



European works: promoting a healthy European audiovisual sector

A report commissioned by a group of audiovisual stakeholders in Europe
prepared by Oliver & Ohlbaum Associates Ltd & Frontier Economics



Appendix

8.1 Market-specific AVMSD implementation

Some of the eight representative EU Member States selected for this report have chosen to introduce European works quotas that go beyond the minimum harmonised regulation in the 2018 revision of the AVMSD. The different quota approaches are summarised in Table 9 below. The application of the quotas is further defined at EU level in European Commission Guidelines,⁹² and by each Member State, in line with the Directive.

For completeness, the last row of the Table below indicates where our representative EU Member States have chosen to require media service providers under their jurisdiction to contribute financially to the production of European works, including via direct investment in content and/or contributions to national funds (typically via a levy).⁹³

Table 9: Where regulation in representative EU Member States goes beyond the AVMSD minimum harmonisation

Linear Quota			
EU minimum 50%	51% European works quota	Additional primetime obligations for independent and Italian works	60% European works quota + 40% French works quota (For PBS increases to 70% and 50% (this must also be respected at prime times)*)
VOD Quota			
EU minimum 30%	EU minimum 30%+		60% European works quota + 40% French works quota
	50% of these works must be in an official Spanish language 	50% of these must be Italian-language works made in the last 5 years by independent producers 	
Financial Obligations			
Direct Only 	Levies only 	Alternative 	Cumulative

Note: *In France prime time is 20:30 to 22:30 for cinema services or between 18:00 and 23:00 plus Wednesdays between 14:00 and 18:00 for other channels

⁹² Revised Guidelines for Monitoring the Application of Articles 16 And 17 of the Audiovisual and Media Services (AVMS) Directive 2011; Communication from the Commission Guidelines pursuant to Article 13(7) of the Audiovisual Media Services Directive on the calculation of the share of European works in on-demand catalogues and on the definition of low audience and low turnover 2020/C 223/03

⁹³ Such Member States may also require media service providers established in other Member States but targeting audiences in their territories to make such contributions based on the revenues earned in the targeted Member State. (If the Member State of establishment imposes such a financial contribution, it must take account of financial contributions imposed by targeted Member States)

8.1.1 Broadcaster and VOD quota exemptions

Under the 2018 revision of the AVMSD, services with a low turnover or a low audience are exempted from the broadcaster and VOD quotas. Member States may also waive requirements where they would be impracticable or unjustified considering the nature or theme of the audiovisual media service.

Specific rules vary by Member State. Exemption decisions may be taken by a national regulatory authority following periodic review.

We have referred to the most recently available Study at the time of our analysis, for the European Commission on the Promotion of European Works in Audiovisual Media Services 2018, which brings together the data collected from Member States fulfilling their reporting obligation on the application of Article 13 of the AVMS Directive for the period 2011- 2014, and on the application of Articles 16 and 17 of the AVMS Directive for the period 2013-2014. Therefore this relates to the AVMS Directive 2010.⁹⁴ On this occasion, national authorities reported the following exemptions or exceptions:

- Recently launched broadcaster channels
 - In relation to the linear quota, the AVMS Directive provides that this should be achieved progressively, based on the broadcaster's 'informational, educational, cultural and entertainment responsibilities to its viewing public'
- Small channels
 - In its Guidelines, the Commission considers that an audience share of 0.3 per cent 'could be seen as a 'tolerance threshold' below which it could be supposed that the reporting obligation may place too heavy a burden on the channels concerned'. A Member State may extend this to small channels with a higher audience share 'in exceptional circumstances and on specific and justified grounds' where channels can show that they have the same objective difficulties in complying with the reporting obligation
- Thematic channels
 - Channels specialising in one genre, specialising in non-European content, or targeting a very specific audience, may find it difficult to reach the required proportions of European works and may be exempted
- Problems with the acquisition of European programmes
 - Some national authorities indicated that it is more expensive to commission or acquire European productions than 'rest of world' and for budgetary reasons some channels had a lower share of European works
- Channel portfolios
 - Where channels belong to the same broadcaster group, the national authority may provide that compliance with the European works quota shall be calculated as an average across the portfolio, possibly with a minimum threshold for each channel

We understand that a broadly similar approach is being taken to the implementation of the VOD quota under the 2018 revision of the AVMSD, for example national authorities may provide a transition period for compliance, and/or grant exemptions to small or thematic services.

⁹⁴ VVA, KEA European Affairs & Attentional, 'Study for the European Commission on the Promotion of European works in Audiovisual Media Services', 2018

Since our analysis, the European Commission has published a Staff Working Document reporting on the application of the European works quotas in the period 2015-2019.⁹⁵ This sets out similar considerations around channel exemptions or reasons for non-compliance as noted above, particularly small channels, thematic channels, and the comparative cost of European works compared to 'rest of world'. It does not provide information on Member State reporting of requirements or exemptions at a channel level.

Table 10: List of broadcaster channels where data was available for analysis in this report, by target market, and whether historically they have been subject to the European works quota or have been exempted by the national regulatory authority in the country of jurisdiction⁹⁶

Czechia	CT 1	Required
	CT 2	Required
	NOVA	Required
	NOVA CINEMA	Exempt – 10% licence requirement ⁹⁷
	NOVA ACTION	No data
	NOVA FUN	No data
	NOVA GOLD	No data
	PRIMI KRIMI	No data
	PRIMI MAX	No data
	PRIMA	Required
	PRIMA COOL	Exempt – 10% licence requirement ⁹⁸
Denmark	DR 1	Required
	DR 2	Required
	TV 2	Required
	TV 2 CHARLIE	Required
	TV 2 ZULU	Required
	6EREN	Exempt
	CANAL 9	Exempt
	KANAL 4	Exempt
	KANAL 5	Exempt
	TV 3	Exempt
	TV 3 PULS	Exempt
TV 3+	Exempt	

⁹⁵ Commission Staff Working Document Reporting on the application of Articles 13, 16 and 17 of Directive 2010/13/EU for the period 2015-2019 as regards non-linear services (Article 13) and linear services (Articles 16 and 17), 17 May 2023

⁹⁶ As reported in VVA, KEA European Affairs & Attentional, 'Study for the European Commission on the Promotion of European Works in Audiovisual Media Services, Annexes', 2018. Target market country and country of jurisdiction are often one and the same, but may be different

⁹⁷ The licence of this thematic channel provides for minimum of 10% of European works

⁹⁸ The licence of this thematic channel provides for minimum of 10% of European works

France	FRANCE 2	Required
	FRANCE 3	Required
	FRANCE 4	Required
France	FRANCE 5	Required
	6TER	Required
	ARTE	Required
	C8	Required
	CANAL+	Required
	GULLI	Required
	M6	Required
	NRJ12	Required
	TF1	Required
	TF1 SERIES FILMS	Required
	TFX	Required
	TMC	Required
	W9	Required
Germany	ARD 1	Required
	ZDF	Required
	ZDF NEO	Required
	KABEL EINS	Required
	KINDER KANAL	Required
	PRO 7	Required
	PRO 7 MAXX	Exempt
	RTL	Required
	RTL NITRO	Required
	RTL 2	Required
	SAT 1	Required
	SAT 1 GOLD	Required
	SIXX	Required
	SKY ATLANTIC	Required
	SKY KRIMI	Required
	SKY ONE	Required
	SKY CINEMA ACTION	Required
	SKY CINEMA BEST OF	Required
	SKY CINEMA CLASSICS	Required

Germany	SKY CINEMA COMEDY	Required
	SKY CINEMA FAMILY	Required
	SKY CINEMA PREMIEREN	Required
	SUPER RTL	Required
	COMEDY CENTRAL	No data
	DISNEY	No data
	NICK	No data
	TELE 5	No data
	SYFY	Exempt
VOX	Required	
Ireland	RTÉ One	Required
	RTÉ 2	Required
	TG4	Required
	VIRGIN MEDIA 1	Required
Italy	RAI MOVIE	Required
	FOX	No data
	RAI 1	Required
	RAI 2	Required
	RAI 3	Required
	RAI 4	Required
	CANALE 20	Required
	CANALE 5	Required
	CIELO	Required
	IRIS	Required
	ITALIA 1	Required
	LA 5	Required
	LA 7	Required
	LA 7D	Required
	NOVE	Required
	RETE 4	Required
	SKY ATLANTIC	Required
	SKY CINEMA 1	Required
	SKY CINEMA DUE	Required

Italy	SKY UNO	Required
	SKY CINEMA ACTION	Required
	SKY CINEMA COLLECTION	Required
	SKY CINEMA COMEDY	Required
	SKY CINEMA FAMILY	Required
	SKY CINEMA ROMANCE	Required
	TOP CRIME	Required
	TV8	Required
	TVP 1	Required
Poland	TVP 2	Required
	13TH STREET	Exempt
	AXN	Exempt
	AXN BLACK	Exempt
	AXN SPIN	Exempt
	AXN WHITE	Exempt
	CANAL+	Required
	CBS EUROPE	Exempt
	CBS REALITY	Exempt
	COMEDY CENTRAL	Exempt – 10% licence requirement ⁹⁹
	DISNEY XD	Exempt
	FOX	Exempt
	FOX COMEDY	Exempt
	KINO TV	Required
	MTV	Exempt
	POLSAT	Required
	SCI-FI	Exempt
	STOPKLATKA	Required
	TV PULS	Required
	TVN	Required
TVN TURBO	Required	
TVN 7	Required	

⁹⁹ The licence of this thematic channel provides for minimum of 10% of European works

Spain	LA 1	Required
	LA 2	Required
	AMC	Exempt
	ANTENA 3	Required
	AXN	Exempt
	AXN WHITE	Exempt
	CALLE 13	Exempt
	CANAL HOLLYWOOD	Exempt
	COMEDY CENTRAL	Required
	COSMOPOLITAN	Required
	CUATRO	Required
	DIVINITY	Required
	FOX	Exempt
	LA SEXTA	Required
	NEOX	Required
	NOVA	Required
	PARAMOUNT	Required
SERIES POR M+	Exempt	
SYFY	Exempt	
TCM	Exempt	
TELE 5	Required	
TNT	Exempt	

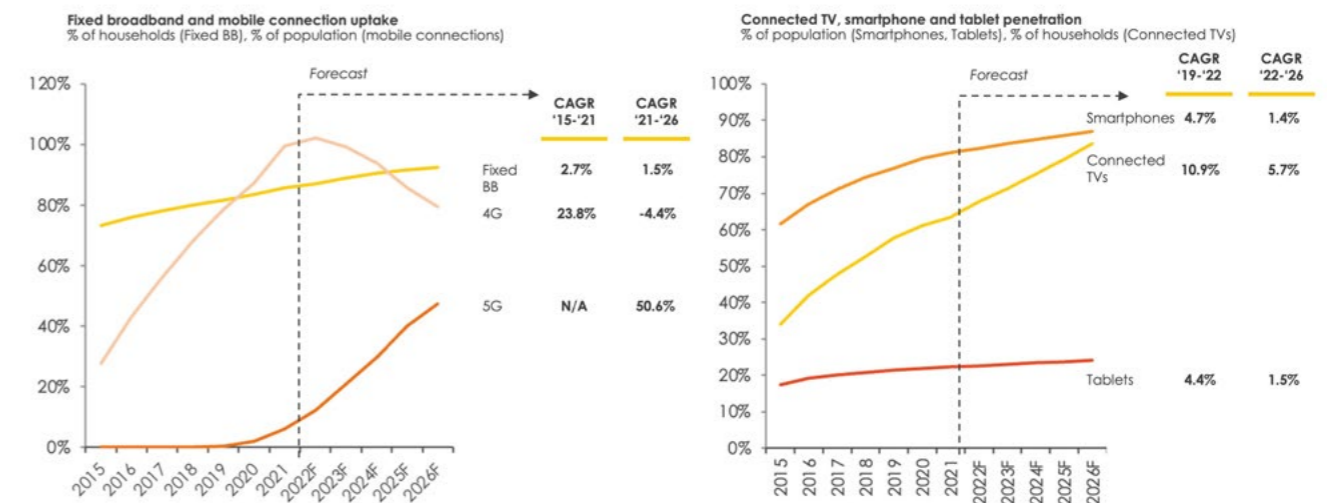
8.2 Additional market insights

This part provides further information on market developments across the European audiovisual ecosystem, as background to this study.

8.2.1 Digitalisation is bringing changes to the European audiovisual sector

At EU27 level we can see increased availability and uptake of fixed and mobile broadband, and rapid growth in the penetration of connected devices. The most significant of these has been connected TV, with penetration increasing by over 10 per cent year on year between 2015 and 2021, while smartphones allow content to be consumed 'on the go'.

Figure 46: Growth in fixed broadband and mobile connection uptake, and connected TV, smartphone, and tablet penetration, EU 27, 2015-26F



Note: Connected TVs is the total of Smart TVs and TV streaming devices

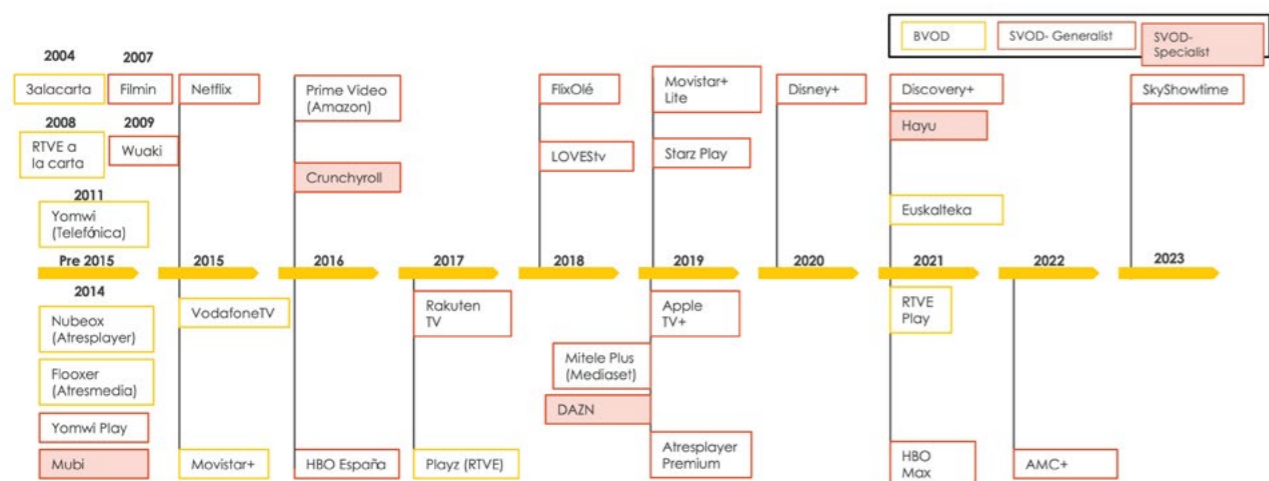
Source: Dataxis, Oliver and Ohlbaum Analysis

European broadcasters and VOD providers were early to seize the opportunities of digital technology, with TF1, M6, Mediaset, RAI and ProSieben all establishing successful online catch-up services by 2008. This innovation stimulated consumer demand for connected products and services and created a new market for long-form content online. European SVOD services also emerged, often with a genre focus such as MUBI and Filmin for independent film, and DAZN for sport.

By 2012, generalist and specialist US SVOD services were entering the European market. For example, Crunchyroll focuses on Anime and Hayu on Reality TV.

Consumers now have a diverse range of VOD services to choose from, as illustrated for Spain in **Figure 47**.

Figure 47: Timeline of VOD market entry, Spain



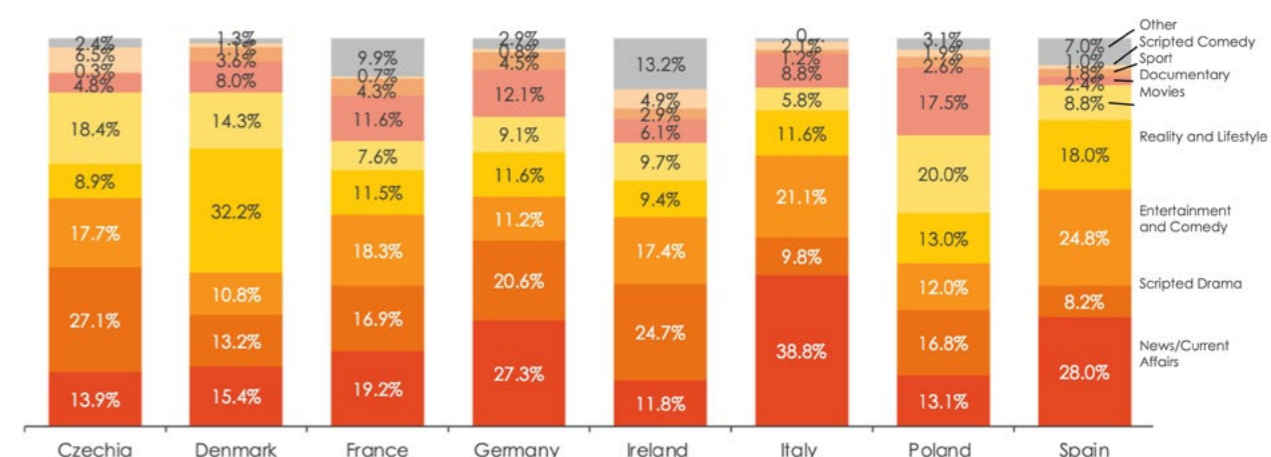
Source: Oliver and Ohlbaum analysis

8.2.2 In the current AV ecosystem, FTA and pay TV channels and VOD services play complementary roles

Since 2015 there has been a gradual transition of some TV viewing from traditional broadcast towards online and on-demand consumption. This trend is more pronounced among younger viewers and is expanding across age groups. At the same time, other types of digital services are competing for consumers' attention from Video Sharing Platforms and wider social media to gaming. Nevertheless, linear TV viewing remains highly important and adults in the EU27 Member States had average daily TV viewing time of over 200 minutes in 2021¹⁰⁰. As a result, European broadcasters need to invest and innovate to bring consumers and advertisers to their own VOD services, while continuing to serve traditional broadcast audiences. This includes investing in exclusive online content, digital advertising solutions, and technology to support efficient online distribution. Broadcasters are also building partnerships, from shared VOD services to joint digital advertising initiatives and distribution arrangements with pay TV providers and ISPs.

Europe's traditional FTA and pay TV broadcasters are commissioners and buyers of market-specific content in particular, meaning that a new European AV ecosystem is developing. In this new ecosystem, FTA broadcasters, pay TV services and VOD services play complementary roles. This can be seen in their genre specialisms. As shown in **Figure 48**, TV schedules for major FTA channels (by viewing share) provide a depth and breadth of genres, playing a vital role in News and Current affairs provision, as well as Scripted Drama, Entertainment and Comedy, Reality and Lifestyle, Movies and Documentaries.

Figure 48: Genre mix of TV schedules for Top 3 channels*, representative EU Member States, 2021 (% of total minutes)

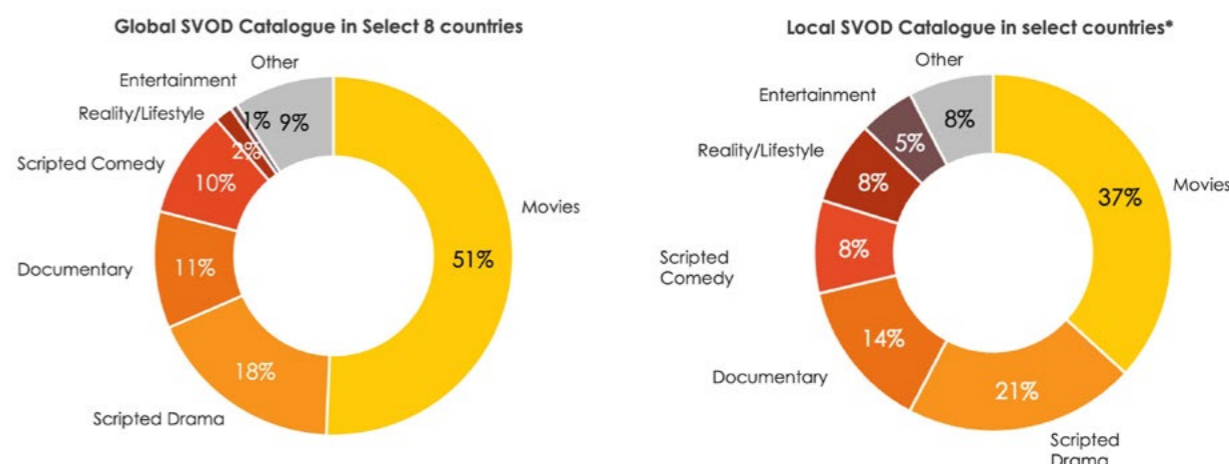


Note: *By share of total TV viewing. All are FTA channels

Sources: Dataxis, Essential TV Statistics, Oliver and Ohlbaum Analysis

In contrast, as illustrated in **Figure 49**, both local and global SVOD services have brought increased choice with expansive catalogues of licensed content alongside originals to engage European consumers. This comes in a more focused set of genres, especially feature films and high-end Drama and Documentary.

Figure 49: Genre mix of global and local SVOD catalogues in 8 representative EU Member States, 2021 (% of titles)



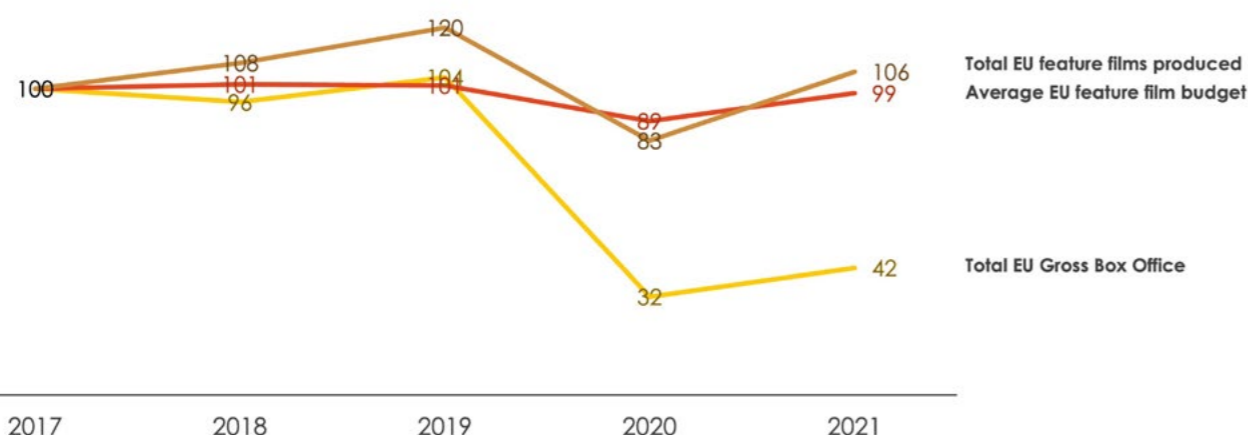
Note: Documentary includes documentary films. Movies are fictional films only. *Selected local SVOD services are Atresplayer-Spain, Mediaset Infinity-Italy, Joyn-Germany, Canal+ Series-France, Viaplay-Denmark
Sources: Ampere Analysis, Oliver and Ohlbaum analysis

¹⁰⁰ European Audiovisual Observatory, Oliver & Ohlbaum analysis. Viewing is all linear viewing

8.2.3 European feature film is characterised by rising volumes, relatively stable budgets and continuing box office recovery

As seen in **Figure 50**, pre-pandemic, feature film budgets were steady in the EU (and were rising in a number of territories) and average film production volumes continued to grow, given increasing numbers of cross-border co-productions and feature documentaries. Both budgets and volumes experienced a dip in 2020, and are climbing since; the volume of EU feature films produced may be expected to experience a lag following Covid-19 production delays, while average EU feature film budgets were more similar to 2019 levels by 2021. Gross box office was severely affected by the Covid-19 pandemic and associated social distancing measures, and older audiences have been slower to return, but revenues are expected to continue recovering over the next few years.

Figure 50: Evolution of total feature films produced, feature film budgets, and Gross Box Office, EU 27, 2017-2021 (Indexed, 2017=100)



Sources: European Audiovisual Observatory, Oliver and Ohlbaum analysis

European fiction films continue to rely on public funding support, especially in smaller Member States with limited access to pre-sales as a source of finance. As a result, European broadcaster investment is vital to make up producer assembled financing. Both broadcasters and VOD services play important roles in commissioning, licensing and distributing European film, bringing it to consumers across Europe as well as around the world.

8.2.4 This current ecosystem is benefitting producers

In the intense competition for audiences, having the right content is key. As shown in **Figure 51**, this has led to strong growth in content investment across the eight representative EU Member States in this report. European broadcasters are the cornerstone of content investment in Europe, and for PSM and commercial FTA a high share of this investment is in commissions. Broadcaster investment has been steadily rising since 2015, although pay TV was flat during the pandemic. Meanwhile, SVOD investment has made a major contribution to the overall upwards trend, with investment growing at 102 per cent CAGR in 2015-2019. SVOD services were responsible for €3.09 billion of content investment in 2021, up from €90 million in 2015.

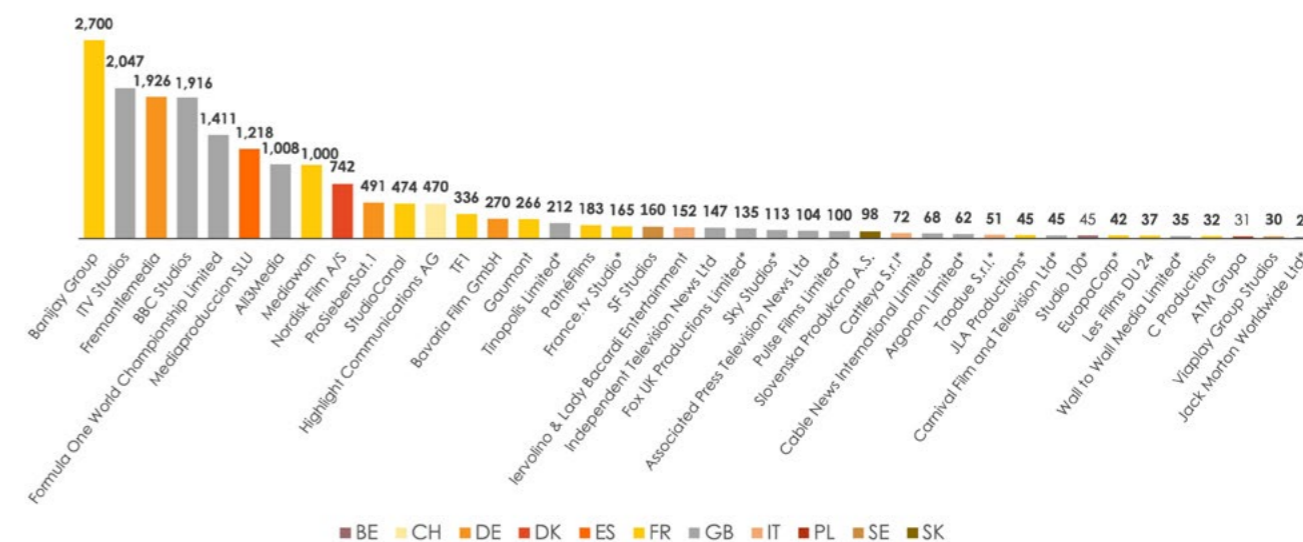
Figure 51: Total AV content investment excluding sports rights by provider/channel type, eight representative EU Member States, 2015-2021 (€ billion)



Note: Not including Ireland due to incomplete data
Source: Ampere Analysis, Oliver and Ohlbaum Analysis

This increased investment is resulting in greater demand for European producers' services. In the current ecosystem producers have new opportunities to produce and distribute their work, in a range of genres and budget levels and for different types of commissioners. This has allowed a broad range of producers to thrive, with significant production sector diversity in terms of company size, as shown in **Figure 52**.

Figure 52: The 40 leading production companies in Europe by operating revenues, 2021 (€ million)

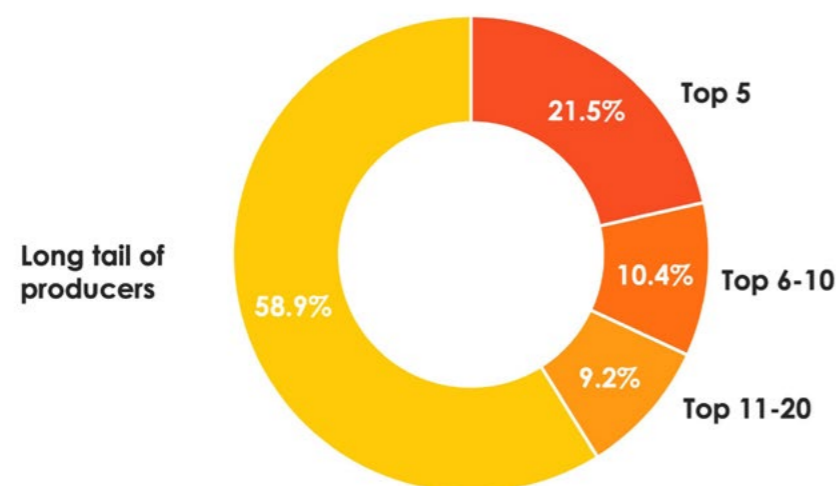


Note: Some companies may be active in both production and distribution. Some companies belonging to the same group may trade services and therefore the revenues may be duplicated. *2020 revenues used
Source: European Audiovisual Observatory, Oliver and Ohlbaum Analysis

While there has been some consolidation and vertical integration in the European production sector, with several larger producers emerging, overall this is part of a dynamic cycle where producers are able to enter and grow, in some cases then splitting off to form new start-ups. Partnering and consolidation bring economies of scale, profit consistency and risk management, allowing producers to seize new market opportunities. Meanwhile, smaller producers contribute innovation and creative renewal to the sector.

The significance of the long tail of smaller European producers is clear when looking at the producers responsible for European TV fiction titles, as illustrated in **Figure 53**. From 2016 to 2022, the five largest producers were responsible for just over a fifth of all titles, while the long tail of producers (those outside of the top 20) accounted for nearly 60 per cent.

Figure 53: Concentration of TV fiction titles by production group, all titles 2016-2022 (% of European total titles)



Source: European Audiovisual Observatory, Oliver and Ohlbaum analysis

8.2.5 A broad range of interrelationships exist between content buyers and producers

As a means to finance new, high-quality works and to license European content to attract local audiences, we see an increasing trend towards partnerships. It is a feature of the European AV ecosystem that, for example, European broadcasters may partner with each other to co-produce or co-finance content; European broadcasters may partner with SVOD services to co-produce and co-finance content; and SVOD services are entering into a variety of licensing arrangements with producers to bring older content to new audiences across Europe and beyond. SVOD have also chosen to re-commission European series that otherwise might not have been renewed by the original broadcaster.

8.2.6 As a result of the current ecosystem, European consumers are benefitting from the increased availability of high-quality European content and services

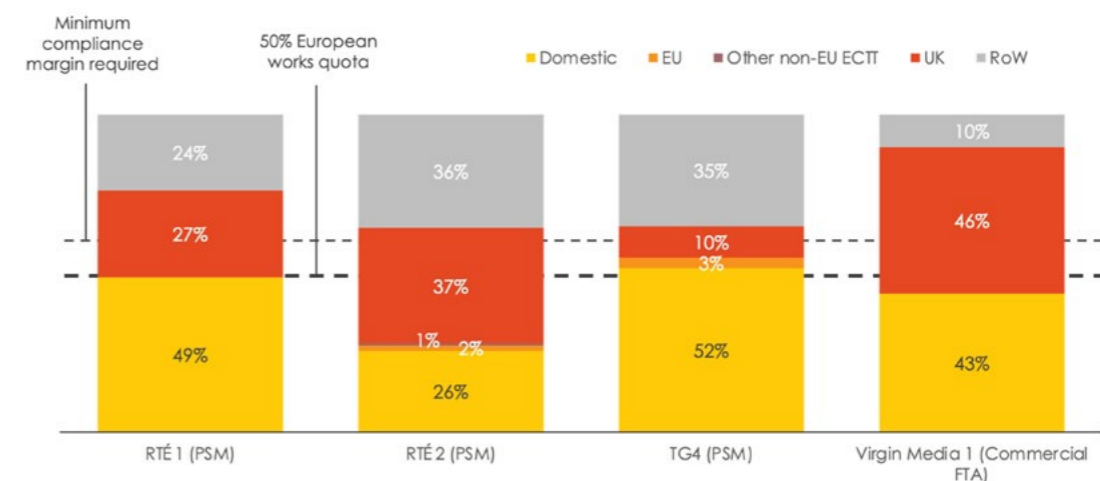
As a result of digitalisation and increased competition, audiences across Europe have benefitted from an explosion in content and services, both generalist and serving niche interests and minority languages. However, as discussed in this study, given the economic pressures both in the sector and in the wider economy, the health of the overall AV sector relies on a stable regulatory framework.

8.3 Case studies: the use of non-EU ECTT content

8.3.1 Ireland

As we have seen in the main report, UK content comprises 27 per cent of schedule on RTÉ One and 37 per cent on RTÉ 2; and 32 per cent of all qualifying hours across both channels.

Figure 54: Share of broadcast schedule by country of origin, Ireland, 2021 (% of broadcast time)

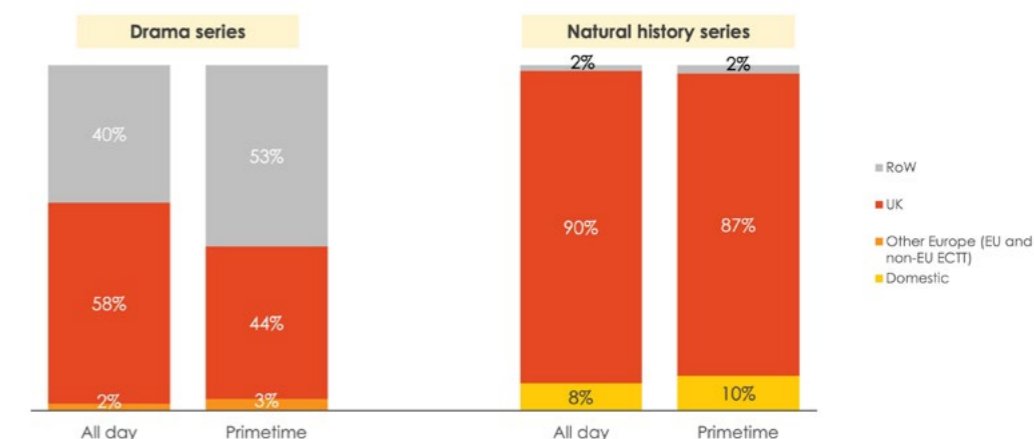


Note: Share of broadcast time across whole year 2021, excluding non-qualifying programming such as news, sports, and teleshopping

Source: Essential TV Statistics, RTÉ, Oliver & Ohlbaum analysis

However, in certain genres this share is even more pronounced. **Figure 55** shows the share of schedule on RTÉ One and RTÉ 2 in acquired drama series and acquired natural history. Here, UK share of schedule rises to 58 per cent and 90 per cent respectively – showing the vital importance of UK works in meeting consumer demand and providing supply in these genres in Ireland.

Figure 55: Share of schedule by country of origin, all day vs primetime, RTÉ One & RTÉ 2, acquired drama and natural history, 2021 (% of broadcast time)



Source: RTÉ

Looking at drama on RTÉ, we can also see that acquired UK shows perform considerably better than equivalent content from EU territories.

Figure 56: Performance of UK and EU (ex-Ireland) acquired drama on RTÉ channels, First run, 2021 & 2022

	Title (UK content)	Eps.	Audience	
			000s	Share
RTÉ One	Crime	6	121.0	13.8%
	The Nest	5	140.9	15.1%
	No Return	4	119.1	13.9%
	Ridley Road	4	74.5	9.2%
	The Teacher	4	143.9	17.3%
	Unforgotten	6	123.0	15.0%
	UK title average			120.4

	Title (European content)	Eps.	Audience	
			000s	Share
RTÉ 2	Deutschland 89	8	17.4	2.5%
	We Are Who We Are	8	11.2	3.1%
	The Investigation	6	9.1	2.6%
	Blinded: Those Who Kill	8	25.3	5.5%
	Our Miracle Years	6	14.7	3.7%
	EU Foreign Language title average			15.5

Note: Viewing 4+ across all platforms. All major titles shown

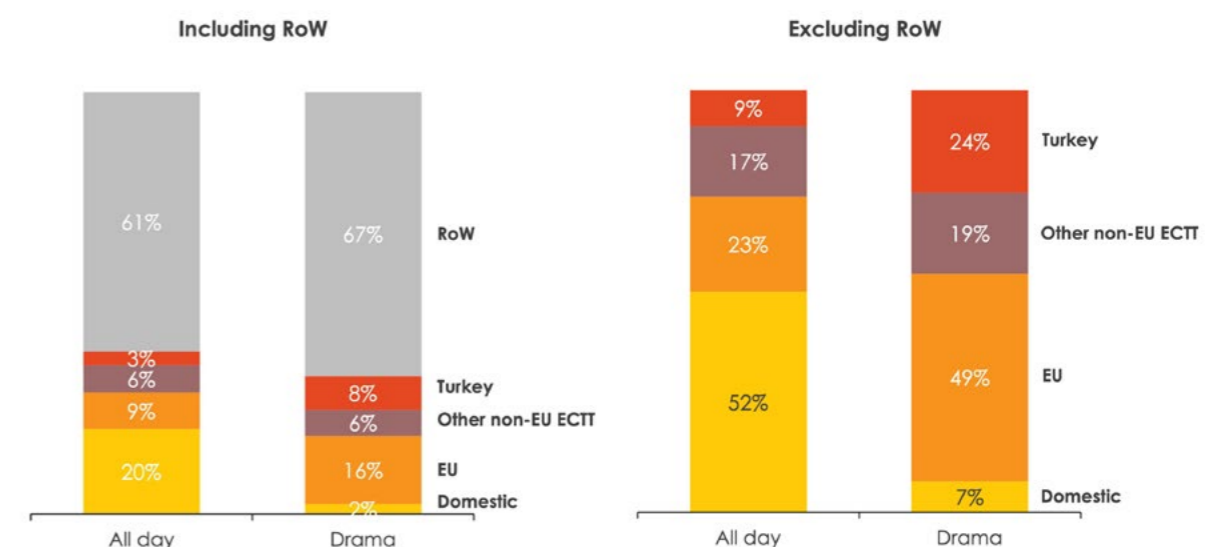
Source: RTÉ, Oliver & Ohlbaum analysis

As can be seen above, UK drama series have outperformed equivalent series from the EU (ex-Ireland) by a factor of eight in terms of average audience achieved for RTÉ. This falls slightly to a factor of four when looking at audience share because these UK programmes are more commonly shown in the most competitive slots (i.e. weekend primetime). The fact that RTÉ chooses to broadcast shows from elsewhere in the EU on RTÉ 2 as opposed to RTÉ One also reflects the fact that they have a more niche appeal in the country. Other EU premium drama shows typically cost RTÉ a similar amount to acquire as UK works while generating lower audiences, meaning that having to swap UK works for other European works would have a serious impact on the audience performance-cost ratio.

8.3.2 Spain

As shown in **Figure 57**, Turkish and other non-EU ECTT content makes up 10 per cent of the total broadcast schedule across all tracked channels in Spain. However, as would be expected, this share is more pronounced in certain genres, most significantly drama.

Figure 57: Share of broadcast schedule, Spain, whole schedule vs drama, all tracked channels, 2021 (% of broadcast time)



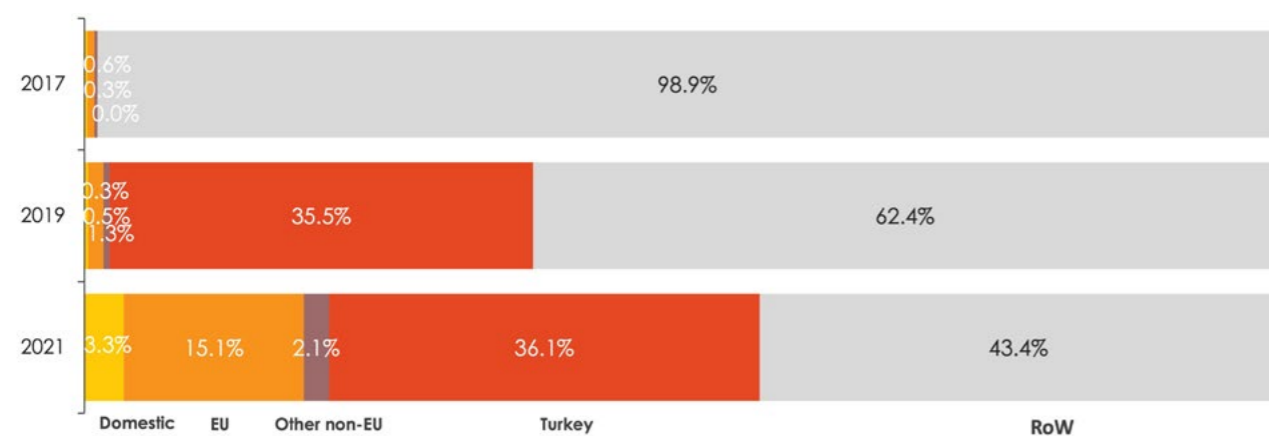
Note: Share of broadcast time across whole year 2021, excluding non-qualifying programming such as news, sports, and teleshopping. Total broadcast share across all tracked channels, whether quota applicable or not. All percentages exclude rest of world

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

The boom in Turkish drama was spearheaded by Atresmedia, which broadcast its first acquired Turkish drama – *Fatmagül* – on the Nova channel in January 2018. This show became an instant hit, quickly becoming the most-watched show in the history of the channel. As a result, Nova has broadcast more Turkish dramas and other broadcasters, including Mediaset through its channel Divinity, have also begun airing Turkish drama.

As shown in **Figure 58**, Turkish dramas are now responsible for a significant proportion of the broadcast schedule on Nova and Divinity. This growth is due to the continued success and popularity of Turkish programming with audiences.

Figure 58: Average share of drama broadcast schedule, Spain, Nova and Divinity, 2021 (% of broadcast time)



Source: Essential TV Statistics, Oliver & Ohlbaum analysis

Dos30' finds that in a sample of 20 Turkish dramas broadcast on Nova and Divinity, 19 achieved an audience share above the channel average. It is also worth noting that these shows are especially important to women viewers, with all shows in the sample achieving a higher than average share among female audiences. This content has been vital to ensuring that these channels are able to engage their target audiences and meet their interests.

Table 11: Performance of Turkish dramas on Nova and Divinity, 2018-2022

Nova				Divinity			
Programme	Avg. audience share (%)	Avg. performance above average* (%)	Avg. share of female audience (%)	Programme	Avg. audience share (%)	Avg. performance above average* (%)	Avg. share of female audience (%)
Tmagü	4.1%	46.8%	5.8%	Kara Sevda	2.8%	40.2%	3.9%
Ciudad Cruel	3.4%	29.5%	4.8%	Sühan, Venganza Y Amor	2.7%	30.2%	3.7%
Sıla	3.3%	41%	4.7%	Erkenci Kus	3.1%	55%	4.2%
Amor De Contrabando	3.4%	27.4%	4.9%	Habitacion	2.6%	35.5%	3.6%
Madre	3.5%	69.5%	5%	Love Is In The Air	2.2%	22.2%	3%
Hercal	3.3%	49%	4.8%	Dolunay	2.6%	45.7%	3.6%
Fugitiva	3.3%	27.7%	4.7%	Öner:Sueños Robados	2.4%	36.6%	3.4%
Cennet	3.1%	17.4%	4.2%	Te Alquilero Mi Amor	1.8%	0%	2.6%
Las Mil Y Una Noches	3%	28.7%	4.3%	Mi Mentira Mas Dulce	2.2%	27.5%	3%
Elif	3.3%	28.1%	4.2%	Amor En Blanco Y Negro	1.8%	-6.8%	2.8%

Note: *Avg. performance above average is given as performance against channel average on days when the programme was broadcast

Source: Dos30, Kantar Media, Oliver and Ohlbaum analysis

8.4 Case studies: the role of non-EU ECTT countries in international co-productions

This section provides further qualitative evidence, in the form of case studies, on the importance and relevance to EU broadcasters and producers of access to international co-productions with partners from non-EU ECTT countries.

8.4.1 High-end drama: *The Tunnel*

The Tunnel is a French-British drama series that aired from 2012 to 2018. The show was a 50-50 co-production between French production company Shine France (now Endemol Shine France) and British production company Kudos Film, with Canal+ in France and Sky Atlantic in the UK commissioning and broadcasting the series. Reflecting its 50-50 co-production approach, the show was bilingual, and employed both French and British crew.

Throughout its three-season run, *The Tunnel* garnered critical and audience acclaim in both France and the UK as well as internationally. The series premiere achieved estimated consolidated viewing figures of 1.3 million in France and 900,000 in the UK. The show dealt with political and social issues relevant to both countries, making it an insightful exploration of cultural similarities and differences.

The success of *The Tunnel* on Sky Atlantic paved the way for a series of further international co-productions, including notable titles such as *Domina* and *ZeroZeroZero*. Sky Studios, the company's in-house production arm since 2019, has been instrumental in driving these productions forward. These projects involve EU partners and rely heavily on UK funding contributions.

8.4.2 Natural History

Natural History (nature documentaries) is one of the most in-demand genres¹⁰¹ but also one of the most expensive and technically challenging to produce – filming typically takes years, requires filmmakers to be on-location in various isolated places worldwide, involves the most technically advanced camera equipment and technological innovation, and features commentary from some of the most well-known talent such as David Attenborough.

BBC Studios is one of the premier producers of Natural History documentaries with recent productions including:

- Frozen Planet II
- The Green Planet
- Dynasties II
- Blue Planet II
- Planet Earth II

Given the immense cost involved in producing landmark shows such as these, BBC Studios is reliant on co-production/co-financing with other broadcasters. All co-production partners contribute money towards the production and in return receive exclusive first-run rights in

¹⁰¹ 4 February 2021, 'The growing appeal of natural history TV', Shilpa Ganatra, Royal Television Society, <https://rts.org.uk/article/growing-appeal-natural-history-tv>

13 May 2020, 'Revival of the fittest as Natural History TV comeback booms', Tim Dams, International Broadcasting Convention, <https://www.ibc.org/trends/wild-time-for-natural-history-tv/5929.article>

their territory, along with a host of additional benefits such as editorial input, production credits (i.e. they can frame to consumers in their market that it is an original commission) and the ability to feature their own market-specific commentary (as opposed to having to subtitle or dub the UK version after the fact). European broadcasters, especially PSM (e.g. RAI, ZDF, France Télévisions) are a key part of this European cooperation and are essential to allowing these shows to get made.

BBC Studios has expressed concern that were such documentaries to lose European works status, it would be forced to seek to strengthen ties with non-European markets in order to secure funding partners there, or such shows would not be produced at all. This is supported by the interviews we have undertaken where EU commissioners have said that they would not invest in commissioning content that does not qualify for European works status as they feel it could increase the levels of commercial risk involved.

If shows such as Planet Earth were no longer produced, this would represent a significant loss to consumers across Europe – as we have seen, there is significant demand for this content and the UK is far and away the most demanded provider of Natural History (especially at primetime) in Europe. This is particularly of concern in an educational genre that shines a light on some of the most pertinent issues for European society, i.e. climate change and environmental sustainability. If these series were made, but without EU partners, this would also represent a loss to European consumers since their local broadcasters would have lost editorial input and shows would likely have to become more 'globalised' in flavour.

8.4.3 Ukraine's role in European feature film

Ukrainian feature film has seen a remarkable rise in prominence over the last decade, with a number of critically acclaimed and commercially successful projects being produced throughout the 2010s. Some of the most notable titles in the last decade include *The Tribe* (2014), *Donbass* (2018), *Volcano* (2018), *No Obvious Signs* (2018), *Homeward* (2019), *Reflection* (2021), *Pamfir* (2022) and *A House Made of Splinters* (2022).

A large proportion of these features were the result of multinational European co-productions. For instance, *Donbass* was a co-production involving Ukraine, Germany, France, Romania and the Netherlands while *A House Made of Splinters* was produced by Ukraine, Denmark, Sweden and Finland. The latter is a documentary film, which tells the story of children temporarily placed in an eastern Ukrainian orphanage as they wait to find out if they will return home, or permanently be placed in care. It has achieved widespread critical acclaim and was nominated for Best Documentary Feature at the 95th Academy Awards. Co-productions are vital to securing funding for such films and allowing for the exchange of creative ideas and resources across the European region.

The importance of Ukrainian cinema has only increased in light of the current war. It may be seen as a method of cultural resistance, to defend and express the country's national identity, and as a tool for documenting events. The achievements and importance of Ukrainian cinematic co-productions were recognised at the 2022 European Film Awards; the Eurimages Co-Production Award was awarded to all producers of Ukraine.

However, if Ukrainian projects were to lose their status as European works, they would likely struggle to find co-production partners as their commercial value in the EU would become uncertain. Without these co-production partners, many Ukrainian projects could find it challenging to secure funding and ultimately not be made. This would represent a significant loss to Ukrainian and other European citizens, since film is seen as a powerful form of resistance and documentation of the ongoing conflict.

8.4.4 Irish-UK co-productions

Working with the UK as a co-production partner is crucial for Irish broadcasters seeking to commission high-quality original content. As the cost of content production has risen, partnerships have become essential to securing funding for ambitious, innovative projects. Such co-productions sustain Irish production companies and the wider industry, by providing employment opportunities and boosting the local economy. Furthermore, co-producing with minority language broadcasters from neighbouring Celtic nations within the UK, notably Scotland and Wales, is important for the production of Irish language programming. These partnerships allow the preservation and promotion of Irish culture, while also enabling Irish broadcasters to respond to changing viewing habits and the competitive landscape.

If the definition of European works was narrowed and Irish-UK co-productions no longer qualified under the quota, the ability of Irish broadcasters to commission or be involved in the production of such programming would be threatened. This would result in less original programming on Irish broadcast channels and VOD services and fewer productions taking place in Ireland, weakening the sector as a whole. Below are a series of co-productions involving major Irish broadcasters to illustrate the types of work that are at stake.

Virgin Media Ireland – *Redemption and Holding*

Co-commissioned by Virgin Media Television in Ireland and ITV in the UK, *Redemption* was a six-part crime drama broadcast in 2022. The series was co-produced by Metropolitan Films (Ireland) and Tall Story Pictures (UK). The show starred Irish actress Paula Malcomson, with primary filming taking place in Dublin.

During 2022, Virgin Media Television also aired *Holding*, a four-part adaptation of Irish presenter and writer Graham Norton's best-selling novel of the same name. The mini-series was co-produced by Dublin-based Port pictures, Happy Prince and ITV Studios. The show was a key part of the launch of the Virgin Media More channel in Ireland – a channel focused on broadcasting first-watch episodes of Irish and international dramas, documentaries, films and sport – with *Holding* being the first show ever broadcast on the channel. The production was primarily based in Ireland and employed a wide range of Irish talent.

RTÉ – *Smother*

Smother is an Irish-British co-production that ran for three series from 2021-2023. The RTÉ-commissioned thriller drama was a co-production with BBC Studios Production Drama North and Scotland and the Dublin-based Treasure Entertainment. The production primarily filmed in County Clare in Ireland, providing a significant lift to the local economy. The show itself was a critical and commercial success in both Ireland and the UK. It was the second highest rated Irish drama on RTÉ in 2023.¹⁰²

TG4 – *Calum Cille: An Naomh Dàna (Columba: The Bold Saint)*

Broadcast on both TG4 (Irish language PSM channel) and BBC Alba (Scottish Gaelic PSM channel) in 2021, *Calum Cille: An Naomh Dàna* was an Irish language Irish-Scottish co-production that told the life story of one of Ireland and Scotland's most important saints. The programme was jointly produced by Abú Media in Ireland and MacTV in Scotland, with additional funding provided by Northern Ireland's Screen's Irish Language Broadcast Fund, TG4 and MG ALBA (which co-owns BBC Alba with the BBC).

¹⁰² 12th January 2022, 'RTÉ reveals most watched programmes of 2022', BuzzNews, <https://www.buzz.ie/tv/rte-most-watched-programmes-2022-28939421>

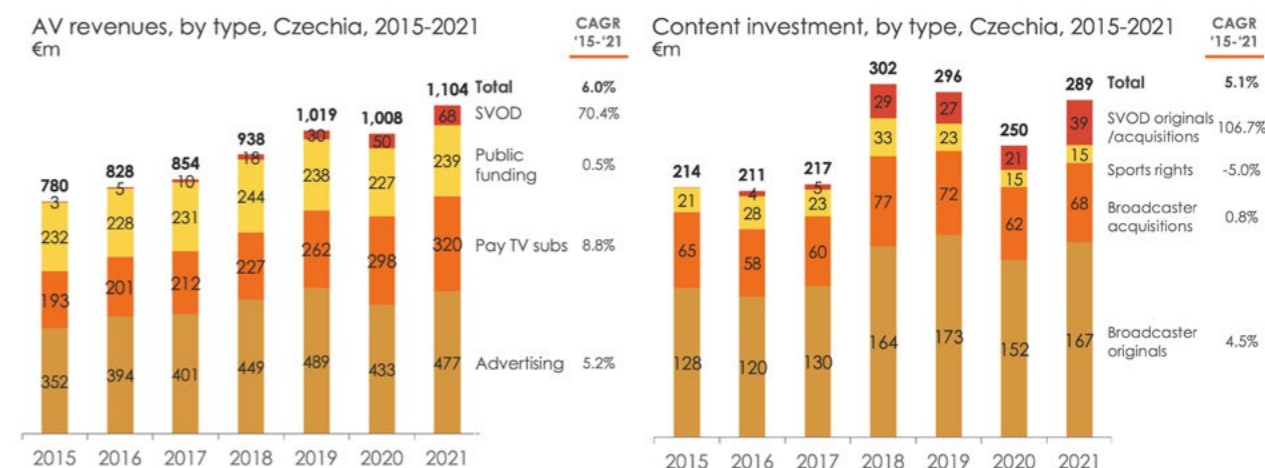
Áine Walsh, Chief Executive of Northern Ireland Screen's Irish Language Broadcast Fund, noted that the co-production "provided another opportunity to strengthen the links between Ireland and Scotland on a significant programme which will be broadcast on TG4 and BBC ALBA. Partnerships like this are very important in our efforts to deliver engaging and high-quality content, and this programme certainly meets that criterion".¹⁰³

8.5 Country specific analysis

This section provides key charts for each for each of our eight representative EU Member States in turn.

8.5.1 Czechia

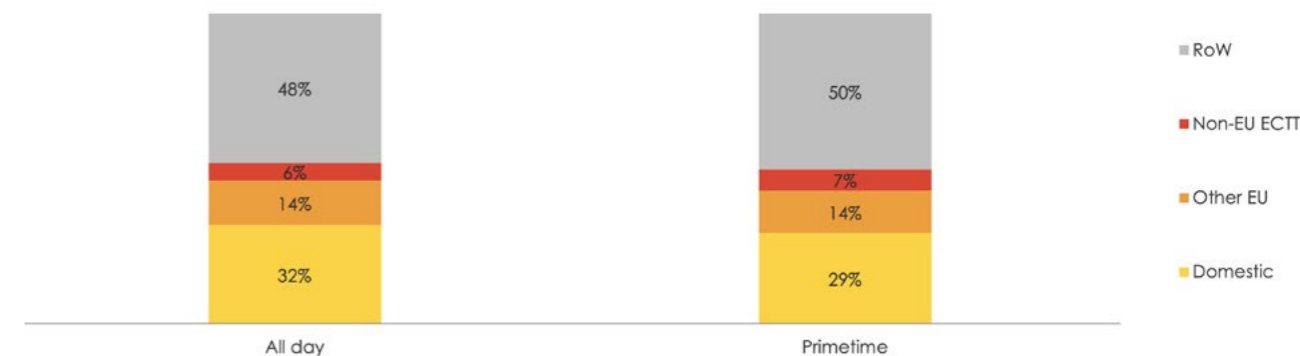
Figure 59: Growth of Czech AV revenues and content investment, 2015-2021 (€million)



Note: SVOD spend includes Netflix, Amazon Prime Video, Disney+, and Apple TV+. Public funding excludes radio but includes public film funds

Source: Ampere Analysis, European Audiovisual Observatory, PwC Global Entertainment & Media Outlook: 2022-2026, Oliver & Ohlbaum analysis

Figure 60: Share of broadcast schedule by country of origin, all channels, total vs primetime, Czechia, 2021 (% of broadcast time)



Note: Schedule analysis of 4 weeks in 2021. All TV channels for which data is available (including exempted channels). Excluding non-qualifying programming such as news, sports and teleshopping

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

¹⁰³ 29th November 2021, 'BBC ALBA and TG4 collaboration to bring the story of St Columba to life in new documentary', MG ALBA, <https://mgalba.com/bbc-alba-and-tg4-collaboration-to-bring-the-story-of-st-columba-to-life-in-new-documentary/?lang=en>

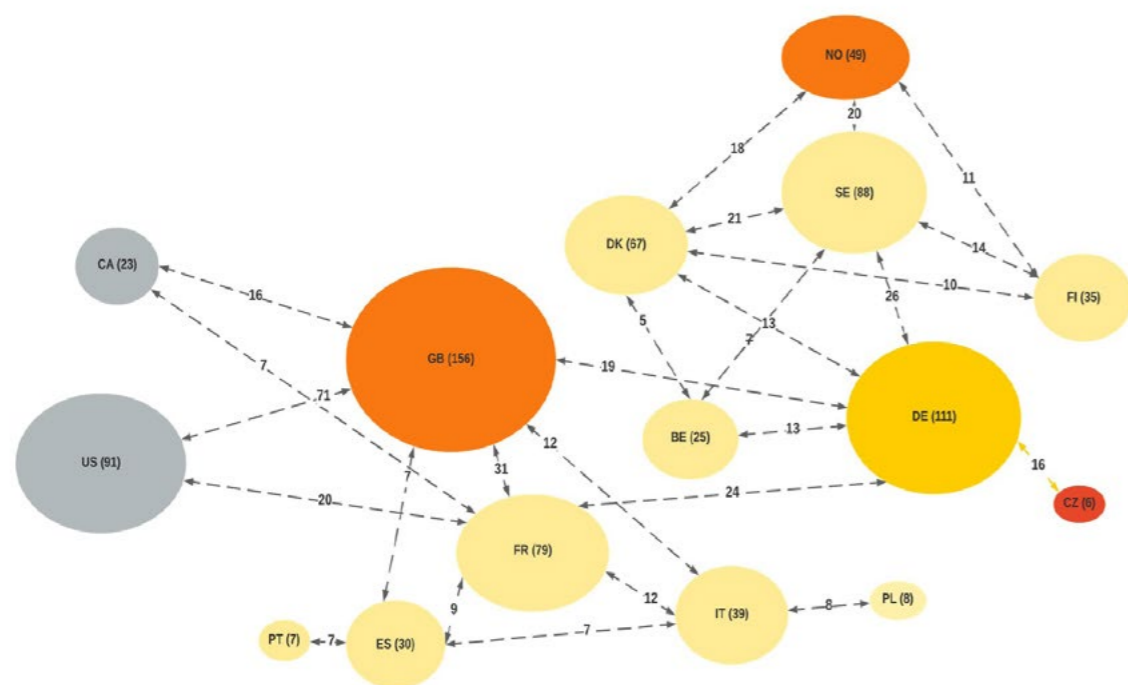
Figure 61: Share of broadcast schedule by country of origin, by channel, Czechia, 2021 (% of broadcast time)



Note: Share of broadcast time across whole year 2021, excluding non-qualifying programming such as news, sports and teleshopping. Exempted channels in sample not shown

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

Figure 62: Number of partnerships in non-linguistic European international TV fiction co-productions, Czech links with selected countries, 2021

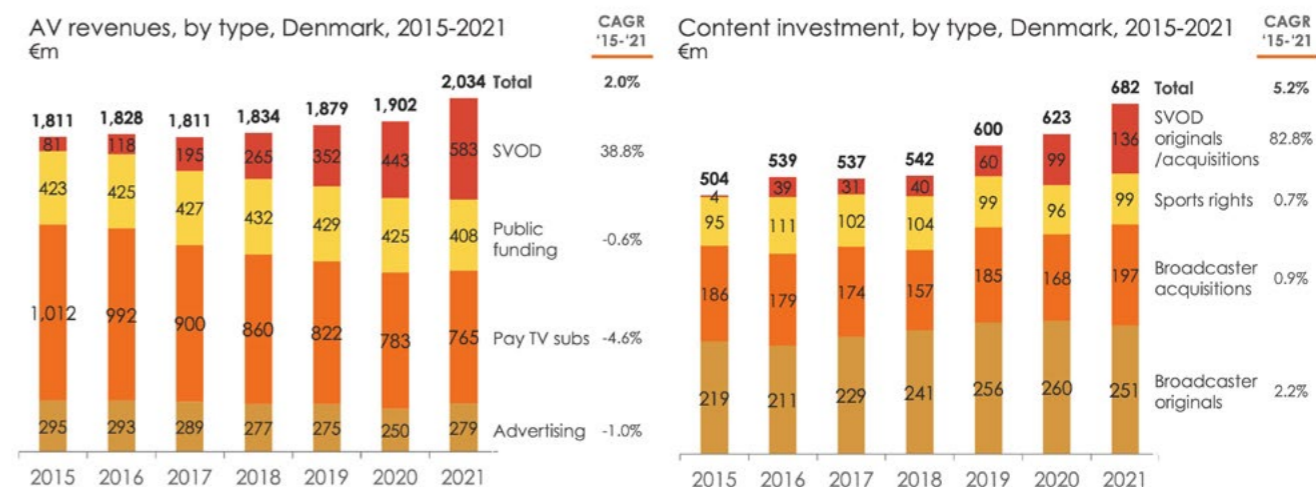


Note: This excludes "linguistic co-productions", i.e. those between neighbouring countries sharing a language (DE-AT, FR-BE, FR-CH, GR-CY, BE-NL, DE-CH, CZ-SK, GB-IE). The number of partnerships differs from the number of productions – Denmark may have participated with Sweden and Norway in the same production

Source: European Audiovisual Observatory, Oliver & Ohlbaum analysis

8.5.2 Denmark

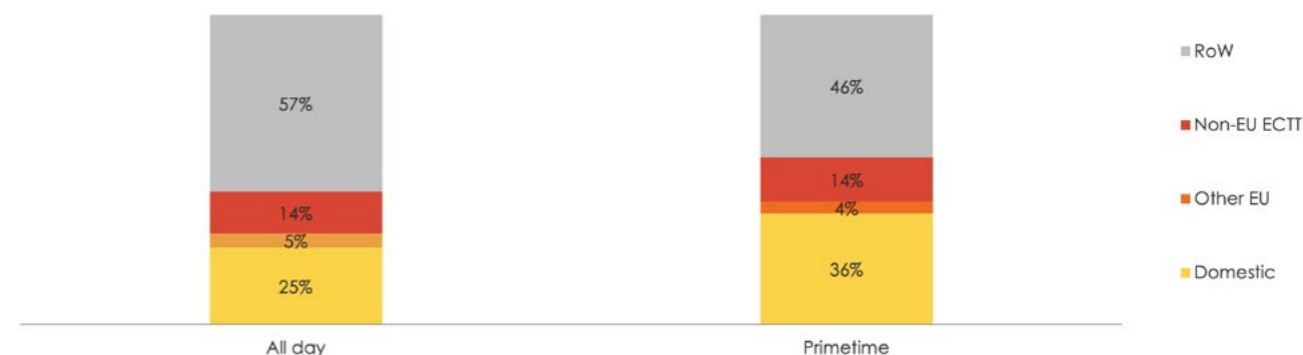
Figure 63: Growth of Danish AV revenues and content investment, 2015-2021 (€million)



Note: SVOD spend includes Netflix, Amazon Prime Video, Disney+, and Apple TV+. Public funding excludes radio but includes public film funds

Source: Ampere Analysis, European Audiovisual Observatory, PwC Global Entertainment & Media Outlook: 2022-2026, Oliver & Ohlbaum analysis

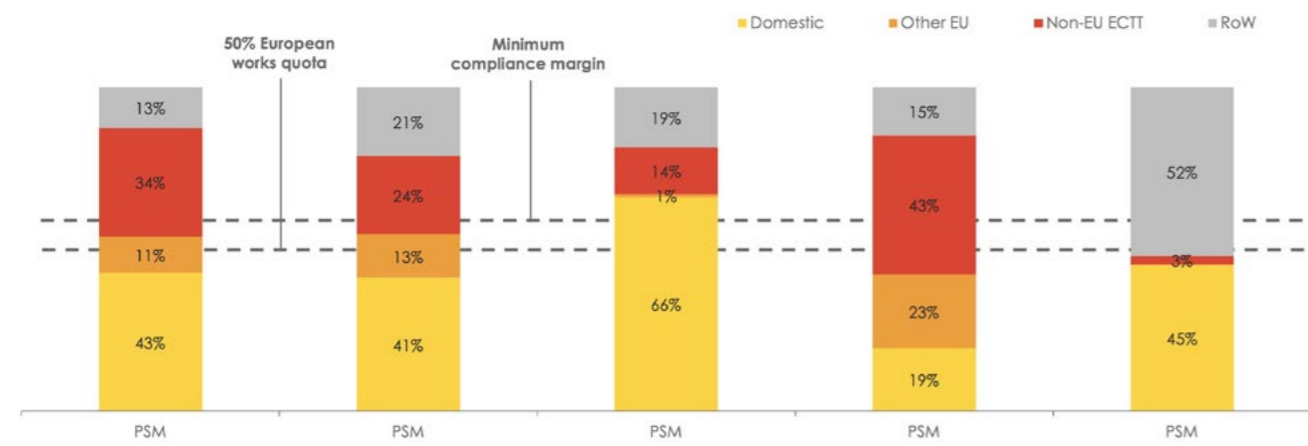
Figure 64: Share of broadcast schedule by country of origin, all channels, total vs primetime, Denmark, 2021 (% of broadcast time)



Note: Schedule analysis of 4 weeks in 2021. All TV channels for which data is available (including exempted channels). Excluding non-qualifying programming such as news, sports and teleshopping

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

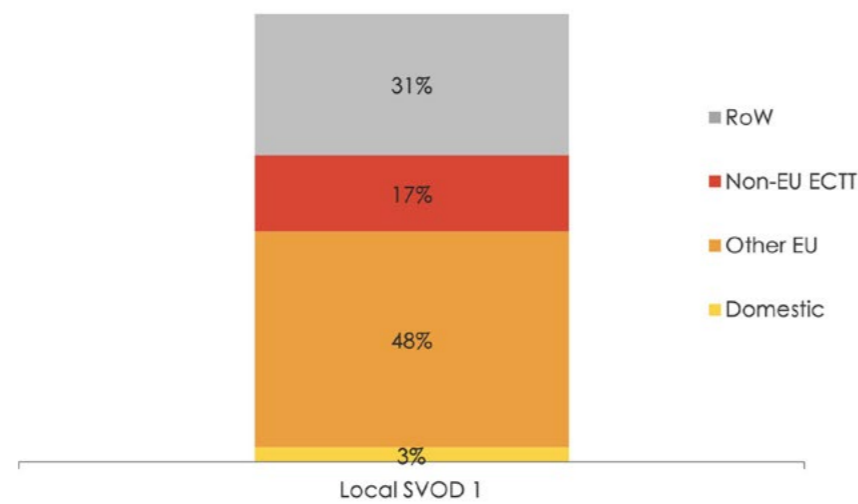
Figure 65: Share of broadcast schedule by country of origin, by channel, Denmark, 2021 (% of broadcast time)



Note: Share of broadcast time across whole year 2021, excluding non-qualifying programming such as news, sports and teleshopping. Exempted channels in sample not shown. Compliance allowed across broadcaster portfolio

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

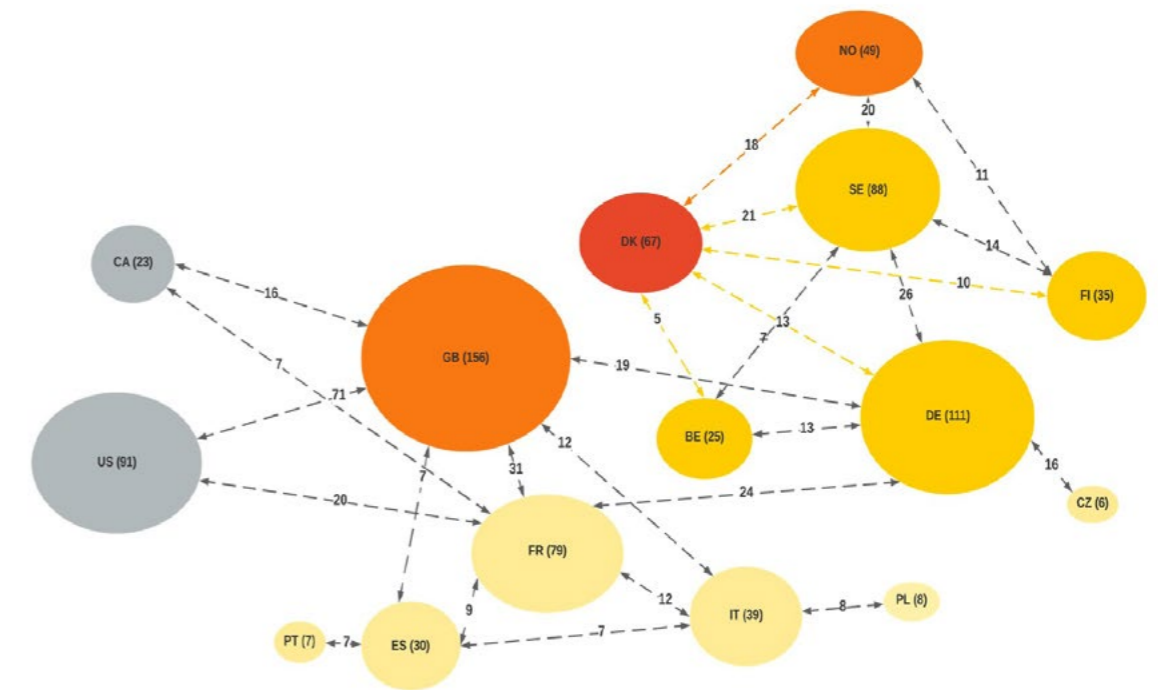
Figure 66: Share of catalogue by country of origin, local SVOD, Denmark, 2021 (share of total titles)



Note: Catalogue composition in December 2021

Source: Ampere Analysis, Oliver & Ohlbaum analysis

Figure 67: Number of partnerships in non-linguistic European international TV fiction co-productions, Danish links with selected countries, 2021

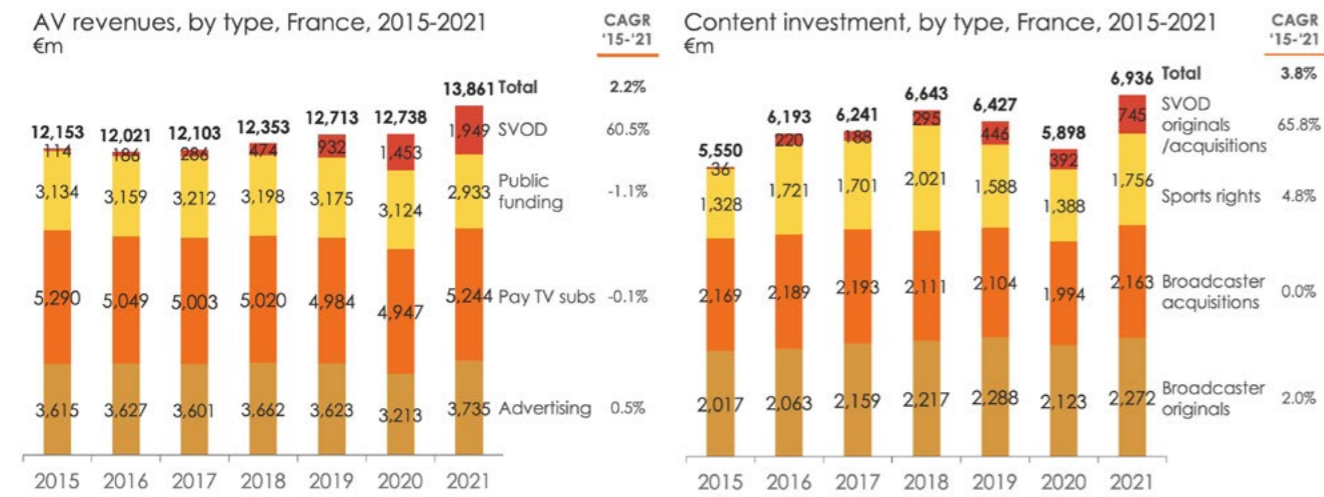


Note: This excludes "linguistic co-productions", i.e. those between neighbouring countries sharing a language (DE-AT, FR-BE, FR-CH, GR-CY, BE-NL, DE-CH, CZ-SK, GB-IE). The number of partnerships differs from the number of productions – Denmark may have participated with Sweden and Norway in the same production

Source: European Audiovisual Observatory, Oliver & Ohlbaum analysis

8.5.3 France

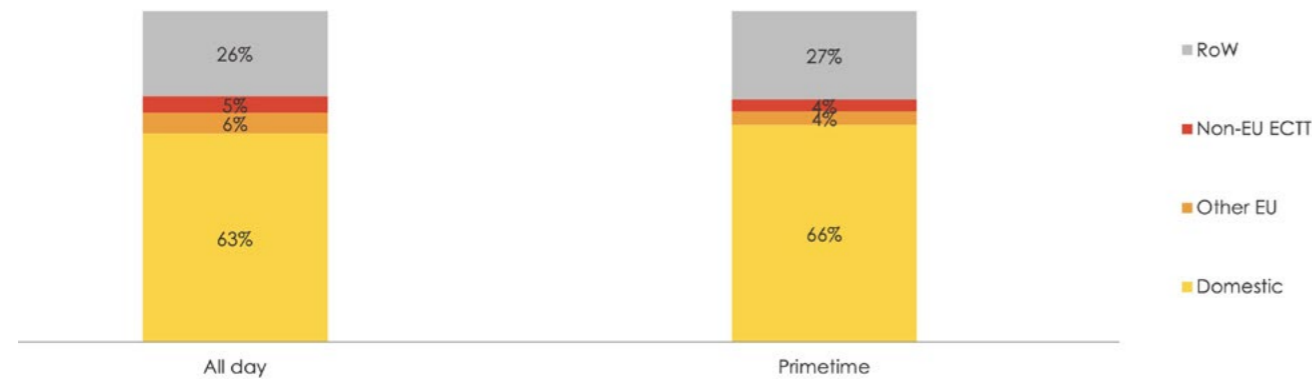
Figure 68: Growth of French AV revenues and content investment, 2015-2021 (€million)



Note: SVOD spend includes Netflix, Amazon Prime Video, Disney+, and Apple TV+. Public funding excludes radio but includes public film funds

Source: Ampere Analysis, European Audiovisual Observatory, PwC Global Entertainment & Media Outlook: 2022-2026, Oliver & Ohlbaum analysis

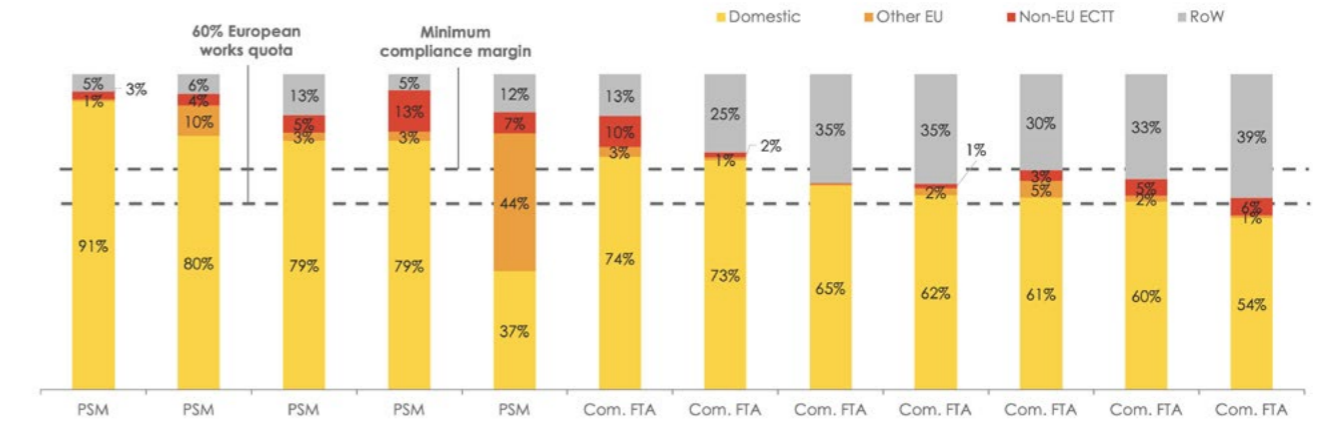
Figure 69: Share of broadcast schedule by country of origin, all channels, total vs primetime, France, 2021 (% of broadcast time)



Note: Schedule analysis of 4 weeks in 2021. All TV channels for which data is available (including exempted channels). Excluding non-qualifying programming such as news, sports and teleshopping

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

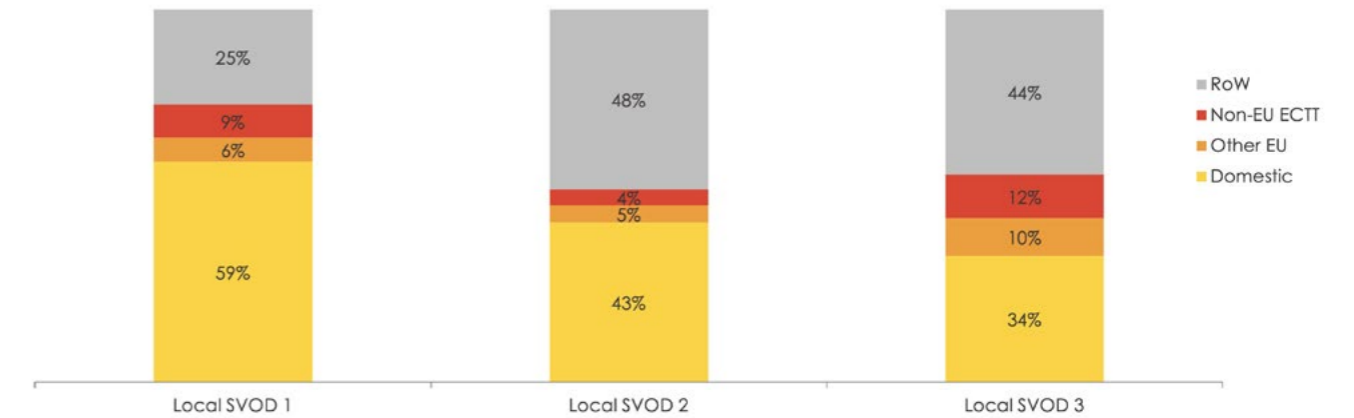
Figure 70: Share of broadcast schedule by country of origin, by channel, France, 2021 (% of broadcast time)



Note: Share of broadcast time across whole year 2021, excluding non-qualifying programming such as news, sports and teleshopping. Note that in France, compliance is calculated on average and in prime time (not shown). Exempted channels in sample not shown

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

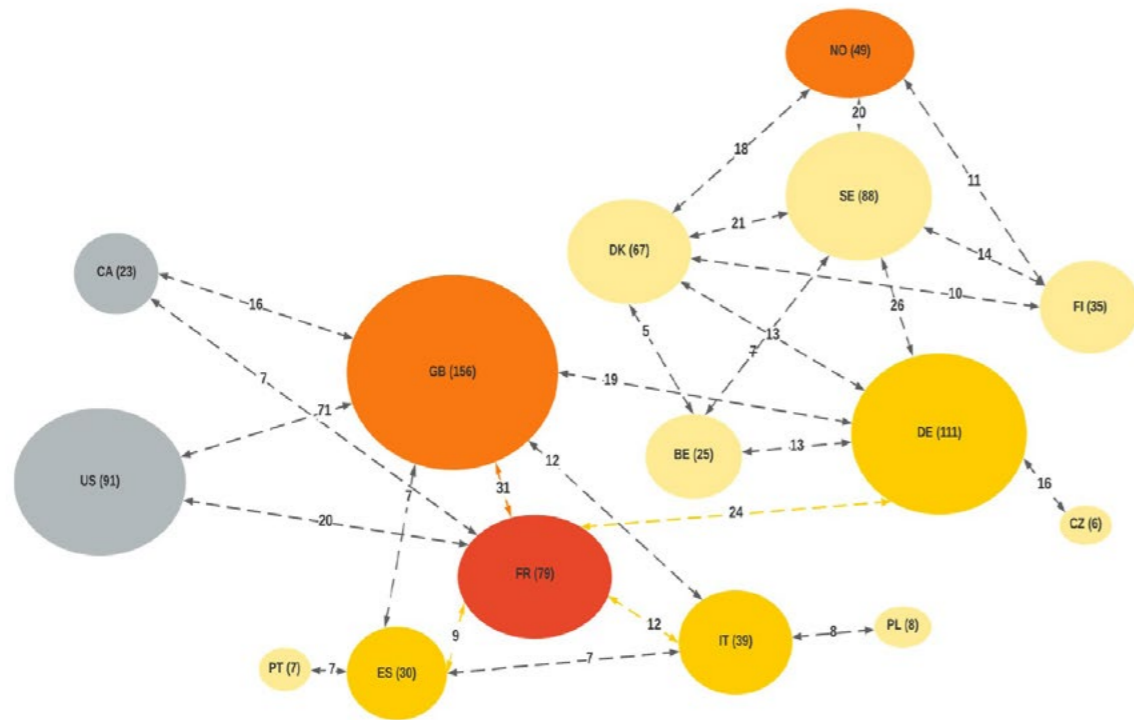
Figure 71: Share of catalogue by country of origin, local SVOD, France, 2021 (share of total titles)



Note: Catalogue composition in December 2021

Source: Ampere Analysis, Oliver & Ohlbaum analysis

Figure 72: Number of partnerships in non-linguistic European international TV fiction co-productions, French links with selected countries, 2021

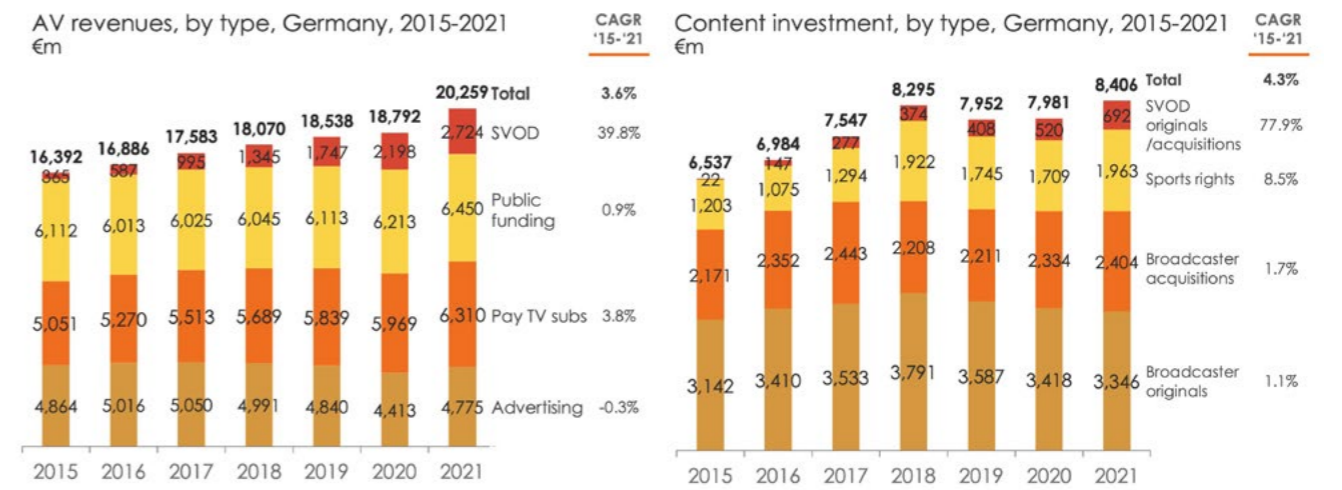


Note: This excludes "linguistic co-productions", i.e. those between neighbouring countries sharing a language (DE-AT, FR-BE, FR-CH, GR-CY, BE-NL, DE-CH, CZ-SK, GB-IE). The number of partnerships differs from the number of productions – Denmark may have participated with Sweden and Norway in the same production

Source: European Audiovisual Observatory, Oliver & Ohlbaum analysis

8.5.4 Germany

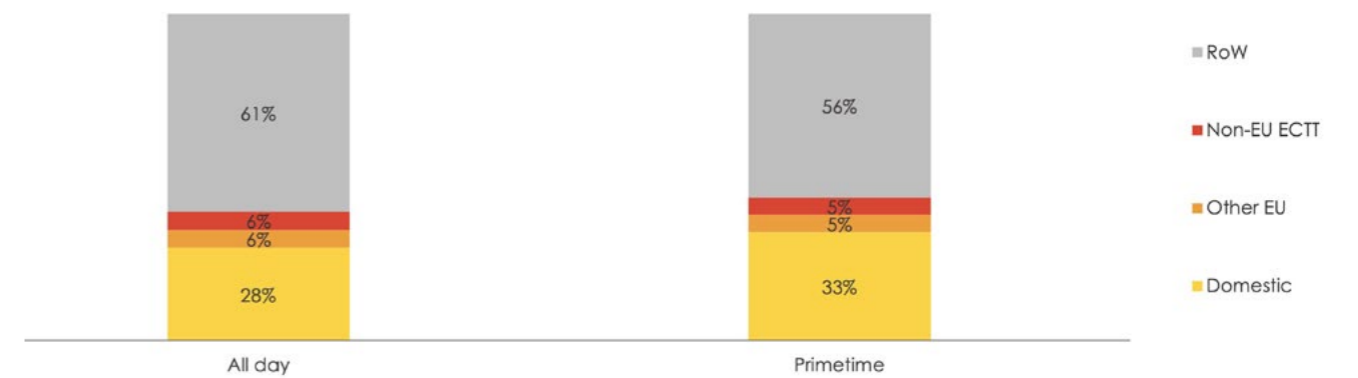
Figure 73: Growth of German AV revenues and content investment, 2015-2021 (€million)



Note: SVOD spend includes Netflix, Amazon Prime Video, Disney+, and Apple TV+. Public funding excludes radio but includes public film funds

Source: Ampere Analysis, European Audiovisual Observatory, PwC Global Entertainment & Media Outlook: 2022-2026, Oliver & Ohlbaum analysis

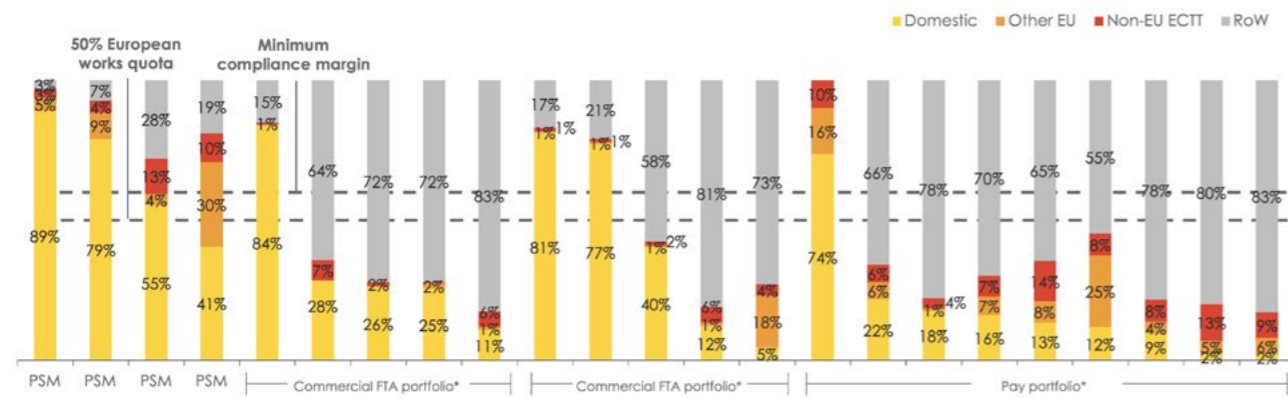
Figure 74: Share of broadcast schedule by country of origin, all channels, total vs prime time, Germany, 2021 (% of broadcast time)



Note: Schedule analysis of 4 weeks in 2021. All TV channels for which data is available (including exempted channels). Excluding non-qualifying programming such as news, sports and teleshopping

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

Figure 75: Share of broadcast schedule by country of origin, by channel, Germany, 2021 (% of broadcast time)

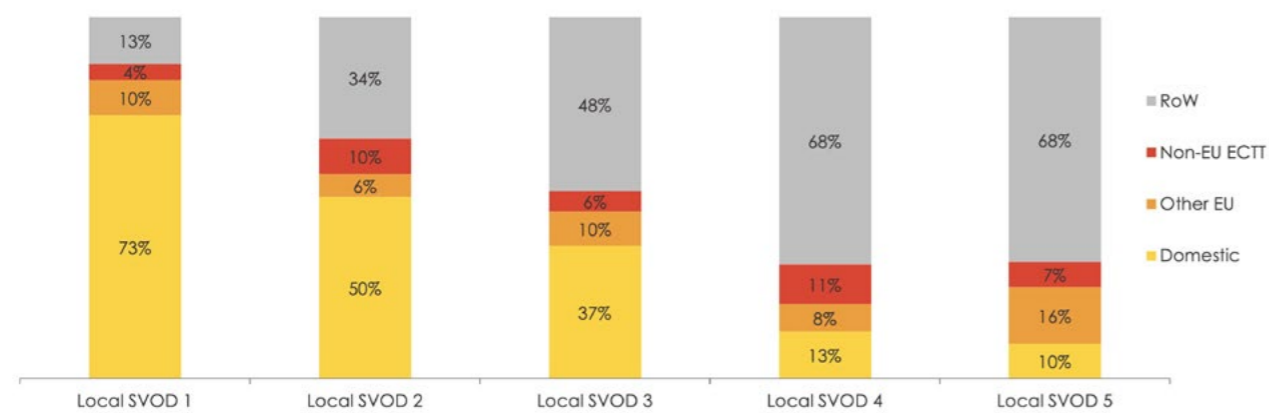


Note: Share of broadcast time across whole year 2021, excluding non-qualifying programming such as news, sports and teleshopping. Exempted channels in sample removed. *Compliance allowed across broadcaster portfolio; data is not available on all portfolio channels hence chart is not indicative of overall compliance

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

Please note that in the above chart for Germany, channels identified as required to comply with the European works quota but shown with European works below the 50 per cent line are part of a broadcaster group and compliance may be measured as a portfolio average across the group. Additionally, not all portfolio channels were available for analysis and hence are not shown on this chart. Therefore any individual channel or broadcaster portfolio shown as below the 50 per cent quota is not an indication of non-compliance.

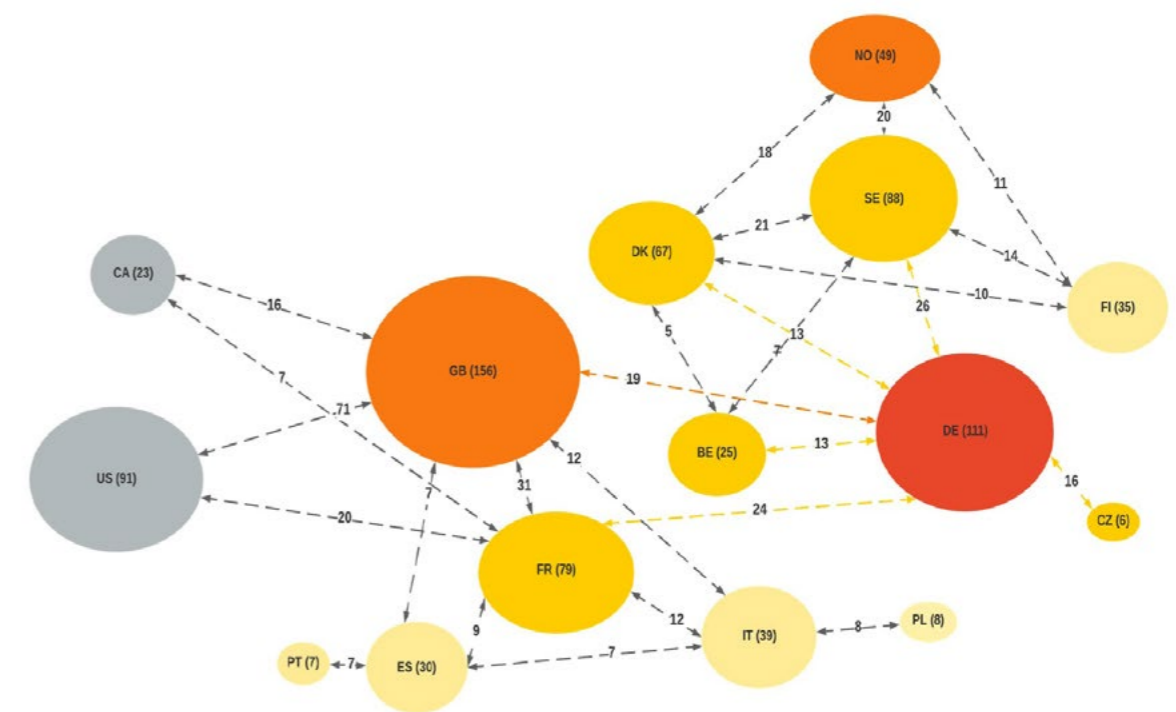
Figure 76: Share of catalogue by country of origin, local SVOD, Germany, 2021 (share of total titles)



Note: Catalogue composition in December 2021

Source: Ampere Analysis, Oliver & Ohlbaum analysis

Figure 77: Number of partnerships in non-linguistic European international TV fiction co-productions, German links with selected countries, 2021

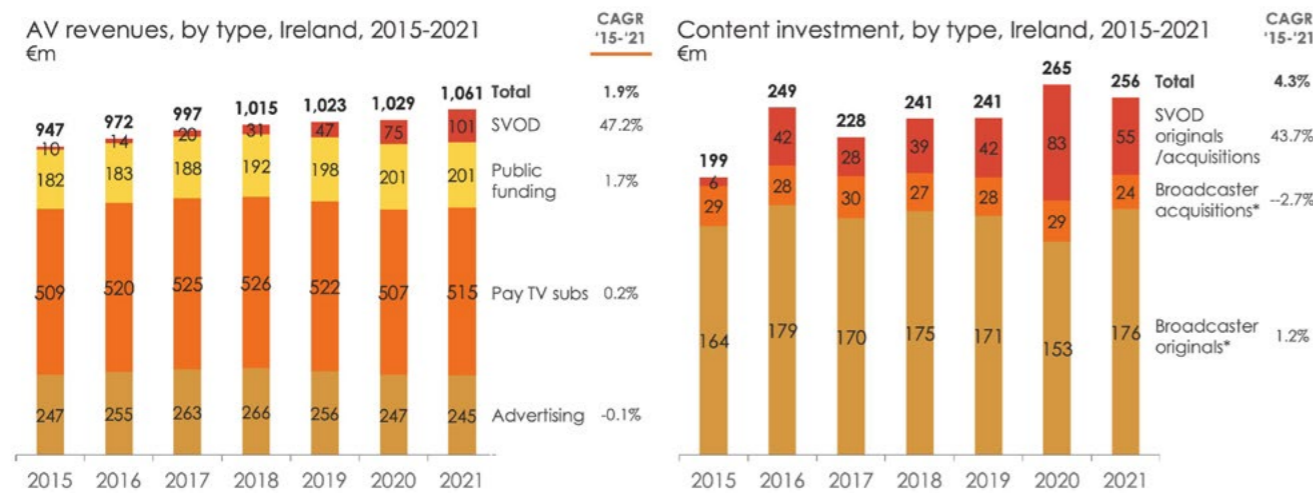


Note: This excludes "linguistic co-productions", i.e. those between neighbouring countries sharing a language (DE-AT, FR-BE, FR-CH, GR-CY, BE-NL, DE-CH, CZ-SK, GB-IE). The number of partnerships differs from the number of productions – Denmark may have participated with Sweden and Norway in the same production

Source: European Audiovisual Observatory, Oliver & Ohlbaum analysis

8.5.5 Ireland

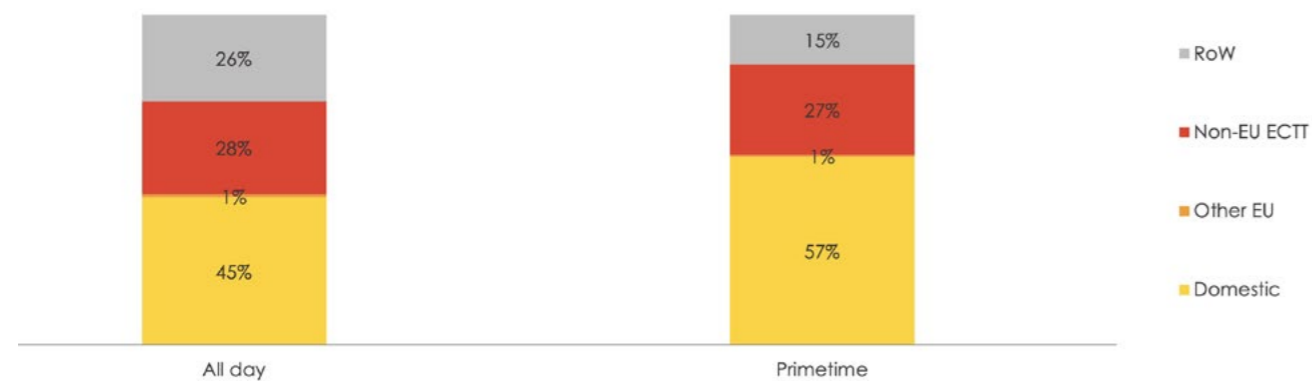
Figure 78: Growth of Irish AV revenues and content investment, 2015-2021 (€million)



Note: Only PSM broadcaster spend data available, no sports rights data available. SVOD spend includes Netflix, Amazon Prime Video, Disney+, and Apple TV+. Public funding excludes radio but includes public film funds

Source: Ampere Analysis, European Audiovisual Observatory, PwC Global Entertainment & Media Outlook: 2022-2026, Oliver & Ohlbaum analysis

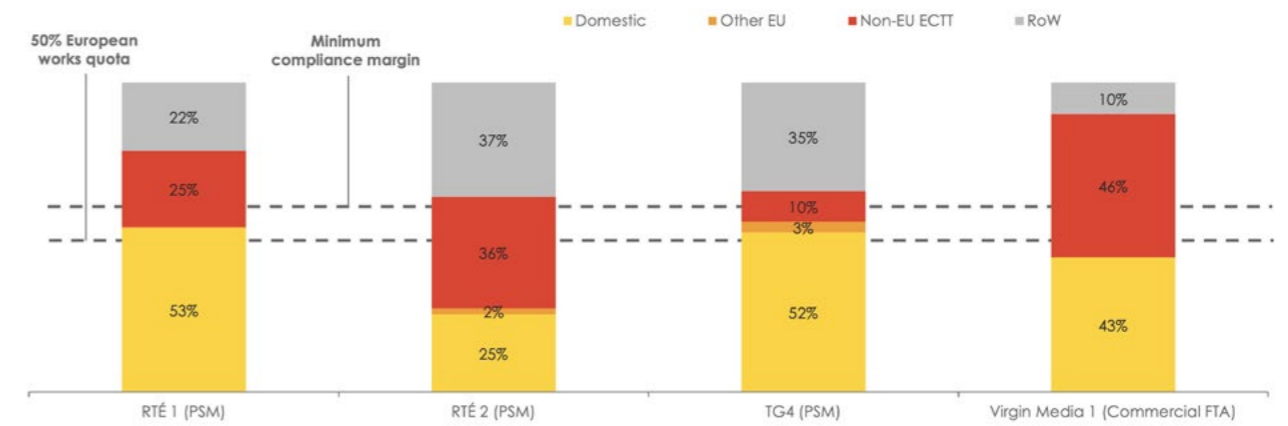
Figure 79: Share of broadcast schedule by country of origin, all channels, total vs primetime, Ireland, 2021 (% of broadcast time)



Note: Schedule analysis of 4 weeks in 2021. All TV channels for which data is available. Excluding non-qualifying programming such as news, sports and teleshopping

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

Figure 80: Share of broadcast schedule by country of origin, by channel, Ireland, 2021 (% of broadcast time)

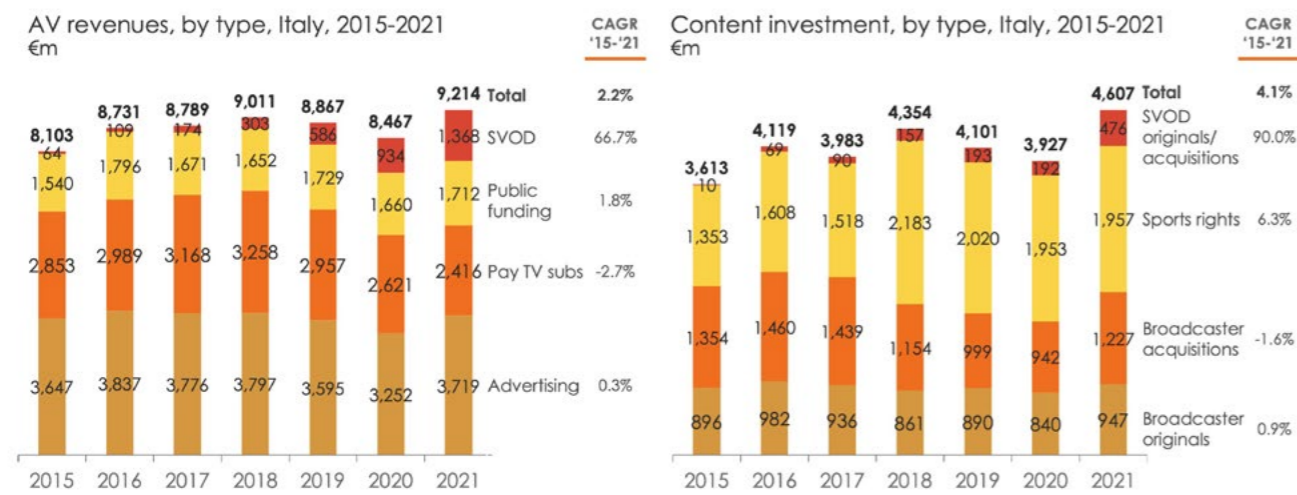


Note: Share of broadcast time across whole year 2021, excluding non-qualifying programming such as news, sports and teleshopping. Exempted channels in sample removed

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

8.5.6 Italy

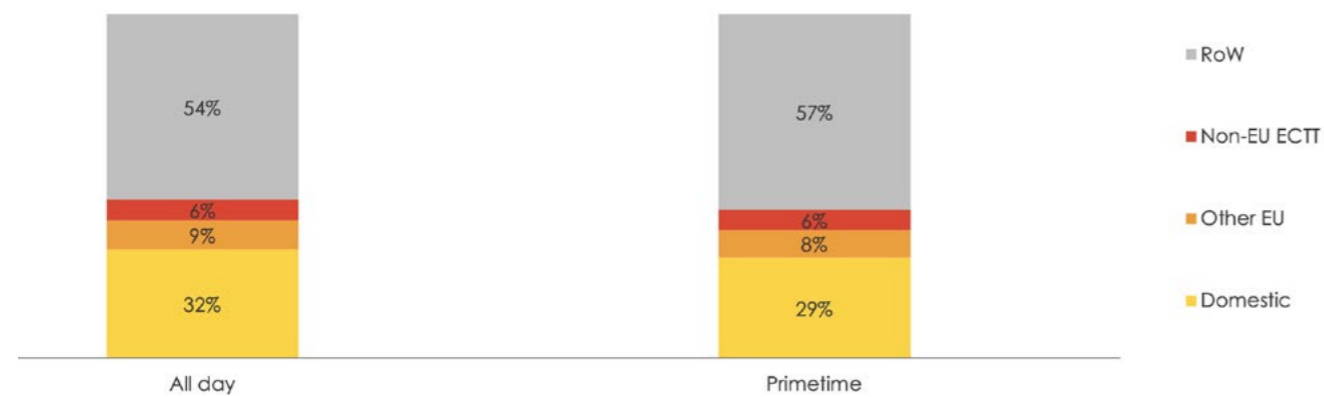
Figure 81: Growth of Italian AV revenues and content investment, 2015-2021 (€million)



Note: SVOD spend includes Netflix, Amazon Prime Video, Disney+, and Apple TV+. Public funding excludes radio but includes public film funds

Source: Ampere Analysis, European Audiovisual Observatory, PwC Global Entertainment & Media Outlook: 2022-2026, Oliver & Ohlbaum analysis

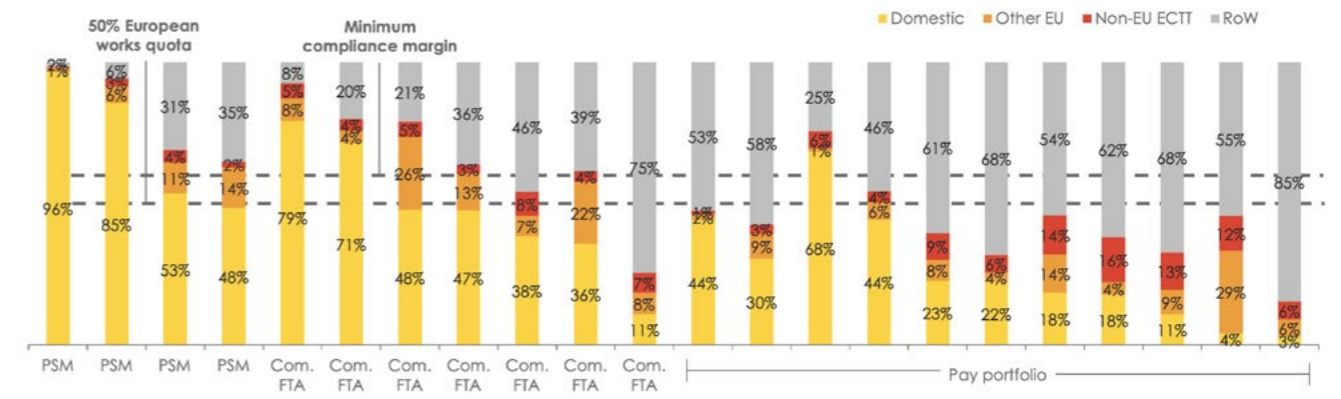
Figure 82: Share of broadcast schedule by country of origin, all channels, total vs primetime, Italy, 2021 (% of broadcast time)



Note: Schedule analysis of 4 weeks in 2021. All TV channels for which data is available (including exempted channels). Excluding non-qualifying programming such as news, sports and teleshopping

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

Figure 83: Share of broadcast schedule by country of origin, by channel, Italy, 2021 (% of broadcast time)

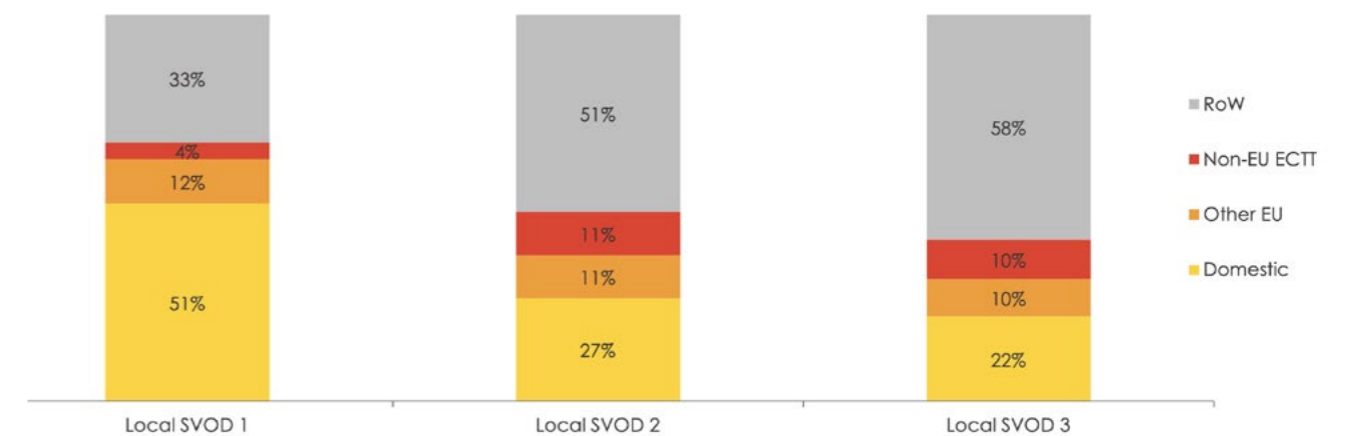


Note: Share of broadcast time across whole year 2021, excluding non-qualifying programming such as news, sports and teleshopping. Exempted channels in sample not shown. *Compliance allowed across a broadcaster portfolio; data is not available on all portfolio channels hence chart is not indicative of overall compliance

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

Please note that in the above chart for Italy, channels identified as required to comply with the European works quota but shown with European works below the 50 per cent line are part of a broadcaster group and compliance may be measured as a portfolio average across the group. Additionally, not all portfolio channels were available for analysis and hence are not shown on this chart. Therefore any individual channel or broadcaster portfolio shown as below the 50 per cent quota is not an indication of non-compliance.

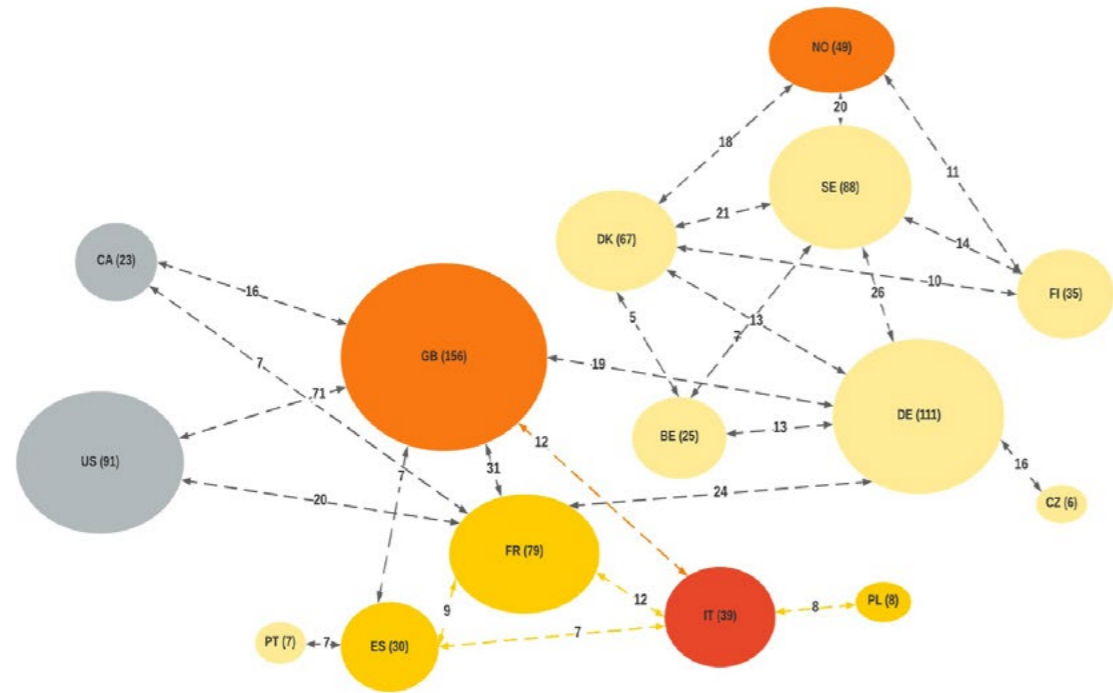
Figure 84: Share of catalogue by country of origin, local SVOD, Italy, 2021 (share of total titles)



Note: Catalogue composition in December 2021

Source: Ampere Analysis, Oliver & Ohlbaum analysis

Figure 85: Number of partnerships in non-linguistic European international TV fiction co-productions, Italian links with selected countries, 2021

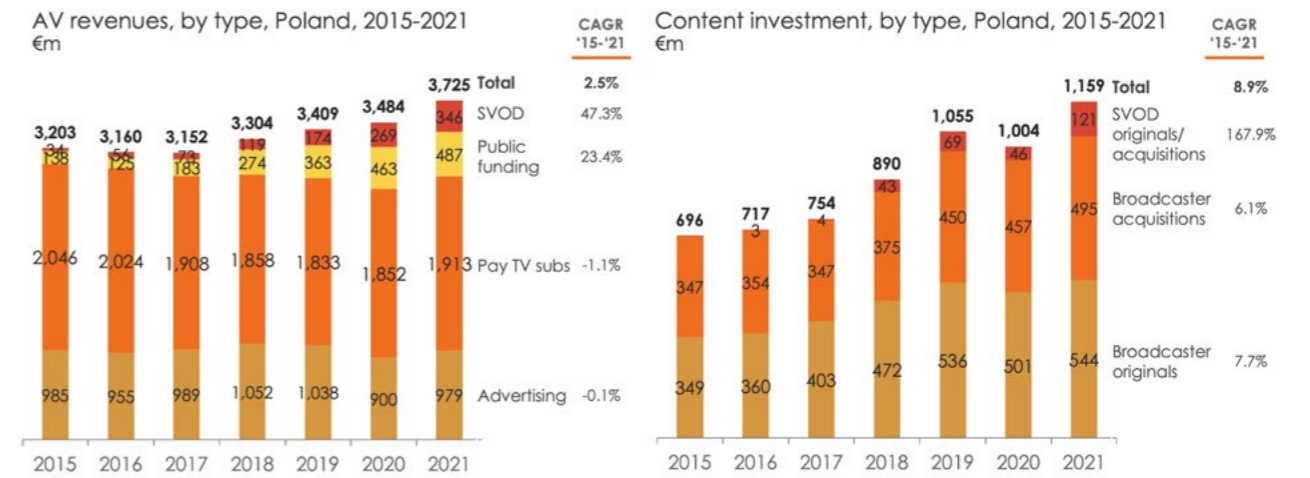


Note: This excludes "linguistic co-productions", i.e. those between neighbouring countries sharing a language (DE-AT, FR-BE, FR-CH, GR-CY, BE-NL, DE-CH, CZ-SK, GB-IE). The number of partnerships differs from the number of productions – Denmark may have participated with Sweden and Norway in the same production

Source: European Audiovisual Observatory, Oliver & Ohlbaum analysis

8.5.7 Poland

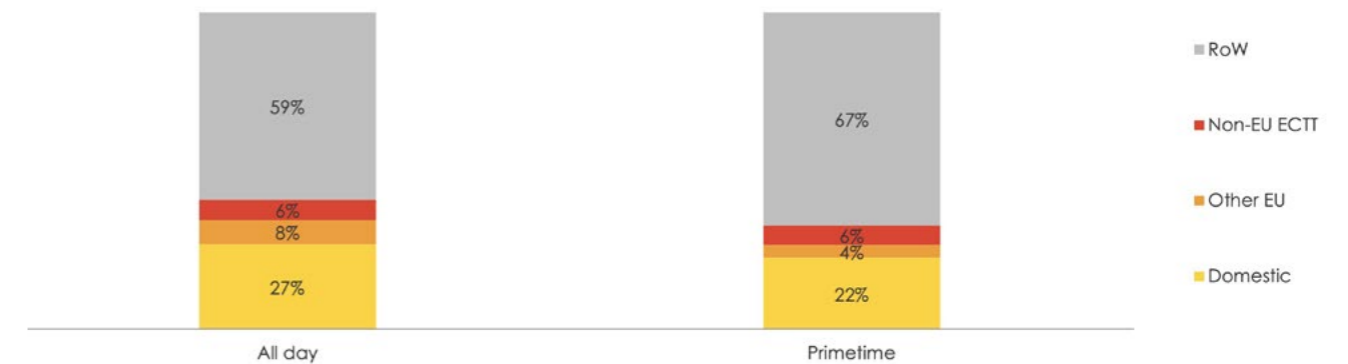
Figure 86: Growth of Polish AV revenues and content investment, 2015-2021 (€million)



Note: No sports rights data available. SVOD spend includes Netflix, Amazon Prime Video, Disney+, and Apple TV+. Public funding excludes radio but includes public film funds

Source: Ampere Analysis, European Audiovisual Observatory, PwC Global Entertainment & Media Outlook: 2022-2026, Oliver & Ohlbaum analysis

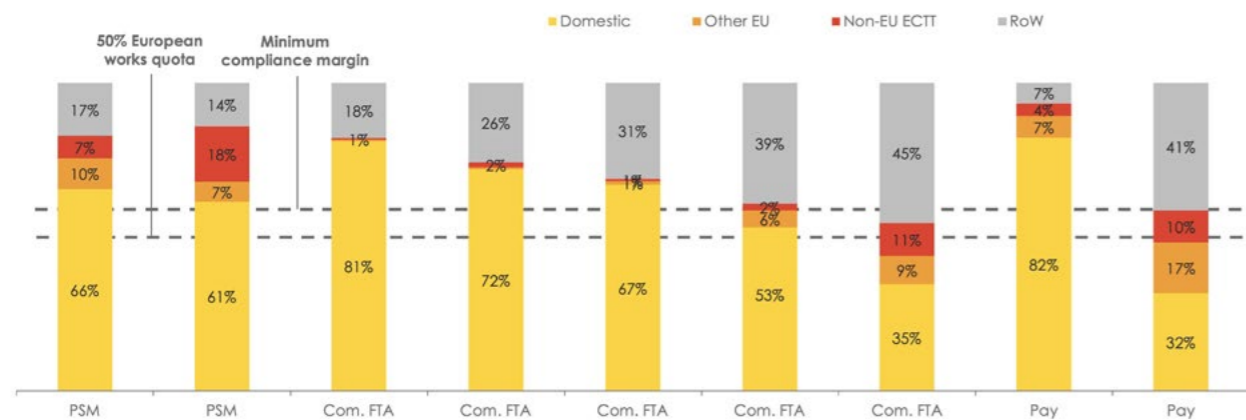
Figure 87: Share of broadcast schedule by country of origin, all channels, total vs primetime, Poland, 2021 (% of broadcast time)



Note: Schedule analysis of 4 weeks in 2021. All TV channels for which data is available (including exempted channels). Excluding non-qualifying programming such as news, sports and teleshopping

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

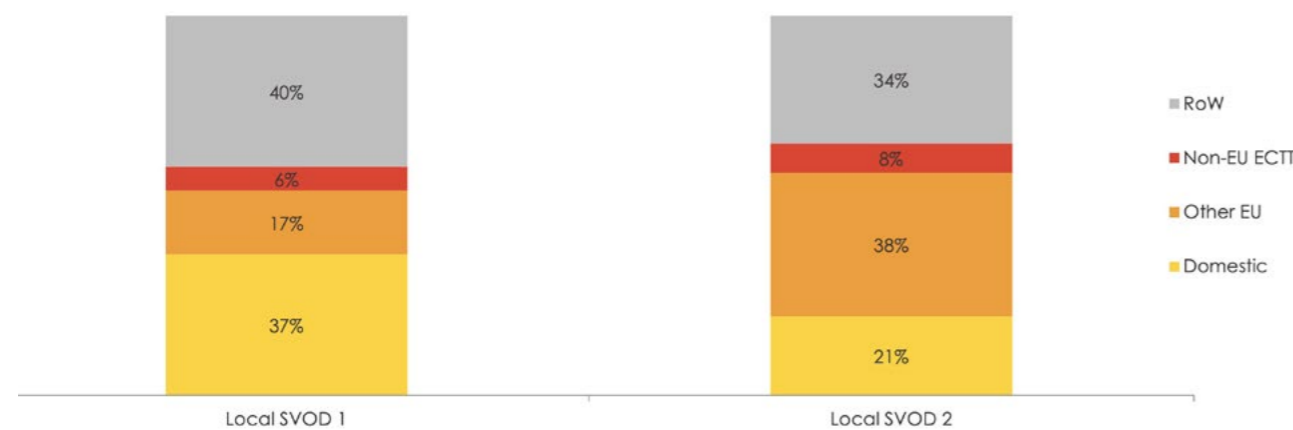
Figure 88: Share of broadcast schedule by country of origin, by channel, Poland, 2021 (% of broadcast time)



Note: Share of broadcast time across whole year 2021, excluding non-qualifying programming such as news, sports and teleshopping. Exempted channels in sample not shown

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

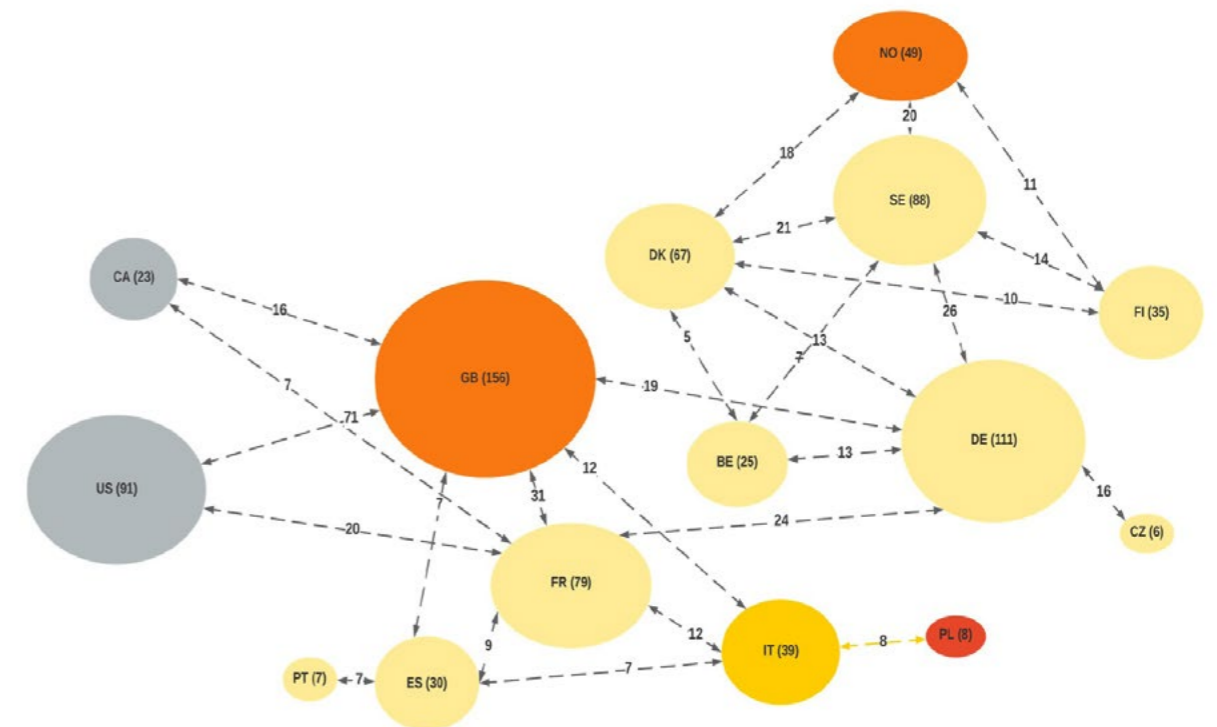
Figure 89: Share of catalogue by country of origin, local SVOD, Poland, 2021 (share of total titles)



Note: Catalogue composition in December 2021

Source: Ampere Analysis, Oliver & Ohlbaum analysis

Figure 90: Number of partnerships in non-linguistic European international TV fiction co-productions, Polish links with selected countries, 2021

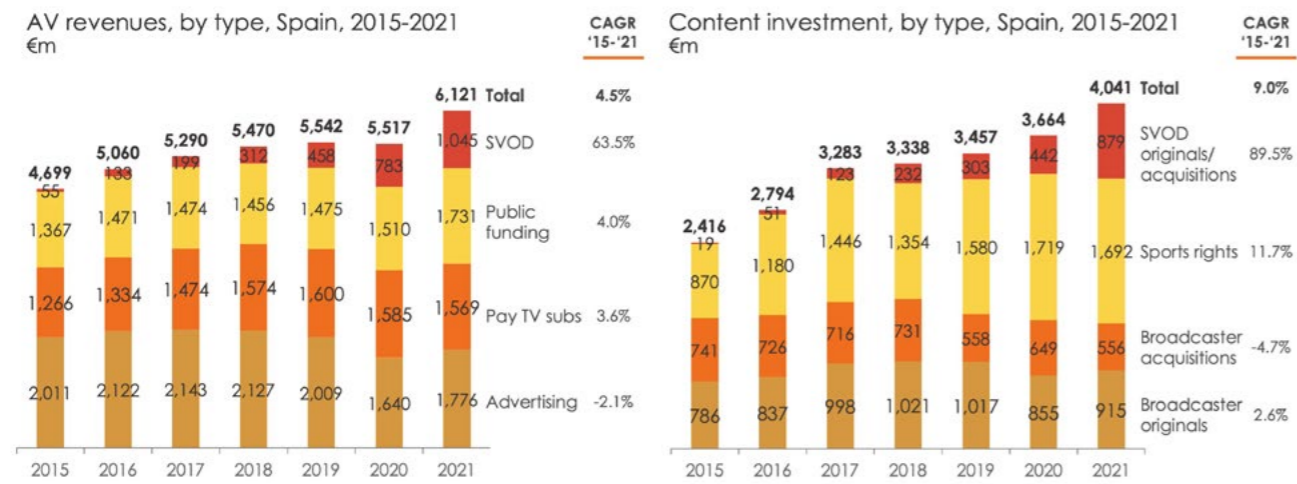


Note: This excludes "linguistic co-productions", i.e. those between neighbouring countries sharing a language (DE-AT, FR-BE, FR-CH, GR-CY, BE-NL, DE-CH, CZ-SK, GB-IE). The number of partnerships differs from the number of productions – Denmark may have participated with Sweden and Norway in the same production

Source: European Audiovisual Observatory, Oliver & Ohlbaum analysis

8.5.8 Spain

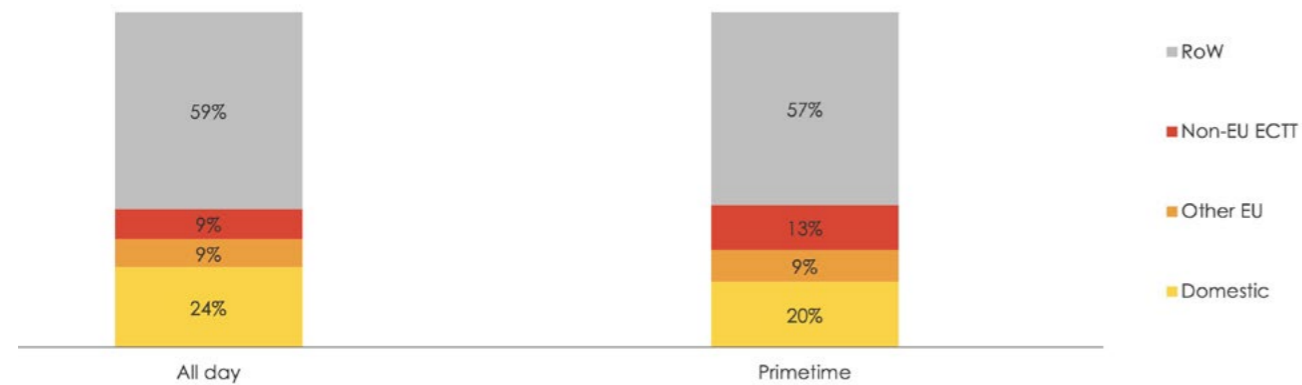
Figure 91: Growth of Spanish AV revenues and content investment, 2015-2021 (€million)



Note: SVOD spend includes Netflix, Amazon Prime Video, Disney+, and Apple TV+. Public funding excludes radio but includes public film funds. Public funding in 2021 is an estimate based on known split of RNE and TVE funding in 2020

Source: Ampere Analysis, European Audiovisual Observatory, CNMC, Oliver & Ohlbaum analysis

Figure 92: Share of broadcast schedule by country of origin, all channels, total vs primetime, Spain, 2021 (% of broadcast time)



Note: Schedule analysis of 4 weeks in 2021. All TV channels for which data is available (including exempted channels). Excluding non-qualifying programming such as news, sports and teleshopping

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

Figure 93: Share of broadcast schedule by country of origin, by channel, Spain, 2021 (% of broadcast time)

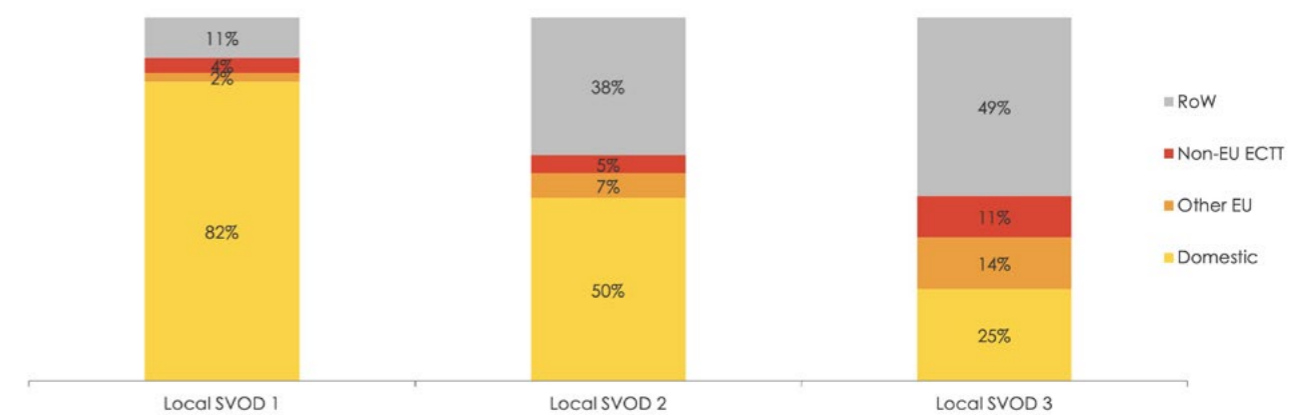


Note: Share of broadcast time across whole year 2021, excluding non-qualifying programming such as news, sports and teleshopping. Exempted channels in sample not shown. *Compliance allowed across a broadcaster portfolio; data is not available on all portfolio channels hence chart is not indicative of overall compliance

Source: Essential TV Statistics, Oliver & Ohlbaum analysis

Please note that in the above chart for Spain, channels identified as required to comply with the European works quota but shown with European works below the 50 per cent line are part of a broadcaster group and compliance may be measured as a portfolio average across the group. Additionally, not all portfolio channels were available for analysis and hence are not shown on this chart. Therefore any individual channel or broadcaster portfolio shown as below the 50 per cent quota is not an indication of non-compliance.

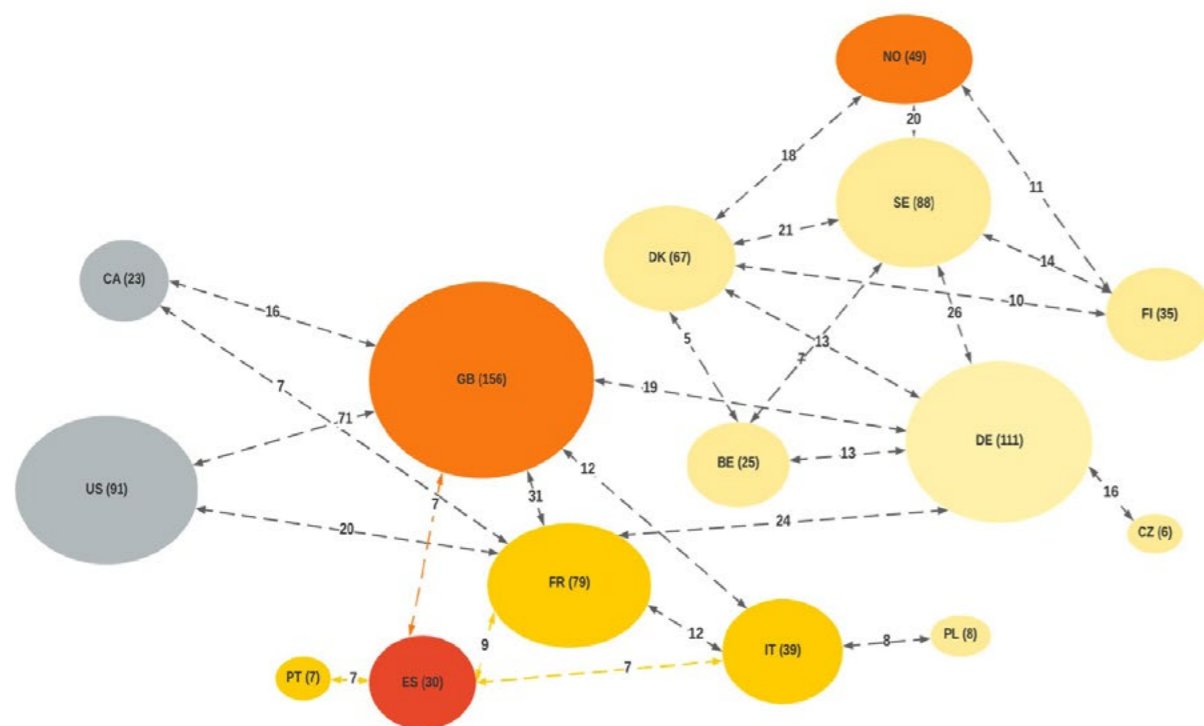
Figure 94: Share of catalogue by country of origin, local SVOD, Spain, 2021 (share of total titles)



Note: Catalogue composition in December 2021

Source: Ampere Analysis, Oliver & Ohlbaum analysis

Figure 95: Number of partnerships in non-linguistic European international TV fiction co-productions, Spanish links with selected countries, 2021



Note: This excludes “linguistic co-productions”, i.e. those between neighbouring countries sharing a language (DE-AT, FR-BE, FR-CH, GR-CY, BE-NL, DE-CH, CZ-SK, GB-IE). The number of partnerships differs from the number of productions – Denmark may have participated with Sweden and Norway in the same production

Source: European Audiovisual Observatory, Oliver & Ohlbaum analysis

8.6 Impact Assessment Methodology

This section outlines the methodology for estimating the impact that narrowing the European works definition would have on the European AV sector. It outlines the rationale behind the estimated effect of such a proposal, the data sources used, and the steps taken in the analysis.

To illustrate the impact of the definition change, this study considers how a narrowed definition would apply to a sample of channels in the eight representative EU Member States. It analyses the make-up of each channel's schedule by country of origin and assesses the viewing share by country of origin. Channels that have been selected are those that rely to a greater degree on non-EU content.

The impact assessment estimates the revenue impact of a narrowed definition for affected broadcasters by using audience data from a sample of impacted channels and considers the likely change in EU acquisition investment by such broadcasters.

8.6.1 Data sources

The analysis has used the following data sources:

- Detailed schedule data, including breakdowns such as genre and country of origin, for channels in each of the eight representative EU Member States. This gives the proportion of non-news and sport schedules that originated in the EU, non-EU ECTT countries or elsewhere. This is both for the full year 2021 (to assess overall scheduling shares) and in the form of a four-week sample for more detailed schedule analysis (i.e. on a title-by-title basis). The raw data for this analysis was provided by Essential TV Statistics
- Advertising revenues for each channel for the year 2021. Data was sourced from Dataxis
- Content investment by broadcasters on acquired TV programmes and feature films for the set of broadcasters available. Data was sourced from Ampere Analysis
- Supplementary audience viewing data, including demographic splits, for a sample of channels in the representative Member States. Audience data was provided by Glance and combined with the four weeks of schedule data

8.6.2 Channels identified as affected by the removal of non-EU ECTT content from the European works definition

The analysis used schedule data to identify representative channels that would be affected by narrowing the definition of European works. Channels fall into a number of groups based on the impact of changes:

1. Exempt channels¹⁰⁴ – no scheduling changes required
2. Unaffected channels from unaffected broadcaster groups¹⁰⁵ – no scheduling changes required
3. Unaffected channels from affected broadcaster groups – scheduling changes may be required

¹⁰⁴ For a small number of channels in the sample, no data is available on whether or not European works quota compliance is required. For these channels, consideration of whether they are exempt or required to meet the linear quota has been based upon their known audience share and market-specific regulations in country of origin

¹⁰⁵ Although channels and broadcasters will be indirectly affected by negative knock-on effects in the European AV ecosystem, unaffected broadcaster groups were defined for this analysis as a broadcaster group where all of its channels are either (1) exempt, or (2) significantly above the linear quota in their market with only domestic and other EU works

4. Affected channels currently with more than 40 per cent European works in their schedule (50 per cent in France), that would not have a share of European works in their schedule above the 'compliance margin' in their market after a change in definition (i.e. 60 per cent in Poland, 70 per cent in France) – scheduling changes likely required. Some of these affected channels may have previously been allowed to be compliant across a broadcaster portfolio
5. Affected channels that would be below the 'compliance margin' in their market after a change, but allowed to be compliant across a broadcaster portfolio – scheduling changes likely required
6. Affected channels that currently have a share of European works below 40 per cent of their schedule and no clear exemption¹⁰⁶

As seen above, the existence of broadcaster groups and channel portfolios complicates analysis of the impact of a narrowed definition since in some territories, often on an ad hoc basis, regulators may allow compliance across the whole portfolio. This means broadcasters can respond by making scheduling changes across a number of channels (potentially small changes on all channels, or large changes on one channel) and these channels do not necessarily need to be the ones directly affected by a narrowed European works definition.

For this reason, the analysis focuses on channels from group four above. Those within this group that have previously been allowed to comply across a portfolio, but have a sufficiently high share of European works, have been included in the analysis as scheduling changes are likely required.¹⁰⁷

Analysing schedule data from these channels allows us to determine the share of non-compliant (non-EU) content that is required to be switched out, either to meet their country of origin's European works linear quota or to restore their share of European works to their current level before any narrowing of the definition.¹⁰⁸ This creates **a share of each channel's schedule that needs to be replaced with EU content (which includes domestic content)**. This could mean replacing US, RoW or non-EU ECTT content.

8.6.3 Modelling the impact of removing non-EU content and replacing it with EU content

Identifying content to be removed from the schedule

Next, the analysis uses data on a snapshot of a channel's audience figures to estimate **the share of total viewing generated by the content to be switched out**.

If the definition was narrowed, broadcasters would be required to switch out a certain proportion of their schedule that is non-EU. In line with the arguments outlined in Section 4.1 above, the analysis assumes that broadcasters will look to swap out the lowest performing (lowest average viewers) non-EU content from their schedules.

¹⁰⁶ Note, exemptions are based on the regulations and national market implementation of these regulations which can vary by country

¹⁰⁷ Additionally, data availability and data costs are prohibitive to assessing viewing across all affected channels portfolios in all representative markets

¹⁰⁸ For channels in the analysis whose current European works share of their schedule is above the compliance margin (i.e. 60 per cent in Poland, 70 per cent in France) before a narrowing of the definition but below following a change, we assume they will only replace the amount of no longer compliant content in order to restore their schedule's share of European works up to their compliance margin, not their current share before a narrowing of the definition

This analysis assumes that the value to the broadcaster of each piece of content is the viewer hours (number of viewers per hour) that it generates as this directly links to the advertising revenues a broadcaster can generate for the content. This is calculated by multiplying a title's average viewers by the duration of programme. The viewer hours per title are then ranked for each channel.

Then, the viewing associated with the content that is to be removed can be identified. A proportion of the lowest performing non-compliant content representing the number of hours of content that would have to be removed as a result of the definition change is identified. The sum of viewing to these titles represents the viewing affected by the definition change (β in the calculation below).

Accounting for a degree of flexibility in how broadcasters can adjust their schedule

Broadcasters may be unable to remove only the lowest performing content. For example, some poorly performing content may be part of a longer series, or there may be other contractual or regulatory restrictions on whether content should be retained in the schedule. Therefore, to account for the fact that broadcasters may have to remove some more popular content, the analysis identifies the proportion of viewing that is generated by *double* the proportion of content that is needed to be switched for EU content. This is then divided by two as a conservative estimate of the proportion of viewing affected by the change in schedule.

Total viewing of content that is removed for channels affected by the definition change

For a selection of channels in the analysis, the table below shows the share of each channel's schedule that needs to be replaced with EU content and the share of total viewing that this content is responsible for.

Data is not available on viewing for all channels affected by the definition change. Where data is not available assumptions are used to estimate the impact on viewing of removing non-EU content, using a relevant proxy. For these channels, a combined dataset is used that includes all channels where data is available in our sample. For each title in the data the proportion of total viewing it generates for the channel it was broadcast on is calculated. The dataset is then sorted by this contribution proportion, before a cumulative viewing proportion for each title is calculated. This is then normalised to account for the multiple channels contained in the dataset. This proxy dataset is used to estimate the associated viewing that replaced content is responsible for, for those channels where direct viewing data is not available.

Table 12: Share of each channel's schedule that needs to be replaced and the share of total viewing that the content is responsible for – illustration of six channels in the analysis

		Share of schedule that needs to be replaced to meet linear quota		Share of schedule that needs to be replaced to restore their share of European works	
		% of schedule to be replaced	% of total viewing replaced content is responsible for	% of schedule to be replaced	% of total viewing replaced content is responsible for
Average		9%	2%	10%	2%
Ireland	PSM	23%	3%	33%	15%
Spain	FTA	17%	9%	27%	30%
Czechia	FTA	9%	2%	11%	2%
Denmark	PSM	8%	1%	18%	5%
Poland	FTA	6%	2%	11%	4%
France	Pay	–	–	8%	1%

Source: Essential TV Statistics, Glance data, Frontier analysis

8.6.3.4 The value of EU content that replaces non-compliant (non-EU) content

EU content would need to be substituted for the non-EU content identified above. Broadcasters have said that alternative EU content (i.e. content of a similar cost) would be less efficient at delivering viewers for the reasons set out in the report (see Section 3.5).

The modelling assumes that broadcasters would spend the same amount on the EU content that they switch-in as the content that is removed, but that it is less effective at generating an audience. The assumption imposed is that the EU content that broadcasters switch-in generates 80 per cent of the viewing that the non-EU content it is replacing does. This is a conservative assumption and likely overestimates the value of the alternative EU content:

- As discussed in Section 4.1.3, the reality is that non-qualifying content could be entirely replaced with repeats and archive content. However, the analysis assumes in the central case that 50 per cent is replaced by repeats and archive content at no incremental cost to the broadcaster, and that the remaining 50 per cent is spent on equivalent EU acquisitions – a higher share of repeats and archive content would perform worse
- In certain markets, such as Ireland, there is a much greater discrepancy between average audiences to non-qualifying content (i.e. UK and US) and EU acquisitions. In such markets the drop-off in viewing would be much more pronounced
- Thus a sensitivity analysis of impacts at lower shares of viewing (50 per cent and 25 per cent) is provided below

The revenue impact on broadcasters

The estimate of the revenue impact on directly affected broadcasters is therefore the lost advertising revenue as a result of declining audience. It is reasonably assumed that advertising revenue is proportionate to the viewer hours and audience that each programme generates, so for each channel the revenue impact is calculated as:

$$\text{Revenue impact} = (1-80\%) \times \beta \times \text{Total advertising revenue}$$

Where β = Proportion of the channel's total viewer hours generated by the content switched out using the approach set out above.

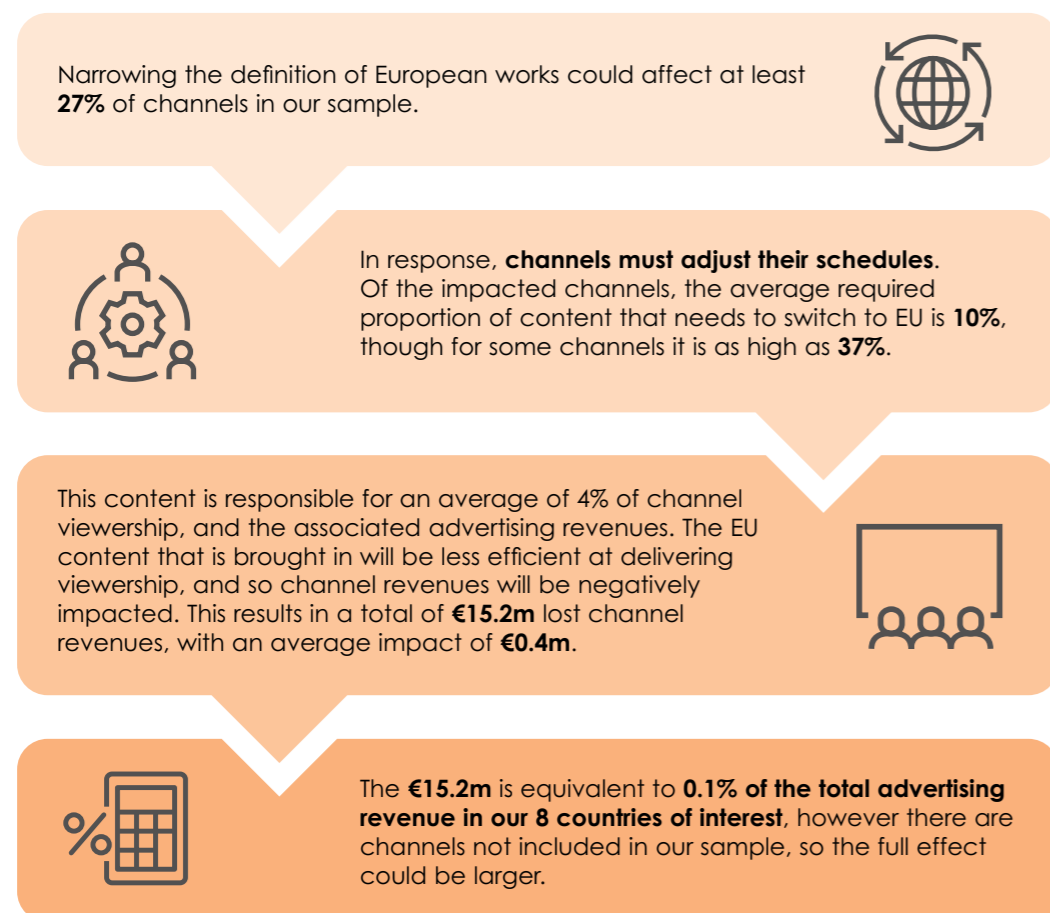
This assumes that all of the channels analysed in our sample are entirely ad-funded. In fact, a number of the affected channels are PSM (and hence part or fully publicly funded) or pay channels (and hence reliant on subscription revenues/affiliate fees). For simplicity, we have assumed the same relationship between viewership and funding for these channels.

An average revenue impact across the channels in the analysis is then calculated as a representative value for the average loss in revenue that channels impacted across the EU would face.

However, lower viewing to directly affected broadcasters would be partially offset by an increase to other broadcasters, as viewers switch away from the affected broadcasters to other channels; though some viewing would be lost to TV overall as viewers instead turn to alternative activities (e.g. VOD, Video Sharing Platforms or other AV media like gaming). For simplicity this analysis assumes that 75 per cent of the affected channels' lost viewing is redistributed to alternative TV channels and 25 per cent is 'lost' to TV, implying an absolute decline in overall TV revenues.

Results and sensitivities

Section 4.1 above outlines the headline results from the impact assessment on average revenues of impacted channels in the EU. This considers all channels that would need to switch their schedule to restore their share of European works to its current level.



As discussed, this analysis assumes that the EU content that broadcasters 'switch in' generates 80 per cent of the viewing that the non-EU content it is replacing does. The results below outline the average loss in revenue that channels impacted across the EU would face if the EU content that replaces the non-EU content achieves a lower proportion of the audience.

Table 13: Per channel decline in TV advertising revenues, sensitivities

Assumption	Situation	Per channel decline in TV advertising revenues	Percentage decrease in their annual advertising revenues
80%	Restore their share of European works to their current level before any narrowing of the definition	€0.4m	0.9%
50%		€1.1m	2.2%
25%		€1.6m	3.2%

Source: Essential TV Statistics, Glance data, Frontier analysis

8.6.5 Estimating the increase in the value of EU acquisitions as a result of the quota change

As outlined in Section 5.1.1, it is assumed that broadcasters will replace non-compliant (non-EU) content with EU content of a similar value (though, as set out above, that is less effective at delivering viewers).

The potential increase in EU acquisitions for each channel was calculated as:

$$\text{Increased spend on EU acquisitions} = \text{spend on acquisitions by channel} \times \beta \times \theta$$

Where β = Proportion of the channel's total viewer hours on acquired content generated by the content switched out,

and θ = the efficiency or cost per view assumption for the content being switched out (broadcasters may need to spend more on acquiring EU content, for example if it is scarce).

As set out above according to broadcasters they would replace content on a like for like cost basis, though replacement content would be less efficient at delivering viewers. Therefore θ is assumed to be 1. However, this assumption is tested below assuming that broadcasters have to resort to more expensive content.

Spend on acquisitions by channel

The total spend on acquisitions by channel is based on data on broadcasters' spend on acquisitions pro-rated to the broadcasters' specific channels according to the channels' audience shares.¹⁰⁹

However, data is not available on how individual channels' spend on acquisitions is allocated to different types of content (domestic, EU, RoW etc). Therefore, on average each channel's total spend on acquisitions is assumed to relate to the sum of all viewing of non-domestic content and 15 per cent of domestic content, assuming 15 per cent of domestic content in schedules is acquired.

¹⁰⁹ Content investment from Ampere Analysis, audience data from Glance

Results

The results are set out in the table below.

Content acquisition budgets in the eight representative EU Member States (including France, Germany, Italy and Spain, the largest four countries) make up 81 per cent of total EU27 content acquisition. Therefore, to contextualise the results against total EU content investment, the increased investment in the eight representative EU Member States is prorated up to the EU27 by multiplying by (1/0.81).

The results presented assume in the central case that of the original spend on non-EU acquisitions, 50 per cent would be spent on EU acquisitions. This is because it is assumed that 50 per cent of the no longer compliant content is replaced by repeats and archive content at no incremental cost to the broadcaster, and that the remaining 50 per cent is spent on equivalent EU acquisitions. As outlined in Section 4.1.3, broadcasters can use repeats or archive content for which they have the rights, rather than making new EU acquisitions.

The upper bound assumes that 25 per cent of the no longer compliant content is replaced by repeats and archive content at no incremental cost to the broadcaster, and that the remaining 75 per cent is spent on equivalent EU acquisitions.

Table 14: Possible increase in EU27 broadcaster investment in EU acquisitions, sensitivities

Assumption	Increase in EU27 broadcaster investment in EU content	% of EU broadcaster acquisitions	% of EU broadcaster total content investment
$\theta=1$ (EU content costs the same as non-compliant content)	€ 28m - € 42m	0.3% - 0.5%	0.1% - 0.2%
$\theta=1.25$ (EU content costs 25% more than non-compliant content)	€35m - €52m	0.4% - 1.6%	0.2% - 0.3%
$\theta=1.5$ (EU content costs 50% more than non-compliant content)	€42m - €63m	0.5% - 0.7%	0.2% - 0.3%

Source: Essential TV Statistics, Glance data, Frontier analysis

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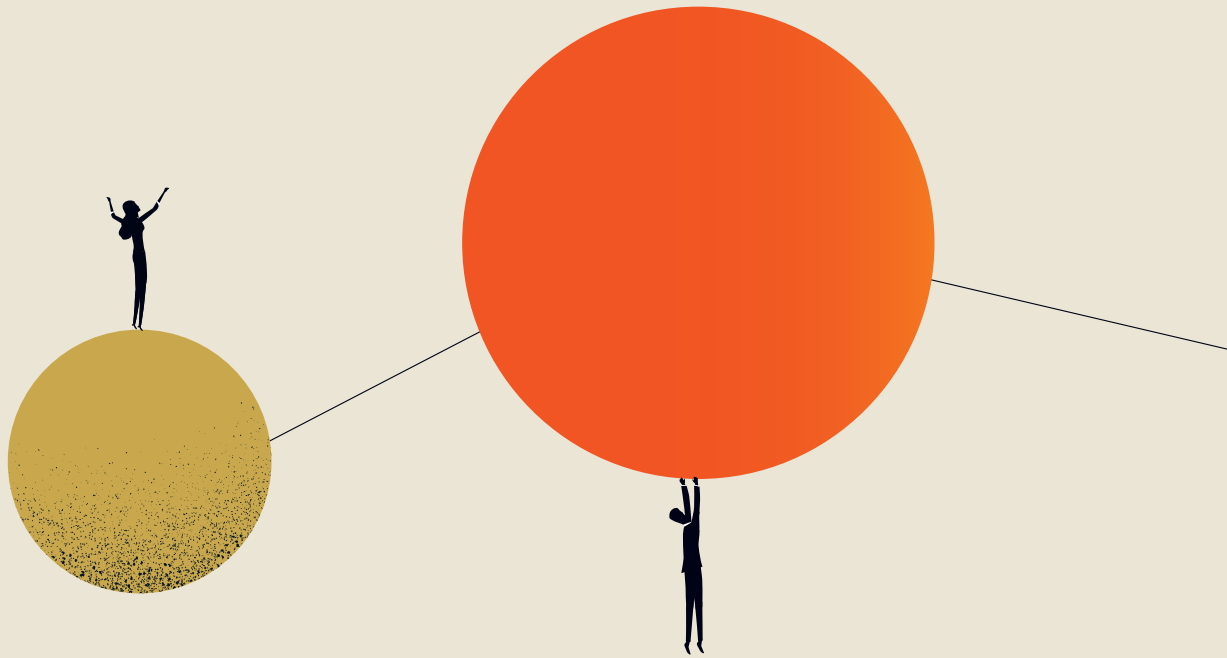
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