

# response

## Ukie response to the public consultation on Creative Europe funds in the area of values and mobility

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### **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 thanks Creative Europe for providing us with the opportunity to offer our views on Creative Europe and its sub-programmes.

### **About the UK and wider European games industry**

The games industry is the fastest growing 'digital content' sector in Europe and is now estimated to be worth approximately €10 billion annually. It is also the leading developer and provider of new business models within that sector. 25% of Europe's more than 500 million citizens play video games at least once a week. Games are played by Europeans from all different kinds of ages and backgrounds, and with a gender balance of 55% and 45% of males and females respectively.

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 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 games industry blends the best of European 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.

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.

## **Games enhance Europe's cultural identity**

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. They are comprised of both software and “non-software” copyright protected content. Unlike audiovisual products where the beginning, middle and end of a story is “pre-determined”, in video games players can forge their own stories through interactive experiences, making each time a game is played unique.

In many games choices and decisions made at earlier points in a game will materially change later interactions. Through these experiences European culture and values can be explored in ways that are unique from any other cultural medium. Games can be played solo or with other players through “multiplayer” functionality which allows players to interact with each other through the internet in “real time”. For example, a player from Finland can make friends with and go on an adventure with a player from Spain.

As the primary means of communication in games is through action, language skills rarely constitute a significant barrier to sharing an experience and making friends with people from different cultures. Some games stories are told almost purely through actions rather than words.

Video games are many Europeans' primary means of directly engaging and interacting with other European citizens and cultures on an ongoing basis. At a time in politics when many are seeking to “divide” Europe, today's video games industry brings Europeans closer together than ever before through shared experiences, promotion of diversity and acceptance of different ways of life.

## **Creative Europe and the games industry**

We recognise that European funding has played an important role in supporting the creative industries, and we note with approval that since Creative Europe started funding games the total amount allotted has increased from €2.5 million in 2014 to €3.78 million in 2017.

Nevertheless, we also wish to draw attention to the disparity between funding for video games and the audiovisual sector.

The total amount allotted to video-games in 2017 is €3.78 million, by comparison annual funding for the Cinema Distribution Selected and Automatic Schemes alone is approximately €32 million, and it appears that the overwhelming majority of funding allocated in Creative Europe is supplied to audiovisual projects. This phenomenon of over-emphasis on the audiovisual sector is not uncommon with national state aid schemes as well, as video games based tax incentives and other measures have only been introduced in a very small number of Member States during the past decade. On the other hand, tax incentive and/or subsidy schemes are in place for audiovisual works in all 28 member states.

The MEDIA strand of Creative Europe has not yet been sufficiently accessed by the games industry and in many cases the 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 2016. Nevertheless, this fund is only open to an outdated notion of 'narrative' games – excluding a majority of innovative and culturally valuable European games which often tell stories and encourage the spread of European culture in other ways. Indeed, by many this is seen as the greatest “strength” of our medium vis-a-vis the linear and non-interactive experiences audiovisual sector.

We can see no reason in principle why games should receive a much smaller amount of funding than the audiovisual sector. Further outreach with local national video games trade

associations as well as a re-consideration of what kinds of categories of video games should be able to qualify for funding is absolutely vital.

Reforming these funding structure to make them comparable in scale and scope to those offered for other sectors and more reflective of the true cultural nature of games would be a major boon for the games sector across Europe, underpinning future growth and economic prosperity.

Specifically, we believe the following changes should be made to the Creative Europe programme:

- Games businesses should be able to access Creative Europe’s broader funding streams, including the MEDIA strand, and should be able to benefit from funding to support distribution, audience development, access to new markets, cooperation projects, international coproduction and talent development.
- Support for the production of games should be expanded beyond “narrative-led video games” to fund the development of games projects that tell stories in innovative ways, and create commercially risky but innovative cultural content.
- Acknowledge the role games can play in increasing diversity in the creative industries, both in reaching new audiences and by serving as compelling canvases through which new experiences can be shared and stories told, by providing support to help diverse new talent get into the games industry, including for training and education.