

International Trade Committee inquiry into UK-Japan Trade Negotiations

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 around 500 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 over £3 billion in 2019 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 2018/19 and sales to Japan totalled £14m.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.

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 2020, by Oliver & Ohlbaum Associates Limited

³ UK TV Exports Report 2018/19, Pact

⁴ Mediametrie Television Year in the World report (2013)

Overview

1.1 Pact is pleased that the Government have signed an economic partnership agreement with Japan. Japan is one of the key areas for growth due its population size and range of broadcast channels. It is also important that UK TV and film producers continue to have access to international markets during the ongoing pandemic. International revenues are a growing source of income for producers, with international revenues growing to £1 billion in 2019 for the first time ever.⁵ With many in the industry feeling the economic effects of the pandemic, it's important that producers have as many opportunities on offer to take advantage of.

Inquiry Questions

Q1. What is likely to be the impact of the agreement on particular sectors of the UK economy?

2.1 Pact is pleased that the Government have not only retained many of the IP related provisions that were in the EU-Japan Economic Partnership Agreement but included new provisions. IP is a producers' most valuable asset and it's vital that there is high standards of IP enforcement and protection. The UK-Japan Agreement contains a new article on criminal remedies for certain IP rights infringement.⁶ There has been a number of high-profile formats which appear to have been copied by international broadcasters in other territories. The UK is one of the biggest producers of formats and these often sell well internationally as the re-make is produced with the country's audience, specifically in mind. If these 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 pandemic and additional legal costs to protect their IP adds further financial pressure.

2.2 The UK-Japan Agreement also includes a provision for IP enforcement in the digital environment. The sales of DVDs and videos have decreased largely due to the rise of online streaming services, such as Netflix and Amazon, and a change in people's viewing habits. It is vital that the digital environment receives the same level of IP protection and enforcement given the amount of digital content now available internationally and the change in viewing habits.

2.3 Pact is pleased that the audio-visual sector has been excluded in chapter 12 (subsidies) and chapter 8 (trade in services). The exclusion of the audio-visual sector from all future FTAs will ensure that the Public Service Broadcasters and the legislative and regularly interventions that have helped make the sector so successful are protected. Article 8.4 of the Agreement sets out the functions of the Committee on Trade in Services, Investment Liberalisation and Electronic Commerce. This chapter states that this Committee will be discussing matters relating to audio-visual services, including 'the need for the inclusion of audio-visual services in the scope of this chapter.'⁷ While there is no guarantee that the audio-visual sector will be included following Committee discussions, we reiterate the

⁵ Pact Census 2020, Pact, October 2020

⁶ Article 14.58

⁷ Article 8.4, UK-Japan Agreement, p137

importance of the PSB system and the existing interventions to not only UK producers, but the broadcasting ecology as a whole. Any inclusion of audio-visual risks weakening these interventions and will make it more difficult to retain a blanket exclusion with other future negotiations, for example the UK-EU negotiations.

2.4 While the UK-Japan Agreement does not seem to impede the UK's ability to retain EU Works Status. It's vital that all future FTAs do not prevent the UK from retaining this status. Europe is a key market for audio-visual content at 34% of TV exports overall, and UK film, TV and TV-related sectors make a trade surplus of £1.3bn a year with Europe.⁸ Losing EU Works status would threaten UK producers ability to compete in the EU as it would eliminate the UK's preferential access to EU markets.

2.5 European Works status will continue after the transition period is over due to the UK's commitment to the Council of Europe Convention on Trans Frontier Television, however the EU could amend the Audio-Visual Media Services Directive to exclude the UK. Which is why it's vital that all future FTAs do not impede the UK's ability to fulfil the necessary criteria to retain EU works status nor strengthen the justification for removing the status from the UK. The best way to ensure EU works status is protected is through a blanket exclusion of the audio-visual sector in all future FTAs.

⁸ [The contribution of UK based film, TV and TV-related industries to the UK economy, and growth prospects to 2025, Oliver and Ohlbaum, October 2018](#)