

EU/Korea Free Trade Agreement: extension of the entitlement to co-productions

2017/0081(NLE) - 11/04/2017 - Preparatory document

PURPOSE: to extend the entitlement to co-productions as provided for in the Protocol on Cultural Cooperation to the Free Trade Agreement between the European Union and its Member States, of the one part, and Korea, of the other part.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: the Free Trade Agreement (FTA) between the European Union and its Member States and South Korea was signed on 6 October 2010 and has been concluded in 2015 by adopting the Council Decision 2015/2169 on the conclusion of the Free Trade Agreement between the European Union and its Member States, of the one part, and Korea, of the other part.

The Protocol on Cultural Cooperation, concluded by the Parties within the framework of the FTA, established a framework within which the Parties shall cooperate to facilitate exchanges in cultural activities, goods and services, including in the audio-visual sector, and to improve the conditions governing such exchanges.

This entitlement was initially established for a period of three years (from 1 July 2011 until 30 June 2014). It was renewed for another three years until 30 June 2017 by the Council Implementing Decision 2014/226 /EU as regards the extension of the period of entitlement for audio-visual co-productions as provided for in Article 5 of the Protocol on Cultural Cooperation to the Free Trade Agreement between the European Union and its Member States, of the one part, and the Republic of Korea, of the other part.

It is now proposed that this entitlement be renewed for another three years.

CONTENT: with this proposed Decision, the entitlement for audio-visual co-productions to benefit from the respective schemes of the Parties for the promotion of local/regional cultural content is renewed for a duration of three years, from 1 July 2017 to 30 June 2020.

Co-production: for the purposes of this Protocol, a co-production shall mean an audio-visual work produced by producers of both Korea and the EU Party into which those producers have invested.

The Parties shall encourage the negotiation of new and implementation of existing coproduction agreements between one or several Member States of the European Union and Korea.

Benefits: the Parties may grant financial benefits to co-produced audio-visual works as defined in relevant existing or future bilateral co-production agreements to which one or several Member States of the European Union and Korea are parties.

They shall facilitate co-productions through entitlement for co-productions to benefit from respective schemes for the promotion of **local/regional cultural content**. Co-produced audio-visual works shall be entitled to benefit from EU Party scheme. Moreover, they shall also be entitled to benefit from Korean schemes for the promotion of local/regional cultural content.

In this regard, the Agreement provides for a series of conditions, notably one that stipulates that the co-produced audio-visual works shall be realised between undertakings which are **owned** and continue to be owned, whether directly or by majority participation, by a Member State of the European Union or Korea respectively and/or by nationals of a Member State of the European Union or nationals of Korea respectively.

It is also noted that the contribution of each Party's producers (taken together) includes **effective technical and artistic participation** and a balance is ensured between the **two Parties' contributions**. In particular, in co-produced audio-visual works other than animation works the technical and artistic contribution of each Party's producers (taken together) shall not vary by more than 20 percentage points compared to their financial contribution and cannot in any case represent more than 70 percent of the overall contribution. With respect to animation works the technical and artistic contribution of each Party's producers (taken together) shall not vary by more than 10 percentage points compared to their financial contribution and cannot in any case represent more than 65 percent of the overall contribution.

European character of the co-productions: the aim is to ensure the European character of the co-productions, by having at least **two Member States**, and to ensure a fair balance in the costs and benefits of the coproduction for the parties. Therefore there is a minimum financial contribution for the parties whilst the technical and artistic contribution, which consists of professional inputs and therefore represents employment opportunities, should not be 10% more than the financial contribution. The requirements for animation works are higher due to the sensitivity of the sector.