

**Opinion of the European Economic and Social Committee on 'Book publishing on the move'
(own-initiative opinion)**

(2012/C 191/04)

Rapporteur: **Ms ATTARD**

Co-rapporteur: **Ms VAN LAERE**

On 14 July 2011 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

Book publishing on the move

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The Consultative Commission on Industrial Change (CCMI), which was responsible for preparing the Committee's work on the subject, adopted its opinion on 12 April 2012. The rapporteur was Ms Attard and the co-rapporteur was Ms Van Laere.

At its 480th plenary session, held on 25 and 26 April (meeting of 25 April), the European Economic and Social Committee adopted the following opinion by 156 votes to 2 with 1 abstention.

1. Conclusions and recommendations

1.1 The book publishing industry is undergoing an evolving process of modernisation that carries important consequences in the digital era.

1.2 The EESC stresses that at EU level, an overall analysis of the role of the book publishing industry in the social, economic, cultural, scientific and artistic development of Europe while addressing the rights and needs of other stakeholders including booksellers, writers, scientists, illustrators, printing and allied industries, libraries and reproduction rights organisations and consumers, should be an immediate priority. The publishing industry needs to be included by the European Commission in the basket of industries when contemplating strategies for Digital Europe.

1.3 The EESC emphasises the importance of addressing the need for adequate EU legislation and policies that have an impact on the publishing industry: intellectual property (in particular copyright) and its enforcement, taxation, information society and cultural policies.

1.4 The EESC reiterates the need at EU level for the elimination of the discriminatory regime that is currently in place both within the EU - where online versions of the same cultural products are currently taxed at standard rates, creating an unjustified distortion between comparable content - and in comparison with the USA where online publishing is tax-free thus creating a non-level playing field and unfair competition.

1.5 The EESC believes that the graphics sector should be encouraged to reverse the economic and technological models that have characterised its development by placing itself at the

hub of information management and distribution, rather than limiting itself to the role of service provider, in line with the European plan for the graphics industry.

1.6 The EESC maintains that a European-level Observatory needs to be set up to measure the printing sector's current and future skill needs to encourage professional training, career change and re-skilling through public funding for the sector especially via the ESF and ERDF and the European Globalisation Fund, including research through FP7 and Horizon 2020 for the printing industry to remain competitive.

1.7 The EESC stresses that IPR governance is crucial to the flourishing of European culture, science, the arts and the quality of life enjoyed by European citizens, besides being a key factor for technological and commercial innovation.

1.8 The Committee considers that giving consumers a secure digital environment, including effective control over their personal data and privacy, will make digital markets work to the benefit of users.

1.9 The Committee emphasises the social and economic obligations when tackling the digital switch to ensure that the largest number of people of all ages, in every Member State, are able to reap the benefits of the digital revolution.

1.10 The EESC stresses that decent work must be guaranteed for workers, including self-employed workers and contractors, and that this must be subject to social dialogue and collective agreements at national and European levels.

1.11 The adoption of open, interoperable electronic standards is essential to increase competitiveness and prevent the locking up of markets and the creation of dominant positions.

1.12 The EESC stresses the importance of a more integrated single market for services in the Europe 2020 strategy⁽¹⁾ for all actors and stakeholders in the book publishing industry to grow and create jobs.

1.13 The EESC would like the Commission to encourage the publishing and printing professions to continue their efforts to develop a more participatory model and to operate within a transparent common framework allowing better coordination between the economic, social, technological and environmental dimensions.

1.14 The EESC urges the Commission to enter into a strategic dialogue with the European publishing industry to come to conclusions on strategies that will concretely address the needs of print books and ebooks in the digital era thus also strengthening global competitiveness of this sector. The EESC once more urges the Commission to set up a high-level group including representatives from publishing and the graphics and paper industries, in order to assess the investment and employment prospects available to these sectors in the context of the multimedia revolution.

2. Introduction and background

2.1 As the largest cultural industry in Europe, book publishing is a crucial player in the economic, social, political, ethical, educational, artistic and scientific development of Europe. European literature is one of Europe's key artistic and cultural heritages, embodying the vast diversity of each country as each European language, region, minority is represented and recorded for posterity in books, while promoting intercultural dialogue.

2.2 European publishers (EU Member States plus Norway and Iceland) generated a turnover of approximately EUR 23,5 billion (2010), published a total of about 525 000 new titles and employed a total of about 135 000 people full time. Almost 7,5 million titles were available in stock. Book publishing contributes also indirectly to job creation: more than 100 000 writers, illustrators and literary translators in Europe, and over 25 000 individual bookstores. There is the need for more specific data collection for a more detailed picture of the sector.

2.3 The methodologies of book production, from commissioning to editing, printing and distribution, have undergone considerable changes in execution though not in concept through the centuries, although the book itself has remained unchanged in essence, as a creative artefact. It is with the development of digital publishing that these methodologies are being recast.

2.4 The core creative industries contributed 4,5 % to EU GDP in 2008 representing 8,5 million jobs⁽²⁾, while the total creative industries contributed 6,9 % to EU GDP in the same year. Within these industries, the publishing sectors contributed 1,07 % to EU GDP in 2003, compared to 0,41 % by the radio/tv/film/video sectors and 0,06 % by the music industry.

2.5 At international level, the European book industry is worth more than that of the US, which has generated an annual turnover of USD 24-25 billion in the past years (EUR 17-19 billion). In addition, every year between six and eight European-owned companies appear among the 10 largest publishing groups in the world. Moreover, the three biggest international book fairs take place in EU countries: Frankfurt, London and Bologna.

2.6 The positive impact of reading on society is highlighted by the OECD, with reading being the best indicator of a child's life chances. Publishing also fosters pluralism of opinions, exchange and dialogue, and freedom of expression - a pillar of a democratic society.

3. The digital transition

3.1 The digital transition in the publishing sector is resetting most of the dynamics, relationships and economic as well as cultural models of book publishing.

3.2 European e-book markets present a fragmented and diversified picture. Rates of growth in the developed markets are very high, but even there the overall size of digital publishing compared to the printed book market is very small (ranging from less than 1 % to maximum 5 % of the book market). The lack of adequate portable reading devices contributed markedly to this slow development until recent years.

3.3 However, more and more publishers are offering their books in electronic format in other fields. A wide range of different business models for providing access to digital book content has arisen after some years of experimenting with technology and innovation. Readers access books on PCs, dedicated e-readers, tablets and also smartphones which are becoming more and more sophisticated and user-friendly, but most of all economically accessible. The expected downwards trend in the price of e-readers is likely to further widen the market.

3.4 New players are entering the chain, thanks to their major roles in connection to end-users in other fields: search engines/portals such as Google, players of the internet including other kinds of online shops such as Amazon which also manufactures the Kindle; electronic device manufacturers, such as Apple, are moving to the content market for their equipment, thus providing their own e-bookstores as well and mobile carriers or internet access providers.

⁽¹⁾ COM(2010) 2020 final.

⁽²⁾ EESC Opinion on *Protection of intellectual property rights/OHIM*, OJ C 376 of 22.12.2011, p. 62.

3.5 E-books offer ease of access to knowledge, culture and leisure activities also for vulnerable groups who have reading difficulties, such as older persons and the physically disabled, and for people who are not reading in their native language.

3.6 The digital book also redefines the ecological impact of the publishing industry. While paper is a renewable and recyclable raw material, the environmental impact of electronic devices including raw metals, and the use of electricity, has still to be gauged further.

3.7 The role of the publisher in the digital era remains crucial: manuscript selection and sieving is a critical function of publishers, irrespective of the format of delivery, if quality is to be ensured. Editing and marketing are other crucial functions where publishers' expertise cannot be done away with.

3.8 The costs of tackling online copyright infringement, investing in digitisation systems, staff and technology, and the costs of file conversions into specific formats are all new costs that emerge with electronic publishing. Costs are saved on printing, physical storage and physical distribution, which have traditionally constituted less than one sixth of the total, since royalties, editorial work, marketing, distribution, digital storage and archiving costs all remain in the digital world.

4. Challenges to the book publishing industry in the digital era

4.1 In 2009, the Council ⁽³⁾ and the Commission ⁽⁴⁾ set up a European Observatory on Counterfeiting and Piracy to improve understanding of intellectual property rights (IPR) ⁽⁵⁾ infringements.

4.2 For a cultural industry like publishing, copyright is the foundation of the legal recognition of the value it creates; a balanced copyright regime is therefore paramount for the sustainability the industry's investment, while stimulating authors to create new works.

4.3 The EESC stresses that effective enforcement of intellectual property rights is necessary, online as much as offline – piracy weakens culture, creativity and the emergence of new

business models and inhibits the development of the market by reducing publishers' and authors' confidence of recouping their financial and intellectual investments ⁽⁶⁾.

4.4 Copyright legislation predates the digital revolution, whereas the realities of download, peer-to-peer file-sharing and Digital Rights Management (DRM) are not always catered for, as has been recognised by the Digital Agenda for Europe, which aims to update EU Single Market rules for the digital era ⁽⁷⁾. Comprehensive EU regulation, currently being discussed, is necessary in addressing regulation and enforcement practices which vary between Member States.

4.5 Fast and consistent resolution of disputes involving charges of counterfeiting or piracy through strong enforcement would increase consumers confidence. European legislation provides for enforcement via Article 8.3 of the Copyright Directive (2001/29/EC), which allows rightsholders to apply for an injunction against intermediaries whose services are used by third parties to infringe copyright, combined with Article 8 of the Enforcement Directive (2004/48/EC) which gives rightsholders the right to any information regarding the identity of the infringer.

5. The challenges of digitisation and globalisation for the printing industry in Europe

5.1 The European printing industry is facing big challenges due to the increasing and widespread use of the Internet and the attractiveness of the new media which is gradually changing the face of the market as a source of information and advertising.

5.2 Other significant factors influencing competition are on the one hand imports from low cost countries (e.g. China) of books that can be printed without specific time constraints and on the other the high concentration of paper and ink-producing companies, which are creating intense global competition, particularly from India and China where the lowest prices can be secured. The EESC emphasises the need to uphold similar social and environmental standards in all production countries.

5.3 These factors and the difficult economic climate have sometimes resulted in a drop in prices and are having a significant influence on employment in industry.

⁽³⁾ Council Resolution, 25.9.2008 (OJ C 253, 4.10.2008).

⁽⁴⁾ Commission Communication of 11 September 2009 *Enhancing the enforcement of intellectual property rights in the internal market* COM(2009) 467 final.

⁽⁵⁾ EESC Opinion on *Protection of intellectual property rights/OHIM*, OJ C 376 of 22.12.2011, p. 62.

⁽⁶⁾ European Commission, Taxation and Customs Union Directorate General, *Report on EU Customs enforcement of intellectual property rights – 2009*, http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics/statistics_2009.pdf. Technopolis (2007), *Effects of counterfeiting on EU SMEs*, http://ec.europa.eu/enterprise/enterprise_policy/industry/doc/Counterfeiting_Main%20Report_Final.pdf. <http://counterfeiting.unicri.it/report2008.php>. EESC Opinion on the *Protection of intellectual property rights/OHIM*, OJ C 376 of 22.12.2011, p. 62.

⁽⁷⁾ Europe 2020: A strategy for smart, sustainable and inclusive growth, 3.3.2010.

5.4 According to figures published by Eurostat for 2009, the European printing industry is made up of 119 000 companies (down from 132 571 in 2007), employs over 735 000 people (down from 853 672 in 2007) with a turnover of over EUR 88 billion (down from EUR 110 billion in 2007).

5.5 However, the introduction of digital printing has allowed for innovation in the cooperation between publisher, printer and users, where books can be printed on demand down to one single copy.

5.6 Printing companies are taking steps to integrate services along the value chain such as storage, database management, design for web or print, e-books as well as developing their pre-press department.

5.7 The EESC supports the proposals of the 2007 Commission report on competitiveness of the European printing industry; however, the Committee calls on the European Commission to set up a European social dialogue committee for this sector as a whole; currently formal social dialogue between employers and trade unions exists at company and national level only.

5.8 The EESC agrees with the Intergraf recommendations, particularly for an independent study on the development of technology (printing technology as well as mobile and internet technology), demographic influences and consumer behaviour.

6. The challenges for booksellers

6.1 Difficulties have arisen due to large retailers imposing territorial limitations to their online sales. Crucially, entrenched distribution systems are being bypassed as a new hegemony of online digital booksellers is taking shape.

6.2 Traditional booksellers are culturally important, retaining personal contact/relationship with consumers also online and offering services that the internet cannot offer.

6.3 Bookshops today are being used as showrooms for books that are then purchased by the consumer online – thus providing free marketing and promotion to their online competitors. However some traditional booksellers need retraining as they lack knowledge of online social media, and need to be innovative in their marketing and product selection. Standards in the digital world are still weak: for example, while practically all printed books have ISBNs, not all e-books do.

6.4 Synergies need to be sought and encouraged between European Library Associations and booksellers. Digitisation is creating a degree of friction between booksellers' and publishers' concerns about e-book piracy on the one hand, and libraries' enthusiasm to promote e-book lending on the other hand. Legal distinctions between lending (of printed books) and e-lending

need to be highlighted, practised and enforced by all parties. A setup that combines embedded anti-piracy safeguards and facilitation of e-lending for legitimate library lending should be examined by the stakeholders.

6.5 With their dual market dominance in sales platform and e-reader (Kindle and iPad), Amazon and Apple have taken a lead that is enabling them to dictate prices and terms and conditions to all other players in the industry. This non-European dominance is also negatively affecting smaller publishers, who do not have the clout to negotiate terms imposed by Amazon and Apple.

6.6 The adoption of open, interoperable standards will prevent the locking up of markets and the creation of dominant positions by some large players currently using closed proprietary technologies that tie the use of certain devices to their own catalogues or vice-versa, thus increasing competition.

7. Taxation and pricing

7.1 A wide majority of countries in the EU and worldwide apply a reduced rate of VAT to the sales of printed books, in recognition of the benefits that readership brings culturally, educationally, scientifically and for society at large.

7.2 Nevertheless, a discriminatory regime is currently in place in the EU, as the online versions of the same cultural products are currently taxed at standard rates, creating an unjustified distortion between comparable content.

8. Preserving orphan works and out-of-print works⁽⁸⁾

8.1 The EESC agrees in general with the proposed directive for a legal framework to ensure the lawful cross-border online access to orphan works⁽⁹⁾.

8.2 Very few Member States have implemented orphan works legislation, and even where it exists, it is limiting access to citizens resident in their national territories.

8.3 Article 5.2.c. of the Copyright Directive allows publicly accessible libraries, educational establishments, museums and archives to reproduce works protected by copyright without asking prior permission, provided that those institutions are for no direct or indirect economic or commercial advantage and that the process respects the Berne three-step-test; however any other making available to the public through the internet requires prior right clearance.

⁽⁸⁾ EESC Opinion on the Proposal for a Directive of the European Parliament and of the Council on certain permitted uses of orphan works, OJ C 376 of 22.12.2011, p. 66.

⁽⁹⁾ EESC Opinion on Protection of Intellectual Property Rights/OHIM, OJ C 376 of 22.12.2011, p. 62.

8.4 In terms of out-of-commerce works, book publishers initiated a dialogue that led to the signature of a Memorandum of Understanding on 'Key principles on digitisation and making available of out-of-commerce works' by all stakeholders involved. As yet, no legal structure exists for voluntary agreements between the various stakeholders on out-of-commerce works to be recognised across borders.

8.5 The successful completion of this dialogue will boost the development of digital libraries like Europeana and other public institutions performing public interest missions.

8.6 The ARROW system built by a consortium of stakeholders in the book sector and with the support of the European Commission provides a practical solution by creating a cost-effective tool enabling users to quickly and effectively find information about the rights status of a work and its rightholders.

8.7 Public-private partnership between libraries and publishers can increase access to in-commerce books through digital libraries. Several such partnerships are already in place.

8.8 The question of legal deposit of e-books needs to be discussed among all stakeholders to balance the interests of libraries to collect, preserve and make available these e-books, with guarantees against abusive electronic dissemination.

9. Language and mobility

9.1 Language being an intrinsic part of publishing, there are inherent mobility issues in the book publishing industry, especially where SME publishers are concerned.

9.2 With the exception of English-language publishers, book publishers and employees face considerable challenges to move from one Member State to another, since most SME publishers tend to be medium-sized outfits that publish in a single language⁽¹⁰⁾.

9.3 Some of the newly developing e-book platforms are acting as barriers to language mobility. The largest e-book reader producer – Amazon, an American company – is denying access to all minority languages, including 18 of the EU's 23 official languages, from its Kindle e-reader, thus in effect banning the literature of 18 EU languages from the largest e-book platform in the world.

10. Towards a confident and informed consumer

10.1 The consumers' relationship with the book is changing as digital book storage leaves no physical trail, book purchase is instantaneous.

10.2 The EESC believes that all IPR policy initiatives need to recognise consumers as relevant stakeholders in the IPR debate.

10.3 The development of a dual existence of digital and physical books has to be gradual and complementary to the sustainability of print publishing. A considerable number of European citizens are still not comfortable with dealing in electronic transactions, and/or accessing and consuming content digitally. Measures leading to the acquisition of confidence and narrowing the digital divide can help to increase social inclusion.

10.4 The EESC supports the European Consumers' Organisation (BEUC) for the recognition of net neutrality as a regulatory principle. The European Commission should build on the ongoing work of the Body of European Regulators for Electronic Communications (BEREC) and adopt a binding instrument that will ensure the coherent and effective protection of net neutrality across Europe.

11. Market access for SMEs

11.1 The EU-wide dominance of chain bookstores has provided some restrictions to access to the market for smaller publishers. Publishers without the required financial clout to negotiate their presence into the chains are finding their access to consumers in large part blocked by their under-representation on bookshelves.

11.2 Traditionally in the publishing industry, smaller publishers have been the hotbed of innovation and creativity, and their limited access to the market can have serious repercussions on the vitality of this creative industry.

11.3 Niche book publishers often rely on funding and subsidies for their continued financial existence.

11.4 Businesses, in particular SMEs, need to invest in research, development and innovation⁽¹¹⁾ backed by appropriate legal, administrative, fiscal and financial framework conditions.

11.5 Today, only 8 % of European SMEs do business in other Member States. 92 % of businesses are microenterprises⁽¹²⁾ that operate on a highly diverse range of markets; therefore more focus needs to be given in the Small Business Act to address their specific needs.

11.6 The book publishing industry is peculiar in its reliance for financial independence on a relatively small number of bestsellers. These in turn subsidise the less commercially viable but culturally and socially essential literary genres.

⁽¹⁰⁾ EESC Opinion on *SMEs adapting to global markets*, OJ C 255 of 22.9.2010, p. 24–30.

⁽¹¹⁾ EESC Opinion on *Investment in Knowledge and Innovation*, OJ C 256 of 27.10.2007, p. 17.

⁽¹²⁾ EESC Opinion on *Review of the Small Business Act*, OJ C 376 of 22.12.2011, p. 51.

11.7 SME publishers need financial and organisational assistance as the costing model for non-mainstream literature is rarely financially viable. Furthermore, most SME publishers do not have the resources for putting together viable proposals for accessing EU R&D funding.

11.8 The EESC stresses the importance of a more integrated single market for services in the Europe 2020 strategy ⁽¹³⁾. This is necessary to help businesses including SMEs in the book publishing industry to grow and create jobs.

Brussels, 25 April 2012.

The President
of the European Economic and Social Committee
Staffan NILSSON

⁽¹³⁾ EESC Opinion on *Single market for services*, OJ C 318 of 29.10.2011, p. 109–112.