



Copyright_Levies_Reform
Alliance

Economic Impact Study Private Copying Levies on Digital Equipment and Media Nathan Study



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Scope of the Study

- Direct economic impact of copyright levies on consumers and producers
- Indirect economic impact of copyright levies on online music and ringtones sales
- Worst Case Scenario: Expansion of levies to all products that are levied and to all countries that apply copyright levies



Direct Effects

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- Impact on consumers and producers (in 2005):
 - 1 € collected triggers 2 € extra costs:

Impact on consumers	1.2 bn €
Impact on producers	747 m €



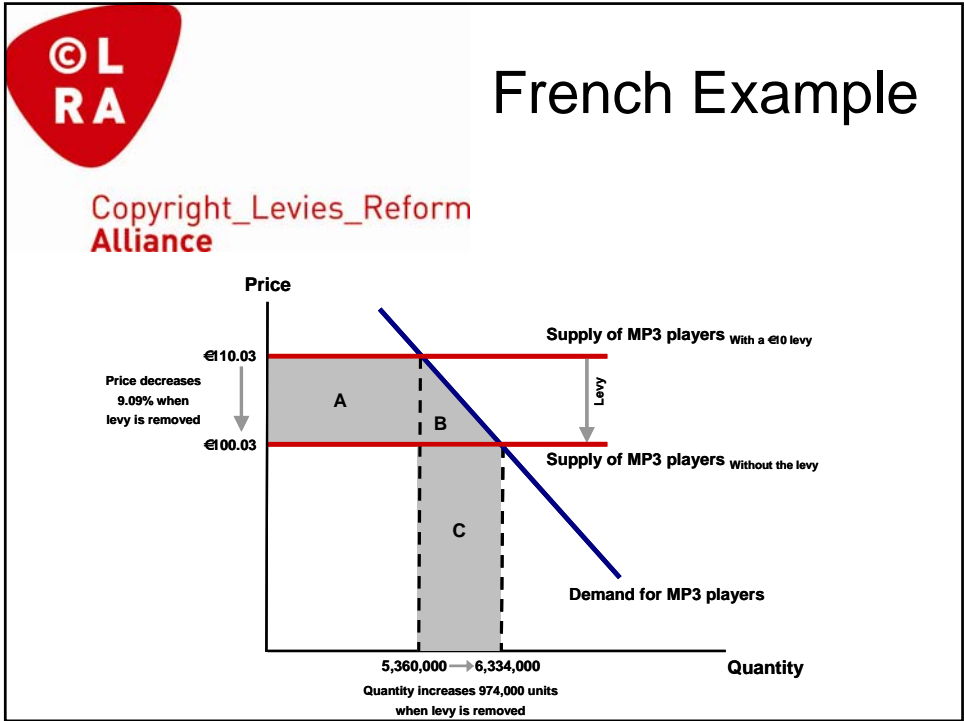
French Example

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- France, mp3 player:
 - 155.9 m € direct impact on consumers and producers
 - 53.6 m € levy collection
 - 1.8 m € less online music sales
 - Direct and indirect effects nearly three times greater than levy:

157.7 m € vs. 53.6 m €

continued



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- French Example**
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- The total direct impact of the levy is €155.9 million. The total collected amount of the levy (rectangle A), which would be returned to consumers were the levy to be removed, was €53.6 million ($€10 \times 5,360,000$).
 - The increase in consumer welfare (triangle B), which would be realized were the levy to be removed, is €4.9 million ($0.5 \times (974,000) \times €10$).
 - The increase in producer sales revenue (rectangle C), which would be earned were the levy to be removed, is €97.4 million ($€100.03 \times 974,000$).



Indirect Effects

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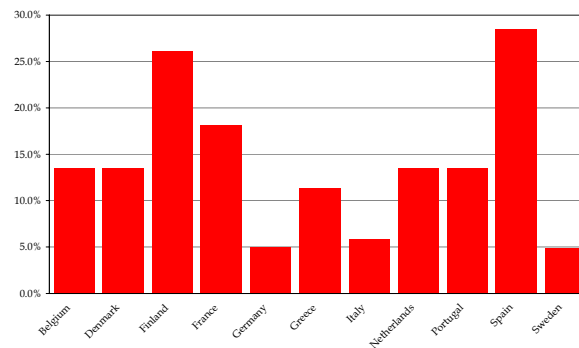
- Levies on MP3 players in EU reduce MP3 player sales 11.7%.
- In 2005, an 11.7% loss in sales of MP3 players would have resulted in a 70.8 m € loss in legal sales of online music throughout EU and the US.
- By 2008, lost online music sales would total 217 m €



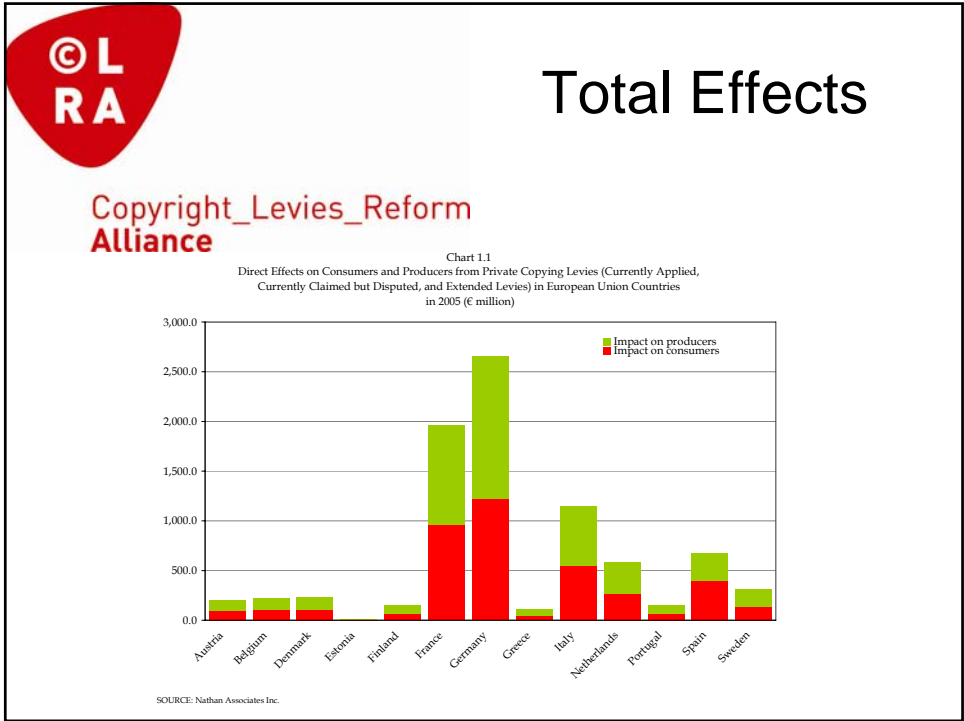
Indirect Effects

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Chart 2
Loss in MP3 Player Unit Sales and Online Music Sales as a Percentage of Actual Sales by Country in 2005



SOURCE: Nathan Associates



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Thank you for your attention!