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Sir William Cash MP
Chair of the European Scrutiny Committee
House of Commons
London SW1A 0AA

TO2017/08164/DC
1 December 2017

Dear Sir William

Digital Single Market: Audiovisual Media Services Directive

Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services in view of changing market realities

I am writing to address the points you raised in the Committee's report in response to my earlier correspondence on the Audiovisual Media Services Directive (AVMSD) from July 2017.

Interinstitutional trilogue negotiations are ongoing, with the file expected to close under the Bulgarian presidency in 2018. I hope to update you on the outcomes and potential timeframes in early 2018, once the trilogue process is complete.

You asked me to provide further information regarding implications of the General Approach and trilogue negotiations, particularly on the retention of the Commission's proposed levy for video-on-demand providers for the promotion of European Works and its potential extension to cover linear services, and the change to the definition of video-sharing platforms.

1. **Levies in practice:** The levies proposal refers to the optional country of destination levy for video-on-demand services, which would allow Member States to require these services to contribute financially towards national film funds in the country of operation, including via direct investment in content. It will be up to Member States whether or not to impose a system of levies. The extension of levies to linear channels was included in the Council's General Approach following the proposal tabled by some Member States, and it attracted wide support. I envisage that this initial support for the principle would extend to its practical implementation, but I cannot estimate the exact number of Member States that would decide to introduce levies in practice.



2. **The European Parliament's negotiating position on levies:** The European Parliament has been supportive of levies for video-on-demand services, but has not included the extension of levies to linear services in their version of the text. Since the issue of levies is yet to be addressed at the trilogue level, I cannot provide a more detailed update on the European Parliament's approach.
3. **The change of the definition of video-sharing platforms:** The new wording used in relation to video-sharing platforms would encompass any service where the sharing of programmes or user-generated videos to the general public is an essential functionality of that service. I have concerns that this wording lacks clarity and will continue to press for improvements, which will help to ensure that it aligns with the Government's emerging thinking on the Digital Charter.

You have further asked me to expand on four specific emerging implications of leaving the European Union for the audiovisual sector. I have endeavoured to provide as full an update as possible in light of ongoing Brexit negotiations.

4. **The impact of levies on the Single Market:** The Government currently has no way of assessing the impact of levies on the Single Market as it is at the discretion of individual Member States to decide whether to implement these levies or not, and at what level. We will continue to oppose the imposition of levies as part of the negotiations on the Directive.
5. **The importance of international broadcasters for the UK economy:** A survey published by the Commercial Broadcasters Association (COBA)¹ shows that over eight out of ten multi-territory commercial broadcasters surveyed stated that London was their European or global headquarters. DCMS economic estimates suggest that the EU is the most significant market for the UK's AV sector, with the total UK exports of audiovisual services to this market accounting for 40.9% of total UK audiovisual services exports in 2015 (£3 billion).² Broadcasting is valuable for the UK's domestic economic activity and the Government will ensure the UK remains an attractive broadcasting hub after the UK exits the EU.
6. **Advertising provisions within the Council of Europe Convention on Transfrontier Television (CTT):** The Government is currently scenario planning for every possible eventuality of the negotiations and are closely considering the application of the CTT as part of that exercise.

¹ [Building a Global TV Hub COBA](#) - COBA - 2014

² [DCMS Economic Estimates](#) - DCMS - 2017

7. **Relocation of broadcasters to the EU:** In the course of the negotiations to shape our future partnership with the EU, the Government will focus on ensuring the ability to trade as freely as possible with the EU and supporting the continued growth of the UK's broadcasting sector.

I trust that this helps to provide some clarity.

Yours ever

A handwritten signature in black ink, appearing to read 'Matt Hancock', with a decorative flourish extending to the right.

THE RT HON MATT HANCOCK MP