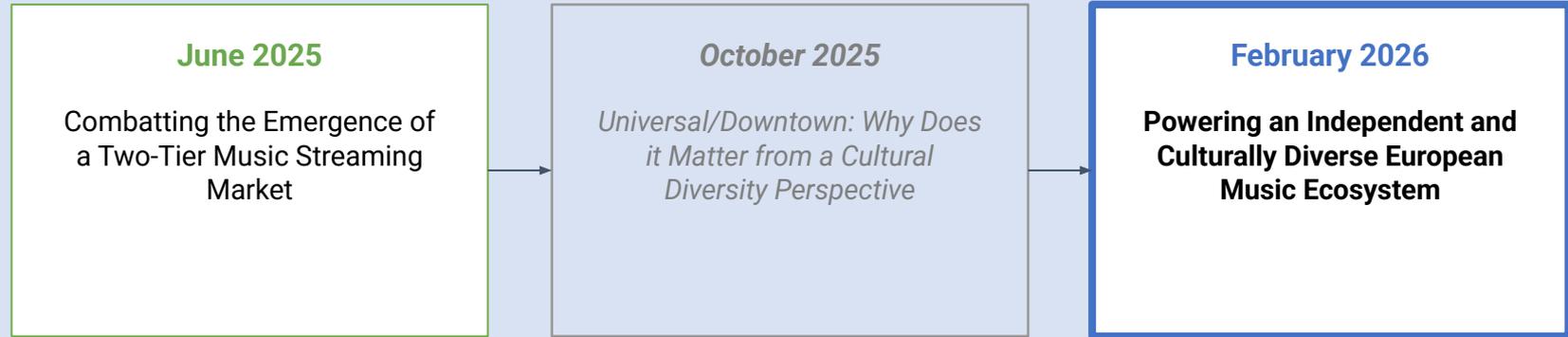


# Powering an Independent and Culturally Diverse European Music Ecosystem

*The importance of strengthening Europe's music economy through fair markets and a sustainable independent sector.*

# This report builds on our previous work with IMPALA and sits within the wider context of diversity and streaming reform advocacy



# It explores the challenges and opportunities that we face as an independent industry and a champion of diversity; clearly underlining that independence and cultural diversity are synonymous

## The Independent Sector as the Engine of Europe's Cultural Diversity

Economic contribution, language & genre diversity, reinvestment in culture, and sustainable leadership

## Key Conditions for Growth

Free and open market access, collective negotiation, and support for discoverability and visibility

## Structural Barriers

Capital access, market concentration, data asymmetries, infrastructure inequality, generative AI, and other dilution

## Recommendations

Financing, market access, collective negotiation, digital frameworks, data/measurement, and industry collaboration

# Call to Action: The ecosystem that powers independence and cultural diversity is under threat from multiple directions, we need to build pressure towards structural remedies

- **The value independents create represents a significant untapped source of leverage;** despite driving the majority of new releases and genre diversity across Europe, independent companies face a structural imbalance in market power, data access, and infrastructure control that undermines sustainability.
- **Market concentration and infrastructure control are narrowing the playing field;** Major & PE acquisitions threatens key independent routes to market. Consolidation raises fundamental questions about ownership, sovereignty and who controls Europe's cultural infrastructure.
- **Generative AI is accelerating the dilution challenge at an alarming rate;** there has been an explosion of fully AI-generated submissions to DSPs, which is stress-testing the mechanics and economic foundation of the streaming industry.
- **Collective negotiation is under direct pressure;** TikTok's refusal to engage with Merlin at the end of 2024, targeting labels directly instead, shows clear intent to undermine the structures that protect independent music's value.
- **This is a question of sovereignty and democracy;** who owns and controls Europe's cultural assets, infrastructure and routes to market are fundamental questions at a critical point in history. The Culture Compass for Europe and EU merger regulation review provide timely opportunities to act.

# Recommendations: Financing, market access and collective negotiation

1

## **Increasing focus on a wider range of financing options**

Options outside of Major acquisition or PE / Sovereign Wealth Fund investment that support creation, risk-taking, long-term artist development and independent European infrastructure. Public-private partnerships, blended finance models, and innovation funds. Assess measures to boost access to culture such as reduced VAT rates.

2

## **Guaranteeing independent European infrastructure and fair access to markets (digital and other)**

Treat digital access as a condition for cultural diversity, not purely commercial. Address control of infrastructure, excessive concentration and discriminatory practices. Ensure distribution pathways, data availability and visibility mechanisms are fair.

3

## **Reinforcing voluntary collective negotiation**

The right to choose collective options for licensing must be protected as it remains the most effective way to ensure small and independent rightsholders can monetise their works in a global market.

# Recommendations: Digital frameworks, measurement and collaboration

4

## **Embedding cultural diversity and plurality in digital market frameworks**

Diversity must be explicitly recognised within digital services, platform governance and AI framework regulation, as well as competition regulation and other essential oversight tools.

5

## **Making diversity a measurable, trackable priority**

A European Music Observatory could gather data on performance and ownership, functioning as an evidence base for an industrial strategy, built in concert with wider cross-border initiatives with the UK and other 3rd countries.

6

## **Supporting industry collaboration and standards to protect independence**

Industry-led collaborative action to build an optimal ecosystem, agree on terminology such as “independent”, and more, will deliver enhanced clarity and trust without the need for further regulatory oversight

*Independence is synonymous with cultural diversity. It is a huge strategic opportunity for Europe, and the whole music sector.*

*Decisions taken right now and in the coming years will determine our future. As the wider, global, political landscape continues to change radically, we face a critical point in history that necessitates an urgent rethink by regulators and the sector.*