

Media inquiries: Virginia Bryant
202.862.5891 (vbryant@aei.org)
Orders: 800.343.4499

FOR IMMEDIATE RELEASE: April 19, 2004

The Audiovisual Services Sector in the GATS Negotiations

By Patrick A. Messerlin, Stephen E. Siwek, and Emmanuel Cocq

Audiovisual services—a sector that covers a wide range of activities related to the production, distribution, and exhibition of audiovisual content such as motion pictures, radio and television programs, and sound recordings—are central to globalization and unique for their role in spreading national cultures. The commercial and cultural stakes in international trade in audiovisual services are so high that disagreement over how to address them nearly derailed the Uruguay Round eight years ago.

In *The Audiovisual Services Sector in the GATS Negotiations* (AEI Press and Groupe D'Economie Mondiale de Sciences Po, April 2004), Patrick A. Messerlin, Stephen E. Siwek, and Emmanuel Cocq consider the sea change in the sector over the last decade as new technologies, worldwide access, and economic changes have caused many countries to reconsider the merits of forging a multilateral agreement on trade in audiovisual services.

The authors argue that for GATS negotiations to proceed, negotiators should take into account different countries' concerns. They should aim to eliminate quantitative restrictions in broadcasting, establish rules for the use of subsidies in the production of audiovisual works (allowing only those related to cultural works) and protect intellectual property rights.

Siwek, an economics consultant in Washington, D.C., proposes a wide-ranging, U.S.-led negotiation strategy to accelerate success in the audiovisual sector in GATS. He urges a move away from indefinite most-favored nation (MFN) cultural exemptions to the GATS claimed by EC nations. Instead, he insists that cultural exemptions be considered temporary and that positive trading commitments—rather than exemptions—should be the goal in GATS negotiations.

Messerlin, Director of Groupe d'Economie Mondiale (GEM) de Sciences Po in Paris, and Cocq, a Research Fellow at GEM, outline the promise of ongoing profound economic and technological changes in the large EC film markets. EC audiovisual companies now realize that the many quotas, subsidies, and monopolies (public and private) introduced by the European Common Audiovisual Policies (CAPs) that were meant to protect them have, in fact, curbed their growth, amplified the uncertainties and risk they face, made them too small to compete in increasingly global markets, diminished the quality of their product, and actually discouraged them from producing cultural films (instead of Hollywood clones). Europeans are increasingly dissatisfied with current protectionist policies, so the EC may ultimately get back to the bargaining table.

The Audiovisual Services Sector in the GATS Negotiations is part of a series of AEI studies on negotiations to liberalize trade in services. Each study focuses on a particular service sector, identifies the major obstacles to liberalization in that area, and presents policy options for trade negotiators and interested private-sector participants.

###