

commercially driven firms will distribute any material in any market that is likely to make money. "American and other distributors do not knowingly ignore profitable opportunities in Canada or abroad. If they did it, it would be a bonus for Canadian distributors who could seize the opportunity."⁴⁷

This question about distribution has become of central importance to Canadian film policy. Canadian distributors now commit more money to the distribution and marketing of Canadian films than they generate in revenues from these films. It seems that marketing is becoming an increasingly important component of film distribution; however, Canadian distributors do not have the money to commit to it.⁴⁸ Also there remains the concern that Canadian distributors do not have sufficient market power to influence release dates and theatre locations. The performance of Canadian distributors must therefore be improved. The means by which this should be done is unclear. The Canadian 1988 film distribution policy, which could be challenged by our trading partners again, attempted to help this sector's performance. Its initial intent, although its application was more limited, was to address the fact that Canadian rights to foreign independent films are often bundled with U.S. rights into North American rights packages. Canadian distributors both before and after the 1988 policy could not generally afford the cost of these North American rights. Given the limited success of this distribution policy, Canada must re-think its approach in order to meet our domestic and international interests. Again policy, should service our cultural interest, but should not do so by industrial means, which will likely be challenged by Canada's trading partners.

iv) *Exhibition*

The exhibition sector includes both movie theatres and video stores. Both are market driven. The DCH report notes that "Canadians continue to flock to see feature films: in 1995, more than 80 million theatre tickets were sold in Canada, representing a total box office revenue of about \$400 million...." The issue for Canada is how many of these 80 million tickets were purchased to see Canadian productions?⁴⁹ The problem is that Canadian films only constitute between 1 and 3 per cent of box office revenue.⁵⁰ The performance of Canadian titles in video stores is not much better.

In a recent paper, Daniel Schwanen contends that in "...discussing the problems of the Canadian film industry, the single indicator that recurs most often is the tiny proportion of screen time in Canada actually devoted to Canadian films. 96% of Canadian theatrical screen time is

⁴⁷ Keith Acheson and Christopher Maule, *Canada's Cultural Policies-You can't have it both ways*, Ottawa: Working Papers Series-Carleton Industrial Organization Unit, Department of Economics, Carleton University, 1996, 9.

⁴⁸ DCH Film Policy Review

⁴⁹ Ibid.

⁵⁰ Department of Canadian Heritage, *Discussion Paper*, 9.