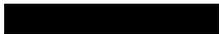


Julia Lopez MP
Minister of State
Department for Digital, Culture, Media and Sport
100 Parliament Street
London
SW1A 2BQ

From: Andrea Coscelli CBE
Chief Executive

Direct line: 

George Freeman MP
Minister for Science, Research and Innovation
Department for Business, Energy & Industrial Strategy
1 Victoria Street
London
SW1H 0ET

20 September 2021

Dear Ministers,

Economics of music streaming

Congratulations on your recent Ministerial appointments.

On 15 September, your predecessors – Caroline Dinenage MP and Amanda Solloway MP – wrote to me in relation to the Digital, Culture, Media and Sport Committee's report on the *Economics of Music Streaming*. This letter responds to that correspondence, and in particular the request that the CMA give consideration to undertaking a market study in this area.

In its report, the Committee concluded that the advent of streaming has made music cheaper, more personalised and more readily available to consumers, but that it has also raised significant questions about the structure and sustainability of the recorded music industry. The Committee has proposed a broad range of legislative and regulatory interventions, including on copyright and the remuneration of artists. It also recommended that the CMA conducts a market study into some of the concerns raised in the inquiry, with the government providing further resources to the CMA if necessary.

The CMA will give careful consideration to this important recommendation. It may be helpful if I briefly explain the possible options and the steps that we will now take. In summary, a market study is one of two tools that the CMA can choose to take action on markets that may not be working well, the other being a market investigation. In particular:

- A market study can take up to one year to complete. It allows the CMA to gather information to understand a market; but it does not give the CMA powers directly to address the problems in that market. The CMA would be dependent on government, and potentially other stakeholders, accepting and implementing any recommendations.
- A market investigation is led by a Group of independent Panel members. It lasts up to 18 months, after which legally binding remedies can be imposed on market participants to address any competition problems that have been identified.

Under statute, responsibility for launching a market study or market investigation sits with the CMA Board.¹ We will consider this recommendation in line with our [Prioritisation Principles](#), taking particular account of:

- the other potential cases that have been brought to our attention;
- the potential impact of CMA work in this area at this time, and in particular how far the concerns raised by the Committee are driven by competition issues, as opposed to copyright law;
- the significant increase in demands on the CMA's resources this year as we assume several additional functions.

I have requested that CMA staff develop initial proposals for the Board's consideration at its October meeting, after which we will provide your officials and the Committee with an update on that discussion. The rationale for a piece of markets work on music streaming could also be influenced by the findings from the CMA's ongoing in-depth investigation of the acquisition of AWAL by Sony Music Entertainment.² This investigation, which was announced last week and is currently scheduled to conclude in March 2022, is a separate piece of work, but seems likely to examine certain issues (such as the current market position of the major labels) that would likely be highly relevant to any market study.

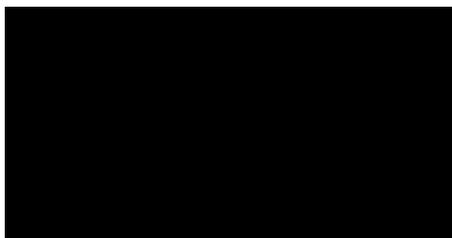
¹ Section 132 of the Enterprise Act 2002 also gives Ministers the ability to make market investigation references as a reserve power.

² [Sony Music Entertainment / AWAL and Kobalt Neighbouring Rights businesses merger inquiry - GOV.UK \(www.gov.uk\)](#)

I hope that CMA, BEIS and DCMS officials, alongside others across government, are able to collaborate and contribute to discussions on how best to address the issues raised by the Committee.

The CMA has responded separately to the Committee on its recommendation in regards to the possible designation of Strategic Market Status in relation to YouTube's streaming services.

Yours sincerely



Andrea Coscelli CBE
Chief Executive



CC: Julian Knight MP, Chair, Digital, Culture, Media and Sport Committee

Attachment: letter from Caroline Dinenage MP and Amanda Solloway MP to Andrea Coscelli, 15 September 021