



Copyright_Levies_Reform
Alliance

NEW STUDY REVEALS THE REAL IMPACT OF COPYRIGHT LEVIES ON CONSUMERS, ARTISTS AND INDUSTRY IN EUROPE

*Each €1 Charged in Copyright Levies Imposes a €2 Cost
on the European Economy Through Lost Sales and Competitiveness*

BRUSSELS, 16 May 2006 – Today in Brussels, the Copyright Levies Reform Alliance (CLRA) released an economic impact study detailing the full impact of European copyright levies on consumers, artists and the information & communications technology (ICT) industry. The report¹ tackles the direct costs of levies applied to blank digital media and digital equipment and the broader economic impact of levies on consumers and artists through higher market prices and lost sales revenue.

With €1.2 billion charged in copyright levies on digital media and equipment throughout the EU in 2005, the study explains how the cost burden ripples through the economy resulting in a total direct impact of €2.1 billion on consumers and the ICT industry. When accounting for the impact of levies on prices, consumer demand and industry sales, the total impact is double the amount of levy collected.

The report also finds that copyright levies indirectly affect sales of online music and ringtones at the expense of creators and artists. When levies reduce unit sales of digital equipment, there is less demand for the music that sells on these products.

By way of example, the study analysed the impact of levies on sales of portable digital music players in France and found lost sales of 974,000 units, which contributed to over €1.8 million in lost online music sales in 2005. Combined, the direct and indirect effects of the levy on digital music players in France were nearly three times greater than the amount of money collected by the levy.

CLRA spokesman and Director General of European digital technology industry group, EiCTA, Mark MacGann stated, “Copyright levies are seriously affecting the expansion of digital products and media markets in Europe. This report highlights the ripple effects of levies collected in the European market. If Europe is serious about increasing the uptake of new technology and promoting growth, it must take urgent action to resolve excessive and unfounded copyright charges.”

The CLRA is a coalition of European ICT and digital media industries that supports fairness and transparency in the collection of copyright levies on digital products. It is seeking strong regulatory action by the European Commission to reform the copyright levies system throughout Europe.

Notes to editors

Copyright levies were introduced in most European countries before the advent of copy-protection technology as a means of compensating copyright owners for legitimate private

¹ Private Copying Levies on Digital Equipment and Media, by Nathan Associates

copying. Notably, the UK, Ireland, Luxembourg, Cyprus and Malta do not currently impose copyright levies on digital equipment.

On digital devices, consumers are charged a levy in the purchase price of equipment such as CD recorders and portable digital music players, blank media such as blank compact discs creating a multiple payment scenario where consumers pay for permission to copy at the time of download, and are charged again – one or more times – in the purchase of devices used to play the content.

Levies are also charged on scanners and printers and other devices at disproportionate rates to the cost of the equipment. German consumers, for instance, could pay an extra €147 on the average home office set-up, with levies imposed on printers, scanners, computers and DVD drives.

About the Copyright Levies Reform Alliance

The Copyright Levies Reform Alliance is comprised of the Business Software Alliance (BSA), European American Business Council (EABC), European Digital Media Association (EDiMA), European Information and Communications Technology and Consumer Electronics Association (EICTA), and Recording-media Industry Association of Europe (RIAE).

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