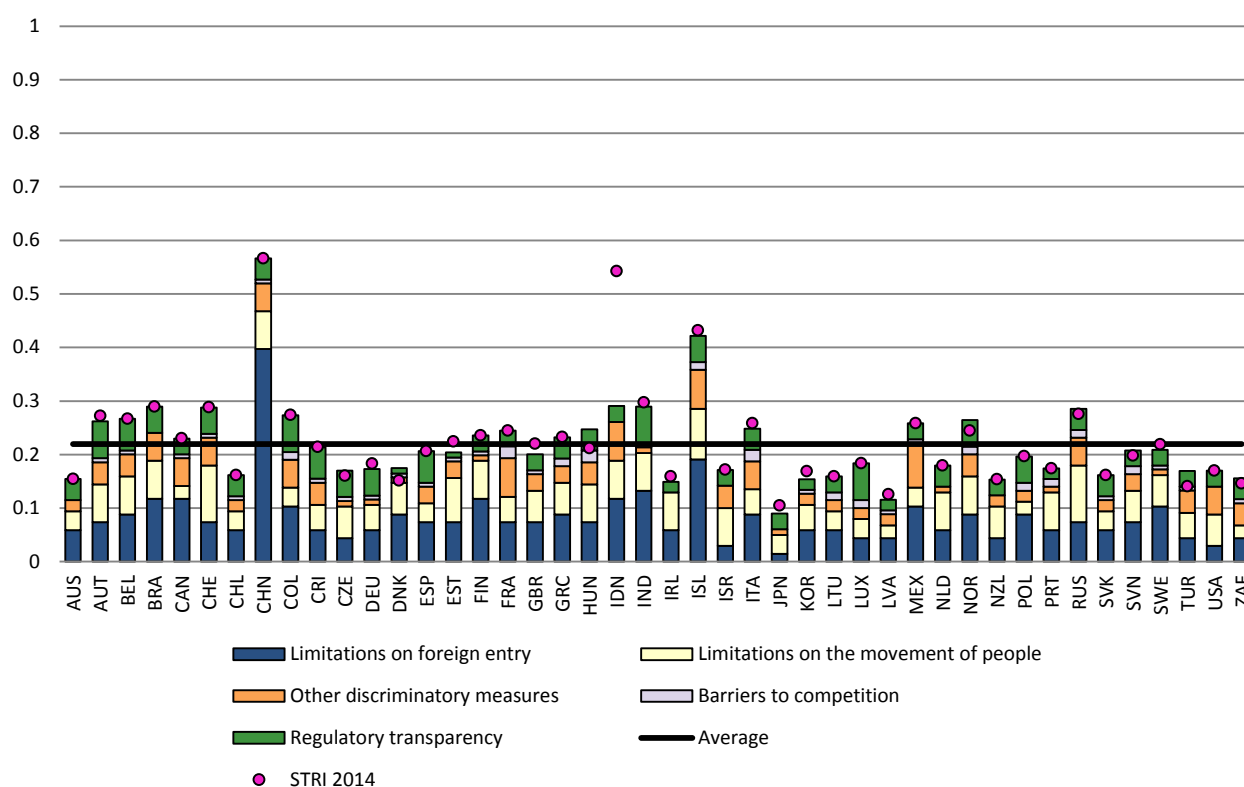


## STRI Sector Brief: Audio-visual services, motion pictures

This note presents the Services Trade Restrictiveness Indices (STRIs) for the 35 OECD countries and Brazil, the People's Republic of China, Colombia, Costa Rica, India, Indonesia, Lithuania, the Russian Federation and South Africa for motion pictures in 2016.

The sector of motion pictures is defined as motion picture, video and television program production, post-production and distribution activities (ISIC rev 4 codes 5911-5914). The sector has benefitted from rapid digitalisation and the increased technological developments that facilitate the streaming of media content over the Internet.

### STRI by policy area: motion pictures (2016)



*Note:* The STRI indices take values between zero and one, one being the most restrictive. They are calculated on the basis of the STRI regulatory database which records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account.

The 2016 scores in the motion pictures sector range between 0.09 and 0.57 with an average of 0.22. There are 26 countries below and 18 countries above the average.

The measures in the STRI database are organised under five policy categories as indicated in the figure above. The index goes beyond discriminatory measures and includes domestic regulations that are important for effective market access and the creation of competitive markets. These include impediments to competition and technical standards, as well as a range of measures related to regulatory transparency and administrative requirements.

The motion picture sector is a global industry in which market transactions, whether within or across borders, are essentially the transfer of property rights from a seller to a buyer at the going price, or the right to use somebody's property for a rental or fee. Therefore, the sector-specific measures in this sector relate to the implementation of international treaties on the protection of copyrights and related rights in a non-discriminatory manner. Most countries have incorporated the copyright treaties in their legislation, although five countries protect the economic rights of foreign right holders on a reciprocal basis only. Exceptions related to the use of copyrighted material

exist in all countries, although the nature and range of these exceptions vary considerably. Three countries do not have legislation in place supporting copyright enforcement of digital content and three countries do not have provisional enforcement procedures in place.

Films are also a cultural expression subject to a range of promotional and protective measures that are relevant for international trade. Six countries reserve a quota for local motion pictures in television or theatres. In 13 countries, on-demand services providers must promote local works, including through the application of quotas. Discriminatory subsidies are found in 24 countries. Dubbing is regulated in 10 countries, and in four of them, must be carried out locally. Limitations on the local sourcing of cast and crew exist in six countries.

The motion pictures sector is also subject to the general regulatory environment. Under limitations on foreign entry six countries have limitations on foreign branches, four countries require that at least half the board of directors must be residents and four countries require that foreign investors bring net economic benefits to the host country as a condition for investing. Three countries have limitations on cross-border mergers and acquisitions, while five countries have controls on foreign capital flows in place. Finally 33 countries have stricter conditions on the transfer of personal data than recommended in the OECD Guidelines for Protection of Privacy and Transborder Flow of Personal Data.

There is no country in the database that does not limit market access for natural persons providing services on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers. Eight countries have quotas on one or more of these three categories, 37 countries apply economic needs tests to stays that last longer than 3-6 months and the duration of stay is limited to less than three years in 34 countries.

The regulatory transparency policy area builds on information from administrative laws and regulations, information from the migration authorities on requirements for obtaining a business visa and the World Bank Doing Business Survey. The latter records time, cost and number of procedures required for establishing a company. These measures are benchmarked against a global threshold set at the below the 40 best performing countries. There are 29 countries included in the STRI database that are not among the 40 best performing countries on one or more of these measures. The score in the regulatory transparency area is largely attributed to this. In addition lengthy, costly and complex regulatory procedures related to obtaining a business visa contribute to the index for 34 countries.

Compared to 2014, denoted by the pink dots in the chart, the STRI index is unchanged for 23 countries, 13 have a lower (less restrictive) score, and 8 record a higher value of the STRI index (more restrictive) in 2016. The country that reduced the STRI index the most was Indonesia which removed foreign equity restrictions in the sector in 2016. Changes in horizontal measures explain the change in the STRI index for the other countries. India and Indonesia have eliminated minimum capital requirements; Japan has lifted the requirement that at least one board member in a corporation must be resident; and Greece has removed restrictions on foreign equity participation in certain companies in which the state has significant interest. Most of the increase in the index stems from the introduction of quotas (Hungary) and labour market tests and shortening the duration of stay for temporary services suppliers.

### **More information**

- » Access all of the country notes, sector notes and interactive STRI tools on the OECD website at <http://oe.cd/stri>
- » Contact the OECD Trade and Agriculture Directorate with your questions at [stri.contact@oecd.org](mailto:stri.contact@oecd.org)

*The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.*