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The "Netflix effect" revisited: OTT video, media globalization and digital sovereignty in 4 countries[☆]

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A B S T R A C T

This article examines the interplay between the 'Netflix effect' of media globalisation and the reassertion of 'digital sovereignty' through national competition, content, and industrial policy. Taking a case study approach the study is based on analysis of laws, codes and policy documents along with expert interviews and secondary data. The study finds that whilst OTT video has undermined revenues and audiences for national broadcasters in all the countries studied, there are differences in the nature of the impact and the response. Policymakers are reasserting digital sovereignty using a variety of broadcasting policy tools. All the countries feature policies including protection of domestic producers, consumers and public service media as well as competition law-based interventions. In some countries such as Australia and the UK, public service media protections have been updated. In others, such as Japan and Korea, policy has focused more on promotion of domestic content exports abroad. The article closes with discussion of the wider significance of these developments for media globalisation, soft power and digital sovereignty.

1. Introduction: Media globalisation or digital sovereignty?[1]

Researchers have commented on a 'Netflix effect'[2] whereby video on-demand (VOD) services displace traditional national broadcasters and globalise audiovisual content distribution. (Macdonald and Smith-Rowsey, 2016; Aguiar et al., 2018). Attention has focused on the implications for telcos (Stork et al., 2017) and net neutrality (Davies, 2016). There has been some debate, but less research on the wider implications for media globalisation (Barker et al., 2017), 'soft power' (Nye 1980)[3] and 'digital sovereignty' (Floridi, 2020). The 'globalisation paradigm' (Flew, 2018; Roudometof, 2023) which posits the gradual displacement of national audiovisual industries by global ones seemed to be supported by data showing declining audiences and revenues for national television services and rapid uptake of global streamers. Most early analysts identified the first decade of Netflix as a period of decisive globalisation of television distribution. (Chalaby, 2016, see; Flew, 2018).

Historical change rarely follows a unidirectional trend without reaction or resistance however. The literature on media globalisation more recently posits a tension between tendencies to globalise audiovisual distribution and a countervailing trend of 'de-globalisation' (Thussu, 2024, p. 174) which includes national policy interventions to re-assert national sovereignty over audiovisual services, including by erecting non-tariff barriers to trade. As US-China competition ushers in a new era of multi-polar international

[☆] This paper presents some findings from the Study Project for the National Broadcasting and Telecommunications Commission (NBTC) of Thailand entitled: A Study on the Future of the Television Broadcast / Audio-Visual sector in Thailand under a rapidly changing digital evolution (2024). This paper is not an official report of that study and the responsibility for its content lies with the author.

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[1] The author would like to acknowledge the excellent comments of peer reviewers and the editor of this journal and also discussions of this research with Sally Broughton-Micova, Martin Cave and Simon Forge. URLs were accessed in January 2025.

[2] See for a discussion Mcdonald et al. (eds) 2016. See also Ramasoota and Kitikamdhorn (2021). Davis (2021) takes the discussion further, with the notion of "Netflix Imperialism".

[3] But see Kim and Nye (2023).

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competition it is important to understand the tensions between global cultural industries, and policy reactions to them in part as attempts to assert 'soft power' (Nye, 1990) and culturally nationalist domestic protectionism. As such, questions of a regulatory response to the Netflix effect are part of a wider debate concerning the extent to which global communication industries are globalising or rather entering a phase of post-globalisation or anti-globalisation. (Flew, 2018, 2020; Roudometof, 2023).

Little research investigates *reaction to* the Netflix effect and media globalisation through legacy broadcasting regulation or cultural policy, with the result that analysts tend to exaggerate processes of media globalisation (Flew & Waisbord, 2015, pp. 1–17; Lule, 2021; Schnitzer, 2019). Even full length studies of Netflix (Lobato, 2019) do not attempt to isolate and systematically analyse the political economic and policy response to the global platform, though they do note assertions of sovereignty by some countries such as Russia, where Netflix exited the market after the invasion of Ukraine. This article seeks to rectify this by examining the rise of OTT video, with a focus on the regulatory response in 4 mid-sized countries. It uses secondary data to show how OTT video distribution has impacted television in these countries and also examines policy responses which seek to protect and promote domestic content industries and reassert national broadcasting systems. It is important to focus on the dynamics of the policy response as doing so throws light on the political economy of globalisation, and the intertwining of economic protectionism and industrial policy with issues of cultural autonomy, soft power and geopolitics.

The key question this article sets out to answer is thus how global OTT platforms are impacting medium sized television ecologies, and how and to what extent policy reasserts national sovereignty in the audio-visual sector in the cases studied. After reviewing the data on the impact of OTT VOD providers such as Netflix on audiences and revenues for television, the research examines to what extent various forms of regulation are deployed to shape the market. It examines whether policymakers reassert the traditional social objectives of broadcasting, including domestic production, public service, child protection and other objectives, and the role of subsidies and trade promotion. The case studies also analyse whether the policy approach breaches international free expression norms.

2. Methods

The objective of the study is to examine the impact of OTT on domestic content industries, revenues and audiences, and the policy reaction to this. Such a task requires a multi-method approach. Secondary market data is examined and analysed using publicly available sources in order to track the impact on audience behaviour, advertising and revenue. Examination of policy reaction requires a more qualitative approach. As each of the countries is a separate jurisdiction and media system, the article adopts a case study approach to understand the main trends in each country, including the legacy of broadcasting systems that favoured domestic production on both cultural and economic grounds. Of particular interest in these case studies are the different policy objectives of cultural and industrial policy, public service media and public interest news, and policy interventions to protect domestic production through quotasin order to contribute to the discussion (Flew & Waisbord, 2015, pp. 1–17) about the extent to which national media systems remain relevant in the new technological context.

This article adopts a multi-method case study approach combining analysis of secondary (industry) data; analysis of policy documents, laws, codes and expert interviews. Where publicly available sources were not sufficient, experts were interviewed based on a convenience sample and the transcripts analysed using an inductive, thematic analysis to draw out the key themes. A total of 11 interviews were conducted.[4] Interviewees were interviewed in a semi-structured way, in order to elicit their views on the impact of global OTT video, and whether there was a policy response or a widespread assertion of a need for one. Codes, laws and relevant policy documents were gathered alongside the interviews and analysed in order to corroborate and contextualise the interviews. The approach to the both the interview data and documents was open minded: the interviews involved open exploratory questions to elicit from experts what the key issues were, and the documents were analysed to reconstruct what were the main policy responses, resulting in the key themes and headings outlined in the following section.

The cases were selected because they are similar as medium-large countries with legacy public interest broadcasting regulation. They are also countries with significant levels of audiovisual trade (both export and import) illustrating a broad variety of countries both within and outside the EU, which enable us to cover a range of experiences of the 'Netflix effect'. Data is selected from trusted sources but is of limited comparability as metrics vary between countries. This methodology was selected because a 10-year overview of changes in broadcasting law and regulation is essentially qualitative and requires the holistic approach of a case study design.[5]

3. TV audiences and revenues: the impact of on-demand video

In all the markets studied, users have continued to drift onto VOD over the past decade. Whereas many VOD services were launched as subscription only, there is now a more sophisticated consumer offer with tiered options including 'free' ad-funded services which are proving popular among late adopters. VOD services such as YouTube and standalone streaming apps can operate as Pay-Per-View and subscription platforms as well as ad-funded open platforms. Consumer choice is rapidly expanding including a range of public service apps and collaborations between legacy broadcasters.

[4] The categories of the interviews were as follows: Australia: 2; Japan: 2; South Korea 3; UK: 2; generalists (industry stakeholders) 2. Interviews were recorded and transcribed using Zoom software where interviewees consented to recording which was most interviews.

[5] I adapt a framework from Robert Picard et al. (2015: 684).

Rapid take-up of new distribution platforms for audiovisual content, particularly OTT platforms including Netflix, has continued to drive revenue gains for the industry as a whole, but there are important differences among countries, and the impact on DTT and on domestic production has varied. Certain countries, such as Australia (Figs. 1–3) have experienced negative impacts on domestic production and more marked cannibalisation of linear TV audiences and ad revenues. Domestic television in Japan has experienced flat revenues and there are signs that consumption via OTT is shifting rapidly to global, mainly US productions with audiences rapidly migrating away from Japanese content. In other countries, for example South Korea (Figs. 4 and 5) and the UK (Figs. 6 and 7) significant new export markets have been established via global OTT services such as Netflix which has benefited both the consumer offer and investment in domestic production whilst DTT audiences have not declined to as great an extent. In these contexts, where the OTT shift has not threatened domestic production to the same extent, we might expect less pressure for regulation.

It is widely acknowledged that the rapid shift to on-demand consumption of AV content is driven by consumer preferences for convenience, time-shifting and binge watching (Lobato et al., 2023, Flew et al. 2015), but also by (1) the content quality differential between domestically produced and international content and (2) the declining importance of culture and language as a barrier to imports due both to internationalisation of taste and cheaper localization of content. In the light of this, the rapid expansion of choice and convenience might be associated with rapid globalisation of content diets and a weakening of domestic broadcasting.

The shift to OTT and VOD services is likely to continue as there remain untapped markets particularly in more rural, older and less affluent demographics, and these potential consumers are as likely to be motivated by convenience and quality as others. Where price of subscription may be a barrier, more rapid take-up of ad-supported 'ADVOD' services indicates that this will not hinder rollout among late adopters. Thus the impact of this shift to on demand on DTT channels and services is likely to continue.

The shift from broadcast to VOD has thus been rapid, unidirectional and apparently permanent, thus contributing to globalisation. This rapid shift in distribution is not the only possible trend however. Domestic industry lobbying and concerns for local culture and democracy could result in a reactive pressure for more intervention to protect domestic creative production and economic interests. Policy options could include quotas to limit the programming distributed on various platforms including streamers; competition and pluralism rules that shape the market through ownership and concentration limits; trade and industrial policies to promote domestic production abroad and policies to protect public broadcasters for example through guaranteed prominence. The following sections thus examine the policy response to these developments in four countries with a focus on the role of competition law; trade and industrial policy, content and consumer protection, and public service media.[6] The aim is to examine the policy response, and the regulatory tools and approaches selected. For each country I also examine the extent to which policy respects international standards, particularly regarding media freedom and pluralism.

4. Australia

By 2022, Netflix Australia had the highest penetration rate of all countries, with 65% of all Australian households subscribing to Netflix. Between 2013 and 2022, free to air ad revenue from TV declined from 3.88 to 3.07 billion dollars per annum. Whilst the policy debate has been vigorous, delivery of new rules has been hesitant (Lobato et al., 2023). Australia's policymakers have experimented with various policy interventions to minimize the impact of OTT (Over-the-Top) video services on its broadcasting system while maximizing benefits for Australian producers and media consumers. These interventions have had mixed outcomes. (See Figs. 1-3).

4.1. Competition and market shaping

Australian policymakers recognize that digital platforms present novel competition issues, including in the OTT video market and they have sought to ensure cross party involvement in legislation. (Bossio et al., 2022). While consumers enjoy diverse choices between traditional TV, pay TV, and OTT VOD (Video on Demand), there are concerns about competition within the OTT VOD sector. Despite these concerns, Australia has not yet implemented a comprehensive regulatory regime for digital platforms.

Australia's approach relies on codes negotiated with specific platforms rather than market status designations that feature in other regimes such as the EU. New legislation is expected following the completion of the Digital Platforms Services Inquiry in 2025. So far, the inquiry has revealed that platforms with significant market power, like search and social media services, could limit consumer choice through practices such as tying, bundling, and default settings. Although VOD streaming platforms have not yet been a focus of the inquiry, potential legislation could address anticompetitive practices like bundling, self-preferencing, and data exploitation in this sector.

One of the main outcomes of the Digital Platforms Inquiry[7] was the introduction of the News Media Bargaining Code in 2021. (Flew and Wilding, 2021). This code requires platforms like META and GOOGLE to compensate news businesses for the content they distribute and benefit from through advertisements. The code aims to correct the power imbalance between news providers and platforms, enabling news organizations to collectively bargain with platforms. If negotiations fail, the code provides for arbitration processes (Dwyer et al., 2023).

The regulatory scheme is designed to protect media freedom and pluralism and prevent media capture or control by Government.

[6] This builds on the approach of Picard et al. (2016) who adopted an holistic and qualitative approach to comparing policy environments.
[7] https://www.accc.gov.au/inquiries-and-consultations/digital-platform-services-inquiry-2020-25.

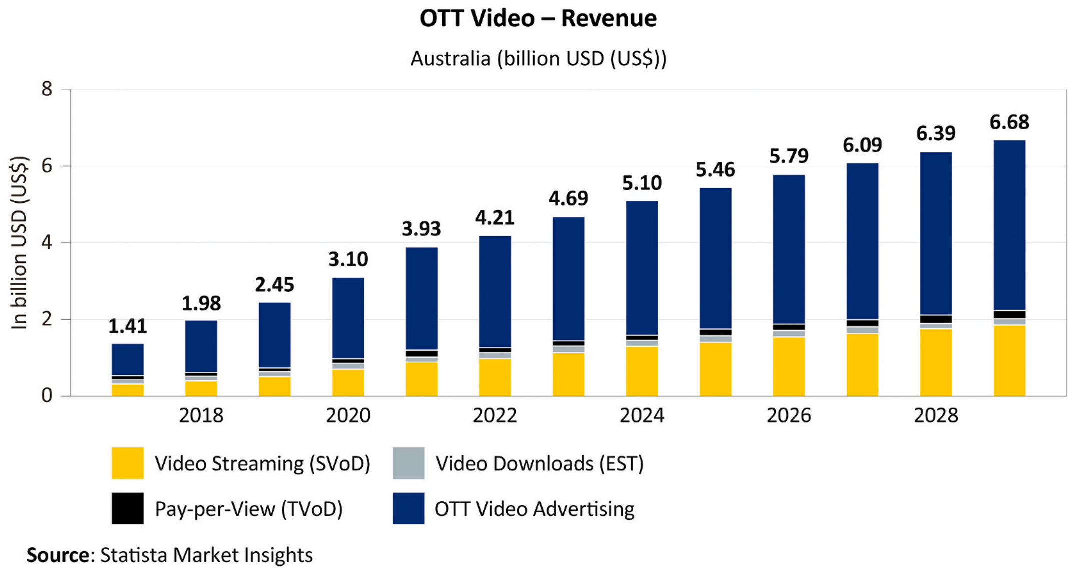

Fig. 1. OTT revenues – SVOD subscriptions, PPV(TVOD), downloads and OTT ads, 5BN US$, 2024

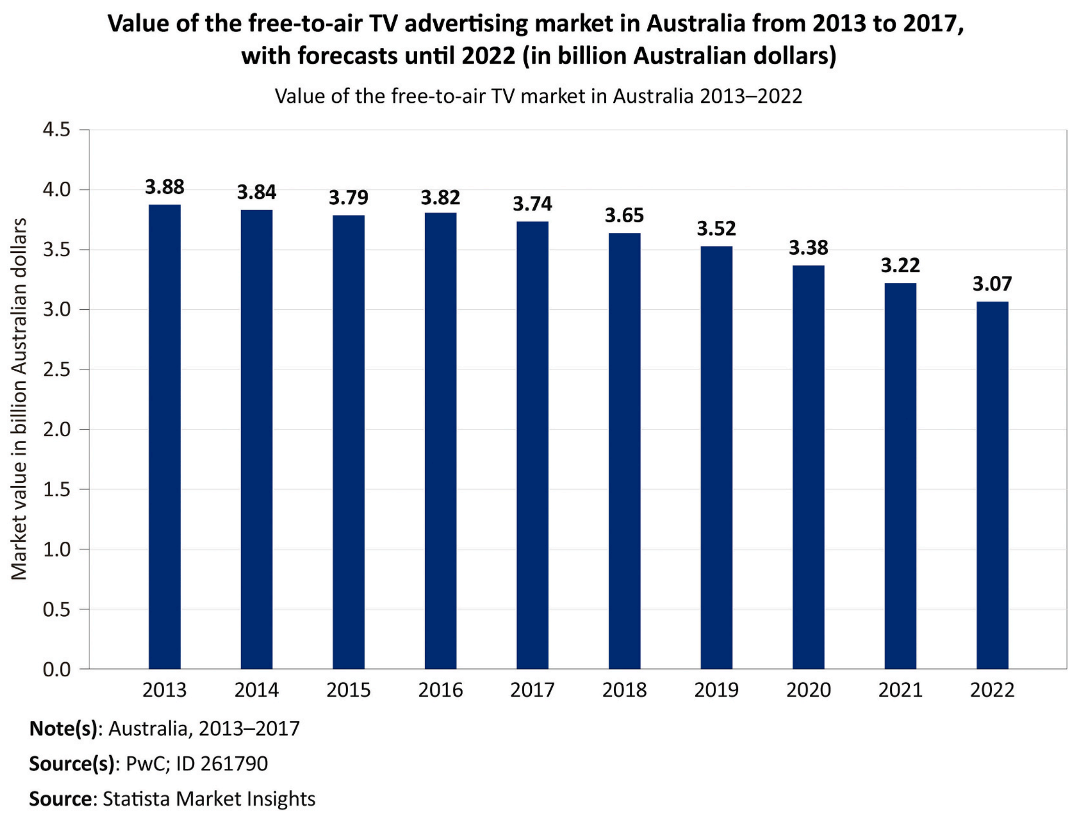

Fig. 2. Free to air advertising market in Australia.

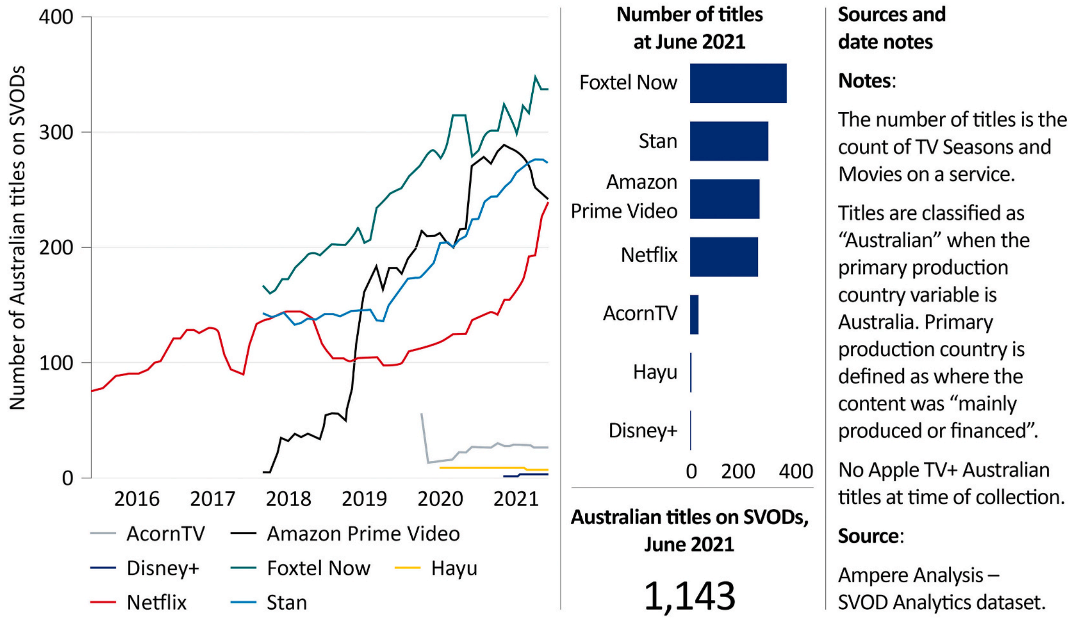

Fig. 3. [1]Australian content availability on svod in Australia.
source: SVOD in Australia Dashboard. Australian Government March 2022.[11]

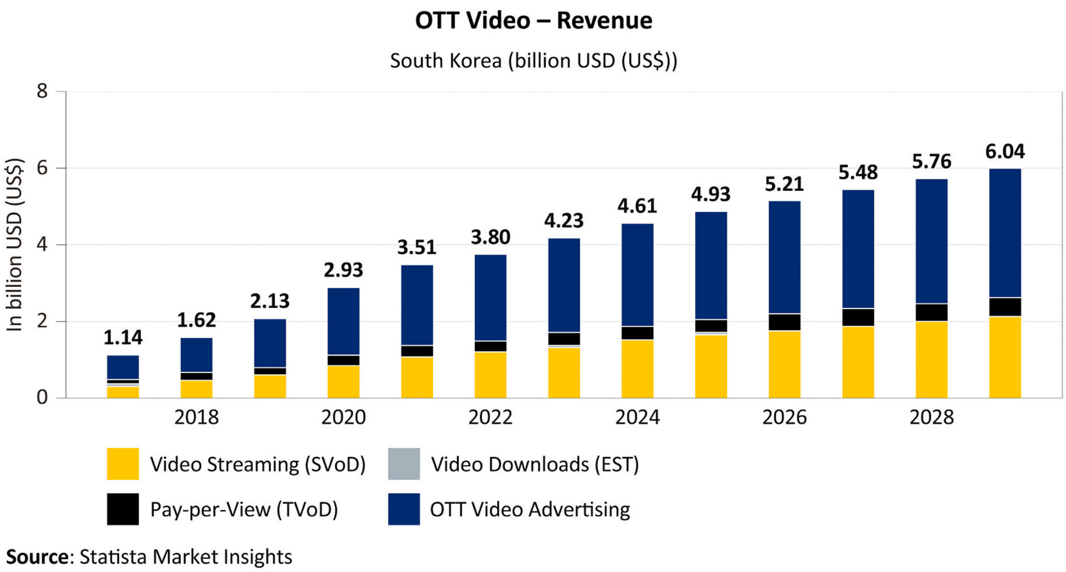

Fig. 4. OTT revenue from streaming video, PPV, downloads and advertising.

News organizations that meet specific criteria, such as having an Australian audience and adhering to professional standards,[8] can register for the scheme.[9] Platforms are designated based on their market power in distributing news content. While many platforms voluntarily comply with the code, some resistance persists. For instance, META stopped collaborating with Australian authorities in 2024, arguing that its platform provides free distribution to news publishers. This led to threats of deprioritizing news content on its platforms. The government continues to assess its next steps, with alternative funding models for public interest journalism, such as taxation or levies, being considered.

[8] The procedure for self-designation is set out in section 52A of the legislation. https://www.ibanet.org/regulation-of-digital-platform-services-in-Australia.

[9] https://www.legislation.gov.au/C2021A00021/latest/text.

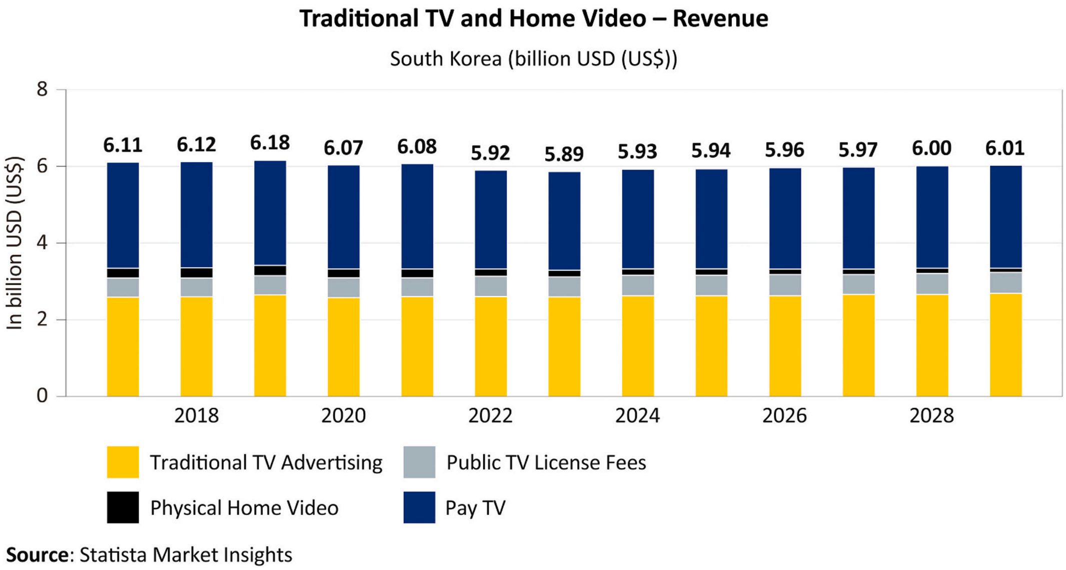

Fig. 5. Revenues by revenue type in TV market South Korea.

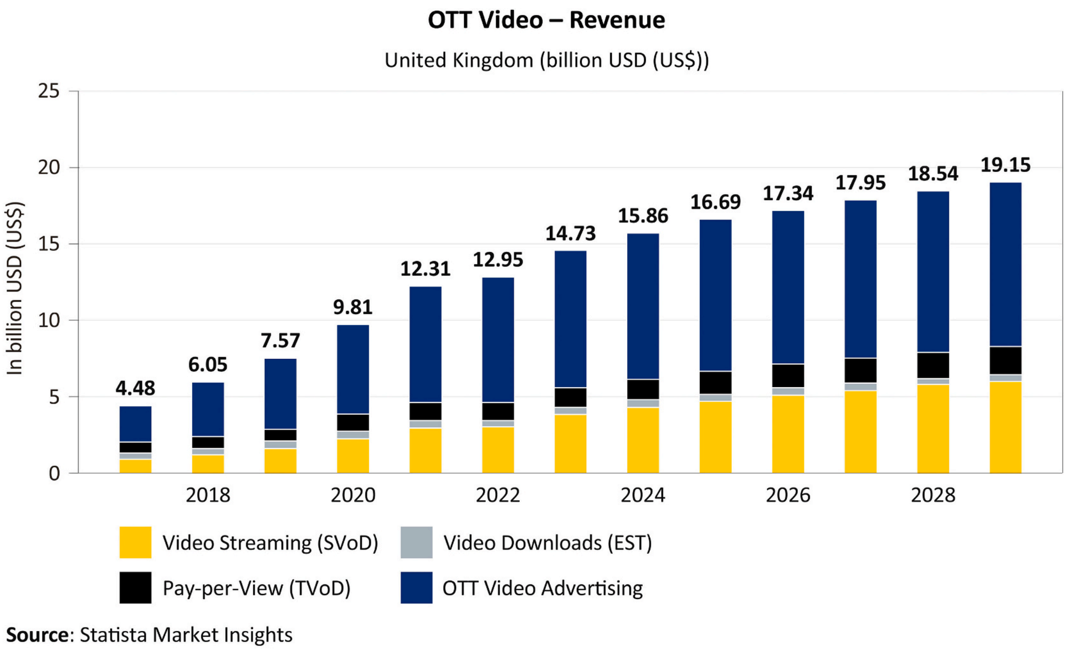

Fig. 6. Recent and projected OTT VOD revenues in the UK (US$).

4.2. Trade and creative industry policy

Australia has a long history of supporting its domestic audiovisual production through quotas, tax breaks, and subsidies. Australia has very high Australian content quotas: 55% of content shown on TV should be Australian in prime time. (Lobato et al., 2024: 10). This reflects a commitment to cultural promotion, soft power, and the creative economy. Recently, attention has turned to streaming platforms, with policies introduced to incentivize investment in Australian content.

In 2022, the Streaming Services Reporting and Investment Scheme recommended that platforms like Netflix invest 5% of their gross Australian revenue in local productions. This measure follows similar initiatives in European countries. However, the scheme has been criticized for weak sanctions and lack of implementation. In 2023, the government introduced the Revive National Cultural Policy,

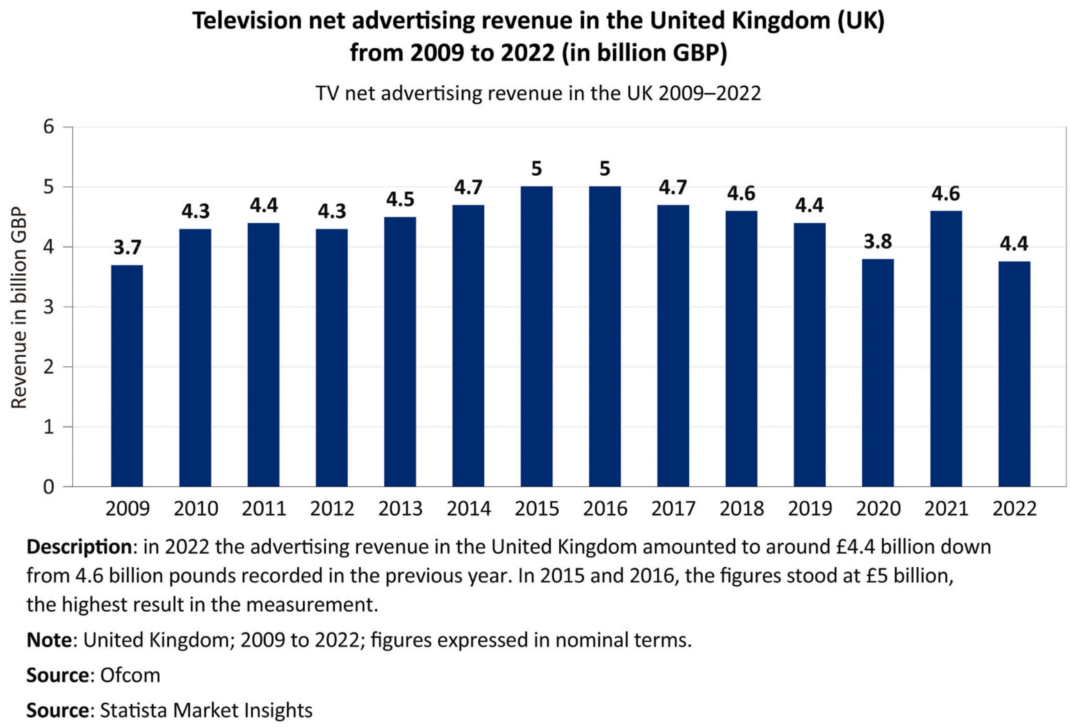

Fig. 7. UK television advertising revenues.

which includes quotas for streaming platforms requiring them to invest in Australian content starting in 2024. (Australian Government 2022: 9). Although details are still being finalized, the film and TV sectors have advocated for a 20% revenue levy to support 'local' (Australian) production.[10]

It is difficult to quantify the impact of these recent policy changes. A recent rise in the availability of Australian content on streaming platforms predates many of these interventions and is likely driven by natural market incentives to appeal to domestic audiences. Nonetheless, the regulatory environment is likely to have contributed to the growing availability of Australian titles on services like Netflix and Prime Video.

4.3. *Consumer protection and children*

Australia has adopted a stricter regulatory approach to internet content than the U.S. and Europe, aiming to protect users, particularly children, from harmful online content. The Online Safety Act 2021 (OSA) establishes a framework to address issues like cyber-bullying, abuse, and illegal content sharing. It introduces the Basic Online Safety Expectations (BOSE), requiring service providers to minimize harmful content and ensure effective complaints systems. Social media platforms and other online service providers must develop industry codes, a practice aligned with regulations in Europe, such as the EU's Digital Services Act (DSA).

Under the OSA, on-demand services are regulated to reduce online harms. VOD platforms are required to maintain content standards under existing broadcasting laws. Concerns have been raised regarding potential harms, such as addiction or manipulation, from short-form video content, particularly on platforms like TikTok, which has prompted discussions on protection of certain groups, like children. In 2024, the Australian Parliament passed an amendment to the Online Safety Act which aimed to ban under 16s from using social media. The legislation -effective December 2025- will oblige social media platforms (with some exemptions) to deploy appropriate age verification.

4.4. *Public service media*

Australia's public service broadcasters both offer OTT on-demand services. ABC's Iview and SBS On-Demand provide content

[10] https://www.abc.net.au/news/2023-01-29/streaming-giants-to-be-required-to-make-australian-films-and-tv-/101904938.

funded by public and ad revenue. These platforms are integral to maintaining access to free-to-air content for the public. In 2022–23, the Australian government introduced a new framework to ensure the prominence, or "discoverability," of free-to-air TV broadcasters on connected devices. This differs from other countries' prominence regulations, such as those in the UK and Germany, as it is designed to protect a wide range of free-to-air broadcasters rather than just public service providers.

In November 2023, the government introduced legislation to further protect the discoverability of public media and ensure that major events remain accessible to the public through free-to-air broadcasters. The legislation strengthens the "anti-siphoning scheme" which prevents subscription services from acquiring broadcasting rights for key public events unless free-to-air broadcasters have had the opportunity to do so. Key changes include extending the rights acquisition restrictions to media content services and increasing the period during which events are protected from 26 to 52 weeks before the event. However, concerns persist about whether these changes will adequately prevent major events from being available exclusively online, and the legislation has sparked controversy due to lobbying by the TV and hardware industries.

Of the countries studied therefore, Australia is both the most impacted by VOD and the most active in developing policy responses. Whilst competition rules have not been applied to VOD platforms, a new framework is being gradually established which could be applied in the future, and there is an active attempt to update trade, content promotion, production quotas and public service rules to protect domestic content.

4.5. International standards

While Australia's media regulations are often criticized for favouring incumbent legacy media and thus fostering an oligarchic media landscape (Lobato et al., 2023), international organizations generally view the country's media freedom favourably. In 2023, Australia ranked 27th in Reporters Without Borders' press freedom index. However, challenges remain, especially regarding the financial pressures on public broadcasters like ABC and SBS, which have struggled to adapt to the on-demand media landscape.

Australia's media market is characterized by a rapid uptake of OTT VOD services, driven largely by platforms like Netflix, which benefit from easy localization and high-quality content. Australia's regulatory approach has been proactive, combining efforts to protect public interest content, such as news, and extending quotas to maintain domestic production but it has not reversed the shift to OTT. The particularly active policy activity reflects a pattern of conflict between legacy media monopolies and rising digital platforms which continues to influence regulatory decisions in Australia.

5. South Korea

South Korea has an unusual relationship with Netflix, because the platform has facilitated exposure of Korean film and TV content to new global audiences. South Korean productions are one of the success stories of the first decade of Netflix. This owes a great deal to government subsidies and high-quality local production. The Government recently declared that it does not regulate OTT platforms like Netflix, nor does it plan to.[12] However, government in fact has engaged in discussions on the need for future regulation. A government official interviewed highlighted the need for policies that maintain industry competition and sustainability. The South Korean content industry is growing but undergoing restructuring, and there is a call to ensure both platform competition and support for local operators. This involves helping domestic OTT platforms distribute their content globally in competition with larger players like Netflix. Although Netflix provides an efficient route to the global market, policymakers stress the need to maintain South Korea's independent overseas distribution networks and expand diplomatic and content exchange efforts.

Some regulatory concerns, such as levying fair telecommunications fees on US platforms like Netflix, were raised during trade talks with the U.S., but did not progress. This suggests that trade negotiations with the U.S. might block certain domestic regulatory moves.

5.1. Competition and market shaping

In December 2022, the Korea Communications Commission (KCC) issued a report on the OTT video market, noting its growing impact on pay-TV operators and content markets.[13] Despite these findings, no immediate regulatory action was deemed necessary. However, stakeholders now push for greater oversight of OTT services to protect fair competition. An expert interviewed for this study argued that imposing competition regulations hastily could harm the dynamically evolving OTT market, suggesting that outdated regulatory frameworks need revision to accommodate the realities of modern platforms. The proposed Online Platform Transaction Fairness Act and Platform Competition Law aim to regulate dominant platforms and curb anti-competitive behaviour, following the EU DMA model. However, U.S. opposition makes it unlikely that this law will pass soon.[14]

[12] https://zdnet.co.kr/view/?no=20230918190333.

[13] The Broadcasting Market Competition Assessment is conducted annually by the Korea Communications Commission (KCC) according to Article 35-5 of the Broadcasting Act. The results are reported to the National Assembly. See also: https://content.clearygottlieb.com/antitrust/digital-markets-regulation-handbook/south-korea/index.html.

[14] https://www.legal500.com/developments/thought-leadership/kftc-proposes-ex-ante-regulation-of-platforms-under-the-platform-competition-promotion-act/.

5.2. Trade and creative industry policy

South Korea's entertainment industry, particularly K-pop and the Korean wave (K-wave) of film and audiovisual production (e.g., Squid Game), has achieved global recognition. This success was built on earlier developments in the online gaming industry and a robust telecommunications infrastructure as well as active government industrial policy. (Holroyd 2018). Theatre distribution regulation includes strict quotas to encourage exhibition of Korean films.[15] Government policy has played a pivotal role in the recent cultural export boom, providing significant investments in content creation spaces, supporting startups, and leading trade and investment promotion initiatives like Invest Seoul to position South Korea as a global content export powerhouse. Policy emphasis has been on promotion and investment rather than defensive trade barriers. For example production quotas have not been extended for OTT platforms. By 2018, South Korean productions accounted for 2.8% of the global content market.

The success of independent music and game creators in the 1990s sparked government interest, leading to the development of cultural export strategies across various government ministries. This resulted in the creation of bodies like the Korea Creative Content Agency and initiatives such as Content Korea Lab, which empowered digital content creators and helped them scale globally. (Holroyd 2018).

To continue this growth, South Korea's government remains proactive in supporting domestic content production and expanding local OTT services abroad. In 2024 the Ministry of Culture, Sports and Tourism, signed a memorandum of understanding with Korean OTTs to expand international services and protect Korean intellectual property. The Ministry has also invested in projects to promote local content on domestic OTT platforms. South Korea remains on the cutting edge of emerging and niche genres that promise future successes. For example webtoons (online cartoons) originated in the Korean market. Many successful Korean films developed from webtoons. For example the movie MaskGirl[16] for Disney+.

5.3. Protection of children and online safety

South Korean policymakers have attempted to update child protection for new on demand services. South Korea has also strengthened protection for children's data. Data cannot be gathered from children under 14 without written parental consent.[17] There is also a self-regulatory system for video content classification on demand video platforms. In September 2022, the Promotion of Motion Pictures and Video Products Act was amended to allow OTT platforms to self-rate their content.

5.4. Public service broadcasting and the role of OTTs

South Korea's public interest regime for broadcasting has not been updated to reflect changes in consumption and neither have subsidies been updated. (Lim and Kim, 2023). Recent changes to the funding model for KBS, South Korea's public broadcaster, which relies on compulsory license fees for homes with TV sets, have been criticized as a political move to exert control over the broadcaster. There is ongoing debate about whether OTT platforms should contribute to public service media (PSM) and to the Broadcasting Development Fund, to which broadcasters must contribute 1.5% of their turnover. While some argue OTT platforms should contribute similarly, discussions have stalled. Similarly, a policy to enforce contributions to the Cinema Development Fund, following the French model, has not gained traction.

5.5. Infrastructure and distribution

South Korea is globally recognized for its high-speed internet infrastructure, which began with government support for broadband in the 1990s. By March 2023, nearly 30 million people subscribed to 5G, and the country is now moving toward 6G, aiming to develop virtual reality (VR) and augmented reality (AR) services. (Forge and Bohlin, 2007).

The net neutrality debate is another unresolved issue in South Korea. A longstanding dispute between Netflix and SK Broadband over network fees ended in 2023 with a strategic partnership. The issue reignited after Twitch announced its shutdown in Korea due to the high costs of network fees. Despite ongoing discussions in the National Assembly, legislation on platform contributions remains pending. (Kim and Kim, 2024).

5.6. International standards

South Korea has received praise from international organizations like Human Rights Watch and Reporters Without Borders for its media and internet regulatory framework. However, the country still faces criticism for criminal defamation rules, government pressure on KBS, and conflicts of interest that undermine journalistic independence.

Despite these challenges, South Korea remains a leader in global digital creativity, particularly in the gaming, music streaming, and

[15] https://foreignpolicy.com/2022/07/10/south-korea-film-movie-industry-screen-quota-protectionism-free-trade-covid/.

[16] See: https://gjia.georgetown.edu/2020/05/26/the-korean-wave/; EU -SK digital partnershiphttps://digital-strategy.ec.europa.eu/en/news/eu-and-republic-korea-digital-partnership-strengthening-our-economic-resilience; UK -SK digital partnership https://www.gov.uk/government/publications/uk-republic-of-korea-digital-partnership.

[17] https://iapp.org/news/a/south-korea-amends-child-data-protection-laws/.

audiovisual sectors. Its success is largely due to private-public telecom investments, long-term government policies, and the absence of content censorship, allowing creatives to express their ideas freely.

In conclusion, South Korea's regulatory framework and industrial policies have played a crucial role in fostering a globally competitive content industry. While challenges remain, especially in regulating OTTs and maintaining creativity amidst demographic shifts, the country continues to lead in digital innovation and cultural exports.

6. The UK

The UK response to the rise of VOD has reflected its strong tradition of public service, and strong content production sector. The UK operates a "competition plus" regulatory framework in digital media, overseen by Ofcom, which aims to promote consumer welfare, innovation, and investment through competitive markets across network and content services whilst also maintaining strong public service provision through licensing and subsidy. This system combines strong public regulation, consumer protection, and fundamental rights, consistent with a liberal democratic media system rooted in Council of Europe standards. Though no longer subject to EU law post-Brexit, the UK remains committed to European and UN human rights conventions, which guide its regulatory approach and much EU legislation remains in place.[18]

6.1. Competition and market shaping

The Digital Markets, Competition, and Consumers Act, passed in 2024, marks a significant shift in competition regulation, particularly concerning digital platforms. Similar to the EU's Digital Markets Act, the UK law targets large platforms that hinder competition and innovation. The legislation empowers the Competition and Markets Authority (CMA) to designate companies with "strategic market status" (SMS), which would subject them to stricter regulations, including obligations to share user data with business customers. The criteria for SMS include thresholds based on turnover and market power, which could affect major video-on-demand platforms like Netflix and Amazon Prime. The law also updates other competition regulations on cartels, mergers, and market dominance. No review of VOD has yet been conducted under the Act.

6.2. Trade and creative industry policy

In the audiovisual sector, the UK has a trade surplus globally but not with the US, and the UK is the second largest producer of Netflix content after the US. The government supports the domestic creative industry through tax incentives, subsidies, and public service content rules. However, quotas for UK-produced content only apply to traditional broadcasters and not to over-the-top (OTT) services like Netflix and Amazon Prime. While some streamers have increased their investment in UK-produced content, proposals to impose levies on platforms to support domestic production have not been implemented.

Even after leaving the EU, the UK continues to apply the Audiovisual Media Services Directive (AVMS), which requires larger on-demand services to ensure that at least 30% of their content is European and to give prominence to such content. AVMS also sets standards for advertising, child protection, and preventing harmful content on video-sharing platforms. These regulations aim to align on-demand services with traditional broadcast standards.

6.3. Online safety and child protection

The Online Safety Act 2023 represents a major development and will eventually replace the legacy video sharing regulations. It creates a co-regulatory system designed to improve risk assessments and the safe design of online platforms, from social media to search engines. The act categorizes services into three groups—large platforms, search engines, and smaller messaging services—and establishes different requirements for each. These services must assess risks from illegal and harmful content, particularly for children, and take proactive steps to mitigate these risks.

Ofcom, the regulatory body, will publish codes of practice detailing safety measures and begain a process of consulting stakeholders on this in 2024-25. Larger platforms will also need to provide tools for users to control their exposure to harmful content, protect journalistic content, and verify identities. The Act establishes stiff penalties for non-compliance, including fines of up to £18 million or 10% of global revenue. Criminal sanctions can also be imposed on senior managers who fail to meet child safety obligations.

Video-sharing platforms like YouTube and TikTok, previously governed by separate rules, will now fall under the Online Safety Act. After a transition period, they must comply with the new risk assessment framework for online safety. Ofcom will oversee complaints and issue codes of conduct for content and safety standards. In time a converged system of content standards is expected to replace parallel systems for broadcast and on demand. Thus the content rules and standards expected of these platforms will be subject to a co-regulatory scheme, whereas on demand services provided by legacy broadcasters are subject to a complex patchwork of licensing, their own codes and voluntary schemes.

[18] https://www.legislation.gov.uk/uksi/2020/1062/made.

6.4. Public service media

The UK has a well-established public service media (PSM) system, including publicly funded institutions like the BBC, publicly owned services like Channel 4, and private broadcasters with public service obligations. The modernisation of public service broadcasting has been slow, and debates over funding models, particularly for the BBC, have not resulted in significant reforms.

Following a Parliamentary Inquiry[19] and a review by regulator Ofcom[20] the Media Act 2024 was passed. This legislation aims to support public service broadcasters by introducing new prominence rules requiring platforms like smart TVs and streaming services to prominently display PSM apps. Ofcom will issue guidelines to ensure that public service media remain visible on digital platforms. This framework seeks to preserve the position of public service broadcasters in the digital age.

6.5. Infrastructure and distribution

Before leaving the EU, the UK's telecommunications policy was based on EU directives promoting competition in fixed and wireless infrastructure. Rural areas still suffer from inadequate 4G and 5G coverage, and some regions lack full-fibre broadband. Nevertheless, for most of the UK population, infrastructure is no longer a barrier to the deployment of over-the-top video-on-demand services. The UK has committed to expanding full-fibre broadband through a 2018 strategy [21] that combines public intervention in underserved areas with competition-friendly policies like access to poles and ducts.

6.6. Regulation and international standards

The UK ranks highly on press freedom- 26th in the 2024 Reporters Without Borders league. Video-on-demand and broadcasting innovations have generally been well received, but human rights organizations like Article 19 have raised concerns about the new Online Safety Act. [22] Critics argue that the legislation could threaten freedom of expression by empowering private companies to regulate online content and undermining user anonymity.

Despite these concerns, the UK's public service media system remains a focal point of its regulatory landscape. The UK government has supported the evolution of public service media, allowing institutions like the BBC to develop on-demand services. By introducing prominence rules and other supportive measures, the UK is attempting to preserve its mixed public-private media system as the media landscape shifts towards on-demand digital platforms. Whether this system can survive the transition to digital media remains uncertain, but the current regulatory approach aims to maintain diversity in business models and support public service competition.

7. Japan

The Japanese regulatory framework for broadcasting and telecommunications remains divided into two distinct sectors, despite ongoing discussions about a converged system. The Ministry of Internal Affairs and Communication (MIC) plays a central role in overseeing telecommunications and broadcasting, while the Fair-Trade Commission (FTC) regulates competition. The MIC oversees licensing and market regulations in the telecommunications sector, while broadcasting is regulated under the Broadcast Law and Radio Wave Law.

7.1. Competition and market shaping

Japan introduced new legislation in 2020 aimed at improving transparency and fairness in digital platform transactions. The Act on Improvement of Transparency and Fairness in Trading on Specified Digital Platforms (TFDPA) targets large platform operators like Amazon and Google, requiring them to disclose terms of use and implement self-reporting measures to ensure fair practices. This legislation resembles the European Union's Digital Markets Act, although Japan's approach is lighter, relying on co-regulation rather than stringent enforcement.

While there have been no specific regulations addressing the competitiveness of OTT video platforms, there is growing concern about the dominance of large digital platform operators, especially as they gain influence over content distribution.[23] The Japanese government has raised concerns about issues like self-preferencing and data dominance in the digital marketplace. However, no specific discussions or policies have been aimed at regulating the market power of OTT platforms, though concerns remain about the competitive position of content producers relative to these platforms. [24]

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[19] https://publications.parliament.uk/pa/cm5801/cmselect/cmcumeds/156/15602.htm.

[20] https://www.ofcom.org.uk/tv-radio-and-on-demand/public-service-broadcasting/five-year-review-of-public-sector-broadcasting/.

[21] https://www.ofcom.org.uk/_data/assets/pdf_file/0025/116539/investment-full-fibre-broadband.pdf.

[22] Article 19: UK: Online Safety Bill is a serious threat to human rights online. April 25, 2022. https://www.article19.org/resources/uk-online-safety-bill-serious-threat-to-human-rights-online/.

[23] See: https://iclg.com/practice-areas/telecoms-media-and-internet-laws-and-regulations/japan.

[24] https://www.jftc.go.jp/en/pressreleases/yearly-2021/February/210217_3.pdf.

7.2. Trade and creative industry policy

Japan has a strong domestic content production sector and has invested in promoting its cultural products abroad. Initiatives like the Cool Japan Fund, a public-private partnership launched in 2013, support the international promotion of Japanese cultural products. The government has also supported the development of content policies through various projects and regional initiatives, such as the Asia Content Business Summit. (Holroyd, 2019).

Japan has no domestic production quotas in its broadcasting laws, nor does it impose such requirements on streaming services. While domestic production remains strong, there is a growing awareness that the rise of on-demand platforms could pose a threat to local content production, as global content becomes more easily accessible. Despite this, Japan has not imposed quotas or levies on streaming services, as seen in some other countries.

7.3. Protection of children

The protection of children from harmful content on OTT platforms falls under general internet regulations. The Act on Development of an Environment that Provides Safe and Secure Internet Use for Young People requires internet service providers to take measures to protect minors from harmful information, such as content promoting criminal activity or explicit material. However, there are no specific regulations targeting OTT platforms or video streaming services in this regard. Instead, Japan relies on broader internet safety policies for protecting minors. No specific law regulates virtual private network ("VPN") services.[25]

A 2022 government review indicated that harmful and illegal/slanderous information remained a problem of widespread public concern that may indicate future demand for increased regulation of social media and UGC platforms but not necessary a departure from the self-regulatory model for online streaming.

7.4. Public service media

The Broadcast Law, dating from 1950, sets the standards for Japanese television broadcasting. It mandates that broadcasters ensure freedom of expression, political neutrality, and impartial reporting to promote a healthy democracy.[26] Broadcasters are required to create and follow programme standards. Licensing is regulated by the MIC, with foreign investment in TV stations limited to 20%. Broadcast content must meet standards outlined in Articles 4 and 5 of the Broadcast Act, ensuring that content does not negatively affect public safety, remains politically neutral, and reports facts accurately. However, these standards do not apply to on-demand or OTT (over-the-top) streaming services, which are not regulated under traditional broadcasting laws.

NHK, Japan's public service broadcaster, funded by license fees, plays a significant role in the country's broadcasting landscape. NHK's foray into on-demand platforms remains limited, pending policy discussions on the broadcaster's role in the digital age. There are no obligations on distribution platforms to make NHK service prominent or discoverable. A working group established in 2022 has been tasked with addressing issues such as NHK's role in the internet era, competition with private broadcasters, and the sustainability of NHK's funding model.[27]

7.5. Digital infrastructure and distribution

Digital terrestrial television (DTT) remains important in Japan, especially for providing disaster information. While some argue that DTT is becoming economically unsustainable due to high content costs, there is significant resistance to discontinuing terrestrial broadcasting. The Broadcasting Act obliges NHK to ensure that its content is universally accessible, and the government has invested in infrastructure to ensure access to television services in remote areas.

Japan's aging population presents challenges in the transition to digital platforms, as older citizens are less likely to adopt new technologies. Despite these challenges, broadband infrastructure is expanding, supported by policies to address the digital divide.

7.6. Regulation and international standards

Japan's public service broadcasting regulation has been criticized by international observers, particularly regarding the influence of government over NHK. The UN Special Rapporteur on Freedom of Expression criticized the lack of regulatory independence and perceived restrictions on media freedom in 2017.[28] While Japan's regulatory system ensures public interest and service, it faces challenges in maintaining neutrality and independence, especially in the digital era.

Japan's media landscape is characterized by a strong domestic content production sector, particularly in areas like animated film, where it has gained global acclaim. However, the rise of OTT platforms has shifted the dynamics of content consumption, with Japanese content facing increased competition from global productions. Despite this, the government has not imposed measures such as content quotas or levies on video streaming platforms, instead relying on domestic demand to support local production.

[25] https://iclg.com/practice-areas/telecoms-media-and-internet-laws-and-regulations/japan.
[26] Broadcast Law 1950, Article 1. See https://www.japaneselawtranslation.go.jp/en/laws/view/4509/en.
[27] see The NHK Monthly Report on Broadcast Research, 2023/08/01, Vol.73(8), pp.2-32.
[28] http://hrn.or.jp/wpHN/wp-content/uploads/2017/05/A_HRC_35_22_Add.5_E.pdf.

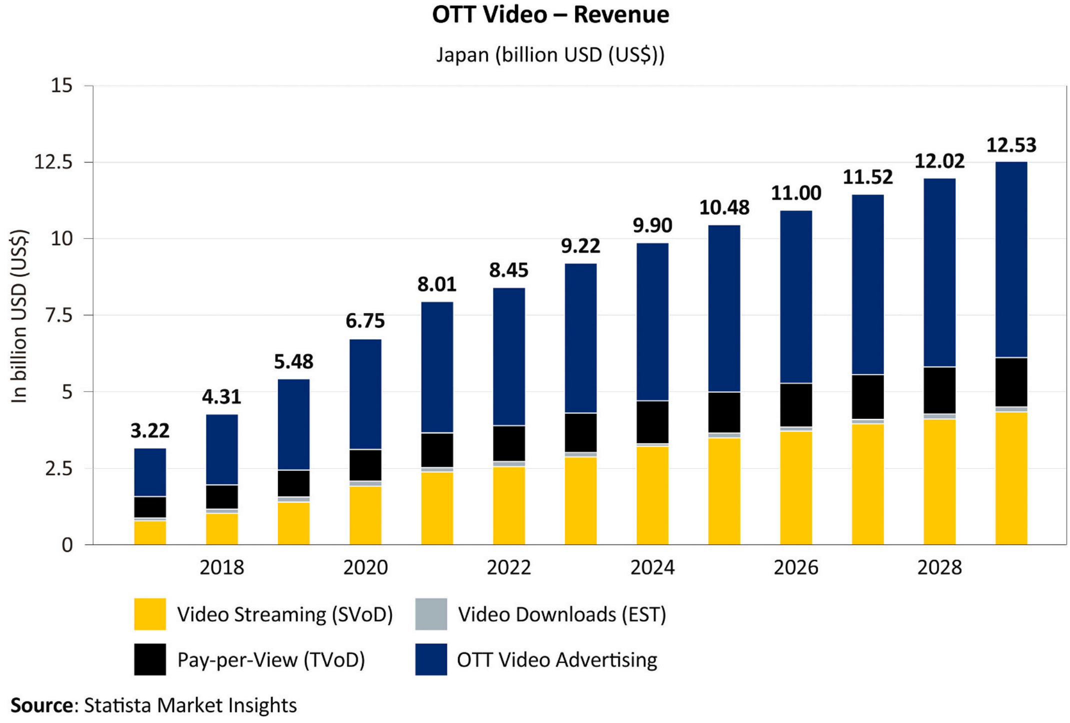

Fig. 8. Increase in OTT revenues in Japan, recent and projected.

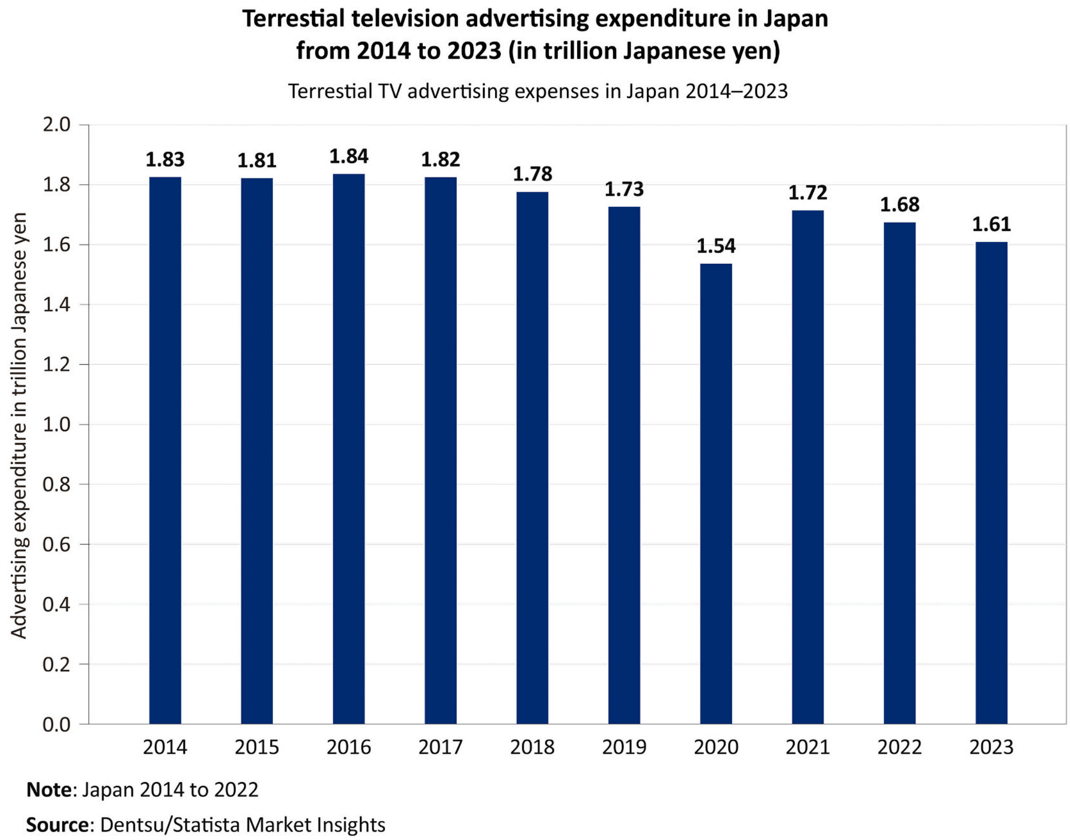

Fig. 9. Advertising expenditure on terrestrial television in Japan 2014–2023

Country	Australia	South Korea	The UK	Japan
• Competition law	Treasury Laws Amendment (News Media and Digital Platforms Mandatory Bargaining Code) Act 2021 Competition and Consumer Act 2010	Monopoly Regulation and Fair Trade Act (MRFTA)	Digital Markets Competition and Consumers Act 2024	Act on Prohibition of Private Monopolization and Maintenance of Fair Trade Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act) and Act on Improvement of Transparency and Fairness in Trading on Specified Digital Platforms
• Licensing	Communications Legislation Amendment (Prominence and antisiphoning) Bill 2023.	Telecommunications Business Act 2019	The Communications Act 2003	Telecommunications Business Law and Broadcast Law (Authorisation)
• Subsidies	Australian Screen Incentives Scheme[1] Open to film and television production and includes grants, tax incentives, and rebates on expenses such as locations, infrastructure and producers.	Korea Creative Content Agency which supports film, TV, music, games and other types of production with production support and promotion/export support and runs the incubator programme Content Korea Lab Korean Film Council, which provides direct support to production, distribution and international promotion of Korean films	The British Film Institute provides support for film, television and 'new forms of story-telling" through a variety of means – grants for production, support for training programmes, help with promotion and distribution, and career assistance for those in the industry. Additionally the Finance (No.2) Act 2024 sets out tax credits for certified British productions	The Cool Japan Fund includes a fund for supporting the creation of Japanese content for international distribution. UniJapan offers a platform for connecting Japanese film and audiovisual producers with investors for domestic and international co-production.
• Quotas	Broadcasting Services Act 1992. Broadcasting Services (Australian Content and Children's television) Standards 2020. 55% Australian Programming between 06:00-00:00.	None in legacy broadcast or VOD	The Communications Act 2003 as amended by the 2020 Audiovisual Media Services Act. 50% European works (including UK origin) on television; 30% in VOD catalogues. In addition the BBC has obligations for 25% independent productions and additional requirement for regional content.	None in legacy broadcast or VOD
• Key approaches for promoting content industries	Using competition policy to intervene in the relationship between platforms and media; Industrial policy of quotas, subsidies, tax breaks; export support.	Industrial policy of direct investment in creative hubs, skills building, subsidies, and cooperation with SMEs; export support and cultural policy promoting content abroad	License fee supported PSB heavily investing in AV industries; Industrial policy of quotas, subsidies, tax breaks; rules to ensure UK channels are prominent on OTT services	Heavy investment in PSB, subsidies and export support

Fig. 10. Some relevant regulation: overview and summary.[29].[1]

In summary, Japan's regulatory framework for broadcasting and telecommunications remains rooted in traditional media, with ongoing discussions about adapting to the digital age. While the government has introduced measures to address transparency and fairness in digital platforms, significant challenges remain, especially regarding the future role of public service media, the protection of domestic content, and the regulation of OTT services. The evolving digital landscape (see Figs. 8 and 9) continues to challenge Japan's media policies as it seeks to balance traditional broadcasting values with the demands of a modern, globalized media environment.

8. Conclusions: Reasserting national audiovisual spaces?

Despite a global trend towards national protectionism and populist rhetoric of cultural isolation, discussions of media globalisation and the 'Netflix effect' have neglected to analyse the reassertion of digital sovereignty through national broadcasting, cultural and industrial policy. Theorists of digital sovereignty who have been concerned with reassertion of national control, have thus far neglected broadcasting and the streamers, focusing on social media and control of personal data. (Floridi, 2020). The cases examined in this article show that the policy and industry response to global distribution of audiovisual content is key to understanding national cultural, political and economic responses to media globalisation (Lotz, 2019). This article has shown that in the broadcasting systems reviewed, OTT distribution continues to impact national broadcasting and content industries. The analysis also shows that this impact has triggered a policy response to protect domestic industries, democracy and culture. (Starks, 2019). Analysts such as Flew (2022) see 'post globalisation' as a phenomenon of the political sphere, as populist political entrepreneurs mobilise dissatisfaction against globalisation. But the case studies reviewed in this article suggest that it is the intertwining of political economic, cultural and also soft power concerns with geopolitics that drive reactions against globalism in audiovisual independently of populist political actors. Among the countries studied there has thus been a significant attempt to reassert national social and economic interests, using the wide range of policy tools illustrated in Figs. 10 and 11, but no country has been able to reverse the decline of national audiovisual systems. As such this article provides some evidence for the enduring relevance of national media systems in the face of globalisation (Flew and Waisbord, 2015), and it also shows in more detail how issues of harm, competition and trade and industrial policy interact as policymakers attempt to protect domestic media. (Lotz et al., 2022). But it also demonstrates that this national response has so far been insufficient to reverse the march of global streamers such as Netflix.

Each of the cases examined has implemented policies in response to perceived threat from global VOD providers including interventions that extend some aspects of legacy broadcasting regulation to VOD platforms. These include: protection of domestic producers through various forms of subsidy, quotas for domestic production and trade promotion to promote investment in domestic content. Whilst notable differences emerged among the cases there were a number of common elements.

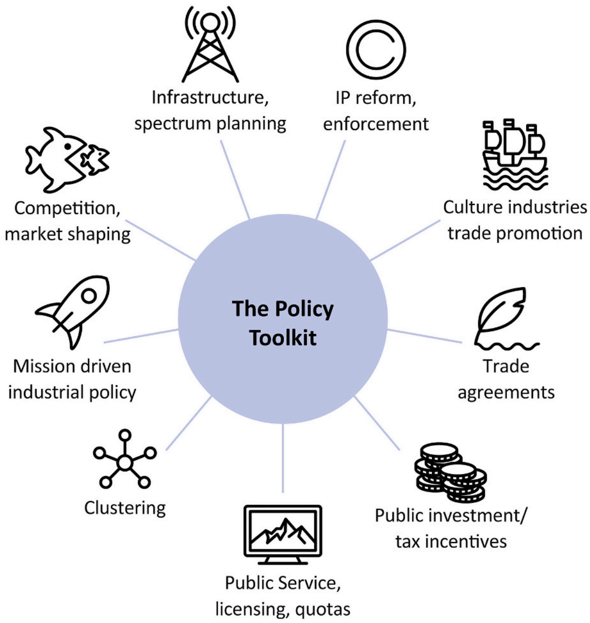

Fig. 11. Resisting the Netflix Effect: policy toolkit.

- Competition policy and market shaping. Problems of market dominance and abuse of this dominance by VOD providers are already being discussed and may in time lead to interventions to protect competition in OTT VOD, but in the cases studied no regulatory actions have been directed at OTT platforms. Regulatory concerns might also be raised about whether there are media plurality and diversity issues particularly if a declining number of channels is the main source of news and information for a significant segment of the population, or if VOD platforms become a significant gatekeeper of information and news.
- Content regulation, positive content obligations. The continuing parallel existence of broadcast licensing and content standards delivered by self-regulation of on-demand platforms has created concerns about level playing fields in each of the jurisdictions studied. The trend is for tightening of content restrictions on video on demand platforms and relaxation of broadcast rules. Domestic production quotas and public service prominence obligations are being extended to on demand platforms in some countries with strong public service traditions particularly Australia and the UK but have not been discussed prominently in other countries studied. Budgetary restraint indicates PSM funding squeeze in all countries covered. Japanese and South Korean regulation does not for example have a tradition of quotas for domestic production or promotion of public interest content in broadcasting, and they have not been implemented for the VOD sector as they have in the UK and elsewhere in Europe.
- Consumer and child protection. In all countries studied questions of content standards remain paramount, especially on new platforms for video sharing and social media platforms. Regulation is in the process of being overhauled but all countries still operate dual systems for social media and broadcasting. The "duty of care" approach of the European Union in the form of the Digital Services Act is the approach most commonly being implemented and is likely to be a global default position.
- Trade and industry policy. The emphasis in Japan and particularly in Korea has been on trade and industrial promotion of domestic production industries for export markets which may involve dilution of cultural specificity of audiovisual productions for the global market.

In summary, this examination of regulatory responses to the rise of OTT video has shown that whilst there has been a great deal of policy activity and debate, domestic policy has been motivated to protect domestic content production industries for both economic and cultural reasons. It has thus far done little to reverse the Netflix effect of media globalisation or reassert national domestic content production and public service media in the cases studied however. There have been tentative moves to apply quotas for domestic production and content standards to OTT platforms, as well as the beginnings of prominence privileges for public interest content on on demand video platforms. These attempts to re-assert national audiovisual spaces are more advanced in Australia and the UK, whereas Japan and Korea both take a more commercial approach that stresses government intervention to promote 'soft power' exports rather than substitute domestic content for imports.

Data availability

The interview data that has been used is confidential.

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