



MUSIC MATTERS: PLUG INTO ASIA

SPOTLIGHT ON PUBLISHING

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Publishers from the Music Publishers Associations of Hong Kong, Japan and Korea give a unique update into the key issues facing the Asian publishing industry.

Moderator:

KO⇒ **Ken Ohtake**, Director, Music Publishers Association of Japan / President, Sony Music Publishing (Japan) Inc.)

Speaker:

JH⇒ **Jonathan Ho**, Chairman, Music Publishers Association of Hong Kong / Director, Asian Music Publishers Ltd / General Manager, Fujipacific Music (S.E. Asia) Ltd

YY⇒ **Young Yu**, Chairman, Korea Music Publishers' Association / Managing Director, EMI Music Publishing Japan & EMI Music Publishing Korea

HJ⇒ **Haji Taniguchi**, Vice-Chairman, Music Publishers Association of Japan / CEO, Avex Music Publishing Inc.

Notes:

Composers and Authors Society of Hong Kong (CASH)

Asian Music Publishers Ltd. (AMPS)

Music Publishers Association of Hong Kong (MPA HK)

China AudioVideo Copyright Association (CAVCA)

Music Copyright Society of China (MCSC)

Korean Pop Music (Kpop)

() indicates recommended insertion of English word or expression



KO: ...we'll be talking about the bright side of the Asian music industry. We have three people here today. First of all, I would like to introduce to you Mr Jonathan Ho, Chairman of MPA Hong Kong since 2006. (On the) AMPS Ltd board, CASH board, director of Fujipacific South-East Asia. He is known as the distributor of newsletters to over 50 international music publishers updating the Asian music industry scene. If you want to subscribe just let him

know after the panel. Jonathan, can you give some updates from your territory?

JH: Hello, good afternoon. I'm Jonathan Ho from Fujipacific South-East Asia, and I'm also the Chairman of MPA Hong Kong, and also I'm on the board of the performing rights society, CASH. Also we have a regional MPA called AMPS with quite different rules. Let me briefly introduce each association's role in South-East Asian countries, and also Hong Kong.

CASH is a very well-established performing rights society in Hong Kong and has been well recognized in helping other territories' societies to grow with the performing rights licensing business. MPA Hong Kong has currently 27 members in Hong Kong, and most of the members are multinational publishers with offices in Hong Kong and also some local publishers. From time to time we negotiate industry matters and also we conclude some blanket deals for TV synchronisation, also some blanket uses to facilitate the use of musical works.

Also MPA has been (working) in line with the society CASH to work on joint licensing platforms to facilitate digital use. So, all through the years, the cooperation between MPA Hong Kong and CASH has turned into a very good success. Also it helps the user make good use of this kind of one stop license.

Regarding AMPS, this is the regional MPA. Since Hong Kong has been the headquarters for quite a number of regional companies stationed (here). About 15 years ago, several regional publishers started this AMPS. The aim is to help other South-East Asian countries. AMPS has helped the growth of some major countries which have the copyright system. We have drawn up industry agreements for Thailand, Malaysia, Singapore and Indonesia. So along the years AMPS has been playing a very important role in helping other countries. Also we are trying to (develop) successful models in Hong Kong.



So that's the general situation of each society and also the association.

KO: Thank you Jonathan. Next we have Mr Young Yu, Chairman of KMPA since last year. He is fluent in Korean, English and Japanese, so he is the MD of both Korean and Japanese EMI Music Publishing. This is his first time to (appear) in the music conference. So, please welcome Mr Young Yu.

YY: Thank you very much Ken. I'm Young Yu, Managing Director of EMI Music Publishers in Korea and Japan. I'm also the Chairman of Korean Music Publishers' Association. As we obviously know the music industry has been facing a great threat triggered by new technology. We have seen the industry shrink, even collapse for years. Probably no one wants music to perish. With such a technological development of IT networks, online distribution of illegal reproduction has been rapidly increasing. This is distorting the market of music which in turn is undermining the incentive to create such works and to invest in them. Today, I would like to briefly introduce the bright side of copyright aspects and related industry based on the recent new amendment of copyright acts, and the positive effects of these in Korea. Could you pop up the slides?



Last year there was an amendment of the Korean Copyright Act which was intended to prevent illegal reproductions online by strengthening preventative measures. We can simply compare before and after (in regard to) the amendments in the table here. (Table 1) There are two different laws to deal with this: new media and online activities. Now these have been consolidated into new copyright acts. Accordingly, they have been established into a consolidated party called the Korea Copyright Commission. I would like you to pay attention mainly to the enhancement of measures to prevent illegal reproduction online.

Firstly, correction orders: Correction orders were introduced against illegal online reproductions. The government under the name of the Ministry of Culture, Sports and Tourism (MCST), may order online service providers as follows: to issue warnings against illegal transmitters, to delete illegal reproductions or suspend their transmissions, to suspend the accounts of such illegal transmitters, and to suspend

Table 1

2009's Amendment of The Copyright Act
 (1) Main Contents of the Amendments effective on July 23, 2009

Section	Before	After
Law	Copyright Act & Computer Programs Protection Act	Copyright Act
Committee	The Copyright Commission & The Korea Software Copyright Committee	Korea Copyright Commission (aka 'KCC')
To prevent illegal reproductions online	Limited Measures	Enhanced Measures - Correction orders to OSPs by MCST "Three Strikes & Out" - Correction recommendations to OSPs by KCC

[Based on 2009 Annual Report on Copyright in Korea]

bulletin board services. The Korea Copyright Commission may issue correction recommendations to give online service providers the opportunity to take measures voluntarily.

As I briefly mentioned, concerning the correction orders, there are four sections. The first one is correction orders directed at online service providers by MCST, the government. The orders are to delete or to suspend transmissions and issue warnings against illegal reproductions. The order to suspend accounts means that if an illegal transmitter who has already received three warnings for transmissions of illegal reproductions still continues to transmit these illegal reproductions, the government may order the online service provider to suspend the accounts of the illegal transmitters in question. Next please.

The Korean government is cracking down on illegal use both on and off line including investigations into implementation of required technological measures. Also they have set up the IT based protection system to track and monitor illegal reproductions. There is a clean site project with private companies. I will mention these again later.

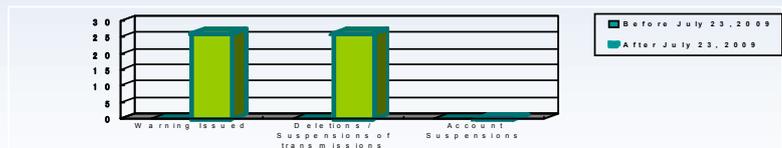
This chart clearly shows the impact after changes of the new copyright acts according to 2009 annual copyright report by MCST which was issued last month. (Table 2) There were 26 cases of warning issues, and also 26 cases of deletion and suspension of transmissions after July 2009 for music contents. Next please.

In the case of distribution channels there were numerous activities concerning correction recommendations of illegal online reproductions as can be seen in this table. (Table 3) Next.

Table 2

**<Result of correction recommendations on illegal online reproductions in 2009>
- By contents: Music -**

Classification	Result	Correction recommendation				
		Warnings issued	Deletions / Suspensions of transmissions	Account suspensions		
'09	Before July 23	Music	-	-	-	-
	After July 23	Music	52	26	26	-



[Unit: Case]

Based on 2009 Annual Report on Copyright in Korea]

Table 3

**<Result of correction recommendations on illegal online reproductions in 2009>
- By distribution channels -**

Classification	Result	Correction recommendation			
		Warnings issued	Deletions / Suspensions of transmissions	Account suspensions	
2009	Total	35,345	13,466	21,840	39
	Web storage	33,644	12,612	20,995	7
	P2P	773	579	194	-
	Portal	928	275	651	2

[Unit: Case]

[Based on 2009 Annual Report on Copyright in Korea]

Table 4

<Result for 'Clean Sites' projects>

<Designated Clean Sites in 2009>

	Clean Sites	URLs	Areas
1	Cinero.Com	www.cinero.com	Movie
2	MnetMedia	www.mnet.com	Music
3	Hupis Soft	www.piuri.com	Publication
4	Mega Study	www.megastudy.net	Education
5	MWStory	www.gamafos.co.kr	Game
6	Neowiz Bugs	www.bugs.co.kr	Music
7	Soribada	www.soribada.com	Music
8	Book Cube	www.bookcube.com	Publication

Website on 'Clean Sites': www.clean.site.org

[Based on 2009 Annual Report on Copyright in Korea]

Clean site refers to online contents providing sites that distribute only legal works by managing themselves in compliance with legal procedures. (Table 4) Some of you may know Soribada in number 7 which was originally a P to P file sharing site. This used to be highly notorious for illegal free download sites a couple of years ago. Now they are in this kind of clean site. Probably everyone is interested in what is the most effective tool for preventing illegal uses and in trying to take back the market. The recent case of the reinforcement of the

Korean Copyright Law would be one example together with the consideration of measures to boost the motivation of artists, writers and production houses in the music industry. Thank you.

KO: Thank you, that was very encouraging. Next up we have Haji Taniguchi from Japan. He is the Vice-Chairman of MPA Japan and three times champion of the annual MPA bowling tournament. He was born in Japan, and raised in Nashville, Tennessee. He recently became the first CEO of newly born Avex Music Publishing.

HT: I'm a four-times champion.

KO: Oh I'm sorry.



HT: My name is Haji Taniguchi. I was recently appointed to be the CEO of the newly established company called Avex Music Publishing which I enjoy a lot. I'd like to give you some updates for the Japanese market. There isn't really very much to report but I would like to talk about two things. The first is that there is a slight copyright law revision. On top of the uploading of the music to illegal sites being illegal, now, downloading it from illegal sites is also recognized as illegal in Japan. This came in this year but it came in without any penalty provisions. So we now have to think how we can impose this new law. Now another thing is, there is a new site which was created by Music Publishers Association of Japan together with FMP, Federation of Music Producers and JAME, Japan Association of Music Enterprises. Could we see the site please?

It is called Sync Music Japan and it basically introduces not only music from Japan but also the artists behind the music, and gives the opportunities for Japanese artists and music to be introduced to the markets overseas. We'll probably talk about Korean acts being very active and successful in other territories later, but Japanese artists and music creators finally came to realise that it was important to introduce (themselves) overseas. I believe a brochure introducing this website is available somewhere out there so please grab one and introduce it to your colleagues when you get home. Other than that there isn't anything. No negative things, no positive things whatsoever I guess.



KO: That means it's positive. I would like to have a few discussions that may be of interest to you. It seems like that we may be able to collect some money from China. There's a society called CAVCA that has just started. And I heard a new admin system called Diva recently has been introduced. So have we now started to receive royalties from China?

JH: Let me explain the Diva system. It is a CASH computer in-house system that they developed in 2004. It has worked very well with the publishers. The CAVCA is an association (which deals with) audio and visual rights. It is a collective management association in China. Its first aim was the karaoke licensing in China. And so far it has collected quite a (fair) amount of karaoke income within China. And they also distribute part of the income to the society in China called MCSC. Through MCSC part of the publishing income has been paid to the affiliated associate societies in each territory. So far in Hong Kong we have already got the income through the society CASH from the CAVCA licence revenue on karaoke uses.

KO: It seems like there are some interesting activities in the Chinese music industry. Such as 2 Muse is like Usen in Japan. I think Avex has been quite active in that territory as well. Do you foresee a lot of business regarding recording music in China?

HT: I'm hoping so, yes. It is a very tough market as everyone knows. For the past couple of years I have seen lots of changes. The CAVCA situation is one of them, collecting money from karaoke places. I believe now the government is kind of forcing broadcasters to pay broadcasting fees as well. Monetising music in China is very difficult still but the situation has just changed, and I believe it's going to change further in the years to come.

KO: These stories are based on (the panels') experiences. If there are any other opinions (out there) that you may have, please let us know later. From the Korean music industry, do you have a lot of transactions with the Chinese download companies or digital distributors?

YY: Not much I think. Korea is a very tough market as well. So the Chinese music, even Japanese music has a very limited market in Korea. It is not a positive aspect.

KO: Jonathan, is mobile penetrating digital downloading in China, or is it mostly PC?

JH: Mostly mobile. And much of the revenue is staying in China.

KO: So people use the mobile telephone as a device to listen to music? Or are they listening on an MP3 player like iPod?

JH: Yes, both.

KO: Haji, what about in Japan? Are things changing about the penetration of digital downloading between PCs and ...?

HT: Yes, I see a slight change. Of course the Japanese market... As far as the downloading of music is concerned, more than 90% of that was downloaded into mobile sets rather than PCs. Digital distribution is now starting to shrink in Japan. So in general everything as far as downloading is concerned is shrinking, except that downloading into PCs may be stable or even (rising) I believe, a little bit. I never thought of this but someday soon there may be a day when downloading into PCs is more than 50% of the entire downloading (market).

KO: What about in Korea?

YY: Actually in the case of Korea, the digital market really dominates the whole music market because the Korean government has supported the infrastructure for so many years. The diffusion of

high-speed Internet access is available nationwide all over Korea. This kind of new technology allows the Korean people to access more of the digital market.

KO: So inside Korea I heard that a lot of industry people are struggling because of the size of the market. But there is the obvious issue that the only Asian content that can travel outside of its own country seems to be from Korea. Why are the Korean contents well received in Asia and some other territories? Producers... a group called JYP are now starting to travel to America to do something. A lot of people are watching Korean soap operas, dramas. Why do you think it is only Korean content that can travel?

YY: Well, sometimes I am asked why the Korean contents are so popular in Asian territories, or outside of Korea. Maybe rather than me, foreign countries know the positive objective aspects better. Honestly, I think it is very interesting that Korean contents are so popular in Asian territories because Korea is a very small country in Asia and still divided into two countries within one peninsula. I would like to try to analyse the main reason.

The first thing is the mental and religious aspects. Almost 25% of the Korean population is Christian. Korea has various cultures with both Oriental and Western values. It has very many religions such as Christianity, Buddhism and Confucianism. I think, speaking of Christianity, it is kind of blessing from God. Hallelujah.

KO: We all have to be Christian!

(laughter)

YY: Yes. The second thing is the industry aspect. Once some Korean TV series starts to be a breaking hit in China or Japan, many firms and capitals concentrate on the related industries supported by the government, and a huge budget and well-known stars, superstars are hired forming a virtuous circle that stimulates consecutive breaking hits again. When it comes to planning TV series, the Korean productions try to bring systematic production methods based on the analysis of users' psychological behaviour patterns.

I think lastly, it is the promotional aspect. Through the Internet we are able to live in the same virtual world, at the same time we get a lot of information from websites. It would be very helpful for the Korean contents to be recognized as huge, and (help) breaking hits outside Korea.

KO: I think Korean artists as well adapt really well to each market. In Haji's company I think one of the biggest revenues is from Korean artists. Maybe they can sell more CDs than Lady Gaga plus

Britney Spears and everyone (combined). How can you sell those international acts, if you consider Korean artists as international acts?

HT: If I compare Korean artists or Korean producers to Japanese ones, there are a couple of things that I have recognized. The first one is the strong governmental support which the Japanese music industry is lacking. The second one is the seriousness to enter other markets than Korea's own market. For Japanese producers or artists for example, we tend to think the Japanese market as the primary thing and any other markets overseas as secondary. But for Korean artists it looks like they are considering any market in the world as a primary market. Sometimes, let's say this Korean act will only work in Korea. Sometimes this Korean act will not only work in Korea but also in Japan. Sometimes this Korean act will work in Japan but not in Korea. And Korean producers seem to easily think that way so that they can give the right market to any artists or any projects.

In the case of Korean artists that are signed to Avex Japan for the Japanese market, they are so well trained to suit the Japanese market. They are not sacrificing their artistic life in their own country but at the same time they are trying to be very successful in Japan. Other Korean acts I know are very successful in China and Taiwan. K-Pop is very strong in Taiwan currently. Those acts know how to deal with those particular markets. I think it is a natural thing for them.

KO: So they are very well trained and they work very hard. But other than that I heard that the Korean government support is huge. They purchased the broadcast time in Vietnam to promote the Korean contents such as drama. And through promoting and broadcasting drama they also managed to sell more Samsungs, or more LGs, or more Hyundais. So we really envy (the fact) that the Korean government gives such a big support for the entertainment industry. Have you had the same support in Hong Kong?

JH: Unfortunately, with the Hong Kong government we once talked to the Trade Development Council of Hong Kong about promoting the music industry of Hong Kong and so far they have responded by helping the Hong Kong music industry by having a music Hong Kong Fair which has been held in March every year together with the Hong Kong Film Festival. So these are the kind of little things that they have done but so far outside Hong Kong it seems we still don't have much support from the Hong Kong government unlike other countries.

KO: A lot of European countries also are very supportive sending delegates to Hong Kong or Japan. In Japan there are various countries that do that annually. Do you get people from Europe coming to Hong Kong as well?

JH: Yes, I think two to three years ago when we had the Hong Kong Fair we had some organisations from Germany. And they travelled half way across the world to come to Hong Kong and to look at the market of Hong Kong. They saw Hong Kong as the gateway to China at that time. But the music fair is more for the local Hong Kong companies and attracts the people from southern China besides the local Hong Kong companies. It may not be that interesting for international companies. But we still see some organisations from such countries that support them in their (own) origin.

KO: Wherever there are governments who are not (adequately) supporting the entertainment industry, please listen to this and we hope that someday we'll get better support. The reason why we picked up on the Korean success is from the publishers' point of view. Korean content uses a lot of music. And, publishers and songwriters are not only earning money from CDs but also from syncs, drama DVDs, films, and all the performance incomes. So it's very important to have the business model of what Korea has achieved in other territories including Japan, China, and other parts of Asia. Some day we will have a big income success from the Asian contents in America and Europe and around the world.

Do you have anything to add today?

JH: I think I agree with you. I'd like to add a little comment about the Korean government. It does help a lot to promote cultural developments. They set up a cultural office in Thailand, in Indonesia, in each country to help promote their TV series. Their TV series are very influential in promoting their by-products. In Thailand there are many Korean restaurants and many Korean magazines or media related to the TV series. So that is why the Korean music and movies have been doing quite well in South-East Asia.

KO: Good, thanks Jonathan. As for our panel, if there are any questions I think we can pick up a few. How can we do this? Are there any questions for any of these three people? No? Okay. Maybe people want to sell their music directly to them after the panel. So thank you very much and we are now (finished).

Applause

END OF SESSION



Music Publishers Association of Japan

www.mpaj.or.jp