

TRENDS AND OPPORTUNITIES

The economic crisis has sharply reduced government subsidies and the production of feature films. But movie theatres in the big cities are booming on the strength of foreign films.

The cultural industries were badly hurt by the economic crisis that followed the abrupt devaluation of the peso in December 1994. By mid-January 1995, the peso had lost half of its value relative to the US dollar. Consumer spending on cultural products fell sharply in the face of a 7 percent drop in gross domestic product (GDP) and a surge in unemployment. Government subsidies for cultural activities were sharply curtailed.

Mexico will continue to be an excellent location for Canadian television and video producers, who require settings which are unavailable in Canada, especially during the winter. Mexican television broadcasters are expected to continue purchasing Canadian television programs. But sales are not expected to expand over the medium term, because of the peso devaluation combined with the fact that the market is relatively saturated. There are also limits on the number of programs that can be dubbed into Spanish.

The film industry was harder hit by the peso devaluation in December 1994. Production of feature films fell from 46 in 1994 to 14 in 1995, although this was partly offset by increased location shooting in Mexico by foreign producers. According to industry experts, the most important film made in 1995 was *Pinturas Rupestres de Baja California*, directed by Carlos Bolado and produced by the government film agency, *Instituto Mexicano de Cinematografía (Imcine)*. The budget was \$4.2 million Mexican pesos, roughly C \$700,000. Other notable releases included *Édipo, el Alcalde*, a Mexico-Colombia-Spain co-production filmed in Colombia at a cost of \$3.5 million Mexican pesos; and *Cilantro y Perejil*, produced by *Televisine* and *Constelación Filmas*, with a budget of \$5.5 million Mexican pesos.

Televisine completed three other films during 1995, including *Perdóname Todo*, *Dólares por una Ganga*, and *Papa Sin Catsup* at a combined cost of about \$10 million Mexican pesos. Other private producers completing feature films in 1995 included, *Frontera Films*, *Producciones Unic*, *Dinamo Producciones* and *Producciones México*.

In spite of the crisis, a number of Mexican theatre chains continued their expansion plans during 1995. For example, Dallas-based *Cinemark de México* reportedly invested US \$10 million to renovate the *Pedro Armendariz* cinema in