

# International Trade Committee inquiry on UK Trade Negotiations: Agreement with New Zealand

## Introduction

- a. Pact is the trade association which represents the commercial interests of the independent television, film and digital media production sector in the UK.
- b. 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.
- c. Taken as a whole, the TV industry around the world is worth \$400 billion.<sup>1</sup> 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.<sup>2</sup>
- d. 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 New Zealand totalled £26m.<sup>3</sup>
- e. The UK is the second largest exporter of TV content in the world (after the USA)<sup>4</sup> and the biggest international exporter of programme formats (the templates for ideas which make a TV programme).
- f. For further information, please contact Policy Executive, Susie Heron-Halliday.

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

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

<sup>3</sup> UK TV Exports Report 2018/19, Pact

<sup>4</sup> Mediametrie Television Year in the World report (2013)

## **Overview**

1. New Zealand is already a well-established English-speaking market for UK TV producers. There are no barriers to trading that a future FTA with New Zealand would need to address. In previous responses, we outlined the importance of excluding the audio-visual sector from all future FTAs to protect the delicate legislative and regulatory interventions that have helped to make the sector so successful. Pact is pleased that the Agreement in Principle states that there is a commitment that audio visual services will not be covered in the cross-border trade in services chapter. The UK TV production sector's revenues were impacted by the COVID pandemic and suffered their first decline since 2016 a 14% decrease year-on-year. The sector is now able to return to work safely and many are now slowly beginning to recover economically, AV being excluded from the services chapter of the New Zealand FTA will help market certainty in the sector.
2. The Agreement in Principle also contains a number of provisions relating to IP, mobility and SMEs which may be beneficial to businesses and aide future cooperation between partners in New Zealand and the UK.

## **Inquiry Questions**

### **How good a deal does the AiP represent for the UK?**

3. Pact is pleased that the AiP excludes the audio-visual sector, something which we and many others in the sector have long been calling for. This exclusion is the best way to ensure the current legislative and regulatory interventions, such as the BBC Licence Fee and the creative sector tax reliefs, are protected. Excluding AV may also help to protect the UK's European Works status. The EU is a key market for UK producers representing 34% of TV exports. Losing EU works status would stop the UK's preferential access to the EU and weaken producers' ability to compete in a highly competitive marketplace. The EU has the ability to amend the Audio Visual Media Services Directive, which gives signatories European works status. It's vital that all future FTAs do not hinder the UK's ability to meet the European works status criteria, nor give the EU reason to remove this status. The AiP with New Zealand does not seem to hinder the UK's ability to meet this status, and this should be continued in all future FTAs.
4. While New Zealand is an already well-established market, the distance and cost of travel can be off putting to some business travellers, particularly SMEs. However, the AiP contains a number of provisions relating to the temporary entry of businesspersons which could be beneficial for producers. For example, the commitment to ensure visa processing fees for these temporary entry categories do not impair or delay trade and the commitment to ensure transparency of entry requirements and that processes are clear for businesses. Difficulty navigating visa and travel procedures can be off-putting for those looking to explore new markets and it's a positive step that the AiP is seeking to rectify this.

5. Pact is also pleased that the chapter on IP clearly states that 'no other commitments in the IP chapter will require changes to IP regulatory settings.' IP is vital for producers to build their businesses and when working with international partners, it's important that high standards of IP protection and enforcement are maintained in the partner country. The IP chapter also states that the commitments will reflect both countries' IP policies that support innovation and reflect the existing high-quality enforcement regimes.
6. Pact has over 800 members across the UK with the majority of these being SMEs and is pleased that the AiP sets out numerous commitments to SMEs within a separate chapter. Navigating new markets and business practices can be daunting to SMEs, who may not have any experience of working internationally, however international revenue for UK producers has become increasingly important and for many can be a core part of their business. The commitment to establish and maintain information in a digital form so SMEs can draw on when trading, investing or doing business will be an important tool for businesses exploring new markets. Pact launched a Growth Accelerator for members to grow their businesses. The accelerator also provides information from international commissioners and on doing business in international territories. Pact members have told us how useful this information has been.
7. The SME chapter also contains a commitment on cooperation on promotional activities, such as joint roadshows targeted at SMEs. Pact members often attend international markets as these can help build relationships with international partners and learn what commissioners are looking for. Many producers, particularly SMEs, benefited from TAP grants. These TAP grants showed a strong return on investment and provided many SMEs with the opportunity to attend markets they often would be priced out of. However, the Department for International Trade are now looking at an alternative to the TAP grant scheme. It's vital that any future replacement scheme provides SMEs with the opportunity to attend markets and form relationships with trading partners.