Press release

**Audiovisual sector reports 2023 turnover of 13.5 billion – slight decrease due to suspended incentives and low percentage of incentive amount, Czech TV and VOD production sets record**

According to the Audiovisual Producers´ Association (APA), the Czech audiovisual industry has stabilized and reached a turnover of 13.5 billion CZK in 2023, which is a decrease of 12% compared to the record year 2022. The main reason for this is the decline in foreign production. Although
the revenues from original Czech production **–** 60% of which was made for TV and VOD **–** increased to a record CZK 2.1 billion, it was not enough to compensate for the lower volume of foreign assignments, whose revenues in 2023 reached CZK 9.2 billion, a decrease of 18% compared to 2022. This is the result of a year-long suspension of incentive registrations due to overloading of the system, as well as the writers' and actors' strike in the U.S., which led to the suspension of a number of film and TV projects.

*"While the strike was an isolated and external phenomenon, the overloading of the incentive system was a problem caused by the long-term lack of clarity in the rules of the Czech Film Fund. Although the incentive system had historically the most funds, the high demand for filming in the Czech Republic overloaded and blocked the system. Thanks to the APA's appeal and an agreement with
the government and the Czech Film Fund, it was possible to push through a mini-amendment to
the Audiovisual Act that simplified the system and the incentives reopened on January 3, 2024.
The Czech Republic is now 'open' again and foreign productions have already started to return,"* **says APA Chairman Vratislav Šlajer.**

The Czech Republic's reputation as a stable filming destination has suffered greatly from the year-long interruption of incentives. Thanks to the work of producers and the Czech Film Commission (CFC), confidence has been restored, but in the meantime the Czech Republic has found itself under further competitive pressure from other countries. Despite the high standard of the Czech services and attractive domestic locations, the country is unfortunately not competitive enough with the 20% incentive. To compare incentive levels in the world: Slovakia 33%, Poland 30%, Germany 30%, Hungary 30%, Spain 30% (Bilbao up to 60%), Netherlands 35%, Romania 30%, Vienna up to 50%, Lithuania 30%, Iceland 35%, Saskatchewan 40%, Australia 30%, Abu Dhabi 30%, or Malaysia up to 35%. It is therefore imperative that the percentage of incentives in the Czech Republic be increased to at least 25%. The APA has therefore asked the Minister of Culture, Martin Baxa, to include this increase in the forthcoming amendment to the Audiovisual Act.

**Amendment to the Audiovisual Act and Reform of Public Media Funding**

The APA welcomes the current government's efforts to reform two key laws, the Audiovisual Act, and the so-called big media amendment, which should stabilize the funding of Czech Television and Czech Radio. Both amendments were approved by the government in June and are on their way to Parliament. For the reform to have a meaningful impact, it is crucial that the amended Audiovisual Act be adopted by the end of 2024 and come into force in January 2025.

The APA has long been a partner and advisory body in the development of the amendment to
the Audiovisual Act and part of a working group of the Ministry of Culture. The amendment transforms the Czech Film Fund into the Czech Audiovisual Fund and extends selective support to include support for TV and VOD production, support for the gaming industry, and improvements to the film incentive mechanism. It also harmonizes the unequal contributions for different areas of audiovisual production. Commercial television currently contributes 2%, cinemas 1%, broadcasters 1%, and Czech VOD platforms 0.5%. Foreign VOD services have not yet contributed to the fund.
The amendment brings a compromise fair deal where all contribute equally 2% (cinemas, TV, VOD, content acquisitions), and the new fee will also apply to foreign platforms providing services in
the Czech Republic (e.g. Netflix, Disney+, etc.). In addition, in accordance with the European Audiovisual Directive, VOD platforms will be obligated to make a so-called direct investment and invest at least 1.5% of their revenues from the Czech Republic in domestic content of their choice. In addition to simplifying the operation and administration of the film incentive system, the amendment will also change its funding. The annual budget for funding the incentives will now be linked to the financial performance of the Czech audiovisual industry.

**Record Czech production for TV and VOD vs declining theatrical revenues**Revenues from original Czech productions increased by 24% year-on-year. Following the global trend, TV and VOD productions represent a substantial share of original domestic productions. Of the total 2.1 billion revenues, 1.2 billion come from TV productions, 92 million from original VOD productions and 853 million from original films made for theatrical release.

The share of local content on Czech TV channels and VOD is growing, with Czech series accounting for half of the total ratings of all series. Public and commercial broadcasters cannot do without local productions across genres and formats. This also applies to pay TV. The era of streaming services is favorable for Czech TV and VOD production. The Czech Voyo platform reports 850,000 subscribers, Czech films regularly appear in Netflix's top 10 in the Czech Republic and Slovakia, and Czech TV series regularly achieve million ratings.

Although 2022 marked a partial return to normal for Czech cinema after Covid, it didn't mean a return to the pre-2019 numbers. In 2023, cinema attendance reached 13.3 million – below the level of 2016 – with revenues of 2.3 billion thanks to higher average ticket prices. As in the first five months of 2024, only 4.6 million viewers attended cinemas, which is 10.2% less than in the same period of 2023, we can expect a decline in attendance this year too. Czech comedies are still leading in domestic cinemas, as confirmed by the high attendance of *ONEMANSHOW:The Movie* (over 545,000 viewers) and *Island* (over 332,000 viewers), which made it into the top 10 films last year, dominated by the US film *Barbie* (722 thousand viewers). The magical 1 million mark was last crossed in Czech cinemas by the Czech comedy *Women on the Run* (2019), which reached 1.5 million viewers – the number no Czech or foreign film has surpassed since.

The APA welcomes the government's initiative to increase investment in production, which will bring more growth to the audiovisual industry. This includes, for example, the open support for Czech filmmakers in the form of so-called creative vouchers worth CZK 200 million, which the government has released from the National Economic Recovery Plan.

**Advertising and the Memorandum**

The advertising sector, which contributes just as much to the overall turnover of the audiovisual industry as Czech film and series production, is stabilizing and generally growing after the covid pandemic, although with revenues of CZK 2.14 billion it recorded a slight decline (CZK 300 million) compared to the previous year. Filmmakers attribute this decline to the fact that Prague has become one of the more expensive destinations for foreign productions. Small service commissions, in particular, are increasingly moving to booming smaller markets such as Lithuania, Hungary, Serbia and Slovenia, which offer lower prices and have quickly replaced the previously cheaper Ukraine, whose shortfall drove some commissions back to the Czech Republic. The year-on-year decline in advertising revenues is 13%.



**Regional Film Offices**

Since the APA created the special position of Regional Manager, the regions have reported
an increasing number of support programs, the highest financial allocation for audiovisual support in history, and exceptional interest among domestic productions in filming in attractive locations outside Prague. Czech filmmakers spent a record CZK 100 million in the regions in 2023. This growing interest of producers of Czech films and series in locations in various parts of the Czech Republic is a result
of the launch of new support programs and establishment of new film offices funded by regions or individual cities. At present, thirteen regional film offices operate outside Prague. Their development, coordinated at the national level by the Czech Film Commission, also leads to the strengthening and stabilization of regional support programs. While in the past, most of the support was provided in
the form of individual grants, today, with the support of the APA, the regions are moving towards more stable forms of support. Last year, APA and CFC organized a very successful "zero year" event with more than 80 participants, giving regional film offices and local government representatives
the opportunity to meet filmmakers. APA has been in contact with the regions since 2015 and has long supported their establishment and development. As a result, the offices provide a better service not only to foreign, but also to local productions. The most significant achievement in the development of regional support programs is the creation of the so-called Film Vouchers within the framework of
the Operational Program Fair Transformation, in which APA has been strongly involved from the very beginning. The first call of this type was opened in the Ústí nad Labem region and has an allocation of almost CZK 50 million, which is unprecedented in the history of Czech audiovisual. This autumn, a call with the same parameters and the same allocation will also be announced in the Moravian-Silesian region, where producers will also be able to apply for support for the production of animated films.

**Animated films and series**The APA see great potential in Czech animation, which has always successfully represented
the Czech Republic abroad. However, in the face of growing competition in Europe, the industry needs
a change, especially since domestic animation has the potential to increase its revenues fivefold, to CZK 500 million a year, over the next seven years. The production of animated films offers great opportunities for professions with higher added value, especially in connection with the video game industry. Animation is not cheaper to produce than live-action films and requires comparable investments, but every crown invested is returned to the economy many times over. The APA is currently working on a vision for the development of animation for the years 2024 to 2030. According to the European Audiovisual Observatory, European animation as a whole is growing at a rate of 20% per year, with 220 series produced each year, comprising 5,200 episodes and 830 hours.
The strongest markets in Europe are France, Germany and the UK, but globally American and Japanese productions dominate. TV series account for up to 90% of animation production; on SVOD platforms, animation has a global share of 22%. Experts believe that the Czech Republic has
the potential to produce at least 12 hours of animated series and at least 1.5 feature films per year compared to European figures; with such production, the annual turnover of Czech animation could reach up to CZK 500 million. However, the current state of Czech animation production is one hour of series per year and 0.8-1.2 feature films per year, with an annual turnover of approximately CZK 100 million, while the domestic audiovisual industry as a whole has been growing steadily for the past 15 years and in 2022 it reached a turnover of CZK 30 billion. Funds can be raised from three sources: the future Czech Audiovisual Fund plus regional funds, domestic TV and platforms, and foreign co-productions or pre-sales of new productions.

**Achievements of 2023**Czech audiovisual production has always delivered works of art representing the Czech Republic at foreign festivals and at the same time attracting audiences, as evidenced by the growing popularity of Czech series on TV and VOD platforms, as well as the success of Czech feature films, for example, on Netflix.

Although the low film incentive is no longer competitive and we have unfortunately lost numerous prestigious projects as a result, this is offset by local professional film crews, traditionally popular Czech film locations and a well-developed film infrastructure. This was also the reason why several foreign productions came back here last year to shoot sequels to internationally known TV series or major film projects. The production of the sci-fi series *Foundation: Emperor's War*, filmed for Skydance Television, returned to the country in 2023. A total of 41 shooting days were spent in Prague, Most, Kačina Castle, and Satalice. A similar case is the return of the *Wheel of Time* project, which was filmed for Amazon Studios by the Sony Pictures Television. Its sequel was shot on Czech locations for a total of 110 days. At the beginning of 2023, the Hollywood blockbuster with the working title *Ballerina*, starring Anna de Armas and Keanu Reeves, resumed shooting for Lionsgate for 51 days. The Czech Republic was chosen by the American studio NBCUniversal for the remake of
the legendary horror film *Nosferatu*, directed by the famous Robert Eggers and prepared by a production team led by the famous American director and screenwriter Chris Columbus (*Harry Potter, Home* *Alone*). The filmmakers spent 59 days in the Czech Republic on many locations, the main cast included Bill Skarsgård, Lily-Rose Depp and Willem Dafoe. The Czech locations were also used for the recent remake of *Interview with the Vampire*, the second season of the horror series was shot here for 76 days for the American company AMC Studios and producer Adam O'Byrne. Czech Republic attracted the filmmakers of the co-production series *Families Like Ours* by the star Danish director Thomas Vintenberg (*Another Round, The Hunt, The Celebration*), who filmed here for 28 days.
The Czech Republic also hosted the shooting of the German fantasy film *Kazar* and the German fairy tale *Rapunzel*, both of which were shot here for a total of 21 days. Also worth mentioning is the creation of the series *Suburban Screams* about horror stories from the American suburbs, which was shot in the Czech Republic for 25 days for Peacock by the production company Diga, directed by John Carpenter (*The Thing, Starman*), with two episodes directed by Czech director Jan Pavlacký.

Czech cinema has attracted attention at foreign film festivals also in 2023. Several Czech films of various genres including feature films, documentaries and animations for children and adults reflect the war in Ukraine or the disturbing political situation in other parts of the world. Perhaps the most resonant was Agnieszka Holland's latest feature film *Green Border*, a Poland-Czech Republic-France-Belgium co-production, which won the Special Jury Prize at the 80th Venice IFF and was at screened at the Toronto IFF and nominated in three categories for the 2023 European Film Awards. Ivan Ostrochovsky and Pavol Pekarčík's *Photophobia*, shot in war-torn Ukraine, won the Europa Cinemas label in Venice and the Documentary Competition at the Warsaw International Film Festival, where Zdeněk Jiráský won the Special Jury Prize for *I Don't Love You Anymore*. In Annecy, Filip Pošivač won the Jury Prize for his animation debut *Tony, Shelly and the Magic Light*. A total of 22 Czech and co-production films were screened at the Tallinn Black Nights festival in November. Czech cinema was also represented at Europe's largest gathering of documentary filmmakers,
the Netherland´s IDFA. The jury gave a special mention to the short film *My Father*, produced in the Czech Republic by Iranian director Pegah Ahangarani. Czechs also have a stable position at
the Berlinale, where four films were presented in 2023 – *Dede is Dead* by FAMU student Philippe Kastner received a special mention from the children's jury. Czech films completed in 2023 have been successfully sold to many countries around the world, including *Restore Point*, *Green Border, We Have Never Been Modern,* and the animated *Tony, Shelly and the Magic Light.*

**Memorandum for the Improvement of Conditions in the Czech Advertising**

The APA has long been committed to the development of the domestic audiovisual industry, which is related, for example, to the current issue of unbearable tender conditions in the production of commercials, where high time and financial demands are placed on agencies, producers, and directors. The APA initiated the drafting of a memorandum on fair conditions, which has already been signed by all major advertising production companies and sixty leading directors, including Jasmina Blaževič, Wolfberg, Tomáš Mašín, Mugshots, Marek Partyš, Tomáš Bařina, Roman Valent, and Alice Nellis, as well as Armada Films, Ad Kolektiv, Bistro Films, Boogie Films, Creative Embassy and Stink. In eleven points the memorandum summarizes the rules of fair tendering, including: the number of directors invited to create treatments is a maximum of three, the names and the budget are not classified, the director and the production company have no less than 5 working days to create the treatment, the tender includes a pitch fee (the amount the client pays for the treatment and the budget proposal). The aim of the memorandum is to cultivate the advertising environment, to establish fair and transparent principles that express respect for the work done, to improve the quality of
the submitted pitches and to improve the entire tendering process on both sides. The content
of the Memorandum expresses the consensus of the directors associated in the new initiative of the Association of Advertising Directors (www.sdruzenireziseru.cz).

**APA - Audiovisual Producers´ Association
Contact 4PRESS**: Martina Reková, martina.rekova@4press.cz, +420 731 573 993, Klára Bobková, +420 731 514 462, klara.bobkova@4press.cz, Národní 28, Praha 1, www.asociaceproducentu.cz