

Global watch on culture and digital trade

STREAMING PLATFORMS: BETWEEN CONTENT OBLIGATIONS AND GLOBAL EXPANSION

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Analytical report, July 2022

The July report begins with the discussions about the Digital Markets Act, the new legislation of the European Union (EU) toward large online platforms, and the criticisms coming from the US administration. It also deals with the implementation of key measures of the EU Audiovisual Media Services Directive related to obligations for providers of on-demand audiovisual services to respect quotas for European works in their online catalogues. Then, the report emphasizes the global expansion of several video streamers, such as Disney Plus and Paramount Plus. In addition, the report turns to new business plans and strategic partnerships of streaming platforms, focusing on Netflix, Spotify, and Disney Plus.

Regulation issues, digital trade and culture

New EU regulation toward online platforms

End of March 2022, the European Parliament and the Council reached a political agreement on the Digital Markets Act (DMA). The goal of the new legislation is to put in place a series of obligations for big online platforms - the so-called gatekeeper platforms - including Google, Meta, Amazon. The new legislation will focus on anti-competitive practices of large online platforms, by increasing consumer choice and empowering businesses to bypass the platforms to reach their customers.



According to Inside US Trade, the European Commission expects “10-15 companies to fall under the scope of the DMA”. Once the legislation enters into force, the Commission will label certain powerful companies that provide “core platform services” as “gatekeepers”. Core platform services comprise digital services, including online social networking services, online search engines, video-sharing platform services, and others. To qualify as gatekeeper, a company must provide a core platform service and have at least 45 million monthly end users and 10 000 annual business users.

It is worth mentioning that the Office of the US Trade Representative (USTR) flagged a series of digital trade barriers in its annual Report on Foreign Trade Barriers. The report mentioned that “based upon the public statements of some key EU officials, there is concern among US industry that the Commission’s proposals could target large US service suppliers and hamper their ability to provide Internet-based services in the EU”.

Content obligations for online platforms in the European audiovisual market

In November 2018, the EU adopted an update of the EU audiovisual media rules, through the review of the Audiovisual Media Services Directive (AVMSD). The updated legislation (Regulation (EU), 2018/1808) introduces new obligations for providers of on-demand audiovisual services to respect at least a quota of 30% for European works in their online catalogues. The programming quota applies to all streamers operating in Europe.

In July 2020, the Commission adopted guidelines on the definition of video-sharing platform services and on obligations to promote European works. Regarding the 30% share of European works, the guidelines recommended a method of calculation based on the number of titles in the catalogue. The Commission considered that, in the case of video-on-demand services, due to their characteristics, “it is indeed more appropriate to calculate the share of European works in catalogues based on titles and not on transmission (viewing) time”. The calculation based on titles is also more likely “to facilitate the creation of a more diversified offer of European works, to be less burdensome for video-on-demand providers than the calculation by duration, and to facilitate monitoring and supervision by the relevant national authorities”.



According to a new study by [Ampere Analysis](#), “Netflix has either reached or surpassed the required 30% local content quotas in major markets in Europe”. The study shows that Netflix surpasses the required 30% in several markets in Europe, such as Austria, Bulgaria, Croatia, Germany, Estonia, Romania, the Netherlands, Spain, Italy. On the contrary, France, Ireland, Belgium, the UK and Switzerland are slightly under the 30% mark. In addition, European-produced films make up an average 38% share of the films on Netflix’s catalogue in Europe. Netflix’s Netherlands service reaches 43% of European film content, followed by the Czech Republic, Estonia, Latvia, Lithuania and Romania with 42%. The UK is at the bottom of the range with 29%. According to [ScreenDaily](#), “on average, movies comprise 57% of Netflix’s offer on its European platforms, while TV programming accounts for the remaining 43%”.

[Amazon](#) surpasses the 30% quota in Germany, Switzerland and Italy, while in other markets, it is between 16% and 28% European content. Finally, [Disney Plus](#) is currently hovering around the 10% European content; as a result, the platform seeks to create 60 local productions by 2024.

Fighting Internet piracy

Late April, the Alliance for Creativity and Entertainment ([ACE](#)) announced that it has forced Tirexo and Zone-Telechargement, two of the largest piracy services operated out of North Africa, to close down. Operating from Morocco, Tirexo was the number one illegal streaming service in France, attracting around 19 million monthly visits and offering access to 131 000 movie titles and 34 000 TV series. Zone-Telechargement, a service operating from Tunisia, was a downloading, linking and streaming website, offering access to 46 000 movie titles and 11 500 TV series episodes.

End of June, the [ACE](#) expanded its membership in Asia, adding the first two Asia-based media and entertainment companies: Hong Kong-based video streaming platform Viu and Thailand’s leading cable satellite TV provider True Visions.

Worldwide activities of online platforms

Global struggle for content and geographical expansion

Disney Plus is continuing its dynamic global expansion. In May, the service launched in South Africa and, in June, Disney Plus has been online across 41 new markets in Europe, such as Bulgaria, Greece, Croatia, Hungary, Romania, Turkey, Poland, as well as in the Middle East and North Africa, such as Algeria, Egypt, Morocco, Israel, Jordan, Saudi Arabia. In addition, Disney Plus is now available in 11 new territories, such as Denmark's Faroe Islands, France's French Polynesia, Gibraltar, etc. As Variety mentioned, outside Europe, Disney Plus has launched in North America (US, Canada), in several countries and territories in Asia and Oceania (Australia, New Zealand, Japan, South Korea, India, Indonesia, Malaysia, Thailand Taiwan, Hong Kong), as well as across Latin America.

According to a press release, Paramount plans to commission 150 international original programs for its Paramount Plus streaming service by 2025, with a slate of original series that will debut around the world. In June, Paramount Plus launched in the UK and Ireland. It also announced its expansion in Italy in September; in Germany, Switzerland, Austria and France in December; and it will launch in India in 2023. The service is also available in South Korea in a partnership with the Korean entertainment company CJENM.

New business plans and strategic partnerships

According to a report of Rest of World, in March, Netflix decided to roll out an experiment among customers in three small markets in Latin America, "asking them to pay extra when sharing their account passwords outside their homes". This new password-sharing policy has been firstly implemented in Peru, Chile and Costa Rica. It includes a monthly fee – the equivalent of around two to three USD in each country's local currency – for subscribers who want to add an extra member account for someone living outside their household. In Peru, the implementation of this policy has created confusion among the company's customers, and Peru's consumer agency has recommended that Netflix work to clarify its definition of "household". According to data shared by Ampere Analysis, Netflix currently leads the Peruvian market with 41% of streaming subscribers, followed by HBO Max and Disney Plus.



Netflix co-CEO confirmed late June that the company will introduce commercials to its service and will begin “testing an ad-supported, lower-priced subscription tier”, seeking to generate more revenue from ads. Facing stock troubles, Netflix also seeks to cut costs. Deadline pointed out that “at that time, Netflix laid off 450 employees and dozens of contractors and part-time workers”, representing about 4.5% of its global workforce. A Netflix spokeswoman said Netflix “made these adjustments so that our costs are growing in line with our slower revenue growth”. The streaming company has a global workforce of around 11 000.

For their part, as Variety mentioned, the Walt Disney Company and Starz “have teamed up” to provide a common streaming subscription, including Star Plus, Disney Plus and Starzplay in Latin America. The common subscription, offered in Brazil, Mexico, Argentina, Chile, Colombia, Ecuador and Peru, will offer subscriptions to all three streaming services with one price in the local currency.

Finally, Spotify announced late May the creation of the Africa Podcast Grant, seeking to “amplify underrepresented stories and perspectives in podcasting”. The 100 000 USD fund is open to ten creators, new or established. Spotify’s managing director for sub-Saharan Africa also announced a new Sounds of Africa campaign, aiming “to spotlight emerging African talent in music and podcasting”.

Additional readings for the July report:

- Domestic and Global Political Impacts of K-Pop: BOA, BTS and Beyond, The Diplomat, 28 June 2022, [Link](#).
- Levelling up: why Netflix and TikTok are turning to gaming to secure their future, The Conversation, 21 June 2022, [Link](#).
- Blood Sisters: why the mini-series on Netflix sets a new pace for Nollywood, The Conversation, 2 June 2022, [Link](#).

Sources :

- USTR Releases 2022 National Trade Estimate Report on Foreign Trade Barriers, 31 March 2022, [Link](#).
- Guidelines on the revised Audiovisual Media Services Directives – Questions and Answers, 2 July 2020, [Link](#).
- EU official: Digital Markets Act will hit US, EU, Chinese companies, Inside US Trade, 23 June 2022, [Link](#).
- Netflix in Europe: 30% of Content Hails from Continent in Almost All Major Markets, Deadline, 7 June 2022, [Link](#).
- European films comprise 38% of all films on Netflix platforms in Europe, Screendaily, 10 June 2022, [Link](#).
- Disney Plus is now live in more than 50 countries and territories, The Verge, 14 June 2022, [Link](#).
- Netflix cracks down on password sharing, but early efforts in Peru are a mess, Rest of World, 30 May 2022, [Link](#).
- Ads are officially coming to Netflix, TIME, 23 June 2022, [Link](#).

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