

## Russian Sanctions

Russia's war in Ukraine and the unfolding humanitarian crisis has drawn condemnation from across the world, and in the weeks since the invasion began the international community has imposed substantial and wide-ranging sanctions. Amid this response, there have been worldwide calls for a ban on Russian films, and organisations such as film festivals, media groups and distributors have sought to cut ties with the Putin regime.

Netflix has recently suspended operations in the Russian film and TV market, and reportedly several Russian-language series that had either been in production or post-production will now be discontinued until further notice. This follows the streamer's announcement that it had suspended its platform in the country after refusing demands to carry a suite of pro-government channels.

Discovery and Amazon have joined the growing media boycott by suspending services in Russia, and several Hollywood studios said they would be pausing all theatrical releases in the country, including those of upcoming blockbusters 'Turning Red,' and 'The Batman'. In a country where Hollywood films typically account for around 75% of overall box-office revenues, there are fears that some Russian cinema chains could go out of business as a result.

Actions taken by the international community will also potentially have a devastating impact on Russia's home-grown film industry. Following the Ukrainian Film Academy's call for an international boycott of Russian cinema, a number of upcoming film festivals have already withdrawn Russian titles, although some - such as Cannes - say they will still invite independent Russian filmmakers while banning official delegations. In the UK, the producer's trade body PACT has issued a statement calling on its members to suspend all co-operation and trade with Russia for the time being.

Russia has been a fast-growing market for cinema, making a strong recovery post-Covid; in 2021 it was ranked sixth worldwide in the top 10 countries for annual box office. This follows years of promotion by Roskino, the government-backed advocacy organization for the nation's film and TV industry, and efforts in recent years by the Russian cultural ministry to attract foreign producers, including the introduction of a cash rebate of up to 40% in 2019. The recent sanctions and disruption will undoubtedly have a significant impact on the future prosperity of the Russian production market.

These international pressures may well also have an impact on films based out of the UK. Productions which are currently being set up, and whose finance plan involves a potential deal licensing rights into Russia, may find that they can no longer attribute value to sales into Russian territories and may be forced to look elsewhere to plug the potential hole in their finance plan. In fact a number of major European distributors have recently suspended operations in Russia - last week Banijay announced last week that it is "freezing" new activity in the country until further notice, following similar actions by other distributors such as BBC Studios, All3Media, ITV Studios and Fremantle.

Some commentators have observed that, by cutting off sources of distribution and funding and banning entry to festivals, the voice of Russian cinema, which could potentially play a key role in protest against the Putin regime, is being silenced. Although it is difficult to imagine how Russian productions which typically rely on some form of government sponsorship could really deliver that messaging uncensored.

Whilst there are of course far graver casualties of Russia's war in Ukraine, we stay alert to those developments in our industry which may have a wider impact on the production landscape.