



HM Revenue and Customs
Balance of Competences Review, 3E10
100 Parliament Street,
London. SW1A 2BQ

6th August 2013

Dear Sir,

We are writing to you in response to the Review of the Internal Market: Free Movement of Goods; including the EU Customs Union and Intellectual Property Rights call for evidence as part of the Government's review of the balance of competences between the United Kingdom and the European Union.

UK Music is the umbrella body representing the collective interests of the UK's commercial music industry, from songwriters and composers to artists and musicians, studio producers, music managers, music publishers, major and independent record labels, music licensing companies and the live music sector.

UK Music exists to represent the UK's commercial music sector in order to help drive economic growth and to promote the benefits of music on British society. The members of UK Music are listed as an annex.

UK Music welcomes the UK Government's Balance of Competences review between the UK and the European Union. We value the opportunity to provide an analysis of what the UK's membership of the EU means for the UK national interest and how that might impact on our sector.

There are a number of issues that this call for evidence enables us to make. For example, any renegotiation of the UK's relationship with Europe raises issues about the impact on trucks and UK based equipment suppliers who are involved in music tours for artists across Europe. Renegotiation could weaken the status that currently allows all equipment after the first time of being imported in to any European Union country to travel freely within the whole of the territory. If the terms of the UK's relationship with the EU were to radically change following any renegotiation then the UK will potentially have the same position as Norway and Switzerland. As a consequence of the UK not signing up to the Schengen agreement the current situation in this regard is also not as strong as it could be.

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In responding to this consultation we would also like to repeat statements made by UK Music as part of the call to evidence on the Treasury: Taxation Balance of Competences semester which we submitted in February of this year.

Intellectual property is the economic framework which underpins the music industry and other British creative industries. Copyright is the currency of that framework. Every song or recording made by a creator or artist can be licensed for value in the UK and globally, therefore generating a substantial positive balance of export income for the UK from copyright licensing. It provides an incentive to industry to invest in new creative content.

UK membership of the European Union provides a fundamental basis for copyright industries such as music. Copyright law is harmonised in several areas by EU Directives under EU competence. Changes made at an EU level on copyright, such as the 1993 Term of Protection Directive, as well as the soon to be implemented 2011 Term Directive, demonstrate how changes made to copyright within the European Union can have a positive impact on UK creators such as composers, songwriters and musicians, as well as the wider industry.

The EU acted on behalf of UK music interests in bringing a dispute to the WTO against the US on the "Bars and Grills" exception. Resolution for the WTO Panel decision of 2000 is still outstanding. We are hopeful that the current discussions on an EU-US trade and investment agreement will find a way forward and solution. It is precisely because the EU Commission has competence for copyright in international trade discussions and in negotiation of international treaties in institutions such as WIPO and WTO, that it can act clearly on behalf of all member states.

There are over 250 licensed music digital services in the EU, as well as many 1000's of smaller websites licensed for their music use. This figure continues to grow. Over 30 million tracks are available to all European customers.¹ The European digital music market has grown considerably in the past few years (from €200 million in 2004 to €1.2 billion in 2012), and has increased significantly in its variety. The existing copyright framework, and efforts within the EU to make cross border access to licensed content on a pan-European basis better, has enabled this to be possible and for UK music creators and companies to be a fundamental part of this successful development. Rules on free movement are helpful since UK music collective management organisations and companies engage in licensing across borders.

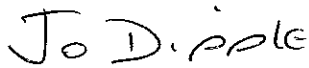
A threat to the development of this market is online copyright infringement. This means that enforcement of copyright is very important and activities across Europe to combat online infringement are essential. Section 97A of the Copyright, Designs and Patents Act gives the UK courts a power to grant an injunction against an ISP if it had "actual knowledge" that someone had used its service to infringe copyright. Section 97A implements the requirements of the EU Copyright Directive which states that countries must ensure that copyright holders have the right to apply for injunctions against intermediaries, such as ISPs, whose services are used to infringe copyright. This is an example of where EU legislation has been helpful.

Respect for international copyright obligations, such as the Berne Convention, is embedded within the membership of the European Union. UK Music relies on certainty offered by the European copyright framework. Our industry is one of the few sectors which can deliver improved rates of growth, exports and quality

¹ <http://www.ifpi.org/content/library/dmr2013.pdf> p. 6

employment. We ask Government to continue to support existing harmonisation and the framework which allows UK music business to do all those things.

Yours faithfully,



Jo Dipple, CEO
UK Music



UK Music's membership comprises of:-

- AIM – Association of Independent Music - representing over 850 small and medium sized independent music companies
- BASCA - British Academy of Songwriters, Composers and Authors – with over 2,000 members, BASCA is the professional association for music writers and exists to support and protect the artistic, professional, commercial and copyright interests of songwriters, lyricists and composers of all genres of music and to celebrate and encourage excellence in British music writing
- BPI - the trade body of the recorded music industry representing 3 major record labels and over 300 independent record labels.
- MMF - Music Managers Forum - representing 425 managers throughout the music Industry
- MPG - Music Producers Guild - representing and promoting the interests of all those involved in the production of recorded music – including producers, engineers, mixers, re-mixers, programmers and mastering engineers
- MPA - Music Publishers Association - with 260 major and independent music publishers in membership, representing close to 4,000 catalogues across all genres of music
- Musicians' Union representing 30,000 musicians
- PPL is the music licensing company which, on behalf of over 75,000 members (65,000 performer members and 10,000 recording right holder members), licences the use of recorded music in the UK
- *PRS for Music* is responsible for the collective licensing of rights in the musical works of 100,000 composers, songwriters and publishers and an international repertoire of 10 million songs
- UK Live Music Group, representing the main trade associations and representative bodies of the live music sector

