

European book sector calls for payment flexibility under Late Payment Regulation

The European book sector calls for further flexibility in the **Late Payment Regulation**, currently under discussion in the European Parliament's Committee on Internal Market and Consumer Protection (IMCO).

Our position / Main issues

While inspired by valid objectives, the European Commission's proposal to introduce a strict payment term of 30 days between all Business-to-Business (B2B) transactions, without flexibility or exception, is regrettably a very blunt instrument. The proposed one-size-fits-all approach targets a problem simply not present in the book value chain. The current proposal would instead generate huge and unjustified disruption to the entire sector:

- It comes **at the expense of SMEs** and their business models, whereby in the book sector, longer (not late) payment terms are both necessary and desirable for all involved, for basic financial, logistical and operational reasons.
- The book value chain **is characterized by slow-moving products**: publications follow long cycles, and sales in bookshops even longer ones, with most titles only selling after spending months or even years on the market, while books are reviewed, gain attention, and booksellers introduce readers to a diverse range of titles and new authors. This means that **books are rarely immediately profitable for bookshops** and, as a result, **all stakeholders in the book chain agree to longer and more flexible payment terms**. This is essential to ensure a healthy cashflow and an optimal stock rotation for booksellers.
- Publishers (SMEs and large companies alike) rely on booksellers (micro enterprises, SMEs and larger chains) to promote a **very large number of books and thus authors** (close to 600,000 new titles are published per year and 14 million titles are available in Europe), which contribute to a **rich cultural diversity across Europe**. Without these longer payment terms, the range of titles published and available for sale would be severely limited, as bookshops would be forced to restrict the range of titles in stock to those bestsellers that are more likely to sell within 30 days, leading to an overall impoverishment of literary diversity across the EU.
- These longer payment periods also reflect the fact that publishers of all sizes grant advance payments to **authors, whose success can take several months to achieve, and whose works need to be promoted with as many retailers as possible**.
- A 30-day cap would cause severe disruption to the entire book value chain – from stock rotation disruptions and payment inflexibility for new orders. Bookshops would be forced to order smaller quantities more frequently, with **very negative consequences for logistics** and more importantly, the **environment**.

Our asks

Many amendments have been tabled to improve IMCO's draft report, aiming to reintroduce a much-needed degree of flexibility in the text, namely the possibility for the parties to exercise their contractual freedom to determine their own mutually agreed payment terms, as long as these are clear, not unfair and unambiguous. We urge negotiators and MEPs in the IMCO Committee **to reintroduce this notion of payment flexibility into the compromise amendments and thus into the final text of the Regulation. Full payment flexibility is absolutely necessary for the viability of the European book sector. The future of thousands of European authors, publishers and booksellers depends on it.**

Contact

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