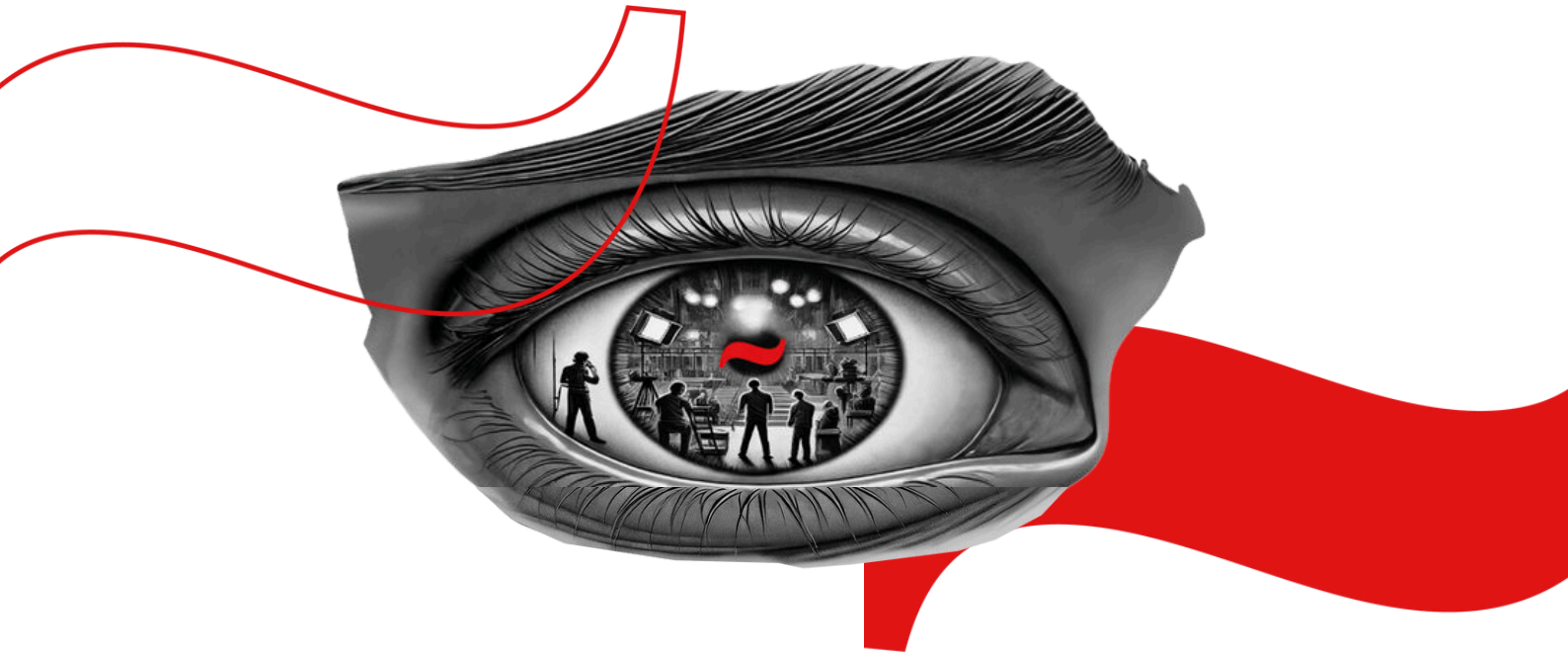


Visibly invisible

The impact that does not appear on screen



Economic Impact of Spain's Rebates for Investments in International Film and Television Series

Executive Summary

A project from:



We
Make
The
Magic



By:

OLSBERG • SPI



Financiado por
la Unión Europea
NextGenerationEU



GOBIERNO
DE ESPAÑA

MINISTERIO
PARA LA TRANSFORMACIÓN DIGITAL
Y DE LA FUNCIÓN PÚBLICA

SECRETARÍA DE ESTADO
DE ORGANIZACIÓN
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Plan de Recuperación,
Transformación y Resiliencia



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About the project

The first study on the Economic Impact of International Productions in Spain is a project by Spain Film Commission, in collaboration with PROFILM and conducted by Olsberg·SPI. Its goal is to evaluate the economic impact of international film and television productions in Spain, based on an analysis of the tax incentives offered in our country to attract this type of investment.


This analysis has been carried out within the framework of the Spain Audiovisual Hub project, an initiative launched in 2021 by the Government of Spain, co-financed by the European Union's NextGenerationEU program. The aim of this initiative is to increase audiovisual production levels in Spain by 30% by 2025, positioning the country as the leading audiovisual hub in the EU.

The data collected in this detailed study covers a four-year period, from 2019 to 2022, and its main objective is to understand how public promotion of investment in the audiovisual sector, in this case through the tax incentive for foreign productions, generates a beneficial multiplier effect on the Spanish economy, with a particular focus on job creation, contribution to GVA, and other key indicators.



Overview of Spain's Audiovisual Sector

Growth and Strengths of the Sector

 *an attractive destination for international film and television productions*

Spain has established itself as a key player in audiovisual production, both at the European and global levels. Spain is an iconic location due to its cultural diversity, the richness of its filming locations, and a favorable climate that allows filming throughout the year. These characteristics, combined with a highly skilled workforce in creative and technical fields, have made Spain an attractive destination for international film and television productions for decades.

Building on this historical reality, in recent years, the audiovisual production sector in Spain has experienced significant growth. However, this boom is not only explained by traditional characteristics or by new global trends, such as the increase in content production for streaming platforms, but also by the adoption of political initiatives and government support aimed at developing the sector. The launch of the Spain Audiovisual Hub initiative in 2021 is a clear example of this strategy, which seeks to capitalize on the growing demand for audiovisual content and position Spain as a leading audiovisual production hub.

This momentum must be accompanied, as is already happening, by support for investment in audiovisual production infrastructure. This includes innovative filming studios, a well-developed supply chain, and auxiliary services that facilitate the execution of large international projects.

Spain's International Film and Television Fiscal Incentive Programme

Since 2015, Spain has offered a specific tax incentive for international productions filmed in the country. This incentive has been modified several times to enhance its attractiveness and competitiveness in the international market.



The incentive offers, across the entire national territory, a tax deduction of 30% on the first million euros spent on eligible expenses, and 25% on additional expenses. The maximum limit of the incentive is 20 million euros per production for feature films, and 10 million euros per episode for television series.

In the Canary Islands, due to their special tax regime, the incentive is higher, offering a 50% deduction on the first million euros (54% from 2024) and 45% on additional expenses, with a limit of 36 million euros per production and 18 million euros per episode for television series. In addition to this national incentive, several autonomous communities with their own tax regimes have also developed their own incentives. For example, Navarra offers a 35% rebate on expenses in the region, with a limit of 5 million euros per project. In the Basque Country, the provinces of Bizkaia, Gipuzkoa, and Araba have implemented incentives that offer, if certain special conditions are met, a rebate of up to 70%.

Economic Impact of International Productions

The analysis conducted by Olsberg SPI collected information from 165 productions benefitting from the international incentive programme with start date of principle photography between 2019 and 2022. These productions spent a minimum of 1,320 million euros in the Spanish economy over this period, which in turn generated an estimated minimum of €1,795.6 million in Gross Value Added (GVA) contributions to the national economy.

165 international productions analyzed
Between 2019 and 2022

|

€1,795.6 M minimum GVA contributions to the national economy

This is the case because the economic impact of these productions is not limited to direct spending within the strictly audiovisual industry, but extends in an extraordinarily widespread manner throughout the entire national economic fabric. The analysis identifies that a substantial portion of production expenditure is allocated to sectors outside the audiovisual industry.

The positive impact of Spain's international incentive in attracting additional production activity is reflected in the data: 70% of the expenditure would not have been made in Spain if the international incentive had not existed. In other words, thanks to this programme, these resources have been injected into the country's economy.

Employment Creation

The incentivised international productions generated a significant positive impact on employment in Spain. It is estimated that these productions created or sustained an average of 7,080 full-time equivalent (FTE) jobs each year across the Spanish economy during the period 2019-2022. Of these jobs, approximately 1,300 were directly generated by the productions, while the remaining 5,780 jobs were supported in the supply chain and the wider economy through wage spending effects from employees.

 **7,080** FTE jobs

|

1,300 directly generated by the productions

5,780 supported by the indirect and induced impact channels

In terms of compensation, the study shows that the total accumulated remuneration for employees who worked on incentivised international productions amounted to €989.9 million. This figure represents 55% of the total impact on Gross Value Added during the study period. Of this amount, €243.2 million is directly attributed to the workers involved in the incentivised productions, while €746.7 million was distributed through indirect and induced impacts.



Geographical Distribution of Production Spending

This first Study on the Economic Impact of International Productions in Spain also highlights the territorial impact of this incentivised activity, emphasizing that the effect of the induced activity reaches, in one way or another, almost the entire country. It is noteworthy that a significant portion of the spending of the productions analysed as part of this study, all happening between 2019 and 2022, is concentrated in four regions, which is consistent with the fact that three of them are the most populated in the country (Madrid, Catalonia, and Andalusia), and they also have a long history of developing infrastructure and services for national audiovisual production. In recent years, the Canary Islands have joined this group, undoubtedly due to their more favorable incentive regime. Nevertheless, significant and growing impacts can be seen in many other regions, and it is expected that this diversification will increase as the recent incentives in the Basque Country's foral territories become more established, as well as the various non-fiscal support systems that are beginning to be implemented in other parts of the country.



Micro Impacts and Ripple Effect

The report includes a detailed analysis of the micro impacts of international productions in Spain, particularly through the ripple effect.

ripple effect

This concept describes how production spending spreads throughout the economy, affecting a wide range of sectors, even those not directly related to the film and television production sector.

For example, in the case of a high-budget film analysed, 74% of the below-the-line production spending went to other sectors, such as construction, hospitality, transportation, and location fees. This indicates that audiovisual production has a much broader economic impact than might be expected, benefiting a variety of economic sectors. Similarly, in a high-budget television series, 54% of the below-the-line spending was directed toward sectors outside the film and television production sector.

FILM 74%
SERIE 54%

below-the-line
production spending
outside the film
industry

Return on Investment (ROI) and Programme Effectiveness

The GVA Return on Investment (RoI) analysis can be thought as the relationship between the public money invested in incentives programme for international productions and the return generated for the overall economy in terms of GVA. Between 2019 and 2022, the incentive programme for international productions in Spain generated an GVA RoI of 9. This means that for every euro invested through this programme, 9 euros in additional GVA were generated across the country.

1€
invested through
the fiscal policy

~

9€
generated
additionally

Between 2019 and 2022

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