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## Why the Creative and Media Industries must be put at the Centre Stage of the Lisbon Agenda

The Creative and Media Business Alliance, an informal grouping of some of Europe's top media and creative businesses and industry associations, calls upon the European Commission, the European Parliament and the 25 EU Member States to focus on our sector in their joint efforts to foster innovation, growth and employment in the Information Society. The creative and media businesses are more than a mere driver for technology deployment or an 'added value' to the Lisbon Agenda. They are the true value of the Information Society.

Europe's economic reform agenda is in deep trouble. The results achieved so far are unsatisfactory, or even "a failure", according to the just-published Kok Report. No substantial progress has been made with growth and employment in Europe in the past five years, let alone with competitiveness. One of the failures of the Lisbon agenda is its one-sided focus on new technologies. This approach neglects the fact that a dynamic and competitive Information Society will not be created by hardware technology and distribution networks alone.

**The Creative and Media Industries make the new roads of the Information Society worth travelling.**

The creative, media and information businesses have always been a crucial sector of the economy. Together, the creative and media business sectors invest in, produce and disseminate a huge array of content that educates, informs and entertains Europe's citizens. They include newspaper, book, magazine, database, portal and web-publishers, music companies, broadcasters and film producers as well as advertisers – all of which help create content (songs, music, information, articles, stories, poems, films, shows) and make it commercially successful. It is this creative content which people are looking for when they are connecting to the Internet, activating their broadband connection, switching on their 3G mobile phone or choosing a channel on their digital TV service. The creative and media sector is thus the true heart of the Information Society. Without it, the Information Society would be nothing more than empty pipes and boxes.

**The European entertainment and media market is forecast to rise around 5.4% in next few years to reach a value of €351 billion by 2008.**

The creative and media business sector is one of the most successful and fastest growing in Europe, providing hundreds of thousands of jobs and contributing positively to Europe's trade balance. According to a recent report from Price Waterhouse Coopers<sup>1</sup>, the European entertainment and media market is forecast to rise around 5.4% in next few years to reach a value of €351 billion by 2008. Only the creative industries can provide the innovative content needed to satisfy increasingly sophisticated consumer demand. The creative and media businesses also play a pivotal role in contributing to cultural diversity and a well-informed, pluralist society.

Europe is a centre for excellence in the creative and media industries. There is no other part of the world that has the ability to compete with the U.S. in providing the creative content that consumers can enjoy worldwide. If Europe is going to rise to the challenge of becoming the world's leading knowledge-based economy by the year 2010, it must create the conditions to allow its creative and media businesses to develop further.

<sup>1</sup> Global Entertainment and Media outlook: 2004-2008, Price Waterhouse Coopers



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Specifically, the creative and media business sector calls for:

- **Increasing competitiveness.** Europe is bound by high regulatory burdens, heavy social costs and taxation levels that make it difficult to compete on equal terms with the U.S. and other regions. The European Union needs to reduce these burdens to free its creative and media industries to compete in a global marketplace.
- **Respect for intellectual property.** Intellectual property is the cornerstone of the creative and media industries and the measure by which the people who contribute to creativity can be remunerated. The production of new creative content is usually made possible by the reinvestment of revenues from existing creative content. Yet this virtual circle is threatened by the increasing illegal use of intellectual property.
  - The EU must provide a strong legal foundation, based on intellectual property, if it wants to have the internationally competitive creative industries that are at the root of a world class knowledge economy.
  - The EU and National governments need to do more to track down and pursue illegal use of intellectual property rights. There is an urgent need to create a stronger deterrence against IP crime and online infringement, through a combination of effective legislation and greater government commitment to enforcement activity.
  - Just because intellectual property is intangible, it does not mean that it has no value. The EU has a role to play in helping to educate consumers about the importance of intellectual property.
  - The EU should seek agreements with third countries that counterfeiting and piracy are criminal offences that should be treated no less seriously than other criminal offences such as forgery, theft and fraud.
  - Widespread abuse of new digital technologies has led to a proliferation of mass unauthorised theft of content online. This has resulted in loss of investment in content creation, declining sales in the legitimate market, thousands of lost jobs and lost tax revenues for EU governments. The creative industries call on the EU and Member States to reflect in their policy, the position that the abuse of intellectual property will not be tolerated.
- **Encouraging migration to legal services.** Legal online services are beginning to take hold in Europe and healthy competition is emerging as scores of content companies, retailers, mobile carriers and broadband service providers vie for their place in the online market. Consumer demand for legal creative content is high. Forrester Midem 2004 forecasts say that the legal download volume of content (music, video clips and movies) will increase 1000% by 2007. The EU should play its role in encouraging migration to legal services, first and foremost by facilitating a common front across all industries against abuse of intellectual property with concrete actions to protect the new electronic marketplace. The example given by the governments of France, Italy, Spain and the UK of initiating such inter-industry dialogues is laudable and merits a European counterpart. We call on the EU to foster a dialogue between the creative and media industries and those industries who seek to develop new distribution channels of our content, in particular electronic communications services and network providers, to address this problem.
- **Interoperability.** Interoperability is a top priority for the creative sector if the consumer is to have a variety of creative content available on different platforms. The creative and media sector strongly supports interoperability. This should not be done at the expense of security. Secure Digital Rights Management (DRM) solutions need a system-wide support so that continuity of security is maintained across platforms. Industry efforts are underway to try to achieve interoperability, and we believe market



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forces will find the best solution. However, the Commission should continue to encourage dialogue and cooperation between all relevant industry sectors.

- **Availability of creative content.** The creative industries embrace the use of new technology to transform the way in which creative content can be offered to consumers. No one business model is or will be effective at meeting the diverse needs of European creators, industry and consumers. Attempting to dictate a single business model or imposing restrictions on the industry's freedom to license would penalise creators and eliminate incentives to invest in new and diverse content that can drive new business models, products and services.
- **Priority to self regulation.** The creative and media industries should be given an opportunity to develop self-regulatory initiatives to meet public policy objectives such as consumer protection or protection of minors. It is clearly in the interest of the creative and media industries that these self-regulatory initiatives be trustworthy and efficient.
- **Stimulating employment.** The creative and media sector is characterised by highly skilled people in quality jobs and we have the potential to expand on this base. In order to do this the EU must look closely at social costs in the creative industries in order to stimulate employment.

**The European Union should not miss this opportunity to take a decisive step towards the EU becoming the leading knowledge-based economy by 2010.**

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