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Proposal for a

COUNCIL DECISION

on the renewal of the entitlement for co-productions as provided for in Article 5 of the Protocol on Cultural Cooperation to the Free Trade Agreement between the European Union and its Member States, of the one part, and the Republic of Korea, of the other part

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

On the 1 October 2015, the Council adopted Decision (EU) 2015/2169 on the conclusion of the Free Trade Agreement between the European Union and its Member States,, of the one part, and the Republic of Korea, of the other part.

The Protocol on Cultural Cooperation annexed to the Free Trade Agreement between the European Union and its Member States, of one part, and the Republic of Korea, of the other part ('the Protocol')⁽¹⁾, sets up in Article 1 the framework within which the Parties are to cooperate for the facilitation of exchanges regarding cultural activities, goods and services, including in the audiovisual sector.

Pursuant to Article 5(8)(b) of the Protocol, following the initial period of three years the entitlement will be renewed for further successive periods of the same duration, unless a Party terminates the entitlement by giving notice in writing at least three months before the expiry of the initial or any subsequent period.

In accordance with that provision, the entitlement was already renewed four times for another period of three years. The first renewal ran until 30 June 2017, the second one ran until 30 June 2020, the third one ran until 30 June 2023 and the fourth runs until 30 June 2026, no Party having terminated the entitlement.

Considering that Korea is in favour of the renewal and the generally positive feedback of stakeholders, it is now proposed that the Council agrees to the continuation of the entitlement for another three years. EU-Korean co-productions are potentially mutually beneficial both economically and culturally. In the context of a dynamic Korean market, the audiovisual entitlement can create additional opportunities for all Member States, including those who have so far been unable to develop co-productions bilaterally.

• Consistency with existing policy provisions in the policy area

The Creative Europe MEDIA sub-programme supports the development and distribution of European audiovisual works from participating European countries. Beneficiaries from third countries may participate under certain schemes if certain conditions are met.

Certain schemes help create an environment conducive to co-productions, notably the Markets and networking but also the Skills and Talent Development schemes which fund markets, networking meetings and workshops, including with Korea.

• Consistency with other Union policies

The Protocol on Cultural Cooperation was concluded by the EU and Korea in 2015 as part of the Free Trade Agreement. Specifically, it was seen as an instrument to promote the United Nations Educational, Scientific and Cultural Organization (UNESCO) Convention of 2005 on the Protection and Promotion of the Diversity of Cultural Expressions.

The existing entitlement foresees co-productions supported by groupings of national schemes and funds for audio-visual productions. The entitlement also allows the co-produced works to qualify as European works under the definition of European works referred to in Article 1 (n) (iii) in the Audiovisual and Media Service Directive (AVMSD).

⁽¹⁾ The Protocol on Cultural Cooperation, OJ 2011 L 127, p. 1418.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

Following the Court of Justice's judgment of 1 March 2022 in Case C-275/20 - Commission v Council (Accord avec la République de Corée), ⁽²⁾ the legal basis for the proposed decision should be Article 3(1) of Council Decision (EU) 2015/2169 as amended by Council Decision (EU) 2022/2335.

- **Subsidiarity (for non-exclusive competence)**

The renewal of the entitlement will represent an opportunity for the European audiovisual industry to maintain its presence and further gain market shares, experience and knowledge in the Korean market, which is growing fast.

Whilst some Member States have successfully undertaken audiovisual co-productions on a bilateral basis, many others still have not and therefore the entitlement at EU level still has the potential to allow for participation by a wider number of countries.

- **Proportionality**

Studies and data from the European Audiovisual Observatory have shown that co-productions lead to higher audiences. In 2024 EU27 films in Korea made up 13% of the films on release, but only 0.60% of cinema admissions. The gap between the cinema releases and the admissions shows that there is a big unexploited potential, and better collaboration could help tap into this potential. The co-production entitlement could create more opportunities for the European audiovisual industry in terms of export and promotion to Korea and a gateway to Asia. Therefore, implementation of the coproduction entitlement would help build market share in one of the top 10 markets by box office in 2023 (USD 966 million, 125 million admissions). In comparison, the presence of Korean films in the EU is quite limited. In 2024, Korean films accounted for 0.59% of films on release and 0.12% of admissions in the EU.

The lack of implementation of the protocol so far seems due to a continued lack of concrete information about the incentives available for co-productions at national level. Therefore, targeted measures should now be taken (covering access to funding, training, network building), both at European and national level. The European Commission is planning to introduce some accompanying measures in the 2027 Creative Europe work programme.

- **Choice of the instrument**

In accordance with Article 3(1) of Council Decision (EU) 2015/2169, the appropriate instrument to agree to the renewal of the entitlement is a Council decision.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

Not Applicable

- **Stakeholder consultations**

The Protocol foresees that each Party shall establish a Domestic Advisory Group (DAG), comprised of cultural and audiovisual representatives active in the fields covered by this Protocol. The DAG met in November 2025 in order to evaluate the results of the implementation of the entitlement in terms of enhancement of cultural diversity and mutually

⁽²⁾ Case C-275/20 - Commission v Council (Accord avec la République de Corée), EU:C:2022:142.

beneficial cooperation on co-produced works. Other stakeholders not formally part of the DAG were also consulted and provided their views in writing.

Overall, feedback was generally positive, with several stakeholders emphasising the need for accompanying measures to better promote the entitlement in order to generate concrete co-productions.

Stakeholders from the non-audiovisual sectors expressed broad support for continued cooperation and strongly welcomed the existence and renewal of the entitlement, particularly in the current geopolitical context.

Among audiovisual stakeholders, several provided positive or neutral assessments. Representative from the animation sector supported maintaining the entitlement and underlined its growing relevance given the strength of Korea's content industry. They also noted concrete opportunities for cooperation, including training initiatives with KOCCA and regular Korean participation in Cartoon events. Some independent producers pointed to low awareness of the entitlement among European producers - one factor limiting its use - and highlighted the complexity of Korean financing structures. They emphasised that, should the entitlement be renewed, increased visibility and practical guidance would be essential, and offered their support. Organisations active in Asia also expressed support, noting that the "Netflix effect" has increased production costs in Korea and encouraged producers to look for international partnerships. Stakeholders involved in Europe-Asia cultural cooperation likewise indicated that the entitlement should be renewed, provided it is accompanied by concrete measures - such as awareness-raising, guidance, incentives, networking opportunities, and monitoring - to ensure that it effectively supports EU-Korea co-productions and reinforces links between the respective cultural and creative sectors.

Other audiovisual organisations including certain independent producers expressed negative views and opposed the renewal. They questioned the effectiveness of the entitlement and argued that co-production agreements fall under Member State competence. They also stressed the lack of regulatory reciprocity, in particular the absence of VOD quotas in Korea and questioned whether granting European-work status to EU-Korea co-productions is appropriate.

The Commission concluded that a renewal of the entitlement could provide an opportunity to promote it further and foresees accompanying measures.

- **Collection and use of expertise**

Studies and data from the European Audiovisual Observatory have shown that co-productions lead to higher international audiences. In 2024 EU27 films in Korea made up 13% of the films on release, but only 0.60% of cinema admissions. The gap between the cinema releases and the admissions shows that there is a big unexploited potential, and better collaboration could help tap into this potential. The Cultural Cooperation Committee set up by the Protocol reviewed factors possible affecting the implementation of the audiovisual entitlement, the lack of awareness about opportunities and requirements for co-productions.

- **Impact assessment**

Not Applicable

- **Regulatory fitness and simplification**

Not Applicable

- **Fundamental rights**

Not Applicable

4. BUDGETARY IMPLICATIONS

Not Applicable

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The Commission will continuously monitor the implementation of the audiovisual co-production entitlement, drawing on data from the European Audiovisual Observatory and from industry, in particular as regards the animation sector.

Once a year a Cultural Cooperation Committee set up by the Protocol meets to monitor progress and discuss challenges and opportunities.

- **Detailed explanation of the specific provisions of the proposal**

Article 1 renews the duration of the audiovisual entitlement from 1 July 2026 to 30 June 2029 and during this period allows EU-Korea co-productions to benefit from the schemes of the respective parties.

Article 2 provides that the Decision shall enter into force on the date of adoption. This is necessary due to time constraints related to the obligation for the EU to notify the Republic of Korea three months in advance if the EU intends not to renew the entitlement and for the Council to agree four months before the end of the entitlement period (30 June 2026) to continue the entitlement.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Decision (EU) 2015/2169 of 1 October 2015 on the conclusion of the Free Trade Agreement between the European Union and its Member States, of the one part, and the Republic of Korea, of the other part, as amended by Council Decision (EU) 2022/2335[1], and in particular Article 3(1) thereof⁽¹⁾,

Having regard to the proposal from the European Commission,

Whereas:

- (1) On 1 October 2015, the Council adopted the Decision of 2015/2169 on the conclusion of the Free Trade Agreement between the European Union and its Member States, of the one part, and the Republic of Korea, of the other part.
- (2) The Protocol on Cultural Cooperation annexed to the Free Trade Agreement between the European Union and its Member States, of the one part, and the Republic of Korea, of the other part ('the Protocol'), sets up in Article 1 the framework within which the Parties are to cooperate for the facilitation of exchanges regarding cultural activities, goods and services, including in the audiovisual sector.
- (3) The Protocol includes provisions on the entitlement for audiovisual co-productions to benefit from the respective schemes of the Parties
- (4) Pursuant to Article 5(8), point (b) of the Protocol, following the initial period of three years the entitlement is to be renewed for further successive periods of the same duration, unless a Party terminates the entitlement by giving notice in writing at least three months before the expiry of the initial or any subsequent period. In accordance with that provision, the entitlement was last renewed until 30 June 2026, no Party having terminated it.
- (5) In accordance with Article 3(1) of Decision (EU) 2015/2169, the Commission is to provide notice to Republic of Korea of the Union's intention not to extend the period of entitlement to co-production pursuant to Article 5 of the Protocol following the procedure set out in Article 5(8) of the Protocol unless, on a proposal from the Commission, the Council agrees four months before the end of such period of entitlement to continue the entitlement. If the Council agrees to continue the

⁽¹⁾ Council Decision (EU) 2022/2335 of 28 November 2022 amending Decision (EU) 2015/2169 on the conclusion of the Free Trade Agreement between the European Union and its Member States, of the one part, and the Republic of Korea, of the other part

entitlement, that procedure is to become applicable again at the end of the renewed period of entitlement.

- (6) On 12 December the Committee on Cultural Cooperation assessed the results of the implementation of the entitlement in terms of enhancement of cultural diversity and mutually beneficial cooperation on co-produced works as provided for by Article 5(8), point (a) of the Protocol.
- (7) The Domestic Advisory Group provided for in Article 3(5) of the Protocol has been consulted on the renewal of the period of entitlement, as provided for in Article 5(8) of the Protocol.
- (8) The Council agrees to renew the entitlement as EU-Korean co-productions are potentially mutually beneficial both economically and culturally. The audiovisual entitlement can create additional opportunities for all Member States, including those who have so far been unable to develop co-productions bilaterally.
- (9) This Decision should not affect the respective competences of the Union and the Member States.

HAS ADOPTED THIS DECISION:

Article 1

The period of entitlement for audiovisual co-productions to benefit from the respective schemes of the Parties for the promotion of local/regional cultural content, as provided for in paragraphs 4 to 7 of Article 5 of the Protocol, shall be renewed for a duration of three years, from 1 July 2026 to 30 June 2029.

Article 2

Entry into force

This Decision shall enter into force on the date of its adoption.

Done at Brussels,

For the Council
The President
[...]