

# Global watch on culture and digital trade

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## **CULTURE AND ARTIFICIAL INTELLIGENCE: POLICY AND BUSINESS ISSUES**

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Analytical report, November 2024

The November report begins with the joint letter released by more than 24 organizations of creators and rights holders toward a meaningful implementation of the European Artificial Intelligence (AI) Act. The report also highlights a new study from the European Audiovisual Observatory that provides a comprehensive overview of the growing role of AI in the audiovisual industry and its many complex legal implications. In addition, the report focuses on the new licensing model for AI developers introduced by the German performing rights collection society and licensing body (GEMA), as well as on an AI Charter released by GEMA setting out ten “ethical and legal principles” that GEMA wants the AI sector - and law-makers regulating that sector - to adhere to. Besides, the report emphasizes that the Australian federal government has quietly delayed plans to introduce local content requirements for major streaming platforms, with no indication of when it might return to work on the policy. Finally, the report emphasizes the export of French and Spanish audiovisual content abroad, as well as new partnerships and business plans in the platform-based economy, focusing on Samsung, TF1+, Warner Bros. Discovery, Paramount+, and Netflix.



## Regulation issues, digital trade and culture

### **Joint letter calls for ‘meaningful implementation of the AI Act’**

More than 24 organizations representing creators and rights holders have signed a [joint statement](#) addressed to the European Parliament in support of the AI Act. “The AI Act is a pioneering model of ethical and responsible AI regulation that sets the basis for best practice at global level”, the [joint statement](#) emphasizes. “If implemented and applied effectively it will foster an environment in the (European Union) EU where AI innovation can develop in an ethical and accountable way alongside flourishing cultural and creative industries across the EU”. The statement mentions that creators’ societies and rights holders organizations are dealing with a seriously “detrimental situation” of generative AI companies taking content without authorization “on an industrial scale”. The open letter states that “their actions result in illegal commercial gains and unfair competitive advantages for their AI models, services, and products - in violation of European copyright laws. The implementation and application of the EU’s new AI Act provides a crucial opportunity to address such malpractices and ensure accountability in the AI industry. It should aim at achieving a healthy and sustainable licensing market that encourages responsible AI innovation and complies with core principles of fair market competition and remuneration for creators and rights holders, while effectively preventing unauthorized uses of their works”. The letter has been signed, among others, by the International Federation of Phonographic Industry, the European Federation of Independent Record Labels, EURO CINEMA, European Audiovisual Production, etc.

### **European Audiovisual Observatory on AI in the audiovisual sector**

The [European Audiovisual Observatory](#), part of the Council of Europe in Strasbourg, has published its latest report, *AI in the Audiovisual Sector: Navigating the Current Legal Landscape*. This new report offers a comprehensive overview of the growing role of AI in the audiovisual industry and deep dives into its many complex legal implications. The report illustrates five major challenges that AI poses to the audiovisual industry. First, as AI-generated content becomes more prevalent, questions of authorship and liability, and transparency take center stage. In addition, AI usage also represents a threat to personality rights and transparency. As AI is reshaping the workforce in the audiovisual industries, its impact on the labour market is also a major cause for concern. Besides, AI’s capacity to create and spread disinformation in the audiovisual sector is another critical issue. Finally, AI has the potential to both enhance and threaten cultural diversity and media pluralism. Finally, the report examines the future of regulation in this field, as well as ethical and societal dilemma which we will face in coming years.



### **Licensing model for AI developers**

Late October, the German performing rights collection society and licensing body ([GEMA](#)) has published an AI Charter, setting out ten “ethical and legal principles” that it wants the AI sector - and law-makers regulating that sector - to adhere to. It says the charter is “intended to be thought-provoking”, while also providing a framework for “a responsible approach to generative AI that respects and protects the rights of creators”. In addition, [GEMA](#) introduced a licensing model for AI developers, making it the first collection society to establish a licensing-based policy to address the use of copyrighted music in training music. This framework would apply to all generative AI players active in [Germany](#), regardless of how, where and when their training process occurred, that utilized protected musical works at some point. The society’s CEO Tobias Holzmüller said that “human creativity is at the centre and the use of musical works created by people in the context of generative AI must be dealt with in a transparent manner and must attract fair pay”. The charter also brings up moral rights, particularly in the context of creators protecting their voice and image, something which has generally been talked about in the context of publicity rights in the United States.

### **Australia: Local content requirements in suspension**

According to the [Australian Broadcasting Corporation](#), the federal government has quietly delayed plans to introduce local content requirements for major streaming platforms, with no indication of when it might return to work on the policy. Local content quotas were a key measure in the Labor’s arts policy. However, there have been concerns about how the policy might interact with Australia’s free trade deal with the United States. It is worth reminding that in January 2023 Arts Minister [Tony Burke](#) said that legislation for local [quotas](#) on streaming platforms would be adopted by 1 July 2024. As of today, that deadline has well passed. In this sense, there is a growing sense of frustration among Australian screen producers, who see this uncertainty around regulation as contributing to what they perceive as “plummeting” levels of local commissioning by international streamers.

## Worldwide activities of online platforms


### **New business plans and geographical expansion**

In mid-October, organised by the Centre national du cinéma et de l'image animée, Unifrance and the Association of Film Exporters, a press conference has unveiled the overarching trends in French film exportation in 2023. According to Anne-Sophie Martel, "the film has to tick various boxes in terms of cast, filmmaker, theme, festival selection, having an award, etc., in order to facilitate communications. Spur of the moment acquisitions do still happen, but in a far more thought-through fashion. And (video-on-demand) platforms are buying less". Overall revenue of 127 million euros was earned by French international sales agents in 2023, in other words 6% more than in the previous year. This recovery in international sales of French films - corresponding with the improved health of cinemas in the post-pandemic world- is marked by a 10% increase in combined rights sales. However, SVOD (subscription video-on-demand) rights have decreased by 12.4% in 2022 and combined de-linearized rights have fallen by 67%. In terms of the regions involved in French film exportation, Western Europe accounted for 47.7% of revenue from French film sales around the world in 2023, followed by Central and Eastern Europe and North America.

According to Variety, a new report unveiled by the Spanish trade and investment body ICEX and entertainment analytics org, Parrot Analytics, showed that Spain-originated content has generated an estimated 5.1 billion USD in global streaming revenue over the past four years. For 2024, "Spanish content is expected to deliver 1.4 billion USD in global revenue, reflecting a steep demand across key regions and confirming the country's dominance in the non-English content market".

In addition, since launching at the start of 2024, TF1+, the ad-supported streaming service of France's leading commercial channel TF1, has nearly doubled its content pipeline through aggregation deals and has increased its digital advertising revenues by about 40%. The service has recently "signed partnerships with Franco-German public broadcaster Arte and A&E Television Network, bringing TF1+'s pipeline of content from 15,000 hours at launch to 25,000 hours today".

Warner Bros. Discovery announced that at the end of September it had 110.5 million global streaming subscribers, including for Max and Discovery+, compared with 103.3 million at the end of June. The gain of 7.2 million users was the largest ever quarterly growth in subscribers since the launch of Max, with subscriber growth across all regions. During the latest financial quarter, Warner Bros. Discovery registered a profit of 289 million USD for its DTC unit, which includes its streaming and premium pay-TV services, compared with a 111 million USD profit a year ago.



According to [The Hollywood Reporter](#), Paramount+ has gained 3.5 million subscribers since the second quarter in June to reach around 72 million subscribers at the end of September. In addition, Paramount has registered a 49 million USD streaming profit, that marked the second quarter of streaming unit profitability in a row. Besides, Samsung, the South Korean tech giant, is for the first time releasing user data on its free ad-supported streaming service [Samsung TV Plus](#), disclosing that the service now has 88 million monthly active users (MAUs), and is the number one app on Samsung TVs in the United States. Samsung, it should be noted, is the best-selling TV brand in the US, and Samsung TV Plus is baked into every device. For comparison, the three biggest players in free, ad-supported streaming are Roku Channel, Tubi, and Pluto, and all have between 80 and 90 million MAUs.

According to [Screen Daily](#), mid-October 2024, Netflix announced 9.83 billion USD in revenue for the third quarter, up 15.7% year-on-year, and forecast that 2024 revenues of approximately 38.9 billion USD would increase 11%-13% in 2025 to reach 43-44 billion USD. Industry talk about a possible change to the compensation template mounted after Netflix met with talent agencies in late September. However, [Ted Sarandos](#), Netflix co-CEO, added that under the existing model “Netflix takes all the financial risk so (creators) can focus on making the best possible version of what they’re working on. And for Netflix, that model enables us to attract the best talent in the world”.

### **Additional readings for the November report:**

- Is streaming really a “terrible business”? It depends whom you ask, Los Angeles Times, 8 October 2024, [Link](#).
- What Trump’s victory could mean for AI regulation, TechCrunch, 6 November 2024, [Link](#).

## Indicative sources :

- New report: AI in the audiovisual sector: navigating the current legal landscape, European Audiovisual Observatory, 22 October 2024, [Link](#).
- IFPI, IMPALA, GESAC, 20+ European Orgs Call for Meaningful Implementation of the AI Act, Digital Music News, 30 October 2024, [Link](#).
- Germany's Gema launches "AI Charter" laying out legal and ethical principles for artificial intelligence in music, Music Business Worldwide, 5 November 2024, [Link](#).
- Federal government quietly shelves plans for local content requirements, Australian Broadcasting Corporation, 5 November 2024, [Link](#).
- Spanish content is Europe's leading revenue generator on streaming platforms per ICEX, Parrot Analytics report unveiled at Mipcom, Variety, 21 October 2024, [Link](#).
- Warner Bros. Discovery Grows DTC profit to \$289M, Streaming subs to 110.5M, led by Olympics, The Hollywood Reporter, 7 November 2024, [Link](#).
- Netflix co-CEO says streamer "not looking to change" talent compensation model, Screen Daily, 18 October 2024, [Link](#).

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