



Policy Brief

January 2024

Fostering 'competitiveness' and 'cultural diversity' in the European film and audiovisual sector

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REBOOT (www.thereboot-project.eu) has received funding from European Union's Horizon Europe Research and Innovation programme under Grant Agreement No. 101094769.



Who is this aimed at

- EU policy-makers
- national authorities
- industry stakeholders

Key messages

The European Union (EU or the Union) has sought to promote the ‘competitiveness’ of its audiovisual sector and the European film industry (EFI), which are situated at the intersection of the economy and culture, taking into account the evolving technological context and other significant changes that have occurred over the years. The EU has also sought to embed a ‘cultural diversity’ rationale into its actions targeting the EFI and the audiovisual industry.

Competitiveness and cultural diversity have long tended to be seen as reflecting, respectively, certain *market* and *non-market values* in EU policy-making. However, the two concepts have progressively become interlinked and have both proven to be of a multifaceted nature. This facilitates intricate synergies when they are combined, juxtaposed and employed together.

Competitiveness and cultural diversity can still be occasionally perceived as conflictual in EU policy-making. From this perspective, there appears to be a gap in EU policy practice in terms of finding ways to resolve possible conflicts between the two concepts. Potential conflicts are not always recognised in EU legislative and policy measures. When they are, though, reconciling solutions are rarely offered; instead one objective is given priority over the other – commonly competitiveness over cultural diversity but also vice-versa.

The EU must ensure that enhancing the competitiveness of its audiovisual industry does not come at a cost to its cultural diversity and vice-versa. This policy brief sheds some light on promising ways in which this can be achieved.

Introduction



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'European films and other audiovisual works are culturally valuable, they face strong competition from outside Europe, and they suffer from a somewhat weak circulation outside their country of origin' (European Audiovisual Observatory, 2019: 1).

The film and audiovisual industries are strongly interrelated and interdependent (Gibbons & Humphreys, 2012; Ranaivoson, Micova, Raats, 2023) as parts of the larger cultural domain. Culture was brought within the spectrum of EU competences in the early 1990s by the Treaty of Maastricht, which introduced provisions that were firmly founded on respect for cultural diversity and which also underscored the role of cultural diversity in overall EU decision-making (Craufurd Smith, 2004; Psychogiopoulou, 2008; 2021; de Witte, 2008). Until then, cultural issues had mostly been addressed in terms of the predominantly economic paradigm of the European integration process, the free movement provisions of the 1957 Treaty of Rome and the revived single market project in the wake of the Single European Act. Free movement and the internal market continue to play a crucial role in the development of the cultural and creative sectors today, following the Treaty of Lisbon, covering the EFI and the audiovisual industry. At the same time, the Treaty of Lisbon has brought important changes to the EU constitutional framework concerning culture. For instance, respect for cultural (and linguistic) diversity now features as a primary EU objective, together with safeguarding and enhancing Europe's cultural heritage. Moreover, the Charter of Fundamental Rights of the EU (the CFR), which has acquired binding legal force, both requires the EU institutions to respect cultural diversity in the exercise of their competences and makes respect for cultural diversity a duty of Member States when they act within the scope of EU law (Craufurd Smith, 2021).

Cultural diversity is of great value to European societies from cultural, democratic, educational, social, human rights and economic points of view. The audiovisual sector and the EFI embody Europe's common values, portray them within and outside the EU, and fulfil an indispensable role in the preservation and promotion of cultural diversity. Significantly, the audiovisual sector and the EFI are situated at the crossroads of the economy and the cultural realm. Whilst they enable the expression of cultural values, reflect the uniqueness and plurality of cultural identities in Europe and promote cultural exchange, intercultural dialogue and rapprochement, they also make key contributions to growth, innovation and competitiveness. As such, the audiovisual and film industries have a dual nature, oscillating as they do between the symbolic and material spheres and between intrinsic and market value. This raises a series of economic, social, cultural and identity-based considerations for those involved in their governance (Calligaro & Vlassis, 2017; Psychogiopoulou, 2015).



Context

The EU's audiovisual policy aims to promote cultural diversity, media pluralism and the free flow of audiovisual content within the EU's single market, while addressing the challenges posed by the digital transformation. It is mostly governed by Articles 167 (culture) and 173 (industry) of the Treaty on the Functioning of the European Union (TFEU), as well as the TFEU provisions on the freedom to provide services and freedom of establishment. Key interventions in terms of EU legislative action, funding and policy ambition include: the **Audiovisual Media Services Directive (AVMSD)**,^[1] revised in 2018, which establishes rules for the free provision of audiovisual services in Europe and the promotion of European works, while also setting standards for the protection of minors and ensuring the independence of national regulatory authorities; funding programmes for the audiovisual sector, such as the **MEDIA strand of the Creative Europe Programme**,^[2] which aims to promote the development, distribution, and circulation of European audiovisual works; and the Action Plan for the media and audiovisual sectors, entitled '**Europe's Media in the Digital Decade: An Action Plan to Support Recovery and Transformation**',^[3] which focuses on the sector's post-COVID recovery and actions to embrace the digital and green transitions and to bolster dialogue with the audiovisual industry. Other policy initiatives aim to support media literacy and the European film heritage. The pressure to combine and balance the cultural and democratic aspects of the audiovisual and film sectors with their economic and industrial ones has had a marked bearing on the Union's audiovisual and film policy, which has not been static and continues to evolve (Michalis, 2014: 140). Currently, EU policy unfolds against the background of the opportunities and challenges created by the digital shift (Vlassis, 2021), with targeted efforts made to remove barriers to digital trade, facilitate cross-border access to audiovisual content, and ensure fair competition and a level-playing field among market players while taking steps to promote competitiveness and cultural diversity in the EFI and the audiovisual sector.

Existing Policy Gap

Research carried out within the REBOOT framework has shown that the concepts of 'competitiveness' and 'cultural diversity' are addressed and approached in various ways by the EU institutions. Being rich concepts in themselves, they are open to interpretation and can therefore be taken into account, framed and implemented in many different ways. However, their operationalisation is not always consistent and a policy gap appears to exist regarding the steps taken to reconcile potential conflicts between them. Although conflicts between 'competitiveness' and 'cultural diversity' are not frequently recognised, when they are, EU policy usually falls short of offering reconciling solutions and tends to prioritise one objective over the other instead. In order to avoid, contain and ultimately resolve such possible conflicts and mismatches, it is important to enrich the multi-functionality of the two concepts and take strategic aspects of both into account in their operationalisation.



Policy recommendations

1. EU audiovisual policy should balance cultural and economic values to boost diversity and competitiveness in the digital COVID-19 era

EU audiovisual policy should meaningfully recognise the dual nature of audiovisual goods and services and hence their cultural value on the one hand and their economic value on the other, especially in the context of the digitalisation and 'platformisation' of the audiovisual industry, which the COVID-19 pandemic has accelerated. This can help increase synergies and fruitful interaction between the notions of 'cultural diversity' and 'competitiveness' in policy-making.

2. EU audiovisual policy needs a dynamic shift to actively address and speak out on competitiveness and the impact of foreign competitors in the European market, reflecting global economic realities

EU audiovisual policy has historically framed competitiveness in a distinct way which appears to overlook (or downplay) the 'foreign competitors' dimension in the EU single market. *In the light of a globalised and competitive world economy, the EU institutions and Member State authorities should adopt a more dynamic approach to (and be more outspoken about) 'competitiveness' and the need to address the disruption foreign competitors may be producing in the European audiovisual market.*

3. Enhancing the EFI and audiovisual sector's competitiveness ties closely to improving accessibility and targeting young audiences, urging the EU to focus on their unique preferences and technological engagement

Boosting the competitiveness of the EFI and the audiovisual industry is also inherently linked to questions of accessibility and audience development. Given the close connection between audiovisual policy and new technologies, in which young people play a more salient role, *the EU should pay comprehensive attention to the specific needs and preferences of younger audiences.*

4. EU policymakers should expand their focus on cultural diversity in the audiovisual sector to include both domestic and global dimensions, embracing sub-national, regional, and linguistic diversity alongside the impacts of global mobility and migration

Turning to cultural diversity, the approach taken by EU policy-makers to the notion of 'diversity' vis-à-vis the EFI and the audiovisual sector has mainly focused on strengthening and promoting cultural exchanges *between* Member States. Cultural diversity has generally been understood horizontally, with Member States' cultural relations placed at the heart of the concept. However, *EU*



policy-makers should also reflect on – and develop – such ‘vertical aspects’ of cultural diversity as domestic diversity, sub-national relations and regional diversity (which may have a linguistic dimension) along with the cultural diversity emanating from global mobility and migration, operationalising ‘diversity’ in regional, territorial, linguistic and other terms.

5. EU-level collaboration in film production and distribution is essential to showcase diverse cultures and break silos, with EU funding crucial for enhancing both internal and inter-member diversity

Increased cooperation between national and sub-national entities at the EU level at every stage of film production and distribution is crucial if cultures other than the mainstream dominant culture in each Member State are to be accounted for as part of the EU’s cultural diversity. It is also key for breaking away from the narrow community shell. *EU funding instruments for the ECI and the audiovisual sector could play an important role in promoting the Union’s ‘diversity within’ on top of its ‘diversity between’.*

[1] Directive 2010/13/EU of the European Parliament and of the Council of 10 March 2010 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive), *OJ L 95*, 15.4.2010, p. 1–24.

[2] Regulation (EU) 2021/818 of the European Parliament and of the Council of 20 May 2021 establishing the Creative Europe Programme (2021 to 2027) and repealing Regulation (EU) No 1295/2013, *OJ L 189*, p. 34-60.

[3] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, ‘Europe’s Media in the Digital Decade: An Action Plan to Support Recovery and Transformation’. *COM/2020/784 final*, 3.12.2020.

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Disclaimer

This document is part of the outputs of the Reviving, Boosting, Optimising and Transforming European Film Competitiveness - REBOOT project, which received funding from the Horizon Europe programme of the European Union under the Grant Agreement No. 101094769.



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Citation

Please cite this policy brief as follows:

Psychogiopoulou, Evangelia; Samaras, Apostolos; Comerma, Laia; Vlassis, Antonios; Riga, Dealan (2024): *Fostering 'competitiveness' and 'cultural diversity' in the European film and audiovisual sector*. Developed by the Horizon Europe project REBOOT (Reviving, Boosting, Optimising and Transforming European Film Competitiveness – REBOOT), funded by the European Union's Horizon Europe Research and Innovation programme under Grant Agreement No. 101094769.

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