

YouTube stands by UK video block

YouTube will not reverse its decision to block music videos to UK users despite a plea from the Performing Rights Society to change its mind.

It is removing all premium music videos to UK users after failing to reach a new licensing agreement with the PRS.

Patrick Walker, YouTube's director of video partnerships said it remained committed to agreeing terms.

But such agreement needed to be done "at a rate which is sustainable to all", he told the BBC. Thousands of videos were made unavailable to YouTube users from late on 9 March.

Patrick Walker, YouTube's director of video partnerships, told BBC News that the move was "regrettable" but that it continued to talk to the PRS.

"The more music videos YouTube streams, and the more popular those music videos are, the more money YouTube will generate to share with the PRS and its song writers. It's a win-win arrangement.

YouTube, however, cannot be expected to engage in a business in which it loses money every time a music video is played - that is simply not a sustainable business model." he said.

Steve Porter, head of the PRS, said he was "outraged... shocked and disappointed" by YouTube's decision.

In a statement, Mr Porter said the move "punishes British consumers and the songwriters whose interests we protect and represent".

The PRS has asked YouTube to reconsider its decision as a "matter of urgency".

The body, which represents music publishers, added: "Google has told us they are taking this step because they wish to pay significantly less than at present to the writers of the music on which their service relies, despite the massive increase in YouTube viewing.

"This action has been taken without any consultation with PRS for Music and in the middle of negotiations between the two parties."

The Music Publishers Association (MPA) joined with the PRS is urging Google to rethink.

"Music publishers are in the business of getting their music heard by as wide an audience as possible, and websites such as YouTube rely on this music to attract traffic. It is difficult to see how anyone's interests are served by denying the YouTube community the content they most enjoy," said MPA chief executive Stephen Navin.

Lord Carter, the UK's Minister for Communications, Technology and Broadcasting, has also waded into the debate.

Giving evidence before the Business Select Committee the minister said he suspected a degree of "commercial posturing on the part of both parties" but said the row was indicative of a wider issue.

YouTube stands by UK video block

"It is an example of the question of how do you price and fund content in the digital world?" he said.

"We have had decades of content being funded in one way - via the license fee and advertising - and that model is changing at a rapid speed," he told MPs.

Mr Walker told BBC News the PRS was seeking a rise in fees "many, many factors" higher than the previous agreement.

He said: "We feel we are so far apart that we have to remove content while we continue to negotiate with the PRS."

"We are making the message public because it will be noticeable to users on the site."

The majority of videos will be made inaccessible over the next two days.

YouTube pays a licence to the PRS which covers the streaming of music videos from three of the four major music labels and many independent labels.

Stream online

While deals with individual record labels cover the use of the visual element and sound recording in a music video, firms that want to stream online also have to have a separate deal with music publishers which covers the music and lyrics.

In the UK, the PRS acts as a collecting society on behalf of member publishers for licensing fees relating to use of music.

YouTube stressed that it continued to have "strong partnerships" with three of the four largest record labels in the world.

Mr Walker said the PRS was asking for a "prohibitive" rise in the cost of a new licence.

While not specifying the rate the PRS was seeking, he said: "It has to be a rate that can drive a business model. We are in the business for the long run and we want to drive the use of online video.

"The rate they are applying would mean we would lose significant amounts of money on every stream of a music video. It is not a reasonable rate to ask."

New deal

YouTube has also complained of a lack of transparency by the PRS, saying the organisation would not specify exactly which artists would be covered by any new deal.

"That's like asking a consumer to buy a blank CD without knowing what musicians are on it," a statement from YouTube UK says on its official blog.

YouTube is the world's most popular online video site but has been under increased pressure to generate more revenue since its purchase by Google for \$1.65bn in 2006.

"We are not willing to do this [new licensing deal] at any cost," said Mr Walker.

He said the issue was an industry-wide one and not just related to YouTube.

"By setting rates that don't allow new business models to flourish, nobody wins."

Services such as Pandora.com, MySpace UK and Imeem have also had issues securing licence deals in the UK in the past 12 months.