Press release

**The Czech audiovisual industry has a chance to maintain last year's record turnover,**

**Government decides to increase film incentives**

Representatives of the Audiovisual Producers´ Association (APA) have repeatedly warned of an impending crisis in the audiovisual industry due to the suspension of applications for film incentives in January this year. After negotiations between representatives of the APA, the Ministry of Culture and the Ministry of Finance, the Czech government decided to increase the funding for film incentives by 570 million CZK this year. Further support is envisaged between 2023 and 2024. Long-term international series and feature film projects shot in the Czech Republic use a huge range of services, employ 20,000 people, and spend 9 billion CZK a year. Sixty per cent of this sum is spent on non-film goods and services, and the money invested in incentives is returned tenfold.

Although 2021 was a record year for Czech producers associated in the APA, with historically the highest turnover of almost CZK 12 billion, international productions started to leave the Czech Republic because of the suspended incentives. The existing incentive system has been facing a crisis, it exhausted itself and has come to a standstill. It needs to be reformed before the inevitable transformation of the State Cinematography Fund into the Audiovisual Fund and the amendment of the Audiovisual Act take place. Thanks to the quality of services, and the incentives, the Czech Republic has long been one of the most desirable destinations for filming by large international platforms such as Netflix, Amazon, or Apple.

*"We are glad that after negotiations with Minister of Culture Martin Baxa and Minister of Finance Zbyněk Stanjura the dramatic situation was reversed, and the government decided to increase film incentives. We very much welcome the fact that this is a systemic solution on the part of the government. The increase in the amount of incentives to cover the liabilities incurred is linked to a longer-term reform of the incentive system. For the audiovisual industry, this means stability and the possibility of further growth. The boost of incentives will have a significant economic effect in an economic crisis, and the money spent on foreign projects in the Czech Republic will also benefit non-film professions and the state budget,"* **said APA President Vratislav Šlajer**.

Audiovision has traditionally employed a lot of non-film professions, especially from fields such as professional crafts, accommodation, transport, catering, and administration. The Czech Republic is one of the most popular locations in Europe, with film productions shooting not only in the capital but also in various regions across the country. In the Czech Republic, film industry has a long tradition and apart from the economic benefits, it brings long-term promotion of the country abroad, which has a positive impact on tourism.

*"The film incentive system as we have known it until now has become outdated in recent years. Demands from foreign productions have risen steeply over time, and the audiovisual market has undergone dramatic changes. Instead of dealing with the increasing demand from productions in a systematic way, past governments have poured extra money into the system above the planned budget based on the decision of the moment. The system has thus become completely unpredictable,"* **explains Minister of Culture Martin Baxa**.

The current Czech Film Fund´s budget for film incentives is CZK 800 million a year, but in recent years, based on increased demand, especially for large and long-term projects, the funds have been increased by up to CZK 500 million in the course of a given year. The way the film incentives work is that projects have to register before filming and the money is paid only after the film crews have accounted for the eligible costs spent on Czech services and products. The government's current proposal envisages an increase of CZK 570 million in film incentives for 2022. In order to maintain the system in the following years and until the adoption of the new Audiovisual Act, the investment in incentives will need to be increased by another CZK 800 million in 2023 and 600 million in 2024. The suspended incentives can cause an outflow of foreign projects in the second half of 2022 and especially between 2023 and 2024. Film giants can shoot in neighbouring countries such as Poland, Hungary and the Baltic republics, and the Czech Republic is even beginning to compete with Slovakia.

The entire domestic audiovisual industry not only reached pre-Covid results last year, but also managed to surpass its 2019 turnover, with international projects accounting for CZK 8.73 billion in 2021, i.e. 70% of the audiovisual industry's total turnover.

**APA – Audiovisual Producers´ Association**

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