

THE ECONOMIC IMPACT OF VIDEO ON-DEMAND SERVICES IN TAIWAN



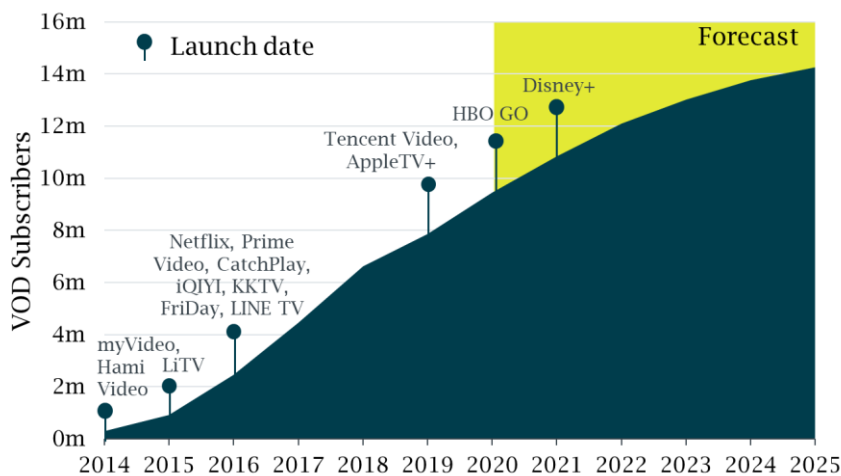
2021

THE ECONOMIC IMPACT OF VIDEO ON-DEMAND SERVICES IN TAIWAN

1. VOD takes off in Taiwan

Taiwan supports a vibrant video on-demand (VOD)* sector with consumers spoilt for choice of services. The popularity of the services, and the local content they offer, has been growing and nearly **9m** Taiwanese subscribed to VOD services in 2020 (Figure 1).¹ In addition, **56%** of internet users in Taiwan use VOD at least once a week,² spending **55%** of their time on VOD services watching local content.³

FIGURE 1 GROWTH OF VOD SUBSCRIBERS OVER TIME



Source: Ampere

Note: VOD subscribers include any VOD subscription customers that pay a fee. Launch date is the year the service could be first used in Taiwan. Figures from 2021 are forecast

VOD related revenue is increasing. Revenue generated by Taiwan's broadcasting and online video sector grew by **38%** between 2014 and 2019, following the entry of VOD providers including Netflix, myVideo, CatchPlay, LINE TV and AppleTV+. The sector has been further strengthened by the launch of HBO GO. Others, such as

* The term video on-demand refers to professional and curated online video content and does not include user-generated platforms such as YouTube. Alternative terms can be used to describe video on-demand services, including direct-to-consumer services (DTC) and online curated content (OCC).

EXECUTIVE SUMMARY

This White Paper summarises research Frontier Economics has undertaken into the economic impact of protectionist policies in video content production. It also highlights the impact that VOD providers have in Taiwan, and the implications for policymakers who wish to encourage and reap the benefits of such investments.

Video on-demand (VOD) services have important direct and indirect economic effects on the market's audiovisual (AV) industry. VOD providers make significant investments in Taiwanese content and the AV industry, creating jobs and promoting local content. VOD services are in high demand from consumers, who especially prize domestic content. This drives investment by VOD providers in high-quality productions made in Taiwan, that they then showcase to global audiences.

These investments bring benefits to the economy and society more broadly. Investments in training or infrastructure spill over to the AV sector as a whole. They can also spur tourism, enhance Taiwan's global cultural representation and support wider social goals.

To promote made-in-Taiwan productions, policies should focus on increasing the supply of investment, not decreasing the incentives to create local content. Some policies (e.g. tax incentives) can significantly boost investment, but others can act as deterrents.

We have found that tough policy restrictions *reduce* broadcasting exports and are associated with lower investment in content.

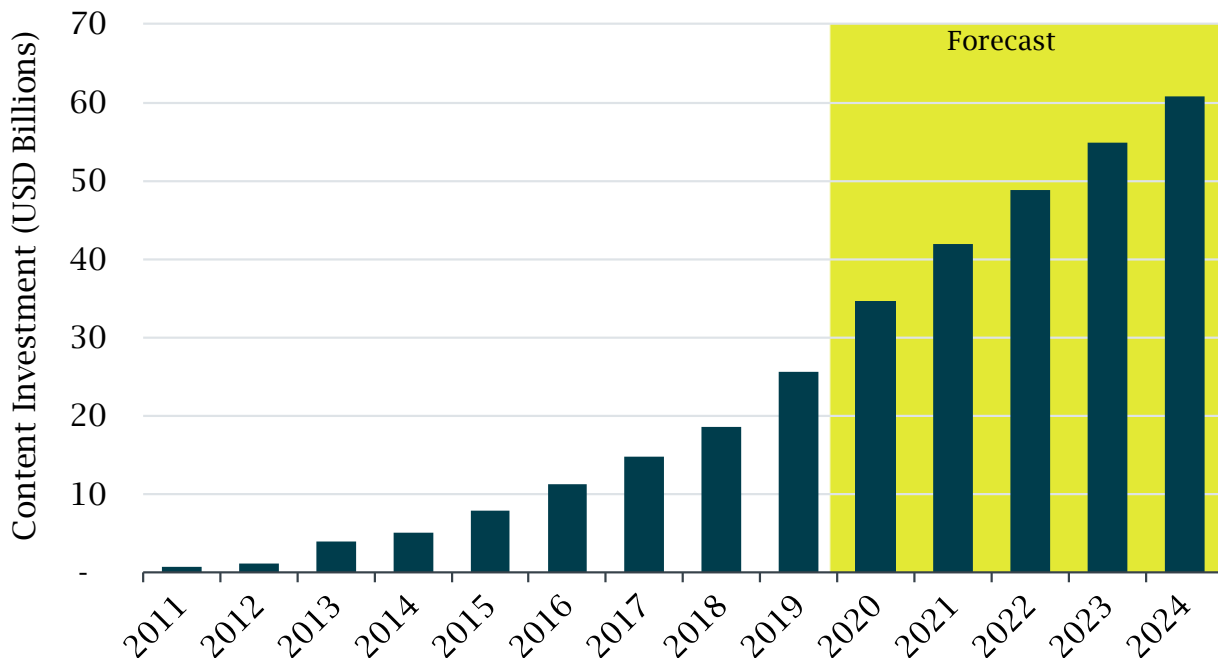
Disney+, are expected to launch in 2021. Since 2014, the revenue of VOD services has risen to **\$569m (TWD17.6bn⁴)**.⁵

GLOBAL INVESTMENT, LOCAL IMPACT

2. VOD services generate creative content boom

VOD providers invest heavily in content to support their services globally. In 2019, VOD providers directly invested **\$25.7bn (TWD794bn)** in VOD content worldwide, including original and licensed titles. This sum is likely to soar to **\$61bn (TWD1,885bn)** by 2024.

FIGURE 2 GLOBAL VOD CONTENT INVESTMENT 2011 TO 2024



Source: Ampere

The significant increase in content investment in the pipeline includes:

- The Walt Disney Company’s plans to invest **\$14bn-16bn (TWD433bn-495bn)** per year in global VOD content by 2024;
- ViacomCBS’s plans to ramp up investment in VOD content to **\$5bn (TWD155bn)** in 2024;⁶
- WarnerMedia’s parent company, AT&T’s, pledge to invest **\$4bn (TWD124bn)** in HBO Max in the three years through 2022;⁷ and,
- Netflix will spend **\$28bn (TWD866bn)** a year by 2028.⁸

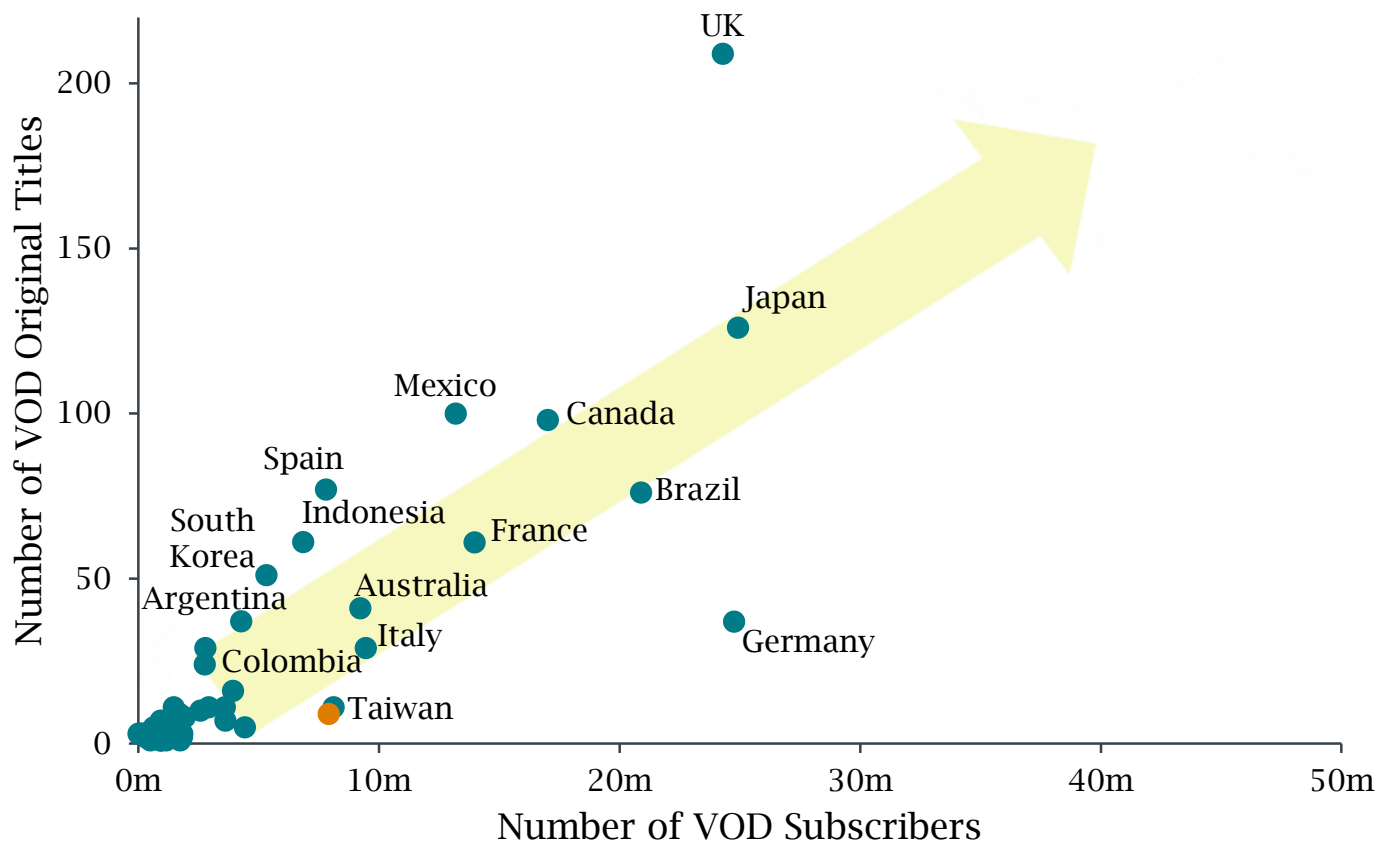
3. VOD services are investing in Taiwanese content

Frontier Economics’ research aligns with previous work that has found that there is strong consumer demand for local content and this demand drives local content production. VOD providers want to meet

this demand, and are investing locally through original productions and licensing local titles. As a market’s subscriptions grow, so do the incentives to produce content from the market. Notably, the geographic distribution of VOD investment in original titles is broadly proportionate to each market’s number of global VOD subscribers (Figure 3). Despite being a young VOD market, this relationship holds true in Taiwan. Therefore, it is no surprise that, as in other major markets where subscriber numbers are growing, the production of local VOD content is expanding to meet the demands of a growing number of subscribers.

It is important to note that leading providers invest in local content, and the local industry, not only for their VOD services but for all their channels, including linear and theatrical distribution. In 2019, The Walt Disney Company, NBCU, WarnerMedia, and ViacomCBS collectively poured **\$45bn (TWD1.4trn)** into content spending and creation globally (excluding sports) across their distribution channels, which they will partly monetise on their VOD services (Disney+, Peacock, HBO Max/HBO GO and Paramount+ respectively).

FIGURE 3 RELATIONSHIP BETWEEN VOD SUBSCRIBERS AND MARKET SPECIFIC VOD “ORIGINAL” TITLES



Source: Frontier analysis of Ampere and Media Partners Asia data

Note: VOD subscribers include any global subscription VOD customers in 2019 who paid a fee. A title has been included as a VOD original title if it was produced by the VOD service and released only on the VOD service. The sample of titles reflects the catalogues of VOD providers available in the following markets: Argentina, Brazil, Canada, Colombia, India, Indonesia, Mexico, Korea and Taiwan. VOD services included in the sample of titles are: Netflix (19% of titles), Amazon Prime Video (15%), Hotstar (8%), Wayve (8%), iflix (5%), Eros Now (5%), WatchaPlay (5%), HamiVideo (4%), Hooq (4%), Claro Video (3%), friDay (3%), myVideo (3%), Looke (3%), SonyLiv (2%), VIU (2%). Others (inc. Globo Play, CraveTV, Vidio and Crunchyroll - 11%). The data includes content titles that were available between June 2017 and April 2020, and an additional set of titles that were available in October 2020 in Indonesia, so does not reflect the most recent releases. All markets that have had a VOD original title produced in their market are included in the analysis. China has been excluded as data was not available. Note that USA and India are not included in the figure since they are outside the limits of the scale. See technical annex for further detail.

VOD providers have plans for substantial investments in original and licensed titles, that will further bolster employment and the creative economy in Taiwan.

- Netflix has already started to invest and build their original programmes in Taiwan. In 2019, Netflix launched three original series *Nowhere Man*, *Triad Princess* and *The Ghost Bride*, and in 2020, *Detention*, *Tigertail*, *Us and Them* were all produced and released exclusively by Netflix.⁹ More investment in original and licensed titles is expected in 2021.¹⁰ Netflix's commitments may also encourage more investment in Taiwan. Netflix licensed and promoted the Taiwanese film, *A Sun*, which was nominated for an Academy Award. Producer Yeh Jufeng noted how VOD services can drive exposure and investment into Taiwan, *"The success of 'A Sun' may attract foreign film companies or VOD services who are interested in investing in Taiwan productions, or collaborating with local creative partners. We also hope that the local government will put greater emphasis on our industry"*.¹¹
- Taiwan Creative Content Agency (TAICCA) and Taiwanese VOD provider Catchplay, have co-invested in a new venture, Screenworks Asia, to create Taiwanese content for international audiences. The investment aims to increase the quantity and quality of Taiwanese film and TV content produced for international consumption. The venture also hopes to create a platform for international collaboration, aiming to make Taiwan a powerhouse for Asian original content.¹² The investment in the Taiwanese creative ecosystem will drive content production, employment and skills improvement in Taiwan.
- Disney+ is expected to launch in Taiwan in 2021, possibly bringing in another source of content investment for Taiwan.
- WarnerMedia has been investing in HBO Asia Original productions since 2012. **26** HBO Asia Originals have been produced and aired to date in a variety of different Southeast Asian markets, with more slated to premiere in the coming years. For instance, *The Teenage Psychic*, *The World Between Us* and *Workers* were all filmed in Taiwan.¹³ Clement Schwebig, the company's managing director of India, Southeast Asia and South Korea said *"Our past Taiwanese original productions, from The Teenage Psychic to The World Between Us, have not only scored critical acclaim internationally, but also won the hearts of fans across the region and beyond."* The investment will support the creative economy in Taiwan, and also produce content for different distribution methods including HBO's VOD services.

4. VOD creates jobs and delivers returns for the economy

The media companies offering VOD services create jobs directly in the production sector across multiple lines of business. These lines include VOD services, feature film, TV content production, distribution of pay TV channels and the licensing of consumer products. Additionally, according to research, on average **60%** of production costs are spent outside the specific AV sector in the general economy, on inputs to support media companies' investments, for example on catering, hospitality, construction and legal services.¹⁴

- The film and television industry directly contributed **\$2.2bn (TWD69bn)** to the Taiwanese economy in 2016.¹⁵ The contribution to the economy has increased since then following the entry of global VOD providers, who have invested in local content.

- The film and television industry directly supported **31,430** jobs through their investments and operations in 2016.¹⁶
- However, the economic impact of the industry stretches beyond the direct impact, and the total contribution of the film and television industry to GDP in Taiwan in 2016 was **\$5.8bn (TWD178bn)**, contributing **\$0.5bn (TWD15bn)** in tax revenues.
- The “employment multiplier” measures the amount of direct, indirect and induced jobs created in the area through investment. The multiplier for the creative economy in Taiwan also means that for every new AV position, around **2.72** jobs are created in other sectors of the economy as a result of the ensuing demand for inputs.¹⁷ In 2016, the film and television industry supported **104,200** jobs, around **1%** of the national workforce in Taiwan, both directly and indirectly through supply chains.¹⁸

5. Taiwanese consumers are finding the local content they demand on VOD services

Frontier Economics surveyed 1,000 internet users in Taiwan and found that Taiwanese consumers demand a diverse array of content, both local and international, and that VOD services are delivering content consumers want and love.¹⁹

Consumers feel it is important that VOD services provide local content. Taiwanese consumers use their VOD services to watch local, Taiwanese content. Over half the programming they stream is from Taiwan. As consumers in Taiwan adopt VOD services at a rapid pace, the survey data shows that VOD services are already keeping their customers satisfied by meeting the demand for diverse local content.



55% OF HOURS WATCHED ON VOD SERVICES WAS LOCAL CONTENT ²⁰



46% OF PEOPLE IN TAIWAN CONSIDER IT IMPORTANT THAT THEIR VOD OR TV CONTENT SERVICES PROVIDE LOCAL CONTENT ²¹



54% OF CONSUMERS ARE SATISFIED WITH THE AMOUNT OF LOCAL CONTENT ON THE VOD OR TV SERVICES THEY USE ²²



42% OF VOD USERS IN TAIWAN THINK THAT THEIR VOD SERVICES PROVIDE EITHER A GOOD LEVEL, OR THE BEST LEVEL OF CONTENT THAT IS MADE SPECIFICALLY FOR PEOPLE IN TAIWAN²³

6. VOD providers bring Taiwanese content to the global stage

International VOD providers are able to expand the reach of Taiwanese content to a global audience. VOD services offer unprecedented scale and reach to diverse viewers, including niche audiences that have long sought to watch Taiwanese content from their home on a completely different continent. By meeting this demand, VOD services are supporting local producers, Taiwanese exports and promoting the market’s

artists and culture. This trend benefits consumers and producers alike. Global consumers are better able to find the Taiwanese content they enjoy; and producers can increase the export value of their content.

CASE STUDY VOD CONTENT INVESTMENT IN TAIWAN: *THE VICTIMS' GAME*

Taiwanese crime drama *The Victims' Game*, was one of Netflix's first Chinese language original series to be made and produced in Taiwan.

Netflix has also renewed the series for a second season, due for release in 2022.²⁴

On renewal for the second series, producers Hank Tseng and Phil Tang said *"From script to screen we are proud to have created The Victims' Game as an entirely original IP from Taiwan. This renewal with Netflix is a milestone for the local entertainment industry to set foot on the global stage. It is time to unleash the limitless potential of original stories from Taiwan."*

In addition, Phil Tang's comments highlight the innovation and investment that is being driven by VOD investments, such as Netflix's investment in *The Victims' Game*, *"The Taiwanese industry has been really buzzing these past few years. And there's been some innovation, which I attribute to the stimulation that Netflix has given everyone. They've driven the entry of capital, and that's a good thing for the Taiwanese movie and television industry"*.²⁵



INVESTMENTS BRING WIDER ECONOMIC BENEFITS

7. VOD investment spurs skills, innovation and infrastructure

Content investments by VOD services, and the media companies backing them, create indirect economic benefits for the broader AV sector. Policymakers should consider these benefits when setting the policy and regulatory environment: by supporting and incentivising investments, they enhance the capacity and capabilities of the entire sector.

- Investment by VOD providers in training and skills ripples through the AV industry as highly skilled workers shift jobs and collaborate with others. The spillover effects have been found to increase with the size of investment.²⁶ An example of such a programme is the recent MPA APAC, Netflix and TAICCA (Taiwan Creative Content Agency) collaboration to run a film workshop and pitching session, aiming to develop talent in Taiwan's film industry.²⁷ Netflix also ran a writers workshop programme with TAICCA, to try and support original Taiwanese film development. By collaborating with Netflix, the TAICCA hopes to develop skills in the sector, and also help to expand Taiwanese original content into international markets.²⁸
- Innovations introduced to Taiwan on the back of inward investment will diffuse around the industry and be taken up by other domestic productions in Taiwan.²⁹

- Investments in infrastructure, such as studio space or post-production facilities, increase the capacity and capabilities of the industry as a whole.

8. VOD investments produce broader benefits for Taiwan

VOD investments bear fruit beyond the AV sector. The creative industries disproportionately generate wider economic impacts. Specifically, the industry can connect people and act as a source of identity and expression. Investing in content can be a magnet for tourists who want to see where their favourite show was shot. Content-induced tourism is on the rise. A TripAdvisor survey suggested that **20%** of global travellers have visited a destination because they saw it in a TV show or movie.³⁰ By showcasing Taiwan it raises the market's international profile and cultural representation. VOD services, with their ability to bring Taiwanese content to a global audience, are exceptionally well placed to stimulate tourism and generate wider reputational benefits for Taiwan, long after a title's initial release.

In addition, through training partnerships and content decisions, VOD services can also help achieve broader social goals and affect public opinion.



HELP INVESTMENT, DON'T HINDER IT

9. Pro-investment policies can keep Taiwan's audiovisual sector growing

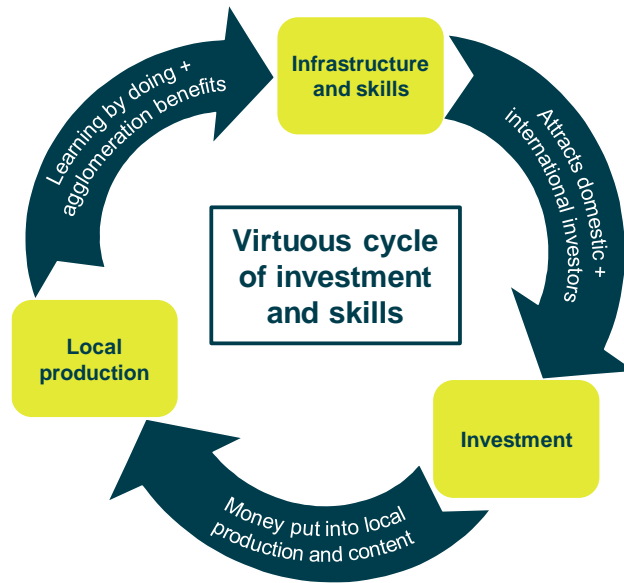
Governments benefit when they attract investment in content: this high-value-added activity makes a disproportionately large contribution to GDP, provides skilled, well-paid employment, and supports a market's exports.

However, production of top-quality content is costly. It requires sector-specific infrastructure, state-of-the-art technology, complex production processes and large crews of highly trained specialist workers from many different trades. At the same time content creation, like any art form, is a risky investment.

Policies such as tax rebates or subsidies, that mitigate the risk and high fixed costs of content creation, have been found to significantly increase content investments.³¹ Policymakers can also ensure a strong supply of skilled, high-value workers by supporting training and education programmes that will benefit both global and Taiwanese providers of local content.

A policy framework that encourages investment in Taiwan's AV sector could underpin a virtuous circle of investment.³² Catalysing investment in infrastructure and skills enhances the industry's capacity and capabilities. This in turn makes it an increasingly attractive location for new investment.

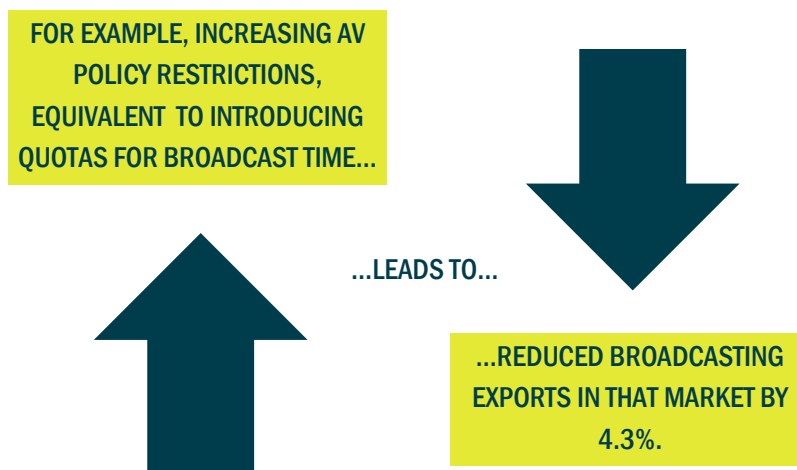
These policies can nurture the growth of self-sustaining "creative hubs of local production", with firms incentivised to locate and concentrate activities in Taiwan to the benefit of the market's economy. For example in Taiwan, Netflix's Post-Production Partner program is profiting post-production firms such as Ezenhall and IYUNO Taiwan. The collaborative scheme aims to improve the quality of post-production work, including dubbing, audio description, scripting, and quality control.³³



In Taiwan, policies that discourage or constrain foreign investment and market entry can disrupt this virtuous cycle. Instead of the local AV sector enjoying rising investment, cutting-edge infrastructure and ever-higher skill levels, protectionism or heavy-handed regulation may hamper innovation and growth opportunities in the long run.

10. Our research finds that protectionist policies can hurt the economic potential of local AV industries

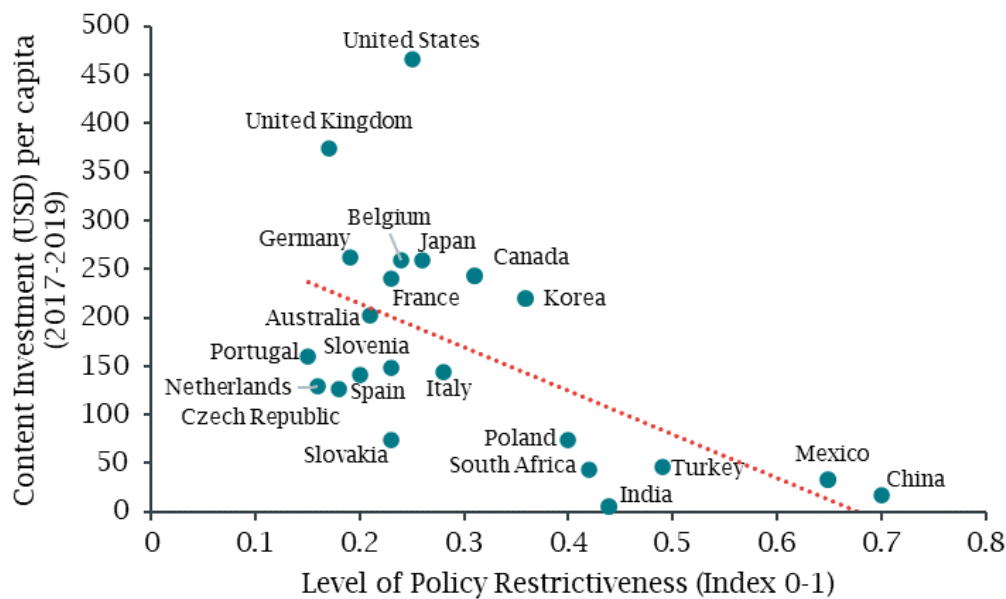
Protectionist policies intended to shield local companies from international competition could result in local industries that are inward-looking, less innovative and less able to produce high-quality content that is in demand internationally. Many markets have cultural policies aimed at promoting local content, but some come at a cost and prove ineffective at achieving the goals they pursue. Our analysis, which examined the relationship between protectionist policies and AV trade (i.e. licensing content internationally), found that higher levels of protectionist policies (for example the introduction of content quotas), **lead to reductions in AV exports**.³⁴ This implies that markets with higher levels of protectionist policies are less able to monetise their content in international markets, or show off and promote their culture to audiences around the world.



11. Put up barriers and you may put off investors in content

Markets that have greater policy restrictions tend to have lower levels of investment in content. While there are many other factors at play,³⁵ Figure 4 below is consistent with the hypothesis that more protectionist policies discourage content investment (at least for the markets selected). The result of lower content investment is inevitably lower employment and skills development in the sector.

FIGURE 4 RESTRICTIVE AV POLICY CORRELATES TO LOWER INVESTMENT (SELECTED OECD MARKETS AND CHINA)



Source: Frontier analysis of Ampere and OECD data

Note: All values of content investment are nominal. For each market, content investment data includes investment by commercial and public broadcasters and also by selected VOD services, where spend can be disaggregated by market. Excludes any investment in sports rights. Markets were selected based on data availability and include OECD markets and China. The level of policy restrictiveness is the OECD's broadcasting-specific Services Trade Restrictiveness Index (STRI), which captures the level and range of non-tariff barriers in services trade within the sector. The STRI is a widely used measure of policy restrictions on services used by academics and policymakers. The STRI is an index between zero and one attributed to each market, where zero would imply no policy restrictions, and one the highest possible policy restrictions.

12. Restrictions reduce incentives

The AV industry is growing globally and in Taiwan, benefiting the local creative sector and the broader economy. Policymakers can encourage this growth to continue. While protectionist restrictions may have a number of understandable policy objectives (e.g. to support the creation or consumption of local cultural content or to help the home-grown AV sector), they can also have adverse impacts, such as:

- Restrictions can drive up costs for domestic and foreign companies, reducing competition and raising prices for consumers.³⁶
- Policy restrictions that erect barriers to inward investment deter the influx of international capital, talent and skills, and can restrict the arrival of new techniques and innovations that inbound investment brings.
- Onerous definitions of “local content” for the purpose of defining quotas, or other restrictive policies, can discourage investment in local content and the local industry.³⁷

- Broadcast-time quotas are designed to nudge consumers towards local content but implementing them for VOD services can be problematic.
 - Quotas applied to VOD services may **not be effective** in changing tastes, as consumers choose their content on demand.³⁸
 - Quotas can **distort incentives**, as providers are motivated to focus on the *quantity* of local content rather than its *quality*, which could have less of an economic impact.^{39 40}
 - VOD services may **reduce the size of their overall libraries** in proportion to the volume of local content that they are able to license, leading to less choice for consumers and less investment in wider production by VOD services.
 - Quotas can **create barriers to entry** as they may disproportionately affect smaller VOD entrants rather than established VOD providers with large domestic customer bases.

As a way for the local industry to learn and grow, joint productions with foreign companies may be more effective than restricting the entry of international providers.

Protectionist policies can also have adverse impacts through increase costs, restricting investment and ultimately through limiting the content available to local consumers, with potentially further negative consequences for the creative industries in Taiwan. Some protectionist policies may have the unintended effect of increasing levels of piracy. Piracy drains a market's AV economy through reducing the returns on investment, reducing the incentives of creatives to innovate and produce new content, and it reduces government tax revenue as legitimate business revenue streams are hit. 33% of VOD users in Taiwan have said that they would watch or download VOD content from unauthorised services if it was not otherwise available, to the detriment of both the market's economy and its culture.⁴¹



VOD CAN HELP TAIWAN'S AV INDUSTRY CONTINUE TO FLOURISH

Taiwan has a vibrant film, television and video on-demand industry which brims with potential. VOD services make a significant and growing economic contribution within that sector, and have already played a significant role in developing the sector and expanding Taiwanese content into the international market. Consumers are increasingly subscribing to VOD services and, as a

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result, the services are delivering the content made in Taiwan that consumers want and love. VOD services can be Taiwan's "shop window" to the world: offering international audiences a diversified menu of in-demand Taiwanese content.

By carefully calibrating policy to incentivise investment, Taiwan will enjoy wider benefits such as new employment opportunities, higher economic output, increased exports, a more competitive skills base, and expanding sector infrastructure. This, in turn, creates conditions to attract new investment. Policymakers should seek to achieve the right policy mix, and be mindful of potential unintended consequences of protectionist policies that can reduce investment, lower economic outputs and exports, while stimulating digital piracy. By working with producers and production companies, policymakers can create the right conditions to support investment, which allows the creative sector in Taiwan to continue to flourish.

¹ VOD subscribers counts the number of paid subscriptions there are to VOD services in Taiwan. These are often used by more than one person usually within the same household.

² Results are from an online consumer survey of 1,000 Taiwanese internet users ("Kantar Survey"). The survey, designed by Frontier Economics, was conducted by Kantar between 30th November and 14th December 2020. See technical annex for further details. Question: *How often do you watch Online video subscription services (VOD) which offer professionally produced full length movies, shows or series on online video services on demand for a regular fee?* Base: All respondents (1,000)

³ Kantar Survey, Question: *When you watched your Online video subscription service (VOD) last week how many hours did you spend watching local content from your market?* Base: Respondents who watched subscription VOD at least once a week (561)

⁴ The average 2019 USD-TWD exchange rate has been used to convert USD figures into TWD. TeleGeography Exchange Rates.

⁵ Ampere, Subscription VOD revenue in 2019, extracted October 2020

⁶ Deadline, *With Ambitious Paramount+ Launch, ViacomCBS Targets 65 Million-75 Million Streaming Subs By 2024*, February 2021

⁷ Variety, *Inside HBO Max, the \$4 Billion Bet to Stand Out in the Streaming Wars*, May 2020

⁸ Fortune, *Netflix will spend over \$17 billion on content in 2020: Analyst*, January 2020

⁹ Netflix, *'Detention' To Land On Netflix*, September 2020

¹⁰ Taiwan News, *Netflix ramps up presence in Taiwan, eyes original content*, July 2019

¹¹ Variety, *Taiwan Content Creators Set Sights on Global Partnerships*, March 2021

¹² Screen Daily, *Taiwan's TAICCA, Catchplay launch joint venture to create international content*, July 2020

¹³ The Hollywood Reporter, *HBO Asia to Produce Taiwanese Original Series 'Workers'*, April 2020

¹⁴ Olsberg-SPI, *Global Screen Production - The Impact of Film and Television Production on Economic Recovery from COVID-19*, June 2020

¹⁵ MPA APAC, *The Economic Contribution of Film and Television in Taiwan in 2016*, December 2016

¹⁶ MPA APAC, *The Economic Contribution of Film and Television in Taiwan in 2016*, December 2016

¹⁷ Olsberg-SPI, *Global Screen Production - The Impact of Film and Television Production on Economic Recovery from COVID-19*, June 2020. Estimated that the employment multiplier for the Screen Sector Value Chain in Asia is 3.72.

¹⁸ MPA APAC, *The Economic Contribution of Film and Television in Taiwan in 2016*, December 2016

¹⁹ Kantar Survey

²⁰ Kantar Survey, Question: *When you watched your Online video subscription service (VOD) last week how many hours did you spend watching local content from your market?* Base: Respondents who watched subscription VOD at least once a week (561)

²¹ Kantar Survey, Question: *Considering all TV and video services you use, how important is it that your TV and video services provide the following types of content on a scale of 1-5?* Scale; 1 = Not important to me at all, 2 = somewhat unimportant, 3 = neutral, 4 = quite important to me, 5 = Very important to me. The content types were, content that; includes people like me, represent where I live, is made in your market, is relevant to my life, is made by people from your market. The result shown here is an average across the content types. Base: All respondents (1,000)

²² Kantar Survey, Question: *Considering all TV and video services you use, on a scale of 1-5, how satisfied are you with the amount of TV and video content that is made specifically for people in your market and in your language?* Scale; 1 = Very unsatisfied, 2 = somewhat unsatisfied, 3 = Neutral, 4 = somewhat satisfied, 5 = Very satisfied. Base: All respondents (1,000)

²³ Kantar Survey, Question: *Thinking about each of the different TV and video services that you watch, how well do they provide content that is made specifically for people in your market for example, telling stories about people in your market, or with actors or presenters from your market?* Scale: 1 = Does not provide any content that is made specifically for people in my market at all, 2 = Does not provide enough content that is made specifically for people in my market, 3 = Provides some content that is made specifically for people in my market, 4 = Provides a good level of content that is made specifically for people in my market and 5 = Provides the best possible level of content that is made specifically for people in my market. Base: All respondents that use the services at least once every 3 months (740)

²⁴ Netflix, *Netflix Announces The Victims' Game Season 2*, September 2020

²⁵ Commonwealth Magazine, *How Can Taiwanese Dramas Soar with Netflix?*, December 2020

²⁶ O'Mahony, M., & Riley, R. (2012). Human capital spillovers: The importance of training. NIESR

²⁷ TAICCA, *TAICCA Partners with MPA and La Fémis for International Film and TV Talent Cultivation*, February 2021

²⁸ TAICCA, *TAICCA and Netflix Presents "The Netflix Series Bible Workshop" in Taiwan*, October 2020

²⁹ Research has shown that the companies that innovate obtain less than 10% of the total economic benefit of the innovation, with the remainder diffusing in the wider economy. (Baumol, W., (1997). Pareto Optimal Sizes of Innovation Spillovers. Working Papers 97-42, C.V. Starr Center for Applied Economics, New York University). Other research has described how the geographic clustering of media activity promotes innovation which is necessary for a successful AV sector. (Karlsson, C., & Rouchy, P. (2015). Media clusters and metropolitan knowledge economy. Handbook on the Economics of the Media.)

³⁰ TripAdvisor, *6 key travel trends for 2016*, December 2015. As an example, on-screen content attracts around 230,000 international tourists to Australia each year. They spend an estimated AUD725m (TWD15.6bn). Screen Australia, *Screen Currency Valuing Our Screen Industry*, 2016

³¹ BFI (2018) *How screen sector tax reliefs power economic growth across the UK*. A study found that 91% of production would not have occurred absent the tax relief

³² Messerlin. (2019). Building Consistent Policies on Subsidies in the Film Industry. *Kritika Kultura*, 32, 375-396

³³ Netflix Post Partner Program - <https://np3.netflixstudios.com/>

³⁴ This analysis examines the relationship between protectionist policies and audiovisual trade. An econometric model was used that simultaneously estimates how different factors impact the level of audiovisual trade between markets. This was done in order to correctly isolate the impact of trade restrictiveness on audiovisual exports (as measured by the OECD's Services Trade Restrictiveness Index). See technical annex for further detail.

³⁵ Factors that affect the level of investment in a market include the existing capital stock in the sector, the level of income of a market and the level of public investment.

³⁶ OECD. (2015). *Emerging Policy Issues: Localisation Barriers to Trade*. Paris: OECD Publishing

³⁷ Lee, B., & Bae, H.-S. (2004). The Effect of Screen Quotas on the Self-Sufficiency Ratio in Recent Domestic Film Markets. *Journal of Media Economics*, 163-176

³⁸ Picard, R., Davis, C., Papandrea, F., & Park, S. (2016). Platform proliferation and its implications for domestic content policies. *Telematics and Informatics*, 683-692

³⁹ Anderson, C., Leigh, G., Swimmer, & Wing, S. (1997). An empirical analysis of viewer demand for US programming and the effect of Canadian broadcasting regulations. *The Journal of the Association for Public Policy Analysis and Management*, 525-540

⁴⁰ Crampes, C., & Hollander, A. (2008). The regulation of audiovisual content: quotas and conflicting objectives. *Journal of Regulatory Economics* 34.3, 195-219

⁴¹ Kantar Survey, Question; *If the online subscription video service (VOD) that you use became unavailable to you, would you try and watch or download movies, shows and series from that service from another source, even if it was an unauthorized service, or app?* Scale: 1 = Definitely would not, 2 = Probably would not, 3 = Maybe, 4 = Probably would, 5 = Definitely would. Base: *All respondents that use the service at least once every 3 months (740)*