

European Commission
DG Education and Culture
Green Paper on cultural and creative industries
MADO 17/76
B-1049 Brussels

30 July 2010

Comments on Green paper: Unlocking the potential of cultural and creative industries, from: International Music Managers Forum. ID number: 53394843940-61

Dear European Commission,

The International Music Managers Forum comprises 18 Music Managers Forums around the world including Belgium, Denmark, Finland, France, Germany, Ireland, Italy, The Netherlands, Norway, Poland, Sweden, the United Kingdom, USA, Canada, New Zealand, Sweden, Australia, South Africa. More chapters are being formed soon.

The IMMF as the umbrella organisation of 18 countries wants to contribute on behalf of our national chapters our thoughts and proposals to the questions of the Green Book "Unlocking the potential of cultural and creative industries". The document is second by :

MMF UK
MMF Canada
MMF France
IMUC Germany
MMF New Zealand
MMF Netherlands
MMF Finland
MMF Norway
MMF Australia
AAM Australia
MMF South Africa
MMF Belgium
MMF Italy
MMF Ireland
MMF Sweden
MMF Denmark
MMF USA

The IMMF represents not only the interests of music creators but also of featured artists who we manage. Our daily business provides a very close contact to the whole value chain from creators to performers to consumers. Our experience and knowledge was one of the driving forces to answer the questions.

We would appreciate further communication and we are very open minded to start a dialogue in a personal form.

The European Music Industry is a fragile segment of the Creative Industry's and suffers from unresolved problems, which include poor protection of and respect for, copyrights; a broad undervaluing of intellectual property (a society-wide problem); and restrictions to the licensing of music content. We understand that a few of these points are highlighted by The EU Commission in:

1. The digital Agenda for Europe,
2. The Innovation Union, and
3. The Strategy on Intellectual Property.

Within these three themes we would like to see a clearer approach to improve the value of intellectual property within society. If consumers cannot change their attitudes regarding music and the rights of creators, any amount of initiatives in other areas will not lead to a sustainable development of the music industry.

We think that not all music content should (by basic economics) only be viable if monetised globally. A lot of music creation, is targeted towards small regional and niche genre tastes. This is a rich part of our cultural heritage, and has to be supported and protected even when it is not of interest to multi-national businesses.

We would like to contribute the following thoughts in reply to the questions in the Green Book:

-New spaces for experimentation, innovation and entrepreneurship in the cultural and creative sector

-How to create more spaces and better support for experimentation, innovation and entrepreneurship in the CCI's?

-More particularly, how to increase access to ICT services in/for cultural and creative activities and improve the use of their cultural content?

-How could ICTs become a driver of new business models for some CCIs?

1. The EU should support Cluster Projects for networking. Interaction and networking between several interest groups, for example meetings at trade association level between Internet Service Providers and Music Managers (who represent the creative's businesses) could be initiated on an EU level.

2. Networking activities and workshops can help to discover common interests for all those involved and targeted industries.
3. Pilot projects can be used to show how ICT's can be a driver for new business models of the CCI.

Better matching the skills needs of CCIs

- How to foster art and design schools/business partnerships as a way to promote incubation, start-ups and entrepreneurship, as well as e-skills development?

- How could peer coaching in the CC Is be encouraged at the level of the European Union?

1. One of the IMMF mission statements is to support education. Education projects and knowledge exchanges can bridge the gap between students and industry.
2. Peer-coaching, and mentoring, needs easy access to grants/subsidies, that enable young professionals to improve their skills, and the creative industries to retain the knowledge of experienced practitioners.

Access to funding

- How to stimulate private investment and improve CCIs access to finance? Is there added value for financial instruments at the EU level to support and complement efforts made at national and regional levels? If yes, how?

How to improve the investment readiness of CCI companies? Which specific measures could be taken and at which level (regional, national, European)?

1. Micro Credits for which the CCI can apply in a simple process would be of significant help. Using the current technical advances music production and distribution is no longer as expensive as it was. In many cases small grants and subsidies will enable a higher output of creativity in the form of releases of recordings backed with the necessary promotional tools. Meetings where investors can meet the Creative Industry will help to create awareness of the progress creative industries have made in becoming investment ready, attractive risks.
2. To improve investment in CCI we need a simple and clear tax system in Europe, protection of copyright and less registrations to license copyrights. If that can be provided even more companies of all sizes will invest much more than they do today.

Local and regional development as a launch pad for global success

Mobility and the circulation of cultural and creative works

What new instruments should be mobilized to promote cultural diversity through the mobility of cultural and creative works, artists and cultural practitioners within the European Union and beyond? To which extent could virtual mobility and online access contribute to these objectives?

1. The key is not new programs and instruments but a better promotion and easy access to the already existing ones. In cooperation with several associations the EU should start to promote the existing options to the CCI. In addition several national programs should be added (a single overview should show entrepreneurs all available options).

Just making content available to consumers in new formats and/or transferable between their devices through a constant succession of “new business models”, does not; if the consumers are not aware of existing and new models, help the content creators. In other words if consumers do not meaningfully adopt the business models, but are just constantly shifted to new “developing” platforms that haven’t yet faced the economic laws of making a profit on service and sales, (as opposed to making a profit on speculation about future share price values and audience reach), then a greater mobility and circulation of cultural and creative works is of little value in fostering creative talent, and growing the creative economy. Consumers and business platforms, and government initiatives, must be respectful of the value of the content, that they each cherish.

2. Webcasting is not constrained by borders. The US has statutory licensing for webcasting. This is successful and has led to strong growth in revenues, reporting, and consumer choice. Licensing of webcasters for the whole of Europe should be made simple, and perhaps (subject to research and discussion which includes collection societies at all stages) the rates should be compulsory. Here the example set by the USA is positive.

Further although the US is a collective of states, the rates (for statutory licensing of webcasting) for all states are set federally. Although pan-European licences might be issued locally, individual European states must not be able to drive down the value of the Creative economy through offering pan-European licences at lower rates than those charged by other European states.

Licensing must be made simpler and easier for services of all sizes, providing there is appropriate and proportionate remuneration for all rights owners and creator

Cultural exchanges and international trade

- Which tools should be foreseen or reinforced at EU level to promote cooperation, exchanges and trade between the EU CCIs and third countries?

1. The European CCI's should be represented at foreign trade shows in Asia, Americas, Africa and Australasia. All the necessary data of the CCI has to be collected on national level and represented by a reliable multinational player. Furthermore exchange of creators in both directions should be supported more.
2. Music content has always crossed borders, but to be considered as viable "trade", and not just circulation of content, (both internally and outside the EU) music content like any other product needs to be clearly labeled. A lot has been written about the responsibilities of users of music to respect its value, however there is also a responsibility on the part of the music industry to deliver its product clearly labeled and described.

The music industry has been around since before Beethoven, but it is only since the 1950's that recorded music become a key sector within it. Sound recordings for the consumer were initially developed as a promotional device for songs, and were in the main part viewed as disposable, it wasn't expected for Elvis' version of a song like Blue Suede Shoes to be of value five months later, let alone fifty years later. It took many years for creators of music (song writers, and performers) to see their creative efforts as the key drivers of a modern industry. Music is now used in both in its own right, and also to augment nearly all other consumer transactions, through use in retail (on and offline), advertising, service industries (i.e. on board aeroplanes, or on telephone queues), and even by politicians. Because the creators rights were not considered fundamental at the start of the recorded music era, standard practices developed that have not secured the interests of all stake holders in the end product. In recorded music the creators (writers, and performers) have difficulty being linked to their products, and also in getting paid at fair rates. This historical problem of metadata and payment systems not favouring creator's has grown {become greater / exacerbated / grown / been magnified / } in the digital era. Although recorded music has become ever easier to distribute , and the new exciting channels (ISP's and Telco's) are set up to easily handle metadata and allocate micro payments; the descriptors attached to music products sit in this digital world like cave men's paintings in the Cistine chapel!

Just as the music industry did not foresee how technology would transform the exploitation of songs, (take them from sheet music on the family piano, to master recordings on the family's Wi-Fi network) , no creative industry can today forecast how technology will next transform the dissemination of its end products. Whatever occurs to the product (physical or digital), electronic systems mean from now on complex metadata can simply be attached.

By acting as the signpost for flows of money, metadata is the key opportunity to guarantee that all roots and branches of the creative industries are maintained, and healthy.

The creative industries must ensure they have the information and procedures

to ensure accurate and complete metadata.

All creative industries need to make sure that creators are paid, and that metadata clearly identifies creators and their rights, it makes moral sense, but is also fundamental to sustainable business models. In the past the negotiating position of creators has usually been undermined, and it will take more than faith in existing industry structures to ensure that the historical imbalance at the core of the creative industry's is overturned. It must be overturned to ensure research, development, and innovation can drive the creative industries otherwise they will remain underdeveloped, and unable to fill the gaps in economies left by declining industries.

Before any sensible licensing can be done we need reliable databases. These need to be standardised, harmonised and made freely accessible. Without this (without knowing who the creators and rights holders are) it is not possible to license the appropriate rights. In the event of blanket licensing this data enables the right people to be paid simply, quickly and potentially fairly. This is not a compulsory registration of copyrights, we are talking about encouraging voluntary registration of data that describes the stake holders and permissions connected to a creative product; through simple transparent, and easily accessible systems, via collecting societies, that enable users to simply access the terms and permissions for usage, and allow rights holders and creators to identify themselves, their position, and to be paid.

Towards a creative economy: the spillovers of CCl's

- How to accelerate the spill-over effects of CCl's on other industries and society at large?

How can effective mechanisms for such knowledge diffusion be developed and implemented?

- How can "creative partnerships" be promoted between CCl's and education institutions / businesses / administrations?

- How to support the better use of existing intermediaries and the development of a variety of intermediaries acting as an interface between artistic and creative communities and CCl's on the one hand, and education institutions / businesses and administrations, on the other hand?

1. If the copyrights of art and culture are not protected in a way that enables the creators to make a living, then art and culture can no longer make a fundamental contribution to responding to the major challenges of developing creative industries and culture.

Sincerely yours

Volker May
IMMF Vice Chair-Europe