



To the attention of Jaime de Bourbon Parme
Cabinet of Neelie Kroes
Brussels

Brussels, 21 September 2005

Subject: Commission Staff Working Document – Study on a Community Initiative on the Cross-Border Collective Management of Copyright (published July 7th, 2005)

Dear Mr. de Bourbon,

In 2004 the undersigned European music rights users' organizations warmly welcomed a *Commission Communication on the Management of Copyright and Related Rights in the Internal Market* as a first encouraging step to improve the collective management of rights in the European Union. At the beginning of July this year, DG MARKT's Copyright Unit published a *Staff Working Document* putting forward radical proposals to **reform the management of on-line music rights**. Stake-holders concerned were given three weeks to comment.

We understand that a *revised proposal* has now gone into Inter-Service Consultation and could be proposed as a Recommendation in October.

While all undersigned organizations welcome and support the Commission's determination to encourage substantial changes in the field of collective rights management and are committed to offering the Commission constructive support in its efforts, we wish to use this opportunity to reiterate our deep concerns at the proposals on the Commission's table. Therefore, we would like to emphasize the following:

- Music is central to our businesses and we are strongly committed to ensuring that rights-holders, whoever they are and wherever they are located, receive fair reward for their work. We believe, however, that the proposals of July 7th are unbalanced as they focus on rights-holders only and entirely overlook the needs, concerns and practical and legal realities of music rights users (whether on-line or not).

- We believe these proposals to be based on an impact assessment conducted by the Commission, the results of which have, to our knowledge, regrettably not been made public. While we understand the need to “start somewhere”, we would like to stress that the proposals fail to deal with most of the urgent problems linked to the collective management of rights, whether in terms of competition, transparency, governance, levies or arbitration. However, we are convinced that there is an urgent need to solve these problems in order to achieve the goals the Commission is aiming for.
- By favouring a non-binding instrument (a Recommendation), the Commission is unfortunately missing an opportunity to make a genuine improvement to the system. We believe that the effects of a Recommendation will either be an extension of the life expectancy of the ineffective system in place or that they could have largely unintended consequences which lead to further imbalances in the system.
- We strongly support the need for more competition and efficiency in the administration of collective rights as well as the absolute necessity of one-stop-shops to clear all our rights (whatever the type and amount needed). We question whether the proposals in their current form will achieve this objective in a balanced, fair and transparent way.

The undersigned organizations will be happy to provide you separately with comments reflecting their specific concerns on the DG MARKT proposals of July 7th and we hope that they will have been taken into account in the revised version of the proposals and the Inter-Service Consultation process.

Please do not hesitate to contact any of the organizations listed for further information.

Yours sincerely,

The undersigned rights users' organizations

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