

Fiscal 2017 Business Affairs Fiscal 2018 Outlook

May 23, 2018
Material for the Regular Press Conference

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Human Rights for People, Copyright for Music

Copyright is one of the basic human rights guaranteed by Article 29 of the Constitution of Japan. Also, internationally, the right to benefit from the protection of moral and material interests resulting from any artistic work, as stipulated in Article 27 of the Universal Declaration of Human Rights of 1948, and Article 15 of the International Covenants on Human Rights of 1966 (Social Rights Convention, ratified in 1979) is guaranteed.

1 Collection and Distribution of Royalties

(1) Royalties and Other Fees Collected in FY2017

Category	Collection (JPY)	Against FY2016 (%)
Performances	59,126,006,128	100.9
Performances, etc.	21,890,208,418	102.4
Broadcasts, etc.	31,156,447,971	100.1
Cable broadcasts, etc.	4,798,933,244	101.4
Film exhibitions	229,017,427	104.2
Background music	600,425,408	82.2
Foreign income (performances)	450,973,660	111.0
Reproduction	21,912,262,256	87.3
Audio discs	11,705,333,920	95.6
Videograms	9,815,742,370	78.7
Foreign income (reproduction)	99,322,998	102.3
Other reproduction	291,862,968	102.0
Publication	916,350,317	91.7
Reproduction for specific purposes	3,758,284,672	69.0
Reproduction for advertisement	1,386,861,504	110.1
Reproduction for games	2,371,423,168	56.7
Lending	2,677,745,670	84.9
Composite use	21,246,859,476	114.8
Online Karaoke	7,048,684,615	99.7
Interactive transmissions	14,198,174,861	124.1
Remuneration for private audio recording	10,112,110	67.7
Total	109,647,620,629	98.1

Performances

Royalties collected for “Performances, etc.” exceeded last year’s results for the following reasons: the continued growth of the concert market, and new contracts concluded with large and popular facilities such as hotels, clubs, and discos.

Reproduction, Lending

The production quantity of “Audio discs” and “Videograms” decreased due to the shrinking offline market, while “Rental records” and “Rental videos” also declined in both number of stores and operating income. As a result, these collection categories were below last year’s results.

Reproduction for Specific Purposes

Royalties collected for “Reproduction for advertisement” exceeded last year’s results due to an increase in the usage fee per advertisement, arising from multiple-media advertising.

Composite Use

Royalties collected for “Interactive transmissions” far exceeded last year’s results for the following reasons: significant increase in the number of subscription service subscribers, robust growth of video-posting (sharing) websites, and payments of royalties for past years from multiple video subscription service operators.

(2) Royalties and Other Fees Distributed in FY2017

Category	Distribution (JPY)	Against FY2016 (%)
Performances	59,909,054,683	99.9
Performances, etc.	21,807,664,507	97.1
Broadcasts, etc.	32,117,729,809	100.7
Cable broadcasts, etc.	4,611,859,419	103.1
Film exhibitions	221,870,833	116.6
Background music	710,775,821	145.7
Foreign income (performances)	439,154,294	91.3
Reproduction	22,652,984,408	83.6
Audio discs	11,874,613,080	95.5
Videograms	10,364,349,350	74.5
Foreign income (reproduction)	125,080,090	147.9
Other reproduction	288,941,888	44.8
Publication	918,621,259	89.9
Reproduction for specific purposes*1	5,002,639,508	151.4
Reproduction for advertisement	1,428,589,978	160.9
Reproduction for games	3,574,049,530	147.9
Lending	3,001,795,372	94.9
Composite use	19,373,552,147	108.2
Online Karaoke	7,087,851,815	101.5
Interactive transmissions	12,285,700,332	112.5
Remuneration for private audio recording	11,060,008	67.7
Total	110,869,707,385	98.6

*1 This category has been newly established and includes "Reproduction for advertisement," which had been included under "Other reproduction" and "Publication" until 2016-6 distribution, and "Reproduction for games," which had been included under "Videograms" until 2016-6 distribution.

The distribution total amounted to 110,860 million yen (98.6% year-on-year, a decrease of 1,600 million yen). This takes into account collections from the 2nd half of FY2016 and 1st half of FY2017.

Distribution statements are prepared by calculating royalties per type of use, and distributions are made quarterly (in June, September, December, and March). In FY2017, rights owners of approximately 2.3 million works received distributions.

Reduction of Applied Administrative Expense Rates

Operating expenditure (operating expenses and management fees necessary for business operations) was anticipated to be well within the FY2017 budget. Therefore, in order to return reserves not scheduled to be spent to right holders as soon as possible, applied administrative expense rates were partially reduced for the 2018-03 distribution.

Royalty Classification	Applied Rate for FY2017	Applied Rate Only for 2018-03 Distribution Term
Performances, etc.	25%	23%
Broadcasts, etc.	10%	9%
Cable broadcasts, etc.	10%	9%
Online Karaoke for business use	10%	9%
Interactive transmissions	10%	9%

(3) Topics

1) Commencement of Provision of Detailed Distribution Statement Data

Aiming to increase transparency of distributions from JASRAC to right holders, JASRAC worked on increasing the information provided on distribution statements by utilizing the large volumes of work usage report data it receives.

As a result, “Detailed Distribution Statement Data” on interactive transmissions has become available, beginning with its September 2017 distribution. The data contains detailed information, such as the digital service that used the work, transmission date, number of requests and distribution amount for each work eligible for distribution. This provision of data is scheduled for expansion to concerts this year, and to areas such as broadcasting next year.

<Table of Distribution-related Materials>

Provision Start Date	Usage Form	Method of Provision	Provision	Content
—	All	Paper	Distribution Statement	Royalty calculations, etc.
June 2012	Transmission Broadcast	Data	Usage Details	Provision of the usage status of music pieces
March 2014	All		Distribution Details	Provision of some items from a Distribution Statement (paper)
NEW September 2017	Transmission	Data	Detailed Distribution Statement	<ul style="list-style-type: none"> Detailed breakdown of distribution amount Number of requests and distribution amount per service
Planned for 1st half of 2018	Concert			<ul style="list-style-type: none"> Distribution amount per concert, event, etc.
Planned for FY2019	Broadcast			<ul style="list-style-type: none"> Distribution amount per broadcaster, program, etc.

2) Revision of Copyright Trust Contract Aligned to the Needs of Trustors

In terms of the “Copyright Trust Contract” in place between JASRAC and the right holder (trustor) who entrusts copyrights to JASRAC, amendments that more closely reflect the trustors’ will in copyright management operations were approved at the annual general meeting of Members, held in June 2017.

The main points of the amendments are as follows.

○ Expanded Range of Own Use by the Copyright Owner

The range in which the copyright owner, the trustor, may use his/her own work for his/her own purpose without the need to pay a usage fee has been expanded.

○ Revision of Provision to Enable Entrustment of Copyright Limited to Overseas Territory

It is now possible to entrust management of copyright use in overseas territory without having to entrust management of use within Japan.

○ Amendment of Extent of Rights Entrusted Allowed at Shorter Intervals

The intervals between amendments to the extent of rights entrusted to JASRAC has been reduced from three years to one year. In accordance with this change, the amendment of the extent of rights entrusted with JASRAC will not have to coincide with the renewal of the entrustment contract.

(1) Continued Support for Asian Countries

JASRAC has actively participated in programs to protect copyright in the international arena by fulfilling its role as a board member of CISAC (International Confederation of Societies of Authors and Composers).

Adaptation to rapid globalization of music use and enhancement of copyright protection standards in the Asia-Pacific region are pressing themes in recent days, and as action with a global perspective continues to be sought, with “Internationalization” as its key phrase, JASRAC is dealing with various international issues. From November 6 to 8, 2017, JASRAC provided full support and cooperation to the Asia-Pacific Music Creators Alliance’s (APMA) first general meeting held in Tokyo. At this meeting, the “Tokyo Declaration,” which demands fair compensation for music creators, was announced.

Tokyo Declaration (Excerpt)

In addition to the three issues identified in the Seoul Declaration (May 2017), namely the resolution on the issue of buy-outs, the necessity of copyright term extension to life plus 70 years for music creators, and the prevention of the abuse of safe-harbor rules, the following issues also must be addressed.

1. (Omitted) Private copying remuneration systems have been developed and implemented in Europe and many other parts of the world. The rapid introduction of remuneration systems into the countries of the Asia-Pacific is of paramount importance.
2. (Omitted) Film music creators are not remunerated fairly in many countries and regions of the Asia-Pacific for the public showing of films that include their music. Film music creators should be remunerated at a level where they too can enjoy the success of a movie.

(2) Intensified Administration of Domestic Work Overseas

As media content continued to be exported, JASRAC prepared to utilize two frameworks to ensure royalties accruing from the use of Japanese movies and animations that have been collected by foreign societies are paid to Japan.

Previously, societies had been exchanging rights information individually for each use, but thanks to this framework, the trustors will be able to swiftly receive royalties that had been collected by foreign societies. This is due to the fact that every society will be able to access rights information at any time.

○ Provision of Information on Video Content

JASRAC contributed information on 82,698 works of Japanese movies and animation to an international works information database, CIS-Net, enabling members of CISAC to access information on Japanese content at any time.

○ Provision of Information on Individual Works

JASRAC introduced CWR, a global standard work-registration form, and is now able to swiftly deliver vast amounts of work information requested by foreign societies. The number of work information provided in FY2017 reached 260,000.

(1) Commencement of Licensing of Performances at Musical Instrument Classes

On June 7, 2017, JASRAC reported an amendment of the Tariffs to the Commissioner of the Agency for Cultural Affairs, and was planning to start licensing of “performances at musical instrument classes” from January 1, 2018.

However, on December 21, 2017, the “Group to Protect Music Education” (hereinafter, “Group”) applied for arbitration with the Commissioner of the Agency for Cultural Affairs based on Article 24, Paragraph 1 of the Law on Management Business of Copyright and Neighboring Rights. The commencement of licensing was suspended in accordance with Paragraph 3 of the same Article.

On March 7, 2018, the Commissioner of the Agency for Culture Affairs adjudged that the tariff take effect on the same day, with the suspension of the tariff, as requested by the Group, not taking effect. Hence, considering the time period necessary for informing musical instrument class operators, JASRAC has decided to commence its licensing from April 1, 2018.

The “Lawsuit for a Confirmation of the Absence of Right to Claim,” which was filed June 2017 by musical instrument class operators, is currently in litigation at the Tokyo District Court. It is JASRAC’s opinion, based on court precedents which applied provisions of the Copyright Act and interpretations of the Act, that in this litigation, it is beyond doubt that “Performing Rights” apply to performances at musical instrument classes.

(2) Initiatives to Amend Tariff for Exhibition of Films

JASRAC has always engaged music users in a sincere manner so that they are able to benefit from the use of music while paying fair compensation.

In regards to the tariff for film exhibitions, which was established more than 50 years ago, JASRAC is currently in discussions with user organizations to amend them to match actual usage conditions. Priority is placed on tariff for the exhibition of foreign films, which are markedly lower in comparison to European societies. At a press conference held on November 8, 2017, while informing the public of this endeavor, we shared with the public messages contributed by domestic and foreign creators and foreign societies who call for fair compensation for music contained in films.

(3) Initiatives to Promote Legitimate Use of BGM

In regards to the use of background music (BGM), which JASRAC began to administer in April 2002, many users have concluded license agreements.

On the other hand, JASRAC has filed for civil conciliation simultaneously across Japan for three consecutive years since 2015, against facilities that have not obtained licenses. On March 19, the Sapporo District Court passed judgement for the first time, fully accepting JASRAC’s claim against a venue subject to a civil lawsuit. (The ruling became final and binding on April 7.)

From the perspective of fairness, JASRAC will continue to take measures to promote the legitimate use of BGM.

The 4th JASRAC Music Culture Awards

On November 17, 2017, a presentation ceremony for the 4th JASRAC Music Culture Awards was held at the Toshi Center Hotel. This award program was established in 2014 to reward sometimes unheralded activities of individuals and groups, as well as works, that may not necessarily lead to impressive statistics or business results in terms of sales or use, and to praise the merits of contributing to the development of music culture.



◆ Recipients

Mr. Robin Thompson

Mr. Thompson expressed the “sanshin” scores and vocal part of Ryukyu classical music in staff notation, and also explained the structure of Ryukyu classical music, which has been orally handed down through generations, to performers, fans and researchers by analyzing the forms of the works and translating the lyrics to English.

“Enjoying Musical Works of Ikuma Dan”—Mr. Masanori Nakano, Representative

Over the years, Mr. Masanori Nakano led the activity of singing Ikuma Dan’s works with local people at places associated with his magnificent works. He utilized the power of music to deeply and richly link the hometown, where the works were created, to the thoughts of people and writers living there. (Mr. Masanori Nakano passed away on April 4, 2018. We wish to take this opportunity to express our deepest condolences.)

“The Archive for the Left Hand”—Mr. Takeo Chinai, Project Organizer

In addition to shedding light on valuable works of “Piano Works for the Left Hand,” Mr. Chinai introduced and taught one-handed performances to a broad base of performers, from children to adults. He has engaged in improving recognition and promoting one-handed performances, unearthing new territory of fascination and expanding the possibility of music.

Mr. Haku Ide Re-elected as Chairman

In March 2018, an election for chairman was held upon the expiration of the previous term, and JASRAC Member Haku IDE, lyricist, was re-elected (second-term) and assumed his role April 1, 2018.

The term of office will be for two years, until March 31, 2020.



◆ Greetings

With the nomination of our fellow JASRAC members, I will be taking on the role of chairman for a second term.

Looking back at the past two years, we have made significant progress in promoting our reason for being and JASRAC’s role to the society in general, such as licensing performances at musical instrument classes and correcting the gap between foreign and domestic royalties from exhibition of films.

In the next two years, we will be engaging in the 80th Anniversary of JASRAC and the Tokyo Olympics and Paralympics. With this prime opportunity to promote Japan’s culture to the world, we are resolved to firmly declare our assertion that “Culture must have its creators, and only when their rights are protected will we see a positive cycle.”

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(1) Royalty Collection Target for Fiscal 2018

The royalty collection target for fiscal 2018 has been set at 109,850 million yen (100.2% year on year).

Increased collections are anticipated due to the expanding market of subscription services and video distribution in the music transmission category, progress in administration of BGM, and amendment of the tariffs for concerts, etc. On the other hand, conditions surrounding audio discs, videograms, and rental records continue to be difficult, and as a whole, total collection is anticipated to come in close to the previous year's results. The aim is to achieve targets through initiatives in new areas of business and thorough execution of fair administration practices in existing fields.

(2) Presentation of Letter of Appreciation to Longtime Users of Music

To express its gratitude, JASRAC has decided to present letters of appreciation to those who have concluded license agreements with JASRAC and continued to use music in live performances and karaoke over the past years.

Business operators who are eligible for the letter of appreciation have contributed to the expansion of music culture by playing a part in the cycle of music creation and development, by contributing an environment in which anyone and everyone may enjoy live performances and karaoke in a lawful manner.

Award candidates will be announced at the press conference in November.

(3) JASRAC Creator's Path

JASRAC is organizing events in which lyricists and composers, who are JASRAC members, will speak to an audience of young creators on how they came about becoming members of JASRAC. The aim is to promote membership and deepen their understanding of JASRAC and the copyright system.

This event, which began in 2016, has invited guest speakers from various fields, such as J-Pop, BGM for television and film, interactive game music, and wind-instrument music. In total, over 90 young creators have taken part in the events so far.

We are planning to hold four of these events, also in cities outside the Tokyo metropolitan area, during 2018.



Scenes from the 4th event held on May 8. From left: Mr. Satoshi Takebe and Ms. Harumi Fuuki, both composer/arranger.



(4) The “Kokorone” Project

Through the “Kokorone” Project, in operation since 2011, JASRAC Members and Trustors (lyricists, composers, and publishers) can donate royalties paid for the use of works of their choice to the “Kokorone” Fund, to help with the restoration of, as well as the promotion of music culture in, regions affected by the Great East Japan Earthquake.

Number of works chosen:	465
Participating Members/Trustors:	217
Total amount of money donated:	42,498,704 yen
	(As of the end of March 2018)



(5) New Music Culture Promotion Project, “Singers of the Heart”

“Singers of the Heart” is a new program in which we take a close-up look at lyricists and composers from the Showa through to the Heisei era. The program features artists who have continued to create new pieces of Japanese music, sometimes tracing back to past writers who have left a lasting influence on these artists, passing forward the “splendor of music-making.”

The first event will be held on September 3, 2018 at Kamaishi Civic Hall, “Tetto,” to which the Kokorone Fund donated 10 million yen to fund a portion of its construction.

Artist in close-up will be songwriter, Shunichi Tokura.



Exterior view of the Kamaishi Civic Hall, which opened to the public on December 8, 2017

(6) 2019, Launching Towards the Future —JASRAC’s 80th Anniversary—

JASRAC, which was founded in 1939 as an organization of lyricists and composers, joined the long-established CISAC in 1960, 15 years after the end of the Second World War. In 1984, a quarter of a century later, the organization welcomed CISAC’s General Assembly in Tokyo, the first such gathering held in Asia.

Next year, in 2019, JASRAC will celebrate its 80th anniversary, inviting the General Assembly of CISAC back to Tokyo for the first time in 35 years.

To commemorate its 80th anniversary, JASRAC is planning various programs between January 2019 and March 2020.

JASRAC will take a proactive role in copyright management operations, both within and outside of Japan, ensuring that the year 2019, one year preceding the “festival of sports,” is remembered by the people as a “ceremony of culture,” and making contributions to guarantee that Japan’s music works have a steadfast platform from which to launch.

◆ Main Commemorative Events of the 80th Anniversary Planned for 2019

May 28	BIEM Management Committee
May 28 & 29	CISAC Board of Directors, CISAC Asia-Pacific Committee
May 29	APMA Executive Committee, BIEM General Assembly
May 30	CISAC General Assembly
May 31 & June 1	CIAM Executive Committee
November 18	JASRAC’s 80th Anniversary Commemorative Ceremony & Celebration