

The umbrella agency ECAD, which is responsible for the administration of authors' royalties in Brazil, reported significantly increased collections for 1996. Collections rose 14% to \$63m (\$68m at a flat exchange rate). The society also distributed \$50m to the 10 societies it represents, a 34% increase from the previous year (see separate story for full details)

THE BRAZILIAN RECORD MARKET

Brazil, which in 1997 accounted for just over 3% of total world sales, according to international record industry association IFPI, was the largest soundcarrier market in Latin America, the second largest market in the Americas and the sixth largest market in the world. The retail value of soundcarrier sales there in 1997 was \$1,199.1m. The dramatic rise in value of the Brazilian soundcarrier market is a reflection of the country's economic prosperity. Brazil has been the economic success story of Latin America in recent years. The new real has fallen only marginally in value against the dollar since its introduction in July 1994, and inflation has dropped from over 1,000% in 1994 to 7% in 1997. Although GDP growth fell slightly in 1995 and 1996 it rose again in 1997, to 3.8%. Per capita GDP grew to \$4,970 in 1997 from \$3,658 in 1995, according to The Economist. Equally significant, since the introduction of the real, an estimated \$4bn in direct foreign capital has been invested in Brazil.

In response to the Asian financial crisis, the Brazilian government doubled interest rates, instituted a 10% rise in income tax and introduced an austerity program. While this reduced soundcarrier growth in the last quarter of 1997, it seems that the austerity package has not dramatically affected the sale of consumer goods. The Brazilian market is dominated by the CD format. CD album sales accounted for over 98% of total unit sales in 1997. One reason for the move from music-cassette to CD has been the fall in prices of CDs that has followed the expansion of CD manufacturing in Brazil. There are now four CD plants in Brazil. The average record store price for a CD is \$16.50, dropping to \$10 for mid price CDs. Some budget catalog products can cost as little as \$5. Since 1991, CD album sales have more than doubled. In 1991, at 45m units, they accounted for 50% of all soundcarrier sales; in 1997, 106.8m CD albums were sold. CD player penetration in 1995 was estimated at 20%, but this has grown significantly. Locally assembled music systems incorporating CD players are now available in Brazil for as little as \$200. While the CD album boom is unlikely to continue for much longer, as record buyers finish replacing their vinyl collections, there are signs of an emerging CD singles market in Brazil, a territory where traditionally very few singles were sold. Whereas in 1996 sales of singles in Brazil were too low to be accurately recorded, in 1997 700,000 singles were sold. The growth of the CD format initially came at the expense of vinyl LPs rather than music-cassettes. However, music-cassette sales in 1997, at 900,000 units (a fall of 82%), suggest that the format is in terminal decline.