

Global watch on culture and digital trade

STREAMING SERVICES AND ARTIFICIAL INTELLIGENCE: SOCIAL RIGHTS, REGULATION, NEW PARTNERSHIPS AND BUSINESS PLANS

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Analytical report, September 2023

The September report begins with the strike of the unions representing writers and actors in the United States (US) and their demands for better compensation from streaming services, such as Netflix, Disney+, and an appropriate regulation of generative artificial intelligence (AI) securing intellectual property rights and social rights of writers and performers. The report also deals with the debates about a voluntary code of conduct for AI between the US and the European Union (EU), as well as discussions regarding the regulation of online platforms in India and Australia. In addition, the report emphasizes new partnerships and business plans, i.e., the partnership between YouTube and Universal Music toward AI, the new streaming service of RTL Deutschland, and the important increase of streaming services in the total TV usage in the US. Finally, the report turns to the struggle for subscribers and geographical expansion among streaming services, focusing on Spotify and TikTok.



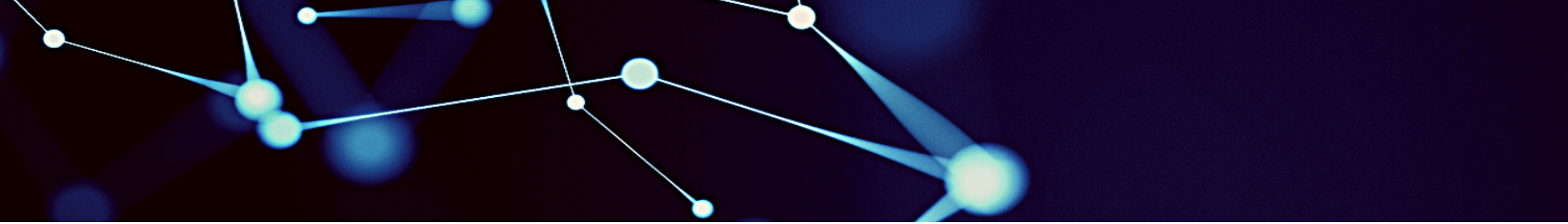
Regulation issues, digital trade and culture

Artificial intelligence, social rights and copyright

In the United States, the unions representing writers and actors - the [Writers Guild of America](#) (WGA) having 20 000 members and the Screen Actors Guild - American Federation of Television and Radio Artists (SAG-AFTRA) counting 160 000 members - went on strike after the deals with the Alliance of Motion Picture and Television Producers (AMPTP), - the association that represents Hollywood studios, such as Disney, Paramount, Universal, broadcast television networks (ABC, NBC), as well as streaming services, such as Netflix, Apple TV+, Disney+ -, expired on 1 May for the WGA and on 1 July for the SAG-AFTRA. Due to major changes related to the transition to streaming services and the arrival of the generative AI, the WGA began its strike early May 2023 and the SAG-AFTRA joined the WGA on 14 July, “marking the first time since 1960 that both unions have gone on strike at the same time”.

As [The Washington Post](#) stressed, a key reason for the strike is because “technology and the way people consume entertainment have changed dramatically since 2007, the last time the writers went on strike. At that time, a big issue was residual payments from DVD sales”. [David Arditti](#) explained that the strike is over demands “for better compensation on streaming platforms and restrictions on their employers’ use of technology to replace paid work”. Besides, [The Verge](#) mentioned that “both writers and actors are fighting for contracts that prevent an AI from replacing them at their jobs, whether it’s writing scripts or appearing as background actor”.

In March 2023, the [WGA](#) released a report titled “[Writers are not keeping up](#)” in order to show in which ways compensation for writing has been negatively impacted by the advent of streaming”. In addition, in mid-August the WGA released a new [report](#) “calling Netflix, Amazon and Disney the new gatekeepers of the media business and calling for antitrust regulators to prevent consolidation in the streaming marketplace”. The union argued “any mergers in media and entertainment involving significant streaming players should be blocked, including acquisitions of smaller or potential competitors”.



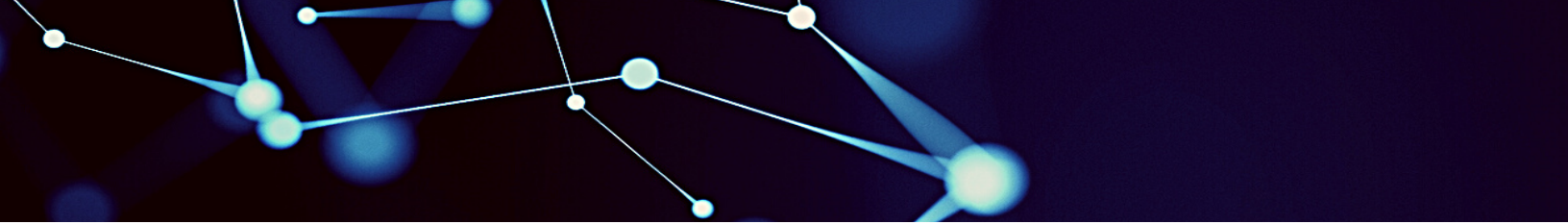
According to [Reuters](#), unlike Hollywood studios and US broadcast networks, Netflix's international production capabilities are a huge differentiator regarding Netflix's resistance against the unions' demands, insofar as a lot of the Netflix's content comes from countries which are not involved in the strike. Besides, in July 2023, [Netflix](#) announced that for the second quarter of 2023, the streaming service gained 5.9 million new subscribers globally, bringing the total to 238.4 million subscribers.

In addition, as [The Hollywood Reporter](#) mentioned, mid-August 2023, the [AMPTP](#) revealed its proposal to the WGA. The Alliance is proposing, among others, to ban written material produced by generative AI from being considered "literary material" in the contract and to provide more data regarding how films and TV shows are performing in streaming platforms. It is interesting to note that the AMPTP is proposing to provide confidential quarterly reports to the union detailing Video-on-Demand view hours per project.

Finally, end of August 2023, a US court in Washington ruled that "a work of art created by artificial intelligence without any human input cannot be copyrighted under US law" and stressed that "only works with human authors can receive copyrights". As such, the US District Judge [Beryl Howell](#) agreed with the US Copyright Office and said human authorship is "a bedrock requirement of copyright". It is worth reminding that the [US Copyright Office](#) has also rejected "an artist's bid for copyrights on images generated through the AI system despite the artist's argument that the system was part of the creative process".

Toward an EU-US code of conduct on AI?

End of May 2023, during a meeting of the EU-US Trade and Technology Council, officials stressed that the EU and the US seek to develop a voluntary code of conduct for AI, which will include a set of voluntary commitments for businesses to adopt. [Margrethe Vestager](#), European Commission executive vice president stated that "we're talking about technology that develops by the month so what we have concluded here is that we should take an initiative to get as many other countries as possible on board on an AI code of conduct for businesses voluntarily to sign up". Finally, as [EURACTIV](#) stressed, "at present, questions remain surrounding the scope of the Code of Conduct and whether it will contain monitoring or enforcement mechanisms".



Regulation toward Video-on-Demand streamers

As [Reuters](#) exclusively reported, the Indian Information and Broadcasting Ministry “highlighted concerns regarding obscene and vulgar content on streaming platforms, such as Netflix and Disney+”, and consequently their content should be “independently reviewed for obscenity and violence before being shown online”. It is worth reminding that whereas movies released in theaters are reviewed and certified by a government-appointed board, content from video streaming services is not.

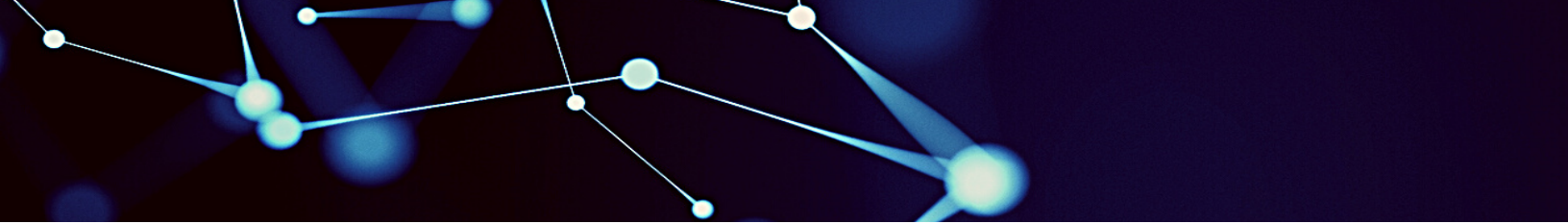
In [Australia](#), Optus and TPG, two of the country’s biggest telecommunication companies, stressed that “the federal government should put in place new legislation, which will force major streaming companies such as Netflix to help pay for the infrastructure that delivers their content”. A spokesman for Communications said the government is aware of these suggestions that “digital platforms contribute to telecommunications infrastructure costs”, by adding that the government is monitoring legal developments in the EU and is analyzing the European arrangements in detail”. Mid-June, a majority of lawmakers in the [European Parliament](#) voted in favour of a resolution, which calls “for the establishment of a policy framework where large traffic generators contribute fairly to the adequate funding of telecom networks without prejudice to net neutrality”.

Worldwide activities of online platforms

New partnerships and business plans

According to [Reuters](#), in partnership with Universal Music, YouTube is launching an incubator “to work with artists and musicians to explore the use of artificial intelligence (AI) in music”. The [group’s](#) goal is to “integrate the technology while still protecting artists” and to help gather insights on generative AI experiments and research that are being developed at YouTube”.

According to [The Hollywood Reporter](#), early August, German broadcast group RTL Deutschland (a Bertelsmann subsidiary) launched a new “all-in-one” streaming service, which will show RTL’s video content. The service’s content includes “more than 55 000 hours of drama”, sports programming, such as UEFA Europa League Championships, more than 100 000 audiobook titles from Penguin Random (another Bertelsmann subsidiary), as well as around 120 million songs coming from a deal with music streaming service Deezer.



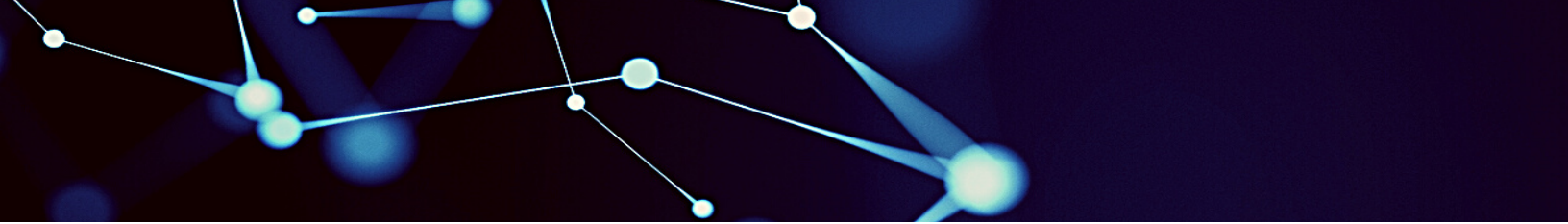
According to [Variety](#), in the US, broadcast and cable TV “dropped to a new low in July 2023 in terms of total share among American viewers - dropping below 50% of total TV usage in the US for the first time”. On the one hand, cable’s share fell below 30% for the first time and broadcast fell to 20%. On the other hand, according to [Nielsen’s July 2023 report](#), streaming services accounted for 38.7% of total US TV usage - a new record high for the category. As [TechCrunch](#) noticed, “YouTube and Netflix were top contributors to the rise of streaming viewership, with shares climbing to 9.2% and 8.5% respectively”. Comparatively, linear TV’s share of viewing represented 63.6% of total TV usage in June 2021 and now it represents 49.6%.

Finally, Apple launched a new feature for its music streaming service, called “[Discovery Station](#)”, in a way “to compete with Spotify’s personalized lists”. It is a personalized algorithmic [radio station](#), which will play “a curated selection of songs, based on what the user has been listening to but hasn’t heard before”.

Geographical expansion and struggle for subscribers

Early July, [Spotify](#) announced that it had 220 million Premium subscribers and 551 million monthly active users as of 30 June. That represents a 27% and 17% increase respectively, compared to the same period last year. Subscriptions’ growth leads to a net addition of 10 million users, the highest for a second quarter since premium options launched in 2008. Meanwhile, Spotify intends to raise the price of its premium subscriptions for the first time in 12 years. According to [Quartz](#), streaming services have been increasing subscription costs, with Apple, Amazon, Tidal and YouTube Music increasing prices over the past nine months.

Early July, [TikTok](#) announced the launch of TikTok Music, a new paid subscription-only streaming service that will be available initially in Brazil and Indonesia. TikTok has established agreements with the three major recording companies - Sony Music, Universal Music Group and Warner Music Group - to ensure a large catalogue for its streaming service. The company mentioned that it will offer users a “full catalog of music from thousands of labels and artists, uninterrupted ad-free listening and a download function for listening offline”. The service will replace TikTok’s existing streaming service, Resso, which will shut down on 5 September in Brazil and Indonesia. According to [TechCrunch](#), “Resso also operates in India, but TikTok hasn’t said when or if TikTok Music will launch in the country”.



Additional readings for the September report:

- 3 ways AI is transforming music, *The Conversation*, 14 August 2023, [Link](#).
- What are Hollywood actors and writers afraid of?, *The Conversation*, 7 August 2023, [Link](#).
- How Netflix's Algorithms and Tech feed its successes, *The Wall Street Journal*, 26 July 2023, [Link](#).



Indicative sources :

- Hollywood's writers and actors are on strike, *The Verge*, 28 August 2023, [Link](#).
- AI-generated art cannot receive copyrights, *US court says*, Reuters, 21 August 2023, [Link](#).
- Studios reveal new proposal to striking writers on data transparency, AI and residuals, *The Hollywood Reporter*, 22 August 2023, [Link](#).
- Actors are demanding that Hollywood catch up with technological changes in a sequel to a 1960 strike, *The Conversation*, 17 July 2023, [Link](#).
- Streaming platforms should pay us for infrastructure, telcos say, *Financial Review*, 20 August 2023, [Link](#).
- US-EU AI Code of Conduct: First step towards transatlantic pillar of global AI governance? *EURACTIV*, 27 July 2023, [Link](#).
- Linear TV viewing drops below 50% of US television usage for first time, *Variety*, 15 August 2023, [Link](#).
- Spotify is increasing its premium prices, *Quartz*, 25 July 2023, [Link](#).
- TikTok launches a music streaming service in Brazil and Indonesia called 'TikTok Music', *TechCrunch*, 6 July 2023, [Link](#).

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