

REPRODUCTION-BASED INCOME

The gap between the world totals of performance-based income and reproduction-based income started to disappear in 1995. In that year the amount of reproduction-based income (\$2.69bn) was, for the first time, larger than the reported amount of performance-based income collected (\$2.66bn). In 1996 this trend continued. Reproduction-based income was \$2.65bn, compared to performance-based revenues of \$2.62bn.

In 1996 reproduction-based revenues fell 1.5%. Within the sector, the most significant (albeit not the greatest) fall was the 3% fall in phono-mechanicals. According to international record industry association IFPI, CD album sales rose 9% to 2.14bn units. However, in 1997, CD album sales only rose 3%, to 2.22bn units, suggesting that the era of CD replacement of vinyl albums is finally over. From this perspective, it would seem unlikely that phono-mechanical revenues will rise significantly, if at all, in 1997 and that, accordingly, perfor-

mance-based revenues may once again overcome reproduction-based revenues. The recently-agreed new BIEM-IFPI mechanical royalty rate for Europe, which saw the rate fall to 9.01% of the published price to dealer (ppd), will ensure a further reduction in phono-mechanical revenues.

The one area of growth in the sector was synchronization. This grew by 12% to \$660.15m in confirmation of the greater use of music in films and television programs. In 1995 it rose by 28% to over \$587.41m. The likelihood is that this increase will continue in 1997. It is equally likely that the fall in revenues from private copying, which declined by 25% in 1997, will continue in 1997 as the making of analog copies ceases to be an important activity for individuals. Private copying levies provided income in 13 out of the 51 reporting countries. Private copying accounted for 2.8% of reproduction-based income compared with 4% in 1995. Synchronization accounted for 25% (compared with 22% in 1995) and phono-mechanical royalties 72% (compared with 73%).

There were no significant changes in the rates of phono-mechanical royalties paid across the world in 1996. In Continental Europe, the rate was 9.306% of Published Price to Dealers (PPD), although this was subject to various discounts negotiated at the national level. In most of Latin America, the figure was 6.75% of the retail price. The USA and Canada are the only countries where this rate is calculated in cents per track rather than as a percentage of the price.

The table giving details of the Mechanical Royalty Rates for the 1996 Survey Period lists is on page 15.

The leading ten countries for reproduction-based income were little-changed from 1994. Australia and New Zealand, which entered the Top 10 for the first time in 1995 with a total of \$38.53m, moved up to ninth place with revenues of \$64.80m in 1996. Similarly, Italy moved from eighth place to seventh, while Belgium, which was ninth, fell to 10th.

CHART 6 Reproduction-Based Income

