

GEO-BLOCKING: IMCO COMMITTEE DISREGARDS EUROPE'S CULTURAL ECO-SYSTEM

April 25, 2017

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Today, the IMCO committee adopted MEP Roza Thun's draft report on the European Commission proposal for a Regulation on Geo-blocking.

We are disappointed that the IMCO committee's report has explicitly disregarded the concerns of Europe's cultural and creative eco-system – which is 11 million strong – by including (i) non-audiovisual copyright-protected content, namely e-books, music and video-games in the scope of the Regulation and (ii) audiovisual services in its review clause.

In contrast and contradiction to the European Commission and the Council, the IMCO committee has voted against European consumers, instead favouring reductions in consumer choice, cultural diversity and increased prices.

CW! supports the European Commission and Council approach, and believes that the IMCO committee position will have the following adverse consequences for the future of these sectors:

1) Reduction in consumer choice: Estimates show that the audiovisual content available to European audiences today, which relies on territorial exclusivity for its funding, production and distribution, would be harmed and reduced by as much as 48% [1]. For music, this inclusion is detrimental to independent labels, the bulk of which are SMEs, and the artists they work with. The first to be negatively impacted by this change would be smaller labels which look after local markets and do not have the financial resources to work with artists on a pan-European level. Artists wanting to sign on an independent label to get their music outside their home market will lose out.

2) Increase of prices: Should the IMCO position gain traction, business operators will be less able to adapt terms and offerings to local market conditions, ultimately increasing prices. For example, today European video games or online music services retail at different prices due to varying economic circumstances between Member States (i.e. different tax policies, monthly minimum wage – less than €300 in some EU Member States[2]). As a result, consumers that once benefited from a favourable price adapted to their purchasing power will be forced to pay higher prices, which may drive them away from digital products altogether or drive them towards piracy, harming growth of the domestic market.

3) Threat to cultural diversity: The inclusion of both non-audiovisual copyright-protected content into the scope and audiovisual services into the review clause risks undermining the EU's long history of measures to promote cultural diversity. A pertinent example are e-books, a field where territoriality is linked to linguistic areas[3]. Booksellers face several interrelated technical challenges: expensive technology upgrades, cyber-security issues and above all low consumer demand. Today, only 1% of Europeans want to purchase e-books across borders and this is even lower for e-books outside common linguistic areas. Moreover, current payment facilities are not truly pan-European, which means that SMEs are required to invest in expensive technologies to process cross-border payments, at a loss in trying to find a solution to a complex problem they cannot ultimately control. Fewer retailers mean fewer cultural offers as major

Internet platforms on the e-book market are likely to focus on bestselling titles, rather than local authors that enrich our European culture. Therefore, CW! urges the Maltese Council Presidency and the European Commission to defend Europe’s creative and cultural sectors during the upcoming informal negotiations. We call on you to:

- i. oppose the inclusion of non-audiovisual copyright into the material scope of the proposed regulation and;
- ii. oppose the inclusion of audiovisual services into the review clause.

The following organisations are part of Creativity Works!



Find out more about the coalition at www.creativityworks.eu

You can follow us on twitter at [@CreativityW](https://twitter.com/CreativityW)

Note to the editor

Today, European audiences can access more creative works online than ever before: they can enjoy over 30 million licensed songs, over **3,000 Video-on-Demand Services (VOD)**, and over **two million e-book titles**, as well as **countless images** that help make the internet the vibrant and engaging place it is. Additionally, video games are played by approximately 340,000,000 Europeans[4].

At the end of last year, the European Parliament Resolution “A coherent EU policy for cultural and creative industries” recognised the key role the creative and cultural sectors play in Europe’s economy and society: more than 11 million people with a wide range of skills and talents work in the creative industries in Europe.

[1] “The impact of cross-border access to audiovisual content on EU consumers,” Oxera, May 2016.

[2] “National minimum wages in the EU – Monthly minimum wages below €500 in east and well above €1000 in northwest” Eurostat, 10 February 2017.

[3] In principle there are no legal restrictions to distribution, since publishers acquire rights to works for a specific language in all territories.

[4]“Global Games Market Report” Newzoo, 2016.