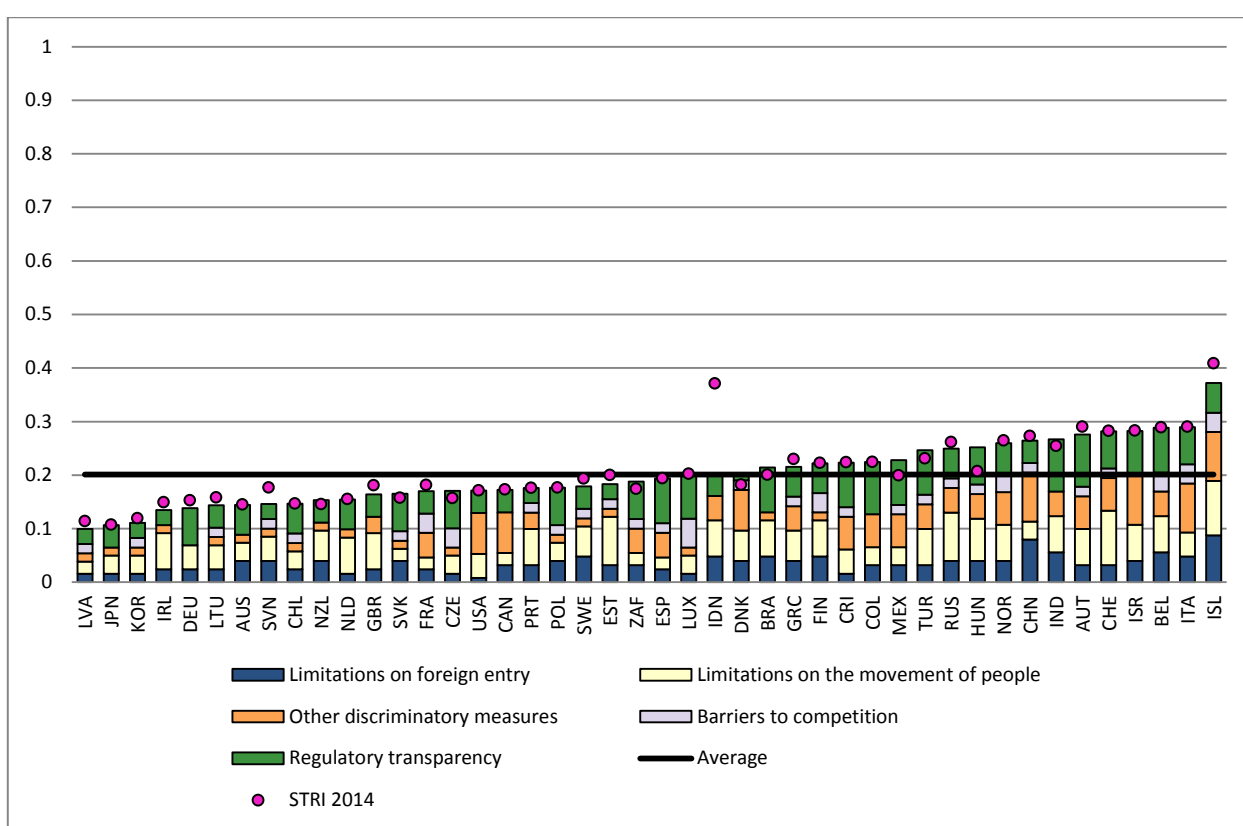


STRI Sector Brief: Audio-visual services, sound recording

This note presents the Services Trade Restrictiveness Indices (STRI) for the 35 OECD countries and Brazil, the People’s Republic of China, Colombia, Costa Rica, India, Indonesia, Lithuania, the Russian Federation and South Africa for sound recording (music) in 2017.

Sound recording is defined as ISIC (rev 4) category 592, Sound recording and music publishing activities. The sector has been subject to rapid digitisation and according to IFPI, a global industry body, 34% of global revenues came from physical format sales, 50% from digital revenues, 14% from performance rights, and 2% from synchronisation in 2016. Revenue increased the past two years after having declined every year since 2000 and the increase is driven by digital sales that now exceed physical format sales. Music streaming has become an important basis for monetising the migration to digital platforms.

STRI by policy area: Audio-visual services, sound recording (2017)



Note: The STRI indices take values between zero and one, one being the most restrictive. They are calculated on the basis of the STRI regulatory database which records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account.

The 2017 scores in the sound recording sector range between 0.10 and 0.37 with an average of 0.20. There are 23 countries below and 21 countries above the average. The measures in the STRI database are organised under five policy areas as indicated in the chart.

Sound recording is a global industry in which transactions are mainly related to the right or permit to use or listen to the music. The sector-specific measures therefore aim at capturing the implementation of international treaties on the protection of copyrights and related economic rights in a non-discriminatory manner. Most countries have incorporated the copyright treaties in their legislation, although six countries protect the economic rights of foreign right holders on a reciprocal basis only (recorded under *Other discriminatory measures*). In four countries

in the database royalties and license fees are collected through a single authorised body that has a monopoly on representing rights holders.

Music is a cultural expression subject to a range of promotional and protective measures that are relevant for international trade. Fourteen countries reserve a quota for local music on television or radio broadcast time. Seven countries have a quota for local music for on-demand services such as streaming. Ten countries use subsidies to promote local music in a manner that excludes legal entities with foreign ownership from eligibility; and three countries condition public support for film or television programming on local music content.

The music industry is also subject to the general regulatory environment. Under *limitations on foreign entry*, five countries limit foreign branches to RTA partners, four countries require that at least half the board of directors must be residents and four countries require that foreign investors bring net economic benefits to the host country as a condition for investing. Four countries have limitations on cross-border mergers and acquisitions, while four countries control foreign capital flows in some shape or form. Finally 34 countries have stricter conditions on the transfer of personal data than recommended in the OECD Guidelines for Protection of Privacy and Transborder Flow of Personal Data.

There is no country in the STRI database without *limitations on the movement on natural persons* providing services on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers. Ten countries have quotas on one or more of these three categories, 37 countries apply economic needs tests to stays that last longer than 3-6 months and the duration of stay is limited to less than three years in 34 countries.

The *regulatory transparency* policy area covers the implementation of copyright and related economic rights. Two countries do not have legislation in place supporting copyright enforcement of digital music and three countries do not have provisional enforcement procedures in place. The other measures under this policy area builds on information from administrative laws and regulations, information from the migration authorities on requirements for obtaining a business visa and the World Bank Doing Business Survey. The latter records time, cost and number of procedures required for establishing a company. These measures are benchmarked against a global threshold set at the 40 best performing countries. There are 29 countries included in the STRI database that are not among the 40 best performing countries on one or more of these measures. The score in the regulatory transparency area is largely attributed to this. In addition lengthy, costly and complex regulatory procedures related to obtaining a business visa contribute to the index for 38 countries.

Compared to 2014, denoted by the pink dots in the chart, the STRI index is unchanged for 17 countries, 17 have a lower (less restrictive) score, and ten record a higher value of the STRI index (more restrictive) in 2017. The country that reduced the STRI index the most was Indonesia which removed foreign equity limitation in the sector in 2016; followed by Iceland, which reformed its copyright regime in 2017, abolishing a statutory monopoly on rights management and raising the level of protection for foreign rights holders. Horizontal measures explain the change in the STRI index for the other countries. Most of the increase in the index stems from tightening of the regulation of movement of people and measures under regulatory transparency.

More information

- » Access all of the country notes, sector notes and interactive STRI tools on the OECD website at <http://oe.cd/stri>
- » Read more about services trade policies and their impacts in this publication: [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org

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