

The 1988 policy has been applied on a non-discriminatory basis since its implementation ten years ago. The policy allows new foreign distributors to establish in Canada, but only for the distribution of films for which the distributor operating in Canada has world wide rights or is a major investor (proprietary rights). All foreign distributors operating in Canada prior to the implementation remained unaffected, regardless of their nationality, and were allowed to continue their existing business. All investors seeking to establish new film distribution businesses in Canada are subject to the 1988 Policy, regardless of nationality.

It is argued in the *Review of Canadian Feature Film Policy* (February 1998), by the Department of Canadian Heritage (DCH), that "traditionally, [foreign distributors'] interest has not been in the distribution of Canadian films. The government has argued that this contention is supported by the fact that only 0.4 per cent of total revenue is generated from Canadian film. Therefore, it is argued that Canada needs a policy to promote distribution of Canadian films. The DCH report contends that as a result of the 1988 policy, Canadian distributors increased their share of the total theatrical revenues by 3.6 per cent, from 13.4 per cent to 17 per cent. The proportion of revenue generated by Canadian distributors from Canadian films has increased from 29 per cent in 1986-1987 to 49 per cent in 1993-1994.⁴⁵ These statistics reveal that since the new distribution policy was put into place, the Canadian distribution sector has had some success in distributing more Canadian product. However, there has been less success in raising Canada's market share in its own market. Box office receipts of Canadian films in Canada have remained unchanged in Canada since 1984 at about 4 per cent. Given that this seems to be the ultimate objective of the policy, its success is questionable. Certainly it did solve some industrial problems that affected the distribution sector, but the policy did not provide Canadians with significantly greater access to their own market.

Some argue that Canada's appeasement to the United States, by allowing the United States studios already in Canada to remain in Canada under the pre-1988 conditions, has created visible vulnerabilities for the Canadian industry. Vancouver and Toronto now constitute major production centers, but much of this production, specifically in Vancouver, is American. Dan Johnson, former executive director of the Canadian Association of Film Distributors and Exporters (CAFDE) argues that it is indigenous distribution that stimulates indigenous production.⁴⁶ Alliance and Malofilm are Canadian successes, but their core distribution business is reliant on American companies.

The domination of the distribution sector by subsidiaries of foreign entertainment multinationals remains a central concern of Canadian film policy. It is this issue that brought Canada into conflict with the European Union over Polygram. The question remains, why has distribution been so complicated in Canada? Acheson and Maule do not believe that there is an American bias against distributing Canadian programs. Basically, they contend that

⁴⁵ DCH Film Policy Review

⁴⁶ Interview 1997.