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# **DRAFT REPORT**

on cultural diversity and the conditions for authors in the European music  
streaming market  
(2023/2054(INI))

Committee on Culture and Education

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### **on cultural diversity and the conditions for authors in the European music streaming market (2023/2054(INI))**

*The European Parliament,*

- having regard to Article 167 of the Treaty on the Functioning of the European Union,
  - having regard to the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions,
  - having regard to Regulation (EU) 2021/818 of the European Parliament and of the Council of 20 May 2021 establishing the Creative Europe Programme (2021 to 2027) and repealing Regulation (EU) No 1295/2013<sup>1</sup>,
  - having regard to Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act)<sup>2</sup>,
  - having regard to Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act)<sup>3</sup>,
  - having regard to its resolution of 20 October 2021 on the situation of artists and the cultural recovery in the EU<sup>4</sup>,
  - having regard to its resolution of 19 May 2021 on artificial intelligence in education, culture and the audiovisual sector<sup>5</sup>,
  - having regard to Rule 54 of its Rules of Procedure,
  - having regard to the report of the Committee on Culture and Education (A9-0000/2023),
- A. whereas the music sector is a major pillar of culture, as a vital component of cultural and linguistic diversity in the EU, with the widest public outreach of any cultural and creative sector;
- B. whereas composers, songwriters and performers are the first and foremost creative driving forces of the music sector;

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<sup>1</sup> OJ L 189, 28.5.2021, p. 34.

<sup>2</sup> OJ L 265, 12.10.2022, p. 1.

<sup>3</sup> OJ L 277, 27.10.2022, p. 1.

<sup>4</sup> OJ C 184, 5.5.2022, p. 88.

<sup>5</sup> OJ C 15, 12.1.2022, p. 28.

- C. whereas rapid innovations in digital technologies over the last two decades have profoundly transformed the music sector, in particular the way music is created, produced and distributed and the way people access and consume it;
- D. whereas the music sector is constantly adapting, with new business models and new ways of interacting with audiences; whereas, in this context, important challenges need to be addressed, such as the promotion of cultural diversity and fair remuneration for authors;
- E. whereas streaming music is now the main way in which people around the world enjoy music, providing access to up to 300 million tracks, available anywhere, anytime and on all kinds of devices, for a comparatively low monthly subscription fee;
- F. whereas, although authors and performers are at the heart of music creation, they are neither recognised nor remunerated in a way that reflects the true extent of their contribution, receiving very low revenues generated by the music streaming market, which creates a significant imbalance over time that needs to be addressed;
- G. whereas music streaming platforms, through their use of algorithms and recommendation systems, play a decisive role in determining what subscribers listen to and therefore have a significant impact on cultural diversity;
- H. whereas these platforms operate in a legal vacuum with regard to transparency and the promotion of European works, as they are under no obligation at EU level to ensure any transparency on the functioning of their operations;
- I. whereas the promotion of cultural diversity in the European music streaming market cannot depend solely on the commercial decisions of a few private dominant global operators;
- J. whereas the music sector is increasingly confronted with the rise of AI-generated content with a growing number of tracks flooding streaming platforms on a daily basis; whereas the development of AI technologies should instead serve and enhance human creativity;
- K. whereas several cases of streaming fraud and manipulation or streams by fake artists have been identified, as certain players manipulate the system to skim off revenues that should go to authors, for example, by using bots to artificially inflate the number of listeners for certain songs;
- L. whereas more concerted efforts should be made to tackle these issues, given their impact on the market, in particular on revenue share;
- M. whereas the proper identification of authors is crucial not only for their recognition and better remuneration, but also for ensuring diversity and transparency on platforms;
- 1. Stresses the need to create a fair and sustainable ecosystem for music streaming in the EU that both promotes cultural diversity and corrects the imbalances that threaten the sector;

2. Highlights the fact that all actors in the music streaming value chain need to engage and make the necessary changes to ensure a fair and sustainable ecosystem in the sector;
3. Notes with concern that the current imbalance in revenue allocation in the music streaming market disfavours both authors and performers and puts the sustainability of their professional career in the digital market at risk;

### **Towards a sustainable ecosystem for authors**

4. Emphasises that the key role of authors should be reflected through greater visibility on the music streaming services and a more balanced distribution of streaming revenues;
5. Emphasises that it is essential to improve authors' identification on music streaming services, in particular by ensuring a comprehensive and accurate metadata allocation from the time of creation;
6. Calls on all music industry players to intensify their efforts to ensure the comprehensive and correct metadata allocation of songs by identifying and accurately reporting authors' data for their musical works;
7. Stresses the need to raise awareness, in particular among young authors, of the importance of accurately identifying songs with the proper metadata;
8. Condemns the existence of so-called payola schemes, which force authors to accept lower revenues in exchange for greater visibility, thereby further reducing their already very low streaming revenues, while the promise of greater visibility remains unfulfilled in most cases;
9. Notes that there is strong competition between music streaming providers on the European market, with a few dominant global players; recalls the need for the rapid implementation of the Digital Market Act and the Digital Services Act in order to ensure a fair ecosystem among online platforms and music service providers;

### **Prominence and discoverability of EU works**

10. Points out that action at EU level must be taken to guarantee the visibility and accessibility of European works, considering the wealth of content currently available on music streaming platforms;
11. Calls on the Commission to propose a legal framework to ensure the prominence and discoverability of European works on music streaming platforms;
12. Calls on the Commission, in this context, to ensure that this framework includes specific diversity indicators that would allow for an independent assessment of the use and visibility of European works, for example, in national and minority languages or published by independent authors;
13. Stresses, moreover, that this would require regular monitoring and reporting on the prominence and discoverability of European works on, among others, curated playlists, user interfaces and recommendation systems;

14. Calls on the Commission to reflect on the possibility of imposing quotas on European works on music streaming platforms;

### **Towards the ethical use of AI**

15. Calls for the ethical use of AI in the music sector and supports maximum transparency in any aspect of the development, production and delivery of musical works by means of AI technologies;
16. Calls on the Commission to propose legal obligations to ensure the transparency of the algorithms and content recommendation systems of very large music streaming platforms, with a view to preventing fraudulent and unfair streaming manipulation practices, such as streaming fraud and fake artists that are used to reduce costs and further lower value for professional authors, as well as to ensure cultural diversity;
17. Emphasises that the public should be informed if the musical works, songs or artists they listen to on music streaming platforms have been generated by AI and not by human authors; stresses, in this regard, the need to set up an ‘AI-generated’ label for AI-generated music;
18. Emphasises, furthermore, the need to ensure that authors, whose works have been used for training AI-generating applications, receive fair remuneration for it;

### **Perspectives**

19. Calls on the Commission to consider the possibility of setting up a European music observatory to provide information on music markets in the EU by collecting and analysing data in the Member States, as well as to analyse and report on legal issues affecting the music sector, in particular the music streaming market;
20. Invites the Commission to establish a structured dialogue between the stakeholders in order to discuss current issues affecting the music streaming market and to work together to find common solutions;
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21. Instructs its President to forward this resolution to the Council and to the Commission.

## EXPLANATORY STATEMENT

The acceleration of the digital transformation of our societies is causing imbalances in traditional social interrelations, and the speed of the change makes it difficult at times to reset or adjust them. All markets have been affected by imbalances, with some more pronounced than others. The cultural sector is no different. The value chain has seen a readjustment of the actors involved – including the emergence of new actors and practical disappearance of others – brought about by a number of factors: the phenomenon of online consumption (and the corresponding scourge of digital piracy), the huge upsurge in the amount of content available globally and the resulting increase in consumption and competition, the use of new tools in the creative process, the explosion of artificial intelligence, and the emergence of ‘virtual worlds’ or metaverses. Given that the cultural ecosystem is fragile and insecure by nature, and because these changes have taken place with such speed and in the absence of a timely or adequate legal response, this sector has probably suffered and continues to suffer more than others in adapting to the new reality, in terms of the conditions for artists and creators, primarily, but also the entire value chain.

There is no doubt that music is one of the cultural sub-systems that has undergone the most dramatic change. In just a few years we have moved from vinyl records and CDs to mass online consumption. Today, the public streams music via online platforms that operate globally and offer access to millions of musical tracks (up to 300 million). Even the music radio model is now in decline. Never before has so much music been listened to in the world and never before has there been so much access to an infinite variety of artists, styles and forms. Never before has music’s financial ‘pie’ been so large. This situation is in itself paradoxical, however: never before has the situation of creators and performers been so insecure – with the exception of a handful of highly successful artists – and never before has the most popular music encompassed so few styles.

Indeed, we are witnessing an extreme commodification of the musical experience in which the less popular styles are heard less frequently, as are the less common languages, even in their home countries. The creation of a large online global music market has resulted in an increasingly uniform playlist, carved out of lists of recommendations and algorithms that increasingly encapsulate listeners’ tastes.

It is difficult for composers or performers of minority or experimental styles to get exposure on platforms offering a vast selection of music. If artists do not appear on the main lists of recommendations or home screens of these platforms, they are left out in the cold. Radio stations no longer have much sway in terms of getting new names onto the market; the only alternatives are other social networks, which undermine the artistic experience to an even greater extent.

The need to be included in recommendation systems has led to practices such as so-called payola schemes, which force artists to accept lower revenues in exchange for greater visibility. This is clearly a terrible practice, bearing in mind, too, that the royalties that streaming services pay creators and performers for their work are pitiful. Artists whose tracks are listened to hundreds of thousands of times every year cannot make a living and have to seek additional income from live performances, classes or other activities. This is simply

unsustainable.

It is vital to carry out a thorough analysis of the music sector's value chain in order to identify the imbalances and put in place corrective measures through legal tools and/or codes of good practice. We must not allow our analysis to be influenced by prejudices, myths or the demonisation of certain actors in the music market. All actors play an essential role and they all need to see a readjustment to ensure the sustainability and emergence of new artists and musical works.

'United in diversity' is the motto of the European Union. This phrase, which appears in the preamble to our founding Treaty, is to be interpreted in two fundamental ways, both as an observation and as a duty:

- It is through culture that we are founded as a project of civilisation; the European Union without the culture inherent in all its human communities is merely an empty shell, lacking any soul.
- It is the EU's duty to ensure diversity: the project is meaningless without it. That diversity is reflected not only in the linguistic and ethnographic aspects, but also in the protection of the very creative magma of our societies.

In line with this dual interpretation of our declaration, the European Union has on several occasions introduced rules to protect cultural activity and the rights of artists and creators, both physically and digitally. Now we need to take steps that ensure the sustainability of the music sector and allow us to generate wealth, both spiritual and financial. This report serves as a recommendation that we have drawn up in the EP's Committee on Culture and Education to fulfil our own responsibility in this regard. The text – discussed in detail with the sector – aims to identify the shortcomings in the market and propose solutions.

'Without music, life would be but a mistake, exhaustion, exile', said Nietzsche. Music is probably the most metaphysical, inexplicable and unfathomable artistic experience that humans can enjoy; it is that 'spell' that Nietzsche also talked about. We must do everything in our power to keep that magic alive in Europe.