

Global watch on culture and digital trade

CULTURE, ARTIFICIAL INTELLIGENCE AND PLATFORMS: FROM REGULATION ISSUES TO NEW BUSINESS PLANS

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Analytical report, Mai 2024

The May report begins with the discussions about the Nurture Originals, Foster Art, and Keep Entertainment Safe Act (NO FAKES Act) in the United States (US) and the ways in which the different stakeholders deal with the new draft bill. The report also highlights the Ensuring Likeness, Voice, and Image Security Act (or ELVIS Act) recently adopted by the US state of Tennessee. In addition, the report focuses on the initiative from the Canadian government to adopt a new digital services tax, targeting large multinational technology companies operating within the country. Moreover, the report focuses on new business plans and the struggle for subscriptions among streaming services, looking at TikTok, Universal Music Group, Netflix, Prime Video, and Spotify. Finally, the report emphasizes new partnerships in the platform-based economy, focusing on Paramount Plus and Disney Plus.



Regulation issues, digital trade and culture

Artificial Intelligence and US bill

According to [Billboard](#), the US Senate Judiciary Committee convened on 30 April to discuss a proposed bill called the Nurture Originals, Foster Art, and Keep Entertainment Safe Act (NO FAKES Act): Protecting Americans from Unauthorized Digital Replicas – that would effectively create a federal publicity right for artists, actors and others to sue those who create digital replicas of their image, voice, or visual likeness without permission. During the hearings, [Robert Kyncl](#), the CEO of Warner Music Group, noted that “it is imperative to get out ahead of [artificial intelligence] AI to protect artists’ and entertainment companies’ livelihoods”. Besides, [Graham Davies](#), CEO of Digital Media Association, spoke from the perspective of the digital services providers, stressing “there has been no challenge from platforms in taking down the deepfake content expeditiously. We do not see our members needing any additional burdens or incentives here. But if there is to be secondary liability, we would very much seek to be a safe harbor for effective takedowns”.

Besides, end of March 2024, [Tennessee](#) became the first state in the US to enact measures designed to protect songwriters, performers and other music industry professionals against the potential dangers of AI. The goal of the bill is to ensure that AI tools cannot replicate an artist’s voice without his/her consent. The Ensuring Likeness, Voice, and Image Security Act (or [ELVIS Act](#)) creates a new civil action where people can be held liable if they publish or perform an individual’s voice without permission, as well as use a technology to produce an artist’s name, photographs, voice or likeness without the proper authorization. The Act will go into effect on 1 July.

Digital services tax in Canada

The bill [C-59](#), called [Digital Services Tax Act](#), is presently being considered in the Canadian House of Commons. This 3% tax is projected to significantly boost Canada’s revenue, with expectations to raise over 3 billion USD over the next five years. The Canadian initiative received concerns from US-based technology companies, such the Computer and Communications Industry [Association](#), which argued that the proposed digital services tax “uses thresholds that appear gerrymandered” to target US companies and exclude Canadian ones, adding that the proposed tax is a classic example of a foreign government proposing to discriminate against US employers and exports”.



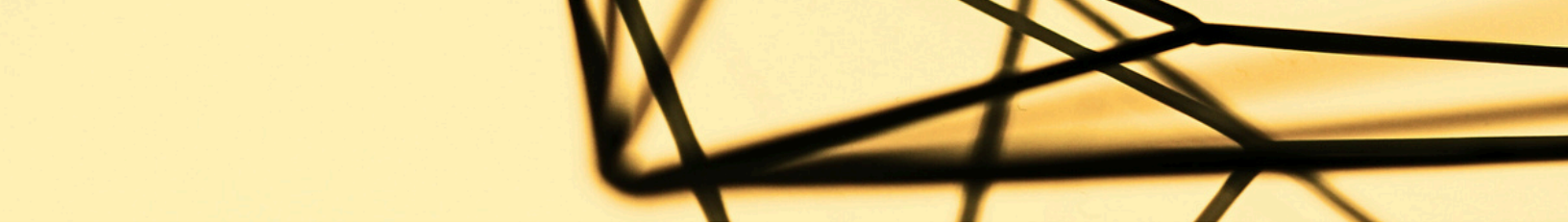
In addition, mid-April 2024, a coalition of industry groups called on the White House to reassert the US leadership regarding digital trade. In a [letter](#), the signatories urged the US administration to advance a digital trade agenda that serves the interests of our nation's economy, companies and workers". John Murphy, head of the International section of the US Chamber of Commerce, stressed his concerns that "the administration is taking a laissez faire approach to the foreign trade barriers that often shut US goods and services out of markets abroad". Among the signatories, it is worth mentioning the US Chamber of Commerce, the [Computer & Communications Industry Association](#), and the Coalition of Services Industries.

Worldwide activities of online platforms

New business plans and struggle for subscribers

According to The Verge, [Universal Music Group](#) (UMG) reached a new "multi-dimensional" deal with TikTok that will see "its roster of artists return to the social media platform". The deal will address concerns that UMG has with generative AI and will include new monetization opportunities that "stem from TikTok's growing e-commerce capabilities". In a joint statement, the two companies said they will work together on campaigns supporting [UMG's](#) artists across genres and territories globally". According to UMG, TikTok accounts "for 1% of its annual revenue or about 110 million USD in 2023. By contrast, YouTube paid the music industry 1.8 billion USD from user-generated content in the 12 months ending in June 2022".

According to [Deadline](#), Amazon CEO Andy Jassy "saluted the company's progress in video advertising in his annual [letter to shareholders](#). Overall ad revenue rose 24% in 2023 compared with 2022. In addition, advertising sales for the first quarter of [2024](#) were up 24% year over year and marked a new Q1 record. It is worth mentioning that since early 2024 Prime Video has started including ads on shows and films. Unlike Disney and Netflix, Prime Video "introduced ads as a standard feature across its service and any Prime member looking to avoid video ads has to pay an extra three dollars a month". [Prime Video](#) promised to have "meaningfully fewer ads than linear TV and other streaming TV providers" and it first launched ads in the US, UK, Germany and Canada. It will be followed by France, Italy, Spain, Mexico and Australia later in the year. The Amazon CEO mentioned the Amazon streaming services include 200 million monthly viewers across movies and shows, Amazon MGM originals and live sports.



Netflix gained another 9.3 million subscribers in the first quarter of 2024. As [Associated Press](#) mentioned, this performance demonstrated that “Netflix is still building on its momentum of last year, when a crackdown on free-loading viewers relying on shared passwords and the rollout of a low-priced option including commercials revived its growth”. These impressive results come following a better-than-expected 13.1 million subscribers added for the fourth quarter of 2023. As of 31 March 2024, the total number of [Netflix’s](#) subscribers has now climbed to 269.6 million. However, [Netflix](#) announced that it will “no longer report subscriber numbers – which has been a key metric for streaming services for years – beginning with the first quarter of 2025”.

According to [TechCrunch](#), Spotify decided to make users “pay for its formerly-free-lyrics feature”. As such, by putting lyrics behind a firewall, Spotify established “a new way to push its free users to a paid subscription. The company did not release a direct statement regarding this change.

According to [The Verge](#), TikTok plans to “add an AI creator feature to its platform, which may compete with the sponsored ads human influencers make on the site”. These AI influencers will promote and sell items on the platform, reading scripts from prompts generated by advertisers or sellers on its TikTok Shop.

New partnerships

End of April, [Disney](#) announced featuring an ad-supported TV-style channel on its platform. Unlike the streaming service’s framework allowing users to watch films and series on demand, the old style TV channel will offer linear content and continuously play specific genres, including [Star Wars](#), Marvel-branded shows and Pixar movies, as could be read in a report from [The Information](#). As such, the feature would probably be similar to “what Pluto or Tubi, free ad-supported streaming service, are offering”.

In addition, the [Financial Times](#) mentioned that [Disney’s](#) ESPN, Fox and Warner Bros Discovery plan to launch a sports streaming service later this year that will aggregate the games offered by the media groups’ traditional television networks.



As such, the service will bring together the companies' portfolios of sports networks and be aimed at US consumers who have “ditched traditional pay-TV packages in favour of Disney+, Hulu and Max streaming subscriptions”, aggregating about 16 billion USD worth of sports rights. Besides, mid-April 2024, Disney+ has secured the rights to the UEFA Europa League and the UEFA Conference League in Denmark and Sweden by the end of the 2026/27 season. Matches will be live streamed exclusively on Disney+ without extra cost to Disney+ customers. The deal is the first time Walt Disney Company has acquired exclusive sports rights for its streaming platform, excluding live cricket on Disney+ Hotstar in India.

From early April, Paramount Global has been in negotiations with the US production company Skydance Media and they are discussing a possible deal that would merge Paramount and Skydance and bring in a new management regime led by Skydance. At the same time, Sony Pictures Entertainment and Apollo Global Management are also discussing making a competing joint bid for Paramount Global.

Finally, early April 2024, Michael O’Leary, the new president and CEO of the National Association of Theater Owners in the United States, explicitly stressed that “it is not enough to rely solely on blockbusters – we must have a strong and vibrant market for movies with smaller or medium-sized budget”, by adding that “a variety of movies that appeal to moviegoers is critical”.

Additional readings for the May report:

Should Netflix rivals imitate its decision to stop disclosing subscriber numbers? *Variety*, 26 April 2024, [Link](#).

Spotify just made a record profit. What can the platform do now to maintain momentum? *The Conversation*, 25 April 2024, [Link](#).

Indicative sources :

- WMG's CEO lays out his vision & proposed rules for AI during Senate hearing on Deepfakes Bill, *Billboard*, 30 April 2024, [Link](#).
- Tennessee just became the first state to protect musicians and other artists against AI, *Associated Press*, 21 March 2024, [Link](#).
- TikTok and Universal Music Group end feud with new agreement, *The Verge*, 2 May 2024, [Link](#).
- Spotify quietly moves lyrics behind a paywall, *TechCrunch*, 2 May 2024, [Link](#).
- Sony, Apollo discuss joint bid for Paramount, says source, *Reuters*, 19 April 2024, [Link](#).
- Theater owners chief warns studios against relying on blockbusters, *Variety*, 9 April 2024, [Link](#).
- Prime Video advertising “off to a strong start”, Amazon CEO Andy Jassy says, *Deadline*, 11 April 2024, [Link](#).

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