

Global watch on culture and digital trade

TRANSNATIONAL DEBATES BETWEEN ONLINE STREAMERS AND CULTURE PROFESSIONALS

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Analytical report, November 2022

The November report begins with the harsh debate about the media chronology regulation in France and the strong pressure from Disney in order to reform the long-dated French windowing system, the latter setting the timetable for films shown in cinemas to be shown on television or streaming services. The report also highlights the discussions between the European Union (EU) and the United States in the framework of the Trade and Technology Council. Then, the report deals with censorship issues over streaming services in Vietnam, as well as the debate over network costs and tech companies in South Korea. Moreover, the report emphasizes the worldwide expansion of several video streamers, focusing on Netflix and Paramount Plus. Finally, the report turns to new business plans and strategic partnerships of streaming platforms. The first deals with the new agreement between streaming services and movie theaters in the United States and Canada, while the second focuses on StemDrop, the new music platform launched by TikTok, which is a new way of releasing music and of reinventing music collaboration.

Regulation issues, digital trade and culture

Harsh debate about the media chronology in France

According to the Financial Times, in mid-October, Disney mentioned that even though it will release its blockbuster “Black Panther: Wakanda Forever” in French movie theaters in November, it warned that its major movies will go straight to its streaming service Disney Plus, unless the French government reforms the legislation about the chronology of media. Disney also decided to have its animated Christmas film “Strange World” go straight to streaming.

For French authorities, the chronology of media, which sets the timetable for when films shown in cinemas can be shown on television or streaming services, is an important “way to protect the French film industry” and movie theaters, bringing the various actors of the industry to work in symbiosis. However, it is seen as “restrictive” by Disney. Disney stated that “the French windowing system is anti-consumer and puts all studios at increased risk for piracy, which is why the majority of the stakeholders agree that it needs to be completely revised. We will remain actively engaged in the upcoming meetings and we will work closely with the Centre national du cinéma, the Ministry of Culture and the various stakeholders in to try and find a quick and equitable solution for all parties”.

The new agreement on the long-dated French media chronology signed in early 2022 has followed “Netflix’s pledge to invest 45 million USD in local production in exchange for a shorter release window of 15 months rather than the previously long-held 36-month window”. The amount of 45 million USD represents around 4 per cent of Netflix’s revenues in France. Disney and Amazon did not sign the agreement their window was fixed at 17 months. It means that Disney could not put the Black Panther sequel on its Disney Plus streaming service in France before April 2024 due to the current windowing framework. According to Deadline, at 17 months, films head to Disney Plus for five months. At the 22-month mark, they should come off the service and go to free-to-air channels for a 14-month exclusive period before reverting to Disney Plus after 36 months. As such, free TV channels – TFI, France Televisions and M6 – have to respect a window of 22 months for their respective networks and of 36 months for their respective streaming services. Finally, French-pay-tv group Canal Plus agreed to invest more than 600 million euros in local and European film production over the next three years and to advance its window to six months.



In a letter to Le Monde, the heads of France's free-to-air networks TFI, France Televisions and M6 warned against the "interpretative diktat" of international platforms and called for the industry to come together to keep the long-held windows system that underpins the French funding tradition in place.

US-EU convergence over digital issues?

The third ministerial meeting of the US-EU Trade and Technology Council (TTC) is set to take place on 5 December in Washington, DC. According to a leaked European Commission document, the Commission intends to move "towards concrete results" for the third meeting and to advance collective efforts in areas including artificial intelligence (AI), connectivity, digital platforms, etc. Besides, the US and the EU are planning to use the TTC to counter the Chinese technological influence in third countries in Africa and in Central America.

Yet, while a TTC subgroup on AI plans to deliver a joint roadmap on AI, according to several major tech and industry groups, the EU "Artificial Intelligence Act", an EU developing policy on AI, could "negatively impact US exports". According to the Coalition of Services Industries, the App Association and the Center for Data Innovation, among others, the proposal could "impose overly prescriptive requirements that hinder US exports and diverge from trans-Atlantic efforts to coordinate on international standards".

Vietnam vs Netflix over censorship

Early October, Vietnamese authorities requested that Netflix remove the Korean drama "Little Women" from its Vietnam roster, because it includes scenes discussing inaccurately the Vietnam War and falsifying Vietnam War history. The Vietnam's Authority of Broadcasting and Electronic Information said the series - and more specifically the episodes 3 and 8 - "had broken Clause 4, Article 9 of the Vietnamese Press Law", which prohibits media from broadcasting information that distorts history. Netflix had already stopped showing the Korean drama in Vietnam. It's also worth noting that a clash between Arab states of the Persian Gulf and large streaming services has recently taken place over national censorship policies of online audiovisual content.

Debate over network costs and tech companies in South Korea

Late October, the South Korea's parliament started examining a proposed legislation which focuses on a contribution from big tech companies, such as Netflix and Google, to the costs of Korean Internet and telecom infrastructure. The legislation will make major content providers pay South Korean network fees. This issue arose in 2021, when a Seoul court "ruled against Netflix, which had been avoiding paying network usage fees to Internet service operators". However, according to Jung Chung-rae, head of the parliamentary committee overseeing the issue, the new legislation may cause "the collapse of domestic content providers while trying to protect a small number of domestic internet service providers".

Besides, Netflix Korea Director Liz Chung stated that it is worth taking into consideration that "Netflix has spent almost 700 million USD on South Korean content". According to Reuters, Google's YouTube, which has 41.8 million active South Korean users, has campaigned against the bill and around 260 000 people have signed a petition against the legislation. Google and Netflix account for one third of domestic traffic.

Finally, early September, the European Commission, the EU's executive body, announced its intention to launch a consultation in the first quarter of 2023 on "whether tech giants bear some of the costs of Europe's telecoms network".

Worldwide activities of online platforms

Global struggle for subscribers and geographical expansion

Mid-October, Netflix announced that it got more than 2.41 million subscribers in the third quarter of 2022 - mainly from outside the United States, while it lost 200 000 subscribers in the first quarter and nearly one million in the second. Netflix now has 223.09 million subscribers; including 73.4 million in the United States and Canada. Besides, the streaming company generated about 7.9 billion USD in revenue in the third quarter, a nearly 6 per cent increase from the same period last year.




In addition, after years of resistance, Netflix will introduce advertising on its service in early November, one month before its rival Disney Plus' ad-supported tier and will partner with Microsoft to develop the technology required for an ad supported tier. Netflix will show subscribers four to five minutes of ads per hour of content they watch. As Tech Church mentioned, with the addition of its new ad-supported tier, the company has “opened itself up to new customers looking for a cheaper way to stream”. Netflix added that “the reaction from advertisers so far has been extremely positive”. The company will start selling ads across 12 markets, including four markets in the Americas (United States, Mexico, Canada, Brazil), five markets in Europe (United Kingdom, France, Germany, Italy, Spain) and three markets in Asia-Oceania (Korea, Japan and Australia).

The Paramount streaming platform, Paramount Plus, will launch in France, Germany, Austria and Switzerland in December. Currently, the streaming service is available in the US, the UK, Canada, Australia, Italy, Ireland, South Korea, and in several countries in Latin America and the Caribbean. Paramount Plus has now more than 40 million subscribers.

New business plans and strategic partnerships

Early October, for the first time, all three major theater chains in the United States, - AMC, Regal and Cinemark - have agreed to show a big-budget Netflix movie. The Netflix movie “Glass Onion: A Knives Out Mystery”, part of the “Knives Out” sequel, will get a one-week theatrical sneak preview across 600 theaters in the US and Canada and will be available in theaters during Thanksgiving weekend, from 23 to 29 November, exactly one month before Netflix releases the film to its platform on 23 December. Adam Aron, AMC Chairman and CEO, said that “we believe that both theatrical exhibitors and streamers can continue to co-exist successfully”. The Netflix’s movie will also play in theaters in the UK, Ireland, Italy, Germany, Spain, Israel, Australia, and New Zealand. According to the Tech Church, in 2019, AMC and Regal declined to show Netflix’s “Roma” in theaters and, in 2020, Netflix’s best picture nominees, “The Irishman” and “Marriage Story”, were also not shown at AMC or Regal.



TikTok launched its new music platform StemDrop on 26 October, which is a new way of releasing music and of reinventing music collaboration. [Stemdrop](#) lets artists publish the stems of their songs alongside full single releases. Stems are the individual instrument tracks for each song. The new platform will allow users to create remixes and samples from a new song and “will give users more capability than ever to manipulate new music for viral videos” and to create their own music from the individual tracks of a single. The new platform, which is a new format for recording and mixing music, is created by [TikTok](#), with the partnership of Universal Music Group, Republic Records, Samsung and Syco, an entertainment company created by talent show host and music executive Simon Cowell.

Additional readings for the October report:

- Why streamers are getting on board with in-flight entertainment, The Hollywood Reporter, 24 October 2022, [Link](#).
- Can the EU’s Digital Markets Act rein in big tech?, The Conversation, 21 October 2022, [Link](#).

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- 'Black Panther: Wakanda forever: Disney confirms French theatrical release despite 'anti-consumer' windows, Deadline, 17 October 2022, [Link](#).
- France's free-TV broadcasters blast US streamers in passionate defence of windowing system, ScreenDaily, 28 September 2022, [Link](#).
- EU Commission sets member states' expectations for next transatlantic meeting, EURACTIV, 3 October 2022, [Link](#).
- Vietnam requests Netflix remove 'Little Women' over distortion of Vietnam War events, NME, 6 October 2022, [Link](#).
- Google, Netflix under scrutiny in South Korea over network fees, Reuters, 21 October 2022, [Link](#).
- Netflix adds 2.41M subscribers, soaring past expectations, Tech Church, 18 October 2022, [Link](#).
- Netflix reaches historical deal with AMC, Regal, Cinemark to show 'Knives Out' sequel in theaters, Tech Church, 7 October 2022, [Link](#).
- TikTok launches new 'StemDrop' Music Remix Initiative, Social Media Today, 19 October 2022, [Link](#).

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