

## DG Information Society and Media

By e-mail : [info-taskforce-media@cec.eu.int](mailto:info-taskforce-media@cec.eu.int)

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### SUBMISSION ON CONSULTATION PAPER 'STRENGTHENING OF THE EU PUBLISHING SECTORS

This submission is made by the International Federation of Reproduction Rights Organisations (IFRRO). IFRRO represents and links Reproduction Rights Organisations (RROs) world-wide. RROs administer reproduction and other relevant rights including certain forms of digital uses in copyright text and pictorial works on behalf of creators and publishers. These rights are normally referred to as reprographic rights. Members of IFRRO are also national and international associations of creators and publishers, such as the Federation of European Publishers, the European Writers Congress, European Visual Artists, the European Newspaper Publishers Association, and the International (/ European) Federation of Journalists at the European level.

### THE PUBLISHING SECTOR A MAJOR CONTRIBUTOR TO ECONOMIC AND CULTURAL DEVELOPMENT

IFRRO welcomes the opportunity to comment on the Commission Staff working paper *Strengthening the Competitiveness of the EU Publishing Sector*. The 'copyright industries' are among the most important contributors to the cultural independence, economic growth and employment within the EU. They contribute significantly to the GDP, generally 4-6% in developed nations and 5.3 % to the EU economy of the 15 Member States before the 2004 enlargement<sup>1</sup>. Moreover, the 'copyright industries remain among the main growth areas. In several countries, these industries grow at speeds substantially higher than those of other industries, and have over the past decades been the only sector showing a steady and unbroken growth in employment rates. Within the EU, they employ 3,2% of the work force, which is for instance more than the Electrical Machinery and Electronic and Machinery Equipment combined. The productivity is nearly twice that of the dependent industries.<sup>2</sup>

Within the cultural industries, the print media sectors are among the most important single contributors to the economy. Close to 500,000 book titles were published in the EU Member States in 2002<sup>3</sup>, and in 2003, there were more than 5,100 daily newspapers in Europe with a total aggregate circulation of nearly 90 million titles<sup>4</sup>. The Gross Value Added to the GDP of the EU revealed in the 2003 report was 1.07 %, compared to for instance 0.41% by the Radio/TV/Film/Video and 0.06% by the music industry<sup>5</sup>. Only the combined software and database industries contributed more (1.35%). One should, however, note that, the proprietors of databases are regularly the print media, and software companies are generally owned by non European companies. The contribution to the EU economy by the European owned print media sectors is therefore even more important than the relative share revealed by the study.

<sup>1</sup> The Contribution of Copyright and Related Right to the European Economy.

[http://europa.eu.int/comm/internal\\_market/copyright/docs/studies/etd2002b53001e34\\_en.pdf](http://europa.eu.int/comm/internal_market/copyright/docs/studies/etd2002b53001e34_en.pdf)

<sup>2</sup> The Contribution of Copyright and Related Right to the European Economy, pages 2 and 9.

[http://europa.eu.int/comm/internal\\_market/copyright/docs/studies/etd2002b53001e34\\_en.pdf](http://europa.eu.int/comm/internal_market/copyright/docs/studies/etd2002b53001e34_en.pdf)

<sup>3</sup> Publishing Market Watch. Sectoral Report 2. <http://www.publishing-watch.org/documents/PMW-o-20040810-06%20European%20Book%20Publishing%20Revised%20Final%2010%20August%202004.pdf>

<sup>4</sup> World Association of Newspapers Press Trends 2004

<sup>5</sup> The Contribution of Copyright and Related Right to the European Economy, pages 3-6.

[http://europa.eu.int/comm/internal\\_market/copyright/docs/studies/etd2002b53001e34\\_en.pdf](http://europa.eu.int/comm/internal_market/copyright/docs/studies/etd2002b53001e34_en.pdf)

This is also true for individual Member States. In 6 of the 15 pre enlargement EU Member States, the print media sectors are the most important copyright industry contributors to the nation's economic development, in 8 others they are second only to databases and software combined.<sup>6</sup>

To continue to offer such valuable contributions to the EU and the Member States' well being, the sector needs consistency in respect of general terms and framework conditions. As the publishing sectors generally speaking are copyright based activities, this is crucial when it comes to copyright legislation.

#### **THE STAFF WORKING PAPER. GENERAL REMARKS**

In respect of the details of the staff working paper, IFRRO refers in general to the submissions made by the European Federation of Journalists (EFJ) and the European Writers Congress (EWC) on behalf of authors; the European Visual Artist (EVA) on behalf of visual creators; and the European Newspaper Publishers Association (ENPA) and the Federation of European Publishers (FEP) on behalf of publishers. IFRRO assumes that all further work and assessments of data as well as proposals for steps to be taken be evaluated in close co-operation with these organisations as main representatives of the rightsholders concerned.

Moreover, we assume that the purpose of the staff working paper on competitiveness is to identify means to strengthen further the EU publishing sectors, but would nonetheless ask that this be clarified. We note that the document on several occasions acknowledges the strength, productivity and competitiveness of the print media sectors and underlines its contribution to Europe's competitiveness (e.g. pages 7 and 27). Therefore, any future measures should be seen in the light of the print media sectors' need for stability in general business terms and framework conditions. For this reason, it would therefore be helpful if a next version of the paper could clarify the purpose of this initiative from the Commission.

In the further work, we also urge that a reassessment of some of the facts and figures reported in the staff working paper be included. We question *inter alia* the number employees reproduced in the paper. For instance, the drawing on external resources (copy editors, translators) in book publishing must be considered. A thorough review of the data with the primary rightsholders' organisations (EFJ, EWC, EVA, ENPA and FEP) would ensure the quality of the data and thus also contribute to the quality of the document itself.

We would also encourage the staff working paper to review definitions used in the paper to ensure that they are precise and unambiguous. For instance, as the paper reads now on page 21, one might be lead to think that DRMs and TPMs are synonyms. This is not the case. There might be TPMs without DRMs and vice versa. Also, magazines, journals and newspapers should be clearly distinguished. The distinction between these categories of work is blurred in the current version of the document.

#### **THE STAFF WORKING PAPER (QUESTIONS 1 – 4)**

We agree with the staff working paper that costs, revenues and the ability to benefit from technology are relevant factors for competitiveness. However, even though paper and print costs are factors to be considered, there are others that are equally important. In respect of specific factors to be added and how the various elements may be weighed, we refer first and foremost to the submissions made by EFJ, EWC, EVA, ENPA and FEP.

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<sup>6</sup> The Contribution of Copyright and Related Right to the European Economy.  
[http://europa.eu.int/comm/internal\\_market/copyright/docs/studies/etd2002b53001e34\\_en.pdf](http://europa.eu.int/comm/internal_market/copyright/docs/studies/etd2002b53001e34_en.pdf)

IFRRO would focus on three additional factors as indispensable elements in order to maintain and enhance competitiveness in print media. Firstly, predictability in the framework conditions is indispensable: The 'copyright industries', as any other business need stability and certainty in the general terms of business. As it becomes increasingly easier to reproduce copyright works, the degree of copyright protection is of course critical. Still, any uncertainty in the framework conditions and/or major changes in them if not carefully worked out in co-operation with the industries concerned may prove costly and damaging to the competitiveness of the publishing sectors.

This is particularly important in respect of copyright, be it the economic or the moral rights. The fundamental basis for copyright based activities such as in general the publishing sectors, is the copyright legislation. Consistent adequate copyright protection is therefore an invaluable prerequisite for the strengthening of the print publishing sectors. It is therefore difficult to see the rationale behind some of the European Commission's initiatives to reassess legislative frameworks that only is in the process of being implemented and which has not yet been transposed by all Member States, such as the Directive 2001/29 on the Information Society. Stability in general terms is a crucial factor to enhance the competitiveness of the EU publishing sectors.

Furthermore, how rights are administered and the framework governing the administration of rights are of importance. The digital environment offers new opportunities both in respect of individual and collective administration of rights. IFRRO respects the rights of individual creators and publishers to determine how their works shall be managed. It is in the interest of rightsholders and their representatives to increase the use of their works and revenues. Rightsholders and RROs are constantly working on new concepts and business models to meet the challenges of the digital environment. They consult and involve users to ensure that the products they bring to the market actually correspond to user needs. Also the current business models have been created in this fashion, i.e. by different groups of rights holders in consultation with users. We would therefore argue that solutions are best found between the players in the market, i.e. the users and the rights holders and RROs as suppliers of the services within the existing framework. Moreover, when there are statutory regulations to back the management of rights it is equally important that the authorities assist rightsholders to enforce them.

Finally, labour competence is a crucial competitive factor in the book publishing sector, also because it relates directly to productivity.

These factors (copyright protection, administration of rights,) relate directly to an issue that needs to be looked at more thoroughly when examining the competitiveness of the print media sectors, namely the added value to the product that these industries produce. There is a huge demand for access to quality information. New players in the market, in particular Internet Service Providers (IPs), do not necessarily always bring with them the same tradition and competence in respect of adding value to the product. Too often we see information being put forward electronically by these IPs for easy and free access without the necessary value that publishing can add to it being offered. The ease with which information can be submitted and accessed today for free, changes the perception of value and constitutes a barrier to the development of the industry. Lean costs are by some seen in terms of content costs.

On the other hand, the publishing industry has traditions and expertise in the refining, presentation and marketing of information and knowledge that gives it comparative competitive advantages. Together with well established structures for the individual and collective administration of rights and content, this represents major opportunities for the print publishing sectors. If adequately protected, they will provide the best way to ensure easy access to quality content at a fair price. It therefore becomes increasingly more important to protect the publishing industries and guarantee that they have reasonable conditions and stability in the general terms underlying their businesses, in order to stimulate the production quality content.

In this context there is a notable difference between factual information and narrative, fiction literature. New business models have developed faster with regards to factual information, e.g. scientific, academic and journalistic, i.e. non fiction related knowledge and information. This trend is likely to continue in a foreseeable future. IFRRO favours and defends the rights of creators and publishers to use or not to use DRM (Digital Rights Management) and TPM (Technical Protection Measures). There are rights holders who do not wish to use DRMs and there are business models that can only work with the assistance of such systems and others again that can be enhanced by them. The main objective of DRMs should be to ensure a successful exploitation of IPR in a digital environment. To rightsholders interoperability between the various systems is crucial.

Easy access by Internet Services Providers to content for free, regardless of the quality and the accuracy of the information provided has led to a situation in which the price of content and copyright are under severe strain and the high investments made by the publishing sectors are threatened. As a result the value added by publishing is not always sufficiently appreciated. New players entering the market do not necessarily have the same interest or competence in respect of adding value that can enhance the quality of the product. Often content is seen as a mere means to sell a core product which may be something completely different from content delivery. Licensing solutions that imply that no fees for content be paid by the users contribute further to a shift in the perception of the value of content.

#### **ADVERTISING. INTEGRATED MEDIA POLICY (QUESTIONS 8 – 9)**

We respectfully urge that the Commission give proper considerations to the submissions made by EFJ and ENPA on these issues. IFRRO supports the position of the print media sectors on the need to maintain the separation of advertising and editorial content in order to respect ethical rules and code of conduct and to respect user expectations.

#### **CONCLUSION**

We take note of the staff working paper's statements on the strong competitiveness of the EU print media sectors, but urge that the statistical material be updated and checked for inconsistencies and errors. When assessing the print media sectors' competitiveness, there are in our view several factors to be considered, in addition to those mentioned in the working paper. A key competitiveness factor is consistency in the framework conditions of the industry and adequate copyright protection against unauthorised reproduction and against loss of revenue due to the negative effects of private copying, in particular of digital works. The rightsholder organisations in the sectors may provide valuable insight into and information on the sectors. We therefore respectfully urge that the Commission attach the appropriate importance to the submissions made by EFJ, EWC, EVA, ENPA and FEP.

Yours sincerely,



Olav Stokkmo  
Secretary General