

# response

**Ukie response  
to the House  
of Lords  
EU Internal  
Market Sub-  
Committee's  
inquiry into  
the trade in  
services after  
Brexit**

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**ukie**  
THE ASSOCIATION FOR UK INTERACTIVE ENTERTAINMENT

## **Ukie response to the House of Lords EU Internal Market Sub-Committee's inquiry into the trade in services after Brexit**

### **About Ukie**

Ukie (UK Interactive Entertainment) is the trade body for the UK's games and interactive entertainment industry. A not-for-profit, it represents games businesses of all sizes from small start-ups to large multinational developers, publishers and service companies, working across online, mobile apps, consoles, PC, eSports, Virtual Reality and Augmented Reality.

Ukie aims to support, grow and promote member businesses and the wider UK games and interactive entertainment industry by optimising the economic, cultural, political and social environment needed for businesses to thrive.

Ukie's activity focuses on:

- Working closely with government on issues surrounding our sector, including lobbying successfully for the 2014 Video Games Tax Relief, education and skills, age ratings, and protecting intellectual property rights
- Securing the talent pipeline by committing to skills development in the industry, continuing through careers via the Digital Schoolhouse programme, our student membership, mentoring and professional development training programmes.
- Promoting the industry by working with the media to raise awareness of the industry's positive economic contribution and the societal benefits of games to policy makers, regulators and consumers.
- An intense International Trade programme, running UK stands at the biggest international industry events and recruiting companies for overseas trade missions.

- Ukie commissioned the Blueprint for Growth report in 2015, an independent review of the UK games industry with recommendations for decision makers in Parliament for how the industry can grow by an additional £1bn annually.

## **Overview of the UK games sector**

The UK games and interactive entertainment industry is an international success story, with the potential to take an ever-larger export share of a global market that will soon be worth more than £70 billion. The UK is already well positioned as a significant player in this field and is currently estimated to be the sixth largest video games market in terms of consumer revenues, with an estimated worth of over £4 billion.

Games are now considered mainstream culture, and a big and growing industry akin to Film and TV, with over 1.6 billion people playing games worldwide. The UK games industry blends the best of British technological innovation and creativity, resulting in successful games and technology which are exported around the world and which cross over into other creative sectors. The games industry is playing a leading role in the development of emerging technologies such as artificial intelligence, big data analysis and virtual reality which are expected to be high value growth markets in games and also apply to other sectors like health and education.

The games sector is a major generator of IP and a leading example of the UK's growing reputation as a home for creative, high-tech talent. By way of illustration, the globally successful Lego games series and Grand Theft Auto V, the biggest-selling entertainment product of all time (generating \$1 billion in global revenues in just three days following its release), are both made in the UK. At the heart of the success of the sector is its constant innovation. Ground-breaking video games, such as the Batman Arkham trilogy, No Man's Sky and Elite are the brainchildren of UK developers.

The games industry occupies a prominent place in the UK creative and tech sectors with over 2,000 games firms employing over 24,000 people across 12 established and 6 emerging games clusters across the nation. It is a dynamic and fast-evolving industry with 66% of these companies having been founded since 2010, and 95% of UK video games companies being micro or small businesses.

Games companies generate high-quality, high-productivity jobs with an average GVA per worker in 2014 of £68,250 – approximately £9,000 higher than the third highest industry, sound recording and music publishing. According to Creative Skillset, employment costs account for over 75% of the games development sector's GVA. In labour productivity, games is second only to the television programming and broadcast sector. Thanks to the evolution of mobile gaming, Britain now boasts the highest number of mobile games jobs in the EU, with 5000 full-time employees. This highly skilled workforce is a benefit not only to games companies, but to other sectors of the UK economy that rely on technical and creative talent to drive innovation.

The UK is a leading investment destination for overseas games companies. Examples of overseas investment include Warner Bros' acquisition of Rocksteady (the developers of Batman Arkham series) and TT Games (who developed the LEGO series), as well as recent multi-million-pound investment from Chinese companies acquiring Jagex and Splash Damage. The UK is particularly attractive to international businesses and is home to the EU head offices of several international games businesses including Microsoft, Activision and Sony PlayStation.

Ukie runs a comprehensive international trade programme to help member companies expand globally; in the last year alone £156 million worth of business deals were done by UK businesses on Ukie-run stands at international trade shows. For every £1 contributed by UKTI to support trade activities organised and managed by Ukie, £743 is generated in trade wins by those companies. Furthermore, preliminary estimates of the economic contribution of the games sector value chain in the UK in 2014 suggest that the total GVA was £1,085 million, with a breakdown of

£700 million from development, £235 million from publishing and £151 million from retail.

With their unique fusion of arts, creativity, passion, technology and fresh thinking, we believe games – making them, publish them, playing them, servicing them, producing and reflecting culture through them – are the blueprint for the sort of creative, innovative economy our future and present citizens deserve.

### **The UK games sector and the EU**

A central part of the UK's attractiveness to international games companies with European headquarters in the UK is Britain's membership of the European Single Market. Harmonised rules, for instance on data protection, copyright and VAT, have enabled games businesses based in the UK to seamlessly export digital goods and services throughout the EU.

Membership of the single market has contributed to the UK games industry's dynamism, and ability to grow, explore new innovative areas, and attract investment into the UK from overseas.

The UK leads Europe in providing games to the new markets created by online platforms which enable games made locally to be sold globally. There has been a surge in games company formation in the UK over the last five years thanks in part to the opening of these new marketplaces to reach global consumers.

Whilst the games sector develops innovative new digital and e-commerce business models, a significant amount of games industry revenue is still generated by physical products, such as hardware (eg. consoles) and games sold on physical disks, UK games companies have thus benefitted from the ability to sell physical goods throughout the EU without facing trade barriers.

The UK game industry has also worked to develop pan-European practices and policies which have precluded the necessity of regulations that exist in other industries. For instance, the Pan-European Games Information (PEGI) rating system, a model for age classification for video games which was developed by the

sector and ensures compatibility between products from one European country to the next.

### *Digital Single Market*

In May 2015, the European Commission published its strategy for developing a Digital Single Market (DSM) seeking to remove digital trade barriers between EU countries across 16 broad areas and create a seamless market for the online sale of digital goods and services. The legislative and non-legislative initiatives tabled in 2016 and 2017 apply to areas of consumer law, competition law, copyright law, audio-visual content regulation and data protection law and will impact the UK games industry.

As Europe's leading providers of e-commerce and the continent's leader in digital creative industries, the UK games industry stood to significantly benefit from a truly single market of 560 million customers. HM Treasury estimated in March 2016 that an expected addition of 0.9% of UK GDP as the benefits of the DSM are realised.

Whilst the UK previously has been a lead voice in this policy area and could have had significant influence in setting the direction of the Digital Single Market, it will now likely have to follow as UK businesses will continue to trade with and be affected by European laws and regulations currently being conceived. Moreover, without active UK involvement, previously seen as playing a crucial role in balancing a responsible approach to consumer rights with providing the right ingredients for growth of the games industry, there is the potential that new legislation could have a negative impact on the UK's interest and future trade with the EU (eg. the draft Digital Content Directive). It is therefore critical that whilst the UK remains a member of the EU, its voice continues to be heard and its opinion is counted.

In the post-referendum context, consideration will understandably be given to the merits of adapting, re-legislating or maintaining European laws affecting digital goods and services, however any significant departures from rules on cross-border commerce, access to content or data protection, for example, might make it more difficult for UK-based companies to offer games directly to the whole EU market.

### *Free movement of persons*

The ability to recruit easily from across Europe has been a huge benefit to the UK games industry's ability to grow and secure work globally in a highly competitive market. As a global industry, the games sector relies on bringing together top talent from across the world; it is this fusion of diverse backgrounds and experiences which feeds the innovation that the UK games and interactive entertainment sector needs to thrive.

The UK games industry relies on a highly skilled workforce that possesses leading technical and creative expertise. According to a survey conducted by Ukie, 74% of respondent companies use non-UK EU nationals to fill high-skilled posts. Further evidence gathered from 36 member companies suggest this reliance is significant, with the median response being 20-29% of employees being non-UK EU origin.

Workers in this sector are increasingly sought-after by other sectors relying on technical and creative talent to drive innovation in the UK and abroad, representing a 'war for talent'. Moreover, market demand for candidates with the skills needed by games companies is significantly outstripping supply, and this risks holding back the UK games industry's growth.

High-skilled talent is thus understandably the number one post-referendum concern for Ukie members with 70% of games firms saying access to talent is "critically" important to the industry. The most detrimental aspects of the referendum result are perceived to be the new difficulties this would bring in sourcing high-skilled EU workers – such as software engineers – who play a big part the UK's game and tech sectors.

The need for clarity and certainty on the status of EU workforce in the UK is vital in order to ensure that firms do not incur an additional 'uncertainty premium' when recruiting from abroad, and that EU citizens currently working for UK games businesses do not look for work elsewhere in the EU in advance of the UK's exit. Development, and therefore studio investment, decisions are made on where the best global talent and teams are, which makes the recruitment and retention of the best a top priority.

Nevertheless, as the future of the games sector is dependent on maintaining the flow of talent entering the industry, we want to work closely with Government on long-term plans to up skill the UK's population to fill gaps in the future. Further, the referendum result provides an unparalleled opportunity to reform the current visa system, and position the UK as an attractive location for skilled talent from the EU and the rest of the world.

#### *European funding for UK games*

Whilst European funding has played an important role in supporting the creative industries, for instance the MEDIA strand of Creative Europe offered a total of €27.9 million of funding in 2014 to support distribution and audience development amongst other factors, the games industry has yet to have sufficient access to such funds.

In many cases European funding has not been designed with the games industry in mind. Rather than access to broader funding streams, games companies have been restricted to a single production support fund with a total of €2.5m (£2m) across all member states - just 1.2% of Creative Europe's total annual budget. Five studios in the UK have benefited from Creative Europe funding to the tune of €625,043 in the last 12 months. Nevertheless, this fund is only open to an outdated notion of 'narrative' games – excluding a majority of innovative and culturally valuable European games.

#### **Specific issues raised by exiting the European Union**

We believe that over time there will be considerable new global opportunities for the game industry to exploit by negotiating new trade deals with high-growth countries like China and Brazil, which will enable the UK's game industry to deliver even greater value to the UK economy than it currently does. Nevertheless, in the more immediate term, action must be taken to mitigate the direct drawbacks of leaving the EU and having to establish new trading relationships with the EU and rest of the world.

#### *Provide certainty to businesses*

A stable regulatory environment is very desirable for businesses across the UK, but is particularly important for the games industry given the highly mobile nature of global

investment. Uncertainty on policy challenges strategic and inward investment decisions. The government must provide greater certainty to businesses over which EU laws will continue to apply and their stance on access to the single market in order to minimise potential disruption.

The UK video games sector operates on a regional and global basis – following the referendum we recognise that in some countries around the world the UK is now perceived as ‘pulling up the drawbridge’. In the weeks following the referendum, a significant number of Ukie members informed us that they ‘had considered’ or ‘had been approached’ about relocating business abroad. We fully support positive messages from trade bodies such as the CBI and from individuals including the Mayor of London, that the UK is ‘open for business.’ However, we recommend that the government should change emphasis from how the UK is ‘open for business’ to celebrating its excellence and attractiveness for domestic and foreign investment.

#### *Play an active part in on-going EU negotiations*

As mentioned in detail above, it is now -somewhat paradoxically – more important than ever for the UK’s voice to be heard in on-going negotiations at European level, especially around the Digital Single Market. The outcome of these negotiations, in areas including copyright, geo-blocking, and e-Privacy, will impact UK games businesses and their future trading relationships with Europe, regardless of whether specific proposals apply to the UK after their exit.

We therefore urge the Government to continue to be proactively involved with files under negotiation, particularly on the Draft Directive on Online Sale of Digital Content which if adopted in its current form could have severe effects on the games industry and other creative and technology sectors that distribute content digitally.

*Ensure UK businesses continue to have access to critical skills and talent*

As discussed in detail above, the main concern of Ukie members following the referendum is their ability to access the talent they need for their businesses to continue to grow.

Considering that there already is a shortage in candidates with the skills required by games firms when EU citizens are freely able to take up work in the UK, there is a fear that exiting the European Union will create significant new difficulties in sourcing high-skilled EU workers, such as software engineers, who are central to the UK's game and technology sectors.

There is a vital need to clarify the status of EU citizens in the UK, and we recommend that the Government should urgently confirm that high-skilled EU nationals currently employed in the UK be able to stay. Additionally, we urge the Government not to make it harder for businesses to recruit talent from the EU to fill roles where the UK does not have the domestic skills base.

*Retain ease of trade with the EU*

We are strong supporters of continued access to the single market with as minimal restrictions as possible. We also concur with the CBI that keeping UK-EU trade tariff-free should be one of the Government's highest priorities, especially around the trade of services, and the right of UK services companies to establish and provide services in other EU countries should be maintained.

*Maintain the free flow of data between the UK and EU*

Data is of fundamental importance to the video games industry. The interaction and associated data flows between players, games and gaming platforms is intrinsic to the proper operation of games, the provision of fair, safe and ethical games, and immersive and interactive gameplay experiences for players.

Our ability to collect and use data, always in a responsible and legally compliant way, to improve games, develop new business models and most importantly to enhance players' experiences significantly contributes to the innovation which distinguishes us from other creative sectors and has supercharged growth in this area over the past 5 years.

Games companies continuously analyse data they gather from players and use it to make improvements to their games in order to deliver the best possible experience for players – for example, by altering the strength of an in-game character or readjusting the balance between challenging and rewarding elements of a game. As the success of games companies has heavily relied on their ability to legally gather and move data across national borders, there is an urgent need to ensure certainty and a clear legal basis for data flows going forward.

Whilst consideration will understandably be given to the merits of adapting, re-legislating or maintaining the UK's data protection law, any future changes must continue to allow data to flow freely so that companies operating in the UK and doing business in the EU can continue to smoothly transfer information to one another. Other non-EU countries, such as Switzerland and Norway, have managed to obtain the necessary free movement of data in a variety of ways, and the UK should seek to achieve the same outcome in the Brexit negotiations.

### **What are the opportunities of a post-referendum Britain?**

We believe that the UK's decision to exit the European Union undoubtedly raises some major concerns on specific issues, such as access to the single market and access to highly skilled talent, that could have a detrimental effect on the growth of the UK games sector. However, it does also offer some potential opportunities that could benefit the UK's games sector.

The next 5 years are a crucial time for games industry growth in the UK. The sector is already world-class but it can truly become a world-leader, and boost exports, jobs, and growth across the country with the right support. The decision to exit the European Union presents Government with the opportunity to prioritise investment in high-potential creative innovation which will fuel growth across the UK.

### *Investing in the UK's high-tech creative innovation*

As, the Chancellor of the Exchequer recently asserted in his speech to the Conservative Party Conference, 'new, disruptive, technologies ... offer Britain a much bigger prize than incremental productivity improvements'. The Government, must seize the opportunity of making the UK not only 'open for business' but an attractive destination for domestic and foreign investment and a global centre for talent and innovation in creative technologies now and for the long term.

The games industry is leading the development of a range of emerging technologies, such as Virtual Reality (VR), Augmented Reality (AR) and Artificial Intelligence (AI), that will increasingly impact a wide array of sectors, from health to education, and have profound social and economic impacts. Exiting the European Union provides Government with the opportunity to create the optimal climate to encourage international investment in these high-value opportunities.

The forthcoming industrial strategy must consider the games industry and centre on unlocking high-tech creative innovation, like VR and AR, and public bodies supporting the sector should continue to ensure their funding structures are available to companies working in these areas, maximising the chance of British firms leading the way in the exploitation of new technologies.

### *Growing and attracting high-skilled talent*

A standalone UK could have the option to redefine its immigration laws away from those mandated by Brussels, providing more opportunity to attract technologically-skilled workers to the UK from around the globe.

The referendum result provides an opportunity to reform the current visa system, and position the UK as an attractive location for skilled talent. Ukie continues to press for an improved visa system that avoids friction and requires a minimum funding and process time. The Government should consider reforming the cap on immigration numbers, reducing the process time and relaxing the eligibility criteria.

The future of the games sector is dependent on maintaining the flow of talent entering the industry. The significant need to recruit talent from abroad underlines a critical skills shortage in the UK. Exiting the Europe Union increases the need to address the UK's skills supply as research by the European Commission suggests that the skills gap is larger in the UK than anywhere else in Europe, with 250,000 ICT job vacancies expected by 2020. Nevertheless, it also presents the UK with an opportunity to re-think its approach to 5-19 education to ensure that pupils in the UK are given the strongest skills base in the world.

We want to work closely with Government on long-term plans to up skill the UK's population to fill gaps in the future. As the video games industry argued in the Next Gen. report and in subsequent campaigns, a long-term, funded vision for games talent includes investment in computing and 'STEAM' (Science, Technology, Engineering, Arts, Maths) education, quality higher level apprenticeships and a flexible immigration system. This includes ensuring the development of play-based pedagogy in class time and technology-enhanced learning, of the kind now being developed through Ukie's Digital School House programme. We propose the government capitalises on the new opportunities to provide funding to growth the next generation of British talent by supporting STEAM education in schools and fund early intervention in games clusters through creating more Digital Schoolhouse hubs.

### *Reforming public funding for the games industry*

As touched on above, European funding has on the whole not been designed with games businesses in mind, and consequently hasn't been accessed sufficiently by the UK games industry. The eventual withdrawal of EU funding will create a further demand for replacement arrangements, and presents the opportunity of reforming existing public

funding structures for the UK games industry to make them comparable in scale and scope to those offered for other sectors, and more reflective of the true cultural nature of games. This could be a major boon for the games sector in the UK, underpinning growth across the country.

There are currently few funding routes for studios who want to develop riskier or innovative ideas and access to this kind of funding, and others such as the centrally funded UK Games Fund for prototypes is critical. Compared to more traditional screen sectors, routes to funding from public money are limited. There is a clear opportunity to reform public funding for the industry.

It is recommended that this be seen as a moment for reform of existing public funding arrangements: the games industry be given access to the same industrial and cultural funds – including National Lottery money – that other creative sectors receive. Funding to improve investor readiness and commercial management, support cultural production, improve access to markets, foster regional hubs, develop talent, grow awareness among investors, will unlock the full long-term cultural and commercial potential of the UK games industry.

#### *Developing a more positive tax regime for the games industry*

We believe that exiting the European union offers the Government an opportunity to develop an ever-more positive tax regime for the games sector, helping to reward British success and attract further investment.

In April 2014, the Government introduced the The Video Games Tax Relief (“VGTR”), a scheme allowing UK game developers to claim back 20% of their production costs, and it is due to be ‘re-notified’ to the Commission in 2017.

The VGTR has provided £45.9m to UK game development studios since the relief was launched, figures released by HMRC 19th July show. The 2015-2016 tax year saw 130 successful claims for VGTR, with a total pay-out of £45m. In total, since launch in April 2014,

there have been 135 successful separate claimants and 140 payments made to studios across the UK. According to HMRC figures, these 135 claims have supported a UK expenditure of £417m.

State Aid rules are critical to how the public sector procures goods and services and delivers public services. The VGTR is a UK incentive implemented in compliance with EU law

governing State Aid (e.g. the 'cultural test'). State Aid issues also have arisen in Ukie's dealings with Local Enterprise Partnerships (LEPs) in England. Lifting State Aid rules could potentially be a benefit to business should government adopt a more activist approach to industrial policy, however we are aware that this may risk more difficult negotiations around trade agreements with other trading blocks.

We urge Government to ensure the continuation of the VGTR which has been a major boon to the UK games sector, providing the incentive underpinning sectoral growth.

Meanwhile, ensuring that SEIS and EIS are accessible to fast-moving, innovative SMEs in the games sector will help these firms to access finance, growing companies and creating jobs in the various games hubs throughout the UK. Currently the EIS and SEIS schemes are not as beneficial as they could be to the games industry, due to the low asset cap for SEIS investments and the three year holding periods required by both schemes. HM Treasury should look to reforming the vehicle to make it more appropriate for the games sector as well as for other SMEs

The UK competes not just with other countries but with regions and cities abroad so further interventions to increase competitiveness as a location for games companies have the potential to repatriate these British-bred companies and talent. The government's moves to lower corporation tax are a positive step, as indeed they are for the British corporate sector as a whole. In association with the introduction of the VGTR, they provide an ever-more positive tax regime for the games sector, helping to reward British success, and attract further investment. This competitive advantage should be maintained.

Looking to the future, the industry and government could develop new tax incentives or reform existing ones (see State Aid and VGTR above). There is a demand that investment schemes like SEIS may become more flexible, for example by increasing de minimis, thereby unlocking more development resources. New areas of interest, such as eSports, AR and VR (as mentioned above) could be fertile grounds for experimentation.

### *Supporting regional growth and economic prosperity*

The UK games sector is developing across a number of geographically diverse creative clusters – 12 established clusters across the UK and 6 emerging ones. These clusters offer a ready platform and opportunity for further regional growth and redistribution of employment outside of London and South East, which is crucial in order for the benefits of future economic growth to be felt across the whole of the UK. Games companies offer a particularly strong basis for regional growth given that they generate highly-skilled and high-productivity jobs.

We recommend that the Government continue to look at Local Enterprise Partnerships (LEPs) as a tool for addressing the issue of regional equity. A number of regional bodies have already adopted strategies to maximise the benefits of the games sector in their local areas. The success generated by Ukie's successful bid to the London Enterprise Panel's to fund the 2016 London Games Plan – a £1.2 million investment which is estimated to raise £35 million in new revenues for games companies and add nearly £10 million to the London economy - highlights the extent of economic opportunities available if such a model were adopted across the UK's key game clusters. We therefore urge the Government to seize the opportunity for regional economy growth presented by the UK games industry by developing local strategies for scaling up existing game clusters across the UK.

Crucially, internet speeds and available bandwidth affect games businesses' growth and investment decisions. Regional growth across the UK will significantly rest on the support of digital networks. There is, therefore, a critical need for the Government to make major improvements to digital infrastructure across the nation by 2020.

Internet speeds impact both the ability of geographically dispersed teams to work on large files, and the ability to send data back from players to improve the games play experience. The Government should capitalise on the opportunities of existing the European Union, to ensure that all creative and tech organisations and talents, large and small, across the UK benefit from these upgrades, particularly in areas where those businesses cluster.

### **Future UK-EU Trade Relationships**

Following the UK's decision to leave the EU, the country faces the prospect of having to establish numerous new trade relationships - both with the EU trading bloc and other countries around the world. As a member of the EU, the UK has been included in trade deals the EU has negotiated. There are a significant number of trade agreements between the EU and individual countries, as well as multi-lateral agreements covering multiple countries. This means that if the UK wants to retain preferential access to the markets of the countries covered by these agreements, it would have to renegotiate trade deals with all of them.

The UK is a large market, so there is a clear incentive for other countries to negotiate a deal. It is important that deals are negotiated with a full understanding of the needs of the tech and creative sector. The global market for games was estimated at £54.3bn in 2014, and is forecast to reach £73.6bn in 2018, which represents an annualised growth rate of 7.9%. The UK's legacy in games development is recognised around the world, giving us the potential to take a far larger share of this fast-growing market.

Ukie is engaging closely in DIT's continued work with the creative sector as a whole to help achieve this, but it is crucial that these broader conversations support the UK games sector's drive to export more.

The UK's tax relief (VGTR) continues to be poorly understood in other major games markets, alongside other misconceptions such as a belief that London prices for property and wages hold throughout the country.

Funding such as Tradeshow Access Programme grants has been reduced, and overall there has been a lack of coordination of support for the games industry. This coordination must be improved. The creation of a lead agency for games export and inward investment promotion, mirroring the success of 'We Are UK Film', should be investigated as part of a wider review of trade and investment support for the games industry.

During any negotiations, the Government must seek to ensure that UK games and interactive entertainment businesses retain:

- Access to the high-skilled workers from the EU (and rest of the world) that are critical to games businesses' growth.
- Access to the EU single market with as minimal restrictions as possible, especially around the trade of services without the imposition of non-tariff barriers, such as discriminatory requirements.
- The right of UK service companies to establish and provide services in other EU countries.
- Reciprocal freedom to invest in, and secure investment from EU businesses.

#### *Operating on World Trade Organisation (WTO) terms*

Considering that the UK has only ever been a member of the WTO under the auspice of the EU, its exit from the EU will require it to enter unprecedented negotiations with the WTO to fix the terms of its new membership, as well as with all of the countries the EU has obtained a trade agreement with over the last two decades.

Without knowing the outcome of such negotiations and the terms of Britain's entirely separate WTO membership, it is currently extremely difficult to determine the impact on the UK games and interactive entertainment sector. The WTO has made less progress than the EU in liberalising the trade of services amongst its member states, and thus there is the risk that the EU could hypothetically impose non-tariff barriers on the UK, such as

discriminatory requirements or legislation inhibiting market access, which would be damaging to UK games businesses.

One aspect which appears more certain is that as the WTO makes no provisions for free movement of labour, in absence of other agreements negotiated by the UK, free labour mobility between the UK and EU would cease. This would be very damaging to UK games businesses which rely on high-skilled workers from the EU to fill critical roles.

*Remaining a member of the European Economic Area (EEA)*

Whilst it appears no longer to be a politically viable option, remaining a member of the EEA would allow UK games businesses to continue to have access to the Single market and benefit from free movement of goods, services, people and capital within the EEA and would thus be an attractive option to UK games businesses.

Nevertheless, being a member of the EEA would mean that the UK would be unable to influence the direction of key EU policy developments, such as the Digital Single Market and thus might be bound to implement EU rules which restrict or have a negative impact on the UK's interest.