

# Spain Audiovisual Hub of Europe

Plan to boost  
the audiovisual sector



# Content

|         |                                       |
|---------|---------------------------------------|
| Page 04 | Executive summary                     |
| Page 10 | Introduction                          |
| Page 16 | 1. The audiovisual sector             |
| Page 34 | 2. Vision of the future               |
| Page 42 | 3. Diagnosis                          |
| Page 50 | 4. Goal and Objectives of the Plan    |
| Page 52 | 5. Measures of the Plan               |
| Page 72 | 6. Monitoring and control of the Plan |
| Page 74 | 7. Governance                         |
| Page 78 | 8. Budget                             |

Temtem Videogame.  
Image courtesy of the Spanish Videogame Association

# Executive summary

## The audiovisual sector

**The audiovisual sector has undergone a global revolution in recent years.** The Digital transformation, the new business models and new technologies, have drastically changed the way audiovisual content is produced and the boundaries of national audiovisual consumption markets have blurred.

The availability of higher capacity broadband networks has given users the power to decide what type of content they want to watch, on which device and when during the day.

Strengthening the Spanish audiovisual production industry is the challenge that this new reality is pushing us towards; taking advantage of the context, the objective is to enhance the Spanish audiovisual industry, to increase the competitiveness of the sector, and favour its the development at the pace set by global growth. Either by reinforcing the capacities of local economic agents to create productions to export, without losing sight of Spain's own potential as a market, or by attracting foreign investment to finance its growth.

The "Spain, Audiovisual Hub of Europe" Plan (Spain AVS Hub Plan), for boosting investment and development in the audiovisual sector, **is a global action plan to transform the current Spanish audiovisual ecosystem as a whole, considering the sector in a broad sense.**

The Plan covers strategic aspects of the value chain, whether it be the auxiliary activities supporting production, the production of audiovisual content (in Spanish and other languages), and the post-production, promotion, dissemination and exploitation of audiovisual content.

Likewise, **a broad concept of content is taken into account**, encompassing not only traditional audiovisual content (fiction, television content production, etc.), but also the multimedia and interactive digital environment, such as software development, video games (such as eSports) and transmedia content or content that incorporates immersive experiences with visual effects or virtual reality.





## A strategic sector with a vision for the future

The audiovisual sector is strategic and with great potential. **A sector that favours the economic and cultural development of the country.** The time has come to consolidate the strengths of the sector with public support for Spain to become a hub for audiovisual production worldwide.

The strategic importance of the audiovisual sector is recognized within the “Digital Spain 2025” (ED2025) strategy. One of the main lines of this strategy is to **improve Spain’s attractiveness as a European platform for business, work and investment in the audiovisual field.**

Spain is in a good starting position to boost Spanish audiovisual production to become a European and worldwide audiovisual hub leader. We are among the leading European countries in terms of deployment of cutting-edge broadband networks and 5G, with a great preparation of Spanish audiovisual companies to incorporate digital technology improvements in the production, direction and post-production activities. In addition, we have significant talent offers in all professions related, as demonstrated by the international success of numerous series, video games and other productions created and developed entirely in Spain, as well as a professional and companies ecosystem of different sizes, great quality and competitiveness. The Spanish language is undoubtedly an important asset to lead in one of the most important markets growing worldwide.

Finally, in recent years a favourable fiscal and regulatory framework has been deployed, which involves an additional factor to attract investments and the settlement of this activity and employment in Spain with high added value.

Based on these levers, the public policies of this Plan will boost these advantages **to increase the competitiveness of the audiovisual content production industry in Spain, as well as its internationalization.**

This will represent an increase in the number of audiovisual content produced in Spain, the creation of new channels of distribution and commercialization of said content, the development of an economically sustainable and financially profitable industrial activity, an increase in cultural diversity by improving access by users to a greater number of audiovisual content produced in Spain and in an improvement in the monetization of audiovisual content by Spanish creators.

The “Spain, Audiovisual Hub of Europe” Plan aims to reinforce the strengths of Spanish audiovisual production, its internationalization and the increase of Spain’s attractiveness as a destination for foreign investment and economic activity linked to audiovisual production.

This is a global action plan to transform the current audiovisual ecosystem as a whole.

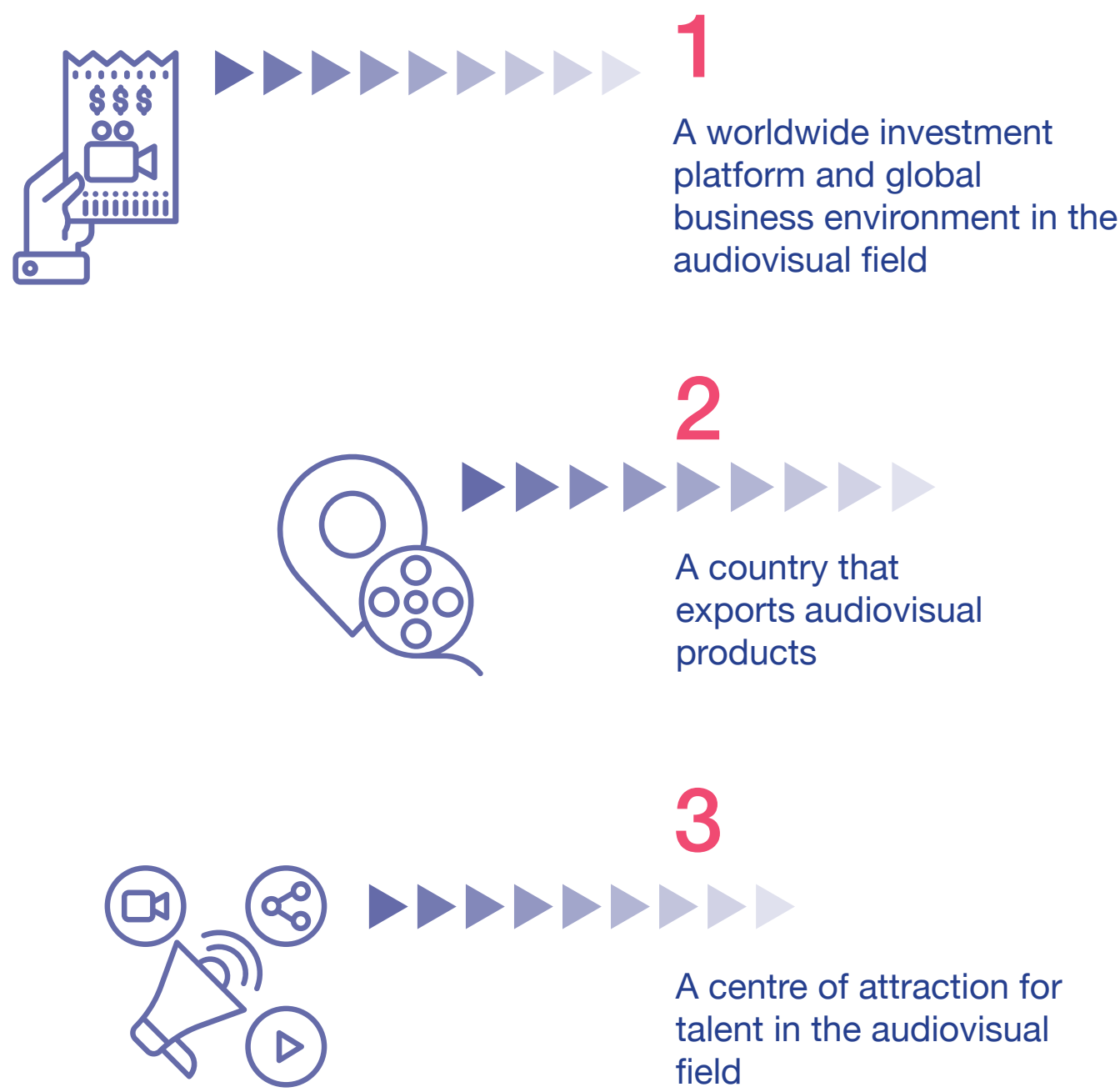
- **MORE PRODUCTION:** Increase the amount of content produced in Spain.
- **MORE CHANNELS:** Create new distribution and marketing channels.
- **MORE INDUSTRY:** Fully develop a new industrial activity capable of generating profits.
- **MORE INTELLECTUAL PROPERTY RIGHTS:** Allow creators to retain rights to their works.
- **MORE OFFERS FOR THE CITIZENS:** Access to the largest possible number of contents produced in Spain.

Movie *As long as the War lasts*.  
Image courtesy of Movistar +



# Objectives to

consolidate Spain as:



# Goal, axes, and measures

This Plan has set a goal of 30% increase in audiovisual production in Spain by 2025.

To achieve, together with the objectives of the Plan, a roadmap has been established with 15 measures based on 4 lines of action:

| Axis   | Measure  |   |
|--|--|---|
| 1<br>Promotion and digitalisation of audiovisual activities, promotion and internationalisation and attraction of investment | <b>Measure 1</b><br>"Spain Audiovisual Hub", a centralised information point.<br><b>Measure 2</b><br>A programme for promotion, modernization and digitalisation.  | <b>Measure 3</b><br>Promotion and internationalisation programme.<br><b>Measure 4</b><br>A programme to attract filming and foreign investment.   |
| 2<br>Improvement of financial and fiscal instruments   | <b>Measure 5</b><br>ICO (Official Credit Institute, from its Spanish initials) Financing Plan.<br><b>Measure 6</b><br>ENISA (National Innovation Company) Financing Plan.<br><b>Measure 7</b><br>Tax Incentives.   | <b>Measure 8</b><br>Granting of guarantees.<br><b>Measure 9</b><br>The role of CESCE (Spanish Export Credit Insurance Company) as an export credit agency.  |
| 3<br>Availability of talent and development of human capital.  | <b>Medida 10</b><br>Training and talent  |   |
| 4<br>Regulatory reforms and the removal of administrative barriers.  | <b>Measure 11</b><br>Draft General Law on Audiovisual Communication.<br><b>Measure 12</b><br>Draft reform of Law 55/2007 on the Cinema.<br><b>Measure 13</b><br>Simplification and reduction of administrative burdens of the immigration system for economic interests. | <b>Measure 14</b><br>Digital window for visas and/or residence and work authorisations related to audiovisual projects in consular offices.<br><b>Measure 15</b><br>Preparation of the annual report on the audiovisual sector. |



## Budgetary allocation

The “Spain, Audiovisual Hub of Europe” Plan will mobilise public resources estimated at 1,603 million euros over the period 2021- 2025. It is expected to finance different actions with this budget to support the Spanish audiovisual production industry, into the four axes that make up this Plan.

The financial resources of this Plan will come from the General State Budget and from European Union funds (mainly the European Fund for Recovery and Resilience, the European Regional Development Fund (ERDF) and the Creative Europe Programme for the period 2021-2027).



**1,603 M**  
through  
2021- 2025

Filming of the series *The Ministry of Time*.  
Image courtesy of RTVE, via Spain Film Commission





# Introduction

Spain has great wealth in the cultural field, within which the audiovisual sector stands as an important asset for the transmission of cultural values and image, as well as for the economic development of the country. Supported by the rapid evolution of the sector and the acceleration of digital transformation, the products offered by the sector have become a generalised consumer good in people's leisure and entertainment, but also an essential asset for new forms of advertising or training activities.

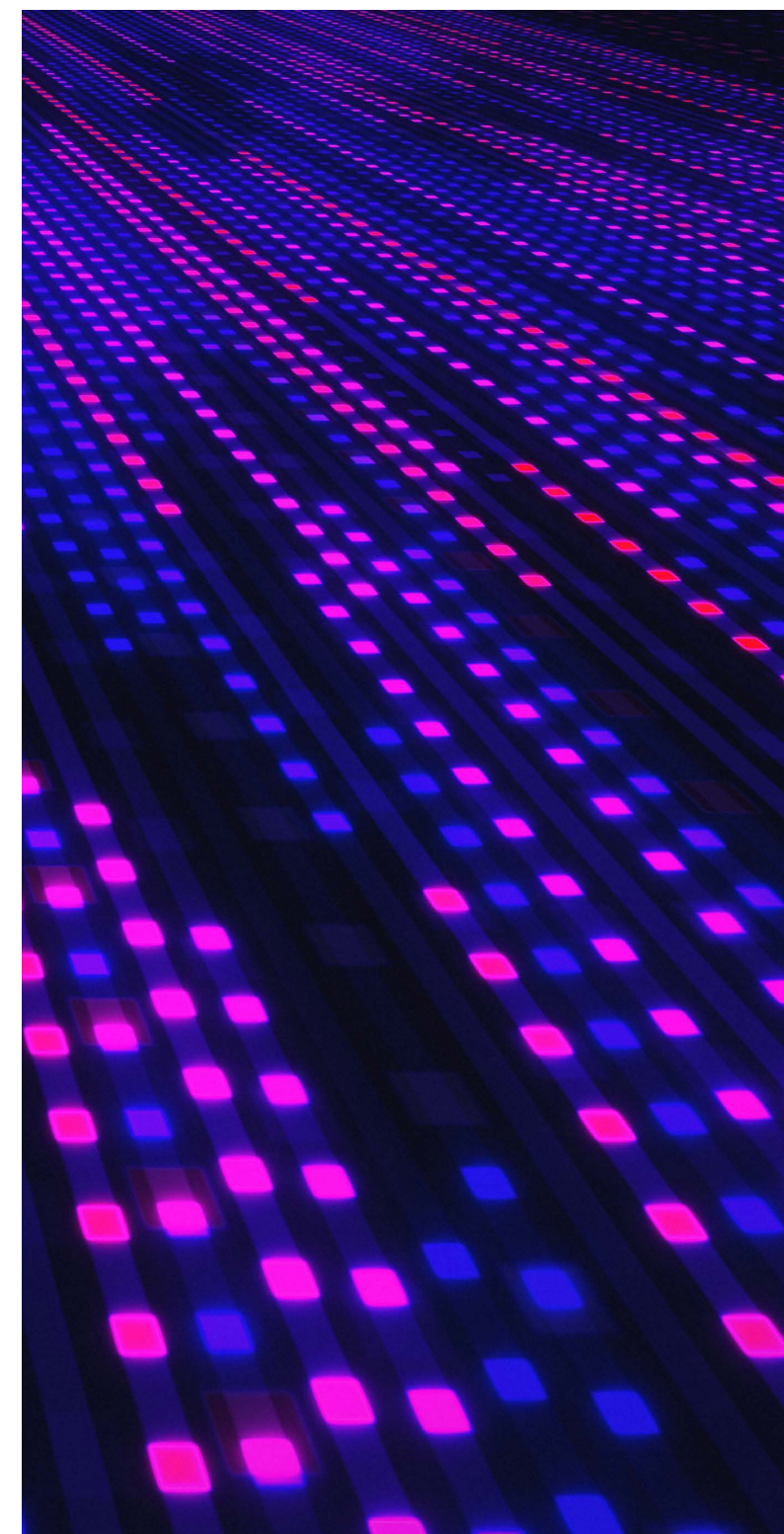
Various platforms set up by the General State Administration<sup>1,2</sup> and by local administrations<sup>3</sup>, as well as the support plans for the audiovisual sector promoted by the Autonomous Communities, have been positioning our industry and our capacities in the international scene.

The strategic importance of the audiovisual sector is recognised within the "Digital Spain 2025" strategy (ED2025). One of the main lines of this strategy is to improve Spain's attractiveness as a European platform for business, work and investment in the audiovisual field and it establishes **the objective of increasing audiovisual production in Spain by 30% by the year 2025 compared to the current level.**

<sup>1</sup><https://www.investinspain.org/en/industries/audiovisual> del Instituto de Comercio Exterior (ICEX)

<sup>2</sup><https://www.audiovisualfromspain.com/audiovisual/es/index.html> del Instituto de Comercio Exterior (ICEX) de Comercio Exterior (ICEX)

<sup>3</sup><http://www.shootinginspain.info/>





Animation series *D'Artacán and the three Muskédogs*.  
Image courtesy of DIBOOS

To meet this objective, the “Spain, Audiovisual Hub of Europe” Plan has been designed around the following priorities:

- **Attracting foreign investment and turning Spain into a centre of attraction for audiovisual production**, reducing administrative and regulatory costs for investment activity as much as possible.

All this within a regulatory context that promotes these initiatives. Spain is working to establish legislation adapted to the new players in the sector, as well as to the new audiovisual services driven by digital technologies. The regulatory initiatives already underway have relevant objectives to this end:

- Establishing the same obligations for the same services.
- Strengthening the protection of European audiovisual content production and independent producers.
- Updating and making more flexible the advertising obligations for audiovisual media services and making them more flexible.

- **Improving the competitiveness of audiovisual production companies through the application of new technologies to enable them to compete in a digitalized market.** The digitization of production activities in themselves will improve the ability to compete in quality with productions from other countries, but the application of new technologies will also contribute to an improvement in the management of the collection and distribution of intellectual property rights, making it more transparent, improving its control by creators,

facilitating the resolution of possible conflicts and optimizing the correct remuneration of Spanish creators in a digital environment in which distribution models, the monitoring of audiences and progress in the formulas for the remuneration of rights are changing radically. In this sense, the use of digital tools will contribute to improving the external balance derived from the audiovisual sector in all possible areas..

Along with digitalisation, attention will also be paid to reducing the characteristic difficulties of a business fabric made up mainly of small and medium-sized enterprises, such as access to sources of financing or the potential to compete in foreign markets.

- Likewise, **a special effort will be made to reduce the gender gap and to foster the generation of talent.**

The gender gap is especially notable in terms of the management of audiovisual productions and this entails a loss of competitiveness due to the under-representation of the talent of a very relevant part of Spanish society. According to data from the European Audiovisual Observatory, 21,054 European films were produced between 2003 and 2017, but only 2,997 (21%) were directed by women. In 2017, 83% of European films were directed by men, compared to 15% directed by women.

The presence of women in other segments of audiovisual production such as video games (e.g. eSports) is also much lower; in 2017, only 17% of direct jobs generated in the video game sector were held by women. However, mention should be made of the progress in measures to bridge this gap addressed by

the Ministry of Culture and Sport in its commitment to achieve the goal of 50/50 parity by 2025.

Another fundamental element for improving competitiveness is the strengthening of training. A major challenge, arising from the digitalisation and convergence of the sector, is the need for companies to have professionals with the qualifications and skills demanded by the industry. In this context, Axis 3 of this Plan includes actions aimed at ensuring that professionals working in the audiovisual field, have the necessary qualifications and attract very specific profiles that help companies in increasing their competitiveness level.

Finally, it should be noted that the activity of the audiovisual production sector will not only benefit from the specific actions of this Plan, but will also be boosted by the actions of other Plans of the Digital Spain 2025 strategy, more specifically the Plan for connectivity and digital infrastructures and the Strategy to promote 5G technology, approved by the Government on December 1st<sup>4</sup>, as well as the Digital Skills Plan and the Plan for the Digitalisation of Public Administrations. All these plans, also derived from the Spain Digital Agenda 2025, contain actions that will have a positive impact on audiovisual production and will therefore contribute to achieving the “Spain AVS Hub” Plan’s objectives.

<sup>4</sup><https://www.lamoncloa.gob.es/consejodeministros/Paginas/enlaces/011220-enlacedigital.aspx>



# 01

## The audiovisual industry

The development of the audiovisual industry in Spain is strongly linked to the rapid evolution of the sector at a global level in the last years, with **the spectacular increase in the digital consumption of audiovisual content serving as the basis of this growth, and the accelerator of the need to diversify the form and types of content produced.** The availability of broadband networks and digital devices, capable of reproducing audiovisual content anywhere and at any time, has triggered a wave of accelerated innovation in the audiovisual sector. **The new individual and digital consumer demands new content, more content and more personalised content from producer enterprises.**

### Global and European context

Globally, according to the Olsberg-SPI5's<sup>5</sup> report, investments reached in 2019 \$177 billion and 14 million jobs worldwide by companies such as Netflix, Amazon, Disney, HBOMax, Peacock, Quibi and Apple

This capacity for global growth encourages the Government's interest in making Spain a global audiovisual production hub, taking advantage of the economic impact that this activity can have on the Spanish economy.

According to the PwC report "Entertainment and Media Outlook 2020-2024"<sup>6</sup>, over the next five years the sector is expected to grow by 2.8% worldwide. In Spain, the expected increase will be 3.3% (up to €35,567m). This is a considerable growth that highlights the opportunities for companies in segments with great potential such as video on demand and video games.

### Trend towards concentration in the industry

**Alongside this growth, audiovisual production is globalising and concentrating.** There are large multinational conglomerates that dominate the market globally and the process of concentration continues. 2019 was a year of significant moves in the industry: in addition to Disney's acquisition of 20th Century Fox, there was the CBS-Viacom merger deal, the acquisition of Fox Sport Networks by Sinclair Broadcasting (a group of local US television stations) and the acquisition of Canada's Cineplex to create the largest cinema chain in North America.

In Europe, the French company Banijay acquired the leading production company EndemolShine (which in Spain includes the production companies Gestmusic Endemol,; Shine Iberia,; Diagonal TV,; and Zeppelin TV).

There was also the acquisition of the satellite pay-TV service M7 by Canal + (Vivendi), the acquisition of Bonnier Broadcasting by the telecommunications operator Telia, the sale of certain Eastern European cable operations by Liberty Global to Vodafone and the merger of the Scandinavian pay-TV providers Viastat (Nordic Entertainment) and Canal Digital (Telenor).

And the process continues.

<sup>5</sup><https://www.o-spi.co.uk/wp-content/uploads/2020/06/Global-Screen-Production-and-COVID-19-Economic-Recovery-Final-2020-06-25.pdf>

<sup>6</sup><https://www.pwc.es/es/entretenimiento-medios/entertainment-media-outlook-espana-2020-2024.html>



## Growth in the digital audiovisual sub-sector

Underlying all these figures and business movements is a common element: the most vibrant **subsectors of audiovisual production are linked to the production and digital consumption** of content and personalised consumption, to the detriment of joint consumption patterns and linear business models in which the user has no choice in the moment of viewing or the device on which it is consumed.

To put this change into perspective, one only has to look at the figures: in 2018, for the first time, film, video and TV programme activities displaced linear radio and TV programming, which traditionally were the activities that provided the highest revenues in the audiovisual sector.

In parallel, **the production of audiovisual content has undergone a dizzying evolution over the last few years.** The exponential growth of digital content consumption has led to a parallel diversification and expansion of audiovisual content production, mainly fiction, including animation, as well as video games and related activities, such as eSports, among others. According to the analysis of the European Audiovisual Observatory cited above, approximately 500 original prime-time TV series were broadcast in 2019 in the United States and Europe.

**In Europe, TV series are at the centre of the battle to win or preserve audiences.** The impacts on the shift in European production and content can be summarised as follows:

- Increased production of dramas.
- Reallocation of resources from TV movies to series.
- Shorter seasons to retain viewers.
- Alliances between companies to increase budgets through co-productions.
- Competition for the best talent.

In line with the generation of new content, around 460 seasons of high-impact fiction series were produced on average each year in the European Union between 2015 and 2018, representing approximately 3,500 episodes and 2,700 broadcast hours per year. **Production volume increased during this period, by approximately 10% per year.**

High-impact series represent a growing share of all TV production in the European Union. **The share of series seasons over the total volume of all films and TV series produced annually increased from 41% in 2015 to 52% in 2018.**

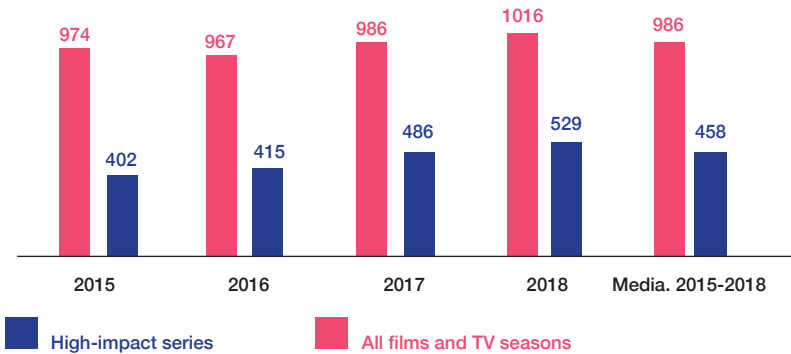


*The Plague Series.*  
Image courtesy of Movistar+



**High-impact series vs. total series production in Europe.**

Source: Own elaboration based on data from the European Audiovisual Observatory, Report “Modelling audiovisual sector revenue flows in the EU and test case on impact of COVID-19 on industry revenues”



Specifically, the most common formats produced are six-, eight- or ten-episode seasons.

In the high-impact series production scene in Europe, the UK is positioned as the leading producer, followed by Germany and France, these three countries accounting for 54% of the total number of European seasons of high-impact series produced each year between 2015 and 2018. Spain ranked fifth behind the Netherlands and at the same level as Italy and Sweden. During this period, the production volume grew significantly at an above-average rate in Portugal, Slovakia, Hungary and Denmark.

It should be noted that high-impact series produced for viewing on on-demand audiovisual services accounted for 8% of all seasons produced in 2018, compared to 3% in 2015. These figures confirm the shift of users from linear services to on-demand services.

## The audiovisual industry in Spain

**Describing the audiovisual sector in Spain is a complex matter given the wide diversity of sub-activities and actors involved.** Traditionally, the production of fiction content (both in cinema format and for television distribution) and non-fiction content for television have played a major role in audiovisual production activity. However, current trends require attention to be paid to the production of other content such as audiovisual production for advertising activities (both for distribution on television and via the Internet), the production of video game content and the practice and monitoring of

eSports, animation or even the production of audiovisual training content.

## Fiction and television production

To date, the different subsectors that make up the traditional audiovisual content production sector in Spain have demonstrated their capacity for success on the basis of their technical and creative capabilities and know-how. Thanks to this, **the Spanish audiovisual industry has gained a prominence far superior to its economic weight**, resulting in the growing success of its productions among the world audience and various recognitions and awards in the international arena<sup>7</sup>.

**The current situation of the audiovisual sector is the result of years of creativity, work, and effort**, often on an individual basis, on the part of excellent professionals in the different activities that make up this sector. A sector which, moreover, **has a major knock-on effect on ancillary or complementary activities**, such as post-production and auxiliary activities (sound, lighting, wardrobe, musical composition, etc.) or film tourism.

**Film tourism plays an essential role in the Spanish tourism diversification strategy.** The increase in tourist flows to places in Spain where film productions, series, or other audiovisual works have been made, is having a positive impact on the transformation of our tourism model towards sustainability.

In particular, this new type of tourism product allows the discovery of new destinations throughout the year (out of season), encourages the distribution of tourists to Spain throughout the year (seasonal adjustment) and enriches the experience of tourists

who come to Spain by adding new experiences to their visit (diversification). In order to preserve its tourist competitiveness, Spain must maintain its position of reference in cinematographic or filming tourism.

The drive and motivation of the members of this sector to offer audacious audiovisual proposals, the essential investment in these proposals, the valuable collaboration of new global companies that demand audiovisual productions and their orientation towards a greater personalisation of the product have resulted in an outstanding potential for the Spanish audiovisual sector on an international level.

Within the different fiction formats, the cinema format has traditionally had a special relevance, and for this reason a large part of public policies have aimed at promoting the production of this specific format.

Audiovisual content in film<sup>8</sup> format obtains its funding from different sources throughout its exploitation process. At the pre-production stage, in addition to private funding, films receive financial resources in the form of subsidies (mainly from the *Instituto para la Cinematografía y las Artes Audiovisuales* [*Institute for Cinematography and Visual Arts*], ICAA<sup>9</sup>) as well as private funding from audiovisual media service providers, in compliance with the obligation of advance financing of European works provided for in the audiovisual regulations<sup>10</sup>. After theatrical release, cinema films’ revenues come mainly from box-office receipts<sup>11</sup>.

<sup>7</sup>La casa de papel/Money Heist was the most popular non-English language series in Netflix at a world level in 2018; Klaus got an Oscar nomination to the Best Animated Feature in 2020 and won the BAFTA Award in the same category that year; Félix Bergés (El Ranchito) has won an Emmy for the visual effects of Game of Thrones.

<sup>8</sup>According to Article 4 of Law 50/2007, on the Cinema, a cinematographic film is any audiovisual work contained in any support or format, in whose making creation, production, editing and post-production work have been established, and which has been primarily conceived for commercial exploitation in cinema theatres. At the same, “other audiovisual works” are defined as those that, while meeting the above requirements, have not been conceived for theatrical exhibition, but aim to be conveyed to the public via other means of communication.

<sup>9</sup>According to Law 50/2007 on the Cinema, the Instituto para la Cinematografía y las Artes Audiovisuales (ICAA) is the competent authority for establishing promotion measures for the production, distribution and advertisement of motion pictures and other audiovisual Works, promotion measures favouring independent production, as well as the performance of R&D&I activities within the area of cinematic and audiovisual creation. The General State Budgets include an annual Protection Fund for Cinema and Audiovisual work, managed by the ICAA, for covering the aids contemplated in this Law (aids for creation and development, for purposes of production, distribution, exhibition, preservation and promotion) <https://www.culturaydeporte.gob.es/cultura/areas/cine/informacion-servicios/sc/becas-ayudas-y-subservenciones.html>

<sup>10</sup>Art 5 of General Law 7/2010 on Audiovisual Communication establishes that audiovisual communication service providers must allocate 5% of the income earned from the provision of these services to the advance financing of European works (cinematographic films, series, documentaries and animated films and series). The table includes the funds bearing on the financing of films in the official language and independent productions in the official language.

<sup>11</sup>When it comes to marketing their product in the theatrical channel, Spanish producers face stiff competition with productions from other countries, as shown by the box-office data, disaggregated by the nationality of the films, in which, according to ICAA data, only 15% of box-office takings correspond to the invoicing of Spanish films, as opposed to the nearly 74% aimed at remunerating US films.



The following table presents an evolution of the aid to cinematography granted by the ICAA in the period 2017-2019, of the financial resources from the audiovisual communication service providers aimed at financing European audiovisual works and of the revenues obtained by Spanish films at the box office.

**Table 1**  
Main sources of funding for Spanish cinema 2017-2019 (Euros)

European work advance financing obligation  
Box office receipts for Spanish films  
Source: Institute for Cinematography and Visual Arts (ICAA) and the National Market and Competition Commission. Own elaboration.

|  | 2017 (Euros) | 2018 (Euros) | 2019 (Euros) |
|--|--------------|--------------|--------------|
| ICAA Grants                                | 71,675,000   | 79,876,600   | 79,260,900   |
| European work advance financing obligation | 66,984,912   | 65,124,198   | nd           |
| Box office receipts for Spanish films      | 103,000.000  | 103,000.000  | 97,000,000   |

To these figures, one should add the aid from the autonomous communities and international funds such as the MEDIA Programme, or the Eurimages co-production programmes (between 2017 and 2020 Eurimages supported 18 majority Spanish co-productions for a total aggregate amount of €4,808,167 and 4 minority co-productions for a total amount of €1,130,000) and Ibermedia (between 2017 and 2020 it supported co-production, development and training projects for a total amount of €1,914,201).



Spain co-produces films mainly with France and Argentina, and of the 51 co-productions in 2019, seven were carried out with each of them, followed by the USA (with five co-productions) Mexico and Portugal (with four), Italy (with three), Cuba, Peru, and the Dominican Republic (with two), and Belgium, Chile, Colombia, the Netherlands, the UK and Romania. With an average budget of €3,411,386.29 and an average percentage of Spanish participation of 55.3%, Spain was the majority partner in twenty-eight of these co-productions and a minority partner in twenty-two, while in one, the distribution was balanced. In the last ten years, the number of co-productions in which Spain has participated has ranged from 40 in 2016 to 57 in 2013 and 2015. It certainly still has ample room to increase these figures if it takes advantage of the new measures to support co-productions that the various national and international public administrations have introduced in recent years.

The total revenues of the film segment in Spain (for Spanish and foreign productions) reached its best figure in a decade in 2019, 624 million euros. The situation caused by the pandemic points to total box office revenues falling by around €250 million in 2020 and gradually recovering in subsequent years, with a CAGR of -2.8% in the period 2019-2024, according to estimates from PwC's "Entertainment and Media Outlook 2020-2024" study.

In terms of the relative position of audiovisual production with respect to neighbouring countries, Spain is the sixth country in the European Union in terms of the number of titles produced (behind Germany, France, the United Kingdom, the Netherlands, and Italy) and the fifth in terms of the number of production hours (behind Germany, the UK, France and Italy). On the other hand, of the 20 most watched series on Netflix in the last year, 3 are Spanish, with

La casa de papel Money Heist coming second, Elite coming ninth and Las chicas del cable/Cable Girls in the 19<sup>th</sup> place.

In terms of the structure of the business fabric, **the audiovisual production sector in Spain is characterised by a duality in terms of the type and size of companies operating in it.** Thus, there are large companies with annual turnovers of over €50m employing hundreds of professionals<sup>12</sup>, along with a large group of SMEs making independent productions.

Independent film producers employ 20 employees on average and have an average annual turnover of around €15m. On the other hand, enterprises producers of entertainment programmes and fiction series employ 90 employees on average and have an average annual turnover of around €30M.

Both types of companies coexist and even feed off each other, because the large groups and audiovisual platforms hire independent production companies for the production of audiovisual content.

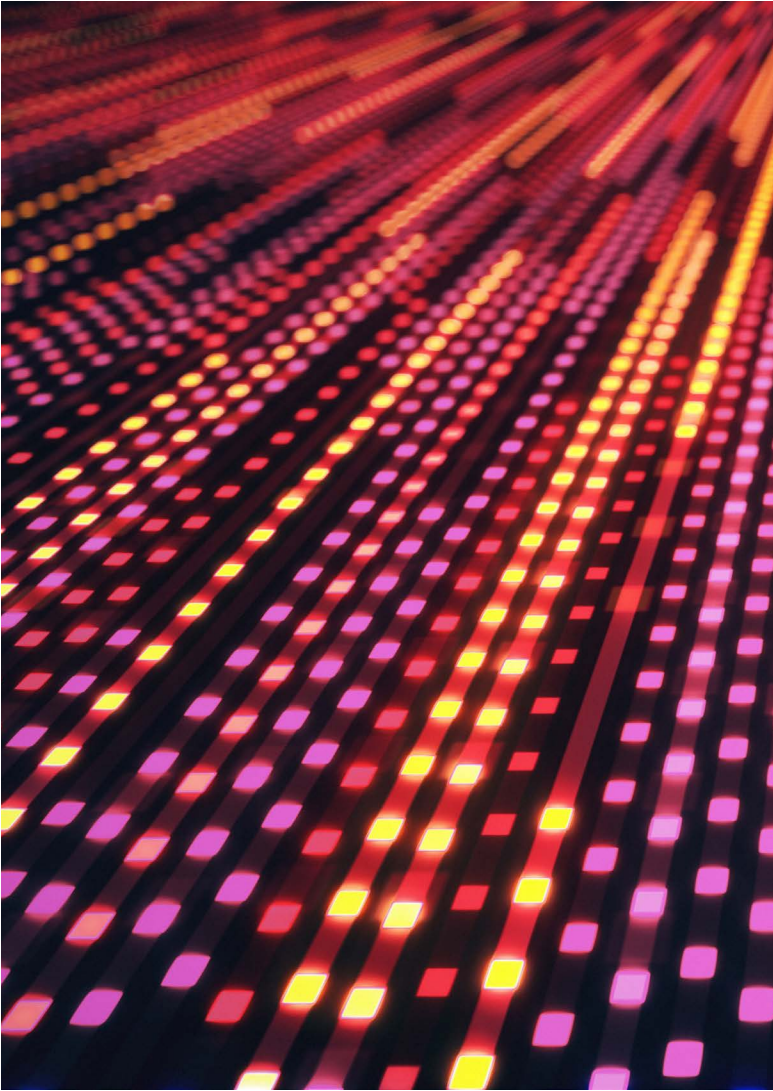
In relation to the weight of the turnover of Spanish audiovisual production among fiction and television formats, we can also observe the strength of the series format observed in the global market. According to the *National Observatory of Telecommunications and Information Society (ONTSI)* data from 2018, Spanish<sup>13</sup> audiovisual production, which includes both film and television activities, has experienced a 90% growth in 2018 compared to the 2013 turnover, reaching a total of 3,362 M€ in 2018.

<sup>12</sup>Such as Movistar Studios, Atresmedia, Mediaset, Netflix or RTVE.

A further breakdown of the data shows **the growth in the production of content in series format, from 38 series in 2015 to 58 in 2018, with an estimated contribution to the national GDP in 2018 of 655M€<sup>14</sup>.**

In terms of foreign trade, it is clear that, until now, national production has had a fundamentally domestic destination, as shown by the figures for the foreign balance of audiovisual products.

According to data from the European Audiovisual Observatory, if we look at the export capacity of products, the audiovisual productions with the greatest international projection and the highest growth rate are new fiction content. According to its report "Yearbook Key Trends 2019-2020"<sup>15</sup>, Spain is among the top five of the world's leading producers of new fiction content. **Spain is among the top five countries exporting film titles on pay-per-view (TVOD<sup>16</sup> or PPV<sup>17</sup>)**, along with the United Kingdom, Germany, France and Italy, accounting for 79% of total exports for TVOD and 76% for on-demand services (SVOD<sup>18</sup>). In the latter case, Spain is the fourth largest European supplier of titles in this type of service. This report highlights the abundance of Spanish series on Netflix as an example.



<sup>13</sup>The ONSI data give the invoicing of film, video and television production activities and television programme production activities, in addition to the post-production activities of the above.

<sup>14</sup>The opportunity of fiction content in Spain, Opportunity analysis (PwC, Grupo Secuoya, 2018).

<sup>15</sup><https://rm.coe.int/yearbook-keytrends-2019-2020-en/16809ce58d>

<sup>16</sup>TVOD: transactional video on demand

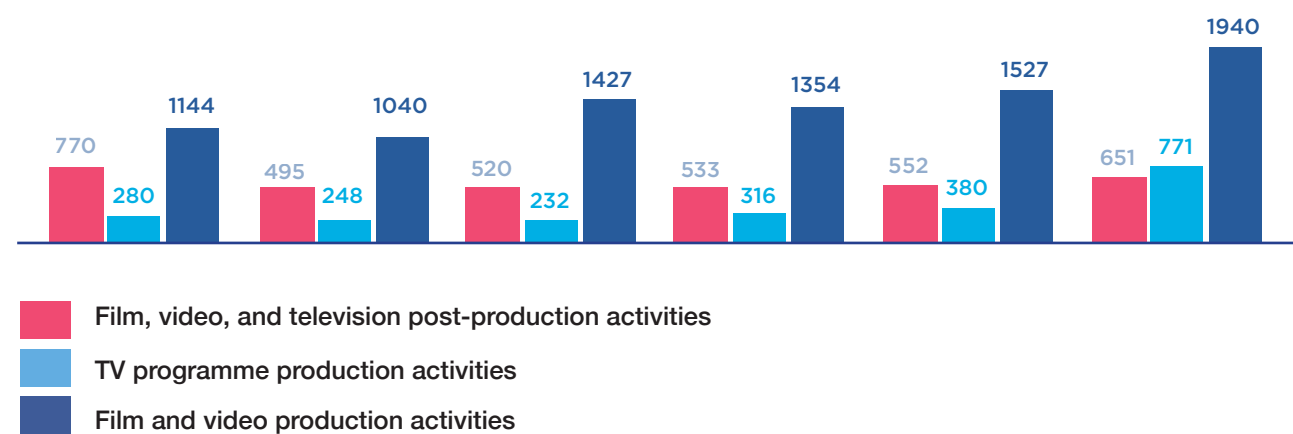
<sup>17</sup>PPV: pay per view.

<sup>18</sup>SVOD: subscription video on demand.



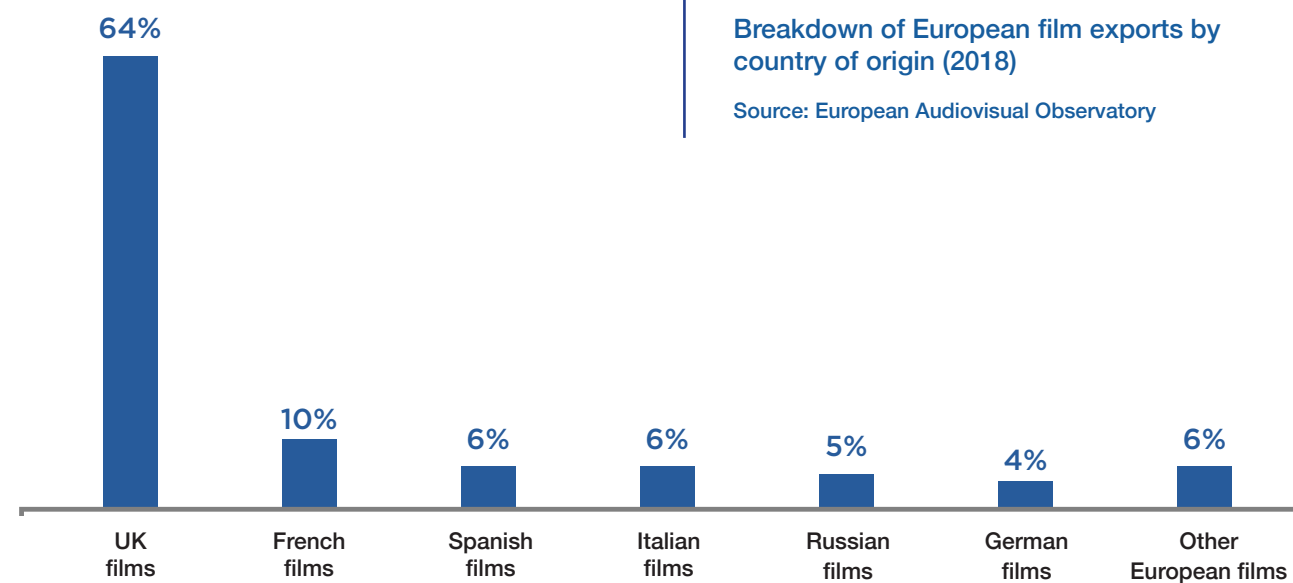
**Figure 3**  
Digital turnover of audiovisual  
film and video production in  
Spain  
(2013 - 2018) (M€)

Source: Prepared by the authors from  
the annual report on digital content in  
Spain 2019 (National Observatory of  
Telecommunications and Information  
Society).

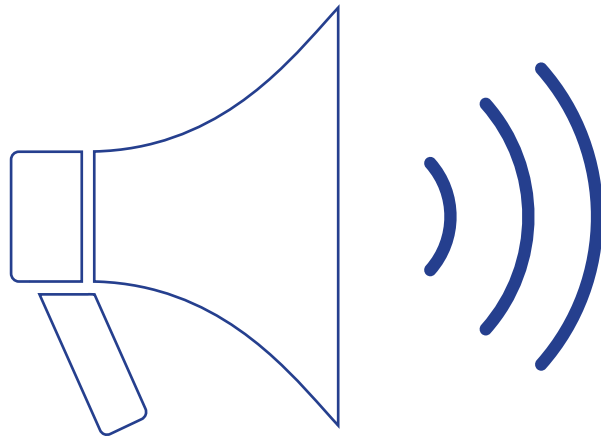


**Chart 4**  
Breakdown of European film exports by  
country of origin (2018)

Source: European Audiovisual Observatory



*Reventure Videogame.*  
Image courtesy of the Spanish Videogame Association



### Audiovisual production for advertising

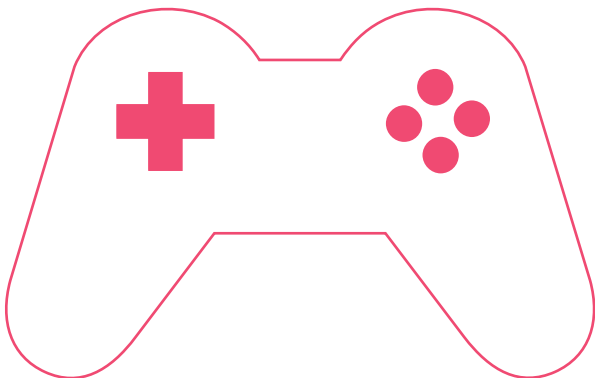
Regarding audiovisual production for advertising content, the main change observed is that the **Internet is gaining strength in terms of revenues compared to television and traditional media, with forecasts for growth at a rate of 4.3% CAGR<sup>19</sup> over the next five years.** At the same time, demand for audiovisual content production for traditional media is declining and revenues from television advertising productions have no growth prospects.

**Spain will remain the fifth largest TV advertising market in Western Europe over the next five years,** but revenues declined by -0.6% in 2018 and are estimated to decline by -2.5% CAGR over the next five years, resulting in revenues that will not exceed €2 billion in 2023.

**Table 2.**  
Television advertising revenues.  
Source: Global Entertainment and Media Outlook 2019-2023. PwC

|   | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | CAGR 18-24 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------------|
| Television advertising                    |       |       |       |       |       |       |       |       |       |       |            |
| ■ Traditional Multichannel TV advertising | 59    | 72    | 81    | 95    | 107   | 118   | 129   | 141   | 151   | 160   | 8.4%       |
| Terrestrial TV                            | 1,831 | 1,939 | 2,041 | 2,049 | 2,020 | 1,901 | 1,868 | 1,815 | 1,768 | 1,699 | -3.4%      |
| Total Traditional TV advertising          | 1,890 | 2,011 | 2,122 | 2,143 | 2,127 | 2,019 | 1,996 | 1,956 | 1,919 | 1,859 | -2.7%      |
| ■ Online TV Online advertising            | 25    | 30    | 36    | 40    | 43    | 47    | 50    | 53    | 55    | 58    | 5.8%       |
| Total Online                              | 25    | 30    | 36    | 40    | 43    | 47    | 50    | 53    | 55    | 58    | 5.8%       |
| Total TV advertising                      | 1,915 | 2,042 | 2,157 | 2,183 | 2,171 | 2,066 | 2,047 | 2,009 | 1,975 | 1,917 | -2.5%      |

<sup>19</sup>CAGR: Compound Annual Growth Rate

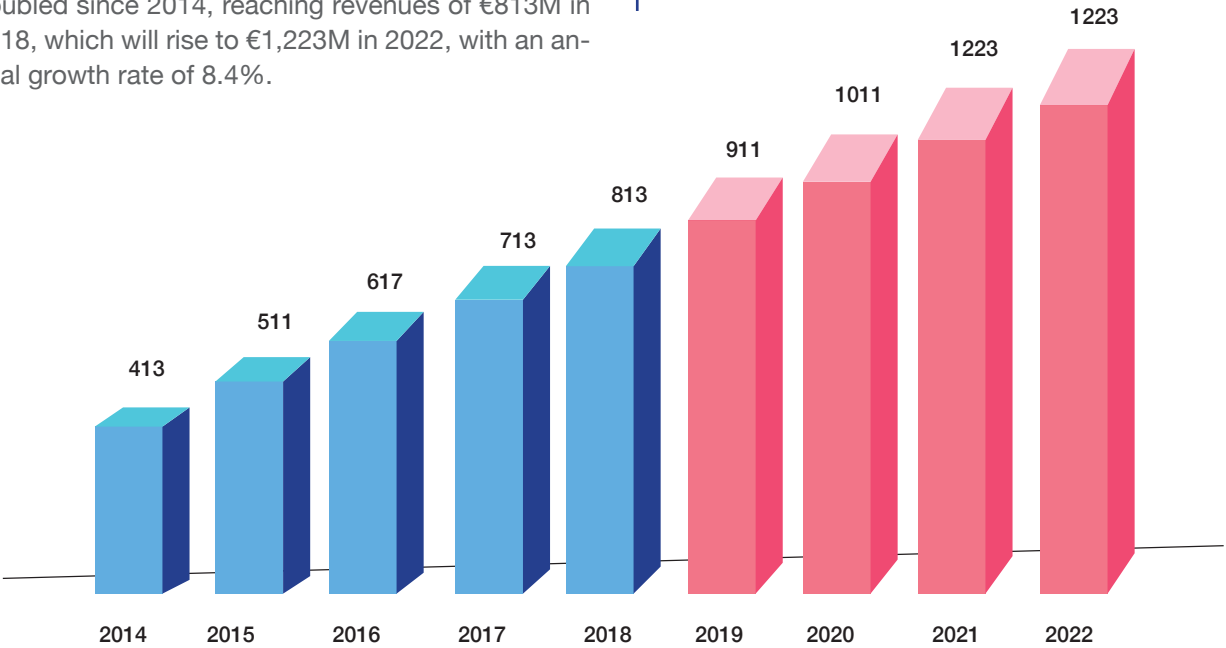


### Video games and eSports market

According to the Spanish Videogame Association (AEVI) data<sup>20</sup>, **Spain ranks ninth in terms of turnover in the global ranking of the video game industry with revenues of €1,479M in 2019.** The eSports market in Spain is growing at the second fastest rate in Europe, reaching a turnover of more than €35M in 2019.

The video game industry is experiencing a period of growth driven almost entirely by the development of new technologies (cloud gaming, instant games, etc.) or related activities such as eSports and, in general, the expansion of the leisure market, which has doubled since 2014, reaching revenues of €813M in 2018, which will rise to €1,223M in 2022, with an annual growth rate of 8.4%.

**Chart 5**  
Evolution of the turnover in the video games sector  
Source: Global Entertainment and Media Outlook 2019-2023. PwC



<sup>20</sup><http://www.aevi.org.es/web/wp-content/uploads/2020/04/AEVI-ANUARIO-2019.pdf>





Image: courtesy of the Spanish Videogame Association



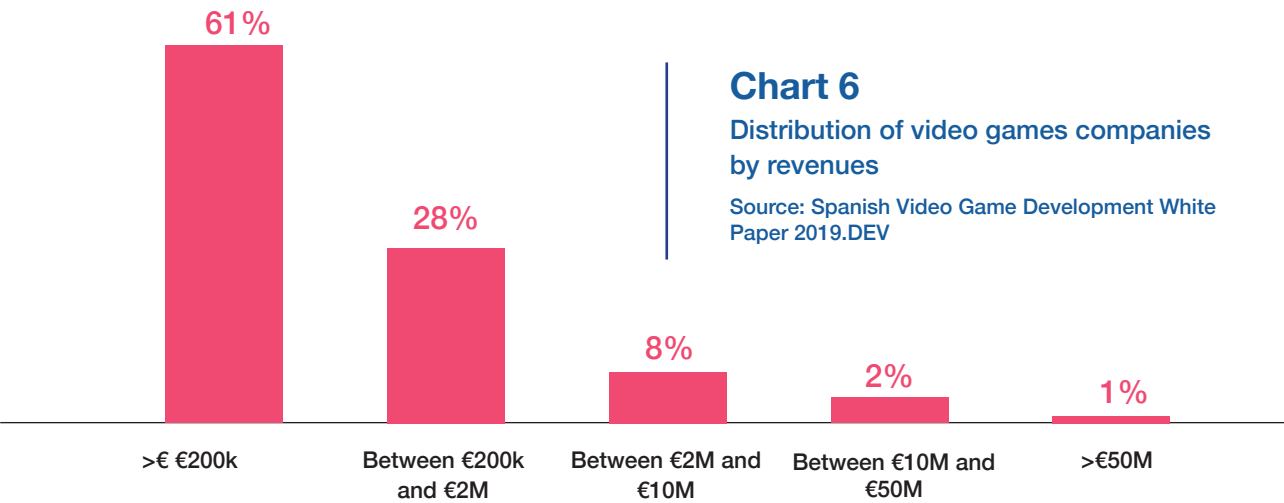
In 2019, there were 520 companies belonging to the video games subsector. It is a young industry of SMEs, where 80% of the companies are less than 10 years old and barely 3% exceed €10M turnover per year.

In 2019, the video games sub-sector generated 6,900 direct jobs and 5,000 indirect jobs, while 2,650 people work as freelancers. In total, 14,250 professionals worked in this industry in 2019.

The specific case of the animation and visual effects subsector is also distinguished by its capacity for growth. It is made up of 250 companies and, according to the latest data from the Animation White Paper (produced by Diboos, the Spanish Federation of Animation Production Companies Associations), in 2017 it had a turnover of 654 million euros and directly employed 7,450 professionals. It represents only 4% of the number of companies in the audiovisual sector; however, it generates 20% of employ-

ment and 9% of total turnover. It is a thriving sector, if we consider that half of currently active companies did not exist 10 years ago.

In short, the evolution of audiovisual production activity in Spain shows the same trends as in the global market: a progressive shift in the weight of activity from traditional formats -cinema- to other, more personalised and digital formats, such as series in the field of fiction, but also advertising production or video games. The estimated revenue growth trends in the coming years, as estimated by experts, represent an opportunity for Spanish producers to conquer new markets in these segments based on the creative capital available in Spain.



The following table summarises the revenues of the audiovisual sector in Spain in 2019 and those estimated for 2023 according to PwC’s “Global Entertainment and Media Outlook 2019-2023” report:

**Table 3**  
Revenues of the audiovisual sector in Spain

| Revenue Source         | Revenues (M€) 2019 | Revenue (M€ estimated) 2024 | Annual Growth 2019-2024 |
|------------------------|--------------------|-----------------------------|-------------------------|
| Television             | 2,396              | 2,773                       | 3%                      |
| OTT Video              | 323                | 625                         | 14.1%                   |
| Television advertising | 2,049              | 2,099                       | 0.6%                    |
| Internet advertising   | 3,150              | 3,508                       | 2.2%                    |
| Video games / eSports  | 1,700              | 2,435                       | 7.6%                    |
| Cinema                 | 661                | 572                         | -2.8%                   |
| TOTAL                  | 10,279             | 12,012                      |                         |

In terms of business structure and export capacity, the small size of production companies and the limitations in access to private financing in production processes are probably at the root of the weakness in terms of the competitive capacity of Spanish audiovisual products abroad.

This context of high growth and change is, in itself, reason enough to justify public action aimed at favouring both the international expansion of Spanish production of the products with the greatest export potential, and at encouraging the attraction of foreign investment projects to our country. **There are great opportunities for Spanish audiovisual production in this new context and digitalisation will be vital for improving competitiveness.**

Spain is in a good starting position to boost the digitisation of Spanish audiovisual production, thanks to its outstanding position in the digitisation indexes in the European context. **Spain ranks 11th in the Digital Economy and Societies Index (DESI)** produced by the European Commission and is at the top of the list in terms of deployment of cutting-edge broadband networks (fibre to the home) and readiness

for the development of 5G technology. This starting point places Spanish audiovisual companies in **an unbeatable position to incorporate digital technological improvements into production activities and their commercialisation through digital distribution**, as well as to monitor audiences in digital media and improve the remuneration of creators in the digital sphere.

Based on these levers, the public policies of this Plan will boost these advantages to increase the competitiveness of the audiovisual content production industry in Spain, as well as its internationalisation.



# 02

## Vision for the future

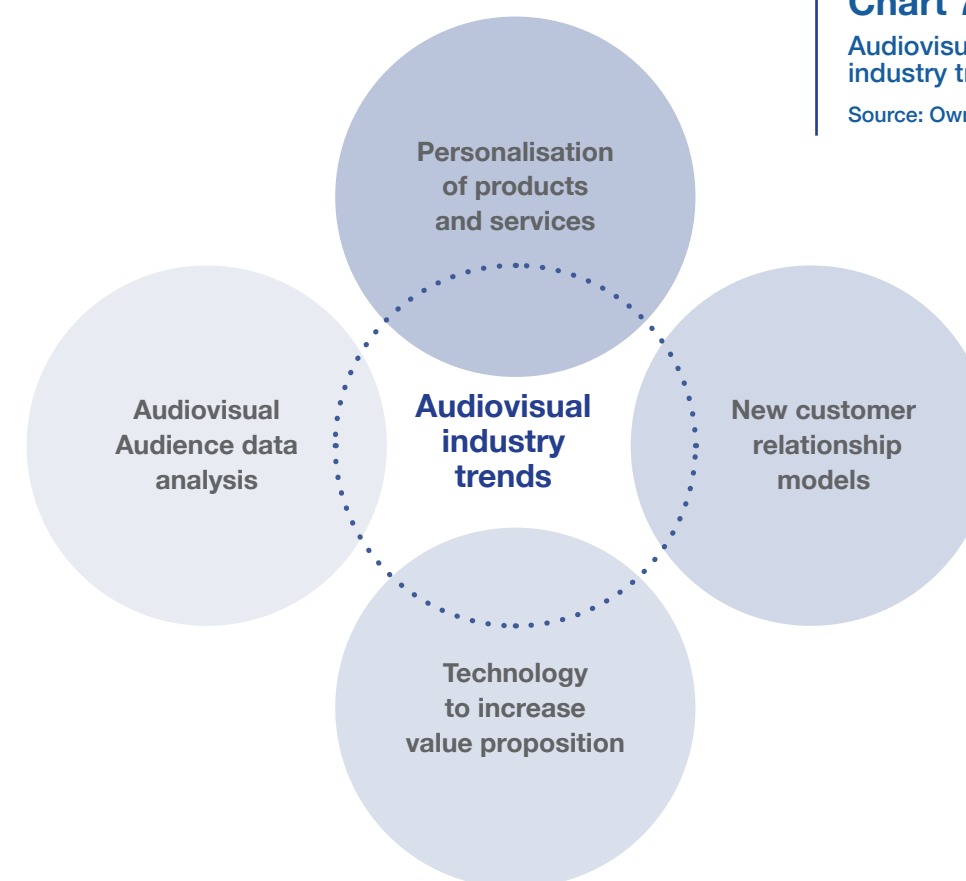


The development of the sector at a global level over the next five years will be based on the pillars of **personalisation and the mass customisation of content**, where the user decides the type of content, the place where it is consumed and the time of day when it is consumed.

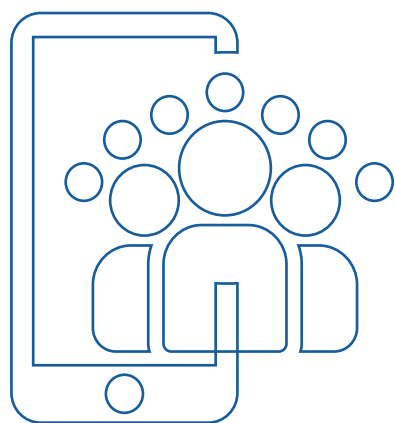
Technology has opened up a range of possibilities when it comes to consuming any type of content and programmes, which can be consumed from a televi-

sion, smartphone, tablet, etc. and at the time chosen by the user. This fact has revolutionised the proposed business models and has led companies in the sector to rethink the way in which they interact with users and other agents.

Technology has been the driving force behind this revolution, providing new opportunities for users to connect and exercise greater control over the specific content they demand.



**Chart 7**  
Audiovisual  
industry trends  
Source: Own elaboration



## Personalisation of products and services

**The current trend in digital services allows users to select and consume content in an increasingly free manner.**

The audiovisual sector is booming, but it should not be forgotten that the key to this sustained growth is based on the change in the model towards the personalisation and digitalisation of products and services, allowing the user to choose the moment and the device for consumption.

Although personalisation leads to individualisation of content, some of that personalisation is shared globally, so it is also important to pay attention to trends in global markets that can be an important avenue for monetisation. A clear example is the way in which, through digital media, users interact and share content such as music or participate in networked video games with other users. But also worthy of mention is the globalisation of national content thanks to its distribution through international platforms<sup>21</sup>.

## New customer relationship models

**As the digital transformation of media is embraced, they becomes more customisable in search of immediate consumer gratification.**

Based on this premise, content generators and their distributors are generating new strategies to get users to consume their content in an individualised way. The challenge and trend in new user relationship models is to engage customers where they spend their time. A good example of this is sporting events or video games, where the user dedicates their time, defines their consumption and chooses at every moment<sup>22</sup>.

Content generators in the sector are mainly financed by advertising or subscriber fees. In the case of advertising funding, the media act as a point of connection between brands and companies seeking to connect or interact with users. Brands seek to take advantage of the hyper-connected environment in which users find themselves and in which they consume content continuously and from different devices. This is why content generators provide advertising spaces and products based on personalisation and contextualisation in environments that are safe and efficient for advertisers<sup>23</sup>. In this way, they adapt to changing customer relationship models, generating a significant revenue stream and providing value to both brands and users.

<sup>21</sup>In 2018, three Spanish series were among the Top 20 of the most popular Netflix series at a global level: *La casa de papel*, *Élite/Elite* and *Las chicas del cable*.

<sup>22</sup>Report "Entertainment and Media Outlook 2019-2023", PWC. -2024.html

<sup>23</sup>Present and future report of the media sector,KPMG

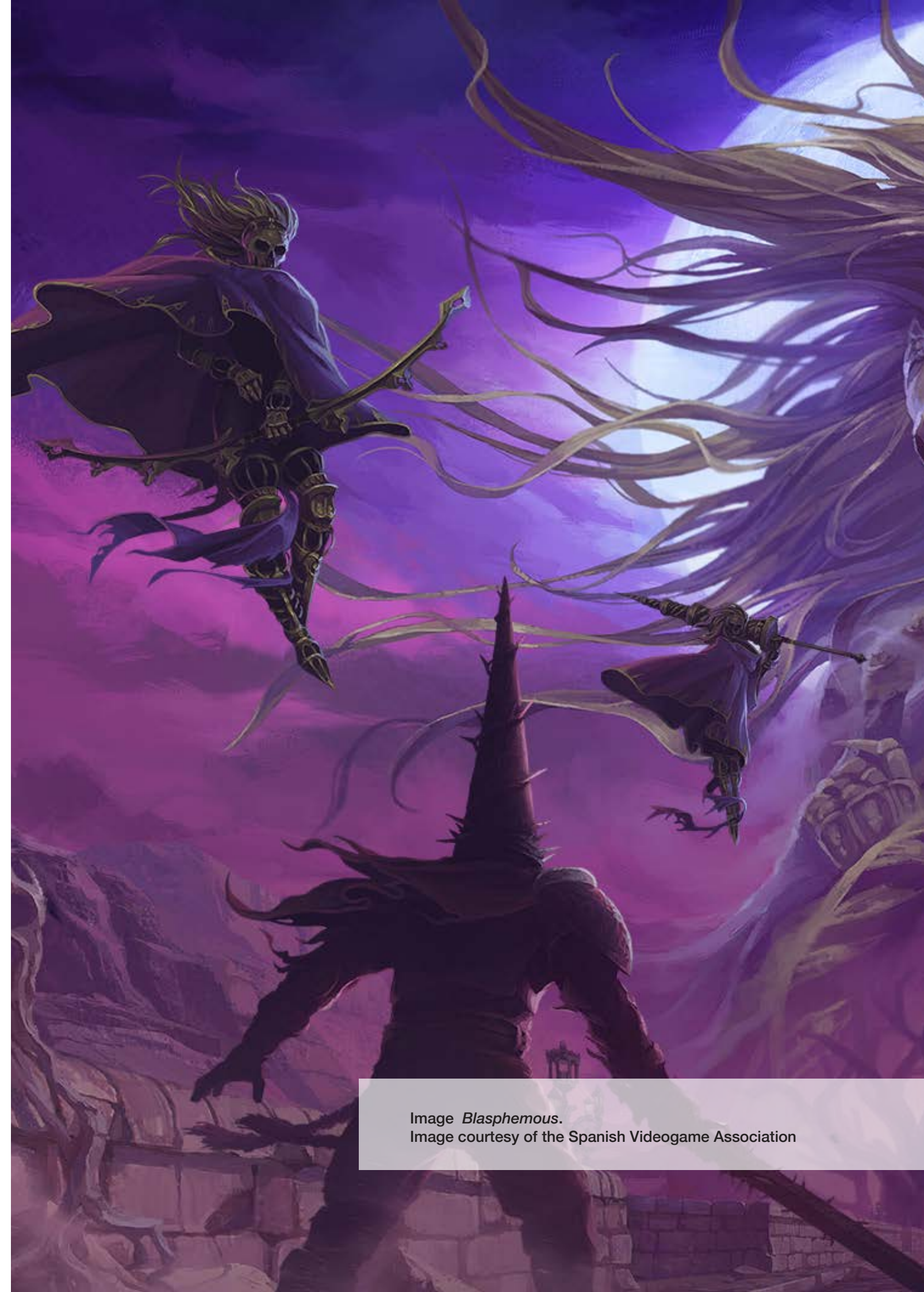


Image *Blasphemous*.  
Image courtesy of the Spanish Videogame Association





## Audience data analysis

Until now, the different actors in the audiovisual sector have hardly had any information about the users, let alone obtained it in a continuous and up-to-date way.

A clear example can be seen when buying a cinema ticket. The ticket seller/service provider had hardly any information about the user. In an analogue world the company has no information on whether the user habitually repeats the same style of audiovisual content, whether it is consumed at weekends or more regularly, whether it is consumed as a family or individually, etc.

In digital business models, every transaction can be tracked and measured. This enriches the data on how customers want to consume content and allows it to be adapted and optimised to the customer's preferences.

With digital transformation, all companies are able to collect and track data and information generated by users in their interaction with different media. This data collection and analysis capability is focused on gaining a better understanding of how users act and adapting the generation of new content to their needs, to gaining a better understanding of the audience of each audiovisual product and to being able to make more accurate predictions regarding the evolution of demand.

## Technology to increase the value proposition

In the audiovisual sector, the development and implementation of new technologies, both in production and distribution, is making it possible to generate and offer higher quality content and a personalised and segmented experience according to different consumer profiles (segmentation by interests, concerns, needs, etc.).

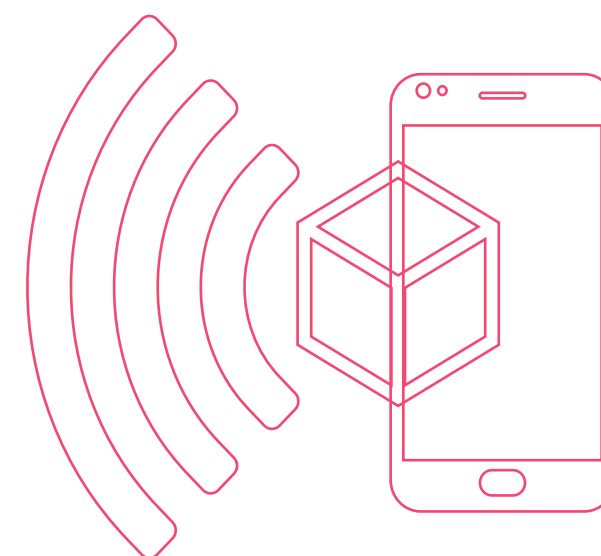
Big data & analytics and Artificial Intelligence technologies play a fundamental role in the sophistication of production, user knowledge and the offer of personalised products and services.

Technology is also making it possible to transform and automate production processes in content generation, such as the automated real-time production of standard information on imitable and repetitive aspects or the media's ability to maintain a constant conversation with public opinion (monitoring of social networks and news)<sup>24</sup>.

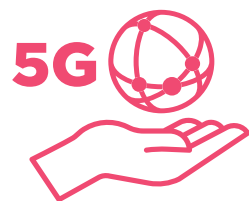
Technology and innovation in the audiovisual sector are constantly looking for new ways and tools to generate content. The following section describes the main technologies and their trend in the sector.

## Digital technology to increase the value of audiovisual products

The following technologies are currently generating a positive return in the audiovisual sector and are expected to set an upward trend and increasingly penetrate the development and implementation of products and services associated with audiovisual content, such as 5G connectivity, virtual reality, big data and Artificial Intelligence.



<sup>24</sup>Present and future report of the media sector, KPMG



## 5G connectivity

**With the advent of 5G connectivity, the audiovisual sector will be able to apply significant innovations in its production capacity.**

The possibilities of 5G technology in terms of low latency, edge computing and high-speed upstream and downstream broadband communications have great potential in the audiovisual production activity. Especially in the case of live event production, the possibilities for a wireless camera to be able to wirelessly and instantaneously send large amounts of information, such as pre-edited content, to the broadcast centre or directly to clients are endless.

In addition, the high capacity of 5G networks to manage millions of terminals simultaneously enables new forms of live interaction between the customers of a show and the producers in real time.

At the same time, the low latency of 5G is a vital feature for the optimal functioning of video games and eSports, which foresees Spain's potential as a privileged production and international event area for producing this type of content in a context of cutting-edge technology.

These capabilities are just an example of the possibilities that are already being explored in the context of the pilot projects with 5G technology that are



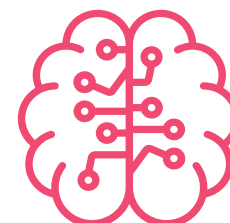
under development in Spain and that will continue in the future<sup>25</sup>. Based on these innovations, Spanish producers will be able to offer innovative services with great potential for export to other countries.

It should be noted that the wide availability of fibre networks in Spain, as well as the Connectivity Plan and the Strategy for the Promotion of 5G technology recently approved by the Spanish government will contribute to strengthening these capabilities offered to the audiovisual production sector<sup>26</sup>.

## Virtual Reality

**Virtual Reality will benefit from the implementation of 5G technology. It is true that, at present, the sector has not achieved the objectives expected in the past, mainly due to its high implementation and usability costs.**

And not only in entertainment content. 5G will also help to facilitate the widespread use of other technologies, such as virtual reality. The possibility of delay-free communication (extremely low latency) makes it possible to anticipate the displacement of intelligence and processing capacity towards the network, making it possible to replace very sophisticated terminals in order to manage virtual reality elements. This will mean a very significant reduction in the cost of terminals and, therefore, a growth in the generalisation of the possibilities of applying virtual reality to different audiovisual services, such as the application to training content, which opens up new avenues of growth for the production of audiovisual



content for immersive experiences with techniques such as virtual reality or augmented reality.

## Artificial Intelligence and Big Data

**The traceability of digital transactions allows data to be collected and subsequently analysed and projected into the future using Big Data and Artificial Intelligence technologies.**

Big Data and Artificial Intelligence technologies are changing companies' business models, allowing them to offer increasingly personalised content and experiences to target consumers, and audiovisual companies are no strangers to these trends.

The application of these technologies to the data collected on audiovisual content transactions opens up new possibilities for the improvement of this type of services:

- The digitisation of audience tracking for audiovisual services makes it possible to anticipate and provide users with content that suits their tastes and needs, improving their competitiveness. This better knowledge of potential customers can improve both the monetisation of content demanded by broad audiences and the marketing of niche or long tail products that would not be profitable in an analogue world.
- The digitisation of audiovisual content distribution platforms allows access to foreign or

domestic markets with the same business assets, thus expanding the possibilities for exporting and capturing revenues.

- The traceability of digital transactions makes it possible to optimise monitoring and transparency and the collection of data on the use and consumption of protected content, substantially improving the possibilities of adjusting the collection and distribution of royalties, and the remuneration of Spanish creators in the consumption of works that incorporate intellectual property rights owned by them.

<sup>25</sup><https://www.rtve.es/rte/20200709/rte-participa-nuevo-hito-5g/2026680.shtml>

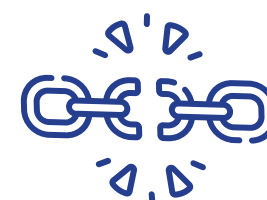
<sup>26</sup><https://www.lamoncloa.gob.es/serviciosdeprensa/notasprensa/asuntos-economicos/Paginas/2020/161120-5g.aspx>



03

# Diagnosis

After reviewing the characteristics of the Spanish audiovisual production sector, as well as the possibilities that are opening up in the global context and on the basis of digital technologies, we are now in a position to analyse the strengths of the sector in Spain and the weaknesses and threats that will have to be alleviated with the help of public initiatives.



## Weaknesses

### Atomisation of the audiovisual production sector.

The audiovisual production sector is a dual sector in which large, highly digitalised companies, which compete at a global level, coexist alongside a majority of highly atomised companies. Most production and ancillary companies are small or even micro-enterprises with a weak business structure and discontinuous activity processes due to the peculiarities of the sector, which results in difficulties in accessing financing and capturing international markets. This weakness must be taken into account when designing policies and measures to facilitate the sector's access to the necessary financing in order to compete at the levels required by the global audiovisual market.

### High competition at a national and international level.

In a context of strong international competition, Spanish production companies, especially micro-SMEs, face the multiple challenges of creating attractive audiovisual content for global audiences, as well as competing with other actors with greater financing and promotional capacity in an increasingly internationalised market.

### Excessive administrative burdens and bureaucratic difficulties.

The coexistence of different administrative levels in Spain -national, regional and local - together with the existence of elements in the regulatory framework that have not been adapted to a digital and global reality, can pose barriers in various aspects necessary to boost audiovisual production, from **attracting foreign funding for investment projects, to obstacles for the incorporation of highly specialised international talent** (residence and work authorisations and visas), etc. The digitalisation of administrative processes can also help to minimise the negative impact of these burdens.



## Threats

### High competition from European and non-European countries.

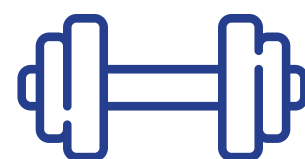
It is important to take into account competition from other countries in the EU that are also trying to attract audiovisual production activity to their countries and from other non-European countries. These countries are developing ambitious proposals, both through regulatory facilities and public aid, to attract projects and investments in a sector with high added value and great projection, such as those that this plan seeks to attract.

### Big “players”.

There is a concentration in the consumption of audiovisual content towards large global players that are dominating the market, which bring together a growing part of the production of highly competitive content and with which it is essential to generate valuable alliances.

### A drain of talent trained in the latest technologies.

One of the assets of the sector in Spain lies in its creative capacity, but together with this creative talent it is necessary to have professionals trained in the latest technologies, especially digital technologies, which are in demand by companies that invest in projects with an international projection. The training of specialised talent adapted to the demands of the sector is a necessity for the Spanish sector.



## Strengths

### Competitive tax incentive framework.

Throughout 2020, the regulations on tax benefits applicable to audiovisual productions in Spain have been modified, bringing them up to the level of the most competitive countries in our environment<sup>27</sup>. Likewise, the recent reform of article 36.1 of Law 27/2014 on Corporate Income Tax<sup>28</sup>, which makes ICAA reports binding for the State Tax Administration Agency (AEAT), may represent an important reinforcement of legal certainty for investor’s enterprises.

### Experience of the public administration in the promotion and protection of audiovisual activity.

Spanish public administrations, both at a state and regional level, have extensive experience in policies for the promotion, protection and incentive of audiovisual production.

### Proven industrial capacity, high-value human capital, extensive and rich cultural, historical, and artistic legacy, and an excellent geographical and climatic situation.

The talent and experience of professionals in the national audiovisual sector, the wide use of and interest in the Spanish language throughout the world, the rich historical and artistic heritage, the beauty and the diversity of geography and climate, and competitive production costs are valuable assets for promoting Spain as an international benchmark for investment in audiovisual production.

### Wide coverage and deployment of fibre optic and broadband networks.

Regarding digital infrastructures, which will be key to the advantageous position of audiovisual production of events (sports, music, etc.) or the digital content

market such as video games or eSports, Spain is at the forefront in the deployment of fibre optic networks and this is a good starting point for exploiting the full potential of technologies such as 5G, which will be disruptive in the field of audiovisual content production.

### High level of protection of intellectual property rights.

Spain observes a high international standard in terms of regulations and policies for the protection of copyright and related rights, helping to generate an environment of legal certainty.



<sup>27</sup>Royal Decree-Law 17/2020, of 5 May, which approves measures to support the cultural sector and bearing on taxes to face the economic and social impact of COVID-19 and Royal Decree-Law 34/2020, of 11 November, approving urgent measures to support business solvency and the energy sector and in tax matters.

<sup>28</sup>Law 11/2020, of December 30, on General State Budgets for 2021.





## Opportunities

### Reorganisation of the international context.

At a European level, the reorganisation of the borders of the Single Market is a unique opportunity as it will allow Spain to enhance the attractiveness of our country for drawing foreign capital investment projects. Audiovisual companies are already moving their headquarters to Spain to take advantage of the possibilities of access to the Single Market together with the interest in the initiatives to support the audiovisual sector advanced in the Digital Spain 2025 strategy.

### Globalisation of audiovisual distribution opportunities.

The current context presents an undeniable opportunity to increase and diversify audiovisual exports in different formats, platforms, and channels at a global level.

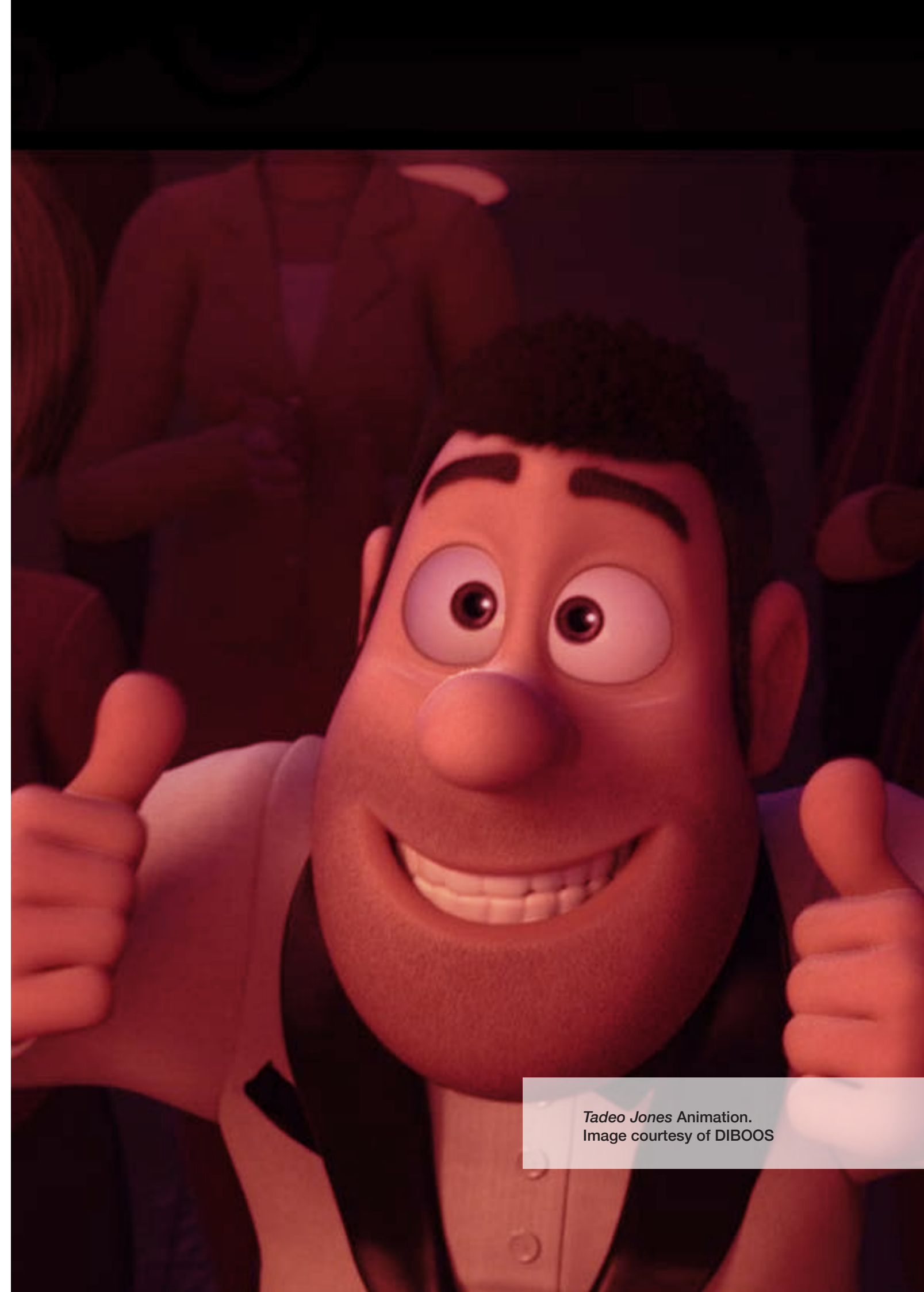
### Improvement of the national regulatory framework to gain in competitiveness.

Legal certainty, the consolidation of a fair and level playing field and the reduction of unnecessary administrative burdens are all part of the review of the regulatory framework for audiovisual services that is being prepared by the Ministry of Economic

Affairs and Digital Transformation and that will constitute the core of the new regulatory framework for audiovisual services once it is approved by the Spanish Parliament. The obligation to transpose the EU Directive has been taken advantage of to generate a fair, balanced, and attractive regulatory framework for both national and foreign investment projects.

### Spain as a gateway to the Latin American audiovisual market linked to the high demand for Spanish-language content.

Spanish-language productions have a natural market in the Spanish-speaking world, with a clear quantitative growth.



Tadeo Jones Animation.  
Image courtesy of DIBOOS









Image courtesy of the Spanish Videogame Association

Availability of  
resources through the  
Recovery Fund.

The approval of the “Spain Can” Recovery, Transformation and Resilience Plan, which will be endowed with significant economic resources, represents an important opportunity to fulfil the objectives of this plan and to boost the transformation of the sector towards innovation and competitiveness on a global level.

Chart 8  
SWOT analysis

| Internal analysis |  | External analysis |   |
|-------------------|--|-------------------|---|
| Weaknesses        | <ul style="list-style-type: none"><li>Atomisation of the audiovisual production sector</li><li>High competition at a national and international level</li><li>Excessive administrative burdens and bureaucratic difficulties</li></ul>    | Threats           | <ul style="list-style-type: none"><li>High level of competition from European and non-European countries.</li><li>Presence of big “players”</li><li>Drain of trained talent in the latest technologies</li></ul>   |
| Strengths         | <ul style="list-style-type: none"><li>Competitive tax incentive framework</li><li>Experience of the public administration in the promotion and protection of audiovisual activities</li><li>Proven industrial capacity, high-value human capital, extensive and rich cultural, historical and artistic heritage, and excellent geographical and climatic location.</li><li>Wide coverage and deployment of fibre optic and broadband networks.</li></ul>  | Opportunities     | <ul style="list-style-type: none"><li>Reorganisation of the international context</li><li>Globalisation of audiovisual distribution opportunities -Improvement of the regulatory framework</li><li>Improvement of the national regulatory framework to increase competitiveness.</li><li>Spain as a gateway to the Latin American audiovisual market linked to the high demand for Spanish-language content.</li><li>Availability of resources through the Recovery Fund.</li></ul>  |

The Spanish government considers that the time has come to consolidate the strengths of the sector with sufficient public support that will also help to counteract the weaknesses that persist in the sector and take advantage of the opportunities that are arising at this time. To this end, a set of specific measures has been designed, grouped into four axes.



# 04

## Goal and objectives of the Plan

This Plan defines the specific actions that will respond to the goal of achieving a 30% increase in audiovisual production in our country by 2025, as established in the “Digital Spain 2025” strategy.

The Plan “Spain, Audiovisual Hub of Spain” aims to improve the attractiveness of Spain for its consolidation in the coming years as:

- A worldwide investment platform and global business environment in the audiovisual field.
- A country that exports audiovisual products.
- A centre of attraction for talent in the audiovisual field.

To this end, it is necessary to promote public policies that give decisive support to its development and internationalisation.

In this way, the Spanish Government offers support and security to investment projects, both for national companies in a context of global competition, and for foreign investors who are aware of and value the advantages of investing in our country in the new post-COVID-19 scenario.

From the financial and tax advantages, the availability of talent or the ease of hiring it to the production possibilities based on 5G technologies for live broadcasts of events, these are all issues that will determine new lines of investment in the sector and to which the Spanish Government wishes to contribute.



Image courtesy of the  
Spanish Videogame Association

# 05

## Measures of the Plan

The measures of the “Spain, Audiovisual Hub of Europe” Plan focus on the promotion of actions that contribute to making Spain a benchmark platform for audiovisual production at an international level in line with the objectives established.

To cover all of these objectives, 14 measures have been developed that will boost the sector, taking into account four fundamental axes:

1. Encouragement and digitisation of audiovisual activities, promotion and internationalisation and attraction of investment.
2. Improvement of financial and fiscal instruments.
3. Availability of talent and development of human capital.
4. Regulatory reforms and elimination of administrative barriers.

In addition, due to the situation caused by the **COVID-19** pandemic, a set of **measures related to the Plan** have already been approved, including support measures for professionals in this sector whose activity is often discontinuous due to the peculiarities of audiovisual production<sup>29</sup>.

<sup>29</sup><https://www.culturaydeporte.gob.es/cultura/areas/cine/espacio-covid-19/medidas-generales.html>

### Axis 1

#### Encouragement and digitalisation of audiovisual activities, promotion and internationalisation and attraction of investment.

This Axis integrates the measures aimed at encouraging audiovisual production by SMEs with financial resources, supporting and favouring the access of Spanish audiovisual production companies to foreign markets and publicising Spain's attractiveness as a destination for foreign investment.

#### MEASURE 1

##### “Spain Audiovisual Hub”, a centralised information point.

The creation of a centralised information point through the “**Spain Audiovisual Hub**” web portal, which will gather the relevant information already available and complete it to offer, among other things, information on the following aspects:

- **Content aimed at the international promotion** of Spanish audiovisual productions and the different subsectors, as well as at attracting film shoots, developed by ICEX Spain Export and Investments.



- **Industry information guides** on the video game, animation and visual effects sectors (such as, for example, the guides produced by ICEX Spain Export and Investments “Games from Spain” and “Animation from Spain”), as well as the support programmes for the audiovisual sector implemented by the State Administration, the Autonomous Communities and Local Authorities.
- **Information on visas and residence permits in Spain** with specific information sheets on the necessary procedures in the most appropriate languages.
- **Directory of auxiliary companies linked to the audiovisual sector.** This directory will make it easier for companies in the sector to find information and will encourage the Plan to spread to other auxiliary sectors (fashion, hospitality, lighting, hairdressing and make-up, dubbing, etc.).
- **Catalogue with the available real estate offer of buildings and locations owned by the public and private sector** that could host filming, eSports competitions or audiovisual events (National Heritage, Paradores de Turismo, historic public spaces belonging to the Ministry of Defence and real estate owned by SAREB, among others).
- **Catalogue of university qualifications (bachelor’s and master’s degrees) and professional training related to the audiovisual sector, as well as job offers.**

The Ministry of Universities and the Ministry of Education and Vocational Training, with the support of the Ministry of Economic Affairs and Digital Transformation, will make this catalogue available on the “Spain Audiovisual Hub” website.

- **Information on the Autonomous Communities that have “fast track” procedures for the processing of the necessary authorisation applications** (filming, etc.) by the producers of audiovisual content before the competent territorial public administrations.
- **Relevant information for the development of the “Filming Tourism”** tourism product by the Ministry of Industry, Trade and Tourism, to attract new filming and to attract tourists interested in filming locations and also to promote this tourism product. These measures will be carried out in collaboration with the tourism offices dependent on Turespaña in the potential issuing markets and in the most relevant specific tourism promotion events. Promotion includes conducting promotional campaigns and granting of nominative subsidies
- **Documentary database of the locations used in Spain for filming with the aim of signposting and promoting them.** This measure will be carried out by the Ministry of Industry, Trade and Tourism, in collaboration with the most representative associations of the competent bodies of the Autonomous Communities.

## MEASURE 2

### Program for the promotion, modernization, and digitalisation of the audiovisual sector..

Actions will be carried out to support and foster the production and promotion of audiovisual content, the application and integration of digital technologies and the optimisation of remuneration management systems for Spanish creators in the digital and global context. In particular, the automation of processes and projects involving companies from several European countries will be encouraged.

Support will be given to innovation in the creation and development of audiovisual and digital content in its various formats (series, video games, animation and others), the dissemination and exploitation of productions, and the interaction and loyalty of audiences.

Among others, actions will be implemented to promote the following aspects:

- **Boosting the implementation and improvement of platforms focused on the Spanish production of audiovisual content and its distribution,** which favour its international commercialization, especially that of those projects that generate collaboration ecosystems between SMEs.
- **Application of digital technologies to audiovisual production** as well as for the knowledge and monitoring of audiences

- **Acceleration and strengthening of the Spanish business sector of real-image audiovisual production,** animation, visual effects, video games and digital creation.
- **Implementation and improvement of digital payment platforms that contribute to the monetisation of creations** and incorporate secure identification measures to guarantee secure payments and minimise fraud.
- **Generation and implementation of secure digital identification measures** for the proper control of access to restricted content against access by minors.

**Within this measure, mention should be made of the leading role to be played by the public Spanish Radio and Television Corporation.** The public broadcaster is taking up the challenge of providing public service content in the digital environment with a package of wide-ranging projects that will respond to, among other things, the digital creation and distribution of audiovisual production, the development and incorporation of artificial intelligence tools in audiovisual production, the development and implementation of new tools and new production and broadcasting formats, especially taking advantage of 5G technology, and promoting open innovation and entrepreneurship in the audiovisual sector.





Serie Madrid burns.  
Image courtesy of Movistar+

### MEASURE 3

#### Program for the Promotion and Internationalisation of the Audiovisual Sector.

This measure aims to create mechanisms to exploit and export the full potential of our audiovisual industry and local talent within a global environment. The Ministry of Culture and Sport and/or ICEX Spain Export and Investments will be able to implement the following actions, among others:

- Aids and initiatives aimed at **supporting participation in festivals, markets, business and co-production forums and international project laboratories.**
- The reinforcement of ICEX Spain Export and Investments or ICAA programs for the promotion and internationalisation of **Spanish audiovisual content** developed in collaboration with the different subsectors of the audiovisual field, in order to create a positioning and brand on the international scene that favours their image, prestige and commercialisation, as well as the projection of Spanish talent, especially female talent.
- **Boosting the animation, video game and eSports industry**, reinforcing the lines worked on by ICEX Spain Export and Investments, to promote videogames<sup>30</sup> and contributing to the creation in Spain of a world benchmark space in some of the most successful eSports competitions.

- The implementation of new instruments for the international promotion and digital marketing of audiovisual content, such as B2B and B2C online tools that allow fast access to content by international buyers and professionals, with security guarantees for the controlled circulation of works.
- The creation of a space for sale and purchase of audiovisual rights, drawing special attention to the **Latin American markets.** The promotion of the Spanish Screenings as a professional market in the national circuit of audiovisual events to favour the dissemination and commercialisation of Spanish audiovisual.
- Support for the distribution of national content abroad and online dissemination projects conceived between various European countries.
- Increasing Spanish participation in the **Ibermedia Program**, aimed at the Ibero-American audiovisual space, especially by adding support for the co-production of digital content and video games, as well as specific training in this field.

<sup>30</sup><https://play.vivocom.eu/28350602/video/cmsid/833471/?alto=420&ancho=750>  
y <https://play.vivocom.eu/28350602/video/cmsid/833472/?alto=420&ancho=750>



## MEASURE 4

### Programme to attract filming and foreign investment.

To increase Spain's attractiveness as a destination for investment by multinationals and to attract the production of film shoots, the following actions are planned:

- **The creation of a centralised point of contact called the "Spain Audiovisual Hub Bureau", which will act as a facilitator at the service of the audiovisual production sector, attending to its internationalisation needs.** These are facilitation and support actions that will ultimately have an impact on Spain's balance of payments. The design and implementation of the "Spain Audiovisual Hub Bureau" will be carried out on the basis of a collaboration framework between the Ministry of Economic Affairs and Digital Transformation and ICEX Spain Export and Investments, with the latter institution assuming its management within the collaboration framework to be agreed.

The "Spain Audiovisual Hub Bureau" **will not only provide relevant information for potential investors enterprises in the sector but will also offer assistance and support to foreign companies interested, for example, in undertaking audiovisual production projects** or establishing themselves in Spain to carry out their activity, and to Spanish companies interested in internationalising their activity by means of, for example, promotional activities and the sale of their content abroad.

The priorities for action include acting as a facilitator for the attraction of filming, development, or acquisition of audiovisual productions for animation, cinema advertising, entertainment programmes, fiction series, video game development, visual effects projects, etc.

Assistance will be offered at different levels in order to **promote the establishment in Spain of companies from all branches of the audiovisual sector**; from providers of audiovisual television or radio communication services, audiovisual content platforms, video game developers and publishers, eSports leagues, producers of fiction series, films, animation, short films, feature films, documentaries, advertising, to leading companies in technologies and complementary or ancillary sectors (logistics, sustainability, lighting, sound, etc.).

The aspects on which the Bureau **will provide assistance include, among others, the procedures for processing permits for filming or productions** before different Public Administrations, contracting regulations and requirements, assistance on the procedure for applying for existing tax incentives, without in any case acting as a processing agent or manager of procedures.

- **The signing of Agreements with the Autonomous Communities to enable "fast track" procedures for the processing of the necessary authorisation applications (filming, etc.)** by audiovisual content producers.

These are priority procedures with the aim of speeding up the obtaining of all the necessary permits and authorisations from all the public administrations to enable the development of the different audiovisual productions.

- **Reinforcing participation in trade fairs specialising in attracting locations** (Locations, American Film Market, etc.) or other audiovisual sectors (E3, Game Connection, etc.) or working with Location Managers Guilds (Location Managers Guild of America) by organising "fam trips", etc.
- **The organisation of meetings and conferences with international investors and multinationals interested** in establishing their decision-making centres in the European Union in Spain, as well as those interested in investing or filming in Spain.
- **The Foreign Network of Economic and Commercial Offices of the Secretary of State for Trade will organise regular meetings in the main audiovisual hubs** (USA, Canada, United Kingdom, Korea, Japan, India, Russia, Turkey). These actions may be carried out in collaboration with other relevant public and private actors.

In these meetings, among other things, **information will be put into value about the "Spain AVS Hub" Plan and on the national audiovisual regulatory framework**, especially all aspects related to attracting investment and audiovisual productions or filming, such

as the tax rules that apply to the audiovisual sector or the system for granting visas and residence and work authorisations.

- **Institutional campaigns to promote the value of the audiovisual sector in Spain and the Spain AVS Hub**, which will be disseminated through all communication channels available to the General State Administration.

These campaigns may complement the communication and public relations **campaigns aimed at opinion leaders and professional media** within the framework of the strategies implemented by ICEX Spanish Exports and Investments both in terms of the international promotion of the sector and sub-sectors of the audiovisual field and the attraction of filming.

- **Location in Spain of the permanent headquarters of flagship international eSports competitions.** Institutional support for the holding in Spain of international events and festivals relevant to the sector.
- **Inclusion of the audiovisual sector as a strategic sector linked to the Action Plan for the Internationalisation of the Spanish Economy 2021-2022.** Specifically, the audiovisual sector will be included within the strategic sectors identified in the Countries with Strategic Sectorial Action (PASE): Brazil, Canada, China, Korea, the United States, India, Japan, Morocco, Mexico, Russia, South Africa, and Turkey.

- Inclusion of the audiovisual sector and the “Spain AVS Hub” Plan within the actions being carried out by ICEX Spain Export and Investments aimed at creating meeting spaces linked to state trips and major international events or fairs, meeting spaces to connect international demand with the supply of Spanish companies and the creation of digital meeting spaces.
- The organisation of meetings by the Ministry of Culture and Sport to publicise the European MEDIAInvest tool in order to promote investment in the production and distribution of audiovisual works. The aim is for Spanish agents in the sector to benefit from the leverage effect of this platform to generate resources, strengthening their autonomous growth and the retention of intellectual property.



*Iron Series.*  
Image courtesy of Movistar+



# Axis 2

## Improving financial and tax instruments

Axis # 2 includes measures related to improving access to finance for investors and the application of tax incentives for audiovisual production in Spain. These facilities will be aimed at both the traditional segments of audiovisual production and other sub-sectors with their own particularities and potential, such as animation, visual effects, and video game production, as well as new sectors such as virtual reality, eSports and event broadcasting.

For the improvement of financial and fiscal instruments to be effective, they must be accompanied by information and dissemination actions to have the greatest possible impact on the sector's agents.

On the other hand, these actions will be complementary to European financial resources from the European Regional Development Fund and, to a large extent, from the Creative Europe Program. This programme (which has been the EU's main financial support instrument for the cultural and creative sectors over the last thirty years) has a budget of 2.2 billion euros for the period 2021-2027. In December 2020, the European Commission adopted an Action Plan<sup>31</sup> to support the revival of the audiovisual and

media sector with concrete initiatives to support the revival, transformation, and empowerment of citizens in the audiovisual environment.

### MEASURE 5 Financing Plan of the ICO (Official Credit Institute).

- **Expansion of the base of projects eligible for ICO financing** to include projects in the field of series, animation, videogames, special effects, short films, and documentaries, among others.
- Extension of financing **not only to the production of such audiovisual content, but also to the distribution, marketing and digitalisation** of the different processes involved in the value chain of the audiovisual sector.
- **Expansion of the ICO's direct corporate financing, as well as financing through agreements** with public or private linear television audiovisual media service providers and agreements with on-demand television audiovisual media service providers.
- **Broadening the focus of funding under the mediation or bank intermediation** or second-tier lines to projects in the audiovisual sector.

- **Broadening the base of projects eligible for financing by AXIS** (ICO's venture capital manager) to include innovative or entrepreneurial projects in the audiovisual sector.

### MEASURE 6 Financing Plan by Empresa Nacional de Innovación, S.A. (ENISA)<sup>32</sup>.

- **Expansion of the base of projects eligible for direct corporate financing from ENISA** to innovative projects in the field of animation, video games or visual effects on the basis of guarantees constituted on the basis of the exploitation of the intellectual property rights of each project.
- Expansion of financial support for projects in the sector from the resources of ENISA's general lines allocated from the budget of the General Secretariat for Industry.
- Endowment of the ENISA Digital Agenda line to increase the resources available for audiovisual production projects, especially those with a digitalisation component and which promote the reduction of the gender gap.

### MEASURE 7 Tax incentives.

**Tax incentive measures for film and audiovisual production.** Fiscal support measures are also a substantial element in the comparative analysis made by audiovisual investors when deciding where to locate their projects. The Spanish fiscal framework for these activities has been modified during 2020 with the approval of Royal Decree-Law 17/2020, Royal Decree-Law 34/2020, as well as Law 11/2020, of 30 December, approving the General State Budget for 2021<sup>33</sup>.

Once the regulatory framework has been approved, it will be necessary to disseminate these benefits and enhance certainty about how they will be applied, in the eyes of potential investors:

- **Actions to disseminate tax benefits.** In order for the recently adopted and planned measures to unfold their full potential in terms of reactivating audiovisual production and attracting international projects, they need to be publicised.

<sup>31</sup><https://eur-lex.europa.eu/legal-content/ES/TXT/PDF/?uri=CELEX:52020DC0784&from=EN>

<sup>32</sup>ENISA is a public Company that depends on the Ministry of Industry, Commerce and Tourism and deals with the financing of viable and innovative business projects of Spanish SMEs by means of participatory loans.

<sup>33</sup>These modifications represent an improvement of the scheme of tax incentives for cinema and audiovisual production of fiction series, animation, documentaries and foreign filming, raising the return percentage from 25% to 30% for the first million euros and from the previous 20% to 25% for the rest of the expenditure made in Spain, and increasing the deduction limit, now changing from 3M€ to 10M€, and with the reports of the ICAA or equivalent bodies of the Autonomous Communities being regarded as binding before the tax administration in relation to the Spanish nationality and the cultural nature of investments in the production of cinematographic feature films and shorts and audiovisual fiction series. These measures will favour the competitiveness of the national sector within the global environment and allow the attraction of international production, investment and filming in Spain, thus contributing to a higher economic activity, the generation of quality employment and the promotion of Spain's image abroad.

- **Actions to reinforce certainty regarding the application of tax incentives.** Final provision 31 of Law 11/2020, of 30 December, approving the General State Budget for 2021 modifies article 36. 1 of Law 27/2014 on Corporate Income Tax so that the certificate accrediting the cultural nature of the work Audiovisuals declared binding audiovisual

**MEASURE 8**  
**Granting of guarantees.**

**Measures for access to bank financing.** One of the major difficulties for audiovisual production companies in particular is access to bank financing, due to the high risk and low predictability of the commercial success of productions and the difficulty of valuing intangible assets. The availability of an important line of professionally managed public guarantees will facilitate such access. The regulatory framework is in place<sup>34</sup>, now it is necessary to disseminate this facility so that it can be used by audiovisual production SMEs.

The Reciprocal Guarantee Society of Audiovisual Finance SGR (Crea, SGR), in collaboration with the Ministry of Culture and Sport, will promote, in collab-

oration with public or private financing entities, lines of financing aimed at companies in the audiovisual sector<sup>35</sup>.

**Dissemination actions on the possibilities of access to bank financing.** The ICAA and the ICEX Spain Export and Investments will develop dissemination actions, in their respective work plans, to publicise the lines of bank financing available for audiovisual projects.

**MEASURE 9**  
**Strengthening financial instruments to support internationalisation.**

Reactivation and reinforcement of the set of official support instruments for internationalisation (CESCE, COFIDES and ICO) to promote the **financing and risk coverage of international audiovisual production projects.**

CESCE<sup>36</sup> will support the export and internationalisation policy of the audiovisual sector through its various instruments (credit insurance or surety insurance).

**Axis 3**

**Encouragement and promotion of talent and development of human capital**

A third line of measures is grouped in the axis aimed at developing the availability of the necessary human capital in the audiovisual sector.

**The digitalisation and convergence taking place in the audiovisual sector means that companies need professionals with new skills.** On the one hand, greater and very diverse digital skills are required, ranging from the handling of increasingly sophisticated technologies for the generation, pre-production, and post-production of content (lighting, sound, colour, etc.) to security issues or the management of large volumes of data for the improvement of audience analysis or the monitoring of the exploitation of protected works. On the other hand, the emergence of new business models linked to the digital environment forces companies and audiovisual creators to acquire new skills that allow them to progress in this environment with new forms of content generation and distribution.

Digitalisation has had a particular impact on occupations in the audiovisual sector because digital progress has caused many skills and competences to quickly become obsolete and because companies are looking for multi-skilled profiles capable

of developing various technical operations beyond initial training.

To be able to **adapt training plans to the skills demanded by the industry and to support the training that the companies themselves offer their workers**, it is necessary to have the support and backing of the public sector with competences in the field of training and talent.

Thus, for example, a “Digital Talent” program will be launched by the School of Industrial Organisation (EOI) and Cisco, a world leader in Information Technology and networks, with the aim of boosting the training of young Spaniards and facilitating their access to the new emerging labour market, based on technology and digital skills.

All these actions will have an impact on the generation of quality employment, as the sector is increasingly demanding more highly qualified technical staff or staff with experience comparable to high qualifications.

**MEASURE 10**  
**Training and talent.**

- **Dialogue forum for talent in the Spanish audiovisual industry.** With the aim of giving visibility to the talent and attractiveness of Spain’s highly qualified workforce in the sector and with special attention paid to the role of women and to closing the gender gap, a “Dialogue Forum for Talent in the Spanish Audiovisual Sector” will be held.

<sup>34</sup>Royal Decree-Law 17/2020, of 5 May, includes the granting of two direct subsidies to the Reciprocal Guarantee Society of Audiovisual Finance SGR: a 16,250,000€ subsidy to expand its technical provision fund and a 3,570,000€ subsidy to cover the cost of the commission for opening the guarantees of loans for the audiovisual sector.

<sup>35</sup>This line will initially be endowed with 40 million euros.

<sup>36</sup>CESCE, the Compañía Española de Seguros de Crédito a la Exportación (Spanish Export Credit Insurance Company), as the head of a group of companies engaged in managing the commercial credit in part of Europe and Latin America, is committed to the management of commercial credit – market prospecting, management and transfer of risk and access to financing – and surety and guarantee solutions that may allow companies to tackle new projects.



**The Ministry of Economic Affairs and Digital Transformation**, in collaboration with the Ministry of Universities, the Ministry of Education and Vocational Training and the main associations of the sector will organise this Forum to generate a debate between academia and industry aimed at adapting the transversal and specific competences included in university and vocational training plans to the skills demanded by companies.

- ▶ **The promotion of talent attraction and retention programs in the digital field.** The National Plan for Digital Competences will develop talent attraction programs and, in particular, in the audiovisual field. Thus, the Plan includes measures to eliminate the difficulties that hinder the return of Spanish digital professionals working abroad or the arrival of foreign professionals, especially from outside the EU, as well as the development of doctoral programs in digital specialties. This measure is especially important in sectors such as animation, video games or virtual reality.

- ▶ **Training in audiovisual skills for women.** The National Digital Skills Plan devotes a specific space to women's access to training and qualifications in the audiovisual field. The implementation of specific vocational guidance programs focused on digital professions in the audiovisual field and women (both students and adult women) is planned.

- ▶ **Institutional support for the implementation and dissemination of training programs set up by companies in the audiovisual sector through the signing of collaboration agreements.** These programs are aimed at providing professionals with certain specialised skills<sup>37</sup> demanded by companies in the sector. In this regard, the "Digital Talent Program" by the School of Industrial Organisation (Eol) and Cisco stands out with the aim of promoting the training of young Spaniards and facilitating their access to the new emerging labour market, based on technology and digital skills. Likewise, it is worth highlighting that the program of the Ministry of Labor and Social Economy, Digitize yourself, has promoted public-private collaboration through collaboration agreements between Fundae and technology companies, with the support of the State Public Employment Service (SPES), for the provision of free access courses and training resources for workers and citizens in general, through the space called "Digitize yourself", created on the Fundae and SPES web pages, will continue promoting new forms public-private and public-public collaboration in the coming years.

- ▶ **Training programs for employment in the digital economy** by the Ministry of Education and Vocational Training, the Ministry of Industry, Tourism and Trade and the Ministry of Economic Affairs and Digital Transformation.

Additionally, the National Digital Skills Plan establishes measures both to develop the availability of highly qualified human capital, among others, for the audiovisual sector, favouring the closing of the gender digital gap, as well as to attract international talent to be integrated into companies in the sector.

<sup>37</sup>E.g. Courses specialising in the management and various ranges of colour during the post-production phase of an audiovisual work or in applying image and sound hardware and software for HDR or ATMOS, render farms, etc.



*The hunt Monteperdido Serie*  
Image courtesy of RTVE

# Axis 4

## Regulatory reforms and elimination of administrative barriers

The transposition of Directive 2018/1808 on Audiovisual Communication Services allows for a review of the regulation of the sector, incorporating into its objective scope the new active subjects of the sector and the new modalities in which audiovisual services are provided and consumed.

### MEASURE 11 General Act Draft on Audiovisual Communication.

The Government has drafted the Draft Bill of the General Audiovisual Communication Law, **which will transpose Directive 1808/2018 in the course of 2021**. The regulation will update the legislation to the reality of the market by facilitating the activity of new players in a context of a level playing field and technological neutrality and where new audiovisual services driven by digital technologies have been developed.

The **main elements of the regulation** in relation to the promotion of audiovisual production activity in Spain are:

1. **The creation of a level playing field for all audiovisual service providers:** same obligations for the same services, without discrimination on the grounds of the technology used.
2. **A reinforcement of the protection of European audiovisual production** and of independent producers.
3. **A simplification and reduction of administrative burdens** in the system of compulsory financing of audiovisual works.
4. **New obligations for service providers established outside Spanish territory with a presence in our market**, so as to level the playing field between providers, whether established and not established in Spain.

Some of the world’s leading audiovisual service companies (production and distribution) are considering the possibility of setting up their regional headquarters in an EU member state; the “country of origin” principle allows a company to provide audiovisual services in all EU countries as long as it is established in one of them.

One of the factors influencing the decisions of these companies when deciding where they will be based in the European region is the greater or lesser regulatory burden they will be subject to, as the regulatory framework of the country in which they are established will apply to them, regardless of where they provide their services in the European Single Market.

To increase the attractiveness and competitiveness of the regulatory framework in Spain, the new General Law on Audiovisual Communication will remove disproportionate and unnecessary regulatory burdens. This new regulatory framework will place special emphasis on making obligations more flexible, reducing administrative burdens, eliminating discrimination, and promoting a level playing field between all actors in the audiovisual sector. All of this has the purpose of preventing the legal framework in Spain from being penalised in comparison with countries that compete with Spain in attracting investment and audiovisual activity.

### MEASURE 12 Draft reform of Law 55/2007 on the Cinema.

The Ministry of Culture and Sport will draft **a bill to amend the Law on Cinema** to bring it into line with the current situation. More specifically, an extension of its scope of action will be envisaged, as the value chain of the audiovisual sector has incorporated new content and distribution and dissemination services that are typical of a global environment dominated by culture and the digital economy.

The main objectives of this reform are:

- To develop **the scope of action in an updated and broader sense of the audiovisual sector**.
- **To better align regulation with European criteria** for public support and to advance the dual green and digital transition.

### MEASURE 13 A simplification and reduction of administrative burdens in the immigration system for reasons of economic interest.

The Ministry of Inclusion, Social Security and Migration, the Ministry of the Interior and the Ministry of Foreign Affairs, European Union and Cooperation will approve the necessary **regulatory modifications that simplify the administrative procedure for granting authorisations and visas to professionals in the audiovisual sector**, a sector that is considered strategic due to its impact on the national economy.

This reform of the regulatory framework for foreigners will seek to introduce **the necessary flexibility in terms of the different professional categories**, especially considering the different professional profiles; it will guarantee agility in processing, giving **priority to electronic procedures** and making it possible to submit applications through a representative; and it **will eliminate those procedures that are not necessary**. In short, the aim will be to design a processing system that responds specifically to the mobility needs of the audiovisual sector.

The reform will also reinforce collaboration between the different ministerial departments to arbitrate procedures in which knowledge of the specific project will speed up the processing of the necessary permits.

There are already precedents for such digitalisation and optimisation of procedures. Since the state of alarm, an ad hoc working group has been set up,



comprising representatives at a technical level of the Ministry of Economic Affairs and Digital Transformation, the Ministry of Inclusion, Social Security and Migration, the Ministry of Economic Affairs, European Union and Cooperation, the Ministry of the Interior, the Ministry of Culture and Sport and the Ministry of Industry, Trade and Tourism to favour the issuance of visas and residence permits corresponding to artists and qualified professionals who wish to film in Spain, based on the provisions for investors, entrepreneurs and highly qualified workers in Law 14/2013, of 27 September, on support for entrepreneurs and their internationalisation.

As of 31 December 2020, since the adoption of this operating protocol (July 2020) and within its framework, the Ministry of Culture and Sport has issued 109 reports. As of 1 January 2021, and as a consequence of the materialisation of the withdrawal of the United Kingdom from the European Union, the work of this working group has become particularly important due to the modification of the borders of the European Single Market.

#### MEASURE 14

### Digital window for visas and/or residence and work authorisations related to audiovisual projects in consular offices.

The localisation of production projects in Spain is often hindered by the difficulty for professionals from the project's countries of origin to travel to Spain to work on the project.

The Ministry of Foreign Affairs, European Union and Cooperation, the Ministry of Inclusion, Social Security and Migration and the Ministry of the Interior, in collaboration with the Ministry of Economic Affairs and Digital Transformation, **will launch a pilot project in 2021 to create a telematic gateway for the granting of permits related to audiovisual projects.**

This project will involve the digitisation of consular offices, the digitisation of foreign procedures and, in particular, the development of portals that allow online applications to be submitted. Likewise, connections between public administrations will be automated, so that responses to queries between administrations will be generated automatically. Likewise, all formalities related to immigration procedures will be digitalised and computer applications will be optimised to improve their speed.

This project will ultimately simplify and speed up the administrative procedures necessary to grant the corresponding permits and authorisations so that these foreign professionals can move to Spain to carry out their professional activity in the audiovisual sector with guarantees.

The priority consular offices for digitisation are:

- ▶ North America: Canada (Toronto) and USA (Miami and Los Angeles).
- ▶ Central America: Mexico.
- ▶ South America: Brazil and Argentina.
- ▶ Australia: Melbourne.
- ▶ Asia: China, India, South Korea, and Japan.
- ▶ Europe: United Kingdom, Russia and Ukraine.

This measure is reflected in one of the driving projects of the Public Administration Digitalisation Plan 2021-2023.

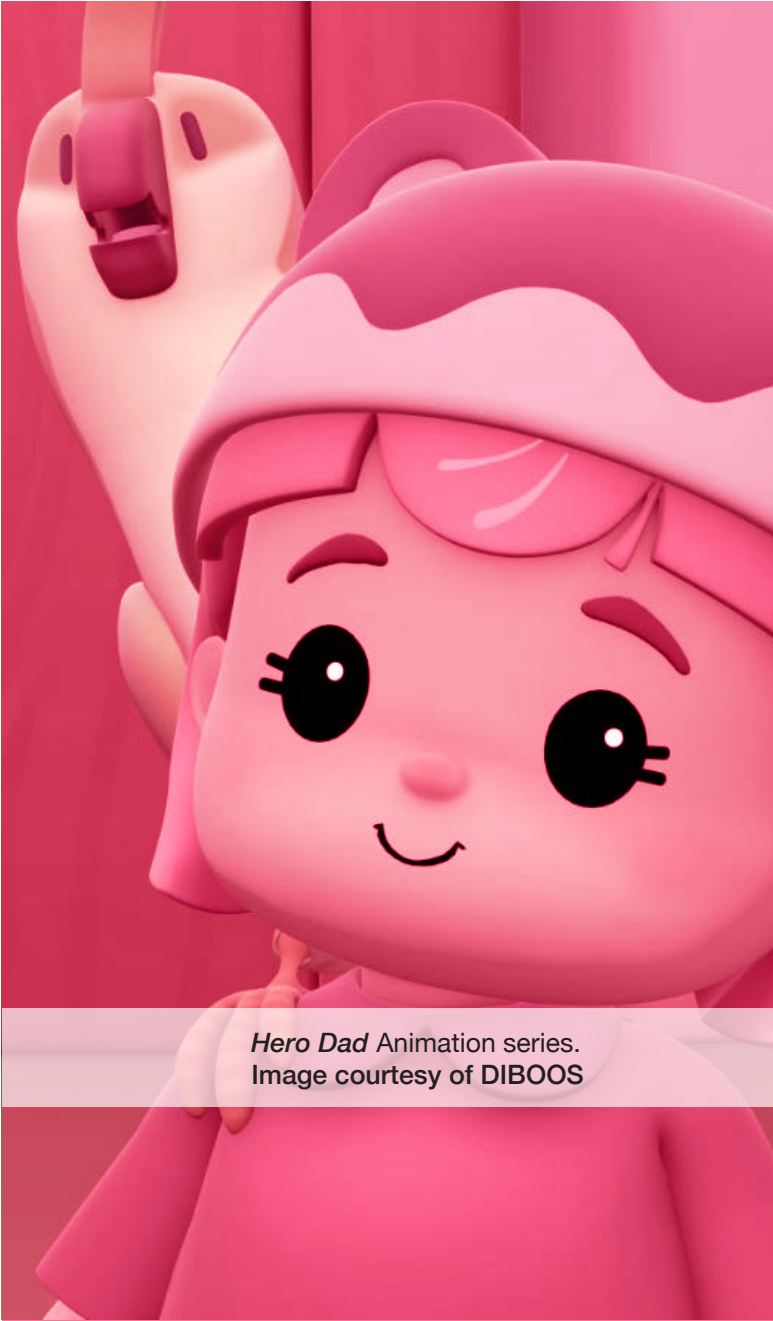
#### MEASURE 15

### Preparation of the Annual Report on the Spanish audiovisual sector.

As a complement to the implementation of the Plan's measures, it is essential to carry out a precise and appropriate monitoring of the effectiveness of the measures and, where necessary, the need for readjustments to guarantee the effectiveness of the whole.

To this end, it is essential to have the appropriate data. In this regard, the Secretary of State for Telecommunications and Digital Infrastructure will prepare an annual report on the Spanish audiovisual sector that includes **a description of the different subsectors that make up the sector (cinema, series, animation, video games, eSports, cinema advertising, visual effects, etc.), its evolution, analysing its contribution to the generation of value for the economy as a whole and its growth prospects.**

To this end, an analysis methodology will be designed that includes indicators and statistics to measure the evolution of the digital industry that makes it up.



Hero Dad Animation series.  
Image courtesy of DIBOOS

06

# Monitoring and control of the Plan

On an annual basis, effective monitoring will be carried out of the actions envisaged in the Plan and of the fulfilment of the quantitative objectives.

In view of the evolution of the execution of the measures and their impact on the indicators, the relevant recommendations will be made to the Plan’s governance bodies.

Indicators  
of impact on the  
audiovisual industry

|                                   |                        | 2016   | 2017   | 2018   | 2019   | 2022 | 2025 |
|-----------------------------------|------------------------|--------|--------|--------|--------|------|------|
| Number of shootings <sup>38</sup> |                        | n.a.   | 3,516  | 3,903  | nd     | +20% | +30% |
| Turnover (M€)                     | Audiovisual Production | 10,715 | 11,088 | nd     | nd     | +15% | +30% |
|                                   | Video games            | nd     | 713    | 813    | nd     | +15% | +30% |
|                                   | Animation              | nd     | 654    | nd     | nd     | +15% | +30% |
| Jobs                              | Audiovisual Production | 61,780 | 63,122 | nd     | nd     | +15% | +30% |
|                                   | Video games            | nd     | nd     | 12,991 | 14,250 | +15% | +30% |
|                                   | Animation              | nd     | 7,450  | nd     | nd     | +15% | +30% |
| Internationalization              | Audiovisual Production | nd     | nd     | nd     | nd     | +15% | +30% |

<sup>38</sup>ICAA Data and Spain Film Commission about shooting national and international movies and series in Spain



# 07

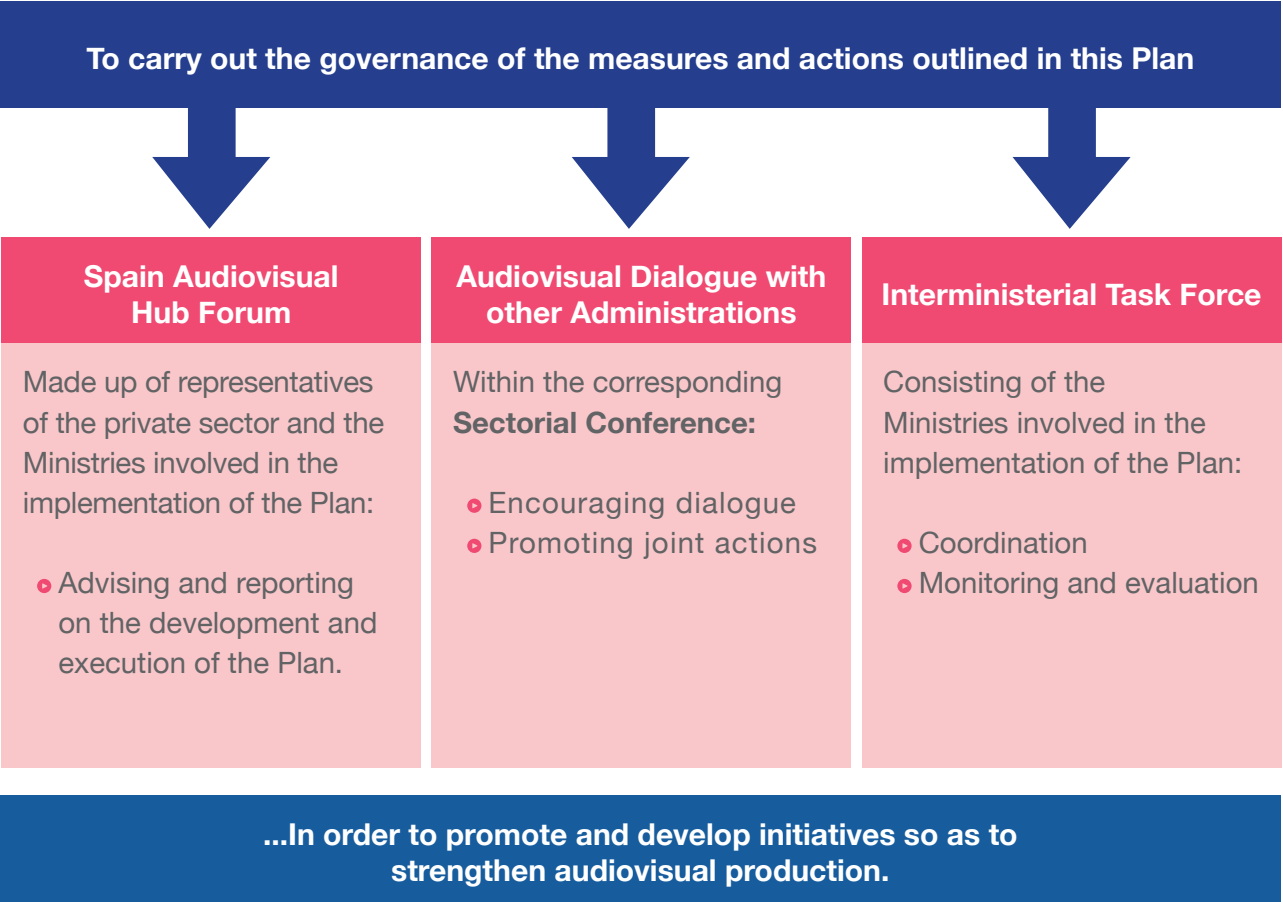
## Governance

The implementation of this **Plan requires the joint work of several ministerial departments, involving other Public Administrations, as well as the initiative of numerous private companies**, in what can be considered a real challenge for the country in the global effort to diversify our economy and an important contribution to the external positioning of our audiovisual industry and the attraction of investment.

For this reason, to carry out the governance of the measures and actions outlined in this Plan, **three co-ordination and participation forums** will be set up:

- **An inter-ministerial task force**, regulated in accordance with the provisions of Article 22.3 of Law 40/2015 on the Legal Regime of the Public Sector, in which the Ministries involved will participate with the aim of optimising the actions comprising the Plan as much as possible.
- **The Spain Audiovisual Hub Forum** for dialogue with the private sector, in which representatives of the private sector and the Ministries involved in the implementation of the different measures included in the Plan will participate. This Forum will be responsible for advising and reporting on the development and execution of the Plan.
- **Dialogue with other Administrations**, Autonomous Communities and local entities are active administrations in support of the audiovisual sector and add great experience in terms of initiatives adopted that have boosted the sector.

Collaboration will be articulated with these administrations to design joint actions, in order to promote and develop initiatives to strengthen the audiovisual sector, through the competent Sectorial Conferences, with the participation, when appropriate, of others departments and a representative of the Spanish Federation of Municipalities and Provinces, through the legally established mechanisms for this purpose.



The ministry of time Series.  
Image courtesy of RTVE



08

# Budget

1.603 million euros of public resources are expected to be mobilized for the Plan “Spain, Audiovisual Hub of Europe” during the period of 2021-2025.

Of these, 240 million euros will be used to finance the actions included in Axis 1 of the Plan that consist in the support and promotion of audiovisual production and promotion, the integration of digital technologies and the internationalization of the industry and local talent in a global environment. This represents the promotion of 15% of the funds.

A mayor part of the budget, € 1330M (83% of available resources), will be allocated to Axis 2, that is about all of those measures related to the improvement of financial and fiscal instruments aimed at financing Spanish audiovisual production projects and companies. Among other actions, it is planned to expand the base of audiovisual projects that can receive reimbursable financing from ICO, participative loans from ENISA, guarantees from the Reciprocal Guarantee Society Crea SGR or risk coverage from CESCE, with this budget.

Finally, € 33M are estimated to be allocated to actions included in Axes 3 and 4, aimed at supporting highly qualified professionals who have digital skills required by the audiovisual industry and the digitization of administrative procedures related audiovisual production activity in Spain.

The financial resources of this Plan will come from Community funds (mainly from the European Fund for Recovery, Transformation and Resilience of the European Union, the European Regional Development Fund (ERDF) and the Creative Europe Programme for the period 2021-2027), as well as from the General State Budget, depending on budgetary availability.

|  | TOTAL M(€) |
|--|------------|
| Axis 1: Promotion and digitalisation of audiovisual activities, promotion and internationalisation and attraction of investment. | 240        |
| Axis 2: Improvement of financial and fiscal instruments.   | 1330       |
| Axis 3: Availability of talent and development of human capital.   | 15         |
| Axis 4: Regulatory reforms and the removal of administrative barriers.   | 18         |
| TOTAL BUDGET   | 1,603      |





*La casa de Papel* Series.  
Image courtesy of Netflix



