Digital Music Sales Up Worldwide

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LONDON -- Record companies' revenue from digital music sales rose 40 percent to $2.9 billion over the past year, but the growth is still failing to cover losses from collapse of international CD sales, the music industry's global trade body said Thursday.

The International Federation of the Phonographic Industry, or IFPI, said the increase in legitimate music sales did not come close to offsetting the billions of dollars being lost to music piracy, with illegal downloads outnumbering the number of tracks sold by a factor of 20-to-1.

But the trade group said it welcomed efforts by French President Nicholas Sarkozy, who has proposed a clampdown on those who violate copyright laws.

Sarkozy called in November for Internet service providers in France to automatically disconnect customers involved in piracy.

IFPI chief John Kennedy said the plan is "the most significant milestone yet in the task of curbing piracy on the Internet."

The industry body said CD sales fell 11 percent between 2005 and 2006 and were likely to drop further in 2007. Digital music revenue has so far failed to make up for the decline and is also showing signs of slowing, the IFPI said.

From $380 million in 2004, digital revenue roughly tripled in 2005 and nearly doubled in 2006, but brought only a modest 40 percent increase in 2007, the IFPI said.

But it said digital downloads have grown in five years to account for 15 percent of the world's music sales, with more than 500 legally licensed music sites selling around 6 million tracks of music.

Japanese singer Utada Hikaru, sold more than seven million units in various digital formats of her single "Flavor of Life" originally released as a ringtone.

However, young Japanese mobile Internet users are also likely to be abusing pirated
music, with a Recording Industry Association of Japan report showing nearly two-thirds frequently obtained illegal music through their phone.

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