

THIS IS THE NMPA'S 6TH ANNUAL survey of music publishing revenues. It was produced with the help of 57 countries who provided information about their music publishing revenues in 1995. Collectively these territories reported \$6.2bn in royalty payments in 1995, a rise of almost 6.5% in revenues from 1994.

This growth rate compares with a 10% rise in world soundcarrier sales from \$36.13bn to \$39.68bn as reported by international record industry association IFPI (International Federation of the Phonogram Industries). There are two main reasons for the disparity in growth rates. The first is the global fall in the growth rate of phono-mechanical royalties (which represented over 20% of music publishing revenues in 1995), from 20% in 1994 to 9% in 1995. The second is that in the US, which at 21% accounted for the largest share of global music publishing revenues, music publishing only rose 7%, compared with a 13% rise in the previous year. In 1994 the growth rates of music publishing and soundcarrier sales were far closer. Global music publishing revenues rose 16% to \$5.84bn and the value of soundcarrier sales rose 17% to \$36.13bn.

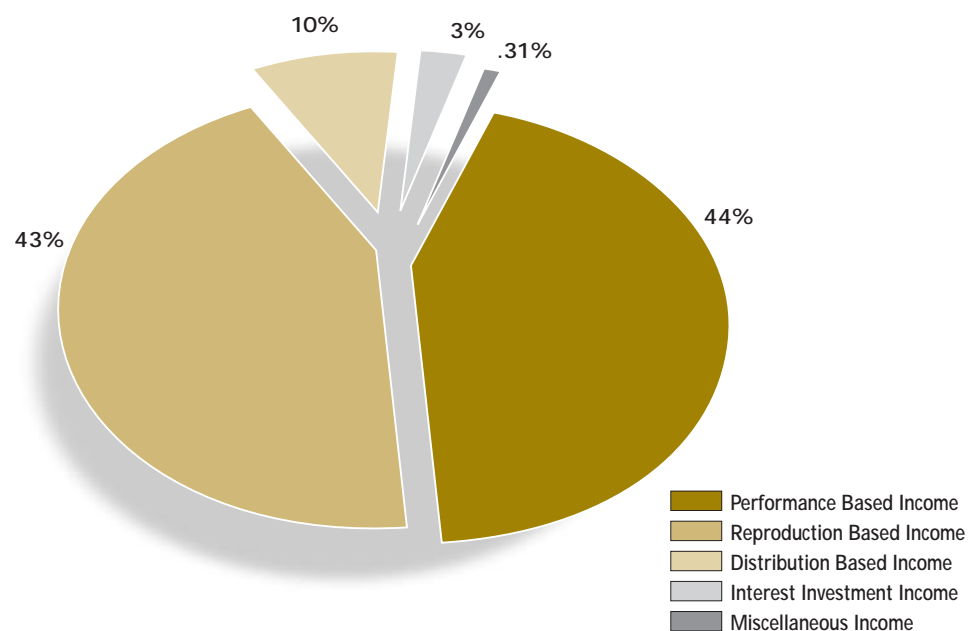
Since music-publishing revenues tend to be collected later than soundcarrier sales, it is likely that in 1996, when

soundcarrier sales grew by 5.5% in local currency terms - but only 0.4% in dollar terms because of currency fluctuations - that music-publishing revenues will be significantly higher.

Because the survey data, which is collected from a broad mix of public and confidential sources, is reported by the NMPA in U.S. dollars it is subject to currency fluctuations. In 1995 these were particularly notable in two cases, the German mark and the yen. The former rose from DM 0.6453 to the dollar in 1994 to DM 0.6986 to the dollar in 1995. In contrast the yen fell from Y0.011553 to the dollar in 1994 to Y0.009392 to the dollar in 1995. For this reason this year we have also published a table of music publishing revenues at flat exchange rates. This table can be found at the bottom of pages 5 and 6. The different positions of Japan and Germany on the two tables (third and second respectively on the master table and second and third respectively on the flat exchange rate table) are wholly because of fluctuating exchange rates. This is also the reason why Argentina, which was placed 9th in 1994 fell to 12th on the master table in 1995.

However, although exchange rate fluctuations had important effects at the local level, they did not dramatically affect the global picture in 1995. Music

Chart 2 Total Revenue by type of Royalty Income



publishing revenues calculated at a flat exchange rate at \$6.19bn still show a 6% rise in 1994. Another indication of the stability of music publishing revenues is that the top five territories (US, Germany, Japan, France and the UK) accounted for almost the same percentage in 1995 as in 1994. In 1994 the top five represented 71% of music publishing revenues; in 1995 this fell slightly to 69%. The music publishing revenues of the top ten territories in 1994 and 1995 were even closer. In 1994 the top ten represented 88%, in 1995, 87%.

Although the European Union increased its share of global music royalties from 1994's 53.3% to 55.8% in 1995, a significant element of this rise was due to currency fluctuations, which crucially increased the value of the German music royalties.

However, there have been notable areas of growth. In 1994, Southeast Asian music publishing royalties were \$41.95m and represented just over 0.7% of global musical royalties. In 1995 the music royalties collected in the region rose 14% to \$47.88m (see table at right). In 1996, soundcarrier sales in the region grew 10%, suggesting that music royalties should continue to rise substantially.

The other regions to show significant increases were Eastern Europe and Latin America (see chart 9).

The value of music royalties collected in Eastern Europe was even lower than in Southeast Asia. However, its growth was higher at 50% in 1995. This meant that at \$37.3m the region accounted for 0.6% of music royalties collected in the world. In view of increased copyright protection in the region, the growing professionalism of the collection societies, and the continued expansion of commercial broadcasting, all the signs are that this growth will continue into 1996. In that year soundcarrier sales in the region rose 18% to \$586.9m.

Growth in Latin America was less than in Eastern Europe but still substantial. In 1995 music royalties collected in the region rose to \$174m, a rise of 30%. This meant that in 1995 the region accounted for 2.8% of world music royalties. This should grow significantly in 1996. In view of the resurgence of soundcarrier sales in Argentina, Brazil and Mexico in 1996, all the indications are that music royalties will continue to increase at significant rates in the region. In 1996 soundcarrier sales in the region rose 30% to \$2.49bn.

Music Revenues in Southeast Asia

(I.e. Asia excluding the Indian sub-continent and Japan)

	1994	1995	%
CHINA	0.47	0.35	-6
HONG KONG	11.63	13.89	+19
INDONESIA	0.82	0.98	+20
MALAYSIA	2.5	2.80	+12
PHILIPPINES	0.16	0.26	+63
SINGAPORE	2.14	3.10	+45
SOUTH KOREA	22.44	24.40	+9
TAIWAN	1.79	2.07	+16
THAILAND	—	0.03	N/A
TOTAL	41.95	47.88	+14

Percentage of world revenues that Southeast Asia accounted for in 1994:0.72%

Percentage of world revenues that Southeast Asia accounted for in 1995:0.77%

Chart 3 1995 Music Industry Royalties, The Leading Countries (\$ Millions)

