

the fact that cultural policy has long had both cultural and industrial origins.

The following list, from the DCH Discussion Paper, summarizes current federal measures in support of the Canadian Feature Film Industry:

Telefilm Canada

It provides about \$40 million annually for the development, production, distribution and marketing of Canadian feature films.

Canadian Television and Cable Production Fund

It provides about \$15 million for the support of productions of feature films that will be on television. This is from a total of \$200 million that is dedicated to the annual budget.

The Canadian Film and Video Production Tax Credit

It provides Canadian producers with about \$60 million a year through a refundable tax credit worth up to 25% of the costs of eligible labour costs.

Film and Video Production Services Tax Credit

This credit is worth up to 11% of the cost of qualifying Canadian labour expenditures for production services performed in Canada.

The Foreign Investment Policy for Film Distribution

This policy helps ensure that foreign investment in Canadian film distribution sector results in a net benefit for Canada.

National Training

Support for this provides \$1.3 million annually to film and television training initiatives.

These Canadian support measures constitute central components of Canadian cultural policy. Subsidies and tax incentives do not always ensure that the support is directed to products with high Canadian content. The importance of a content-oriented focus is revealed by the ruling against Canada at the WTO with respect to the Sports Illustrated case, which was discussed above. The effect of this ruling is that Canada can no longer assume that measures will not be challenged and that they will survive international scrutiny if challenged. Subsidies and tax incentives, which have a role in Canadian cultural goals, need to have a cultural or content focus that does not conflict with Canada's international obligations in order to survive increasing international scrutiny.

Co-productions also are an important part of Telefilm Canada's activities and also a main pillar of Canada's film policy. Telefilm Canada states that: