

CCP/UP



PRIME MINISTER

BLANK TAPE LEVY

At the meeting of H Committee on Tuesday we considered whether a levy should be placed on blank audio cassette tapes in order to provide some compensation to copyright holders who otherwise would be deprived of the full economic benefit of their work by home-taping of borrowed records. You will recall that we canvassed a proposal on these lines in a Green Paper last year. We subsequently modified it to exclude video tapes from the scope of the levy on the grounds that such tapes were principally used to enable people to watch television programmes at more convenient times. But in a draft White Paper circulated on 23 October Leon Brittan proposed proceeding with a levy on audio tapes only. Some colleagues, including yourself, expressed some reservations about this proposal. Your Private Secretary's minute of 28 October records your concern that the levy would prove to be highly unpopular and asked that further thought be given to it particularly in the context of the Government's wider concerns on deregulation. Other colleagues, in particular Norman Tebbit, felt strongly that there were good arguments the other way, in particular the protection of property rights against abuse. Leon Brittan reconsidered the matter in the light of this correspondence and decided to drop the proposal. Paul Channon came to a similar conclusion and this was reflected in the revised proposals for his White Paper.

2. H Committee, which discussed these proposals on Tuesday, concluded that the balance of argument was in favour of proceeding with a levy (H(86) 4th Meeting, Minute 1). In reaching this decision they were influenced by two factors:



- (i) Home audio-taping of records borrowed from friends or public libraries is now on an indefensible scale: about twice as much music is now illegally recorded at home as is sold commercially. Although there would be opposition to the levy there would also be very strong opposition to a decision to drop it. This opposition would extend to our supporters and be fuelled by an influential and highly articulate lobby of copyright holders.
- (ii) If we resiled from our original proposal we would be strongly criticised on grounds of principle. We would be accused of providing less protection to the property of our copyright holders than do our competitors abroad.

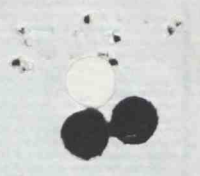
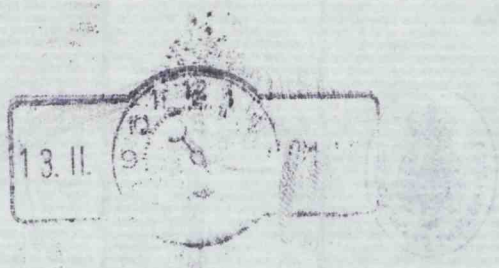
The Committee judged that these arguments outweighed the undoubtedly telling arguments in the other direction, namely; that the scheme would prove cumbersome to operate; that a high proportion of receipts would go on administrative costs; that the scheme would place an additional burden on business; and that innocent users of tapes would have to pay a levy along with the guilty.

3. It is fair to say, however, that opinion within the Committee was divided fairly evenly. In view of your earlier views on the matter, I undertook to report the outcome to you.

4. I am sending a copy of this minute to the members of H Committee, to the Secretary of State for Trade and Industry, and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'H. W.' with a long horizontal stroke underneath.

Privy Council Office
13 February 1986



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