

SLEEPING WITH THE ELEPHANT

Canada's film industry enjoys considerable success in the shadow of a cultural giant.

When a Hollywood movie called *Just Friends* opens in North American theatres later this year, Canada will enjoy a supporting role. The romantic comedy set in New Jersey—starring Canadian actor Ryan Reynolds of *Blade: Trinity* fame and a cameo performance by his Canadian rock-singer fiancée Alanis Morissette—is being filmed beginning in January in Saskatchewan,

the first time a major U.S. studio has set up shop in the province. Drawn by Saskatchewan's tax incentives and the customized, modern production facilities in Regina, Rob Merilees, the line producer for *Just Friends*, already plans to bring another film to the province in 2005. "The soundstage in Regina is world-class and brand new—as good as or better than anything in Los Angeles," he says.

Many Canadian provinces and territories enjoy a big thumbs-up from American producers for their talent, locations and facilities, as well as Canada's favourable exchange rate and tax incentives. In addition to working on U.S. productions north of the border, many Canadian actors, filmmakers and technical specialists go south to seek their fortune at the source.

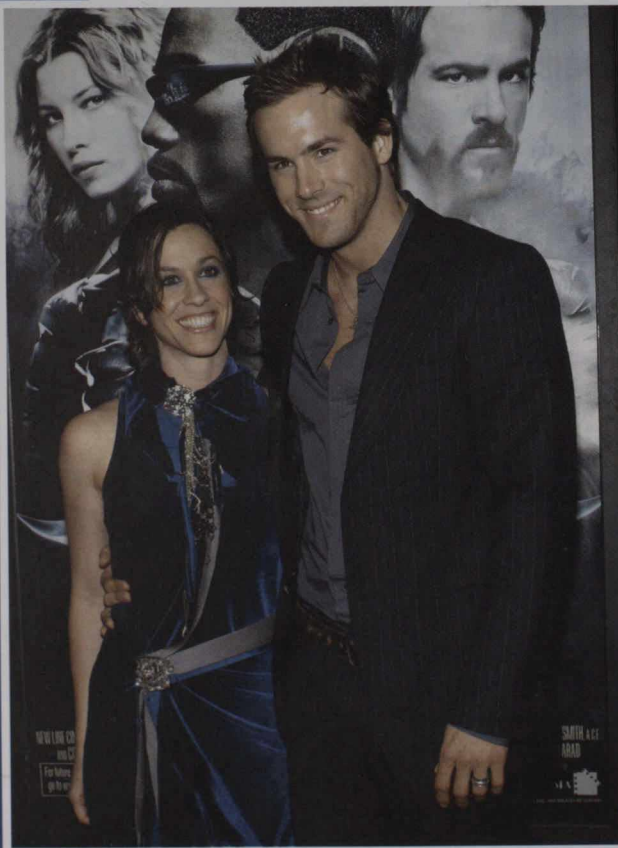
It's a two-way exchange that benefits both sides—and evens the playing field. Since the silent film era of the 1920s, Hollywood has dominated Canadian movie screens, so much so that major U.S. producers and distributors consider Canada part of their domestic market. Currently, U.S. feature films account for about 91 percent of box office receipts in Canada, while 70 percent of prime-time Canadian TV originates in the U.S. In 2002-03, Canadian English-language films generated only one percent of the country's box office revenues. Not surprisingly, Canadian producers struggle to sell their films in the intensely competitive U.S. market as well.

In response to the overwhelming dominance of American films in Canada, the federal and provincial

governments have used a range of cultural policy tools to promote and nurture the Canadian industry—policies that have sometimes raised concerns south of the border. Most recently, Hollywood has been concerned about tax benefits and a low exchange rate luring film and television production north. One infamous report suggested the U.S. industry in 1998 lost more than \$10 billion in "runaway productions," mostly to Canada. However, a study commissioned by the Canadian industry and released last October put the figure at less than \$2 billion.

"It's become gospel that Canada is taking film and TV jobs away from the United States," says Roz Wolfe, a 23-year veteran of Canada's Consulate General in Los Angeles. She says that most observers believe that jobs are leaving Hollywood largely because of the cyclical nature of the industry and the rise of "reality-based" TV shows that don't need writers, actors or certain types of talent like production designers and costumers. "Most of the American states are also aggressively enticing production away from Los Angeles," Wolfe says. "And even when a production goes to Canada, it still creates post-production jobs in the U.S."

The Consulate has become a magnet both for Americans seeking Canadian talent and for Canadian producers hoping to break into the U.S. market. A print and Web-based publication produced by the Consulate called the "Canadian Talent in Los Angeles Directory," for example, lists more than 2,000 Canadian industry professionals in the city. "We try to



Just Friends duo: Canadian actor Ryan Reynolds and rock-singer Alanis Morissette appear at the recent premiere of *Blade: Trinity*.