

Strasbourg, 12/2/2015

Hearing Committee of Legal Affairs

Working group on intellectual property rights and copyright reforms

Monsieur le président, Ladies and Gentlemen, dear colleagues

Thank you very much for inviting me to this hearing, I am very grateful and particularly happy that the whole book chain is represented today collectively, together with our colleagues of the media industry.

The European and International Booksellers Federation represents national booksellers associations in the European Union and beyond. EIBF Members in turn have in membership booksellers of all kinds: brick and mortar bookshops, online bookshops, independents, chains.

As last speaker, I want to state that although booksellers are not usually the right holders, they support the concept of the enforcement of copyright as passionately as authors and publishers.

Copyright is the backbone of the book industry and without a full and absolute respect of copyright, and remuneration of the right holders, the whole value chain, from authors to booksellers would collapse.

The bookselling industry completely relies on copyright: bookshops would be in great danger if copyright were to be challenged and exceptions granted to libraries for lending e-books without restrictions.

Bookshops are indeed businesses and like all businesses, they must remain profitable to stay on the market. They have costs to cover: rent, staff, providers, web sites, marketing & promotion, etc.

Their existence depends on their capacity to implement successful business models in a sector which is notorious for its very low margins, among the lowest of the retail sector. Gross margins on the retail price of a book are in the region of 30% , leading to an average of 5 to 7% profit before taxes, far below other industries, like the clothing industry, for example where gross margins are in the region of 70%.

This explains why bookshops are very sensitive to turnover fluctuations and that even minor losses of market share impact immediately on a bookshop's viability. Bookshops

contribute to the local economy, by creating jobs and paying their taxes, which is not the case with some major international online retailers.

EIBF strongly believes that public policies need to promote a competitive business environment. And as a matter of fact, a fair copyright policy, which remunerates creators and investors for their joint effort is the first policy to be supported; without it no other policy is worth mentioning in the book industry.

Times are changing and new business models are emerging.

For centuries, the activities of selling and lending have been able to co-exist and strengthen each other to the mutual benefit of both communities and readers.

Things have changed recently with the emergence of e-books and e-readers: booksellers have embraced new technologies and implemented new business models. The whole book chain is working on solutions which are sustainable for authors, publishers and booksellers while guaranteeing a healthy and diverse offer to consumers in bookshops as well to patrons in libraries.

As books are being converted into digital format, copyright is coming under great pressure. Files of copyrighted material can easily be shared without any control, or shared illegally. This means lost revenue not only for authors and publishers, but for booksellers as well.

As regards European libraries, EIBF absolutely agrees that they are a great asset for European readers and that they play a major part in the promotion of literacy. Booksellers very much value the crucial role of public libraries. The common objective of both booksellers and librarians is to put books into the hands of readers, and they both fulfill complementary roles in the community.

And in the same way as public policies must promote competitive policies for businesses in the book industry, public funds must be used to continue supporting libraries, which depend on public money.

In the end, readers lose out in both of these scenarios: when funds to support libraries are reduced or when public policies reduce the ability of community-based retail bookstores to compete on a level playing field, readers – whether customers of bookshops or library patrons - are the ultimate losers.

However, I want to emphasize that there is a huge difference between lending an e-book and a paper book.

The very nature of the paper book makes the lending process unique: one book is lent to one patron at a time.

E-books are files which can be shared simultaneously by thousands of patrons at the same time.

As I said earlier, the book industry is well aware of the opportunities and challenges that the e-revolution brings in and is actively working on business models which will allow two objectives to be met:

- Make e-books available to patrons in libraries
- Make sure that this will not jeopardize the nascent e-book market and the existence of book retailers.

Ladies and Gentlemen, I want to conclude by reminding you that yes, indeed, the book sector is an eco-system: a chain of **interdependencies** where all members are dependent on each other, and where any change will always affect every member.

Challenging copyright would not benefit European consumers: on the contrary it would ultimately be to the detriment of European readers. If the economic incentives for writing, producing and selling books were to be weakened, the book offer would dramatically decrease. Ultimately, it would affect everybody, not only the commercial part of the chain, but also libraries and European readers, whether they are patrons of libraries or customers of bookshops.

I thank you for your attention.

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Director

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