

[Redacted] (SG)

**From:** [Redacted] (COMP)  
**Sent:** Thursday 15 February 2018 9:12  
**To:** [Redacted] (COMP)  
**Subject:** FW: ISG on Copyright  
**Attachments:** Evidence on news publishing ISG 230616.pdf

**From:** [Redacted] (JRC)  
**Sent:** Tuesday, June 28, 2016 6:41 PM  
**To:** [Redacted] (TRADE); [Redacted] (SG); [Redacted] (SG); [Redacted] (CNECT); [Redacted] (CNECT); [Redacted] (CNECT); [Redacted] (TRADE); [Redacted] (GROW); [Redacted] (SG); [Redacted] (GROW); [Redacted] (GROW); [Redacted] (JUST); [Redacted] (RTD); [Redacted] (CNECT); [Redacted] (RTD); [Redacted] (SANTE); [Redacted] (ENV); [Redacted] (CNECT); [Redacted] (CNECT); [Redacted] (GROW); [Redacted] (SG); [Redacted] (ENV); [Redacted] (COMP); [Redacted] (COMP); [Redacted] (JRC); [Redacted] (JRC-); [Redacted] (SG); [Redacted] (EMPL); [Redacted] (EPSC); [Redacted] (SJ); [Redacted] (EAC); [Redacted] (SJ); [Redacted] (ECFIN); [Redacted] (JRC); [Redacted] (GROW); [Redacted] (SG); [Redacted] (SG); [Redacted] (ESTAT); [Redacted] (EAC)  
**Cc:** [Redacted] (CNECT); [Redacted] (CNECT); [Redacted] (COMP); [Redacted] (GROW); [Redacted] (JUST); [Redacted] (JUST); [Redacted] (COMP); [Redacted] (JRC); [Redacted] (TRADE); [Redacted] (TRADE); [Redacted] (JRC); [Redacted] (JRC); [Redacted] (JRC); [Redacted] (JRC); [Redacted] (JRC)  
**Subject:** RE: ISG on Copyright

Dear all,

Following yesterday's meeting, here are DG JRC's comments:

Rights in publications

As promised in yesterday's meeting, I enclose a short paper on 'the economic impact of online news intermediaries'. It has been prepared by [Redacted], who is a researcher at the JRC working on the economics of copyright in digital media.

It should be stressed that this paper is for internal discussion among Commission services only. The main points are as follows:

1. The paper looks at the impact of news aggregators on the revenue of publishers. This is driven by two opposing forces:
  - The substitution effect, i.e. the extent to which unlicensed distribution displaces and reduces (the revenue derived from) unlicensed distribution.
  - The quantity effect, i.e. the extent to which unlicensed distribution increases revenue by re-directing traffic or sales to licensed channels.

The net effect of these two forces is an empirical question, which cannot be settled by economic theory or legal reasoning. Only data can answer it. The

paper therefore reviews the available empirical evidence, which suggests that the quantity effect dominates the substitution effect. In other words, aggregators are complementary, rather than competing, services to newspapers' original websites and convey more benefit to publishers than harm.

This explains why, even though they have technical options to exclude aggregators from referring to their articles, nearly all published have allowed aggregators to continue scraping their websites, without compensation. In other words, the empirical evidence can be linked to their observed behaviour.

2. The issue is whether it is possible, via regulatory intervention establishing neighbouring rights, to strengthen the bargaining power of the publishers, so that, in addition to the additional traffic that newspapers get through the aggregation websites (indirect compensation), they can also get direct compensation. The paper looks, in some detail, at the real-life experiments in Germany and Spain. It finds that, in both countries, the legal interventions granting neighbouring rights to news publishers have not so far been effective. This is because, while publishers may hold an ownership right, the price they can get for it is determined by market forces. In Germany, a zero price market emerged. In Spain, the legislation provided for mandatory payment of licence fees through a collection society by online news aggregators. This led Google to withdraw its new service from Spain.
3. The paper also explains the formal opinions of the Spanish and German competition authorities, which question the economic rationale for the introduction of neighbouring rights for news publishers vis a vis news aggregators.

We are submitting this study because we feel that the empirical evidence that it summarises, as well as the formal opinions of the Spanish and German competition authorities, should be referred to in the impact assessment.

Finally, we would add that consumers reap considerable benefits from news aggregators and social media news providers. They reduce transaction costs for users, especially mobile phone users, because they combine many news articles from different sources in a single location. The impact assessment does not perhaps adequately acknowledge this or consider in sufficient depth whether the favoured option might reduce these benefits.

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[REDACTED]

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[Redacted]

[Redacted]

[Redacted]

Regards,

[Redacted]

Joint Research Centre, [Redacted]

**From:** [Redacted] (TRADE)  
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**Subject:** ISG on Copyright

Dear colleagues,

Please find attached the documents for the ISG meeting of next Monday.

Kind Regards,

[redacted]  
 [redacted]



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