

week-end. The structure of North American distribution has hindered the ability of the Canadian industry to earn revenues to make larger budget Canadian productions.

In 1987, Investment Canada adapted its publishing policy to apply to film distribution. The National Film and Video Production Bill proposed separating Canadian from United States distribution rights for independently produced foreign films. In the end, the 1988 Canadian Film Distribution Policy required a Canadian-controlled joint venture for investment in Canadian businesses. Foreign controlled businesses are subject to government review. Any investment to establish new businesses must be linked directly to the importation and distribution of proprietary products (i.e. the importer must own world rights of the film/video or be a major investor in the product). Specifically, the guidelines in the *Investment Canada Act* are as follows:

- a. - foreign takeovers of Canadian-owned and controlled film distribution will not be allowed;
- b. new foreign distributors will only be allowed to distribute proprietary films (proprietary films are considered to be any film where the distributor owns world rights or is a major investor) and;
- c. takeovers of foreign distribution businesses operating in Canada will be reviewed to determine their net benefit to Canada. Along with the new policy on foreign investment, the 1988 initiative led to the creation of the Feature Film Distribution Fund administered by Telefilm Canada.⁴²

The reason for this change was that the main opportunity for Canadian film companies has been to acquire the Canadian distribution rights for independently produced, that is, non-Hollywood films. The 1988 film distribution policy was designed to give Canadian film companies access to the Canadian market by barring the entry of foreign companies to distribute independently-produced films that they do not own.⁴³

This approach was vehemently opposed in the United States. *Toronto Star* reporter, David Crane, stated that the Hollywood studios enlisted the support of former U.S. President Ronald Reagan to pressure then Prime Minister Brian Mulroney into withdrawing this proposed film distribution legislation. Crane reported that Reagan told Mulroney that the U.S. Congress would not pass Canada-U.S. free trade legislation if Canada took on the Hollywood studios.⁴⁴ Again, this opposition from the United States not only demonstrates a different philosophical approach, but also how this difference can challenge and at times constrain Canadian policy.

⁴² Ibid.

⁴³ David Crane, "Film-rights policy row divides federal cabinet," *The Toronto Star*, September 10, 1996.

⁴⁴ Ibid.