Ladies and Gentlemen,
dear members –
in this room or in front of your screens!

It’s great to have you, whether you are here “live and in person” or via “live stream”. Our General Assembly is no longer restricted by physical limits. Digitisation has therefore not just influenced our new business model, it also enables a new communication model.

This is due to the fact that the new Act on Collective Management Organisations obliges collective management organisations to grant their members not only the right to vote but also the right to participate, whether in person just like before, or, as is now the case, via live-stream. You, the GEMA members, have given us the green light to do so in the General Assembly 2016. GEMA is just one of the first German collective management organisations that has implemented the respective requirements into its internal rules. We have done everything to guarantee the highest security standards during implementation. During the days here in Munich it was possible for us to work with the new regulations. Some of our members have used the opportunity to cast their votes electronically, and some of you have been instructed by your colleagues to represent them during the voting process.

I can sympathise with the concern that human interaction might suffer from this development; after all, the personal character of the General Assembly changes as a consequence. At the same time I am glad that the e-voting enables everyone to participate. It is important that everyone can contribute with their opinion. This will strengthen our internal democracy and I consider this to be a good thing!

It does, however, not replace you being here in person. After all, it is only possible for you to influence points of view, and make use of your right to speak and to bring forward a motion, if you are on site. This is why I am pleased that you are here in person to exercise your right of co-determination at GEMA. Attendance numbers at our assembly this year are similar to previous years. This shows that - despite the additional options for members - it remains attractive to be here in person.

Let us now turn our attention to two issues which I have to mention here year after year, and always with the final remark: “to be continued”. Publisher participation and YouTube licensing. Two issues which at least started to get “disentangled” in 2016, as we concluded a licensing agreement with YouTube, and the Higher Regional Court Berlin pronounced its judgement on the publisher participation.
Firstly, on the subject of **publisher participation**: It began with the legal action taken by an author against VG Wort [the German collective management organisation for authors] against their publisher participation, and as a consequence two GEMA members launched a legal action against our previous distribution practice to publishers. In 2016, the court decisions were as follows: In April, the Federal Court of Justice had decided in the legal proceedings against VG Wort that a pay-out of statutory remuneration entitlements to publishers could only be made in exceptional cases. In the reasons for the judgement, the German Federal Court of Justice had used wordings which were also of relevance for our proceedings before the Higher Regional Court Berlin.

On 14 November last year, the Higher Regional Court decided to uphold the lawsuit against GEMA, not only in relation to the statutory remuneration entitlements, but also for exploitation rights, and that after the legal action against GEMA had been dismissed by the first instance courts in 2014. According to the judgement, GEMA is not entitled to pay out a share of the plaintiffs in favour of the publishers. To put the decision of the Higher Regional Court simply: Publishers only have an entitlement to a participation if they have a valid participation provision in their publishing agreement and if they inform GEMA accordingly on a per-work basis. For statutory remuneration entitlements, publishers also require the express consent of the author.

I will emphasise it expressly and once more at this point: We consider this court decision to be wrong. Authors and publishers have been in agreement that both sides should benefit from the collected royalties through the assignment of their rights. If an author wishes to pay a publisher in consideration for the activities of the latter, such a share is legitimate.

It was too late to change the jurisdiction for the past but GEMA wanted to make sure as quickly as possible that it will not apply to the future. That’s why we have been lobbying extensively, and succeeded to the extent that the Bundestag (German parliament) and the Bundesrat (German Federal Council) changed the legal situation in line with our understanding. The new law now reads correspondingly: Publishers may, in future, participate in the collections made by GEMA, irrespective of the rights flow.

The new law does, however, not apply retroactively, and thus we need to invest a lot of effort in order to establish the publisher participation in each individual case, especially for the past. In order to do so, we created an electronic confirmation process under high pressure. In the course of this process, publishers can submit evidence for their
entitlement to receive pay-outs. It is an elaborate process, for us at GEMA and for our publishers alike - and we are aware of that. It is, however, unfortunately unavoidable, as it is the only way for us to provide legal certainty.

In order to ensure the legitimacy of the past pay-outs to publishers within the context of the statute of limitation, GEMA has drafted the template letter that you are familiar with. By means of this letter it was possible for you, dear publishers, to ask your authors for a signature in order to keep the publisher’s share from 2012 onwards. Some publishers have however amended this template and converted this plea rather into a threat: “If you don’t sign, then...”. That is the fly in the ointment of this story. In November last year, the majority of composers and lyricists had said: We won’t leave the publishers out in the rain, despite the jurisprudence – and now many authors had to realise that the publishers started to strike a different tone.

It is therefore even more pressing that we now find our way back to a solidaric community after this understandable disconcertment. The definition of publishers’ services in the distribution plan will play an important role in order to clarify the relationship between authors and publishers - I am sure of that. Moreover, the arbitration committee also constitutes an important link towards a beneficial collaboration between authors and publishers.

The second recurring issue at our General Assembly is YouTube. After more than seven years, we concluded a new licensing agreement with YouTube at the beginning of November last year. The tough stance taken by GEMA and its members across such a long period has proved itself, after all YouTube is now paying considerably more than if we had just said yes there and then. The agreement with YouTube is valid retroactively from 2009.

The Supervisory Board and the Managing Committee have carefully deliberated on the decision to conclude an agreement. Arguments against entering into an agreement were:
- A licensing value per stream which would possibly be too low.
- The impression that GEMA would “cave in” after all these years.
- The fact that YouTube cannot provide complete data sets.
- Another argument against signing a contract was that GEMA is not permitted to communicate specific contractual details.

On the other hand, there were decisive arguments for entering into such an agreement, for example:
- The financial result of the negotiations was good.
- Compensation for the past could be agreed on.
- GEMA also has a fiduciary duty for its members: It must not stand in the way to its members accessing significant remuneration.
- And another important argument: The prospects of success before the courts was not very high.

As a consequence, the Managing Committee and Supervisory Board have taken a clear decision to sign the agreement in your interest.

After the contract had been concluded, many millions of Euros crossed the ocean. They have now reached GEMA - but are not quite with you yet. We are now facing the task to fairly distributed these monies. This is difficult, as we will have to develop a completely new set of distribution rules. Since many authors who are on YouTube are not active in other traditional licensing sectors, we cannot simply “dock on” to existing supplementary models. The second complication: How can we create criteria which are as accurate as possible in order to consider those of you who have been and are on YouTube. Or who would have been on YouTube if YouTube would not have blocked your content. If you think about the fact that the agreement goes back 7 years and that YouTube will provide us with inadequate usage reports for these 7 years only, you will understand the scope of this task.

We have a working group here at GEMA which will develop a concept in the next months on how to distribute these monies as fairly as possible. We hope that you will give us your consent at the General Assembly 2018 for this concept, and we will then proceed with the pay-outs.
And now for the **Annual Accounts of the financial year 2016:**

**Total income**

![Graph showing income trends from 2012 to 2016](image)

2016 has been the most successful year in the history of GEMA in terms of income: By reaching EUR 1,024.4m, we crossed the billion-Euro-mark for the first time. That is unique in our history and it is a reason to celebrate. At the same time I am aware that this does not necessarily represent reality for many of our members. Which, in turn, motivates me even more to resolve current distribution issues swiftly and fairly so that we can pay out!

The increase in income compared to the previous year amounts to EUR 130.6m, thanks to the excellent work of all collection departments and sectors. At the same time, the positive development is due to some one-off financial items: Supplementary adjustment payments from YouTube and the ZPÜ. The ZPÜ (Central Collection Agency for private copying rights), a collaboration of GEMA and eight other collective management organisations in Germany, had concluded general agreements with Bitkom (Germany's digital association for the device industry). On mobile telephones from 2008 and tablets from 2012. These agreements ensure payments for the past and current collections for mobile phones and tablets until the end of 2018 at least. Moreover, there have been general agreements in place for PCs since 2014. As a consequence, a first payment on account of about EUR 100m was made to GEMA in December 2016 for PCs, tablets and mobile phones.

**Distributable amount**

We can pay out EUR 866.2m to our rightsholders for 2016 - another sum at a level which we previously had not reached.
The total cost for 2016 amounted to EUR 158.2m of which EUR 128.9m were costs for operational activities. The increase of costs related to our operational activities compared to 2015 was EUR 10.6m, resulting, among other issues, from an increase in pension liabilities and tax charges due to the new Act on Collective Management Organisations as well as the reorganisation of the regional offices which I will focus on later.

We spent EUR 29.3m for strategic measures, a similar amount to that of 2015. Such investments can be put down to a complete modernisation of our IT and our involvement in ICE, International Copyright Enterprise. I will revert to this topic a bit later, too.

Now on the income generated from the individual collection areas:
Here, we were able to yield a significantly better result than in the previous years. Digital business is growing, but the trend is not positive for music authors. The continuing shift of downloads to streaming results in much lower payments. In the meantime, two thirds of the music market can be attributed to streaming when it comes to online exploitation. We were able to offset the differences to some degree, but we could hardly increase our collections. This means that our online income - without taking the YouTube amounts into consideration - would only have been slightly above the EUR 40m of the previous year. I would like to point out again that the payment by YouTube relates to the years since 2009 i.e. this was a one-off payment which will not repeat itself.
Income from sound recordings, audiovisual recordings, data storage media

There was another decline in the revenues of this sector, by EUR 5.4m to EUR 104.9m. This decline is, however, still moderate and was less dramatic than we had anticipated.

Income from Radio and TV

We could essentially keep the revenue stable, with an increase by EUR 5.6m to EUR 286.2m, which signifies a relatively high level. The income generated in the broadcasting sector make up nearly one third of the entire regular income of GEMA. It is therefore even more positive that we could ensure the remuneration for another five years, and are even going to increase them over that period, based on new agreements with the broadcasters which run through to the end of 2020.
Income from Regional Offices

Despite the reorganisations in this area throughout last year, the income grew by EUR 4.6m. The total collections from regional offices thus reached EUR 370.1m. As previously mentioned very briefly, the Supervisory Board and the Managing Committee had decided at the end of 2015 that the GEMA regional offices needed restructuring; this was to be done based on sectors rather than regions. The new structure was introduced on 01 July 2016. It was an enormous reorganisation where no single workplace in the regional offices remained unaffected.

All in all, a good reason to offer my thanks to our staff: There is a lot happening at all GEMA levels, and you really mastered this with flying colours. Thank you for your flexibility, problem-solving competencies and stamina to bring sometimes long-winded and tough negotiations to a happy ending!

I would also like to thank my fellow Managing Committee colleagues, Lorenzo Colombini and Georg Oeller, for the excellent cooperation in the past year. Another huge thanks is due to our Supervisory Board, spearheaded by Enjott Schneider and Karl-Heinz Klempnow as deputy. 2016 was a challenging year and thanks to the constructive collaboration with you, we could take some key steps. You, dear Herr Schneider, have already acknowledged the tireless commitment of Frank Dostal who has done so much for GEMA. We will sorely miss him!

Thank you also to many of you who contribute to our committees on an honorary basis. In this context, I would particularly like to mention Prof. Harald Banter. A special anniversary can be shared between him and GEMA: He has been a member of our society for 70 years, and has been active in an honorary function for the majority of these years, including a long period in our Supervisory Board. He has gained enormous
merits during that time. We really appreciate this very much and are very grateful to him.

And now to our daily business:

**ICE, International Copyright Enterprise**

I have kept you informed by reporting to you on the joint project ICE, International Copyright Enterprise, over the last few years. Under this venture, GEMA cooperates with its Swedish and British partner societies STIM and PRS for Music. There are two holdings: ICE Services and ICE Operations.

Firstly on the holdings relating to ICE Services in London: Since 01 January 2016, a pan-European licensing for online repertoire of GEMA, STIM and PRS has successfully been launched via ICE Services. Thanks to ICE, the GEMA repertoire can now be licensed much better beyond the borders of Germany, i.e.: yield higher income.

The second holdings are for ICE Operations - now located in Berlin. Here, online usage reports from providers such as Apple and Spotify are jointly processed on the one hand, while the joint documentation for works and agreements is managed in Berlin, on the other hand. In the meantime, ICE Operations does no longer just work for STIM, PRS and GEMA: Five further collective management organisations have become customers, namely our sisters in Belgium, the Netherlands, Denmark, Finland and Norway. We are now facing the next step: The transition of the GEMA work data to the ICE documentation. This joint database creates a basis for the licensing and distribution of GEMA repertoire in a globalised music market. The relocation of ICE from Stockholm to Berlin is as good as complete: about 200 staff work there.

**Contract negotiations**

We did not only negotiate agreements with YouTube and broadcasters, but also - as you may remember - in some sort of a constant negotiation with the concert organisers. This was in relation to the remuneration for concerts in the pop music sector. Two years ago, these negotiations had started, and as we could not agree, we approached the arbitration body. On 17 November last year, the arbitration body issued a decision which included good and bad news for both sides. Since January, we had been negotiating with the concert organisers, and just a few days ago we finally managed to agree on all issues.
**Politico-cultural activities**

Dear members, I keep hearing the accusation that GEMA was a pure collection agency, less and less. I hope that this is a good sign. Not that we aren’t a collective management organisation, because that is what we are. However, it would mean that our cultural message is heard more and more. GEMA is also an organisation for authors, a solidaric community of creative heads who wish to bring the value of music as a cultural asset to the public. GEMA’s cultural engagement also gets reflected by the awards which we grant. I would like to highlight three of them: the Musikautorenpreis [German Music Authors’ Prize], the Fred Jay Preis [Fred Jay Award] and the Radiokulturpreis [Radio Culture Award].

**Deutscher Musikautorenpreis**

The Deutscher Musikautorenpreis differs from many other awards as we place completely different emphases: It is not about the artist in the limelight, but the persons that remain in the shadows, composers and lyricists who enable others to be successful on stage. It is not about commercial success but quality. While the audience usually votes for the winner, it is authors who award authors in this case. As colleagues, in solidarity, with expertise.

On 30 March, the Deutscher Musikautorenpreis 2017 was awarded in Berlin. This year’s lifetime achievement award was granted to Sofia Gubaidulina, a composer, renowned at the highest international levels, who was commended by Kent Nagano.

**Fred-Jay-Preis**

The renowned Fred Jay Preis for lyricists was also awarded this year in the course of a membership party. This award is granted to GEMA members who have performed a great service in relation to the creation and promotion of German lyrics. The Jury voted for the German singer songwriter Johannes Oerding as award winner in 2017, who - according to Udo Lindenberg - has a “golden voice box”. Oerding considered the award as a “knightly accolade”, especially since many of his role models had already received it.

**Radiokulturpreis**

There is probably no other medium which gets music across to people in the same extensive and diverse manner as radio. Easy to use, convenient for listening and ubiquitous - at home, in the car, at work or in your spare time. As a consequence, radio is the ideal cultural carrier.
GEMA awarded the Radiokulturpreis for the first time in 2015. The basis for the award are cultural factors which were resolved in the General Assembly in 2015. We therefore consider the General Assembly as a worthy and politically relevant forum for the award, and therefore present the prize this year for the first time at this event.

**European Copyright**

Dear members, I have not yet mentioned a certain topic that moves us a lot: The European Copyright. Our topic in Brussels is still the planned Directive on Copyright. It contains the question of the responsibility of online platforms, the so-called liability of providers: What are the conditions subject to which online platforms such as YouTube, Soundcloud, Dailymotion have a liability to pay remuneration to authors? It’s a reality that the values of the intellectual proprietor has involuntarily been passed on to these online providers. They earn billions with their business models. Creatives and their partners come away empty-handed - or just get the scraps as part of “take it or leave it” deals. An unfair and lop-sided transfer of value.

On 14 September 2016, the European Commission presented its proposal on a new Directive on Copyright in the Digital Single Market. The Commission, at the time with Günther Oettinger in charge of this sector, clearly stated: Online services which store and make available contents uploaded by users do absolutely carry out an act of exploitation relevant under copyright terms. In other words The providers are liable! The Commission describes further, under which conditions online platforms have a duty to obtain a licence. Controversial discussions on the draft Commission proposal are currently taking place in the European Parliament and the Council of the Member States. Its ratification can therefore not be expected before next spring.

I have emphasised it time and again how important our collaboration with allied parties is. This also applies to this matter. Of all people, it was European Commissioner for Digital Economy and Society, Günther Oettinger, who received a new and different position within the EU Commission. The position for Digital Economy remained orphaned for some time, but two weeks ago, Mariya Gabriel from Bulgaria has been proposed as new Commissioner. This means that the situation is now completely open again, and we will be rather busy in the coming months to reach our goal, to anchor the responsibility and liability of host providers in the Directive on Copyright.

The example of the liability of providers clarifies it once more, how incredibly important our political lobby activities are, in order to represent your interests in Brussels. And the example previously given, publisher participation, makes it clear how important our political lobby activities in Berlin are. After all, where the German
Federal Court of Justice threw a spanner in VG Wort’s works, GEMA was able to convince and win over politicians. This shows: We must and can influence legislation!

Both examples show that it is not just us as an organisation that decide on our success. But politics is not just one single cog which we must continue to turn in order to continue to strengthen authors’ rights. We have to simultaneously turn many cogs:
- We are going to continue with our negotiations, with existing traditional and new partners in the market. In the online market, we also do this via ICE, but of course we also continue to do this directly.
- We permanently enhance and make our business processes leaner.
- And with your consent, we keep optimising our internal rules. Transparency and quick response are important to us.

With all this in mind, we are aware of our responsibility: More than 70,000 authors and publishers count on us to have the reassurance that their rights are managed and represented fairly. After all, your GEMA is here to protect the value of your music - every time, everywhere and in every respect!