

Global watch on culture and digital trade

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CULTURE, ONLINE PLATFORMS AND REGULATION: FROM ARTIFICIAL INTELLIGENCE TO BUSINESS PLANS

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Analytical report, October 2024

The October report begins with the clash between Netflix and Belgian authorities regarding the implementation of the European Union (EU)'s Audiovisual Media Services Directive (AVMSD) and the rate of contribution from digital operators to local audiovisual content. The report also focuses on a new study from the European Audiovisual Observatory on investments in European original content by broadcasters and streamers, as well as on a letter released by Meta, Spotify, and several companies, which criticize the EU for its inconsistent decisions regarding data privacy and artificial intelligence (AI). Moreover, the report highlights that Amazon is joining the Motion Picture Association, via its Prime Video and Amazon MGM Studios. Finally, the report emphasizes new partnerships and business plans in the platform-based economy, focusing on Google, Sony Pictures, Prime Video, HBO Max, and Lionsgate.



Regulation issues, digital trade and culture

Netflix against the European Union's Audiovisual Media Services Directive

At the end of August, Netflix lodged an appeal within Belgium's Constitutional Court for partial annulment of the decree of the French Community (Wallonia-Brussels Federation) of 7 December 2023 on the implementation of the AVMSD and video-sharing services. According to [L'Echo](#), following consultation with the independent audiovisual producers and the opinion of the Conseil supérieur de l'audiovisuel, from 2024 until 2027, all the operators in the audiovisual sector, such as publishers, distributors and foreign operators targeting the Federation's audience, will have to increase their contribution to local audiovisual creation, previously planned at 2.2%. The largest of these will have to contribute up to 9.5% of their revenues in the Wallonia-Brussels Federation, compared with 2.2% previously. There will be a dozen levels (from less than 700,000 euros to more than 150 million euros). [Netflix](#) argues that the contribution required by the Wallonia-Brussels Federation "is disproportionate compared to other EU regions". The maximum contribution rate of 9.5% is more than "four times higher than that applied in the previous version of the decree". "It is now three times higher than the median rate of 3.5% applied in other EU member states", mentions Netflix.

European Audiovisual Observatory on investments in European original content

The [European Audiovisual Observatory](#) released a new report on investments in European original content by broadcasters and streamers. According to the [report](#), total spending on European original works (excluding news and sports rights) amounted to 22 billion euros in 2023, reflecting a slower growth after the post-pandemic rebound. In addition, global streamers' spending increased by 34% in 2023 (vs. 104% in 2022) to reach 5.7 billion euros and accounted for 26% of all spending on European original content. Global streamers' investments in original European content continued to grow as Europe captures a growing share of global streamers' investments in content, from 12% in 2019 to 20% in 2023.

According to the [report](#), the UK and Spain together accounted for 53% of global streamers' spending on original European content. Netflix accounted for about 35% of streamer spending on European original content, down from 58% in 2021, as other video-on-demand services, notably Amazon Prime, increased their investments. It is worth mentioning that public broadcasters still play a key role in the financing of original content in several countries (e.g. Denmark, Belgium, or Germany). Conversely, private broadcasters lead in Poland, Italy, and France and global streamers in Spain.



Amazon is joining the Motion Picture Association

The [Motion Picture Association](#), the Hollywood trade group that represents film and TV studios, is having a new member. Amazon is joining the MPA, via its Prime Video and Amazon MGM Studios. [Amazon](#) is both a streamer and a traditional studio, operating Prime Video and MGM Studios, which it bought for \$8.5 billion in 2021. Netflix had joined the MPA in 2019. “The MPA is the global voice for a growing and evolving industry, and welcoming Prime Video & Amazon MGM Studios to our ranks will broaden our collective policymaking and content protection efforts on behalf of our most innovative and creative companies,” said Charles Rivkin, chairman and CEO of the MPA in a statement. Amazon has worked with the MPA in the past, serving as a governing board member of the MPA’s anti-piracy group, the Alliance for Creativity and Entertainment, since 2017. As the [New York Times](#) pointed out, “the tech giant’s decision to join the MPA after a long courtship reflects its ambition in the streaming and film businesses – as well as the association’s need to add muscle”. Finally, [Reuters](#) reported that Amazon plans to more than double the number of theatrical releases from six this year to as many as 16 by 2027.

EU regulation challenging big digital platforms

Mid-September, the European [Commission](#) announced it will formally specify steps that Apple needs to take to comply with the Digital Markets Act (DMA) around its interoperability with other products. These proceedings, formalizing ongoing discussions between the EU executive and the US tech giant under the DMA, mark the first time the Commission is making use of this DMA tool. Under the [DMA](#), Apple must provide free and effective interoperability to third party developers and businesses with hardware and software features controlled by Apple’s operating systems iOS and iPadOS.

In addition, [Meta](#) Platforms, Inc., Spotify, and several companies criticized the EU for its inconsistent decisions regarding data privacy and AI in an open letter released mid-September. The signatories, which include industry bodies, researchers and firms such as Stefano Iacus at Harvard University, Ericsson, Italian luxury-fashion giant [Prada](#) Group, expressed concerns that Europe is “falling further behind” in AI competitiveness. They urged the EU to adopt “harmonized, clear, and swift” regulations to allow the use of European data for AI training for the benefit of Europeans. The communication was published as an ad in the Financial Times.

Worldwide activities of online platforms


New business plans and geographical expansion

According to [CNBC](#), YouTube announced AI features for creators on its Shorts platform that tap into Google's DeepMind video-generation model. The features, known as Veo, will allow creators to add AI-generated high-quality backgrounds to their videos and use written prompts to generate stand-alone, six-second video clips. As [The Verge](#) mentioned, these AI-related features on the platform "might change how creators make videos – and the videos they make". [TechCrunch](#) pointed out that "at Google's I/O 2024 developer conference, Veo was unveiled as a cutting-edge video generation model. The technology directly competes with OpenAI's Sora, as well as other rival video generation models, such as Pika, Runway, and Irreverent Labs".

In addition, [Sony Pictures](#) TV's Children's division has launched a new YouTube channel called Kidzuko and targeted at children ages 3-8. It will offer them (and their parents) free access to some of Sony's kids content. "The watch time for kids on YouTube is just growing every year," D'Ambrosia, executive vp and general manager for SPT – Kids, said in an interview with [The Hollywood Reporter](#). "One of the reasons we wanted to launch Kidzuko is today, almost 60 percent of kids are most likely to discover new IP on YouTube, so we knew we had to be there".

As [The Verge](#) mentioned, Lionsgate, the studio behind Hunger Games, and the video-focused AI research firm Runway have concluded a deal that will see Runway train a new generative AI model on Lionsgate content, and will see the entertainment company use the tech as it produces future film and TV projects. [Lionsgate](#) announced that it is partnering with Runway to create a new customized video generation model intended to help "filmmakers, directors and other creative talent augment their work". [Variety](#) pointed out Lionsgate expects to save millions and millions of dollars using Runway's AI models.

End of May 2024, a company called [Fable Studio](#) announced the launch of Showrunner, the world's first AI-generated streaming service. With the use of a few words, Showrunner promises to allow viewers to write, voice and animate their own television episodes. As such, users can watch AI-generated series and create their own content – complete with the ability to control dialogue, characters and shot types.



According to [The Guardian](#), even if Showrunner doesn't become a mainstream success, the entertainment industry is nevertheless going to co-opt this technology wholesale. It will be slow at first: maybe a studio will use it to generate movie plots, which can then be finessed by the human experts it has to hand. Besides, [The Hollywood Reporter](#) mentioned that union protections, some of which bar the use of AI tools for now, will likely take on even more significance if Fable can prove there's a market for completely AI-generated content. "It is the Netflix of AI", founder and CEO [Edward Saatchi](#) told, "Watch an episode, or make an episode".

In addition, [Amazon Prime Video](#) is acquiring the UK's Bray Film Studios, the historic site it recently set up as a production hub for the second season of "The Lord of the Rings: The Rings of Power". The deal marks Amazon's first acquisition of a physical studio in the UK. In early 2022, [Prime Video](#) signed a multimillion-dollar long-term lease at UK's Shepperton Studios, where Amazon has a long-term contract for the exclusive use of nine new state-of-the-art sound stages, workshops, and office accommodation, totalling approximately 450,000 square feet.

In the third quarter, more than six million subscribers signed for [Max](#), the Warner Bros. Discovery's streaming service. Warner CEO David Zaslav said Max represented one of the company's best opportunities for growth.

Additional readings for the October report:

- How Netflix won the streaming wars, Financial Times, 17 September 2024, [Link](#).
- Netflix is trying to get you hooked on more reality TV with better dubbing, The Wall Street Journal, 1 September 2024, [Link](#).

Indicative sources :

- Amazon Prime Video and MGM Studios join Motion Picture Association, The Hollywood Reporter, 19 September 2024, [Link](#).
- Global streamers focus more on non-US content, and so investments in European originals keep up moderate growth, European Audiovisual Observatory, 10 September 2024, [Link](#).
- Netflix attaque la Fédération Wallonie-Bruxelles en justice, Le Soir, 29 August 2024, [Link](#).
- EU Commission demands Apple to align interoperability with digital competition rules, Euractiv, 19 September 2024, [Link](#).
- YouTube announces AI features from Google DeepMind for Shots creators, CNBC, 18 September 2024, [Link](#).
- Lionsgate will use AI to let filmmakers ‘augment’ their work, Variety, 18 September 2024, [Link](#).
- A new AI service allows viewers to create TV shows. Are we doomed?, The Guardian, 31 May 2024, [Link](#).

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