

Brazil has 10 authors and composers societies. These are ABRAMUS, AMAR, ANACIM, ASSIM, SABEM, SADEMBRA, SBACEM, SICAM, SOCINPRO and UBC. Their activities are coordinated by the Central Bureau for Collection and Distribution (ECAD), a central body formed in 1976. ECAD's biggest member is the Brazilian Composers' Union (UBC). The umbrella agency reported significantly increased collections for 1996, when collections rose 14% to \$63m (\$68m at a flat exchange rate). However, this was less than the rate of growth of the Brazilian soundcarrier market. From the information available to date it would seem that in 1997 ECAD will have revenues of almost \$80m.

In 1996, ECAD distributed some \$50m to the 10 societies it represents, a 34% increase from the previous year. Its administration charges were 25% of collections. UBC, with 3,800 members, has the largest revenues of ECAD's members. UBC's administration costs are only 5%, although, because its money is channelled through ECAD; this makes its effective costs 30%. In 1996, its collections rose 10% to \$22.03m. Of this, the vast majority (97%) was from domestic collections. UBC also collected \$1.7m in neighboring rights. Television and radio were the largest sources of revenue, contributing 23% and 19% respectively. Live performances contributed 10% of the total, and another 6% of collections came from the use of music at Carnival. Performance and mechanical right body SICAM has 20,000 members. It collected \$6.9m in music rights in 1995. Both societies admit publishers as members, something that is rare in Latin America. In 1995, ECAD distributed 72% of revenues nationally and 28% abroad. Payments from television stations accounted for 21% of the total, and radio stations for 14%. General use payments represented 24% of the total. Payments from the cinema sector were only 0.3%.

Although Brazil is the world's sixth largest soundcarrier market it lags in publishing income. It was only the 15th largest publishing market in 1995 and slipped to 17th in 1996 (see table page 7). However, the stability of Brazil's new currency—the real—and the dramatic slowdown in inflation, from 1,094% in 1994 to 15% in 1995—has meant that for the first time ECAD and the societies are able to plan ahead. There are sev-

eral reasons for the relatively low level of publishing income in Brazil. The costs of collections in such a large country are high. In addition, there are double administration charges resulting from the country's unusual two-tier collection and distribution structure. Although there are a few small mechanical rights collecting societies, most mechanical royalties are paid directly by the major record companies to the publishers' association ABEM. The mechanical rate of 8.4% of PPD for CD is the highest in the region. This means that ECAD's figures do not represent all the mechanical publishing revenues collected in Brazil. The society also admits that in the past, the software system it had been using had created several errors in the identification of works and had accordingly led to lost revenue. The new software system which was put in place in mid-1996 will be able to incorporate the CIS system, CISAC's international works identification.

A more serious problem is that several significant music users still do not pay for the use of music. This is exacerbated by the country's lengthy legal processes. In 1996, almost 35% of the country's 4,000 radio stations did not pay for the use of music. Also, the television stations Manchete, CNT, Record and the public education channel owe ECAD \$50m. However, the societies negotiated new rates with the country's largest broadcaster Globo, as well as with SBT and Bandeirantes. These three together paid ECAD \$1.5m a month in 1996. Similarly, in March 1995, ECAD signed an agreement with the ABERT group covering all its radio stations. The Tariffs are based on the nominal power of a station's transmitter, population served and socio-economic class covered by the franchise, with a 25% reduction for ABERT members and a 50% reduction for stations of a cultural or non-commercial nature. However, by September 1996, 50% of stations had still not concluded contracts and ECAD took legal action against 924 of them. Even the state-run Radiobras does not pay performance royalties. ECAD predicts 670 new cable channels will start up by the end of 1998. Some cable channels started operations five years ago, yet despite court rulings in ECAD's favor none of the large operators are paying for the use of music. DirecTV operates 93 channels in Brazil, of which 33 are musical. ECAD is seeking to charge these companies 2.55% of their revenues.

ECAD has claimed that bribery of agents and the under-reporting of use of copyrighted works is rife. However, the society's critics have said that ECAD's workings are themselves far from transparent. One result of this has been that ECAD, the individual societies and the government are involved in several disputes and legal cases. ECAD is in dispute with member society SADEMBRA, which wants to leave ECAD. In July 1996, the country Supreme Court of Justice decided (after six years) that it was not competent to judge the case. ECAD has since appealed to the country's federal Supreme Court. Several of ECAD's members are also disputing the organization's system of voting rights. A February 1996 court ruling backed SICAM's voting proposals, which increased its votes from 172 to 196 and cut UBC's from 596 to 210. SOCINPRO, which lost 98 votes under the ruling, and UBC have appealed.

ECAD is also in dispute with Brazil's Economic Development office. In 1995 it ruled that ECAD was abusing its dominant position and prohibited it from charging for the use of music promoted by public bodies, such as town halls. In February 1996, the development office added social clubs and non-profit organizations. This was just before Carnival, and the ECAD estimates these two measures cost its members \$2.5m in lost revenues. The ministry cited abuse of dominant position for this ruling. ECAD and CISAC have appealed the ruling law. Possibly even more worrisome for ECAD is the government commission that recommended three main pieces of legislation be introduced to amend Brazil's intellectual property laws. The commission has proposed that a maximum of two central collecting societies be set up, (which current societies and authors could join), that soundcarriers be given identification codes, and that collecting societies should rely entirely on logs provided by broadcasters, venues and commercial establishments - rather than surveys - unless otherwise agreed by the parties concerned. The commission also recommended that the collecting societies distribute money on a monthly basis to members and that collection fees be published every two months. ECAD claims the commission expressed the vested interests of broadcasters. However, in 1996, parliament voted to amend the country's 1990 copyright act along the lines of the Commission's report. If this were to be implemented it would have a dramatic affect on ECAD.