



Joint Statement from the music sector coalition on the European Commission's Proposal for a Regulation on Geo-Blocking¹

12 April 2017

Dear Member,

Maintain Cultural Diversity in Europe: Reject amendments which would include digital music services within the proposed Regulation, including Compromise Amendment 21a.

We represent associations and companies from Europe's music sector, and are writing ahead of the IMCO Committee's vote regarding the draft report on the proposed Regulation on Geo-Blocking scheduled for 25th April.

We are extremely concerned that the draft report proposes to include copyright content services, including digital music services, under Article 4 of the Regulation. Such an extension of the Regulation would have negative consequences for our sector and for European consumers, and would adversely affect the development of digital music platforms in Europe. For these reasons, the Commission decided to exclude copyright content services from the scope of the proposed Regulation. The same approach has been taken by the Council².

Today, more than 200 digital music services are operating across Europe, and are giving European consumers access to 43 million tracks of national and international repertoire in all EU Member States.

Digital music services have adapted their offerings to the specific market conditions in some countries (especially eastern European ones), taking account of lower standards of living and/or higher levels of piracy.

Introducing digital music services into the proposed Regulation would not increase the availability of music content, as it is already widely available.

Rather, such inclusion would hinder the ability of digital music services to adapt their offerings to the economic conditions in certain countries, which could eventually lead to the disappearance of local services' offerings in some markets. This would not only be to the detriment of consumers in the countries concerned, but also to the music sector itself which has supported the emergence of innovative business models meeting consumers' needs.

¹ [COM \(2016\) 289 final](#).

² [General Approach of the Council](#), November 2016.

Further, this proposal would prevent music producers and publishers, 99% of which are small businesses, from efficiently working with their artists on a territory by territory basis. Smaller record labels rely on a network of local licensees to help break artists across borders. These smaller artists and their business partners would be negatively impacted by an extension of the Regulation's scope, as they do not have the financial resources to license works on an EU-wide level and might face difficulties in attracting investment for local repertoire.

In the long run, this could cause an overall reduction in cultural diversity across the EU.

We are therefore concerned about the IMCO Committee's amendments which propose to include copyright content services into the proposed Regulation, in particular Compromise Amendments 9 and 21a (AMC 9 and 21a).

Compromise Amendments 9 and 21a (**AMC 9 and 21a**) propose to apply the geo-blocking prohibition to copyright content services where traders have "the requisite rights to use such content for the relevant territories". However, these proposals are not a real compromise, as they would not avoid the negative effects that an extension of the Regulation to music services would bring.

It is a special characteristic of the music market that digital music services need licences for the broadest possible repertoire. This entails that a digital music service operating across the EU needs, for parts of the repertoire, a combination of national, regional and Pan-European licences because the relevant rights may be held by different right holders for different territories. Due to the delicate nature of this licensing framework music services may not have all the "requisite licences" for all the repertoire to allow free cross-border access without breaching their licence terms.

Further, it's important to note that regardless of the scope of the different licences, rates that music services pay to different right holders may depend on the territory where the rights are exercised.

The extension of the proposed Regulation to music services would severely disrupt this carefully balanced licensing system that has delivered new exciting services to consumers across the EU. It would create commercial and legal uncertainty threatening the growth of the digital music markets in the EU.

In short, including music services within the proposed Regulation would prejudice the entire music value chain and ultimately music lovers in several European countries, and would create legal uncertainties - without bringing any benefits for accessing music in Europe. The entire music repertoire is already available in every country and on most services at the present-day.

We therefore urge the IMCO Committee to **reject any amendments which would include digital music services within the proposed Regulation, including Compromise Amendment 21a**, and to preserve the current framework which has fostered the development of digital music services all over Europe.

Signatories:

DEEZER

GESAC – European Grouping of Societies of Authors and Composers

ICMP – International Confederation of Music Publishers

IFPI – Representing the recording industry worldwide

IMPALA – Independent Music Companies Association

SPOTIFY

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