

GEMA Agrees New Concert Licensing Rates

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By Wolfgang Spahr, Berlin

The German concert promoters associations Bundesverband der Veranstaltungswirtschaft (idkv) in Hamburg and the Verband der Konzertdirektionen (VDKD) in Munich and the German collection society GEMA in Munich have reached an agreement about the licensing rates payable for concerts.

The agreement was confirmed by idkv in Hamburg. No official statement was released by GEMA, but a source at GEMA told Billboard.biz: "One of the essential items of the negotiations was the rate for small concerts up to 2,000 people. GEMA agreed to a slight increase of the rates for these events." As soon as GEMA has received the signed agreements by the associations an official statement will be issued.

Based on the decision of the arbitration tribunal of the German Patent and Brand Office in Munich of November 2009 (Billboard.biz, Nov. 20), the associations and GEMA agreed that from beginning of 2010 the new rate for so called "small events" with up to 2,000 people will start at 3% and will increase in 0.5% percent steps to 5% in 2014.

Furthermore, the bulk discounts for promoters are higher than decided by the arbitration tribunal. For more than 40 concerts the discount is 12.5%, for more than 80 concerts the discount is 15% and for more than 200 concerts it is 17.5%. Neither of the parties wanted to answer Billboard.biz's question for comparative figures under the previous agreement. But GEMA confirmed the figure released by idkv.

Additional income from sponsoring and advertising will not be included in the calculation of the fees, which was provided in the tribunal decision.

Jens Michow, president of the German Federal Association of Concert Organizers (idkv), said in a statement: "We are happy that long-lasting legal procedures could be avoided. GEMA and our two associations were able to sort out the different positions by negotiations and to develop a solution that takes the interests of all sides into consideration."

Hamburg-based concert promoter Karsten Jahnke said: "I am not unhappy with this compromise solution."

The two associations of the German live entertainment business represent around 500 agencies, tour and concert-promoter, according to their own information. In 2008 they sold more than 118 million tickets with a turnover of about €3.6 billion (\$5.2 billion).

The arbitration tribunal decided that the license rates are to be increased substantially. This will be done on a graduated basis over a period of six years.

A rate of 7.2% of gross takings will apply for concerts with an audience of up to 15,000 in 2014 (5.76% net of all discounts, up from the current rate of 1.872%). The license rate for concerts attended by more than 15,000 people will be 7.65% of gross takings (around 6.12% net of all discounts, up from the current rate of 3.58%).