

Rt Hon Jeremy Hunt MP
Secretary of State for Culture, Olympics, Media and Sport
Department for Culture Media and Sport
2-4 Cockspur Street
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13 May 2011

Dear Mr Hunt

New Studies on Copyright Levies in the Digital Economy

We recently responded to the Hargreaves Review on Intellectual Property and Growth.

The UK environment is particularly conducive to new digital services, and Nokia has chosen to launch some of its flagship music services first in this country.

It is a significant benefit to the digital economy that the UK does not have copyright levies.

We welcome the Review's interest in legitimizing normal consumer behaviour in the digital world without copyright levies. Introducing levies would distort the market for digital products and harm the UK's thriving, dynamic digital content market and creative enterprise.

I am pleased to enclose a copy of a newly published study by Oxera commissioned by Nokia entitled 'Is There a Case for Copyright Levies? An Economic Impact Analysis'.

The Oxera report shows that countries with high copyright levies have worse performing music industries and often have declining production of domestic content.

The UK is leading the way in Europe with a per capita spend on digital music of €5.10, based on 2009 figures. The corresponding figures are significantly lower in countries which impose copyright levies, such as France (€2.30), Germany (€2.05), Spain (€0.70) and Italy (€0.57).

The basic outcome of the Oxera study is that abolishing levies in countries that have them would drive down prices for consumer electronics so that consumers buy more devices, in turn creating an increased demand for licensed digital music, as well as enabling and incentivizing rights holders to engage in alternative business models.

The Oxera study estimates the economic welfare gain of abolishing levies in the EU would be between €975 million and €1.88 billion per annum, with consumers, electronics manufacturers and the recording industry making gains in all but the most conservative scenarios. The study adds that "there is no evidence that higher revenues from copyright levies lead to better performance of the music industry or indeed greater production of domestic content."

Patrick Legros and Victor Ginsburgh, Professors of Economics at the Université Libre de Bruxelles, have also recently published work in this area with a paper entitled 'The Economics of Copyright Levies on Hardware' which can be found online at www.ecore.be/discussion_papers.php.

The content of both pieces of research is summarized in the Nokia booklet enclosed with this letter.

I hope the conclusions of this research will be of interest to you.

If I can be of any further assistance or provide any more information please let me know.

Yours sincerely

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Legal & Intellectual Property

