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GCR 2018 KEY HIGHLIGHTS

Under Embargo until November 8, 2018

Global collections are up 6.2% to €9.6 billion (US\$10.8 billion). Music royalties are up 6.0% to €8.3 billion (US\$9.4 billion). Global collections have risen for five years in a row and are up 28.2% from 2013.

For the first time in five years, **collections grew in all repertoires** and in all world regions in 2017.

Digital growth

Digital collections are reported over the €1 billion mark for the first time at €1.27 billion. Digital income has surged 166% since 2013.

Digital champions: among sizeable markets, Sweden, Mexico and Korea have the leading digital shares of total collections with a digital share of roughly one third in each country (32.8%, 32.3% and 31.8% respectively). In Sweden, digital has become the largest collections source. Australia/New Zealand saw digital growth of 62.6% in 2017. Australian music society APRA AMCOS saw digital (AUD134.5m, €85m) overtake broadcast as the largest collections source in the year to July 2018.

Digital is still underperforming: although up 24%, digital accounts for just 13.2% of all collections, with the largest platforms such as YouTube delivering a small fraction of that share.

Digital collections growth is largely supplementary to, and not cannibalising, traditional income. In 16 of the world's top 20 collecting countries, TV and radio income grew from 2013-2017, alongside sharp digital growth.

Subscription video streaming helps drives growth. Video streaming income is growing rapidly, notably in Australia and Brazil. Futuresource forecasts, exclusive to the CISAC report, show streaming video on demand spending more than doubling to US\$44 billion in 2021.

Largest uses see growth

TV & radio remains the largest use at 40.6% of global collections, and collections are up 2.9% despite pressure on rates from broadcasters.

Collections from private copying jumped 33.3% year-on-year to total €484 million in 2017, adding more in year-on-year global collections than the largest segment, broadcast. Private copying income is up 141% since 2013, helped by large settlements and back payments in Germany, France and other markets.

All regions see collections rise

Europe leads the way in 2017 with €5,401 million (US\$6,100 million) in collections, up 5.7%, representing 56.4% of global collections.

Canada/USA grows 7.3% in 2017. Collections of €2,129 million (US\$2,405 million) place them second after Europe, with 22.2% of global collections.

Latin America & the Caribbean is the fastest growing region, up 22.7% to €609 million (US\$688 million),

driven most by Brazil and audiovisual uses of music such as video-on-demand.

Africa shows huge untapped potential: collections rose 11.4% to €75 million (US\$85 million). Several countries saw significant increases, including Senegal (digital), Morocco (private copying) and Ivory Coast (live). Collections in Africa remain just under 1% of the global total, however.

The biggest collections market is the US with €1.89 billion (US\$2.13 billion), up 7.0% year-on-year.

France remains Europe's champion with 2.6% year-on-year growth to €1,203 million (US\$1,359) in collections. Digital alone has nearly quadrupled in 5 years, rising 15.5% in 2017, helped by a multi-territorial licensing approach by French societies.

Brazil is now a top 10 collections country, with income up 38.9% to €253 million (US\$285 million), thanks mainly to sharply increased audiovisual uses of music.

China continues to post strong increases, rising 18.4% in 2017 and more than doubling in five years (2013-2017). China still generated only €27 million (US\$30 million) in collections in 2017. A pending copyright bill has the potential to alter the collections landscape in the future.

Legislative influences and CISAC insight:

Private copying growth depends on good laws and enforcement. Levies reached €484 million (US\$547 million) in 2017 and have gone up 141% over five years. Private copying can boost developing markets with an improved legal and enforcement environment. CISAC's "Private Copying Global" study shows that of 78 countries with private copying laws, only 38 have implemented collections.

The visual artists' resale right is an essential source of revenue where implemented, surpassing 20% of total global visual arts collections at €43 million (US\$49 million). The right exists in over 80 countries but is absent in major markets including the US, China and Japan. A 2017 study commissioned by the World Intellectual Property Organisation (WIPO) analyses how the resale right raises tens of millions of euros for artists in France, the UK and Australia.

Digital collections are held back by a fundamental market flaw. A 2018 study commissioned by CISAC - "Economic Analysis of Safe Harbor Provisions" by Professor Stan Liebowitz – shows how copyright safe harbour regimes are distorting the digital market globally. Subscription services like Spotify and Apple Music are at a disadvantage, generating lower revenues and with a reduced user base, due to user-upload content services like **YouTube** exploiting safe harbour legislation.

Audiovisual creators' digital collections leapt to €15 million (US\$16 million) in 2017, yet are lagging far behind TV and radio at €438 million (US\$494 million). In most countries, audiovisual creators have no right to fair remuneration, as they depend on contracts that sign away their rights to producers in exchange for lump sum payments. A 2018 **legal study by Professor Raquel Xalabarder** commissioned by CISAC lays out a legal roadmap for fair remuneration for the first time.