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## **Consultation on draft law on investment obligation for audiovisual on demand services, Ministry of Education and Culture OKM052:00/2025**

**Consultation response Netflix**

**May 2026**

Netflix thanks the Ministry of Education and Culture for the opportunity to provide input on the government proposal regarding financial obligation in Finland.

### **Overview**

As Netflix, we are happy to contribute to the growth and development of the Finnish audiovisual industry. Finland is home to some of the best mobile game-makers in the world, and Helsinki is Netflix's game hub in Europe, employing over 150 people. Having a base here enables us to work with some of the best designers, artists, engineers, and producers locally. In addition to the jobs created within the studios, we work closely with local vendors in creating these games. These studios are recognized innovators within Finland's audiovisual sector, and their work is introducing gaming experiences to audiences worldwide. Recent launches include *Puzzled*, *Boggle Party*, *Pictionary: Game Night* and *Party Crashers*, which come after the highly popular *Underwatermelon*. Netflix Games is one of our key initiatives to expand the entertainment offering for our members globally. Next Games is highly recognized for their ability to take well known IPs (*Walking Dead*, *Blade Runner*, *Stranger Things*) and turn it into great games, taking beloved universes beyond TV and film. These Finnish studio games are available to Netflix's over 325 million members.

Next to that, Netflix has invested in the audiovisual industry through Finnish films and series such as *Dance Brothers*, co-financed with public service broadcaster Yle, and *Little Siberia*, directed by Dome Karukoski and produced by SF Studios/Bufo which launched on our service globally in 2025. In addition, Netflix continuously invests in titles such as *Karpi* (*Deadwind*), *Sorjonen* (*Bordertown*), *Risto Räppääjä* (*Ricky the Rapper*) and *Sisu*. As a global operating company, we are proud to bring these Finnish stories to our members and contribute to connecting cultures across the world and creating understanding through the stories we share.

Netflix is also passionate about industry development and upskilling talent - we have worked with the International Sami Film Institute over several years and recently opened an Europe wide [Women's Virtual Production Training](#), done in partnership with the Institute of Immersive Media, for applications from Finnish female creatives.

### **Experience with financial obligations**

We acknowledge the challenging situation of the Finnish film industry and we fully support the ambition to stimulate the local industry - as described above, we have been supporting that aim for years. While recognizing the intent for increasing funding for high-quality local content, we fear the proposal will not fulfill the ambition of more visibility and diversity in Finnish storytelling, but risks having a negative impact on both the industry and consumers. We recommend that the proposed measure not be implemented.

### *Levies hurting consumers and competition*

Levies, acting as taxes, complicate market access by increasing operational costs, creating more bureaucracy and higher consumer prices<sup>1</sup>. This could also potentially reduce the presence of services in Finland, or deter services from entering the market, leading to diminished content variety. Both Ireland and the United Kingdom have opted against implementing such levies in the near future - Ireland citing the potential for increased prices for consumers, among other risks<sup>2</sup>, and the UK's Culture Minister emphasizing the importance of attracting more investment to the UK, rather than deterring it<sup>3</sup>.

The risk to consumers and to the market was also echoed in the opinion of the Swedish Competition Authority<sup>4</sup>, which in response to the Swedish Film Inquiry from 2025, argued that state support for film and series production should come from the state budget, not from fees that could distort market competition. The authority found that mandatory co-financing forces companies to effectively subsidize competitors and warned that streaming services may pass these costs onto consumers or reduce their investments.

### *Financial obligations reduce investment and content diversity*

Research indeed shows that heavy, inflexible regulation and levies reduce incentives to invest by increasing costs, bureaucracy, and uncertainty, ultimately hurting content diversity and competitiveness. Countries with more restrictive policies, particularly local content obligations, may experience lower investment levels in local content production. On average, implementing similar policies reduces local investment by 8.2%<sup>5</sup>.

### *Investment obligations risk inflating production costs*

An investment obligation risks having an inflationary effect, affecting both local and international players, on demand and linear services, commercial and public service broadcasters, and producers and distributors of theatrical films. This concern is also highlighted in the government proposal, citing studies that show that for example in France, production costs for fiction titles which received film fund subsidies have increased +33% in just two years (2022-2024), following the introduction of an obligation on international streaming services in mid-2021<sup>6</sup>. This risks pricing out local providers who may lack the same scale and/or budgets, ultimately reducing their competitiveness<sup>7</sup> and risk reducing

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<sup>1</sup> Selvitys tilausohjelmopalveluille asetettavan maksuvelvoitteen toteuttamisvaihtoehtojen mahdollisista vaikutuksista Suomessa, Ministry of Culture 2023:5

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<https://www.gov.ie/en/department-of-culture-communications-and-sport/press-releases/no-levy-to-be-introduced-without-minister-odonovans-agreement/>


<sup>3</sup> <https://variety.com/2025/tv/news/uk-culture-secretary-lisa-nandy-rejects-streamer-levy-1236383722/>

<sup>4</sup> <https://www.regeringen.se/contentassets/931b27a187b54603beeb3290be43e677/konkurrensverket.pdf>

<sup>5</sup> "Stimulating Screen Production Investment" (2024, P5); Cultural Levies and the EU Audiovisual Market (2023); Investment Obligations and Levies on VOD Media Service Providers and Cultural Policies of Member States (2023). "Market forces are creating a balanced European AV ecosystem - and it is booming" (2022)

<sup>6</sup> <https://www.arcom.fr/sites/default/files/2024-12/Arcom-etude-relative-mise-en-oeuvre-du%20decret-smad-2024.pdf> and [https://www.cnc.fr/documents/36995/2328824/Bilan+360+fiction+audiovisuelle+en+2024\[...\]tation.pdf/5480e8a0-f5ff-858b-2cd0-047d477ced3c?t=1758540960464](https://www.cnc.fr/documents/36995/2328824/Bilan+360+fiction+audiovisuelle+en+2024[...]tation.pdf/5480e8a0-f5ff-858b-2cd0-047d477ced3c?t=1758540960464)

<sup>7</sup> The director of the Association of Commercial Television in Europe and Video on Demand Services in Europe (ACT), Gregoire Polad, warned that financial obligations to fund European works by video-sharing platforms "would not create a balance [...], as we are not of the same size nor do we have the same reach. This could have the same effect as the last revision of the AVMSD, namely more demands on the market, rising costs, and ultimately reduced competitiveness for broadcasters". Contexte article, accessible [here](#).



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productions in the long run. With increasing production costs, more players risk becoming increasingly dependent on funding from the Finnish Film Fund in order to finance projects.

### **Comments on the proposal**

We believe there are significant risks with financial obligations in general, and these risks are further heightened by the way the government's proposal is designed. We also find the proposal contrary to the intent to support European works as well as the provisions and objectives of the Audiovisual Media Services Directive ("AVMSD"), the principles of proportionality, non-discrimination, equal treatment and technological neutrality.

#### *Lack of proportionality*

A financial obligation is a heavy-handed form of regulation and we lack a proper assessment of alternative measures to achieve the objective of stimulating the industry. It is not clear to what extent less infringing options, such as changes to the production incentive scheme, have been considered. There is also no explanation of why a rate of 5% has been chosen. The memorandum merely notes that the rate is considered proportionate in comparison to the scheme introduced in Denmark and adopted in Norway.<sup>8</sup> This has not been regarded as an appropriate justification by the European Commission. A 5% obligation is also far above the median levy rate of 2% in Europe and if introduced, Finland would have the second highest levy in Europe.

The burden of the obligation is aggravated by the fact that there is limited flexibility in the proposal. According to Art. 5, more than half of the qualifying investments must be scripted films, series, or documentaries, limiting the opportunities to count investments in for example entertainment programs. Licenses no older than two years count towards the obligation, not taking into account the value for the industry of investing in older works and the promotion and circulation of Finnish works that these titles bring.

Importantly, the scheme is predominantly designed to benefit the Finnish industry economically. However, measures affecting the freedom of provision of services can only be justified if they pursue a legitimate public interest, such as cultural and linguistic diversity - which while mentioned, do not seem to be the focal point of the proposal. Financial obligations, which are a limited allowed exemption from the country-of-origin provision, cannot be motivated by economic criteria. Given the aim of the proposal to 'promote the production of European audiovisual content in Finland'<sup>9</sup>, this makes the measure contradictory to the principles of the AVMS Directive.


#### *Discriminatory scope of obligation*

In the market, services of various business and distribution models are competing with each other. They can be for example subscription funded on demand services (SVOD), advertising-funded (AVOD) or transactional, where you pay per view (TVOD), but also linear services. The proposal clearly disadvantages SVOD providers as Art. 3 makes clear that the obligation does not apply to any other business model among the VOD players and also not to linear providers. This is incompatible not only

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<sup>8</sup> Draft act, p 39

<sup>9</sup>Art. 1 of the draft Act.



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with the provisions of the AVMS Directive, but also with core principles of European law such as equal treatment and technological neutrality.

The situation is further aggravated by the fact that revenues taken into account include advertising, but only for certain services (Art 2. p 3). A service offering consumers a lower subscription fee when combined with ads, will be targeted by the obligation and levied on the advertising revenues. However, a purely ad-funded service will be spared as those services fall outside of the scope of the obligation. In line with the European Commission's comments, authorities would need to provide a justification regarding the non-discriminatory definition of the scope of the measure, for example, by providing concrete data on the investments undertaken.<sup>10</sup> No data is provided in the report to motivate the exclusion of linear or other VOD services, despite them being clear competitors. Such an exclusion is discriminatory and leads to market distortion.

Moreover, the focus of the report seems to be on effectively exempting incumbent domestic operators, making the proposal not compliant with the AVMS Directive and introducing discrimination based on nationality. As it has been stated in the memorandum: *“The objective was to use the collected data to assess and identify possible opportunities for implementing Article 13(2) of the Directive in a way that would benefit the domestic audiovisual sector as much as possible and ensure that the measures would also be reasonable for domestic operators investing in the production of audiovisual content.”*<sup>11</sup> This is also clear in the report, as the envisaged effect of the scheme has been calculated solely on revenues coming from international providers such as Netflix.

#### *Failing to promote European works*

We would like to stress that financial obligations imposed by the AVMSD aim to ensure adequate investment in European works and achieve a broader, more diverse offering for Europeans, positively impacting cultural diversity and providing more opportunities for European creators. However, the requirements for qualifying investments outlined in Art. 5 leads to the scheme failing to promote European works. The requirements that 1) a production needs to be more than half in Finnish, Swedish or Sami and 2) the content being closely related to Finland's history, culture, or society, effectively excludes non-Finnish works and conflicts with the AVMS Directive.

#### *Limitations on access to funds*

In line with Recital 36 of AVMS Directive, on-demand services should be guaranteed equal access to the schemes into which the funds are distributed, following criteria that are clear, automatic and predictable. Instead, the government proposal introduces limiting criteria in Art. 7 to “help ensure that intellectual property rights for productions remain in Finland.”<sup>12</sup>, meaning that a Finnish producer should own and manage the rights. Productions should also fit cultural criteria closely tying the production to Finland to be able to gain support from the fund. It will likely benefit domestic VOD services and linear providers, which will not be contributing to the Fund, but who would be able to produce and/or commission works in-house and take advantage of the funds. This possibility will not be open for foreign providers.

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<sup>10</sup> EC: Communication from the Commission. Notification Number 2023/0136/B

<sup>11</sup> Draft act, p 5

<sup>12</sup> Draft act, p 24



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## **Conclusion and alternative measures**

Netflix supports the ambition to strengthen the audiovisual industry, but we are concerned that this proposal will have detrimental effects. In order to build a long-term healthy industry, we believe it is key with a holistic approach on how to create a welcoming investment climate. By comparison, the Finnish games industry demonstrates how a supportive environment can drive international competitiveness and creative output for the audiovisual sector, benefiting both creators and consumers.

For the film and tv industry, production incentives are globally recognized as the most effective and widely utilized instruments for stimulating the audiovisual sector. For these tools to be successful, they must be characterized by simplicity, predictability, and transparency. Currently, many Finnish productions are shot in countries like Estonia and Lithuania. The relocation of Finnish-led productions to these countries deprives the domestic economy of jobs both in the audiovisual industry and in the wider economy. Retaining these productions represents an immediate opportunity for economic gain, for example by lowering the requirements regarding foreign funding in the incentive scheme. Long-term, the scheme would be strengthened by greater predictability.