

# Global watch on culture and digital trade

## **CULTURAL GOVERNANCE AND PLATFORMS: UNFAIR PRACTICES AND REGULATION ISSUES**

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Analytical report, April 2024

The April report begins with the battle between Apple and the European Commission, as the latter imposed its first-ever fine on Apple for allegedly breaking the European Union (EU) competition law over its music streaming service. In addition, the report focuses on two studies from the European Audiovisual Observatory dealing with the European audiovisual streaming market. Moreover, the report highlights two key statements coming from a high number of organizations active in the cultural and creative industries, which are asking for a targeted regulation toward artificial intelligence (AI) systems and practices of streaming platforms. The report also focuses on the new study from the International Federation of the Phonographic Industry (IFPI) on the global recorded music revenues. Finally, the report emphasizes new partnerships and the struggle for subscribers and geographical expansion among streaming services, focusing on BBC, Disney Plus, Spotify, and France Télévisions.



## Regulation issues, digital trade and culture

### Apple vs. Spotify over anticompetitive practices

Early March, the European [Commission](#) issued a historic fine of 1.84 billion euros over Apple's anticompetitive practices and "unfair trading conditions" in the streaming music market. In a [newsroom post](#), Apple said that while it respects the European Commission, the facts don't support the decision and "as a result, Apple will appeal". In addition, Apple explicitly mentioned that the primary advocate of the Commission's decision and "the biggest beneficiary is Spotify, a company based in Stockholm, Sweden. Spotify has the largest music streaming app in the world, and has met with the European Commission more than 65 times during this investigation. Today, Spotify has a 56% share of Europe's music streaming market – more than double their closest competitor's – and pays Apple nothing for the services that have helped make them one of the most recognizable brands in the world".

In its [statement](#), [Spotify](#) highlighted that the Commission's decision "marks an important moment in the fight for a more open internet for consumers. The European Commission has made its conclusion clear: Apple's behavior limiting communications to consumers is unlawful". As [Reuters](#) pointed out, a ruling at the Luxembourg-based General Court is likely to take several years. Until then, Apple will have to pay the fine and comply with the EU order.

### Two new reports from the European Audiovisual Observatory

Two new reports "[SVOD Usage in the European Union](#)" and "[Film and TV Content in TVOD, SVOD and FOD catalogues – 2023 Edition](#)" have just been published by the [European Audiovisual Observatory](#). The reports provide an analysis of the consumption of films and TV seasons on Subscription Video-on-Demand (VOD) in nine member states (Denmark, Finland, France, Germany, Italy, Netherlands, Poland, Spain, and Sweden) of the EU from September 2022 to September 2023 and an analysis of the offer of films and TV seasons in VOD catalogues of 25 member states of the EU in September 2023.

The first report stated that "concentration is the main characteristic of VOD usage" in Europe with 85% of viewing time generated by only three services (Netflix, Prime Video and Disney Plus). In addition, "viewing time is also mainly generated by recent films (produced in 2022-2023): they represented 25% of viewing time but only 1% of catalogues".



Interestingly, US works are systematically overconsumed (61.2% of the total viewing time including films and TV seasons), whereas European works accounted for 30.3% of Subscription VOD (SVOD) viewing time, including 21% for EU works, 8.6% for the United Kingdom and 1% for other European works. In addition, according to the report, among European works, national works are overconsumed (12.2% of the viewing time), whereas EU non-national works are underconsumed in all countries (8.4% of the viewing time).

Finally, the report mentioned the modest weight of consumption of works from other regions of the world – only 8.3%, well under their share of catalogues. The second report stressed that European works (film and content) accounted for 31% of all works in VOD catalogues in 25 member states of the EU, with works from EU27 representing 21% and other European works 10%.

### **Statements on digital technologies and culture**

The EU AI Act is the world's first legislative body of provisions that regulates the development and use of AI, and sets standards for responsible and sustainable governance. In a joint statement published on 13 March, a high number of organizations active in the cultural and creative industries welcomed the approval of the act. The signatories argued that it offers the “first tool for rightsholders to enforce their rights, including the obligations on providers of general-purpose AI (GPAI) to make available a sufficiently detailed summary of the works used for training their models, to retain detailed technical documentation and to demonstrate they have put in place policies to comply with EU copyright law, regardless of where they acquired data, or trained and developed their AI models”.

The signatories mentioned that “while these obligations provide a first step for rightsholders to enforce their rights”, they called on the European Parliament “to continue to support the development of responsible and sustainable AI by ensuring that these important rules are put into practice in a meaningful and effective way, aligned with the objectives of the regulation. To achieve this, it is essential that the template for the sufficient level of information that general-purpose AI model providers must make available enables effective exercise and enforcement of copyright and other fundamental rights, and that creative sectors and rightsholders are formally and directly involved in its drafting.” The statement was supported by more than 80 organizations, including International Federation of Phonographic Industry, EURO CINEMA, IMPALA-European organization of independent music companies.



Mid-January 2024, in an international collective [statement](#), 20 screen production organizations have urged governments to enact regulation toward streaming services. The statement provided a set of principles through which government regulation of digital streaming platforms should be guided. Among these principles, the [organizations](#) explicitly mentioned that “all platforms that derive financial benefit from conducting business in the local market should financially contribute, proportionally, to the creation of new local content for the benefit of local audiences, by adding that “any government regulated investment framework should specify that the majority of this investment should be fulfilled through projects where [intellectual property] is under the control of independent screen businesses”. The statement was supported by 20 organizations, including 14 from Europe and three from Canada.

## **Worldwide activities of online platforms**

### **Music market**

According to the International Federation of the Phonographic Industry ([IFPI](#)), global recorded music revenues increased for the ninth consecutive year in 2023, with total revenues rising 10.2% to 28.6 billion USD. The [Global Music Report 2024](#) shows that “streaming continued its domination of global revenues again in 2023 but all music formats recorded increased revenues with the exception of downloads and other digital”. The growth has been driven by streaming (including both paid subscription and advertising supported), which grew 11.2% year-on-year to 19.3 billion USD and now accounts for more than two-thirds of the total global market, representing 67.3% of total global revenues (see Table 1). Within that, subscription streaming revenues made up almost half (48.9%) of the global market, with in total 667 million users of paid subscription accounts, “with household penetration varying greatly by country”.

According to the study, for a third consecutive year, physical revenues rose with an increase of 13.4% in 2023, driven by strong gains in CD revenue and the continued expansion of interest in vinyl. Downloads and other digital was the only channel to see a decline in 2023 and fell by 2.6% as the trajectory of digital music consumption has moved from an ownership to an access model and streaming formats dominate the digital market.

Among the world's regions, Sub-Saharan Africa was the fastest-growing region, with a remarkable growth of 24.7%. South Africa remained "the largest market in the region, contributing to 77% of regional revenues after growth of 19.9%". Sub-Saharan Africa was followed by Latin America (+19.4%), where streaming revenues accounted for 86.3% of the Latin American market, one of the highest proportions in any region. There was overall revenue growth of 14.4% in the Middle East and North Africa, where streaming revenues dominated once more with a 98.4% share of the market in that region. Finally, there was overall revenue growth of 14.9% in Asia, where "there was steep growth in China of 25.9%, the fastest rate of increase in any top 10 market".

**Table 1**

Revenues (in USD) / Year	1999	2004	2009	2012	2014	2017	2019	2021	2022	2023
Total physical revenues	22.2	17.9	9.5	6.8	5.3	4.6	3.9	4.3	4.5	5.1
Total streaming	-	-	0.4	0.9	1.8	6.2	10.7	15.7	17.5	19.3
Downloads and other digital revenues	-	0.3	3.5	4.2	3.9	2.5	1.4	1.1	0.9	0.9
Performance rights	-	0.9	1.2	1.4	1.7	2.2	2.4	2.3	2.5	2.7
Synchronization revenue	-	-	-	0.3	0.3	0.4	0.4	0.5	0.6	0.6
<b>Total revenues in USD</b>	22.2	19.1	14.5	13.6	13.0	15.8	18.8	23.8	26.0	28.6

### **New partnerships and business plans**

End of February, [BBC Studios](#) has bought British broadcaster ITV's 50% stake in streamer BritBox International for 322 million USD. The deal will give BBC studios full ownership of the BritBox streaming platform. As [The Hollywood Reporter](#) mentioned, "BritBox will become part of the company's Global Media and Streaming division, complementing its expanding portfolio of digital and direct-to-consumer services that includes BBC.com, BBC Select, the BBC's premium ad-free doc streaming service in North America and BBC Podcast Premium, an audio service available in more than 160 countries". BritBox was founded in 2017 as a joint venture between BBC Studios, which is the commercial arm of the British broadcaster and ITV.



End of March, the [Walt Disney](#) Company announced the official launch of the streaming service Hulu on [Disney Plus](#) in the United States, bringing together the extensive Disney Plus and Hulu catalogues. As such, for consumers who subscribe to both Disney Plus and Hulu, it is possible to watch all content from both platforms in one place: Disney Plus. As [Vulture](#) pointed out, “this so-called one-app experience combining Disney Plus and Hulu has been in the works for more than a year”.

In the UK, [Spotify](#) started offering a fourth category of content alongside its existing library of songs, podcasts and audiobooks: online courses. As [The Verge](#) mentioned, the company will offer a new service, which “will see video-based lessons from BBC Maestro, Skillshare, Thinkific and PlayVirtuoso made available via Spotify’s apps on mobile and desktop”. Spotify offers four categories of courses in the UK: make music, get creative, learn business and healthy living.

### **Geographical expansion and struggle for subscribers**

Freely, the new free streaming service backed by Britain’s public service broadcasters, will launch in the second quarter of 2024. As [Variety](#) mentioned, “this initiative is from Everyone TV, the organization which runs free TV in the United Kingdom and is jointly owned by the BBC, ITV, Channel 4 and Channel 5”. The streaming service will deliver live TV over broadband together with on-demand content streamed to the smart TV of users via the Internet. According to [Mashable](#), “Freely will be accessible in any home with a WiFi connection. But, how Freely’s programming will compare to the subscription-based streaming service BritBox, founded by BBC and ITV, remains to be seen”.

During a keynote at the festival [Series Mania](#), Delphine Ernotte-Cunci, the CEO of France Télévisions, mentioned the collapse of the French streamer Salto was “a strategic mistake”, while she said that “a common platform is the right thing to do”. According to [Deadline](#), Salto was a subscription streaming venture between France Télévisions, TF1 and M6 and it dissolved in 2023 after failing to attract subscribers. On his side, the outgoing boss of M6, Nicolas de Tavernost called for “collective measures to expand streaming services”, by adding that the launch of Freely revealed that “British people showed us the way but we missed a step there”.

## Additional readings for the April report:

How Netflix survived the streaming wars to stay the subscription video king, *Los Angeles Times*, 6 March 2024, [Link](#).

Why Series Mania has grown so big, *Variety*, 15 March 2024, [Link](#).

## Indicative sources :

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- AI Act's global effects might be overstated, experts say, *EURACTIV*, 21 March 2024, [Link](#).
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- BBC studios buys ITV's stake in streamer BritBox for 322 millions USD, *Reuters*, 29 February 2024, [Link](#).
- BBC, ITV, Channel 4, Channel 5-backed free streaming service Freely sets second quarter launch, *Variety*, 5 February 2024, [Link](#).
- The Disney Plus-Hulu merger is way more than a streaming bundle, *The Verge*, 27 March 2024, [Link](#).

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