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Audiovisual services and the Australia–USA free trade negotiations

In its recent submission to the Department of Foreign Affairs and Trade on a proposed approach to negotiating a free trade agreement with the United States, the ABA has argued that audiovisual services and measures supporting cultural objectives should be excluded from the agreement altogether.

This position is consistent with the ABA's previous submissions to the department on World Trade Organisation reviews which emphasised the importance of Australia's audiovisual services in building national identity and strengthening Australia's trading position in the global market for audiovisual services.

Content regulation — no restraint on trade

US drama outnumbers Australian drama in television prime time indicating that local content requirements do not prevent market access for US producers. Balance of trade data shows that the US enjoys a healthy trade surplus with Australia for audio-visual services. In 2000–01, Australian exports were valued at \$107 million (excluding broadcast rights to the Olympic Games) and imports at \$634 million. More than 60 per cent of these imports were from the US.¹

In this context, the sub-quotas in the

Australian content standard provide a minimum safety net for Australian 'voices' in genres particularly vulnerable to replacement (adult drama and children's programs) by less expensive genres or imports. The 2001–02 review of the Australian content standard for commercial television confirmed the difficulties facing producers, broadcasters and funding agencies in financing expensive series and other high cost drama, which despite their audience appeal, involve considerable risk.

Australia's approach to trade negotiations

The Federal Government made a significant statement of support for Australia's cultural and audiovisual sectors at the GATS (General Agreement on Trade in Services) Council for Trade in Services Special Session in July 2001. It stated that the government considered it essential to have access to a wide range of policy measures and to have the flexibility to apply them as necessary in order to ensure that cultural and social policy objectives are met in the audiovisual sector.²

Australia has preserved its right to regulate the supply of audiovisual services in negotiating the General Agreement on Trade in Services and the Australia-Singapore Free Trade Agreement. The Australia-Singapore agreement negotiations resulted in audiovisual services and measures supporting cultural objectives being

excluded. Australia's approach to negotiating the agreement with the US should be consistent with this approach.

Possible impact of a free trade agreement

The possible deregulation resulting from a broad free trade agreement would be likely to reduce the diversity and quality of local content on commercial television. There would be fewer expensive adult and children's drama and documentary programs than currently required under the sub-quotas of the Australian content standard. More cost-effective local programs (news, sports and infotainment) would be likely to dominate Australian content on commercial television. This has been the experience in New Zealand where television has been deregulated for more than a decade.

The future

While digital-era broadcasting may create a different policy environment, it's more than likely that commercial television will continue to play a significant role in Australians' cultural experience. Accordingly, the ABA has argued that care must be taken in negotiating the free trade agreement with the US. Australia's right to pursue cultural policy goals must not be limited by a restrictive definition of culture or tied to specific technologies or platforms.

The Australian Government will need to maintain its current open-ended right to implement regulatory and other measures to achieve social and cultural objectives for the audiovisual industry in order to capture the benefits of future market and technological changes.

¹ ABS figures compiled for the Australian Film Commission in *Advancing the National Interest — Australia's Foreign and Trade Policy, Submission to DFAT, August 2002, p. 3*

ABA submission

To see the ABA's submission go to the ABA web site:
www.aba.gov.au/aba/submissions/index.htm

² *Australian Intervention on Negotiating Proposal on Audiovisual Services, delivered at GATS Council for Trade in Services, Special Session, July 2001, p. 4*