

Chinese music industry: political aspect research paper example

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Chinese Music Industry: Political Aspect

There was a reason for the global music industry to celebrate in 2012 – the market showed growth (0, 3%) for the first time in fourteen years. However, it was hard for China to share the joy with the world, as their industry of digital music sales remains in pitiful state. The physical retail market is virtually non-existent – it declined amazing 95% between 2003 and 2010, to nearly \$10 million (DailyChina, 2013), meaning that the whole physical retail music industry in a 1, 4-billion country generated less revenue than Eminem's 2010 album "Recovery" in one week in the U. S only. Even though online music sales market is growing, total sales are still at incredibly low level of \$92, 8m - annual per capita spending on digital music in China amounts to \$0, 1, comparing to \$14, 30 in the U. S. and \$34, 70 in Japan (Digital Market News, 2012).

As it happens in the countries where digital sales are low, the only way for the musicians to survive is to give as many live performances as possible – this is exactly what happens in China. Two fundamental problems that prevent digital sales market from growing are piracy, which is the most significant one, and the censorship.

Even though since 1980s private investors could and were investing in music production, it did not loosen the state requirements regarding its content.

Before any record becomes available for mass distribution, it should be submitted to and approved by the Ministry of Culture. The process is far from a mere formality as the list of requirements is long. Among other things, records shall not in any way promote religion or superstition, shall not

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promote gambling, violence and crime (which effectively eliminates the whole international rap music industry from Chinese market), and shall not undermine public ethics and popular culture tradition (InaGlobal, 2013). The latter leaves the vast room for interpretation.

The censorship is an obstacle, but by no means the biggest one.

Technological development of the recent decades changed (or, rather, digitalized) the way people consume the music. Piracy was, and to some extent is, the worldwide problem, but it is hard to find the place where it has been addressed poorer than in China so far. According to International Federation of Phonography industry, piracy amounts in China to as much as 99% of total music consumption in China, and the main reason for this pathetic situation lies in the law – both the law itself and enforcement. The maximum amount of penalty that could be possibly imposed on an individual or entity for breaching intellectual property rights is \$158, 000. The maximum penalty is being rarely imposed, and in more general terms the state does not often pay attention to IPR even in bigger cases – it is barely surprising that record companies cannot count on protection. Besides, the punishment is far from certain even if the case reaches the court, given limited freedom of courts and high levels of corruption (China Business Review, 2012).

There is a ray of hope, though, as the situation is slowly changing. Under pressure of international companies relying on technologies, there is a progress in IPR treatment. There are positive signs in music industry, too the search engine Baidu signed a deal with One-Stop China (a joint venture of Warner, Sony and Universal). The companies' production becomes available

for the users of the website in exchange for 10% royalties. In fact, international companies have to buy their way into Chinese markets, with local music producers looking uninterested – only 2% of total sales are distributed in form of royalties to the producers. CEO of Modern Sky, the leading Chinese record company, stated that only 25% of the budget was going to be allocated to music production; the rest – to organizing the events.

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