

# Global watch on culture and digital trade

## **ARTIFICIAL INTELLIGENCE, ANTITRUST, COPYRIGHT: STREAMING SERVICES BETWEEN REGULATION AND NEW PARTNERSHIPS**

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**Analytical report, October 2023**

The October report begins with the implementation of the European Digital Markets Act (DMA) and the designation of six gatekeepers by the European Commission: Alphabet, Amazon, Apple, ByteDance, Meta, and Microsoft. The report also deals with the strike of the unions representing writers and actors in the United States (US) and the preliminary labour agreement between the Writers Guild of America and major studios and streamers, a deal which ended one of two strikes that have halted a major part of film and TV production in the US. In addition, the report emphasizes new partnerships, i.e., the one between Google and Universal Music Group (UMG) towards Artificial Intelligence (AI)-generated music, the collaboration between TikTok and Billboard, and the partnership between Deezer and UMG toward a new music streaming model seeking to generate bigger royalties for artists and creators. Finally, the report turns to new business plans and the struggle for geographical expansion among streaming services, focusing on YouTube, Deezer, Netflix, Paramount+, and Max.



## Regulation issues, digital trade and culture

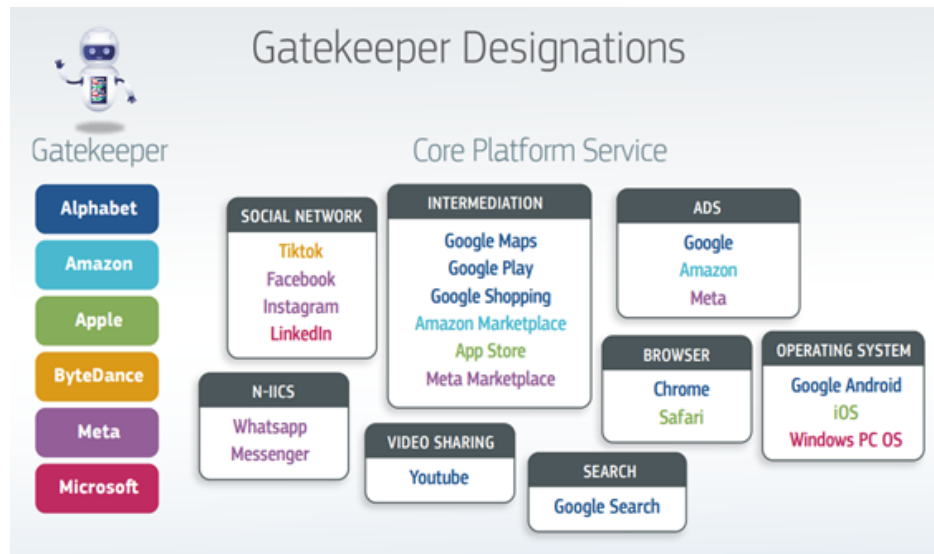
### **The European Commission unveils the gatekeepers**

Early September, following the entry into force of the DMA in November 2022, the European Commission unveiled its list of online services designated as gatekeepers, which “will now have six months to adapt to strict antitrust practices or face up to 20% global annual turnover fines”. The list of gatekeepers includes Alphabet, Amazon, Apple, ByteDance, Meta, and Microsoft. TikTok’s parent ByteDance is the sole non-US tech giant listed. The “gatekeeper” designation concerns companies owning “core platform services” that control digital market access between corporate sellers and end-consumers in the digital space. It concerns search engines, social media, intermediation services, or exploitation systems.

The Commission says a total of 22 core platform services operated by the six gatekeepers have been designated under the DMA: four social networks (TikTok, Facebook, Instagram, LinkedIn); six intermediation services (Google Maps, Google Play, Google Shopping, Amazon Marketplace, iOS App Store, Meta Marketplace); three ads delivery systems (Google, Amazon, Meta); two browsers (Chrome, Safari); three operating systems (Google Android, iOS, Windows PC OS); two interpersonal communication services (WhatsApp, Facebook Messenger); one search engine (Google); and one video sharing platform (YouTube).

Alphabet is designated as a gatekeeper for eight core platform services, in the case of Meta, the list includes five of its services, three Apple services were designated, Microsoft and Amazon have respectively two services concerned, and ByteDance is concerned only for its application TikTok. As such, 21 to 22 core platform services are operated by US-based companies. Besides, Samsung was not designated as gatekeeper as the European Commission concluded that Samsung Internet Browser did not qualify as a gateway.

In addition, according to the DMA, a gatekeeper is a company whose parent company has a stock exchange value of 75 billion euros, whose annual turnover has exceeded 7.5 billion euros for the past three years, which has more than 45 million monthly active end users in the European Union (EU) and 10 000 yearly active business users in the EU over the last three years.



Source: [European Commission](#)

### Artificial intelligence, social rights and copyright

End of September, after several consecutive days of negotiations, the [Writers Guild of America](#) (WGA), representing 11 500 film and television writers, and the [Alliance of Motion Picture and Television Producers](#) (AMPTP), representing major US studios and streamers, have reached “a tentative agreement on a new three-year contract” that ended the historic 146-day strike. According to the WGA, “this deal is exceptional – with meaningful gains and protections for writers in every sector of the membership”. Mid-October, the agreement was approved by the leadership of the [WGA](#), as well as union members. As the [Guardian](#) stressed, the provisional agreement addresses the three key issues of the strike: “protections against the encroachment of artificial intelligence on writers’ work, residual payment for shows on streaming platforms and staffing minimums for writers’ rooms on TV shows”. The [Hollywood Reporter](#) noted that negotiations over AI regulations were the final sticking point. As [Reuters](#) stressed, some writers feared that “studio executives would hand a writer an AI-generated script to revise and pay the writer at a lower rate to rewrite or polish it. Others expressed concerns about intellectual property theft if existing scripts are used to train AI”.

It is worth noting that following the tentative agreement with the WGA, the AMPTP should also resolve its dispute with the [SAG-AFTRA](#), representing 160 000 film and television actors, stunt performers, voiceover artists, and other media professionals, who have been on strike since 14 July.

## Worldwide activities of online platforms

### New partnerships

According to [Mashable](#), Google and UMG are “reportedly working on a partnership to licence artists’ voices for AI-generated music”. As such, “Google would pay the record label giant licensing fees so that users can use AI to generate new songs with musicians’ voices and melodies”. According to the [Financial Times](#), the goal of the discussions between the two companies is to develop a tool “for fans to create tracks legitimately, and pay the owners of the copyrights for it, while artists would reserve the right to decide whether or not they want their voices or melodies to be used in creating AI-generated music”. [Warner Music](#) is also in talks with Google about an equivalent AI music tool. As such, the two major record labels are working on a way “to legally permit the use of its artists’ livelihood”, taking into account concerns about ownership from AI-generated music and considering the fact that it will be extremely complicated to go constantly against the new dominant trend of users to create AI-generated music.

Moreover, the streaming service [Deezer](#) and [UMG](#) will jointly launch a music streaming model seeking to generate bigger royalties for artists and creators. As such, “artists will be paid more if users actively choose to listen to their music”, rather than doing so because a song auto-plays by recommender systems. Consequently, songs which appear “in algorithmic playlists will also generate less money than those selected by users”. In a joint statement, the two companies said that the new model, called an “artistic-centric” streaming model, is designed to “better reward the artists, and the music that fans value the most”. The goal of the partnership is to develop an economic model “that better reflects the true value of artist-fan relationships”. The new model could have a huge impact in the music industry and the remuneration of creators, particularly if other major streaming services, such as [Spotify](#) or Apple Music, decide to adjust their payment methods following the new move from Deezer, the number one streaming service in France, and UMG. According to the current payment model called “aggregate model” and used by major streaming services, artists and songwriters are paid following the percentage of total streams.

As [Variety](#) mentioned, while the new model “does not resolve the central problem of the aggregate model, it does aim to boost earnings for what they call “professional artists” and recognize which artists and songs are more engaged with by users”.



Deezer will launch the new model in France in the fourth quarter of 2023, with additional markets to follow. Jeronimo Folgueira, CEO at Deezer, stressed that “this is the most ambitious change to the economic model since the creation of music streaming, a change that will support the creation of high-quality content in the years to come”.

Finally, according to the Verge, TikTok is partnering with Billboard to launch an official TikTok Billboard top 50 chart that “tracks the most popular songs on the platform”. TikTok and Billboard will measure “the most popular songs on the platform by considering the number of videos made with the track, their views and the amount of user engagement. The chart will only monitor trending songs in the US and will refresh every Thursday morning, marking the first official chart to monitor songs on the platform”. According to TechCrunch, the new chart “underscores the impact that the platform continues to have on the music industry, helping many emerging artists become viral sensations”.

### **New business plans**

Mid-September, YouTube announced the launch of Dream Screen, a new generative AI feature, to help creators “produce videos and reach a wider audience on the platform”. Dream Screen will come to YouTube’s short-form video platform Shorts and “will allow users to create an AI-generated video or image background just by typing in what you want to see”. The feature is expected to roll out early next year. According to TechCrunch, “in the future, YouTube says the tool will be able to reimagine creators’ videos by typing in ideas to edit or remix their content and turn them into something new”. The Shorts platform today is now averaging over 70 billion daily views, up from 50 billion in January.

Furthermore, the French streaming service Deezer is set to instigate another price increase in some key European markets and to raise its monthly subscription price by one euro. According to the Financial Times, “Deezer is a smaller player in the music streaming market, but it was the first to begin raising prices in early 2022, making it something of a bellwether for the industry”. Apple, Amazon, YouTube and then Spotify all ultimately followed Deezer’s move, putting the price from 9.99 euros to 10.99 euros. Deezer announced that in order to support “continuous investment in innovation to deliver valuable support for artists and enhance fan experiences, Deezer has decided to adjust its prices and to increase the cost of a premium subscription in some key European markets – including Spain, Italy and the Netherlands – to 11.99 euros”.



## Geographical expansion and struggle for subscribers

According to Reuters, India's largest telecom operator, [Reliance Jio Infocomm](#), announced it has launched a Netflix subscription on its 400 million prepaid plans, "a move that could intensify competition among domestic telecom companies as well as help the video-streaming provider find other avenues to make money and expand its subscriber base in the key Asia market". As [TechCrunch](#) mentioned, "the deepening partnership between the companies underscores the unique approach of Netflix in India, where the average revenue per subscriber is lower than in the US and UK".

Paramount said that it added 0.7 million subscribers to [Paramount+](#) in the second quarter of 2023 after the company launched a subscription tier with Showtime integration in June. Today, Paramount+ counts globally 61 million subscribers, a gain of 5 million from nearly 56 million at the end of 2022. Finally, according to [Variety](#), Warner Bros. Discovery lost 1.8 million streaming subscribers from 1 April to 30 June, when it launched the new combined streamer Max. Warner Discovery replaced HBO Max with Max in May, bringing together content coming from HBO and Discovery+. [Warner Bros. Discovery](#) reported having 95.8 million global subscribers across all of its services – HBO, Max and Discovery+ - down from 97.6 million at the end of the first quarter of this year.

## Additional readings for the October report:

- Amid the Hollywood strikes, Tom Cruise's latest 'Mission: Impossible' reveals what's at stake with AI movies, *The Conversation*, 12 September 2023, [Link](#)
- AI-narrated audiobooks are here – and they raise some serious ethical questions, *The Conversation*, 7 September 2023, [Link](#).



## Indicative sources :

- Digital competition law: EU Commission unveils its 'gatekeepers' list, *EURACTIV*, 6 September 2023, [Link](#).
- EU confirms six (mostly US) tech giants are subject to Digital Markets Act, *TechCrunch*, 6 September 2023, [Link](#).
- Is the Hollywood writers' strike over? The provisional deal explained, *The Guardian*, 25 September 2023, [Link](#).
- Google and Universal Music might license artists' voices for AI-generated music, *Mashable*, 10 August 2023, [Link](#).
- Deezer and Universal to launch 'artist-centric' streaming model, *BBC*, 6 September 2023, [Link](#).
- TikTok is tracking its most popular songs with a Billboard top 50 chart, *The Verge*, 14 September 2023, [Link](#).
- Universal Music Group and Deezer launch new, artist-centric streaming payment model, *Variety*, 6 September 2023, [Link](#).
- India's Reliance Jio launches Netflix subscription on prepaid plans, *Reuters*, 18 August 2023, [Link](#).

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