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Sent: 25 October 2016 16:55
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[REDACTED] (COMP); [REDACTED] (EPSC)
Cc: [REDACTED] (JRC-ISPRA)
Subject: The economics of online news aggregation and neighbouring rights for publishers
Attachments: Online news intermediaries Oct 2016.pdf

Dear all,

Please find attached a draft JRC paper on "The economics of online news aggregation and neighbouring rights for publishers". This paper examines the question of neighbouring rights for news publishers from an economic angle, taking into account two different perspectives on copyright. It is based on a review of existing and mostly empirical research work on this issue. Earlier and shorter versions were circulated to some of you in March this year, and in June to the inter-service working group on copyright. The current version has been shared with a small group of academics working on this subject for the purpose of scientific feedback.

We would be grateful for any comments you may have on the contents of this paper, preferably by mid-November.

With best regards,

[REDACTED]

Abstract:

This paper takes an economic perspective on the copyright debate in online news. The creation of a neighbouring right for news publishers follows the logic of the civil law approach to copyright that emphasizes the right to remuneration for all forms of digital reproduction and communication. Empirical evidence shows that news aggregators already have a positive impact on publishers' advertising revenue. It is difficult to see how publishers could gain more revenue from a neighbouring right, as the Spanish and German cases show. The economics of multi-sided platforms may provide a better explanation for this situation than the alleged abuse of a dominant market position by news aggregators. The common law view on copyright emphasizes the purpose of copyright as a financial incentive to ensure production of news. While several factors have driven the decline in newspaper revenues and in the number of legacy newspapers, news aggregation has an opposite effect. There is no evidence that declining revenues reduced the production of news articles as many new sources of digital news production have emerged. However, news aggregation platforms may create risks for media plurality in news consumption, more so than in the supply of news. Article rankings in platforms are driven by ad revenues. This weakens the editorial choices and branding of newspaper publishers. Rankings might trigger superstar effects that reduce the variety of news consumption. These risks cannot be addressed through copyright.



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