

## Import-export issues mark J-pop year

Steve McClure / Special to The Daily Yomiuri

For the Japanese music industry, 2004 began in an upbeat way with the South Korean government's lifting of its last restrictions on Japanese cultural products, including CDs containing songs with Japanese lyrics.

Japanese record companies' hopes that South Korea would become a new and lucrative market for J-pop were tempered by the fact that music sales in that country are in free fall, declining by roughly 50 percent in the past three years.

With Japanese CDs finally available in South Korea (legally, that is; there's a booming trade in J-pop CDs there), labels here were worried Japanese-repertoire CDs pressed in South Korea would find their way into Japan as low-priced imports, undercutting sales of domestically pressed CDs.

This led the industry to redouble its efforts to get the Japanese government to pass an "import-right" amendment to the Copyright Law. The campaign, led by the Recording Industry Association of Japan, was opposed by retailers, well-known music critics and ordinary music fans.

Retailers feared that labels would have too much power if they got the import right on top of their existing right to set retail prices, while many music fans believed that all imports could be blocked if the amendment were passed.

And theoretically that could happen: Having the import right means labels can prevent the import of any CD they have the right to license for release in Japan, including CDs by domestic artists.

But the RIAJ, explaining that it wasn't possible to have the amendment cover only CDs by Japanese artists, promised that the import right would be used solely to prevent cheaply priced Japanese repertoire from entering Japan.

The Diet sided with the industry and on June 3 approved the amendment, which goes into effect Jan. 1, 2005.

One unanswered question is whether Japan's customs service has the manpower to sort through stacks of CDs to see which imports are kosher and which aren't.

Getting the import right enshrined in law was a key victory for RIAJ Chairman and Chief Executive Officer Tom Yoda, who spent close to a year lobbying legislators to get the amendment passed.

But Yoda's triumph was followed by his unexpected ouster as chairman and CEO of Avex, Japan's biggest independent label, in a boardroom coup in early August. Yoda also quit his RIAJ post.

What led to Yoda's downfall was a power game between him and Senior Managing Director Masato "Max" Matsuura, who wanted to concentrate on Avex's core music business. Yoda wanted to expand Avex's activities into areas such as the movie business.

Matsuura quit the company for a couple of days after he failed in an attempt to have the board pass a motion urging that Yoda step down due to "a difference of opinion in management principles."

But several Avex artists--including megaselling Ayumi Hamasaki--backed Matsuura, a hands-on record producer whose creative vision had been complemented by Yoda's business acumen.

The dispute led to a 16 percent fall in Avex's share price on the Tokyo Stock Exchange on Aug. 2. That prompted Yoda to throw in the towel and accept the position of honorary chairman. Matsuura returned to Avex, becoming company president in September.

Another interesting bit of music-biz news this year was the decision by Avex and Sony to phase out copy-protected CDs, which came as welcome news for consumers frustrated by not being able to make copies of their favorite CDs for personal use. The labels apparently realized that copy control wasn't helping to slow down the ongoing decline in CD sales and was simply alienating customers.

CD shipments by the RIAJ's 21 member companies in the 11 months ending Nov. 30 were down 4 percent in volume terms and 5 percent in value from the corresponding period of 2003. Another measure of the recording industry's woes is that as of Dec. 13 no single had yet sold a million copies. The closest was Ken Hirai's "Hitomi o Tojite (With My Eyes Closed)," which, according to trade magazine Oricon, had sold just over 841,000 copies by mid-December.

Other J-pop acts to do well in 2004 included Orange Range, a new band from Okinawa's vibrant music scene, who had a big summer single with the relentless catchy "Locolotion." Two newcomer vocalists, Ayaka Hirahara and Kyogo Kawaguchi, also scored hits this year, proving that despite the industry's doldrums, there's still a wealth

of musical talent in Japan.

The year 2004 was a mixed bag for one of J-pop's biggest stars, Hikaru Utada, whose English-language album, Exodus, shipped more than 1.3 million copies. Unfortunately, Exodus didn't do as well in the United States, where it was released Oct. 5. Exodus only made it to No. 160 on the Billboard 200 album chart, while a remix of the single "Devil Inside" reached No. 1 on the Hot Dance Music/Club Play chart.

Why did Exodus flop in the United States? Possible reasons include the media's concentration on the U.S. presidential election; executive changes at Island Def Jam, which released the album in the United States; the fact that it was released in the very competitive fourth quarter; and that there were no live shows to promote Exodus.

Some J-pop acts did have an impact overseas, however, as they piggybacked on increasing international interest in Japanese animation. For example, this year's Pacific Media Expo (PMX), an Asian pop-culture event held each May in Anaheim, Calif., featured live performances by T.M. Revolution and vocalist Nami Tamaki, while rock band L'Arc-en-Ciel band made its U.S debut on July 31 in front of an audience of 12,000 at the Otakon anime convention in Baltimore, Md.

And in November the Cartoon Network channel launched Hi Hi Puffy AmiYumi, an animated series chronicling the fictional adventures of Epic Japan J-pop duo Puffy (who are known as Puffy AmiYumi in the United States to avoid "confusion" with Sean "Puffy" Combs).

Next year should see the long-anticipated Japanese debut of Apple's online iTunes Music Store, which has yet to launch here despite booming sales here of the company's iPod portable music player.

Microsoft, meanwhile, beat Apple to the punch by introducing a Japanese version of its MSN Music service on Oct. 20 with a selection of some 50,000 tracks provided by 10 major Japanese labels.

Online music sales from services like these, as well as music downloads via mobile phones, may well help the Japanese music business get back on track.

Best-selling singles 2004

1. Ken Hirai--"Hitomi o Tojite"
2. Mr. Children--"Sign"
3. Ayaka Hirahara--"Jupiter"
4. Orange Range--"Hana"

5. Mr. Children--"Sho/Kurumi"
6. Ko Shibasaki--"Katachi Aru Mono"
7. Orange Range--"Locolotion"
8. Southern All Stars--"Kimi Koso Suta Da"
9. Kyoko Kawaguchi--"Sakura"
10. Gorie with Jasmine & Joann--"Mickey"

Source: Oricon (oricon.co.jp)

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