

# Explanatory Memorandum on the Television Co-production Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the People's Republic of China

## **Title of the Treaty**

Television Co-production Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China.

Command Paper: 9508

## **Subject Matter**

The purpose of the co-production Agreement is to provide an official framework under which television producers in both countries can share financial, technical and creative resources to enable them to make their programmes and qualify for national support measures in each country.

It allows co-productions to be made in accordance with the Agreement and for UK co-producers and their counterparts in China to realise the benefits that stem from the Agreement.

## **Ministerial Responsibility**

The Secretary of State for Digital, Culture, Media and Sport, the Rt. Hon Karen Bradley MP, has responsibility for the policy underlying the Agreement and for implementing its provisions. The Secretary of State for Foreign and Commonwealth Affairs, the Rt. Hon Boris Johnson MP, has overall responsibility for policy relating to the UK's relations with China.

## **Policy Considerations**

The overall aim of co-production agreements is to secure increased inward investment for the UK and encourage cultural cross-fertilisation by enabling producers from both countries to work together using their respective strengths and facilities to create projects that are culturally relevant to both countries. The Agreement also enables programmes made jointly by UK producers and their Chinese counterparts to qualify as programmes with "national" status in both the UK and in China, meaning that they are thus eligible to apply for any national incentives offered by either country.

The Agreement was signed in 2016 and complements the film co-production treaty that both countries signed in 2014 (CM 9111). The Agreement will help to maximise the potential of the television industries in both countries, including the infrastructure,

television culture, production facilities, locations and a suitably skilled workforce. Development of these industries will be mutually beneficial to both countries, particularly in respect of the growth and competitiveness of their television industries and the enhancement of their television cultures.

A co-production relationship with China will generally facilitate smooth passage through the legal issues arising on joint projects and will help foster economic opportunities for UK producers, giving them access to the Chinese market and funding sources.

However, the benefits for the UK in working with China extend far beyond the financial; in addition: the strategic importance of the BRIC countries, fostering relations through the powerful medium of television, enhancing our soft power, increased inward tourism, and the way China's complementary locations enhance the UK's inward investment offer should also be considered. Production companies in both countries see the potential for programmes that appeal to their home audiences as well as in the international marketplace. China has rapidly growing film and television industries, as well as an appetite to partner with UK companies and talent, to the benefit of their infrastructure and international marketability.

A television programme made in accordance with the terms of this Agreement will qualify for certification by the Secretary of State as a British television programme. Such qualification is important as it is one of the eligibility criteria for receiving high-end television tax relief in the UK, as provided by Part 15A of the Corporation Tax Act 2009. Whilst the Agreement sets in place criteria for co-produced programmes to be certified as British, it is important to note that certification as a British programme under the Agreement does not mean that the title is automatically entitled to tax relief.

## **Financial**

The Agreement is likely to bring further investment from the high-end television production sector and will allow UK television producers to apply for high-end television tax relief, for which the threshold is £1 million production expenditure per hour. The expectation is for at least two high-end television projects to use the treaty each year - for example a ten episode series and one off drama, with a combined expenditure of £11 million. In doing so, at least £5 million of the expenditure would be expected to be incurred in the UK, with the ability to achieve up to £1 million in high-end television tax relief.

## **Implementation**

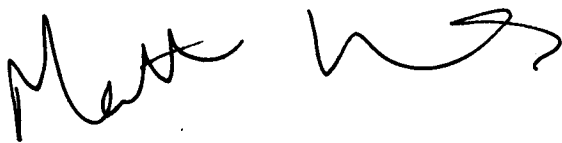
The Agreement will be implemented into UK law so that co-produced programmes made in accordance with the Agreement will be entitled to apply for tax relief. This will be done by means of a statutory instrument using powers in the Corporation Tax Act 2009. The Agreement itself shall enter into force on the date of receipt of the later of the two written notifications by which the parties shall notify each other through diplomatic channels of the completion of respective internal and legal procedures required for entry into force of the Agreement.

## **Consultations**

All audio-visual co-production treaties since 2005 have been introduced on the basis of the outcome of an 18-month comprehensive review the Department conducted into co-production policy. As a result of this review, then Secretary of State Tessa Jowell announced the UK's intention to develop a new package of bilateral co-production agreements which deliver maximum economic and/or cultural benefits to the UK. This informed the 'model treaty' text on which the treaty being added by these Regulations is based.

Whilst no formal consultation was carried out in respect of this treaty, the television industry has actively sought the agreement of a UK-China television co-production treaty and, having advised the Government during negotiations, will welcome implementation.

The United Kingdom also has similar television programme co-production agreements with Australia, Canada, New Zealand, South Africa, Israel, the Palestinian Liberation Organisation for the benefit of the Palestinian Authority, and Brazil.

A handwritten signature in black ink, appearing to read 'Matt Hancock', with a stylized flourish at the end.

**The Rt Hon Matt Hancock MP**  
**Minister for Digital**