

ICMP/CIEM SUPPORTS GEMA IN THE FIGHT AGAINST THE CLAIM BY IFPI TO REDUCE THE MECHANICAL RATE IN GERMANY

The international community of music publishers, represented by its umbrella organisation ICMP/CIEM (the International Confederation of Music Publishers/Confédération Internationale des Editeurs), the global trade association for music publishers, representing the entire music publishing community worldwide, expresses strong support to GEMA against the claim by the national group of IFPI to reduce the mechanical rate in Germany from 9,009 percent to 5.6 percent.

Not only are creators and publishers clearly already sharing in the slump in the market since their income is tied to the audio-carriers' sales, but over the past years, the mechanical rate in Germany and in Europe has systematically gone down under the pressure and to the benefit of the recording industry. The amount of the current claim for reduction is unheard of and quite arbitrary. It is a blow to many in the music chain who are actively contributing to the creation and dissemination of music.

It is the true value of music which is challenged by the recording arm of the music industry. In an environment that is so fragile for all in the music sector, it is disappointing that such a serious schism should open up when those in music should really have much to work on together. The plight is on the composers, the lyricists and the music publishers. It is also globally on the independents and the small and medium-size enterprises, which are contributing so much to music.

The quicker people in the public and the private sectors recognise that the music chain will not get any better by negating the value of music creation and publishing and drying up its cash-flow the better. The entire music chain would indeed by far benefit from global constructive thinking, including the implementation of sustainable business models recognising the full value of the musical content besides that of the recording.

It may be, however, that the composers, lyricists and publishers will be forced into playing hard-ball if people are not willing to come to grips with this.

There is no legitimacy in the further aggravation of the situation of creators by the recording industry. An almost forty percent decrease of the rate is outrageous and the mere principle of consistently challenging the value of creation and publishing in the music value chain as a remedy to the decreasing revenues of the phonographic industry is more than questionable.

ICMP/CIEM has offered that music publishers assist GEMA in fighting back and providing support in respect to the tariff and to the level of the escrow.

The specificity of the German situation is that in filing a claim the phonographic industry not only challenges the rate, but also dries up the cash flow of the creators and of the publishers through the escrow system which is tied in with the claim, allowing the immediate blockage of almost 40 percent of the mechanicals, unless some solution is found to limit the escrow.

This is an issue for all holding interests in musical works licensed by GEMA. The tariff proceedings between GEMA and the phonographic industry may take up to five years. In the meantime, the disputed amount will be paid into an escrow account depriving composers, lyricists and their publishers of an estimated 200 million Euros or more.

For ICMP/CIEM, this is of crucial concern to German music, but, also to the entire international creative community in music.

The German IFPI action falls in line with the complaint by UMI against BIEM before the European Commission to reduce the effective standard mechanical right in Europe and ICMP/CIEM is looking to BIEM to take strong action in Brussels. ICMP/CIEM has here also offered its support and assistance.

ICMP/CIEM, finally, has sought the support of the international creative community along the lines of the German resolution signed by composers and lyricists in Germany.

RESOLUTION

“THE INTERNATIONAL COMMUNITY OF COMPOSERS AND LYRICISTS PROTEST AGAINST THE CREATORS BEING RIPPED OFF BY THE RECORD INDUSTRY

AS A RESULT OF ITS STRATEGY TO PASS THE LOAD OF ITS OWN SELF-GENERATED CRISIS ON TO THE CREATIVE COMMUNITY

We are advised that the German IFPI filed a claim to reduce by almost 40 percent the copyright royalties on CD sales and on other related elements of the record market. Worse still is that this claim in Germany quite legally allows the disputed amount to be escrowed rather than paid, which results in drying up the cash-flow to the creators by that amount.

There are no reasonable grounds on which to claim such a reduction of the percentage to the composers, lyricists and their composers, who have already been severely hit by the market decline since royalties are tied to the sales.

The current IFPI Germany claim is purely arbitrary. It is the true value of music which is challenged by the recording arm of the music industry and the plight is on the composers, the lyricists and the music publishers. It is also globally on the independents and the small and medium-size enterprises, which are contributing so much to music.

The quicker people recognise that the music chain will not get any better by negating the value of music creation and publishing and drying up its cash-flow the better.

The phonographic industry has a huge responsibility to music, in Germany and internationally, and should refrain from driving down the revenue streams to the creators of the musical works to unacceptable minima, only to increase their own profits and pass on the load. This strategy in Germany is also witnessed at European level with the UMI complaint against BIEM.

Indeed, where there are no songs, there will be no records. Currently, creators in Germany are only paid about one Euro for their creative product for each CD priced at a dealers' price of about 14 Euro. This is already a minimal compensation and it cannot be allowed to be driven down further.

The record industry is hereby put on notice that it should acknowledge that it has an overall responsibility to creation, culture and diversity and re-assess its strategy of negating the value of music creation, which in turn will hurt the entire music chain.”