



Copyright Levies Reform
Alliance

February 12, 2007

José Manuel Barroso
President of the European Commission
Rue de la Loi 200
B-1049 Brussels

Dear President Barroso,

We are writing to express our concern and deep disappointment with your decision to postpone *sine die* the European Commission's planned reform of the copyright levy systems in the European Union. As we and our representatives have expressed on many occasions, it is imperative that the Commission act to establish transparency and efficiency in the setting, collection and redistribution of levies across the EU. Europe's technology industry is penalised by an unpredictable business environment in the supposedly single market, in addition to receiving excessive and growing demands for payment of unjustified levies.

Our companies and representatives have cooperated closely with the Commission since the adoption of the Copyright Directive in 2001, and we have been working intensively with your colleague Charlie McCreevy, Commissioner for Internal Market and Services, since the Commission announced in October 2005 its conclusion that urgent reform was imperative.

On several occasions, your colleagues and you have confirmed that the Commission would indeed need to act to address the legal uncertainty confronting the technology industry, including clear, unambiguous statements from:

- Your head of cabinet: *"The reform of the private copying levy systems that apply to media and equipment in certain member states is an item in the Commission Work Programme for 2006...I am confident that the Commission will be able to present a reform initiative which takes into account the interests of all stakeholders."*¹
- Commissioner Jan Figel': *"...the Commission will have issued its policy proposal towards the end of [2006].... [this] should lead to the adoption – in principle in December 2006 – of a Commission Recommendation providing guidelines in the area of private copy levies, aiming at ensuring greater transparency and more legal certainty..."*²
- The Commission's 10-point programme to foster innovation as a main asset of the EU economy, announced in September 2006. Copyright levy reform was explicitly presented as being among the ten key enabling factors to improve the competitiveness of the EU.³

On November 14th, 2006, you informed the European Parliament of the Commission's intention to complete this action by the end of 2006: *"We still have much to achieve until the end of this year...and we still have important proposals to adopt in areas like...copyright levies"*.

The repeated statements indicating acceptance of industry's concerns and announcing your intention to take action do not sit well with the apparent result: the Recommendation on reform of the levies has been delayed, although the acknowledged issues remain.

Indeed we were very surprised to read of your spokesperson's advice to the media to take our concerns with *"...a pinch of salt"*⁴; we can only hope that this does not represent your or the Commission's view on the matter.

¹ Letter from João Vale de Almeida to Mark MacGann, Director General, EICTA and CLRA Spokesperson, November 30, 2006

² Letter from Jan Figel' to Mark MacGann, July 18, 2006

³ IP/06/1181, 13 September 2006

⁴ Johannes Laitenberger, European Commission Spokesperson, Commission Briefing December 14, 2006 (Reuters)

The body of evidence presented to the Commission following extensive stakeholder consultation points to the urgency of Commission action on this issue. We would like to request a meeting with you⁵ to hear how you intend to proceed, or to understand the reasons why the Commission will no longer take action.

We fully respect and support the work of your Commission, and we have demonstrated in many areas of EU policy our commitment to the jobs and growth agenda. However, industry's confidence has been shaken by the sudden withdrawal of the proposed reforms, and we look to you personally to lead the way forward for reform. As always, and along with our colleagues that have come together in the CLRA⁶, we remain committed to working with you to find a balanced and reasonable outcome for all stakeholders.

Yours sincerely,

[Signed]
Gerard Kleisterlee
President and CEO, Royal Philips Electronics

[Signed]
Olli-Pekka Kallasvuo
President and CEO, Nokia

[Signed]
Ryoji Chubachi
President and Electronics CEO, Sony Corporation

[Signed]
Mark Hurd
Chairman, CEO and President, Hewlett-Packard

[Signed]
Michael Dell
Chairman and CEO, Dell Inc.

[Signed]
Craig Barrett
Chairman of the Board, Intel Corporation

[Signed]
Fumio Ohtsubo
President, Matsushita Electronic Industrial Company, Ltd.

[Signed]
Miles Flint
President, Sony Ericsson Mobile Communications

[Signed]
Frank Russomanno
acting CEO, Imation

[Signed]
Rudy Provoost
CEO, Philips Consumer Electronics and Chairman of EICTA

CC:

Günter Verheugen, Vice President, Commissioner for Enterprise and Industry
Charlie McCreevy, Commissioner for Internal Market and Services
Viviane Reding, Commissioner for Information Society and Media
Jacques Barrot, Vice President, Commissioner for Transport
Margot Wallström, Vice President, Commissioner for Institutional Relations and Communications Strategy
Ján Figel', Commissioner for Education, Training, Culture and Multilingualism
Meglena Kuneva, Commissioner for Consumer Protection
Joaquin Almunia, Commissioner for Economic and Monetary Affairs
Janez Potočnik, Commissioner for Science and Research
Neelie Kroes, Commissioner for Competition
Rt Hon. Peter Mandelson, Commissioner for Trade
Catherine Day, Secretary General, European Commission
Mark MacGann, Director General, EICTA

⁵ Mark MacGann, Director General, EICTA and Spokesperson of the Copyright Levies Reform Alliance (CLRA) serves as our central point of contact for the purpose of this initiative).

⁶ The Copyright Levies Reform Alliance is composed of the European Information and Communications Technology and Consumer Electronics Industry Association (EICTA), Business Software Alliance (BSA), European Digital Media Association (EDiMA), European-American Business Council (EABC), European Semiconductor Industry Association (ESIA), and Recording-media Industry Association of Europe (RIAE).