

Report from Sheldon S. Wiseman on FILMART 2010
March 22nd - 25th, 2010

Objective

The following is intended to provide factual details of my attendance at FILMART, my conclusions as to the value of FILMART to CASO member companies, and my recommendation as to whether CASO should organize its support for attendance of a group of member companies at FILMART 2011.

Methodology and Approach

In order to get an overview of the market prior to its opening on Monday, March 22nd, I spent four hours on Saturday, March 20th with the Head of Entertainment Lending for Standard Chartered Bank headquartered in Hong Kong. He has significant clients throughout Asia and the Pacific Rim and he was able to give me a very comprehensive overview of FILMART and the production activity throughout Asia including Hong Kong and the Chinese mainland.

I also met with the Canadian Trade Commissioners to both Hong Kong and Singapore, the Canadian Consul General in Hong Kong, and a partner of PricewaterhouseCoopers.

I spent three days on the floor at FILMART at the Hong Kong Convention Centre visiting and talking with entities which I believed to be relevant for my assessment. They included but were not limited to the Managing Director of the Philippines Animation Association, the Singapore Producers Association, key producers from each of Malaysia, the Philippines, Hong Kong, and senior executives of the Media Development Authority from Singapore.

Comments and Observations

FILMART is a very modest size market designed primarily as a venue for Asian feature film distributors to sell to Asian buyers.

There were some television distributors, a few of which were in the business of animation. Most of the stands were modest, small and rather unsophisticated save and except for the following: France, China, CCTV (China), Malaysia, the Philippines, and Thailand.

There were in addition five corporate exhibitors attracting most of the attention at the market. One of these was Shaw Communications (Hong Kong). The other four were all engaged in live demonstrations of 3D (stereoscopic) technology. Visitor traffic appeared to be modest for all other stands.



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There are opportunities at the market to meet with a handful of animation distributors represented by their CEO's and producers. Any potential opportunities created by their presence would be in the area of exploring co-productions with Canadian companies.

With a co-production, if arrangement can be secured, it would alleviate budget pressure for the Canadian producer. It was abundantly clear to me that the economic meltdown experienced in both North America and Europe has really not affected Asia. That fact coupled with the fact that Asia provides a potentially large consumer base suggests that a number of production companies are being backed by well-to-do investors who have generated wealth in other industries and are now looking to get into film and television production because they regard it as a "glamorous" industry. That being said, they obviously will want to temper their risk with potential upside and that in itself poses cautionary notes because it is always difficult to deal with investors who are uninformed about the risks and hazards associated with entertainment production.

The market does attract potential buyers from Asia that cannot afford to attend other more major markets such as MIP, MIPCOM, Kidscreen, and NATPE. Those buyers would in any event pay extremely modest licensing fees for television productions, and, as a result it would not be cost effective for Canadian distributors to attend the market solely for this purpose.

Conclusion

The productions on offer by the various distributors in attendance are very region specific and would not play outside of Asia.

A few of the Asian animation producers would like to do world class programming and recognize that they are not capable of generating that on their own. That creates potential opportunities for Canadian companies which are experienced as producers (not service facilities) to meet with a small number of Asian producers in an attempt to structure co-productions which would be creatively driven from Canada. The number of such potential opportunities are quite limited and would only develop if individuals experienced in structuring and financing a co-production were to attend on behalf of a Canadian company.

I do not see any opportunity for Canadian companies to attract work on an outsource basis from anyone in attendance at FILMART.

Recommendations

For Canadian companies interested in exploring stereoscopic 3D technology, or, looking for a backdoor entrée for their product into China, or looking to offload some of their production costs through a co-production structure, there may be some merit in attendance. I suspect that state of the art technology can be accessed in other ways and



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co-production opportunities may be more readily explored at other venues such as Kidscreen, MIP, or MIPCOM.

If the CASO Board decides that there would be wisdom in sending a delegation to FILMART 2011 and is in a position to arrange money to support such a delegation, I would suggest that a delegation comprised of not more than five companies attend (thereby giving Canada significant presence) and that attendance be planned well in advance to enlist the assistance of Canadian government representatives in Hong Kong and Singapore to “wave the flag” and set up producer meetings.

The delegation if sent should have a CASO leader who should brief attendees well in advance and facilitate meetings and introductions at the market.