

Co-production arrangements are an increasingly popular means of sharing the high cost of producing high-quality, culturally significant productions. An official co-production agreement enables Canadian and foreign producers to pool their creative, artistic, technical, and financial resources in order to co-produce films and television programs. The objective of these arrangements is to give producers access to new sources of funding and facilitate access to foreign markets.³⁶

The Government of Canada, through the Department of Communications (now DCH), negotiated approximately 40 international co-production treaties. The assumption is that co-productions create a means to effectively assemble budgets to compete with Hollywood.³⁷ Co-productions then should help mitigate the small country disadvantage and therefore help non-American productions succeed globally. The co-productions are protected under the General Agreement on Trade in Services (GATS) because Canada took a Most Favoured Nation (MFN) exemption for its co-production agreements. When there are new GATS negotiations, if the audiovisual sector is covered these exemptions could be revisited.

ii) Production

The film and video industry includes theatrical features, music videos, television productions and commercials, corporate government and educational films and videos, as well as other types of production. In 1994-1995 almost 14,000 film and video productions were made in Canada; however, less than one per cent of these films, or 38 in total, were for the theatrical market. Production for the television market accounts for 70 per cent of all productions and 40 per cent of all production revenue.³⁸ There are a number of support measures for these films that are listed in section v.

While 38 feature films constitute a small number, it is not as small as it may appear when compared to the number of films produced in the United States. In 1994, in the United States, 400-450 films are made each year. Only about 160 of these ever become "major" films. In fact, two out of every three never recover production costs, even after sales to cable television and home video.³⁹ When population is considered, Canada's numbers no longer seem so low. What may seem low is rather the number of Canadian films that become "major" films. Therefore the question is do smaller budgets prevent Canadian films from becoming majors or is there another reason, or combination of reasons, such as lack of an ability to access distribution, poor quality, or lack of a universal message in Canadian film that explains why Canadian films find success both within and outside the Canadian market difficult? The answer to this question is essential

³⁶ Telefilm Canada, January 5, 1998, 2.

³⁷ Hoskins and McFayden, 152.

³⁸ Statistics Canada, 55-56.

³⁹ Bedore, 18.