

KEY FINDINGS

European consumers currently benefit from a vibrant and dynamic European audiovisual (AV) ecosystem

- This is made up of **local, European and global broadcasters and VOD services**
- Competition for audiences is fierce
- This is driving **strong content investment in the EU**, supported by important Member State industrial policy initiatives

€2.7bn

increase in spend on **original EU content** between 2015 and 2021

100%

of interviewees agreed that access to **non-EU ECTT* content improves the consumer offering** in their territory

Narrowing the definition of European works would create **immediate and longer-term negative impacts for consumers...**

- a **reduced range of programming** on channels and VOD services...
- ...and **fewer services to choose** from
- **Cultural diversity, plurality** and **freedom of information** would suffer
- Certain consumer demographics could be particularly affected

And there would be **no material benefits for the EU production sector** as a result of narrowing the definition

Broadcasters and VOD services **optimise their schedules and catalogues** to best meet consumer demand

- They already **commission as much costly original domestic content as is optimal**
- This is supplemented with lower cost acquisitions – those that are most desired by consumers – which includes films and programmes from non-EU ECTT* countries

Only

4%

of all EU broadcaster content investment goes on non-EU ECTT* acquisitions

Narrowing the definition of European works would **harm broadcasters in Europe**

- Major pay TV group channels, smaller pay and free to air (FTA) portfolio channels, plus major FTA channels in smaller EU Member States, would be affected
- Such **broadcasters** would have to adapt their scheduling
- But would do so at the margins, adjusting the mix of the lowest cost, lowest performing content to minimise negative impacts
- **It would not be feasible for them to invest in new EU productions**
- Neither should we assume that current levels of investment would stay the same and simply be redistributed

And only

0.1% to 0.2%

of current EU broadcaster spend would be free to move to EU producers

KEY FINDINGS

Instead, there would be an immediate **negative impact** on affected **broadcasters' revenues**

- And further severe impacts in the long term
- **Some channels or groups may become unviable and have to close**
- And European broadcasters' transition to digital could be disrupted

94%

of broadcasters and SVODs interviewed believed that narrowing the European works definition would **not increase investment into the EU**

€4.5m

advertising revenues would be at risk in the first year at more severely impacted channels, and **€2m** per impacted channel on average

European and global **VOD services** would not increase or move original production

- This is already optimised to meet consumer demand
- They would respond to a narrowed European works definition by **altering the long tail of acquired content** in their catalogues
- But narrowing the definition would create a regulatory hurdle for new European VOD entry and growth



There wouldn't be a material change. We would look into what adjustments we could make to be compliant, but there are several ways of achieving that and we wouldn't be fundamentally changing our content strategy.

Global SVOD service

100%

of interviewees agreed that any changes which made it **harder to co-produce** with non-EU ECTT* countries would be **detrimental to consumers and the AV sector as a whole**

EU producers' access to **international co-productions** would be damaged

- **Access to resources** from non-EU ECTT* countries would be lost
- And the **centre of gravity risks moving away from Europe** to global markets

Additionally, a change could create **significant legal and business uncertainty**

- This would **affect content investment**...
- ...and make European territories less competitive in attracting inward investment
- This would **undermine industrial policy successes** at EU level and by Member States, which are supporting the growth of their audiovisual sectors

*'Non-EU ECTT' countries are European countries that are party to the European Convention on Transfrontier Television (ECTT) of the Council of Europe, and are not Member States of the European Union