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

2020/0039(NLE) - 05/03/2020 - Legislative proposal

PURPOSE: to extend the entitlement for 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.

PROPOSED ACT: Council Decision.

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

BACKGROUND: 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, includes a Protocol on cooperation in the cultural field which sets out the framework within which the Parties shall cooperate with a view to facilitating exchanges of cultural activities, goods and services, in particular in the audiovisual sector.

In the Protocol, the Parties agreed, *inter alia*, to grant audiovisual co-productions between EU and Korean producers the right to benefit from their respective schemes for the promotion of regional or local cultural content, in accordance with certain specific conditions.

In accordance with Article 5 of the Protocol, this entitlement was established for a period of three years (1 July 2011 to 30 June 2014) and was renewed twice for a further period of three years. The first extension was until 30 June 2017, while the current entitlement is valid until 30 June 2020. It is now proposed that the Council make a statement concerning the renewal of the entitlement for a further period of three years.

Studies and data from the European Audiovisual Observatory have shown that co-productions lead to higher audiences. In 2017, European films in Korea make up 17% of the films on release, but only 5% of cinema admissions.

According to the Commission, the implementation of the coproduction entitlement would help build market share at a time when the market is growing (the general box office trend in Korea increased by 23% between 2013 and 2017). However, the presence of Korean films in the EU is quite limited (the figures for 2014-2018 show that the share of films on release is 0.4% while the share of admissions is 0.1%).

CONTENT: the Commission invites the Council to state the renewal of the entitlement for audio-visual co-productions to benefit from the respective schemes of the Parties for the promotion of local/regional cultural content, 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, for a duration of three years, from 1 July 2020 to 30 June 2023.

The entitlement for co-productions to benefit from the respective schemes for the promotion of local /regional cultural content shall be granted on the following conditions:

- the co-produced audiovisual works are 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;
- the representative director(s) or manager(s) of the co- producing undertakings have the nationality of a Member State of the European Union and Korea respectively and can demonstrate their domicile therein;
- participation of producers from two Member States of the European Union will be necessary for each co-produced audiovisual work, other than animation works. With respect to animation works participation of producers from three Member States of the European Union will be necessary;
- the minimum respective financial contributions to a co-produced audiovisual work other than animation works, of the producers of the EU Party (taken together) and the producers of Korea (taken together) may not be less than 30% of the total production cost of the audiovisual work. With respect to animation works this contribution may not be less than 35% of the total production cost;
- 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;
- participation of producers from third countries that have ratified the UNESCO Convention in a co-produced audiovisual work is accepted to a maximum of 20%, where possible, of the total production costs and/or the technical and artistic contribution to the audiovisual work.

The Commission will continuously monitor the implementation of the audiovisual coproduction entitlement, drawing on data from the European Audiovisual Observatory and from industry, in particular as regards the animation sector.