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Before the United States Copyright Royalty Judges
Library of Congress
Washington, D.C., USA

DOCKET NO. 25-CRB-0013-PR (2028–2032)

Re: Determination of Rates and Terms for Making and Distributing Phonorecords (Phonorecords V)

Comments of Fair Trade Music International in opposition to the proposed Subpart B settlement

Fair Trade Music International respectfully submits this statement as a non-participant in the proceeding referenced above.

Founded in 2014, Fair Trade Music International (FTMI) is an independent, not-for-profit organization backed by more than 500,000 music creators from around the world. It combines a board of renown songwriters and industry experts with global networking, education and awareness initiatives to promote the emergence of an ethical, sustainable and transparent music ecosystem. FTMI also administers and presents the annual Fair Trade Music International Awards that celebrate outstanding contributions to the cause of fair remuneration in music. Now in their fourth year, the awards have been presented at ceremonies in Rio de Janeiro, Montréal and Johannesburg to six outstanding recipients from Cape Verdi, Germany, Argentina, Japan, South Africa and South Korea. The FTMI movement counts many of the world's largest music authors' societies among its supporters and works towards a modern digital music economy that incentivizes creativity, increases access to new music and is equitable for everyone in the music value chain.

FTMI Comments

Having reviewed the proposed Subpart B settlement, FTMI wishes to express its concern for the profoundly negative effect this will have on individual working music creators. We respectfully object to the motion to adopt settlement of statutory royalty rates and terms for Subpart B configurations and strongly support the reservations expressed by the independent music creator groups in this regard.

Of particular concern is that the proposed settlement continues to omit the application of nearly the entire, inflationary time-period between the beginning of 2021 through the end of 2022 (incidentally the country's most inflationary period since 1981). Also, that when it takes effect on 1 January 2028, the proposed settlement seeks to devalue the current royalty rate of 13.1 cents back down to the uncorrected Phonorecord IV base rate of 12.0 cents (as specified in the referenced provisions of the Phonorecord V Proposed Settlement § 385.11(a)(2)).

Because of this, FTMI believes that the proposed settlement will fail to preserve the real value of mechanical royalty rates payable to music creators. And if earnings are allowed to erode, the ability of individual songwriters, composers and lyricists to maintain a living wage will be jeopardized. This would have severe implications for US music creators and for those around the world that contribute to US culture and economy through their work. A transparent and accurate cost-of-living adjustment mechanism is essential to encompass the full impact of inflation on music creators' income.

An ethical, diverse and sustainable music economy relies on the emergence of new, authentic, human-made music and this is predicated upon the protection of creators' livelihoods. Their work is the foundation of an industry that contributes $212bn to America's GDP[1] and of a cultural contribution that continues to resonate around the world. An economic environment that forces individual creators to abandon the industry serves nobody's interest other than the short-term balance sheets of major corporations.

FTMI is not a participant in this proceeding but believes that the concerns raised above and those championed by independent music creator groups such as the Songwriters Guild of America, present an important issue for the judge's consideration. We support the view that the proposed Subpart B settlement should not be adopted in its current form and respectfully call upon the judges to provide an ethical, transparent and sustainable framework for the fair compensation of music creators.

Respectfully submitted,

Marco Foley
Chair, Fair Trade Music International

Safwan Javed
President, Fair Trade Music International

[1] Source, RIAA (https://www.riaa.com/reports/)