

The Rt. Hon. Jeremy Hunt MP
Secretary of State
Department Culture, Olympics, Media & Sport
2-4 Cockspur St
London SW1Y 5DH

Wednesday 6th July 2011

Dear Secretary of State

Motion Picture Association (MPA) Response to a Communications Review for a Digital Age

The MPA welcomes the Government's review of the regulatory regime for the UK Communications sector to ensure it is fit for the digital age and is delighted to submit a response to the Department's request for views. Please find below our initial views on the key issues the MPA would like to see addressed as part of the Review.

We hope that DCMS is fully aware of our view of the regulatory environment in the UK and its impact on our member studios' businesses as we have worked closely with ministers and officials in the Department to ensure the implementation of the Digital Economy Act progresses, and we have been pleased to sit on the Minister Ed Vaizey's working group to develop a voluntary approach to site blocking. The MPA has also made a full submission to the Department in response to the recent Hargreaves Review on Intellectual Property (IP). Should you require any further information regarding the points made below a number of our recent submissions are enclosed with this paper for your information.

The film sector has a long tradition of delivering growth and innovation in the UK and we believe that any new regulatory framework should look to ensure that existing barriers to this are removed. The value of the UK film industry is significant and attracts substantial investment from international filmmakers, including Hollywood studios. A 2010 Oxford Economics Report assessing the economic impact of the UK Film industry identified investment amounting to *£928.9 million* in 2010 (an increase of 15% over 2009). Beyond its direct and indirect contributions to GDP, the film industry provides employment for thousands of workers, plays a key role in exporting British talent worldwide and safeguards the country's position as a global creative hub.

However, content theft and infringement of our members IP is the single biggest barrier to effective competition and investment in our sector. An IPSOS survey released in 2010 indicates an annual revenue loss for the UK film and TV industry of *£533 million* due to copyright theft up from *£459 million* five years ago. The total loss to the film industry alone was *£463 million* in 2010.

The MPA believes that full implementation of the DEA and a voluntary site blocking system that uses existing legal processes are both vital steps in reducing piracy. These measures are key to building a thriving legal market online. The UK is a leader in this area and there are already a growing number of legal offerings online such as Apple iTunes, Lovefilm and Blinkbox, as well as a number of other online digital content initiatives such as Digital Copy and Ultraviolet. However, the long-term sustainability of these services and the development of many more services is being hampered by pirate websites that grossly distort the open market.

The MPA is committed to working with the Government to deliver DEA implementation and voluntary site blocking. However should either not work as effectively as envisaged, then we hope the Government will use the forthcoming Communications Bill to address any defects in the current legal framework.

The MPA also believe that changes to the IP legal regime flowing from the Hargreaves Review should be implemented with great caution. In light of the Governments' commitment to growth and in line with the key themes of innovation and deregulation, we strongly believe it is vital to ensure that any changes to the IP legal framework stemming from Hargreaves should help to promote growth, not introduce new regulatory barriers that would harm investment in UK content. The MPA's response to the Hargreaves Review sets out our views and concerns in greater detail and this paper is enclosed for your information.

The Communications Review open letter refers to the potential for regulatory convergence and we would agree that there is merit in this. However we would suggest the key area where convergence is needed is in application of the law online, as it is in all other areas of society, and this should be a major aim of the Communications Bill.

The MPA want to use this opportunity to raise concerns about an example of costly divergence, which is exactly the kind of burden that should not be placed upon new innovative services. This has emerged following implementation of video on demand regulation through ATVOD (independent co-regulator for the editorial content of UK video on demand) which has generated an unexpected burden in the multiplicity of notifications required and the fee per notification. A recent study conducted by the European Platform of Regulatory Authorities (EPRA) on ATVOD implementation found that only 7 out of 19 EU states so far implementing AVMS plan to charge fees, and in all instances these are far less than those charged by ATVOD. We are very concerned about the impact of ATVOD's approach on content owners' incentives to invest in new, online digital services.

We look forward to continuing to play our part in developing the new regulatory regime to ensure that it meets the key goals which the Government has set of delivering growth and innovation in the creative industries.

Yours sincerely



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