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Global watch on culture and digital trade

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FROM STREAMING PLATFORMS TO ARTIFICIAL INTELLIGENCE: REGULATION ISSUES

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Analytical report, Summer 2025

The summer report begins with the European Union (EU)'s Artificial Intelligence (AI) Office, which published a voluntary Code of Practice for General-Purpose AI Models to guide compliance with the EU AI Act. However, a coalition of rights holders in the cultural and creative sectors strongly criticized the Code and related tools, claiming they ignore copyright concerns and favour AI developers. Meanwhile, in South Korea, Culture Minister nominee Chae Hwi-young outlined plans to grow the cultural sector to 215 billion USD, emphasizing AI-driven content creation and the need for independent film production. In addition, the report highlights that the British government rejected a 5% streaming levy, citing the importance of a "mixed production ecology" in audiovisual policy, while the Czech Republic introduced a 3.5% streaming investment obligation under a new Audiovisual Act, expanding support to series and games. Besides, in the United States, bipartisan lawmakers proposed the CREATE Act to extend and enhance Section 181 film/TV tax incentives through 2030. Finally, the report turns to recent developments concerning digital platforms, notably Netflix, YouTube, Amazon, and TikTok.

Regulation issues, digital trade and culture

Joint statement addressing the Commission's AI Act implementation measures

On 10 July 2025, the AI Office published the final version of the Code of Practice for General-Purpose AI Models (the "Code"). This Code is a voluntary compliance tool aimed at helping companies meet the obligations set out in the EU AI Act for providers of general-purpose AI (GPAI) models. The AI Office and the AI Board will now assess the Code and may approve it through an adequacy decision. "If approved, the European Commission is expected to formally adopt it via an implementing act". The Code outlines how GPAI providers can comply with their AI Act obligations and is structured into three chapters focusing on: Transparency, Copyright, Safety and Security.

On 30 July a broad coalition of rightsholders from across the EU's cultural and creative sectors issued a joint statement addressing the Commission's AI Act implementation measures. The statement expressed strong dissatisfaction with: the published GPAI Code of Practice, the accompanying GPAI Guidelines, the Template for disclosing a sufficiently detailed summary of training data, as required under Article 53 of the AI Act.

According to the signatories, Articles 53(1)(c) and (d) and related provisions were specifically designed to help copyright and related rights holders exercise and enforce their rights under EU law - particularly in response to the widespread, unlicensed use of protected content by generative AI model providers. The statement criticizes the process, arguing that "the feedback of the very stakeholders these provisions were meant to protect has been largely ignored". The result, they argue, undermines "the goals of the AI Act and disproportionately benefits GPAI developers, some of whom continue to infringe on copyright and related rights to train their models". In addition, the coalition rejected any claim that the Code strikes a fair and workable balance, or that the Template provides sufficient transparency regarding copyrighted works or other protected materials used to train GPAI models. They called such claims false and a betrayal of the AI Act's objectives.

Among the signatories are: the International Confederation of Societies of Authors and Composers (CISAC), the European Guild for Artificial Intelligence Regulation, the European Producers Club, the European Publishers Council, the International Federation of the Phonographic Industry (IFPI).

Korea's Culture Minister nominee seeks to grow culture industry

According to Deadline, at his confirmation hearing, Chae Hwi-young, Korea's nominee for Minister of Culture, Sports and Tourism, announced his ambition to grow the Korean Culture industry to 300 trillion won (approximately 215 billion USD). Chae, a 61-year-old expert in tech platforms, underscored "the increasing economic significance of Korean cultural exports, referencing the global popularity of K-pop, K-dramas, games, webtoons, and publishing". Citing 2023 industry data, he noted that the sector generated around 110 billion USD in domestic revenueand 13.3 billion USD in exports.

To achieve this ambitious goal, Chae highlighted the pivotal role of AI. “Generative AI is becoming part of everyday life, ushering in yet another wave of transformation. We need to approach every cultural domain - including the arts, sports, and tourism - with a fresh perspective that suits this evolving era”, he said. He continued: “We will develop an innovation strategy for AI-driven content creation, production, and distribution, and invest in AI training datasets that reflect Korean history and culture”.

Chae also acknowledged the challenges facing Korea’s film industry, particularly the shrinking domestic market and concerns that local production companies are increasingly being relegated to subcontractor roles for global streaming platforms. “K-pop Demon Hunters, for example, was created by Sony and distributed by Netflix. In Korea, our involvement was minimal - limited to participation. The production itself was not actually carried out within the Korean film industry”, he explained. As such, he stressed the urgency of building independent production capabilities, saying: “We must urgently consider how to create high-quality films independently, distribute them globally on a large scale, and establish a sustainable ecosystem where profits are reinvested into producing even better works”.

No UK levy on streaming services

According to Variety, the UK government has firmly rejected proposals for a 5% levy on streaming platforms and mandatory intellectual property retention rules. In its official response to parliamentary recommendations on British film and high-end TV, published on 3 July, the government emphasized the importance of a ”mixed ecology” that balances international investment with local production.

The response dismissed several committee suggestions while reaffirming the UK’s commitment to remaining a global production hub. In 2024, UK production spends reached £5.6 billion (7.9 billion USD) - a 31% increase from 2023 - with £4.8 billion (6.5 billion USD) stemming from inward investment and co-productions. The government credited Subscription Video-on-Demand (SVOD) services for contributing to the strength of the domestic industry, highlighting initiatives like Amazon Prime’s Video Pathway and Disney’s investment in the National Film and Television School in Bedfordshire. It also pointed to “the economic impact of major productions such as Barbie and Bridgerton, which contributed £80 million (109 million USD) and £275 million (375 million USD), respectively, to the UK economy over the past five years”.

New Czech investment obligation for major streamers

Recently, the Czech Film Fund has been rebranded as the Czech Audiovisual Fund, following the adoption of the country's new Audiovisual Act. Among the key changes is the introduction of a 3.5% investment obligation on all streaming platforms operating in the Czech Republic - including international players like Netflix, Amazon Prime Video, and Disney+. Previously, only domestic platforms such as Voyo were subject to a mandatory contribution, set at just 0.5%. Under the new system, "the 3.5% obligation will consist of: a 1% parafiscal levy (a targeted tax to support the Czech audiovisual industry), a 2.5% split between additional levy and direct investment".

The updated funding structure also extends support to series and video games, signaling a broader and more inclusive approach to developing the Czech audiovisual sector. "We don't have any idea how much money we will get from the VOD platforms", Czech Culture minister Baxa said, pointing out that the first round of contributions will only be assessed in the near future. The direct investment options include "Netflix making original content or acquiring a Czech film", he explained. "That means we must wait for the first time they send us money".

Potential expansion of US Section 181 film and TV production incentive

In a letter to the President on 12 May, Jon Voight and Sylvester Stallone, joined by major industry groups including the Motion Picture Association (MPA), SAG-AFTRA, the Writers Guild, the Directors Guild, and the Teamsters, urged Washington to expand and extend tax incentives to bring film and TV production back to the United States. They called on Trump to support three tax provisions - Sections 199, 181, and 461 of the Internal Revenue Code - in the upcoming budget reconciliation bill.

Although these tax provisions were not included in the One Big Beautiful Bill Act, in early August a bipartisan group of four US Congress members introduced legislation to extend and enhance Section 181 – "the closest the U.S. has to a national film and TV production tax incentive". The proposed CREATE Act (Creative Relief and Expensing for Artistic Entertainment) would: extend Section 181 through 2030 (currently set to expire at the end of this year), raise the cap on eligible production costs to 30 million USD or 40 million USD, depending on location, introduce an annual inflation adjustment. "The bill aims to provide long-term stability and strengthen support for domestic film and TV production".

Charles Rivkin, Chairman and CEO of the MPA, said that "extending and strengthening Section 181 will lead to more domestic film and TV production, and more American jobs. The MPA applauds Senators Blackburn and Warnock, alongside Representatives Malliotakis and Chu, for introducing the bill in their respective chambers and looks forward to Congress enacting this vital legislation".

Worldwide activities of online platforms

Variety reported that Amazon's Alexa Fund venture-capital investment tool has invested in Fable Studio, a San-Francisco-based start-up, which provides an AI service called Showrunner that lets you type in a few words to create scene – or entire episodes – of a TV show, either from scratch or based on an existing story-world someone else has created. The amount of Amazon in the new AI-generated TV show service is not being disclosed. "Showrunner will be free to use but eventually the company plans to charge creators 10-20 USD per month for credits allowing them to create hundreds of TV scenes". According to Mashable, in 2023, Fable Studio posted a 20-minute South Park-style clip entirely written, voiced and illustrated by generative AI. The video was created without the permission of the South Park creators. Fable asserted that it was "an experimental, non-commercial endeavor aimed at exploring the potential of AI, voice synthesis, and deep learning technologies".

According to The Hollywood Reporter, over 50% of Netflix members - more than 150 million households, or an estimated 300 million viewers - now watch Japanese anime. Anime viewership on the platform has tripled over the past five years, with 2024 setting a record: 33 anime titles appeared in Netflix's Global Top 10 (Non-English), more than double the number in 2021. In 2024, anime content was viewed over one billion times globally, with 80–90% of users choosing dubbed versions. To meet rising demand, Netflix now offers anime with dubbed audio and descriptions in up to 33 languages.

According to The Guardian, YouTube has become the most popular first choice for television among Generation Alpha, based on a comprehensive survey of UK viewing habits by Ofcom, the country's communications regulator. One in five TV viewers aged 4 to 15 turned directly to YouTube last year, with Netflix following closely behind. BBC One remained in the top five, although children were just as likely to opt for BBC iPlayer. YouTube's growing presence on TV screens isn't limited to younger audiences. In a broader cultural shift, "viewers aged 55 and over nearly doubled their YouTube viewing time last year compared to 2023 - from six minutes a day to 11". Notably, 42% of that viewing now takes place on a television set. It is worth mentioning that YouTube has increasingly positioned itself as a direct competitor to traditional broadcasters, with half of its top-trending videos now featuring formats like long-form interviews and game shows. "This shift is pushing public service broadcasters such as the BBC, ITV, and Channel 4 to reassess their digital strategies. While sharing content on YouTube helps engage younger audiences, it also diverts traffic from their own platforms and shifts advertising revenue toward the tech giant".

Deadline reported that Riyadh-based MBC Group, the largest media and entertainment company in the Middle East and North Africa (MENA) and majority owned by the Saudi government, has announced an innovative partnership with Netflix.

As part of the agreement, subscribers to MBCNOW - MBC Group's newly launched entertainment service aggregator - will gain seamless access to the full Netflix library, along with Shahid (MBC's flagship streaming platform) and its linear TV channels, all through a single subscription. The move is a strategic one for Netflix, which became the leading platform in the MENA region after launching there in 2015, but has since faced increasing competition from Shahid.

According to Fortune, TikTok and Instagram are working on apps designed for television viewing. "The move follows the success of YouTube's TV app, while neither social network is courting a partnership with broadcasters". YouTube TV service currently has an estimated 9.4 million subscribers.

According to this year's PwC Global Entertainment & Media Outlook report, the total US over-the-top (OTT) market is expected to grow at a compound annual rate of 5.9% over the next five years, reaching 112.7 billion USD by 2029. This represents a 33% increase from the market's 84.7 billion USD total in 2024.

Netflix has revealed that it used generative AI for visual effects in one of its original series for the first time. Co-CEO Ted Sarandos announced that AI technology, which generates videos and images from text prompts, was employed to create a building collapse scene in the Argentine science-fiction series The Eternaut. According to Sarandos, "the use of AI enabled the production team to complete complex sequences more efficiently and cost-effectively, marking a significant step in integrating advanced technology into creative workflows".

Additional readings for the summer report:

- As streaming services chase profitability, kids' content is king, CNBC, 18 July 2025, Link.
- Rise of the Machines: Inside Hollywood's AI Civil War, The Hollywood Reporter, 16 July 2025, Link.

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- Korea's Culture Minister Nominee wants to grow culture industry to 215 billion USD and integrate AI, Deadline, 29 July 2025, Link.
- UK government formally rejects streaming levy, doubles down on mixed production ecology, Variety, 3 July 2025, Link.
- Bipartisan bill calls for expansion of US Section 181 film and TV production incentive, Screen Daily, 2 August 2025, Link.
- Netflix says 50 percent of global users now watch anime, reveals expanded slate, The Hollywood Reporter, 6 July 2025, Link.
- YouTube most popular first TV destination for children, Ofcom finds, The Guardian, 30 July 2025, Link.
- Netflix uses AI effects for first time to cut costs, BBC, 18 July 2025, Link.

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