

Global watch on culture and digital trade

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US TRADE AGENDA, CULTURAL POLICIES AND DIGITAL PLATFORMS

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Analytical report, June 2025

The June report begins with the proposition from the Trump administration of imposing a 100% tariff on foreign-made films, claiming it would revive US film production. However, film industry stakeholders criticized the idea as impractical and harmful to the US and global film market, urging instead for expanded tax incentives. A joint letter from Hollywood unions and figures like Jon Voight and Sylvester Stallone called on Trump to support three tax code changes to attract productions back to the United States. Meanwhile, in a joint letter, European Culture Ministers emphasized the need to strengthen local cinema and support European and international co-productions. In addition, the report focuses on a study coming from the European Audiovisual Observatory showing a stabilization of cinema attendance levels across many EU film markets and suggesting that current figures may represent a post-pandemic “normal” level. Besides, how Canal+’s reduced funding may impact French cinema output is considered. The report also looks at major music labels which are negotiating with artificial intelligence (AI) companies for licensing deals over copyright infringement. Finally, the report turns to recent developments concerning digital platforms, notably Netflix, Meta, Disney+ and Hulu.



Regulation issues, digital trade and culture

From Trump tariffs to tax incentives?

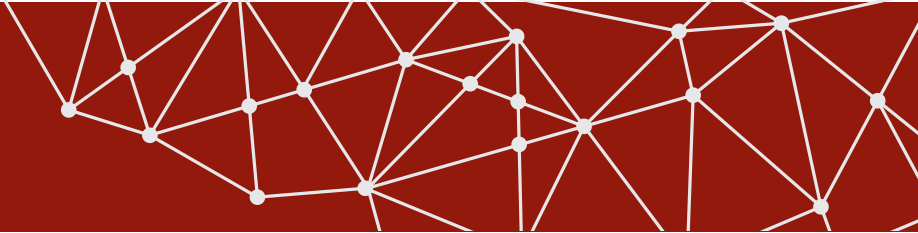
In early May, “in an effort to bring film productions back to the United States”, US President Donald Trump announced a 100% tariff on films produced outside the United States, claiming that the American film industry was experiencing a “very fast death” due to the incentives offered by other countries to attract filmmakers. President Trump described this situation as a “concerted effort by other nations”, labeling it a national security threat.

Chris Marcich, president of the Association of European Film Agency Directors (EFAD), called the tariff plan “impractical” but not insignificant. “My guess is that he [Trump] will be looking for some alternatives, which he will work out in consultation with people from the industry and look to find ways to promote more production in LA”, Marcich told Euronews, adding: “One of them will certainly be additional state aid to production in California.”

The Hollywood Reporter stated that “the (unprecedented) idea of a movie tariff system threatened to disrupt, maybe destroy, the global system of financing, producing and distributing films”. According to the New York Times, “how exactly the government would collect a tariff on movies wasn’t clear. Nor was it obvious that movie tariffs would help film production in California or receive much support from consumers. Frankly, as a movie watcher, do you really want to have to pay more to see films made abroad? These problems alone made the idea unpopular, with Hollywood industry and labor groups saying they favored tax breaks, not tariffs”.

In a letter to the President on 12 May, Jon Voight and Sylvester Stallone, two of Trump’s “special ambassadors” to the entertainment industry, along with a lengthy list of industry players including the Motion Picture Association, which represents Hollywood studios, and unions including Sag-Aftra, the Writers Guild of America, the Directors Guild of America, and the Teamsters, called for Washington to expand and extend tax incentives to help bring film and TV production back to the United States.

The letter called for Trump to back three tax provisions that would “immediately make America more competitive, expand the American media industry, bring jobs back to America, and support the independent spirit of American business”. As such, the letter calls for changes to sections 199, 181, and 461 of the Internal Revenue Code. Two tax provisions would allow bigger and better deductions on production expenses, and one would revive a COVID-era code allowing businesses to spread net operating losses across five years, something particularly advantageous in a hit-or-flop industry like the movie business, as it would allow producers to use profitable years to offset later losses.



The letter states that “currently, more than 80 countries offer production tax incentives and as a result, numerous productions that could have been shot in America have instead located elsewhere”, the letter states. “Returning more production to the United States will require a national approach and broad-based policy solutions, including those we propose below as well as longer term initiatives such as implementing a federal film and television tax incentive”. The letter made no mention of tariffs. Besides, in the letter the unions thanked the President “for the support you have shown our industry,” and for drawing attention to the flight of production overseas.

Joint letter of Culture Ministers in Europe

During the Cannes Festival, the Culture Ministers of 22 European countries, including France’s Rachida Dati, published a powerful joint letter in newspapers such as Le Figaro and Le Soir calling for Europe to “open our eyes to the richness of our own cinema – and to defend it”. The letter celebrated the diversity of European cinema, “with a multitude of actors dreaming in different languages and cultures” as a “driving force behind our union”. The Culture Ministers called for greater support to the distribution of European films throughout Europe and spoke up in favour of European co-productions. “These two urgent issues - creating better together and sharing our cinema more effectively - will be a priority for us on the European agenda in the months ahead. We affirm them today as absolutely strategic actions for our European and cultural sovereignty. We affirm them in the same way as we affirm what brings us together and who we are as Europeans”, concluded the letter.

Besides, organizations from across the Europe’s film and audiovisual sector sent a joint statement to EU Culture Ministers ahead of the Education, Youth, Culture and Sport Council on 12-13 May, calling for sector-specific effective EU funding programs, to safeguard the long-term resilience, competitiveness, and the vitality of Europe’s cultural and creative ecosystem.

European Audiovisual Observatory on cinema admissions

According to the European Audiovisual Observatory, in 2024 admissions across Europe reached 843 million, a 1.7% decline from 2023. Gross box office revenues across Europe saw a marginal decline of 0.8% compared to 2023, indicating a stabilization of cinema attendance levels across many markets and suggesting that current figures may represent a post-pandemic normal level. European productions represented approximately 33% of total admissions, whereas the market share of US films dropped from 69% in 2023 to 63% in 2024. Film production activity remained strong in 2024, with a total of 2,514 feature films produced across Europe, the highest figure on record.



Worldwide activities of online platforms

According to [ScreenDaily](#), Canal+'s reduced investment in French cinema over the next three years will have a clear impact on the French film industry. It is estimated this will result in some 30 to 40 less films made each year, mostly auteur-driven European co-productions.

Variety mentioned that [Disney+](#) added 1.4 million subscribers in the first three months of 2025. Overall, the company reported 23.62 billion USD in revenue, up to 7% for the quarter ending 29 March. The global subscribers base of Disney+ is 126 million. Disney's [Hulu](#) streaming platform added 1.3 million subscribers to end the period with 50.3 million.

Mid-May, [Netflix](#) reported that 94 million subscribers use its advertising supported tier, up from 70 million in November. [Netflix](#) said the ad-supported tier accounts for 55% of new sign-ups in countries where it is available and reaches more 18 to 34 year old people than any US broadcast or cable network. In total, Netflix reported more than 300 million global customers.

According to [the Hollywood Reporter](#), mid-May Netflix debuted a new exclusive game called The World of Peppa Pig, which will include puzzles, mini-games, books and other interactive elements, as well as clips from the long-running British children's show. Netflix has made a strategic pivot over the last few months to focus its games business on a few key areas, like games based on mainstream IP, party games, narrative games, and kids games. The Peppa Pig game is the company's first major bet on kids games.

[Meta](#)Platforms has held talks with [Disney](#), A24, and other smaller Hollywood production houses to get exclusive content for its new virtual-reality headset, which is expected next year. The report said Meta is offering "millions of dollars" for episodic and standalone immersive video content based on well-known intellectual property, which will hopefully pull in more people to its upcoming virtual reality headset and compete with Apple's Vision Pro.

According to [CMU](#), the three major labels Sony, Universal, and Warner are now in talks with [Udio](#) and Suno about AI use of their music and licensing deals that would bring to an end landmark litigation [that was launched a year ago](#) over copyright infringement. The goal of the majors is to receive compensation when music by artists they represent is used to train generative AI models and produce new music. The Wall Street Journal explained that an agreement could set a precedent for how [AI](#) music is created. "Both the Musicians' Union and the Ivors Academy - who are campaigning on AI issues - insist that all music creators must consent before their music is used to train AI models. Without that consent being sought, creators can't say no, can't negotiate terms, and can't protect their artistic identity from being regurgitated by AI".



Additional readings for the June report:

- I was a music AI sceptic – until I actually used, The Conversation, 23 March 2025, [Link](#).
- Spotify continues to change music. What's next – will AI musicians replace music made by humans, The Conversation, 20 May 2025, [Link](#).

Indicative sources :

- Cannes: What ever happened to tariffs? The Hollywood Reporter, 14 May 2025, [Link](#).
- Hollywood heavies call on Trump for tax relief without mentioning tariffs, Politico, 12 May 2025, [Link](#).
- Union and MPA urge Trump to back Hollywood tax deductions, Variety, 12 May 2025, [Link](#).
- French and international film industry brace for impact of Canal Plus cuts, ScreenDaily, 20 May 2025, [Link](#).
- History repeating itself say music creators, CMU, 3 June 2025, [Link](#).
- European films made up a third of all cinema admissions in Europe in 2024, EAO, 13 May 2025, [Link](#).

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