

ECSA urges the European Commission to block Universal Music Group's (UMG) acquisition of Downtown Music

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Approving this deal would further exacerbate market concentration which is detrimental to composers and songwriters – as well as a healthy music market.

As the music market is already dominated by a handful of global players, the acquisition of Downtown Music would hinder fair competition across the music value chain and reduce the freedom of choice for composers and songwriters. While fair competition allows our members to make a choice between different publishers who can offer various services (such as promoting, tracking, and re-licensing works) at different rates, the acquisition of Downtown would exacerbate market concentration and further reduce the options available to composers and songwriters.

Moreover, it would amplify the influence of UMG on collective management organisations and facilitate UMG's ability to secure preferential terms with the main streaming platforms to favour their own catalogue, with significant impact on other music companies and cultural diversity as a whole.

Over the past two years, UMG used its market domination to push for the so-called "artist-centric" model, introducing minimum thresholds for royalty payments, resulting in the demonetisation of smaller creators and creating a two-tier market – all without any consultation with creators and artists organisations who are directly impacted by them. The irony of calling this royalty distribution model 'artist-centric' is not lost on us. A further acquisition would accelerate this trend where the biggest music group in the world has the power to dictate the rules for the rest of the sector, music creators and music companies alike.

In addition, UMG's acquisition of Downtown includes independent distributors FUGA and CD Baby, which would lead to a vertical integration so overwhelming that, in many cases, its rivals would also be its customers.

Songwriters are already negatively affected by the major labels recording divisions' dominance over their respective publishing arms, which has contributed to the lopsided slicing of the so-called "royalty pie", with songwriters and their publishers splitting a paltry 15% while the labels take 55% – the streaming companies get the rest. UMG's acquisition of Downtown would make it even less likely for music authors to ever get a fairer share of streaming revenues.

In 2024, the European Parliament called on the Commission to introduce "a European industrial strategy for music to make the Union play a role in promoting the diversity of its artists and musical works" and assess the impact of the high level of concentration on cultural diversity and authors' remuneration, noting that "competition between music streaming providers on the European market is dominated by a few global players".¹ Our Alliance urges the European Commission to work on such a strategy and considers that allowing UMG to acquire Downtown would contradict those overarching policy goals and be detrimental to a fair, healthy, and competitive European music sector.

¹ European Parliament Report on cultural diversity and the conditions for authors in the European music streaming market: https://www.europarl.europa.eu/doceo/document/A-9-2023-0388_EN.html

ECSA President Helienne Lindvall states: “The promise of the digital era was to create a level playing field for music creators, promoting cultural and musical diversity, and empowering artists, songwriters and composers. Instead, we are now seeing large multinationals hoovering up their competition and limiting our options and negotiation power. UMG acquiring Downtown would exacerbate this situation, with the corporation dominating every part of the industry, including distribution and rate setting. We urge the Commission to reverse this trend and help create a diverse and healthy music ecosystem that benefits all by blocking this deal.”

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The European Composer and Songwriter Alliance (ECSA) represents over 30,000 professional composers and songwriters in 28 European countries. With 58 member organisations across Europe, the Alliance speaks for the interests of music creators of art and classical music (contemporary), film and audiovisual music, and popular music.

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