

Trading culture – GATT and film and television in Australia

Jock Given explains how Australian culture as represented by its film and television industries is in danger of being a sacrificial lamb at GATT

The General Agreement on Tariffs and Trade (GATT) is a body based in Geneva which was set up in the 1940s to oversee the progressive liberalisation of world trade. It is both a set of rules, and a forum for discussion. Australia, and most other western and developing countries, are members.

The GATT has had a lot of success in removing barriers to trade in goods, although some markets, especially those in agricultural products, remain highly regulated by some countries.

The next step for the GATT was to start looking at other parts of international trade, such as 'services' like banking, aviation, shipping, education, telecommunications and the media. Discussions on services and other new trading issues were included in the 'Uruguay Round' of GATT negotiations, so-called because it commenced with a GATT Ministerial meeting in Punta del Este in 1986. Since then, member countries have been trying to negotiate 15 separate agreements covering services, copyright, agricultural trade and other areas.

The area I will concentrate on is the services, particularly audiovisual services, although telecommunications services and the intellectual property agreement are also relevant to the communications industries.

What does free trade mean?

Totally free trade would mean being able to set up a television service in another country on the same terms as a local. It would mean no restrictions on foreign films and television programming and advertising and no quotas or financial assistance to local programs. These are all regarded as 'barriers to trade'.

In the technical language of the proposed agreement, the central obligations are national treatment, non-discrimination and market access. National treatment means treating foreign service providers in the same way as local ones; non-discrimination means treating all foreign service providers identically; market access is about allowing

foreign service providers to establish businesses in the local market. One of the important differences between the sale of goods and the delivery of services is that service delivery often requires the service provider to have a physical presence in the local market. Terrestrial television services and retail banking are good examples.

Clearly, an agreement which required the removal of all these so-called 'barriers to trade' would have a substantial effect on indigenous film and much one-off television production in Australia, whose local production industry, like those in most countries, depends heavily on government subsidy and regulatory assistance. In Australia, what might be vulnerable are foreign ownership restrictions on commercial broadcasters, local content requirements in commercial television programming and advertising and in commercial and public radio, subsidies to program production, distribution and exhibition through bodies such as the Film Finance Corporation (FFC) and the Australian Film Commission (AFC). We also might be talking about the ability of the government to license a single pay television operator rather than competitive services.

New export opportunities?

The government hopes that GATT will lead to new export opportunities. In return for removing our trade 'barriers', other countries remove theirs. In theory, we get the chance to sell more to them, although the price is that we have to give them the chance to sell more to us.

Secondly, the government hopes there will be the possibility for trade-offs. Australia's bargaining position on, say, agricultural trade liberalisation, where barriers to trade with the EC are a big problem for our farmers, may be improved if we can show that we are free traders in services. Overall, the government sees its interests being best served by a freer world trading system.

I am not convinced that there will be many

new export opportunities generated by liberalised world audiovisual trade. On the contrary, countries with relatively small production industries like Australia would be net losers if assistance arrangements to local audiovisual industries are removed.

Internationally, there are barriers such as television and cinema quotas, domestic subsidy arrangements and restrictions on overseas remuneration of earnings. Obviously these barriers do not help our exports. However, in general, they are irritants rather than major impediments. If they want your programs, they buy them.

The main 'barrier' to trading our product is our own ability to make films that substantial audiences in other countries want to see. It is worth noting that the Industries Assistance Commission concluded in its inquiry into international trade in services that local programming requirements in Australia were likely to have only a minor impact on international trade.

Even if there did appear to be huge new opportunities which could be opened up by removing overseas regulatory restrictions, the price which might need to be paid - removal of domestic assistance - would seem certain to outweigh it. Our capacity to export is far more dependent on the existence of a healthy domestic industry than it is on the removal of overseas regulation.

Some barriers assist us

Beyond this, there is a sense in which Australia benefits from assistance to production industries in other countries.

Even in the US, Australian film and television programming, with odd exceptions such as the *Crocodile Dundee*, *Mad Max* and *The Man From Snowy River* pictures, are art-house product. The art-house circuit throughout the world survives because of the availability of product from a large number of countries, including some US independent product. Audiences fed only US blockbusters do not seek out the latest French comedy or quirky tale from Adelaide or the north of

England. Audiences who have never heard of Gerard Depardieu or Jane Campion do not ritually go to see their latest movies. In turn, distributors and exhibitors specialise in particular kinds of product, recognising that the promotional skills required to get *Batman* to its audience are very different to those required to get *Sweetie* to its audience.

The existence of production industries outside the US ensures a greater diversity of product for audiences and a diversity of distribution and exhibition outlets specialising in non-mainstream product. So, perversely, the assistance mechanisms which exist in most countries are essential to the existence of a world market in which Australian product can succeed.

Cultural and commercial considerations

There is more at stake than these commercial imperatives. If cultural development is a serious policy goal, it must have not only an Australian complexion but also an international one. It must recognise and indeed celebrate the desire of other countries to support their indigenous film industries and film cultures. That is important not only for its own sake, but because the products of local audio-visual industries achieve international circulation. Australian audiences see the films and programs from other countries - thus our own film culture is enhanced by their achievements. Government support for the SBS shows that our cultural policy does not have a purely local focus.

Broadly, the AFC has argued that Australia must ensure that any services agreement leaves individual countries with permanent policy-making flexibility in the area of film, television and radio. The proposed GATT framework highlights the increasing recognition of the audiovisual products and services as major contributors to the international economy. It is not the first attempt to address the sector in the context of economic and trade policy. Some similar ground was covered by the Trade in Services Protocol to the *Australia-New Zealand Closer Economic Relations Agreement* and the less-known OECD Code of *Liberalisation of Current Invisible Operations*.

There needs to be a clearer understanding of the relationship between the economic and the cultural, between the international and the local, between the business of film making and its ideas and images.

By placing the audiovisual sector firmly into the text of international commerce, the GATT is only acknowledging what has been true about movie-making and television since they began. Effective film making is not just about stories and ideas or even about the

production of a film or program. It is as much to do about the commerce of presenting it to an audience which can engage with it.

The export enthusiasm which is so critical to Australia's economic development is no news to film makers. They don't simply seek international sales to expand their opportunities. Without international sales, they make virtually no films. One-off productions - feature films, television mini-series and documentaries - very rarely recover their costs of production in their domestic market. In Australia last year, the cost of a television mini-series averaged over \$1 million an hour. Commercial television stations might pay a lucky producer a quarter of that for Australian television rights. The rest must be found in international markets or through funding agencies such as the FFC and AFC. Such funding agencies do not grant, they invest, and thus, in turn, seek to recover their investments from international markets.

The extent of the 'internationalisation' of the Australian film and television industry is demonstrated by Australian Bureau of Statistics figures for exports and imports of film, television and video royalties. They show, for the year 1987/88, exports totalling \$94 million and imports totalling \$318 million - a trade deficit of \$224 million.

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The political context

It may no longer be good enough to have a smart idea about cultural policy in Australia. We may have an international trade order which sets the parameters in which good ideas about domestic cultural policy can be considered.

This too is not necessarily new. We have been accepting international obligations which affect domestic policy in all sorts of areas for a long time - defence policy, economic policy and, most notably, the environment, with the Franklin Dam. Clearly, it is our judgment that the acceptance of such international obligations is in our own self-interest: in the case of the GATT, our economic self-interest. But I am worried about the ways in which international processes and opinions get to influence domestic policy - how ideas which gain fashion internationally get imported to win local policy debates which otherwise would be lost. It's not necessarily a bad thing, but we

need to be wary about how it occurs.

There is danger too in the cultural policy debate becoming geographically and philosophically remote and much more highly specialised. The talks that count happen 20,000 kilometres away, in highly technical language amongst negotiators for whom film and television is only one of many interests. That is not to criticise the accessibility of Australia's negotiators or their desire to inform themselves of the workings of specific sectors. It is only to note that those who once were experts responsible for advising on policy about film and television, have become representatives of sectional interests who are consulted by those who claim to be responsible for making policy in the national interest. Ultimately, perhaps the major danger of the GATT to domestic rural policy debate is to limit those who can contribute meaningfully to it.

Difficulties in isolating issues

Rather than constructing a policy to address particular issues in the audiovisual sector, it becomes critical to understand what is happening in aviation, in maritime services, in agriculture, in banking. The government, quite legitimately, wants to keep its negotiating hands untied. But it becomes the proverbial moveable feast. Not just in a simple way - beef for television commercials - but in an almost limitlessly complex array of permutations covering different countries each with their own domestic political constraints, different blocs of countries, different industry sectors, different obligations under the agreement, different drafting approaches. Liberalisation, perhaps, becomes an extremely attractive administrative solution to the policy Tower of Babel.

One last point - a small irony. The long post-war economic boom was facilitated by many factors, not the least significant of which was the explosion in world trade made possible by liberalised trading rules under the GATT. The end of the boom in the early seventies overlapped by a few years the beginning of generous assistance to the film industry in Australia. To some extent at least, our capacity to provide the public assistance necessary for a film industry is dependent on a level of economic prosperity which undoubtedly will be jeopardised by failure of this GATT Round. For my part, I watch the current chaos in Geneva with very mixed feelings.

This is an edited version of an address Jock Given, Policy Advisor with the Australian Film Commission, gave to a recent CAMLA luncheon