



MOTION PICTURE ASSOCIATION

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For the Hearing

**“Maintaining American Innovation and Technology
Leadership”**

Before the

**United State House Ways & Means Committee
Subcommittee on Trade**

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INTRODUCTION

Thank you, Chairman Smith, Ranking Member Sanchez, and members of the subcommittee for the opportunity to appear before you today. Promoting fair and open digital trade and robust protections for the intellectual property rights of American creators, including through our trade agreements, is vital to growing America's global leadership. On behalf of the Motion Picture Association ("MPA") and its members, I will focus today primarily on imminent digital trade threats to the streaming ecosystem.

CONTRIBUTION OF THE U.S. FILM AND TELEVISION INDUSTRY TO THE U.S. ECONOMY

The Motion Picture Association (MPA) proudly represents one of our nation's most vibrant industries – the American motion picture, television, and streaming sector. The MPA's member studios are: Amazon Studios LLC; Netflix Studios, LLC; Paramount Pictures Corporation; Sony Pictures Entertainment Inc.; Universal City Studios LLC; Walt Disney Studios Motion Pictures; and Warner Bros. Entertainment Inc. Here at home, and around the world, our industry delivers enormous economic value, creates jobs, drives innovation, promotes free expression, and tells powerful stories reflecting American accomplishments and values to audiences everywhere.

The American motion picture, television, and streaming industry is a major U.S. employer that supported 2.32 million jobs across all 50 states and \$229 billion in total wages in 2023. Nearly 312,000 jobs were in the core business of producing, marketing, and manufacturing motion pictures and television shows. Another nearly 544,000 jobs engaged in the distribution of motion pictures and television shows to consumers, including people employed at movie theaters, television broadcasters, cable companies, and online video services. The industry also supports hundreds of thousands of additional jobs in more than 122,000 local businesses, including small companies that do business with the industry, such as caterers, dry cleaners, florists, hardware and lumber suppliers, and retailers.

The film, television and streaming industry is proud to have a trade surplus with virtually every country in the world. The enduring value and global appeal of U.S. entertainment earned \$22.6 billion in audiovisual exports in 2023, and our trade surplus was \$15.3 billion, or 6 percent of the total U.S. private-sector trade surplus in services. When it comes to boosting America's bottom line in global trade, we punch far above our weight.

The U.S. motion picture industry distributes its films, television shows, and streaming content to audiences in over 130 countries. The revenue from these markets flows back into the United States to support American jobs and the creation of more content. As such, MPA has a strong interest in the health and sustainability of these international markets and appreciates the Committee's interest in addressing foreign trade barriers that inhibit U.S. audiovisual exports.

OVERVIEW OF GLOBAL TRADE BARRIERS

Countries around the world continue to maintain a variety of non-tariff barriers that unfairly discriminate against U.S. motion picture and television producers and distributors, including restrictive content quotas, advertising restrictions, and foreign financial obligations. These unfair trade practices have traditionally targeted the theatrical and pay-TV markets but unfortunately, and increasingly, such obligations are now being deployed into the online marketplace, threatening the vitality of fast-growing business segments such as video-on-demand and other online services.

Local content quotas, discriminatory or excessive taxes, local content investment obligations, network usage fees, and related measures have the effect of stifling business development and distorting markets, adding a burdensome barrier to market entry, and exacerbating online piracy. Such policies ultimately curb the ability of our industry to compete fairly; prop up piracy services that expose consumers to malware, fraud, and other risks; and unfairly limit worldwide audiences' access to American programs and shows.

The 2024 OECD Services Trade Restrictiveness Index¹ found that over 30 percent of the countries covered in its study, including some of our closest allies and trading partners, impose restrictions on streaming and downloading platforms. The U.S. has no such policies, rendering these restrictions non-reciprocal non-tariff barriers. Such policies by the most significant U.S. trading partners curb the ability of our industry to compete fairly and limit consumers' access to legitimate content.

MPA aims to expand the legitimate market and protect our member companies' content as it flows to consumers through a variety of traditional and new distribution channels. Legitimate online services allow global audiences to enjoy creative entertainment wherever, whenever, and on whatever device they choose. Consumer demand for high-quality content is driving this fast-growing global digital trade, which helps support millions of American workers and small businesses.

But other countries' barriers to digitally enabled U.S. services jeopardize the widespread availability of high-value American programming through legitimate channels. Open, free, and reciprocal digital trade is key to our industry's ability to compete globally and to continue offering billions of consumers access to content of their choice. Heavy-handed regulation poses a threat to business development and acts as a market access barrier. Addressing and dissuading our international trading partners from adopting restrictive and often discriminatory measures is not only beneficial to U.S. industry, but it also underpins good governance practices and the global rule of law and facilitates the exchange of information and ideas.

Investment obligations, levies, and related content requirements have evolved into a rapidly proliferating global policy tool. Measures originally framed as support for local audiovisual production are increasingly being repurposed to address broader fiscal objectives, including the replacement of public funding shortfalls, often in a manner that disproportionately targets foreign

¹ OECD (2024), *Revitalising Services Trade for Global Growth, Evidence from Ten Years of Monitoring Services Trade Policies through the OECD STRI*, OECD Publishing, Paris, <https://doi.org/10.1787/3cc371ac-en>.

digital service suppliers. While the design of these regimes varies across jurisdictions, the direction of travel is clear: an expanding number of markets are adopting more prescriptive and cumulative obligations that function as de facto barriers to trade in digitally enabled services. These measures raise serious concerns regarding national treatment, regulatory proportionality, legal certainty, and market access, and risk fragmenting the global digital ecosystem in ways that undermine open, reciprocal trade and established rule-of-law principles.

Further impeding MPA member companies' ability to operate in many important overseas markets is the global proliferation of content theft and industrial scale organized online piracy rings. The theft and illegal dissemination of content online deprives creators of millions of dollars in fair remuneration that they would otherwise use to produce new content, to invest in the legal distribution of services, and put more Americans to work. In tackling the constantly evolving threat of content theft, MPA continues to forge partnerships with key stakeholders in the online ecosystem, pursuing voluntary agreements and public policies that make it easier for legitimate content to flourish on the internet.

For a full discussion of the market access barriers the U.S. film, television and streaming industry confronts globally, please see MPA's [October 2025 National Trade Estimate filing](#). These barriers, which are not found in the U.S. market, preclude the U.S. film, television and streaming industry from competing on a level global playing field, inhibiting the industry from reaching its full potential and holding back U.S. economic growth and jobs.

SPECIFIC NOTABLE DIGITAL TRADE BARRIERS

Here, MPA highlights some of the most notable recent examples of non-tariff digital trade barriers which, regrettably, have been imposed or are being considered by some of our closest allies and free trade agreement partners.

Canada's Online Streaming Act

Canada's Online Streaming Act (OSA), enacted in 2023, gives Canada's broadcast regulator, the Canadian Radio-television and Telecommunications Commission (CRTC), the explicit power to regulate foreign streaming services, obligating U.S. streaming services to finance their Canadian competitors and the Canadian broadcasting system more broadly. In multiple ways, the Online Streaming Act violates Canada's obligations under USMCA.

In June 2024, the CRTC mandated that foreign streaming services with over \$25 million in annual Canadian gross broadcasting revenues (including foreign streaming services with less than \$25 million in annual Canadian gross broadcasting revenues but that are part of a broadcasting ownership group that reaches the \$25 million threshold *in the aggregate*) pay five percent of those revenues to certain government-approved funds that benefit Canadian production companies, broadcasters, and the major Canadian streaming services they operate.² This means that to participate in the Canadian market, U.S. streaming services must directly

² CRTC, Broadcasting Regulatory Policy CRTC 2024-121 (4 June 2024), <https://crtc.gc.ca/eng/archive/2024/2024-121.htm>.

subsidize their Canadian production competitors and cross-subsidize their Canadian competitors in broadcasting that also operate streaming services. This initial payment was due by August 31, 2025. The MPA and other U.S. stakeholders are appealing various aspects of this decision in Canada's courts. The CRTC has estimated that this initial base contribution will provide "\$200 million [CAD] per year in new funding"³ to Canadian competitors.

The Initial Base Contribution Order requiring payment of five percent of a streaming services' gross revenues to be able to operate in Canada requires U.S. and other foreign streaming services to: (1) pay while exempting the major competing Canadian streaming services⁴ from the same requirement (2) pay into a Canadian local news fund despite the fact that they do not produce local news and this obligation does not exist for Canadian companies that do not produce local news; and (3) pay into government-approved production funds that only benefit Canadian companies and only allow those productions to be distributed in Canada by Canadian companies.⁵ These provisions constitute blatant discrimination against U.S. distributors and grossly distort streaming markets in ways that undermine American offerings and shortchange Canadian audiences.

And that initial base contribution is just the 'initial' aspect of the full obligation. The bigger exposure follows. The CRTC completed hearings on other aspects of the OSA in June 2025 to determine the totality of obligations it will impose on U.S. streaming services and what will be added to the initial base contribution requirements. The CRTC indicated that it is considering imposing additional funding and expenditure requirements on "Canadian Programs" of between five to 30 percent of gross revenues on foreign streaming services.⁶ Estimates are that, if the CRTC builds on the five percent initial contribution and adds additional funding obligations at up to 30 percent, this could cost U.S. streaming services well over \$9 billion CAD annually.⁷ The CRTC will also impose discoverability requirements to compel U.S. companies to give special visibility or placement to Canadian Programs.

On November 18, the CRTC issued its first decision following those hearings to prescribe a narrow definition of what constitutes a "Canadian Program."⁸ This is critical as the future investment obligation will relate to mandatory expenditures on "Canadian Programs," contribution to third-party funds for their expenditures on such programs, or a combination of both. This restrictive definition includes a mandate that at least 20 percent of a program's intellectual property must be owned by a Canadian entity, stripping ownership from U.S. companies and imposing rigid rules around the citizenship of the main creative roles in the

³ [Ibid.](#)

⁴ [Ibid.](#): "In light of the above, the Commission will impose base contribution requirements based on revenues only on online undertakings, regardless of their national origin, whose operator (a) is not a licensee, (b) is not affiliated with a licensee; or (c) is not a person operating, or affiliated with a person operating, an exempt broadcasting undertaking that operates pursuant to an exemption order that requires the undertaking to be licensable."

⁵ [Ibid.](#)

⁶ CRTC, Staff Letter, Reference 1011-NOC2024-0288 (29 May 2025), question 20, <https://crtc.gc.ca/eng/archive/2025/lb250529.htm>.

⁷ CCIA, "Cost of Canada's Online Streaming Act" (September 2025), <https://ccianet.org/wp-content/uploads/2025/09/Cost-of-Canadas-Online-Streaming-Act.pdf>.

⁸ CRTC, Broadcasting Regulatory Policy CRTC 2025-299 (18 November 2025), [Broadcasting Regulatory Policy CRTC 2025-299 | CRTC](#).

production of film, television, and streaming content. Such heavy-handed intervention by government into creative decision making is out of step with global practices and penalizes U.S. businesses.

Under these regulatory obligations, the Canadian government will essentially dictate to U.S. companies what is produced, under which deal terms, and how it is presented on screens, while giving preferential treatment and access to Canadian content *vis à vis* American content. The next step is for the CRTC to release draft regulations to implement the principles set out in the decision. In the United States (which has never pursued such content mandates), this would raise serious constitutional free speech concerns.

Further, the decision compels global streaming services to disclose sensitive confidential financial information to competitors and the public. MPA has appealed this aspect of the decision, which is the only currently operative part of the decision.

Moreover, the CRTC issued a decision in March 2024 requiring foreign online streaming services to pay fees to the CRTC on an annual basis to pay for the CRTC's costs of regulating the broadcasting industry.⁹ The CRTC increased staff levels by 40 percent and spending by 60 percent between 2017-2024 and has forecast a significant increase in future spending, primarily due to work undertaken to implement the Online Streaming Act.¹⁰

The OSA violates Canada's obligations under the USMCA. The USMCA prohibits the discriminatory treatment of U.S. digital products (Article 19.4); requires equal treatment of foreign and domestic investors (Article 14.4); and prohibits requiring foreign firms to purchase local content (Article 14.10.1 (b)). While Canada obtained a cultural carveout in USMCA, Canada also agreed that the U.S. or Mexico could retaliate if Canada took any measure that, but for the carveout, would violate the USMCA.

Quebec Act on the discoverability of French-language cultural content online

In May 2025, Quebec's Minister of Culture and Communications introduced Bill 109 titled, *An Act to affirm the cultural sovereignty of Quebec and to enact an Act respecting the discoverability of French-language cultural content in the digital environment*.¹¹ The bill passed on December 11, 2025, and regulatory consultations will begin this year.

The Act: (1) provides that the Quebec government may by regulation define obligations applicable to online platforms (including the online streaming services operated by MPA members), including establishing the quantity and proportion of French-language cultural content; and (2) creates a new quasi-constitutional right to discoverability that provides for a private right of action against online platforms. In addition, on October 9, 2025, Quebec's

⁹ Canadian Radio-television and Telecommunications Commission, *Broadcasting Regulatory Policy CRTC 2024-65 – Broadcasting Fees Regulations* (21 March 2024), <https://crtc.gc.ca/eng/archive/2024/2024-65.htm>

¹⁰ Mark Goldberg, "CRTC Budget Myopia" (25 April 2023), <https://mhgoldberg.com/blog/?p=17221>

¹¹ Bill 109, *An Act to affirm the cultural sovereignty of Québec and to enact an Act respecting the discoverability of French-language cultural content in the digital environment*, 2nd Sess, 43rd Leg, Quebec, 2025, https://www.assnat.qc.ca/Media/Process.aspx?MediaId=ANQ.Vigie.Bll.DocumentGenerique_211471en&process=Dfault&token=ZyMoxNwUn8ikQ+TRKYwPCjWrKwg+vIv9rjj7p3xLGTZDmLVSmJLoqe/vG7/YWzz.

Minister of Justice introduced Bill 1, *Québec Constitution Act, 2025*¹², which enacts a provincial/sub-national constitution in Quebec aimed at enshrining Quebec's Charter of Human Rights and Freedoms. That bill insulates Bill 109 from constitutional challenges through a specific provision that states that a founding principle for the "National State of Québec" is the protecting and ensuring "the cultural sovereignty of Quebec" and that the Quebec government "has the right and the capacity to act so as to preserve and promote the French language and Québec culture, including in the digital environment" (Article 25).

These provisions seek to favor certain content and impose unequal obligations regarding the handling of certain content by streaming services. They conflict with and are in addition to the existing obligations set by the Canadian federal government under the Online Streaming Act. At a minimum, Bill 109, violates USMCA's non-discrimination of digital products rule (Article 19.4) and it is a prohibited performance requirement (Article 14.10.1 (b)).

Australia Content Requirement for Streaming Services ("ACO")

On November 27, shortly after the successful bilateral meeting between President Trump and Prime Minister Albanese and just three weeks after being introduced in Parliament, Australia passed *The Australian Content Requirement for Subscription Video On Demand (Streaming) Services Bill 2025*. The bill entered into force January 1, 2026, without the responsible regulator, the Australian Media and Communications Authority, having provided clear guidelines on the operation of the law.

The law mandates large streaming companies to invest at least 10 percent of total program expenditures or at least 7.5 percent of gross Australian revenue toward Australian scripted content, documentaries, children's programs or arts programs. This forces U.S. companies offering streaming services in the Australian market to subsidize Australia's local content industry. Further, the law's four-year ministerial review mechanism creates a ripe opportunity for the government to increase this financial contribution.

The law also includes a rigid and antiquated definition of Australian content, including that the production company must be Australian, and forces companies to comply with invasive and draconian reporting requirements. Moreover, the law's penalties for non-compliance are unfair and uneven, exposing streaming companies to heavy penalties that are up to 10 times higher than those for broadcasters.

There is no market failure to justify such heavy-handed government intervention into the streaming market: the Australian government reported that in 2024/25 there was a record-level AU\$2.7 billion investment in Australian scripted content¹³ and streaming services alone have made available nearly 12,000 hours of Australian content.¹⁴ As such, this investment obligation is

¹² Bill 1, *Québec Constitution Act, 2025*, 2nd Sess, 43rd Leg., Quebec, 2025, https://www.assnat.qc.ca/Media/Process.aspx?MediaId=ANQ.Vigie.Bll.DocumentGenerique_213841en&process=Dfault&token=ZyMoxNwUn8ikQ+TRKYwPCjWrKwg+vIv9rjj7p3xLGTZDmLVSmJLoqe/vG7/YWzz.

¹³ <https://www.screenaustralia.gov.au/fact-finders/reports-and-key-issues/reports-and-discussion-papers/drama-report-2024-25#drama-report>

¹⁴ <https://www.acma.gov.au/spending-subscription-video-demand-providers#interactive-report>

a prohibited performance requirement under the U.S.-Australian Free Trade Agreement (AUSFTA) and is inconsistent with the national treatment provisions of the AUSFTA.

Israel Draft Media Bill

In May 2025, Israel's Ministerial Committee for Legislation approved an updated Broadcasting (Communications) Bill. The bill maintains an investment obligation that would apply to both domestic and international content providers requiring content providers with annual revenues over 40 million shekels to invest 6.5 percent of revenues in "high-quality genre" through "local production." For content providers not previously subject to an investment obligation, the rate will phase in gradually from 2.0 percent in 2026 to 6.5 percent by 2032. This bill also lacks an exemption for thematic or niche audiovisual (AV) services. The status of this proposed investment obligation is unclear, however, as it was accompanied with language indicating that the provision was subject to consultations with the United States. Such a local content investment obligation would be in violation of the 1985 U.S.-Israel Free Trade Agreement.

Korea Network Usage Fee and Service Stability Regulation

In 2016, the Korean government implemented amendments to its 2005 interconnection policy that fundamentally altered the norms of voluntarily negotiated interconnection by imposing a "sending party network pays" regime. The critical piece of this change was to impose a "mutual settlement" requirement among licensed operators, in which internet service providers (ISPs) are required to compensate each other for traffic exchanged between them. This unique regime harms U.S. companies negotiating for internet interconnection in Korea. Over time, it has given rise to calls for regulated network usage fees against content delivery service providers in favor of domestic ISPs. Furthermore, in 2020, the National Assembly passed the Telecommunications Business Act Amendments (Articles 22-7), which require content providers to take responsibility for "network stability" and consumer demand. A proposed Digital Disaster Safety Management Act could also impose additional burdens on U.S. companies.

These measures, when targeted at U.S. digital service providers, are inconsistent with Korea's obligations under the U.S.-Korea Free Trade Agreement (Chapter 14) to provide reasonable and non-discriminatory terms and conditions for access to telecommunications networks. Helpfully, the November 14, 2025, U.S.-Korea Joint Statement included a commitment by Korea not to impose network usage fees. MPA urges the parties to comply with this commitment and all commitments concerning digital services (including online platform regulations).

CONCLUSION

MPA's members support millions of U.S. jobs, contributing over \$299 billion in total wages in 2023 and generating billions of dollars annually from filmed entertainment distributed around the globe. Notwithstanding this singular achievement, the U.S. film, television, and streaming industry faces daunting barriers in many markets as key allies and trading partners seek to shift legacy media regulations onto the online marketplace, often in ways that blatantly discriminate against U.S. content and the distribution platforms that local viewers crave. The digital trade

barriers noted above are representative of an increasingly global trend that threatens to divert investment, jobs, and innovation away from the United States.

MPA supports a robust trade agenda that opens foreign markets and secures robust IP protections but cautions that U.S. creators and the American economy more broadly will only reap the benefits of these hard-won protections if the agreements establishing them are fully and effectively enforced.