

NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

SEPTEMBER 2026

Hollywood's Next Act: Competition, Artificial Intelligence and the Future of Screen Production

MARKET INTELLIGENCE REPORT

Summary

- The global screen industry is being reshaped by two significant forces: increasing international competition for production investment and the rapid adoption of artificial intelligence (AI). Hollywood, long the centre of the global screen industry, faces growing competition from countries and jurisdictions offering more attractive conditions for international investment. At the same time, AI is transforming how screen content is developed, produced and distributed, enabling new efficiencies across the production pipeline. Conversations with studio executives, industry associations and New Zealand screen-sector representatives suggest these trends are already influencing decisions about where productions are made, how content is created, and where future investment will be directed.

- New Zealand continues to be regarded positively by major international studios as a film production destination. There are opportunities to use AI to improve productivity while retaining creative work and decision-making within New Zealand. However, a major challenge for the New Zealand film sector is attracting finance for domestic production.

Report

A more competitive global screen industry

Hollywood remains a major economic and cultural hub, but the industry is undergoing significant adjustment. Los Angeles accounts for roughly one-fifth of US feature film production, making it the country's largest production centre. Its position is underpinned by a unique concentration of major studios, sound stages, post-production facilities, and highly specialised creative and technical talent. Despite these structural advantages, increasing costs and stiff international competition have markedly reduced production activity in Los Angeles County in recent years. Annual on-location shoot days in Greater Los Angeles have failed to recover following the pandemic and the 2023 industry strikes, falling to just 19,694 shoot days in 2025, compared with roughly 36,000 to 39,000 shoot days annually prior to these disruptions.

The US industry's response has increasingly centred on consolidation. Driven by the economics of streaming and intensifying competition from lower-cost production locations, the past two years have seen a series of significant transactions among Hollywood's largest players, including Skydance Media's acquisition of Paramount in 2025. That trend culminated in October 2026 with the completion of Paramount Skydance's approximately USD $110 billion acquisition of Warner Bros. Discovery, creating a combined company operating under the name Skydance.

The gold standard ….

Industry stakeholders consistently identified the United Kingdom as one of Hollywood's strongest competitors, supported by a combination of attractive incentives, extensive infrastructure and workforce capability. Canada and Australia were also frequently identified as significant competitors. Several Los Angeles-based contacts reported concerns about California's ability to retain production activity despite recent reforms by the Governor (Newsom) to its incentive framework, noting that production decisions are becoming increasingly global.

… New Zealand is well placed

Against this backdrop, New Zealand continues to be regarded positively by major international studios as a film production destination. Stakeholders highlighted the country's skilled workforce, visual effects capabilities, production infrastructure and reputation for delivering complex productions. New Zealand's recent changes to the international rebate programme (the amended 5% uplift criteria) have been well received and has resulted in attracting some films that would not have otherwise come to New Zealand. A major challenge for the New Zealand film sector overall, however, remains attracting finance for domestic production.

Artificial Intelligence moves into the mainstream

Alongside heightened competition driven by production incentives, AI is a significant force of disruption in the screen industry. Major players including Disney, Warner Bros. Discovery, Paramount and NBCUniversal have established AI initiatives or governance frameworks, while Lionsgate has appointed a Chief AI Officer and entered partnerships with AI developers. In March 2026, Netflix acquired Ben Affleck's AI company, InterPositive, which developed tools to streamline post-production tasks including visual effects, relighting, editing and continuity management. These developments indicate that leading screen companies increasingly view AI as a core production capability and competitive asset rather than an experimental technology.

The primary attraction of AI utilisation within the sector is the transformative implications for increasing productivity and decreasing cost. By automating repetitive tasks and streamlining workflows, AI can reduce costs and help productions move more quickly from development to release.

Several film industry leaders in the United States described the film sector as being ahead of many others in developing guardrails around AI use. This partly reflects the prominence and timing of the 2023 Hollywood labour disputes, which coincided with the advent of widespread AI utilisation. California has introduced disclosure requirements for the use of AI actors in advertising, while the Academy of Motion Picture Arts and Sciences has introduced eligibility requirements reinforcing human authorship and performer consent. Industry groups are continuing to advocate for greater transparency around AI use.

Cheaper to create, harder to stand out

As production tools become more accessible, industry representatives noted that lower production costs may enable a broader range of stories to be told, particularly by smaller producers and emerging filmmakers. For New Zealand, these efficiencies could support projects that may not previously have been commercially viable. Several New Zealand screen-sector representatives also pointed to opportunities to use AI to improve productivity while retaining creative work and decision-making within New Zealand.

However, lower barriers to production may also increase competition. As more content enters the market, audience attention becomes increasingly scarce. Industry stakeholders cautioned that the greater challenge may ultimately be ensuring content is discovered in an increasingly crowded marketplace, rather than simply producing it.

Copyright and creative ownership

One of the most significant unresolved questions surrounding AI is whether copyrighted works can be used to train AI systems without permission or compensation. Industry contacts noted the large number of cases currently before United States courts examining whether the use of copyrighted material to train AI models constitutes "fair use" under US law. The outcomes of these cases are expected to shape future licensing, compensation and rights-management frameworks across the creative sector. For New Zealand, the issue is particularly relevant given the value of locally created content and the importance of protecting intellectual property, including Māori cultural and intellectual property.

Implications for New Zealand's screen sector

Taken together, these trends suggest the screen industry is entering a period where barriers to production are falling while competition for investment and audiences is increasing. AI may make content easier and cheaper to create, but it does not address the challenge of attracting attention in a crowded marketplace. In that environment, the qualities that have traditionally differentiated successful screen industries, including compelling storytelling, creative talent, cultural authenticity and technical excellence, are likely to become even more important. For New Zealand's screen sector, maintaining those strengths while adapting to new technologies may be as important as the technologies themselves.

More info

More reports

View full list of market reports from MFAT at www.mfat.govt.nz/market-reports

If you would like to request a topic for reporting please email exports@mfat.govt.nz

To get email alerts when new reports are published, go to our subscription page.

To learn more about exporting to this market, New Zealand Trade & Enterprise's comprehensive market guides cover export regulations, business culture, market-entry strategies and more.

To contact the Export Helpdesk

email exports@mfat.govt.nz

call 0800 824 605

visit Tradebarriers.govt.nz

Disclaimer

This information released in this report aligns with the provisions of the Official Information Act 1982. The opinions and analysis expressed in this report are the author's own and do not necessarily reflect the views or official policy position of the New Zealand Government. The Ministry of Foreign Affairs and Trade and the New Zealand Government take no responsibility for the accuracy of this report.

Copyright

Crown copyright ©. Website copyright statement is licensed under the Creative Commons Attribution 4.0 International licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Crown and abide by the other licence terms.