

THE TOUGH REALITY OF COPYRIGHT PIRACY
—A CASE STUDY OF THE MUSIC INDUSTRY IN CHINA

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Abstract

This article aims to examine empirical evidence on how the Chinese music industry has adapted and developed in the shadow of rampant copyright piracy. Based on the analysis of public statistics, industrial data and existing market surveys from various secondary sources, this article suggests that a high level of piracy could have profound effects on the profitability, business model and creative process of domestic musicians. As copyright piracy obstructs the communication of consumer preferences to musicians, an increasing number of musical works are created to accommodate the tastes of entrepreneurs (e.g. sponsors and advertisers) rather than those of average consumers, which has caused a fundamental shift in the creative process of the Chinese music industry. Although entrepreneurs should arguably be willing to take whatever is popular among music fans as a draw to their own products, the expectations of entrepreneurs and consumers do not always meet in a dynamic market setting. For this reason, the interests of less commercial artists and new artists are most likely to be compromised.

The empirical findings in this article have the potential to break the legal collusion with respect to copyright enforcement in China. On paper, the government constantly updates copyright statutes to comply with international standards. In reality, enforcement authorities (including courts and administrative bodies), without true appreciation of the value of copyright protection, only implement such statutes half-heartedly by means of sporadic enforcement campaigns and modest penalties. Pirating enterprises are consequently undeterred by copyright law and willing to take the risk of legal penalties as

part of the costs of doing business. This legal collusion inevitably gives rise to a huge gap between copyright law in book and copyright law in action. By highlighting the fact that piracy of foreign works could pose a threat to the livelihood of domestic musicians in a more formidable way than to foreign firms, this article could hopefully supply a compelling reason for China and similar developing countries to tighten up copyright enforcement and create a healthy legal environment for the sustainable development of indigenous cultural industries.