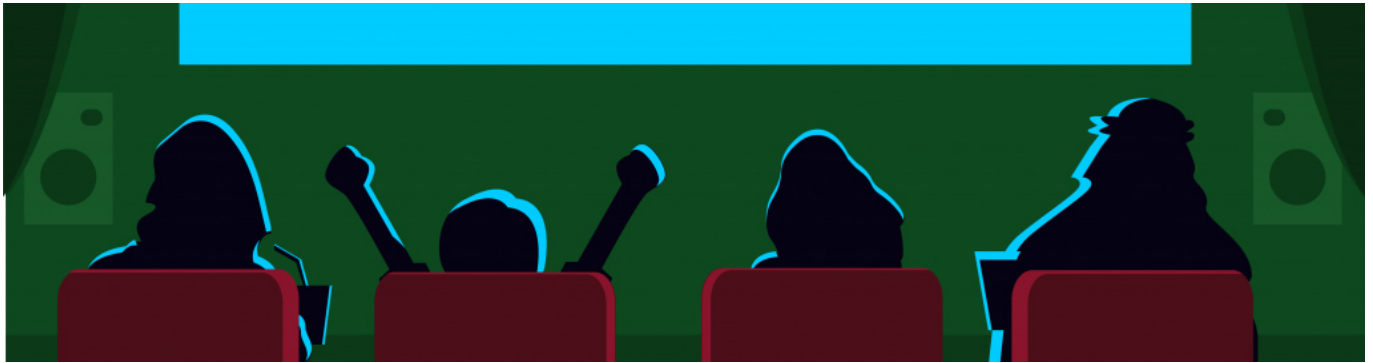


Cinema Paradiso: the New Cinema Licensing Regime in Saudi Arabia

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Hollywood icon John Travolta is probably not the first person to spring to mind when one is thinking of entertainment options in Riyadh. Despite this, late last year, as a guest of Saudi Arabia's General Entertainment Authority (GEA), Mr. Travolta visited Saudi Arabia to participate in *An Evening with John Travolta*, a public Q&A session about his life as a film star. The event tied-in with a major announcement: the opening of public cinemas after an absence of about 35 years.

In this article, we look at the context in which this development has arisen, and touch on the licensing regime for cinemas and film content.

What's going on?

For people in many other parts of the world, it is difficult to imagine just how significant the re-opening of cinemas is to residents of the Kingdom. It is just one example of how the reformist steps progressed by King Salman bin Abdul Aziz, and his son, Crown Prince Mohammed Bin Salman, are affecting various aspects of people's lives. Amongst the reforms taking place as part of Saudi Vision 2030 and the associated National Transformation Plan, there is a real push towards developing the sports, events and recreation sectors of the economy, and providing various opportunities for citizens and residents to enjoy their free time, spending money in the domestic economy in order to do so. Vision 2030 has set a target of raising Saudi Arabia's annual spending on cultural and entertainment activities from 2.9% to 6% of total household spending by 2030.

So far this year, there have been several diverse entertainment events in the Kingdom. Saudi Professional League football matches, permitting women spectators, received international media coverage. Other events, including an avant-garde circus, a World Wrestling Entertainment event, and the rumour (untrue, it seems) of a performance by a famous Dutch DJ, have all contributed to the feeling that Saudi Arabia is changing.

In this context, there are many opportunities for businesses operating in the broader recreation and entertainment space.

Cinemas in Saudi Arabia

Historically, cinemas could be found in the Kingdom in residential compounds and expat neighbourhoods. Riyadh had its own 'cinema neighbourhood', where movies were shown in informal movie theatres as no formal cinema licensing regime applied in the Kingdom at the time. Saudi Arabia even had its own golden age of film production, from about 1966 to the late 1970s.

In the late 1970s, various social and political changes resulted in the disruption of the film industry and cinemas in the Kingdom. The entire movie sector was seen to be promoting religious violations and culture contrary to the norms and traditions of Saudi Arabia. This eventually led to the closure of cinemas in the 1980s.

Despite this, there have actually been some green shoots of local film production over the last few years. In 2013, *Wajda* picked up a BAFTA nomination for best foreign-language film. In 2016, *Barakah Meets Barakah*, a Saudi 'rom com', was chosen as the Kingdom's official entry for the Academy Awards' best foreign-language film.

Now, cinema is well and truly back in the Kingdom. At the time of writing, the first public cinema event (featuring the recent world-wide hit, *Black Panther*) has just been held by US company, AMC, in a converted classical music concert hall in Riyadh. Separately, Vox Cinemas, a major cinema operator in the region, announced the opening of its first multiplex cinema in the Kingdom.

Cinema licensing regime

The move to allow cinemas to be licensed in the local market, with projected annual ticket sales of up to around USD 1 billion, makes Saudi Arabia a very attractive market for international cinema industry participants. It is expected that 350 cinemas, with more than 2,500 screens, will be opened by 2030.

The General Commission for Audiovisual Media (GCAM) was established in 2012 to organise the audiovisual sector in Saudi Arabia. It is responsible for all aspects of media production, distribution and broadcasting. It regulates, audio and visual media content and provides, for example, regulations for the establishment of television and radio studios, the licensing of audiovisual production companies, the provision of satellite television, and procedures for television and radio competitions. It is also responsible for content approval and age classifications for movies and video games.

In contrast, the GEA was established in 2016 to provide all kinds of entertainment to Saudi nationals and expats of all income levels and interests. According to its website:

In line with one of the pillars of the Kingdom's vision 2030 in creating a vibrant society, the General Entertainment Authority has been established to organize, develop, and lead the entertainment sector to provide exciting entertainment options, and tailored experiences to the needs of people from all walks of life around Saudi Arabia. Also, to contribute in improving and enriching the lifestyle and social cohesion among the community.

Broadly speaking, the GEA focuses on the licensing of events and liaising with relevant government departments to help to streamline the approvals process, while GCAM regulates media content, and licenses, (amongst other things), cinemas.

GCAM is responsible for issuing licences for the establishment and operation of cinemas. Three-year licences are available for permanent cinemas; one-month licences are available for temporary cinemas. Both licence types are renewable. An applicant for a cinema licence must hold a relevant commercial

licence. Along with the official application form, the applicant must also submit an economic feasibility study, with evidence of its experience in operating cinemas. Besides the fixed official fees for operating a cinema, it is generally necessary for the operator to pay GCAM an equivalent of 25% of the value of tickets sold. Operators also need to respect intellectual property rights and to comply with Saudi law with regard to media content and age classifications.

Conclusion

For overseas investors, particularly in the entertainment and events sectors, the investment climate in Saudi Arabia has never been better. The social and economic reforms that underpin Saudi Vision 2030 are having a positive impact on the investment in the Kingdom; increasing access to cinemas is just one part of this.

Al Tamimi & Company's [Corporate Structuring](#) team regularly advises on issues relating to business licensing in Saudi Arabia, and works closely with our [Technology, Media & Telecommunications](#) team on matters relating to media and content licensing. For further information, please contact [Nick O'Connell](#) (Partner - Technology, Media & Telecommunications; n.oconnell@tamimi.com) or [Shaden AlRabiah](#) (Associate - Corporate Structuring; s.alrabiah@tamimi.com).