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**U.S. RUNAWAY MAJOR FEATURE FILM PRODUCTION CONTINUES TO  
GROW AS MORE COUNTRIES INTRODUCE FEDERAL TAX INCENTIVES,  
CONTINUING STUDY SHOWS**

Los Angeles, CA, Monday, July 30, 2006: A continuing study by the **Center For Entertainment Industry Data and Research (CEIDR)** shows that the shift in production of theatrical motion pictures from the U.S. continues to grow as countries all over the world introduced incentives – especially in the higher budget ranges. At the same time, there was a modest increase in California-based production, particularly in television, which coincides with the introduction of the American Jobs Creation Act of 2004.

“The U.S. Economy has lost some 47,000 jobs per year and an estimated \$23 billion in economic benefits related to the production of theatrical length films alone since 2000,” said Stephen Katz, co-founder of CEIDR. “Subsidies, worldwide are having the intended effect of attracting U.S. producers, especially the bigger budget productions.”

From 1998 to 2005, feature film production in Canada grew from \$430 million to \$1.2 billion (179%). For the same period, production in the U.K. and Ireland increased from \$486 million to \$809 million (66%) ...production in Australia and New Zealand rose from \$113 million to \$717 million (531%) ...production in Eastern Europe jumped from \$30 million to \$308 million (927%).

"It appears that if the U.S. hopes to retain a competitive edge in the global market for production, it will be necessary for the government to consider the enactment of an enhanced U.S. Federally-based incentive program and for state governments, particularly California, to do likewise," said Katz.

Worldwide, production dollars spent on Theatrical Releases expanded from \$5,557 million in 1998 to \$7,205 million in 2005 (30%). Despite the 30% growth in overall production, the dollar volume of Theatrical Release production in the U.S. declined from \$3,927 million in 1998 to \$3,378 million in 2005 (-14%). The dollar volume of Theatrical Releases filmed outside the U.S. more than doubled growing from \$1,630 million in 1998 to \$3,828 million in 2005 (135%). Subsequently, the U.S. market share of production dollars of Theatrical Releases plummeted from

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71% in 1998 to 47% in 2005. Correspondingly, the percentage of Theatrical Releases filmed elsewhere in the world grew from 29% to 53%.

Overall production in California rose slightly from \$1,948 in 1998 to \$2,068 in 2005 (6%). Despite the increase in the dollar volume of Theatrical production in California, the actual number of productions declined during this period from 62 to 46 (-26%). In the greater than \$10 million less than \$50 million range (>10..<50) production in California fell from \$765 million to \$728 million (-5%) while the rest of the U.S. grew from \$445 million to \$655 million (47%). The growth in states other than California may be a result of state subsidies introduced in the last couple of years.

The number of broadcast and cable network made-for-television-movies and miniseries that filmed worldwide grew from 76 in 1976 to a peak of 328 in 1996 (332%) then declined to 198 in 2005 (-40%). Production of made-for-television-movies in the U.S. collapsed from a high of 182 in 1995 to 49 in 2003 (-73%) then bounced back to 84 in 2005 (71%). Production in Canada rose from 7 in 1984 to a peak of 132 in 2000 (1786%) then fell to 76 in 2005 (-42%). Interestingly, although, Canada became the venue of choice for the majority of this type of production in North America commencing in 1998, the U.S. regained the relative edge following the American Jobs Creation Act of 2004 which provides considerable benefit to producers of this type of product.

Scripted prime time one-hour and half-hour broadcast and cable television programs that aired in the U.S. grew from 123 in 2000 to 152 in 2005 (24%). From 2000 to 2005 reality programs jumped from 24 to 174 (625%). Filming of scripted television in the U.S. grew from 93 in 2000 to 115 in 2005 (24%). The number of scripted programs that filmed in Canada fell from 26 in 2000 to 20 in 2005 (-23%). Again, the relative share of shows produced in the U.S. versus Canada increased following the American Jobs Creation Act of 2004.

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Production worldwide of Theatrical Releases with budgets equal to or greater than \$50 million ( $\geq$ \$50) expanded from \$3,287 million in 1998 to \$4,363 million in 2005 (33%). During the same period, production in the U.S. within this category fell from \$2,499 million to \$1,867 million (-25%), while the dollar volume of production the rest of the world for this segment rocketed from \$788 million to 2,496 million (217%). The U.S. market share of Theatrical Releases with budgets equal to or greater than \$50 million fell from 76% in 1998 to 43% in 2005. Concurrently, the percentage of Theatrical Releases filmed elsewhere in the world more than doubled from 24% to 57%.

A complete copy of the study, **“The Global Success of Production Tax Incentives and the Migration of Feature Film Production From The U.S. to the World”** is attached and also available on the CEIDR web site [www.ceidr.org](http://www.ceidr.org).

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The following organizations provided essential financial support to the 2005 CEIDR report: International Cinematographers Guild, IATSE Local 600, Screen Actors Guild (SAG), International Association of Operative Plasterers and Cement Masons Local 755, Studio Utility Employees Local 724, Affiliated Property Craftspersons IATSE Local 44, Script Supervisors/Continuity & Allied Production Specialists Guild IATSE Local 871, Production Sound Technicians, Television Engineers, Video Assist Technicians, and Studio Projectionists IATSE Local 695, Studio Electrical Lighting Technicians IATSE Local 728, The Animation Guild IATSE Local 839, Raleigh Studios, Hollywood Rentals, And Private Donors

**CEIDR** was formed by Mark A. Rosenthal, President of Raleigh Enterprises and Academy Award winner, Stephen Katz, to track production data from around the world.

***Biographical and Contact Information for Mark A. Rosenthal***

As President of Raleigh Enterprises, Mark A. Rosenthal is responsible for overseeing the diverse businesses owned or managed by the company including assets such as the Sunset Marquis Hotel and Villas, File Keepers, Malibu Hills Vineyards, Hollywood Rentals, one of the nation's premiere lighting and grip companies and Raleigh Studios, the largest independent film, television and commercial studio group in the country. The company also has significant commercial real estate, investments and joint venture holdings.

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***Biographical and Contact Information for Stephen Katz***

Stephen Katz won an Academy Award for the co-development of Dolby Stereo. He has over thirty feature film credits including, *Star Wars*, *Close Encounters of the Third Kind*, and *Altered States*. He has been a consultant in the marketing of production equipment to the industry for companies including The Samuelson Group International, Victor Duncan Inc. and Hollywood Rental. He authored the widely acclaimed 1999 "Motion Picture and Movie-of-the-Week Production Survey" and the 2000 and 2001 CEIDR reports. Currently he is developing new sound technology.

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