



Response to Welsh Affairs Select Committee inquiry into leaving the EU and trade: implications for Wales

October 2020

About this response

1. TAC (Teledwyr Annibynnol Cymru) is the industry body for the independent television production sector in Wales. The sector is a highly important element of the creative industries in Wales and the UK overall, providing economic, social and cultural benefits through supplying creative content. There are around 50 companies in the sector, ranging from sole traders to some of the leading players in the UK production industry. TAC members produce content for the BBC, ITV, Channel 4, Channel 5 and Sky as well as other commercial broadcasters. They produce almost all the original television and online media content for the Welsh-language broadcaster S4C, and a variety of radio productions for UK-wide networks.
2. In recent years, Wales' reputation as a centre of first-class drama production has grown significantly with productions such as *35 Diwrnod*, *15 Days*, *Un Bore Mercher / Keeping Faith*, *Bang*, *Pili Pala* and *Craith / Hidden*. Our sector also offers a great deal of expertise in genres such as factual documentary, children's programmes, sport and entertainment. Overseas programme and format sales have increased, and our members are also experienced in international co-productions.
3. In responding to the Committee's call for evidence, we have focussed on the questions to which we can most contribute.

What are Wales' priorities for future trade relations with the EU, and what are the implications of any future UK-EU trade and customs arrangements for Wales?

4. Wales needs to ensure that its successful TV and content production industries suffer as reduced an impact as possible. Wales' creative industries in general represent a significant area of growth and support many related industries, including catering, transport, craftsmanship, fashion and design. Through successful co-productions and exported series, they help to advertise Wales as a destination for tourism. Ensuring our TV production sector, locations and facilities are prioritised is extremely important for ensuring the continued growth of the sector.
5. Being able to travel to film programmes in the EU, and have talent come to the UK easily to film, remains an important priority. We are aware that the government is arranging some particular travel permissions for certain types of artists and performers, but this needs to include technicians and other staff as well as on-screen talent. This sometimes needs to happen at short notice.
6. There is therefore an urgent need for clarity and certainty on temporary movement into the UK. The likely costs and administrative work is not clear. There is also little available detail on the status and requirements following 31 December 2020 for those who qualify for short-term visits. Clarity is also needed on whether non-visa travel for business is dependent on a deal with the EU.

7. There is also concern as to whether the new visa system will be ready by 1 January 2021 and whether there will be delays which cause backlogs and endanger production schedules, leading to potentially significant additional costs for producers and potential problems with fulfilling contracts.

Following the UK's withdrawal from the EU, what opportunities will there be for Wales in trade negotiations with non-EU countries, and how should the most important areas to the Welsh economy be represented in different trade models?

8. In terms of the content we produce, the 'goods' we trade in are intangible digital products, and in that sense do not pass physically through customs barriers, but we need to be able to engage as much as possible with TV markets around the world. This has always been the case, but clearly there is now a greater imperative to do so. Therefore, we very much need the Welsh creative economy to be at the forefront of any trade negotiations which Wales itself holds, and also for the sector in Wales to be given due prominence in any pan-UK negotiations. This includes aspects such as international co-production treaties.
9. There are also implications for travel to other countries which are only part- or non-EU members. For example, a TAC member company working on a co-production with a company in Norway has been told by the Norwegian government that it is not clear what UK-Norway travel arrangements will be from 1 January 2021. Another member has given us an example of presenters travelling between Wales and the Republic of Ireland every two months for a week at a time, which could also be affected.
10. Uncertainty in the short term will cause disruption for any companies working on such productions, as the work on making this content needs to be planned months ahead of time. Until arrangements are clarified, it would be useful to get confirmation that current arrangements will remain in place with such countries.
11. TV production companies in Wales work regularly on international co-productions. Co-production agreements are carried out on a country by country basis, and so would not be directly be affected by the leaving of the EU. However, restrictions on movement could potentially make some co-productions more problematic and reduce opportunities.
12. This could be compounded if it becomes significantly more expensive to attend international TV markets such as MIPTV, held traditionally in Cannes, although it was held online this year due to the coronavirus pandemic. Producers in Wales need to continue to be able to develop ideas with international appeal in the knowledge they can access the markets and continue to work with partners. It would be unfortunate if a reduction of any such opportunities caused a retreat into more inward-facing programming which may not have as much marketable value to other territories.
13. Our members do buy technical equipment from abroad, and any significant hike in import duty would be an additional cost to the sector.
14. The UK also needs to ensure that producers' intellectual property (IP) is protected in any trade deals. It needs to ensure that our public service broadcasting (PSB) system is maintained. We have a mixed economy of public funding (via the TV Licence Fee, which provides all the BBC's public funding and most of S4C's) plus advertising. PSB also make additional revenue via international sales and co-productions. Thanks to the IP protection provisions in the 2003 Communications Act, the Welsh TV production sector is able to make its own decisions on how to distribute its content internationally. It is vital to retain this regulatory regime in the future.
15. Some Welsh Government funding is available for producers to attend international programme markets. This funding will become even more important as changes in travel and standardised trading

with EU countries will mean more expertise is needed for the sector in Wales to maintain and grow its international profile. In order to do this, companies need to take risks on people to train them to work internationally. Grant support at both Welsh Government and UK level will therefore be very important.

16. In terms of continuing to attract investment in UK production overall, it is imperative that the current system of tax reliefs, including for film, high-end TV, animation and children's programmes, remain in place.
17. We would also like to raise the issue of the UK Government decision not to remain part of the Creative Europe Media Programme, into which the UK has paid until now and which UK creative companies have been able to access for various projects. The Government has not made it clear how funds which would otherwise have gone into the European Media Project will be made available to support the industry after 31 December. The loss of the Wales MEDIA Office, which was funded by the programme, will affect producers in Wales, as it provided some essential funding to various companies, productions and initiative. For example, the company Fiction Factory accessed a substantial amount of funding to enable the production *Y Gwyll / Hinterland*. As the Committee will know, this went on to be a significant success in many countries, introducing S4C's drama output to new audiences and paving the way for the other dramas mentioned in our introduction.
18. Welsh-language production companies in Wales have previously been well positioned to work with European broadcasters and producers of minority language content. This has been done by utilising the Creative Europe Media Programme to collaborate with producers working with broadcasters such as TG4 in Ireland, Televisió de Catalunya in Catalonia and ETB in the Basque Autonomous Community.
19. The Government needs to be clear on how it will replace this essential funding, which enables this type of collaboration. This is particularly urgent given the announcement of a one-year Spending Review. Failure to uphold this funding stream would withdraw important funding at a time when the industry is suffering other financial strains due to the impact of coronavirus Covid-19.

What role, if any, should the devolved administrations play in UK trade policy and how can key Welsh interests be best reflected in the UK's trade priorities and future negotiating strategies?

20. It is very important for the devolved administrations to have significant involvement in trade deals as they know best the priorities of their own local economic sectors. A purely UK Government-led approach could lead to one or more nations being disproportionately affected.

How will any future trading models affect agricultural trade in Wales, including the level of trade, tariffs and export of Welsh food and drink?

21. Clearly, those organisations representing agriculture are best placed to answer this question. One of our members who produces farming programmes has raised the issue that any significant change to Wales' agriculture will have a knock-on effect on its rural communities. If farming decreases due to the stipulations of – or failure to agree to – a trade deal, this could cause some agricultural businesses to close, and those who run them having to relocate to towns and cities to seek work. If there is a breakdown in farming communities, this will have social effects and also implications for the future of the Welsh language, as Welsh is currently the first language of many of these communities.

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