

Global watch on culture and digital trade

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CULTURE, REGULATION ISSUES AND DIGITAL PLATFORMS

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Analytical report, July/August 2024

The July report begins with the implementation of the Digital Markets Act (DMA) and the European Commission levelling a formal accusation against Apple under the new digital competition rules. The report also highlights a key step in the implementation of Canada's Online Streaming Act with the decision of the Canadian Radio-television and Telecommunications Commission (CRTC) that all online streaming services must contribute 5% of their Canadian revenue to support the Canadian broadcasting system and the Canadian cultural creation. Moreover, the report focuses on the legal conflict between the three largest record labels - Sony Music, Universal Music Group and Warner Records - and two artificial intelligence (AI) companies, the music generation startups Udio and Suno. Finally, the report emphasizes new partnerships in the platform-based economy, focusing on YouTube, Spotify and streaming services in Europe.



Regulation issues, digital trade and culture

The European Union vs Apple

Apple was charged with breaching the European Union (EU)'s digital competition rules and it risks billions of euros in fines. According to [Politico](#), "the iPhone maker now risks an EU fine of up to 10 percent of its worldwide revenue for failing to comply with the DMA. The company made 383 billion USD last year". EU competition chief Margrethe Vestager told an Amsterdam event late June that she was concerned that "Apple designed its new business model to discourage developers and end users from taking advantage of the opportunities". According to [Le Monde](#), the European Commission informed Apple in a "preliminary view" that the "App Store rules prevent app developers from freely steering consumers to alternative channels for offers and content". This is the first time "the Commission has levelled a formal accusation against a tech firm under the new rules", after opening the first DMA probes into Apple, Google and Meta in March.

Canada: Enforcing Online Streamer Contributions

The CRTC has taken a significant step toward modernizing the Canadian broadcasting framework with the implementation of the [Online Streaming Act](#), formerly known as Bill C-11. The new legislation is an amendment of the Broadcasting Act that mandates all online streaming services to contribute meaningfully to Canadian and Indigenous content. The Online Streaming Act received Royal Assent on 27 April 2023. Under the [new regulations](#), all online streaming services must contribute 5% of their Canadian revenue to support the Canadian broadcasting system. The CRTC's decision was made following an extensive public consultation process, which included over 360 detailed submissions and a three-week public hearing with more than 120 groups.

More specifically, [streaming](#) services with "over 25 million Canadian dollars in annual revenue and no connection to a Canadian broadcaster will have to pay 5% of those revenues as base contributions". Those contributions will be used to boost Canadian content in the music, news and film industries and this measure is expected to raise approximately 200 million Canadian dollars in the first year of its implementation, which is the 2024-2025 broadcasting year.




According to [The Hollywood Reporter](#), the foreign digital platform revenues will go to a range of public and private funds for investment in Canadian and indigenous content. That includes the Canada Media Fund, the Black Screen Office Fund and the Indigenous Screen Office Fund. The announcement is welcomed by several cultural associations, including the Canadian Independent Music Association. "This decision by the CRTC is good news for the Canadian music sector," said President Andrew Cash. "As we look towards the future of music in Canada, this decision lays the groundwork for a dynamic partnership with digital platforms where Canadian talent can thrive both domestically and internationally". In addition, Directors Guild of Canada president Warren P. Sonoda said in a statement "this decision demonstrates a strong commitment to the sustainability and growth of our film & television production sector, leveling the playing field and positioning Canada alongside other jurisdictions that have adopted measures to protect their cultural sovereignty and bring their broadcasting systems into the digital age".

Worldwide activities of online platforms

New business plans and geographical expansion

According to [Forbes](#), the three largest record labels are suing two AI music companies, alleging the firms committed "mass infringement of copyrighted sound recordings" by using artists' songs to train their AI services—marking the latest faceoff between the entertainment and AI industries. As such, "like many AI companies, music generation startups [Udio](#) and [Suno](#) appear to have relied on unauthorized scrapes of copyrighted works in order to train their models". Sony Music, Universal Music Group and Warner Records say Suno and Udio have committed copyright infringement on an "almost unimaginable scale". The three record labels claim the pair's software steals music to "spit out" similar work and ask for compensation of 150,000 USD per work.

According to [BBC](#), the lawsuits, announced mid-June by the Recording Industry Association of America (RIAA), "are part of a wave of lawsuits from authors, news organisations and other groups that are challenging the rights of AI firms to use their work". RIAA chief legal officer Ken Doroshov explained "the cases are straightforward, and the lawsuits are necessary to "reinforce the most basic rules of the road for the responsible, ethical, and lawful development of generative AI systems".

A decorative graphic in the top right corner of the page, consisting of a network of white lines connecting small white dots on a red background. The lines form a complex, interconnected web-like structure.

As [The Hollywood Reporter](#) explicitly mentioned, there have been over 25 copyright infringement lawsuits filed against AI companies from groups representing artists, authors, news publishers. However, “only companies from the music industry have united to bring claims that urgently seek to block the AI firms from profiting off of the alleged infringement of their intellectual property”.

In addition, The Financial Times [reported](#) that YouTube is “in talks with record labels to license their songs for artificial intelligence tools that clone popular artists’ music” – tools that could launch later this year. The new tools would follow on from last November’s “Dream Track in YouTube Shorts” experiment, which cloned the voices of nine artists for a small group of creators to use in short videos.

A new report from [Spotify](#) shows how much European artists are earning through royalties. According to [Euronews](#), the 2024 report, which charts listenership and artist earnings across 2023, has revealed that European artists generated nearly €1.5 billion in the past year. In total, 25,000 European artists have earned at least €5000. In addition, 44% of all royalties generated in the EU were from EU artists in 2023, the highest level since these data records began.

In addition, according to [The Hollywood Reporter](#), streaming platforms start “moderating their content spending growth” in the European market. A new forecast from Ampere Analysis predicts that “after reaching the same spending level as commercial broadcasters for the first time in 2023, spending by subscription video-on-demand platforms will hit 10 billion euros (10.9 billion USD) in Europe’s five major TV markets, namely the U.K., Germany, Spain, France and Italy, in 2024”.

Finally, according to [CNBC](#), in May 2024, YouTube made up nearly 10% of all viewership on connected and traditional TVs in the US – the largest share of TV for a streaming platform ever reported. Netflix ranked second, claiming 7.6% of viewership.

Additional readings for the July report:

- The Future of Streaming, The New York Times, 22 June 2024, [Link](#).
- Record labels are suing tech companies for copying classic songs – and the results could shape the legal future of generative AI, The Conversation, 1 July 2024, [Link](#).

Indicative sources :

- EU accuses Apple of breaching landmark digital law, Politico, 24 June 2024, [Link](#).
- EU says Apple's App store beaches digital rules, Le Monde, 24 June 2024, [Link](#).
- Streaming giants ordered by Canadian regulator to pay for more local movie and TV content, The Hollywood Reporter, 4 June 2024, [Link](#).
- Major record labels sue AI music startups for allegedly copying songs to train AI, Forbes, 24 June 2024, [Link](#).
- World's biggest music labels sue over AI copyright, BBC, 25 June 2024, [Link](#).
- 15000 European artists earn more than 10K euros, according to Spotify data, Euronews, 11 June 2024, [Link](#).
- YouTube dominates streaming, forcing media companies to decide whether it's friend or foe, CNBC, 26 June 2024, [Link](#).

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