

Motion Picture Export Association of America

The companies affiliated to the MPEAA comprise the world's largest film producers/distributors and account for over 80% of the most successful English language films distributed worldwide. The MPEAA member companies include Buena Vista International (Disney), Carolco Pictures Incorporation, Columbia Pictures International (Tri Star), MGM/UA Communications Company, Orion Pictures International Corporation, Paramount Pictures Corporation, Twentieth Century Fox International Corporation, Universal International Films and Warner Brothers International. Appendix IV of this review lists box office hits for 1988 and 1989, from which it will be observed that MPEAA products virtually sweep the board.

The policy of the MPEAA precludes it from operating in territories where member companies are prevented from negotiating direct with Exhibitors of its choice.

As a result of this when in 1974 the NFC exercised a monopoly status on the import of films in keeping with the then Government's policy of restricting imports, films distributed by the Companies affiliated to the MPEAA were not exhibited in Sri Lanka. In 1978 the position was reviewed by the Government and a mutually satisfactory arrangement reached (within the provisions of the NFC Act) enabling the exhibition of MPEAA sourced films in Sri Lanka in terms of the Government's open economy policy.

In 1979 the member companies of the MPEAA resumed the supply of films, with 75 quality English language films representing a cross section of the best films including Academy Award Winners. Each MPEAA member was allowed to deal with an exhibitor of their choice.

The 75 films shipped to Sri Lanka were on the basis of freight paid by the foreign supplier, who also absorbed the cost of publicity. The major advantage, financially, was that there was no foreign exchange payment at the time of impor-

tation of the films, as would be the case when films are purchased outright with valuable funds being tied up.

MPEAA deals with exhibitors on the basis of rental, with the supplier accepting a percentage of the actual box office takings. This way, the supplier's share is governed only by how well a film fares at the box office here and not by the selling price of the film itself. In Sri Lanka, the market size for English language films automatically commends rental as the obviously viable choice.

The Kinematograph Renters Society (KRS) is one of many regional offices of MPEAA members, and both the MPEAA and KRS member companies have their registered offices in the United States of America. Regional offices have been established in many parts of the world depending on the market size. The films contracted for are despatched direct from America, Europe or the Far East, a few of them being merely transhipped (unopened and unused) via Bombay to take advantage of the reduced freight costs on bulk shipment, particularly when several other copies of the same films are also consigned to India. It is accepted business practice world wide for business to be negotiated via foreign firm's local office or, in the absence of one, via the closest regional office. It need hardly be stressed that the volume and value of business generated in Sri Lanka can neither prompt nor justify setting up of an MPEAA office here to service Sri Lanka alone.

The total annual earnings of the MPEAA member companies for 1988 in respect of Colombo and outstation screenings was only just over Rs. 6M and the total due to them from the NFC (and yet outstanding) is in the region of Rs. 12M. The MPEAA member companies have not only expressed concern with regard to the outstandings from the NFC but also with regard to the non remittance of their earnings since April 1988 (despite ade-

quate funds being available in the MPEAA member companies' bank accounts in Colombo) because the NFC had not as yet recommended such remittance to the Exchange Controller.

Non payment of dues by the NFC resulted in MPEAA members, in the first instance, stopping further shipments and release of their product on contracts already approved. As no payments were made even thereafter, MPEAA members finally withdrew the exhibition rights given to NFC and informed the Corporation accordingly. But the NFC, though it has loudly proclaimed its ability to source all its requirements of English language films through independent suppliers or 'third parties' in the absence of MPEAA films, still continues to this day to distribute MPEAA films in blatant violation of contractual obligations.

The NFC, if it is to continue its good working relationship with members of the MPEAA, should respond positively towards removing the factors which led to the directive by MPEAA for withdrawal of their product from circulation, by:

- * recommending the remittance of earnings from April 1988 to date.

- * arranging for the settlement of dues to MPEAA member companies on outstation screenings within a specific time frame which will result in the quantum due declining and not increasing.

- * arranging for the settlement of outstanding instalments on long term loans and ensuring that balance instalments are settled in accordance with loan agreements.

- * discussing and agreeing on a basis of sharing the special levy referred to in section 9 of this review.

The NFC clearly refuses to learn from experience; its dealings so far with "third party" suppliers have resulted more often than not in the NFC being saddled with not only third rate but also badly damaged prints of films for some of which, it now appears the "third parties" involved were merely pretending to hold copyright. The NFC, being a State-owned institution, has the responsibility to en-