

House of Lords International Agreements
Committee call for evidence on UK-India
trade negotiations

pact.

February 2022

Introduction

- 1) Pact is the trade association which represents the commercial interests of the independent television, film, and digital media production sector in the UK.
- 2) Pact works on behalf of its members to ensure the best legal, regulatory, and economic environment for growth in the sector. Pact has over 800 member companies based across the UK and the majority of these are SMEs (small and medium sized enterprises) with a turnover of less than £50m a year.
- 3) Taken as a whole, the TV industry around the world is worth \$400 billion.¹ The UK independent production sector is one of the biggest in the world. UK independent production sector revenues have grown from £1.3 billion in 2005 to just under £3bn in 2020 largely driven by a growth in international sales.²
- 4) The British independent production sector is successful internationally and is strong, along with the wider UK creative industries, at promoting the UK 'soft power' brand overseas. UK TV export revenues were an estimated £1.4 billion in 2020/21 and sales to India totalled £19m.³
- 5) The UK is the second largest exporter of TV content in the world (after the USA)⁴ and the biggest international exporter of programme formats (the templates for ideas which make a TV programme).
- 6) For further information, please contact Policy Executive, Susie Heron-Halliday at susie@pact.co.uk or on 020 7380 8236.

Inquiry Questions

¹ Analysis for Pact by Oliver & Ohlbaum, published in 'A New Age for UK TV content and a New Role for the BBC', August 2014

² Pact Census Independent Production Sector Financial Census and Survey 2021, by Oliver & Ohlbaum Associates Limited

³ UK TV Exports Report 2020/21, Pact

⁴ Mediametrie Television Year in the World report (2013)

1. What are the potential benefits for the UK of an FTA with India, and what are the potential downsides?

- 1.1 India is one of the top 20 markets for UK producers, in 2020/21 revenue from India was £19m.⁵ Last year, India also became the latest country to join the Global Creative Alliance (GCA), a group made up of film and TV trade associations from around the world. The purpose of the alliance is to encourage more effective international collaboration between producers and increase opportunities for co-productions. The Indian television sector was estimated to be worth around £7bn in 2019 and the Indian film industry continues to grow and is projected to be worth around £3bn by 2024.⁶ Making India an attractive market for UK producers looking to export.
- 1.2 Many of the Government's other strategic approaches and already negotiated FTAs exclude the audio-visual sector in order to protect the PSB model. Pact continues to support these exclusions and that the India FTA should also follow suit. The PSBs (BBC, ITV, Channel 4 and Channel 5) play a central role in the broadcasting ecology in the UK as the biggest investors in UK originated content. Over the last decade the PSBs (BBC, Channel 4, ITV, and Channel 5) have accounted for more than 80% of all UK external commissioning spend.⁷ Anything that weakens the PSB system will also have an impact on the UK TV production sector, and wider creative economy.
- 1.3 Any inclusion of the audio-visual sector in a future FTA with India runs the risk of undermining the current legislative and regulatory interventions which have helped make the UK sector so successful. This includes the creative sector tax reliefs, which have helped stimulate production across a range of genres and attracted a wealth of inward investment into the UK creative economy. Weakening vital interventions would not only damage the PSBs but also the UK independent production sector.
- 1.4 A future FTA with India should also not prevent the UK from retaining European Works status. The EU is a key market for UK producers representing around 34% of TV exports overall. Losing European Works status would stop the UK's preferential access to the EU and weaken UK producer's ability to compete in the EU, a market which is already highly competitive. Retaining this status is vital if the UK is to continue attracting inward investment into the audio-visual sector.
- 1.5 The UK has left the EU however still retains European Works status due to membership of the Council of Europe Convention of Trans Frontier Television. The UK's membership to this does protect offer complete protection to the UK's European Works status. The EU has the ability to amend the Audiovisual Media Services Directive, which gives signatories European Works status. Any future FTA with India and other territories should not hinder the UK's ability to meet the

⁵ UK TV Exports Report 2019/20, 3Vision for Pact, December 2021

⁶ Indian Film and TV Producers Council Annual Report 2019-20

⁷ Pact Census 2019

European Works status criteria, nor give the EU reason to remove this status. The best way to achieve this would be to ensure a blanket exclusion for the audio-visual sector in all future FTAs.

2. How do you evaluate the Government's Negotiating Objectives (Outline Approach) and initial economic scoping assessment included in the Government's strategic approach? Are the UK Government's aims sufficiently ambitious? If you represent a sector, we would be interested to hear about any objectives your sector would like to see achieved. What should UK negotiators be aiming for on tariffs, rules of origin, services, digital trade, intellectual property, mutual recognition and mobility?

2.1 As mentioned above Pact considers the best way to ensure the future economic growth and health of the UK independent production sector, and wider UK broadcasting ecology is to exclude audio-visual from all future FTAs. Pact notes that the Government's strategic approach does state that the Government want to 'ensure appropriate protections remain in place for key public services such as broadcasting' and they want to 'protect the right to regulate the PSBs.' Excluding the audio-visual sector would also be in line with the UK-Japan FTA, UK-Australia FTA and UK-New Zealand FTA.

2.2 The Government's strategic approach also contains a section on intellectual property and states that the Government are seeking to 'secure copyright provisions that support UK creative industries through an effective and balanced global framework.' Pact supports this because IP is a producers' most valuable asset and it's vital that all future FTAs maintain high standards of IP protection and enforcement. There has been a number of high-profile TV formats which appear to have been copied by international broadcasters. The UK is one of the biggest producers of formats and these sell extremely well internationally. If formats are being copied, not only are producers missing out on a valuable source of revenue, but taking legal advice and action is often expensive. Many production companies have felt the economic effects of the COVID pandemic and additional legal costs to protect their IP adds further financial pressure.