

THE CARIBBEAN MUSIC INDUSTRY

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CHAPTER ONE

INTRODUCTION

The rapid growth of an intellectual property and copyright economy, suggests that there is a window of opportunity in the realm of cultural industries for Caribbean economies. The cultural industries sector is one of the fastest growing sectors in the world-economy. In the United States, cultural industries account for approximately 40% of copyright industries, which contributes 6% of GDP, 5% of employment and has become the number one export sector, surpassing rivals like the auto industry (IIPA 2000).

The music industry is one of the largest cultural industries and makes a significant contribution to the world-economy. The rate of growth for this sector during the 1980s and 1990s was between three and five times more than the growth rate for world exports (UNCTAD/ILO 1995)¹. For example, the music industry in the UK has proven to be dynamic and competitive, relative to other sectors in the economy (Lewis 1995).

In developing countries, the music industry has long been valued for its contribution to cultural identity (Nettl, 1997; Robinson et. al., 1991). However, there have been few studies of the music industry from an economic standpoint, despite the fact that a large number of developing countries have been involved in the production and export of music. In the Caribbean the music industry, however, remains largely undocumented, with a few notable exceptions (Bourne, C and S.M. Allgrove, 1997; Watson, P. 1995; Wallis and Malm, 1984).

The region's contribution to the global cultural economy, particularly popular music, has been very significant. It is noted that the region's impact on the world music scene has been large relative to its size (Bilby 1985: 215):

The story of Caribbean music is a remarkable one. For this relatively small geographical region, ravaged by centuries of European colonial domination and long looked upon as a region of "colonial backwaters," "deracinated" peoples, and societies that had supposedly produced nothing indigenous of any value, has over and over brought forth unique and vibrant musical creations to which the entire world can dance. That the story is far from finished means that the lives of music lovers in both the Caribbean and other parts of the world will be that much the richer in the years ahead.

¹ These figures do not include the large revenues generated outside of sound recordings sales such as publishing, royalty collections, live performance income, cultural merchandising and cultural tourism.

The Caribbean enjoys a competitive capability in cultural production. Jamaica, for example, continues to be the primary source for musical innovation in reggae in spite of the fact that the genre has spread to many parts of the globe. Reggae is now recognized as one of the major genres of music and has gained recognition from international music awards such as the Grammys. Trinidad and Tobago, the land of calypso, soca and steelband has exported musical genres through the proliferation of the Trinidad styled carnival, which can be found through-out the anglophone Caribbean and in metropolitan cities where there are large diasporic populations (Nurse 1999). Merengue from the Dominican Republic is one of the key sub-genres that have contributed to the recent explosion in Latin music on the world music scene. These examples illustrate that the region's contribution to the global music industry. According to some analysts:

The many musical styles that have been propagated in these island cultures are among the most dynamic and influential in the world, and their artists - names like Mighty Sparrow, Kassav, Celia Cruz, Ruben Blades, Juan Luis Guerra, and the late, great Bob Marley - have a truly global following (Broughton, et al., 1995: 473).

The Caribbean has participated in the global music industry since the 1920s with the recording and export of genres like calypso, merengue, son, reggae, zouk, salsa, soca, and dancehall. The region's music industry, in spite of its perceived success, has had long-standing problems in relation to airplay, manufacturing, distribution, marketing, copyright protection (e.g. piracy) and royalty collections. The result has been a context of low local value-added, shallow industrial infrastructure, weak export capabilities and external control. This has led one analyst to argue that in the case of the export of Jamaican music "raw talent would not have been enough without the operations of international capital" (Cooper 1993: 5). In a similar vein another observer notes that:

Caribbean music, an integral part of culture and tradition, makes money in New York, London, Paris and Amsterdam. More Caribbeans have earned international recognition from music than from any other pursuit. Living in small countries of little fame, Caribbeans are proud of their music stars. A few have earned millions from recordings that have brought in billions. But so far, this hasn't made their countries any less poor, and the lucrative Caribbean music business has remained far away out of Caribbean control (Kurlansky 1992: 102).

In short, it can be argued that these problems relate to the fact that the region has spawned great artists and music without the requisite level of institutional support and industrial infrastructure to facilitate a deepening of the industrial base. Thus, in spite of the Caribbean's long history of involvement in the global

music industry and its dynamic contribution to world music, the region's music industry continues to be plagued with institutional and financial problems. Industry stakeholders have largely operated along individualist and fragmented lines and as a result have been unable to develop and implement an institutional framework that combines the demands of a competitive industry with the requirements of industrial, trade and intellectual property policy.

This lacuna in the existing framework is exacerbated by the fact that there is little recognition by the region's national policy-makers of the economic importance and export potential of the industry. The needs and potential of the music industry are not adequately documented and consequently not factored into national or regional development policies and trade negotiations at the multilateral level.

THE RESEARCH TASK

This study starts from the premise that sustained global competitiveness is attained through innovation and a deepening of technological and institutional capabilities and not just through increased capital accumulation, i.e. investment (Ernst, Ganiatos & Mytelka 1998). The argument is that enhanced competitiveness is dependent on the stimulation of innovation (Adams & Bollino, 1982). There has been a heightened awareness that the traditional paradigm of economic development is inadequate for the challenge of an increasingly competitive global marketplace. One example of this is the increased focus on issues relating to competitive advantage as opposed to that of comparative advantage (Porter, 1990).

This perspective on industrial development suggests that competitive advantage is a dynamic and localized process whereby differences in national values, culture, economic structures, institutions, and histories all contribute to attaining a competitive edge. For instance, Porter argues that "ultimately, nations succeed in particular industries because their home environment is the most forward-looking, dynamic, and challenging" (1990: 74). He also posits that national prosperity is created and not inherited, states must recognize that a nation's competitiveness depends on the capacity of its industries to innovate and upgrade. In essence, what is called for is an industrial strategy that allows for continuous upgrading, innovation and development of local capabilities.

It is argued that the requirements of technological and institutional innovation are applicable to firms in both developed and developing economies, although it is recognized that the needs are greater in the latter context. It is also noted the critical elements of industrial upgrading, for example, learning and knowledge accumulation, often evade market supply. According to some analysts "markets are notoriously weak in generating these capabilities, which are subject to externalities" (Ernst, Ganiatos & Mytelka 1998: 12). The problem of market failure is particular acute in the cultural industries (Casey et al, 1996).

OBJECTIVES & SCOPE OF RESEARCH

This study seeks to examine the structure and performance of the Caribbean music industry, with a view to identifying a strategy for industrial upgrading and export expansion. To this end, the study will illustrate the importance of industrial upgrading and export expansion, the basis to the success of any competitive strategy. In particular, the respective strengths and weaknesses of the regional music industry will be drawn out, as a means of identifying the key areas for intervention, and also as a basis upon which a series of policy recommendations can be formulated.

The industrial and export capabilities of the regional music industry are highly differentiated. Some countries have a more developed home environment and have had longer exposure to the international market with varying levels of success (e.g. Jamaica, Barbados, Trinidad & Tobago, Dominican Republic). In other territories, the industry is in its embryonic stage with a limited business and legal framework (Guyana, Suriname, the OECS).

The study has three major goals and is divided into three parts.

1. Part one reviews available studies on the global music industry and analyzes the structure, operations, trends and prospects for the sector in the digital age. The goal is to identify the challenges and opportunities for the future development of the Caribbean music industry.
2. Part two involves several country studies: Jamaica, Dominican Republic, Trinidad and Tobago, Barbados and the OECS territories. The goal is to identify the factors constraining the global competitiveness of the sector. This involves an investigation of the economic and export performance of the music industry based upon primary data gathering and interviews with key industrial stakeholders and national policy makers.
3. Part three makes the case for industrial policy intervention to upgrade the capabilities of the sector. The goal is to identify best-practice in industrial, trade and innovation policy and to recommend policy directives and a strategic action plan for improving the competitiveness of the sector in the domestic, regional and export markets.

RESEARCH METHODOLOGY

This study examines the economic and export performance of the music industry. The emphasis is on estimating the value of foreign exchange earnings because the data on the value of local sales of recorded music is difficult to ascertain for lack of documentation. The available official statistics are better on visible trade (e.g. the import and export of soundcarriers like records, tapes and CDs) than on invisible earnings (e.g. services such as performances). An area where data is somewhat developed, especially in those territories that have functioning national copyright collection agencies, is in the royalty collections and distribution. Gaps in information are filled by references from industry sources. The statistics for invisible earnings are largely dependent on information assembled by the various industry organizations or representatives as well as through direct investigations.

The music industry is a multi-faceted sector in that it has several transaction networks and income streams. The main economic activities of the sector are measurable in the following way:

- The recording industry, which includes recording contracts, publishing, licensing, studio recordings.
- Merchandise sales CDs, tapes, records, downloads (e.g. MP3 files).
- Live performances by artists and music bands.
- Audio-visual services (e.g. music videos and advertising)
- Sound, Stage and Lighting.
- Concert promotions and cultural or festival tourism.
- Copyright protection and royalty collections.

Traditionally, the dominant strategies pursued in the economic development of the Caribbean (e.g. plantation production, resource-based extraction, import-substitution and export-oriented industries and services) have been essentially reactive and dependent upon foreign inflows of capital, with very little value-added for the region. It is felt that a strategy specific to the needs of the Caribbean music industry, and one which recognizes the value of industrial upgrading and export expansion, could possibly facilitate a paradigmatic shift to allow for an effective competitive strategy to be fostered.

research will show that industrial upgrading entails maintaining a high level of competitiveness so that a sustained development capability may also be produced in the sector. In so doing, key factors of competitiveness, along with key factors upon which an appropriate industrial policy can be built will be identified. The research will show that when building an industrial policy, these two issues are linked, and a competitive strategy that is based upon this linkage would facilitate the Caribbean music industry becoming a

viable export. It will be further argued that a competitive strategy, which fails to acknowledge this relationship, can hardly be effective in the long run.

CHAPTER TWO

THE GLOBAL MUSIC INDUSTRY: STRUCTURE, TRENDS & PROSPECTS

The music business is one of the fastest growing sectors of the world economy. The worldwide sales of pre-recorded music (e.g. CDs, tapes and vinyl records) has grown by more than 300%, from US\$12 billion in 1982 to over US\$38.7 billion by 1998 (IFPI 1999b). These sales figures do not include the sale of music on-line (e.g. music downloaded over the Internet), which is relatively small still. In addition it does not include other sources of income that are part of the music industry such as copyright royalties, concerts and live performances, festivals, advertising, broadcasting, music videos, musical instruments, music publishing, music education and motion picture synchronization fees. These sources of income are rarely reflected in national income statistics or international trade data. The actual size of the global music industry is thus largely under-estimated.

The sector has generated much interest among governments because of its sustained growth rates in the recession-plagued world economy of the 1980s and 1990s. For example, in the United Kingdom, the music industry has proven to be dynamic and competitive relative to other sectors in the economy like the steel industry. In 1993, the music industry generated £1.2 billion in exports and net foreign exchange earnings of £571 million, 44% of which was earned from copyright royalties (Feist 1996).

The structure of the world trade in the music industry is such that the United States and Europe are the major exporters, as they accounted together for more than 80 per cent of the market in 1993. Europe, however, is the main importer, accounting for 61 per cent of international trade demand compared to the US share of approximately 6 per cent. The US has an impressive trade balance with the rest of the world (UNCTAD/ILO 1995: 48). The top ten sales territories, primarily North America, Europe and Japan account for 80.7% of the world market (IFPI 1999).

Another distinguishing feature of the current context is the rationalization of the industry in terms of corporate takeovers, leading to higher levels of concentration. As table 1 below shows in the mid-1990s the six largest firms accounted for close to 80 percent of the world market. The leading firms were: WEA (Time Warner Inc.), BMG (Bertelsmann AG), EMI (Thorn EMI PLC), CBS (Sony Corporation), Universal (Seagrams formerly MCA) and Polygram (Phillips N.V.). The “Big Six”

became “Five” after the latter two firms merged in May 1998 when the Canadian firm Seagrams acquired 100% of Polygram to form the Universal Music Group (UMG). In November 1999 Time Warner countered by merging (vertical integration) with AmericaOnLine (AOL) to form the largest entertainment company in the world. And if that was not enough, Time Warner then merged with EMI in January 2000 to form the world’s largest music company. In June 2000, in something of a counter strike, Seagrams, the parent company of Universal Studios and the Universal Music Group, merged with Vivendi SA, the French utilities and media conglomerate. Vivendi owns, among other things, Internet distribution systems and the pay-television channel Canal Plus. The merger establishes Vivendi-Universal as the world’s second largest media company.

In the space of two years the music industry went from the ‘Big Six’ to the ‘Big Four’. Two of the Big Four have then merged with Internet service providers. These mergers are indicative of a strategic response by the large firms to the changing business model, which the growth of Internet-based music represents.

Table 1: World Market Shares of the Major Music Companies, 1996 (%)

BMG	EMI	PolyGram	Sony	Universal	Warner
12.0	14.0	16.5	15.5	6.0	15.0

Source: Music & Copyright, July 16, 1997.

The competitive advantage of the transnational firms is in the distribution stage: the delivery of finished products to retail markets and the stimulation of consumer demand through advertising and promotion. The large firms have been able to maintain control of this most profitable stage through the "maintenance of their own wholesale distribution networks and strategic alliances with major retail chains," as well as through "tight formatting of radio playlists, exclusivity agreements with music video channels such as MTV, and market surveillance systems such as SoundScan" (Weber 1996: 5-6). The recent vertical integration between music companies and ISPs is a continuation of this pattern.

A vast number of small independent firms from all over the world share the remainder of the market but they are faced with the problem of limited international market access and media exposure. The independents tend to operate at the creative edge in that they act as the laboratories or the research and development centers for new music. The independents may have freedom with their repertoire, but given the high cost of entry into the mass market they are invariably dependent on the transnational firms (Wallis & Malm 1984: 85). As a result the independents are often forced to establish production and distribution contracts ("P&D deals") with the large firms. This industry practice allows the transnational firms to enjoy access to a virtually "risk-free source of new talent as well as surveillance of local music markets" (Weber 1996: 5).

Advances in microelectronics technologies since the 1980s have had a significant impact on the industry. The new technologies such as digitization have revolutionized the industry in terms of production processes. Low-cost recording technologies have facilitated the diffusion of sound production or the recording of master tapes by small entrepreneurs without any appreciable compromise in quality. Manufacturing or mass production technologies have also become accessible since the 1990s. There are now a large number of independent manufacturing firms that have replication facilities for records, tapes and compact discs (CDs). The proliferation of these facilities have made this stage of the commodity chain the most competitive and consequently prices have been driven down. For example, CDs can be now manufactured for as low as US\$1.00 each for a minimum order of 500 units.

In the case of products, the compact discs (CDs) have replaced cassettes and vinyl records as the most common consumer format. In 1998 the retail value of the world music market was US\$38.7 billion. Over the period of the 1990s music sales have grown at an annual average rate of four percent, most of which relates to an expansive growth in CD sales. Cassettes sales have remained fairly stagnant and vinyl records sales have plummeted. The phasing out of vinyl records proved to be very profitable for the record companies because CDs offer significantly higher profits than vinyl at a similar manufacturing cost per unit and allow record companies to recycle their old catalogues in new marketing contexts.

In contrast, the arrival of Internet-based music is proving to be a threat to the major record companies. The convergence of the telecommunications and the media industries as a result of satellite and digital technologies have made it "irrelevant to distinguish between transmission of images from voice, data or text" (UNCTAD/ILO 1995). The rapid expansion of the World Wide Web and Internet services illustrates the point. It is suggested, by some industry analysts, that the Internet will revolutionize product sales and marketing, change the nature of piracy and royalties collections as well as upset the balance between the major recording companies and the independents thus giving the consumer greater choice. These gains are, however, dependent on wider access to Internet services internationally, improvements in the download capabilities of personal computers and the introduction of world-wide legislation to implement the International Standard Recording Code (a built-in electronic code that identifies all recordings) (Hayes 1996: 14-15).

Table 2: Forecast Music Sales via the Internet, 1997 - 2004, (US\$m)

Region	1997	1998	1999	2004	Growth 1997-2004
US	35.7	145.2	312.2	2,276.2	63x
Europe	6.7	15.9	36.9	833.9	123x
Asia	1.4	4.2	12.2	582.5	415x
Rest of World	1.9	4.6	13.7	293.8	154x
World total	45.7	169.9	375.0	3,986.4	86x

Source: Cole (1999) from data provided by Market Tracking International Ltd.

Internet music sales are relatively small at present (about 1 - 2% of world music sales), but are on the rise and are forecast to grow exponentially in the next five years to approximately \$4.0 billion or eight percent of the world market (see table 2 above). Projections are that Internet music sales could rise to as much as 20% of the market by the year 2010 (Cole 1999).

In the last few years Internet based music services have grown at a rapid rate through firms like Cdnw, RealAudio and Liquid Audio. In addition, the downloading of music has been made more accessible with file formats like MP3, a2b and Audio 4.0 and the issue of music identification has been addressed through watermarking and other security devices. It is argued that the emerging techno-economic paradigm is likely to result in a radical realignment of the industrial structure of the global music industry. As one analyst put it:

All previous distributed music carriers - from the wax cylinder to new optical discs systems like Super audio CD and DVD-Audio - have been physical objects requiring manufacturing resources and conventional retailing. But electronic distribution can bypass all this, with music sent direct from record company to consumer. An even more radical possibility is for artists to bypass record companies altogether and sell their music direct (Cole 1999: 110)

The threat that the Internet poses has prompted a response from the transnational firms. In December 1998 the Big Five formed a strategic alliance with several technology companies, namely, Sony, JVC, Pioneer, Matsushita, Dolby and Microsoft, to establish the Secure Digital Music Initiative (SDMI), which aims to set a standard system for distributing music over the Internet. The SDMI has yielded little so far. However, industry shifts have been moving at a blinding pace as firms juggle their options. The last year or so the majors have been jockeying for positions in the Internet race. In addition to the vertical mergers AOL-TimeWarner and Vivendi-Universal, the major firms have been forging alliances of all sorts. For example, UMG and BMG have established a

joint venture GetMusic.com; IBM and RealNetworks have come together to form a digital downloading system; Microsoft has introduced an alternative downloading solution MS Audio 4.0, AT&T's a2b; and Liquid Audio has been negotiating with major recording artists like Alanis Morissette and Garbage, and Sony has designed its own digital distribution solution called Magic-Gate (Haring 1999).

Music recordings are very prone to international piracy and other forms of copyright infringement. Piracy is quite common in countries where IPRs legislation is scant and weakly enforced. It is estimated that the global market for pirated CDs and audio cassettes was worth US\$4.5 billion in 1998 and amounted to 11.6% of the global turnover of soundcarrier sales \$38.7 billion (IFPI 1999b). Pirate activity has grown rapidly in the late 1990s as a result of the over-capacity in world-wide CD manufacturing and the advent of new forms of piracy such as CD-Rs and the Internet. The International Federation of Phonographic Industries (IFPI 1999a) estimates that CD-R piracy may account for as much as an additional 15% to the 400 million pirate audio CDs and is becoming so widespread "ranging from full-scale cottage pirate industry to school children selling compilation CD-Rs in the playground." It is also estimated that there are in excess of 500,000 infringing files (e.g. illegally posted songs in MP3 format) on the World Wide Web. The problem of infringement has been further exacerbated by two recent developments: the establishment of MyMP3.com by MP3.com, which allows users to upload music to a server and access it anywhere; and, the increased popularity of Napster, a search engine for MP3 files. The Recording Industry Association of America has filed suits against both parties in its attempt to curb music piracy on the World Wide Web.

Copyright protection and collections are administered through copyright societies. The largest societies are the American Society of Composers, Authors and Publishers (ASCAP), the Broadcast Music Inc. (BMI), and the Society of European Stage Authors and Composers (SESAC) of the USA, and the Performing Rights Society (PRS) in the UK. The various national societies are members of CISAC (Confederation Internationale des Societes d'Auteurs et Compositeurs). The operations of these organizations provides a legal and business framework for the protection of authorship, uniqueness and reproducibility against copying and piracy as well as for the commercial exploitation of copyright through licensing fees and royalties. Collections by the main copyright societies have grown appreciably in the last few years (Krasilovsky & Shemel 1995:xxii; Feist 1996: 15). For example, the three largest collection societies have expanded gross collections over the period 1991 to 1997: ASCAP collections rose from US\$375million to \$482 million, BMI from \$276 to \$421, and PRS from £137 million to £201 million (PRS 1999).

Total income from international royalty collections stood at US\$ 6 billion in 1995, approximately 15 percent of soundcarrier sales (MBI 1997). North America and Europe are the dominant players. The US and the UK are the only two surplus

countries in that they collect more royalty income than they pay out. These earnings are likely to grow in coming years as a new infrastructure is being established by CISAC (the Common Information System) to increase the efficiency of usage monitoring, data processing, information exchange, and income reporting and distribution between societies and their members.

CHAPTER THREE

THE JAMAICAN MUSIC INDUSTRY

INTRODUCTION: THE SOUNDS OF JAMAICA

Jamaican music has had a significant impact on the global music scene, in terms of commercialization as well as mass market appeal. The commercial achievements of Jamaican music surpass that of any Caribbean sound or that of any other non-Western or World Music genre. For instance it is argued that “Jamaican popular music has gained the stature of a global musical currency, alongside jazz, blues, funk, and rock” (Manuel 1995: 143). What is also noteworthy about the globalization of reggae is the way in which the music tapped into the revolutionary fervor of the 1970s -- for example, through its association with Rastafarianism -- and became established as “consciousness music”:

In complex and varying ways, reggae has been adopted by a wide range of local communities around the world – Hopi and Havasupai Indians in Arizona, Palenquero Maroons in Colombia, urban youths in Nigeria and South Africa, working-class skinheads in Britain, Maoris in New Zealand, and aboriginal Australians, to name a few – as an expression of class consciousness, and yet others by its message of universal liberation (Manuel 1995: 144).

Jamaican popular music has its roots in the folk music of its African population. The folk music drew on several strands: the music of the Pocomania church, the fife and drum music of the Jonkanoo masquerades, the adaptation of the European quadrille and the plantation work songs. From the late 19th century until the 1930s the dominant music was mento, which was particularly popular in the rural areas. During this period the main foreign influence on the Jamaican sound was calypso from Trinidad and rumba, bolero and mambo from Cuba. Mento experienced a decline after the 1930s with the migration of population from the rural to urban areas. The influence of the Jamaican sound also shifted towards African American rhythm and blues (R & B) with the advent of radio in the 1950s. The 1950s also saw the emergence of the sound-systems, which

serviced the burgeoning dancehalls around the city of Kingston. The disc jockeys or deejays (DJs) of the sound-systems began talking, rapping or “toasting” over the records in a call and response style. This tradition has remained one of the dominant features of Jamaican music as exemplified by the emergence of dancehall music since the 1980s. DJs or deejays have become recording artists in their own right.

The early 1960s saw the creation of ska by artists like Coxsone Dodd and the Skatalites. Ska was an innovation on American R & B. Ska proved to be quite successful in the dancehalls in Jamaica as well as in Britain, where Jamaicans had migrated to in large numbers. By the mid-1960s ska gave way to rocksteady, which emphasized the bass line and involved a steady off-beat from the rhythm guitar, allowed for a slower pace and more sensuous sound. Rocksteady was replaced by reggae by the early 1970s with the introduction of a new beat that incorporated the old-time mento shuffle with that of rocksteady.

Reggae music, in essence, is a synthesis of the earlier forms of Jamaican popular music, mento, ska, rocksteady. Jamaican popular music has had an impact on the international recording industry since the mid-1960s. The first international hit by a Jamaican was Millie Small’s *My Boy Lollipop*, produced by Chris Blackwell’s Island Records, which reached the top 5 position in both the UK and the US in 1964. This success was followed by hits from Jimmy Cliff (*Wonderful World*, 1967) and Desmond Dekker and the Aces (*Poor Me Israelites*, 1969).

Reggae music experienced a meteoric rise in popularity in the early 1970s. This growth can be attributed to the exposure of Jamaican music and culture to international audiences. First, there was Perry Henzell’s film *The Harder They Come* (1971) which starred Jimmy Cliff and involved a soundtrack album that featured several Jamaican artists, including Jimmy Cliff, Toots and the Maytals, Desmond Dekker, the Slickers and the Melodians. This soundtrack album was the best selling Jamaican album until Bob Marley’s posthumous album *Legend* (Chang & Chen 1998: 48). In addition, it is well accepted that international reggae was born with the release by Island Records of The Wailers’ *Catch A Fire* album in 1973. This album is recognized as the first one from a Jamaican artist that was targeted at an international audience. Chang and Chen (1998: 49) explain that:

It was perhaps the first reggae album conceived as a seamless unit and not just a collection of singles arranged around hits. Here for the first time Jamaicans were making music with a foreign audience in mind. Indeed the studio tape of ‘Concrete Jungle’, the album’s opening song, was taken to England and a long guitar solo was added to make the ‘product’ more accessible to a white rock audience. And while traditional reggae songs were taut and trim three-minute affairs, five of the album’s nine cuts were

four minutes or longer, allowing the Wailers to cut loose on songs like 'Stir It Up' (all of 5:30).

The commercial success and international media exposure of artists such as Bob Marley and the Wailers, Jimmy Cliff, Peter Tosh, Steel Pulse, Black Uhuru and Third World elevated reggae music to become one of the first musical artforms from the developing world to be fully marketed in the West and internationally. The impact of reggae and more specifically, Bob Marley, can also be measured by the success of Chris Blackwell's Island Records, which became the largest independent record company by the mid-1970s. This wave of Jamaican music, referred to as the roots, rock, reggae era (1969 - 1983), created a large number of international superstars, for example, Black Uhuru, Steel Pulse, Third World, Toots Hibbert, Dennis Brown, Freddie Mc Gregor, Gregory Isaacs and Burning Spear to name a few.

The next wave of Jamaican music is dominated by the ragga or dancehall sound. While the roots, rock, reggae genre gained strong international appeal its impact at home waned. The void was filled by the rhythmically potent dancehall sound with its sexually explicit lyrics and politically charged social commentary. Dancehall became the new voice of the people and captured the imagination of Caribbean youth in the region and in the diaspora. The early exponents of the deejay-inspired genre included artists like U-Roy, Big Youth and Yellowman who generated much interest from the mid-1970s. Dancehall became fully established by the mid-1980s with the success of the fully digital rhythm of Wayne Smith's 'Under Me Sleng Teng' in 1985. Dancehall music catapulted into the international market in the early 1990s and achieved unprecedented commercial success and media exposure through artists like Shabba Ranks who won the Grammy award for reggae in 1992 and 1993. Other luminaries include Chaka Demus and Pliers, Inner Circle, Ini Kamoze, Diana King, Shaggy and Patra. Analysts Chang and Chen (1998: 8) summarises some of the achievements:

- Shabba Ranks appeared in *Time* and *Newsweek* magazines and shared a number one hit on the American rap charts in 1995.
- Snow, a white Canadian dancehall artist, took 'Informer' to number one in America.
- Chaka Demus and Pliers had a number one hit in the UK with 'Twist and Shout'.
- Ini Kamoze's 'Here Comes the Hot Stepper' topped the US Billboard Singles charts in late 1994 and was one of the year's biggest selling records.

- Inner Circle's 'Bad Boys' not only served as an American television theme song, it inspired a 1995 hit movie of the same name.
- Diana King's 'Shy Guy', used in the 'Bad Boys' movie soundtrack, made the Billboard top ten and her album 'Tougher Than Love' reportedly sold over a million copies.
- Shaggy, who topped the UK charts in 1993 with 'Oh Carolina', is probably the biggest selling reggae artist of all. His two-sided 'Boombastic/Summertime' hit #3 in the US charts in mid 1995 and debuted at #1 in the UK charts. The Grammy winning 'Boombastic' album went gold.

From the mid 1990s dancehall artists like Buju Banton, Beenie Man and Bounty Killer (the 3 B's) emerged as the successors to the path paved by Shabba Ranks. However, this sound appealed largely to the core Caribbean and diasporic markets. Sales started to dwindle as the artist were unable to break into mainstream markets. Labels and Imprints like VP and East Coast in the US and Greensleeves and Jet Star in the UK were able to sustain their core urban markets but suffered from declining interest on the part of the major record companies. It is argued that the majors often had difficulties knowing how to market the dancehall genre given its use of Jamaican patois and risqué lyrics. The prime example of this being the controversy surrounding Buju Banton's 1992 recording 'Boom Bye Bye' with its strong anti-gay lyrics.

It is also noted that the artists and their managers were not skilled enough to navigate through the challenges of the corporate music world. The challenge was essentially one of going after the mass market, for example, in the pop or hip hop genres, without losing the core fan base. This was the nature of the marketing challenge faced by Specs/Shang when they introduced Shabba Ranks to the hip hop market and when Patra was positioned in the pop scene. The sought after crossovers did not materialize as hoped for. Consequently, by the mid-1990s the furore created in the early 1990s had begun to fizzle, thereby questioning the continued commercial possibilities for dancehall music. Despite the successes of the above listed artists only a small group of artists had contracts with the major recording companies. In early 1995, artistes like Tony Rebel, Tiger, Worl-A-Girl, Ed Robinson, Barrington Levy and Redd Foxx had either their contracts revoked or have been dropped because their albums sales were only in the vicinity of 30,000 units (Watson 1995: 15-16).

The period from the mid-nineties saw a stylistic shift in the dancehall genre away from hardcore 'rudeboy' and 'slackness' lyrics towards 'conscious' lyrics,

as exemplified by Buju Banton's 1995 album *Til Shiloh*. In the late 1990s artists like Luciano, Tony Rebel, Morgan Heritage, Sizzla, Everton Blender, Maxi Priest, Beres Hammond, Shaggy and Ziggy Marley and the Melody Makers have been able to sustain some international interest in dancehall and reggae music. However, sales have not rebounded to that of the early 1990s.

The shakeout in dancehall had a telling effect on reggae sales internationally. It also led to a decline in overseas concert tours and live performances. The industry experienced another blow when US based cable music video company, Caribbean Satellite Network (CSN), closed down in 1995 after four years of operation. CSN had a large reggae and Caribbean music program and played a critical role in terms of media exposure for Caribbean genres. After CSN's demise Black Entertainment Television introduced their 'Caribbean Rhythms' program. This was discontinued in 1998. In 1996 Caribbean Video Network (CVN) began distributing broadcast videotapes from its base in Tobago. CVN moved operations to Miami in 1998. The latest effort in this area is Jamrock Cultural Productions one-hour magazine TV show entitled 'Lifestyles of the Caribbean'. The program, which is aired on cable channels in the US, Canada and the Caribbean, integrates news, interviews, sports with music videos. Jamrock's operations includes a website and a mail or internet order system which allows viewers to purchase advertised merchandise, for example, reggae and soca CDs.

THE RECORDING INDUSTRY

The structure of the music industry is such that its strength is in artistic and intellectual production. Jamaica is considered to be the most prolific territory in terms of musical output. There is an almost endless supply of artists, songwriters, lyricists, producers and arrangers. Outside any of the major studios in Kingston one can see a ready supply of new talent waiting to be discovered. The emergence of digital recording technologies and the growth of ragga or dancehall music allowed for the proliferation of studios as well as increased opportunities for new artists to be recorded.

TABLE 1

THE JAMAICAN RECORDING INDUSTRY, EARLY 1980s.

<i>Aspects of the Industry</i>	<i>Situation and Context</i>
1. Dominant phonogram (records/cassettes)	Records. Many blank tapes sold.
2. Best/latest estimate of market size	2.5 million singles, 800,000 LPs.

3. Relative dominance local/foreign music	Approximately 40/60.
4. Exports of local music	Much reggae exported, often via tapes to London.
5. Phonogram companies – foreign owned	Dynamic Sounds planned partnership with CBS aborted.
6. Phonogram companies – locally owned	4 larger local companies in IFPI. Numerous other producers.
7. Studio resources	At least 7 professional studios (many with 16 track).
8. Manufacturing resources – record factories	7 pressing plants, mainly fairly small operations.
9. Manufacturing resources – cassette manufacture	None.
10. Cassette duplication	Small operators.
11. Distribution and retail sales	Larger companies distribute themselves to record stores.

Source: Wallis & Malm, 1984: 112-116.

The recording industry in Jamaica for the last three decades has been based upon a handful of locally owned larger companies, which record, manufacture and distribute local and foreign product (see table 1 above for more details). In the early 1980s there were four recording companies that were members of IFPI, seven recording studios (mainly 16 track), and seven pressing plants. The larger category of recording companies includes firms like Dynamic Sounds, Tuff Gong and Sonic Sounds, which are today three of the largest local recording firms. Dynamic Sounds was acquired by Byron Lee in 1966 after a fire destroyed West Indies Records which was owned by George Benson and Bunny Rae, who in turn had acquired it from Edward Seaga (former Prime Minister and current Opposition Leader) the year before. West Indies Records Limited (WIRL) which was established by Seaga in 1958 gave competition to Federal Records owned by Ken Khouri, which had started the first recording studio in 1949 and pressing plant in 1957. Federal had a monopoly on record pressing but had no mastering capabilities and so was reliant on sending records to the US for mastering.

This dependence on imported masters continued until the late 1970s when Lee's Dynamic Sounds and Bob Marley's Tuff Gong upgraded their facilities. Tuff Gong started as a record label in the late 1960s. A record and distribution company was registered in 1973 but began operations in 1978. The pressing plant came on stream in 1979. The mid-1970s also saw the birth of Sonic Sounds, owned by Neville Lee, a record label, publishing house, recording studio and manufacturing plant for vinyl records and cassette tapes. Sonic Sounds was also

operating as the regional distributor for the major international label BMG via a licensing agreement.

Up until the mid-1980s there were no transnational firms operating in Jamaica, even though there were two attempts by CBS to establish a presence there. The first attempt was in 1976 when reggae music sales were expanding rapidly. This initiative was blocked by the nationalist Michael Manley administration. The second attempt was in 1981 under the Seaga regime. A bid was made for a large share of Dynamic Sounds, which was owned by artist, bandleader, entrepreneur Byron Lee. This deal also collapsed. The main aims of the CBS initiative was to gain access to local talent as well as compete with the other majors and control the regional market. The failure of the deal did not stop CBS from increasing its catalogue of reggae artists like Peter Tosh, Third World and Jimmy Cliff and becoming a competitor in international marketing (Wallis & Malm 1984: 97-100).

The direct involvement of a transnational does not occur until the arrival of 'Island Jamaica' in 1995, which is a joint venture between former owner of 'Island Records', Chris Blackwell and PolyGram². Island Jamaica took over 'Mango Records' portfolio for reggae music. Mango Records shifted focus to producing and distributing 'World Beat' music. In 1997 Blackwell exited the PolyGram board and established Islandlife in 1998, which includes record labels Palm Pictures and Rykodisc; licensing entity Bob Marley Inc.; film/audio company Mango USA; and publishing company Blue Mountain Music. The merger of PolyGram with Universal in 1998 to create the Universal Music Group resulted in the establishment of a new label group called Island/Def Jam Music Group. This label group includes a number of artists from Island Records, Def Jam Records, Mercury Records, and their associated labels (Billboard 1999: 77).

Since the mid-1980s there has been a proliferation of digital studios which proved to be more cost-effective than the previous generation of analogue studios. This period saw the emergence of computerized studios such as King Jammy's, King Tubby's, Donovan Germaine's Penthouse, Gussie Clarke's Music Works, Roy Francis's Mixing Lab, Dave and Tony Kelly's Madhouse. King Jammy's, for example, is credited with recording Wayne Smith's 'Under Me Sleng Teng' in 1985 which paved the way for the new sound of digitalized ragga and dancehall where artists would ride a rhythm or 'riddim'.

This led to the growth of one-rhythm albums, where different artists -- as many as fifteen -- sing over the same 'riddim' track. These products were targeted particularly at the singles market and low budget compilations. The shelf life of these songs was short as they fed into the competitive environment of the sound-

² PolyGram is reported to have bought Island Records from Chris Blackwell for US\$300 million in 1989.

system clashes in the dancehalls. This new genre of Jamaican music gave primacy to the input of producers as well as the influence of sound-systems. By the late nineties the music market context had shifted such that artists were becoming second in importance to producers in terms of the marketing of the product. For example, the recent release of the riddim track, "The Bug", by the hottest producers of the late nineties, Dave and Tony Kelly of Madhouse, highlights the producers and features top DJ Bounty Killer.

A number of major developments in the 1980s had impacted on the business model of the recording industry. Some of the major developments were the growth in imported cassette players, the sale of locally produced pre-recorded cassettes and pirated tapes. The latter are cheaper and are often viewed as being of a higher quality than the legally mass-produced ones, thus giving the pirates an advantage in the marketplace, a problem that has plagued the industry ever since. The significance of the pirate market is reflected in the sustained growth in blank tape imports as well as the import of cassette recorders and other sound recorders. As table 2 shows the import of unrecorded audiotapes has more than tripled over the period 1994 to 1998. Some of this trade (i.e. the magnetic tapes) goes to the legitimate industry firms for the production of pre-recorded tapes but the growth in blank audiotapes is a reflection of the expanding pirate market. This trend corresponds with the growth of imports in cassette and sound recorders as illustrated in table 3.

TABLE 2
UNRECORDED AUDIOTAPES IMPORTS, 1994-1998

	1994	1995	1996	1997	1998
Audiotapes	2,427,647	7,938,809	14,031,582	7,726,033	8,045,110
Magnetic tapes	2,680,091	5,284,596	6,664,324	5,812,217	5,382,983
Other magnetic tapes	2,891,983	20,922,695	4,090,204	2,408,551	16,079,936
TOTAL	7,999,721	34,146,100	24,786,110	15,946,801	29,508,029

Sources: The Statistical Institute of Jamaica External Trade, Provisional Part II. Kingston: Jamaica, 1995; 1996; 1997; 1998; 1999.

TABLE 3
CASSETTE RECORDERS & OTHER SOUND RECORDERS IMPORTS,
1995-1998 (JA\$)

	1994	1995	1996	1997	1998
Cassette sound recorders	3,022,011	4,666,175	3,140,719	2,721,728	6,104,556
Other sound reproducers	39,625,927	77,632,384	100,504,606	103,388,172	139,484,587
Magnetic tape sound	2,471,012	4,731,796	4,384,290	1,486,300	1,614,287

recorders					
TOTAL	44,118,950	87,030,355	108,029,615	107,596,200	147,203,530

Sources: The Statistical Institute of Jamaica External Trade, Provisional Part II. Kingston: Jamaica, 1995; 1996; 1997; 1998; 1999.

The emergence of CDs as the new international format in the mid-1980s was another major development for the industry. It impacted on the export capability of the industry by the early 1990s and also created a new source of import dependency. As table 4 shows CDs account for over 80% of soundcarrier imports. The growth of a consumer market for CDs on the local and international market did not see a commensurate response from the record producers in terms of investment in CD technology. This has resulted in a shift in the business model of several of the larger firms, for example, Sonic Sounds, Dynamic Sounds and Tuff Gong. Up until the late 1980s these firms were producers and exporters of soundcarriers (i.e. vinyl records and pre-recorded audiotapes) and re-exporters of international product for the regional market. As table 5 illustrates vinyl records have remained steady at about J\$ 2.4 million, audiotapes have declined by approximately 90%, and CDs have dropped to a virtual trickle.

Consequently, the recording industry In Jamaica became net importers of soundcarriers. This is because the distribution side of the recording business has become the dominant income stream. This trend is reflected in the trade statistics when soundcarrier imports and exports are compared (see tables 4 & 5). 1995 is the first year that imports exceed exports. The trade gap has widened rapidly since then.

TABLE 4

SOUNDCARRIER IMPORTS, 1994-1998 (JA\$)

	1994	1995	1996	1997	1998
LPs	-	91,281	121,628	83,182	66,527
MCs	1,317,996	2,023,874	3,953,568	2,651,949	2,824,507
CDs	3,784,914	5,909,234	12,082,734	15,184,024	11,030,129
TOTAL	5,102,910	8,024,389	16,157,920	17,919,155	13,921,163

Sources: The Statistical Institute of Jamaica External Trade Provisional Part II. Kingston: Jamaica, 1995; 1996; 1997; 1998; 1999.

TABLE 5

SOUNDCARRIER EXPORTS, 1994-1998 (JA\$)

	1994	1995	1996	1997	1998
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LPs	2,874,945	414,789	3,337,748	2,479,651	2,403,219
MCs	1,701,036	2,854,463	535,401	94,210	173,229
CDs	1,402,493	133,976	173,574	73,884	90,775
TOTAL	5,978,474	3,403,228	4,046,723	2,637,745	2,667,223

Sources: The Statistical Institute of Jamaica External Trade, Provisional Part II. Kingston: Jamaica, 1995; 1996; 1997; 1998; 1999.

One of the most significant recent developments has been the establishment of a local CD plant, Laser Works. The Laser Works CD plant is reported to have cost US\$1 million and has a production capacity of 200,000 units per month. It is expected that it will employ between 30 and 50 workers once fully operational. The aim of Laser Works is to service the local and regional market since it is the only one of its kind in the region (Star 1999).

Laser Works began producing CDs for the market in September 1999. It's first product was a CD single of Dave Kelly's new riddim, 'The Bug', which features four mixes of Bounty Killers' 'Look'. The CD plant is currently focussing on producing singles, especially for the local market, as it is affordable and well suited to the production and consumption pattern of the dancehall genre. Laser Works has also begun exporting. The first single has received a warm reception in the UK since its release. The suggested retail price from Laser Works is a very competitive J\$55.00 which includes a 50% markup. Laser Works is able to offer CDs retail ready for prices as low as US\$1.50 per unit in quantities of 500 - 4,999 and US\$1.10 per unit for quantities over 5,000 (Hardcopy 1999).

It is quite possible that this new investment can boost soundcarrier exports and reduce imports, thereby addressing the growing trade deficit that the recording industry has been experiencing. It may also have the potential to reverse the growth in the pirate market given the superior quality and the affordable prices of the CDs. Retailers report a sudden upsurge in the sale of CD players as a result of the new CDs on the market (Hardcopy 1999).

One of the problematic areas for the recording industry has been the area of publishing, especially in terms of mechanical, synchronization and performance licensing fees. The latter has proved to be particularly problematic. Jamaica has a long history of copyright infringement, for instance, broadcasters, concert promoters, nightclubs and restaurants, which did not pay license fees for the public performance of music. This situation is being rectified more aggressively with the coming into being of JACAP in 1999. JACAP was able to get broadcasters to agree to pay outstanding fees and comply with copyright laws. JACAP replaced PRS, which had an agency in Jamaica.

Because of the long history of PRS in Jamaica most Jamaican artists are either members of PRS or one of the US collecting societies, ASCAP, BMI or SESAC. Table 6 gives some data on the number of registered copyright owners and the musical output. JACAP is therefore faced with the problem of attracting membership from these more established societies. In addition, because most artists are members of foreign collecting societies it means that their royalty income is not reflected in the foreign exchange earnings of the local music industry. As a result, the only data available on royalty income is from local collections, which are then remitted to PRS in the UK. Table 7 shows the local royalty collections for the period 1991 to 1998. Royalty collections have grown appreciably, over 50% during the period.

TABLE 6
REGISTERED COPYRIGHT OWNERS & MUSICAL OUTPUT

No. Artists/Composers/Producers	1 040*
No. Artists	250
No. Producers	42
Musical Compositions	
Repertoire	1 100
Per Annum	50
Sound Recordings	
Repertoire	1 800
Per Annum	10 000

*Members of PRS and JACAP

Source: "Feasibility Study Relating to Regional Collective Administration in the Caribbean" by Paul M. Berry & Associates, April 1999.

TABLE 7
LOCAL ROYALTY COLLECTIONS, 1991 - 1998, (£)

1991	1992	1993	1994	1995	1996	1997	1998
117,907	6,630	101,070	113,400	133,683	168,692	208,593	178,676

Source: PRS 1999.

Another area of concern has been that of mechanical licensing fees which arise once a copyrighted music composition is incorporated into commercial phonograms or soundcarriers, for example, records, tapes, CDs and MP3 files. In the early days of the recording industry it was common for producers to list themselves as the authors and pay the composers and singers a flat fee or a wage for a recording session. This occurred largely because artists had little understanding of the business of publishing and their rights as copyright owners. Consequently, many artists never saw any monies from performance or

mechanical licenses. This scene has begun to change as many top artists have formed their own labels to manage the publishing. However, it is noted that many artists have sought this route out of pure frustration and mistrust of producers (MBI 1997: 51).

ECONOMIC AND MARKET ANALYSIS

Reggae's transition from a local artform to a global one was not automatic nor did it occur without some amount of corporate manipulation and reconfiguration to meet perceived Western market considerations. Carolyn Cooper, commenting on the export of Jamaican popular culture, points out that "raw talent would not have been enough without the operations of international capital" (1993: 5). Cushman also argues that "in its diffusion, reggae music was transformed from a form of cultural criticism into a cultural commodity" (1991: 18-19). Alleyne (1994) suggests that while the commodification of reggae may have empowered Caribbean people at home and in the diaspora through an expansion of geo-cultural space, it is the transnational corporate entities that control the discourse and reap the economic benefits.

Jamaica is reputed to have more releases of '45' recordings per capita than anywhere else in the world. This strong presence in the international market is reflected in the personal incomes of some of the top performers. For example, in the early 1990s conservative estimates put Shabba Ranks, Buju Banton and Patra annual incomes between US\$250,000 and \$750,000 and the Bob Marley estate earnings from royalties and merchandising at US\$250,000 (Bourne & Allgrove 1996: 5). It is also suggested that the major recording companies pay the top artistes in excess of US\$100,000 per album (Watson 1995: 21). It is reputed that these artistes make more earnings from touring. At home artists fees have also appreciated, especially for top performers like Beenie Man, Buju Banton and Bounty Killer. These artists are able to demand performance fees ranging between US\$15,000 and \$20,000.

The exact contribution of the music industry to the Jamaican economy is difficult to ascertain but it is clear that it is not insubstantial. One of the problems with identifying the export earnings of the Jamaican music industry is that there is limited data on the sale of reggae music internationally. This genre of music only shows up in one territory, the UK (see table below). Other territories, for example, the US and Japan -- where it is known that reggae sales are significant -- do not publish sales data for this genre.

In the UK there is data on sales of singles as well as albums. Table 7 shows that reggae music sales peaked in 1993 accounting for 7.6% of singles sales and 1.5%

of album sales, for a combined total of 4.0% and sales value of £52.8 million. Since 1993 sales have dropped precipitously, especially in the singles format. The 1997 sales share for reggae was 0.4% for singles and 0.8% for albums, for a combined total of 0.9% and sales of £15.0 million. An example of the music market's decline is the case that the top selling single in the UK in 1996 was Beres Hammond's "Over You", which sold less than 10,000 units (MBI 1997: 49). In 1998 the top selling artists were in rank order, Finley Quaye, with over a third of sales, followed by Bob Marley, UB40, Buju Banton, Red Rat, Horace Andy, Sizzla, and Beenie Man (BPI 1999).

TABLE 7
REGGAE MUSIC SALES IN THE UK, 1991 - 1997 (%)

<i>Format</i>	1991	1992	1993	1994	1995	1996	1997	1998
Singles	-	0.7	7.6	3.3	1.5	0.5	0.4	0.5
Albums	1.1	0.9	1.5	1.3	0.8	0.4	0.8	1.0
Combined ¹	1.1	1.1	4.0	2.4	1.3	0.6	0.9	1.1
Total UK sales (£mn)	1,217.9	1,199.1	1,320.0	1,550.0	1,624.0	1,691.6	1,665.1	--
Reggae Sales (£mn)	13.4	13.2	52.8	37.2	21.1	10.1	15.0	--

Source: BPI, 1999; IFPI, 1998.

Note: ¹ The combined total of singles and albums is based on the ratio of 3 singles = 1 album.

The demographics for reggae music in the UK, based on data from the British Phonographic Industry (see table 8 below), is such that buyers are predominantly male (64%) and are heavily concentrated in the younger age groups, the under 34 year olds account for 73% of buyers. The breakdown of the data is such that the 15 - 24 age group accounts for 32% of reggae music buyers. This group is only surpassed by the 25 - 34 age group with 41% of buyers. In the older age groups the 45 - 54 age group accounts for 18% while the other segments are 5% each.

TABLE 8
REGGAE MUSIC BUYER PROFILE, BY GENDER AND AGE, 1998

Gender		Age					
Men	Women	15 -24	25 - 34	35 - 44	45 - 54	55 - 64	65+
64%	36%	32%	41%	5%	18%	5%	--

Source: BPI, 1999.

The above data on reggae music sales in the UK can be viewed as a conservative estimate given the lack of data and the high level of under-reporting associated

with Caribbean music. Nonetheless, it gives a useful benchmark to gauge the value of reggae internationally.

In the Japanese market reggae achieved significant growth in the late 1980s and early 1990s. Japan became an important source for additional recording sales as well as concert touring. The success of Japansplash, a Japanese version of Reggae Sunsplash³, with crowds of 50,000, has established an important market base for reggae music. In the early 1990s sales were very encouraging as Japan became the third largest overseas market for reggae music. However, sales have declined in recent years as reggae has lost market share because of the downturn in the Japanese economy and competition from the increasingly popular dance music.

It is also that reggae is still often associated with summer time, which restricts the marketing possibilities. One of the main problems highlighted by industry analysts is that the market has been saturated with inferior product and 'one-track albums' of the dancehall genre which served to meet the initial demand in the early 1990s but did not have much staying power. The Japanese market has proved to be more of a roots reggae album market. The same seems to apply for the concert market. A September 1999 tour by promoter Sting had a disappointing attendance of an average of 4,000. In contrast, an August 1999 tour including Freddie Mc Gregor, Inner Circle, Aswad and Anthony B, played two shows and attracted audiences of 25,000 and 30,000. Accordingly, the top selling artists are of those that have albums with roots reggae or broader pop appeal, for example, Louchie Lou & Michie One, Chaka Demus & Pliers, Aswad, Snow, Janet Kay, CJ Lewis Yami Bolo and Diana King. These artists had gold and platinum⁴ album sales in the mid-1990s (MBI 1997: 50; The Gleaner 1999).

Billboard's analysis of the top reggae artists, albums, labels, imprints and distributors indicates that there is a dominance of non-Jamaican firms in the US reggae market (see appendices 1-3). In the period 1997 to 1999 two significant trends are discernable. The first is the increased market share of the independent imprints, labels and distributors and the decline of the major firms like Virgin, Polygram and Island Records. This trend is exemplified by the success of VP Records, a Jamaican owned independent firm operating in the US, which specializes in dancehall. It has held the number one spot for the last three years in the category of imprint and label. VP also has the honor of producing Beenie Man, the top selling reggae artist in the last three years. It is noteworthy that other Jamaican artists such as Buju Banton, Bounty Killer and Ziggy Marley and the Melody Makers have featured prominently in the top ten reggae artists. Jamaican labels such as Shocking Vibes, Germain and Penthouse have also

³ Reggae Sunsplash was first held in Japan in 1985 before the rival Japansplash was started

⁴ In Japan international certifications for platinum and gold album sales are 200,000 and 100,000 units, respectively.

maintained a presence in the charts with the success of the Jamaican artists as local publishing companies.

The second trend is the growing dominance of compilations as opposed to single artist albums in the top selling records. In 1999 seven of the fifteen top selling albums are compilations. VP Records heads the list of compilations with its series of Reggae Gold and Strictly the Best. Polygram's Pure Reggae and Reggae Party were top selling compilations as well. This trend differs from the situation in 1997 when Virgin Records topped the list of firms with charted albums from UB40, Shaggy and Maxi Priest. The growth of compilations is indicative of a number of trends. The first is the continued dominance of dancehall as a sub-genre in the US market. The second is the reduction of the market to the core fan base in urban centers, which represents a decline in international sales. The final is the influence of reggae is returning to the Jamaican scene in that what is popular at home is defining international sales, especially among the core fan base in the US.

It is also noteworthy that the sales in the reggae catalog⁵ category is largely driven by albums from the late great Bob Marley (see appendices 1-3). Bob Marley's album Legend was also the top R&B catalog album in 1997 and 1998. The Legend album has spent 547 weeks on the catalog charts third in rank to Pink Floyd's albums. This performance results in Bob Marley and the Wailers being one of the top artist in the pop catalog in the late 1990s and Tuff Gong placing high in the top pop catalog imprints. Bob Marley's sustained position at the top of the charts has earned him the title of artist of the century according to Time magazine. It is this universal appeal of Bob Marley that was exploited in the December 1999 Tribute concert "One Love", which featured a pan-genre line-up of superstars: Erykah Badu, Sheryl Crow, Lauryn Hill, Queen Latifah, Busta Rhymes, Sarah McLachlan, Seal, Rita Marley and Ziggy Marley and the Melody Makers. The tribute Concert was broadcast on the cable network 'TnT'. Islandlife has defined this as its new marketing approach to the music market and has invested in a new festival centre at James Bond beach.

Island has also invested in the audio-visual sector, specifically film production, for example, the movie 'Third World Cop'. The aim is to produce films, which tap into the culture of Jamaica and use Jamaican artists for the soundtrack. This represents a shift in the traditional business model from a supply push one to a demand-pull approach. In many respects Island is attempting to duplicate the impact that the movie 'The Harder They Come' had on the marketability of reggae music back in the early 1970s. The films are worthwhile investments in

⁵ Catalog albums are 2-year old titles that have fallen below No. 100 on the Billboard 200 or reissues of older albums.

themselves, as exemplified by the commercial success of 'Dancehall Queen' in the mid-1990s.

Concerts like the Bob Marley tribute, which capitalize on the synergy between the tourism and entertainment sectors and have a broadcast and a tourism appeal are emerging to be an innovative strategy. This is reflected in the growth of festivals and the expanding role of the Jamaica Tourism Board. Table 9 lists some of the major festivals and gives some perspective on the visitor arrivals during the months of the festivals. More detailed study is required to determine the direct contribution of the festivals in terms of tourism pull and contribution to earnings in the sector.

*TABLE 9
VISITOR ARRIVALS
DURING THE MONTHS OF MAJOR FESTIVALS & MUSIC EVENTS, 1998*

MONTH	FESTIVALS	VISITOR ARRIVALS
April	Jamaica Carnival	109,941
June	Ocho Rios Jazz Festival	107,307
August	Reggae Sumfest	109,927
October	All That Jazz & Heritage Festival	82,254
November	Air Jamaica Jazz & Blues Festival	94,469

Sources: Jamaica Annual Travel Statistics. Jamaica Tourist Board, 1999; Jamaica Vacation Guide, Jamaica Tourist Board, 1998.

Tourism also has the impact of creating additional audiences and markets for the local entertainment sector. Table 10 shows that entertainment expenditures accounted for 10.3% of visitor spending in 1998. With visitor expenditures of approximately US\$1,096 million, this amounts to \$112.9 million being spent on entertainment from the hospitality sector. An example, of the contribution of the tourism sector to entertainment is the contribution of Sandals Resorts. Sandals estimates that it spent J\$95 million on entertainment of various sorts, for example, artists such as pianists, mento and jazz bands, dance groups, fire dancers, contortionists, comedians and acrobats (Daily Observer 1999).

TABLE 10
DISTRIBUTION OF EXPENDITURE OF FOREIGN NATIONALS, 1998*

	1998 %
Accommodation**	59.6
Food & Beverage	6.2
Entertainment	10.3
Transportation	6.5
Shopping	9.7

Miscellaneous	7.7
TOTAL	100.0
AVE. EXPENDITURE PER PERSON PER NIGHT	US\$90.82
AVE. LENGTH OF STAY (nights)	10.9
TOTAL EXPENDITURE	US\$1,096 million

Notes: *This data on visitor expenditures excludes the spending of cruise ship passengers (US\$57 million) and non-resident Jamaicans (US\$44 million).

**Including food and beverage.

Source: Jamaica Annual Travel Statistics, Jamaica Tourist Board, 1998

SUMMARY AND CONCLUSION

The contribution of the entertainment industry to economic development is difficult to assess and quantify. However, the contribution of this industry is considered to be very significant and is increasing at a rapid rate (WTO Trade Review, 1998: 16).

It is estimated that reggae sales in the US between 1992 and 1993 were US\$270 million dollars. This is based on a percentage share of the 'Urban Contemporary' sales because the genre is not captured in sales data (Watson 1995: 2). Another estimate suggests that the overall earnings for the Jamaican recording industry could be as high as US\$300 million -- 25% of the worldwide income from recorded reggae music. This figure does not include income from concert performances, sales of ancillary product, tours and reggae music festivals which is estimated to be another US\$50 million (Stanbury 1997).

These estimates of the earnings of the reggae music industry upon analysis appear to be an exaggeration of the global value of reggae music and the share that Jamaica commands. It is also noted that Jamaica's share of the earnings in the reggae music market are impacted on by problems such as the non-repatriation of overseas income by artists and entrepreneurs, minimum local value added, the lack of a national agency to collect mechanical and performing rights royalties (JAMPRO 1996) and high levels of copyright infringement (Cuthbert & Wilson 1990). These problems are related to the fact that the sector is highly fragmented and lacks a strong institutional framework. These issues are reflected in the following comments from an entertainment sector specialist at JAMPRO:

It has been recognized that the major decision-makers within music are concentrated outside of Jamaica. In addition, the income being derived from music and its attendant value-added products are not being returned to Jamaica. The success of Jamaican music to date has had very little to do with government policy or incentives and more to do with the struggles of poverty and hardship and the use of informal channels to market local music products (JAMPRO 1996: 62).

These observations are illustrative of the neglect and indifference that the sector has suffered from. It is only recently, through the auspices of JAMPRO, that there has been any governmental support. Much more is needed, however. There is a clear need to build on the existing institutional capacity by establishing an umbrella sector association, a national collection administration agency, legislation and mechanisms to enforce copyrights, education and training, and adequate financing to facilitate product design and innovation (Holland and Kozul-Wright 1997: 3).

There is increasing recognition of the economic potential of the music industry and the entertainment sector as a whole on the part of the government. In 1996 the government adopted a National Industrial Policy (NIP). The NIP targets five strategic industry clusters drawn from the services, science and technology, manufacturing and agricultural sectors. Entertainment is embraced in the services cluster along with tourism, telecommunications, shipping and berthing and informatics. Under the NIP nine Industry Advisory Councils were established to facilitate private sector input in defining the most appropriate economic and trade policy measures. The entertainment sector was selected as one of the nine sectors to be allocated an IAC.

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APPENDIX 1: BILLBOARD - THE YEAR IN REGGAE, 1997

TOP REGGAE ARTISTS, 1997

Artists	Imprint/Label (No. of Charted Albums)
1. UB40	▪ Virgin (3)
2. Bob Marley	▪ Axiom/Island (1); Jad (1); Prime Cuts (1); Tuff Gong/Island (1)
3. Shaggy	▪ Virgin (2)
4. Ziggy Marley & the Melody Makers	▪ Elektra (1); Virgin (1)
5. Bounty Killer	▪ Blunt/VP/TVT (1); Greensleeves (1)
6. Maxi Priest	▪ Virgin (1)
7. Buju Banton	▪ Loose Cannon/Island
8. Born Jamericans	▪ Delicious Vinyl/Red Ant (1)
9. Beenie Man	▪ VP (1)
10. Damain JR. Gong Marley	▪ Tuff Gong/Lightyear (1)

TOP REGGAE ALBUMS, 1997

Title	Artists	Imprint/Label
1. Reggae Gold 1997	Various Artists	VP
2. The Best of Volume One	UB40	Virgin
3. The Best of Volume Two	UB40	Virgin
4. Boombastic	Shaggy	Virgin
5. My Xperience	Bounty Killer	Blunt/VP/TVT
6. Natural Mystic	Bob Marley & the Wailers	Tuff Gong/Island
7. Guns in the Ghetto	UB40	Virgin
8. Fallen is Babylon	Ziggy Marley	Elektra/EEG
9. Strictly the Best Seventeen	Various Artists	VP
10. Man with the Fun	Maxi Priest	Virgin
11. Til Shiloh	Buju Banton	Loose Cannon
12. Midnight Lover	Shaggy	Virgin
13. Soul Almighty	Bob Marley	Jad
14. Yardcore	Born Jamericans	Delicious Vinyl/Red Ants
15. Maestro	Beenie Man	VP

NUMBER OF CHARTED ALBUMS, 1997

Top Reggae Imprints	Top Reggae Labels	Top Reggae Distributors
1. Virgin (7)	1. Virgin (7)	1. Independents (24)

2. VP (11)	2. VP (10)	2. EMD (8)
3. Tuff Gong (3)	3. Island (7)	3. PGD (7)
4. PowWow (2)	4. TVT (1)	4. WEA (6)
5. Elektra (1)	5. Elektra Entertainment (2)	5. SONY (2)

TOP REGGAE CATALOG ALBUMS, 1997

Title	Artist	Imprint/Label
1. Legend	Bob Marley & the Wailers	Tuff Gong/Island
2. Exodus	Bob Marley & the Wailers	Tuff Gong/Island
3. Natural Mystic	Bob Marley & the Wailers	Tuff Gong/Island
4. Natty Dread	Bob Marley & the Wailers	Tuff Gong/Island
5. Legalize It	Peter Tosh	Columbia

SOURCE: Billboard, December 27, 1997.

APPENDIX 2: BILLBOARD - THE YEAR IN REGGAE, 1998

TOP REGGAE ARTISTS, 1998

Artists	Imprint/Label (No. of Charted Albums)
1. Beenie Man	▪ VP (1)
2. Bob Marley	▪ Jad/Koch (2); Madacy (2); Axiom/Island (1)
3. Buju Banton	▪ Germain/VP (1)
4. Finley Quaye	▪ Music/Epic (1)
5. Diana King	▪ WORK/Epic (1)
6. Shaggy	▪ Virgin (1)
7. Hepcat	▪ Hellcat/Epitaph (1)
8. Ziggy Marley & the Melody Makers	▪ Elektra/EEG (1)
9. Born Jamericans	▪ Delicious Vinyl/V2 (1)
10. General Grant	▪ PolyBeat/Virgin (1)

TOP REGGAE ALBUMS, 1998

Title	Artists	Imprint/Label
1. Many Moods of Moses	Beenie Man	Shocking Vibes/VP
2. Reggae Gold 1998	Various Artists	VP
3. Pure Reggae	Various Artists	Polygram TV/Island
4. Inna Heights	Buju Banton	Germain/VP
5. Best of Bob Marley	Bob Marley	Madacy
6. Strictly the Best 19	Various Artists	VP
7. Reggae Gold 1997	Various Artists	VP
8. Maverick a Strike	Finley Quaye	550 Music/Epic

9. Think Like a Girl	Diana King	WORK/Epic
10. Midnight Lover	Shaggy	Virgin
11. Right on Time	Hepcat	Hellcat/Epitaph
12. D.J. Reggae Mix	Various Artists	Beast/Simitar
13. Dreams of Freedom	Bob Marley	Axiom/Island
14. Strictly the Best 20	Various Artists	VP
15. Yardcore	Born Jamericans	Delicious Vinyl/Red Ants

NUMBER OF CHARTED ALBUMS, 1998

Top Reggae Imprints	Top Reggae Labels	Top Reggae Distributors
1. VP (8)	1. VP (10)	1. Independents (30)
2. Shocking Vibes (1)	2. Island (4)	2. PGD (6)
3. Polygram TV (1)	3. Epic (2)	3. Sony (3)
4. Germain (1)	4. Virgin (4)	4. EMD (6)
5. Madacy (1)	5. Madacy (3)	5. BMG (2)

TOP REGGAE CATALOG ALBUMS, 1998

Title	Artist	Imprint/Label
1. Legend	Bob Marley & the Wailers	Tuff Gong/Island
2. Natural Mystic	Bob Marley & the Wailers	Tuff Gong/Island
3. Exodus	Bob Marley & the Wailers	Tuff Gong/Island
4. Best of - Volume One	UB 40	Virgin
5. Boombastic	Shaggy	Virgin

SOURCE: Billboard, December 26, 1998

CHAPTER FOUR

THE DOMINICAN MUSIC INDUSTRY

INTRODUCTION

The music industry in the Dominican Republic has a long history of highly creative music production, for example, in genres such as meringue, son and bachata. In the Dominican Republic there are a large number of authors, composers and performers, as well as a proliferation of recording companies, music bands and radio stations. However, like many of its Caribbean neighbors, the business environment has suffered from a lack of investment capital, a weak

institutional framework in terms of industrial, trade and intellectual property policies and high levels of piracy and copyright infringement.

As the second most populous territory, with over eight million people, the Dominican Republic is viewed as a large market relative to its several Caribbean neighbors. It has the highest GDP and has been experiencing the fastest rate of growth in the region in recent years. Its GDP per capita of \$1,925 places it third from the bottom ahead of Cuba and Haiti. This observation suggests that purchasing power is not as strong as in other territories. However, given its large market and the large influx of tourist 1.88 million (1998) this market can be viewed as the largest in the region.

Another factor that attests to the large size of the market is the proliferation of radio stations on the island. There are close to two hundred stations spread throughout the island. What is observable but not fully documented is the fact that local repertoire enjoys a favorable share of the airplay. Spanish music repertoire also dominates the airwaves. This makes the Dominican Republic a Latin Music market, which has emerged to be one of the fastest rising genres in terms of global sales in the late 1990s.

Like several other Caribbean territories, the Dominican Republic has a large diasporic community, particularly in US cities such as New York and Miami, but also in Puerto Rico and Venezuela. The diasporic community plays an important role as a market in two ways: the first as an extension of the home market and secondly as a wedge into the mainstream and pan-Latin markets. The diasporic community also acts as a production centre because of the ease of access to new technologies as well as larger markets. It is also the context where the island sound is mixed with contemporary sounds to form new sub-genres.

THE MUSIC INDUSTRY

The most well known sound coming out of the Dominican Republic is *merengue*. However, there are other genres of music such as *bachata*, *gaga*, *nueva canción* and *son*, which are indigenous or pan-Latin. Dominican son is similar to the Cuban version and is thus regional. The Nueva Canción sound, often associated with the intellectual class, is part of a pan-Latin regional movement that is premised on social protest and commentary. Gaga is the Afro-Dominican version of Haitian rara, which has been marginalized for ethnic and political reasons. Bachatas are referred to as “songs of bitterness” as they often relate stories of heartbreak and unrequited love. Bachata, which is very popular with the working classes and out-sells merengue in some quarters, was shunned by the upper classes and the media until the early 1990s when internationally acclaimed

Dominican artist, Juan Luis Guerra, sang “Bachata Rosa” and legitimized the genre (Manuel 1995).

Studies suggest that merengue emerged in the mid-19th century after the Haitian occupation (1822-1844) and the establishment of the independent state in 1844. Indeed, it is noted that merengue has long been invoked as a symbol of national identity in the face of external threats. For example, during the first US Occupation (1916 - 1922) merengue was given preference in the dancehalls over foreign genres as a mode of resistance and an act of nationalism. In the 1970s merengue experienced a resurgence largely in response to the inroads made by US rock ‘n’ roll as well as salsa (Davis 1994: 137).

Dominican merengue is viewed as a creole variant of syncopated couple dances called *contradanza* or *danza*. Ethnomusicologists also suggest a relation to the Haitian meringue and the merengue that emerged in places like Puerto Rico and Cuba. Within the Dominican Republic a national style emerged around the early 20th century. The style of the densely populated Cibao region, which uses the standard ensemble of guitar or accordion, *güira* scraper, *tambora* drum and *marimba* bass, has become known as traditional merengue, merengue típico or perico ripiao (Manuel 1995).

Over the years there have been several innovations in the sound. The 1870s saw the replacement of the guitar with the accordion, which was brought by German immigrants. The African derived bass instrument the marimba (called marimbula in Puerto Rico and Cuba) was imported from Cuba in the 1930s. The 1930s also saw the introduction of orquestas with trumpets and saxophones very much in line with the American big-band concept. Orquestas performed in ballrooms and salons. The elite of the society, which had in the past denounced and censured the merengue as being too vulgar, began to identify with the indigenous music. Nationalism and anti-Yankee sentiment gave an additional fillip to the local music industry as Dominicans of all classes came to resent the American occupation from 1916 to 1924.

The dictatorship of Rafael Trujillo, which lasted from 1930 until Trujillo’s assassination in 1961, represents another important milestone in the Dominican music industry. The period of the dictatorship saw the repression of Afro-Dominican religion and culture and the revival of anti-Haitian phobias, which culminated in the massacre of some twenty thousand Haitians in the border region. Foreign investment and foreign music were discouraged under the guise of nationalism. Large-scale urbanization was prohibited. As a consequence 70% of the population lived in rural areas until the 1960s (Manuel 1995: 102).

Trujillo's reign impacted on the music industry in some positive ways, although the aim was essentially self-serving and premised on constructing a Hispanic identity while denying an Afro-Dominican heritage. Trujillo promoted merengue through several mechanisms. Folk merengue or perico ripiao and the big-band orquestado were positioned as symbols of Dominican national identity. President Trujillo established his own personal merengue dance bands and many merengues were sung in his honor. He also founded municipal bands (*bandas de música*) and public music schools (*academias de música*) in the 1940s and 1950s throughout the whole island (1994: 136-7). Trujillo's brother, Petán, established the country's first government-owned radio station in 1942, *La Voz Dominicana* (formerly *La Voz del Yuna*), which featured local merengue ensembles that played Argentinean music, mariachi music, the *danzon* and calypso. The introduction of radio also allowed the local population to listen to recorded music from the US, Cuba, Mexico, Puerto Rico and Colombia (Austerlitz 1997: 71).

The Trujillo period established merengue as national identity and the national dance. It also raised the level of music literacy throughout the country. Restrictions on foreign music ensured dominance of local repertoire on the airwaves. On the other hand, state control of the local music industry crowded out local and foreign investment in the recording industry. Prior to and during the Trujillo era the record industry remained largely underdeveloped.

THE RECORDING INDUSTRY

The first instance of Dominican music being recorded occurred in the early 1920s in New York City by the Victor Talking Machine Company when they made recordings of five *danzones* and three *danza*-like merengues, which were composed by Dominican Juan Espínola. The first recordings in Dominican Republic did not happen until 1928 when six recordings were done at a local radio station. These recordings were abandoned because of the negative effects of the tropical heat on the wax cylinder. Instead, Victor recorded a group of Dominican artists in New York City (Austerlitz 1997: 48).

The second attempt at recording in the Dominican Republic occurs in 1936 at the radio station *La Voz del Partido*. The recording equipment was rudimentary and designed primarily to record advertisements. Several merengues by *La Orquesta Benefactor* were recorded. The third instance of recordings happened in 1941 at sea aboard the boat of Leopold Stokowski who was visiting the Dominican Republic. Twenty recordings were done by Alberti's *Orquesta Presidente*, of which five were merengue. The records were pressed in New York City and distributed under the Columbia Records label, then later on RCA Victor and Alberti's own label, *Alberti Records* (Austerlitz 1997: 72).

Trujillo's brother, Petán, established the Dominican Recording Company and Caracol Records in 1947. Trujillo immediately imposed a ban on the importation of foreign recordings to protect the new company from foreign competition. However, Caracol Records made only two recordings and never really got going. An investment in modern recording equipment by Frank Hatton occurred in the early 1950s. However, Hatton's main interest was that of recording radio commercials and novelas (soap operas). Artists like Luis Alberti and Antonio Morel rented Hatton's recording equipment to do merengue recordings. The records from these ventures were pressed in the US and distributed on various labels (Austerlitz 1997: 72).

The removal of Trujillo, in 1961, ushered in a new era for the music and recording industry. Trujillo's right-hand man, Joaquín Balaguer, became the next president after the US invasion in 1965. Balaguer opened the market to foreign investment and urbanization and migration grew rapidly. The opening of the market to foreign music left the local music industry at a disadvantage in that the industry was largely underdeveloped and ill prepared to meet the competition. North American pop, Latin baladas and New York salsa music came to dominate the airwaves (Manuel 1995: 105).

The Dominican music industry began to respond to the external threat. In the late 1960s orquestas were trimmed to smaller ensembles. New sounds emerged, which incorporated rhythms from the big bands and the perico ripiao styles of merengue and combined them with foreign influences such as New York based salsa and American disco. The dance styles of African American rhythm and blues was also brought into the stage performances. Johnny Ventura and his band are widely accepted as the key innovator in this regard. Ventura and his partner/manager also pioneered in terms of tapping into the domestic market through developing an island-wide concert circuit.

The Dominican music and recording industry got an additional fillip with the arrival of Fania Records in the 1970s. Fania Records, an independent record label, had almost single-handedly developed the market for salsa music. It is estimated that Fania accounted for over 80% of salsa record sales in the US and Puerto Rico in 1975 (Negus 1999: 135). Fania's move to the Dominican Republic largely involved the promotion of salsa artists like Celia Cruz and Willie Colón as well as the purchase of local radio stations. Fania appointed Dominican impresario, Bienvenido Rodríguez, as its exclusive distributor. In 1975, Rodríguez began recording and promoting Wilfrido Vargas and was able to sell as much as twenty thousand records. The sales for another band, Los Hijos del Rey, reached sixty thousand units. By the mid-1980s Rodríguez started to record and promote leader of the band 4:40, Juan Luis Guerra, the most successful artist in the history

of the Dominican music industry. Fania's fortunes waned considerably by the early 1980s because of the aesthetic and commercial decline of salsa and because of the slump in Latin American economies like Venezuela, which was a critical market. In contrast, Rodríguez position in the Dominican Republic soared. He became the most powerful player in the music industry in the 1980s. By 1988 he owned a radio station, a record factory, a record distributorship and the most successful record company, Karen Records (Austerlitz 1997: 97).

The 1970s saw the emergence of a few local and foreign record producers. Besides Fania and Karen the main competitor was Kubaney Records. Kubaney Records, owned by Mateo San Martín, a Cuban entrepreneur, entered the Dominican Republic in 1963 and signed artists like José Manuel Calderón and Aníbal de Peña y Los Diplomáticos. In 1967, Kubaney signed Johnny Ventura who had several hit records and did much to internationalize merengue. Over the years Kubaney acquired as many as 40 artists specializing in merengue such as Fernandito Villalón, Cuco Valoy, Pochy y su Cocoband, Leonardo Paniagua, and Aníbal Bravo y su Típica Dominicana. Kubaney has a large catalog of Salsa, Merengue, Bachatas, Boleros and Instrumental Music. Kubaney's record company and publishing agency are based in Miami. Kubaney also has a large Latin music distribution center in New York called Manhattan Latin Music, which boasts of an inventory of more than 500,000 CDs and cassettes. A similar wholesale and retail operation called, CD Warehouse, was recently established in Miami. Kubaney also has offices in the Dominican Republic.

On the local market there were several record shops and companies such as Discomundo, Discos Bello and Discos Fabiola operating out of El Conde (the shopping promenade in La Zona Colonial in Santo Domingo). CBS also had a distribution office. It closed its office in 1987 when CBS was bought over by Sony. Fabiola established a recording studio and a vinyl pressing plant with stamper in 1975. Fabiola also attracted artists from other islands as it was considered the most advanced record factory in the region at the time. The owner of Fabiola, Fabio Inoa, grew tired of the business by the mid-1980s and sold it to EMCA, the recording studio branch of the advertising agency Young and Rubicam, which was looking for new premises to outfit its expanding interest in the recording industry. EMCA upgraded its recording equipment and became the studio of choice for local as well as foreign artists from territories such as Puerto Rico, New York, Colombia and Curacao. EMCA ran three shifts at the studio to accommodate the demand. It is estimated that 80% of all merengue albums produced during the 1980s came out of EMCA (Steward 1999: 115). In 1997, EMCA sold the studio to the Juan & Nelson recording company which has remodeled the premises and brought in new recording equipment for the two recording studios and the mixing studio.

There are a small number of fully equipped and modern recording studios with qualified sound engineers. Studios like Enkiu, Aljibe, Midilab, Audiproseso, EMCA, Sterling Audio and Juan & Nelson offer their services to the top local artists as well as a few non-Dominican artists from territories like Puerto Rico, Venezuela and New York. There is also a large number of digital mini-studios that cater to the lower end of the market in terms of price and quality. For example, many of the merengue and most of the bachata songs are produced in these studios. Most of this product is for local consumption where the dominant music format is the cassette. This market is very large in that the best songs and albums can sell in the hundred of thousands, especially bachata. This contrasts with the much smaller sales level for CDs. Industry estimates are that CDs account for no more than 20% of the market. This is because the latter format is far more expensive and the market penetration of CD players is relatively small. The larger studios, on the other hand, have to produce work at international quality standards because the artists and labels that they work for are focussed on exporting. Several studios have done work for the multinational recording companies like Sony, UMG and WMG.

The recording industry is currently managed through a handful of recording labels, some of which are local, such as Juan & Nelson, Ringo and Primo, as well as foreign-based labels like Karen Records, Kubaney, Caiman, BMG Dominicana and Plátano Records. Several of these firms also operate as distributors for foreign labels. For example, Primo recently replaced Ringo as the local distributor for RMM. The largest record store in Santo Domingo, Musicalia, is the distributor for Sony and took over the local operations of CBS. BMG is the only multinational operating on the island. The local office, which has been in operation for three years only, does domestic distribution and promotion of Latin product under the BMG label. BMG Dominicana plans to branch into the sale of English-speaking product in the very near future.

There is also a handful of producer/managers who are involved in artist and product development. A few of these producers have good links with the Latin music divisions in the major recording companies like Sony, UMG, BMG and WMG. For example, producer Cholo Brenes has been involved in artist development for Sony. One of his current projects is an all-boy Latin pop group called "City of Angels" which is due to have their Sony album released this summer. Brenes is also working with fellow producer and co-owner of "Una Via Publishing", Jorge Taveras. They are producing a new artist called "Alih Jey" who is signed to UMG. Brenes has worked in the past with the BMG hit maker "Los Ilegales" whose first CD sold over one million units in the US and throughout Latin America. These producers complain that many local artists are not educated enough about the workings of the music business and so do not have the professionalism required to work with the multinational recording

companies. It is also that many artists have little awareness of contractual matters and have been exploited by unscrupulous managers. These problems are considered to be one of the key stumbling blocks to the internationalization of Dominican music.

One of the critical elements in the recording industry has been the manufacturing of soundcarriers. Vinyl record manufacturers such as Bartolo, Fabiola, EMCA and Karen phased out production during the mid-to-late 1980s as the home entertainment market became dominated by cassette and CD players. There are several cassette manufacturers the largest being Omar CD System, Ringo Records and Discomundo. This is a lucrative business because this is the music format that has the highest penetration level. It is estimated that cassettes account for over 80% of the domestic market. This is in line with the purchasing power of a large percentage of the population.

Since 1999 a local CD manufacturer, Omar CD System, has come on stream. Prior to the arrival of Omar's CD plant most record producers had to have their CDs done abroad, mostly in the US. This meant that the recording industry became more import-oriented. CD imports were subject to duty and thus made CDs largely unaffordable to a large proportion of the domestic market. Omar CD System has very competitive production costs and rejects rates. They have been able to attract some local clients such as Juan & Nelson and Primo. The CD plant is currently working at half its capacity. Omar CD System is upgrading its graphics and screen-printing, which has been the main barrier to expanding the clientele. It is anticipated that Omar's CD manufacturing plant will reduce the transactional cost for existing firms, reduce the barriers to entry of new firms and expand export capabilities.

MUSIC EXPORTS

The 1980s, a period of growth for merengue, coincided with the decline of salsa. Consequently, merengue was able to make considerable in-roads into the New York and Puerto Rican markets. Worldwide success came with Karen Records and Juan Luis Guerra, who is often referred to as "the poet of merengue" (Duany 1994). Guerra's 1990 hit "Bachata Rosa" sold more than 3.5 million copies globally, which resulted in his 1991 North American tour breaking attendance records and the award of a US Grammy in 1992 for best Tropical Album. Guerra almost single-handedly has put Dominican music (i.e. merengue and bachata) on the world map. In Billboard's ranking of the top twenty Latin artists for the 1990s he is placed number seventeen with twenty-six charted singles and albums. Guerra's 1998 release album "Ni es Lo Mismo Ni es Igual" and the hit songs "Mi

PC" and "El Niagara en Bicicleta" are in the top ten in the Latin Tropical charts for year-end 1999.

Karen Records and Publishing company, owned by Rodríguez, has been consistently charting in the top list of imprints for Tropical music. This has been largely achieved through the success in album sales for artist Juan Luis Guerra and his band 4:40. Karen has also had success with Los Hermanos Rosario whose album "¿Y Es Fácil?" ranked fourteen in the Billboard top Tropical albums for 1997. One of the songs from this album, "Rompecintura," was seventh on Billboard's Hot Tropical/Salsa Tracks chart for 1997. This album earned double platinum in 1998 for selling more than 200,000 units of cassettes and CDs. The group had similar successes with previous albums "Mundialmente Sabrosos" (200,000 units) and "Los Dueños del Swing" (100,000 units) in the US and Puerto Rican markets. Los Hermanos Rosario have been with Karen for five years. Karen records moved its head office to Miami in the mid-1990s but maintains a distribution office in the Dominican Republic.

Another artist who has been able to achieve some sales success in recent years has been Chi Chi Peralta. Peralta's second solo album Pa' Otro La'o, which was released in 1997 under the Caiman label, achieved world-wide sales of more than three million units. This album also garnered a six-time platinum award from Sony for sales of more than 350,000 in Columbia. The album was recorded in the Dominican Republic, the US and the UK. It features three tracks with the world famous London Symphony Orchestra. Peralta's third album (also under the Caiman label), entitled "De Vuelta al Barrio", was released in mid-2000. Peralta is a former member of Guerra's band 440 where he performed as a percussionist for eight years.

Another label that has made an impact on the global market with merengue and artists from the Dominican Republic has been Caiman. Caiman, which is based in Miami, is the result of a merger between World Music Distribution and Viking Distribution. Caiman's best known artists are Chi Chi Peralta, Tonny Tun Tun, Javier and Los Sabrosos del Merengue. The latter group is on Billboard's top 40 Latin Pop and Tropical/Salsa charts for the first quarter 2000 with their album "Escuchame". Tonny Tun Tun is also in the top 40 Tropical Salsa in position 23 for their album "La Fiebre". Caiman has also been marketing and promoting Guerra's most recent album on behalf of Karen Records (Lannert 1998).

Local Dominican Republic recording company and label Juan & Nelson has featured on the charts as well. In 1997 the annual compilation "Merenhits '97" ranked thirteen on Billboard's top Tropical/Salsa albums for 1997. Juan & Nelson is one of the most successful Dominican labels producing merengue and bachata. Many of its releases are distributed internationally through Sony Latin. It has one

of the best studios on the island and has a record shop in New York in the heart of the Dominican neighborhood.

Dominican music has begun to attract attention from World Music enthusiasts. This is exemplified by the recent release of a compilation by the World Music label Putumayo. The compilation "Putumayo presents República Dominicana" offers the World Music or non-Latino audience insight into genres like merengue, *bachata* and Dominican *son*. The compilation features traditional greats like Alberto Beltrán and contemporary artists like bachatero Raulín Rodríguez and Afro-Dominican sounds from Chi Chi Peralta. Putumayo has also included Xiomara Fortuna, an Afro-Dominican contemporary artist, on its 2000 CD compilation "Latinas: Women of Latin America". Fortuna has also recently launched a solo CD entitled "Kumbajei", which is targeted at the World Music market and the specialty and tourist shops in the Dominican Republic.

Juan Luis Guerra is not the only Dominican artist to have earned a Grammy. Jazz pianist, Michel Camilo, won a Grammy award in 1983 for his song "Why Not?" Camilo shot to the top of the jazz charts in 1988 with the album "Michel Camilo" under the Portrait/Sony label. After several albums with various Sony label the artist is now signed to RMM/Tropijazz (Birnbaum 1997).

Dominican music and recordings have been under competition from two sources. In the early 1990s, merengue from the island had become rather monotonous and this created opportunities for transplanted Dominicans to enter the market with a fresh sound. Artists such as Proyecto Uno, Los Ilegales, and Sandy y Papo had crossed modern merengue with urban house music to create a new sub-genre, merenhouse. Artists like Fulanito have also fused merengue with rap. The latter was able to sell close to 200,000 units of its debut CD "El Hombre Más Famoso de la Tierra" on the label Cutting Records. The merengue music scene has become even more complex with the emergence of sub-genres like merenhouse-ripiáo and bachatarengue (Ross 2000).

The second incursion came in the late 1990s from Puerto Rican merengue-bomba artists like Elvis Crespo, Tono Rosario and Crespo's former band Grupomania. Crespo's 1998 debut album "Suavemente," which is on the label Sony Discos, was certified gold in the US by the RIAA for selling 500,000 units. The album has also achieved gold in Chile and platinum in Venezuela and Central America. A bilingual remix of the album went onto Billboard's Hot 100 chart, the first for Sony Discos. Crespo also had a hit single from a duet with Millie Quezada, considered by many to be the Dominican Republic's "First Lady of Merengue". Crespo's second album release, "Pintame", which contains eleven merengue tracks, has sold well and earned Crespo Billboard's male tropical/salsa album of the year and the Billboard's Latin 50 artist of the year (Ross 2000).

The worldwide appeal of Crespo and the success of overseas Dominican artists suggest that there is a large and growing market for merengue. However, it is evident that the Puerto Rican and New York styles of merengue have taken over from the contemporary Dominican approach.

It is suggested that an important element of Crespo's and others success is the prominent role of the Puerto Rican market in Latin music sales, especially Tropical music. Puerto Rico accounts for one-third of the US Latino market even though it is only one-eighth of the US Hispanic population. This status is reflected in the fact that Puerto Rico has over 100 radio stations and the highest per capita consumption of music in Latin America. Puerto Rico is an important marketplace for breaking Latin acts as it is the only US location where Latin music retailers dominate the marketplace. Industry analysts point out that "nearly all of the 30 new artists who entered Billboard's Hot Latin Tracks chart in 1998 did so because of radio exposure from stations in Puerto Rico" (Lannert 1999).

Another main source of music exports comes from overseas performances and tours. There are several artists and bands that travel to Puerto Rico, South and Central America, the US and Europe to perform to mainly Hispanic audiences. A few artists travel further afield to Japan and parts of Asia and Africa. In the US the main market is to be found in the metropolitan cities where there is a large diasporic market, which in many ways could be viewed as an extension of the home market. The top merengue artists that perform overseas are Sonia Silvestre, Fernando Villalona, Sergio Vargas, Hector Acosta, Kinito Mendez, José Pena Suazo, Juan Luis Guerra, Millie Quezada, Los Hermanos Rosario, and Los Ilegales. For bachata the main artists performing overseas are Raulín Rodríguez, Anthony Santos and Luis Vargas. Other artists, such as Chi Chi Peralta, José Duluc and Luis Díaz, who play a fusion of Dominican sounds, are also involved in overseas tours.

SOUNDCARRIER SALES

The data on soundcarrier sales is very sparse and unreliable. Consequently there is no proper indication of what is the size of the market. The best available data is in the tradeable sector. However, even in this area there is less than adequate information. As illustrated in table 1 the export data is not available for several years. It is also that the amounts shown are too small relative to the size and dimensions of known production. This is indicative of under-reporting in the export business. Which is rampant in other sectors of the economy. What the data does show is that musical instruments are the major export item accounting for over 90% of export earnings in 1997. These earnings are a small fraction of the soundcarrier imports.

The data on imports appears to be far more realistic and reliable (see table 2). It is therefore possible to draw some firm conclusions. Recorded audiotapes are the largest import item accounting for over one-third. This pattern is in line with the market configuration, which is dominated by the cassette. Next in importance is recorded CDs, which is a rising share of imports having more than doubled between 1997 and 1998 to a 15% share of imports. Blank audiotapes are third in terms of import share. This import item seems relatively small given the size of the market and the level of piracy. However, there are a several local cassette manufacturers that are able to fulfil domestic demand.

TABLE 1: SOUND CARRIER EXPORTS, 1990 - 1998 (US\$)

Items	1990	1991	1992	1993	1995	1996	1997	1998
Audiotapes, recorded	37,014	65,741	1,500				202	12,337
Videotapes, recorded							2,318	1,662
Magnetic tapes, unrecorded							92	1,158
Audio CDs, recorded				767			5,530	394
Vinyl records	378	8,914						
Instruments	3,169	1,593		1,327	14,414	40,649	92,485	
TOTAL	40,561	76,248	1,500	2,094	14,414	40,649	100,267	15,551

Source: CEDOPEX 1990-1998

TABLE 2: SOUND CARRIER IMPORTS, 1997-1998 (US\$)

Items	1997	1998
Audiotapes, recorded	1,749,519	2,178,603
Audiotapes, unrecorded	474,545	484,330
Magnetic tapes, unrecorded	708,189	791,000
Other magnetic tapes, unrecorded	146,751	9,771
Magnetic tapes, recorded	219,616	135,638
Audio CDs, recorded	486,166	1,021,150
Vinyl records	431,605	486,480

Instruments	328,076	283,008
Other recorded media	948,316	962,898
TOTAL	5,492,783	6,352,878

Source: CEDOPEX 1998

COPYRIGHT AND MUSIC

Copyright and the music industry is a very problematic area in the Dominican Republic. There are high levels of piracy, a large number of unlicensed users and payola is rampant. The government's role in legislation and enforcement has been less than adequate to address the high level of infringement in sound recordings as well as other copyright products like motion pictures, computer programs and books. Estimates of the level of trade losses due to piracy are given in table 3 below. There are no estimates for piracy in sound recordings but it is observed that the pirate market is as high as 80% for cassettes and 15% for CDs. As a result of the level of infringement and the inadequate protection and enforcement of intellectual property the Dominican Republic, along with five other countries, has been placed on the US trade representative (USTR) Priority Watch List on the request of the International Intellectual Property Alliance (IIPA), a US based lobby group. Under the USTR Special 301 provisions the Dominican Republic could lose its duty-free trading privileges under the Generalized System of Preferences, which would affect 4,000 products (Lannert 2000).

TABLE 3

ESTIMATED TRADE LOSSES DUE TO PIRACY (US \$m)
AND LEVELS OF PIRACY: 1995 - 1998

INDUSTRY	1998		1997		1996		1995	
	Loss	Level	Loss	Level	Loss	Level	Loss	Level
Motion picture	2.0	90%	2.0	100%	2.0	100%	NA	100%
Sound Recordings/Musical Compositions	NA	NA	NA	NA	NA	NA	NA	NA
Computer Programs: Business Applications	TBA	TBA	NA	NA	NA	NA	NA	NA
Computer Programs: Entertainment Software	NA	NA	NA	NA	NA	NA	NA	NA
Books	1.0	NA	1.0	NA	1.0	NA	1.5	
TOTALS	3.0		3.0		3.0		1.5	

Source: IIPA, 1999.

Copyright law in the Dominican Republic is based on its 1986 Act. The law does not afford adequate protection for rights holders in several areas. One of the key

concerns is that the law does not give copyright owners the right to obtain and conduct civil ex parte searches which is called for under TRIPs. As such existing legislation does not meet the standards required for TRIPs compliance that the government is obliged to meet as a member of the WTO. The Dominican Republic has been updating their legislation and institutional capacity in recent years. They acceded to the Berne Convention in December 1997. In March 1997 the government established an inter-agency anti-piracy group (COPAL) to address complaints through the public prosecutor's office, seize illegal works and close infringing businesses. In July 1998 the government established an office to deal with intellectual property matters in the District Attorney's Office. There is also a Copyright Office called ONDA (Oficina Nacional de Derechos del Autor) which registers copyright contracts but is not empowered to act on complaints. ONDA is awaiting a presidential decree that would give it greater enforcement powers.

Another area that is problematic is the institutional capacity for collective administration of copyright works and the remuneration of authors, composers and producers. There is one copyright society in operation, SGAE-Dominicana, an agency of the Spanish collection society SGAE. It has approximately 1,000 members, 300 of whom are active commercial music authors. Over 90% of Dominican authors are also members of ASCAP and the remainder are members of BMI, SGAE or SESAC. SGAE-DOM is essentially a one-man operation at present. The organization does not have the resources and the administrative machinery to monitor the use of works, the market leverage to negotiate with the main users, to collect licenses from music users and to ultimately distribute royalties to right owners. SGAE-DOM is a member of the international body CISAC but is unable to honour its reciprocal obligations, which is to monitor, collect and distribute on behalf of international repertoire.

The market potential for a copyright agency is very good given the large number of radio stations (66 FM and 67 AM stations, see appendix 1), hotels (there are 541 hotels, see appendix 2), bars, discotheques and colmados (mom and pop stores) that are all heavy users of music. Music can be heard almost everywhere in the Dominican Republic. A large percentage of it is local repertoire. For example, an estimate puts local airplay at 70% (Austerlitz 1997). This means that when the institutional capabilities are in place Dominican authors should be able to collect reasonable royalty income. As it stands it is the radio stations that are paid payola by local record producers and artists. Foreign record producers and their local distributors claim not to pay any payola. Some industry personnel argue that this has worked to the advantage for local repertoire.

Payola is well entrenched in the Dominican music scene, at home and in the diasporic markets. It acts like an additional tax on the recording industry and

thus a major barrier to profitability and market entry. What several recording companies have done to combat this problem is to establish radio stations. Karen, Ringo and Juan & Nelson have all opened radio stations to promote their investment in sound recordings.

FESTIVAL TOURISM

Carnival and the Merengue Festival are the two main cultural events on the tourism calendar of the government body responsible for Tourism (la Secretaría de Turismo). Another significant event is the Festival of Latin American Music hosted by the private sector firm Cervecería Nacional Dominicana, brewers of *Presidente* beer. The Merengue festival in Santo Domingo is held in July and there are also other festivals of gastronomy as well as exhibitions of handicraft and fruit. Puerto Plata too hosts a weeklong Merengue festival at the beginning of October on the Malecón, La Puntilla. The city hosts a cultural festival, which features arts and crafts exhibits as well as traditional dances and music of several genres, including Merengue, Bachata, Blues, Jazz and Dominican Folk. Sosua also hosts a Merengue festival in the last week of September.

Initially, the Merengue Festival was sparked by the interest of Puerto Ricans who would visit Santo Domingo to enjoy Merengue during a week of festivities in their own country (*fiesta nacional*). Lured by Merengue, the festival took shape from about 1967 and has attracted not only *Dominicanos* living abroad but also a wide cross-section of international visitors. The festival is a celebration of Dominican art and culture extending from merengue to local food, sweets, craft and art. The Tourism ministry endeavours to promote the informal economy through community participation and links this to the continued success of the festival.

The Merengue festival is an outdoor event held from the last week of July for ten days. The popular Malecón in the capital Santo Domingo, is closed off and it is here that the Merengue gala unfolds. Organized and coordinated by the Tourism Ministry (Secretaría de Turismo) the Merengue Festival receives considerable support from the private sector, which sponsors bands and concerts throughout the festivities. The main *merengueros* Eddy Herrera, Sergio Vargas, Hector Acosta, Milagro Hernández among others, appear at various shows under the patronage of small bars and liquor houses as well as large corporate sponsors like the Cervecería Nacional Dominicana, brewers of the popular beer, *Presidente*.

The Festival is organized on a budget of 3 million pesos, approximately US\$187,000.00⁶ whereas the budget for Carnival ranges from 5 to 6 million pesos (US\$312,000 to US\$ 375,000). The Ministry of Tourism co-sponsored a Merengue Festival in New York in July 2000, the aim being to promote Merengue internationally, given the rising popularity of Latin American music. In addition, there are plans to decentralize the festival so as to incorporate other parts of the country, particularly the tourist-oriented areas. At present, it is unsure whether tourists actually leave the resort areas like Juan Dolio and Puerto Plata to participate in the festival in Santo Domingo. It is unsure too, just how many visitors arrive in Santo Domingo for the festival since visitor arrivals are not disaggregated to specifically measure this. However, it is noteworthy that in 1999 the month of July had the highest number of arrivals through all airports. In 1998 and 1999 the month of July had the highest number of arrivals through the Santo Domingo airport, which is where most visitors for the festival would arrive. The data for 1998 indicates that the month of July received 40% more visitors than the average monthly arrivals and 28% more than the average for the traditional peak winter season months.

MARKET DEVELOPMENTS

The most important development affecting the prospects for the Dominican music industry is the rapid growth in the Latin music market and the increasing demand for Latin or Spanish language recordings. It is important to note that Latin music is defined as music that has at least 51% Spanish language. This means that several of the hits by artists like Ricky Martin, Enrique Iglesias, Marc Anthony, Jennifer Lopez are not counted as Latin music. What this group of artists has done is to take Latin music into the English mainstream markets, especially pop music.

Based on available data the Latin music market can be understood in the following geographic zones: Latin America, the US Hispanic market, which includes Puerto Rico, the Iberian peninsula, i.e. Spain and Portugal. The first market segment refers to music sales in Latin America, which is dominated by three territories: Brazil, Mexico and Argentina account for over 60% of the market. The Latin music market has doubled between 1991 and 1999 and is valued at US\$2.4 billion or 6% of global sales. The market peaked in 1997 at \$2.6 billion. The last two years have seen declines in sales of 9% in 1998 and 5% in 1999. Main cause for the drop in sales was the economic downturn in the region, especially in Brazil, which accounts for over 45% of the Latin American market. Another reason cited is the sharp rise in CD piracy. This is a

⁶ The exchange rate: 16 pesos = US\$1

significant development because CDs accounted for 86% of sales in 1999 and have been rising quickly (IFPI 2000).

The next most important market in terms of value is that of Spain and Portugal. Together they have a market valued at \$816.3 million (1999). Spain, the larger market, is the world's eighth largest music market with sales of \$639.5 and a global market share of 1.7%. As table 4 shows, Spain and Portugal have been experiencing steady growth throughout the 1990s except for above average growth in 1998 and declines in 1999. There is no data on music sales by genre. Consequently, it is difficult to ascertain what share of the market is Latin music. However, there is information on repertoire origin for the years 1995 to 1997, which shows that in the case of Spain international repertoire has been in decline relative to domestic repertoire. In contrast, international/domestic split in repertoire has remained relatively steady in Portugal. While most of the international repertoire is of Anglo-American origin an increasing share of the market is moving towards Latin music, according to industry analysts (Berne 1999).

The US Hispanic market is another growth market. The US Hispanic population is estimated to be 31.7 million with an aggregated income of \$340.6 billion. The group is expected to rise to 35 million by 2003, which will make them the largest minority in the US. Most of this population is concentrated in six states: California and Texas account for 50%, New York, Florida, Illinois and Arizona share 25% while Puerto Rico has approximately 12%. The Hispanic population is relatively young - half the population is under 24 years of age compared to 35% in the non-Hispanic population (RIAA 2000).

TABLE 4

MUSIC SALES & REPERTOIRE ORIGIN, SPAIN & PORTUGAL, 1995 - 1999

Country & Year	Sales US\$m	% Change	Repertoire Origin as % Market Value	
Spain			International	Domestic
• 1995	557.3		59.6	32
• 1996	584.9	4.9	55.4	36
• 1997	599.9	2.5	51.6	42
• 1998	680.8	13.5	NA	NA
• 1999	639.5	(6.0)	NA	NA
Portugal				
• 1995	140.2		73.7	21
• 1996	157.9	12.6	72.2	22

• 1997	162.5	2.9	73.4	21
• 1998	186.6	14.8	NA	NA
• 1999	176.8	(5.2)	NA	NA

Source: IFPI World Sales

According to a recent RIAA survey (2000) of the US Hispanic music market, sales are concentrated such that 27% of the population account for 68% of the music sales. Two consumer groups are responsible for these purchases: “Young Hipsters” who are in the age group 14 - 29, and the “Still Grooving” those between 30 and 54 years old (see appendix 3). This market buys and listens to a lot of music and is heavily influenced by what they hear on radio (67%). They also do most of their music shopping outside of traditional channels, for example, at independent stores (“mom and pop” shops) (24%), mall stores (19%), music clubs (16%) as well as flea markets, nightclubs and/or concerts (6%).

Sales in this market for 1999 are estimated to be \$626.7 million (up 10% on 1998) or 4.3% of the US market of \$14.6 billion (see table 5). For this market Spanish music (Spanish Pop, Ballads and Tropical) (63%) is the genre of choice followed by Easy Listening (20%) and Rap/Hip Hop (13%). In terms of sub-genres, US Hispanics preference is for Spanish Language (Pop and Ballads) (44%), Mexican (24%) and Merengue and Salsa are tied for third spot, with 8% each (see tables 6 and 7). This genre breakdown aligns with the industry categories for Latin music which are Pop, Tropical (i.e. Salsa and Merengue) and Regional Mexican.

TABLE 5
US HISPANIC MUSIC MARKET, VALUE AND SHARE

Year	Sales (US\$) million	% of US market
1998	570.8	4.1
1999	626.7	4.3

Source: RIAA, 2000

TABLE 6
HISPANIC CONSUMERS GENRE OF CHOICE

Type of music	Percentage of Consumers
---------------	-------------------------

Spanish	63
Easy Listening	20
Rap/Hop	13

Source: RIAA, 2000

TABLE 7

MOST POPULAR SUB-GENRES OF LATIN MUSIC

Type of music	Percentage of Consumers
Spanish language	44
Mexican	24
Salsa	8
Merengue	8

Source: RIAA, 2000

The Puerto Rican market deserves special mention even though it is captured under the umbrella of the US Hispanic market. As discussed earlier, the Puerto Rican music market is large relative to the size of the population because it has the strongest per capita sales in Latin America. It is also the only marketplace in the US where Latin repertoire dominates on the radio stations and in the record stores. These factors have made Puerto Rico the marketplace for breaking new Latin acts.

An important feature of the Latin music market is the role of the various firms. As shown in table 8 the major firms account for approximately 80% of the music market in the major Latin American markets (Argentina, Brazil and Mexico) and in the US Latin market. Sony, which has a large Spanish repertoire, is the overall market leader, particularly in the US where they enjoyed a significant jump in market share in 1998. These gains are largely attributable to the sales of Ricky Martin, Colombian act Shakira and film star Jennifer Lopez. UMG is second with a strong position in the Brazilian market. In 1998 independent firms had an average of approximately 12% in the three Latin American markets. Their share of the US Latin market is above average at 14.2%. Firms such as Fonovisa, RMM, Plátano, Karen and more recently, Caiman, are the key players in this sector of the market.

TABLE 8

**LATIN AMERICAN AND US LATIN CORPORATE MARKET SHARES (%),
1997 & 1998**

	Argentina (%)		Brazil (%)		Mexico (%)		US Latin (%)	
	1998	1997	1998	1997	1998	1997	1998	1997
BMG	15.6	17.1	16.2	17.7	15.2	16.5	8.7	9.2
EMI	14.4	13.8	11.4	13.4	11.5	11.9	18.3	19.1
Sony	23.4	21.5	18.0	17.7	18.7	17.8	27.9	8.6
UMG	25.4	25.6	31.5	25.8	17.6	15.8	11.9	8.6
Warner	11.8	12.6	14.5	16.1	16.6	28.6	19.0	24.2
Others	9.4	9.4	13.5	9.3	10.2	9.4	14.2	14.8
Trade value 1998 (US\$m)	189.1		703.8		353.1		343.3	
% Change 98/97	+9 %		-12%		+6%		+8%	

Note: The market shares for UMG are obtained from adding Polygram and Universal.

Source: Music & Copyright, 1999.

ECONOMIC IMPACT

It is difficult to ascertain the exact contribution of the music industry to the economy of the Dominican Republic. The data available to this study does not present a picture of the economic flows in several of the core aspects of the music business. For example, there is no solid data on soundcarrier exports and there is none on copyright royalty income because most artists with active repertoire are members of overseas collection societies.

The best available indication of the value of Dominican exports comes from the RIAA survey of Latin music consumers in the US. That survey estimates that Merengue accounts for 8% of the market from a consumer preference. This does not give an indication of actual sales. An analysis by genre still has to be conducted. However, it is possible to extrapolate from this data to suggest that Merengue's value in the US market is 8% of US Latin sales of \$626.7 million. This works out to be approximately \$50 million.

In a similar vein there is data on sales in the countries of Latin America and the Iberian Peninsula. However, there are no studies that breakdown the sales by genre. It is also that there is some non-Latin repertoire in these sales. Consequently, it is too difficult to suggest what share the Dominican Republic would have in the Latin American and Iberian markets.

It is observed that most artists earn more from overseas tours and performances than from the sale of records, cassettes and CDs. Several artists and managers

indicated that the bulk of their earnings come from performances. In many instances soundcarriers operate more like promotional items. Consequently, it is estimated that performance incomes are at least double if not triple the earnings from the sale and export of soundcarriers. There is no reliable data, however, to confirm the quantum of monies being earned.

The contribution of cultural and festival tourism is also inconclusive since there have not been any visitor surveys done for any of the festivals or major cultural events that have music as a major component. It is noted, however, that the month of July, when the Merengue festival is held, is the month with the highest level of visitor arrivals by a significant margin.

APPENDIX 1
Radio Stations in the Dominican Republic

CITY	FM	AM	TOTAL
Santo Domingo	35	20	55
Santiago	14	19	33
La Vega	3	6	9
Bonao	1	1	2
La Romana	2	3	5
Jarabacoa	1	1	2
San Francisco de Macorís	2	4	6
San Pedro de Macorís	3		3
Nagua	1		1
San Cristóbal	1		1
Moca	1		1
Puerta Rica	1	3	4
Baní	1		1
Santiago Rodríguez		1	1
Mao		2	2
Constanza		1	1
El Seibo		1	1
Higüey		2	2
Río San Juan		1	1
Barahona		2	2
TOTAL	66	67	133

APPENDIX 2
Hotels and the Number of Hotel Rooms in the Dominican Republic

CITY	Number of Hotels	Number of Hotel Rooms
Santo Domingo	40	3 666
Boca Chica	23	1 689
Juan Dolio	23	3 595
San Pedro de Macorís	4	221
Higüey	10	269
Bayahibe	6	2 243
El Cortcito	5	866
Playa Bavaro	29	12 693
Punta Cana	2	1 039
La Romana	12	1 444
El Seibo	3	40
Hato Mayor	1	7
Sabana de la Mar	3	43
Bonao	2	41
Constanza	8	115
Jarabacoa	6	193
La Vega	6	117
Santiago de los Caballeros	13	662
Punta Rusia	2	35
Sosua	81	4756
San Cristóbal	1	8
Baní	3	44
Las Salinas	1	24
Río Nizao	2	22
Costa Dorada	1	516
Playa Dorada	13	4362
Ciudad de Puerto Plata	36	1 743
Las Galera	6	298
Las Terrenas	27	859
Las Pascuales	1	195
Samaná	20	409
Cabarete	55	2 572
Cofresí	5	1 304
Constambar	13	339
Luperón	5	497
San Francisco de Macorís	6	117

Gaspar Hernández	3	32
Río San Juan	5	189
Abreu	1	132
Cabrera	8	1 294
Nagua	18	271
San José de Ocoa	2	36
Azua	1	12
Monte Río	1	8
Barahona	11	271
Enriquillo	1	15
Manzanillo	1	10
Ciudad Montecristi	4	90
San Juan de la Maguana	5	148
Sabaneta	4	36
Mao	2	36
TOTAL	541	49 623

APPENDIX 3

US HISPANIC MUSIC MARKET SURVEY

"Still Grooving"

- Second heaviest segment of music purchasers
- Between 30 and 54 years old
- Mean average of CD purchases per year is 39, with 34% purchasing more than 50 CDs per year
- Favorite genre is Latin (specifically Ballads and Tropical), Dance is second choice followed by
- Classic Rock Biggest CD/cassette collections (even mix of formats) averaging 189
- Buy more music than five years ago and spend the most time listening to music
- 63% between 30 and 39 and married with children
- 53% female vs. male
- 60% speak Spanish at home all the time
- Ethnic background is predominantly Mexican and Caribbean (Puerto Rican, Cuban, Dominican Descent).

"Young Hipsters"

- Heaviest segment of music purchasers
- Between 14 and 29 years old, with nearly 80% under age 24
- Mean average of CD purchases per year is 43, with 46% purchasing more than 50 CDs per year
- Favorite genre is Latin (specifically Pop in Spanish and Tropical), Rap/Hip-Hop and Pop tie for second choice with R&B coming in third
- Big CD collections (some cassettes), averaging 164
- Interest in music is very high, especially new music such as Rap/Hip-Hop
- Buy more music than 5 years ago, reflecting an attitude that music is better now and newer artists are more appealing
- 60% male vs female
- 53% are living with their parents, 42% speak Spanish at home all the time
- Ethnic background is predominantly Mexican and Caribbean (Puerto Rican, Cuban, Dominican descent)

Source: RIAA, 2000.

APPENDIX 4**SELECTED FESTIVALS ON THE TOURISM CALENDAR, 2000**

MONTH	CARNIVAL / MUSIC FESTIVAL, 2000
February 28	Carnival parade - Santo Domingo
March 10	Music Festival (Philippe Entremont) - Santo Domingo continues 12, 13, 15-17, 19, 20
April 02	Las Cachúas de Cabral: mini midnight Carnival parade in Cabral
___ 05	Carnival in Cabral
___ 14-30	National Symphony Orchestra - Season opens Teatro Nacional
June 15-July 27	Heineken Jazz Festival Casa de Teatro
July 23-Aug. 01	Merengue Festival - Santo Domingo includes craft fairs, food fairs featuring Creole dishes, fish and sweets, as well as a series of other interesting events
July 27	III Gran Gala de Merengue Inédito Leading musicians and bands perform new merengues composed by anonymous composers Teatro Nacional
August 16	Restoration Day Carnival and parades in Santo Domingo, Santiago, La Vega and San Pedro de Macorís
September 15 - 29	National Symphony Orchestra Teatro Nacional
October 21-24	Merengue Festival - Puerto Plata includes craft fairs as well as food and Creole sweet fairs among others III International Jazz Festival - Puerto Plata
November 30	National Symphony Orchestra - end of second season Teatro Nacional

Source: Secretaría de Estado de Turismo (SECTUR)

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CHAPTER FIVE

THE TRINIDAD & TOBAGO MUSIC INDUSTRY

Introduction: The Music and the Entertainment Sector

The music industry in Trinidad and Tobago is largely a product of its festival economy. The annual pre-lenten Carnival is the largest such event in the Anglophone Caribbean. Calypso music and the Steelpan are the two musical artforms associated with the Carnival. Additional and derivative musical forms have emerged since the 1970s. Calypso has spawned soca and rapso. Spanish Christmas songs, *parang*, have been combined with Calypso to create *parang-soca*. Calypso has been influenced by other Caribbean music such as dancehall, *zouk*, *salsa*, *meringue* and *cadence*. The Indian musical artform of *chutney* has become more mainstream in recent years and has been mixed with calypso to form *soca-chutney*.

Music from Trinidad and Tobago has been commercialized and internationalized since the early twentieth century. It was one of the first artforms from a Third World area to be recorded by companies such as Columbia and Victor which made field expeditions to record calypsos, folk songs, instrumentals and Indian music. In the 1930s, artists like Atilla the Hun and Roaring Lion recorded at the Decca and the American Record Company. These recordings were targeted at the immigrant West Indian population, middle class Trinidadians and the markets of the United States, England and West Africa.

The artists, however, were not the major beneficiaries of these activities as most of the profits accrued to the recording companies. In addition, Calypso was subject to high levels of copyright infringement and piracy, the most notable example being that of the Andrew Sisters recording of Lord Invader's 'Rum and Coca Cola', which sold more than five million copies in the US in the early 1940s. Lord Invader and Lionel Belasco, an impresario/entrepreneur, sued and won a settlement against the Andrew Sisters and Decca.

In the post World War II years and especially since the 1960s, the export of music from Trinidad has been facilitated by the spread of Trinidad-type carnival celebrations throughout the region and among the Caribbean diaspora in the metropolitan cities of New York, London and Toronto. In the mid-1970s, the advent of soca - an upbeat derivative of calypso - created new market potential. Arrow, a calypsonian from Monserrat, was able to capitalize on this wave and achieve international success, especially with his hit 'Hot, Hot, Hot', soca's biggest selling record ever, with sales of over 4 million copies.

The 1970s saw the emergence of soca, which became the dominant genre by the 1980s. Since then the industry has seen a whole host of innovations in sounds. Artists were integrating Orisha or Shango rhythms, local genres like rapso, *chutney* and *parang*, experimentations with international genres like jazz, funk,

rock and house, and Caribbean sounds like dancehall, zouk and salsa. An international market also emerged for other genres of music such as steelband music. For example, steelband music recordings have been able to establish a profile in the classical and world music markets. Several recording firms that have traditionally produced soca music have found that the steelband music market is becoming more lucrative and sustainable.

These influences helped to expand the dimensions of the music industry. The music bands took on new proportions as their lead singers moved from doing cover versions of other artists' calypsos to performing their own songs. Many of these bands and an increasingly larger number of artists are able to make a good living from performing around the world, especially in the approximately seventy overseas Caribbean carnivals in North America and Europe. Earnings from overseas performances are several times larger than the export of recordings. These earnings are difficult to estimate because they are unlikely to be captured in traditional balance of payments statistics.

The overseas Caribbean carnivals are an important feature of the industry because they account for a large percentage of the year-round work for musical artists and other carnivalists. These carnivals have grown rapidly since the early 1990s and are now the largest street festivals and generators of economic activity in their respective locations. As table 1 illustrates, the 'Notting Hill' carnival attracts over 2 million people over two days and generates over £20 million in visitor expenditures. Similarly, the 'Labour Day' carnival in New York earns US\$75 million while the 'Caribana' festival in Toronto generates Cnd\$200 million. In spite of the economic impact of the globalized carnival industry there is an absence of a clear strategy in respect of exploiting its specialty character and the merchandising potential.

TABLE 1
ECONOMIC IMPACT OF OVERSEAS CARIBBEAN CARNIVALS

Overseas Carnivals	Estimated Attendance	Tourist Expenditures
Toronto - Caribana (1995)	1 million	Cnd\$ 200 million
New York - Labour Day (1995)	2 million	US\$70 million
London - Notting Hill (1995)	2 million	Stg £30 million

Source: Nurse 1997.

The music industry is a sub-sector of the entertainment industry which also includes film and video production, commercial theatre and dance, costume design and production, sound, stage and lighting, visual arts and cultural

tourism. The foreign exchange earnings of the entertainment sector were estimated at TT\$ 267 million in 1995 and \$274 million in 1996 (see table 2 below). These earnings positioned the industry in seventh position among the major export sectors in the Trinidad and Tobago economy (see table 3 below). The main contributor to the overseas earnings of the sector comes from cultural tourism whose share of approximately 67%, is largely a result of visitor expenditures at the annual Carnival festival. The next major source of income is from overseas music performances, generating between 22 - 24% of earnings. Earnings from the recording industry are ranked third.

The Recording Industry

The recording industry in Trinidad and Tobago has been in operation since the early twentieth century when artists began recording their music and thus transformed the artform from folk music to popular music. Since then the artform has been responding increasingly to the imperative of commercial concerns. For instance, the income of artists from live performances became directly related to media exposure via radio airplay. This norm still applies today. Almost all calypsonians, except the most popular, produce records and CDs so that they can get airplay or win road march and other Carnival competitions, which determines the hits and the opportunities for overseas work.

The issue of airplay for local music has been contentious. The music industry has argued for local content regulations to expand local airplay. The argument is borne out by the extent to which foreign product dominates the airwaves. Data on the level of foreign versus local content on the radio stations for 1994/95 shows that before Carnival the airplay of calypso/soca and pan is 9% of the play lists of the radio stations. During Carnival local content rises to 36% but drops to 15% in the post-Carnival period. Recent data on radio broadcast indicates that music from the region accounts for 26.5% of radio stations logs. This level of airplay is the lowest in the region (Berry 1999). This is considered problematic because radio broadcast is a determining factor in consumption patterns.

The mass reproduction of recordings has been plagued with business failures. In its embryonic stage the industry depended on artists recording in New York and through the field expeditions of US recording companies like Victor and Columbia. A local recording studio did not emerge until the 1940s. RCA, the largest recording company in the world at the time, and successor to Victor, established a subsidiary in Trinidad in 1965. This venture proved to be unprofitable. One of the explanations for the failure was the fact that most calypso recordings were being done in New York through the Brooklyn network of Caribbean record shops. RCA closed in the mid-1970s and the pressing plant was taken over by KH Records with financial support from the government. KH Records pressing plant suffered difficulties and closed in the early 1980s. KH was

eventually taken over by Coral Studios which is still in operation but only functions as a recording studio. Another manufacturing facility, Semp, opened up in the late 1970s but was affected by low activity outside of the carnival season.

**TABLE 2: ENTERTAINMENT SECTOR FOREIGN EXCHANGE EARNINGS.
(TT\$ 000,s)**

ITEMS/SERVICES	1995	1996
<i>Overseas:</i>		
Merchandise sales	2,851	3,738
Royalties	200	286
Performances	59,000	67,090
Soca bands	21,600	24,840
Soca artistes	14,400	16,560
Disc Jockeys	1,700	1,870
Pan artistes and ensembles	13,500	14,850
Chutney	7,800	8,970
Recording Industry	9,600	10,620
Visual Arts	300	345
Performance Arts	350	385
Mas Arts	N/A	N/A
Film and Video	2,400	2,800
Sound and Lighting	1,800	3,000
Sub-total	76,501	88,264
<i>Domestic</i>		
Cultural Tourism	180,000	184,140
Hospitality Sector	850	1,379
Sub-total	180,850	185,519
TOTAL	267,351	273,783

Source: Nurse (1998)

**TABLE 3
RANK & VALUE OF DOMESTIC EXPORTS, 1995 and 1996 (TT\$ million)**

	1995	1996
1. Mineral fuels, lubricants etc.	6,963	7,546
2. Chemicals	3,634	3,402
3. Manufactured goods	1,974	1,922
4. Food and Live Animals	821	780
5. Tourism (Hotel & Guesthouse)	470	542
6. Beverages and Tobacco	314	360
7. Entertainment	267	273

Source: CSO, 1997; Nurse, 1997; 1998.

By the early 1980s there were three studios and two pressing plants in the country. However, these operations ran into financial and practical problems. The main reasons identified were high taxes, the seasonality of calypso music and the financial advantages of the New York connection. The New York connection refers to a business arrangement, whereby firms like Charlies,

Strakers and JW Records invest in CD manufacturing costs in return for a large share of the product as well as publishing and licensing rights.

This business model has impacted negatively on the viability of mass reproduction facilities in Trinidad. This problem has continued into the 1990s. Caribbean Sound Basin closed down the country's last vinyl pressing plant in 1995 has moved the mastering equipment to Barbados under a joint venture arrangement with Best Music, the successor to WIRL, the major record producer in Barbados for many years. The result is that most Trinidadian artists record and manufacture in the United States, Canada and Barbados. With the advent of Compact Discs this problem has become even more pronounced as there are no world class CD plants in the region.

The structure of the music industry in Trinidad and Tobago is such that its strength is in artistic and intellectual production. In terms of musical output it is second only to Jamaica in the Anglophone Caribbean. There are a large number of artists, songwriters, composers, lyricists, producers, arrangers (see table 4) and a wide array of musical genres, from calypso and its derivative soca, to parang, chutney, rapso and gospel music. These artists and artforms have been backed up by an expanding number of indigenous recording studios and pre-production houses, especially since the mid-1980s when digital technologies allowed for more affordable recording production systems. The shift from analogue recording technology to digital has allowed for small studios to compete with larger ones. .

TABLE 4

REGISTERED COPYRIGHT OWNERS, NUMBER AND OUTPUT, 1997.

Number A/C/P(1)	Number Artists	Number Producers	Musical Compositions		Sound Recordings	
			Repertoire	Per Annum	Repertoire (2)	Per Annum
75* + 386**	150	20	12,000	400	10,000	750

Notes:

(1) A/C/P means: Authors/Composers/Publishers.

(2) Figures below represent individual tracks on recordings.

*Means copyright owners registered with Performing Rights Society.

**Means copyright owners registered with Copyright Organization of Trinidad & Tobago.

Source: Paul Berry and Associates, Feasibility Study Relating to Regional Collective Administration in the Caribbean, WIPO, April, 1999.

This trend has been further strengthened by the establishment of two top-of-the-line recording studios: Eddy Grant's Blue Wave studio (1981) in Barbados and the Caribbean Sound Basin (1990) in Trinidad. Blue Wave studio has recorded international pop stars like Marcia Barrett from Boney M, Musical Youth, Sting, Mick Jagger and Elvis Costello. Caribbean Sound Basin has attracted acts like Puff Daddy, Tony Toni Tone, Kansas, Electric Light Orchestra, Teddy Riley, Allyah, Toni Braxton, Kassav and Walt Disney studios. Both recording companies also provide international marketing and distribution expertise.

The other major studios in Trinidad are KMP Music Lab & Publishing Co., Western Sound Studios, Coral Sounds Studio, Sunset Studio, JO-GO Productions and Engine Room Recording and Production Ltd. These companies are also involved in doing recordings for international and regional artistes. There are several smaller studios that are involved in recording artistes but their main source of work is in the production of jingles for the local and regional advertising industries.

This phase can be viewed as the creative stage. Many see it as the heart of the industry. However, there is an important economic side to this phase. Assuming that the artiste composes his/her own songs, then the major costs are the fees of the recording studio. The cost of recording varies depending on the quality of the studio. International quality work can cost on average TT\$6,000.00 for a single and approximately TT\$40,000.00 for an album.

The most underdeveloped aspect of the music industry is marketing, distribution and retailing. This is the case at home and abroad. On the local scene, with the exception of a few top artists, the tradition has been that artists would have to finance the recording of their music then do the marketing, promotion and distribution themselves. At the international level the main distributors for Trinidad music has been JW Records and JMC Records, which focuses on chutney music, both based in New York. In the UK, Jet Star is the major distributor. These firms service mainly the West Indian immigrant market and have had limited success with the crossover or mainstream markets. Caribbean Sound Basin has had dealings with international companies like EMI, Warner and Polygram. In recent years VP Records, which has developed a strong market position in reggae, has developed a Soca catalogue for distribution.

ECONOMIC AND EXPORT PERFORMANCE

The Recording Industry

In the last few years there has been increased success with the sale of compilation tapes and CDs. This appears to be a viable strategy for enhanced market penetration. This is reflected in the expansion of this type of product on the local and international market. Rituals claims to have sold over 15,000, respectively, of its 'New Vibes', 'Trini Party' and 'Party Rhythms' calypso compilation CDs. Coral Sounds CD compilation series Soca Party has sold well in the US where the company has a distribution deal with Music Ram. CD compilations have also come from JoGo Productions' 'Island Jamz' and Tony Chow Lin On's 'Soca Switch'. There is also compilation CDs coming out of New York from JW Records, Carl Holder as well as JMC Records. The success of some firms in terms of direct marketing suggests that there is much more scope for industry growth through this mechanism.

A number of firms have also reported some success with individual albums and artists in recent years. Rituals has had success signing a number of singles to major recording companies, for example, Nigel Lewis' 'Follow de Leader' with EMI, Sharlene Boodram with Sony France for a remake of 'Joe le Taxi', 3 Canal's song Mud Madness to Baxter/Polygram, and David Rudder's 'Beloved' album to Polygram.

Machel Montano first international single 'Come Dig It', which was released with Delicious Vinyl then London Records, was used as the theme song for the 1996 Lilt Nottingham Carnival. Machel Montano and the Xtatik band has had tremendous success with calypso albums 'Heavy Duty' and 'Charge', which feature road march hits 'Big Truck' and 'Footsteps', respectively. Machel Montano is currently pursuing a marketing arrangement with VP Records which

has facilitated retailing through Amazon.com and collaboration with dancehall stars like Beenie Man, Red Rat and Mr. Vegas.

One of the biggest successes has been the hit song 'Ain't No Woman' by General Grant who is under management with Amar Entertainment/Caribbean Sound Basin. The song has hit number one position on the Billboard reggae charts and number six on the R&B charts. The video, which was filmed in Trinidad and Los Angeles has been featured on BET, VH1, MTV and Box Video. The success has come through a strategic alliance with Polybeat Records, a US based firm, which specialises in urban and alternative music, and distribution by Virgin/EMD.

Other successes have emerged from attendance at MIDEM Latin America and the Caribbean, for example, Colin Lucas was able to sign 'Dollar Wine' to Dino Records Germany. KMP Music Lab has been able to widen distribution to the cruise ship industry as well as seek out more traditional distribution channels. Sanch Electronix, which specialises in Pan, Classical and Folk music recordings has gained international distribution with Delos and New World Productions.

The economic and export performance of the recording industry is very difficult to gauge. There is no agency that collects data on the sub-sector. The data of previous studies puts the foreign exchange earnings of the sub-sector at approximately \$10 million in 1995 (see table 5 below). The recording industry reported growth in earnings of 8.4% in 1996. The years 1997 and 1998 have experienced modest growth of approximately 3%. The reduced performance in the recording industry is in part due to the financial problems that affected CSB during the period.

TABLE 5

RECORDING INDUSTRY FOREIGN EXCHANGE EARNINGS (US\$)

	1995	1996	1997	1998
TOTAL	10,287,900	11,151,000	12,266,000	13,493,000

Source: Industry participants.

Soundcarrier market

Data on soundcarrier sales at the retail or wholesale markets are not readily available. The main source of information is on the foreign trade market, imports and exports. The import market can be viewed as being representative of the level of retail activity in the economy because there are no local production facilities for any of the formats. Total imports have almost doubled between 1994 and 1996. The growth has come from CD imports while LPs and MCs have dropped. CDs share of the market has grown from about 50% to close to 80% (see

table 6 below). The shift in soundcarrier imports reflects international trends and changes in consumer electronics purchases. The share of CDs with local artists or local input is difficult to assess. CDs with local or Caribbean content are duty exempt. Duty exemption is granted through the Ministry of Culture. The process is very time consuming and cumbersome.

TABLE 6
SOUNDCARRIER IMPORTS, 1994 - 1998 (TT\$)

	1994	1995	1996	1997	1998*
LPs	235,829	71,746	163,153	141,114	7,532
MCs	510,720	411,598	483,512	459,756	132,899
CDs	848,280	1,439,449	2,466,892	8,342,236	4,522,147
TOTAL	1,594,829	1,922,793	3,113,557	8,943,106	4,662,578

Note: * data for the first six months.

Source: Central Statistical Office.

Soundcarrier Exports

Soundcarrier exports was dominated by vinyl records up until the early 1990s. Since then the production and export of vinyl records have declined precipitously. In 1994 the export sales of vinyl records amounted to \$759,079. Exports dropped precipitously in 1995 to \$30,000 and have virtually disappeared subsequently. The decline in soundcarrier exports is directly related to Caribbean Sound Basin decision to close its pressing plant in Trinidad and move the equipment to Barbados where it is now part of a joint venture operation with Best Records. MCs have been produced for the local market and there is no CD reproduction operation.

TABLE 7
SOUNDCARRIER EXPORTS, 1994 - 1998 (TT\$)

	1994	1995	1996	1997	1998*
LPs	759,079	30,000	8,100	60,000	5,512
MCs	11,541	19,401	57,443	95,636	10,088
CDs	240	9,513	4,912	115,657	36,315
TOTAL	772,854	60,909	72,451	273,290	53,913

Note: * data for the first six months.

Source: Central Statistical Office

The production of soundcarriers for the music industry has traditionally been done in the United States, Canada or Barbados. Overseas distributors and customers are then supplied from offshore operations. Consequently it is difficult to estimate the size of the market or the export earnings from the activities of domestic firms. This business model has been transnational since inception. The only way to gauge the dimensions of the international market would be through the sales of distributor like JW Records and VP Records in New York and Jet Star in London.

Information from the other main distributors, Eddy Grant's ICE records in Barbados, and the Caribbean Sound Basin and Ritual Records in Trinidad suggest that the total annual market sales of soundcarriers is in excess of 400,000 units. Industry informants estimate that there are at least ten recordings that sell over 20,000 units and fifteen to twenty that sell between 5,000 and 10,000. In addition, there has been some significant growth in sales in the last three years due to the introduction of compilation CDs. For example, ICE records 1995 and 1996 calypso compilation albums are estimated to have sold upwards of 30,000 units. Rituals Records claims to have sold over 15,000 of its 1996 calypso compilation CD.

Piracy

The record manufacturing activity has been severely affected by local and foreign pirates. At home it has eroded the local market. For instance, it is estimated that 40 - 50,000 units used to be sold per year on the local market during the 1970s. Latest estimates suggest that the combined sales of vinyl records, cassettes and CDs amount to only 20 - 25,000 units annually, and a large percentage of this is to the visitors at Carnival time or to locals who are purchasing for their family and friends abroad. Rough estimates suggest that the pirates control about 80 - 90% of the local market for recorded music. This is related to the fact that one of the largest import items in the entertainment sector is unrecorded audiotapes, peaking at \$2.4 million in 1995 and declining to \$1.5 million in 1998 (see table 8). Other forms of tape are also imported in large

volume. Magnetic and other magnetic tapes imports have expanded over the period to the combined value of \$5.6 million in 1997.

TABLE 8
UNRECORDED AUDIOTAPES IMPORTS, 1994-1998, (TT\$)

	1994	1995	1996	1997	1998
Audiotapes	2,255,264	2,381,259	1,924,732	1,616,184	1,552,745
Magnetic tapes	1,084,483	1,051,471	972,267	1,194,411	562,241
Other Magnetic tapes	1,321,058	1,652,059	n.a.	4,439,948	328,723
TOTAL	4,662,799	5,086,784	2,898,995	7,252,540	2,445,707

Source: CSO, 1998.

The decline in local record sales can also be explained by the downturn in the economy, however, the volume of cassette recorders and cassette dubbing/reproducer machines imports signal a high level of home taping and pirate activity. Table 9 below shows the value of imported recording apparatus for the period 1995 to 1998, where import value ranges from \$4.0 to \$6.0 million over the period. Sales in overseas markets are also subject to high levels of piracy. Record producers report that as many as twenty pirate CD compilations can be found in overseas markets, especially New York.

TABLE 9
CASSETTE RECORDERS & OTHER SOUND REPRODUCERS IMPORTS,
1995-1998 (TT\$)

ITEMS	1995	1996	1997	1998
Cassette sound reproducers	475,897	379,690	796,489	541,241
Other sound reproducers	2,549,136	2,304,599	4,079,537	2,342,754
Cassette sound recorders	1,062,401	545,092	266,924	247,031
Other sound recorders	444,554	386,951	356,809	800,413
Other sound recording apparatus	528,201	392,505	452,100	1,254,247
TOTAL	5,062,184	4,010,833	5,953,856	5,187,684

Source: CSO, 1998.

Music Videos

An increasingly important aspect of the music industry is the making of a video. It has become an indispensable asset in the marketing of an artist, especially for penetrating the international and diasporic markets. Music video production is a growing area of work with the increased internationalization of music from Trinidad and Tobago. The profitability in this genre is limited because most firms have limited resources after financing record production. In addition, artists often have to finance their own videos. The main producers of music videos are companies like EarthTV, Video Associates and Advance Dynamics. For these firms producing videos is very much a sideline as the income from this activity is small. In fact, these firms generally subsidise the production costs of music videos and see this as promotional work or their contribution to the music industry.

There has been some improvement in the quality of the music videos that have been produced in the last few years. Video work has been done for artists from Barbados (e.g. Krosfyah and John King) and the Eastern Caribbean. The significance of this sub-sector is exemplified by the airing of locally produced videos on cable television BET's 'Caribbean Rhythms' and on Caribbean Video Network, which was produced in Tobago and aired regionally. Caribbean Video Network has in the last year moved operations to Miami but the programme continues to be aired regionally. Another area that has the potential to grow as an export is the recording and reproduction of videotapes of live music performances, for example, Panorama steelband finals, Soca Monarch, Brass Festival, Spektakula Calypso Tent, Soca Chutney and the Parade of Bands. The main producer is Multimedia Productions which specialises in mass reproduction of audio and video tapes. The earnings from this activity are partially captured in merchandise trade figures because the principal market for

these products are returning visitors for Carnival (see table 10 below). A large percentage of product is also exported via the suitcase trade.

TABLE 10
EXPORT OF RECORDED VIDEOTAPES, 1996 - 1998

1996	1997	1998
47,007	2,187	30,212

Source: CSO

Instrument Exports

Steelband instruments have emerged as the main export item under merchandise sales. In 1994 this sub-sector export sales was approximately \$1.2 million, or 56% of entertainment merchandise exports. The position of steelband instruments was enhanced significantly in 1995 as export sales doubled to \$2.4 million and rose to be 84% of merchandise sales (see table 11). The performance in 1996 also saw considerable growth with a 32% jump in exports to \$3.2 million. Exports levelled off in 1997 at \$3.1 million. Provisional half-year data for 1998 suggests that exports would be around the same value.

The export success of steelband instruments has been generated principally by two firms, Trinidad & Tobago Instruments Limited (TTIL) and Lincoln Enterprises Ltd. Both firms offer a full range of conventional pan instruments and accessories such as pan sticks, pan stands and pan carrying cases. TTIL also offers a range of mini-pans, which are targeted at the music educational market as well as the gift and craft markets. This product is a rapidly expanding share of TTIL export market. Much of this export has been as a result of attendance at trade fairs such as the National Association of Music Merchants and the Percussive Arts Society.

TABLE 11

STEELBAND INSTRUMENTS EXPORTS, 1994 - 1998 (TT\$)

1994	1995	1996	1997	1998*
1,191,562	2,379,200	3,204,349	3,122,984	1,063,098

Note: * data for first six months.

Source: CSO, 1998.

Overseas Music Performances

One of the key features of the sector is the relatively large share that overseas performances contribute to overall foreign exchange earnings. The industry is also transnational in that many of the key actors and firms are either overseas or spend a large percentage of their time outside of the country, for example, servicing the over seventy Trinidad-style carnivals in the US, Canada, the UK and through-out the Caribbean region.

Overseas performances are an important aspect of the music industry. Performances are the main economic activity for most artists. In many ways sound recordings and videos operate as promotional tools for the performance-based activity. Industry participants are reporting annual growth rates ranging from 10 to 15 percent (see table 12). The soca artists and bands and the chutney artists have reported growth rates at the higher end. Disc Jockeys and pan ensembles have reported slower growth rates. Earnings for 1995 were estimated at TT\$59 million. Earnings have grown appreciably over the period 1995 to 1998. Recent years has seen the entry of a number of new artists and music bands, for example, Earplay, Surface, Question, Panazz and Flabej.

TABLE 12**OVERSEAS MUSIC PERFORMANCES, 1995 - 1998 (TT\$000's)**

	1995	1996	1997	1998
Soca Bands	21,600	24,840	28,560	32,850
Soca Artists	14,400	16,560	19,040	21,900
Disc Jockeys	1,700	1,870	2,060	2,260
Pan Artists/Ensembles	13,500	14,850	16,335	17,970
Chutney Artists	7,800	8,970	10,315	11,860
Total	59,000	67,090	76,310	86,840

Source: Industry participants

Sound, Lighting and Stage

The sound, lighting and stage sub-sector has emerged to be a critical aspect of the entertainment industry because of the large amount of work done in live performances. This sector involves a few firms who are involved in the rental of sound and lighting equipment. They also supply the technical expertise, for example sound engineers, that are needed to operate the equipment. The larger firms include Rent-A-Amp, Johnny-Q, Balroops and All Steps Promotions.

Rent-A-Amp has emerged to be the main exporter. It services a large number of festivals and live musical events throughout the Caribbean region, for example, the St. Kitts Music festival, Dominica's Creolefest and St. Lucia Jazz festival. Johnny-Q who provides sound equipment for carnival performances is also engaged in exporting to other islands. Trinidadian firms have become the prime regional suppliers of such specialized equipment. This sector has also been able to export the expertise of sound engineers. The foreign exchange earnings for this sector have more than doubled over the period 1995 to 1998 (see table 13).

TABLE 13

SOUND, LIGHTS AND STAGE, 1995 - 1998 (TT\$)

1995	1996	1997	1998
1,890,000	3,150,000	3,780,000	4,347,000

Source: Industry participants.

Royalties Collections

Royalties are a small but growing source of revenue in the music industry. In Trinidad and Tobago the copyright collections agency is the Copyright Organization of Trinidad and Tobago (COTT). COTT's function is to protect the rights of its members by licensing and collecting royalties. COTT has a reciprocal agreement with the UK-based Performing Rights Society (PRS) which allows COTT to represent foreign societies as well as have its members interests secured internationally. Under the reciprocal agreement, 70% of the local collections is paid to PRS.

COTT revenues expanded by 30% between 1995 and 1996 to \$466,000, 90% of which was from local collections (see table 14). Royalties on local music from foreign societies continues to be about 10% of revenues but grew by 43% over the two years. Collections on local music at home grew by 36% because of the overall increase in awareness about copyright issues. Payments to foreign societies expanded by 30% and continues to be the largest component in distributions.

TABLE 14
ROYALTIES COLLECTIONS AND PAYMENTS, 1996 - 1998 (TT\$)

	Local Distribution	Overseas Income	Overseas Export	TOTAL
1996	845,989	286,248	1,306,063	2,440,296
1997	1,043,309	302,773	1,692,386	3,040,465
1998	1,100,000	344,604	2,660,000	4,106,602

Source: Copyright Organization of Trinidad and Tobago

The division of earnings represents a deficit for Trinidad and Tobago because of the relatively weak position of local music in domestic and overseas markets. It is generally recognized that the overseas income collected does not accurately represent the extent to which Trinidad and Tobago music is played abroad. This problem is a function of structural considerations:

- The major international collection societies, especially from the US (e.g. BMI, ASCAP) only sample the top radio stations and not the fringe radio stations where Caribbean music is played regularly. Broadcast royalties are therefore underestimated.
- The major international collection societies only sample the largest concerts and thus are unlikely to capture the extent of Trinidadian music played in public performances, for example, the overseas Caribbean carnivals in North America and Europe.
- Piracy and other copyright infringements, though significant to artists and publishers, may not be profitable for international litigation agencies.
- Many Caribbean artists have not been educated on how to secure their copyrights and so continue to be subject to infringement in spite of the new laws.
- COTT does not administer neighbouring rights which deals with those rights that subsist in sound recording, audio-visual productions and broadcasts.
- A large percentage of musical works by local artists and publishers are not properly documented and so royalty payments go unidentified.

Cultural Tourism

Cultural tourism is an important source of income for the music and entertainment sector. It is well recognized that tourists today are looking for more than sand, sea and surf. This is reflected in the growth of eco-tourism, adventure-tourism as well as festival tourism. One of the prime examples of this is Brazil's Rio Carnival which attracts 300,000 visitors and generates US\$1 billion

for the city. Throughout the Caribbean this aspect of the tourist industry is gaining prominence in the tourism calendar. *Reggae Sunplash* and *Reggae Sunfest* in Jamaica, *Cropover* in Barbados and the *Jazz Festival* in St. Lucia are prime examples.

Trinidad's Carnival has long been viewed as the premier festival in the region. It attracts visitors in the vicinity of thirty to forty thousand each year. The economic impact of the festival has not been fully analysed. The data that is available is on visitor expenditures (see table 15). In 1998 it is estimated that 32,071 visitors spent \$88.7 million as compared to 1997 which saw 24,947 visitors and expenditures of \$64.5 million. Expenditures on carnival entertainment (e.g. shows, fetes, parties) accounted for 22% of visitor expenditures for 1998.

TABLE 15

CARNIVAL VISITORS, NUMBER & EXPENDITURES, 1997 & 1998

Year	Number of Visitors	Visitor Expenditures	Entertainment Expenditures	%
1997	24,947	\$64.5 million	n.a.	
1998	32,071	\$88.7 million	19.5 million	22

Source: CSO Carnival Bulletin, 1998.

There is much more scope to expand the earnings from festival tourism. There are several other music festivals which have some tourist appeal, for example, the Pan Ramajay, Pan Jazz and the Steelband Music festival. The Tobago Heritage Festival, Divali, Hosay and the Point Fortin Borough Day festivities also have strong tourist appeal.

The Hospitality Sector

The Hospitality sector refers to the hotel and guest-house sub-sector of the tourism industry. This sub-sector contributes to the foreign exchange earnings of the entertainment industry through the employment of artists to perform for tourist. This is the case especially with the larger hotels in the country.

Reported figures from the hoteliers in Tobago and Trinidad put the total entertainment expenditures at approximately TT\$850,000.00 for 1995 and \$1,379,000 for 1996 (Nurse 1997). Hoteliers report an increase of no more than approximately ten percent per annum for the years 1997 and 1998 (see table 16).

TABLE 16

ARTISTS PERFORMANCE INCOME IN THE HOSPITALITY SECTOR

1995	1996	1997	1998
850,000	1,379,000	1,517,000	1,669,000

Source: Nurse 1997; Industry participants.

SUMMARY AND CONCLUSION

There are expanding market opportunities for the various genres of Trinidad and Tobago music (e.g. soca, chutney, rapso, parang, steelpan). International and local consumption has been negatively affected by piracy as well as low radio airplay, especially on the home market. Artistic production is the strength of the industry but there is still room for greater professionalism, entrepreneurship and product development.

Overseas performances are the engine of the music industry. It generated 68% of the foreign exchange earnings for the year 1998. The growth in this sub-sector has been noteworthy with the entry of more artists and music bands. The industry, however, needs to grow beyond the performance driven business model to one where there is a synergy with sale of merchandise like recordings.

Manufacturing and merchandising are areas that have been plagued by business failure, competition from overseas and the seasonality of some of the artforms. Marketing, distribution and retailing are the weakest phase in the entertainment industry, both at the local, regional and international level. This is the case because soundcarrier exports are done offshore. The re-export trade is restricted by high import duties at home and through-out the region.

Copyright protection remains problematic because of piracy and other forms of infringement. Royalties collections have improved with the establishment of COTT but there is much room for higher inflows from foreign collections, especially from the US and Canada, where there is a significant diasporic population and a large number of Caribbean-styled carnivals.

TABLE 17

FOREIGN EXCHANGE EARNINGS OF THE MUSIC INDUSTRY, 1998

(TT000's)

Sub-sectors	Value	%
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Recording Industry	13,493	10.6
Merchandise	1,147	0.9
1. Steelpans	1,063	
2. Soundcarriers	54	
3. Videotapes	30	
Overseas Performances	86,840	68.2
Sound, Lights & Stage	4,347	3.4
Royalties	345	0.3
Cultural Tourism	19,500	15.3
Hospitality	1,669	1.3
TOTAL	127,341	100

Table 17 below shows that the total overseas earnings of the music entertainment sector for 1995 is estimated to be TT\$127 million. This places the entertainment industry in tenth position in terms of foreign exchange earnings behind minerals and fuels, chemicals, manufactured goods, agriculture, tourism and beverages and tobacco (see table 18). The main contributor to the overseas earnings of the sector is overseas performances (68.2%). Next in importance is entertainment expenditures by cultural tourists (15.3%). The recording industry is ranked third with earnings \$13.5 million. Merchandise sales, which stood at \$1.1 million, is dominated by the export of steelpan instruments (93%). Earnings based on the entertainment budgets from the hospitality sector amounted to \$1,669,000. Royalty export income amounts to \$345,000.

TABLE 18

RANK & VALUE OF DOMESTIC EXPORTS, 1995 and 1996 (TT\$ million)

	1995	1996	1997	1998
Mineral fuels, lubricants etc.	6,963	7,546		
Chemicals	3,634	3,402		
Manufactured goods	1,974	1,922		
Food and Live Animals	821	780		
Tourism (Hotel & G/house)	470	542		
Beverages and Tobacco	314	360		
Entertainment	267	273		
Misc. Manufactures				
Machinery & Transport Equipment				
Music				

Source: CSO, 1997; Nurse, 1997; 1998.

CHAPTER SIX

THE BARBADOS MUSIC INDUSTRY

Music and the Entertainment Sector

The music industry of Barbados is largely a product of its Crop Over Festival, which is the island's annual Carnival celebration. Calypso music is the main musical artform associated with this festival, although traditional Barbadian music really comprises Tuk, Spouge, and Folk. Since the early 1990s, a number of derivative musical forms to Calypso have emerged. Calypso has been combined with reggae and dancehall to produce ragga soca, and has also been mixed with other Caribbean music including zouk, samba and salsa. Today, the 'tuk' sound can be found in a number of the calypsos recorded by some of the island's top music bands such as krosfyah, Square One, and MADD.

Although calypso is currently the predominant music form, the music industry had its beginnings with Spouge- the Barbadian rhythm of the 1960s. This music form was developed extensively by the late Jackie Opel, in an attempt to create a Barbadian national music. Jackie Opel fused the ska beat of Jamaica with calypso rhythms of Trinidad to produce a special rhythm played on the cowbell, bass guitar, trap set, and other rhythm and electronic instruments. Instruments such as trumpets, a trombone, a saxophone, and vocalists were added depending on whether it was the Cassius Clay style (or 'dragon spouge') or the Draytons Two

style (or 'raw spouge'). The era from the early 1960s to 1979 saw a sizeable output of spouge recordings by locals, thereby allowing popular bands at the time to expand their creative bases (Millington, 1998). Groups such as Lord Radio and the Bimshire Boys, Jiggs Kirton, Antonio "Boo" Rudder, Blue Rhythm Combo, and Wendy Alleyne and the Dynamics recorded a number of popular spouge songs such as "Do You Like Sweet Music?" (Blue Rhythm Combo) and "Dance With Me" (Bimshire Boys). By the late 1970s, however, Spouge slowly began to disappear from the industry, as many of its artists began to migrate and/or shift to the increasingly popular Calypso music.

The growth of calypso in Barbados was mainly influenced by broadcasts on radio from Trinidad and Tobago, whose calypso artists had well developed the music form by the 1960s - the time at which it began to emerge in Barbados. Efforts by the Mighty Dragon and Lord Silvers to promote shows at the Globe Theatre as early as 1954, showcased pioneers such as Sir Don Marshall, the Mighty Romeo, as well as Lord Radio and the Bimshire Boys of Spouge fame, who set the style for the development of calypso. Mighty Gabby, the Merryman and Viper followed around the same time as the start of calypso competitions in the early 1960s. The Merryman established themselves among the local tourist market as well as abroad from 1975 to 1985, promoting a Caribbean beat and using folk music and traditional ballads to promote the island as a tourist destination.

As a result of the Merryman's popularity among the tourists locally, performing around the hotel circuit in Barbados became a norm for local artists in the 1970s, however, this steadily declined over the years, since many artists and bands were seldom paid well for their performances. One industry source has noted that payment for a gig on the hotel circuit is somewhat the same today as it was in the 1970s.

It was with the advent of the first Crop Over Festival hosted by the Barbados Board of Tourism in 1974, that Calypso in Barbados became more organised and began to explode onto the entertainment scene. Throughout the rest of the 1970s, attempts were made to develop the festival and in turn the music. For instance, by the late 1970s, the Ministry of Culture in conjunction with some of the major players of the Festival at the time was producing an annual compilation album of the top calypso tunes for that season. With the formation of the National Cultural Foundation in 1984, "Crop Over" became synonymous with "Calypso", and the artform became a legitimately accepted artform in Barbados. Calypsonians on the island have increased from 25 to 200, and can be considered central players in the annual Crop Over Festival (Millington, 1991).

Today, calypso and the music sector as a whole in Barbados has expanded significantly, with the number of artists having increased to 300 (see Table below). In addition, some members of the sector have branched off into other aspects of the music business. For instance, as noted in the table, there are 70 artists who are also producers, and another 50 who are composers. It appears that the volume of musical compositions has grown with as many as 1,200 songs being composed annually.

Growth of Musical Output

No. Artists/Composers/Producers	70 producers + 50 composers
No. Artists	300*
No. Producers	20
Musical Compositions Repertoire† Per Annum	5 000 1 200
Sound Recordings Repertoire Per Annum	100 500

*as indicated by BAMCI

†Figure represents individual tracks on recordings

Source: Extracted from a Feasibility Study conducted by Paul M. Berry & Associates, April 1999.

History of the Recording Industry

Recordings of Spouge in the 1960s signalled the birth of the recording industry in Barbados. However, after the decline of Spouge, it was the Merryman who mostly did recordings and until mid-1970s, there was not much of a local recording industry. The recording industry got its first kick back to life by the dawning of the Crop Over Festival, which encouraged calypsonians to record their music - albeit seasonal. Since then recordings have become a critical aspect of the business, and are generally used by calypsonians to gain media exposure via radio airplay. Today, like in Trinidad and Tobago, many calypsonians produce records and CDs to attain radio airplay that would ultimately sway their chances of getting contracts to perform abroad.

By the 1980s, calypsonians were recording at home, regionally as well as in the USA and Canada. In Barbados, Eddie Grant's ICE Records and WIRL (now Best Music) were the major producers of records, while within the region, Trinidad and Tobago was considered the mecca of recording and production. By the late

1980s, there were six studios for recording (three of which had hi-tech equipment), and one record production pressing plant in Barbados. Today, the number of recording studios has increased to about ten, majority of which are mini-studios, and as noted in the preceding table, the number of sound recordings being produced now stands at 500 per annum, the second third highest in the region.

MUSIC INDUSTRY EXPORTS

Soundcarrier Market

While data on the sales of soundcarriers retail or wholesale are not readily available, there is available data on the imports and exports. Total imports have more than tripled between 1995 and 1998. This increase is primarily in CD imports, while there have been some fluctuations in LP and MC imports. Interestingly, despite the fluctuations, MC imports have remained higher than LP imports during the period under examination. This data reflects a significant shift in consumer tastes from LPs, which had traditionally dominated the retail market, to CDs.

Soundcarrier Imports, 1995-1998 (BDS\$)

	1995	1996	1997	1998*
LPs	42,987	26,626	34,922	34,178
MCs	258,062	408,434	303,013	80,471
CDs	1,086,691	1,248,963	2,430,263	406,881
TOTAL	1,387,740	1,684,023	2,768,198	521,530

*January - March 1998.

Source: Barbados Statistical Service

With respect to the export of soundcarriers, LPs have traditionally dominated the sale of soundcarrier exports but during the period under review, the volume of CD exports has been substantially greater than that of LPs. For instance, in 1995, the value of LP exports totaled BDS \$29,685 whereas CD exports were valued at BDS \$216,77. By 1997, both CD and LP exports had decreased, however CD exports were still more than double that of LPs.

Soundcarrier Exports, 1995-1998 (BDS\$)

	1995	1996	1997	1998*
LPs	29,685	44,038	22,184	19,964
MCs	94,580	51,167	19,153	4,441
CDs	216,770	34,313	56,141	14,610
TOTAL	341,035	129,518	97,478	39,015

*January - March 1998.

Source: Barbados Statistical Service

Performances

Barbados' viable tourist sector presents the opportunity for local bands and artists to perform for the tourist market, which is in essence a foreign market. Consequently, revenue derived from the hospitality sector can be considered export revenue. While the data in the Table below only pertains to institutions in the hospitality sector that obtain performance licenses, it still provides an indication of the potential revenue from the sector. It is important to note that with respect to fees for gigs at hotels and restaurants, the rate has generally remained the same since the 1970s. An industry source indicated that many artists and bands performing at these venues are still BDS \$600 per gig. In the disco arena, however, the fee structure is slightly higher and performances are more frequent. In some instances a band or artist may perform twice in one week at the same venue.

Performances in the Hospitality Sector

TYPE OF VENUE	NO. OF GENERAL PERFORMANCE LICENSES	WEEKLY PERFORMANCE S	AVE. ANNUAL FEES PER VENUE (BDS \$)
Restaurants	69	2-3	62,400 - 93, 600
Hotels	32	2-3	62,400 - 93, 600
Discos	3	4-5	166,400 - 208,000
TOTAL	104		

Apart from this potential revenue on the local market, most of the top bands in Barbados have looked to further expand on the foreign markets. Bands such as Coalition, Square One and krosfyah, which play Calypso music, have been showcasing their music to the world during their frequent tours abroad. The influence of Trinidad and Tobago calypso as well as the Trinidad-type carnival celebrations among the Caribbean diaspora have significantly contributed to the growth of overseas performances. Like their Trinidad and Tobago counterparts, top Barbadian bands and artists have been able to earn a good living from performing at these Carnivals. Similarly, earnings from these performances, even though difficult to estimate, are considered substantially larger than the export of recordings. It is estimated, according to industry sources, that a top band may earn as much BDS \$351,524.69 annually from overseas performances.

Royalties Collections

Currently in Barbados there are two copyright collections agencies – BAMCI and BACAP as well as a local Representative for the Performing Rights Society (PRS). BAMS I represents the neighbouring rights of performers, record producers and phonograph producers, while BACAP represents the local rights of composers.

BAMCI has often gone beyond its mandate to 'police' the music industry. Its most notable action has been to file for a legal injunction over one of the top local nightclubs to prohibit the use of local music for which the nightclub did not have a license. Since this landmark decision, BAMCI has had some facility in the collection of royalties, although this could still be improved upon.

One of the primary concerns is that although royalties are being collected for local rights, there is little documented data to indicate the contribution of royalties to revenue in the music industry. However, data collected on behalf of PRS indicates that payments to foreign societies have generally increased annually, except in 1998 when collections fell to about BDS \$379, 461 from about BDS\$ 510,665 in 1997.

Royalties on Foreign Music Paid Abroad (BDS \$)

1994	1995	1996	1997	1998
386,952.99	451,981.73	502,832.29	510,664.96	379,461.01

Source: Performing Rights Society

Notwithstanding the amount of royalties collected on behalf of PRS annually, it appears that there is a substantial amount of regional music played on the local radio stations. Indeed, these figures do not indicate the volume of collections for the local repertoire, but highlights that if collections are consistently done for this region's music, royalties collections can become a substantial source of revenue.

RADIO STATION	PUBLIC/ PRIVATE	EST. % TALK	EST. % REGIONAL MUSIC
<i>CBC 900 AM</i>	Public	50	50
<i>CBC Liberty 98.1 FM</i>	Public	20	50
<i>Barbados Rediffusion:</i>			
<i>Yess</i>	Private	10	25
<i>Hott</i>	Private	2	50
<i>Voice of Barbados</i>	Private	60	80
<i>Faith</i>	Private	15	40

Source: Extracted from a Feasibility Study by Paul M. Berry & Associates, April 1999.

CHAPTER SEVEN

THE OECS MUSIC INDUSTRY

Introduction

This study examines the structure and operations of the music industry in six Eastern Caribbean states: Antigua & Barbuda, Dominica, Grenada, St. Kitts & Nevis, St. Lucia, and St. Vincent & the Grenadines. These states are members of the OECS region, which is the second smallest sub-region in the Caribbean after the Dutch territories. The region has a population of 566,000 spread over eight islands, which makes for a fragmented market space. The largest territory, St. Lucia has a population of 151,000, while Montserrat, the smallest has only 5,000 persons.

The region has an economic profile that places it in the lower end of the middle income bracket of developing countries ranging from a high of US \$6,990.00 in Antigua to a low of \$2,603.00 in Grenada. The regional economy is largely dependent on two major export sectors: agricultural commodities like bananas and sugar and tourism. Traditional agricultural exports have been in decline and are under severe pressure due to trade liberalization. Tourism, which has become the key foreign exchange earning sector, is also faced with issues such as competition from the cruise ship industry and limited domestic value-added from all-inclusive hotels. The region attracted tourist arrivals of 908,000 in 1999, which creates an additional music market with purchasing power. The top three tourist destinations are Antigua, St. Lucia and Grenada.

The music industry in the OECS is a sector that has only recently begun to gain some recognition in governmental policy. This is because of the increasing contribution of the sector to the various national economies through its impact on the hospitality sector (e.g. entertainment at hotels, nightclubs and restaurants) and tourist arrivals and expenditures from the many Carnivals and music festivals. However, the economic impact of the music industry remains undocumented.

The Music and Recording Industry

The music industry in the OECS region has experienced some expansion in export capabilities in the last decade. The Eastern Caribbean has developed into a regional music production center, especially in the genre of calypso or soca. These territories currently contribute to the year round supply of calypso and soca in addition to that coming from the two largest production areas, Trinidad & Tobago and Barbados. In addition, there has been a steady stream of innovations in the calypso genre coming from the Eastern Caribbean. Some examples are the Dominican cadence-lypso, which was pioneered by Exile One and has influenced related styles like zouk (Henderson), the Jam-band soca music from bands like Antigua's Burning Flames, and the jab-jab rhythms from Grenadian artist Tallpre and the band Riddum Mix.

There has also been a proliferation of other genres such as cadence, bouyon and zouk, which are to be found principally in Dominica and to a lesser extent in St. Lucia. Dominica is a special case because of the strong influence of the creole (kweyol) language, which Dominica shares with its nearest neighbours, the two French departments, Martinique and Guadeloupe, along with Haiti (Guilbault, 1993; Rabess, 2000). Reggae, jazz and gospel are also produced but in much smaller quantities.

There has been an increase in the number of recording artists in the Eastern Caribbean, however, there is no definitive data on the number of people or firms employed in the sector. The most authoritative source is based on the membership with the Performing Rights Society of the UK, which was the only copyright organization in the OECS region until 1999. Table 1 gives some indication of the size of the sector (in terms of number of composers, artists, producers, compositions and sound recordings) in each of the territories that were represented by PRS. Dominica would be

under-represented in this data because a large share of authors, composers and publishers are members of the French copyright society SACEM.

Table 1: Artists, Record Producers and Sound Recordings

Country	Artists Composers Publishers	Number Artists	Number Producers	Musical Composition s Per Annum	Sound Recordings Per Annum
Antigua	20	20	3	50	50
Dominica	20	n.a.	n.a.	250	n.a.
St. Lucia	20	50	3	300	150
St. Vincent	20	30	n.a.	110	100

Source: Paul Berry, 1999.

The music industry in the OECS region has had some commercial successes in the last two decades. There are several artists who have had hit songs and have become well known in the regional, diasporic and international markets. The most famous case is that of calypsonian Arrow who hails from Monserratt. Arrow’s hit song “Hot, Hot, Hot” is the largest selling soca song with sales in excess of 4 million units. Other notable export successes are artists and bands like Beckett and Blaksand from St. Vincent, Tallpree from Grenada, Swallow, Burning Flames and Ela Kru from Antigua, Exile One, Ophelia Marie and WCK from Dominica, Boo Hinkson and Luther Franscois from St. Lucia.

Most artists are not able to live as full-time professionals. Even those who have achieved some regional and international fame are required to earn a living overseas in North America. Many of the resident artists are very reliant on the performance income from the carnival season, especially from the calypso competitions. In this context sound recordings are

essentially viewed as promotional material more so than merchandise for sale. This scenario has a far reaching impact on the recording industry.

The recording industry sub-sector is in its infancy. Most territories have seen the recent introduction of a number of small recording studios as a result of the new digital technologies. In many ways, the emergence of these studios has eliminated the need for artists to travel to the larger Caribbean territories like Trinidad, Barbados, Guadeloupe, Martinique and Jamaica or to go to New York, Miami and Toronto to access recording studios. This has resulted in an increase in sound recordings in the OECS sub-region. However, in each of the territories there are only two or three studios that are close to the requirements of the marketplace in terms of quality recording facilities and sound engineering.

Investment in this sub-sector is constrained by the small size of the market. This problem is not just a function of small population size. The problem of small size is exacerbated by the high level of copyright infringement, including piracy, and the weak intra-regional distribution mechanisms. Record producers and artists who invest in record productions are hard-pressed to secure a reasonable return on investment. Consequently, the number of record companies and labels that are actively and profitably engaged in the industry are too few to achieve the required market penetration. As a result most artists are directly involved in marketing and distributing their products. This scenario has proven to be sub-optimal in meeting the demands of timely delivery of product, quality of packaging, and effective promotions and marketing.

The manufacturing of soundcarriers is another area that has proven to be problematic. There is no CD replication facilities or cassette manufacturers. However, there is one CD duplication facility in Dominica, West Indies Communications Enterprise, which has the capacity to service the region.

Given the advances in technology such a facility can produce price and quality competitive soundcarriers. In several of the other territories recordable CD technology (CD burning) is available and services the demand for small orders. This largely meets the quality demands of local clientele but is not adequate for export marketing. Most CDs are imported from extra-regional sources. These imports enjoy duty-free concessions in most territories. However, the industry's export capability is stymied because of the double duties in some cases as well as the double freight costs.

A major challenge for the recording industry is the high level of piracy and other forms of copyright infringement. The pirate market is highly developed as is the case in other Caribbean territories. One of the main contributing factors to the piracy is the role of radio DJs. Throughout the region record producers accuse radio personnel of passing on their music to pirates even before the record producer has had an opportunity to put the music on the market. CD burning technology is also used by the pirates to service the local market for compilations of the seasonal hits.

Consequently, the pirate is able to beat legitimate product not just on price but also on availability, timely delivery and diversity of product. One can find pirated material easily on the streets as well as in record stores. An important development in the pirate market has been the shifting from cassettes to CDs as the soundcarrier of choice. At present there are no anti-piracy campaigns throughout the region.

The OECS region is also affected by the problem of low local or regional content in radio airplay (see table 2). This is an issue that impacts on the wider region. The problem is partly one of seasonality whereby most of the music is produced for the various national carnivals. Consequently, the soca music from the Eastern Caribbean suffers the same fate as music coming out of Trinidad and Tobago and Barbados, the two dominant

producers of calypso music. This genre, however, enjoys the benefits of a transnational circuit of overseas Caribbean carnivals. Artists and bands have reported that success in the Trinidad carnival is critical to effectively tap into this diasporic market. Participation in other territories' carnivals and festivals has proven to be an effective marketing strategy.

Table 2: Radio Stations and Regional Airplay

Country	Number of Radio Stations	Number of Licensed Radio Stations	Estimated Share of Regional Music (%)
Antigua	4	0	37
Dominica	9	1	50
St. Lucia	5	1	40
St. Vincent	4	0	40

Source: Paul Berry, 1999, and industry estimates.

One of the most problematic areas is the weak institutional base of the artistic community. There is a high level of fragmentation and individualism in the community of artist, musicians and recording industry stakeholders. The OECS region is not alone in this regard but the problem is exacerbated by the politics of small size. As a result, the negotiating and bargaining power of the sector is extremely weak in relation to the hotel and advertising sectors. Industry reports suggest that performance fees at hotels and the professional fees for ad work have not kept pace with inflation. With no established artist or musician unions there are no standards or code of ethics to secure growth in earnings. The impact is that an important source of alternative income for the music industry is choked off in the local business environment. This is problematic because it is these ancillary sectors that offer the training grounds for artists. There is an overwhelming need to build an institutional capacity in this area.

A weak institutional base ensures that the music industry has limited advocacy capabilities when addressing sectoral issues. Within governmental circles there is no definitive policy on the music industry or the entertainment sector in general. Some of the gaping areas for state involvement include infrastructural development like performance venues. This is an investment that is unlikely to be made by the private sector but which can reap significant rewards once the investment is aligned, for example, with a festival tourism strategy. Educational policy is another area for governmental support. The training of artists, musicians, composers and cultural entrepreneurs and administrators is critical to move the sector to higher levels of domestic value-added. Intellectual property policy and administration is a key area to protect the investment of artists and cultural entrepreneurs. This is not just a legal problem as there is much need for an infrastructure of collective administration to collect and distribute royalty income.

Copyright Administration

Copyright legislation in the OECS sub-region devolved from United Kingdom legislation, specifically the Copyright Act 1911 or the Copyright Act 1956. Even after independence several territories continued under UK laws. Consequently, up until the early 1990s there were three categories of copyright legislation in force in the region: (1) those territories under the UK 1911 Act; (2) those with the 1956 Act; and (3) those which have put in force new copyright laws after independence (De Freitas 1991: 16; Pollard 1989).

Participation in international copyright regimes or institutions was minimal prior to the 1970s. Caribbean membership in the Berne Convention started with the Bahamas in 1973 followed by Suriname, Barbados, Guyana, Haiti, Jamaica, St. Lucia, St. Vincent and Trinidad and Tobago. Membership in WIPO also started in the mid-1970s and includes most territories. All OECS countries are members of the WTO and are therefore subject to TRIPs compliance.

From the late 1980s the governments of the respective territories were faced with lobbies from the music industry for updated laws. However, not until legislative reform in the 1990s have most territories developed indigenous laws, largely in response to international agreements and

treaties such as the WTO TRIPs agreement and the new WIPO treaties on Copyright and Related Rights. In fact, all territories have updated their laws to comply with the WTO TRIPs agreement (Nurse 2000).

Up until 1999 there was only one collective administration organization in the sub-region: the Performing Rights Society (PRS) of the UK. These territories have operated under an agency arrangement with PRS. PRS had two agencies in the following territories: Dominica (which covers Antigua) and St. Lucia. A national society has come on stream in St. Lucia (HMS – Hewanorra Musical Society) in 1999.

The key issues affecting collective administration in the region is the institutional capability to license users (especially radio stations, entertainment venues and hotels), monitor usage, expand domestic and international collections and administer the distribution of copyright income. In most OECS territories the size of the domestic market is considered too small to make a national collection society a viable venture. It is also that royalty collections have been hampered by the high level of piracy and other forms of copyright infringement, for example, the use of music by a large number of unlicensed users (Nurse 2000).

Many Caribbean artists have not been educated on how to secure their copyright and continue to be subject to infringement in spite of the new laws. A large percentage of musical works by local artists and publishers are not properly documented and so royalty payments go unidentified, particularly in overseas markets. In addition, regional collections, where musical works from the region are highly represented, have been faced with the problem of high administration costs under the agency arrangement with PRS thereby reducing net distribution to right owners.

Data on the overseas royalty income of the region is currently unavailable. The information generated by PRS only consists of data on outflows from the region and not on their inflows from foreign societies. Thus table 3 shows the royalty exports or outflows for Dominica and St. Lucia. Royalty collections fluctuated over the period, peaking in 1995 at £214,192 but dropping subsequently to £99,359 in 1997, the latest complete data for both territories.

TABLE 3: ROYALTY COLLECTIONS PAID TO PRS FROM OECS TERRITORIES, 1991 - 1998, (£)

	1991	1992	1993	1994	1995	1996	1997	1998
Dominica	29,376	28,953	5,678	32,302	111,339	13,773	30,011	26,046
St. Lucia	n.a.	n.a.	16,272	32,912	102,853	31,277	69,348	n.a.
TOTAL	29,376	28,953	21,950	65,214	214,192	45,050	99,359	26,046

Source: PRS yearbooks and data supplied by PRS.

Another copyright concern is the inadequate representation the OECS region has in terms of collective administration. The region only has one national copyright society, the Hewanorra Musical Society, based in St. Lucia. Dominica and Antigua also have representation but from an agency of the UK based Performing Rights Society. The Copyright Organization of Grenada is yet to get off the ground. St. Vincent and St. Kitts are not represented by any collective administration organization. However, this situation is likely to improve with the coming on stream of the Caribbean Copyright Link, which is an alliance of national copyright societies from Trinidad and Tobago, Jamaica, Barbados and St. Lucia. It is envisaged that the smaller territories, which are unable to financially sustain a national copyright society would be serviced under some agency arrangement by Caribbean Copyright Link.

In regards to a regional copyright and collective administration one of the critical issues to be addressed would be the special case of Dominica. A large percentage of Dominican music, unlike its other OECS members, circulates in the French departments, mainland France and Francophone countries. Artists like Ophelia Marie and Exile One have historically generated publishing income through these markets and consequently will be reluctant to join the regional copyright system and may opt to stay with the French copyright society SACEM. It is suggested that this problem could be solved by allowing the affected authors and composers joint or split membership between CCL and foreign copyright societies.

Because of the low level of copyright administration in the OECS region an important source of income for artists is lost. It also means that most hotels, nightclubs and other entertainment users are operating without public performance licenses. In addition, without such an organizational capacity there is limited lobby or advocacy capability on the issue of piracy and other forms of copyright infringement as well as the updating and

enforcement of copyright legislation. There is a clear need for the development of a strong anti-piracy campaign. Copyright legislation is currently being updated in each of the territories.

Carnivals and Music Festivals

One of the most important features of the music industry in the OECS is the significant contribution that carnivals and music festivals make to the entertainment and tourism sectors (see table 4 below). Most of the music produced in the region is festival inspired. Each territory has a carnival, which has a long and rich historical tradition. These carnivals are generally organized along the same lines as the Trinidad carnival. For example, the main artforms are calypso, steel pan and masquerade and they tend to have the same competitions as those found in the Trinidad carnival. These carnivals import a range of services from Trinidad, such as mas designers, steel pan arrangers and soca bands.

Table 4: Carnival and Music Festivals in the OECS Region

Territory	Festival	Month
Antigua & Barbuda	Carnival	August
Dominica	World Creole Music Festival	November
Grenada	Spice Jazz Festival Carnival	May August
St. Kitts & Nevis	St. Kitts Music Festival Carnival	May December
St. Lucia	St. Lucia Jazz Festival Carnival	May July
St. Vincent & the Grenadines	Carnival	June

The carnival season in the various territories is the primary time for music production and consumption. The carnivals generate local demand for sound recordings. These songs are then broadcast over the airwaves and act as promotional tools for the recording artists to win performance contracts. Success within the carnival creates (e.g. winning road march competition) opportunities for overseas performance work in the regional

and diasporic markets and widens the market for merchandising and exports.

The carnivals also generate tourist arrivals, which expands the audience and market for the music and other carnival related goods and services. For example, carnival in St. Kitts and Nevis, which runs for ten days prior to New Year's day, attracts close to 5,000 returning residents and friends and is one of the peak tourism seasons. St. Lucia, which has developed a comprehensive festival tourism strategy, has moved the carnival from the pre-Lenten period to the month of July so as not to compete with the Trinidad carnival. The once popular Vincy Mas in St., Vincent and the Grenadines, used to attract many visitors from Trinidad and neighbouring territories.

The economic impact and consequently the economic potential of the carnivals remains largely undocumented. For example, a visitor survey has not been done for any of the carnivals. It appears, however, that there is a wind of change in that several governments have identified festival tourism as an important innovation in their tourism strategy, namely, St. Lucia, St. Kitts and Dominica. This is evident in the growth of music festivals.

The last decade has seen the introduction of a number of tourism-inspired music festivals, for example, the St. Lucia Jazz Festival, the St. Kitts Music Festival and the World Creole Music Festival in Dominica. Grenada has followed suit with its recently established Spice Jazz festival. These festivals have achieved some international acclaim through media exposure in print media and on cable television channels such as Black Entertainment Television. In addition, these festivals have reaped significant rewards for the tourism sector. The demand-pull created by these festivals is such that they have been able, in some instances, to convert what was a trough in the tourism calendar into a peak period of

arrivals. There tends to be an appreciable increase in hotel occupancy levels and the number of airlifts by regional and international air-carriers. Festival tourists are also observed to stay longer, spend more - especially on indigenous goods and services - and are repeat visitors. The festivals also generate new markets in that a large percentage of the visitors for the festivals are regional and diasporic tourists, neglected market segments in traditional tourism marketing and research.

St. Lucia Jazz

Since its inception, the festival has grown in stature and magnitude. It is considered around the region as the premier jazz festival. The festival has definitely increased awareness about the island, as exemplified by the increased arrivals during the month of May, which was traditionally a very slow period. It has also effected a change in the traditional flow of visitors to the island. There has been a marked increase in the number of visitors from the Caribbean, especially from the French West Indies, not just for the Jazz Festival but throughout the year.

In the estimation of the St. Lucia Tourist Board, the festival organizer, the value of the publicity and media coverage that the island receives as a result of the festival exceeds the total annual budget of the tourist board. The St. Lucia Jazz Festival has proved to be an invaluable marketing tool for the tourist economy.

The Jazz Festival accounts for 42.5% of arrivals for the month of May 1998. Data from 1998 shows that the festival generated 3.9% of total arrivals and 4.9% of total visitor expenditure (see table 5). The latter suggests that Jazz Festival patron/visitors spend more than the average visitor.

Table 5: St. Lucia Jazz Festival: Share as a Percentage of Annual Arrivals and Expenditure 1998.

	Jazz Festival	Total Arrivals	Jazz Festival Percentage
Visitor Arrivals	9,929	23,389 (May)	42.5%
Visitor Arrivals	9,929	252,237 (Year)	3.9%
Expenditure	EC\$37.5 mn	EC\$769.7mn	4.9%

Source: Keith Nurse, Festival Tourism in the Caribbean, 2001.

The budget for the festival in 1998 was EC\$3.9 million. Based on the following financial and economic analysis the festival generates visitor expenditures to the tune of EC\$37.5 million which gives a healthy return on investment of 933% (see table 6). This figure is gained from comparing the festival budget with the level of visitor expenditures.

Table 6: St. Lucia Jazz: Financial and Economic Analysis

Festival Budget:	EC\$3.9 million
Visitor Expenditure:	EC\$37.5million
R.O.I:	933%

Source: Keith Nurse, Festival Tourism in the Caribbean, 2001

It is important to note that the key success factors for the festival have been the management and organization as well as the continuous improvements and the innovations in the format of the festival. The latter factors are important to consider given that there are several competing jazz festivals in the region many of which are following the lead set by the St. Lucia Tourist Board.

The World Creole Music Festival

The idea of having a music festival, primarily a cadence festival was formulated in 1994. This idea was eventually modified and started in 1996 as the World Creole Music Festival. Dominica is a well placed to host the Festival because of its position between the two French Departments, Martinique and Guadeloupe, and the fact that Dominica is one of the promoters of creole music. To manage the Festival effectively, a Festival Commission was established. This Commission is directly responsible for the performances, finances, as well as the marketing and promotion of the Festival.

The Festival showcases local acts such as WCK, Exile-One and Grammacks, as well as folk acts that perform traditional music like jing ping, quadrille, and belle. The organisers attract top artists from French or Creole speaking territories like Haiti, Martinique and Guadeloupe, and Francophone Africa. The festival has extended the repertoire of music to include English-speaking Caribbean artists such as calysonians from Trinidad and Barbados. Every year a CD is produced in time to be sold at the Festival. Entitled the "Music Festival Commemorative CD", the 1998 CD was a huge success.

Attendance at the Festival has been growing over the years. For the three nights of the Festival a total number of 26,000 persons attended. It is felt that this large number was mainly due to the fact that Dominica was also celebrating 21 years of independence around the same time.

The majority of the visitors to the Festival come from the neighbouring French islands of Martinique and Guadeloupe. These patrons use the ferry service which is a cheaper than the airfare and takes just about an hour from either island. During the Festival period, the ferry normally has to put on extra trips to satisfy the demand.

It is estimated that the Festival costs approximately EC\$1 million to pay the bands, including their accommodation as well as the marketing and promotion of the Festival. Some costs are offset by a Government subvention; however the amount is often debated and even questioned by some MPs. The Festival also has a number of sponsors that help to offset some of the costs. Its major sponsors include RFO, Texaco, L'Express des Iles (the ferry service between the French islands and Dominica), Kubuli, El Express and WILB. The main source of revenue is gate receipts. The cost of admission is EC\$50 for a ticket or EC\$60 at the gate nightly and EC\$125 for the season. As an encouragement to patronise the Festival, a raffle for a vehicle is drawn on the season tickets sold.

The Festival is given significant exposure through the international media who, every year, come on their own and are hosted by the Division of Tourism for the entire Festival. In fact, the Festival is broadcast throughout the Francophone World. Due to this significant exposure the Division of Tourism firmly believes that the World Creole Music Festival has played a pivotal role in boosting its tourism particularly at the time of the Festival. For example, it is virtually impossible to get a flight into Dominica during the time of the World Creole Music Festival.

Conclusion

The music industry in the OECS region has great potential as a source of employment and foreign exchange earnings. This is already evident in the contribution of performance artists and record producers to the growth of an entertainment sector in the respective territories. However, the potential is under developed because of the weak institutional base of the sector, the high level of piracy and other forms of infringement and the lack of governmental support in terms of educational, industrial, trade and intellectual property policy.

In addition, the synergies between the music industry and the tourism sector are not fully appreciated. The contribution the former makes to the hospitality sector and the competitiveness of the hotel sub-sector is largely lost to most hoteliers. This sector plays a critical role as a nursery for emerging professionals. Festival tourism is the area where the music industry enjoys its greatest returns as the various territories are able to create a demand-pull utilizing foreign as well as regional and local musical talent.

There is a clear need for the music industry to work with state agencies and regional and international organizations to boost the institutional capacity of the sector. This calls for an organized sector at the national and regional levels, for example, through the creation of industry associations.

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CHAPTER EIGHT

THE STRATEGIC INDUSTRIAL AND EXPORT PLAN

1.0 The Case for Industrial Policy

In broad terms, industrial policy involves interventions by the state or other agencies (e.g. trade and industry associations) "designed to affect the allocation of resources among economic activities and alter what would otherwise have been the market outcome" (Leipziger, et. al. 1997: 595). Industrial policy can include instruments that fall under the ambit of trade, tax and credit policies. The rationale for industrial policy is premised on the need (1) to assist resource reallocation from declining to rising sectors; (2) to correct externalities associated with specific industries; and, (3) to use 'strategic trade policy' to help firms capture an international pool of profits in globally oligopolistic markets.

Based on these criteria the Caribbean music industry is a good candidate for intervention in that it is an emerging export sector plagued with market failure in

key business services and weak institutional support at home and constrained by oligopolistic practices in mainstream markets.

It is recognized, however, that industrial policy is not an unqualified success. There are some problems, which have plagued efforts in various countries. It is noted that state intervention can (1) distort relative prices and lead to resource misallocation and a loss of economic efficiency; (2) introduce an additional complex political element since they provide a popular remedy for import-competing firms reluctant to adjust to trade liberalization; and, (3) inspire countervailing measures and competition among governments to outspend one another thereby squandering resources (Leipziger et al 1997: 595). The experience of successful industrial policy interventions, however, suggests that:

It is possible to influence the market-place while taking account of price signals in setting priorities and mapping out strategies and, in so doing, serve the long-term interests of the enterprise sector and the economy as a whole (UNCTAD 1996: 78)

The cultural industries and the sub-industry of music have not been traditionally viewed as targets for industrial policy. Industrial policy is largely associated with the manufacturing or goods sector. However, many of the problems and requirements of the goods sector, especially the small and medium-sized enterprise (SME) sub-sector, also apply to the cultural industries sector. For example, the problem of limited access to credit and finance, the high cost of export marketing and inadequate institutional capacity. Where the cultural industries differ relates to the fact that cultural goods and services are genre-driven products built on creativity and reliant on copyright protection. In broad terms the main features of the industrial context for cultural industries can be summarised as follows (UNCTAD/ILO 1995: 34-35):

- Intellectual or artistic production is at the heart, while reproduction is a manufacturing process responding to a logic of industrial production.
- Intellectual and artistic production is mainly betting on talent. Market risk is high because consumer taste is volatile and difficult to anticipate, which explains a high rate of failures to successes. Risk can be reduced by concentrating production efforts on a narrow range of universal story lines which are more likely to appeal to average taste.
- The life cycle of products and services is very short and there is a need for constant innovation. Each

entertainment product is typically a “one-off” and must be perceived as different from previous products, albeit minimally.

- It is difficult to build consumer loyalty. For each product run, consumer taste must be nurtured and channeled. Massive promotional efforts and special mass-marketing techniques, such as the creation of a “star system” or show business gossip are essential.
- The costs of reproduction are low in relation to initial production costs, which grants high returns to economies of scale in distribution, or audience maximization.
- Products can be easily reproduced and companies can be considerably hurt by copyright infringement.

The foregoing analysis illustrates the specificity of the industrial challenge facing the cultural industries. Based on this industrial context, analysts argue that:

To build up a diversified industrial structure and reach a critical mass are essential in order to sustain increasing competition. Maintaining competitiveness requires financial and marketing muscles in order to assemble financing for intellectual and artistic production; to pay the high fees demanded by talented or world famous authors, movie stars, film directors or singers; to bear the relevant risks; to obtain consumer loyalty by promoting massively the product or the brand (the author) over a variety of media; to bundle the rights and protect them; and to be able to gain from ancillary markets such as merchandising. Vast global distribution networks are critical in maximizing returns and spreading the risk and cost over larger markets (UNCTAD/ILO 1995: 35).

2.0 Competitiveness Analysis

Industry Structure and Performance

The analysis reveals that artistic production is the strength of the Caribbean music industry but suggests that there is much scope for improvement in professionalism, entrepreneurship and product development. Manufacturing and merchandising are areas that have been plagued by business failure, competition from overseas and the seasonality of some of the artforms.

Marketing, distribution and retailing are the weakest phase in the entertainment industry, both at the local, regional and international level. Copyright protection remains problematic because of the high level of piracy and collective administration has been largely dependent on foreign copyright societies, except in the case of Trinidad and Tobago. Overseas royalties collection is likely to improve with the establishment of a regional administration system. There is also an absence of dedicated training and educational facilities in the area of cultural industries.

The economic and export performance of the entertainment industry illustrates that there is an overseas market for indigenous cultural products and services but the sector is not as competitive as it could be, nor is it marketed appropriately to take advantage of existing opportunities. To expand the export market, the entertainment industry must create and nurture foreign demand through joint ventures or promotional and distribution deals with international entertainment firms. The export thrust will be facilitated by market and media access, human resource development and training, and innovation and industrial upgrading at home.

The sector is largely under-researched and suffers from inadequate data. This situation has made policy formulation difficult. Inertia and arrested development have been the order of the industry. Adequate market and industrial information is a pre-requisite for industrial expansion enhanced market penetration and sustained competitiveness.

The industry suffers from an under-developed enterprise sector, low domestic value-added, dependence on foreign manufacturing, distribution and marketing, weak institutional and political support and high levels of copyright infringement, particularly piracy (cassettes and CDs) as well as a large number of unlicensed users (e.g. radio stations, bars, restaurants and hotels). The latter problem is particularly acute in the Dominican Republic where a national collections society is yet to get off the ground.

These industry problems were compounded by the shift in the techno-economic paradigm in the mid-1980s towards CDs soundcarriers. The industry's inability to respond to the new manufacturing format made the industry more import dependent in the 1990s. The consequent decline or stagnation in income generation and export competitiveness reduced investment in the industry. It is not until the late 1990s did manufacturing investment for CD production emerge in Jamaica and the Dominican Republic. The industry is now faced with the new challenge of Internet-based technologies, which facilitate alternative distribution, marketing, promotion, merchandising (e.g. direct downloading), retailing (e.g. ecommerce) and broadcasting options.

The first phase of musical production, the artistic and creative component, is largely localized. The higher value-added phases of the industry, such as manufacturing, marketing and distribution have remained offshore. Consequently, a large share of the value-added and profits are externally controlled. This has stymied the conditions for learning and the process of industrial upgrading (Nurse 1997). For example, because the manufacturing is done overseas the industry is subject to slow delivery times, increased cost of freight, duties on extra-regional imports, double-duties on re-exports, and un-competitive prices. Under these circumstances firms have found it very difficult to export, to both regional and extra-regional markets. This has also resulted opportunities for the pirate market as firms are not responsive enough to market demands and are unable to offer prices that could steal away market share from the pirates. Unless these conditions are addressed the industry will be unable to move up the value-added chain, expand export earnings, and exercise control in the rapidly changing techno-economic context.

Marketing Strategy

The main export markets for Caribbean music have been the Caribbean territories and the Caribbean diasporic communities in North America and Europe. The mass or mainstream popular music market remains largely untapped. This market has traditionally been viewed as a monolithic entity but it has become highly differentiated and segmented with the creation of global niches since the 1980s. For example, the market share of pop and rock music in the US and UK have declined in 1990s (IFPI 1998). Musical genres like Country, Urban/Contemporary, Rap, Reggae and Latin music have gained market share. Another impressive growth area has been the category referred to as 'World Music'. This niche is very diverse. It includes musical genres as varied as celtic music, zouk, soukous, cajun, rai, salsa and many more. Creating an identity within this broad category is critical as this is one of the fastest growing segments in the music industry. Caribbean artists and firms should endeavor to have a strong presence in the various 'World Music' festivals that take place in Europe.

One marketing advantage, which Caribbean music like reggae and soca enjoys is that the language used is English. English-speaking countries accounted for 53.4% of the exports in recorded discs and tapes in 1993 (UN 1995: 48). Additionally, it is well recognized that language barriers are not a hindrance to the worldwide distribution of music, especially music in English, given that it is the dominant language in international cultural exchange. The countries of the US and the UK are two of the leading markets for the international music industry. More importantly, they are the market trendsetters in that what is

successful there tends to have a good chance of being successful elsewhere. The UK plays that role for Europe and the US for the whole world. The main marketing initiative should be targeted at the US and UK markets.

The rising demand for Latin music has enhanced the opportunities for merengue and bachata music from the Dominican Republic. Latin music has gained in mainstream market appeal as a result of the recent success of artists like Ricky Martin and Jennifer Lopez. The US has a large Hispanic population, which has facilitated this growth. Markets throughout Latin America have also become more lucrative with trade and financial liberalization and strong anti-piracy efforts.

From a marketing standpoint there are several market niches that can be further exploited. The diasporic Caribbean market, which numbers over 10 million, is far from being fully tapped for all genres of music. This market is important to secure because it acts as a beachhead in metropolitan export markets. These markets are subject to high levels of piracy but are generally neglected by national enforcement agencies because the numbers are presumed to be too small. The regional tourist markets, which attracts over 10 million visitors, requires a better distribution and marketing effort and can act as a basis for market crossovers. The increasing number of music festivals within the region can be targetted for improved market and media exposure for Caribbean artists. The minority and ethnic communities in North America and Europe are becoming increasingly receptive to Caribbean music but more needs to be done to build a market presence, especially through the college circuit and the overseas Caribbean carnivals. The Asian and African continental markets are still problematic because of the high level of piracy and low profitability in those areas. Non-traditional developed country markets such as the Netherlands, Germany, Denmark and Japan are becoming increasingly important.

Building an international image and reputation for quality is important. Participating in international trade fairs, festivals and awards ceremonies can acquaint artists and cultural entrepreneurs with the demands of the overseas market. The entertainment industry in the Caribbean needs to develop an aggressive posture to penetrate the international market. The rationale is that the industry is faced with the task of creating demand for new genres of music and other entertainment products and services. This may require the establishment of strategic alliances in some cases as well direct promotion in others. Foreign direct investment, joint ventures and promotional and distribution deals are avenues that need to be seriously explored given the high barriers to export market entry.

Enterprise Strategy

The goal of many industry participants is to land a recording and/or promotion and distribution deal with one of the major recording companies. Many view this as the passport to success because it is very difficult to penetrate the mainstream markets without access to the retail and media networks that the major recording companies control. However, the majors are only prepared to invest where they see a particular type of music or artist moving in the marketplace. The major recording companies rarely invest in musical genres and artists that are untested in the marketplace. Instead, they rely on the risk-taking and experimentation of the smaller independent labels and companies. This suggests that it is important to have a well-developed independent sector of firms that can focus on artist and repertoire, product and market development. Facilitating the growth of independents is a key strategy to build the market for Caribbean music and attract the major recording companies.

Getting onto a major label is a very difficult endeavor and one that does not necessarily work to the advantage of an artist. It is not unheard of for artists after being signed to realize that they are not being promoted or that the label does not have a clear idea of how to market them. The majors also tend to have a fairly narrow payback timeframe and consequently an artist can be dropped when sales targets are not achieved within the stated period. Several Jamaican dancehall artists were dropped in the mid-1990s when sales of reggae did not meet expectations. The experience of dancehall artists suggests that being signed by a major label should not be viewed as an end in itself. It is also needs to be emphasized that many artists are able to make a reasonable living through the operations of the smaller independent sector.

The above analysis suggests that the export strategy needs to be multifaceted rather than just focused on landing a recording deal with a major recording company. There is a clear need to build a market trend to improve the bargaining power of local artistes and recording companies. Merchandise sales have to be improved first. Overseas performances should be used to promote merchandise. At present it is the reverse. Records and CDs are used to promote performances. Caribbean artists are not alone in this approach most artists earn more income from performance than from record sales. However, there is a lot of room for expansion by local artists. Not enough artists spend the effort to promote their merchandise. Many of our artistes go to overseas performances without a proper press kit, biographies and promotional materials. Many don't do the radio circuit to build a faithful network of Disc Jockeys, especially in the non-traditional markets. In many respects the music has not moved out of the Caribbean diasporic or immigrant market and venues. The demands for this market, in terms of style, image, presentation and professionalism, are lower than that for the mainstream markets.

3.0 Industrial Policy Strategy

An increasing number of countries have begun to recognize the economic benefits of the music industry and have implemented industrial policies to enhance the competitiveness of the sector. An example of this trend is the increase in the number of national export agencies that participate in the largest annual music trade fair, MIDEM. In countries like Canada, the UK and Ireland active measures have been instituted to deepen the industrialization of the music industry. A regional initiative, the European Music Office, was established by the European Union in 1997.

Across the various country initiatives there is a general consensus that creating a competitive advantage calls for the continuous upgrading of artistic and entrepreneurial skills, enterprise development, market development, product and service innovation and the strengthening of the home environment. The Irish case is worthy of some mention. The industrial strategy was built on four strands (IMIG 1998):

1. Developing Irish music
2. Ireland as a location for foreign investment
3. Improved international exposure
4. Public relations/Information campaign

A similar perspective has begun to emerge in the Caribbean. JAMPRO and TIDCO have been engaged in some trade promotion measures. Caribbean Export Development Agency has assisted several firms through their competitiveness programme. In recent times industry players have articulated a position. At a regional meeting at the Caribbean Music Expo (CME), held in Ocho Rios, Jamaica, November 14-17, industry stakeholders (e.g. music producers, artists, distributors, media practitioners, attorneys and industry analysts) identified five critical areas for immediate action to promote the development of the regional music industry. The areas identified were:

1. The removal of customs duties on CDs, cassettes, records, and promotional videos containing performances, sound recordings, or musical compositions by artists from the region, to facilitate free movement of these products in CARICOM;
2. The development of strategic alliances and mergers between small distributors in the region to make Caribbean music more accessible in the global marketplace, and to develop a regional grouping to lobby for further improvements in the music industry;

3. The introduction of content quotas for local and regional music to increase the amount of Caribbean music aired on radio and television throughout the region.
4. The introduction of anti-piracy measures at the national and regional levels to ensure the protection and remuneration of rights owners;
5. The implementation of a regional system for collective management of copyright and related rights to improve the collection and distribution of royalties regionally and internationally.

The issues and strategies identified above are designed to improve local and regional control of the production, marketing and distribution process. Such a strategy, however, calls for a wide range of expertise backed up by an industrial infrastructure, which are not currently in place. This report recommends nine key objectives and attendant strategies:

1. Expand income generation and competitiveness

- Provide financial support for record producers and labels.
- Upgrade and update record manufacturing.
- Expand earnings from overseas tours.
- Strengthen record publishing.
- Upgrade merchandising
- Introduce Internet based sales techniques

2. Facilitate export marketing

- Increase participation in trade fairs.
- Strengthen distribution channels.
- Broaden mass media access.
- Widen circuit of concert tours and festival engagements.
- Develop a joint marketing strategy with tourism sector
- Introduce Internet-based technologies and business practices.

3. Invest in human resource development

- Artist development
- Enterprise development
- Technical skills development
- Professional skills development

4. Enable institutional capacity building

- Establish a regional organization
- Establish and upgrade national industry associations
- Offer business support services
- Develop an economic research capability
- Develop a market intelligence capability

5. Ensure copyright protection and collective administration

- Establish viable national copyright societies
- Strengthen existing national copyright societies
- Implement regional data and rights management centre
- Enhance bargaining leverage with foreign copyright societies

6. Implement anti-piracy campaign

- Implement 'banderole' system
- Strengthen enforcement capability
- Introduce private recording levy on blank tape and CD imports
- Develop public awareness campaign

7. Align and harmonize government policy framework

- Establish industrial policy
- Establish trade policy
- Establish intellectual property policy
- Establish cultural policy
- Establish educational policy

8. Upgrade the home environment

- Improve government-industry relations
- Foster public awareness of the contribution of the music industry
- Increase local/regional content on the airwaves
- Establish musicians union
- Improve access to credit

9. Develop Internet-readiness

- Develop market profile of the potential Internet music audience
- Develop a regional Internet marketing and distribution programme

- Conduct training programme for music industry firms
- New product development

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CHAPTER NINE

SITUATIONAL ANALYSIS AND RECOMMENDATIONS

1. *Situational Analysis: Income Generation*

- *Record producers have experienced a decline in income flows as a result of high levels of piracy, w foreign competition and alternative entertainment.*
- *Record manufacturers, with the exception of a recently established CD replication plant in Jamaica, hav with the techno-economic shift to digital productions systems. The introduction of digital soundcarn created an even wider gulf between regional capabilities and the international threshold. Vinyl recor duplication suffer from sub-standard production qualities, product packaging and visual branding.*
- *Touring continues to be the main source of income for most artists. Records are viewed as promotional than vice-e-versa as is the case in more established music markets. Touring and overseas concerts are la and diasporic markets, (e.g. in the case of calypso/soca) which can be viewed as an extension of the hor crossover markets remain largely untapped. Reggae, which made incursions into alternative markets in experienced significant decline in the 1990s.*
- *Music publishing is an under-valued area in the industry. The survey methodologies of the foreign copy in the US, result in low returns from public performance royalties. Mechanical royalties are also low b record production, especially within the region. Income from synchronization licensing fees is an area t This in part relates to the weakness of the regional audio-visual sector.*

OBJECTIVE 1: EXPAND INCOME GENERATION AND COMPETITIVENESS

STRATEGIES	ACTION PLAN	FACILITIES
1. Provide financial support for record producers and labels.	<ul style="list-style-type: none"> ▪ Financial support for artist and repertoire (A&R) development ▪ Financial support for promotion and distribution (P&D) deals 	International National
2. Upgrade and update record manufacturing.	<ul style="list-style-type: none"> ▪ Facilitate investment in CD replication. ▪ Improve quality of cassette duplication ▪ Improve quality of vinyl record production 	Caribbean
3. Expand earnings from overseas tours.	<ul style="list-style-type: none"> ▪ Increase the number of bands and performing artists touring ▪ Increase rates and performance fees 	Industry
4. Strengthen record publishing.	<ul style="list-style-type: none"> ▪ Lobby copyright societies to increase overseas collections in performance royalty income ▪ Expand mechanical and synchronization licensing ▪ Pursue joint publishing and sub-publishing ventures 	Industry
5. Upgrade merchandising	<ul style="list-style-type: none"> ▪ Improve design component in packaging ▪ Encourage more targeted marketing strategies 	Caribbean
6. Introduce Internet based sales techniques	<ul style="list-style-type: none"> ▪ Create competency among industry firms ▪ Develop a Caribbean website 	Caribbean

2. Situational Analysis: Export Marketing

- *Penetrating export markets is a critical objective for the regional music industry. This has been the case in the industry because of the small domestic market. In an attempt to broaden the market beyond the regional communities, recording companies have been participating in international trade fairs. Attendance at these fairs is often funded by trade facilitation organizations like JAMPRO, TIDCO and Caribbean Export. Record producers who have made promotional and distribution deals, build a network and appreciate the demands of the market have been able to go to the trade fairs consistently have made strides in export marketing. Some firms have been successful and ready and have discontinued attendance at the trade fairs.*
- *Distribution continues to be one of the most problematic areas. Traditional channels are only able to reach the diasporic markets. However, even these markets are not well served in that product is often unavailable. These markets are subject to high levels of piracy. The most significant development in the late 1990s was VP Records, a Jamaican owned firm based in New York, which has been able to expand the distribution of its product during a period of declining sales in the mainstream markets. VP Records has also begun to fill a void by distributing its product in the diasporic market, however, is still largely focussed on the diasporic market.*
- *Mass media access is one of the main weaknesses of the regional music industry. This in part is a consequence of the audio-visual sector. Access to international programming is very difficult because of the restrictions in the audio-visual and broadcasting sector. Efforts to create a Caribbean video channel have been challenged. Caribbean Video Network (CSN) which operated out of Miami closed in the mid-1990 for financial reasons. Caribbean Video Network started out in Tobago shifted to Florida in 1998 because of a lack of corporate sponsorship. CVN has recently been replaced by CVN has created an affiliate WORLDmusicTV.net, an Internet broadcaster which is seen and heard in fifty countries. The demise of CSN Black Entertainment Television (BET) ran a segment called *Caribbean Rhythms* but that segment ended in the late 1990s. Record producers have identified these business failures with declining sales regionally and internationally.*
- *Many Caribbean bands and artists are largely dependent on the diasporic markets for overseas touring. This has sustained Caribbean artists for decades. Few artists, however, have been able to use these markets as entry points into the mainstream or crossover markets. There is a need to broaden the international exposure, improve the marketing of the performance fees of Caribbean artists operating in this circuit.*

OBJECTIVE 2: FACILITATE EXPORT MARKETING

STRATAGIES	ACTION PLAN	FACILITATORS
1. Increase participation in trade fairs.	<ul style="list-style-type: none"> ▪ Provide grant funding to export-ready firms ▪ Make available financing for product development ▪ Support Caribbean Music Expo 	Caribbean Agency; Agencie
2. Strengthen distribution channels.	<ul style="list-style-type: none"> ▪ Establish a regional distribution centre ▪ Facilitate joint-venture for overseas and regional distribution ▪ Provide incentives for foreign investment 	Caribbean Facilitat
3. Broaden mass media access.	<ul style="list-style-type: none"> ▪ Facilitate growth of Caribbean music video channel ▪ Provide grant funding for music video production ▪ Invite music journalist to cover indigenous festivals 	Caribbean Facilitat
4. Widen circuit of concert tours and festival engagements.	<ul style="list-style-type: none"> ▪ Target impresarios and concert promoters in mainstream markets ▪ Target the World Music market 	Caribbean Facilitat
5. Develop a joint marketing strategy with tourism sector	<ul style="list-style-type: none"> ▪ Strengthen the linkage between tourism and the music sector, especially through festival tourism ▪ Invest in indigenous music festivals 	Caribbean National
6. Introduce Internet-based technologies and business practices.	<ul style="list-style-type: none"> ▪ Train entrepreneurs in internet technologies and business practices ▪ Invest in internet broadcasting, marketing and email ordering 	Caribbean Facilitat

3. Situational Analysis: Human Resource Development

- Many artists have had little if any formal training. Existing training programmes are biased against them and have focussed on folk and classical forms. Consequently, the best-trained artists don't perform much in the region. Skills like songwriting and voice training are vital to sustain a professional career.
- Artist and Repertoire (A&R) development is a fundamental component of the creative phase as well as the business phase. There are few professionals that are trained or are competent in A&R.
- The management capability in many of the firms in the music industry is somewhat underdeveloped. This is particularly true of the small and medium size enterprise sector. Business and financial planning skills are in short supply. The contractual aspects of the industry is also deficient and has created much conflict between artists, managers and lawyers.
- Technical skills in areas such as sound recording and engineering, sound, lights and stage, and film, are also deficient. These are critical inputs in a high quality recording, video or live performance. Internet technology has raised the technological threshold, which has to be grasped.
- Skills in professional areas such as law, accounting, marketing, arts administration and events management are also deficient. Cultural industries have either been neglected as potential careers or have not had the absorptive capacity to develop these skills. These skills are critical to improve the competitiveness of the industry.
- Human resource development in the cultural industries is the key ingredient in the industry because of the nature of artistic and intellectual creation, the copyright work.

OBJECTIVE 3: HUMAN RESOURCE DEVELOPMENT

STRATEGIES	ACTION PLAN	FACILITIES
1. Artist development	<ul style="list-style-type: none"> ▪ Provide training in: <ul style="list-style-type: none"> - Songwriting - Voice development - Artist and Repertoire (A&R) ▪ Upgrade training facilities at music schools 	Creative Cultural (CIRC)
2. Enterprise development	<ul style="list-style-type: none"> ▪ Provide training in: <ul style="list-style-type: none"> - General management and business skills - Developing business and export plans - Financial management - Recording industry contracts 	CIRC
3. Technical skills development	<ul style="list-style-type: none"> ▪ Establish a Cultural Industry Technology Centre (CITC) to conduct training in: <ul style="list-style-type: none"> - Sound recording and engineering - Sound, Lights and Stage - Film, Video & Multimedia - Internet technologies 	Cultural Centre (C)
4. Professional skills development	<ul style="list-style-type: none"> ▪ Establish a Cultural Industry Research Centre (CIRC) to conduct training in: <ul style="list-style-type: none"> - The Economics of Cultural Industries - Enterprise and Business Development - Marketing, Promotion and Distribution - Copyright and the Cultural Industries - Events and Festival Management - Cultural and Festival Tourism - Arts Administration 	CIRC

4. Situational Analysis: Institutional Capacity Building

- The music industry sector does not have a strong organizational base. For example, the recording industry either does not have an association or it is very weak. The industry is thus unable to lobby or advocate effectively on a national basis. There is a need to upgrade the organizational skills in the industry.
- There are very few providers of business support services. This relates to the shallow depth of professional services.
- There is no data collection or statistical survey done in any of the territories. The industry is not capable of conducting a comprehensive survey or accounting. There is some trade statistics on imports and exports of soundcarriers. However, data on domestic consumption is non-existent.
- The region is not represented at the International Federation of Phonographic Industries and is not capable of conducting a survey of the recording industry.

OBJECTIVE 4: INSTITUTIONAL CAPACITY BUILDING

STRATEGIES	ACTION PLAN	FACILITIES
1. Establish a regional organization	<ul style="list-style-type: none"> ▪ Establish the Caribbean Music Office (CMO) ▪ The CMO to monitor and propel the implementation of the music industry strategic plan 	CARIFORUM St. Lucia
2. Establish and upgrade national industry associations	<ul style="list-style-type: none"> ▪ Strengthen the organizational base of the national industry associations ▪ Draw on expertise from other sectors 	CMO; T
3. Offer business support services	<ul style="list-style-type: none"> ▪ National industry associations to offer technical assistance to membership ▪ Offer members representation at trade fairs 	Industry
4. Develop an economic research capability	<ul style="list-style-type: none"> ▪ Gather annual statistical information on the music industry 	CIRC
5. Develop a market intelligence capability	<ul style="list-style-type: none"> ▪ Conduct research on consumer tastes and market trends 	CIRC

5. Situational Analysis: Copyright Administration and Protection

- Copyright administration is presently being upgraded. Legislation has been updated for TRIPs compliance to the Berne and Rome conventions.
- In terms of author's rights, the Commonwealth Caribbean territories, with the exception of Trinidad and Tobago which has had the Copyright Organisation of Trinidad & Tobago (COTT) since 1985, have opted for a licensing arrangement with Performing Right Society (PRS) of the UK. PRS had five agencies until recently in the Caribbean territories: Bahamas, Barbados, Dominica (which covers Antigua), Jamaica and St. Lucia. Trinidad and Tobago has the COTT.
- National copyright societies have come on stream in Barbados (BACAP - Barbados Association of Composers, Authors and Publishers), Jamaica (JACAP - Jamaican Association of Composers, Authors and Publishers) and St. Lucia (HMS - Hewanorra Musical Society) in 1999.
- The key issues affecting collective administration in the region is the institutional capability to manage copyright usage, expand domestic and international collections and administer the distribution of copyright income.
- In 1997, the CARICOM Ministers responsible for Intellectual Property, commissioned a feasibility study on an alternative approach to collective management. The World Intellectual Property Organization was invited to conduct the study with a taskforce consisting of representatives from PRS and CARICOM. The feasibility study has recommended the following infrastructure:
 - a) Independent national societies, where such societies can finance their operations out of a reasonable administration fee which should not exceed 25% within a period of five years.
 - b) A regional centre. The centre would be expected to centralize documentation and royalty distribution for the national societies.
 - c) A regional database comprising documentation on the active works and sound recordings of performers. The database should incorporate documentation standards set by CISAC and IFPI.

OBJECTIVE 5: COPYRIGHT PROTECTION AND ADMINISTRATION

STRATEGIES	ACTION PLAN	FACILITIES
1. Establish viable national copyright societies	<ul style="list-style-type: none"> ▪ Attract membership of authors, composers, publishers, producers and performers ▪ Negotiate and issue licenses to users ▪ Collect royalties from licensees ▪ Ensure competitive net distribution to members 	National
2. Strengthen existing national copyright societies	<ul style="list-style-type: none"> ▪ Reduce administrative cost ▪ Widen the pool of licensees ▪ Increase overseas income ▪ Upgrade technology and management capability 	National

3. Implement regional data and rights management centre	<ul style="list-style-type: none"> ▪ Provide technical assistance to national societies ▪ Implement cluster approach to regionalization ▪ Develop regional data network ▪ Establish regional rights management centre ▪ Train staff in new technologies & management practices 	Regional
4. Enhance bargaining leverage with foreign copyright societies	<ul style="list-style-type: none"> ▪ Attract top Caribbean authors, composers and publishers to transfer their membership from foreign societies ▪ Adopt a regional negotiating approach with foreign societies ▪ Pursue direct overseas licensing where appropriate 	National Regional

6. Situational Analysis: Anti-Piracy Campaign

- In the Caribbean copyright infringement has been rife in the music industry since the late 1970s with the advent of duplication technologies. The introduction of recordable CDs in the 1990s has created an additional source of revenue. Record manufacturing activity has been severely affected by local and foreign pirates.
- The decline in local record sales can be attributed in part to the downturn in the economy, but the increase in cassette recorders and cassette dubbing/reproducer machines signal a high level of home taping and piracy.
- Piracy, though significant to artists and publishers, has not been pursued through legal channels because of the cost of litigation and the tendency of the policing agencies to view the infringing matter as too small.
- Legal measures are available for prosecution with the passing of new copyright laws. These laws give courts the power to grant injunctions, impound and destroy suspected copies and manufacturing equipment and to order damages to be paid related to losses suffered by the right owner. However, the policing procedures are outdated and the members of the protective services and the judiciary have a limited knowledge of copyright law. There is a perception that copyright infringement is not a serious crime.
- It has been recommended that a regional 'banderole' programme be established. Jamaica, Barbados and Guyana are to be the first countries. The banderole, a sequentially numbered authentication stamp with special security features on a soundcarrier, which enables legitimate product and imports to be identified.
- The banderole system requires a comprehensive and coordinated approach from customs, police and copyright enforcement. It is suggested that a parallel approach would be to introduce a levy on blank audio-tapes and CDs and on the manufacturing equipment.

OBJECTIVE 6: ANTI-PIRACY CAMPAIGN

STRATEGIES	ACTION PLAN	FACILITATORS
1. Implement 'banderole' system	<ul style="list-style-type: none"> ▪ Establish copyright office ▪ Reinvest revenue collected in music industry ▪ Develop regional and extra-regional system 	National Industry
2. Strengthen enforcement capability	<ul style="list-style-type: none"> ▪ Establish an anti-piracy unit comprising of police, customs, judiciary and copyright office 	National
3. Introduce private recording levy on blank tape and CD imports	<ul style="list-style-type: none"> ▪ Lobby government to institute levy ▪ Reinvest revenue collected in music industry 	Industry
4. Develop public awareness campaign	<ul style="list-style-type: none"> ▪ Educate public on the value of intellectual property ▪ Educate public on relationship between copyright and the regional music industry 	National

7. Situational Analysis: Align and Harmonize Government Policy Framework

- The Caribbean music industry has had very little government involvement up until recently with the con TIDCO in terms of trade fair support and some other trade facilitation measures. By and large, the mu have been accomplished without government support.
- The Caribbean music industry and the festivals associated with it have had a significant spillover effect especially for the retail, food and beverage, ground transport, hotel and airline sectors. In spite of th sector has had much difficulty attracting corporate sponsorship for cross-promotions and like ventures. to the weak entrepreneurial capability within the music sector in that few actors appreciate the w community and the requirements of a business plan.
- The Caribbean music industry has been export-oriented since inception. However, the industry has ne incentives, grants or soft loans from state agencies like other export sectors. The sector also has en especially for the import of soundcarriers (e.g. CDs, cassettes and records with Caribbean value-added) a equipment. This state of neglect is partly explained by the fact that the official statistical agencies (e.g. do not collect economic data on the cultural industries, for example, in terms of employment, exports, t and contribution to GDP.
- Intellectual property policy has been largely focussed on compliance with conventions and treaties. aspects of copyright industries have not been fully appreciated. Most of the administrators and consultan have come from a legal background. It is also that the various copyright industries in the region do not and consequently there has been no advocacy in this direction.
- Ministries of Culture have historically focussed only on the not-for-profit sectors of the arts. The comm for example, the recording industry, have been neglected. Other ministries have begun to fill the void. need for the Ministries of Culture to see the folk and non-commercial arts as playing a critical role i commercial arena.

OBJECTIVE 7: ALIGN AND HARMONISE GOVERNMENT POLICY FRAMEWORK		
STRATEGIES	ACTION PLAN	FACILITATORS
1. Establish industrial policy	<ul style="list-style-type: none"> ▪ Institute tax credits (e.g. export allowances) to encourage investment and exports ▪ Introduce tax deductibles for business sponsorships in the arts and the cultural industries ▪ Establish special tax allowances for music exporters (e.g. promotional expenses in foreign markets) 	Ministry of Industry
2. Establish trade policy	<ul style="list-style-type: none"> ▪ Remove customs duties on imports of soundcarriers with compositions of regional artists ▪ Waiver customs bonds for the import of temporary equipment (e.g. establish CARNET). ▪ Grant investment incentives for FDIs and JVs ▪ Grant import duty concessions for professional equipment 	Ministry of Trade and Facilitation of Commerce
3. Establish intellectual property policy	<ul style="list-style-type: none"> ▪ Adhere to Berne and Rome Conventions ▪ Ensure compliance to TRIPs and WIPO Copyright treaty & Performance and Phonograms treaty ▪ Place emphasis on the economics of copyright 	Intellectual Property Office
4. Establish cultural policy	<ul style="list-style-type: none"> ▪ Incorporate the cultural industries and popular culture into the framework of cultural policy ▪ Deepen support for artistic production in the not-for-profit and folk sector 	Ministry of Culture
5. Establish educational policy	<ul style="list-style-type: none"> ▪ Reorient music education policies to incorporate more indigenous, popular and regional genres ▪ Introduce a broad-based training of the arts and cultural industry into the curricula 	Ministry of Education

8. Situational Analysis: Upgrade Home Environment
<ul style="list-style-type: none"> ▪ It is argued by analysts of competitiveness that "ultimately, nations succeed in particular industries because they are the most forward-looking, dynamic, and challenging" (Porter, 1990: 74). The problem in the Caribbean is that it has not recently adopted a perspective, which views the cultural industries as worthy of state and corporate investment. A fundamental paradigm shift in industrial and export strategy to see the contribution of the services and intellectual property industries is needed. ▪ In governmental and corporate circles there is limited appreciation of the new directions in the world-economy. The Caribbean economy needs to diversify to increase its share of global value-added. The cultural and creative industries are playing an expanded role in the emerging post-industrial economy, for example, in terms of the aesthetic and economic synergies between tourism and the cultural industries. ▪ The broadcast industries have long had a bias against playing local music. In some territories the local music industry is still largely ignored.

very low by international comparison. There is need to increase the local content either through legislation. The implications relate to the increased export of royalty income for foreign music airplay.

- The grouping of musicians and performers play a critical supply role in the hotel and advertising industry. Session fees have not kept pace with inflation over the decades. This relates to the fact that the sector has a clear need to establish professional codes and fees.
- The music industry has had problems gaining finances and credit from the traditional banking sector. Real estate property is a new area for this sector.

OBJECTIVE 8: UPGRADE HOME ENVIRONMENT

STRATEGIES	ACTION PLAN	FACILITATORS
1. Improve government-industry relations	<ul style="list-style-type: none"> ▪ Develop a training program on the economics of culture for senior government decision-makers in ministries of Finance, Trade, Tourism, Intellectual Property, Culture, Education ▪ Institute data collection on music, festivals and the cultural industries 	Industry Facilitators, Central Bank
2. Foster public awareness of the contribution of the music industry	<ul style="list-style-type: none"> ▪ Build cross-sectoral coalition of decision-makers and influential personalities ▪ Publish and disseminate information on the economic impact of the music industry and other cultural industries 	CMO & Central Bank
3. Increase local/regional content on the airwaves	<ul style="list-style-type: none"> ▪ Convene multi-stakeholder group to do advocacy ▪ Conduct workshops with radio programme directors ▪ Establish DJ pools to create feedback and to influence play lists 	CMO, Broadcasters
4. Establish musicians union	<ul style="list-style-type: none"> ▪ Strengthen institutional capacity of industry associations ▪ Develop a professional code of ethics and standards ▪ Establish rates for employment, especially for the hotel and advertising sectors 	Industry Advertisers
5. Improve access to credit	<ul style="list-style-type: none"> ▪ Educate credit agencies on value of intellectual properties 	Industry and Banks

9. *Situational Analysis: Internet and ecommerce*

- Digital technologies have been impacting on the production of music since the mid-1980s with the growth of home studios and the arrival of compact discs for at least a decade and a half. Now digitalization is revolutionizing the way music is marketed, distributed and retailed. Projections suggest that the Internet based music trade could account for 25% of the world market by 2003. It is possible that these projections would be surpassed with the spread of new technologies that accept direct downloads (e.g. Palm Pilots, mobile phones, car stereos), improvements in Internet bandwidth, infrastructure, increased security of ecommerce, strengthened anti-piracy devices and updated copyright laws.
- At present the Internet is used:
 - as a marketing medium for online stores (e.g. Amazon.com, CDNow) as well as traditional brick-and-mortar stores (Virgin Megastores, HMV);
 - for email ordering of traditional sound carriers (vinyl records, cassettes, CDs) from online stores and increasingly from small independent distributors;
 - for webcasting (Internet radio and live broadcast of performances);
 - for the direct electronic downloading of music, which is facilitated by the spread of Internet technologies (e.g. MP3, Liquid Audio, MS Audio) and ecommerce.
- Caribbean music entrepreneurs have begun to use the new technologies. One can find several websites where one can purchase some of the more popular CDs from online stores but only a few that allow for listening and ordering. Many of the sites originate in North America and Europe. Caribbean firms have not been as quick to embrace these technologies. The banking infrastructure is not yet in place to deal with ecommerce. There is some skepticism about the existing market, both in the region and in the diaspora, have access and are willing to use these technologies. The current economic returns from these new technologies are very low. Investment in the Internet is very limited by industry firms.
- The Internet will play a significant role in the music market of the not-so-distant future. It has the potential to revolutionize the way of distribution, which has plagued the industry since inception. The new technologies facilitate direct marketing as well as opportunities for joint marketing and distribution. It is imperative that Caribbean entrepreneurs recognize and take advantage of the emerging opportunities.

OBJECTIVE 9: DEVELOP INTERNET-READINESS

STRATEGIES	ACTION PLAN	FACILITATI
1. Develop market profile of the potential Internet music audience	<ul style="list-style-type: none"> ▪ Conduct market research and marketing intelligence 	Caribbean Exy
2. Develop a regional Internet marketing and distribution programme	<ul style="list-style-type: none"> ▪ Establish forum for recording industry firms 	Industry ASSO
3. Conduct training programme for music industry firms	<ul style="list-style-type: none"> ▪ Identify and engage trainers and training institutions 	CIRC
4. New product development	<ul style="list-style-type: none"> ▪ Establish fund for business innovation 	Caribbean Exy