An in-depth Study on the Animation Industry In the Philippines

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ANIMATION INDUSTRY EXECUTIVE SUMMARY

Animation is the process of giving the illusion of movement or life to cinematographic drawing, models, or inanimate objects. Of all the uses that computers can be put to, probably the most interesting, exciting and challenging to graphic artists is in the field of animation. They are more interested in visual effects because it is one way of treating projects with distinctiveness and innovativeness.

The paper aims to determine the scope of the animation industry, describe its structure, determine the existing and potential markets both locally and abroad, determine the supply capability, describe the quality and quantity of training, and finally present an action plan to enhance its growth and competitiveness.

The combination of film and animation industry shows that its gross value added is growing faster than the gross domestic product and gross national product. In other words, the industry has a lot of potential to improve further through the years. Extent of growth of firms is primarily Metro-Manila based with Southern Tagalog as a far second. There is more investment in labor or manpower than capital expenditures based on the 1994 Census of Establishments.

Philippine animation owes its beginnings to the cartoonists. Cartoons are generally popular in the form of komiks which is the local version of comic book magazines. Today, Filipino animators are now finding opportunities abroad on big animated projects. In fact, the Philippines reportedly accounts for a 30% share of animation work in the Asia Pacific; and it is projected that this could grow to 70% or more with professional training.

An examination of the motion picture production forward linkage shows that the market for film and animation is motion picture distribution and projection. On the other hand, the motion picture distribution and projection forward linkage indicates that one major market to consider is radio and television programming or the development of more animation films for television broadcasting. The market for animation can come from industries like agriculture; community, social and personal services; financing, real estate, insurance and business services; transportation and communication; wholesale and retail; media, advertising and entertainment; and finally education.

Globally, the local animation industry should now look at the creation of four animation firms around the world situated in Hong Kong, India, France and Japan. Since the growth in information technology can influence the growth of animation, it was recommended that the local industry should now look at India as a healthy competitor and move towards "coopetition" like joint ventures to cover big markets like US and UK.

On supply capability, the motion picture distribution and projection backward linkage shows that a major supplier is motion picture production. On the other hand, the motion picture production backward linkage presents restaurants, cafes, and other

eating and drinking places as the major supplier, followed by petroleum refineries and advertising services.

Meanwhile, the specific types of services local animation industry can offer are in animation or cartoons in general, animation for advertising, animation for the web, animation for educational materials, and cartoon show in the area of the development of storyboards, character design, layouts, staging, and related animation services. Areas of specialization can start at the pre-production stage, production proper, and post-production stage. There is also animation for television shows and digital painting.

When it comes to training requirements, although Filipino animators are considered as highly skilled and capable, still, training is recommended most specially in handling new technology such as new software used in animation. Areas of training are on technology updates, new software usage, time management seminars, human resource training, and seminars to enhance presentation skills.

An analysis of the strengths, weaknesses, opportunities, and threats affecting the local animation industry shows the following considerations:

--Filipinos are comfortable with the English language.
--Filipinos are more defined and refined in terms of output.
--Filipinos' artistic and creative skills are world class.
--Technology and budget.
--Telecommunications.
--Marketing and information dissemination.
--Taxation and lack of incentives.
--Perception of cheap labor.
--Increasing competition with other Asian countries offering cheap labor.
--The global entertainment industry as a growth industry.
--Threat of international pacts/economic recession.
--Brain drain.

With the preceding consideration, an action plan to enhance competitiveness is therefore recommended in the following areas:

--Marketing.
--Continuous training and development and education of current and prospective industry personnel.
--Curriculum development in collegiate education on courses related to animation.
--Market development and promotional strategies.
--Promotion of Filipino animation outputs in international markets through participation in International Animation Festivals.
--Research and development.
--Competition on the level of our core competency.

--Discover, develop, and/or expand international mainstream or niche markets for Philippine animation films.
--Operations/Technology.
--More investments on technology.
--Laws/Industry governance.
--Strategic alliances and collaboration.
--A voice in the government through the Philippine Animation Commission.
--More specific actions to undertake.

With the preceding action plan, it is crucial that a monitoring scheme should be implemented to check performance. This is where the association of animators can come in and review developments in marketing, operations and technology, laws and industry governance, and research and development. They can pool their efforts to improve the state of animation in the country, develop strategic alliances with foreign partners, and lobby in congress for better tax incentives. The various industry players can monitor themselves to create a good animation output. Award-giving bodies should be promoted and participation in international animation festivals should continue. With this, the Filipino attitude and the global interest towards our local productions will eventually change and will gain better patronage. And the vision for the Philippine animation services industry as a **recognized leader** in the Asia-Pacific region will always be a reality.

An In-depth Study on the Animation Industry in the Philippines

"Animation is difficult, and it sometimes takes more than great software to do the right job."

(Rick Shaw/Basics And Beyond)

Introduction

Of all the uses that computers can be put to, probably, the most interesting, exciting, and challenging to graphic artists is animation. From television commercials to major Hollywood blockbusters, it is used to produce highly distinctive images that can intrigue, impress, and dazzle the viewer. It is one of the brighter things in the world these days. Graphic artists are more interested in visual effects because it is one way of treating projects with distinctiveness and innovativeness.

Animation is the process of giving the illusion of movement or life to cinematographic drawings, models, or inanimate objects. Animated drawings predate cinema proper. From the 1830s onward, optical toys—such as the phenakistoscope (a revolving disk with figures arranged around the center), zeotrope (an optical toy in which figures on the inside of a revolving cylinder are seen through slits in its circumference), and the Praxinoscope (a device that used reflections of objects to achieve the illusion of movement)—were designed to demonstrate or exploit the physical phenomenon of "persistence of vision." Such instruments used a technique comparable to the modern cartoon film: drawings of successive stages of an action were presented so rapidly that they produced an illusion of movement.

Animation, the art of movement, is a way of making inanimate objects move. This may be materialized by sets of drawings which are photographed in sequence on successive motion picture frames. These photographed drawings when run in film produce smooth flowing and continuous actions. Throughout the years, animators together with producers have thought of several ways to be able to improve its quality and substance. Animation ended into a highly sophisticated art form and motion picture technique, as well as an effective way for communications, as certain techniques and equipment were developed.

Animation softwares are developed to help people create their own visual effects. Computer animation became known in the 70s when foreign filmmakers used the computers as an aid for creating sci-fi objects and special effects. The filmmakers of Star Wars, Indiana Jones series, Star Trek, etc. invested large amounts of money on computers and softwares.   The computers, mostly graphical workstations, were

designed to generate and simulate real-life images. As a result, filmmakers became very much impressed on the performance and the quality of results computers generated in filmmaking. Furthermore, computers produced more impressive art pieces.

Under this scenario, this paper aims to look into the following:

1. determine the scope and of the animation industry
2. describe the structure of the animation industry
3. determine the existing and potential markets for the products and services of the industry both locally and abroad
4. determine supply capability of the firms in the industry
5. describe the quality and quantity of training of the human resources of the industry
6. present an action plan to enhance the growth and competitiveness of the establishments in the industry, particularly in the areas of (a) marketing, (b) production, (c) human resources, (d) finance, (e) laws/industry governance, and (f) performance monitoring scheme
7.

1.0 The Industry

1.1 Historical Background

Growth of Animation from the Western Region

A review of Animation World Network via the internet could trace the history of animation in the West. Before the turn of the century, the French conjurer and filmmaker Georges Melies had demonstrated the possibilities of the stop-motion photography, frame-by-frame technique by which animated films have generally been produced. By 1907 J. Stuart Blackton in the United States had made an animated film, Humorous Phases of Funny Faces; and a year later, in Paris, Emile Cohl embarked on a series of witty cartoon films. Cohl's successors in the silent period included such distinguished animation artists as Robert Lortac, Benjamin Rabier, and Joseph Hemard.

The earliest American animated films were derived from newspaper comic strips, where characters such as "Mutt and Jeff," "Happy Hooligan," and The Katzenjammer Kids" originated. The first American artist to draw for film was Winsor McCay, with his Gertie the Dinosaur and a series called Dreams of a Rarebit Fiend. The most famous cartoon personality before Walt Disney's Mickey Mouse, however, was Felix the Cat, created by the Australian cartoonist Pat Sullivan and animated by Otto Mesmer. Meanwhile, the Russian Ladislav Starevich used other silent animation methods, such as stop-action techniques, to animate his exquisite little puppets as early as 1911. Lotte Reiniger, a German artist who adapted the ancient techniques of the shadow show, completed the world's first full-length animated film, Die Abenteuer des Prinz Achmets (The Adventures of Prince Achmed), in 1926.

With the arrival of sound, Walt Disney rapidly achieved preeminence through imaginative use of sound and color with the vitality of his gags largely inspired by early slapstick films. Disney's The Three Little Pigs (1933), with the optimism of its theme song (Who's Afraid of the Big Bad Wolf?), came to be a symbol of the era of sound. In 1937 Disney made his full-length animated films such as the extraordinary Fantasia in 1940 and developed techniques that combined animation with live action (as in Song of the South [1946). On the other hand, experiments with these hybrid animations also had been under way in the Soviet Union for instance where, in The New Gulliver (1935), Aleksander Ptushko combined live actors and cartoon figures in the same scenes.

The 1940s and '50s saw reactions against the Disney style. Such artists as Bill Hanna and Joe Barbera, Tex Avery, Paul Terry, Walter Lantz, and Chuck Jones continued in the same style of animation but added a new anarchic and surreal comedy. The artists working for United Productions of America (UPA)—most of whom, including Art Babbit and John Hubley, had broken away from Disney—reacted against the detail and naturalism of the Disney style with spare, non-naturalistic drawing inspired by contemporary art and such practitioners as the Romanian-born Saul Steinberg.

In Canada, the Scots animator Norman McLaren experimented with stereoscopy (two-dimensional depictions that through perspective appear three-dimensional), synthetic sound, and other techniques, many of which were further developed by the school of animators he built up. Among McLaren's colleagues and disciples was George Dunning, who subsequently worked in Great Britain, where the animated cinema was vigorous after 1950. Other notable animators working in Britain included John Halas and Joy Batchelor, who were already considered established during World War II; Peter Foldes; Bob Godfrey, an inspired exponent of low comedy; and Richard Williams, a Canadian whose studio sought to emulate the Disney craft traditions.

In Eastern Europe in the mid-20th century, the most notable animated films were created in Czechoslovakia, where Jiri Trnka developed a singular tradition of animation work with puppets, and Yugoslavia, where the Zagreb Studios produced such distinguished practitioners as Vatroslav Mimica, Dusan Vukotic, and Nikola Kostelac.

The Flintstones paved the way nearly 40 years ago, with Top Cat and The Jetsons following closely in its footsteps. They were the first wave of animated primetime shows aimed at adults. The second wave came much later, but made quite a splash. The Simpsons -- now the longest-running comedy in primetime -- became a signature breakout hit for the Fox broadcast network after the program's 1989 debut. Around that time, cable was also getting a piece of the primetime animation action. In 1993, MTV: Music Television's Beavis & Butt-head began really pushing the envelope, in terms of taste and content. Then Comedy Central broke even more boundaries with the edgy South Park, and it paid off handsomely.

South Park became a ratings and merchandising bonanza for the network. And Comedy Central's distribution took off because of the show. Hence, the programming formula *du jour* for primetime is animation. The ad agency BBDO has cited animation as

one of the hottest programming trends for the coming season. And both cable and broadcast have staked their claims in that genre for primetime, trying to duplicate the success of South Park and The Simpsons.

There is now a glut of primetime animation; and programmers risk turning off viewers with this cartoon boom. It was only a few years back that audiences overdosed on singles-in-the-city knockoffs of NBC's hit Friends, after all. "Adults will get tired of animation], as they did with sitcoms and the flood of Friends imitators," said Tim Brooks, USA Networks' senior vice president of research and co-author of The Complete Directory to Prime Time Network and Cable TV Shows. "It's a novelty now, but it will wear out its welcome."

Certainly, animated series have never been guaranteed primetime hits. Directors Steven Spielberg and Tim Button do not brag much about their Family Dog, which flopped. Fish Police sunk. And USA Network's Duckman had a modest four-year run, but there were no big ratings. Animated shows need good writing and appealing characters to succeed. Still, cable programmers have taken or are taking the plunge. In addition to South Park, Comedy Central has the veteran series Dr. Katz, Professional Therapist, and Bob and Margaret on its primetime roster. MTV then premiered Downtown; while it already had Dana and the Claymation Celebrity Deathmatch on its schedule. On the other hand, FX debuted The Dick and Paula Celebrity Special, from Dr. Katz executive producer Tom Snyder.

Cartoon Network, with roughly one-third of its audience comprised of adults, aired its original animation in primetime, and bowed two new series: Mike, Lu & Og and Courage the Cowardly Dog. Likewise, Nickelodeon decided to schedule its animated series based on Bill Cosby's books, Little Bill, in primetime on Sundays. The show was originally created for Nick's preschool block, but network officials thought the show's audience appeal had far wider audience appeal and it should air in primetime. Former Nick chief Geraldine Laybourne also launched her women's network, Oxygen, which is developing the first original animated primetime series that specifically targets women. Fox Family Channel is in the process of developing several animated shows that could land in primetime, including Rodney, based on comedian Rodney Dangerfield and a show about pigs, Pigs Next Door.

That's only cable's contribution to the flood of primetime animation. There are now a half-dozen animated primetime series on the broadcast networks. In addition to The Simpsons, Fox has the hit King of the Hill, as well as The PJs, Futurama and Family Guy. UPN boasts Dilbert. Meanwhile, the WB network will debut its animated series, Mission Hill, from the former writer-producers of The Simpsons. The show, about hip youths in an urban setting, will lead off The WB's Friday primetime lineup.

Regardless, nearly everyone agrees that the broadcast networks have latched onto animation because traditional, formulaic sitcoms have flopped miserably with viewers, particularly the prized young male demographic. According to a Disney Channel survey, a lot of adult men watch animation.

Industry observers also pointed out that there has been a sea change in how animation is perceived. Baby boomers grew up with cartoons, and they still think it is fine to watch them -- which was not always the case.

Rob Sorcher, Fox Family's executive vice president of programming and the former general manager of Cartoon Network, also stressed adult acceptance of animation as an important contributor to its primetime boom.

Cable programmers, in part, turn to animation because of advances in technology: Computer-generated characters are less expensive than traditional animation. Animation also allows programmers more freedom, from being able to bring historical figures back from the past, as in FX's The Dick & Paula Celebrity Special, to creating scenarios and satire that simply could not be done with live action, like Mr. Hankey, the jaunty, animated piece of dung on South Park.

MTV is looking for animation for the network that is different from what is already on TV, such as the Claymation of Celebrity Deathmatch, according to Graden. In the case of Downtown, which last summer, MTV went to Manhattan's Greenwich Village to conduct research by taping actual conversations.

Abby Terkuhle, MTV's president of animation, called the genre a great medium "to convey satire and adult themes" to its audience, which grew up on toons. MTV's in-house animation shop has a staff in excess of 200 people. Four series are now in production, along with a theatrical movie and a made-for-TV movie.

By the late 20th century, the animated film had become a remarkably varied and supple medium, ranging in its possibilities from the lyrical documentary visions of Hubley's Of Stars and men to the Rabelaisan farces of the Japanese Yoji Kuri. The development of computers and electronic video equipment brought about a whole new generation of animation styles and techniques.

Philippine Animation and Local Artists

Local literature showed that Philippine Animation owed its beginnings to the cartoonists.   Cartoons are generally popular in the form of komiks which is the local version of comic book magazines. Examples of popular cartoonists include: Tonton Young who created Pupung, Pol Medina Jr. who created Pugad Baboy, Larry Alcala – the creator of the Philippines' most loved komiks characters including Mang Ambo, Asiong Aksaya, Kalabog en Bosyo and the popular Slice of Life --- as well as over 500 cartoons and cartoon characters all reflecting the foibles of Philippine society.

Filipino animators are now finding opportunities abroad on big animated projects. As an example, Ronnie Del Carmen, a Filipino animator, is billed as artistic supervisor for the latest project of Dreamworks Studios in Los Angeles, California. His latest works include "The Prince of Egypt," and "The Road to El Dorado."

In the Philippines, animation has finally found its way. Inspired by the high degrees of sophistication emitted by other countries, Filipino artists decided to try their luck in the art. Years of hardships and disappointments never dampened the spirits of our hardworking animators. In 1950, Jerry Navarro, Larry Alcala, Vicente Penetrante and Jose Zabala Santos, tried their luck in animation. But due to financial problems, these young and budding animators had to work with the crudest of equipment. Through the years, one or more artists would try to nurture their knowledge of animation only to be blocked by the usual financial constraints.

Meanwhile, anime or Japanese animation has long been a very popular subgenre of Philippine pop culture since the late 1960s and the whole of the 1970s when Filipino audiences were first exposed to the charms of Japanese animation by way of such classics as Speed Racer, Gigantor, Astroboy, and a number of others. The fanbase began to gain sway during the giant robot era of the 1970s when fans of Voltes V and Mazinger Z actually went into the production of fanzines, translated comic books, and model kits. Despite having been outlawed during the Marcos regime, many examples of fan merchandise from this era have survived even to this day. Though the 1980s were characterized by a somewhat lukewarm response to Studio Nue's Macross, the mass market interest in Japanese pop culture (referred to as J-pop, a term that encompasses everything from pulp fiction to pop music and animation) was revived by both the vernacular dubbing of anime for Philippine television.

In 1983, an Australian company established a branch known as Burbank Animation, Inc. (BAI). Aside from this, another company, which is known as AsianAnimation, was then called Optifex International, Inc. Unlike Burbank Animation, Inc. which is a foreign owned company, Optifex Animation, Inc. is a Filipino owned corporation. Through the years, these companies worked with utmost dedication for the improvement of the animation industry in the Philippines.

Burbank Animation, Inc. and Asian animation, Inc. were joined by another big company, Fil-Cartoons, which was established in 1988. These companies, although they have the same purpose did not yet form an association. However, they all have done their share in the industry, such as helping train aspiring animators, producing animated films in the country. However, most of the products of these companies have been made for export reasons. Each company has a contract with various international animation companies.

The animation industry in the Philippines is considered as one which progressing and developing. Had it not been for financial constraints, they would have produced more animated materials for Filipino viewership and usage. Local anime, on the other hand, has now developed into a fan base on the Internet in the mid-90s.

At present, based on a local internet source, the Philippines reportedly accounts for a 30% share of animation work in the Asia Pacific, and it is projected that this could grow to 70% or more with professional training.

1.2   Definition and Scope of the Industry

The Philippine Standard Industry Classification (PSIC) includes animation industry under the motion picture production, distribution and projection based on the 1994 Census of Establishments as shown on Table 1.

Table 1. Film and Animation Industry PSIC Definition

9611	Motion Picture Production
9612	Motion Picture Distribution and Projection

Source: 1994 Census of Establishments

Today, however, the animation industry based on its growth may merit a separate industry classification by PSIC; but no absolute data are available at the moment.

In talking with those in the know and reading the latest facts and figures, real animators are in big demand. Quite often, it is heard that corporations want to buy their own software to save on animation expense and do the work in-house. To them, it is a simple solution. In defense of the industry, there is still the intangible element of talent and professional experience. Animation is hard, and it takes more than great software to do the job.

Sometimes animation houses charge by the second for the work they do. That does not always work anymore. Budgets have dropped precariously low on some jobs – so low that at times it is actually not worth the trouble. Doing good animation takes a certain amount of finesse. If the client is not willing to pay for the basics, it is not good for sub-standard work to come out of the animation house. Future viewers of the work will not understand the budgetary restraints of the project, and it could reflect badly on the company. In those cases, the firm could be stuck in a no-win scenario.

Corporate needs vary greatly.   Some are upscale projects and may need accurate technical information if the animation has a scientific theme. If research is required, then that should factor into budget. Tape format can also play into the budget. If the client wants a D-1 master, one may have to go out of house.

National or international broadcast television requires more complex animations, and extra time to make them look correct.

Cartoons and animated films are made frame by frame. A second in the film consists of 24 drawings; thus, a scene of only a few seconds onscreen may take hours, even days to produce. In most cases, the background and some parts of the character

remain constant, while only a small part of the character – head, legs, or arms – is altered in every succeeding frame. This is made easy by painting the moving part on a series of cells, which are then in turn placed in accurate register against the character's body and background, and the frame exposure is made. All the information attendant to the artwork meant to be prepared are listed on a dope sheet which is given to the production crew.

Most major machineries and equipment are available locally, except the Rostrum, Maviola, the Q.A.R., and the Synchronizer which are highly sophisticated machines. Raw materials are directly imported from abroad, except the films and the pencils. Currently, firms employ at an average of 200 artists per studio and the number is increasing as firms are expanding their operations. Lastly, this is due to the manual operations of the production process.

The kind of animation familiar to generations of film and television audiences is the type of cartoon film produced by production studios such as Walt Disney. These cartoons were, and are, expensive to produce because the processes involved are painstakingly and extremely labor-intensive.

A new batch of users unfolded with the introduction of micro-computers in the 80s. The business industry took advantage of the new technology where computers were used in improving presentations. Scientists and engineers used computer animation in projects to add special effects which would increase the audience's retention of information and to impress upon the value of presentation.

1.2.1 Contribution to the Philippine Economy

Table 2. Film and Animation Contribution to the Philippine Economy

	1994		1998	
	Value (in million PHP)	% Share	Value (in million PHP)	% Share
GVA	7,390	---	8,729	---
GDP	766,368	0.96	888,875	0.98
GNP	786,136	0.94	931,127	0.94
Employment	15,517	---		---
Total Employment	27,483,000	0.06	31,278,000	

	Growth Rate (%)
GVA	18.12
GDP	15.99
GNP	18.44
Employment	
Total Employment	13.81

Source: 1994 Census of Establishments

Based on the latest available information from the Census of Establishments, the Gross Value Added (output) of the Film and Animation's contribution to the Philippine economy is worth P8.7 billion in 1998 versus P7.3 billion in 1994. Its share of the Gross Domestic Product and Gross National Product is just almost close to only one percent. However, in terms of growth rate, the GVA is growing faster than the GDP and GNP at 18.12% which means the industry has all the potentials for growth.

1.2.2 Computer Animation

The worldwide computer animation industry accounted for almost $16 billion of sales in 1997, an increase of over 400% from 1992 as revealed by internet data.

Animation has come a long way since Disney's "Steamboat Willie," the first animated cartoon. Each movie frame was hand drawn, and at 30 frames per second, this three minute cartoon required some 5,500 still pictures. While techniques have been gradually refined for future cartoon and animated features, animation effects continued to be generated by the major studios for both cartoon and visual effects in much this same fashion – through the 1980s. Creation of animation features required hundreds of animators several years to complete the likes of Fantasia, The Lady and the Tramp, and other Disney features. The manual effort involved represents the 20th century equivalent to the building of Egyptian pyramids – 0.1% inspiration, 99.9% sweat.

The computer has changed all that. Government agencies started using computer animation in the 1970s to create simulators for training and war games. This was followed in the 1980s in the commercial sector through adoptions of computer animation enhancements to computer aided design (CAD) and modeling (CAM) software, by adding new levels of realism through 3D modeling and utilization of special effects such as computer generation of surface textures over wire-frame models, rotation techniques, refinements in shading and lighting effects.

While early adaptations required large dedicated mainframes, the rapid advancement of computer technology has made computer animation available to the masses, and this new software genre has become one of the fastest growing industries in the current decade – even though it is by many measures still in its infancy.

In these early days, dedicated proprietary systems, often based on both hardware and software, were the rule of the day. In the mid to late 1980s the arrival of the workstation and the first professional off the shelf graphics animation software spelled the beginning of the end for the top tier of computer graphics (CG) production companies. Then, like today, in a time of high growth, the young were eating their elders thanks to advancing technology and the subsequent lower capital equipment costs. While the explosive growth of the workstation fueled the growth of today's larger studios, they still rely on proprietary software to maintain competitive advantage.

Today's smaller studios are taking advantage of the current wave of technological advance, the collapse of workstation price performance and the ascendancy of increasingly powerful Windows NT personal computers. Off the shelf animation software that maximizes work-group output while minimizing much of the need for staff programming will be the next shoe to drop.

While there were many changes within the global computer-animation industry during 1997, there is one thing that has not changed - the industry's ever-upward growth pattern. The actual dollar figure for 1997 worldwide computer-animation production volume totaled about $15.7 billion, a 35% increase over 1996 figures.

The same factors that fueled the computer-animation industry's growth during the past few years were still at work in 1997, the underlying one being the ever-increasing popularity of computer animation in all its many manifestations. This generated increased demand for computer-animation production, which in turn kept hardware and software sales running at a high level. A growing proportion of these system sales were for Windows NT-based software and platforms, which continued to strengthen NT's position toward becoming the dominant operating system for computer-animation production.

Although there are still more DOS- and Windows 95-based computer-animation systems in use today than NT-based systems, new growth in the marketplace is concentrated on the latter, so much so that NT-based systems are challenging Unix-based systems at the higher levels of animation production. In fact, at the end of last year, the number of NT-based systems in use producing commercial-grade computer animation exceeded the total of Macintosh- and Unix-based computer-animation systems combined.

Sourced from the internet, the number of computer-animation systems in use totaled more than 250,000 at the end of 1997. The NT-based systems accounted for 29% of all systems in use, while the DOS- and Windows-based systems represented 45%. Making up the difference were Macintosh systems at 12% and workstations at 15%. Both Macintosh- and workstation-based system categories fared better in 1997 than had been anticipated: Macintosh lost shares at a slower rate than had previously been forecast in The Roncarelli Report; and workstations actually gained shares. This increase in workstation performance resulted largely from an increase in demand for very-high-end computer-animation production by the film industry and the purchase of SGI-based systems by offshore start-ups that thought it necessary -- to better promote their capabilities -- to have some installed base of SGI systems in addition to the NT-based systems that were their mainstay.

1997 was a watershed year for the computer-animation industry, with rapid price reductions for basic, universally available PC-style computers (coupled with the significant increase in their power and capabilities). Also during that year, the introduction of economical and truly functional Windows NT-based computer-animation

software suddenly made high-end computer systems almost universally affordable. For less than the price of an average automobile, an animator could set up a PC-based production system that equaled the power and capability of workstation-based systems costing twice as much -- or more.

These new, powerful, low-cost computer-animation systems are already having a considerable effect on the structure of the global computer animation industry. The rapidly increasing number of smaller production companies (with revenue of less than $1 million in annual volume) is one of the engines driving the industry's growth. These companies are producing computer animation for less, pricing their product lower, and generally increasing the already considerable competitiveness present within this industry.

These lower priced systems are making it economically viable for companies in Asia and the Pacific Rim to set up full-3D computer-animation production facilities. Because of lower setup costs and particularly lower local-labor rates, these companies can offer extremely competitive prices for their product.

1.2.3 Systems in Use

The use of computer animation within the entertainment market - specifically advertising, broadcast TV, film and video production, VR and location-based entertainment, games, and the Web - accounted for more than 70% of all computer-animation production in the mid-90s. This percentage share has been increasing steadily for the past five years and should continue to do so for the next five. The single largest industry using computer animation is still the film and video segment, which has remained steady at 32% of the total market and should retain this leading position in the coming years.

Also gaining market ground in 1997 was the use of computer animation in games and broadcast media, as more television stations and networks inserted computer animation into their news and sports announcements, as well as introduced virtual sets. It is important to note that certain animation applications lost market share, but the dollar volume they represent has likely increased substantially since the industry as a whole has undergone such dramatic expansion.

It was estimated that the entertainment industry, which accounts for the largest chunk of the computer-animation market, increased to about 80% by the year 2000. The computer-animation production companies in the under $1 million bracket increased from 64% of the total companies in this niche to about 68% by the year 2000. There is also an expected increase in the number of companies in the $1 million to $3 million bracket as the industry production base becomes larger.

The industry's continued expansion will lead to some consolidations just as it experienced in 1997. These will occur among both the software and hardware

manufacturers. Driving this consolidation will be the need to become more Windows NT-oriented, the increased costs of marketing to an expanding industry, and a much larger number of users.

Fueled by the growing demand for its product as well as new technology and entertainment vehicles, the computer-animation industry will continue to change at a rapid rate, perhaps faster than ever before.   The computer animation industry shows solid growth, but the systems of choice are like shifting sands.

Though the computer animation industry's 29% growth in 1998 was lower than its 35% margin in 1997, the surge in revenues from $15.8 to $20.3 billion during that period was impressive. But while overall growth remains constant, change is rampant within the industry itself.

A major part of this dynamism is a shift in the computing platforms used by animation producers. While 1998 showed a rise in the use of all platforms, their relative ratios are changing, with NT growing faster than the others, Unix showing modest growth, and the Macintosh holding its own.

The major force behind the demand for computer animation is the entertainment industry. As the use of computer-enhanced imagery increases, the public's demand for it seems to increase as well. Indeed, production for various entertainment segments accounted for more than 70% of all animation volume towards the late 90s.

The increasing importance of the NT platform is clear, as its share of computer animation workstations increased from 28.5% in 1997 to 35.4% in 1998. Surprisingly, Macintosh basically held its own, dropping from 12% to 11.9% during the year, and the Unix platform's share increased slightly, from 14.7% to 15.4%. The rise in the use of Unix workstations can be attributed to the demand for high-end SGI Unix-based systems for film production. Also, several large companies continue to rely almost entirely on SGI Unix-based platforms because of their investment in proprietary computer animation code for the platform. The one platform that has lost shares in the past year is the PC/Windows category, sliding from 44.8% in 1997 to 37.3% in 1998.

Many are touting the potential of the Linux operating system for computer animation. But so far, there has been only limited movement to port mainstream computer animation software to the OS. Thus, it is not likely that Linux will be a major factor in the industry.

The industry percentage strengthened in 1999 as major new movie projects using computer graphics get green-lighted. And during the next few years, it is also expect to see the NT platform continue to increase relative to the PC/Windows platform, with the Macintosh and Unix percentages remaining relatively static.

One factor behind future growth is the ease of entry into the computer animation production industry brought about by affordable and powerful NT workstations.

Consequently, smaller production houses are popping up, and they are helping to meet the increasing demand for effects-driven entertainment. These conditions will ensure that the overall industry growth trends in 1998 will continue over the next several years.

1.2.4 Character Animation

According to popular opinion as stressed on internet data, one needs to hock the family jewels to afford the tools needed for high-end character animation. Analysts say, however, that pricing and platform trends have brought the required tools within reach of more animators.

According to Wanda Meloni, senior software analyst at Jon Peddie Associates of Tiburon, California, character animation software is predominantly used for game development, with film and broadcast rounding out the market. She said price-sensitive game developers have driven software prices down and led a migration from Silicon Graphics' Irix to Windows NT.

Despite decreasing prices, software developers continue to pack their upgrades with sophisticated features, such as bone deformation, motion restraints and Inverse Kinematics (IK). While the products' feature lists are similar, experts said the implementation of those features is what sets the tools apart.

NewTek of San Antonio, Texas, develops the $1,995 LightWave 3D package, which is available for a variety of platforms, including Irix, Mac OS and Windows NT.

Developers throughout the character animation market said they are seeking new ways to help users be more productive by automating difficult animation chores.

NewTek's primary competitor is Kinetix, a division of Autodesk. Based in Novato, California, Kinetix offers 3D Studio MAX, a $3,495 core package that works with an array of optional plug-ins, including the $1,495 human motion module called Character Studio. The software is available for Windows 95, 98 and NT. There is no Irix version. Claiming 39 percent of market share, 3D Studio MAX has a commanding hold on the game-developer sector.

Other software packages vying for market share include Nichimen Graphics' $6,495 N-World, available for Irix and Windows NT. Later this year the Los Angeles-based company plans to release its next-generation tool, dubbed Mirai, which promises a state-of-the-art IK system and is expected to go head-to-head with 3D Studio MAX in the game arena.

Contrary to popular belief, the Macintosh platform plays host to a number of specialized 3D character animation tools. Hash's $199 Animation:Master is a spline-based tool with nonlinear animation features that experts say offers the most value for its price. Figure animation software such as MetaCreations' Poser and Credo Interactive's Life Forms are gaining popularity, especially for previsualization tasks. Jon

Peddie Associates' Meloni said that as audiences begin to accept 3D characters as real, they are becoming more discerning, forcing developers to push the technology forward. In addition to improving workflow, developers said they will continue to find ways to make the animator's experience more natural and the resulting imagery more believable.

Animation houses now have a variety of tools to choose from. According to Kinetix's Yates, competition yields more sophisticated features and lower prices.

1.2.5 The 3-D Segment of Animation

The fast-growing 3D segment continues to bolster the computer graphics industry.

The computer graphics industry showed an impressive activity in 1999. Revenues for were estimated at $71.7 billion--up from $63.3 billion in 1998. This included hardware, software, system, and service revenues from US and non-US suppliers. Represented applications were multimedia (including presentation applications), CAD/CAM/CAE, graphic arts, art, animation, medical and scientific visualization, virtual reality, and real-time simulation.

For the overall computer graphics market, Machover Associates expected a compound annual growth (CAG) of 13% (from $71.7 billion to $133.7 billion) between 1999 and 2004. The 3D segment of those revenues will grow even faster--at a 20% CAG rate, from $24.9 billion in 1999 to $62 billion in 2004. At that time, 3D graphics will represent 46% of the total market, up from about 40% in 1998.

Web graphics, which represents varying portions of each of the aforementioned application's revenues, is one of the fastest growing segments of computer graphics. It was predicted that less than 2% of 1998's worldwide revenues from computer graphics would come from Internet/Intranet applications. However, 1998 revenues from Web graphics approached 4%, nearly double the predicted amounts. It was also estimated that less than 5% of the 2003 worldwide revenues would come from Web applications. Hence, total Internet/intranet revenues would grow from $4.4 billion in 1999, (already 6% of all 1999 computer graphics revenues) to $11.4 billion in 2004, to account for about 8% of all computer graphics revenues. Moreover, the overall CAG for Web graphics during this period is an estimated 21%, which puts the category just behind 3D graphic arts at 25% and visualization at 22% as the fastest growing segment. Fueling the growth of graphics on the Web is the proliferation of Internet and intranet users.

Research firm IDC (Framingham, MA) estimates that by the end of 1999, the US will have about 70 million Web users, a figure that will increase to 136 million by 2002.

Animation also represents a fast-growing sector of the computer graphics industry. A 1998 report by Frost and Sullivan (New York), "US 3D Animation Software Market," stated that the total 3D animation software market in 1999 would be $251

million, growing to $414 million in 2004, a CAG of 10.4%. Categories covered in the report include games, broadcast/motion pictures, modeling, corporate applications, training, and Web-page development.

The largest market for 3D animation software in 1997 was video games, which accounted for $57 million of the total $186 million. Video game application sales were closely followed by $54 million in revenues from the broadcast/motion-picture segment. Web-page development ranked third, with revenues of $29 million. The report estimated that revenues for video game 3D animation software valued at $80 million in 1999 and will increase to $99 million by 2004. A 1999 Frost and Sullivan report devoted exclusively to the Web animation software market estimated that total worldwide 1998 Web animation software revenues for 2D, 3D, and VRML were $64 million, and are predicted to grow to $142 million by 2005--a CAG of 12.3%.

Finally, traditional scientific and engineering applications-such as CAD/CAM/CAE/CIM and real-time simulation and scientific visualization, which once dominated the computer graphics market-- made up only about 33% of the total revenues in 1999 and will decrease to about 29.1% in 2004, though they will still exhibit a CAG of 10.5% over that period. These predictions mirrored those made for these markets in 1999 report, and conditions are roughly similar: science and engineering are now relatively mature markets.

In summation, a healthy computer graphics industry will continue to be bolstered by its fast-growing 3D segment. Animation and video games continue to be an important part of the picture. And Web graphics are definitely an area to watch, as the demand for increasingly sophisticated applications begins to be met by developers overcoming technological hurdles in order to meet that demand.

1.3   Technology Information

A new generation of animation software based on an open, procedural architecture paves the way for technical directors and non-technical animators to craft custom features and project-specific tools as revealed by an internet source expounding on anime.

Commercial 3D animation software has undergone a fundamental change during the late 90s. The transition began with the introduction of two programs: 3D Studio MAX by the Kinetix division of Autodesk and Houdini by Side Effects Software Inc. Previously, Alias/Wavefront joined the revolution and pushed it forward with the introduction of Maya. Nichimen is expected to follow suit with the release of Dune, its next-generation product. And Softimage has scheduled Sumatra, its entry in the race. Further in the future, Newtek hints at project Purple, which will be its new version of Lightwave, and Electric Image is now talking about a new architecture for a future generation of its promised program with modeling, animation, and rendering capabilities. People are getting excited.

This new breed of programs like Maya, Houdini, MAX, Sumatra, and Dune aimed at helping animators scale new heights replaces products with colder, more technical names: Power Animator, Advanced Visualizer, Prisms, 3D Studio, Softimage 3D, N-World. And yet, part of their importance is the freedom they give technical directors and CG supervisors as well as artists and animators.

All these programs offer sophisticated modeling, animation, and rendering capabilities, but what makes the software qualify as part of the next generation is not the feature set, it is the underlying architecture. They are all based on an "open" and extensible architecture, they all have a procedural architecture, and they all offer a scripting language or the equivalent. In this generation of software, animators can customize programs with nearly as much flexibility as a programmer without ever writing code; and programmers have the tools to write plug-ins that extend the basic tool sets.

The GUIs gave non-technical animators easy access to tools, thus providing a much-needed path to computer animation for people who would otherwise have avoided the machines. Unfortunately, the pretty interfaces made customization difficult for technical directors (TDs).

Autodesk took the lead in showing companies targeting the entertainment industry why it made sense to have third-party developers add functionality--a strategy that Yost had implemented in software he developed for the Atari in 1986 and that Autodesk had also successfully leveraged with its AutoCAD software. Eventually, other software companies including Softimage, Alias, Lightwave, and Electric Image also began offering software development toolkits (SDKs) so that programmers could write "plug-ins" to extend the toolsets packaged within the fancy GUIs, and studios used the SDKs to extend functionality as well.

The problem is that to create a plug-in for most programs, someone has to write C++ code. That is fine for third-party software developers. It is not so fine for production studios working on fast-track projects. Yet, like people in most studios they should customize and extend software for particular projects to have a creative edge. At the same time, they need to have software that non-technical animators can use.

Two 3D animation software programs, however, followed a separate route. Side Effects! Prisms had a procedural architecture that gave technical directors enormous flexibility, but the lack of a GUI made it hard for many animators to use. Similarly, the pioneering LISP-based Symbolics software, which was being ported to Silicon Graphics hardware as it moved from Symbolics to Triple-I and finally to Nichimen, had a wide-open, object-oriented architecture but lacked a pretty interface.

The next generation of 3D animation software began when the PC-based 3D Studio evolved into the Windows 95 and NT-based, object-oriented MAX; and SGI-based Prisms evolved into easier-to-use Houdini, which now also runs on Windows NT.

3D Studio's WAS routines had allowed third-party developers to build plug-ins, and hundreds did, but this software could not be incorporated into the user interface and was therefore somewhat cumbersome for users. With MAX, the plug-in developers could add features that would become a seamless part of the user interface. Now, some of the most interesting features in MAX for deformation, lattices, and character animation have been created by third-party developers. This development is enthusiastically encouraged by Kinetix.

Side Effects already had an open, procedural 3D animation program with Prisms. For its second generation, the company integrated its 2D and particle/effects software into Prisms, gave the new program a visual interface, and named it Houdini. The result is perhaps the richest, seamless integration of 2D and 3D animation, effects, audio, and compositing software within a single open environment on the market.

MAX R2, which runs under Windows NT and 95 on Intel platforms is priced at $3,495, and is aimed at a wide market. Houdini, which runs on SGI machines and under Windows NT, is priced at $15,000 and serves the high-end.

In the previous years, Side Effects created additional modules for Houdini that let people work procedurally with motion and audio (CHOPS), particles (POPS), and textures (TOPS) as well as with geometry and 2D tools. Using the visual interface for Houdini's procedural network, people can now connect the output from a motion operation to the input of an audio operation and connect those to a particle operation and connect that to something else--in effect, writing scripts.

Character animators at Santa Barbara Studios will be hard pressed to move from Softimage onto Maya, since Maya has a brilliant architecture and a rich set of low-level tools, although it needs to add the high level controls that are rich in Softimage-like enveloping tools. Maya has a different philosophy, though, one that makes it easy for TDs to create controls for characters so animators can puppet them like marionettes.

Also concentrating on making motion easier for animators is Nichimen. "Software companies need to apply the object-oriented architecture they have for modeling and editing to motion," says Maestri, "so that animators can edit motion above the keyframe level just as they can edit models above a vertex level. Houdini's CHOPs is good, but it takes what it calls the inside out approach by giving animators tools to build an interface. Nichimen's new N-Motion comes close because it lets animators edit motion like they edit video on an Avid.

Nichimen's Dune will take that notion one step farther by integrating N-Motion with the full suite of Nichimen 3D and 2D modeling, animation, rendering, painting, and effects tools and by providing a new user interface. Based on Symbolics' software, Regarding Lightwave, it has ardent supporters. Some of the most fervent have worked together as a group starting at Amblin, where they created 3D effects for SeaQuest, and then continuing on at Digital Domain they used Lightwave for the well-known Andrei

Agassi commercial and created a 2.3 million polygon model of the Titanic, parts of which were used in the movie.

Except for Hash, a much-loved character animation program, Lightwave, costing around $1,000, is the least expensive 3D animation and effects package. It also runs on more platforms than any other, having recently added Sun to a list that includes NT, Mac, DEC Alpha, and SGI workstations.

Also popular in broadcast is Electric Image, however, the promised modeling component has not yet been shipped, nor has the version for NT. Although considerably more expensive than Lightwave, Electric Image also has loyal supporters. Matt Hoffman, director of product development, says that in addition to being used for broadcast, a major film studio is using the Macintosh-based animation and rendering software to previsualize an upcoming science-fiction movie. The company also plans to create a new architecture that will open the software, which now only offers people an SDK for creating plug-ins.

1.4   Japanese Anime

Anime is the slang for Japanese Animation. It is defined as art of Japanese cartoons. It is distinguishable via certain characteristics in art, such as enhancement of physical features. For example, large eyes, big mouths, and funkily drawn hair. As mentioned, anime refers to Japanese cartoons, although the term was originally borrowed from the French word animation. Japanese animations are often based on Japanese comics known as *Manga.* The term "Manga" was created by Japanese artist Holuai in 1915 which means "irresponsible pictures."

Most comic books in other cultures are geared towards children, and those that are suited for mature audiences tend to be considered "off the beaten path." In Japan, comic books are intended for all audiences much the same as a novel. The very first anime started with "Astroboy" way back in the 1960's.

Anime can be best distinguished through the artwork. Though many traditional animation fans see Disney as the pinnacle of animation achievement, anime tends to concentrate on a higher level of detail in the artwork rather than fluidity of motion.

The term Anime refers to a distinctive tradition of Japanese animation that is almost immediately recognizable by its superior artistic quality as well as by the somewhat mannered artistic conventions anime artists employ, such as the preference for child-like, large eyes. But it is not just the art that grabs one's attention.

Anime also provides a window into another culture. In ways that many anime fans scarcely guess, anime draws strongly from Japanese and wider Asian mythology and symbolism generally, and specifically, from the rich Japanese traditions of Shinto, the martial arts, and Zen.

Some of the most interesting anime explore the implications of technologies that blur the distinctions between machine and person, male and female, good and evil, leaving the characters groping to find their moorings. In contrast to American explorations of advanced technology (as in Star Wars and the Terminator films), which subsume all the issues under the "absolute good vs. evil" and "happy ending" tropes, anime deeply explores the moral and spiritual ambiguities of life and culture in a world pushed over the edge

Some Anime are expressly designed for children, and some can be enjoyed by the entire family. Others – including the many series originally broadcast on Japanese television – contain material that some parents will find objectionable, even though other parents would not hesitate to share these videos with their kids. And some are explicitly designed for adult audiences and should not be shared with children.

Another point parents should bear in mind about anime is that in Japanese culture, casual nudity is not considered to be harmful to children. Many quite innocent anime videos, designed for broadcast on Japanese TV, contain brief nudity in non-sexual situations. Non-Japanese parents will need to decide for themselves whether this content is appropriate for their children.

Unlike American animated films intended for children's audiences, anime tends to deal much more realistically with evil and death. The classic American villain—wholly evil, and not very believable—gives way to complex characters with whom one can partly sympathize. Anime is often thought-provoking and provides an excellent foundation for raising important issues with children.

On gender and sex roles, parents should realize that Japan is not as "liberated" as the United States with respect to the presence of women in the professions, and some anime reflect this and portray women in traditional, submissive roles. This is not necessarily a liability; evidence of this difference could provide an occasion for discussing cultural differences and historical change with your kids. On the whole, though, anime authors are probably more liberal than Japanese society, and one finds many anime with strong, independent female characters. The best anime transcends stereotypes by exploring the complexity of characters' emotions regarding relationships.

1.4.1 Manga vs. Western Comics

Japanese comics are called manga. Many anime series got their start as popular manga. An industry with $3 billion annual sales in Japan, manga accounts for as much as 60% of all printed materials sold in that country, and are very avidly read—so much so, in fact, that addiction is something of a problem. Japanese smile wryly when they refer disparagingly of otaku, over-the-top manga fans whose filthy, cluttered homes are stacked to the rooftop with manga.

Japanese Manga books are more integrated with Japanese culture than Western Comic books are. Manga books tell stories for all ages about anything under the sun. One will find various topics ranging from futuristic robots, medieval knights, contemporary love stories, etc.

On the other hand, Comic books usually are geared towards teenagers with stories with the basic superheroes vs. supervillains storyline. As of this writing, it can be observed that certain Comics are beginning to be influenced by Manga-style writing/drawing (particularly Marvel's Gen 13).

Types of Anime/Manga

a)   Shoujo - those with stories which mainly focus on the adventures of girls. Shoujos usually have a romantic content.
b)   Shounen – those made specially for young male audiences. These are full of action, and sometimes may get too violent.
c)   Seinen – their stories are usually about certain hobbies or special interests like sports.
d)   Yaoi – stories which focus on the relationship (love or sexual) between two males.

1.4.2 Anime vs. Cartoons

Anime are often products of best-selling Manga books. The more followers a certain Manga has, the better the chance that book to have an Anime version. Consequently, if a certain manga author is really popular (such as Ranma ½'s Rumiko Takahasi), it is a good bet that whatever other Manga books the author comes up with will have an Anime counterpart (such as Takahashi's Lum and Maison Ikoku).

Western Cartoons, on the other hand, are usually based on toys that will be released once the show hits such as Harsbo's GI Joe. There are also successful movies like Warner Brothers' Batman: the animated series, comic books like Marvel's X-men, video games like Sega's Sonic the Hedgehog, etc.

The manner by which Anime and Cartoons are made also differ. Cartoons are usually created by a set of animators following a standard model (such as the animators of Disney Films who draw based on figure models). Anime, on the other hand, usually involve several animators who specialize in different drawing styles. This is most often the case with Robot-type anime such as Gundam Wing and Macross. Usually, a set of artists will focus on the human characters, while another set of artists will develop the robots.

An Anime title may also have varying versions of itself. Anime is what is usually seen on television (such as Akira Toriyama's Yu Yu Hakusho aka Ghost Fighter). The original Animation Video (OAV or OVA) version is usually a one-hour "special" of the serialized version (such as Ghost Fighter "The Movie"). It is usually geared towards the Home Video Market. Anime Movies are usually longer than OAVs and have even better animation quality and effects (such as the classic Nausicaa, Valley Of The Wind by Hayao Miyazaki).

Note that most anime are either "Subs" or "Dubs." "Subs" are subtitled anime, where the translated text appears at the bottom of the screen. "Dubs" are translated versions of the anime, where the characters speak in the viewer's native tongue (usually English).

1.5 America's Walt Disney

Disney made his bid with the advent of film sound in 1928 with "Steamboat Willy," a short production that featured Mickey Mouse. This was followed by "Silly Symphony" in 1929, which introduced the "The Three Little Pigs."

Disney later added color to his film and produced his first full-length cartoon feature, "Snow White and the Seven Dwarfs," which was released in 1937.

During the 40's and 50's, Disney consolidated his gains with "Fantasia, "Bambi," "Cinderella," and "Sleeping Beauty." His studio also produced some live-action movies, but animated features remained Disney's signature productions.

Latest animation flicks include: "The Little Mermaid," "Beauty and the Beast," "Alladin," "The Lion King," "The Hunchback of Notre Dame," "Pocahontas," "Hercules," "Tarzan," "Mulan," and "Fantasia 2000."

Industry observers note that Disney's cartoons clicked with viewers because they dealt with people's elemental fears and joys, anthromorphic depiction of animals and simplified conflicts into clear-cut-heroes-and-villain confrontations.

1.6 Structure of the Industry

1.6.1 Profile of Firms

Table 3. Profile of Firms

Number of Firms	4,609 firms

Employment	15,517 people
Gross Revenue	PHP1.796 billion
Gross Value Added	PHP7.39 billion
Total Labor Compensation	PHP0.327 billion
Book Value of Assets	PHP0.728 billion
Labor Productivity	PHP22.57/PHP 1 investment in labor
Capital Productivity	PHP10.15/PHP 1 investment in capital

Source: 1994 Census of Establishments

The combined number of film and animation establishments in the country as of 1994 is 4,609 firms employing around 15,517 people minus actors and actresses. There is higher labor productivity at P22.57 worth of one investment in labor as compared to capital productivity at P10.15 worth of one investment in capital.

1.6.2 Regional Distribution of Film and Animation Establishments

Table 4. Regional Distribution of Film and Animation Establishments

Region	No. of Firms	Total Employment	Gross Revenue (PHP '000)
NCR	**1,587**	**4,541**	**716,061**
9611	58	251	58,071
9612	1,529	4,290	657,990
CAR	**81**	**268**	**19,056**
9611	0	0	0
9612	81	268	19,056
ARMM	**25**	**121**	**6,343**
9611	0	0	0
9612	25	121	6343
I	**299**	**1,003**	**51,229**
9611	7	23	563
9612	292	980	50,666
II	**151**	**638**	**84250**
9611	0	0	0
9612	151	638	84250
III	**395**	**1,352**	**134,257**
9611	4	8	254
9612	391	1,344	134,003
IV	**676**	**2,107**	**227,101**
9611	15	52	2,062

9612	661	2,055	225,039
V	**205**	**740**	**41,477**
9611	3	8	364
9612	202	732	41,113
VI	**286**	**873**	**107,024**
9611	7	28	1,293
9612	279	845	105,731
VII	**190**	**774**	**79,325**
9611	0	0	0
9612	190	774	79,325
VIII	**63**	**207**	**13,741**
9611	0	0	0
9612	63	207	13,741
IX	**110**	**501**	**122,071**
9611	0	0	0
9612	110	501	122,071
X	**186**	**844**	**59,731**
9611	0	0	0
9612	186	844	59,731
XI	**230**	**806**	**100,689**
9611	3	6	149
9612	227	800	100,540
XII	**125**	**742**	**33,539**
9611	0	0	0
9612	125	742	33,539
TOTAL	**4,609**	**15,517**	**1,795,894**

Source: 1994 Census of Establishments

1.6.3   Profile of Top Eight Motion Picture Projection Companies

Table 5.Profile of Top Motion Picture Projection Companies (PHP '000)

	1998	1997	% Change
Gross Revenue	386,584	232,026	66.61%
Net Income	-158,703	-175,531	9.59%

Total Assets	742,657	706,451	4.88%
Equity	-317,468	-153,432	106.91%
Capital Output Ratio	1.92	3.04	-36.84%
Index of Profitability			

The Top 8 Motion Picture Projection Companies Based on 1998 Gross Revenue (PhP '000)

	Gross Revenue	Market Share
Bohol Quality Corp.	193,659	50.09
West Avenue Theaters Corp.	48,932	12.66
FSM Cinemas, Inc.	35,437	9.17
Rajah Broadcasting Network, Inc.	27,002	6.98
Scorpio Theater Mgt. Corp.	23,255	6.02
Imperial Cinema, Inc.	21,718	5.62
Mayfair Theater, Inc.	20,822	5.39
Ayala Theaters Mgt., Inc.	15,759	4.08

Source: 1999-2000 Top 7000 Corporations
         1999-2000 Next 5000 Corporations

An examination of the top eight motion picture projection companies that likewise show animation films reveals a gross revenue of P386 million in 1998 versus P232 million in 1997 or an increase of 66%. From these eight companies, Bohol Quality Corporation had P193 million gross revenues with a market share of 50%. The table indicates that there is growth in the number of motion pictures being projected.

1.6.4 Profile of Top 14 Motion Picture, Radio, Television, and other Entertainment-Related Companies (Ph '000)

Table 6. Profile of Top 14 Motion Picture, Radio, Television and other Entertainment-related Companies (PHP '000)

	1998	1997	% Change
Gross Revenue	749,642	794,337	-5.62%
Net Income	23,496	51,263	-54.17%
Total Assets	2,271,487	2,272,174	-0.30%
Equity	1,741,165	1,764,520	-1.32%
Capital Output Ratio	3.03	2.86	5.94%
Index of Profitability	1.35	2.91	53.61%

The Top 14 Motion Picture, Radio, Television and other Entertainment-related Companies Based on 1998 Gross Revenue (PhP '000)

	Gross Revenue	Market Share
Star Cinema Productions, Inc.	162,130	21.63
Regal Entertainment, Inc.	157,920	21.07
Film Experts, Inc.	78,625	10.49
Maganavision, Inc.	55,904	7.46
Premiere Entertainment Productions	48,734	6.50
Electromedia, Inc.	45,187	6.03
Production Village Corp.	44,480	5.98
Optima Digital, Inc.	42,329	5.65
Valrose Cinema Enterprises, Inc.	28,966	3.86
Supreme Motion Pictures, Inc.	25,739	3.43
Seiko Films, Inc.	21,319	2.84
Advertising Ventures, Inc.	20,184	2.69
Nova Production Int'l Corp.	8,888	1.18
Dison Enterprises, Inc.	8,877	1.18

Source: 1999-2000 Top 7000 Corporations
         1999-2000 Next 5000 Corporations

On the other hand, a look on the profile of top 14 motion picture, radio, television, and other entertainment related companies reveals a gross revenue of P749 million in 1998 versus P794 million in 1997 which was a decrease of 5%. Of the top 14 companies, Number 1 is Star Cinema with a gross revenue of P162 million, followed by Regal with P157 million, and third, Film Experts with P76 million. The other companies that made it to the top 14 are Maganavision, Premiere Entertainment Production, Electromedia, Production Village, Optimal Digital, Valrose Cinema Enterprises, Supreme Motion Pictures, Seiko Films, Advertising Ventures, Nova Production, and Dison Enterprises. A number of these companies are also into animation production.

1.6.5   Internal Structure

In general, an animation firm in the country is composed of three major departments: the production, finance, and personnel departments. The personnel department is in charge of the hiring, training and development of the company's human resources. Finance takes care of the traditional bookkeeping tasks like salary computations, recording of transactions, monitoring of funds, etc. It is also in-charge in the purchase of raw materials. The production department is by far the biggest, which composes almost 90% of the total company workforce.

1.6.6 The Digital Ink & Paint Pacts with Manila-Based ImagineAsia Studio

Don Spielvogel, President of VirtualMagic Animation, Inc., and Jeffrey Harrison, Chairman of the Board for Global Animation Holdings which is the umbrella organization of ImagineAsia, announced the formation of VirtualMagic ASIA, a new digital ink, paint and compositing service in the Philippines that will operate as a subsidiary for VirtualMagic Animation, Inc.

VirtualMagic ASIA is a corporate venture between two animation and digital services, VirtualMagic Animation, Inc. and ImagineAsia Studio, of Manila. VirtualMagic Animation is a leader and pioneer in digital ink & paint among just a handful of similar service-based providers. The company was formed in 1992 originally as USAnimation to help develop the USAnimation System, currently considered by animation professionals to be the software of choice for 2D digital ink & paint. With more than 700 jobs completed both as USAnimation and now VirtualMagic Animation, and a Who's Who In Animation client list, VirtualMagic Animation is known for superb production management and the highest quality of service. ImagineAsia is a digital and traditional animation production studio based in the Philippines, established by Asia Data, Inc. of San Francisco, CA. ImagineAsia is currently animating Cine Groupe/Columbia TriStar feature film sequel "Heavy Metal F.A.K.K.2" and will shortly begin production on its own 26-episode, 3D-animated series, "The Quest: Tales from the Ramayana." It housed animators who worked on the feature. ImagineAsia is now under the leadership of Junie Harrison as its President. It belongs to Global Animation Holdings with Mr. David Forbes as the Chief Executive Officer.

By setting up digital ink & paint services at the ImagineAsia Studio facility, a complete digital animation service in the Philippines, the company can provide a variety of production solutions to the digital ink & paint process. It can offer clients the cost efficiencies of working in Asia, with experienced Western project management and can provide the final compositing to be performed in its North Hollywood headquarters by its technical directors. VirtualMagic Animation is a multi-platform, multi-software service provider. As creators of the USAnimation software, VirtualMagic Animation, a unique stand alone creative service, now uses a complete tool box ranging from Softimage Toonz, Media PEGS to Photoshop, After Effects and other software.

VirtualMagic Animation has made the commitment to the Philippines not only because it is impressed with ImagineAsia, but it is also very impressed with the Philippine animation industry. VirtualMagic ASIA will be equipped with US Animation Software; and now, it will be able to offer long-term clients the 3D services that ImagineAsia can provide at the same studio site.

Clients return again and again for the core reason that they can be involved in the final production process and to work with our experienced technical directors. With the addition of VirtualMagic ASIA, ImagineAsia can now provide the quality the mother

company is known for in North Hollywood studios. VirtualMagic Animation is set up in a post house environment so the animation director and their clients have a comfortable atmosphere to work in. The technical directors work creatively one-on-one with the animation director to bring a superior product to the screen. Their client roster includes companies like ACME Filmworks, Broderbund, Cartoon Network, Columbia Tri-Star, Disney TV, Film Roman, Klasky Csupo, MTV, Nickelodeon, Renegade Animation, Spaff Animation, Spumco, Warner Bros. and more.

1.6.7   Current Philippine Animation Industry Events and Developments

AnimeExplosion 2000

AnimExplosion is the Philippines' first-ever official fan convention. Modeled after such popular fan-cons as Japan's annual Japan Fantasy Convention (JaFCon) or Italy's Lucca Comics Anteprima, AnimExplosion is geared towards establishing lasting cultural contact between the Philippines and Japan in a most unconventional manner: the interaction between manga and anime artists and their adoring Philippine audience. Putting up a fan convention at this point in time proves timely as the local industry can give Filipino anime fans what they have craved for a very long time: the chance to finally meet and thank the creators of their favorite shows and comics and to finally be able to understand and appreciate the process that goes behind the creation of each comic anthology, television series, and animated film.

These professional exhibits and lecture-workshops serves as the precursor for another ACPI event: the Asia Pacific Professional Summit for Animation slated for April 2001.

1.7   Laws Hindering/Facilitating

The animation industry is covered by the Videogram Regulatory Board (VRB), the agency mandated to regulate the videogram industry, sees to the licensing and registration of all video businesses, conducts investigation on suspected firm pirates, as well as files administrative case versus violators of the provisions of PD 1987.

The National Telecommunications Commission (NTC) is also undertaking efforts to curb cable piracy, Cable companies are now required to submit sworn statements on their programming schedule as well as on videograms they intend to show in their programming.

The Intellectual Property Office (IPO) was created under RA 8293. The designation of courts where intellectual property rights (IPR) cases could be heard and decided on was likewise mandated by law.

There are also several bills pending in Congress that seek to strengthen the VRB and the NTC'S powers in combatting piracy in their respective fields. Among these are Senator Ramon Revilla and Senator Ramon Magsaysay Jr.'s bills on cable television regulation.

The private sector has also been actively assisting the government in its anti-piracy efforts. The Motion Picture Anti-Piracy Film Council, Inc. (MPAFPC), an association of Filipino film producers, theater owners and video retailers--has established a Task Force that assists the VRB and the National Bureau of Investigation (NBI) in its anti-piracy operations. The MPAFPC has forged a partnership with the Motion Picture Association, a group representing seven major Hollywood studios, in its anti-piracy efforts.

On the MTRCB, the Board comes in when animation filmmakers produce films either for television or for cinema with themes on violence and sex particularly since these films and/or programs are watched by children.

Complementary to MTRCB's guidelines on programs/films suited for children is Republic Act No. 8370 or the Children's Television Act 1997. The state recognizes the vital role of the youth in nation-building and shall promote and protect their physical, moral, spiritual, intellectual, and social well-being by enhancing their over-all development taking into account sectoral needs and conditions in the development of educational, cultural, recreational policies and programs addressed to them. In this regard, the establishment of the National Council for Television attached to the President is hereby formed. Animators should therefore take into consideration these guidelines since most of the content of their films are for children.

Meanwhile, an investigation of foreign laws on animation limits our market potentials abroad. The Filipinos are only confined to just a set of tasks when servicing other nations because there are laws in other countries which provide incentives for industries which confine their tasks, specifically, the "digital part of animation," and resources within their countries, hence, keeping the work within the countries themselves including labor. The Philippine labor force then is not utilized. This particular fact limits such potential of animation in other foreign lands.

1.8 Industry Associations

The **Animation Council of the Philippines** is a local association of animation studios bonding themselves with the purpose of consolidating their efforts to promote the local animation industry. AnimeExplosion2000 was a recent example of their accomplishment.

CAST or **Cebu Animators Society for Talent** is an association for the development of talent and resources to support an animation industry in Cebu. This

cooperative society aims to build a critical mass to attract the world animation consumer to do business here in Cebu. CAST society is a sharing cooperative where members contribution time and product to help others and themselves compete in the world market. CAST is a zero fee Cooperative. Members are expected to give and take so the cooperative will grow and reach a critical mass. It is is open to persons who are interested in animation. There is no age limit or other requirements.

CAST is made up of two membership classes a) invested and b) non invested. The invested class will generally have a computer and the software to create and edit 2D and 3D characters or objects. This class may also include people with a marketable skills and talent such as hand drawn animators ,script writers, voice character and marketing. The non invested is made up of persons in training and interested individuals.

Members are expected to contribute to the cooperative animation library with characters, objects, background stills and animation sequences. The library is shared by all members. A contribution of one piece will make available hundreds in return. Members are also expected to contribute time and techniques to teach others how to do things.

Animation takes a lot of talented people and capital to reach a critical mass. The object of CAST is to disperse the talent and concentrate the capital. In this manner the talent will have access to video cameras, tape recorders, sound stages, motion capture, video editing and other equipment. Members work will be published and sold on the world market. Members will share in this income.

CAST will have weekly meetings to discuss member problems and difficulties. These meetings are free of charge and members are expected to help each other with "how to do" questions and answers. A 24 hour computer Intranet (local only to Cebu) is now in place for those that have a computer to discuss problems, share objects, tips, and tutorials. Formal training classes are offered at a discount for members.

2.0 Market Potential/ Foreign Market Demand

2.1. Motion Picture Production Forward Linkage

Table 7. Motion Picture Production Forward Linkage

INDUSTRY	VALUE	SHARE
		(%)
Motion picture production	12185	1.09
Motion picture distribution and projection	1080753	96.83
Theatrical production and entertainment	8166	0.73
Public administration and defense	15000	1.34
TOTAL	1116104	100.00

The potentials of the animation industry can be gleaned from the motion picture production forward linkage which is essentially controlled by motion picture distribution and projection at 96%, followed minimally by public administration and defense at 1.34%, motion picture production at 1.09%, and theatrical production and entertainment at 0.73%. However, if we closely evaluate the animation industry alone, the results may be different since there is a great demand for local manpower being sub-contracted to produce animation materials for foreign films.

2.2 Motion Picture Distribution and Projection Forward Linkage

Table 8. Motion Picture Distribution and Projection Forward Linkage

INDUSTRY	VALUE	SHARE
		(%)
Motion picture production	8943	3.63
Motion picture distribution and projection	788	0.32
Radio and TV programming	146305	59.41
Other recreational and cultural services	90232	36.64
TOTAL	246268	100.00

With regard to motion picture distribution and projection forward linkage the film and animation industry is primarily forwarded to radio and tv programming at 59.41%, followed by other recreational and cultural services at 36.64%, motion picture production at 3.63%, and motion picture distribution and projection at 0.32%. It can be inferred from the data that there is indeed a potential market for films and animation designed for television. This is evident in the country when the more current films are immediately shown on highly rated tv programs. Meanwhile, local animation films can be marketed abroad through television video rights.

2.3 International Demand for Film and Animation Industry professionals 1995-2000

Table 9. International Demand for Film and Animation Industry Professionals 1995-2000

Country	Job Classification	1995	1996	1997	1998	1999	2000	Rank
Saudi Arabia	Operators Sound-Equipment and Cinema Projectionists	24	17	10	4	1	19	4th
Australia	Actors and Stage	29	4	4	2	2	4	5th

	Directors							
Japan	Choreographers and Dancers	20,381	15,495	25,637	26,715	29,586	35,539	1st
Japan	Composers, Musicians and Singers	2,120	2,350	4,464	8,327	4,315	23,967	2nd
Saudi Arabia	Photographers and Cameramen	70	34	40	41	60	35	3rd
	TOTAL	**22,624**	**17,900**	**30,155**	**35,089**	**33,964**	**59,564**	

*Average Annual Growth Rate of -13.59%
Source: POEA

An examination of industry professionals being demanded abroad as revealed by POEA shows that   Saudi Arabia is a potential market for photographers and cameramen (Rank 3rd) as well as cinema projectionists (Rank 4th).   A closer look, however, shows that there was a decrease from 60 manpower to 35 for photographers and cameramen from 1999-2000 but an increase from one to 19 for operators on sound equipment and cinema projectionists. The country's technical staff, therefore, can have opportunities abroad once they gain enough training and expertise.

2.4   Market for Animation Materials

The market for animation materials and services are situated and found both in the domestic and international setting. The industries from which the domestic clients belong to are:

a. Agriculture – for pest control products as an introduction to the farmers and other users of how effective the products are. TV and cinema are the media by which awareness is created;

b. Community, Social and Personal Services such as MERALCO, and other educational institutions;

c. Financing, real estate, insurance and business service. In real estate, animation is a good handle to let the prospective buyers see how the property will look like in its finished stage. For banking and finance, there are a lot of special effects and animation that can show how high technology in banking and finance works;

d. Transportation and Communication – with the fast and vast development of telecommunications now, animation with various techniques in special effects makes it an effective way to reach the consumers;

e. Wholesale and retail – animation is a popular demand to create awareness of a client's products. Companies that have products for children are the most common customers of animation. Animation has always been an effective attention catcher for children of all ages.

f. Media, Advertising, Entertainment – animation for exhibit and exposure to various media. Advertising agencies use animation as one of an array of execution styles in the promotions of corporate products and services. Advertising agencies use animated objects apart from live talents in some product advertising schemes.

g. Education – the use of materials for educational purposes – EDUTAINMENT purposes.

Most of the companies in the categories above are private corporations and their sizes vary from medium to large. Most of them are the ones which have the provision for large budgets for advertising.

Services offered to foreign clients are mostly that of the manual animation job where foreign animation/film companies conceptualize everything and based on the concept that they have formulated, they ask Filipino companies to execute what was conceptualized via drawings/illustrations, and other manual tasks. This is then attributed to the well-known fact that cheap labor is apparent in the Philippines.

Other vital reasons why foreigners opt for Filipinos, despite an on-going stiff competition with Vietnam, India, and China when it comes to manual execution, is that Filipinos adapt faster and better to western culture (language and ideas primarily). When it comes to the quality of work, Filipinos' outputs are more refined and defined.

2.5 The Global Animation Industry Situation

An analysis of the global animation industry as revealed by internet data can provide directions for marketing the local animation industry.

US animation houses such as Pixar and Pacific Data Images have secured places within the 3D feature-film industry. Also, a few new names and faces from other countries are beginning to burst onto the animation scene. Not only are these international studios creating unique new styles to introduce to the animation world, but they are also breaking new ground in their respective countries.

2.5.1 Creation of Four Animation Firms From Around The World

In Hong Kong, Centro Digital Pictures/Golden Harvest employed more than 500 elaborate special effects--including the use of Hong Kong's first digital stuntmen--to augment the live action of the martial-arts saga A Man Called Hero.

In India, Pentafour has created a fantastical setting draped in the country's rich, vibrant colors for its all-motion-captured character animation in Sinbad: Beyond the Veil of Mists.

In France, Chaman Productions is tapping into the country's centuries-old artistic roots to produce Axis, what may turn out to be Europe's first full-length 3D animated feature, and first to be produced entirely on a Windows NT platform

In Japan, Studio Ghibli used digital technology to enhance, for the first time, the rich hand-painted watercolor appearance of revered animator Hayao Miyazaki's artwork in the animated production Princess Mononoke.

Rather than simply imitate the successful CG formulas set by a handful of established US giants, these newcomers from around the world have dipped into their own cultural wells to break new ground in feature-film animation.

Hong Kong is a contradiction in terms: although a bustling modern city, its inhabitants still cherish the region's rich culture and ancient traditions. So it comes as no surprise that Centro Digital Pictures/Golden Harvest's action film A Man Called Hero-- which blends futuristic and high-tech digital effects with traditional kung fu--has created such a stir in Hong Kong, breaking the country's opening-day box-office record. And, just as the movie's main character, Hero, finds his way to America, so will the film, which is currently being dubbed in English for release globally.   Adapted from Asia's all-time best-selling comic book of the same name, A Man Called Hero is a tale of intrigue, tragedy, and supernatural powers set in China, the US, and Japan during the early part of the 20th century. Discovering his family butchered by thieves and opium traders, Hero, a promising martial arts student, avenges their deaths. Wanted by the law, Hero flees to America, where he becomes involved in power struggles within martial arts societies as he endures the challenges of life in the new world and once again meets up with the enemies of his past.

In Hong Kong, it is difficult to make futuristic types of movies because this is not the focus of the local culture. It's not like in America, where they send people to the moon. In China, martial arts comic books are a big thing--you see businessmen reading them on the train. The reason why A Man Called Hero is so popular is because it uses digital technology within the context of Chinese culture.

This development in Hong Kong can serve as a model for Philippine animation. The country can tap local culture and use Western digital technology and approaches to be marketed abroad.

2.5.2 Vancouver, Canada

British Columbia's Animation Industry

The animation scene in British Columbia is still healthy despite a drop in production revenue for television series and features of 20% in 1999 to C$33 million ($22.5 million), according to industry officials. The industry had previously seen a record $28 million in revenues in 1998, a staggering increase of $9.5 million over 1997 figures. About 45 hours of programming were completed in 1998, up from just one hour of animated production in 1990.

But the B.C. animation industry is at a crucial stage, says Mark Freedman, who serves as president of the 19-member Association of B.C. Animation Producers (ABCAP). According to people in the industry, what happens in the next two or three years will dictate whether the smaller firms here will continue to grow, or diminish in size and talent and remain a production service provider, a tenuous situation in this integrated industry.

ABCAP says animation firms in the province have moved into co-productions and are now developing B.C.-based and -controlled television series and features, but are challenged by the lack of distribution and broadcasters in the region and by the growth of large, vertically integrated, publicly traded animation companies. It's tough for independents to obtain production and distribution deals. The country's two largest animation firms are based in central Canada -- Nelvana in Toronto and the troubled Cinar Corp. in Montreal.

ABCAP's membership is mainly comprised of small firms, with some of the larger studios being Mainframe Entertainment, Studio B Prods., Natterjack, Delaney & Friends, and Bardel Animation.

Local firms have absorbed many of the former animators from Disney's operation in Vancouver, which shut down its 200-person studio at the end of 1999. A glut of entry-level animators, fresh out of the half-dozen animation schools operating in the city, has developed, while demand remains strong for experienced artists and directors.

The debacle involving Montreal-based animator Cinar is giving pause to industry investors, but is perceived to be an opportunity for some Vancouver firms. Cinar is facing allegations that it fraudulently claimed Canadians had done work actually performed by Americans in order to obtain content tax credits.

Publicly traded Mainframe, with a staff of about 275, has the largest 3-D computer-animation facility in Canada. It is also getting involved in interactive media and is looking at opportunities to expand in South Korea, Singapore, Malaysia and India, with pre-production to stay in Vancouver.

Mainframe, Rainmaker Digital Pictures and Electronic Arts (Canada) are the expanding local giants of the computer animation and effects firms, currently employing about 1,000 people, about one half of the estimated total in the local industry.

From the preceding discussion, the local industry can collaborate with Canada on high-powered animation productions.

2.5.3   Madrid, Spain

Animation by name, animated by nature. Europe's third-largest animation producer after France and the U.K., Spain has produced a toon biz that is increasingly dynamic, fueled by the growth in 3-D work and new markets, abroad and at home, such as digital TV, cable and multimedia.

The cost of Spanish animation remains relatively cheaper than other major European competitors at approximately $6,060 a minute, according to animation trade body AEPA. In France, Europe's largest animation producer, the same work runs around $10,000 a minute.   This competitive edge coupled with skill has Spain's animation companies increasingly working on an international level.

"Spain's leading companies are now comparable to those in the U.S.," says Antoni D'Ocon, prexy of D'Ocon Films, one of Spain's two biggest animation producers. "We both use 20,000 drawings per program. In Asia, the figure tends to be around 5,000."   The Barcelona-based company is currently working on its own Spanish-language digital animation channel, the D'Ocon Channel.

Animators have started to work from an industrial angle. In the past they were too individualistic as stated by Inaki Orive, director of new business development at BRB Internacional, one of Spain's top animation companies.   Spanish animation is said to be international rather than Spanish. Llorens won a Goya in 1996 for best animated short, the darkly comic claymation "Caracol, col, col," about a snail-loving psychopath.

Exports of animated product and services have risen over the past three years by 55% to $15.76 million in 1998. Production levels also have increased: Filmax, for example, has made an animated feature, "Goomer," and has a promo ready for a 25-episode, 26-minute series.   Beyond this, top Spanish producers such as BRB, D'Ocon, Neptuno and Cromosoma have been linking up with foreign co-producers.

Broadcasters are vital to the sector's future. Pubcaster RTVE is traditionally the biggest TV buyer of Spanish animation, although in 1998, foreign animation comprised 70% of its 1,200 hours of animation programming. Spain's regional broadcasters, such as Catalonia's TV3, are financing ambitious animation projects and in some cases providing work for regional animation houses. Some 75% of Spain's TV animation is broadcast by regional webs.

Yet, Spain's animation sector has some important structural defects. It does not receive specific subsidy support, as in France. It is also doubtful that it will benefit greatly from a new law, passed this spring, which obliges broadcasters to invest 5% of their total annual revenue in European films and TV movies.

Spanish animation houses are split between two industry lobbies: AEPA for smaller indies and APIA for the biggest exporters. There are few signs of a merger between them. APIA now aims to lobby producers body Fapae to put more pressure on RTVE to step up its animation investment. Such pressure and institutional representation is seen as highly positive in the sector. The existence of these two associations, coupled with rising exports, means Spain has tremendous growth potential.

2.5.4   Tokyo, Japan

Saucer-shaped eyes, semi-smooth motion and rich story telling used to be the signs of Japanese animation. With the success of local animated titan "Pokemon," these telltale traits are now the signs of one of the hottest programming products in the world.

There certainly will be no shortage of Japanese animation on display at Mipcom. In a typical week of programming, there are about 50 different animated shows on Japanese network television. Because of "Pokemon's" global muscle, local production companies are downplaying the Japanese-only aspects of their product by giving characters names that travel overseas easily and moving the action from Japanese school yards to fantasy worlds that do not represent one particular locale. The hottest products coming from Japan are the ones tied to videogames -- in the same way that "Pokemon" was hatched out of a Nintendo Gameboy game.

Toei Animation has produced the animated series "Digimon" (Digital Monsters), based on an electronic game from toymaker Bandai -- the same folks who unleashed the electronic virtual pet Tamagotchi onto the world's children. The TV series has been running on net Fuji TV since spring 1999 and has been nabbing 12%-13% ratings in its Saturday morning slot. The show is broadcast on Fox Kids in the U.S.

Another hot animation product is based on the "Monster Farm" (or "Monster Ranch," depending on the territory) game for Sony's PlayStation. The animated show is from TMS Entertainment, one of the top animation studios in Japan. The game spurred a popular TV show that aired on net Tokyo Broadcasting System (TBS) while the show also airs on Fox Kids in the U.S.

Apart from animation and mainstay live-action shows such as Fuji TV's "Ponkikkies," children's programming does not get much attention at the major networks. However, NHK is a major home for acquisitions. The pubcaster has one channel dedicated to educational programming that shows about 30 hours a week of

tyke fare.   In addition to running Children Television Workshop's global hit "Sesame Street" for the past 30 years, NHK produces "With Mother," a cultural institution in the country that has been on the air for over 35 years.

While it is true that Japan is a major animation center, one major concern is the issue of language.   The local Philippine animation industry should overcome this language issue for collaboration work or joint ventures.

2.5.5 Korea, Seoul

Korea is catching up with the world animation superpowers, according to a recent report from the Korea Animation Producers Association that claims the country is now responsible for 30 per cent of the international animation market. The report notes that the Korean animation industry was responsible for US$1.08 billion of the US$12 billion international business, and that Korea is ranked third in the world behind the US and Japan.

Local content quotas have given the South Korean animation industry a boost as it moves from being a guns-for-hire business to a fertile source of original programs. However, executives at South Korean animation firms say they are worried that major broadcasters SBS, KBS and MBC will sidestep the regulars by airing more reruns of local productions rather than commissioning new work.   And some note the U.S. networks' cutbacks on orders for Saturday morning toons have caused a big dent in the flow of subcontracting work for South Korean companies, which also face competition from cheaper animation centers such as those in China. Still, the local industry welcomes the quotas, which were introduced last year, initially mandating the webs devote 25% of total animation airtime to local productions. That figure bumped up to 35% this year is set to rise to 45% next year and move to 50% in 2001.

Peter Choi, president of animation house Hahn Shin Corp., while voicing the fear that the local webs will respond by rerunning local programs, nonetheless acknowledges that because of the Korean government's support for original animation, many investors have started to invest in the animation field. Step by step, new companies are launching original animation and existing companies such as Hahn Shin are beginning to do their own series and feature films."

Another firm that has been encouraged by the quotas is RG Prince Films, which has turned out animated series for U.S. banners such as Universal, DIC Entertainment and Saban, as well as European producers.

"By next year, we will aim to co-produce the majority of the series and feature films made in our studios," founder-director Regis Ghezelbash tells Variety. "We hope to create a distribution structure which will serve the whole of Asia with our programs and others from Europe."   His firm recently produced its first live-action pic, "Le Serment Sous la Lune," a Korean-French co-production.   It is also making animated series

"T'choupi" (for preschoolers) and "Belphegor" (aimed at teenagers) in league with French and Canadian partners and is developing more films. RG Prince Films usually invests 15%-50% of the budgets for co-productions, and in return gets Asian rights or a share of worldwide revenues.

With 15 years' production experience, the French-born Ghezelbash avers international co-productions are not complicated but can require compromises on creative issues. "We can't ignore the demands of partners markets, and we have to be flexible and sometimes be ready to sacrifice our aims."   The executive agrees there is plenty of competition for subcontracting assignments, but says South Korea's reputation for high-quality animation and delivering work on time are selling points for international producers, although the nation's prices are higher than some other Asian markets.

2.5.6 India

Indian animation-software company Pentamedia Graphics is taking a 51% stake in Film Roman, the TV and film animator best known for its work on "The Simpsons," for $15 million.   Pentamedia has announced a series of recent ventures involving Hollywood animation companies of different sorts, including a recent deal to acquire a 3% stake in online animator Stan Lee Media and a co-financing agreement with digital studio Digital Domain for one or more film projects.

In the wake of the Pentamedia deal, Film Roman will add to offshore facilities it currently employs in Korea and the Philippines by utilizing Pentamedia sites in India, the Philippines, Singapore or Canada to produce its animated series and other projects.

"As the world continues to shift to digital content, this alliance will give Film Roman the vastly increased resources and capabilities it needs to lead this field in the 21st century," says John Hyde, Film Roman's CEO.

Indian software development companies are making a big pitch for outsourcing contracts in Europe. Ian Mitchell reports from the sub-continent on what it can offer.

Outsourcing development work to India is a concept that appeals to many but is understood properly by only a few. This may be because it requires a visit to the country to meet the development companies and see what they can do to be convinced. Now, for the first time, an Indian developer has opened its doors to journalists.

If someone is offered to take your software projects off your hands, do all the development and project management to a higher quality and save up to 40% of the overall cost, one would probably want to know what the catch is. There isn't one - apart, perhaps, from a fear of the unknown. As long as you can cope with the concept of the development taking place at a remote site there are no technical reasons why you cannot easily outsource to India. Indeed many organizations, including Motorola, Microsoft, Oracle and Baan, have even set up their own development operations in

India. It is easy to see why many companies would be attracted by the benefits of the offshore development model. The UK, in common with the US and the rest of Europe, is experiencing a skills crisis while IT departments grapple with projects such as euro conversions, Y2K, ERP implementations and e-commerce. It is now common practice to outsource non-core projects, and many blue-chip organizations are choosing to outsource to offshore developers.

The benefits include the availability of rare skills, at cheaper prices than the UK, and software which is often of a higher quality than that written in-house. In addition, research by the Standish Group in 1995 showed that only 16% of IT projects were completed on time and to budget. However, Indian outsourcer Wipro says that in 1998-99 almost 70%of its projects met these criteria.

How do you go about initiating a project to take advantage of what India has to offer?

A full offshore development center model requires you to have a dedicated team of programmers and project managers working in India, on systems which mirror your own, working in real time on your network. This extends your working day by four-and-a-half hours, due to the time differences between the UK and India.

This model requires a major commitment, both in time and money, and a lot of relationship building with your chosen outsourcer. A good start would be to contact the trade body, the National Association of Software and Services Companies (Nasscom - www.nasscom.org), and the European support offices of some suppliers so that you can draw up a shortlist. Then it is worth taking a trip to India, seeing the facilities on offer and talking to the companies out there. When satisfied, one can find a firm that shares his values and most closely matches his culture; hence, he can discuss arrangements for working together.

The best first step is to try a pilot project, during which the person can better understand the culture and capabilities his partner. According to Azim Premji, managing director of Wipro, the minimum project size should be [pounds]250,000 and should last at least six months. Outline the requirements as fully and then let the outsourcer take over. They will typically send in a team to scope the project, suggest a solution and name their price. The majority of contract prices are on a time-and-materials basis, but about a quarter of Wipro's projects are conducted on a fixed-price basis.

According to Wipro, once the project detail has been agreed there is little need for the client to become involved in the development work . They will automatically be informed of progress against the project's milestones. The developer will offer the full range of scoping, design and installation, and will work with the business users to ensure they get the right functionality and understand how the system works.

But outsourcers are not just looking for one-off projects. Their goal is to form close working relationships with their customers leading to the creation of full offshore development centers. This is a semi-permanent operation under which the outsourcer recreates the client's z systems environment in India and works on system development.

The environment is both physically secure and intellectual property is protected by, for example, not allowing the staff to transfer between accounts within the outsourcer. But it is not all one-way traffic. The Indian software development industry is expanding rapidly, but it still exercises discretion in deciding which companies to work with. For Wipro's stipulations include:

* the client must have an adequate investment in IT - the minimum will vary depending on the size of the outsourcer.

* the work must be outsourceable.

* the client must be committed to outsourcing - one-off projects are not the core business.

* the outsourcer must have adequate strength in the skills needed, although it may be prepared to acquire the know-how either to get the overall business or because it wants to develop the skills required.

* the client must have well-documented working processes, tools and methodologies.

Where the needs of the user and the requirements of the developer are satisfied, there is the potential for a lengthy and mutually beneficial partnership. Indian outsourcers continually stress their desire to forge long-term relationships which allow the full benefits of joint working to be realized.

A fully fledged offshore development center operates as a virtual extension of the client's operation, with clones of all the hardware and the network running seamlessly to the client's offices. It extends the working day by four-and-a-half hours, and will be housed in a dedicated office with its own security arrangements. It can take a number of years of working together and building trust to reach this level of integration, but the numbers of companies progressing to this stage shows that the benefits make it worthwhile.

The client list of Indian developers reads like a who's who of the industry. Most of the large technology companies have their own development operations in India, although it is true that so far, the most significant customers of Indian outsourcers have been the very largest users in the Times and Fortune 500.

Technology workers in India are paid 80% more than their skilled counterparts in other industries. While starting salaries can be as low as 150,000 rupees a year (about

[pounds]2,100), an experienced software engineer can expect to earn 1 million rupees and receive share options in the same way as technology workers around the world. Conditions are better than in other industries.

It's fine while it works, but if things go wrong one can not get redress. Contracts are generally signed under the laws of the client's country of origin and allow for performance penalties and bonuses. The major Indian outsourcers are large organizations in their own right and have strong ethical cultures.

A number of factors are converging to make India increasingly attractive for software development projects. They include the availability in India of the world's second largest pool of English-speaking IT manpower (after the US), a favorable political climate which now recognizes the importance of IT to the economy, and several companies with proven quality standards. This is coupled with an aggressive drive by Indian companies into software development in general and Europe in particular.

The Indian software development industry is young, but maturing rapidly. Software exports have risen 2,000% in the past 14 years to reach a total of $1.75bn in 1997-98. The government has relaxed restrictions on the industry, and IT is now the number one career choice for university graduates - in contrast to the UK and US where the brightest students tend not to opt for careers in technology.

One of the most significant benefits of outsourcing to India is the diversity and, numbers of skilled individuals. If the project is large and valuable enough, the developer can supply a large team in a few short months with a skills mix to suit. Wipro built up a team of more than 100 developers for IBM UK within six months. In an example of the dedication and flexibility of Indian companies, Wipro initiated a training center and taught Japanese to 160 of its engineers, on a full-time nine-month course, when it was working with the electronic giant NEC.

Wipro also shows the scale of Indian outsourcers' commitment to building long-term relationships. It has been running 18 overseas development centers for the past seven years.

With these recent developments in "outsourcing," the Philippine animation industry can learn from the Indian experience and likewise implement such a strategy to go global.

RP, India Promote 'Coopetition' Among It Firms

An official of the Embassy of India in Manila urged members of the Philippine IT industry to consider India as one of its markets instead of just its competitor. Since the animation industry is under the bigger umbrella of information technology, the following report can provide our local animators on the possibility of "coopetition" with India instead of competition:

In a press conference, Aninash Gupta, minister of the Embassy of India, asked for "coopetition" between the local industry and its counterpart in India. "Coopetition" is a term widely used in the information technology industry to mean cooperation among competitors.

The Philippines and India have long been considered in the global IT industry as competitors, particularly in the area of services. Both countries nurture competent and creative IT professionals who are in demand in major markets like the United States' Silicon Valley and Singapore, one of Asia's IT hub.

But India is admittedly way ahead of the Philippines, both in terms of size of industry and manpower.

Mr. Gupta and Filipino economist Bernardo Villegas, who together led the press conference, urged companies from the two countries to enter into joint ventures to be able to compete with other Asian countries, and capture big markets for IT like the US. The press conference was held to drum up interest in a seminar that aims to identify business opportunities that Philippine and Indian companies can explore.

It is said that India and the Philippines can lead in software exports in the region, instead of actually confronting each other. Both countries can complement each other and identify areas where they can compete against more financially endowed countries like Singapore and Hong Kong.

Some of the areas of cooperation that he cited are financial services, human resource training, customer relationship, healthcare and animation.

Mr. Gupta suggested that a delegation from the Philippine IT industry could come to India later this year to talk with their counterparts there.

Mr. Villegas said through the partnerships, companies in India and the Philippines can complement each other's strengths. He suggested that Philippine companies help India in penetrating the US market which Filipino businessmen are more familiar with. On the other hand, India knows the market condition in the United Kingdom more, having once been its colony.

India's IT industry is growing at a rate of 45% to 50% annually. Its estimated revenues in 1999 was US$6.5 billion. Software development, an area where Asian countries are seen to be more in a position to compete, makes up 65% of India's IT industry. In 1999, its software industry was estimated at US$3.9 billion.

The passage of the e-commerce bill is expected to turn e-commerce in India into a US$500-million business. Mr. Gupta said the bill was recently approved by the Indian parliament. On the other hand, the e-commerce bill in the Philippines is now a law. As

former House Speaker Manuel Villar says, "we can recover our lost crown." As technology is very vital in animation, the industry can now succeed further.

2.5.7 China

A powerful animation company has been set up in Shanghai, with dreams of becoming China's Disney.

Besides main component Shanghai Animation Film Studio (SAFS), the newly established Shanghai Animation Telefilm Group also includes Shanghai Yilimei Animation (a Hong Kong joint venture), Shanghai Cartoon Culture Development Co., Shanghai Animation Film Drawing Studio and Cartoon King magazine.

The state-owned group will engage in production, distribution and merchandising/licensing.

The creation of the animation group was the outcome of the Shanghai authorities' decision to reverse a 1996 government-backed merger between the struggling SAFS and Shanghai Television (STV).

The group also created the country's first higher-learning animation program. The Shanghai Animation Institute has already enrolled 200 students and plans to initiate exchanges with foreign animation companies and production houses. Stress at the institute will be put on merging traditional animation arts with new technology.

China's animation industry has been battered by American and Japanese cartoons for the past 10 years.   According to a recent survey conducted by the Chinese Academy of Social Sciences, 66% of TV animation in the Beijing market is foreign, of which half is from Disney.

And foreign cartoons continue to find their way into China. Canada's Cinar recently signed a deal with CCTV for the broadcast of its animated series "Arthur." At the same time, German powerhouse EM.TV is making inroads into the Chinese animation market. Already the company has signed a barter deal with Beijing Television to supply 52 half-hours of "Blinky Bill" starting in early 2000. It is also in negotiations with CCTV to air an animated series called "Twipsy."   EM.TV is talking with five other provincial broadcasters and hopes to license its characters for books and VCDs.

With these recent developments in China, the Philippine animation industry should then be more aggressive in collaborative work and negotiate with Western animation companies to likewise explore business opportunities on animation in the Philippines.

3.0 Supply Capability

3.1. Motion Picture Distribution and Projection Backward Linkage

Table 10. Motion Picture Distribution and Projection Backward Linkage

Industry	Value	Share
		%
Motion picture production	1080753	42.06
Electricity	390581	15.20
Petroleum refineries	187469	7.30
Radio and TV programming	149000	5.80
Photographic studios including commercial photography and related services	105926	4.12
Letting, operating, real estate, residential or non-residential, other real estate activties	82353	3.20
Wholesale and retail trade	67889	2.64
Restaurants, cafes & other eating and drinking places	55904	2.18
Pulp, paper and paperboard	51949	2.02
Other lodging places	50001	1.95
Others	347852	13.54
Total	2569677	100.00

Source: 1994 Input-Output Table, NSO

An examination of motion picture distribution and projection backward linkage shows that the major supplier of film distribution inclusive of animation is motion picture production at 42.06% valued at P1.08 billion. Electricity is a far second at 15.20% valued at P390 million. The others are petroleum refineries, radio and tv programming, photographic studios including commercial photography and related services, and others as can be seen on Table 17. From this table, we can infer that motion picture distribution is dependent on production for the industry to move forward.

3.2 Motion Picture Production Backward Linkage

Table 11. Motion Picture Production Backward Linkage

Industry	Value	Share (%)
Restaurants, cafes, & other eating and drinking places	102630	20.00
Petroleum refineries	69516	13.54
Advertising services	48510	9.45
Electricity	40270	7.85
Mfr of stationeries', artists' and office supplies	35564	6.93
Letting, operating real estate, residential or non-residential, other real estate activities	25435	4.96
Mfr of photographic and optical instruments	23958	4.67
Wholesale & retail trade	17862	3.48
Mfr of misc. chemical products	17336	3.38
Other repair shops, n.e.c.	15325	2.99
Others	116817	22.76
TOTAL	513223	100.00

On motion picture production backward linkage, Table 18 shows that major suppliers are restaurants, cafes, and other eating and drinking places valued at P102 million primarily because shooting would require food for stars and crew plus the fact that there are a considerable number of scenes that would require the need for these establishments. This supplier is followed by petroleum refineries due to gasoline and transportation expenses incurred in production, advertising services, electricity, and office supplies.

3.3 Offered Services

The experience in animation from the onset of the business allowed people involved to master the craft in the course of time through experience. Such an industry is deemed very dynamic and people learn more regarding the ins and outs of the business; hence, familiarization is brought about by years of experience. Manpower is not limited. There are plenty of people with the necessary skills and interest in animation because such a type of work is considered a "call of the times." This is one industry which makes money because this is what is called for right now.

3.3.1 Animation

- Cartoons in general;
- Something opposed to that which requires live talents;

- Action is more exaggerated and emphasized.
- Relatively harder to do than live actions.
- Requires 24 frames in a one second action
- More tedious, more expensive.

3.3.2 Animation for Advertising

- A type of animation material where greater quality is required and expected;
- This is one major execution style in advertising production;
- Material ought to be more refined, defined, and vivid because of the nature of the medium where products advertised have a more limited exposure, hence, the need to show something of superb quality in so short a time.

3.3.3   Animation for the Web

- Needs lesser frames and the manner for which such animation material is structured become dependent upon the bandwidth of the user.

3.3.4   Animation for educational materials – workbooks, instructional materials, audio-visual materials in video and/or CD-ROM

- Contents of such are used for educational materials;
- Workshop tools translated to modules – "EDUTAINMENT MATERIALS."
- Production of high quality 3D animated children's "Edutainment" television programs for the world market.

3.3.5 Cartoon show (storyboards, character design, lay-outs, staging, animation services

- Add movement and dialogue, clean-up drawings – refining, review and animation checking – quality control)

3.4   Areas Of Specialization

The Philippine Animation studios specialize in certain services other than actual drawing and illustrations:

3.4.1   Pre-Production – storyboarding, character development and voices, location design

3.4.2   Post Production – editing, dialogue, musical scoring, and voices

3.4.3 Production Proper – a stage where the main bulk of the animation

process is concentrated upon.

a) Backgrounds – initially, backgrounds are painted traditionally; however, digital painting will be added to the traditional process within the next few months thereby matching international trends;
b) Layout to Scanning;
c) Ink and Paint – Formal arrangements have been entered into with carefully selected digital ink and paint specialists, enabling firms to be flexible towards its clients' needs.

3.4.4   Animation for TV shows – Philippine Animation studios are also very much   capable of producing animated shows for television.

3.4.5 Digital Painting – painting done through computers.

Contacts are established and the database expands further because such an industry is that which is considered viable and in demand during these times.   The type of work and its outputs are very in demand nowadays. They never run out of work though there are times when periods are lean, but work is always demanded for.

3.5   Expertise/Technical Competence of Manpower

When it comes to manpower, no doubt, Filipinos can be considered as the ones with the most talents and skills in this craft. Prime focus is always geared towards quality. Clients most of the time manifest a strong sense of satisfaction for jobs done in the Philippines, that is why even though there are certain countries offering a lot cheaper labor, still foreign markets opt for the services of the Philippines due to the fact that quality is always such that it is never sacrificed.   Educational level need not be too high in this type of field. What is sought for in this type of job are those who have the necessary creative and artistic skills and experience in the same field of expertise, although not necessarily college students.

A cartoonist is the one who makes the skeleton, or raw drawing. Just like those found in comic books, movement is not found. On the other hand, the animator gives life to the cartoon through movement. It is actually difficult for a cartoonist to become an animator if one is not trained in the rudiments of animation. To be an animator is considered a commitment, it is a long-term process, which may take years to master. One must be observant enough of movements in his surroundings because this is what the work is all about. Mastery of every movement in animation is necessary in every animator. Every step and action must be monitored. Computer software is very vital in this particular process. Some of these software are 3D Max, Studio Max, Lightwave, Maya, and Photoshop (George Ojeda, Towe).

The difference between a cartoonist and an animator is that cartoons gives style to the figure. He is more of a designer of a character. He can make the character look monstrous or afraid, or happy, just by the way the physical figure is drawn. An animator on the other hand is someone who makes the character move.

Everything depends on the target output, if such output should be a 30-second flick, for every second, an average of 30 frames are needed. If one is an independent animator, it would take him a longer time (3 to 4 weeks). This is extensive work since everything is done manually. In a commercial set-up, a 4-man team may accomplish the same task in an average of two weeks (Carlos Santos, ImagineAsia)

In a commercial set-up, to make a cartoon into an animation is a process. It starts with the design or the cartoon itself. If this is 3-dimensional, the design is transferred to the computer and an assigned person will build up the cartoons. The next process is the lighting process. Here, color, lighting, texture, and the whole look are given adjustments. After this, the animation team now gives movements to the elements, characters, as well as the environment where the character/s is/are. Once everything is put together, a group of people will check the timing of the movements. Here, animation undergoes editing, dubbing or audio, and finally directing. (Cedric Hornedo, ImagineAsia)

In terms of educational attainment, most cartoonists in the industry are not really graduates of Fine Arts. The real education only comes in with the on-the-job training since there are really no schools here in Manila that is centered on cartooning or animation (Ojeda).

Most of the time, Philippine animation services to various countries are solely confined to the manual tasks and functions. In terms of ideas and concepts, those of foreign companies are given more preference. They are the ones who think and do the concepts, and the Filipinos are just given the task of illustration. But this is not so. According to the respondents of this paper investigation, what foreign animation companies can do, Filipino-owned ones can also do and be at par with. For one, when it comes to manpower, the Philippines has plenty of skilled workers and animators whose jobs are very much at par or even superior than those of their foreign counterparts. Such misconception then limits the amount of work given by clients to Philippine animation studios and they rely primarily on the foreign studios.

When it comes to technology, Filipinos can easily learn and adapt to such changes and innovations introduced in a manner characterized with ease. The experience in animation from the onset of the business allowed people involved to master the craft in the course of time through experience. Industry is deemed very dynamic and people learn more regarding the ins and outs of the business, hence, familiarization is brought about by years of experience.

3.6 Quality and Quantity of Training

When it comes to training requirements, although Filipino animators are considered as highly skilled and capable, still training is recommended most specially in handling new technology such as new software used in animation.

Technical staff does not only need training in terms of skills, but in terms of behavior too. It is an accepted fact that when someone deals with artists, he also has to contend and deal with their moods. In this type of work a lot is expected most specially, promptness in delivery of services. So in such case, it ought to be instilled in the minds of the workers that moods ought not to interfere with the manner by which jobs are done to comply with a certain expected delivery date. Therefore, training can likewise be in the area of human behavior development.

Such training in terms of skills and behavior are deemed possible in government agencies, private training firms, and of course the academe.

Training needs of Philippine animation companies are as follows:

a) Technology Updates – transfer of technology through extensive study abroad or coursed through an expert on new technology.
b) New Software Usage – familiarization with new software intended for application in animated services.
c) Time Management Seminars – enhancement of behavioral skills.
d) Human Resource Training – seminar-workshops on human relations skills.
e) Seminars/Training to enhance presentation skills – presentation skills needed to communicate the product/output to various clients, most specifically foreign clients.

International Computer Graphics Education

A computer graphics education should emphasize principles of art, not just software packages as a university educator in computer graphics and animation. The curriculum of many schools consists of an overabundance of software tutorials.

A good computer graphics curriculum focuses on the principles and philosophy of art, design, and animation. For example, a beginning student of 3D animation may be better served by taking a course on claymation, and learning how to incorporate the principles of animation, than by training in a 3D package such as Maya.

In the case of character animation, issues such as camera angles, the framing of a shot, and camera continuity must also be emphasized in the curriculum. The best software can create poor art if the person using it is not an artist, and bad software can be made to create great art if the person using it understands aesthetics.

Summarizing the words of John Hughes, president of Rhythm and Hues Studios (Los Angeles), there are three areas in the field of 3D computer graphics: animation, modeling, and lighting. We must educate students in all three areas. Take lighting, for example. Most universities do not even offer a lighting course, and most of the ones that do teach digital lighting. What use is digital lighting to a student who does not even understand traditional lighting? Why are we choosing to teach on such complex systems what could be better taught using traditional media?

The computer graphics industry demands animators rather than computer animators, modelers rather than computer modelers, and artists rather than computer artists. Most animation houses today are prepared to train animators to use computer software, but they are not prepared to teach them aesthetics. Software training is mandatory in any case at most companies because they often use proprietary software that the student would not have had the opportunity to learn in college.

Fueling the impetus toward software training in universities is the way major vendors market their programs by creating accreditation centers. Professors who learn the software on their own are often still required to attend the vendor's courses in order to be certified to train university students.

There is without question a need for art students to understand the science of software programs because the computer graphics field is a mix of art and science. To prepare students for a computer graphics career, the curriculum should help them understand the engineering of various software programs--not to the point of programming, but to where they understand the relationship this art has to science. Computer graphics artists and animators should also be exposed to different kinds of programs so that they are not too attached to any one of them.

AnimeExplosion2000

AnimeExplosion2000 is also meant to showcase the Filipino talents who are the true hands behind the scenes of many of the world's most popular western and eastern animated presentations. The three-day exhibition held with a number of convention activities gave the member studios of the Animation Council of the Philippines (ACPI) ample space and time to be able to strut their stuff and to give the animation-viewing public a chance to see what really goes on behind the creation and development of both western and eastern animation projects. At the same time, some studios and institutions also offered mini-workshops or lectures on alternative methods of animation (namely the different areas of stop-motion animation) or the basics of drawing for animation.

The Academy of Visual Arts

Another source of training is the Academy of Visual Arts. Established in October 1999, the school is envisioned as an artist' house wherein students are prepared for a rewarding career in advertising, production, and media. The Academy fulfills to seek

artistic enrichment by offering a curriculum with emphasis on computer-based programs in the areas of audio-visual production graphic design (see Appendix G for course descriptions).

Academic Institutions

In the University of the Philippines, there is no animation course. Animation is just a topic under one of the subjects offered (Electronic Media). Here, film, lighting, animation and cartooning are discussed (Santos).

Even with the big Fine Arts Department in UST, there are no cartooning or animation courses offered. Most cartoonists would research on their own or they would be trained under their respective studios. Some of the big cartoon studios here are Fil-cartoons, Philippine Animation, Towe, and ImagineAsia, Inc. These are foreign-based agencies that are willing to train anyone with the potential for the craft (Hornedo).

With these observations, there is a need to focus on film animation and production for students to learn the craft.

4.0 Strengths and Weaknesses, Opportunities and Threats

4.1 Filipinos Are Comfortable With the English Language

Being a country with a people comfortable with the English language (delivery and comprehension) gives the Philippines an edge over other Asian countries in terms of dealing with foreign clients. Accepting jobs and instructions from foreigners is not difficult when it comes to Filipino animators because they have ease of comprehension for the English language.

Foreigners, particularly Americans, are very much keen on details and meticulous when it comes to final outputs. For every instruction given out, Filipinos can easily understand what the foreigners want and mean and thus, it becomes manifest in the output given by the Filipinos.

During product presentations and sales calls, Filipinos can easily articulate themselves and are always able to impart and properly express to the foreigners what they want to share in terms of the work and tasks they can afford to give their prospective clients.

4.2 Filipinos Are More Defined and Refined in Terms of Output

Animation requires precision and refinement in terms of output. It requires more than just the artistic skill, it gives more emphasis on the refinement and accuracy in its products. According to foreign clients, though there are other Asian countries offering

cheaper labor, still they opt for the Philippines because of the quality of work it produces. In reality, the Filipino animator has that unique and original content production capability. He is backed up by 18 years of track record in the global animation services industry.

Artistry and creativity without precision is null and void in the field of animation. Apart from an imaginative mind, the Filipinos are scientific as well. And both tasks and areas are very much indispensable in animation. Being precise and accurate adds up to a more defined output characterized by swift and coordinated movements which coincide with the desired music, dialogue, and sound effects. In animation, cartoon characters are given life and when one is precise and accurate an animator, a realistic milieu is given a production output with unreal elements made close to real and live characters.

Filipinos are very much equipped with imagination, creativity, artistry, and a scientific mind. This all boils down to the so-called finesse in terms of product. In other words, the Filipino animators are competent artists, directors, and even as instructors.

4.3   Filipinos' Artistic and Creative Skills Are World Class

Big foreign entertainment companies tap Filipino talent for their animation requirements.

Children and even adults all over the world are familiar with such classical fairy tale stories as Beauty and the Beast, Aladdin, and Hunchback of Notre Dame. These stories were even made popular in contemporary times by entertainment giant Walt Disney which produced them into full length animated movies or serialized them into television shows. In the last ten years or so, newer animated stories or television serials have been introduced such as Mulan, Pocahontas, Little Mermaid, Lion King, Space Jam, and Anastasia, to name a few. While these movies are identified with companies such as Disney, Warner Bros., or Hanna Barbera, few people know that some of the segments of these movies or television serials were produced by Filipino animators.

Philippine Animation Studio, Inc. (PASI) and Fil-Cartoons, Inc.) a subsidiary of Fantasia Animators) are two of the country's multinational animation outfits which take in the dollars through cartoon program exports. Although cartoon conceptualization and post-production work (including voice-overs) are completed abroad, these companies tap the abundance of Filipino talent in the field of animation. Not only are local fees more competitive than their foreign counterparts, but the Filipinos' exposure to many cultures enable artists to internalize story lines and concepts for better artwork execution.

Being world-class, the Filipino animator is considered reliable, quality-conscious, versatile, and has organizational maturity thus making him a cut above the rest.

4.4   Technology and Budget

Animation requires technology and constant updating and upgrading of such. In terms of advancement in technology, local companies say that computer software needed to do the animation job/s are so expensive and that it results to financial incapability of local companies; hence, the quality of their output are sacrifices at times. Other Asian countries are constantly upgrading their technology. The Philippines, due to lack of funds and support fails to immediately upgrade in terms of technology.

Philippine Animation companies say access to new technology is facilitated via their own funds and finances. Government support is never apparent, though taxation is heavily laden upon these companies.

4.5   Telecommunications

Telecommunications is also a related problem. The Phillipines is not yet ready for the Information Highway. It is expressed by certain animation companies that if the country has a bigger broadband, communication between two countries will be a lot easier and faster. Files can be zapped across any continent at a real time speed.

Since the Philippines lack constant technological upgrades and updates, it follows that telecommunications will lag behind its competitors. Telecommunications is very vital in information campaigns and dissemination.

4.6   Marketing and Information Dissemination

It is a fact, that there is lack of an organized marketing system or information dissemination about the existence of local animation companies in the market. There is less information about the existence and the services offered by the Philippine animation studios. It has been a notion that the Philippines is limited only to manual work, but it is not so because according to animation personnel, they can also do what other countries are doing in terms of animation and they can go beyond drawing and manual work.   As compared to foreign companies which operate in the Philippines, one problem most local companies encounter is the fact that they are not known. This is attributed to lack of information about their existence and operations. The companies also attribute the lack of marketing people in this particular industry. They have competent people in conceptualization, production, and execution, but lack those who are knowledgeable about marketing strategies for the outputs of such industry. The services, quality of output, and capability of manpower are never promoted; hence, making their tasks limited only to manual work.

Lack of information is very much a problem – markets normally perceive that Philippine animation companies are just limited to manual work -- mainly illustrations and drawings when it comes to the work itself. But such is not so, because according to

the local animators interviewed in this project, what foreign animation companies can do, Filipino-owned ones can also do and be at par with. For one, when it comes to manpower, the Philippines has plenty of skilled workers and animators whose jobs are very much at par or even superior than those of the foreign ones. Such a misconception then limits the amount of work given by clients to Philippine animation studios and they rely primarily on the foreign studios.

4.7   Taxation and Lack of Incentives

People in this business are said to be always heavily taxed. Simple spare parts of computers and other peripherals are taxed heavily if not, seized at Customs. Since, in terms of technology, the Philippines is behind, the country does not have any choice but try to import both software and hardware indispensable in animation. Such materials are heavily taxed. When it comes to film animation production, the producers suffer the same fate as regular film producers which is very heavy taxation.

4.8   Perception of Cheap Labor

There is a tendency that more technologically advanced countries opt for the Philippines for reasons concerning labor. Though Filipinos are creative, artistic, and skilled in animation work, foreign investors focus much on the cost of labor and not on the cost of skills. Hence, talent of Filipino animators are not fully recognized internationally.

Cheap labor would bring in clients for wrong reasons. Instead of exploring the wealth of Filipino talents in terms of actual animation work, foreign clients would tend to gear their gaze at manual labor, hence limiting the recognition for the Filipino Animator.

4.9   Increasing Competition with Other Asian Countries Offering Cheaper Labor

Other countries such as India, Vietnam, and Cambodia are currently lowering labor costs, hence the tendency of opting these countries for labor. Cheaper labor in other Asian countries would attract foreign clients to these nations and may tend to disregard the Philippines. This trend therefore reinforces the need to market "quality" labor instead of cheap labor. Otherwise, the Philippines may likewise be forced to accept low rates because of the extreme pricing schemes being undertaken by other Asian countries to seize market share. The animators should also have direct access to producers and investors to counter the growing competitiveness among Asian countries. They should also have financial readiness to undertake international market development efforts and define further its forward and backward linkages. They should likewise counter the absence of financial services in dealing with investors. The collection system should also be improved and they should find ways to address seasonality of contracts.

4.10. The global entertainment industry as a growth industry

On opportunities, the Philippines can be a major participant in the global entertainment industry considered as a growth industry. With the internet phenomenon leveling the playing filed for industry players, local animators can have greater chances of winning foreign accounts and clients. The support of the Philippine government on IT likewise assures the industry of growth.   Also, since about one-third of the world's population is below the age of 18, it is projected that there will be greater demands for cartoons, video games, and other animation related products.

4.11. Threat of international pacts/Economic Recession

The US-Vietnam Trade Pact and other special trade relations established between the United States and other countries can put the Philippine animation services as a disadvantage.   The regional economic crisis and the advent of global recession will have an impact on the local animators. Hence, it is important that new strategic measures should be undertaken to handle uncontrollable factors such as these.

4.12   Brain Drain

The movement of local talents from here to abroad may likewise affect the struggling industry since the lack of manpower and the talent drain may result to a diminishing quality output. Therefore, while some talents migrate, there is a need to constantly develop and train new talents to take over their places.

5.0   Action Plans Enhancing Competitiveness

5.1   Marketing

Lack of information and marketing programs are said to hinder the patronage and demand for the animation services of Filipino animators and companies. It is then recommended that a Massive Information Campaign be launched for this type of industry. Such Information Campaign strategies and programs would ultimately comply and fulfill the following objectives:

a)   Create and build awareness about the existence of animation companies and services in the Philippine setting;

b)   Promote the Filipino talent in this particular field -- the knowledge of talents and skills possessed by Filipino animators.   It should go beyond the notion that Filipino animation functions are merely confined with the manual tasks. They, too, are highly capable of immense production and creation of huge animation projects and programs which other countries are capable of doing and delivering.

c)   Promotion of all the services and functions the industry is capable of and altogether information dissemination of the extent of services provided by Philippine animation studios.

d)   Promotion of the creative talents of people involved in this field. Such talents are waiting long enough to be put to use at its most attainable level of expertise.

It is expressed by Philippine animators, that by this time, the country should have come up with its own creation in the field of animation, for which it can call its own. This is one specific idea which is never remote. The country already has the talent and skills. All it needs is the so-called big break, and such can be achieved if skills and capabilities are highly recognized.

5.2   Continuous Training and Development and Education of Current and Prospective Industry Personnel

Invest in the establishment of a Film Institute where continuous education of industry personnel will take place. This institute will provide enrichment courses and workshops to actors, actresses, directors, writers, etc. Not only will this provide enrichment courses but such will also enable the industry to discover and enhance new talents. Training and hands on experience will also be provided by this entity to film and communication arts students by placing them in various media and film organizations for PRACTICUM.

5.3.   Curriculum Development in Collegiate Education on Courses Related to Animation

Universities and colleges offering courses in such fields as business, arts, and sciences could incorporate in their curriculum subjects or even introduce courses on Animation. Speaking of animation, educational institutions ought to look at it from different perspectives which, in one way or the other may enable Filipino animators, instructors, and students to fully explore and utilize the craft. In order to really boost this area in the Philippine setting, curriculum enhancement must take its course in such areas as:

a) **The Arts** – in its entirety, animation requires an aptitude in the arts. Such a field requires creativity, imagination, and artistry. Creative innovativeness must be harnessed in people who want to venture in this field. Hence, schools offering an array of courses in the arts must also include animation arts among its listing. With this, facilities and resources to do the job must be also be properly supplied and given attention to.

Though artistry is indispensable in this field, it is not the end all and be all of animation, for with this PRECISION must go hand in hand, and such an element could not be automatically assured of when we talk of mere creativity and artistry.   Here then comes the concept of another field to consider in animation – SCIENCE.

      b) **Science** – artistic movements and creative execution need precision alongside. Though, science and mathematics are relevant, it is not totally a must to infuse a large amount of units in animation, but simple subjects in the sciences which might enable the animator to fully calculate the precision of movements can be included in the curriculum. Symmetry and synchrony can be attributed not just to the artistic skill but to scientific skill as well.

When quality achieved via the arts and science, the output can never be fully realized if nobody knows about it, more so if nobody patronizes it, then everything is of naught. In order to further make animation as a craft flourish and gain consumer acceptance in both the local and international arena, then another field must be taken into account in making animation earn. Then here the field of BUSINESS should be considered.

      c) **Business** – with creativity and precision, a work of art is produced, but then it remains as a work of art and nothing else if it will not earn for its creator/s. In the Philippine scenario, animation can earn by properly communicating such a business in both the local and global markets.   So in here, another concept should be included -- and that is the business aspect. Here then is another field by which animation as a course/subject could be structured.

5.4   Market Development and Promotional Strategies

There is a need to create strong international market presence that will attract and sustain investments. This direction therefore calls for modern marketing techniques that will strengthen industry readiness to create and absorb business opportunities that may come on its way. The industry should continue to develop a good product and/or animation output and making it available to target customers. Organizations/companies must also communicate with their customers. Communication makes it possible for the right message to be projected and imparted for a given product. This function then takes its course through international and local promotional strategies. Promotional strategies in the form of advertising, public relations, direct marketing, sales promotions, and personal selling.

Animation outputs are products intended for various types of viewers. Philippine Animation in particular is in need of certain promotional strategies.

5.5   Promotion of Filipino Animation outputs in international markets through   participation in International Animation Festivals.

Conceptualization and dissemination of direct marketing communication materials such as flyers, brochures, etc. to organizers of international film festivals. These materials would pave the way towards the recognition of a movie/motion picture as a product of the Philippines. This then may lead towards fully taking part and joining in a given film festival. Direct communication materials should be supplemented by public relations materials in the form of press/photo releases and feature articles which could be placed and published in various foreign print media.

Accreditation of more international film festivals is highly encouraged and recommended. The more accredited festivals accounts for a possibility of more exposure in the global arena.

5.6   Research and Development

Research and development is one potent tool of updating the industry on what are the latest trends in the local as well as global scenarios. This would give prime focus on the latest technology in need of adoption to upgrade the industry and its various functions and undertakings.

In order for Filipino films to gain international recognition and patronage, such ought to conform to standards acceptable to the international market. This gives prime focus on the theme and concepts presented in film/animation. Such should be ones which the international audience could identify with.

Such details and information could always be obtained from research, and research needs funding and budget. It is a matter of knowing what the market looks for in movies at this point in time, before coming out with a production output.

5.7   Competition on the Level of the Country's Core Competency

The threat of foreign films is understandable since they have a big budget and they are really made for a global audience. The country cannot compete at cost. But as a strategic recommendation, Filipino films can compete on content, in other words, the search for the "Filipino film" with a character of its own. It does not have to be expensive as can be proven by previous award-winning OSCAR films in the foreign language category. It is a matter of highlighting that area where we the Philippines is good at.

5.8   Discover, develop, and/or expand international mainstream or niche markets for Philippine Animation

If Filipino films and animation outputs are directly placed to compete against western films primarily those of Hollywood's, they will never be accorded full attention to by the audience. Filipino films/Animation cannot directly compete and unseat western films, Hence the need to dwell upon and capture a segment of the market in which they

may be sure of being recognized and patronized, thus enhancing their acceptability and profitability. This then calls for the application of the concept of NICHE MARKETING.

There is a need to look for and discover market segment/s in which such films will be profitable, in the first place.   Smaller firms in a market, or even larger firms that lack established positions often adopt market-nicher strategies. They specialize in serving market niches that major competitors overlook or ignore. Nichers avoid major confrontations with the majors by specializing along market, customer, product, or marketing mix lines. Through smart niching, low share firms in an industry can be as profitable as their larger competitors.

It is then recommended that Filipino filmmakers gear towards exhibition of their films in a market which would easily or better understand what it intends to communicate as a medium. That then would call for these producers to promote their films primarily to the Filipino audience and alongside with the Filipino audience is the Asian audience.   Culture, beliefs, and ways of life of Asians are similar, hence, understanding and appreciation of the content is easier and more apparent.

Tap Asian market where similar cultures exist, hence the probability of ease of comprehension of Filipino animation films in the Asian market which may lead to patronage in the Asian scenario. Penetration of the Asian market for a start would little by little broaden the Filipino film's market base.

The Asian audience then becomes the primary target market of Filipino films.

This strategy would call for incentives to various filmmakers. Incentives could emanate from the government via an increased and full support of film producers to take part in as much international film festivals there are in the world.   Procedures and processes attendant to the participation of Filipino film/animation producers could then be reviewed and evaluated, and even revised to ensure ease of participation in international film festivals. Funding is one significant aspect in incentives plans.

This then calls for the formulation of policies and recommending measures to fully develop the film industry's economic potential in the Niche Market/s.

5.9   Operations/Technology

It is always a given that when it comes to support of the government, the industry is in dire need of such. Government support should be manifested in recognition of the services and functions and the capability of the industry to serve its local and foreign markets. Not only could the industry gain support via recognition, but through financial support as well as in the form of funding the purchase of softwares which are highly expensive. Training of manpower is also highly needed and recommended. In this regard, opportunities can be created where organizational, intellectual and manpower resources can be effectively shared to ensure collective industry growth. In terms of

operations, work systems that will ensure efficiency in the use of collective resources and opportunities for the industry must be undertaken.

5.10   Invest on Technology

Though the production concept is interesting, animators competent, creative and innovative, manpower is complete and skilled, if the means to produce an output is mediocre, the product will never be at par with the best animation production it would intend to compete with. Technology should be upgraded and updated in animation. Sound, music, dialogue, and production concerns are totally dependent upon technology. The local animation industry players should therefore keep abreast of industry trends particularly in the technology aspects.

5.11.   Strategic Alliances and Collaboration

An industry-wide environment conducive to collaboration, mutual support and sustained growth among industry players is of paramount importance. Strategic alliances among the players should be implemented like collaborative endeavors from among other industries like the film, software, and publishing industries.

5.11   Laws/Industry Governance

In terms of laws, it is suggested by the industry that incentives be effected to Philippine animators. These are Incentives in the form of regulating taxation. Other countries, for instance, are given incentives such as reimbursements and rebates.

As of now, laws give way for the influx of canned shows which are then given the preference to earn rather than locally produced shows. Therefore, it is also suggested that such laws be rehashed in such a way that it protects the industry in terms of the products and services it promotes to its markets with foreign competition at the sides. Laws ought to support the internal capabilities of Philippine animation and animators.

An official organization to look after the welfare of the animators is highly needed by the industry. Such would protect the animators and find ways and means on how to further promote and enhance their capabilities.

Other countries such as Canada and Japan are given a lot of incentives by their respective governments; hence, internal capabilities are highly enhanced and made full use of.

5.12   A Voice in the Government

In probably almost all nations, there is no such thing more powerful in business than having a voice in the government. Businesses earn clouts and contacts and eventually support from the government via a voice through organizations and associations created for certain fields of endeavor. One specific means to gain a valid

voice in the government is by way of creating a so-called **Philippine Animation Commission**. This will enable the Philippine animators to be represented in the government; hence, creation of such would make their voices valid and most of all heard. It can facilitate the creation of financial services for non-traditional business like animation. It can also help bridge the industry with global distributors and fund sources. What is more, this governmental arm can subsidize training and even put up foundations. Just like the Sports Commission, and other commissions, the animation industry can come up with one in order to be given a stand in the government. This would eventually make business more viable and feasible of recognition and patronage, and support as well. Once support from the government comes along, no doubt, its international exposure is assured.

5.13. More specific actions to undertake

Additional specific actions that can bed done is to undertake fund-raising activities to finance marketing development efforts. The industry can host a Business Summit/Animation Festival that will attract international investors to the country. It should likewise maintain open lines of communication and information sharing with other related industry for collaborative growth.

6.0 Performance Monitoring Scheme

With the preceding actions plans, it is crucial that a monitoring scheme should be implemented to check performance. This is where the association of animators can come in and review developments in marketing, operations and technology, laws and industry governance, and research and development. The animators can pool their efforts on further improving the state of animation in the country. They can network together and continue to develop strategic alliances with their foreign counterparts. They can lobby in congress for better tax incentives, and they can even fund more research projects to benefit the industry. Industry surveys such as this project should be promoted so further action plans can be integrated, be more cohesive, and enlightening./insightful to one and all.

The various industry players can take charge of monitoring themselves to create a good animation output . Award-giving bodies coming from the industry should be promoted to enhance the many areas of technical production. This will surely motivate more industry players to produce better quality films.

Local producers should continue to participate in international animation festivals, monitor results and provide wide publicity both here and abroad to create an awareness to such quality films. With this, the Filipino attitude towards our local productions will eventually change and will patronize them.

FINAL WORD

The vision of the local animation industry is to be a **recognized leader** in the Asia-Pacific region. It is designed to be a fully integrated animation industry with the highest and sustained growth rate in this part of the globe. It aims to be the most dominant animation services and original content provider in the region. This vision, however, will not be fully realized without the support of all players in the industry -- the animation producers, the animators, the technical talents, artists, the government, and finally the viewing audience who should patronize the animation output.   If all players, as they say, "sing a similar tune," a "full orchestra" warmly appreciated by the local and the global audience will come into full view. Needless to say, the ultimate reward is an **encore.**

7.0   Directory

Philippine Animation Studios

1)   EEI-TOEI Animation Corporation
       128 West Avenue, Quezon City

2)   CAST Inc.-NGC Animation
       60 Mayon street, Quezon City

3)   TOP-PEG Animation & Creative Studio
       314-A Antipolo St. Bgy. Mauway,
       Mandaluyong City

4)   ANIMASIA
       1743 Taft Ave., Manila

5)   Fil-Cartoons
       Pioneer cor, Reliance Streets
       Mandaluyong City

6)   Living Room Animation Studios Inc.
       867 Kasipagan St., Bgy. Plainview
       Mandaluyong City

7)   TOP-Draw Animation
       JEMCO Bldg., Bernal St. cor. C. Raymundo Ave.,
       Pasig City

8)   Form Toonworks
       2158-A Chino Roces Ave.,
       Makati City

9) Imaginasia, Inc.
557 Nueve de Febrero St.,
Mandaluyong City

10) Toon City
East Capitol Drive, Bo. Capitolyo
Pasig City

11) Q. Motion Animation Corporation
Blk. 26 Lot 36, 20th Street,
Paranaque City

12) Studio Zoo, Inc.
2868 Banuyo Street
United Paranaque II subdivision
Paranaque City

13) Holy Cow Animation
Unit 701 Windsor Tower
Legaspi Street, Legaspi Village
Makati City

14) Animation Council of the Philippines

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Interviews

Joy Bacon
Animasia

Wayne Dearing
Top Draw Animation

Marlene Montano
Holy Cow Animation

Grace Dimaranan
Top-Peg Animation

Norman dela Cruz
CAST Animation

Benji Agoncillo
Fil-Cartoons

Tony Pornobi
Prose del Prado
EEI-TOEI Animation

APPENDIX B

**GUIDELINES ON THE INVESTIGATION AND PROSECUTION OF OFFENSES
DEFINED AND PENALIZED UNDER
ARTICLE 201 OF THE REVISED PENAL CODE,
AS AMENDED BY PD NO. 969
(IMMORAL DOCTRINES, OBSCENE PUBLICATIONS AND EXHIBITIONS,
INDECENT SHOWS).
(Department Order No. 26)**

Suppletory to the provisions of Department Circular No. 5, s. 1989 (Prescribing a Uniform Procedure for the Disposition of Inquest Cases) and Rule 112 of the 1985 Rules on Criminal Procedure, as amended and, in response to the need and desirability to provide a uniform criteria upon which to base the quantum of evidence required by prosecutors in the determination of probable cause involving offenses defined and penalized under Art. 201 of the Revised Penal Code, as amended, the following guidelines are hereby prescribed:

1. In cases where the Movie and Television Review and Classification Board (MTRCB, for brevity) files a criminal complaint pursuant to Sec. 3(i) of PD No. 1986, MTRCB shall immediately furnish the investigating prosecutor with copies of the pertinent records/documents/evidence in its possession together with the sworn-complaint of the official responsible therefor, stating the cause of action; and

2. In cases of obscene exhibition(s) and indecent show(s) the investigating or inquest prosecutor shall determine the existence or absence of probable cause based on the sworn complaints of witnesses whom may be members of the law-enforcement authorities including photographs or reproductions of the alleged obscene shown or exhibitions. However, the presentation of photographs/reproductions is not indispensable for the filing of the appropriate information in Court if other evidence adduced can establish probable cause.

For strict compliance.

Adopted, 5 August 1991

Appendix C

MTRCB IMPLEMENTING RULES AND REGULATIONS

Pursuant to Section 3(a) of Presidential Decree No. 1986, the Movie and Television Review and Classification Board (MTRCB), hereby enacts and promulgates the following Rules and Regulations:

CHAPTER I

DEFINITION OF TERMS

SECTION 1. Definition of Terms. — As used in these Rules and Regulations, the following terms shall mean:

a. **BOARD** — The Movie and Television Review and Classification Board (MTRCB) created under Presidential Decree No. 1986;

b. **MOTION PICTURE** — A series of pictures projected on a screen in rapid succession, with objects shown in successive positions slightly changed so as to produce the optical effect of a continuous picture in which the objects move whether the picture be black and white or colored, silent or with accompanying sound, on whatever medium with whatever mechanism or equipment they are projected or recorded for instant showing, for the purpose of these Rules, the material in which the motion picture is contained and preserved.

The term ***"film"*** as here used is synonymous with ***"motion picture".***

c. **TELEVISION BROADCAST** — A public showing of images (video) and sounds (audio) via free television whether Very High Frequency (VHF) or Ultra High Frequency (UHF), to include cable television and other limited audience distribution.

d. **THEATRICAL DISTRIBUTION** — A public showing or exhibition of motion pictures in theaters, moviehouses, or any other places imposing admission fees to persons for entertainment, education, information and advertisement.

e. **NON-THEATRICAL DISTRIBUTION** — A public showing of full length or short feature motion pictures through the use of mobile or non-mobile projection equipment for which no admission fee is charged. This includes showing of full length and short feature motion pictures exclusively to civic organizations, societies, clubs and other similar groups including juvenile, educational, documentary, cultural, scientific, journalistic, industrial, sales, public relations and instructional films.

f. **GENERAL VIEWING** — This refers to motion pictures made available to the general public for viewing whether through film libraries or such similar organizations.

g. **GENERAL PATRONAGE OR "G"** — A classification of motion pictures, admission to which is open to the general public of all ages.

h. **PARENTAL GUIDANCE OR "PG"** — A classification of motion pictures whether shown in theaters and/or for television, cautioning parents on the delicate contents of the film and the need for parental guidance in its appreciation.

i. **RESTRICTED OR "R"** — A classification of motion pictures admission to which is limited to adults. Adults, for the purpose of these Rules, are persons eighteen (18) years of age or above.

j. **NOT FOR PUBLIC VIEWING OR "X"** — A classification of motion pictures disapproved by the Board for public viewing or for television broadcast.

k. **TELEVISION PROGRAM** — Any television program including live shows, product and/or service advertisements, dramas and/or motion pictures originally shown in theaters.

l. **LIVE SHOW** — Any television program which is telecast simultaneously as it is being performed. Pre-taped portions of these live shows shall not be classified as such.

m. **NEWS** — Refers to straight and objective news reporting as distinguished from news analyses, commentaries and opinions and editorials.

n. **NEWS ANALYSES, COMMENTARIES, OPINIONS AND EDITORIALS** — These refer to views which are subjective in nature, whether these are of the speaker's and/or the network's.

o**. PROMOTIONAL MATERIAL** — Any material used to generate public interest in or further the growth or development of something, e.g. television advertisement and commercials, movie and television trailers, advertisement copies, still photos, photo frames, leaflets, posters and billboards.

p. **REVIEW** — The process of previewing motion pictures, television programs and related publicity materials to determine whether, based on the standards set by law, are fit for importation, exportation, production, copying, distribution, sale, lease, exhibition or broadcast by television networks; and, to determine as to what classification the film may be shown.

<u>CHAPTER II</u>

GUIDING PRINCIPLES

SECTION 2. Guiding Principles. — The Board recognizes the important roles that motion pictures and television play in a society as entertainment and informative media. As such, the Board is aware of the State's concern in molding and influencing the moral values and character of the people.

The Board's task, therefore, as mandated by law, is to safeguard these values without negating the services that motion picture and television render to the community.

SECTION 3. General Disposition of Review Material. — No film or motion picture, television or promotional material intended for exhibition in moviehouses or theaters or on television shall be disapproved by reason of its topic, theme or subject matter, subject to Sections 6 and 7, Chapter III, but upon the merits of each material taken in its entire context and/or subtext.

CHAPTER III

SCOPE OF AUTHORITY TO REVIEW

SECTION 4. Matters Subject to Review. — All motion pictures, television programs, television commercials and other related promotional materials, as defined in Chapter I hereof, whether these be for theatrical or non-theatrical distribution, for television showing on both on free and cable television, whether imported or produced in the Philippines, whether they be for local viewing or for export, shall be subject to prior review by the Board before they are exported, imported, copied, distributed, sold, leased, exhibited in theaters or broadcast on television.

SECTION 5. Governing Standards. — The Board shall judge the motion pictures, television programs, television commercials and other related promotional materials submitted to it for review, applying as a general standard, contemporary Filipino cultural values.

SECTION 6. Authority of the Board. — The Board shall delete scenes and disapprove film prints which are immoral, indecent, contrary to law and good customs, those which are damaging to the prestige of the Republic of the Philippines and its people or its duly constituted authority, or those which have a dangerous tendency to encourage the commission of a crime, violence or of a wrong, such as but not limited to:

1. *Those which tend to incite subversion, insurrection, rebellion or sedition against the State, or otherwise threaten its economic and/or political stability;*

*2.	Those which tend to undermine the faith and confidence of the people in their government and/or the duly constituted authority;*

*3.	Those which glorify criminals or condone crimes;*

*4.	Those which tend to encourage and/or abet traffic in and use of prohibited drugs;*

*5.	Those which serve no other purpose other than to satisfy the market for violence, lust or pornography;*

*6.	Those which are libelous or defamatory to the good name and reputation of any person, whether living or dead;*

*7.	Those which may constitute "contempt of court" or contempt of any quasi-judicial tribunal or those that pertain to matters which are sub-judice in nature; and,*

*8.	Those which clearly constitute a malicious attack against any race, or against various sectors of the community like women, youth, cultural communities, the handicapped, and urban poor sectors;*

SECTION 7. Pornographic Material and Violence. —

a)	***PORNOGRAPHIC MATERIAL AND/OR SCENES NOT SUITED FOR PUBLIC EXHIBITION*** — A film print and/or material shall be considered pornographic should the same, in the Board's exercise of the utmost consideration and evaluation, applying contemporary Filipino cultural values as standard, be objectionable for being immoral, indecent, contrary to law and/or good customs, or if the dominant theme of the material taken as a whole appeals to prurient interest.

For this purpose, the following scenes shall be considered immoral and indecent:

1)	*All explicit sexual acts, actual or simulated, such as but not limited to, sexual intercourse, masturbation, mashing, licking and fondling of sex organs;*

2)	*Lewd frontal nudity and/or exhibition of private parts, such as but not limited to, female breasts exposure and pubic hair exposure (naked or thru seethrough clothing, such as, lace bikinis, wet t-shirts and transparent negligee);*

3)	*All sexual pumping scenes and movements, whether the subjects are clothed or unclothed;*

4) **Sexual exploitation and abuse of children, such as, pedophilia and acts of incest;**

5) **Perverted sexual acts, such as, homosexual and lesbian sexual acts, sodomy, necrophilia and "zooerastia".**

6) **Deliberate panning of the camera to achieve a lewd and malicious close-up of sexual parts.**

b) **VIOLENT SCENES NOT SUITED FOR PUBLIC EXHIBITION** — Any excessive, unmitigated, brutal, distorted, irrational, ignominious, exploitative depiction of any act inflicting injury to a human being shall, for this purpose, be considered violent scenes not suitable for public exhibition.

Violent scenes as defined herein shall also refer to gory and bloody scenes that may tend to disturb the finer sensibilities of both adults and children.

CHAPTER IV

GUIDELINES ON MOVIE, TELEVISION AND TRAILER CLASSIFICATION

SECTION 8. Movie Classifications and Guidelines. — Movie Classifications are: **"GENERAL PATRONAGE" (GP); "PARENTAL GUIDANCE 7" (PG-7); "PARENTAL GUIDANCE 13" (PG-13); FOR ADULTS ONLY; and, "NOT FOR PUBLIC VIEWING" (X).**

A. **GENERAL PATRONAGE (GP)** — Movies classified General Patronage are for all ages. These films shall not, whether in theme and language, depict nudity, contain sex or violent scenes, which would be offensive to parents whose minor children are to view the film.

Film prints classified **"General Patronage"** shall be guided under the following criteria:

1. **THEME** — The theme shall be wholesome, reinforcing positive values.
2. **LANGUAGE** — Obscene, profane or blasphemous language and cuss words shall not be allowed.

3. **NUDITY AND SEX** — Scenes of nudity and sex shall not be allowed.

4. **VIOLENCE** — Depiction of violence and the use of threatening language, weapons and special effects shall not tend to cause alarm, distress or stress and/or anxiety to children. Suicide or euthanasia scenes shall not be allowed.

5. *DRUGS* — No drug and/or alcohol use shall be allowed.

B. **PARENTAL GUIDANCE 7** — For ages 7 and above, provided that the child between the ages of 7 and 12 shall be accompanied by a responsible adult. Films classified "PG-7" shall be guided under the following criteria:

1. *LANGUAGE* — Obscene and profane language shall not be allowed. Language beyond polite conversation may be allowed provided they are common everyday expressions.

2. *NUDITY AND SEX* — Discreet indications or references to sensuality in the context of a normal and healthy family life may be allowed.

3. *VIOLENCE* — Inexplicit forms of violence may be allowed if appropriate to the storyline. Only discreet reference to suicide or euthanasia may be allowed.

4. *DRUGS* — No depiction of actual intake or use of prohibited drugs or other illegal substance or alcohol nor the pleasurable effects thereof shall be allowed.

C. **"PARENTAL GUIDANCE 13" (PG-13)** — For ages 13 and above. Films classified PARENTAL GUIDANCE 13 "PG-13" shall be guided under the following criteria:

1. *LANGUAGE* — Use of intermittent cuss words but not in a sexual context shall be allowed. Obscene and profane language shall not be allowed.

2. *NUDITY AND SEX* — Some nudity that is relevant to the storyline but not sensually oriented shall be allowed. Portrayal of nudity shall be inexplicit and may only be allowed when the story line or program context so necessitates (i.e. portrayal of ethnic culture)

3. *VIOLENCE* — Depiction of violence shall be inexplicit and appropriate to the storyline and thematic content. Suicide scenes shall not be explicit.

4. *DRUGS* — No depiction of actual intake or use of prohibited drugs or other illegal substance nor the pleasurable effects thereof shall be allowed. In all instances, the depiction of drug use shall carry a redeeming value.

D. **FOR ADULTS ONLY "R-18"** — For persons 18 years of age and above. Films classified "R-18" shall be herein guided accordingly:

1. *LANGUAGE* — Obscene language may be allowed but not consistently prevalent.

2. *NUDITY AND SEX* — Brief nudity with sensual scenes may be allowed if relevant to the storyline. Explicit sex scenes shall not be allowed.

3. *VIOLENCE* — No excessive violence nor explicit scenes of suicide shall be allowed.

4. *DRUGS* — Inexplicit use of the actual intake and preparation thereof, as well as the pleasures that are shown to be derived therefrom, may be shown only insofar as they are relevant to the thematic content or storyline of the movie.

E.   **NOT FOR PUBLIC VIEWING "X"** — Films classified "X" are films that are immoral, indecent, contrary to law and/or good customs and/to the best interest of the public in general, or any other legitimate public interest, such as, but not limited to those stated in Sections 6 and 7 of Chapter III hereof.

SECTION 9. Television Classifications and Guidelines. — Television Classifications are *"CHILDREN" (C); "GENERAL" (G); or "PARENTAL GUIDANCE" (PG).*

A.   **CHILDREN "C" CLASSIFICATION** — A program classified "C" shall not contain any material not suitable for children. Programs that fall under the "C" classification are shows which promote wholesome positive values that enhance the child's formative growth and development. The program shall not contain any scene portraying violence, sex and nudity, profane or obscene language.

B.   **GENERAL "G" CLASSIFICATION** — A program classified "G" shall not contain any material not suitable for children to watch without the guidance and supervision of a responsible adult. The following criteria shall be observed:

   1. *VIOLENCE* — Depiction of violence and the use of threatening language, weapons and special effects shall not tend to cause alarm, distress or stress and/or anxiety to children.

   2. *SEX AND NUDITY* — Scenes of sex and nudity shall not be allowed.
   3. *LANGUAGE* — Mild and spontaneous expletives like "ulol", "gago", "tarantado", "sirang-ulo", "walang-hiya" or words of the same meaning or usage in other Filipino dialects or double entendre may only be used infrequently and under exceptional circumstances and when absolutely justified by the storyline or program context. No obscene language and cuss words like "shit", " fuck", "leche", " putang-ina", animal and "coño" and other similarly objectionable words shall be allowed.

   4. *DRUGS* — No depiction of actual intake or usage of prohibited drugs or other illegal substances shall be allowed. Use of regulated drugs must be depicted with care.

   5. No depiction or even reference to scenes prohibited under Sections 6 and 7 of Chapter III, hereof.

C. **PARENTAL GUIDANCE "PG" CLASSIFICATION** — A program classified "PG" may contain adult themes or concepts, but must remain suitable for children to watch under the guidance and supervision of a parent or responsible adult. The following criteria shall be observed.

1. *VIOLENCE* — Any violence depicted must be inexplicit, and appropriate to the storyline or program context. No graphic, bloody or horrifying depictions of violence are permitted.

2. *SEX AND NUDITY* — Portrayal of nudity shall be inexplicit and may only be allowed when the story line or program context so necessitates (i.e. portrayal of ethnic culture).

3. *LANGUAGE* — Language which are offensive may only be used under exceptional circumstances when absolutely necessary to the story line or program context, and only infrequently. Obscene and profane language and cuss words like "shit", "fuck" "leche", " putang-ina" and "coño" and other similarly objectionable words shall not be allowed.

4. *DRUGS* — The actual intake of illegal drugs, as well as the preparation thereof and the pleasures derived therefrom, shall not be shown. Use of regulated drugs must be depicted with care:

5. *SUICIDE* — The depiction of suicide or attempted suicide shall be merely established and inexplicit, and shall not be depicted as the means of achieving a desired result, or as a remedy to stress, anxiety, depression or other problems.

6. *THEME* — Themes dealing with relevant moral and/or social issues shall be allowed provided they are factual, objective and balanced, and shall not detail scenes which may seriously distress or offend viewers.

SECTION 10. Guidelines for Movie Theater and Television Trailers. — Movie theater and television trailers are seen by a wide variety of audiences, including the impressionable minors. Thus, the utmost care and concern shall be exercised in the approval of trailers. Only trailers which are within the criteria and/or guidelines for *"General Patronage"* shall be approved. The following guidelines shall be strictly observed for movie theaters and television trailers:

1. *When violence is absolutely necessary to the storyline, it shall only be established, and in all cases interspersed with non-violent scenes, to include, titles, dialogues, credits, etc. with the primary objective of reducing the overall impact of violence.*

2. *Excessive violence, such as but not limited to, close-up shooting, stabbing, explicit torture scenes, hostage scenes with firearms or knives threatening the victim, suicide acts such as slashing of wrists, putting and/or pointing a gun to the temple or inside the mouth and karate chops resulting in blood oozing out of any part of the body, breaking of bones, blasting scenes with bodies being mangled, mutilated or blown-off shall not be allowed. Random shooting shall be briefly established. The impact of falling bodies shall not be shown.*

3. *Trailers which, although not showing the abovementioned scenes shall not be allowed if the trailers show an overall impact of violence.*

4. *For full-length trailers, only FIVE (5) blasting and shooting scenes for war movies; and, THREE (3) blasting and shooting scenes for non-war movies shall be allowed. For short trailers, THREE (3) blasting and shooting scenes for war movies; and, TWO (2) blasting and shooting scenes for non-war movies shall be allowed. In all cases, the blasting and shooting scenes shall be interspersed with non-violent scenes.*

5. *Explicit scenes depicting exploitation and abuse of minors, women and the elderly shall not be allowed.*

6. *Depiction of drug-taking and drug trafficking shall not be allowed.*

7. *Explicit and/or suggestive sex scenes, such as but not limited to, pumping sexual act, frontal nudity, breast exposure, including see thru clothing showing the private parts, torrid kissing, fondling of the body and sexual aberrations, and those mentioned in Section 7 of Chapter III hereof, shall not be allowed.*

8. *Obscene and profane language, cuss words like "shit", "fuck", "leche", "putang ina" and "coño" and other similarly objectionable words and double entendre words with vulgar or sexual connotations shall not be allowed. Other words like "ulol" "gago", "tarantado", "sirang-ulo", "walang-hiya" and the like shall be allowed when used in the proper context and with utmost restraint.*

9. *Commercial advertisements and trailers which are improper for children under eighteen years of age due to their advocating or unduly suggesting violence, vices, crimes and immorality, shall not be shown in any movie theater where the main feature is for general patronage nor shall they be used or shown during or immediately before and after any television or radio program for children.*

CHAPTER V

APPLICATION AND ISSUANCE OF PERMITS

SECTION 11. Who May Apply. — Any natural or juridical person authorized by law may apply for permit to import, export, produce, copy, distribute, sell, lease, publicly exhibit or broadcast by television, any motion picture, television program, television commercials or other related promotional materials, with respect to which use or appropriation he has by law, the corresponding right.

SECTION 12. Form and Requirements of Permit Application. — The application shall be in writing and in the form prescribed by the Board. It shall state, among other things, the kind of permit applied for, the name and address of the applicant, the title under which he holds the motion picture, television program, television commercial or related promotional material submitted, the film title, the nature of its content (whether comedy, action, romance, sex, commercial, etc.), a description of the quantity and physical characteristics of the film, program or material submitted. The application shall be under oath and accompanied by the following documents:

1. *A sworn statement by the producer or in case of imported films, by the importer or distributor declaring the exact number of prints of the picture, or material produced or imported;*

2. *A sworn certification, in case of locally produced films, by the film studio or laboratory, stating the exact number of film prints and footage it has processed and their footage and an undertaking not to process further copies without clearance by the Board;*

3. *The documents mentioned in Chapter IX in cases of importation or exportation of promotional materials; and,*

4. *Such other documents as the Board may from time to time require.*

SECTION 13. Application Fee. — No application shall be acted upon by the Board unless the applicant has fully paid the application fee in the amount to be prescribed by the Board.

SECTION 14. Application Period/Late Filing Fee. — The application together with the film prints shall be submitted to the Board at least TEN (10) working days before the applicant's playdate as stated in the application. The applicant shall pay a late filing fee in the amount to be prescribed by the Board for failure to comply with the TEN (10) days prior submission of the application and the film prints.

SECTION 15. Non-Action on Application. — The Board shall not act upon any application and/or conduct a review of any material and/or film print within FORTY-EIGHT (48) hours from its submission.

SECTION 16. Titles and Promotional Materials. — Titles and promotional materials shall be presented at least TEN (10) DAYS prior to the applicant's playdate and shall be acted upon on the basis of the synopsis of the film print and/or material and to its suitability for publication in print, moviehouses, television, billboard and sign media. In no case shall obscene, violent or suggestive titles and/or double entendre be allowed. Change of title of old or reissued films shall not be allowed. Old films shall carry their original title retained both in the feature print and all advertising, promotional, publicity and merchandising materials with the word "REISSUE" printed in bold letters under the original title, unless a change of title is required by the Board.

SECTION 17. Approval of Print and Sign Advertisements. — Application for permit to use print and sign advertisement related to motion pictures, such as, advertisement copies, still photos (8" x 10"), photoframes, leaflets, posters and billboards, layouts shall be decided by the Chairman of the Board or Vice-Chairman or referred for action to a Three (3) Board Member Committee designated by the Chairman. In the absence of both the Chairman and the Vice-Chairman, the Executive Director shall handle the task of routing these movie promotional materials to three (3) Board Members to secure their approval. The decision rendered by the Chairman of the Board shall be deemed final.

SECTION 18. Notice of Approval, Conspicuous Display of Rating/Classification. — The Board's notice of approval, rating and/or classification of a film print shall be announced and/or exhibited on the projector screen immediately preceding the showing/exhibition of said film print, and, shall be conspicuously and legibly displayed on newspaper advertisements and other promotional materials.

SECTION 19. Live Television Programs and Talk Shows. — Live television programs shall be taped on air (TOA) and shall be submitted to the Board for review within FORTY EIGHT (48) HOURS from its telecast. Live television talk shows and noontime variety shows shall have a PARENTAL GUIDANCE "PG" format. Officers and/or owners of the television networks and production companies broadcasting said live shows shall be held responsible for any breach or violation of any existing pertinent law arising from or by reason of the telecast of such live presentations.

SECTION 20. Exempted Films. — Upon application and for good and legitimate cause, the Board may grant exemptions from the requirements of prior review. This exemption shall only be applicable to bonafide educational, documentary, cultural, public service, and instructional films locally produced or imported. The owners/producers of said movies and officers and owners of said television networks and studios shall be held responsible for any breach and/or violation of any existing pertinent law, Presidential Decree No. 1986 and these implementing rules and regulations. The exemption is revocable.

SECTION 21. Deletion and/or Cuts. — Deletions and/or "cuts" made shall be executed on ALL positive prints of the film print and shall be deposited with the Board.

CHAPTER VI

PROCEDURE ON REVIEW

SECTION 22. Designation of Reviewers. — The Chairman of the Board or, thru a committee of at least THREE (3) Board Members present or, as the exigencies of the situation dictate, shall designate the members of the review committees.

No Board Member shall be designated member of a review committee wherein said Board Member has, or whose relative within the third civil degree of consanguinity, participated whether as producer, director, actor, scriptwriter, etc., in the production of the particular motion picture, television program, television commercial, or other related production, which is the subject of the committee review.

No Board Member shall be designated member of a review committee to review materials of a television network wherein said Board Member, or whose relative within the third civil degree of consanguinity, is an officer of said television network.

SECTION 23. Committee on First Review. —

a. *The Committee on First Review shall be composed of at least THREE (3) board members, the chairman of which shall be designated by the Chairman of the Board;*

b. *The decision of the Committee on First Review shall be rendered by a majority vote within TEN (10) DAYS from receipt of the application and film print;*

c. *In the event of diverse decisions, the Chairman of the Board shall designate TWO (2) additional committee members in order to reach a majority decision;*

d. *In case of disapproval, the applicant may file a Motion For Reconsideration within FIVE (5) DAYS from notice of the decision;*

e. *An applicant desiring a change in the classification rating granted his film may file a Motion For Reclassification within FIVE (5) DAYS from notice of the decision. The decision of the Second Review shall prevail over the first classification;*

f. *The decision including the dissenting opinion, if any, shall immediately be submitted to the Chairman of the Board for transmission to the applicant.*

SECTION 24. Committee on Second Review. —

a. *Upon receipt of the Motion For Reconsideration or Motion For Reclassification, the Chairman of the Board shall designate a Committee on Second Review composed of FIVE (5) board members to conduct a second review of the subject film print or material. ONE (1) member from the Committee on First Review may be required to review with the Committee on Second Review as an observer and/or consultant;*

b. *The Committee on Second Review shall be presided by the Chairman of the Board or the Vice-Chairman or a Board Member designated by the Chairman of the Board;*

c. *The decision of the Committee on Second Review shall be rendered by a majority vote within FIVE (5) DAYS from receipt of the Motion For Reconsideration;*

d. *The decision, including the dissenting opinion, if any, shall be immediately submitted to the Chairman of the Board for transmittal to the applicant.*

SECTION 25. Committee Review Deemed Terminated. — A committee review shall be deemed terminated only after the committee has rendered a decision in writing with notice to the applicant.

SECTION 26. Decision. — Every decision of the Board shall be in writing stating the reasons or grounds therefor. A decision disapproving a material shall indicate whether the material is disapproved in its entirety or by reason of a particular scene or scenes.

SECTION 27. Final Decisions. — The decision of the Committee on Second Review on the rating, classification or disapproval of a film print on the ground of specific objectionable scene/s under Section 4, Chapter III hereof shall be FINAL.

SECTION 28. Custody of Disapproved Film Prints. — The film prints, as disapproved, shall remain in the custody of the Board for proper disposition.

CHAPTER VII

APPEAL

SECTION 29. Appealable Decisions. — The applicant may appeal only decisions of the Committee on Second Review disapproving or prohibiting a motion picture or television program in its entirety under Section 6, Chapter III hereof, to the President of the Philippines, who may himself decide the appeal, or be assisted by either an ad hoc committee he may create or by the Appeals Committee.

SECTION 30. Appeal, How Perfected. — An appeal shall be perfected within FIFTEEN (15) DAYS from notice of the decision by filing with the Board a notice of appeal and payment of the appeal docket fee.

SECTION 31. Transmittal of Film Prints and/or Records. — Upon perfection of the appeal, the Board shall send notice to the Office of the President of said appeal and transmit the film prints and/or records subject of the appeal to the Office of the President.

SECTION 32. Appeals Committee. — The Appeals Committee shall be composed of a Chairman and four (4) members to be appointed by the President of the Philippines, which shall submit its recommendation to the President. The Office of the Presidential Assistant for Legal Affairs shall serve as the Secretariat of the Appeals Committee. The decision of the President of the Philippines on the appealed matter shall be final.

CHAPTER VIII

PERMIT HOLDERS

SECTION 33. Restriction in the Use of Permit. — Permit holders shall use such permit only for the purpose or purposes stated therein. He shall preserve the integrity of the motion picture, television program or related publicity material in the conditions they were approved, guarding against insertions of a disapproved matter.

SECTION 34. Duties of Permit Holders. — Moviehouses, and television network owners and their managers, as well as the operators of cinema and cable television shall have the following duties and responsibilities:

   a. *Only television programs, television commercials, advertisements and other related promotional materials approved and classified by the Board as suitable for general patronage or parental guidance may be broadcast. "Parental Guidance" shall be superimposed on programs classified as such;*

b. In the case of motion pictures, a classification advisory of the Board shall precede the showing of all movies. A copy of the "Permit to Exhibit" shall be publicly posted on the ticket booth while the "Board Classification" shall be prominently displayed on a three (3) feet high standee in the lobby of the theater. In case two (2) films are presented as double features, the more restrictive classification shall govern the announcement and admission into the theater. Only the Board's classification shall be displayed on said standee;

c. Permit-holders shall immediately report to the Board any noticeable insertions or additions that are patently objectionable on the basis of the existing guidelines for review provided for in Chapters III and IV; and,

d. Persons not qualified under the following Board classification shall not be allowed entry. Owners and operators of moviehouses shall strictly adhere to the following classifications:

1. *(RESTRICTED — 18) -* For adults only, to mean for persons EIGHTEEN (18) YEARS AND ABOVE;

2. *"PG-13" — (PARENTAL GUIDANCE — 13)* - For persons THIRTEEN (13) YEARS AND ABOVE;

3. *"'PG-7" — (PARENTAL GUIDANCE — 7)* - For persons SEVEN (7) YEARS AND ABOVE ACCOMPANIED BY AN ADULT; and,

4. *(GENERAL) -* FOR ALL AGES.

CHAPTER IX

IMPORT AND EXPORT OF FILMS

SECTION 35. Import of Films. — Imported motion pictures, television programs or related promotional materials shall not be released from the Bureau of Customs without the required permit issued by the Board. Such permit shall be issued upon proper application, payment of fees and submission of documents indicating the title and nature, the quantity, the physical description, and the imported films country of origin.

SECTION 36. Disposition of Imported Films Determined to be not Suitable for Public Exhibition. — In case the motion pictures, television programs and related promotional materials are declared, NOT SUITABLE FOR PUBLIC EXHIBITION in the Philippines, the same shall be ordered returned to the country of origin within THIRTY

(30) DAYS from receipt by the importer of a copy of the Board's final decision. A true copy of the Board's decision shall be forwarded to the Commissioner of Internal Revenue and the Collector of Customs. The importer shall submit to the Board proof of compliance within TEN (10) DAYS from the expiration of the THIRTY (30) DAYS period.

SECTION 37. Export of Films. — No motion picture, television program or related promotional material may be exported outside the Philippines without a permit to export issued by the Board. Such permit shall be issued upon proper application, payment of fees, and submission of documents indicating the title and nature, the quantity, the physical description and the country of destination. Whenever a version different from that previously approved by the Board for local exhibition is to be exported, a separate review in accordance herewith shall be undertaken.

CHAPTER X

REGISTRATION OF PERSONS UNDER THE BOARD'S JURISDICTION

SECTION 38. Registration. — All persons and entities authorized by law engaged in the movie and television industry, to include: Importers, Exporters, Film Studios or Laboratories, Television Networks, Cable Television Operators, Movie Producers, Television Program Producers, Television Commercial Studios, Distributors or Booking Agents, Theaters or Moviehouses and Foreign Film Producers, or activities falling under the supervision and regulation of the Board as provided in Section 3(d) of Presidential Decree 1986 shall register with the Board.

The aforecited activities shall include the following:

Importation, exportation, production, copying, distribution, sale, lease, exhibition, and/or television broadcast of all motion pictures, television programs, television commercials and other promotional materials shall register with the Board.

SECTION 39. Application for Registration. — Persons required to register with the Board shall accomplish the prescribed form, submit true copies of documents attesting to the authority to do business in the Philippines, and pay the registration fee fixed by the Board. **A CERTIFICATE OF REGISTRATION** shall be issued by the Board accordingly.

SECTION 40. Effectivity of Registration. — The **CERTIFICATE OF REGISTRATION** issued by the Board shall be effective for ONE (1) YEAR, renewable every year, unless earlier cancelled by the Board for cause.

CHAPTER XI

BOARD REPRESENTATIVES

SECTION 41. Appointment. — Any Filipino citizen of legal age and of good community standing may, upon recommendation of a member of the Board, be appointed as Board Deputy to assist in overseeing the implementation of laws and rules relating to the public exhibition of motion pictures, television programs and promotional materials falling within the jurisdiction of the Board. The person so appointed shall not be entitled to compensation and his appointment is revocable.

SECTION 42. Scope of Duties and Authority. — A Board Deputy, when issued a valid appointment and identification card, shall have the authority to inspect all public exhibition of any motion picture or promotional material in moviehouses, theaters and other public establishments and may demand the production of the appropriate permit for such exhibition. Upon discovery of any violation, he shall immediately report such violation to the Board. The Board representative may be accompanied by another person who shall act as witness. The Deputy shall be accountable to the Board and shall be obliged to give a report of his activities to the Chairman.

CHAPTER XII

NATIONAL AND LOCAL REGULATORY COUNCIL

SECTION 43. National Regulatory Council. — The Board may constitute and organize a National Regulatory Council for Motion Pictures and Television, to be headed by the Chairman, the composition of which shall be drawn and designated from appropriate government agencies, from associations belonging to the movie and television industry, and from civic or religious organizations. The Council shall advise the Board on problems relevant to the implementation of the objectives of Presidential Decree 1986 and its implementing rules and regulations. They shall serve without compensation and for such period of time as the Chairman of the Board shall determine.

SECTION 44. Local Regulatory Council. — The Board may also constitute and organize Local Regulatory Councils in every province, city or municipality in the Philippines whose head and members it may designate from local government agencies, from local associations belonging to the movie and television industries and from local civic or religious organizations. Such Local Regulatory Councils shall assist the Board in the implementation of Presidential Decree 1986 and Implementing Rules and Regulations. They shall serve without compensation and for such period of time as the Chairman of the Board shall determine.

CHAPTER XIII

VIOLATIONS AND ADMINISTRATIVE SANCTIONS

SECTION 45. Offenses and Administrative Sanctions. — Without prejudice to the institution of appropriate criminal action, any violation of Presidential Decree 1986 and the implementing Rules and Regulations governing motion pictures, television programs, and related promotional materials shall be administratively penalized with suspension or cancellation of permits and/or licenses issued by the Board and/or the imposition of other administrative penalty/penalties.

SECTION 46. Hearing and Adjudication. —

a) *Any administrative complaint for violation of Presidential Decree 1986 and its implementing Rules and Regulations shall be initially heard by the Chairman of the Board. If the alleged offender admits the charges, then the Chairman shall impose the appropriate penalty. If the alleged offender does not so admit, then the Chairman shall refer the case to the Hearing and Adjudication Committee composed of at least THREE (3) BOARD MEMBERS designated by the Chairman. At least one of the Hearing and Adjudication Committee members shall be a member of the Philippine Bar. In case of finding of guilt, the Committee shall impose the appropriate penalty. The technical rules on procedures and evidence shall be suppletory. The Decision of the Chairman of the Board or the Committee shall be final.*

b) *The Chairman of the Board may, in the public interest and on finding of probable cause order the preventive seizure of offending motion pictures and related promotional materials, and/or suspension of the permit or permits involved, and/or closure of the erring moviehouse or television network or establishment. The Chairman of the Board may also order the temporary dismantling or tearing down of public signs and billboards that are in violation of law and these Rules. The temporary orders thus issued shall not exceed more than twenty (20) days from the date of Issuance.*

CHAPTER XIV

OTHER PROVISIONS

SECTION 47. Repeal. — Any prior rule, regulation, circular, or order that is inconsistent with the above provisions shall be deemed amended, modified or repealed.

SECTION 48. Effectivity. — These Rules and Regulations of the Board shall become effective FIFTEEN (15) DAYS after publication in TWO (2) NEWSPAPERS of general circulation in the Philippines.

- ✳ ***No date supplied Amended Rules and Regulations Implementing MTRCB***

- ✳ ***No date supplied***

Appendix D

a) AMENDED RULES AND REGULATIONS IMPLEMENTING MOVIE AND TELEVISION REVIEW AND CLASSIFICATION BOARD (MTRCB)

Pursuant to Section 3(a) of Presidential Decree 1986, the Movie and Television Review and Classification Board (MTRCB), hereby enacts and promulgates the following Rules and Regulations:

CHAPTER I

DEFINITION OF TERMS

SECTION 1. Meaning of Terms Used. — As used in these Rules and Regulations, the following terms shall mean:

a. **BOARD** — The Movie and Television Review and Classification Board (MTRCB) created under Presidential Decree 1986;

b. **MOTION PICTURE** — A series of pictures projected on a screen in rapid succession, with objects shown in successive positions slightly changed so as to produce the optical effect of a continuous picture in which the object move, whether the picture be black and white or colored, silent or with accompanying sound, on whatever medium with whatever mechanism or equipment they are projected or recorded for instant projection. For the purpose of these Rules, the material in which the motion picture is contained, preserved, or recorded, forms an integral part of the motion picture subject of these Rules. The term film is here used synonymously with motion picture.

c. **TELEVISION BROADCAST** — Public showing by transmitting sound or images by television or similar equipment, including cable television and other limited audience distribution;

d. **THEATRICAL DISTRIBUTION** — Public showing or exhibition of motion pictures in theaters, movie houses, or any other places imposing admission fees to persons for entertainment, education, information and advertisement;

e. **NON-THEATRICAL DISTRIBUTION** —

> *1. The public showing of long or short motion pictures through the use of mobile projection equipment, for which no admission fee is charged.*

> *2. The showing of long or short motion pictures exclusively to members organization, societies, clubs and other similar groups, including juvenile, educational, documentary, cultural, scientific, journalistic, industrial, sales, public relations and instructional films.*

f. **GENERAL VIEWING** — Refers to motion pictures made available to the general public for its viewing whether through film packs or public lending clubs or similar organizations;

g. **GENERAL PATRONAGE OR G.** — A classification of motion pictures admission to which is open to persons of all ages;

h. **PARENTAL GUIDANCE OR P.** — A classification of motion pictures cautioning parents on the delicate content of the film and the need for parental guidance in its appreciation;

i. **RESTRICTED or R** — A classification of motion pictures admission to which is limited to adults. Adults, for the purpose of these Rules, are persons eighteen (18) years of age or over;

j. **NOT FOR PUBLIC VIEWING OR X** — A classification of motion pictures disapproved by the BOARD for public exhibition or television broadcast;

k. **TELEVISION PROGRAM** — Any matter to be aired or broadcasted on television including live programs, product and service advertisements, teleplays, motion pictures originally shown in moviehouses or elsewhere;

l. **LIVE PROGRAMS** — Any television program containing events which are happening simultaneously as it is actually being shown. Pre-taped portions of these live programs shall not be considered live; cdt

m. **NEWSREELS** — Refers to straight news reporting as distinguished from news analyses, commentaries and opinions. Talk shows on a given issue are not considered newsreels;

n. **PUBLICITY MATERIALS** — Any material employed to generate public interest in a motion picture, including film, TV and radio trailers, advertisement copies, still photos, leaflets, posters and billboards;

o. **REVIEW** — The process of examining motion pictures, television programs and related publicity materials and determining whether, using the standards set by law, they are fit for importation, exportation, production, copying, distribution, sale, lease, exhibition or broadcast by television. The process includes the determination as to what audience classification the film may be exhibited.

CHAPTER II

GUIDING PRINCIPLES

SECTION 2. Guiding Principles. — The BOARD recognizes the important roles that motion pictures and television play in society, as educator of the great masses of the people, as merchant of diversion and entertainment, and as motivator in life. As media of expression, motion pictures and television are also indispensable to the exercise of freedom and liberty of communication and the development of the entertainment arts. At the same time, however, the BOARD is conscious of the State's concern that motion pictures and television, invested as they are with public interest, have to be shielded from those who would prostitute their functions in society, violate laws, public morals and good customs, and corrupt the minds of the young. The BOARD's task, as mandated by law, is to safeguard these values without nullifying the salutary services that motion pictures and television render to the community and the individual.

CHAPTER III

SCOPE OF AUTHORITY TO REVIEW

SECTION 3. Matters Subject to Review. — All motion pictures, television programs and publicity materials, as defined in Chapter 1 hereof, whether these be for theatrical or non-theatrical distribution, for television broadcast or general viewing, imported or produced in the Philippines, and in the latter case, whether they be for local viewing or for export, shall be subject to review by the BOARD before they are exported, imported, copied, distributed, sold, leased, exhibited or broadcast by television.

SECTION 4. Governing Standard. —

a) The BOARD shall judge the motion pictures and television programs and publicity materials submitted to it for review, using as standard contemporary Filipino cultural values, to abate what are legally objectionable for being immoral, indecent, contrary to law and good customs, injurious to the prestige of the Republic of the Philippines or its people, or with a dangerous tendency to encourage the commission of violence or of a wrong or crime such as but not limited to:

    I.   *Those which tend to incite subversion, insurrection, rebellion or sedition against the State, or otherwise threaten the economic and/or political stability of the State;*

    II.   *Those which tend to undermine the faith and confidence of the people in their government and/or the duly constituted authority;*

    III.   *Those which glorify criminals or condone crimes;*

IV.   Those which tend to abet the traffic in and use of prohibited drugs;

V.   Those which are libelous or defamatory to the good name and reputation of any person, whether living or dead;

VI.   Those which may constitute contempt of court or of any quasi-judicial tribunal, or pertain to matters which are sub judice in nature;

VII.   Those which clearly constitutes a malicious attack against any race, creed or religion, or against different sectors of the community like women, youth, cultural communities, the handicapped and urban poor sectors.

PORNOGRAPHY — As here used is synonymous with obscenity the test of which is whether to the average person, applying contemporary community standards, the dominant theme of the material taken as a whole appeals to prurient interest. This includes: a) patently offensive or demeaning representations or descriptions of ultimate sexual acts, normal or perverted, actual or simulated, including but not limited to zooerastia, and anal or oral sexual intercourse; b) patently offensive representations or scatological descriptions of masturbation, excretory functions and lewd exhibition of the genitals, and c) explicit sexual exploitation of children.

VIOLENCE — As here used refers to that which can arouse a person especially children and the youth, to instigate copying or imitation of aggressive and anti-social acts, and shape the values of the person regarding a variety of undesirable and anti-social behavior. This includes brutal behavior leading to violation of human rights and dignity, sexual assault and other perversions, moral and physical abuse of children and explicit detail of carnage.

b) No film or motion picture, television program or publicity material intended for exhibition at moviehouses or theaters or on television shall be disapproved by reason of its topic, theme or subject matter, but upon the merits of each picture considered in its entirety.

c) Titles and publicity materials shall be presented in advance and shall be approved or disapproved in the light of the synopsis of the film submitted by the applicant and shall be judged as to their suitability for publication in print, moviehouses, TV, billboard and sign media. In no case shall obscene, violent or suggestive titles be allowed. Old films with new titles shall be indicated in their application and in the publicity materials of such films.

SECTION 5. Board Action. —

a) After review, the BOARD shall approve or disapprove or prohibit the importation, exportation, copying, distribution, sale, lease, exhibition or television broadcast of the motion pictures, television programs and publicity materials thus reviewed.

b)   The BOARD, shall not, as a general rule, order deletions or cuts in films but shall merely give them classification ratings in accordance with the law and these Rules. Films that it disapproves shall bear the X classification and those it approves, the G, P or R classification. Films that are approved for exhibition in moviehouses shall, unless re-edited, be given the same classification by the BOARD if shown on television provided that only films with G classification shall be authorized by the BOARD for showing on television from 6:00 a.m. to 8:00 p.m. and those with P classification from 8:00 p.m. to 6:00 a.m. Films carrying the R or X classification shall not be allowed for television broadcast.

c)   Live programs on television shall not require prior review and approval by the BOARD but television studios shall give the BOARD at least 48 hours advance notice regarding the title and contents of such programs before they are aired or broadcast. In any event, television, studios, their officers and managers, shall be responsible for any breach or violation of any pertinent law existing from such live presentation. They shall see to it that no scenes objectionable under Presidential Decree 1986 or these Rules shall be shown. These programs shall be submitted for post-review within 48 hours after airing. Moreover, should there be matters that are prohibited for television exhibition, under Presidential Decree 1986 and these Rules, the BOARD shall require pre-taping of the program or its sequel for post-review and approval.

d)   Where deletions or cuts are ordered made, the BOARD shall have these executed on the positive prints of the film but it shall require that the master negative be deposited with its Film Archives for safekeeping, subject to the applicant's use for export and other lawful purpose.

SECTION 6. Exempted Films. — Upon application by proper parties and for good cause given, the BOARD may grant exemptions from the requirements of proper view and approval to bona fide, educational, documentary, cultural, sales, public service, public relations, and instructional films produced or imported by such parties. The television studios, their officers and managers, shall be responsible for any breach or violation of any pertinent law existing from such presentations. They shall see to it that no scenes objectionable under Presidential Decree 1986 and these Rules are shown. Furthermore, these exemptions can any time be revoked by the BOARD.

CHAPTER IV

PROCEDURE FOR REVIEW AND ISSUANCE OF PERMITS

SECTION 7. Requirements of Prior Review. — No motion picture, television program or related publicity material shall be imported, exported, produced, copied, distributed,

sold, leased, exhibited or broadcast by television without prior permit issued by the BOARD after review of the motion picture, television program or publicity materials.

SECTION 8. Who May Apply. — Any person authorized by law may apply for permit to import, export, produce, copy, distribute, sell, lease, exhibit or broadcast by television, any motion picture, television program or related publicity materials with respect to which use or appropriation he has by law, the corresponding right. For the purpose of these Rules, however, the applicant who submits the motion picture, television program or publicity material to the BOARD for review and approval presumably has the necessary right to use and dispose of it for the reason applied for and, unless enjoined by appropriate authority, the motion picture, program or material and the permit, if issued, shall be released by the BOARD to him.

SECTION 9. Form and Requirements of Application. — The application shall be in writing and in the form of prescribed by the BOARD. It shall state, among other things, the kind of permit applied for, the name and address of the applicant, the title under which he holds the motion picture, television program or publicity material submitted, the film title, the nature of its content (whether comedy, action, romance, sex, commercial, etc.), a description of the quantity and physical characteristics of the film, program or material submitted and the film desired by the applicant. The application shall be under oath and accompanied by the following documents:

a) *A sworn statement by the producer or, in the case of imported films by the importer or distributor declaring the exact number of prints of the picture, television programs or material produced or imported.*

b) *A sworn certification, in case of locally produced films by the film studio or laboratory, stating the exact number of film prints it has processed and their footage, and undertaking not to process further copies without clearance by the BOARD.*

c) *In case of applicants not previously registered with the BOARD for the business subject of the application, certified copies of the applicant's authority to conduct business in the Philippines such as its articles of incorporation and by-laws approved by the Securities and Exchange Commission in case of registered corporation, the articles of partnership and association registered with the appropriate government office in case of partnerships and similar associations, and the business permit and related documents, in case of individual natural persons;*

d) *The documents mentioned in Section 18 and 19 below in cases importation or export of motion pictures, television programs or publicity materials, and*

e)   *Such other documents as the BOARD may from time to time require, if material and relevant to the exercise of its functions.*

The application together with the film prints shall be submitted to the BOARD at least five (5) working days before the playdate stated in the application. If the submission is delayed, the applicant shall pay a penalty of P1,000.00 for every day of delay.

SECTION 10. Application Fee. — No application shall be acted upon unless the applicant has fully paid the application fee fixed by the BOARD for that purpose.

SECTION 11. Review by Sub-Committee of Three:

a) *A proper application having been filed, the Chairman of the Board shall, as the exigencies of the service may permit, designate a Sub-committee of at least (3) Board Members who shall meet, with notice to the applicant within ten (10) days from receipt of the completed application;*

b) *Immediately after the review, the applicant or his representative shall withdraw to await the results of the deliberation of the sub-committee. After reaching a decision, the sub-committee shall summon the applicant or his representative and inform him of its decision giving him an opportunity either to request reconsideration or to offer certain cuts or deletions in exchange for a better classification;*

    The decision shall be in writing, stating, in case of disapproval of the film or denial of the classification rating desired or both, the reason or reasons for such disapproval or denial and the classification considered by the Sub-committee as appropriate for the motion picture. A member of the Sub-committee dissenting from the majority opinion may express his dissent in writing;

c) *The decision including the dissenting opinion, if any, shall immediately be submitted to the Chairman of the BOARD for transmission to the applicant.*

SECTION 12. Review by Committee of Five. — Within five (5) days from receipt of a copy of the decision of the Sub-committee referred to in the preceding Section, the applicant may file a motion for reconsideration in writing of that decision. On receipt of the motion, the Chairman of the BOARD shall designate a Committee of five (5) Board Members which shall consider the motion and within five (5) days of receipt of such motion, conduct a second review of the subject film. The review shall, to the extent applicable, follow the same procedure provided in the preceding section.

SECTION 13. Re-Classification. — An applicant desiring a change in the classification rating given his film by the Sub-committee of three may re-edit such film and apply anew with the BOARD for its review and classification.

SECTION 14. Appeal. — The decision of the Committee of five (5) Board Members in the second review shall be final, with the exception of the decision disapproving or prohibiting a motion picture in its entirety which shall be appealable to the President of the Philippines who may himself decide the appeal or refer it to the appeals committee in the Office of the President for adjudication.

SECTION 15. Approval of Print and Sign Advertisements. — Applicants for permit to use print and sign advertisement related to motion pictures such as advertisement copies, still photos, leaflets, posters and billboard layouts shall be decided by the Chairman or referred for action to a Board Member designated by the Chairman. The decision of either shall be final.

CHAPTER V

DUTIES OF APPLICANT AND OTHER PERSONS USING THE PERMIT

SECTION 16. Restriction in the Use of Permit. — The applicant to whom the permit has been issued by the Board shall use such permit only for the purpose of purposes stated in it. He shall preserve the integrity of the motion picture, television programs, or related publicity materials in the condition they were approved, guarding against insertions in or additions to them of unapproved matters.

SECTION 17. Duties of Exhibitors. — Moviehouses and Television studio owners and their managers, as well as the operators of limited audience cinema and cable television shall have the following duties and responsibilities:

a) *They shall exhibit only motion pictures, television programs, and related publicity materials covered by appropriate BOARD permit. In case of television broadcast whose kind of audience cannot be controlled, only television programs and publicity materials classified by the BOARD as suitable for general patronage or with parental guidance may be broadcast as provided in Section 5(b) above. In the later case, the words "Parental Guidance" shall be superimposed on the show;*

b) *In every case, they shall see to it that any exhibition of films approved by the BOARD shall be preceded by a short announcement on screen showing the BOARD classification of the film and the fact that it has been approved by the BOARD for public viewing. Theater owners and their managers shall, in addition, prominently display a copy of the permit to exhibit in front of the ticket office and maintain a three-feet high standee on the lobby announcing the BOARD's classification of the film. In case two (2) films are presented as double features, the more restrictive classification shall*

govern the announcement and admission into the theater. Only the MTRCB's classification shall be displayed.

c) They shall preserve the integrity of the motion picture, television program and publicity materials approved by the BOARD, and in this connection, report immediately to the BOARD any noticeable insertions or additions to them that are patently objectionable considering the existing standards of review provided for in Section 4 above;

d) In cases of moviehouses and other places of exhibition open to the public, the owners and their managers shall, in case the film being exhibited is for adults only, screen and refuse admission to persons below eighteen (18) years of age, or in case the film is with parental guidance classification, those seven (7) years of age and below and in case of parental guidance 15 classification, those who are below fifteen (15) years of age and order the exclusion of such persons if, by some device, they have gained illegal entrances into the premises. In case of doubt, the film exhibitor or his agent shall demand his residence certificate or other proofs of age.

e) Holders of approved layouts bearing the stamp of the BOARD shall, when using such advertisements, cause to be stated on them the BOARD's classification of the film.

CHAPTER VI

IMPORT AND EXPORT OF FILMS

SECTION 18. Import of Films. —

a) Imported motion pictures, television programs or related publicity materials shall not be released from customs custody without prior permit to import issued by the BOARD. Such permit shall be issued upon proper application, payment of fees and submission of documents indicating the title and nature, the quantity, the physical description, and the country of origin of the imported film;

b) In case the motion picture, television program, and related publicity materials are, after review, declared unfit for exhibition in the Philippines, they shall be ordered returned to the country of origin or elsewhere outside the Philippines within thirty (30) days from receipt by the importer of a copy of the BOARD's decision. A true copy of the BOARD's decision shall be forwarded to the Commissioner of Internal Revenue and the Collector of Customs pursuant to Section 12 of the Presidential Decree 1986. In every case the importer shall present to the BOARD proof of compliance with its order within thirty (30) days thereof. If the order of export is

not complied with, the BOARD shall order the confiscation of the said film or television program.

SECTION 19. Export of Films. — No motion picture, television program or related publicity material may be exported outside the Philippines without a permit to export issued by the BOARD. Such permit shall be issued upon proper application, payment of fee, and submission of documents indicating the title and nature, the quantity, the physical description and the country of destination of the film to be exported. Whenever a version different from that previously approved by the BOARD from local exhibition is to be exported, a separate review in accordance with the procedure prescribed in Section 11 and 12 above shall be undertaken.

CHAPTER VII

REGISTRATION OF PERSONS UNDER THE BOARD'S JURISDICTION

SECTION 20. Who Are Required to Register — All persons engaged in business or activities falling under the supervision and regulation of the BOARD as provided in Section 3 (d) of Presidential Decree 1986 shall register with the BOARD for the purpose of the exercise of such supervision and regulation. These shall include the following persons and entities:

a) Importers
b) Exporters
c) Film Studios or Laboratories
d) Television Studios
e) Cable TV Operators
f) Producers
g) Distributors or Booking Agents
h) Theaters or Moviehouses

SECTION 21. Application for Registration. — Persons required to register with the BOARD shall accomplish the prescribed form, submit true copies of documents attesting to authority to do business in the Philippines, and pay the registration fee fixed by the BOARD. A certificate or registration shall be issued by the BOARD to every person complying with the requirement of registration.

SECTION 22. Privileges of Registrants. — All persons registered with the BOARD shall be entitled to the following privileges:

a) The privileges of transacting business with the BOARD without the need of providing his existing authority to do business in the Philippines;

b) The privilege of being placed in the mailing list of the BOARD for circulars and other communications affecting his line of business;

c) The privilege of being consulted and invited to attend discussions with the BOARD concerning issues that affect him; and

d) Such other privileges as the BOARD may from time to time grant registrants.

SECTION 23. Effectivity of Registration. — The certificate of registration issued by the BOARD shall be effective for one (1) year renewable every year unless earlier cancelled by the Chairman of the BOARD or upon dissolution of the registered firm or death of the registrar. Changes in the judicial status of the register, in his address, and the important aspects of his business must be communicated immediately to the BOARD.

CHAPTER VIII

BOARD REPRESENTATIVES

SECTION 24. Appointment. — Any Filipino Citizen of legal age and of good community standing may, upon recommendation of a member of the BOARD, be appointed as Board representative to assist in overseeing the implementation of laws and rules relating to the public exhibition of motion pictures, television programs and publicity materials falling within the jurisdiction of the BOARD. The person so appointed shall not be entitled to compensation and his appointment is revocable at anytime.

SECTION 25. Scope of Duties and Authority. — A Board representative, when issued a valid appointment and identification card, shall have the authority to inspect all public exhibition of any motion pictures or publicity materials in moviehouses, theaters and other public establishments and demand the production of the appropriate permit for such exhibition. Upon discovery of any violation of the law and these Rules, he shall immediately report such violations to the Chairman of the Board or his duly designated representative or to any officer or member of the Local Regulatory Council for proper action. For the purpose of exercising his authority and performing his duties, the Board representative may be accompanied by another who shall act as witness. The representative shall be accountable to the Board. He shall be obliged to give a report of his activities to the Chairman.

CHAPTER IX

NATIONAL AND LOCAL REGULATORY COUNCILS

SECTION 26. National Regulatory Council. — The Chairman of the Board may constitute and organize a National Regulatory Council for Motion Pictures and Television to be headed by him, whose members he shall draw and designate from appropriate government agencies, from associations belonging to the movie and television industry, and from civic or religious organizations. The Council shall advice the Board on problems concerning the implementation of the purposes and objectives of Presidential Decree 1986. They shall serve without compensation and for such period of time as the Chairman of the Board shall determine.

SECTION 27. Local Regulatory Council — The Chairman of the Board may also constitute and organize Local Regulatory Councils in every province, city or municipality in the Philippines whose head and members he may designate from local government agencies, from local associations belonging to the movie and television industry and from local civic or religious organizations. Such local regulatory councils shall assist the Board in the implementation of Presidential Decree 1986 and these Rules. They shall serve without compensation and for such period of time as the Chairman of the Board shall determine.

CHAPTER X

VIOLATIONS AND ADMINISTRATIVE SANCTIONS

SECTION 28. Offenses and Administrative Penalties. — Without prejudice to the institution of appropriate criminal action, violations of the laws and rules governing motion pictures, television programs, and related publicity materials shall be administratively penalized with suspension or cancellation of permits and licenses issued by the BOARD, depending on the gravity of the offenses or in lieu thereof, the Chairman of the BOARD or the Hearing and Adjudication Committee, in his or its discretion, allow the payment of an administrative fine by the guilty party. The imposition of the administrative penalties for violation of Presidential Decree 1986 of its rule shall be in accordance with the table of penalties duly promulgated by the BOARD.

SECTION 29. Hearing and Adjudication. —

a) *Any administrative violation of the laws governing motion pictures, television broadcast and related publicity materials as well as these Rules shall be initially heard by the Chairman. If the alleged offender admits the charges, then the Chairman impose the appropriate penalty. If the alleged offender does not so admit, then the Chairman shall refer the case to the Hearing and Adjudication Committee composed of at least three (3) Board members designated by the Chairman. At least one of the Hearing and Adjudication Committee member shall be a member of the Philippine Bar. In case of a finding of guilt, the Committee shall impose the appropriate penalty. The technical rules of evidence shall not bind the Chairman and the Committee but both shall observe fairness in the proceedings. The decision of either the Chairman or the Committee shall be final.*

b) *The Chairman of the Board may, in the public interest and on finding of probable cause order the preventive seizure of offending motion pictures and related publicity materials, suspension of the permit or permits involved, or closure of the erring moviehouse or establishment, or all such seizure, suspension, and closure. He may also order the temporary dismantling or tearing down of public sign and billboards that are believed to have been constructed in violation of law and these Rules. The temporary orders thus issued shall not, however, last more than twenty (20) days from the date of its issuance.*

CHAPTER XI

OTHER PROVISIONS

SECTION 30. Repeal. — Any prior rule, regulation, or order that is inconsistent with the above shall be deemed amended, modified or repealed.

SECTION 31. Effectivity. — These Rules and Regulations of the Board shall become effective fifteen (15) days after publication in two (2) newspaper of general circulation in the Philippines.

I hereby certify that the foregoing amended Rules and Regulations were approved by the Movie and Television Review and Classification Board on July 27, 1993.

(SGD.) VICENTE G. SALES
Board Secretary

REPUBLIC ACT NO. 8370
CHILDREN'S TELEVISION ACT OF 1997

b) *SECTION 1.*   *Title.* — This Act shall be known as the "Children's Television Act of 1997".

c) *SECTION 2.*   *Declaration of Policy.* — The State recognizes the vital role of the youth in nation-building and shall promote and protect their physical, moral, spiritual, intellectual and social well-being by enhancing their over-all development, taking into account sectoral needs and conditions in the development of educational, cultural, recreational policies and programs addressed to them.

d)

e)   Likewise, the State recognizes the importance and impact of broadcast media, particularly television programs on the value formation and intellectual development of children and must take steps to support and protect children's interests by providing television programs that reflect their needs, concerns and interests without exploiting them.

The State recognizes broadcasting as a form of mass communication guaranteed by the Constitution, the exercise of which is impressed with public interest, and which imposes upon the broadcast industry the social responsibility of ensuring that its activities serve the interest and welfare of the Filipino people.

SECTION 3. Definition of Terms. — For purposes of this Act, the following terms shall mean:
a)   *Children* — all persons below eighteen (18) years old;

b)   *Children's television* — refers to programs and other materials broadcast on television that are specifically designed for viewing by children;

c)   *Child-friendly programs* — refer to programs not specifically designed for viewing by children but which serve to further the positive development of children and contain no elements that may result in physical, mental and emotional harm to them. These include various formats and genre that appeal to children and are made available for all ages from early childhood to adolescence; and

d)   *Child-viewing hours* — hours which are considered to be appropriate for children to watch television taking into account other activities which are necessary or desirable for their balanced development.

SECTION 4. Establishment of a National Council for Children's Television. —
There is hereby established a National Council for Children's Television (NCCT),
hereinafter referred to as the Council, which shall be attached to the Office of the
President for purposes of administrative supervision.

      f)   The Council shall be composed of five (5) members who shall be appointed by
the President for a term of three (3) years: Provided, That of the first appointees:

a)   the term of the first set of two (2) members shall be for three (3) years;

b)   the term of the second set of two (2) members shall be for two (2) years;

c)   the term of the remaining member shall be for one (1) year.

The members of the Council shall elect a chairperson from among themselves.

      g)   Members of the Council shall be appointed on the basis of their integrity, high
degree of professionalism and having distinguished themselves as an authority in the
promotion of children's rights to responsible television programming and shall
represent the following sectors, namely: academe, broadcast media, child
development specialists, parents and child-focused non-government organizations
duly registered with the Securities and Exchange Commission (SEC) and with
membership preferably in all the cities and provinces throughout the country. The
nominees shall be nominated by their respective organization and the Council for the
Welfare of Children in consultation with the Advisory Committee.

The members of the Council shall serve and continue to hold office until their
successors shall have been appointed and qualified. Should a member of the Council
fail to complete his/her term, the successor shall be appointed by the President, but only
for the unexpired portion of the term.

The ranks, emoluments and allowances of the members of the Council shall be in
accordance with the Salary Standardization Law and other applicable laws.

SECTION 5. The Council Secretariat. — The Council shall organize a secretariat to
be headed by an Executive Director and with not more than twenty (20) personnel, as
may be determined by the Council. The Council shall determine the secretariat's staffing
pattern, determine the qualifications, duties, responsibilities and functions, as well as
compensation for the positions to be created by the Council upon recommendation of
the Executive Director subject to the National Compensation and Classification Plan
and other existing Civil Service rules and regulations.

SECTION 6. The Advisory Committee and Its Composition. — There is hereby
constituted an Advisory Committee which shall assist the Council in the formulation of

national policies pertaining to children's broadcast programs and in monitoring its implementation. The Council and the Advisory Committee shall meet at least once every quarter of a year.

The members of the Advisory Committee shall be composed of the following:

a) *the Executive Director of the Council for the Welfare of Children;*

b) *the Chairman or Executive Director of the National Commission for Culture and the Arts;*

c) *the President of the Kapisanan ng mga Brodkaster sa Pilipinas;*

d) *the President or Executive Director of the Philippine Association of National Advertisers;*

e) *Press Undersecretary/Officer-In-Charge of the Philippine Information Agency;*

f) *the Chairman of the Movie and Television Review and Classification Board; and*

g) *a representative from the National Telecommunications Commission.*

h) Whenever any member of the Advisory Committee is unable to attend, he or she shall designate a representative to attend as his or her alternate.

SECTION 7. Functions of the Council. — The Council shall have the following functions:

a.) *to formulate and recommend plans, policies and priorities for government and private sector (i.e. broadcasters, producers, advertisers) action towards the development of high quality locally-produced children's television programming, to meet the developmental and informational needs of children;*

b.) *to promote and encourage the production and broadcasting of developmentally-appropriate television programs for children through the administration of a national endowment fund for children's television and other necessary mechanisms;*

c.) *to monitor, review and classify children's television programs and advertisements aired during the hours known to be child-viewing hours in order to take appropriate action such as disseminating information to the public and bringing monitoring results to the attention of concerned agencies for appropriate action;*

d) *to formulate, together with the television broadcast industry, a set of standards for television programs shown during child-viewing hours and work closely with the industry for the adoption and implementation of said standards;*

e) *to initiate the conduct of research for policy formulation and program development and disseminate its results to broadcasters, advertisers, parents and educators on issues related to television and Filipino children;*

f) *to promote media education within the formal school system and other non-formal means in cooperation with private organizations;*

g) *to monitor the implementation of this Act and other existing government policies and regulations pertaining to children's broadcast programs, as well as to recommend and require the appropriate government agencies and/or self-regulatory bodies concerned to enforce the appropriate sanctions for violations of these regulations and policies based on their respective mandates;*

h) *to recommend to Congress appropriate legislative measures which will grant incentives for independent producers and broadcasters to encourage the production of quality local children's television programs; and*

i) *to act on complaints committed in violation of this Act with the goal of protecting children from the negative and harmful influences and to cause or initiate the prosecution of violators of this Act.*

SECTION 8. Submission of Comprehensive Media Program for Children. — Within one (1) year from the effectivity of this Act, the Council in consultation with the Advisory Committee shall submit to Congress a comprehensive development and protection program with the end in view of formulating policies on children's media programs, and recommending plans and priorities for government towards the promotion, development, production and broadcasting of developmentally-appropriate media programs for children. Likewise, it shall prescribe an appropriate set of criteria for evaluating programs with the end in view of establishing a Television Violence Rating Code.

Towards this end, the Council may consider internationally-accepted programs of action for children's television. More particularly, the Council shall be guided by the following standards herein to be known as *"The Charter of Children's Television"*:

a) Children should have programs of high quality which are made specifically for them, and which do not exploit them. These programs, in addition to being entertaining should allow children to develop physically, mentally and socially to their fullest potential;

b) Children should hear, see and express themselves, their culture, languages and life experiences through television programs which affirm their sense of self, community and place;

c) Children's programs should promote an awareness and appreciation of other cultures in parallel with the child's own cultural background;

d) Children's program should be wide-ranging in genre and content, but should not include gratuitous scenes of violence and sex;

e) Children's program should be aired in regular time slots when children are available to view and/or distributed through widely accessible media or technologies;

f) Sufficient funds must be made available to make these programs conform to the highest possible standards; and

g) Government, production, distribution and funding organizations should recognize both the importance and vulnerability of indigenous children's television and the steps to support and protect it.

SECTION 9. Allotment of Air time for Educational Children's Programs. — A minimum of fifteen percent (15%) of the daily total air time of each broadcasting network shall be allotted for child-friendly shows within the regular programming of all networks granted franchises or as a condition for renewal of broadcast licenses hereinafter, to be included as part of the network's responsibility of serving the public.

i) **SECTION 10. Implementing Rules and Regulations.** — The Council, in consultation with all appropriate government agencies and non-government organizations, shall issue the necessary rules and regulations for the implementation of this Act within ninety (90) days after its effectivity.

SECTION 11. Penalty. — In the exercise of its administrative function, the Council shall petition the proper government agencies and/or appropriate self-regulatory bodies to suspend, revoke or cancel the license to operate television stations found violating any provision of this Act and its implementing rules and regulations.

SECTION 12. The National Endowment Fund for Children's Television. — The creation of a National Endowment Fund for Children's Television, hereinafter referred to as the Fund, is created for the promotion of high standards of indigenous program development in children's television and media specifically intended for Filipino children. An amount of Thirty million pesos (P30,000,000) sourced from the income of the lotto operations of the Philippine Charity Sweepstakes Office (PCSO) and another

Thirty million pesos (P30,000,000) from the gross income of the Philippine Gaming Corporation (PAGCOR) shall form part of the Fund.

> a.   ***The Fund shall be created for the purpose of developing and producing high   quality television programs that are culturally-relevant and developmentally-appropriate for children.***
>
> b)   ***The Fund is intended to contribute to the development of media programs that contribute to Filipino children's awareness and appreciation for their cultural identity, national heritage and social issues that will in turn help them grow to be productive and nationalistic citizens.***
>
> c)   ***Access to the Fund shall be provided by the Council through a grant application process for qualified producers and organizations with proven track record in the production of high quality children's television programs. Necessary requirements are to be submitted to the Council for approval.***
>
> d)   ***Copyright for programs and products to be developed with assistance from the Fund will be jointly owned by the Council and the producers.***
>
> e)   ***Priority shall be given to independent producers and organizations or institutions including youth organizations who do not have access to the resources of a national network.***
>
> f)   ***The Council is authorized to accept grants, contributions or donations from private corporations and international donors for the National Endowment Fund for Children's Television: Provided, That such grants, contributions, or donations are exempted from donor's and donee's taxes: Provided, further, That these funds will be used strictly for the endowment fund.***

SECTION 13.   *Appropriations.* — For the initial operating expenses of the Council, the amount of Five million pesos (P5,000,000) is hereby appropriated out of the funds of the National Treasury not otherwise appropriated. Thereafter, it shall submit to the Department of Budget and Management its proposed budget for inclusion in the General Appropriations Act, approved by Congress.

SECTION 14.   *Separability Clause.* — If any provision of this Act is declared unconstitutional, the same shall not affect the validity and effectivity of the other provisions thereof.

SECTION 15.   *Repealing Clause.* — All laws, decrees, executive orders, presidential proclamations, rules and regulations or parts thereof contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 16. *Effectivity Clause.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

APPROVED: OCTOBER 28, 1997

Appendix F

ANIME SHOWN IN THE PHILIPPINES

1) Astroboy
2) Akazuchin Cha-Cha
3) Alice in Wonderland
4) Anne of Green Gables
5) Babel 2
6) BattleBall
7) BT'X
8) Candy-Candy
9) Cedie Ang Munting Prinsipe (Little Lord Fauntleroy)
10) Cyborg009
11) Daimos
12) Danguard Ace
13) Dog of Flanders
14) Dragonball Z
15) DragonQuest
16) EightMan After
17) Eto Rangers
18) G-Force
19) Gaiking
20) Galaxy Express 999
21) GhostFighter
22) Grandizer
23) Heidi
24) Huckleberry Finn
25) Hutch, Ang Batang Bubuyog
26) In the Beginning: Stories from the Bible
27) Kimba the White Lion
28) Laserion
29) Lensman
30) Little Samurai
31) Little Women
32) Little Women 2
33) Macross
34) Magical Knight Rayearth
35) Ang mahiwagang Kuwintas
36) Marine Boy
37) Maya the Bumblebee
38) Mazinger Z
39) Metal Fighters Miku
40) Mga Munting Pangarap ni Romeo
41) Mojacko
42) Once Upon A Time

43) Orbots
44) Patlabor
45) Pollyana
46) Prince Knight
47) Raijin Oh
48) Ranma ½
49) Remy
50) Ron-Ron the Flower Girl
51) Saber Rider & the Star Sheriffs
52) Sailor Moon
53) Saint Tail
54) Samurai Pizza Cats
55) SlamDunk
56) Slayers
57) Snow White
58) Spaceketeers
59) Speed Racer
60) StarBlazer
61) Starvengers
62) SuperBoink
63) Swan Lake
64) Takara Transformers
65) Tom Sawyer
66) Tico and Friends
67) Three Musketeers
68) Thunder Jet
69) Thundersub
70) Time Quest
71) Ultraman
72) Voltes V
73) Voltron
74) VonTrapp Family Singers
75) Warriors of the Wind
76) Yaiba
77) Zenki
78) Zorro

Appendix G

THE ACADEMY OF VISUAL ARTS

The Academy of Visual Arts, a first-of-its-kind visual arts school in the Philippines, opened its doors in October 1999.

The school is envisioned as an artists' house wherein students are prepared for a rewarding career in advertising, production, and media. The Academy fulfills to seek artistic enrichment that is both inspiring and challenging to artists.

It offers a curriculum with emphasis on computer-based programs in the areas of audio-visual production graphic design. Academy of Visual Arts boasts of having the tools, technology and people. Classes will be handled by young and dynamic men and women who are practitioners in the fields of graphic design and audiovisual production. Another innovation is the use of iMacs & PCs in all classes.

A dynamic exchange of ideas between students and teachers is most welcome. Students will be given intensive and hands-on experience in audio, video, animation, graphic design – enabling them to have a link between education and actual practice. Programs have been designed and integrated to stir the creativity of the individual – by breaking away from the traditional methods of learning. Students, therefore, will be given an insider's view into specific how-tos and arming them with artistic solutions to the intricacies of audiovisual production and graphic design.

COURSE DESCRIPTIONS

MEDIA 100

This course is a hands-on workshop on Post-production with emphasis on non-linear editing. The course aims to teach the participants the technical and aesthetic aspects of the editing process. The participants will gain hands-on experience in non-linear editing using MEDIA 100. Thus, creating competent and creative video editors.

MACROMEDIA FREEHAND

This 24-hour course is designed to introduce Macromedia Freehand to beginners. In the course of this workshop, participants will learn the tools, operations and techniques to use Freehand effectively as a tool for lay-out, graphic design, illustration.

ADOBE PHOTOSHOP

This intensive 24-hour course is designed to introduce Adobe Photoshop to beginners. In the course of this workshop, participants shall learn the functions, operations, commands and

techniques to effectively use photoshop for image-manipulation, digital editing and creation of digital artwork.

ADOBE ILLUSTRATOR

In this course, participants will excel in manipulating the industry standard illustration program-Adobe Illustrator 8.0. It will make the participants create graphically rich artwork for printed documents such as calling cards, brochures and posters.

ADOBE AFTER EFFECTS

This course is a hands on workshop on 2D video compositing techniques using Adobe After Effects 3.1.

ADOBE INDESIGN

This course is designed to teach the participants how to make breathtaking page designs layer per layer and frame within a frame with extraordinary speed and control. Since Adobe Indesign's tight integration with Adobe Photoshop and Adobe Illustrator, having common tools, commands, palettes, and keyboard shortcuts, the participants of the course will be able to edit illustrator artwork with much ease resulting with incredible masterpiece.

WEB PAGE DESIGN

Beginner to intermediate crash course on Web Page Design using Adobe Go Live 4.0.

HOW TO USE THE INTERNET

Everything you should know about the internet.

SERVICES OFFERED

The services offered are: a) Non-linear editing; b) 2D and 3D animation; c) Web Development; d) Graphic Design for both Print and Video; e) Corporate Videos; f) Audi-Visual Productions; g) Documentaries; h) Infomercials; and i) TV Commercials.