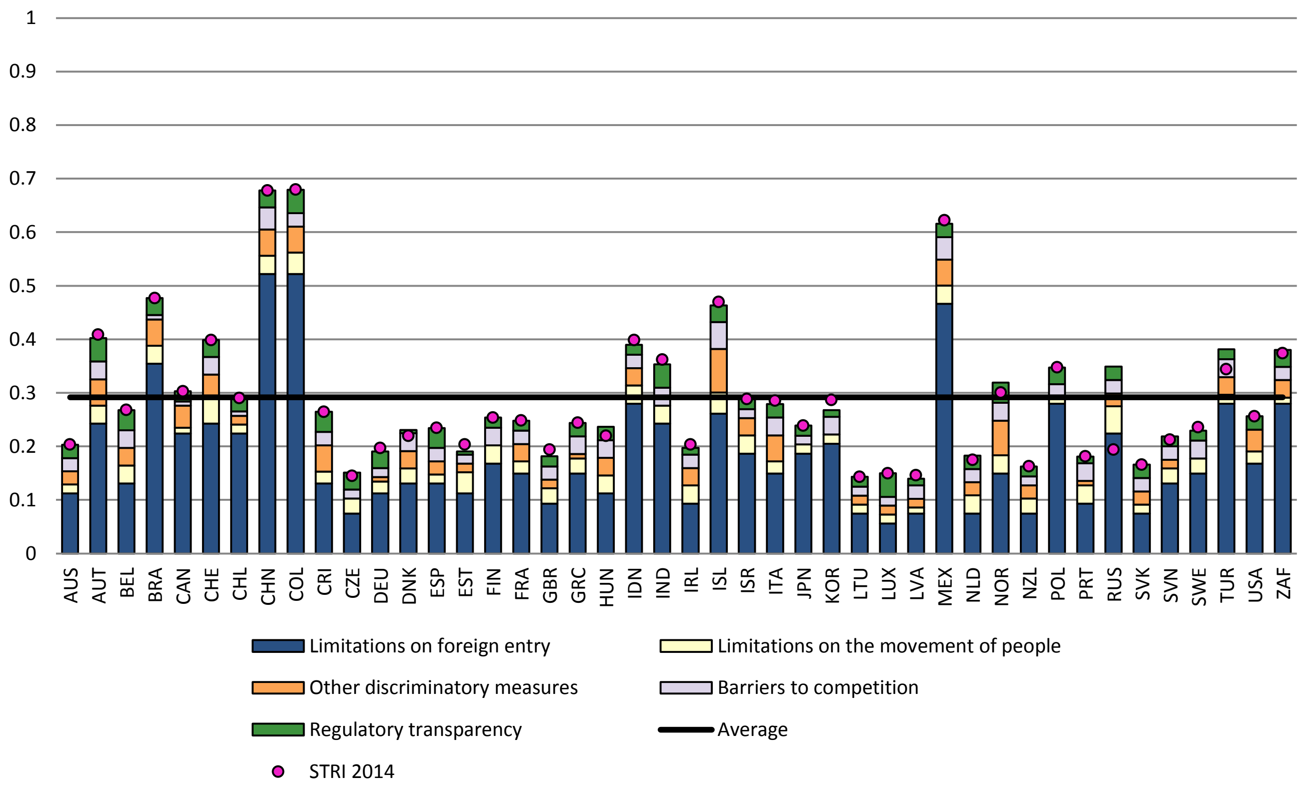
STRI Sector Brief: Television and broadcasting

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 television and broadcasting in 2016.

Television and broadcasting include television programming and broadcasting activities (ISIC 5911 and 6020). The market structure has changed substantially over the past couple of decades. All countries in the STRI database have introduced digital television and many have switched off analogue television. Digital television makes it possible to fit a large number of channels into the platform over which it is provided, creating space for new entrants into the sector. Television services are increasingly bundled with telecommunications services in the marketplace. Telecommunications operators often offer Internet Protocol Television (IPTV) as part of so-called triple play or quadruple play packages (broadband, television and telephone; adding mobile for quadruple play), and in some cases broadcasters have become telecommunications operators. In addition to linear broadcasting, video on demand has become an increasingly important distributor of audio-visual content. Furthermore, there is a host of suppliers offering streaming or downloads on the Internet.

STRI by policy area, Television and broadcasting



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 chart depicts the overall index for each country by policy area. The level of restrictions is moderate to high ranging from 0.14 to 0.68. The sample average is 0.29 with a distribution somewhat skewed towards the low end with 29 countries below and 15 countries above the sample average.

The measures in the STRI database are organised under five policy areas as indicated in the chart. *Limitations on foreign entry* figure prominently in the STRI for television and broadcasting and account for 64% of the scores. Foreign equity limits are found in 20 countries. Some countries limit equity caps to terrestrial broadcasting only while leaving cable and satellite TV open to foreign investment. Others treat all platforms equally. Six countries require that the majority of board members be nationals while another four countries have a general obligation that the majority of board members must be residents in all companies. There are also a number of limitations on TV program content. Screen quotas account for a significant part of the index in all but seven countries. For instance, some countries require that broadcasters reserve at least half of transmission time excluding news, sports events, advertising, games and teleshopping for local content. A number of countries that have screen quotas on linear TV extend this to non-linear demand such as streaming for consistency across platforms. In three countries there are quotas also on the number of foreign TV channels.

Broadcasters rely on information about their viewers' tastes and habits for advertising revenue and for building an audience. Consequently, cross-border broadcasting relies on cross border data flows. Few countries have general limitations on cross-border data flows, but 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. Fifteen countries require that foreign TV channels establish a commercial presence in the country to obtain a permit to offer cross-border broadcasting.

There is no country in the STRI database without limitations on the movement on 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. Since television and broadcasting lend itself relatively easily to cross-border trade from a technical point of view, the contribution to the score of limitations on movement of natural persons is quite modest.

Many countries use subsidies as a means for pursuing cultural and educational objectives. Lack of national treatment of foreign firms established in the country related to taxes, subsidies and public procurement account for the scores in the *Other discriminatory measures* category. Under *Barriers to competition* the most commonly observed contribution to the index is one or more state-owned broadcasters that enjoy competitive advantages related to funding or other favourable conditions.

The *regulatory transparency* policy area covers the implementation of copyright and related economic rights. 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. The other measures under this 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 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 22 countries, 13 have a lower (less restrictive) score, and 9 record a higher value of the STRI index (more restrictive) in 2016. Most of the changes are small, but Russia's index has increased significantly after a foreign equity cap of 20% was introduced in 2016.

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