbound mission:** Invite Irish screen-content delegation in January 2020 at the CMPA's annual conference *Prime Time*.

#### 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.<sup>25</sup> In terms of gross box office sales, the UK is the second most important exporter of feature films in the world, steadily increasing in the last 10 years to USD\$9.4 billion.<sup>26</sup> 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 including *The X Factor*, *Masterchef*, *Who Wants to be a Millionaire*, *Strictly Come Dancing*, *Dancing on Ice* and *Top Gear*.

The UK has consistently been Canada's top or second co-producing partner of choice in the past few decades. Since 2008, the Canada-UK coproduction treaty has been used with 169

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<sup>24</sup> European Audiovisual Observatory, <http://yearbook.obs.coe.int/s/document/country-profiles>

<sup>25</sup> *We are UK Film* (2017). (<http://www.weareukfilm.com/facts-and-stats>)

<sup>26</sup> De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*.



productions.<sup>27</sup> The UK is the second most-important market for the pre-sale of Canadian programs.<sup>28</sup> On average, films coproduced with the UK achieve a much higher volume of sales.

In addition to successful co-production projects, the majority of Canadian feature film sales in which the top twenty films reported sales were to Europe, and UK is one of the top three markets for Canada. Sales to Europe represent almost half (47%) of all sales of the top twenty grossing films in foreign markets.<sup>29</sup>

The UK is the fifth-largest OTT video market in the world, after the US, China, Japan and Canada.<sup>30</sup> Total OTT video revenue in the UK is the largest in Europe and revenues will increase at a 10.3% CAGR from US\$1.6 billion in 2018 to US\$2.6 billion in 2023.<sup>31</sup> Subscription video on demand revenue will also increase, from US\$1.0 billion in 2018 to US\$1.8 billion in 2023.<sup>32</sup> As of October 2018, the UK had 144 established SVOD services.<sup>33</sup> In 2018, Netflix had over 8 million subscribers in the UK and is likely to secure a production hub in the territory.<sup>34</sup> In 2019, the UK will see 40 Netflix productions being made.

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 was the drop of the UK's corporate tax rate in April 2014.

The UK is the third biggest market in Europe. In 2017 the UK was Canada's third largest merchandise export market with Canadian exports reaching CAD\$17.7 billion and was the largest destination for Canadian direct investment in Europe. This is in large part due to historical and cultural linkages. EDC position is open and is actively pursuing business in the country and the risk rating is low.<sup>35</sup> However, the UK is actively working to leave the European

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<sup>27</sup> CMPA (2018). *PROFILE: Economic Report on the Screen-Based Media Production Industry in Canada*. p.71-73.

<sup>28</sup> Telefilm Canada. <https://telefilm.ca/en/coproduction/statistics-on-coproduction>.

<sup>29</sup> Ibid.

<sup>30</sup> PwC Global Entertainment & Media Outlook: 2019-2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

<sup>33</sup> European Audiovisual Observatory, <http://yearbook.obs.coe.int/s/document/country-profiles>

<sup>34</sup> PwC Global Entertainment & Media Outlook: 2019-2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>35</sup> EDC, United Kingdom, Evaluating the Market in the United Kingdom, <https://www.edc.ca/en/country-info/country/united-kingdom.html>



Union in 2020 and slow economic growth in the short term is likely.<sup>36</sup> Nevertheless, Canada and the UK have stated their intentions to develop a new trade agreement if the Canada-European Union Comprehensive Economic and Trade Agreement dissolves.

Key events in the UK for the Canadian screen-content industry include *Content London*:

- *Content London* is a world-class event that features over 200 speakers in a variety of audio-visual roles including commissioners, producers, financiers, technologists, agents, and writers. The event delivers highly desired access to major global media players who, given the opportunity to connect with Canadian screen-content producers either at the event or in Canada, may develop business synergies.

#### INTENDED ACTIONS – UK

**Outbound mission:** To *Content London* in December 2018.

**Inbound mission:** Invite UK screen-content delegations in January 2020 at the CMPA's annual conference *Prime Time*.

**Initiatives:** Work with the High Commission of Canada in the UK to host a "Canada Day" at Canada House in December 2018, 2019 and 2020.

#### US

The US, and specifically Hollywood, is considered the global entertainment and media capital. It is a movie mecca that generates over CAD\$687 billion in revenue that is expected to grow to over CAD\$825 billion by 2023.<sup>37</sup> The US industry is highly concentrated: the 50 largest companies account for about 70 percent of revenue; however, small companies can compete successfully by, among other ways, creating low budget movies for niche audiences. The six major US studios are the following: Universal (Comcast), Disney, 20<sup>th</sup> Century Fox, Warner Bros., Columbia (Sony) and Paramount (Viacom).<sup>38</sup>

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<sup>36</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>37</sup> De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*

<sup>38</sup> Ibid.



In 2018, US production volume remained steady with a total of 871 films.<sup>39</sup> The US also dominates in global film exports, generating 70% of its film revenue from foreign markets<sup>40</sup> with animation being its greatest export.<sup>41</sup> For Canadian companies, the US is the top export partner for film sales, generating CAD \$57,990,646 in 2015.<sup>42</sup>

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. Since 2011, American independents have produced between 350 and 400 films with budgets of more than USD\$1million each year.<sup>43</sup> Commonly, US independent films have budgets ranging from USD\$20 million to USD\$80 million.<sup>44</sup> The affordability and accessibility of production technology has further democratized the marketplace for the independent production house.

The US and Canada have the most mature OTT markets in the world, generating USD\$16.1 billion in 2018.<sup>45</sup> Netflix and Amazon, the leading streaming services, are American companies and so are the next upsurge in international players including Apple, Facebook, YouTube, Disney and WarnerMedia.<sup>46</sup> It is projected that North American OTT video revenue will reach USD\$26.5 billion by 2023.

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.<sup>47</sup>

The lack of perceived identity of Canadian cinema within the US, makes it important for the CMPA to work with Canadian industry partners, including the Trade Commissioner Service, 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 individual projects. 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

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<sup>39</sup> European Audiovisual Observatory (2017) *Focus 2017 World Film Market Trends*

<sup>40</sup> De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*

<sup>41</sup> Ibid.

<sup>42</sup> Ibid.

<sup>43</sup> De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*

<sup>44</sup> Ibid.

<sup>45</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>46</sup> Ibid.

<sup>47</sup> De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*



businesses and their international reach.<sup>48</sup> This is especially so as the US economy and its business-to-business market are the largest in the world.<sup>49</sup>

Key events in the US of importance to the Canadian screen-content industry include *South by Southwest (SXSW)*, the *American Film Market (AFM)* and *Kidscreen*:

- *SXSW* presents an unmatched opportunity to learn and network with media professionals across cultural industries. With a focus on discoverability in interactive, film, and music industries, this conference leads the way in exploring up-coming media trends that will shape the future of the audio-visual industry.
- The *AFM* is held each year in Santa Monica, California and attracts more than 7,000 film industry professional from more than 70 different countries. This marketplace is an indispensable opportunity to network, sell, finance, and acquire films. The main focus of the *AFM* is to facilitate production and distribution deals.
- *Kidscreen* is the best attended and most relevant event for executives in kids' entertainment. This event allows creative minds to engage in critical dialogue concerning key industry issues with programmers, buyers, producers, distribution, licensors, retailers, marketers, digital media managers and even toy companies present.

#### INTENDED ACTIONS – US

**Initiative:** Work with Canadian and US industry partners to host the *L.A. Pre-Sale Pitch Sessions* in August 2018.

**Inbound missions:** Invite US screen-content delegations in January 2020 at the CMPA's annual conference *Prime Time*.

**Attendance:** *South by Southwest* 2018 & 2020, *American Film Market* 2018 –2020, *Kidscreen* 2019.

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<sup>48</sup> Ibid.

<sup>49</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)



## Italy

Since the 1950s, Italy has played a leading role in cultivating international audio-visual collaborations. Italy's well-established film infrastructure, experienced local crews and production service companies, and unparalleled backdrops yield a highly-regarded film and TV shooting location that naturally impresses visionaries like Ridley Scott and Danny Boyle.<sup>50</sup> Additionally, Italy offers a 25% tax credit up to USD\$10.6 million and is well-known for its exceptional studios.

Italy is one of Western Europe's largest economies and is the third largest economy in the Eurozone.<sup>51</sup> Accordingly, Italy and Canada have a well-established yet diversifying trade and investment relationship.<sup>52</sup> Export Development Canada's (EDC) position is that Italy is open, actively pursuing business, and its Commercial Country Ceiling (CCC) Risk Rating is low<sup>53</sup>. Priority sectors in Italy include ICT, infrastructure (power generation) and renewable energy; however, by 2022 the film and TV sectors are forecasted to grow.<sup>54</sup>

Despite declining in 2018, Italy's box office revenue is set to rise at a CAGR of 4.36% to USD\$839 million by 2023, up from USD\$677 million in 2018.<sup>55</sup> In 2017, Italy produced 209 100% national films, 20 majority co-productions, and 6 minority co-productions.<sup>56</sup> According to PwC, Italian film-making is said to be in the midst of a mini-renaissance. TV subscription revenue is also set to grow at a 1.59% CAGR, reaching USD\$4.09 billion in 2023.<sup>57</sup> In Italy, 26.0% of households have pay-TV subscriptions.<sup>58</sup>

In terms of Internet access, Italy has the third-highest mobile Internet subscription rate in Western Europe and the upsurge in smartphone penetration will only bolster revenue growth.<sup>59</sup> As of October 2018, Italy had a total of five established SVOD services in the country and 46

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<sup>50</sup> *World of Locations*, Malta Film Commission, November 2017–April 2018, Print.

<sup>51</sup> <https://www.edc.ca/en/country-info/country/italy.html>

<sup>52</sup> Ibid.

<sup>53</sup> Ibid.

<sup>54</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>55</sup> Ibid.

<sup>56</sup> © European Audiovisual Observatory, <http://yearbook.obs.coe.int/s/document/country-profiles>

<sup>57</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>58</sup> European Audiovisual Observatory, <http://yearbook.obs.coe.int/s/document/country-profiles>

<sup>59</sup> Ibid.



available.<sup>60</sup> Italy's commitment to collaboration and international expansion is trailblazing and helps to exemplify why this country is a dynamic market for audio-visual productions.

Key events in Italy for the Canadian screen-content industry include *When East Meets West* (WEMW):

- In 2018, *WEMW* brought together over 450 participants from 40 countries across Europe, North America and Latin America more than 40 different countries, establishing the event as a strategic territory at which key international players and decision makers come together to encourage collaborative efforts with and between their respective markets.<sup>61</sup> Each year, in cooperation with domestic funding bodies, *WEMW* features a new East & West regional focus: the 2021 edition of the event will feature English-speaking markets, including Canada, as countries of honour.

#### INTENDED ACTIONS – ITALY

**Attendance:** *When East Meets West* in January 2021 (when Canada is celebrated as a country of honour)

#### Germany

Germany's audio-visual industry has a rich history as a champion for intercultural exchange and the cinematic exploration of social issues.<sup>62</sup> Overall, the cinematic market in Germany is stable. By 2023, the total cinema revenue is predicated to reach USD\$1.4 billion, up at a 1.2% CAGR from 2017.<sup>63</sup> After increasing in 2017, box office revenue in 2018 decreased to USD\$1.1 million.<sup>64</sup>

Germany's strong regional film funds and cash-rebate incentives along with experienced, multilingual crews and impressive landscapes repeatedly draw international productions.<sup>65</sup> Recently, Sony blockbuster's *Spiderman: Homecoming* and Imagine Entertainment's *The Spy Who Dumped Me* shot scenes in Germany.<sup>66</sup> At the German box office, family films are the most

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<sup>60</sup> European Audiovisual Observatory, <http://yearbook.obs.coe.int/s/document/country-profiles>

<sup>61</sup> <https://www.cineuropa.org/en/newsdetail/358208/>

<sup>62</sup> [https://www.berlinale.de/en/das\\_festival/festivalprofil/profil\\_der\\_berlinale/index.html](https://www.berlinale.de/en/das_festival/festivalprofil/profil_der_berlinale/index.html)

<sup>63</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>64</sup> Ibid.

<sup>65</sup> World of Locations, Malta Film Commission, November 2017–April 2018, Print.

<sup>66</sup> Ibid.



dominant genre.<sup>67</sup> In 2017, Germany produced 125 100% national films, 44 majority co-productions, and 48 minority co-productions.<sup>68</sup>

The TV market in Germany is mature and in 2018 surpassed the UK as Western Europe's leading TV subscription industry.<sup>69</sup> In 2018, TV revenue reached USD\$6.6 billion and is forecasted to reach USD\$6.9 billion by 2023. Germany's license-fee income is the second-highest in world, accounting for 45.4% of total traditional TV market income.<sup>70</sup>

Germany has one of the most developed OTT video markets in the world. There are over 60 OTT services operating in German making this country the second largest OTT video market in Europe.<sup>71</sup> In terms of revenue, Germany has the sixth largest OTT video market worldwide, and is expected to grow as broadband infrastructure further improves.<sup>72</sup> As of October 2018, Germany had 23 established SVOD services and 56 available.

Germany's market size, economic and political stability, and accommodating business environment spawn an attractive place for Canadian businesses: it is considered to be open, primed for business activity, and low risk.<sup>73</sup> EDC expects strong opportunities for Canadian businesses in the ICT, machinery, renewable energy, and environment technologies sectors.<sup>74</sup> Out of 138 countries in the World Economic Forum's Global Competitiveness Report, Germany is ranked fifth.<sup>75</sup>

In 2016, Germany was the second largest merchandise export market in the EU and seventh largest globally with total Canadian exports reaching approximately CAD\$4.1 billion. In the medium term, Canadian exports to Germany will likely get a boost from the Comprehensive Economic Trade Agreement (CETA) having come into effect. The country's market size (population 82.79 million in 2018), economic and political stability and very highly accommodating business environment make it a very attractive country for exporters. This last point is best exemplified by the fact that Germany ranked fifth out of 138 countries with particular emphasis placed on its strong infrastructure and ability to foster business

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<sup>67</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>68</sup> © European Audiovisual Observatory, <http://yearbook.obs.coe.int/s/document/country-profiles>

<sup>69</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>70</sup> Ibid.

<sup>71</sup> Ibid.

<sup>72</sup> Ibid.

<sup>73</sup> Ibid.

<sup>74</sup> Ibid.

<sup>75</sup> Ibid.



innovation.<sup>76</sup> EDC position is open and is actively pursuing business in the country. The risk rating is very low.<sup>77</sup>

The Canada – Germany co-production treaty has been the third most used one over the last seven years. As previously mentioned, Europe is the most important territory for sales of Canadian films, followed by the US<sup>78</sup> and Germany is the second largest television market in the world.<sup>79</sup>

The majority of Canadian feature film sales in which the top twenty films reported sales were to Europe. Sales to Europe represent almost half (47%) of all sales of the top twenty grossing films in foreign markets.

Key events in Germany for the Canadian screen-content industry include the *Berlin International Film Festival (Berlinale)* and *The Frankfurt Book Fair*:

- Held in one of the most vibrant cities in the world and with 500,000 admissions and 20,000 professions attending each year, *Berlinale* has the largest public attendance of any annual film festival.<sup>80</sup> Its *European Film Market (EFM)* has been described as “an international marketplace, a compass for the new film year and a platform for innovation and change.”<sup>81</sup> Over 4200 journalists produce media coverage in over 110 countries during the *Berlinale* and *EFM*.<sup>82</sup> Germany, and in particular the *Berlinale* and *EFM*, are critical to the prosperity and innovation of the international film market.
- *The Frankfurt Book Fair* is the largest annual international marketplace for the publishing industry. In 2016, Canada was chosen to appear as the Guest of Honour for the 2020 Book Fair.<sup>83</sup> The book fair draws approximately 275,000 visitors from over 130 countries and 10,000 media representatives.<sup>84</sup> The event is expected to have major

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<sup>76</sup> World Economic Forum Global Competitiveness Report

<sup>77</sup> <https://www.edc.ca/en/country-info/country/germany.html>

<sup>78</sup> Communications MDR: Exporting Canadian Feature Films in Global Markets – Trends, Opportunities and Future Directions. May 2017.

<sup>79</sup> Communications MDR: Exporting Canadian Television Globally – Trends, Opportunities and Future Directions. May 2017.

<sup>80</sup> [https://www.berlinale.de/en/das\\_festival/festivalprofil/profil\\_der\\_berlinale/index.html](https://www.berlinale.de/en/das_festival/festivalprofil/profil_der_berlinale/index.html)

<sup>81</sup> Ibid.

<sup>82</sup> Ibid.

<sup>83</sup> Canada Books (2016) <https://livrescanadabooks.com/en/canada-will-be-the-guest-of-honour-at-the-2020-frankfurt-book-fair/>

<sup>84</sup> Canada Books (2016) <https://livrescanadabooks.com/en/canada-will-be-the-guest-of-honour-at-the-2020-frankfurt-book-fair/>

economic impacts for Canadian books, digital content, film, academic work, arts, culture, and tourism by way of reaching new audiences and markets.

#### INTENDED ACTIONS – GERMANY

**Outbound mission:** Lead a delegation of emerging screen-content producers to the *Berlin International Film Festival* in February 2020.

**Attendance:** The *Frankfurt Book Fair 2020*

#### *Australia*

The audio-visual industry in Australia fuels substantial economic activity.<sup>85</sup> In 2018, the Australian screen content industry contributed A\$3.072 billion to the local economy and generated in excess of 25,000 full-time jobs. Further, exporting Australian feature films, TV dramas and documentaries aggregates a minimum of A\$252 million annually.<sup>86</sup>

As of 2018, TV penetration in Australia was just under 31%.<sup>87</sup> The film sector is expected to grow modestly at a 2.6% CAGR with total cinema revenue expected to reach USD\$1.1 billion by 2023.<sup>88</sup> Australian films earned A\$56.2 million at the box office in 2018.<sup>89</sup>

Australia is the third largest OTT video market in Asia Pacific and by 2021 will surpass Germany to be the sixth-largest OTT market in the world.<sup>90</sup> SVOD revenue is predicted to reach US\$1.6 billion by 2023.<sup>91</sup> Australia will join the UK as the only two markets where the number of SVOD subscribers will surpass those to pay-TV.<sup>92</sup> Australia is the most heavily penetrated market by

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<sup>85</sup> Deloitte Access Economics (2018). Screen Production in Australia: Independent screen production industry census

<sup>86</sup> Screen Australia (2016). Screen Currency . <https://www.screenaustralia.gov.au/sa/media-centre/news/2016/11-15-screen-currency>

<sup>87</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>88</sup> Ibid.

<sup>89</sup> Screen Australia (2018) Industry Trends 2018 Snapshot, <https://www.screenaustralia.gov.au/fact-finders/cinema/industry-trends/2018-snapshot>

<sup>90</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>91</sup> Ibid.

<sup>92</sup> Ibid.

Netflix in the Asia Pacific.<sup>93</sup> By the end of 2017, 2.8million Australians subscribed to Netflix. Australia has applied a 10% goods and services tax to the steaming service.<sup>94</sup>

Australia's national screen industry organization is Screen Producers Australia (SPA). SPA's priorities include, among other things, increasing foreign engagement through strengthening regional partnerships, ratifying and supporting more official co-production agreements and securing greater in-bound production to help grow foreign investment, employment pathways and export opportunities. In 2013, SPA and Canada signed an MOU to increase the flow of information and business opportunities between the Associations on behalf of their respective memberships. Canada is activity pursuing business with Australia and the CCC risk rating is low.<sup>95</sup> EDC notes that there is "tremendous opportunity for Canadian companies in a variety of sectors" in Australia.<sup>96</sup> Australia has the third-largest B2B market in Asia Pacific.<sup>97</sup>

Australia's interest in co-production, its attractive production incentives and its strong partnerships with the Asia-Pacific market create a bevy of potential business opportunities for Canadian producers. Its highly developed cinema circuits and good film festival tradition have the potential to create stronger demand for non-mainstream films.

A key event in Australia of importance to the Canadian screen-content industry includes *Screen Forever*.

- The *Screen Forever* conference in Australia has been a consistent event for the screen industry for over 30 years. The conference connects producers, directors, writers, distributors, exhibitors, broadcasters, agents and entertainment lawyers, resulting in over AUS \$100 million in production deals completed throughout the conference. There are over 800 attendees, 50 keynote addresses, panels, workshops, roundtables, pitching opportunities, and networking events.

#### INTENDED ACTIONS – Australia

**Outbound mission:** Lead a delegation of Canadian producers and industry partners to *Screen Forever 2020* in November 2020.

**Inbound mission:** Invite Australian delegation to CMPA's *Prime Time 2020* conference.

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<sup>93</sup> Ibid.

<sup>94</sup> Ibid.

<sup>95</sup> EDC, Australia, Evaluating the Market in Australia, <https://www.edc.ca/en/country-info/country/australia.html>

<sup>96</sup> Ibid.

<sup>97</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)





## 2. Emerging co-production markets: China, India, Colombia, Nigeria

### *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 2022.<sup>98</sup> In 2016, China surpassed the US as the #1 market by number of screens.<sup>99</sup>

March 2017 marked important policy development, when China enacted film legislation calling for transparency in the censorship process.<sup>100</sup> 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.

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 a state of the art infrastructure that provides wide-range support to the screen content industry, including film, television, comics and animation, games and other forms of digital entertainment. 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<sup>101</sup> 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".<sup>102</sup> Canadian science fiction, animation, romantic comedies and fantasy tales tend to generate high levels of export revenues in China.

As relationships with China develop slowly, CMPA plans on sustaining outreach as well as research support for Canadian producers interested in this market for at least 3 years, to ensure that long term benefits are supported.

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<sup>98</sup> Business Insider (2018). <https://www.businessinsider.com/china-to-pass-us-as-worlds-biggest-movie-market-by-2022-analysis-2018-11>

<sup>99</sup> European Audiovisual Observatory (2017) *FOCUS 2017 – World Film Market Trends*.

<sup>100</sup> Ibid.

<sup>101</sup> 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](http://www.international.gc.ca/economist-economiste/performance/state-point/state_2017_point/index.aspx?lang=eng)

<sup>102</sup> CMF Trends (2017). *Your Market is Everywhere – China*.



China is one of the world's largest economies and a top export destination for Canada. With its large domestic market and globally integrated supply chains, China continues to attract strong interest from foreign investors. <sup>103</sup>

The film market in China continues to expand. Box office revenue is expected to grow larger than that in the US by the end of 2022. Production volume in China increased by 37.6% between 2015 and 2016, with Xinhua reporting that 944 feature films were made in the latter year. Canada already has a film co-production treaty in place, but there are opportunities on the television market that Canadian producers have a potential to explore, especially on the expanding world of OTT: the total OTT video revenue in China reached US\$5.8 billion in 2018. Almost all China's leading online video providers have identified premium subscription as an important area to develop and revenue from premium users has grown strongly in 2018. Over the next five years, China will experience a significant shift in viewing habits from free-to-air to premium services. <sup>104</sup>

China offers great potential viewership of Canadian television: it had the largest number of subscription TV households in the world at 325 million at the end of 2017, forecasted to rise to over 375 million by 2023. Their potential audience will continue to grow over the next couple of years as China works on increasing TV penetration in remote and less-developed areas. <sup>105</sup>

Key events in China the Canadian screen-content industry include the *Hong Kong International Film and TV Market (FILMART)*:

- FILMART is Asia's leading project market, connecting more than 1,000 trade buyers from over 40 countries annually to cultivate creative partnerships and discuss audio-visual market trends. During this co-production market, filmmakers have the benefit of networking and strategizing with film financiers, producers, bankers, distributors, buyers and other film professionals.

## INTENDED ACTIONS – CHINA

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<sup>103</sup> <https://www.edc.ca/en/country-info/country/china.html>

<sup>104</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>105</sup> Ibid.



**Participation:** Select CMPA members to participate in the Canadian Government's creative industries-focused mission to Shanghai and Beijing in April 2018.

**Outbound mission:** To *Hong Kong International Film and TV Market* post March 2020.

### *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 813 films certified in 2018.<sup>106</sup> 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.<sup>107</sup>

According to PWC, India's Entertainment and Media sector showed strong growth in 2016. This growth was achieved in spite of a relative slowdown in the broader economy. In 2018, the Indian market generated USD\$1.66 billion in domestic box office sales.<sup>108</sup> The film industry in India is projected to reach USD\$3.7 billion by 2020.<sup>109</sup>

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.

Main 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.<sup>110</sup>

<sup>106</sup> European Audiovisual Observatory (2017) *FOCUS 2017 – World Film Market Trends*.

<sup>107</sup> CMPA (2018). *PROFILE: Economic Report on the Screen-Based Media Production Industry in Canada*.

<sup>108</sup> De Rosa, M. & Burgess, M. (2017) *Exporting Canadian Feature Films in Global Markets*.

<sup>109</sup> Economic Times (2017). <https://economictimes.indiatimes.com/industry/media/entertainment/media/film-industry-in-india-to-hit-3-7-billion-by-2020-says-report/articleshow/60998458.cms>

<sup>110</sup> CMF (2017). *Your Market Everywhere – India*.



Key events in India for the Canadian screen-content industry include the *GOA Film Bazaar* :

- Held in Goa, India since 2007, *Film Bazaar* is South Asia's largest film market. It has become a major meeting point for international film buyers and sellers looking to enhance creative and financial collaboration between global film communities.

## INTENDED ACTIONS – INDIA

**Outbound mission:** To *Goa Film Bazaar* post 2020.

### *Colombia*

The screen-based industry in Colombia continues to grow. With exponential growth forecasted for the years ahead<sup>111</sup>, Colombia has been identified as an emerging market with broad Canadian interests. 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.<sup>112</sup>

Colombia offers low filming costs and customary technical infrastructures that result in the production of high-quality content.<sup>113</sup> The market is ranked fourth in Latin America for the number of films produced.<sup>114</sup>

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 2023, box office revenues are expected to rise from USD\$205 million to USD\$276 million, with subscription TV revenues reaching USD\$1.4 billion.<sup>115</sup> Although Hollywood films continue to dominate Colombia's box office charts, local production is said to be on the rise.<sup>116</sup> In 2016, Colombia received its first Oscar nomination for the film *Embrace of the Serpent*.

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<sup>111</sup> PwC (2017) *Global Media and Entertainment Outlook 2017-2020* (<https://www.pwc.com/outlook>)

<sup>112</sup> CMF Trends (2017) *Your Market Is Everywhere – South America*.

<sup>113</sup> KPMG (2016) *Film Financing and TV Programming: A Taxation Guide*

<sup>114</sup> Ibid.

<sup>115</sup> PwC Global Entertainment & Media Outlook: 2019-2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>116</sup> Ibid.



Key events in Colombia for the Canadian screen-content industry include the *Cartagena International Film Festival (FICCI)*:

- *FICCI* is the oldest film festival in Latin America. It aims to fashion a dynamic atmosphere spurred by lively dialogue and practical networking between industry professionals and audiences.

## INTENDED ACTIONS – COLOMBIA

**Outbound mission:** Attend *Cartagena International Film Festival* post 2020.

**Initiative:** Host Columbia screen-content delegation in January 2020 at the CMPA’s annual conference Prime Time.

## *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, followed by the drop in the price of oil, its economic growth has been diversified<sup>117</sup> to include the entertainment industry.

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. The country’s film industry is second largest in the world, only surpassed by India’s Bollywood, generating USD\$7 billion, employing 1 million people and producing over 2,500 movies per year. Box office revenue is forecast to keep rising, increasing from USD\$12 million in 2018 to USD\$17 million in 2023.<sup>118</sup> 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.”<sup>119</sup>

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<sup>117</sup> CIA World Factbook (<https://www.cia.gov/library/publications/the-world-factbook/geos/ni.html>)

<sup>118</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>119</sup> 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>)

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 industry. The government also lends support to the industry in fighting piracy.<sup>120</sup>

With their increased presence at MIPCOM and AFM, Nigeria is working on strengthening its relationships with Europe and North America.<sup>121</sup>

Key events in Nigeria for the Canadian screen-content industry include the *Africa International Film Festival (AFRIFF)*:

- *AFRIFF* celebrates African Cinema and the positive socio-economic impact that a budding film industry can have for third world and developing economies. *AFRIFF* is Nigeria's prime event for encouraging international screen-content partnerships.

#### INTENDED ACTION – NIGERIA

**Outbound exploratory mission:** To attend *Africa International Film Festival* post December 2020.

**Inbound mission:** Host Nigerian delegates in Canada in 2020 to celebrate mutual co-operation via an MOU signing and invite producers/buyers to the CMPA's annual conference *Prime Time* in 2021.

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<sup>120</sup> The Guardian: *Nigeria: FG's Support for Creative Industry Paying Off, Says Mohammed.*

(<http://allafrica.com/stories/201712130538.html>)

<sup>121</sup> 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/>



### 3. Markets on our radar: Czech Republic, Hungary, South Africa, Mexico

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

#### Czech Republic

The Czech Republic is predicted to remain an attractive location for film production in the 21<sup>st</sup> century, especially for films and high-end TV dramas.<sup>122</sup> Since 2015, the country has experienced strong box office growth with admissions expected to rise to USD\$114 million by 2023.<sup>123</sup> 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.<sup>124</sup>

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.<sup>125</sup>

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.

#### Hungary

The Hungarian film industry has experienced dynamic development over the past few years.<sup>126</sup> 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 USD\$101 million in 2018 to USD\$135 million in 2023.<sup>127</sup>

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

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<sup>122</sup> KPMG (2016). *Film Financing and TV Programming: A Taxation Guide*.

<sup>123</sup> PwC Global Entertainment & Media Outlook: 2019-2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>124</sup> Ibid.

<sup>125</sup> KPMG (2016) *Film Financing and TV Programming: A Taxation Guide*

<sup>126</sup> Ibid.

<sup>127</sup> PwC Global Entertainment & Media Outlook: 2019-2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

industry and settle any outstanding debts. As a result, the Hungarian National Film Fund was created, with a budget of almost CAD\$30 million to provide non-refundable funding support to domestic and international co-productions with Hungarian participation. The support is refundable from the distribution revenue. Distributors may apply for distribution support in Hungary for films that received production support from the Film Fund.

The enacted legislative changes also led to improvements in film infrastructure and provided the foundation for the rapid growth in Hungary's digital media sector.<sup>128</sup>

### South Africa

South Africa has a bustling film industry and has been forecasted as a market to watch by PWC. In 2017, South Africa released 23 domestic productions, six more than the previous year.<sup>129</sup> Growth in production volume has been largely attributed to the weak rand, scenic shooting locations and favourable weather conditions, a sophisticated workforce and a competitive rebate system.<sup>130</sup>

South Africa's industry has doubled over the past 10 year and is worth R7 billion. South Africa 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 R177.2 billion by 2022<sup>131</sup>.

Two additional alluring features of South Africa's screen-based industry are their incentives to grow the film industry, and state-of-the-art infrastructures to support production activity. Canadian content fares well in South Africa and Canadian producers claim that the Canada-South Africa co-productions are among the "easiest to set up".<sup>132</sup>

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

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<sup>128</sup> KPMG (2016) *Film Financing and TV Programming: A Taxation Guide*

<sup>129</sup> European Audiovisual Observatory (2017). *FOCUS 2017 – World Film Market Trends*.

<sup>130</sup> CMF Trends (2017). *Your Market Is Everywhere – South Africa*.

<sup>131</sup> *Ibid.*

<sup>132</sup> *Ibid.*

## Mexico

Mexico's audio-visual industry is rapidly expanding. Government funding and tax breaks continue to stimulate local production. In 2017, Mexico produced a record number of feature films (176) and in 2018, the success of Alfonso Cuarón's Netflix-backed *Roma* helped to increase Mexico's international screen profile.<sup>133</sup> Mexico is a long-term trading partner of Canada.<sup>134</sup>

By 2023, Mexico will remain the second-largest pay-TV market by subscription revenue in Latin America (after Brazil), growing at a 0.5% CAGR and producing a revenue of USD\$3.8 billion in 2023. By the end of 2018, Mexico had the greatest number of screens per capita in Latin America at 6, 862 screens, which is nearly double the amount of screens in Brazil.<sup>135</sup> In 2017, Mexican films only accounted for 7% of overall box office sales; however, that number increased to 10% by 2018.<sup>136</sup>

Mexico's economy is the second largest in Latin America and has a growing consumer class.<sup>137</sup> EDC's risk rating is low to medium risk and EDC is actively pursuing business with Mexico.<sup>138</sup> In 2019, Mexico will become Latin America's largest OTT SVOD market.<sup>139</sup> BY 2023, Mexico's OTT video revenue is expected to increase to USD\$1.3 billion.<sup>140</sup> Netflix is the most popular SVOD service.<sup>141</sup> By the end of 2018, it was estimated that Mexico had 22 SVOD services.<sup>142</sup>

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<sup>133</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>134</sup> EDC, Mexico, Evaluating the Market in Mexico, <https://www.edc.ca/en/country-info/country/mexico.html>

<sup>135</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>136</sup> Ibid.

<sup>137</sup> EDC, Mexico, Evaluating the Market in Mexico, <https://www.edc.ca/en/country-info/country/mexico.html>

<sup>138</sup> EDC, Mexico, Evaluating the Market in Mexico, <https://www.edc.ca/en/country-info/country/mexico.html>

<sup>139</sup> PwC Global Entertainment & Media Outlook: 2019–2023, [www.pwc.com/outlook](http://www.pwc.com/outlook)

<sup>140</sup> Ibid.

<sup>141</sup> Ibid.

<sup>142</sup> Ibid.

## APPENDIX: Snapshot of 2018–2021 International Activities

### 2018/2019

DATE	COUNTRY	ACTION ITEM
APRIL 2018	China	Select CMPA members join Canadian Government's mission to China
MAY 2018	France	Attend <i>Cannes Film Festival</i>
AUGUST 2018	US	Lead a mission to Los Angeles for the <i>L.A. Pre-Sale Pitch Sessions</i>
OCTOBER 2018	France	Attend <i>MIPCOM</i>
OCTOBER 2018	US	Attend <i>American Film Market</i>
NOVEMBER 2018	Ireland	Lead a mission to <i>MediaCon</i>
DECEMBER 2018	England	Lead a mission to <i>Content London</i> & Co-host "Canada Day" at the Canada House
FEBRUARY 2019	Germany	Attend <i>Berlin International Film Festival</i> & <i>European Film Market</i>
MARCH 2019	US	Attend <i>South by Southwest</i>

### 2019/2020

DATE	COUNTRY	ACTION ITEM
MAY 2019	France	Attend <i>Cannes Film Festival</i>
OCTOBER 2019	France	Attend <i>MIPCOM</i>
OCTOBER 2019	US	Attend <i>American Film Market</i>
DECEMBER 2019	England	Co-host "Canada Day" at the Canada House
JANUARY 2020	Canada	Host Australian, UK, US & Colombian delegations at <i>Prime Time</i>
FEBRUARY 2020	Germany	Lead a mission to the <i>Berlin International Film Festival</i>

### 2020/2021

DATE	COUNTRY	ACTION ITEM
MAY 2020	France	Attend <i>Cannes Film Festival</i>
OCTOBER 2020	France	Attend <i>MIPCOM</i>
OCTOBER 2020	US	Attend <i>American Film Market</i>
OCTOBER 2020	Germany	Attend Frankfurt Book Fair
NOVEMBER 2020	Australia	Lead a mission to <i>Screen Forever</i>
DECEMBER 2020	England	Co-host "Canada Day" at the Canada House
JANUARY 2021	Italy	Attend <i>When East Meets West</i>
MARCH 2021	US	Attend <i>South by Southwest</i>
MARCH 2021	Colombia	Attend <i>Cartagena International Film Festival</i>