

21 March 2023

International Trade Committee – Export Opportunities Inquiry

UK Music Response

Introduction

1. UK Music is the collective voice of the UK's world-leading music industry. UK Music represents all sectors of the music industry – bringing them together to collaborate, campaign and champion music. A full list of UK Music members can be found in annex A.
2. Music represents the best of British to the world. The UK is the largest exporter of music in the world after the USA and one of only three net exporters of music. Our musicians define the global soundtrack and shape our global reputation. Around 1 in 10 of all tracks streamed globally are by a British artist.
3. Music exports derive from record sales and streams, performance of UK copyright compositions, master recordings, live shows performed by British artists, merchandise sales, brand endorsements and other such income from the world. Export income also includes spending by overseas tourists attending live shows in the UK.
4. Music exports were worth £2.5 billion in 2021 and there remains huge growth potential in the UK music industry, with the value of the global recorded music market set to double by 2030 to \$52.3 billion. This expansion offers huge opportunities to the UK sector.
5. However, there are challenges for music exports. The UK's share of the global market is under pressure from competing markets including the US and Europe alongside rapidly growing domestic markets such as Latin America and South Korea. The UK's global market share of recorded music has declined from 17% in 2015 to 12% last year, and issues such as Brexit and expensive US visas threaten export revenue from touring. Without addressing the barriers faced by our music industry, the UK will continue to see its market share diminish. To combat these challenges and boost British music exports, the Government should make changes related to the following:

Export Office

6. **The Government should look to create a music export office.** This would essentially act as a trade office responsible for exporting British music, supporting future talent by helping build

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their international audiences and export profile. With the global recorded music market set to double by 2030, without a Music Export Office, there is a risk that the UK will be left behind.

7. Similar offices are common across the globe, including in Germany, France, Australia, and Canada. So common are similar offices across Europe, that there is a European Music Exporters Exchange, made up of 29 different national and regional bodies.
8. Creating an export office would also help artists with the bureaucracy and administration associated with touring. It would also assist with expansion of the Music Export Growth Scheme (MEGS) and International Showcase Fund (ISF). The UK's global market share of recorded music has declined from 17% in 2015 to 12% last year, and a music export office would help British talent reach new build new global audiences.

US Visa Costs

9. The US Government has announced a series of changes that will increase visa fees and making prohibitively expensive for many artists to tour the US. The Music Managers Forum (MMF) and Featured Artists Coalition (FAC), through the LetTheMusicMove campaign, have run a survey of artists, managers, and other touring musicians about this issue. 70% of those surveyed said that the increased costs associated with these visa changes meant they would no longer be able to tour the USA.
10. The proposed changes include:
 - Increasing the filing fee for P petitions by 251% (from \$460 to \$1,615) and by 260% (from \$460 to \$1,655) for O petitions. These increases would each include a \$600 surcharge to fund asylum processing.
 - The Premium Processing Service's guaranteed processing time would change from 15 calendar days to 15 business days.
 - The total number of individuals on a single petition would be capped at 25 beneficiaries. This would require numerous petitions for larger ensembles. For example, a visiting orchestra comprising 110 musicians, plus a handful of accompanying support staff would require six visa petitions rather than two
11. British songwriters and composers will be negatively impacted by reduced royalties from overseas performances. The success of British recorded music is intrinsically linked to the ability of these acts to tour the US, which is the world's largest music market, and these changes would threaten this.
12. If the UK wishes to continue to exploit export opportunities in the US, **then they should work with their US counterparts as a matter of urgency to scrap the proposals.**

Brexit

13. British music exports are being impacted by increased bureaucracy and red tape when touring the EU post-Brexit. The EU is the largest of the UK's live music markets and is four times the size of the US (the second largest market) in terms of the number of performances. Even with a lack of international touring in 2021, music creators reported that 50% of their export income comes from the EU across all income streams.

14. **The Government should work to establish a transitional support fund** to manage negative impacts of leaving the European Union on musicians. This could invest in infrastructure to better manage outbound paperwork (e.g. designating Eurostar a port of exit) and producing a government backed industry led information hub. £23 million was made available by the government to support the fishing industry for similar reasons.

Music Export Growth Scheme

1. The trade body for the recorded music industry, the British Phonographic Industry (BPI) administers the [Music Export Growth Scheme](#) (MEGS), an innovative partnership between the recorded music industry and HM Government.
2. Launched in 2014 the scheme is joint funded by industry (64%), and the now Department of Business and Trade and the Department for Culture, Media and Sport. The scheme is designed to support SME and independent UK-registered music companies in 'breaking' UK artists internationally which will in turn boost UK music exports.
3. The global recorded music market is more competitive than ever, meaning it can be difficult for SMEs to fund the level of required marketing to become a success globally. The scheme provides grants ranging from £5,000 to £50,000, benefitting 330 artists with a total £5m in funding being issued. A range of successful artists haven been supported by MEGS funding, including Mercury Prize winner Dave, Catfish and the Bottlemen and Wolf Alice. The scheme also has a strong track record in delivering for artists across the UK, with 59% of recipients being from outside of the M25.
4. MEGS is a proven success, delivering £59m in return on investment - £13.49 for every £1 invested. But in the context of rising global competition, the allocated amount given to the scheme by Government is unambitious in the face of rising global competition which could threaten the UK's status as a world leader in music. MEGS funding has not yet returned to its pre-pandemic level of £800,000 per year for three rounds of funding.
5. With the global recorded music market predicted to double in size by the end of the decade, the opportunity to grow music exports is now, particularly if we are to maintain our record as the second biggest exporter of recorded music and the third biggest recorded music market in the world. Despite recorded music export revenues climbing year on year to £590.8 million in 2021, the UK's market share has consistently declined – falling from 17% in 2015 to just 10% in 2020.
6. Increasing funding of MEGS is an example of direct action the Government could be taking to counter this decline. We are seeing other Governments across the world taking similar action to invest in their music markets, such as South Korea. As a result, the recent Top 20 Global Recording Album Chart for 2022 saw eight places occupied by South Korean artists, whilst the UK only held two places with Harry Styles (#3) and Ed Sheeran (#10).
7. **We are therefore calling on the Government to double its funding MEGS from the pre-Covid rate of £800,000 for the next three years.** This would allow more artists and independent UK SMEs to export their music across the world, having a beneficial impact on music exports and the whole of the UK's music economy.

PRS Foundation – International Showcase Fund

8. The International Showcase Fund is run by the PRS Foundation in partnership with the Department for International Trade (DIT) and other music stakeholders.
9. The fund offers vital export support for UK-based artists, bands, songwriters, and producers who have been invited to perform or create new music at international showcasing festivals or conferences. Support may include travel, accommodation and visa costs for upcoming artists looking to perform at showcase events like SXSW, Canadian Music Week and Eurosonic.
10. According to the PRS Foundation's last report on the scheme, between April 2016 and March 2019, £850,000 was granted to 364 export ready UK artists to showcase overseas. For every £1 invested in the UK artists interviewed for their report, £8.90 was generated - nearly a 900% return on investment. Given its proven track record at generating an economic return for the UK, **we call on the Government to increase investment in the International Showcase Fund.**
11. The importance of increasing funding for schemes such as the International Showcase Fund and MEGS is underlined by the fact costs for touring musicians having increased by 30-40% in the last year. In real terms, this means this means artists will be receiving less investment unless there is a rise in funding.

Strong copyright and ensuring this is reflected in new trade agreements

12. Intellectual property (IP) protections ensure musicians and rights holders are paid for the use of their work. IP protections allow creators to monetise their work and give incentives for investment in talent – thereby ensuring strong export revenues.
13. The UK has one of the strongest copyright regimes in the world and the Government should continue to uphold this standard. In particular, **proposals to introduce a copyright exception for AI text and data mining purposes should continue to remain off the table.**
14. The UK should also work to ensure other countries are upholding similar standards for copyright. A weak IP regime in a third country translates directly into lower export revenues. **During negotiations of free trade agreements (FTAs), the UK should aspire to export our successful copyright and enforcement framework** and create partnerships in new markets where barriers to upholding strong copyright protection exist to tackle those obstacles.

Annex A

Annex UK Music's membership comprises:

- The Association of Independent Music – the trade body for the independent music sector and community which make up more than a quarter of the UK's recorded music market. Representing 1000+ independent record labels and associated businesses, AIM's members range from globally recognised brands to the next generation of British music entrepreneurs.
- BPI - The British Phonographic Industry - The representative voice of the UK's recorded music sector with membership consisting of approximately 500 music companies, ranging from hundreds of SME independent labels to the 'major' record companies - Sony Music UK, Universal Music UK and Warner Music UK. BPI promotes British music through its trade missions, the [Music Exports Growth Scheme](#) (MEGS) and [The BRIT Awards](#), which it owns and organises. It administers [The BRIT Certified](#) Platinum, Gold and Silver Awards Programme, co-owns the [Official Charts Company](#) and is home to [The Mercury Prize](#).
- FAC – The Featured Artists Coalition - UK trade body representing the specific rights and interests of music artists. A not-for-profit organisation, they represent a diverse, global membership of creators at all stages of their careers and provide a strong, collective voice for artists.
- The Ivors Academy - An independent association representing professional songwriters and composers. As champions of music creators for over 70 years, the organisation works to support, protect and celebrate music creators including its internationally respected Ivors Awards.
- MMF – Music Managers Forum - representing over 1000 UK managers of artists, songwriters and producers across the music industry with global businesses.
- MPG - Music Producers Guild - representing and promoting the interests of all those involved in the production of recorded music – including music studios, producers, engineers, mixers, remixers, programmers and mastering engineers.
- MPA - Music Publishers Association - with 260 major and independent music publishers in membership, representing close to 4,000 catalogues across all genres of music.
- Musicians' Union - Representing over 32,000 musicians from all genres, both featured and non-featured.
- PPL licenses recorded music in the UK when it is played in public or broadcast and ensures that revenue flows back to our members. These include independent and major

record companies, together with performers ranging from emerging musicians to globally renowned artists. In 2021 we collected £252.8 million while also distributing money to 147,000 performers and recording rightsholders.

- PRS for Music is responsible for the collective licensing of rights in the musical works of 150,000 composers, songwriters and publishers and an international repertoire of 28 million songs.
- UK Music also has an informal association with LIVE (Live music Industry Venues & Entertainment), the voice of the UK's live music and entertainment business. LIVE members are a federation of 13 live music industry associations representing 3,150 businesses, over 4,000 artists and 2,000 backstage workers