



PCR – WHY SHOULD WE CARE? - 06.09.2013

Private Copying Remuneration (PCR or so-called levies)

Why should we care?

Authors contribute to society by means of creative effort and this effort to create new and innovative work has to be rewarded. It is therefore totally justified that copyright holders receive a fair compensation when their works are used on a very large scale by consumers for private copying purposes.

- **PCR is relevant in the digital age**

A myriad of devices, e.g. PC, smartphones, tablets, that can hold music, films, books and works of visual arts are available on the market and the sales of these devices are exploding. Copying music, films, books or works of visual arts has become more prevalent than ever before.

Copying protected content for private use is something we all do and want to continue to do without limitation!

- On average, 26% of the UK population listens to music stored on their mobile, and this percentage increases to 40% for people between 25 and 34 years old and to 56% for people between 16 and 24 years old¹.
- In France, a 2011 survey on the use of memory cards shows that music represents approximately 21% of the content storage in memory cards².
- In Germany, more than 1.900 music titles, more than 120 full-length movies and TV-Series and more than 1.000 by copyright protected text- and picture-files are being copied with an average PC (Desktop and Notebook) during its lifetime in a way which is relevant to private copying remunerations³.
- In the UK, consumers attribute a value of up to 53% of the price of an iPod nano 16 giga to the possibility offered to them to copy music from a CD.⁴

¹ Harris Interactive, “Fast forward, Waves 6 to 8”, October 2010

² CSA, “Etude des pratiques de copie privée sur les supports d’enregistrement assujettis à la rémunération pour copie privée par les décisions n°11 et n° 13 votées par la Commission copie privée. Rapport d’étude N° 1101278

³ ZPÜ / TNS study on copy behaviour on private and business Desktop-PCs/Notebooks, 2011

⁴ Oliver&Ohlbaum Study on UK music consumer – March 2012

PCR is part of an economically virtuous circle

PCR boosts sales of devices. The possibility of copying creative works and their enjoyment in different ways and formats is an attractive selling point for importers and manufacturers of those electronic devices. The sales of new devices have grown exponentially over the last years due to these opportunities they offer to consumers and it is only fair that importers and manufacturers of the devices take their legal responsibility to remunerate those who provide for the very content that is copied on the devices. The Court of Justice of the European Union repeatedly confirmed that manufacturers and importers are the best placed to pay the “fair compensation” provided by EU law to rightholders. Opposing this would enable manufacturers and importers to free ride on the effort and investment of the rights holders.

- **PCR contributes to a thriving European Cultural Digital Economy**

PCR is necessary for a sustainable economy.

The freedom to make copies and remuneration schemes are two sides of the same coin. One is necessarily linked to the other.

The compensation rightholders receive for the copy – the use – of their work is not only fair but it provides an important economic incentive for authors and composers to keep creating new content that stimulates cultural diversity and national economies. In return it also provides consumers with the possibility to freely and legally make private copies of creative content.

It is also an essential part of the copyright income for authors and composers deriving from the digital market. PCR represents on average 5% of the European authors’ revenues, although with notable differences between countries. In France, one of the most important markets, revenues deriving from private copying in 2011 amounted up to 192,4 million EUR, around 43% of which was for authors (e.g. for music, audiovisual, visual art, literary authors). This means more works, jobs and growth for the whole creative chain in Europe.

- **PCR is key for the European artistic scene**

In a large number of EU Countries, the law provides for the use of a percentage of the revenues collected as private copying levies for social and cultural purposes⁵.

In 2011, 17 authors’ societies from 14 EU Countries have alone spent € 171 622 960 for social and cultural purposes, three times the amount of the EU current budget for Culture. A large part of this amount comes from the remuneration for private copying. Films, music festivals, awards, trade fairs, support schemes for risky or niche repertoires such as contemporary musical creation, training for authors and emerging artists are provided through those funds.

- **PCR is consumer friendly**

- Consumers can legally and freely copy for private purposes and are offered the possibility to enhance their musical or audiovisual experience.

⁵ Austria, Belgium, Bulgaria, Croatia, Danmark, Estonia, Finland, France, Italy, Lituania, Portugal. Germany, Hungary Latvia, Netherlands and Poland (for music) have also comparable regulations, as well as Island and Switzerland.

- Remuneration schemes are low-cost – they provide fair compensation for authors without being a significant burden for consumers.

- The remuneration system is not intrusive and preserves the privacy of consumers.

- What is more, a private copying exception accompanied by fair compensation contributes to the welfare of consumers by providing remuneration to invest in and support creation of more and diverse new content in the market.⁶

- **What is the effect of Private copying remuneration on the price of the Consumers Electronic Devices (CED)?**

No direct effect!

Economic studies⁷ have shown that there is no elasticity between the ‘levies’ and the price of CED such as mp3 players, Smartphone, tablet etc.

The same iPod sold in the UK where no private copying levies exist is usually the same price if not more expensive than in France where levies apply.

In Spain, after the abolishment of private copying levies on CED, the price of devices has not decreased and in certain cases has even increased!

A comparison of the prices of the same device on UK website, France website and e.g. Romanian website would show that prices are fixed according to the GDP, consumer behaviours, take up of digital technology, etc. rather than the level (or existence) of levies.

- **Who would benefit from a phasing out of private copying remuneration?**

The Consumer Electronic Industry only, which is largely a non-EU industry!

Apple, Samsung, Blackberry, Sony, Toshiba, HTC, Western Digital are making huge profits by selling electronic devices to EU consumers, which are made in non-EU countries, often in South East Asia under low cost employment.

On the other hand, the contribution of private copying compensation to creation, the welfare of creators⁸ and hence to home-grown cultural industries that create jobs and growth within the EU is undisputable.

As presented above, consumers would also be better off with the existence of an efficient PCR, as its phasing-out does not change the prices they pay and would only have a negative impact in long term.

⁶ Compass Lexecon Study “Welfare effects of private copying levies”, February 2012.

⁷ ECONLAW study