

Europe loses 300 million Euro per year in taxation

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At this time of shrinking national economies and falling Treasury revenues it is hard to imagine why European nations should simply forego a minimum of almost 300 million Euro of taxation annually. But they do.

Using 2006 figures, the value-added meteorological market in the US and Europe should be rather similar in total potential size at around \$2 x 10¹¹ p.a. In the US, penetration of this market is around 0.7%, at \$1.4 billion *per annum*, whereas in Europe, it is around 0.3% at \$650 million *per annum*. Moreover, net growth in this market in the US has been around 17% *per annum* over the period since 2000 while in Europe this growth has been around 1.2% *per annum*. It is a simple calculation to show that if the European market performance matched that of the US, then European Treasuries would annually gain a net 290 € million in taxation revenue from this small sector alone.

The major difference between the US and Europe in the exploitation of the inherent market value of PSI in this sector lies in the re-use model. In the US the data are available to all at the marginal cost of re-distribution and re-use is governed in general by simple, overarching, non restrictive license terms. The US government, as originator of the PSI, makes no attempt to compete with the private sector in exploiting the PSI to generate revenue from the market. By contrast, in Europe, most (though not all) governments, operating a model developed in the 1970s, charge significant sums for the PSI, apply restrictive, often complex and expensive licenses and have downstream trading arms that compete with the private sector for the value added business. The effect is that they inhibit market growth in the private sector and to fail to grow the market themselves, particularly at the low price end, because their trading arms are fighting high fixed costs and, often, entrenched bureaucracies.

At a time when every government needs to stimulate its economy, increase employment opportunities and increase tax revenues it is crazy to continue to operate in this 1970s mindset. The late Peter Weiss (see [Borders in Cyberspace](#): Conflicting Public Sector Information Policies and their Economic Impacts *U. S. Department of Commerce National Oceanic and Atmospheric Administration National Weather Service* 2002) has argued that reason why the US market thrives and the European market does not is primarily because of the differences between the two models for the supply of wholesale data (PSI) outlined above. Although this argument has been challenged anecdotally, there seems to be little, if any, convincing published argument against it. Moreover, it is very difficult to find any clear, credible alternative explanation of why this very large difference in the development and growth rates of the respective markets should exist.