

4.2 Importance of Foreign Markets, Problems, Prospects and Needs Identified

4.2.1 Importance of Foreign Markets

Section 4.2 showed that 4% of the film and video industry revenue from the production and distribution of films and videos came from foreign sales in 1982. The following points were raised concerning the role of revenues earned from foreign markets.

- Some Canadian film companies estimated that close to 90% of their earned revenues are from sales abroad. Other firms interviewed stated that the corresponding figure for them was over 50%. While this may be true of individual companies, the STC data indicate that for the industry as a whole foreign sales are not strong.
- All industry representatives stated that the Canadian market is too small to make profitable the production of most films. Virtually all representatives interviewed stated that even with Telefilm assistance it is close to impossible to make profits on Canadian sales alone.
- The problem of domestic market size was said to be exacerbated by the extent of control of the theatrical feature film and video distribution system by foreign majors. The recent federal film and video policy has identified this as a major issue confronting the Canadian industry.
- Some representatives stressed that television license fees paid to film companies in Canada are frequently too low to cover costs of production, making foreign marketing essential. In contrast, it was reported that pre-sales of television productions, to the United States especially, are often higher than total Canadian sales and sufficient to cover the development investments of a production.