Producers drop key demand in talks with writers

TV and film studios remove a stumbling block in contract negotiations by withdrawing a proposal to pay residuals only after they recoup their costs.

By Richard Vernier, Los Angeles Times Staff Writer
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Extending an olive branch to restless TV and film writers, the Alliance of Motion Picture and Television Producers said Tuesday that it had withdrawn an unpopular proposal on residual payments that had threatened to derail contract talks.

Though the action doesn't bring the two sides much closer to making a deal before the current contract expires Oct. 31, it helped propel progress Tuesday afternoon in talks that have been stymied since they began this summer.

Many in Hollywood are preparing for what would be the first writers' walkout in nearly two decades, beginning as early as next month.

"In the overriding interest of keeping the industry working and removing what has become an emotional impediment and excuse by the [Writers Guild of America] not to bargain, the AMPTP withdrew its recoupment proposal," Nick Counter, the industry's chief negotiator, announced Tuesday.

However, Counter quickly added that though producers had agreed to withdraw their proposal to scale back residuals, they would not increase residuals for home video and digital downloads of movies and TV shows, as the guild had demanded, underscoring how far apart the two sides are just two weeks before the writers' contract expires.

The studios' turnabout was not entirely unexpected. Some observers had speculated that producers were using the proposal as a negotiating tactic to gain leverage in talks and never expected writers to agree to such changes.

In a statement, the guild's negotiating committee said it welcomed the alliance's decision to "take one of its many rollbacks off the table" but stressed that "remaining rollbacks would gut our contract and will never be acceptable to writers."

For decades, Hollywood studios have made residual payments to talent when their work is rerun on television or sold on home video and in foreign markets. Citing rising production and marketing costs and declining market share, studios had proposed paying residuals only after recouping their costs.

The proposal provoked an uproar among many writers and actors who depend on residual income, helping drum up support for guild leaders in advance of a key vote this week. Members are voting on whether to give
the board the authority to call a strike if a deal can't be reached.

Tuesday's announcement is not likely to have much effect on the vote because most of the ballots have been cast and union members typically grant such authorizations to leaders during negotiations.

The residuals proposal also triggered widespread anger among actors and directors in advance of tough upcoming negotiations with the Screen Actors Guild and the Directors Guild of America. Their contracts expire next year.

Withdrawing the residuals proposal is a calculated gamble for studio executives, who hotly debated the question. It could strengthen the hand of the producers, putting pressure on guild leaders to engage more seriously now that the most emotional issue is off the table. Alternatively, some executives worried, it could embolden guild leaders to take a harder line by sending a signal that producers wouldn't hold fast on issues.

Counter sought to dispel any such notion in his remarks during Tuesday's talks.

"Let no one misconstrue today's action," he told the guild's negotiating committee.

"We will not increase residual payments for videocassette and DVD use, including electronic downloads."

Counter added that producers also would not agree to guild demands to increase payments for programs rerun on the CW or My Network TV, or for programs made for pay television or basic cable.

Another major sticking point is new media. Producers have opposed guild demands to pay residuals for movies and TV shows distributed via the Internet and other new media.

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