



# POSITION PAPER

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**COMMISSION'S WORKING DOCUMENT**  
**CONSULTATION ON THE FUTURE « EU 2020 » STRATEGY**

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ENPA – the European Newspaper Publishers' Association – welcomes the consultation launched by the Commission on the future EU 2020 strategy which is presented as being designed as the successor to the current Lisbon Strategy.

In its response to this consultation, ENPA would like to draw the Commission's attention on the following priorities which are of the highest importance for the newspaper publishing sector and would need to be addressed within the new Commission, and in particular, in the formal Communication addressed to the Spring European Council early in 2010.

The newspaper publishing sector in Europe currently faces structural changes and important challenges. The situation of the industry has been fragilized by the economic and financial crisis, which has particularly affected advertising revenues and in some cases, has even threatened the viability of certain titles on their national, regional or local markets.

In various EU countries, publishers are examining different options aiming at:

- proposing new business models, including paid for offers on various digital platforms
- protecting their content and their investment against “free riders”, especially on a commercial scale, through an appropriate copyright legislation
- ensuring advertising revenues through fair market conditions, fair competition among the different players and the removal of restrictions and obstacles to advertising in the press.
- Promoting a zero VAT rate on newspapers' sales and subscriptions on all platforms, whether paper or digital.

In this context, publishers want to ensure that the future policy and legal agenda which will be established at EU level would not worsen the situation but on the contrary create the appropriate legal conditions enabling the sector to grow and develop new business models that would respond to the users' expectations.

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## SUMMARY OF ENPA SUBMISSION

- **Creating value by basing growth on knowledge**

Newspapers should remain at the centre of the attention in the field of media literacy, being integral part of education of citizens.

The new EU digital agenda should provide the necessary conditions for the growth and the sustainability of the press sector in Europe, in particular in the field of copyright and in the field of advertising

- **Empowering people in inclusive societies**

Social dialogue as well as discussions about working conditions between publishers and employees are better discussed and considered at national level rather than at EU level. The newspaper publishing sector is a local/national market so the social dimension is better considered at this level rather than at European level.

ENPA would therefore not support any EU intervention in the field of self-employment which would challenge the flexibility and the status of self-employed workers as independent entrepreneurs. The status and conditions of freelancers are sufficiently well defined at national level.

- **Creating a competitive, connected and greener economy**

Any advertising restriction or ban has detrimental effects on press freedom, on news reporting and information to citizens but also on newspapers' economic and financial sustainability since these bans or restrictions will dissuade advertisers to advertise in the press.

When reviewing VAT policies, the Commission should remove any fiscal barriers on newspapers in terms of VAT rates, whether in paper format or in the digital area.

In its simplification efforts, the Commission should particularly respect the fact that, in some Member States, newspapers are indispensable for pushing certain types of information to the public and increasing transparency. This includes in particular companies' information, financial information, public procurements and planning notices.

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ENPA has concentrated its response on the three key priorities for EU 2020 as outlined in the consultation document.

## 1. Creating value by basing growth on knowledge

Among the principal themes identified in this sector, the following areas are particularly important for the newspaper publishing sector.

### a) **Education: role of newspapers in media literacy**

The consultation document stresses that the high number of low achievers in basic skills (reading, mathematics and science) needs to be addressed urgently to enhance the employability of young people and to bring them into the world of work after school.

ENPA believes that the enhancement of reading skills is closely connected to the issue of media literacy. In the context of the debate launched at European level on media literacy, ENPA has highlighted to EU and national decision makers that newspapers are essential actors of the knowledge economy, in particular in educating the young generation to understand and analyse better the role of the newspapers in the democratic and public debate.

The recent 2009 Commission Recommendation on media literacy recognises the valuable role played by publishers in the print (and increasingly digital) environment to promote media literacy. ENPA believes that newspapers have a fundamental role to play in developing media literate and active citizens. Newspapers can achieve this through the constant engagement with citizens on the role of newspapers in a healthy democratic society.

ENPA calls on the European institutions and Member States to recognise the important role newspapers (both paper and digital) play in both functioning and emerging democracies and in helping to create active citizenship, as well as supporting development of the cultural economy;

ENPA encourages the European institutions and Member States to develop campaigns aimed at raising awareness of the need for respect of copyright.

**In conclusion, ENPA therefore recommends the new Commission to ensure that newspapers remain at the centre of the debate in the field of media literacy and education.**

### b) **Innovation and Creativity**

The consultation document indicates that the EU needs to provide more attractive framework conditions for innovation and creativity, including through incentives for the growth of knowledge-based firms. The consultation document refers notably to access to credit and



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access to pooled public and private sources of growth capital, for example venture capital. It also refers to intellectual property rights.

In response to the recent EU consultation on Creative Content, ENPA has stressed the need to maintain and guarantee **an appropriate copyright protection to newspaper publishers**. This copyright protection is even more important at this particular moment since publishers face an increasing use of newspapers' content by third party without authorisation and remuneration. In Belgium, for instance, the Copiepresse v. Google case reflects the need for "free riders" to respect copyright legislation, including prior authorisation and remuneration of publishers.

In this context, ENPA is expecting that in the **review of the EU Copyright legislation**, the Commission will avoid proposing any measures or initiatives which would affect or weaken publishers' copyright protection, which would widen the scope of exceptions and limitations to exclusive rights or would propose new exceptions.

**ENPA believes that copyright protection is an essential incentive for the growth of the press sector**, as part of the creative industries, and the protection of its investment. Copyright protection is also an essential tool to foster a digital and knowledge economy.

However, in its response to the consultation on Creative content and on post-i2010 strategy, ENPA has also indicated that **appropriate market conditions need to be ensured among the different players, not only as regards copyright but also in the field of advertising**, which is an indispensable source of revenues.

At this moment, the sustainability of **advertising revenues** for press is under increasing pressure from market competition but also from legislative and policy restrictions. Although newspapers' brand remain a reference for advertisers, for both printed and online versions, publishers are confronted to a challenging market situation where they have to compete with new market players such as telecom operators, search engines and internet services providers.

**In certain countries, the dominance of these players on the advertising market is contested** as it is the case in Italy where publishers decided to complaint to the competition authorities for abuse of dominant position of Google in the advertising area. Also in France, an investigation from the competition authority in this field is also considered.

**At the light of the structural changes that the press is facing at this moment, ENPA asks the Commission to ensure that the new EU digital agenda provides the necessary conditions for the growth and the sustainability of the press sector in Europe, in particular in the field of copyright but also in the field of advertising.**

## 2. Empowering people in inclusive societies

### a) Flexicurity



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The consultation document refers to **flexicurity** as a way to enhance on the one hand, the flexibility of labour markets both on work organisation and on labour relations, and on the other hand, the security provided for lifelong learning and appropriate social protection.

On this point, ENPA supports flexicurity in working conditions as it is a model which allows growth and competitiveness for the industry and in the same time flexibility and security for both employers and employees.

However, ENPA believes that the **national, regional or local level is certainly the best way to assess the social development of the newspaper publishing industry** because publishers' activities and market are located at national, regional and local level and because cross-border activities remain marginal.

**For these reasons, ENPA has indicated to the EU institutions that social dialogue as well as discussions about working conditions between newspaper publishers, as employers, and their employees must remain at national level and cannot be considered at EU level.**

### b) Self-employment

The consultation paper indicates that **self-employment** should become a real option but will require the removal of disincentives, such as the unequal treatment of the self-employed under most social security systems and disincentives to move to other Member States because of lack of portability of social and pension rights.

The status of self-employed workers has been part of the issues raised in the scope of the Green Paper on labour conditions. In its response to the Green Paper, ENPA indicated that there was no need for an EU action in this area for the following reasons:

**A relationships based on a commercial contract:** Self-employed workers organise their timetable, their working time and their health and safety in a total independence. This status that they deliberately choose differentiates them from employed workers. Their specificity encourages newspaper publishers to call on their services.

**No ambiguity as to the status of self-employed workers:** Freelancers in the newspaper publishing sector are independent entrepreneurs offering commercial services to various publishers and, in this respect, are and should remain differentiated from employed journalists. This distinction is clear to newspaper publishers at national level and no particular difficulties have been observed in the different EU countries.

**A “floor of rights” for all workers cannot ensure flexibility:** A “floor of rights” dealing with the working conditions of all workers regardless of the form of their work contract may bring confusion regarding the respective status of self-employed workers and employees. Furthermore, it could create more difficulties in terms of flexibility of relationships between the publishers and the freelancers.



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**ENPA would therefore not support any EU intervention in the field of self-employment which would challenge the flexibility and the status of self-employed workers as independent entrepreneurs.**

### 3. Creating a competitive, connected and greener economy

#### a) Energy efficiency and climate change objectives

The consultation document stresses the need for more **efficient uses of resources, including energy, and the application of new, greener technologies**. The document refers to targeted regulation in various areas.

Newspapers represent indispensable sources of information and provide to citizens reliable and in-depth reporting on environment protection, climate change, CO<sub>2</sub> emissions and other similar environmental challenges. They inform the public and create the democratic debate in involving more and more the citizens and in offering them a place where they can give their opinions..

But publishers need to have sufficient resources in order to continue this public debate on environmental challenges. Advertising revenues are indispensable resources for press and therefore help publishers to fulfil their mission towards the public.

In the previous legislature, various EU initiatives and legislations aimed at applying more restrictions on the industry through the insertion of mandatory requirements for environment/energy information in press advertising.

**ENPA would like to reiterate that there are many other means to promote environment objectives rather than focusing on mandatory information in press advertising. ENPA underlined that any ad restriction or ban has detrimental effects on press freedom, on reporting and information to citizens but also on newspapers' economic and financial sustainability since these bans or restrictions will dissuade advertisers to advertise in the press.**

#### b) Sound fiscal policies:

ENPA would like to stress the need for zero VAT rate on press, whether on paper or digital format. Zero VAT rate on newspapers' sales and subscriptions contribute to a vibrant freedom of the press. It would support newspapers' role in the field of media literacy, knowledge and access to quality information for all citizens without discrimination. It has a positive impact on advertising and sales and contributes to the preservation of pluralism and cultural diversity in all countries.

**ENPA therefore advises the Commission, when reviewing VAT policies, to consider the removal of any fiscal barriers on the press sector in terms of VAT rates, whether in paper format or in the digital area.**



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### c) **Transparency of financial market and companies' activities:**

Although ENPA agrees with the need to reduce the administrative and regulatory burden on companies, especially on SMEs, which include also publishing companies, ENPA also believes that the financial and economic crisis has shown certain weaknesses and malfunctioning as regards transparency of the financial market and also citizens' information on companies' economic situation.

In this area, ENPA has stressed that newspaper publishers provide an appropriate level of transparency in publishing reliable and accurate information on the situation of the financial market, on companies' information, public procurement and on planning notices.

In various EU countries, an important part of the population (in some cases almost a third of the population) read public notices in the newspapers. This publication is particularly relevant when a company plays a significant part in the national/local economy and community and its financial situation is therefore a matter of general public importance. The publication of the statutory notice in newspapers will accurately alert all those interested to the company's situation.

**ENPA therefore advises that in its simplification efforts, the Commission should particularly respect the fact that, in some Member States, newspapers are playing an important role in publishing companies' and financial information, public procurement and planning notices because they are of direct interests for the citizens and they contribute to further transparency of the market and the economy.**

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### CONCLUSION

If the "EU 2020 strategy" aims to provide a successful exit from the crisis and to shape the next generation of public policies in a very different set of circumstances, the EU decision makers needs to set the necessary conditions which would sustain a vibrant and competitive press sector. ENPA has described in this paper some of the main priorities of the newspaper publishing sector for the coming years.

ENPA therefore urges the Commission, especially when establishing its new EU Digital Agenda, to focus on these priorities and discuss with our representatives on the most appropriate way to address these priorities in the different initiatives and actions that will be put forward as part of the Commission's action plan.



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## COMPLEMENTARY REFERENCES

- ENPA/FAEP joint submission Reflection document of DG INFSO and DG MARKT on Creative Content in a European Single Market: Challenges for the Future
- ENPA response EU consultation on the post i-2010 strategy
- ENPA response Green Paper on Labour Law

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