NAMM
Industry Insights

Providing Members With Industry Data to Support Their Businesses

# 2026 NAMM® GLOBAL REPORT

NAMM® 125 YEARS • 1901–2026

# A MESSAGE FROM THE CHAIR AND PRESIDENT/CEO

Dear members,

We're thrilled to share that this year, we have achieved a significant milestone for the NAMM Global Report — we're celebrating 20 years of working with global partners to collect, analyze and publish this important industry resource for NAMM members.

The 2026 Global Report reveals a few key themes. First, people continue to participate in and invest in music making and musical experiences, even when economic conditions fluctuate. This is evident in fretted instruments remaining the industry's cornerstone, growing 25% over the past decade, with guitars and related gear continuing to represent the largest category by dollar volume. DJ products were also among 2025's top performers, increasing 7.6% year over year, while the live-performance economy continued to drive pro audio growth (up 4.8%) with sold-out stadium tours from major artists and a resurgence of smaller clubs and indie venues. It's encouraging, but not surprising, that music experiences continue to be sought after.

A second theme is that mature categories continue to perform well because players are investing in the hobbies they love. Looking at growth over the past decade, school music is up nearly 7%, general accessories have increased 21%, and guitar effects and amp-modeling gear have more than doubled, growing 114%. Together, these trends suggest a healthy market where committed musicians invest in the instruments and gear that take their musical journeys farther.

The Global Report's data is useful in revealing trends, but The NAMM Show brings it all to life, showcasing the music products and technologies behind these trends throughout the halls of the Anaheim Convention Center. That's why we look forward to seeing you this January — NAMM's global gathering for the music products industry continues to drive growth across all industry segments, offering business owners, artists and industry pros a regular convention for experiencing music product innovation firsthand.

After 20 years, our consistency in delivering this key annual report exclusively to our membership is a testament to NAMM's dedicated efforts to remain a source of invaluable insights for the music products industry. As your association, it's our commitment to continue providing reliable economic, demographic and sales data so you can make informed decisions for your business.

We are proud to deliver these insights to you yet again, and we look forward to seeing you in person at The NAMM Show. Thank you for your continued membership and participation in our industry events.

Wishing you continued success,



**Christopher White**
NAMM Chair



**John Mlynczak**
NAMM President and CEO

**MANAGING EDITOR**
Erin Block

**CONTRIBUTING EDITOR**
Zach Phillips

**DATA & ANALYTICS**
Erin Block

**INTERNATIONAL AFFAIRS**
Elena de Lange

**LAYOUT/DESIGN**
Arlet Avanossian
Megan Nelson

**COPY EDITOR**
Laurie Gibson

NAMM Global Report
DATA POWERED BY
Music Trades

# CONTENTS

Message from the Chair and President/CEO 2
Methodology/Understanding the U.S. Data 4
U.S. Snapshot 5
U.S. Industry Revenue at a Glance 7
Music Industry Analysis 9

**U.S. RETAIL SALES**
Fretted Products and Effects Market 11
Piano and Organ Market 16
School Music Market 18
Pro Audio Market 21
Percussion Market 24
DJ Market 27
Recording and Computer Music Market 29
Electronic Music Market 32
Print Music Market 35
Portable Keyboard Market 36
General Accessory Market 37

**U.S. INDUSTRY SUMMARY & IMPORTS AND EXPORTS**
Industry Summary 38
Import and Export Data 46

**INTERNATIONAL DATA**
Understanding the International Data 54
Argentina 55
Australia 63
Austria 75
Belgium 84
Brazil 90
Canada 102
China 122
Czech Republic 138
Finland 147
France 154
Germany 165
Hungary 175
India 188
Italy 196
Japan 207
Luxembourg 220
Mexico 226
Netherlands 237
Norway 244
Philippines 251
Poland 261
Portugal 271
Russia 285
South Africa 291
South Korea 298
Spain 304
Sweden 317
Switzerland 324
Taiwan Market 330
Thailand 337
United Kingdom 347

**NAMM EXECUTIVE COMMITTEE & BOARD OF DIRECTORS** 358

**ACKNOWLEDGMENTS** 359

# METHODOLOGY

The NAMM Global Report is a collection of information gathered from many sources, agencies and associations around the world. NAMM does not verify any of the information and cannot and does not guarantee the accuracy of the data.

The statistics NAMM receives are summaries; NAMM personnel do not see or manipulate any individual company information. Sources for each piece of data are listed at the beginning of each section and can be summarized as follows:

U.S. domestic sales information and commentary is provided by *The Music Trades* and import and export numbers are collected by the U.S. Census Bureau.

Sales information and commentaries in the International section are provided by associations in each country, unless otherwise noted. International demographic, economic and trade data are gathered from the *CIA World Factbook*, the International Monetary Fund and Trading Economics, respectively. The International music industry numbers are provided by *The Music Trades*.

# UNDERSTANDING THE U.S. DATA

How do you get sales data in an industry where most of the business is done by privately held companies and there are few reporting sources? The answer is, you spend a lot of time digging. The data in these pages comes from a variety of sources—import and export data as compiled by the World Trade Organization, data gleaned from *Music Trades* surveys, filings from the industry's publicly held enterprises, analysis of debt placements, association data, and informed estimates.

The result is a "snapshot" of the volume of music products that move through the specialized channel of approximately 4,600 specialized m.i. dealers. In the case of portable keyboards, certain DJ and recording products, and karaoke hardware, mass merchant volumes are also included. In addition, the retail value of software products includes an estimate of direct-to-consumer downloads that bypass the retail channel altogether. The data also includes direct-to-consumer sales by manufacturers of more conventional products, estimated to be approximately 15% of total industry shipments.

The numbers presented in these columns represent the retail value of wholesale shipments. Retail value is determined by estimating an average retail mark-up and then applying it to an estimated wholesale value.

Data in these pages are for the United States only, reflecting wholesale shipments to U.S.-based retailers and direct-to-consumer sales. Using an average industry margin that varies from category to category, we estimate a retail sales value. This methodology, although not perfect, yields a consistent picture and allows for reasonable year-to-year comparisons.

# UNITED STATES SNAPSHOT

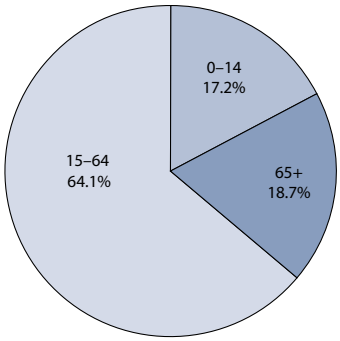
## Demographics

Population in millions 338.0

| Age | Male | Female |
|---|---|---|
| 0–14 | 29.67 | 28.34 |
| 15–64 | 109.27 | 107.40 |
| 65 & Over | 28.60 | 34.73 |

Median Age 39.5
Population Growth 0.45%

Demographics

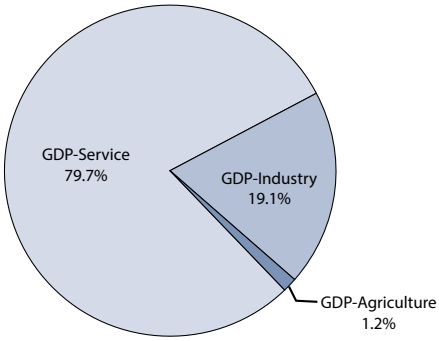



## Economy

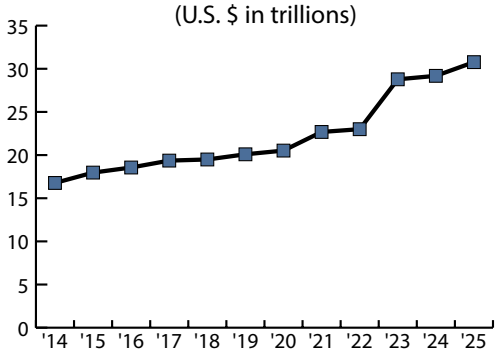
| | |
|---|---|
| GDP (PPP) | $30.77 trillion |
| GDP Per Capita | $89,990 |
| GDP-Real Growth Rate | 2.10% |
| Unemployment Rate | 4.30% |
| Inflation | 2.70% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

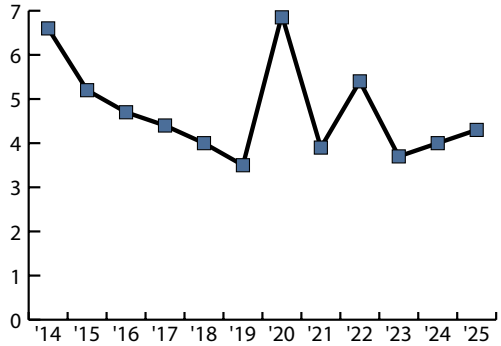
Economy



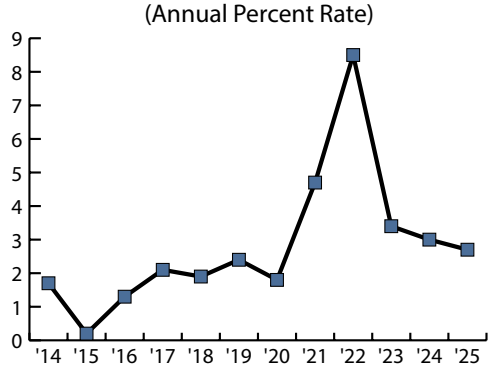

United States GDP (PPP)
(U.S. $ in trillions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

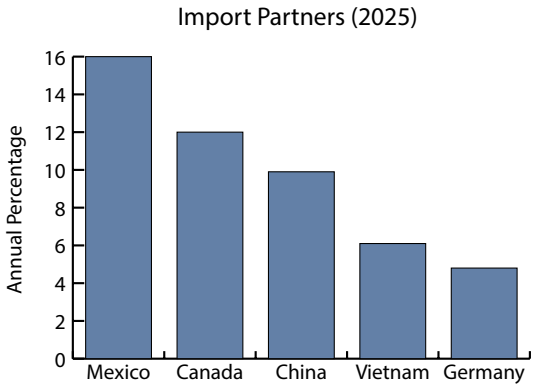


## Trade

| | |
|---|---|
| Total Export | $2.2 trillion |
| Total Import | $3.4 trillion |

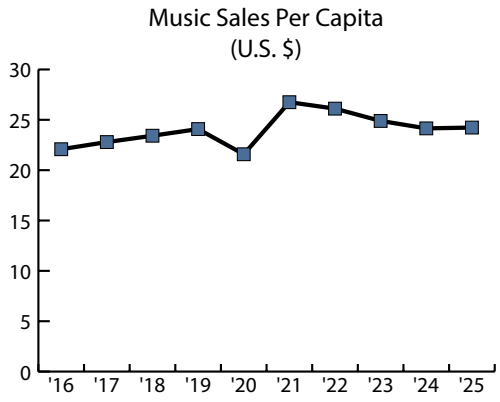
| | |
|---|---|
| Export as % of GDP | 7.12% |
| Import as % of GDP | 11.08% |

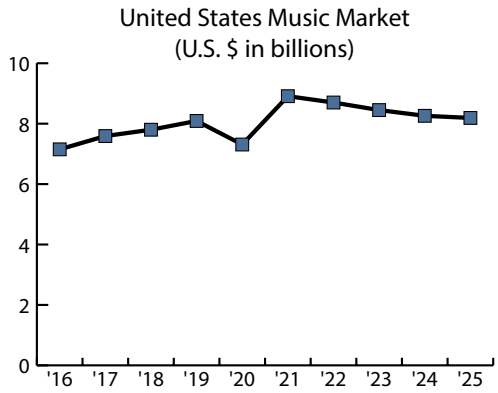


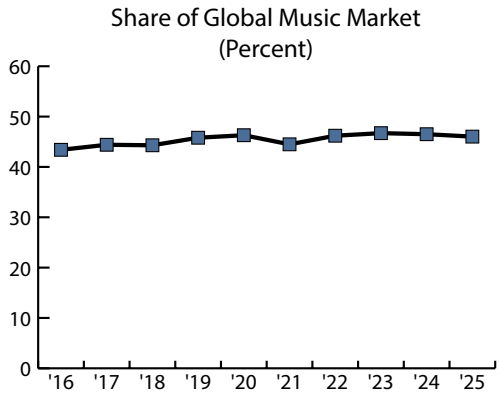




## Music Industry

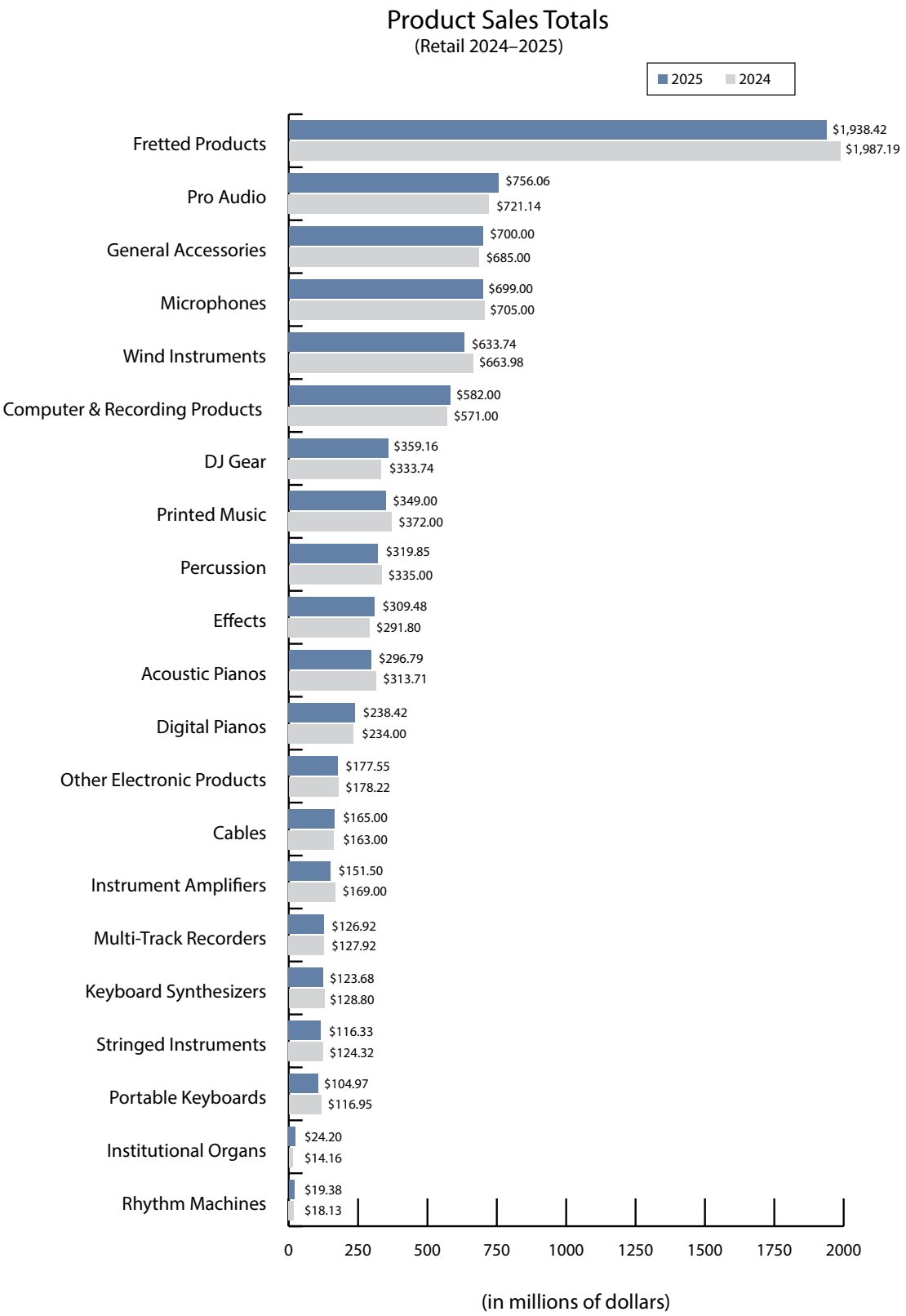
| | |
|---|---|
| Music Market | $8.2 billion |
| Sales Per Capita | $24.23 |
| Global Share | 46.02% |



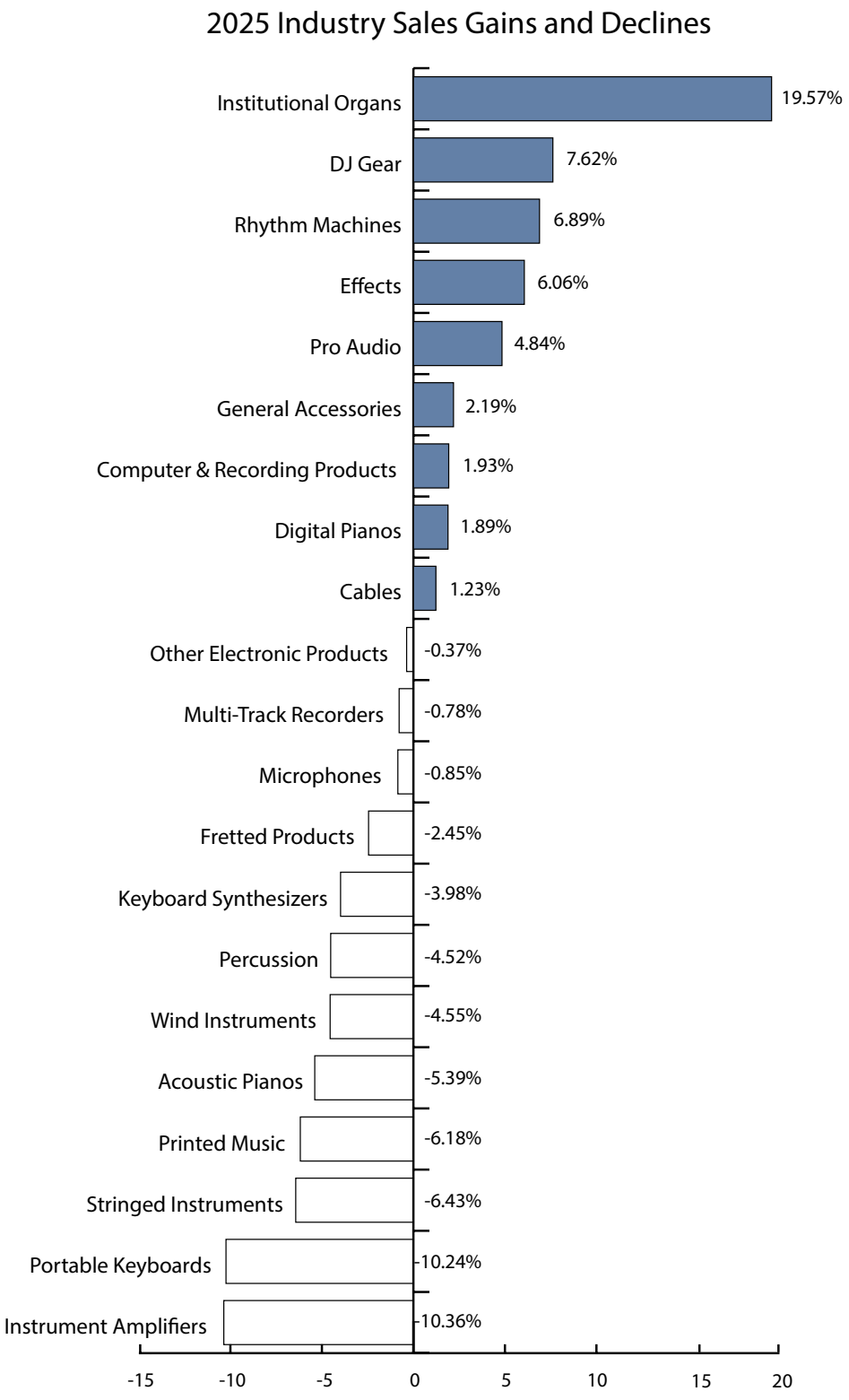



# U.S. INDUSTRY REVENUE AT A GLANCE



# U.S. INDUSTRY REVENUE AT A GLANCE



# INTRODUCTION

## 2025 Music Industry Analysis

**Tariffs & Trade Uncertainty Impact Industry Results**

*Just as the supply-chain disruptions from the COVID pandemic were fading from memory, tariff policies sowed uncertainty and handed the industry a $627 million tax bill. Sales trended down in response.*

As defined by this report, the music products industry includes the full range of musical instruments—frets, winds, keyboards, printed music and percussion—along with professional audio products designed for live sound applications, multi-track recording software, DJ and sound-creation tools, and a host of related accessories. The estimated U.S. retail value of these products declined 0.8% to $8.2 billion in 2025, from the $8.3 billion level in 2024. The figures in this report are based on shipments to the retail channel, as well as estimates of manufacturer direct-to-consumer sales. Chinese manufacturer direct sales to U.S. consumers, mentioned elsewhere in this report, are not fully accounted for. Given lingering inventory imbalances from the COVID-related shutdowns, they may slightly undercount actual retail demand. Nevertheless, industry levels remain significantly off from record levels set in 2021 during the lockdown era.

This four-year slump, although discouraging, was not entirely unpredicted. It's long been an accepted notion that approximately 80% of first-time buyers abandon their instrument within six months. Based on that conventional wisdom, a sizable portion of the gear purchased on a whim at the height of the pandemic most likely has been relegated to the closet or put up for sale on Reverb or eBay. In addition to the COVID hangover, the industry is also burdened by macro social and economic trends that make an imminent return to growth unlikely.

The product categories tracked in this report operate in discrete silos and react differently to the economy, the direction of popular music and demographic trends. The outside forces impacting demand for DJ controllers are markedly different from those that bear on the sale of a grand piano. The one challenge every product category had in common in 2025 was the U.S. administration's unpredictable trade policy. During calendar year 2025, the average effective tariff on the products tracked in this report increased to 14.9%, the highest level in a century. This compares with the 3.9% average for the previous decade. In dollar terms, higher tariffs represented a $627 million tax bill, a figure that approximates the industry's aggregate net profit. Part of these tariff costs were passed on to consumers in the form of higher prices and part came out of manufacturer margins. How these costs were apportioned is a subject for debate, but there is unanimous accord that they took a toll on industry performance.

In addition to the abrupt 400% tariff increase, rates were adjusted more than 60 times during calendar 2025. For a two-week stretch, the tariffs on some Chinese imports hit 145% before being reduced to 35%. As one supplier stated, "How do you price a product, let alone forecast demand, when you aren't sure if the duty will be 30%, 50% or maybe 100%?" Navigating this uncertainty diverted management energies and resources from the basics of product development, marketing and sales, to the detriment of results industry-wide.

The recent Supreme Court ruling striking down a president's ability to levy tariffs without Congressional consent promises more predictable trade policies in the coming year. However, the effects of the tariff binge of 2025 will linger. Several industry importers unable to pay the levies were forced to close down, while others suffered profit declines that led to debt downgrades. There was also an industry-wide reassessment of product sourcing, with China losing market share in the process. That nation's import volumes to the U.S. declined 23.4% in 2025 as companies began seeking alternative sources in countries with less-onerous tariff rates. This flight to tax-favored sites is why imports to the U.S. from Japan, Germany, Indonesia, Taiwan and Vietnam fared better than those from China, declining a comparatively modest 3.7%. While China remains a dominant producer of instruments, electronics and audio gear, it's unlikely to regain lost market share anytime soon. Diversifying the supply chain has become a new industry-wide mantra.

The data generated by the Federal Reserve and the U.S. Treasury depicted a relatively healthy state of economic affairs in 2025 with low unemployment, GDP growth in the 2% range and a declining rate of inflation. However, consumer attitude surveys presented a darker picture. The top 20% of earners fared well and accounted for over 50% of all retail sales. Things were more difficult for the other 80%. This group continued to feel the residual impact of inflation. Higher costs for the basics of food, housing and energy have crimped budgets, impacting the sale of many discretionary items, musical products included. In regular *Music Trades* surveys, retailers report frequently losing sales to price-conscious customers.

Tariffs, like other government policies and the economic climate, are subject to abrupt change. The same cannot be said for demographics. The aging of the U.S. population presents a long-term impediment to industry growth. The key customer base for music products (prosperous baby-boomer guitar collectors notwithstanding) has always skewed toward a younger demographic. Precise figures are not available, but anecdotal evidence and warranty registrations indicate that the 13-to-35 age cohort account for over half of industry sales. Due to declining U.S. birth rates, this age group is shrinking in actual numbers. The 2010 U.S. Census pegged it at 27% of the total population, or approximately 85 million potential customers. By 2030, the Census Bureau forecasts that the percentage of people in this age group will trend down to 22% of the U.S. population, or roughly 77 million individuals. If Europe (median age 44) and Japan (median age 49) are any example, an aging population will weigh on the U.S. music products market in the coming years.

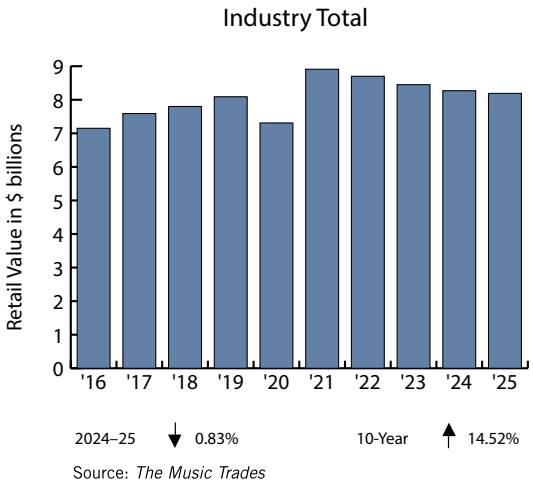
Musicians and the music products industry have long had an uneasy relationship with new technologies. The player piano, the drum machine and the DJ all prompted predictions of doom, because "Who would bother to learn to play if a machine can do it?" Similarly dire forecasts are surfacing with the rapid evolution of artificial intelligence, and not without reason. The current R&D investment in AI composition and performance tools dwarfs the collective R&D effort of the entire music products industry. To cite one example, Suno ai, a site that generates complete songs from simple text prompts, has secured $375 million in venture capital funding. The results of this R&D to date have been impressive. AI-generated tracks, scoring and even vocals compare favorably with much commercial music, and a few entirely AI-generated songs have gone viral on social media platforms. AI most likely won't spell the end of the music products industry, but it will certainly have an impact on how music is made and consumed and the industry's product mix.

The way music products move from the factory floor into the hands of consumers continues to evolve. Online retail now accounts for more than 50% of total industry sales and continues to grow. In some categories like DJ products, electronic keyboards, and accessories, the online share is even higher. Online retailers enjoy potent economies of scale, including dramatically lower shipping costs, better search results and deeper inventory. This dynamic has led to significant retail consolidation, with a handful of online giants steadily gaining market share.

Amazon's fulfillment service, which provides order fulfillment and payment processing, is another disruptive force. Aside from presenting a competitive challenge to other retail channels, it is calling into question the value of brand names. Chinese and other Asian-based factories that formerly produced products on an OEM basis are now turning to Amazon's service to sell directly to American consumers, bypassing conventional distribution entirely. With compelling prices 20% to 30% below familiar brands and supported by generous return policies, these products are gaining market share, proving that for some consumers, convenience and price outweigh familiar brand names.

Adding to the retail channel disruption, a growing number of manufacturers are also selling directly to consumers. Some do it through a proprietary website, while others rely on third-party fulfillment services. The manufacturers selling direct contend that it's not just about capturing additional margin points. Rather, the direct-to-consumer channel gives them better insights into consumer preferences while providing a hedge against excessive dependence on a few large retailers. By our estimates, manufacturer direct-to-consumer sales represent approximately 10% of the industry's total retail value.

During the past decade, the music products industry has had a cumulative annual growth rate of just 1.5%, far below the rate of inflation. How to explain this anemic performance during a prosperous era when music remains as popular as ever, and streaming revenues and concert ticket sales are at record levels? Price deflation is one explanation. Thanks to advancing technology, products that once sold for thousands are now available for hundreds. Unlike many other consumer products, plummeting prices for music gear doesn't automatically boost demand. Social media is another potential culprit. Some people worry that a generation fixated on tablets and phones may lack the attention span needed to master a musical instrument. Dramatic changes in the product mix have also contributed. A precipitous four-decade decline in the sale of high-ticket acoustic pianos has depressed total industry volume. Then there's the musical climate. Historically, inspiring performers from the era of Franz Liszt onward have driven demand. It could be that contemporary music and the absence of prominent instrumentalists are failing to spark growth. A virtually unlimited selection of used gear, readily available through online marketplaces, is another factor weighing on industry growth. All are plausible explanations and have contributed to lackluster top-line performance. Regardless of causal factors, the simple fact is this: The industry is stagnating.




Source: *The Music Trades*

## Fretted Products and Effects

*Includes acoustic guitars, electric guitars, basses, ukuleles, amplifiers, strings and guitar-related effects*

**10-Year Growth Rate: +3.1%**

Fretted instruments and related products, including amps, effects and strings, remain the industry's largest product category by dollar volume. The influence and importance of this category exceeds its dollar value; guitarists represent the single largest purchasers of recording gear, audio equipment and even electronic instruments. Given this outsized reach, it's safe to say that industry success depends on a vibrant guitar culture. In 2025, the estimated retail value of the fretted instruments category declined 2.0% to $2.4 billion, which contributed to the total industry's lackluster year.

Results among the various product groups were mixed. The retail value of acoustic guitars in 2025 declined 8.0% to $768.5 million. Manufacturers and retailers reported strong sales of instruments in the $1,500 and higher price point, no doubt the result of prosperous customers encouraged by a surging stock market. Sales of entry-level instruments lagged, however. This trend was reflected by the higher average unit selling price of $705. The electric guitar market fared better, with estimated retail value increasing 2.0% to $856.8 million, driven by tariff-related price increases. Unit volume declined 4.2% to 1.150 million instruments.

Guitar sales in 2025 were whipsawed by positive and negative trends that seemed to have canceled each other out. On the positive side, electric guitar–centric rock bands like Dirty Honey and Greta Van Fleet are returning focus to the guitar as a solo instrument. The prominence of these bands, along with the nearly infinite number of guitar influencers on Instagram and TikTok, also contributed to consumer demand. On the negative side, retail surveys indicate that many consumers were deterred by the "sticker shock" of tariff-related price increases. Ten and fifteen percent price hikes at the entry level unquestionably cost sales. Another impediment to the sale of new instruments has been the vast and readily available supply of used product. On any given day, the used guitar selection on Reverb and eBay exceeds the inventory of even the largest retailer. Customers are drawn by the value offered by used gear. Others choose to buy used because they say it aligns with the sustainability ethos of the "Re-use, Re-cycle, and Re-purpose" movement. Estimates

*Fretted Products and Effects, continued*

of 15 million high-quality guitars in circulation are credible, and each one of them could potentially change hands at the expense of a new instrument sale.

In pursuit of efficiency and a more logical product offering, the industry's larger retailers are streamlining their guitar inventory, paring back the number of brands offered at a given price point. This "SKU rationalization" is proving detrimental to many smaller guitar brands facing a diminishing number of alternative sales channels.

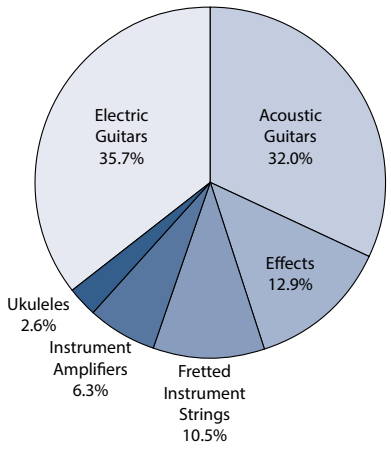
Guitarists are notably conservative in their tastes. Their purchasing patterns demonstrate a strong preference for instrument designs that date back decades, if not a century. When they do embrace technology, it's mostly to re-create a vintage vibe. This explains the growth in the sale of multi-effects, which advanced 14.1% to $105.0 million in 2025. This category consists primarily of digital devices capable of modeling the tonal qualities of expensive and hard-to-come-by tube amps. Growth has been driven by a multitude of new product introductions during calendar year 2025. The pedal market, another bright spot for the past decade, also advanced in 2025, but at a slower pace. The retail value of effects pedals advanced 2.3% to $204.5 million for the year.

Effects pedals and amp simulators continue to cannibalize sales of conventional guitar amps. Many beginners bypass the purchase of an amp and start their guitar journey with an effects device, coupled with an interface that allows them to plug directly into a computer or a tablet. Many advanced players are also attracted to the versatility of a portable box capable of reproducing dozens of classic amp sounds. The estimated retail value of amp sales declined 10.4% to $151.5 million. A bright spot however, were small Bluetooth-equipped amps at the under-$150 price point.

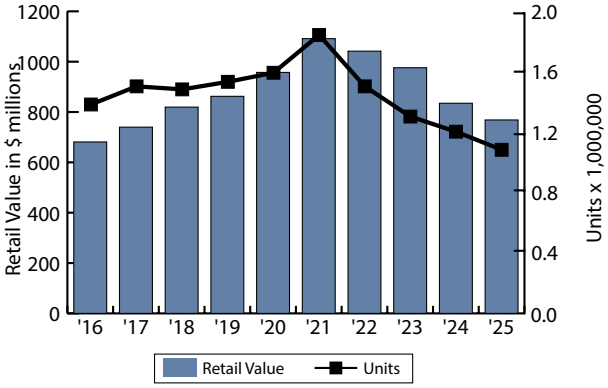
The estimated retail value of guitar strings advanced 3.7% to $251.0 million. The increase reflects a modest uptick in the number of active players, coupled with price increases. Unlike every other facet of the fretted instrument market, guitar strings are predominantly manufactured in the U.S. and thus were minimally impacted by tariffs.

Demand for ukuleles continued to trend down. A total of 610,000 units were shipped in 2025, a third of peak levels achieved in 2017. Their estimated retail value of $62.2 million was off 11.5% from the previous year. All indications are that the uke boom that began more than a decade ago is winding down.

Retail Value Market Share




Acoustic Guitars

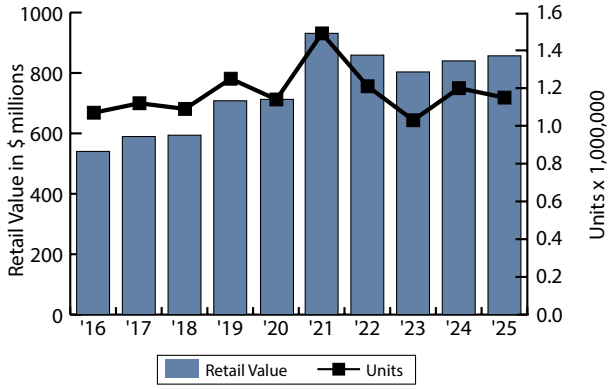



| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -7.96% | -9.92% | 2.17% |
| 10-Year Trend | 12.82% | -21.58% | 43.88% |

Acoustic Guitars category includes banjos, dobros, mandolins and other acoustic fretted instruments, excluding ukuleles.

*Fretted Products and Effects, continued*

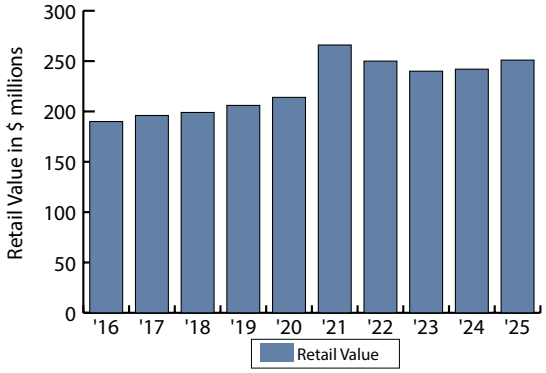
### Electric Guitars




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 1.99% | -4.17% | 6.43% |
| 10-Year Trend | 58.55% | 7.48% | 47.52% |

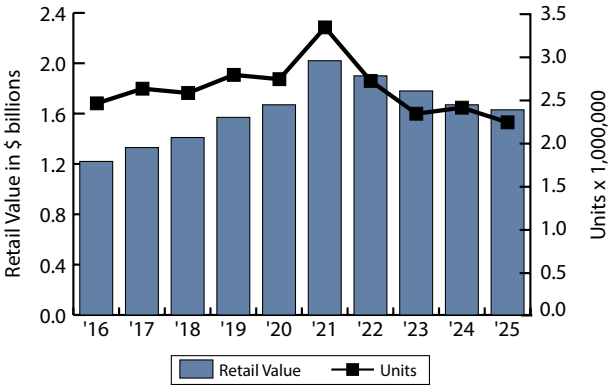
Electric Guitars category includes electric basses.

### Fretted Instrument Strings



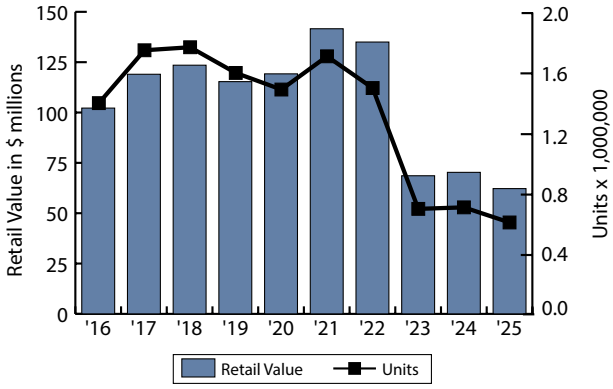

| | Retail |
|---|---|
| 2025 Summary | 3.72% |
| 10-Year Trend | 32.11% |

### Total Guitars




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -2.97% | -7.05% | 4.40% |
| 10-Year Trend | 33.05% | -8.94% | 46.12% |

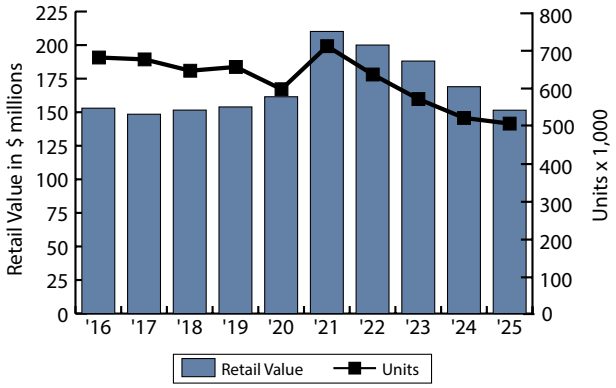
### Ukuleles




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -11.48% | -14.08% | 3.03% |
| 10-Year Trend | -39.12% | -56.43% | 39.73% |

*Fretted Products and Effects, continued*

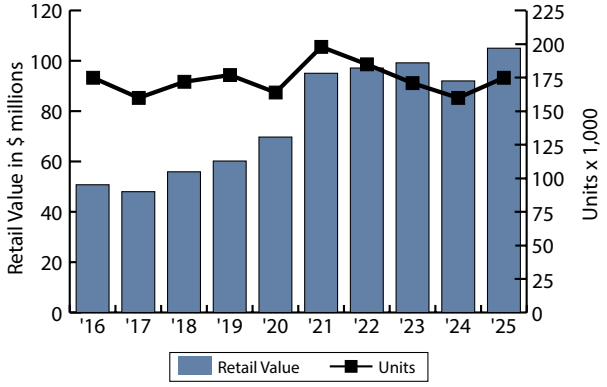
### Instrument Amplifiers




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -10.36% | -2.88% | -7.69% |
| 10-Year Trend | -0.98% | -25.74% | 33.33% |

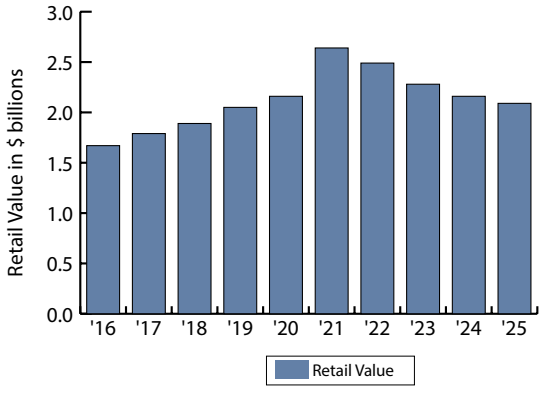
Instrument Amplifiers category includes tube, digital and solid-state amplifiers; amplifier heads; speaker enclosures; and other self-contained amplifiers for guitars, basses and other musical instruments.

### Multi-Effects Floor Processors



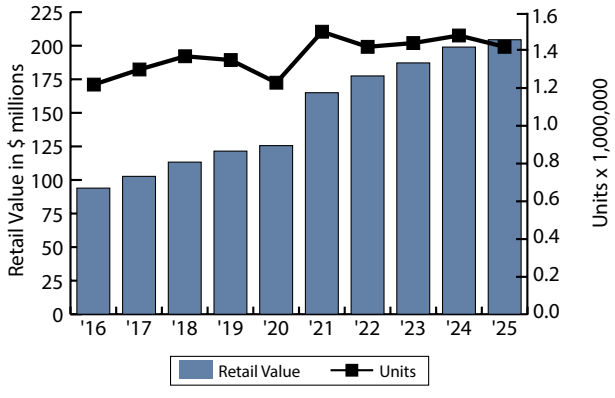

| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 14.13% | 9.38% | 4.35% |
| 10-Year Trend | 106.90% | 0.00% | 106.90% |

### Total Fretted Instruments




| | Retail |
|---|---|
| 2025 Summary | -3.07% |
| 10-Year Trend | 25.04% |

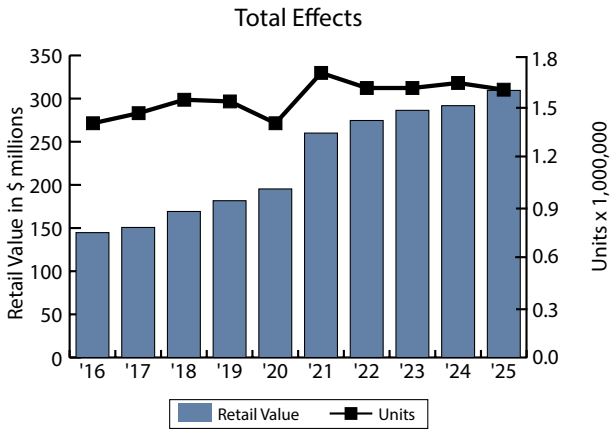
### Effects Pedals



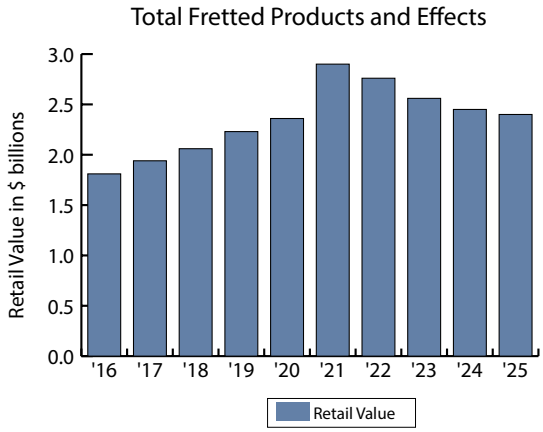

| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 2.34% | -4.05% | 6.67% |
| 10-Year Trend | 117.67% | 16.39% | 87.01% |

Effects Pedals category includes floor pedal units, tabletop units and other products that incorporate complex processing power.

*Fretted Products and Effects, continued*




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 6.06% | -2.74% | 9.05% |
| 10-Year Trend | 113.89% | 14.34% | 87.07% |




| | Retail |
|---|---|
| 2025 Summary | -1.98% |
| 10-Year Trend | 32.47% |

# Piano and Organ Market

*Includes acoustic grand pianos, acoustic vertical pianos, electronic player pianos, digital pianos and organs*

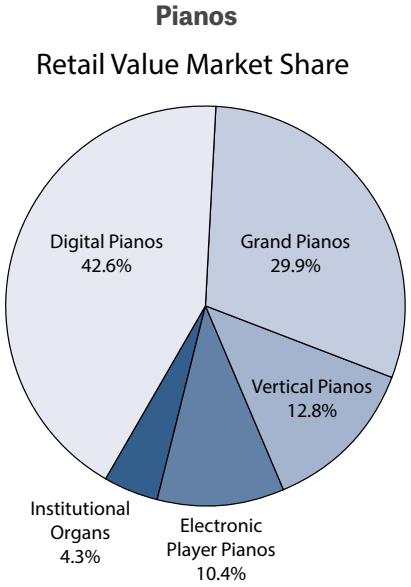
**10-Year Growth Rate: +0.4%**

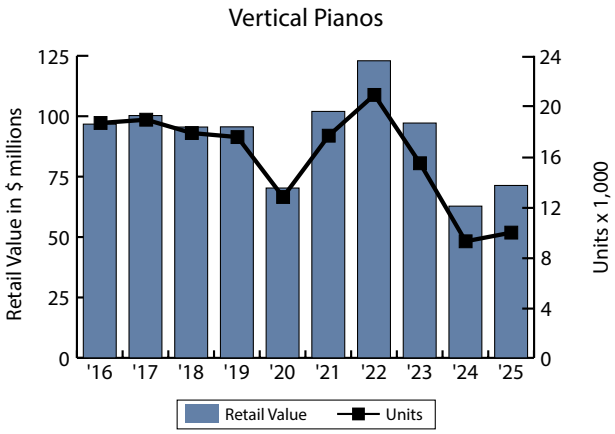
The acoustic piano market was challenged once again in 2025. After a brief uptick during the pandemic, decline continued, with 2025 shipments down 3.1% to 16,755 units, with an estimated retail value of $296.8 million. This represents the lowest volume level since *Music Trades* began compiling sales data in 1990, and is half the unit volume of a decade ago. Grand piano shipments declined 11.1% to 5,378 units, with an estimated retail value of $167.1 million. Vertical piano shipments advanced 7.5% to 9,946 units, with an estimated retail value of $71.3 million. Acoustic pianos equipped with digital player units were hardest hit, recording a 28.0% drop to 1,431 units, with an estimated retail value of $58.3 million. Unit volumes in 2025 were half of what they were a decade ago. These declines are the result of long-running social change. The piano was once an aspirational symbol in the living room of middle-class households, but now it's a specialty product for serious musicians and institutions with a smaller addressable customer base.

The market for digital pianos ticked down modestly in 2025 to 182,000 units, with an estimated retail value of $238.4 million. However, current unit volumes remain 5% higher than pre-COVID levels. The growing volume disparities between digitals and acoustics underscores that the digital has effectively replaced the traditional acoustic piano. It's easy to see why. Digitals are less expensive, easier to move, require no upkeep and offer attractive educational and play-along features.

The consumer transition from acoustic to digital in this category has reshaped distribution channels. Service-intensive and slow-moving acoustic pianos are the exclusive province of a shrinking network of specialty retailers. Digital pianos, by contrast, are being sold online by mass merchants, m.i. stores and warehouses. This difference in availability suggests that digitals will continue to expand their share of market.

Declining church participation, a preference for contemporary music in worship services and the financial duress of mainline denominations are factors contributing to a less-hospitable environment for makers and sellers of institutional organs. What was once mainstream has become a niche product with an increasingly narrow customer base. Most church organ sales are now custom orders, sold directly by the manufacturer. While no data is available, anecdotal evidence suggests that revenues generated from the restoration of existing pipe organs exceeds the sale of new electronic organs.

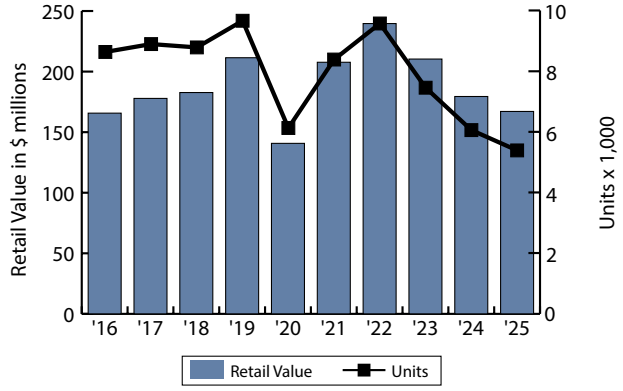



| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 13.64% | 7.47% | 5.74% |
| 10-Year Trend | -26.24% | -46.68% | 38.35% |

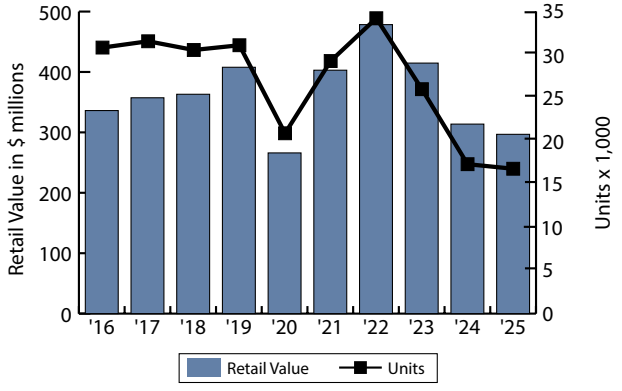
*Piano and Organ Market, continued*

### Grand Pianos



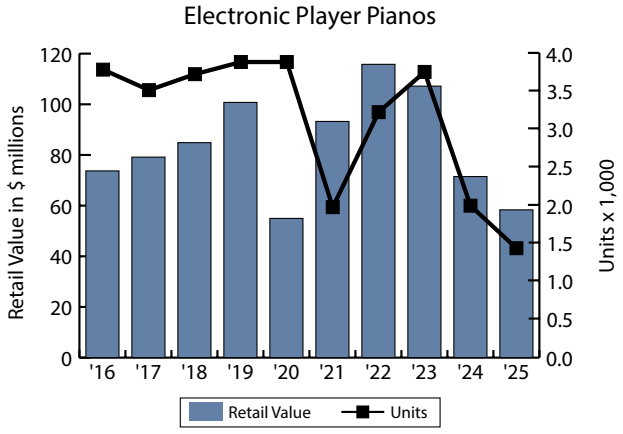

| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -6.88% | -11.12% | 4.78% |
| 10-Year Trend | 0.85% | -37.68% | 61.83% |

### Total Acoustic Pianos



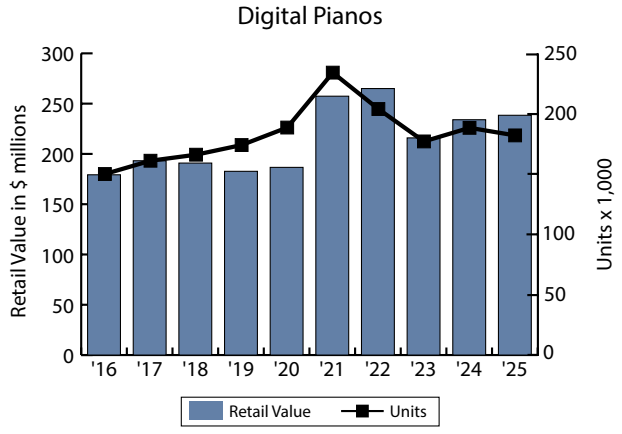

| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -5.39% | -3.12% | -2.35% |
| 10-Year Trend | -11.70% | -45.59% | 62.28% |

### Electronic Player Pianos



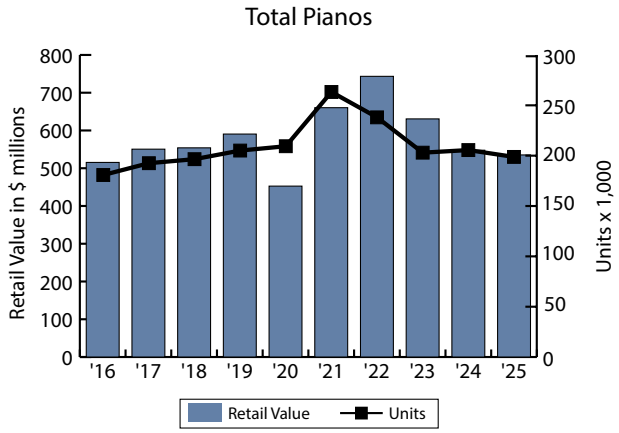

| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -18.38% | -28.02% | 13.39% |
| 10-Year Trend | -20.85% | -59.23% | 94.13% |

### Digital Pianos



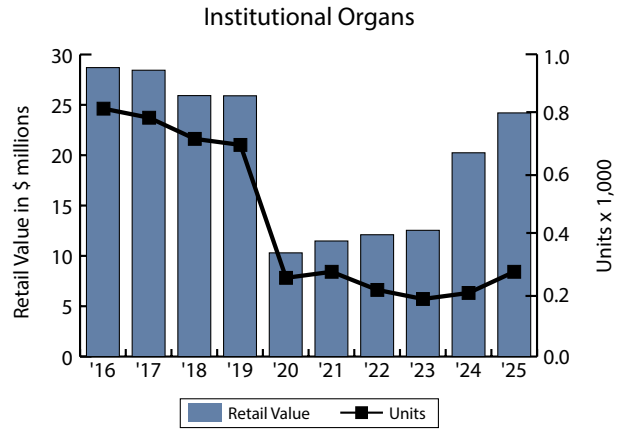

| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 1.89% | -3.32% | 5.39% |
| 10-Year Trend | 33.01% | 21.33% | 9.62% |

*Piano and Organ Market, continued*




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -2.28% | -3.31% | 1.06% |
| 10-Year Trend | 3.85% | 9.93% | -5.54% |

Total Pianos category includes grand pianos, vertical pianos, electronic player pianos and digital pianos.




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 19.57% | 34.15% | -10.87% |
| 10-Year Trend | -15.68% | -66.46% | 151.43% |

# School Music Market

*Includes woodwind instruments, brass instruments and orchestral stringed instruments*

**10-Year Growth Rate: +1.6%**

Wind and bowed stringed instruments, the vast majority of which are destined for use in school instrumental music programs, represent the industry's most stable and predictable product category, moving up and down in lockstep with school enrollment levels. This category has largely been immune to shifts in the economy, technology or musical trends because parents can be counted on to make whatever financial sacrifice necessary to ensure that their child gets into a band or orchestra program at the start of the school year. However, if six-plus decades of correlation continue, declining K–12 enrollments signal trouble in the years ahead.

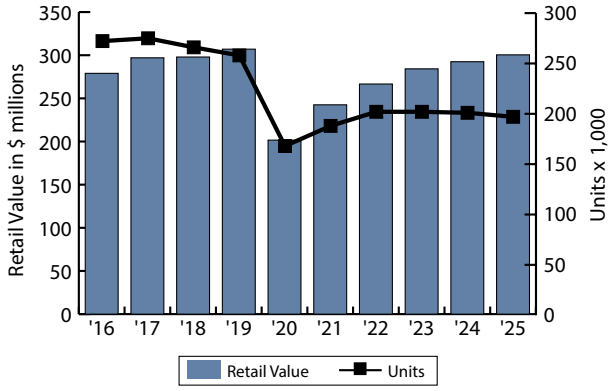
The 2025 estimated retail value of wind and bowed stringed instruments declined 4.9% to $750.1 million. A 10% increase in average selling prices, primarily due to tariffs, masked a steeper 13.5% decline in unit shipments. Total unit volume of 678,900 wind and bowed instruments shipped was 32% lower than a decade ago. The 2025 estimated retail value of brasswinds edged up 2.7% to $300.4 million, with 197,000 units shipped. Woodwind estimated retail value dropped 10.3% to $333.3 million, with 246,900 units shipped. The estimated retail value of bowed stringed instruments fell 6.4% to $116.3 million, but units shipped were off 20.6% to 235,000, the lowest level in two decades.

The stability of this category was briefly disrupted during the COVID era when schools and school music programs were shut down. Once schools reopened, sales rebounded, aided in part by a torrent of federal aid in the form of the Elementary and Secondary School Emergency Relief Fund (ESSER). In 2025, the market faced a daunting combination of headwinds. The ESSER funds that allowed schools to build up their instrument inventory had been depleted, while enrollments trended down. U.S. Census data estimated 2025 K–12 enrollment at approximately 49.1 million students, down 3.1% from 51 million in 2020.

*School Music Market, continued*

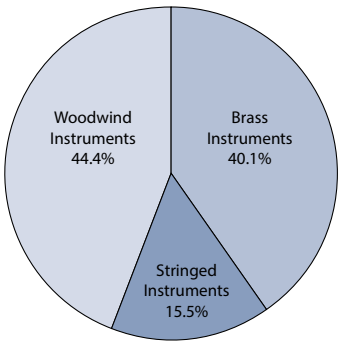
Census data also forecasts another 5% to 7% decline by 2030. Compounding matters, the public's attitude toward public schools has soured, as evidenced by double-digit growth in the number of children being homeschooled. Absent cultural or educational changes, demographic trends suggest challenges ahead for the school music market. As noted elsewhere in this report, declines in the school music market also adversely impacted the sale of percussion instruments and printed music.

Brass Instruments

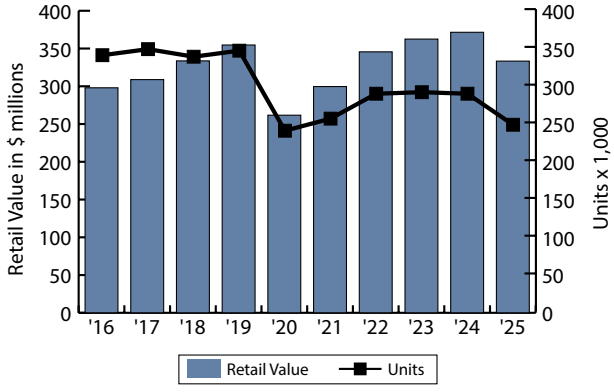



| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 2.73% | -1.99% | 4.81% |
| 10-Year Trend | 7.68% | -27.63% | 48.78% |

Retail Value Market Share



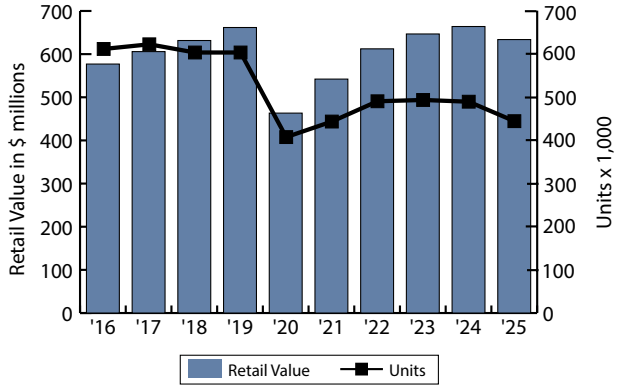

Woodwind Instruments




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -10.28% | -14.27% | 4.65% |
| 10-Year Trend | 11.85% | -27.17% | 53.57% |

*School Music Market, continued*

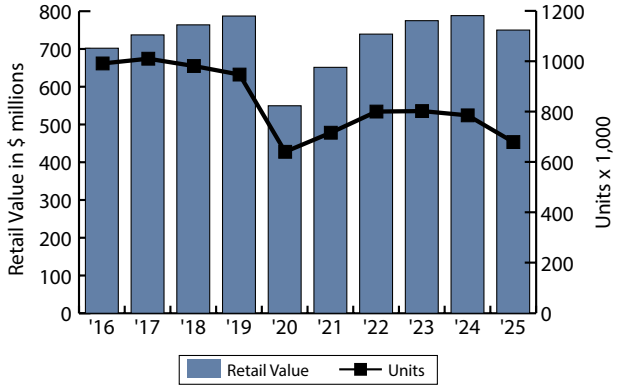
Total Wind Instruments




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -4.55% | -9.22% | 5.14% |
| 10-Year Trend | 9.83% | -27.37% | 51.23% |

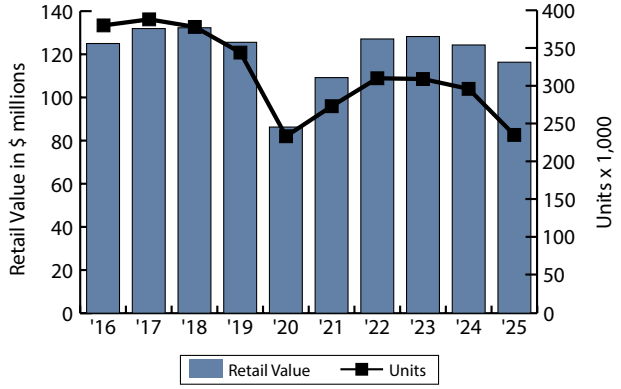
Total Wind Instruments category includes brass and woodwind instruments.

Total School Music




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -4.85% | -13.52% | 10.02% |
| 10-Year Trend | 6.85% | -31.51% | 56.00% |

Stringed Instruments




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -6.43% | -20.61% | 17.86% |
| 10-Year Trend | -6.94% | -38.16% | 50.48% |

# Pro Audio Market

*Includes speaker enclosures, power amplifiers, mixers, microphones, self-contained p.a. systems and cables*

**10-Year Growth Rate: +1.6%**

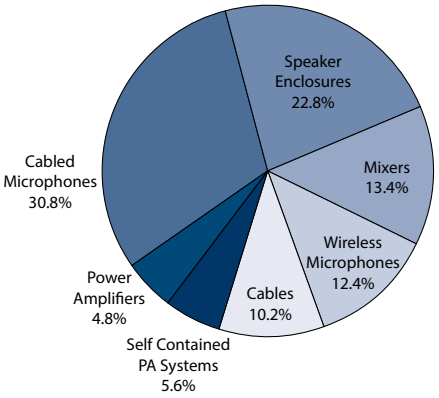
The estimated retail value of shipments of audio products, which include speaker enclosures, microphones, power amps, self-contained p.a. systems, mixers and cables, posted a 1.9% year-over-year gain to $1.62 billion in 2025. This volume includes only those audio products sold through the m.i. retail distribution channel and excludes sales by specialized audio contractors. Also excluded are products destined for the cinema, tour sound or commercial installation markets. As such, the products in this report represent perhaps only a third of the entire professional audio market. Houses of worship represent the single largest purchaser of these products, followed by smaller clubs and venues, corporate applications and performing groups. Post-COVID, the market has benefitted from a resurging interest in live performance. While sold-out stadiums by global superstars like Taylor Swift and the Weeknd garnered headlines, smaller clubs (particularly those catering to local and indie artists) also enjoyed banner results in 2025. Consumer surveys suggest that these venues are benefitting from audiences seeking more niche experiences in support of emerging talent.

With the exception of wired microphones, all product groups in this category were in positive territory for the year. The estimated retail value of mixers, both powered and non-powered, advanced 5.6% in 2025 to $216.8 million. Growth was bolstered by a slew of new digital product introductions and modest price increases. The estimated retail value of speaker enclosures also increased, rising 2.8% to $370.0 million. The versatility and convenience of self-contained p.a. systems, consisting primarily of a compact, pole-mounted line array and an integrated subwoofer, propelled continued sales growth. These systems can be found in coffeehouses, clubs, corporate settings and just about anywhere else amplification is needed. Also included in the category are one- and two-speaker systems with built-in power, mixing capabilities and effects. Estimated retail value of this category advanced 7.3% to $90.8 million.

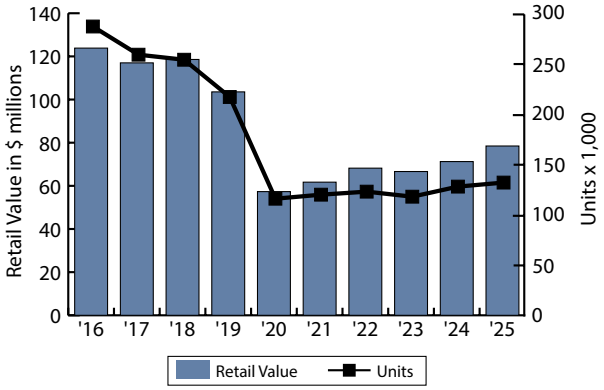
Wireless microphone systems were flat for the year, with estimated retail value unchanged at $200.0 million. Wired microphone sales enjoyed a significant COVID-era bump, driven by surging interest in podcasting and home recording. The 2025 decline of 1.2% in estimated retail value to $499.0 million reflects a regression to the mean.

Unlike musical instruments, pro audio is immune to whims of changing musical fashions. One of the few elements that country, heavy metal, hip-hop and indie rock share is that they all require audio gear in order to be heard.

Retail Value Market Share



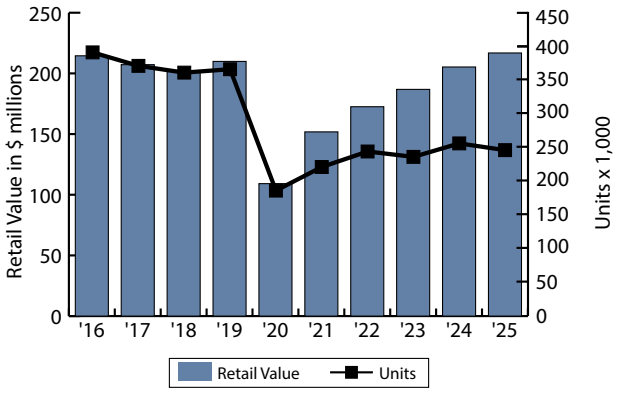

Power Amplifiers




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 10.13% | 6.40% | 3.51% |
| 10-Year Trend | -36.64% | -53.82% | 37.21% |

*Pro Audio Market, continued*

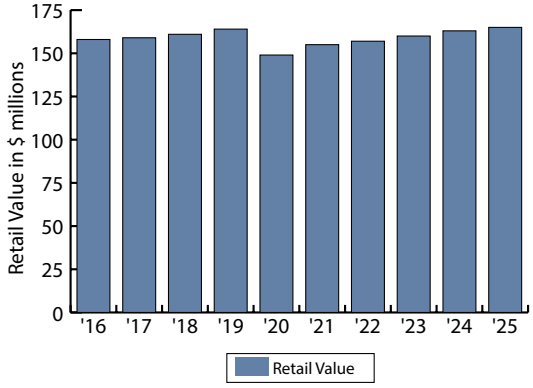
Mixers




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 5.63% | -3.92% | 9.94% |
| 10-Year Trend | 1.08% | -37.18% | 60.91% |

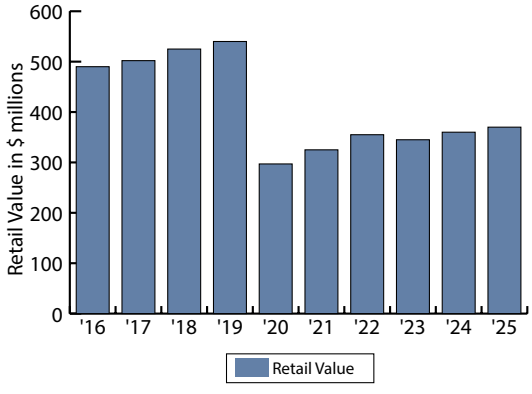
Data represents an estimate of pro audio products sold by approximately 4,600 retailers in the United States. Excluded from the data are sound products for the cinema, tour sound, broadcast and large, fixed-installation markets.

Cables



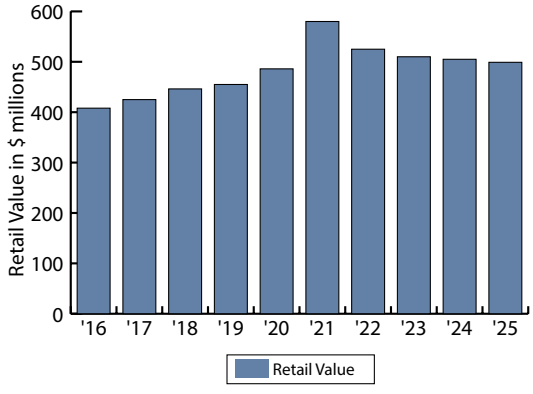

| | Retail |
|---|---|
| 2025 Summary | 1.23% |
| 10-Year Trend | 4.43% |

Speaker Enclosures




| | Retail |
|---|---|
| 2025 Summary | 2.78% |
| 10-Year Trend | -24.49% |

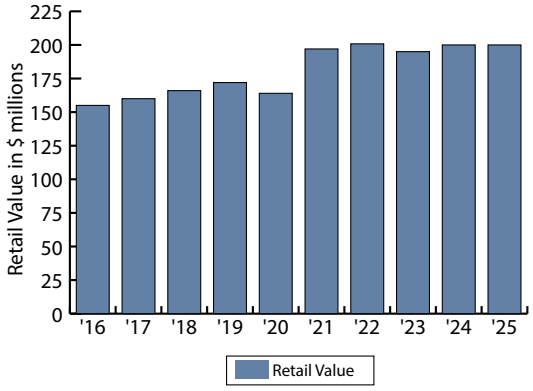
Cabled Microphones




| | Retail |
|---|---|
| 2025 Summary | -1.19% |
| 10-Year Trend | 22.30% |

*Pro Audio Market, continued*

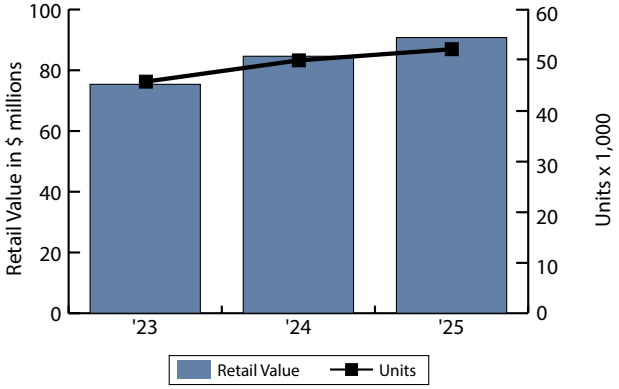
### Wireless Microphones




| | Retail |
|---|---|
| 2025 Summary | 0.00% |
| 10-Year Trend | 29.03% |

Data represents estimates of only those microphones sold by the approximately 4,600 m.i. retailers in the United States, and excludes products aimed at broadcast markets.

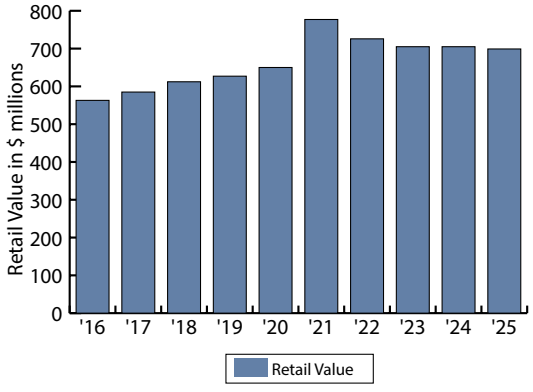
### Self-Contained PA Systems




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 7.27% | 4.42% | 2.73% |
| 3-Year Trend | 20.41% | 14.04% | 5.59% |

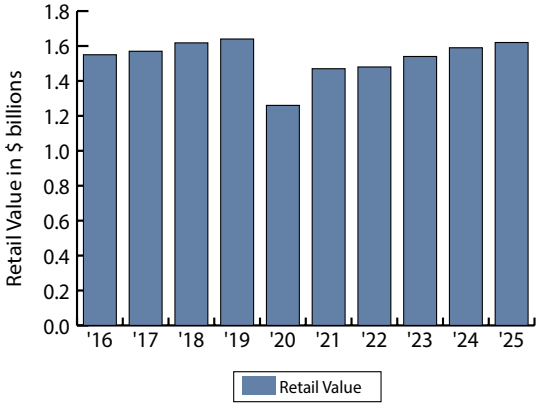
New category added in 2025, starting with 2023 data.

### Total Microphones




| | Retail |
|---|---|
| 2025 Summary | -0.85% |
| 10-Year Trend | 24.16% |

### Total Pro Audio




| | Retail |
|---|---|
| 2025 Summary | 1.95% |
| 10-Year Trend | 4.56% |

All data represents an estimate of pro audio products sold by the approximately 4,600 m.i. retailers in the United States. Excluded from data are sound products for the cinema, tour sound, broadcast and large, fixed-installation markets. Data includes non-powered mixers, power amplifiers, powered mixers, speaker enclosures, cable, cabled microphones and wireless microphones.

# Percussion Market

*Includes drum kits, educational percussion, individual drums and hardware, sticks and mallets, cymbals, heads and hand percussion*

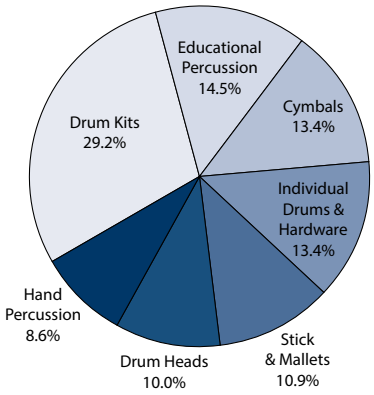
**10-Year Growth Rate: -1.5%**

The estimated retail value of percussion instruments declined 4.5% to $319.9 million in 2025. The category has posted declines in nine of the past ten years. The *Billboard* Hot 100 chart provides an explanation for this protracted slump. Rhythm tracks for approximately 70% of the nation's most popular songs are now generated electronically without the use of a live drummer. This shift away from acoustic instruments isn't limited to pop and hip-hop genres; even some country artists rely on electronic tracks. Despite widespread laments about the absence of live drumming in modern music, there has yet to be a reaction against synthetic tracks.

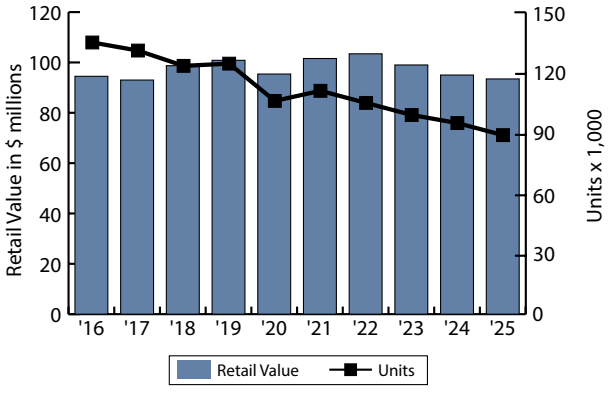
Sales of drum kits trended down in 2025, with shipments declining 6.3% to 89,000 units, with an estimated retail value of $93.5 million. Individual drums and related hardware experienced a similar decline, with estimated retail value decrease of 4.4% to $43.0 million. Electronics are the proximate cause for the trend line. At the entry level, parents continue to opt for electronic over acoustic kits for beginning drummers. The ability to control volume is a primary reason, but price plays a role as well. At $250 retail, readily available electronic kits are roughly half the price of an entry-level acoustic kit. The electronic drum kit category is increasingly crowded with a number of Chinese brands selling directly to consumers via Amazon's fulfillment center.

The impact of electronic percussion has rippled through every product group within the percussion category. The estimated retail value of sticks and mallets declined 4.4% to $34.9 million; fewer drummers mean fewer sticks (also, sticks last longer when used on an electronic kit). The same trend holds for cymbals, with a 2025 estimated retail value down 8.1% to $43.0 million.

Retail Value Market Share



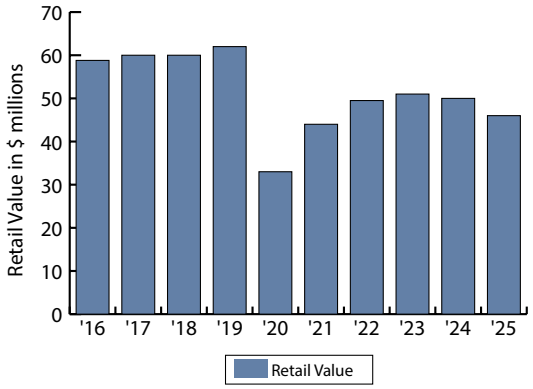

Drum Kits




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -1.63% | -6.32% | 5.00% |
| 10-Year Trend | -1.11% | -34.07% | 50.00% |

*Percussion Market, continued*

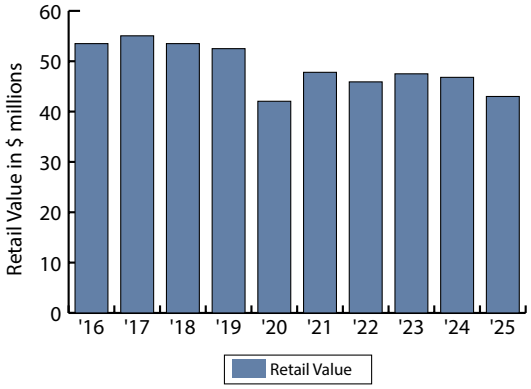
### Educational Percussion




| | Retail |
|---|---|
| 2025 Summary | -8.00% |
| 10-Year Trend | -21.77% |

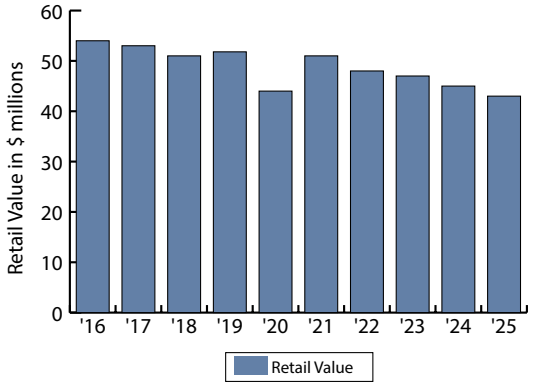
Educational Percussion category includes timpani, marching percussion, mallet instruments, snare drum kits and orchestral percussion instruments.

### Cymbals




| | Retail |
|---|---|
| 2025 Summary | -8.12% |
| 10-Year Trend | -19.63% |

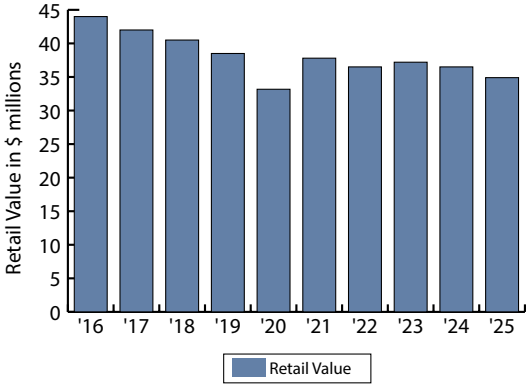
### Individual Drums and Hardware




| | Retail |
|---|---|
| 2025 Summary | -4.44% |
| 10-Year Trend | -20.37% |

Individual Drums and Hardware category includes individual snare drums, toms and bass drums for drum kits, along with pedals, stands and related percussion hardware products.

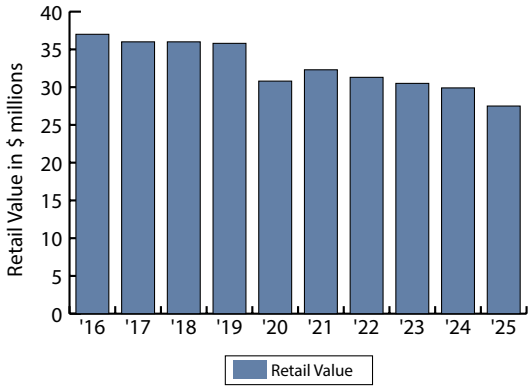
### Sticks and Mallets




| | Retail |
|---|---|
| 2025 Summary | -4.38% |
| 10-Year Trend | -20.68% |

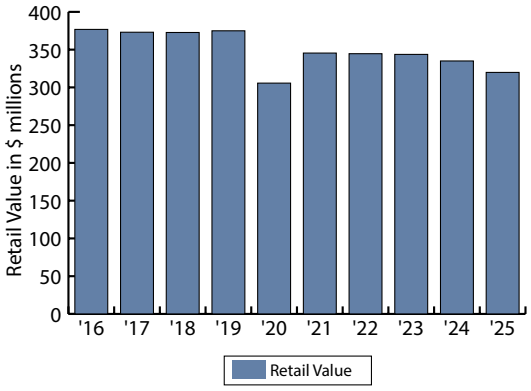
*Percussion Market, continued*

Hand Percussion



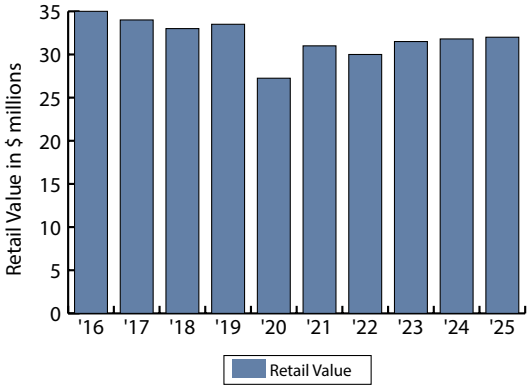

| | Retail |
|---|---|
| 2025 Summary | -8.03% |
| 10-Year Trend | -25.68% |

Total Percussion




| | Retail |
|---|---|
| 2025 Summary | -4.52% |
| 10-Year Trend | -15.11% |

Drum Heads




| | Retail |
|---|---|
| 2025 Summary | 0.63% |
| 10-Year Trend | -8.57% |

# DJ Market

*Includes turntables, DJ mixers, digital DJ controllers and special effects lighting units*

**10-Year Growth Rate: +3.5%**

DJ products were the strongest performing category in 2025, with estimated retail shipments advancing 7.6% to $359.2 million. The term "DJ" doesn't accurately describe this evolving group of products and method of creating music. Since the 1970s, DJing has expanded far beyond simply spinning records; it has evolved into an artform of creatively blending beats and samples. Category growth has been driven by a symbiotic relationship between DJs and manufacturers. DJs push the limits of existing products; manufacturers respond with new devices, and the result is a growing array of control surfaces that include a variety of platters and triggering pads in a sleek package.

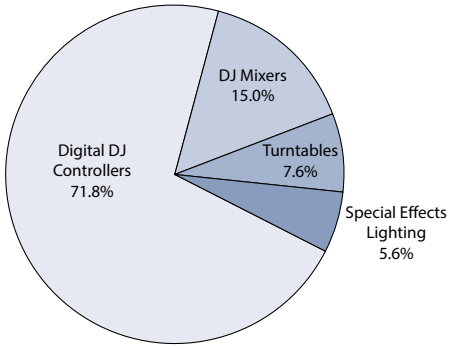
The proliferation of both in-person and online schools that offer instruction in everything from the basics of DJing to advanced mixing techniques reflects the grassroots popularity of this genre and product category. Online platforms such as Masterclass, Skillshare and YouTube have hundreds of thousands of users. In addition, in-person DJ schools are located in cities across the country.

The estimated retail value of DJ control surfaces increased 9.7% to $257.8 million in 2025. The gains can be traced to new products that integrate directly with popular streaming services, providing DJs with an almost limitless catalog of music to play and to experiment with. Entry-level DJ controllers that benefit from built-in audio interfaces and trigger pads have also contributed to the growth. AI is figuring into the product mix with software like Virtual DJ that provides assists for beat-matching and also for developing tracks.

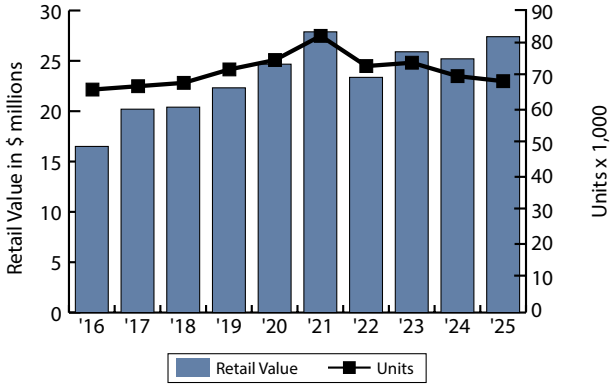
Vinyl records have seen a major resurgence in popularity, with vinyl sales now outpacing digital downloads in certain markets. This popularity contributed to an 8.7% increase in the estimated retail value of turntable sales to $27.4 million in 2025.

The DJ product category is more popular among consumers than the sales numbers indicate. Unlike guitarists or drummers who collect instruments, most DJ purchases are, in the words of many retailers, "one and done." DJs simply tend to spend less than other instrumentalists. The sales data in this report refer only to sales through the specialized m.i. distribution channel, excluding significant volumes sold by major consumer electronics retailers.

Retail Value Market Share



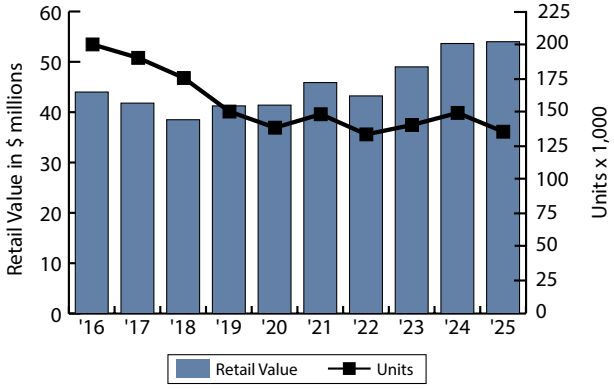

Turntables




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 8.73% | -2.14% | 11.11% |
| 10-Year Trend | 66.06% | 3.79% | 60.00% |

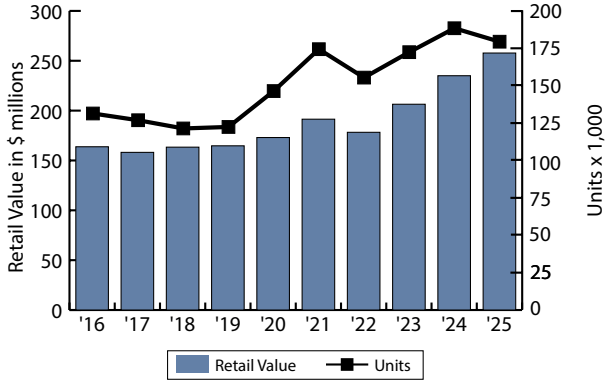
*DJ Market, continued*

DJ Mixers



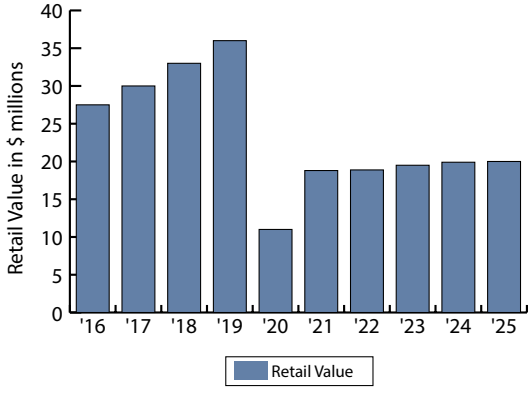

| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 0.67% | -9.40% | 11.11% |
| 10-Year Trend | 22.73% | -32.50% | 81.82% |

Digital DJ Controllers



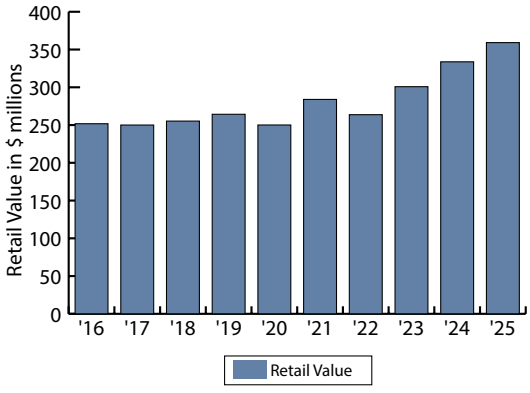

| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 9.69% | -4.79% | 15.20% |
| 10-Year Trend | 57.41% | 36.64% | 15.20% |

Special Effects Lighting Units




| | Retail |
|---|---|
| 2025 Summary | 0.50% |
| 10-Year Trend | -27.27% |

Total DJ Sales




| | Retail |
|---|---|
| 2025 Summary | 7.62% |
| 10-Year Trend | 42.67% |

# Recording and Computer Music Market

**(Multi-Track, Software and Computer Music)**

*Includes hard-disk multi-track recorders, handheld digital recorders, rack-mounted processors, sound cards and related hardware, recording and sequencing software and plug-in and loop software*

**10-Year Growth Rate: +4.0%**

After three years of post-COVID-era slump, the broad family of recording products returned to growth mode in 2025, with estimated retail value advancing 1.4% to $708.9 million. The improvement was driven by new products, many of which incorporate AI-driven audio-processing features that allow beginners to quickly achieve studio-quality sound.

The estimated retail value of digital audio workstations (DAWS), the software that allows for multi-track recording and the manipulation of audio tracks, advanced 2.0% to $208.0 million. This dollar value includes estimates of outright retail sales, sales via consumer-direct downloads and software offered on a subscription basis. Based on public filings by some prominent manufacturers, we estimate that subscriptions currently account for 10% of revenue. Manufacturers have been prioritizing subscription sales as a means to secure recurring revenue and for the ability to continually deliver updates. Newer DAWS releases are increasingly incorporating AI functions that control gain and noise reduction, adjust EQ levels and isolate vocal or other tracks

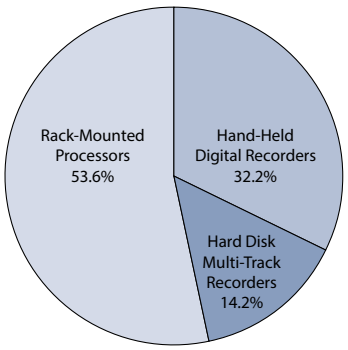
The estimated retail value of plug-ins, which also includes subscription and outright sale revenues, was essentially flat, at $164.0 million. These programs, designed to operate within DAWS, fall into three broad categories: virtual instruments, which emulate instrumental sounds within a DAWS; virtual effects, which provide audio effects like reverb, chorus or compression; and virtual MIDI, which enable the editing and manipulation of MIDI files.

The retail value of recording hardware, which includes interfaces that convert analog audio signals into a digital format, and a wide range of control surfaces designed to augment the conventional computer qwerty keyboard, were up 4.0% $210.0 million. Audio interfaces are the highest dollar-grossing product in this group and run the gamut from multi-input studio-quality interfaces that retail for $2,000 to entry-level products available for less than $100. Control surfaces include products that emulate the knobs and sliders of a conventional mixer, while others feature pads for triggering sounds and effects, along with numerous other unique variants. The line between software and hardware is blurring, courtesy of a growing number of "all-in-one" solutions that combine an interface and rudimentary software in a single package.

New, feature-laden products enhanced hard-disk recorder sales in 2025, with their estimated retail value increasing 9.0% to $18.0 million. These new units work seamlessly with DAWs and boast high-quality audio interfaces. Rack-mounted effects processors were up slightly this year, with an estimated retail value increasing 1.5% to $68.0 million. The growth was driven by demand for high-quality compressor units. Estimated retail value for handheld recorders declined 7.8% to $40.9 million.

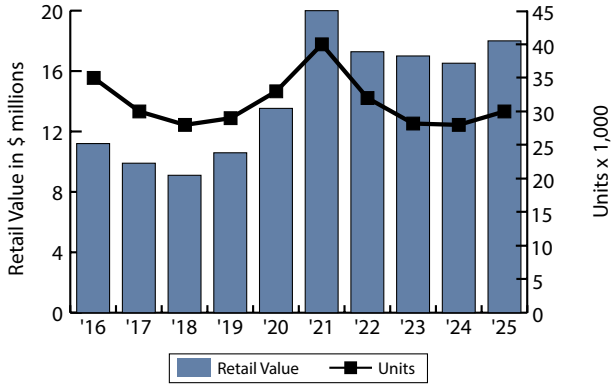
*Multi-Track*

Retail Value Market Share



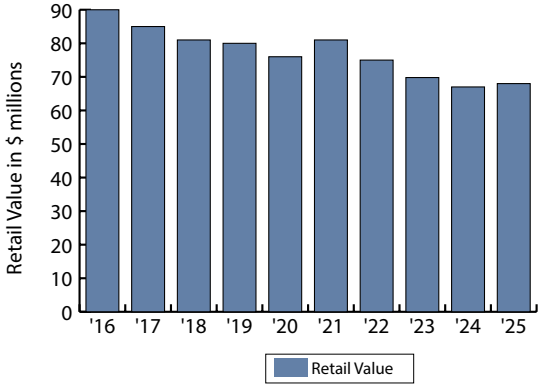
*Recording and Computer Music Market, continued*

### Hard Disk Multi-Track Recorders




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 8.96% | 7.14% | 1.69% |
| 10-Year Trend | 60.71% | -14.29% | 87.50% |

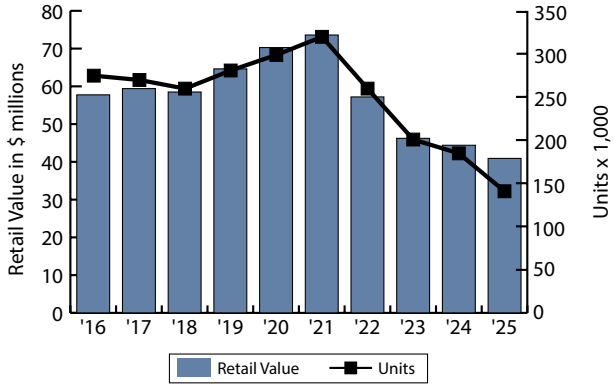
### Rack-Mounted Processors




| | Retail |
|---|---|
| 2025 Summary | 1.49% |
| 10-Year Trend | -24.44% |

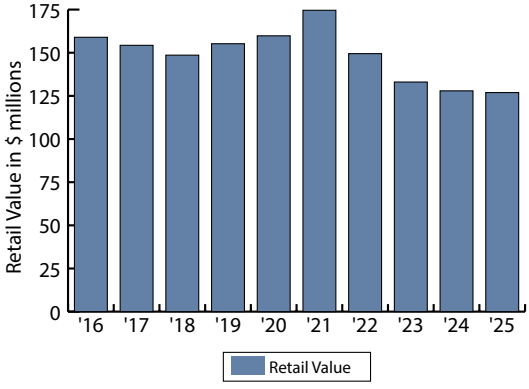
Rack-Mounted Processors category includes compressors, limiters, pre-amps, EQs and multi-effects.

### Hand-Held Digital Recorders




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -7.84% | -23.73% | 20.83% |
| 10-Year Trend | -29.14% | -48.69% | 38.10% |

### Total Multi-Track Sales

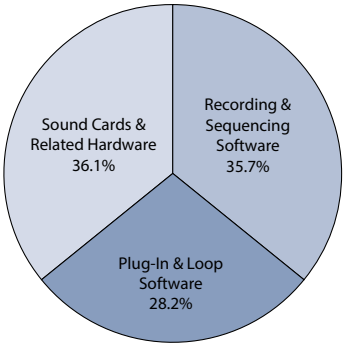



| | Retail |
|---|---|
| 2025 Summary | -0.78% |
| 10-Year Trend | -20.15% |

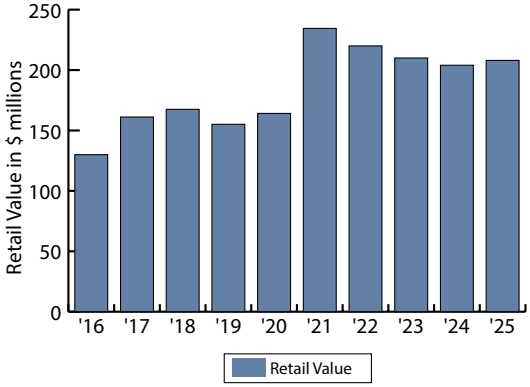
## *Recording and Computer Music Market, continued*

### *Computer Music*

#### Retail Value Market Share



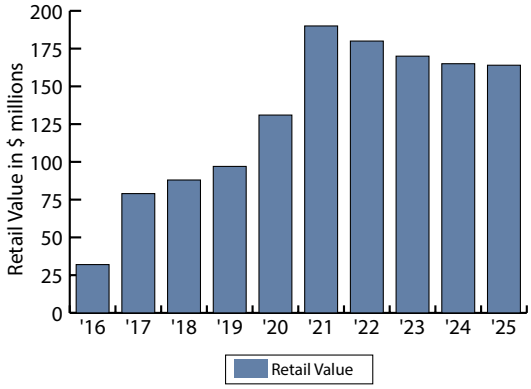

#### Recording & Sequencing Software




| | Retail |
|---|---|
| 2025 Summary | 1.96% |
| 10-Year Trend | 60.00% |

Data restated in 2021 by *The Music Trades* for 2017 to 2020, to reflect the increasingly important role of manufacturer-direct sales to the consumer. Prior figures captured sales only through the retail channel.

#### Plug-In & Loop Software

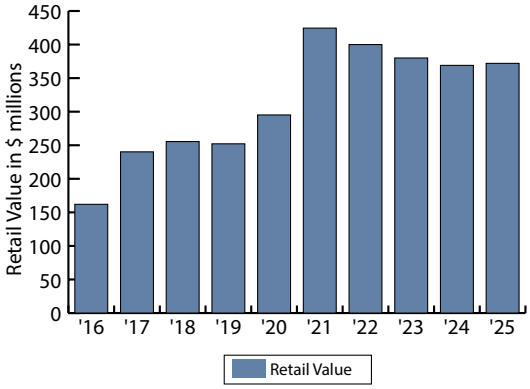



| | Retail |
|---|---|
| 2025 Summary | -0.61% |
| 10-Year Trend | 412.50% |

Plug-In & Loop Software category includes signal processing effects, tune-correction software and mastering programs.

Data restated in 2021 by *The Music Trades* for 2017 to 2020, to reflect the increasingly important role of manufacturer-direct sales to the consumer. Prior figures captured sales only through the retail channel.

#### Total Software



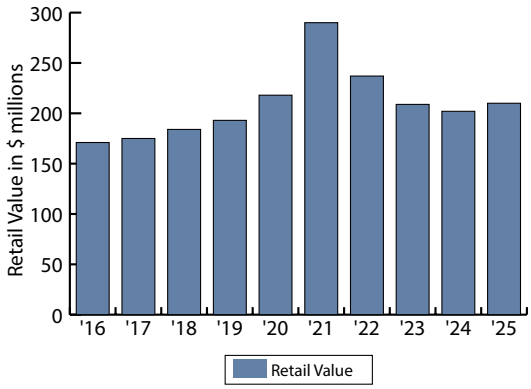

| | Retail |
|---|---|
| 2025 Summary | 0.81% |
| 10-Year Trend | 129.63% |

Total Software includes recording software packages, virtual instruments, sampling software and educational software.

Data restated in 2021 by *The Music Trades* for 2017 to 2020, to reflect the increasingly important role of manufacturer-direct sales to the consumer. Prior figures captured sales only through the retail channel.

*Recording and Computer Music Market, continued*

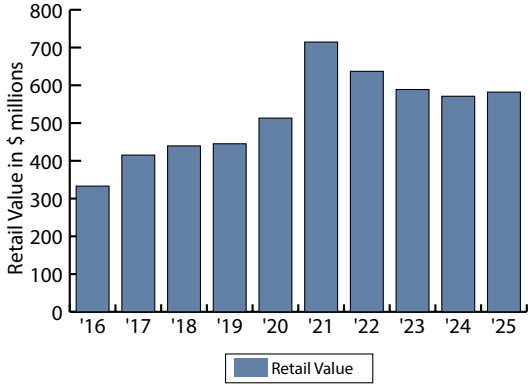
Computer Music Hardware




| | Retail |
|---|---|
| 2025 Summary | 3.96% |
| 10-Year Trend | 22.81% |

Computer Music Hardware category includes interfaces, digital audio work stations (DAWS) and other USB-enabled hardware.

Total Computer Music Market




| | Retail |
|---|---|
| 2025 Summary | 1.93% |
| 10-Year Trend | 74.77% |

Data restated in 2021 by *The Music Trades* for 2017 to 2020, to reflect the increasingly important role of manufacturer direct sales to the consumer. Prior figures captured sales only through the retail channel.

# Electronic Music Market

*Includes keyboard synthesizers, controller keyboards, electronic pianos, rhythm machines and electronic drums*

**10-Year Growth Rate: +2.5%**

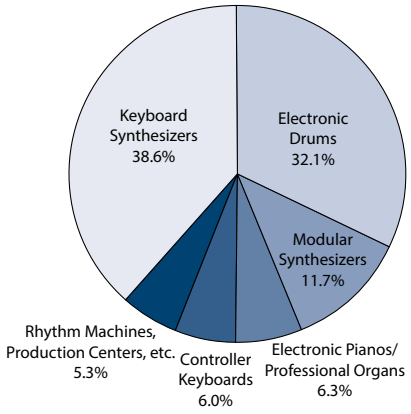
The electronic musical instrument category had a down year in 2025, with estimated retail values declining 1.4% to $320.6 million. It's difficult to pinpoint the exact cause of the decline, but there are some likely reasons. Demand for electronic musical products, along with most other instruments, enjoyed an unprecedented run during the pandemic. The subsequent falloff as life returned to normal is not unexpected. Dedicated musical hardware—keyboards, electronic drums and drum machines—also face competition from laptops loaded with virtual synths offering similar functionality and in some cases, greater versatility. Economics and demographics have also played a role. Members of Gen Z (born 1997–2012) and Gen Alpha (born 2013–2024) are the primary audience for musical styles such as techno, progress house, phonk, dubstep and most other electronic genres that rely on these products. The economic stress of these groups, facing a weak entry-level job market and substantial college debt, very likely crimped discretionary spending in this category.

Shipments of keyboard synthesizers declined 13.4% to 97,000 units in 2025, with an estimated retail value of $123.7 million. The decline in modular synths was a more modest 7.1% to an estimated retail value of $37.4 million. Rhythm machines and other production centers advanced 6.9% to an estimated retail value of $19.4 million. Keyboard controllers continued to decline, with units off 10.9% to 90,000 and an estimated retail value of $17.1 million.

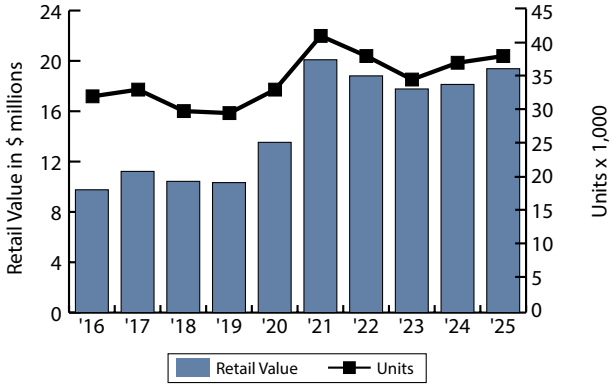
Electronic percussion was a bright spot with estimated retail value advancing 4.0% to $103 million. These products continue to erode the sales of conventional percussion instruments.

*Electronic Music Market, continued*

Retail Value Market Share

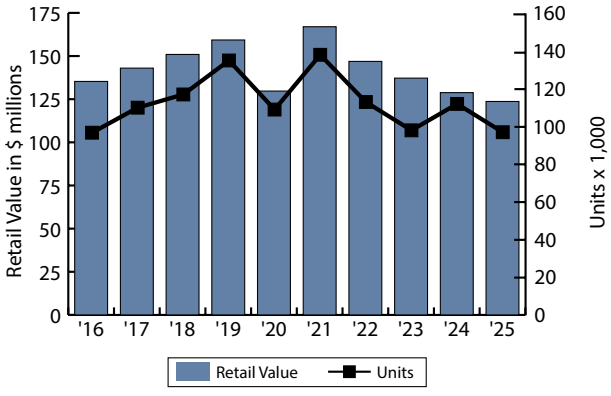



Rhythm Machines / Production Centers



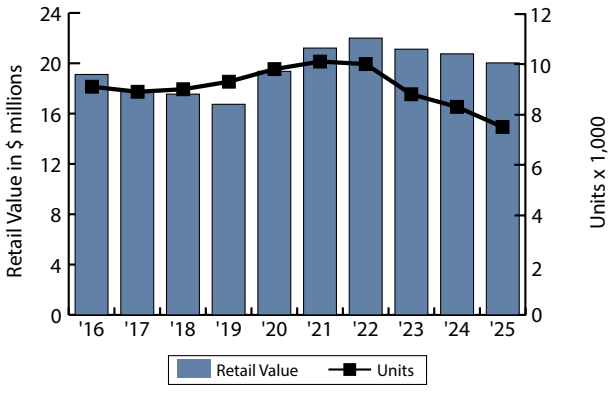

| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | 6.89% | 2.70% | 4.08% |
| 10-Year Trend | 98.57% | 18.75% | 67.21% |

Keyboard Synthesizers




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -3.98% | -13.39% | 10.87% |
| 10-Year Trend | -8.59% | 0.26% | -8.82% |

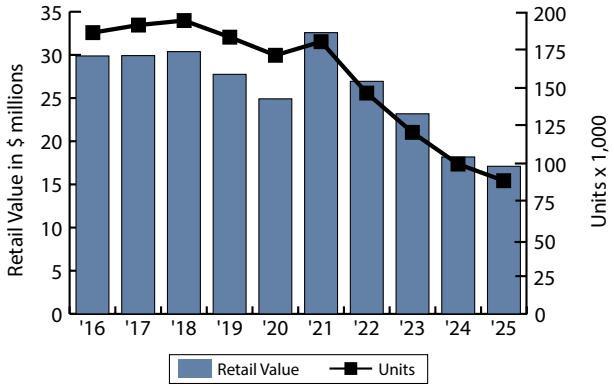
Electronic Pianos / Professional Organs




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -3.49% | -9.64% | 6.80% |
| 10-Year Trend | 4.79% | -17.58% | 27.14% |

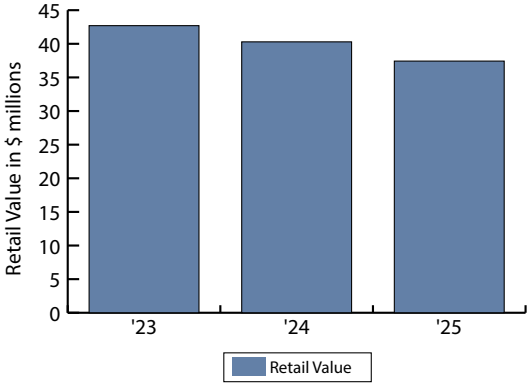
*Electronic Music Market, continued*

Controller Keyboards



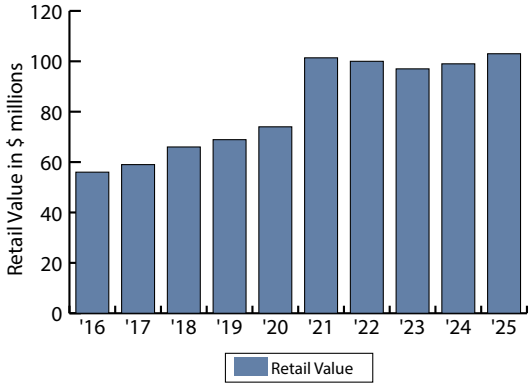

| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -5.94% | -10.89% | 5.56% |
| 10-Year Trend | -42.76% | -52.13% | 19.56% |

Modular Synthesizers



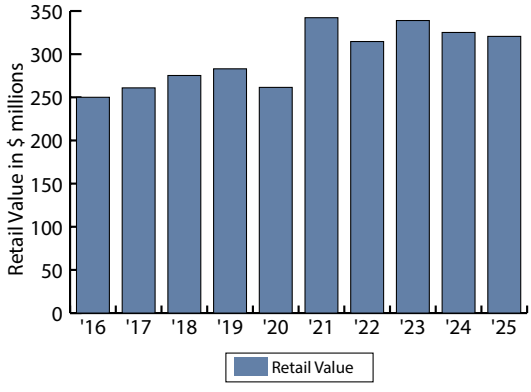

| | Retail |
|---|---|
| 2025 Summary | -7.09% |
| 3-Year Trend | -12.38% |

Electronic Drums




| | Retail |
|---|---|
| 2025 Summary | 4.04% |
| 10-Year Trend | 83.93% |

Total Electronic Music Sales




| | Retail |
|---|---|
| 2025 Summary | -1.40% |
| 10-Year Trend | 28.33% |

A new categoy, Modular Synthesizers, was added in 2025, starting with 2023 data.

# Print Music Market

*Includes method books, instructional materials, popular folios and related print music products*

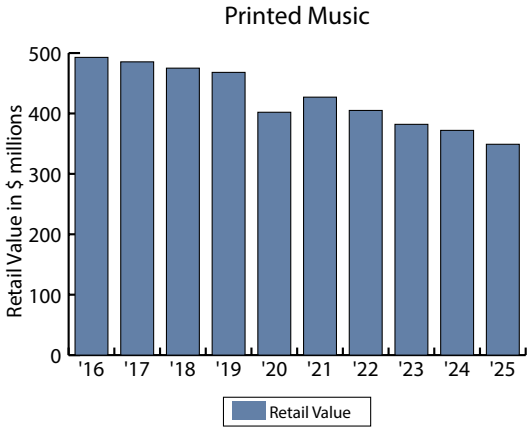
**10-Year Growth Rate: -3.5%**

The market for print music continues to trend down. The estimated retail value of method books; choral, band and orchestral scores; and popular music declined 6.2% to $349.0 million in 2025. This was mainly caused by technology. The same digital delivery systems that have impacted print newspapers, books and magazines have taken a similar toll on print music.

When the current generation of music makers is interested in learning a song or mastering a new technique, they turn to the internet instead of searching out a printed book. Data supports this. The popular Ultimate Guitar site has more than 60 million active users and records hundreds of millions of downloads annually. YouTube videos demonstrating how to play popular songs regularly rack up five million or more views. These views and downloads come at the expense of print sales. Similarly, those who once would purchase a book of songs by their favorite artist are now more likely to search online for relevant content. As a result, artist-themed books, once a major revenue generator, have dwindled in significance.

The cultural shift from the keyboard and to fretted instruments has also adversely impacted the sales of print music. Pianists, both classical and contemporary, depend heavily on method books and other forms of print music. Guitarists much less so—they gravitate toward tablature (readily available online) and playing by ear. The demographic trends adversely impacting school music programs, detailed elsewhere in this report, are also adversely impacting the sales of scores and method books for school band, orchestral and choral programs.

The emergence of Amazon as the top print retailer has compounded the market's woes. Brick-and-mortar retailers, unable to match the online giant's inventory and convenience, have scaled back their print offerings, which has had a negative impact on impulse purchases.




| | Retail |
|---|---|
| 2025 Summary | -6.18% |
| 10-Year Trend | -29.18% |

# Portable Keyboard Market

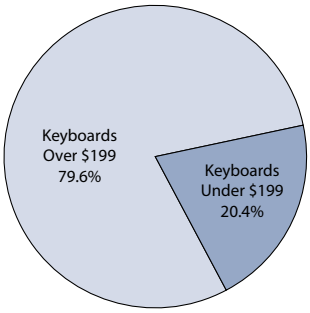
**10-Year Growth Rate: -4.7%**

The portable keyboard market continued to decline in 2025, with shipments down 18.1% to 397,000 units and an estimated retail value of $105.0 million. This continues a long-term trend: portable unit volumes in 2025 are less than a third of 2010 levels.

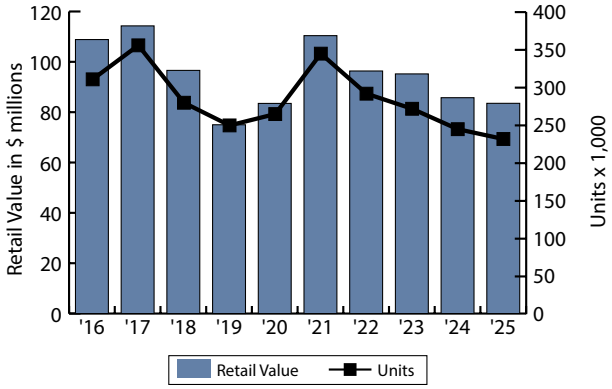
Keyboards priced at under $199 retail were hardest hit, posting a 31.3% shipment decline to 165,000 units. The shipments of keyboard priced over $199 retail were off only 5.3%, to 232,000 units. The sales of higher-priced portables are being pressured by entry-level digital pianos that offer more features for a slightly higher price. Lower-priced units now compete with the often-free keyboard and beat machine smartphone apps that attract casual music makers. They have also lost much of novelty that once drove fourth-quarter impulse purchases.

The biggest recent change in the portable market has been the emergence of new participants. Chinese OEM manufacturers have entered the market, relying on Amazon fulfillment and offering lower pricing. Their gains have come at the expense of market pioneers Yamaha and Casio.

Retail Value Market Share

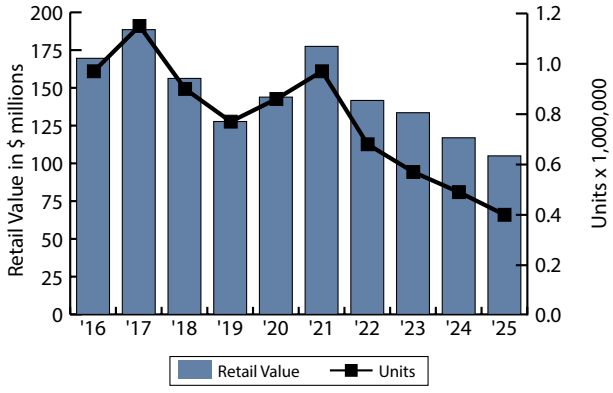



Keyboards Over $199



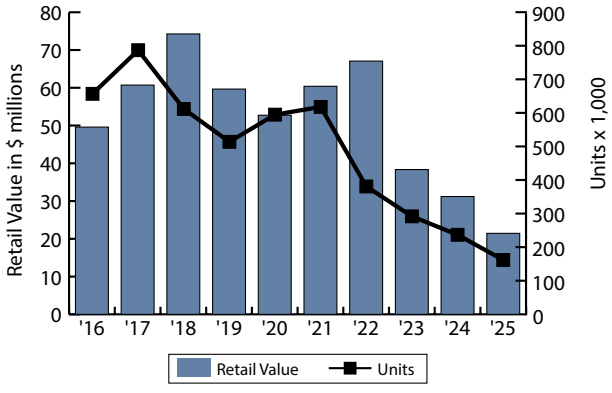

| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -2.60% | -5.31% | 2.86% |
| 10-Year Trend | -23.27% | -25.40% | 2.86% |

Total Portable Keyboards




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -10.24% | -18.14% | 9.65% |
| 10-Year Trend | -38.10% | -59.11% | 51.41% |

Keyboards Under $199




| | Retail | Unit | Average Price |
|---|---|---|---|
| 2025 Summary | -31.25% | -31.25% | 0.00% |
| 10-Year Trend | -64.64% | -75.00% | 41.30% |

# General Accessory Market

*Includes cases, stands, tuners, metronomes, straps, reeds, mouthpieces, care kits, harmonicas, replacement parts and various other small goods*

**10-Year Growth Rate: +2.0%**

Shipments of accessory products outpaced the general industry, with estimated retail value advancing 2.2% to $700.0 million. The category includes a broad range of products for a multitude of applications: cases, tuners, stands, straps, reeds and maintenance products, as well as harmonicas and musical novelty items. Such diversity doesn't lend itself to many generalizations. However, it's safe to say that accessory sales have historically been less impacted by fluctuations in the economy than most other product categories.

Many of the best-selling accessory products have been available unchanged for decades. However, creative entrepreneurs still come up with sales-generating innovations. Guitar cases with Bluetooth-controlled humidifiers, stands that accommodate new recording devices, and various foot-operated page turners are some of the recent products that have propelled category performance.

The distribution of accessory products is in a state of flux. Customers shifting their string, strap and case purchases to Amazon have deprived conventional brick-and-mortar retailers of a key profit center and accelerated the consolidation of the retail network. Compounding retailers' woes, a growing number of top branded manufacturers are now tough competitors. They place their inventory in Amazon distribution centers and allow the online giant to handle direct-to-consumer sales and payment processing.




| | Retail |
|---|---|
| 2025 Summary | 2.19% |
| 10-Year Trend | 20.91% |

# MUSIC AND SOUND U.S. INDUSTRY SUMMARY

The purpose of the following data is to provide a review of the 10-year trend of music products activities in the U.S. music industry. The data comes from information gathered by *The Music Trades* magazine over the past decade.

# IMPORTS AND EXPORTS

The import and export statistics are provided by the U.S. Census Bureau and offer a snapshot of U.S. music products import and export activities. This section also provides an overview of the countries where U.S. music products were exported, and the countries the United States imported music products from during 2025.

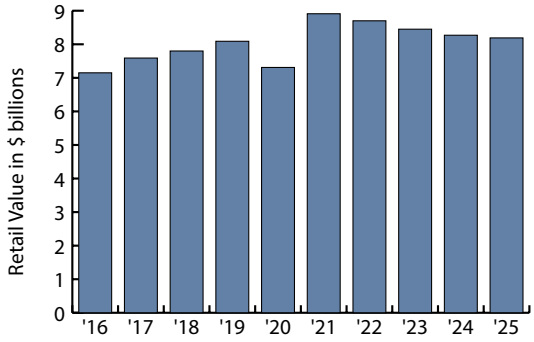
# U.S. INDUSTRY SUMMARY (in millions of dollars)

| Segment | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Acoustic Guitars | $681 | $740 | $820 | $862 | $957 | $1,092 | $1,042 | $976 | $835 | $768 |
| Acoustic Pianos | $336 | $357 | $363 | $408 | $266 | $403 | $478 | $415 | $314 | $297 |
| Cables | $158 | $159 | $161 | $164 | $149 | $155 | $157 | $160 | $163 | $165 |
| Computer Music Products | $333 | $415 | $440 | $445 | $513 | $715 | $637 | $589 | $571 | $582 |
| Digital Pianos | $179 | $193 | $191 | $183 | $187 | $257 | $265 | $216 | $234 | $238 |
| DJ Gear | $252 | $250 | $255 | $264 | $250 | $284 | $264 | $301 | $334 | $359 |
| Effects | $145 | $151 | $169 | $182 | $195 | $260 | $275 | $286 | $292 | $309 |
| Electric Guitars | $540 | $590 | $594 | $708 | $713 | $931 | $859 | $803 | $840 | $857 |
| Fretted Instrument Strings | $190 | $196 | $199 | $206 | $214 | $266 | $250 | $240 | $242 | $251 |
| General Accessories | $579 | $609 | $643 | $681 | $615 | $719 | $685 | $690 | $685 | $700 |
| Home Organs | $12 | $10 | - | - | - | - | - | - | - | - |
| Institutional Organs | $29 | $28 | $26 | $26 | $10 | $11 | $12 | $13 | $14 | $24 |
| Instrument Amplifiers | $153 | $149 | $152 | $154 | $162 | $210 | $200 | $188 | $169 | $152 |
| Karaoke Products | $17 | $17 | $18 | $17 | $20 | $28 | $29 | $24 | $20 | - |
| Keyboard Synthesizers | $135 | $143 | $151 | $159 | $130 | $167 | $147 | $137 | $129 | $124 |
| Microphones | $563 | $585 | $612 | $627 | $650 | $777 | $726 | $705 | $705 | $699 |
| Multi-Track Recorders | $159 | $154 | $149 | $155 | $160 | $175 | $149 | $133 | $128 | $127 |
| Other Electronic Products | $105 | $107 | $114 | $113 | $118 | $156 | $149 | $184 | $178 | $178 |
| Percussion | $377 | $373 | $373 | $375 | $306 | $345 | $345 | $344 | $335 | $320 |
| Portable Keyboards | $170 | $189 | $156 | $128 | $144 | $177 | $142 | $134 | $117 | $105 |
| Printed Music | $493 | $485 | $475 | $468 | $402 | $427 | $405 | $382 | $372 | $349 |
| Pro Audio | $828 | $826 | $845 | $853 | $463 | $539 | $596 | $674 | $721 | $756 |
| Rhythm Machines | $10 | $11 | $10 | $10 | $14 | $20 | $19 | $18 | $18 | $19 |
| Stringed Instruments | $125 | $132 | $132 | $126 | $86 | $109 | $127 | $128 | $124 | $116 |
| Ukuleles | $102 | $119 | $124 | $115 | $119 | $142 | $135 | $69 | $70 | $62 |
| Wind Instruments | $577 | $606 | $632 | $662 | $463 | $542 | $612 | $647 | $664 | $634 |
| **Industry Total (in millions)** | **$7,248** | **$7,595** | **$7,802** | **$8,091** | **$7,306** | **$8,907** | **$8,704** | **$8,454** | **$8,274** | **$8,191** |

# U.S. INDUSTRY SUMMARY – UNITS SOLD (in thousands)

| Segment | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Acoustic Guitars | 1,390 | 1,510 | 1,490 | 1,540 | 1,601 | 1,850 | 1,510 | 1,310 | 1,210 | 1,090 |
| Acoustic Pianos | 31 | 32 | 31 | 31 | 21 | 29 | 34 | 26 | 17 | 17 |
| Digital Pianos | 150 | 161 | 166 | 174 | 189 | 234 | 204 | 177 | 188 | 182 |
| DJ Mixers | 200 | 190 | 175 | 150 | 138 | 148 | 133 | 140 | 149 | 135 |
| Drum Kits | 135 | 131 | 123 | 125 | 106 | 111 | 105 | 99 | 95 | 89 |
| Effects | 1,395 | 1,460 | 1,537 | 1,527 | 1,395 | 1,698 | 1,605 | 1,611 | 1,640 | 1,595 |
| Electric Guitars | 1,070 | 1,123 | 1,090 | 1,253 | 1,140 | 1,490 | 1,210 | 1,030 | 1,200 | 1,150 |
| Home Organs | 1 | 1 | - | - | - | - | - | - | - | - |
| Institutional Organs | 1 | 1 | 1 | 1 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.3 |
| Instrument Amplifiers | 680 | 675 | 645 | 655 | 596 | 710 | 635 | 570 | 520 | 505 |
| Karaoke Machines | 84 | 86 | 86 | 85 | 97 | 125 | 126 | 100 | 97 | - |
| Keyboard Synthesizers | 97 | 110 | 117 | 135 | 109 | 138 | 113 | 98 | 112 | 97 |
| Portable Keyboards | 971 | 1,146 | 895 | 767 | 863 | 966 | 676 | 567 | 485 | 397 |
| Rhythm Machines | 32 | 33 | 30 | 30 | 33 | 41 | 38 | 35 | 37 | 38 |
| Stringed Instruments | 380 | 388 | 378 | 344 | 233 | 273 | 310 | 309 | 296 | 235 |
| Ukuleles | 1,400 | 1,750 | 1,765 | 1,602 | 1,490 | 1,706 | 1,500 | 700 | 710 | 610 |
| Wind Instruments | 611 | 622 | 603 | 603 | 407 | 443 | 490 | 493 | 489 | 444 |

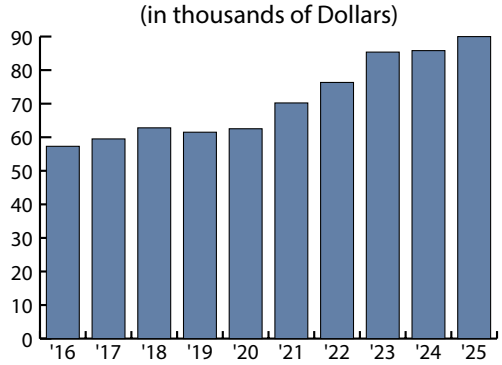
Industry Total




2024–25 ↓ 0.83% 10-Year ↑ 14.52%

Source: *The Music Trades*

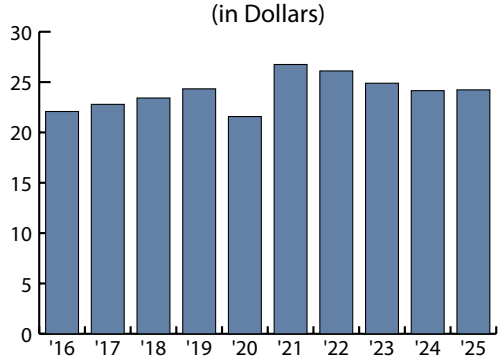
GDP Per Capita
(in thousands of Dollars)




2024–25 ↑ 4.87% 10-Year ↑ 57.05%

Source: International Monetary Fund

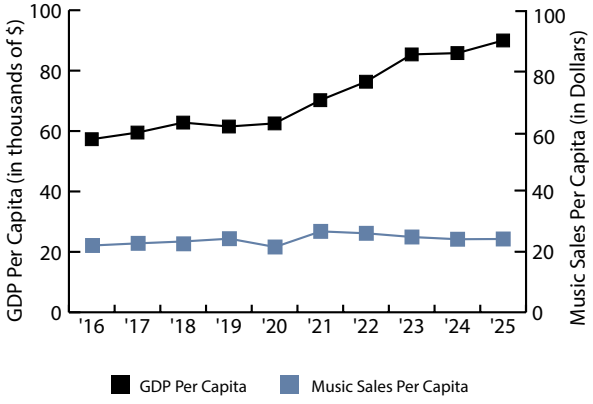
Music Sales Per Capita
(in Dollars)



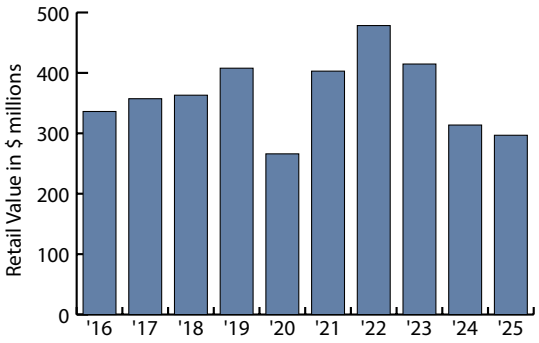

2024–25 ↑ 0.33% 10-Year ↑ 9.77%

Source: *The Music Trades*

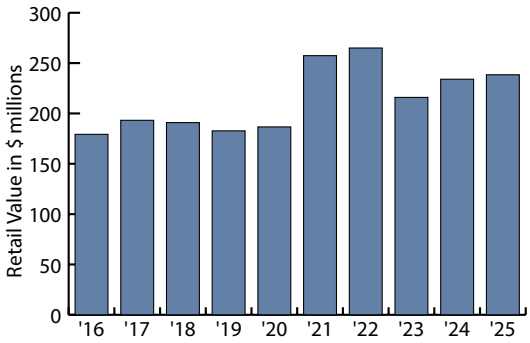
GDP Per Capita and Music Sales Per Capita



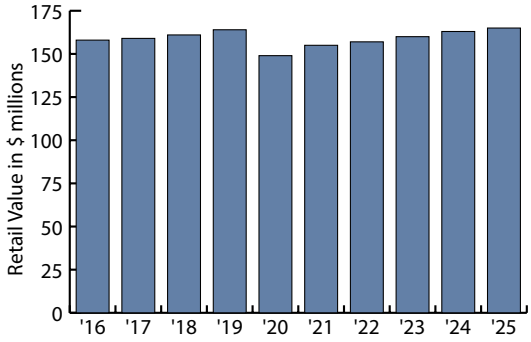
Acoustic Pianos



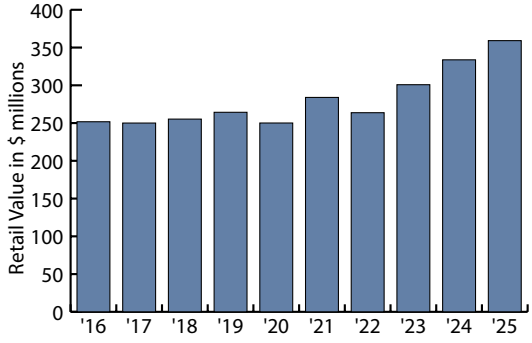

Digital Pianos



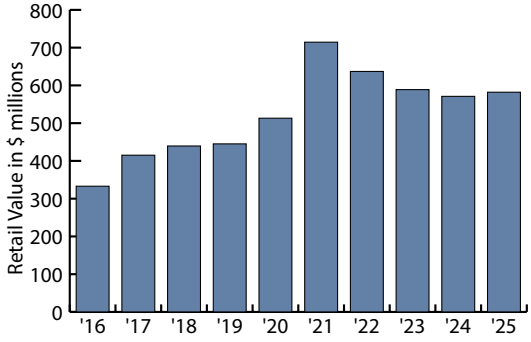

Cables



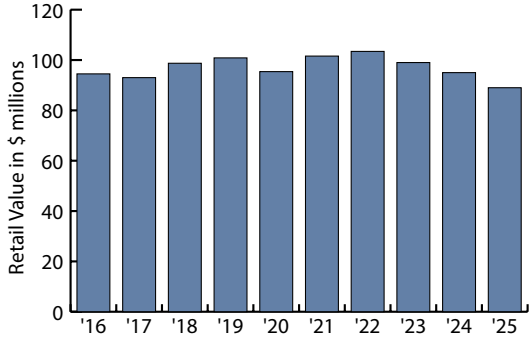

DJ Products



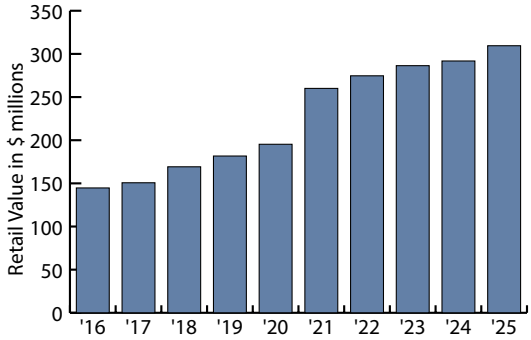

Computer Music Products



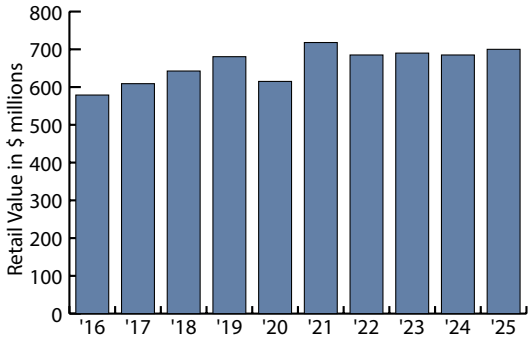

Drum Kits



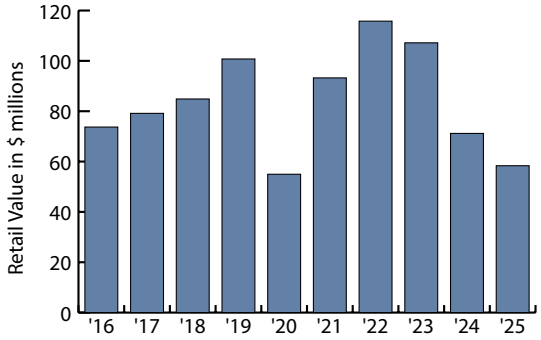
Effects



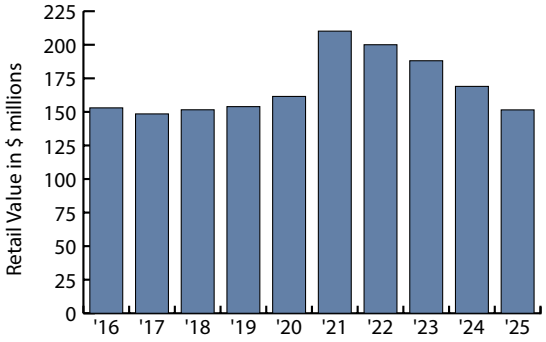

General Accessories



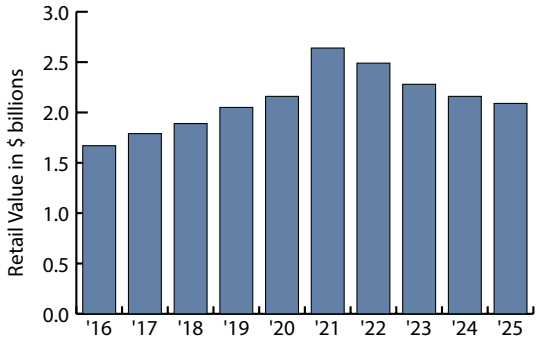

Electronic Player Pianos



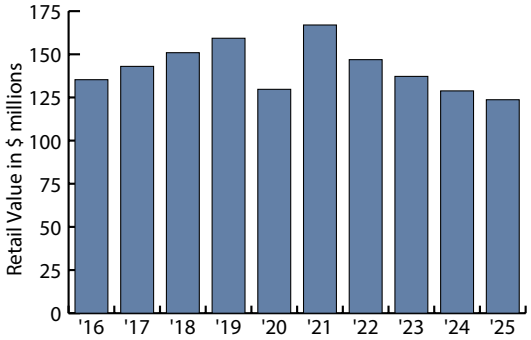

Instrument Amplifiers



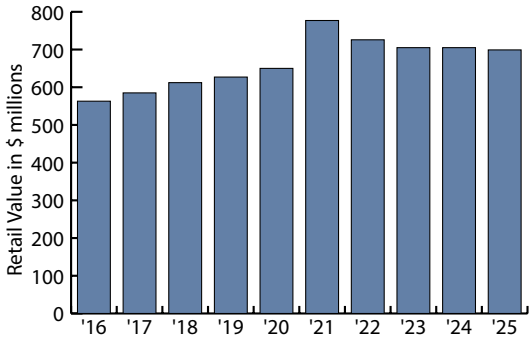

Fretted Instruments



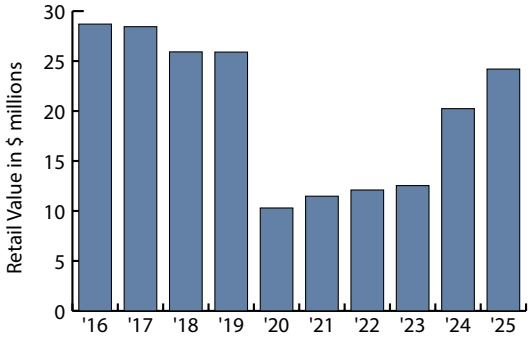

Keyboard Synthesizers



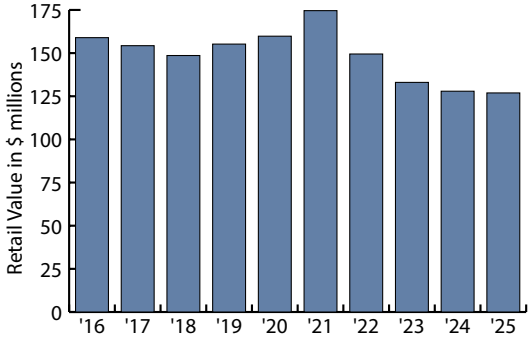
Microphones



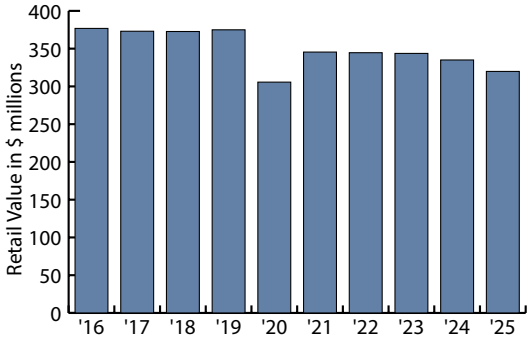

Organs (Institutional)



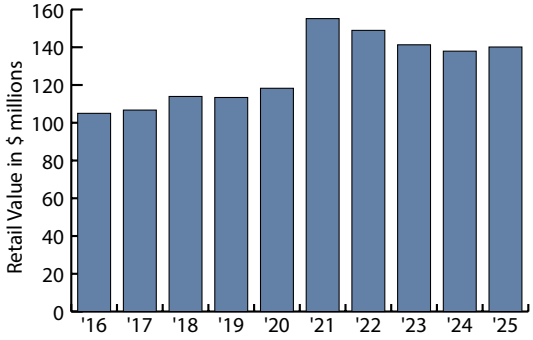

Multi-Track Products



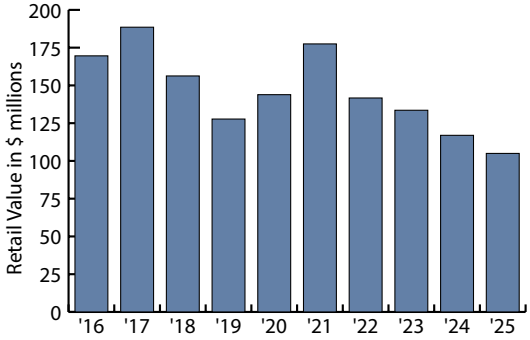

Percussion



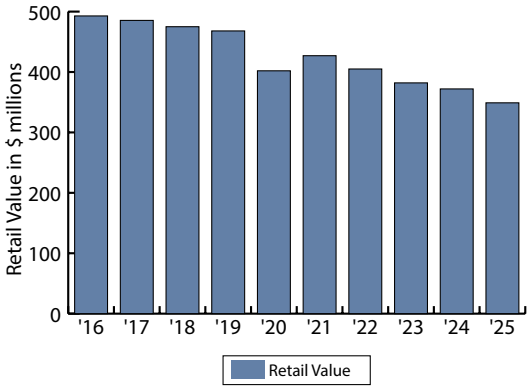

Other Electronic Products



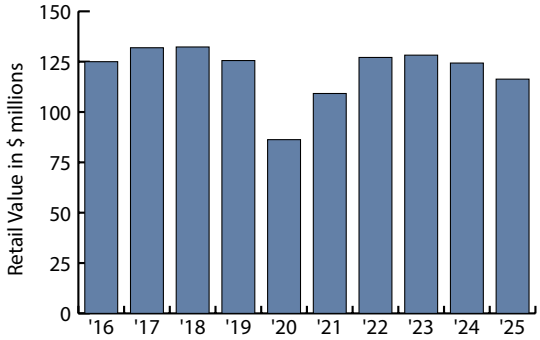

Portable Keyboards



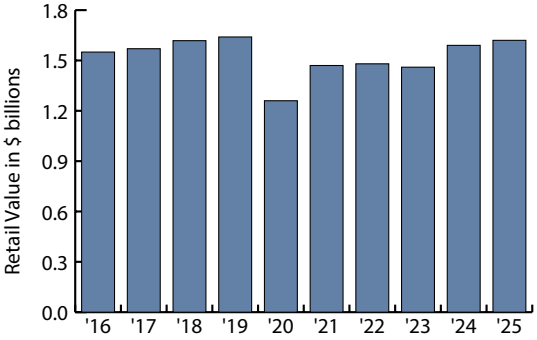
Printed Music



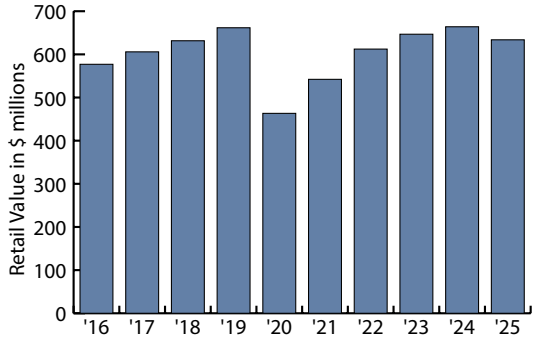

Stringed Instruments



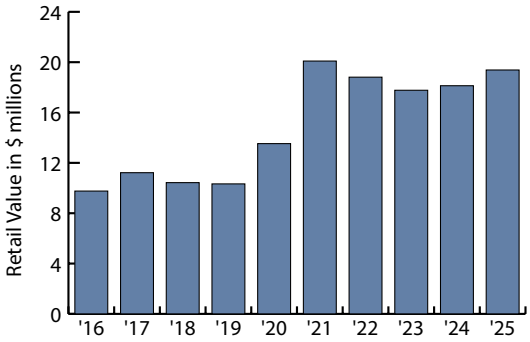

Pro Audio




Wind Instruments




Rhythm Machines / Production Centers



# U.S. IMPORTS OF MUSIC AND SOUND PRODUCTS

## 2025 Data

| Description | Commodity Code | Quantity | Value |
|---|---|---|---|
| Single Loudspeakers, Mounted in Their Enclosures | 851821000 | 43,570,960 | 841,546,752 |
| Multiple Loudspeakers, Mounted in the Same Enclosure | 851822000 | 25,680,926 | 1,809,313,345 |
| Headphones, Earphones, Microphone/Speaker, NESOI* | 851830200 | 344,384,820 | 6,376,415,031 |
| Audio Frequency Electric Amplifiers, NESOI* | 851840200 | 11,896,934 | 1,075,440,684 |
| Upright Pianos | 9201100011 | 8,008 | 23,889,626 |
| Grand Pianos | 9201200011 | 5,917 | 53,321,517 |
| Harpsichords and Other Keyboard Stringed Instruments, NESOI* | 9201900000 | 342 | 497,846 |
| Stringed Musical Instruments Played with a Bow | 9202100000 | 212,274 | 28,344,175 |
| Guitars Under $100, Excluding the Value of the Case | 9202902000 | 976,552 | 34,225,085 |
| Guitars, NESOI* | 9202904000 | 293,769 | 80,325,339 |
| Stringed Musical Instruments, NESOI* | 9202906000 | 617,957 | 21,300,835 |
| Brasswind Instruments Valued Not Over $10 Each | 9205100040 | 89,168 | 569,648 |
| Brasswind Instruments Valued Over $10 Each | 9205100080 | 172,259 | 77,468,964 |
| Keyboard Pipe Organs | 9205901200 | 254 | 4,296,018 |
| Keyboard Instruments, NESOI* | 9205901400 | 2,845 | 303,304 |
| Piano Accordions | 9205901500 | 20,508 | 7,717,089 |
| Accordions, NESOI* | 9205901800 | 27,646 | 8,350,923 |
| Mouth Organs | 9205901900 | 207,698 | 6,637,146 |
| Bagpipes | 9205902000 | 2,755 | 730,475 |
| Clarinets | 9205904020 | 63,967 | 22,297,379 |
| Saxophones | 9205904040 | 61,952 | 42,615,732 |
| Flutes and Piccolos (Except Bamboo) | 9205904060 | 54,136 | 18,952,674 |
| Woodwind Instruments, NESOI* | 9205904080 | 1,770,855 | 8,117,358 |
| Wind Instruments, NESOI* | 9205906000 | 330,181 | 5,872,369 |
| Drums | 9206002000 | 633,267 | 48,883,293 |
| Cymbals | 9206004000 | 228,162 | 18,247,042 |
| Sets of Tuned Bells, as Chimes, Peals or Carillions | 9206006000 | 134,663 | 4,658,700 |
| Percussion Musical Instruments, NESOI* | 9206008000 | 1,030,624 | 22,858,810 |
| Musical Synthesizers (Under $100 Each) | 9207100005 | 250,131 | 8,013,574 |
| Musical Synthesizers ($100 or Over Each) | 9207100010 | 74,207 | 41,126,548 |

*NESOI: Not Elsewhere Specified Or Indicated. Source: The U.S. Census Bureau, 2025

# U.S. IMPORTS OF MUSIC AND SOUND PRODUCTS

## 2025 Data

| Description | Commodity Code | Quantity | Value |
|---|---|---|---|
| Keyboard Instrument (More Than 1 Keyboard $200 or Over) | 9207100055 | 4,152 | 3,850,804 |
| Keyboard Instrument (More Than 1 Keyboard Hand-Held) | 9207100060 | 20,895 | 508,034 |
| Keyboard Instrument Except Accordions (1 Keyboard Under $100) | 9207100065 | 550,248 | 19,041,097 |
| Keyboard Instrument Except Accordions (1 Keyboard $100 or Over) | 9207100075 | 306,590 | 119,866,526 |
| Fretted Stringed Instruments | 9207900040 | 1,599,450 | 277,825,589 |
| Musical Instruments, Electrically Amplified, NESOI* | 9207900080 | 612,084 | 64,398,080 |
| Music Boxes | 9208100000 | 2,735,632 | 15,132,070 |
| Other Musical Instruments | 9208900040 | 97,355 | 371,116 |
| Mouth-Blown Sound Signalling Instruments, NESOI* | 9208900080 | 9,179,600 | 4,755,236 |
| Musical Instrument Strings | 9209300000 | 3,807,279 | 22,199,967 |
| Tuning Pins for Pianos | 9209914000 | 3,955 | 340,245 |
| Parts and Accessories for Pianos, NESOI* | 9209918000 | 524,509 | 7,832,201 |
| Mutes, Stands and Music Holders of Stringed Instruments | 9209922000 | 1,661,879 | 5,317,248 |
| Tuning Pins for Stringed Instruments | 9209924000 | 2,909 | 2,445,432 |
| Parts of Bows, Chin Rest and Parts for Instruments Played with Bow | 9209926000 | 776,138 | 9,629,429 |
| Parts and Accessories for Stringed Instruments, NESOI* | 9209928000 | 4,874,161 | 20,598,314 |
| Collapsible Keyboard Instrument Stands | 9209944000 | 1,176,420 | 11,461,098 |
| Other Parts and Accessories for Keyboard Instruments | 9209948000 | 57,666,919 | 70,921,914 |
| Metronomes, Tuning Forks and Pitch Pipes | 9209990500 | 1,796,143 | 2,600,787 |
| Mutes, Pedals, Dampers, and Spurs for Drums Pedals | 9209991000 | 1,505,062 | 27,267,185 |
| Parts and Accessories for Pipe Organs | 9209991600 | 2,714,508 | 3,424,711 |
| Parts and Accessories for Harmoniums and Similar Keyboard Instruments | 9209991800 | 1,375 | 39,489 |
| Parts and Accessories for Bagpipes | 9209992000 | 704,159 | 1,492,086 |
| Parts and Accessories for Woodwind Instruments | 9209994040 | 9,070,407 | 13,137,765 |
| Parts and Accessories for Other Wind Instruments | 9209994080 | 4,762,072 | 7,876,089 |
| Mechanisms for Music Boxes | 9209996100 | 60,248 | 154,488 |
| Parts and Accessories for Musical Instruments, NESOI* | 9209998000 | 7,196,561 | 24,374,825 |

| | 2025 | 2024 | Difference | % Change |
|---|---|---|---|---|
| Import Values | $11,430,278,529 | $12,853,089,490 | -$1,422,810,961 | -11.1% |
| Export Values | $3,635,146,544 | $3,704,813,837 | -$69,667,293 | -1.9% |

*NESOI: Not Elsewhere Specified Or Indicated. Source: The U.S. Census Bureau, 2025

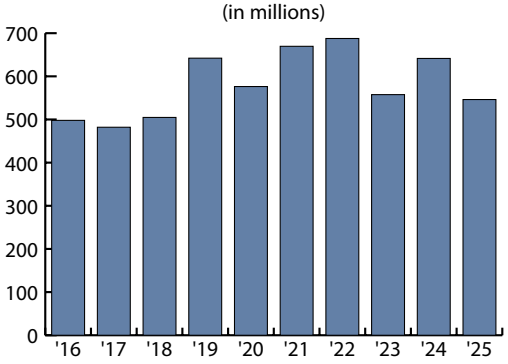
# U.S. EXPORTS OF MUSIC AND SOUND PRODUCTS

## 2025 Data

| Description | Commodity Code | Quantity | Value |
|---|---|---|---|
| Microphones and Stands | 8518100000 | 15,899,271 | 257,462,209 |
| Single Loudspeakers, Mounted in Their Enclosures | 8518210000 | 13,752,862 | 318,591,686 |
| Loudspeakers, NESOI* | 8518290000 | 28,142,822 | 393,538,393 |
| Headphones, Earphones, Microphones/Speakers, NESOI* | 8518302000 | 14,844,496 | 1,038,722,703 |
| Audio Frequency Electric Amplifiers, NESOI* | 8518402000 | 2,534,196 | 484,219,024 |
| Electric Sound Amplifier Sets | 8518500000 | 288,285 | 98,361,693 |
| Microphone, Loudspeaker and Amplifier Parts | 8518903000 | 87,261,378 | 204,825,110 |
| Upright Pianos | 9201100000 | 821 | 2,368,260 |
| Grand Pianos | 9201200000 | 1,217 | 17,984,086 |
| Harpsichords And Other Keyboard String Inst, NESOI* | 9201900000 | 457 | 635,680 |
| Stringed Musical Instruments, Played with a Bow | 9202100000 | 4,483 | 4,925,998 |
| Guitars | 9202903000 | 162,359 | 130,327,507 |
| Stringed Musical Instruments, NESOI* | 9202906000 | 55,964 | 11,856,131 |
| Brasswind Instruments | 9205100000 | 12,286 | 15,639,119 |
| Woodwind Instruments, NESOI* | 9205901000 | 27,311 | 14,845,003 |
| Keyboard, Pipe Organs, Etc., with Free Metal Reeds | 9205901300 | 695 | 2,393,993 |
| Accordions and Similar Instruments | 9205901600 | 703 | 180,108 |
| Mouth Organs | 9205901900 | 1,503 | 167,305 |
| Wind Instruments, NESOI* | 9205906000 | 49,024 | 1,631,406 |
| Percussion Musical Instruments | 9206000000 | 1,316,858 | 62,915,482 |
| Music Synthesizers, Other Than Accordions | 9207100020 | 21,897 | 13,153,164 |
| Keyboard Instruments, Other Than Accordians, NESOI* | 9207100080 | 22,943 | 8,474,964 |
| Fretted Stringed Instruments | 9207900040 | 364,355 | 244,619,683 |
| Musical Instruments, Electrically Amplified, NESOI* | 9207900080 | 233,904 | 45,131,122 |
| Music Boxes | 9208100000 | 58,472 | 5,210,056 |
| Mouth-Blown Sound Signalling Instruments, NESOI* | 9208900080 | 353,487 | 7,513,036 |
| Musical Instrument Strings | 9209300000 | 24,943,893 | 101,485,302 |
| Parts and Accessories for Pianos | 9209910000 | 80,198 | 7,298,469 |
| Parts and Accessories for Stringed Instruments | 9209920000 | 3,973,451 | 40,533,815 |
| Parts and Accessories for Keyboards | 9209940000 | 4,231,586 | 63,243,574 |
| Metronomes, Tuning Forks and Pitch Pipes | 9209990500 | 112,153 | 1,288,840 |
| Other Parts and Accessories | 9209997000 | 2,851,480 | 35,603,623 |

*NESOI: Not Elsewhere Specified Or Indicated. Source: The U.S. Census Bureau, 2025

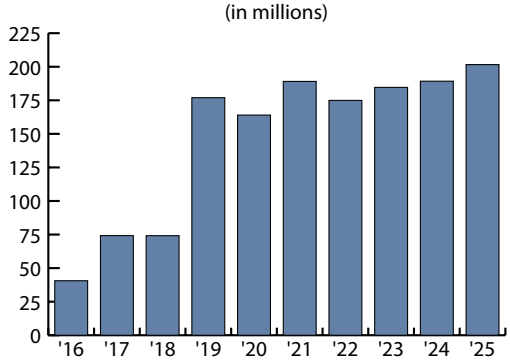
Number of Import Units
(in millions)




| | | |
|---|---|---|
| '24– '25 Change | ↓ | 14.8% |
| 5-Year Change | ↓ | 18.4% |

In 2019, the Census Bureau began reporting unit values on 8 categories for which they previously only reported dollar values.

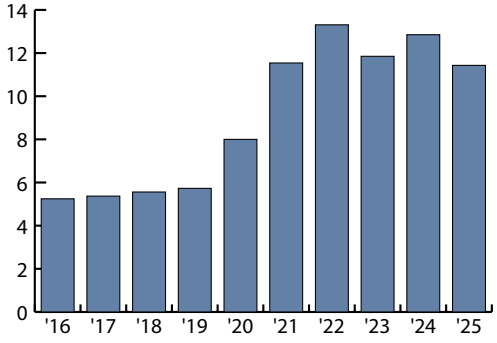
Number of Export Units
(in millions)




| | | |
|---|---|---|
| '24 – '25 Change | ↑ | 6.5% |
| 5-Year Change | ↑ | 6.6% |

In 2019, the Census Bureau began reporting unit values on 5 categories for which they previously only reported dollar values.

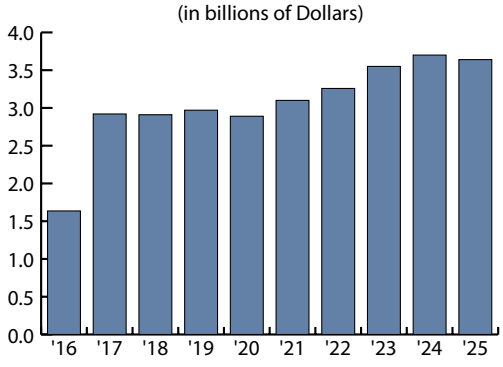
Value of U.S. Imports
(in billions of Dollars)




| | | |
|---|---|---|
| '24 – '25 Change | ↓ | 11.1% |
| 5-Year Change | ↓ | 0.9% |

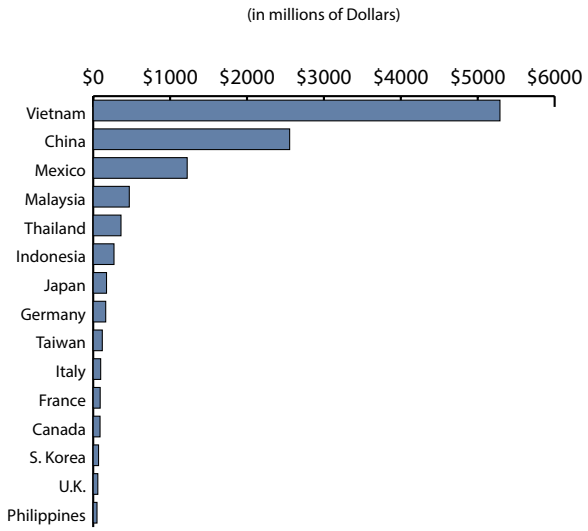
In 2020, the Census Bureau began reporting a significant increase in imports from Vietnam and China for commodity code 8518302000/headphones, earphones, microphones/speakers, NESOI.

Value of U.S. Exports
(in billions of Dollars)

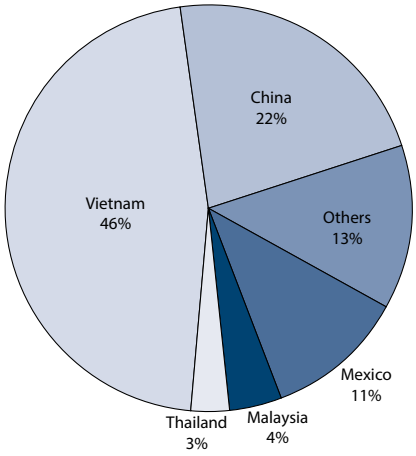



| | | |
|---|---|---|
| '24 – '25 Change | ↓ | 1.9% |
| 5-Year Change | ↑ | 17.1% |

## Top 15 Sources of Music Product Imports to the U.S.



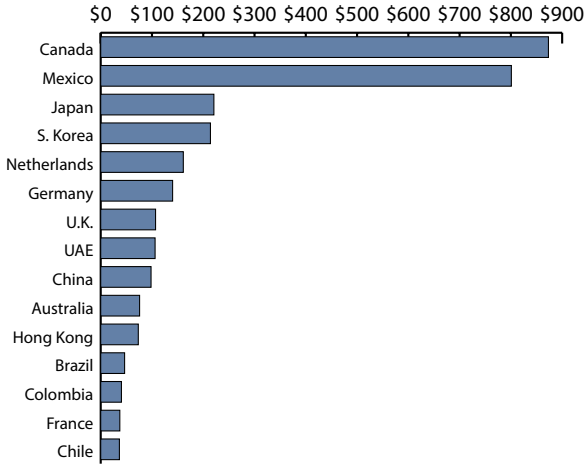

## Import Value



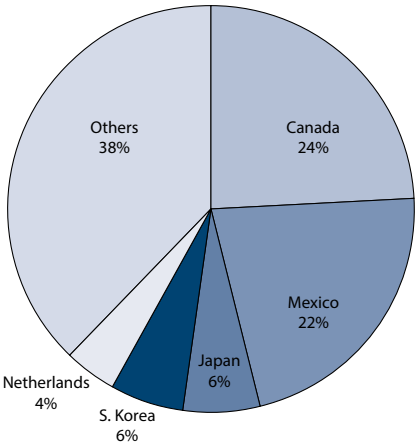

The United States imported music products from a total of 113 countries in 2025.

## Top 15 U.U.S. Music Product Export Destinations

(in millions of Dollars)

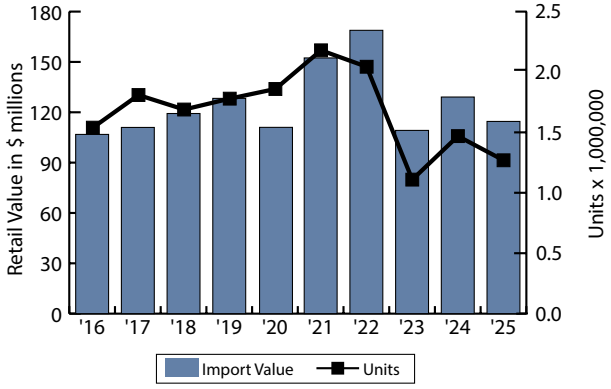



## Export Value

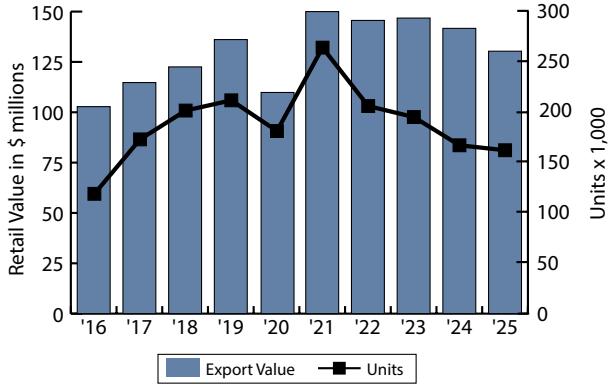



The United States exported music products to a total of 190 countries in 2025.

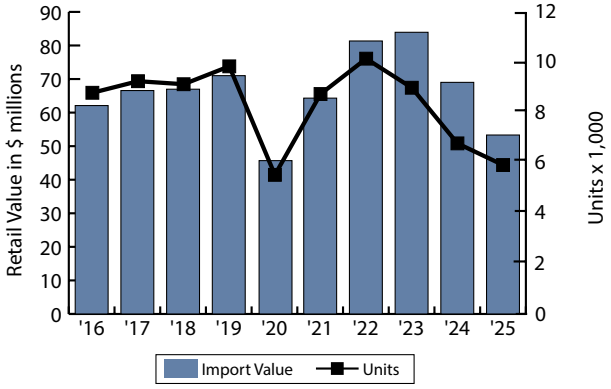
Guitar Imports



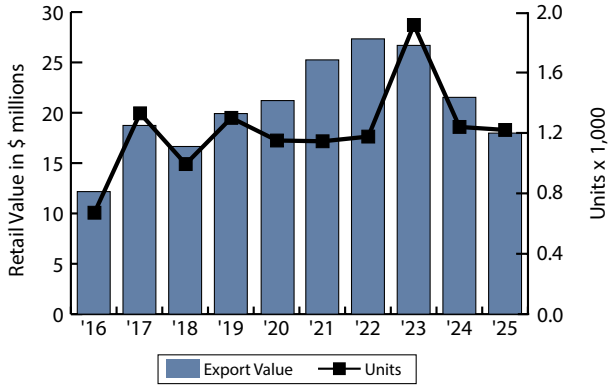

Guitar Exports



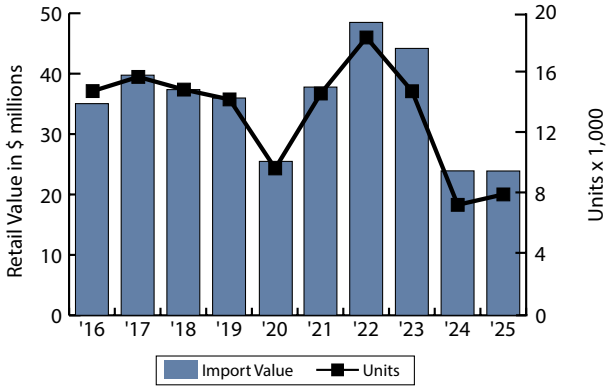

Grand Piano Imports



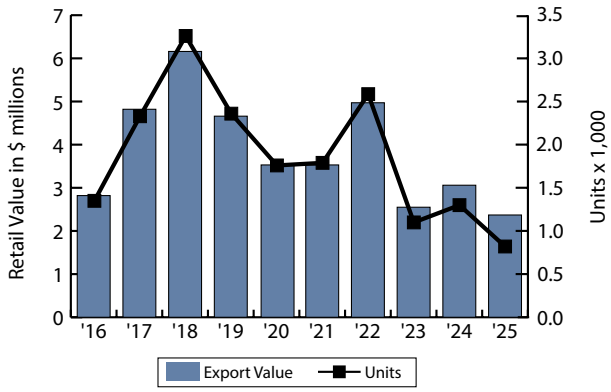

Grand Piano Exports



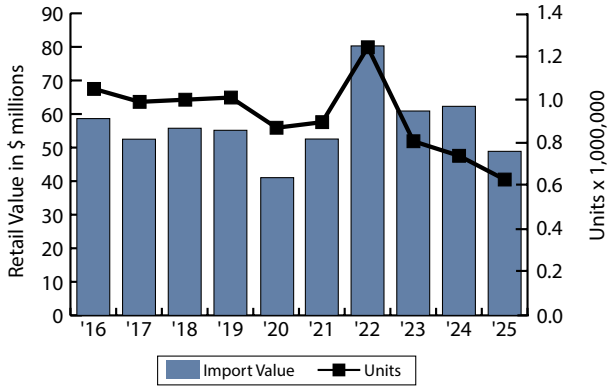

Upright Piano Imports



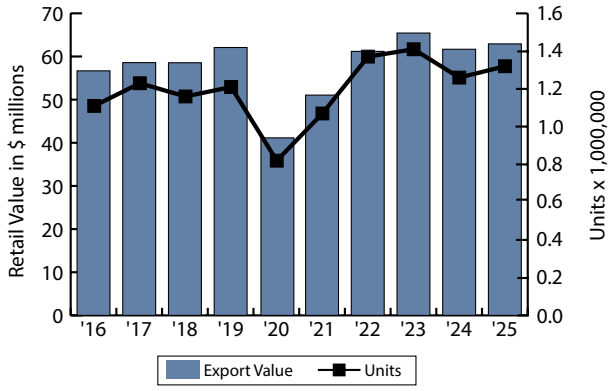

Upright Piano Exports



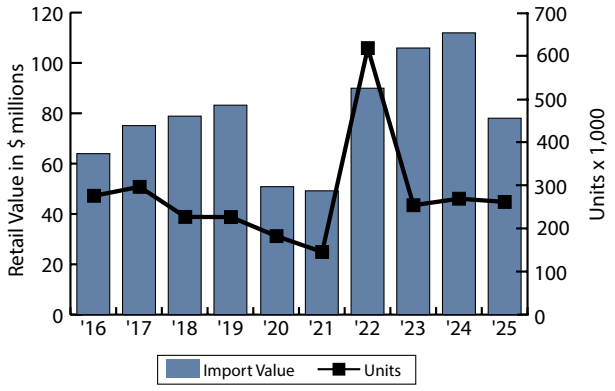
Drum & Percussion Imports



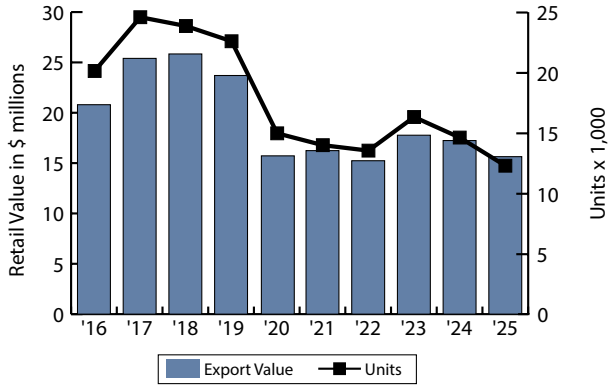

Drum & Percussion Exports



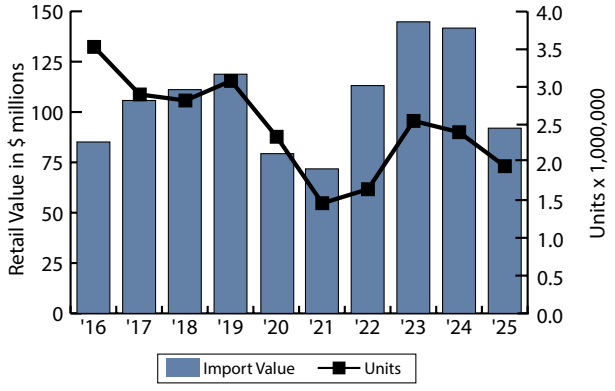

Brasswind Imports



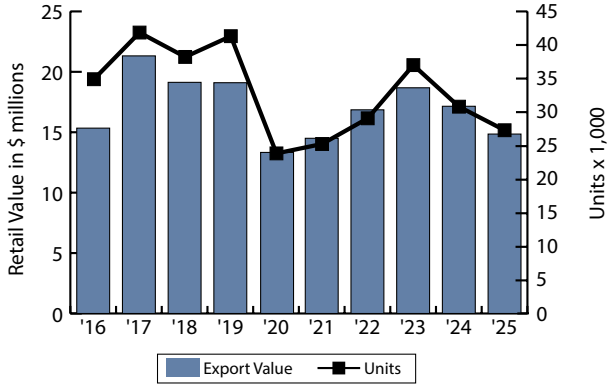

Brasswind Exports




Woodwind Imports




Woodwind Exports

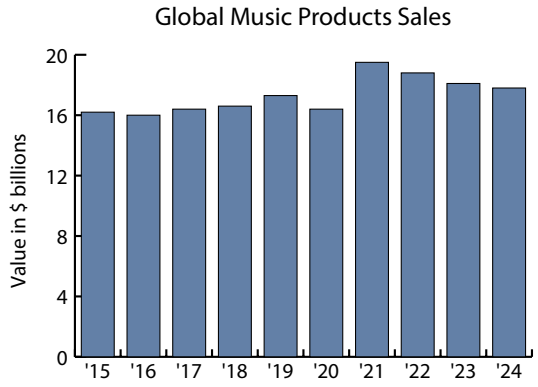


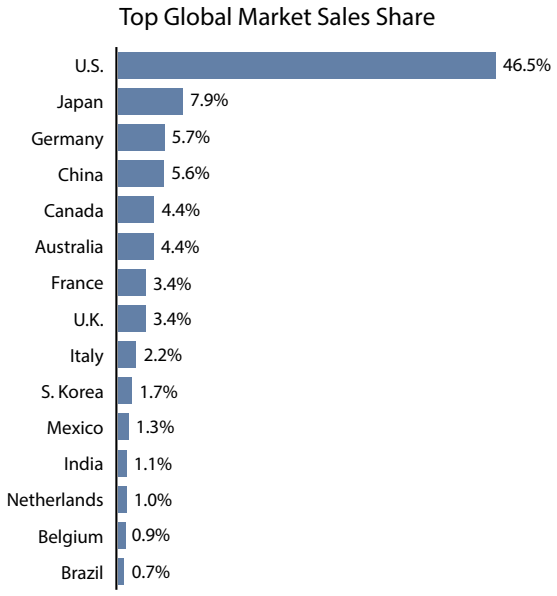
# INTERNATIONAL DATA

| | |
|---|---|
| ARGENTINA | 55 |
| AUSTRALIA | 63 |
| AUSTRIA | 75 |
| BELGIUM | 84 |
| BRAZIL | 90 |
| CANADA | 102 |
| CHINA | 122 |
| CZECH REPUBLIC | 138 |
| FINLAND | 147 |
| FRANCE | 154 |
| GERMANY | 165 |
| HUNGARY | 175 |
| INDIA | 188 |
| ITALY | 196 |
| JAPAN | 207 |
| LUXEMBOURG | 220 |
| MEXICO | 226 |
| NETHERLANDS | 237 |
| NORWAY | 244 |
| PHILIPPINES | 251 |
| POLAND | 261 |
| PORTUGAL | 271 |
| RUSSIA | 285 |
| SOUTH AFRICA | 291 |
| SOUTH KOREA | 298 |
| SPAIN | 304 |
| SWEDEN | 317 |
| SWITZERLAND | 324 |
| TAIWAN MARKET | 330 |
| THAILAND | 337 |
| UNITED KINGDOM | 347 |

# UNDERSTANDING THE INTERNATIONAL DATA

To present a global overview of the music products industry, we are pleased to feature 31 countries in the International section this year: Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Czech Republic, Finland, France, Germany, Hungary, India, Italy, Japan, Luxembourg, Mexico, Netherlands, Norway, Philippines, Poland, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan market, Thailand and the United Kingdom. The demographic, economic and trade data shown in each country/region's "Snapshot" section are gathered from the U.S. Census Bureau, the International Monetary Fund and Trading Economics, unless otherwise noted. The music industry data are provided by *The Music Trades*, also unless otherwise noted, and reflects a 10-year historical trend, with the year 2024 being the most recent published by *The Music Trades*.





# ARGENTINA

## DOING BUSINESS IN ARGENTINA

**Market Overview**

Argentina is the third-largest economy in Latin America, with an estimated GDP of approximately US$640 billion in 2025 and a population of about 47.9 million spread across 23 provinces. The country remains one of the most urbanized nations in the world, with roughly 92% of its population living in urban areas. Nearly 38% of Argentines reside in Buenos Aires (city and province), while another 21% are concentrated in the provinces of Córdoba, Santa Fe and Mendoza. Argentina maintains a highly educated workforce, with a literacy rate near 98% and one of the highest levels of English proficiency in Latin America. The country is rich in natural resources across agriculture, energy and mining, and continues to play an important role in global commodity markets due to its longstanding strength as an agro-exporting nation.

Argentina has faced prolonged economic instability in recent years. Following a recession in 2024, the economy was projected to rebound in 2025, with international organizations forecasting GDP growth of approximately 5%. Inflation, while still elevated, has moderated significantly from 117.8% year-over-year in 2024 to an expected range of roughly 20–25% by the end of 2025. The government has continued implementing a broad economic stabilization program focused on lowering inflation, reducing the fiscal deficit, rebuilding foreign reserves and encouraging private investment.

Since late 2023, Argentina has undertaken major economic reforms aimed at liberalizing the economy and improving market conditions. Measures have included reductions in public spending, deregulation initiatives, easing import restrictions and the gradual removal of long-standing foreign exchange controls. The government lifted most of the "cepo cambiario" currency restrictions in April 2025 and introduced a more flexible exchange-rate framework, allowing individuals to purchase U.S. dollars without prior limits and easing restrictions on companies' access to foreign currency for trade and investment purposes. Argentina also secured a new US$20 billion agreement with the International Monetary Fund (IMF) in 2025 to support ongoing reforms and strengthen reserves.

Despite recent economic volatility and reduced local purchasing power, the United States remains one of Argentina's most important commercial partners. U.S. exports of goods and services to Argentina totaled approximately US$16.5 billion in 2024, while imports from Argentina reached nearly US$10 billion. The United States is Argentina's third-largest trading partner and the largest trading partner for several Argentine provinces. Major U.S. exports to Argentina include petroleum and coal products, pharmaceuticals, chemicals, aerospace products and computer equipment. Leading Argentine exports to the United States include oil and gas products, aluminum and processed metals, pharmaceuticals, agricultural products and seafood. Travel and business services remain key service-sector exports for both countries.

The United States is also Argentina's leading source of foreign direct investment (FDI), with more than 330 U.S. companies operating in the country, many with decades-long local presence. Significant opportunities continue to exist for U.S. firms in energy, mining, health care, agriculture, information technology, infrastructure, and safety and security.





U.S. companies are generally well-regarded in Argentina for their transparency, corporate responsibility, high-quality standards, innovation and customer service.

Reasons why U.S. companies should consider exporting to Argentina:

- Argentina is a resource-rich country with enormous potential for further development. The country has the second-largest shale gas and fourth-largest shale oil reserves in the world, as well as abundant solar and wind energy resources.
- Argentina features the third-largest proven lithium reserves (after Chile and Australia) and is expected to become a leading exporter over the next decade. More than 70% of Argentina's proven lithium resources are yet to be exploited.
- Argentina is the largest exporter of soybean oil and flour and is within the top three largest exporters of corn, sorghum and sunflower oil. U.S. expertise, technology, products and equipment are needed to further develop the agricultural sector.
- Argentina's commitment to meeting the Paris Climate Accord regulations by 2050 makes it an attractive destination for U.S. clean energy technologies.

**Market Challenges**

Argentina's economy continues to present significant challenges for U.S. businesses seeking to export to this market. Although the International Monetary Fund (IMF) projects economic growth of 5.5% in 2025, it will take time to fully address the macroeconomic imbalances that have persisted over the past decades. While inflation is declining, it remains high. As of December 2024, the YOY inflation rate stood at 117.8%, leaving Argentina with one of the highest inflation rates in the world.

Furthermore, a large portion of the population lives below the poverty line. The National Institute of Statistics and Censuses (INDEC) reports that 38.1% of Argentine families were living in poverty during the second half of 2024. While this marks a decrease from the peak seen in early 2024 (52.9%), the figure remains high, with 17.9 million people still affected by poverty.

Argentina's current program with the IMF requires fiscal discipline and reserves accumulation to receive disbursements, which are crucial for mitigating the impacts of economic volatility. Since taking office, President Milei has reduced public spending to trim the fiscal deficit and meet IMF targets. As of April 2025, the government successfully negotiated a new US$20 billion agreement with the IMF with an initial disbursement of US$12 million, representing 60% of the total program amount.

Global events also continue to impact the Argentine market. The Russian invasion of Ukraine disrupted international logistics services and impacted agriculture and energy commodity prices. Other business challenges include systemic corruption, a lack of long-term regulatory coherence, weak intellectual property rights protections, inefficient legal processes, poor infrastructure, costly labor and limited access to financing.





Although the government has made progress in advancing its economic reform agenda, implementation continues to depend on securing support from Congress, provincial governments, and other political stakeholders. Following the October 2025 midterm elections, the ruling coalition increased its representation in both houses of Congress, strengthening its ability to pursue reforms. However, it still lacks an outright majority, meaning that many proposed measures in the economic, financial, fiscal, administrative, labor, pension, healthcare, and regulatory sectors will continue to require negotiation and consensus-building to advance.

**Market Opportunities**

Energy

Argentina's shale gas and oil development in the Neuquén Basin, particularly in Vaca Muerta, is expected to continue to drive long-term investment, with potential offshore exploration opportunities arising in the medium to long term. The country is also increasingly focusing on renewable energy sources, especially wind and solar power, aiming to achieve net zero emissions by 2050. Government incentives such as tax benefits and feed-in tariffs have attracted investment in the sector, leading to the development of numerous wind and solar projects by both domestic and international companies. The renewable energy sector presents significant growth opportunities, driven by abundant natural resources, supportive policies and increasing global demand for clean energy solutions.

ICT and Cybersecurity

The government of Argentina recently announced the launch of a new National Critical Communications Infrastructure Plan with resources from the Universal Service Fund, granting subsidized loans and providing materials and/or software to update last-mile networks, improve interconnection and deploy connectivity infrastructure. The central motivation of the plan is to accelerate access to both fixed and mobile ICT services and improve coverage in urban and rural areas. It also aims to meet future capacity demands necessary for the development of artificial intelligence and regional data centers. It establishes three specific guidelines for the programs to be developed: mobile access networks in areas without coverage, a neutral wholesale network and financing and support for ICT service providers.

E-commerce

Argentina's e-commerce market has seen significant growth, driven by increasing internet and smartphone adoption, and changing consumer preferences. The COVID-19 pandemic accelerated the shift toward online shopping. Major players include MercadoLibre, Amazon and Alibaba. The sector presents growth opportunities, particularly in mobile commerce, digital payments and logistics services.

**Market-Entry Strategies**

Import channels are available in Argentina: agents, distributors, importers, trading companies, subsidiaries and branches of foreign firms. U.S. companies exporting to Argentina typically market their products and services through Argentine agents, representatives and distributors. Companies intending to export to Argentina need to ensure that their partners fulfill all import requirements before shipping any product and must be careful to follow all regulations precisely.



Potential exports should keep the following in mind regarding Argentina:

- Close, personal relationships are important. The U.S. Commercial Service can help U.S. firms identify good business partners.

- Marketing and promotion are important. Companies benefit by exhibiting their products or services at local and regional trade shows, as well as at U.S. trade shows attended by Argentine buyers. The U.S. Commercial Service brings Argentine buyers to key trade shows in the United States and facilitates B2B matchmaking, in person and virtually. The U.S. Commercial Service also helps organize events for U.S. firms wishing to launch a new product or showcase their know-how in Argentina.

- U.S. businesses should protect their intellectual property and engage with qualified lawyers and local professionals as part of the process of signing contracts related to distribution, representation and partnership, or in connection with any large transaction.

*"Doing Business in Argentina" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import and export data obtained from the website of the International Trade Centre (ITC)**

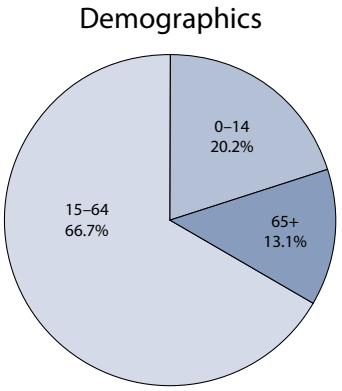
# ARGENTINA SNAPSHOT

## Demographics

Population in millions 45.4

| Age | Male | Female |
|---|---|---|
| 0–14 | 4.74 | 4.45 |
| 15–64 | 15.23 | 15.06 |
| 65 & Over | 2.57 | 3.37 |

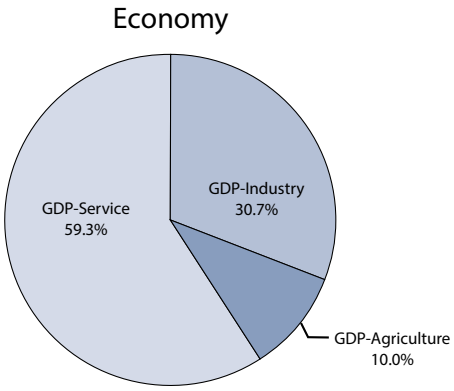
Median Age 34.6
Population Growth 0.26 %

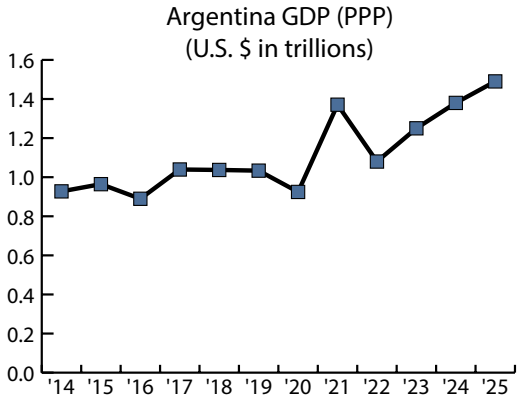


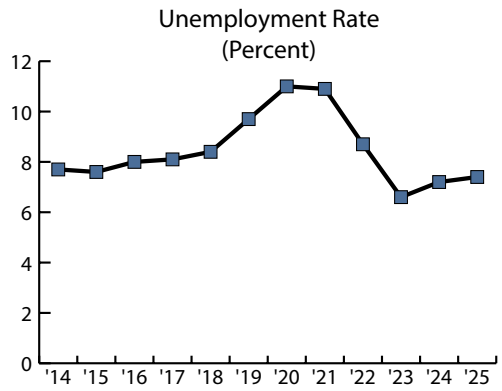

## Economy

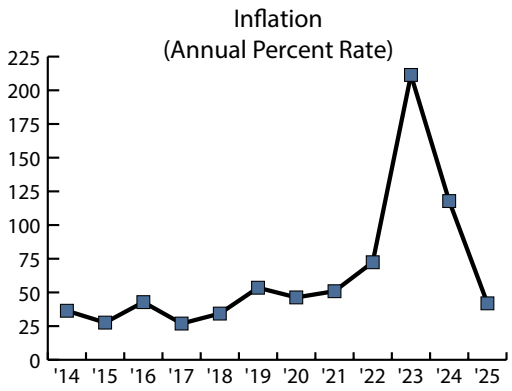
| | |
|---|---|
| GDP (PPP) | $1.49 trillion |
| GDP Per Capita | $31,480 |
| GDP-Real Growth Rate | 4.40% |
| Unemployment Rate | 7.40% |
| Inflation | 41.90% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.



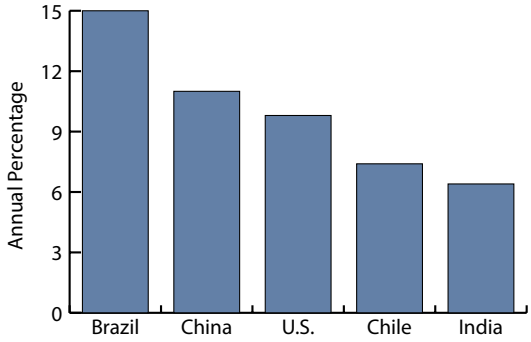


## Trade

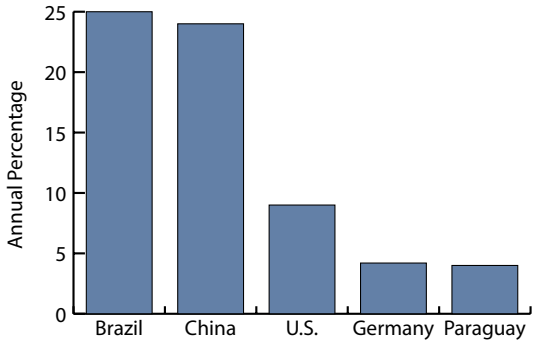
| | |
|---|---|
| Total Export | $87.1 billion |
| Total Import | $75.8 billion |

| | |
|---|---|
| Export as % of GDP | 5.85% |
| Import as % of GDP | 5.09% |

Export Partners (2025)



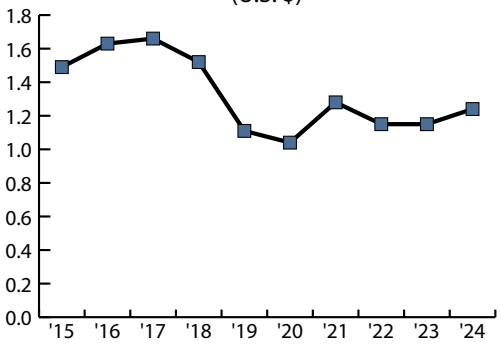

Import Partners (2025)



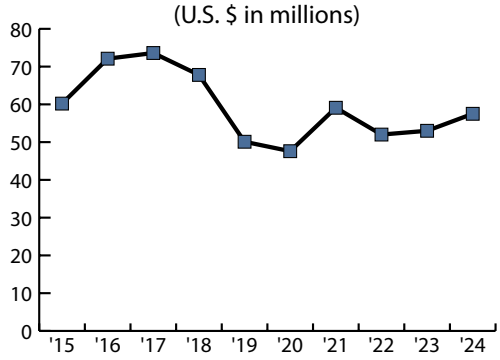

## Music Industry

| | |
|---|---|
| Music Market | $57.5 million |
| Sales Per Capita | $1.24 |
| Global Share | 0.30% |

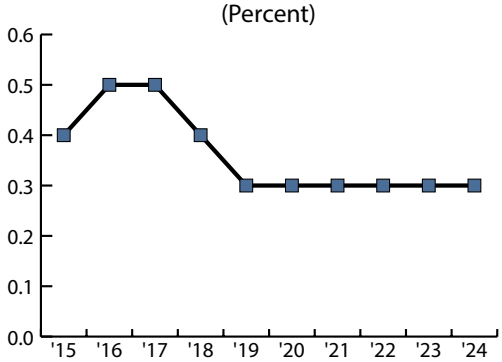
Music Sales Per Capita
(U.S. $)




Argentina Music Market
(U.S. $ in millions)

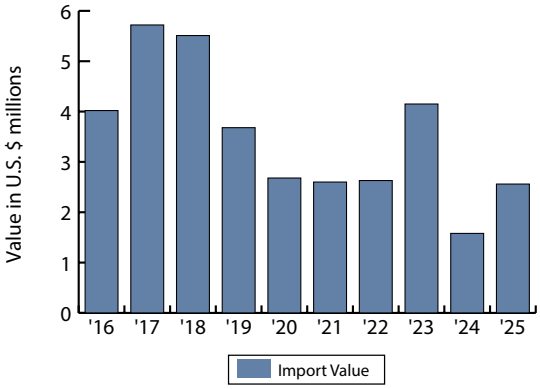



Share of Global Music Market
(Percent)

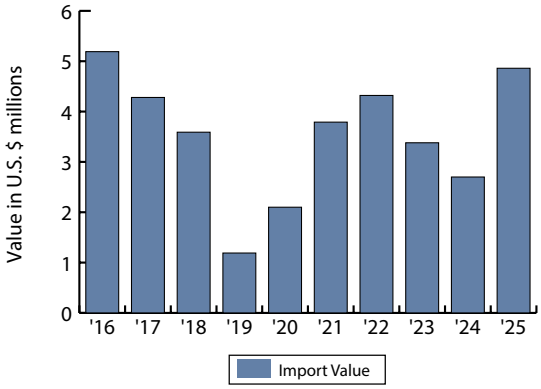


# Argentina Imports

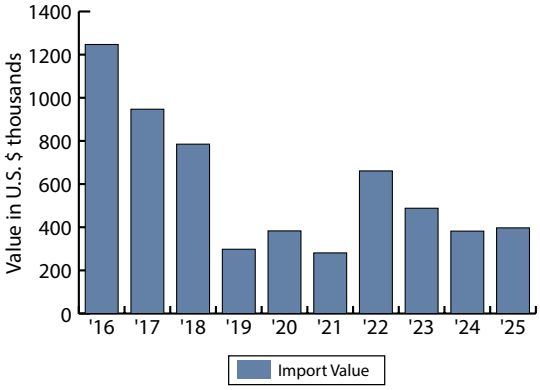
## Guitars



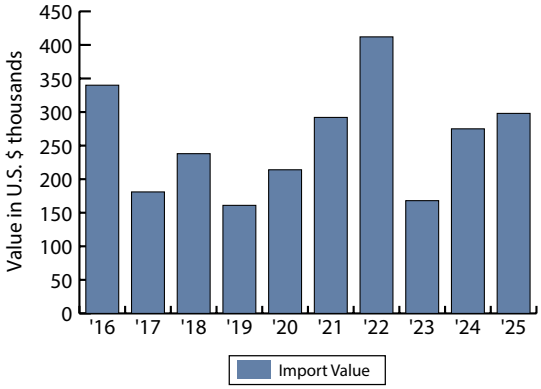

## Fretted Instruments



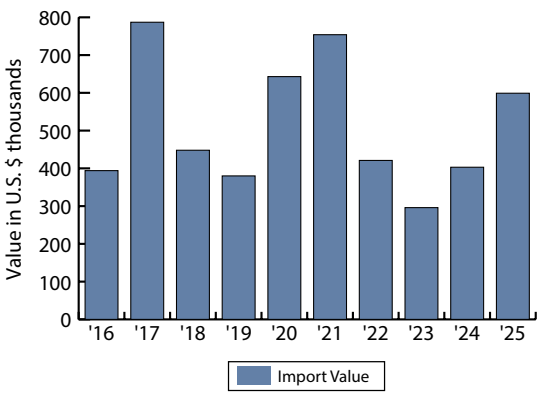

## Stringed Instruments



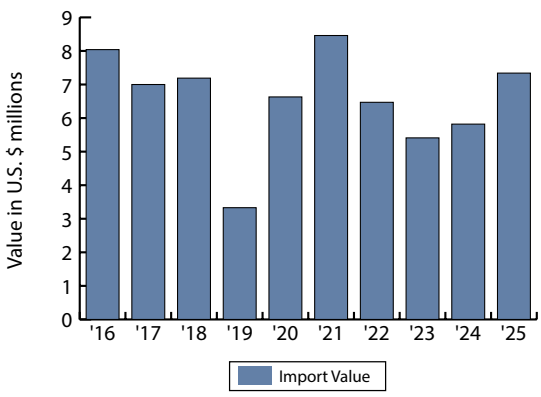

## Upright Pianos




## Grand Pianos

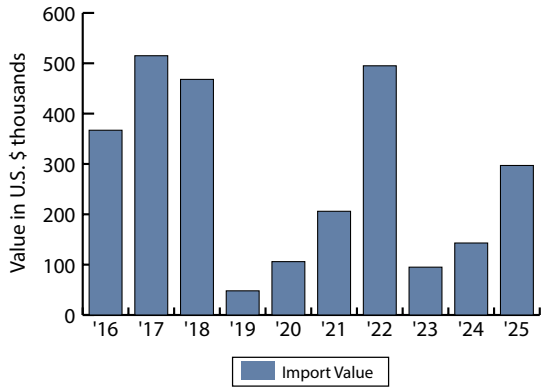



## Keyboards

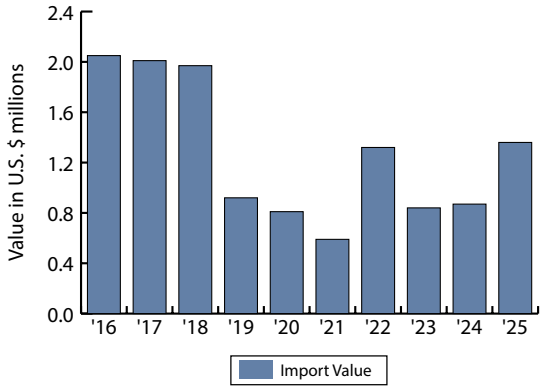


# Argentina Imports

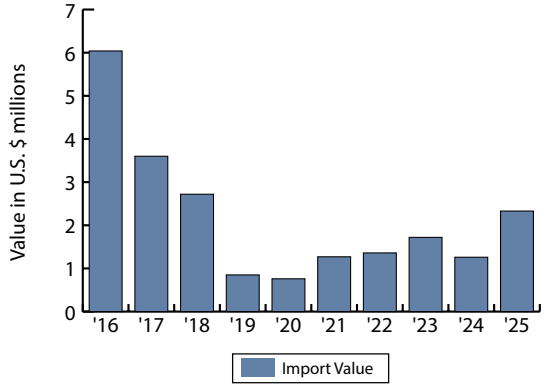
Brass Instruments



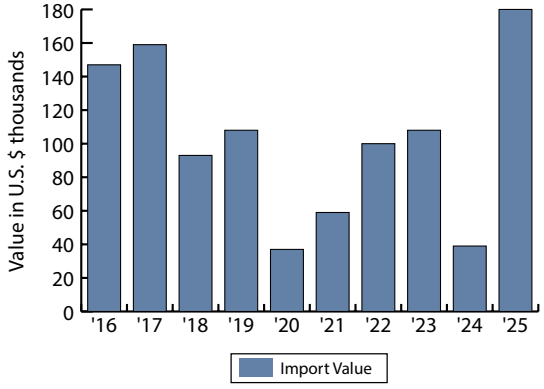

Wind Instruments



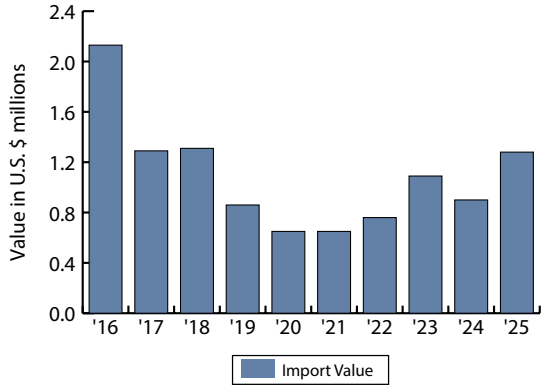

Percussion



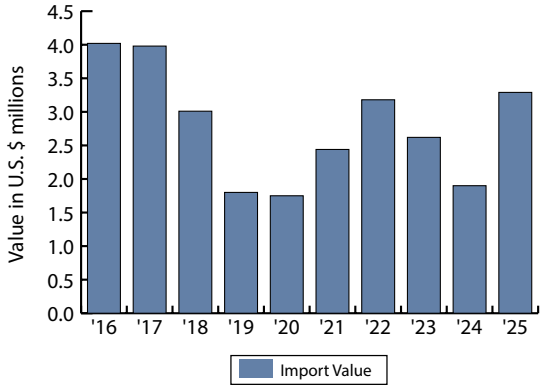

Organs




Instrument Strings




Accessories



# AUSTRALIA

**Economic Overview**
In 2025, Australia's economy grew by 2.5%, an improvement from the 1.2% growth recorded in 2024. The labour market remained relatively strong, although the unemployment rate increased slightly to 4.3% in December.

Inflation rose to 3.5% in the year to December 2025, above the 2–3% target range of the Reserve Bank of Australia (RBA) and higher than the 2.4% recorded in 2024. Despite this, the RBA reduced the cash rate to 3.6% by the end of the year.

The Australian dollar averaged US$0.645 during 2025, unchanged from 2024, providing a relatively stable exchange-rate environment for importers and exporters.

**Music Products Industry Summary**
There are always spikes and variations in some categories and different trends over time for particular categories or sections, but the overall result in 2025 was essentially flat, with inflation-adjusted market value increasing by 1.2%. The most recent substantial change was the 10% drop in value from 2023 to 2024, but the market stayed close to that level in 2025.

- **2025 total market value:** AU$468.4 million or US$302.1 million (imports) / AU$1.17 billion or US$754.7 million (estimated retail value)
    - This is similar to 2024 but both years are about 10% lower than 2023
- **Year-on-year change:** +1.2%

The growth in 2025 was largely in the Pro Audio section rather than musical instruments, so the same table for musical instruments shows only a slight contraction, and the market is even further below the five-year average. That five-year comparison is obviously still skewed by the spike in many categories around the pandemic years (2020, 2021).

**Pianos and Keyboards**
The Pianos and Keyboards section has declined overall in the past decade, with more than 25% decline in value (inflation adjusted) over both the 5-year and 10-year averages. The good news is in the relative stability of the category overall, with almost no change in original value and only a slight drop when adjusted for inflation (-3.1%), and a 30% increase in units. The recovery in units mostly comes from the two categories with the most units, Digital Pianos and Portable Keyboards, which both showed a similar pattern: well above 2023 and 2024, about the same as 2022, still lower than the spike in 2020 and 2021. While these two categories have shown remarkably similar trends during the past five years, taking into account the five years prior to the pandemic, the trend is Digital Pianos up, Portable Keyboards down.

In the acoustic piano market, Upright Pianos dropped substantially in both units (-33.8%) and value (-13.5%, adjusted). Both these measures are in line with a decline over the 5- and 10-year comparisons that coincide with an increase in Digital Pianos. Grand Pianos have also decreased but 2025 was quite similar to 2024.



AUSTRALIA

**Guitars**

There are some notable shifts in the Guitars section but there was almost no change in total units (+0.2%) compared to the previous year. Value did increase, but only by 1.8%.

The comparison to the five-year average is still severe (-12.5% in units, -18.1% in estimated retail value) but that includes the spike in the pandemic years, which was most pronounced in the Guitars section.

A quick look at the major categories shows that Acoustic Guitars are up slightly (+11.2% units, +5.4% estimated retail value), Electric Guitars declined by 1% in value with a 5.2% drop in units, Bass Guitars were the strongest category (+9.3 in units, +17.7% in value). Ukuleles (and other/traditional fretted stringed instruments) and amps (the Combo Amplifiers category) were both down in units. Unlike Percussion and Pianos/Keyboards where some categories are increasing while others decrease suggesting a replacement between categories, the Guitars section has been moving in a similar direction across the different categories.

**Brass, Wind and Strings**

The Brass, Wind and Strings section increased in value in 2024 but units fell by 23.5%. The 2025 result overall is the reverse, with units recovering (17.1% higher than 2024) but value falling by 16.3%. The drop is largely in Other Wind while the main woodwind, brass and orchestral stringed instrument categories were more stable. There are small shifts, such as Brass increasing in value (2.4%) and every other measure while the other categories fell. There is some stability in value with Saxophones (almost even across 2024 and 2025, and [AU$1 million or US$645,000 higher] across 2022 and 2023) while Clarinets in 2025 were equal in value to 2023. The combination of Orchestral Strings and Brass was almost the same across 2024 and 2025 but the balance shifted slightly in favour of Brass instruments.

Brass, Wind and Strings overall represents the highest proportionate drop in value of any section in 2025, and reached the lowest point in five years.

**Percussion**

A significant drop in Drum Kits (-37.9% in value) was offset in every other category, leading to an overall increase of 3.4% for the Percussion section. Units are a less-useful measure for the section because Educational and Other Percussion contains a large number of relatively low-value items. Units did decrease in all but the low average value category (Educational and Other Percussion) but generally there was an increase in units from 2024 to 2025.

The lack of clarity in the 'Other Electronic Instruments' category makes us reluctant to place it with percussion, even though a substantial proportion of that category is electronic drums, but it is fair to say acoustic drum kits are being replaced over time by electronic kits. This trend appears in a particularly severe drop in units, although some of the result may reflect the timing of orders rather than underlying demand.

**DJ and Electronic Instruments**

This section has been generally strong and increasing in value over the past decade, notwithstanding a weak result in 2023. The main 'instrument' categories here, Synthesizers and 'Other' (largely drums), moved in different directions, with Synthesizers declining to the lowest number of units in a decade (-31.4%) and one of the highest drops in value (-23.8%). Other Electronic Instruments shows the opposite pattern, with a 32.7% increase in units and 14.5% increase in value. The average unit values for these categories also moved in opposite directions (up for Synthesizers, down for Other Electronic Instruments).

We remain cautious about reading anything into the Turntables data but maintain this reporting for comparison purposes: There was a small increase in both units and value.

**Pro Audio**

The year-on-year and 10-year average comparisons show that the Pro Audio section has grown proportionately more than the other sections, and remains the largest part of the music products market. However, units did decline by 19.6%. Overall, the section is relatively stable and 2025 looks very much like 2023.

Interestingly, every major Pro Audio category increased in value in 2025; the drop in units was mostly in the two microphone categories.

**Accessories**

The overall Accessories section is stable for the third year in a row, with a 0.3% increase in value (year-on-year) following last year's 0.4%. Within this category there is some movement, with the highest proportionate increase in Guitar and Bass Strings (+6.5%), while most other categories did increase a little.

Like last year, total value for the year was below the 5-year average (-2.1%), but this result is comfortably above the 10-year average (8.5%).

Print Music data was not available at the time of reporting.

**Notable Trends**

Among the strongest year-on-year growth categories in 2025 were Power Amplifiers, Bass Guitars and Wireless Microphones. The average annual growth in value for the entire market is 3%, but it is normal for half of the categories to sit well outside this average and for categories to move around from one year to another.

At the other end of the spectrum, the steepest declines in value came from Other Wind, Drum Kits and Synthesizers.

The group of categories with more than a 3% increase included several Pro Audio, Guitars and Percussion categories, while the group with more than a 3% decrease includes both Acoustic Piano categories, several Brass, Wind and Strings categories, and Drum Kits. The categories with a year-on-year increase have a mix of positive and negative comparisons to the five-year average, while those with a substantial year-on-year decrease also have a



substantial decrease compared to the five-year average. Many of the categories showing substantial declines in 2025 were also below their five-year averages, suggesting that some of these declines may reflect longer-term trends rather than short-term fluctuations.

All figures refer to inflation-adjusted values.

**Current High Points in the Music Products Industry**
Australia's music products market appears to have stabilised after the post-pandemic correction. Total market value increased by 1.2% in 2025, reaching an estimated retail value of approximately AU$1.17 billion (US$754.7 million).

Pro Audio remains the strongest section of the market and increased its share of total market value. Several categories showed strong growth, including Power Amplifiers (+22.5%), Wireless Microphones (+18.5%) and Bass Guitars (+17.7%).

The Australian Music Association's *State of the Industry Report* also reflected improved sentiment. The Business Confidence Index increased from 88.4 in 2024 to 99.6 in 2025, while businesses were more likely to describe trading conditions as steady and less likely to report being significantly worse off than a year earlier.

**Current Low Points in the Music Products Industry**
The main challenge continues to be profitability. In the report, profitability was again the highest-ranked business concern, with almost a quarter of respondents describing it as being in crisis.

Several musical instrument categories remain below their five-year averages following the unusually strong pandemic years. Broader economic conditions, sales levels, operating costs and product costs were also identified as major concerns by respondents.

While business sentiment improved in 2025, many businesses continue to report weaker profitability and cautious consumer spending.

**Leading Opportunities and Areas of Growth**
Pro Audio remains the strongest growth area and continues to gain market share within the Australian market.

The data also suggest some longer-term shifts within product categories. Digital Pianos continue to perform better than their acoustic counterparts, while acoustic Drum Kits declined significantly in 2025 (-37.9%) as Other Electronic Instruments (largely electronic drums) increased by 14.5%.

Accessories remain a stable category, supported by the large, installed base of instruments already in use. Guitar and Bass Strings increased by 6.5% in 2025 and the Accessories section has been stable for three consecutive years.

**Current Challenges**
Profitability remains the industry's biggest challenge, followed by broader economic conditions, sales levels, product costs and general operating costs.

Australia relies heavily on imported music products, making the industry sensitive to exchange rates, freight costs, supply chain issues and international trade developments. The *State of the Industry Report* revealed concern about tariffs and trade policy, particularly among wholesalers, although the impact is not yet clearly visible in aggregate import data.

Employment appears relatively stable, but businesses remain cautious about staffing levels and future growth.

**Forecasting the Music Industry**
The Australian industry appears to be moving from a period of correction to one of stability. Current data suggest modest growth is more likely than either rapid expansion or significant decline.

Over the next several years, the market is likely to continue evolving through changes within product categories rather than dramatic changes in overall size. Areas such as Pro Audio and some electronic products appear well positioned, while more traditional categories may continue to adjust to changing consumer preferences.

Australia remains a relatively strong music products market with high participation in music and comparatively high spending per capita, which provides a solid foundation despite ongoing economic and global uncertainties.

*Commentary by Alex Masso, executive officer of the Australian Music Association (AMA)*

# DOING BUSINESS IN AUSTRALIA

**Market Overview**
Australia is one of the United States' most important trade partners, and the bilateral commercial relationship is critical for economic development and job creation in both countries. According to 2026 IMF estimates, Australia's economy (GDP) is the 12th-largest in the world (above Mexico or South Korea, and just behind Canada).

Australia stood as the 19th-largest goods and services trading partner of the U.S. in 2025. U.S. exports of goods reached US$33.8 billion, a decrease of 2.6% (US$886.2 million) from the record set in 2024, while goods imports from Australia reached US$29.4 billion, up 74.7% (US$12.4 billion). U.S. services exports grew by 3% (US$800 million) to US$27.4 billion, and services imports increased by 13.6% (US$1.6 billion) to US$13.4 billion compared to the previous year. In 2025, the U.S. had a trade surplus with Australia in both goods (US$4.5 billion) and services (US$14 billion).



AUSTRALIA

With few barriers to entry, a familiar legal and corporate framework, sophisticated consumer and industrial sectors, and a straightforward, English-speaking business culture, Australia remains an important and receptive market for American goods and services. The trilateral AUKUS security partnership between Australia, the United Kingdom and the United States, which enhances defense capabilities through acquiring nuclear-powered submarines for Australia (Pillar 1) and sharing advanced cyber, AI and quantum technologies (Pillar 2), presents opportunities for U.S. solutions and suppliers. Opportunities also exist via the United States-Australia Framework for Securing of Supply in the Mining and Processing of Critical Minerals and Rare Earths, a strategic agreement signed in October 2025 to accelerate investment, strengthen supply chains and support priority critical minerals projects in both countries.

Australia welcomes foreign investment as an essential contributor to economic growth and productivity. The United States is Australia's largest foreign investor and accounts for about a quarter of total of total foreign investment. American companies operate in Australia in a wide variety of sectors, employing more than 330,000 Australians. U.S. direct investment in Australia includes companies in AI, defense, finance, information technology, software, insurance and mining, as well as oil and gas.

The United States–Australia Free Trade Agreement (FTA) entered into force on January 1, 2005. Under this agreement, as of January 1, 2015, Australia provides duty-free access to all U.S. exports.

Australia represents the 10th-largest source of foreign direct investment (FDI) in the U.S., supporting more than 100,000 American jobs. Key sectors of Australian FDI are in software and IT services, health care, business services, communications, industrial equipment and financial services.

Australia has a well-established legal system for litigation and arbitration. The country is a world leader in the development and provision of dispute-resolution mechanisms and is a signatory to all the major international dispute-resolution conventions. Australia has an AAA international credit rating with a well-developed, sophisticated financial market, regulated in accordance with international norms. Australia's four leading banks are highly ranked internationally in terms of financial security and liquidity.

Australia has a large services sector and is a world leader in mineral and LNG extraction, as well as food production. The country's abundant and diverse resources attract high levels of foreign investment, and include extensive reserves of coal, critical minerals, iron ore, copper, gold, natural gas, uranium and renewable energy resources.

**Market Challenges**

Australia's distant location from the United States is often cited as the single most significant non-tariff barrier to trade.

American companies may find that Australian and third-country competitors in Australia have some long-established brands with strong reputations and well-established supplier relationships.



Australia has ready access to Asian and other low-cost producers. American firms must therefore demonstrate enough added value to overcome the costs of getting the product to market to compete effectively in the country.

**Market Opportunities**

The United States is a major supplier of transportation equipment, machinery, chemicals, electronic products, fabricated metal products, processed foods, electrical equipment, plastics, rubber, primary metal products, and agricultural products and equipment.

Leading prospects related to these broad categories include defense, aircraft and parts, automotive parts, building products, cloud computing, medical equipment, mining equipment, oil and gas equipment, smart grid solutions and environmental technology. Attractive service sectors for U.S. exporters include financial services, health care and information technology services and AI solutions across sectors.

**Market-Entry Strategies**

A common language and familiar business framework might lead Americans to overlook Australia's cultural and market differences. It is vital for U.S. companies to first gain an understanding of the Australian context for a product or service as well as the current competitive environment. Successful companies invest time and effort to examine and adapt to local standards, regulations and sales channels relevant to their products or services.

Success in the Australian market often requires establishing a local sales presence with a robust service network to provide after-sales support. For many American exporters, this means developing a relationship with a qualified distributor and in some cases, appointing an agent. The bounds of these relationships are negotiated, and may include only certain states of Australia, the entire country or New Zealand as well.

The distance from many of their trading partners and the sheer size of the Australian continent (comparable to the continental United States) causes Australian firms to stress the importance of local support and service. American companies should expect to visit Australia regularly to meet with partners, address issues and demonstrate commitment to the market, as this is the common practice of their competitors.

Most of the criteria American firms use for selecting distributors or other partners in markets throughout the world are applicable to Australia, with expectations adjusted to the scale of the market, given the population of about 27 million. Performing due diligence is just as important in Australia as in the United States, and the U.S. Commercial Service in Australia offers assistance in this area.

*"Doing Business in Australia" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import data as a proxy to the domestic markets collected by the Australian Bureau of Statistics (ABS) in association with the Australian Music Association (AMA)**

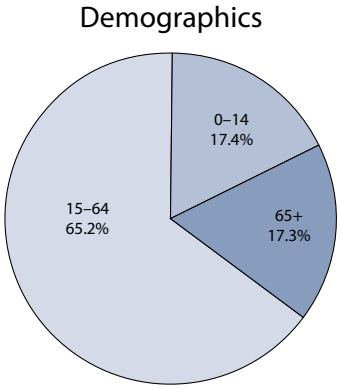
# AUSTRALIA SNAPSHOT

## Demographics

Population in millions 27.5

| Age | Male | Female |
|---|---|---|
| 0–14 | 2.46 | 2.33 |
| 15–64 | 9.01 | 8.91 |
| 65 & Over | 2.21 | 2.55 |

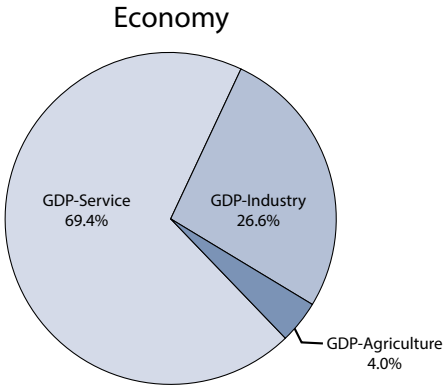
Median Age 38.5
Population Growth 1.59%

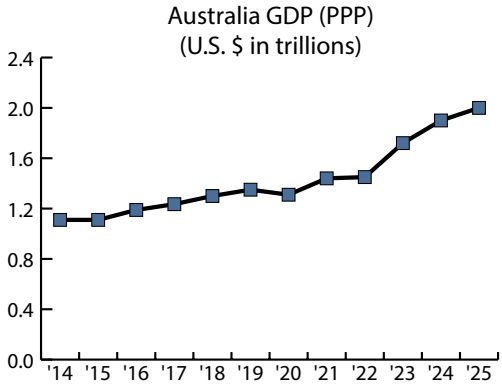



## Economy

| | |
|---|---|
| GDP (PPP) | $2.00 trillion |
| GDP Per Capita | $72,130 |
| GDP-Real Growth Rate | 2.00% |
| Unemployment Rate | 4.20% |
| Inflation | 2.90% |

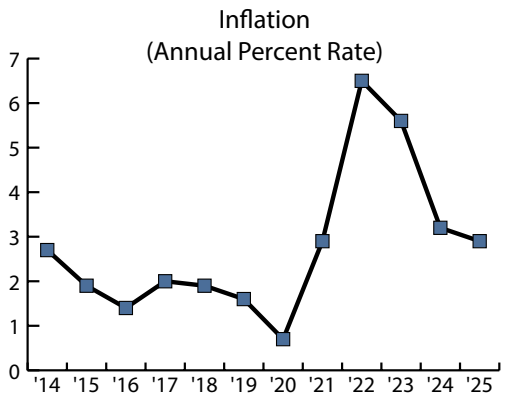
Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.





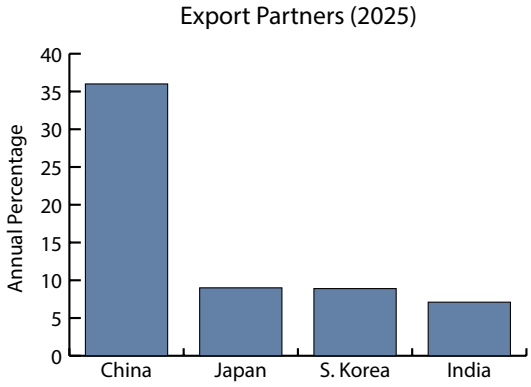


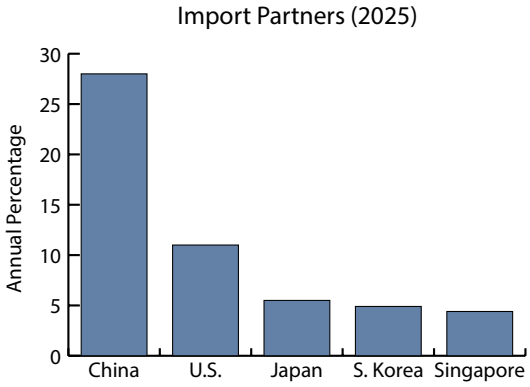


## Trade

| | |
|---|---|
| Total Export | $335.8 billion |
| Total Import | $297.5 billion |

| | |
|---|---|
| Export as % of GDP | 16.79% |
| Import as % of GDP | 14.88% |

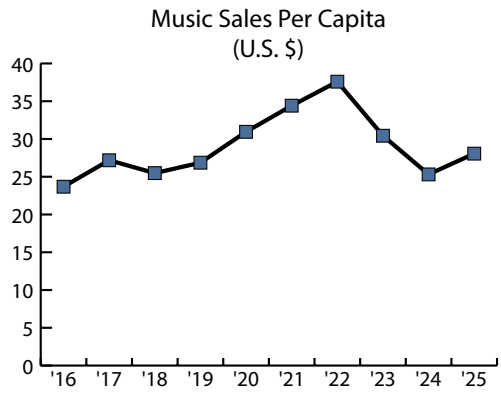


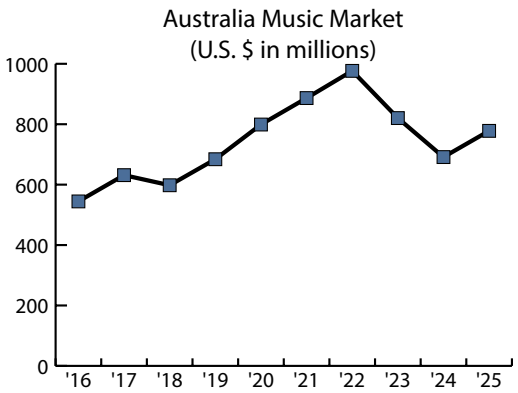



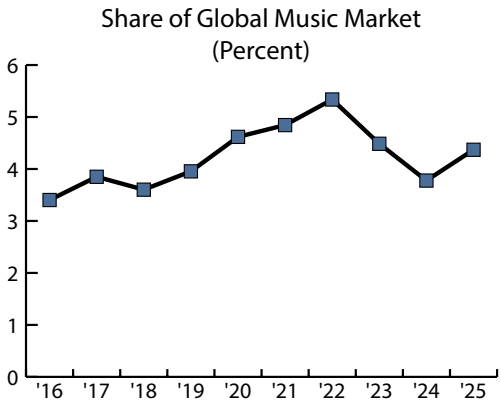

## Music Industry

| | |
|---|---|
| Music Market | $778.0 million |
| Sales Per Capita | $28.06 |
| Global Share | 4.37% |

Snapshot data received from the AMA was in Australian dollars and converted to U.S. dollars for this report.

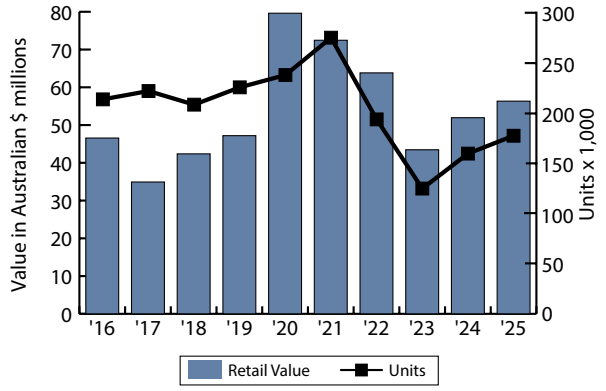


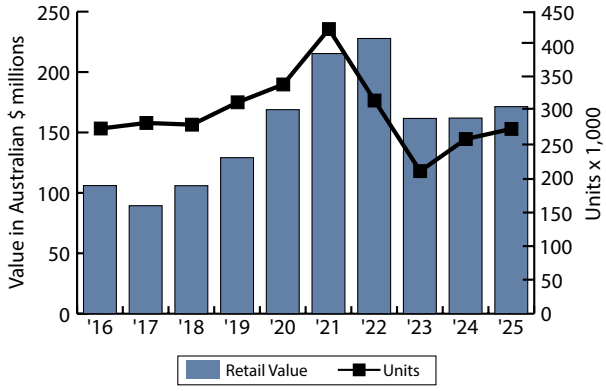



# Australia Domestic Sales

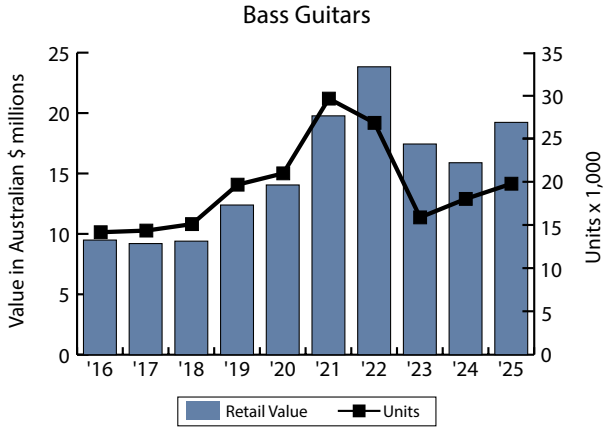
Acoustic & Acoustic-Electric Guitars



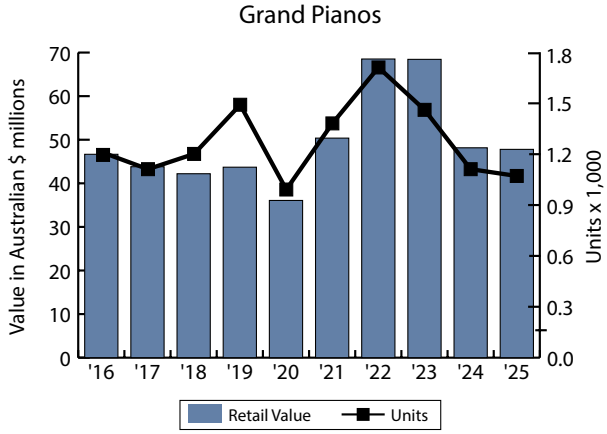

Total Guitars



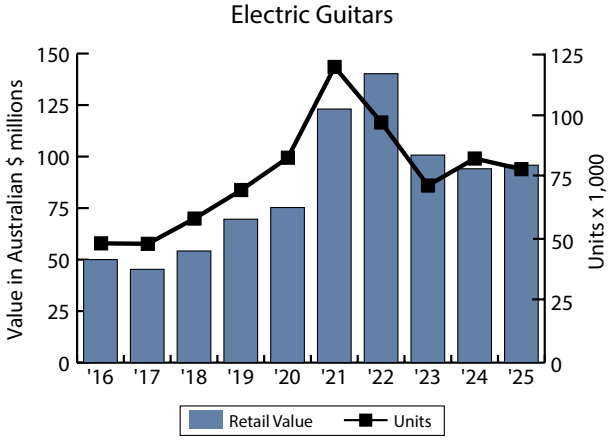

Bass Guitars



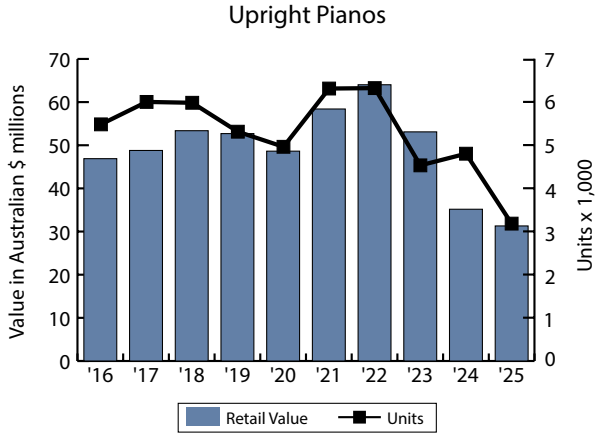

Grand Pianos




Electric Guitars

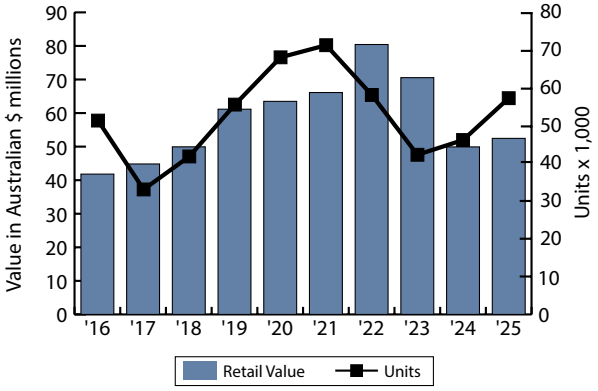



Upright Pianos

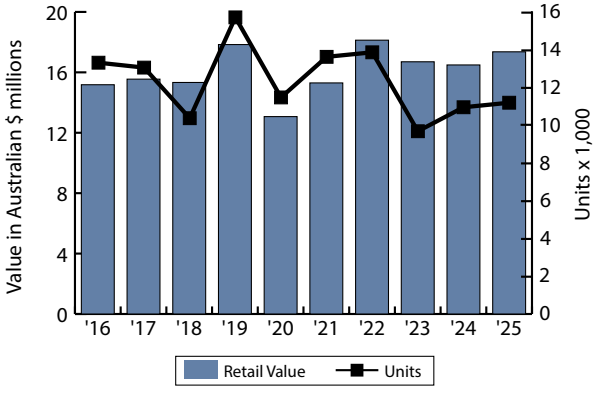


# Australia Domestic Sales

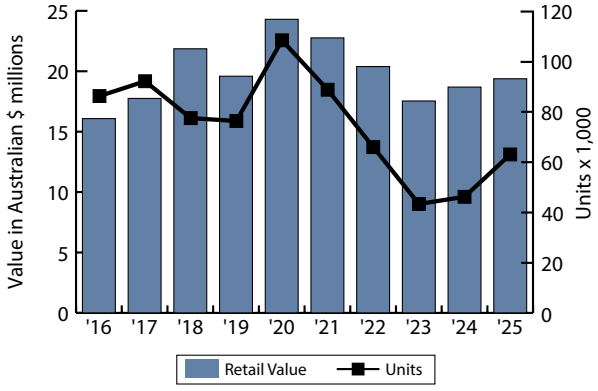
## Digital Pianos



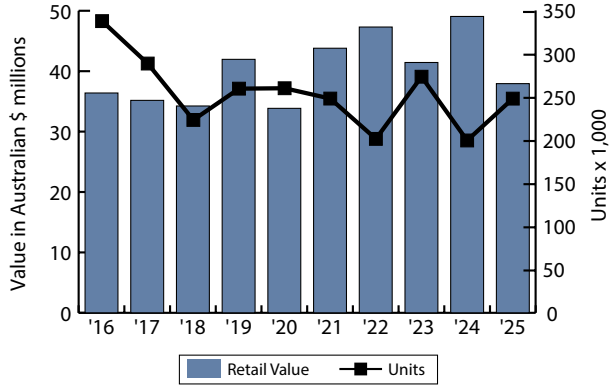

## Brasswind



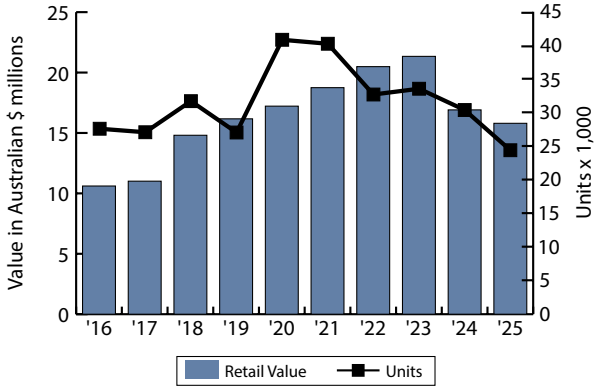

## Electronic Keyboards



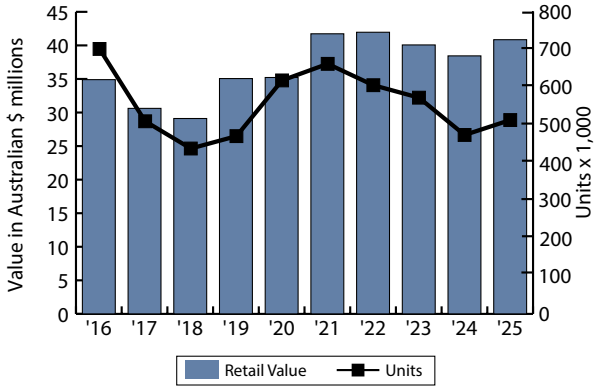

## Woodwind




## Orchestral Stringed Instruments



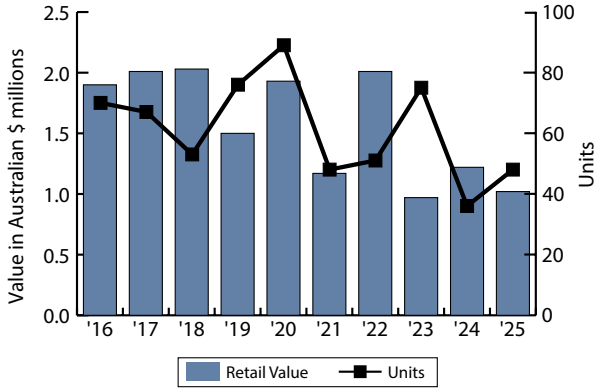

## Percussion



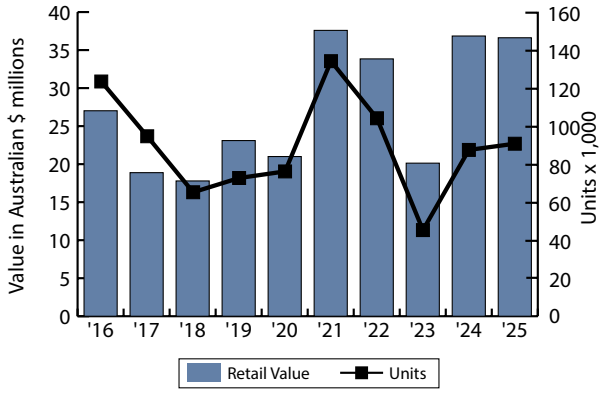

Percussion category includes drum kits, individual drums, cymbals, and educational and other percussion.

# Australia Domestic Sales

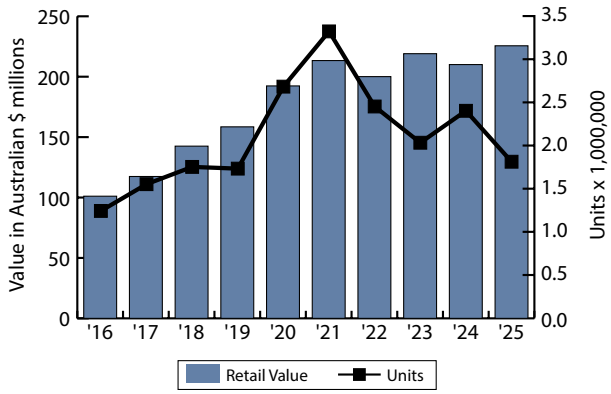
## Electronic & Institutional Organs



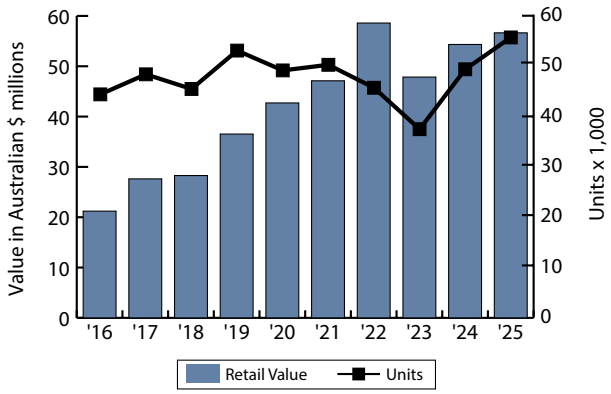

## DJ Products




## Microphones & Stands

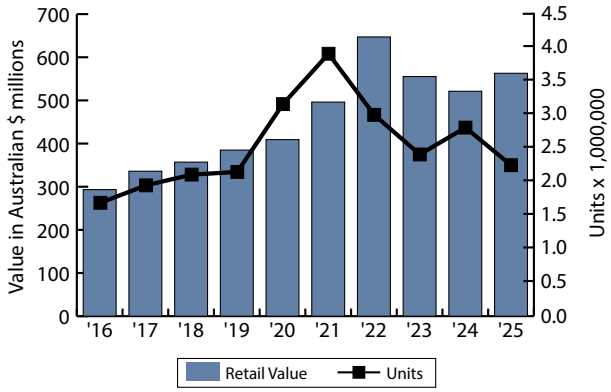



## Digital Electronics



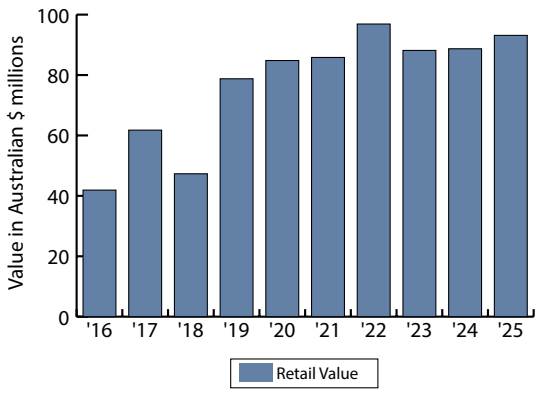

Digital Electronics category includes synthesizers, modules and other electronics.

## Total Sound Reinforcement




Sound Reinforcement category includes DJ products, microphones and stands, speakers, self-contained amplifiers, guitar and bass amplifier sets (combo), signal processors, mixers and multi-track systems.

## Accessories





# AUSTRIA

**Current High Points in the Music Products Industry**
The interest in making music remains strong and steady, and there is an ongoing positive trend with attending music schools or taking lessons.

**Current Low Points in the Music Products Industry**
The market is currently experiencing a cautious climate, shaped by ongoing economic uncertainty and showing a further downturn. This situation is additionally impacted by rising costs driven by both global and national factors, along with a noticeable decline in consumers' willingness to spend.

**Leading Opportunities and Areas of Growth**
The strong interest in making music continues to present opportunities, but these are currently being constrained by the challenge of economic weakness.

**Current Challenges**
The market for acoustic pianos has shown a slight recovery, although it remains far below its former strength. At the same time, demand continues to decline, particularly as institutional budgets shrink and public funding for the arts has been further reduced. This situation is additionally compounded by the high costs associated with new developments and an increasingly strained margin environment.

**Forecasting the Music Industry**
Physical retail is set to decline further, with more stores expected to close due to insufficient profitability. Lost in-store sales from closures will only partially transition to online channels. Openings of new locations remain unlikely, given limited financial resources and weak margins in the sector. E-commerce will continue to expand its share of total sales. Despite this shift, the overall market is expected to remain in decline.

*Commentary by Otmar Hammerschmidt, vice chairman of the Austrian Musical Retailer's Association*

## DOING BUSINESS IN AUSTRIA

**Market Overview**
Austria is a wealthy, mid-sized Central European market, with the eighth-highest GDP per capita in the European Union (EU) (between Denmark and Belgium) and the 29th-highest GDP worldwide (between Israel and Singapore). Its economy is diversified and highly international, with a manufacturing sector that accounts for around 16% of GDP. Historic unemployment rates are modest, social stability is strong and democracy and the rule of law are firmly established. Vienna, Austria's capital city, regularly places in the top of global quality-of-life rankings.

Austria shares a border with Germany and the Czech Republic to the north, Switzerland and Lichtenstein to the west, Italy and Slovenia to the south, and Hungary and Slovakia to the east. Germany is Austria's largest trading partner, accounting for 32% of all imports



and 28% of all exports in 2023. Germany is also Austria's largest source of foreign direct investment (FDI) and the largest target for outbound FDI.

Austria charted a second successive year of economic recession in 2024. Austria's GDP is estimated to have contracted by 0.6% in 2024, following a 0.8% decline in 2023. The latest estimates predict an additional contraction of 0.3% in 2025. This ongoing weakness is a reflection of five primary factors: 1) higher energy prices after Russia's invasion of Ukraine, 2) high single-digit inflation in 2022 and 2023, provoking 3) interest rate increases employed to control it, which 4) slowed investment in real estate and capital goods in 2023 and 2024, as well as 5) a slump in demand from Austria's largest trading partner, Germany, which is also showing economic weakness.

In keeping with this environment, 2024 was a challenging year for the country's trade in goods. Imports fell by 6.7% compared to 2023, while exports fell by 4.9% during the same period. As a result, Austria had a positive trade balance for the first time since 2007. The 2023 numbers were mixed, with imports falling 6.3% while exports rose by 3%.

The three largest sources of imports into Austria are Germany, China and Italy (the United States is ranked fifth), while the top export destinations are Germany, the United States and Italy. The United States and Austria share a robust and long-standing bilateral economic relationship that has been growing in importance for Austria. In 2024, the U.S. was Austria's third-largest overall trading partner after Germany and Italy, and its second-largest export destination. Total two-way goods and services trade between Austria and the United States was US$22 billion in 2024, down from US$28.8 billion in 2023. The U.S. trade deficit with Austria was US$12.8 billion in 2024, down slightly from US$13.4 billion in 2023.

According to the U.S. Bureau of Economic Analysis (BEA), U.S. exports of goods and services to Austria were down 10.2% in 2024, to US$6.9 billion. With respect to goods exports, there was a 19% decline, from US$5.56 billion to US$4.5 billion. U.S. goods and services imports from Austria fell to US$19.7 billion, down 6.6% from 2023. Goods imports fell 8.3% to US$17.7 billion. These results reflect the general weakness of the Austrian economy, matched with comparatively strong 2024 GDP growth in the United States.

Most U.S. exports to Austria occupy one of five categories: pharmaceutical products, organic chemicals, medical and optical products, machines and parts (including data processing equipment), and electric machinery. Services account for around 22% of the export total, led by financial services. Austria's major exports to the United States are vehicles and engines, machines and parts, pharmaceuticals and beverages.

FDI continues to be a driving force in the bilateral economic relationship, contributing significantly to trade flows in both directions. Over the past three years, Austria has remained one of the 10 fastest-growing sources of U.S. FDI, and the U.S. ranks as Austria's fourth-largest investor source country. In 2024, the last year for which figures are available, Austria's direct investment position into the United States was US$25.7 billion, an increase of 11% from 2023.



This supports around 42,900 U.S. jobs, primarily in the industrial equipment, plastics, metals, energy, medical equipment, transportation, software and electronic component industries. According to the BEA, the U.S. direct investment position in Austria was US$6.1 billion in 2023, an increase from $5.4 billion from 2022.

**Market Challenges**

The main challenges for U.S. companies interested in pursuing business opportunities in Austria are slow economic growth, strong competition from German and European competitors, high labor costs and a robust regulatory environment that includes both EU and national requirements.

- Economic weakness. Austria's economic stagnation can be attributed to continued high energy costs, the ongoing impact of higher lending rates (originally adopted to curb inflation) on construction and investment, and weak demand for capital goods, both domestically and in neighboring Germany. GDP is expected to remain in negative territory in 2025 with another contraction of 0.3%.

- Strong competition. Austria's largest trading partner is Germany, with which Austria shares a language, a border and a long history. German companies are strongly embedded in the Austrian business community and tend to produce high-quality products and equipment. The proximity of representatives who promise quick replacement and repair services is another advantage.

- High labor costs. Austria ranks among the top third in terms of labor costs in the EU.

- Complex business environment. Companies must comply with EU-wide certification requirements and standards and, in many cases, with additional requirements specific to the Austrian market.

- Increasing caution toward U.S. business partners. Austrian economic players are generally risk-averse, and rapidly changing U.S. tariff policies in 2025 have reinforced that sentiment.

**Market Opportunities**

Good opportunities exist for U.S. companies interested in entering the Austrian market, especially in the growing pharmaceutical and biotech sectors, information and communication technologies (ICT) and cybersecurity, advanced manufacturing and defense. More than 300 U.S. companies operate subsidiaries in Austria, most with a focus on the Austrian market.

- The pharmaceutical and biotech sectors are set to grow significantly in the coming years as Austria's population ages, chronic disease rates increase and high-priced therapies become available for widespread oncological and neurodegenerative diseases. The domestic pharmaceutical manufacturing sector is also growing, boosting demand for drug precursors and active pharmaceutical ingredients.



- Another sector offering significant opportunities for U.S. exporters is ICT and specifically cybersecurity. As Austria continues to digitalize its economy and infrastructure, the demand for advanced digital solutions and secure networks has increased. The growing emphasis on data protection and implementation of European regulations also creates a fertile environment for U.S. firms offering cutting-edge cybersecurity solutions.

- As manufacturing accounts for 16% of Austrian GDP, modernizing and automating processes through the introduction of AI and other advanced systems is a strong area of growth. Valuable opportunities for U.S. companies in this sector can also be found in collaborative research by partnering with Austrian firms and institutions on joint R&D projects.

- Austria is reassessing its defense strategy following years of underinvestment, prompted by shifting geopolitical dynamics. The Austrian Armed Forces require significant enhancements in both quality and quantity of equipment across ground, air and information domains. Increased budgets have been allocated as part of the Austrian Armed Forces (ÖBH) 2032+ long-term military renewal plan. U.S. exporters are encouraged to pursue industrial cooperation with Austrian defense firms to enhance their chances of success.

**Market-Entry Strategies**

While market-entry strategies for U.S. exporters are highly dependent on the industry sector and individual business objectives, below are some general considerations:

Austria is a sophisticated, globally oriented market. U.S. exporters will often be competing with high-quality, state-of-the-art products and services, often from Germany, a country with which Austria shares a border, a language and a currency. Investing the time to understand your competition and develop a solid, unique selling proposition, as well as measures to reduce friction such as currency risks, time zone disparities and language barriers is highly recommended.

Do not treat Austria as an extension of Germany. While there are many similarities, and it sometimes make sense to consider the two in tandem, Austria and Germany are economically, culturally and historically distinct.

Companies interested in selling to the Austrian government will benefit immensely from partnering with a local company. Public procurement documentation is released in German, the deadlines for submitting information or raising an issue are tight, usually ten days, and most government contracts will require a local representative to provide product support.

We encourage those looking for an agent or distributor in Austria to think beyond national borders. In some cases, qualified distributors for this market may be found in neighboring Germany or Switzerland. Alternatively, some Austrian distributors have offices throughout Central-Eastern Europe and can support a regional footprint.



Austria is a highly regulated economy, not just in terms of EU and national regulations, certifications, standards and registration requirements, but also in ways that shape the market for individual products and services. Speaking with associations, thought leaders and other sources can help a market newcomer understand the legal frameworks that will contribute to determining market viability, entry paths and strategies.

Austrian business decision-makers are on average significantly more risk-averse than their U.S. counterparts. Building trust and demonstrating reliability are essential to a successful business relationship; highlighting the opportunity for gain is often not enough.

*"Doing Business in Austria" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import and export data obtained from the website of the International Trade Centre (ITC)**

AUSTRIA

# AUSTRIA SNAPSHOT

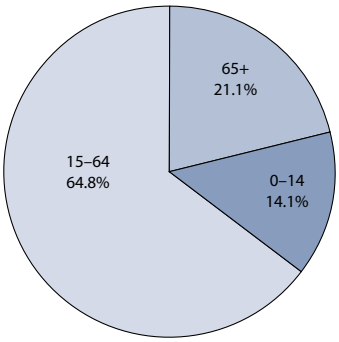
## Demographics

Population in millions 9.2

| Age | Male | Female |
|---|---|---|
| 0–14 | 0.66 | 0.63 |
| 15–64 | 2.94 | 3.01 |
| 65 & Over | 0.87 | 1.06 |

Median Age 44.5
Population Growth 0.28%

Demographics

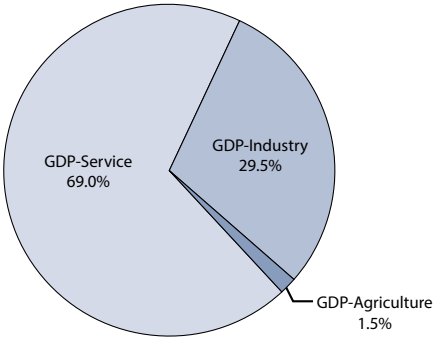



## Economy

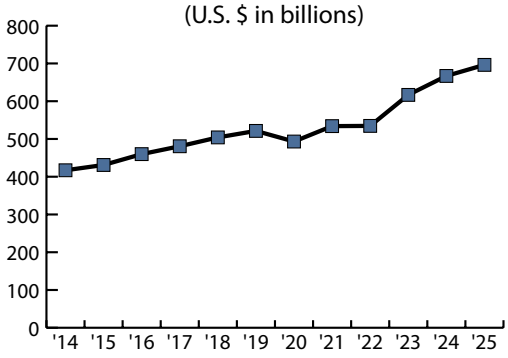
| | |
|---|---|
| GDP (PPP) | $696.2 billion |
| GDP Per Capita | $75.830 |
| GDP-Real Growth Rate | 0.60% |
| Unemployment Rate | 5.70% |
| Inflation | 3.60% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

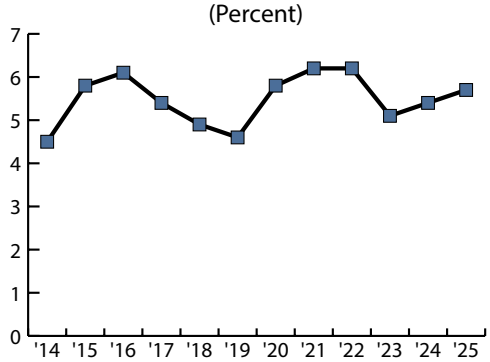
Economy



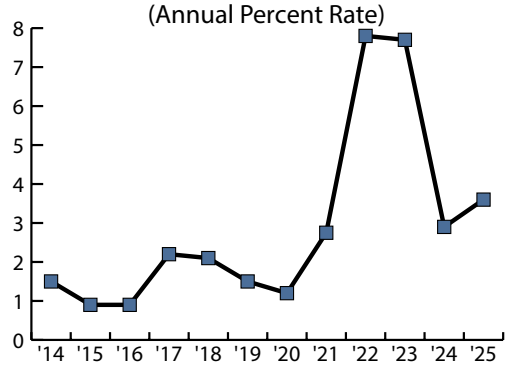

Austria GDP
(U.S. $ in billions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

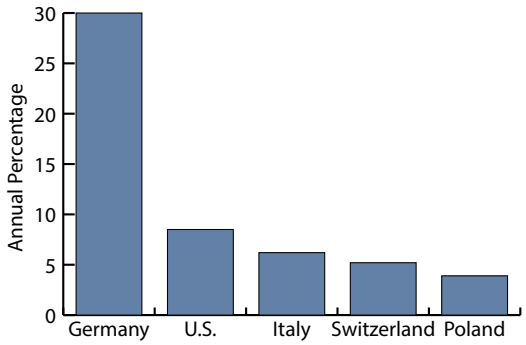


## Trade

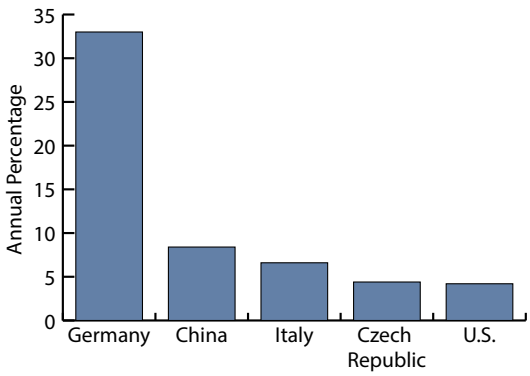
| | |
|---|---|
| Total Export | $222.5 billion |
| Total Import | $219.1 billion |

| | |
|---|---|
| Export as % of GDP | 31.96% |
| Import as % of GDP | 31.47% |

Export Partners (2025)



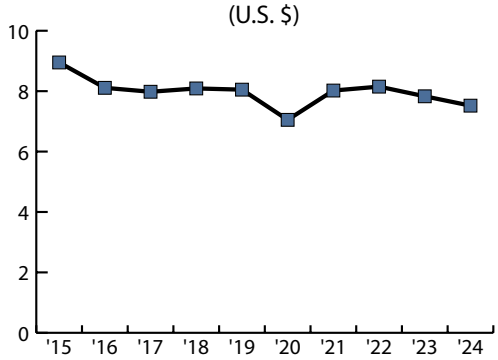

Import Partners (2025)



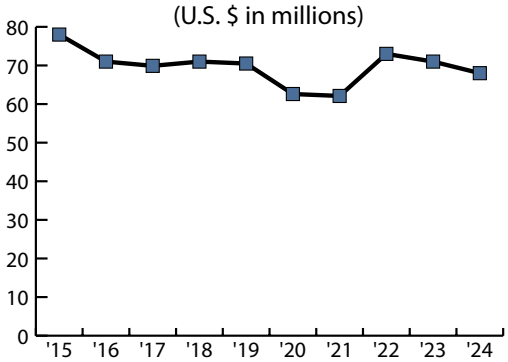

## Music Industry

| | |
|---|---|
| Music Market | $68.0 million |
| Sales Per Capita | $7.52 |
| Global Share | 0.40% |

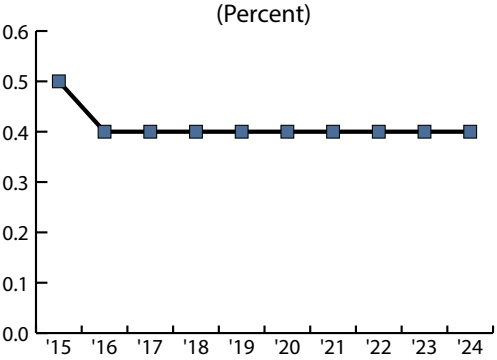
Music Sales Per Capita
(U.S. $)



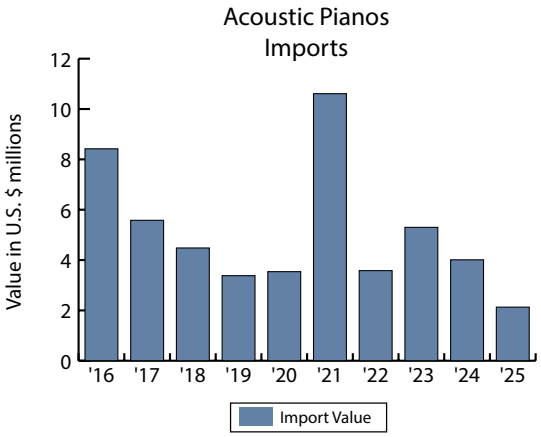

Austria Music Market
(U.S. $ in millions)

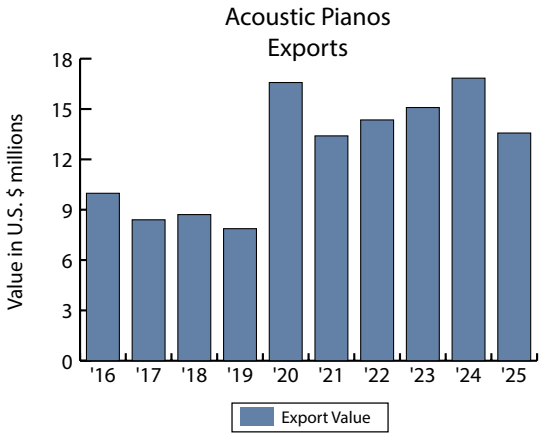


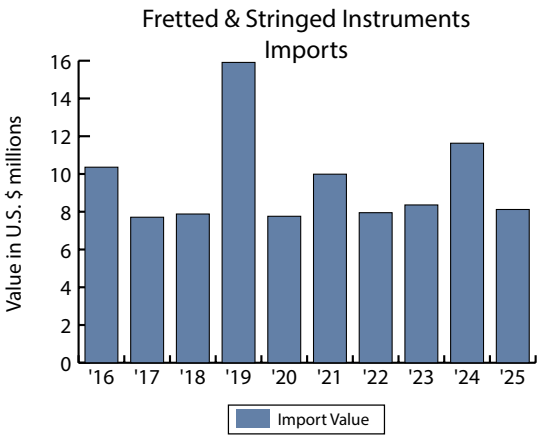

Share of Global Music Market
(Percent)

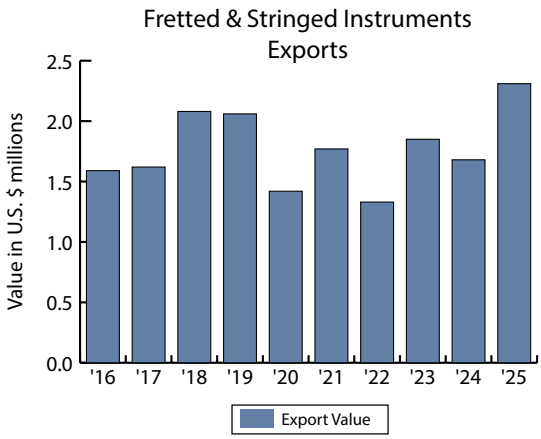


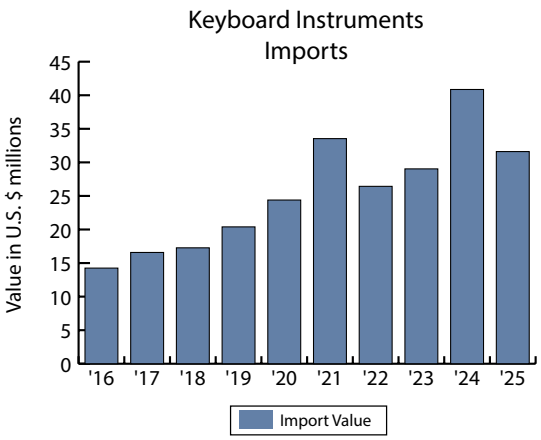
# Austria Imports and Exports

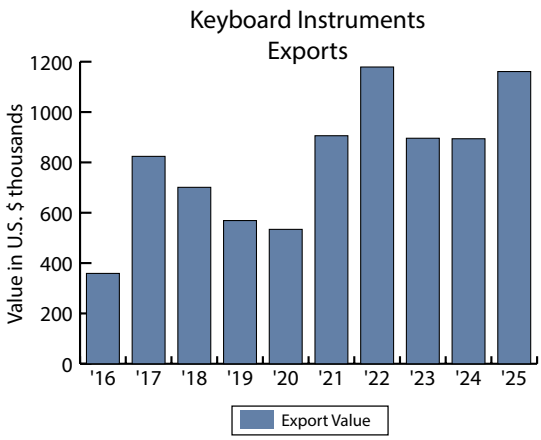


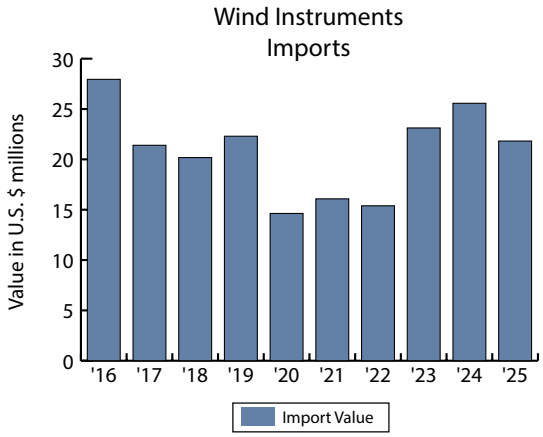



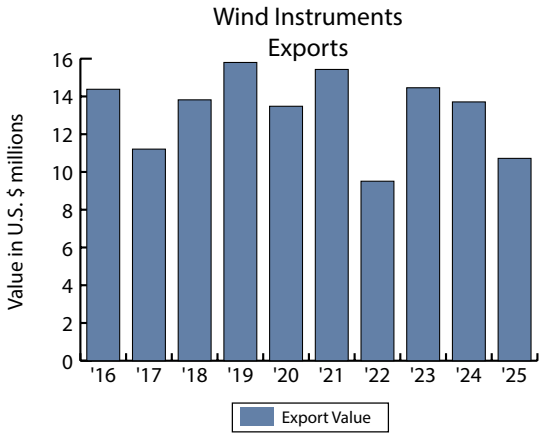



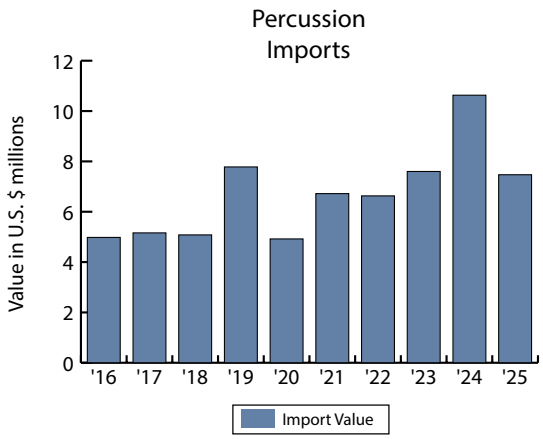



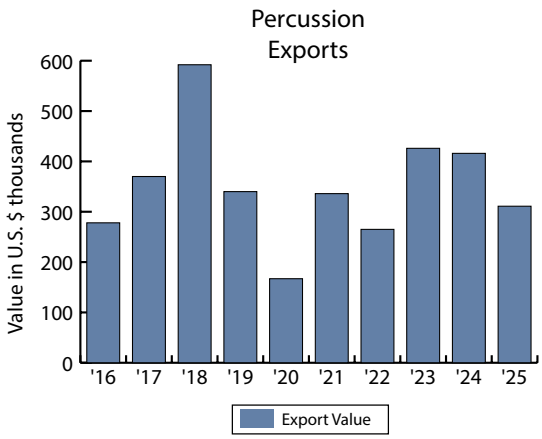



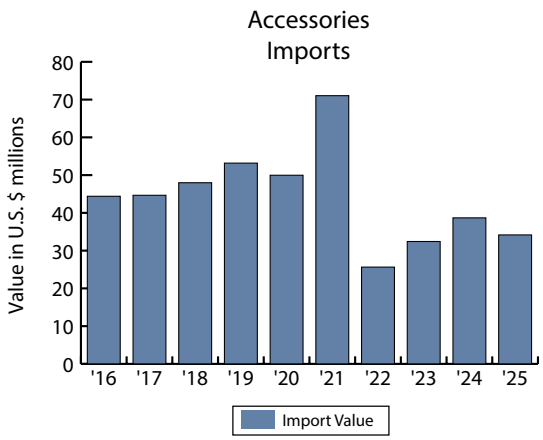
# Austria Imports and Exports

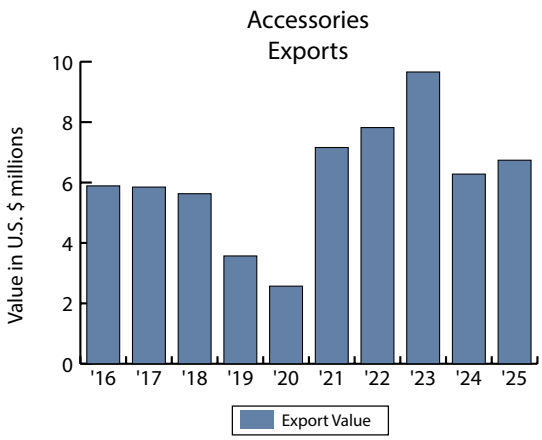




# BELGIUM

## DOING BUSINESS IN BELGIUM

**Market Overview**
Belgium is a compact and diverse market located at the crossroads of Europe. It is composed of the francophone Wallonia region to the south, the Dutch-speaking Flanders region in the north and the bilingual capital region of Brussels, in addition to a small community of German speakers. With a population of nearly 12 million people in a territory comparable in size to the state of Maryland, it is densely populated. It enjoys one of the highest per capita incomes in Europe, with a relatively balanced income distribution, resulting in widely distributed purchasing power among its residents.

Belgium's GDP was approximately US$664.6 billion in 2024 with real GDP growth of 1%, according to the IMF. Its bilateral trade with the United States exceeds US$75 billion annually. Distinguished by its major port (Antwerp-Bruges is the second-largest port in Europe) and first-class logistical infrastructure, a significant portion of bilateral trade either originates in, or is destined for, other countries in Europe. According to Cesus.gov, Belgium recorded a trade deficit with the U.S. in 2024 of US$6.4 billion, while exporting US$27.8 billion of goods and services to the United States. The U.S. is one of the larger suppliers of goods and services, while exporting US$34.2 billion of goods and services to Belgium. According to the U.S. Bureau of Economic Analysis, the total stock of foreign direct investment (FDI) from Belgium to the United States was more than US$71 billion and U.S. FDI in Belgium was over US$54 billion as of the year 2024. Top U.S. industries for Belgian FDI were software & IT services, plastics, food and beverage, chemicals, industrial equipment and business services.

**Market Challenges**
As a member of the European Union (EU), Belgium has strong rule of law and a high level of consistency and transparency vis-à-vis intellectual property rights protection, standards, contract enforcement and dispute resolution. That said, U.S. companies should be cognizant that while Belgium is a small country, its regions of Wallonia, Flanders and Brussels have distinct economic identities and business cultures. Political authority in Belgium is shared between the federal government, the three regions and the French and German linguistic communities. Most regulations impacting the business environment (taxes, labor market, energy) are controlled at the federal level. In contrast, environmental regulations and trade and investment-promotion policies are developed mostly at the regional level.

**Market Opportunities**
Belgium's central location makes it an ideal gateway to reach the EU's 448 million consumers. Belgium has an aging but affluent population with a high purchasing power. It is a highly developed, longtime economic partner of the United States, with an extremely well-educated workforce, world-renowned research centers and the infrastructure to support a broad range of economic activities. Belgium's diversity makes it an ideal market for many U.S. firms to test their products before expanding distribution throughout Europe.



**Market-Entry Strategies**

To succeed in Belgium, U.S. exporters should focus on innovation, superior quality and competitive pricing—while remembering that Belgium's small size can be misleading. Despite its compact market, it is deceptively complex. Industry sectors in Belgium are shaped by the policies of its national and regional governments, as well as the European Union. Companies will find that the federal government of Belgium and the regional governments of Flanders, Brussels and Wallonia split authority and responsibilities vis-à-vis the regulatory environment. Although U.S. exporters are not required to appoint a local agent or distributor to sell to Belgian companies, it is strongly recommended that companies consider partnering with a local company for the purposes of monitoring business opportunities, navigating import and standard testing regulations, and identifying public sector sales and contract opportunities.

*"Doing Business in Belgium" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import and export data obtained from the website of the International Trade Centre (ITC)**

# BELGIUM SNAPSHOT

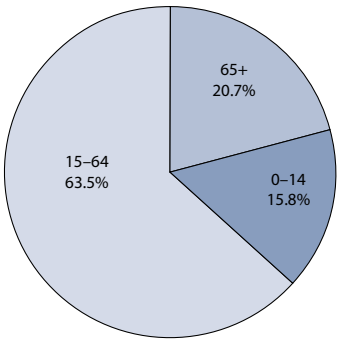
## Demographics

Population in millions 12.0

| Age | Male | Female |
|---|---|---|
| 0–14 | 0.97 | 0.93 |
| 15–64 | 3.83 | 3.76 |
| 65 & Over | 1.11 | 1.37 |

Median Age 42.4
Population Growth 0.45%

Demographics

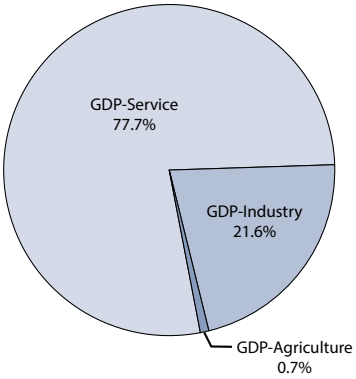



## Economy

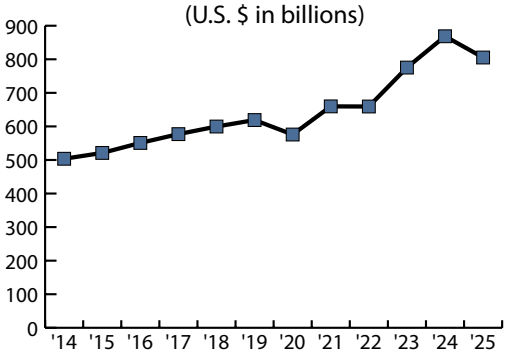
| | |
|---|---|
| GDP (PPP) | $905.3 billion |
| GDP Per Capita | $76,210 |
| GDP-Real Growth Rate | 1.00% |
| Unemployment Rate | 6.20% |
| Inflation | 3.00% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

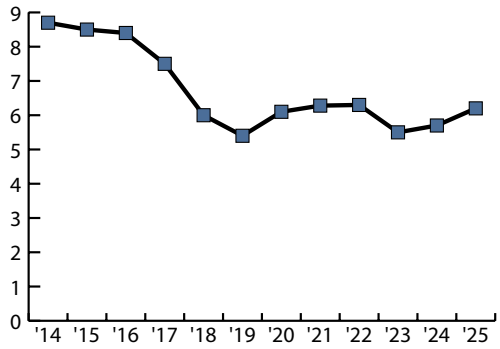
Economy



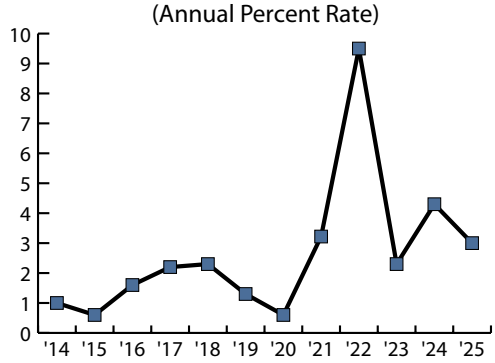

Belgium GDP (PPP)
(U.S. $ in billions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

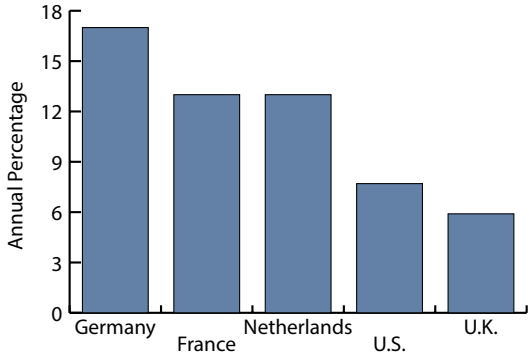


## Trade

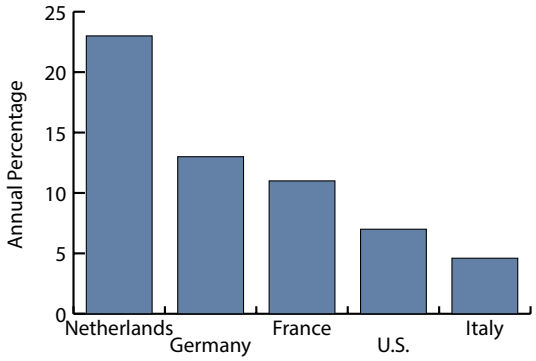
| | |
|---|---|
| Total Export | $568.7 billion |
| Total Import | $380.6 billion |

| | |
|---|---|
| Export as % of GDP | 62.82% |
| Import as % of GDP | 42.05% |

Export Partners (2025)



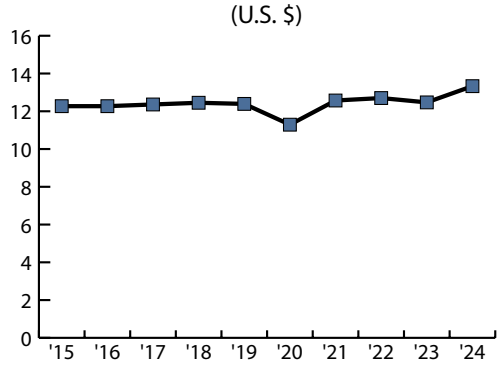

Import Partners (2025)



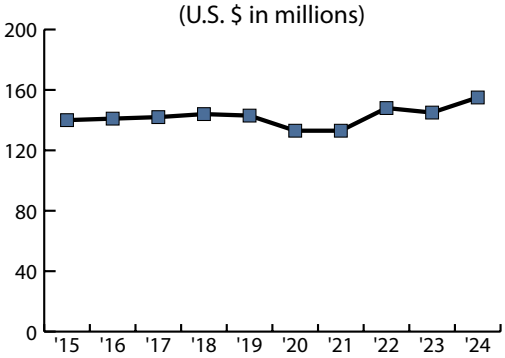

## Music Industry

| | |
|---|---|
| Music Market | $155.0 million |
| Sales Per Capita | $13.33 |
| Global Share | 0.90% |

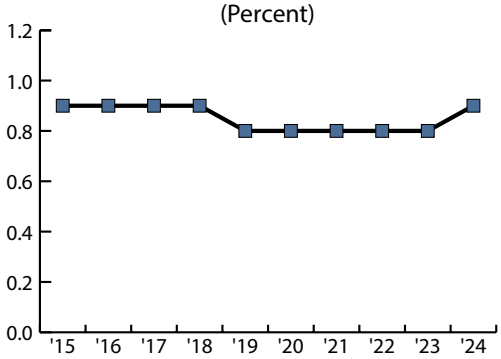
Music Sales Per Capita
(U.S. $)



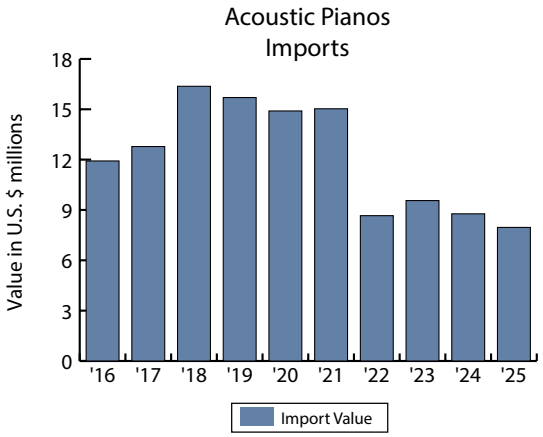

Belgium Music Market
(U.S. $ in millions)

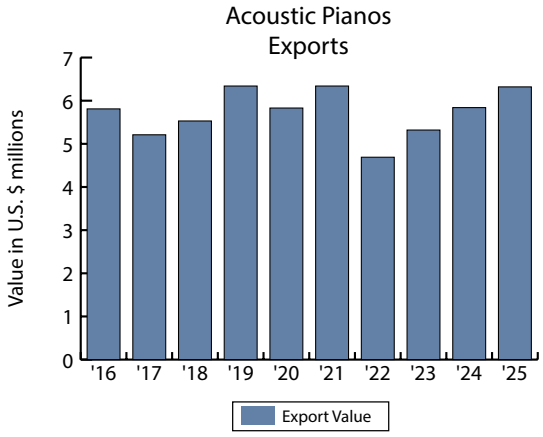


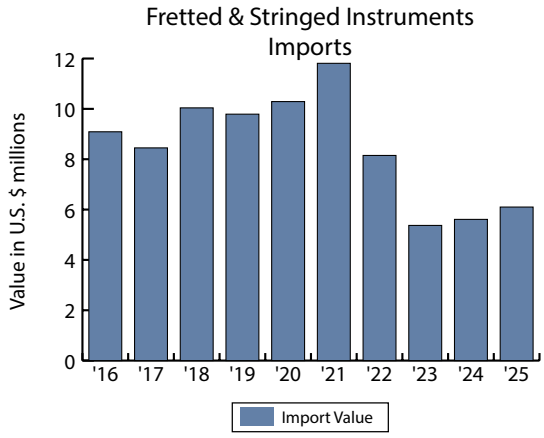

Share of Global Music Market
(Percent)

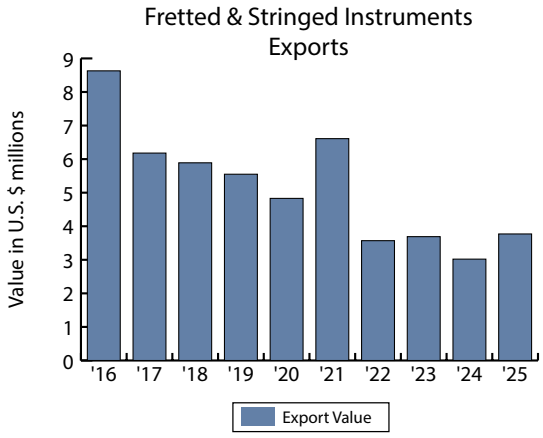


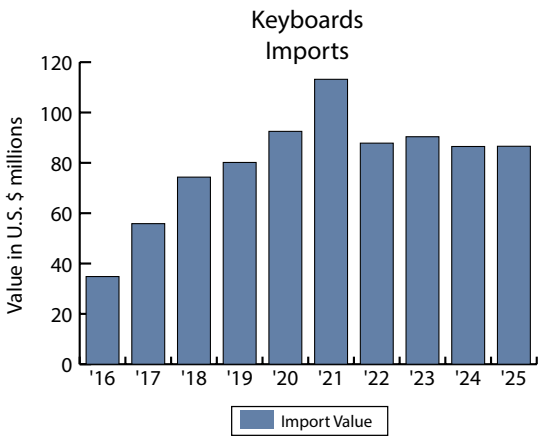
# Belgium Imports and Exports

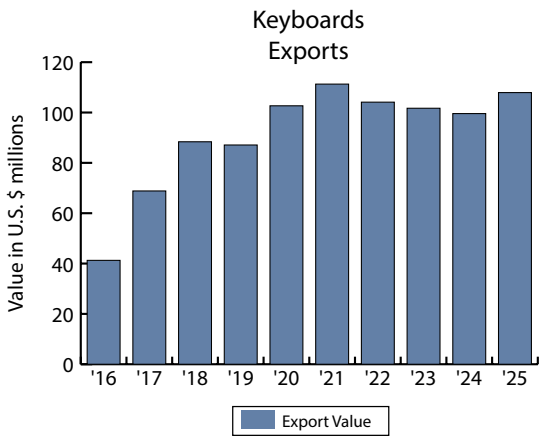


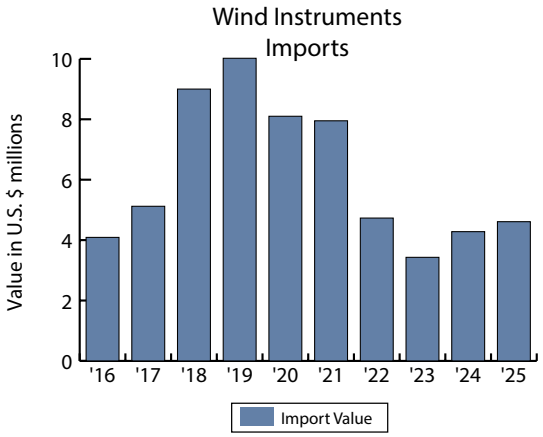



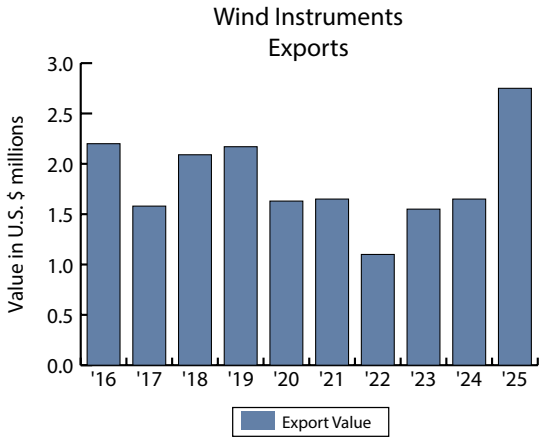



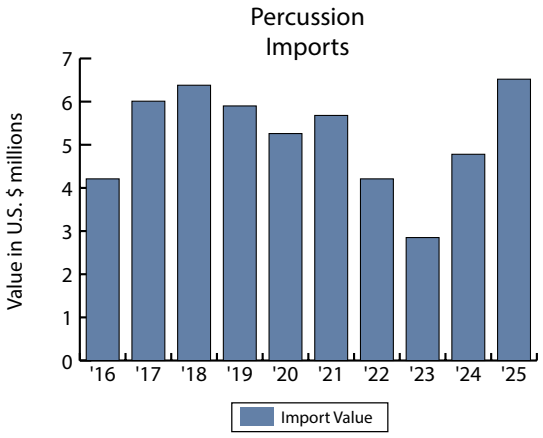



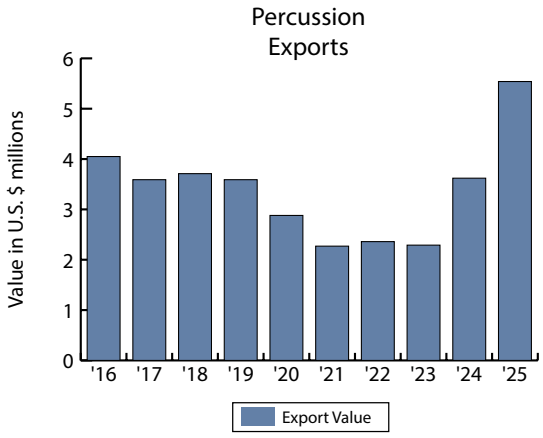



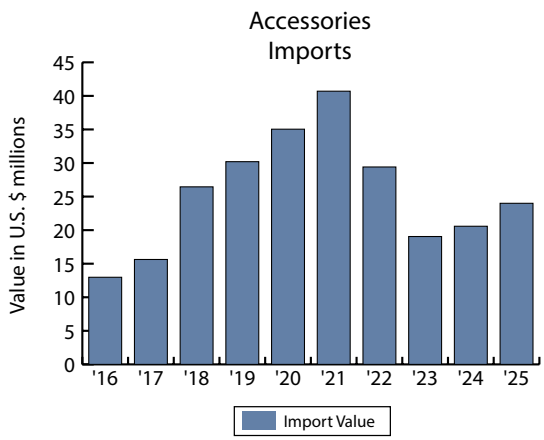
# Belgium Imports and Exports

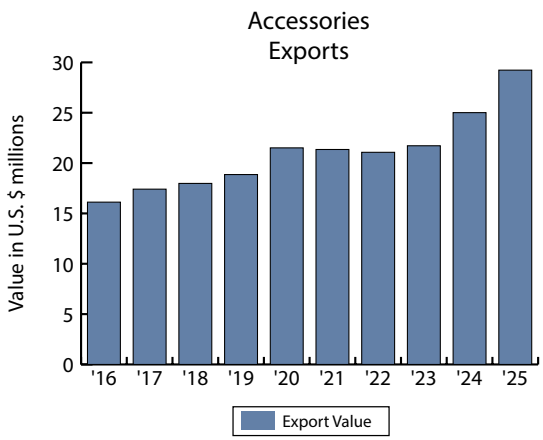


# BRAZIL

**The Brazilian Music Market Has Not Shrunk; It Has Changed Routes**

Based on Brazilian data, the country's musical instruments and equipment market should not be read only at the surface level of import figures. At first glance, Brazil went through 2025 in relative stability. Brazilian imports under Chapter 92 (musical instruments, parts and accessories) grew 2.74% in FOB value, from US$100.64 million in 2024 to US$103.40 million in 2025. In an international environment where several musical instrument markets have been facing pressure in demand, channel shifts, margin compression and weaker consumption in certain categories, Brazil initially appears to have resisted better.

But that is only the starting point.

The most revealing figure is volume. During the same period, imported weight grew 14.41%, from 6.63 million kg to 7.59 million kg. In other words, the country imported only slightly more in value, but much more in physical volume. This suggests a relevant change in mix, average price and product profile. The market is not simply standing still; it is changing from within.

In the core categories tracked in the Brazilian data — stringed instruments, wind instruments, percussion, synthesizers, musical instrument strings, and electric guitars and basses — the movement is even more clear. Together, these categories grew 11.28% in value, 13.69% in units and 14.91% in weight. Some categories advanced significantly: electric guitars and basses grew 22.38% in value; stringed instruments, 18.33%; synthesizers, 11.25%; and percussion, 7.61%. Wind instruments and musical instrument strings declined in value, but the overall picture shows that the Brazilian market remains dynamic.

The conclusion is that Brazil is not merely experiencing market stability but also a redistribution of the market.

For decades, the Brazilian music industry operated through a relatively linear chain. International brands sold to national distributors; distributors worked with sales representatives; representatives supplied retailers; and retailers sold to the final consumer. Brazilian manufacturers, in turn, competed with importers using the same logic: channel presence, commercial strength, relationships with stores, service and reputation builtover time.

That chain supported the development of the Brazilian market for many years.

This has not disappeared, but it is no longer exclusive.

The final consumer has now become the center position. International suppliers seek direct access to Brazilian buyers. Marketplaces have created new entry routes. Independent sellers operate outside the classic distribution logic. Asian brands, especially those of Chinese origin, are no longer seen only as generic products or low-cost copies; in many cases, they are building identity, design, packaging, technical specifications, digital reputation and their own perception of value. At the same time, Brazilian brands and multinational companies with structured operations in the country continue to grow when



they combine product, presence, marketing, service, reach and consistency.
The market is no longer a single avenue. It has become a system of multiple routes.

This new environment has a direct effect on distributors, manufacturers and retailers. A product can now reach the consumer through channels that were previously marginal or nonexistent. The purchase decision may begin with a short video, a niche review, a marketplace comparison, a WhatsApp group, a community of music producers, an online class or a recommendation from a teacher, technician or specialized creator.

Influence is no longer concentrated in a few media channels. For many years, radio, television, specialist magazines, MTV, major artists, distributor catalogs and physical points of sale helped organize consumer desire. Idolization of certain bands, guitarists, keyboardists, drummers or singers had a direct impact on brands, instruments and equipment.

That effect still exists. And it remains important. But it is no longer the only factor of influence.

Influence has fragmented. Instead of a few idols with large-scale capacity to shape demand, hundreds of nano-leaders have emerged: musicians, producers, teachers, technicians, content creators, digital retailers, reviewers, DJs, beatmakers, luthiers, audio technicians, educators and artists from micro-scenes. Each speaks to a smaller audience, but often with high credibility within that niche. The music market now operates through communities, not only through campaigns.

This change is especially relevant for consumers under 30. This audience was born or came of age in an environment of digital purchasing, endless research, instant comparison and public social validation. It does not necessarily have the same emotional attachment to the established brands that shaped previous generations. For many young musicians, producers and students, the traditional hierarchy — North American, European and Japanese brands at the top, followed by alternatives of lesser prestige — no longer operates automatically.

Young consumers allow themselves to explore and test. They compare. They evaluate design, functionality, price, delivery, reviews, demonstration videos, compatibility with their setup, reputation in communities and immediate availability. They may desire a classic brand, but they may also buy a new brand if they perceive value. And when the experience is good, that new brand stops being merely an alternative and becomes part of their frameof reference.

This is one of the central points of the shift: The new consumer is not necessarily rejecting quality. They are redefining what they understand as quality.

For a long time, quality was communicated mainly through tradition, origin, technical prestige, presence in specialized stores and association with established artists. The endorsement of a major musician, presence on stage, use in a historic recording or as the signature of a star functioned as a certificate of trust.

These elements remain relevant. In many cases, they remain decisive. The artist continues to be vital for desire, symbolic repertoire, aspiration, consumer education and brand-building. The relationship between influential musicians and products will continue to be an essential part of the music industry.

But the artist is no longer the only certifier of quality.

In the new purchasing environment, quality can also mean something else: a product with 4.7 stars on a marketplace, more than 1,200 units sold, dozens or hundreds of real reviews, user videos and positive comments about delivery, finish, durability, value for money and compatibility with everyday use. For a new generation, this social proof can carry equivalent weight — and, at certain moments in the purchase decision, even greater weight — than the traditional influence of a famous artist.

The old question was: “Who uses this brand?”

The new question is: “Who bought it, how many people bought it, what did they say, what is the average rating, how does the product appear in videos, does it ship quickly, does it solve my problem, and does it fit my budget?”

This shift profoundly changes the marketing logic of the music sector. A brand that once depended mainly on symbolic prestige now also needs to compete for measurable reputation, digital presence, social proof, algorithmic visibility, customer service, reviews, community and real purchasing experience.

This helps explain why brands of Asian origin, especially Chinese-origin brands, have gained space. It is not only a matter of price. The central point is that many of these companies have improved design, finish, communication, packaging, technical specifications, marketplace presence and digital reputation. In several categories, they have stopped competing only as low-cost products and have begun to compete as functional, visible, accessible and testable brands.

At the same time, it would be simplistic to attribute the entire shift to Brazilian taxes. The tax burden remains a relevant structural factor and increases the cost of formal operations. Brazil is, in fact, a complex, expensive and bureaucratic market for importers, manufacturers, distributors and retailers.

But taxes do not explain everything.

Brazilian brands of microphones, stringed instruments, audio products, accessories and other categories also pay taxes, face local costs and operate within the same limitations of the country. Even so, several of them dominate or hold relevant positions in their segments because they have invested in presence, continuity, marketing, service, distribution, relationships with artists, relationships with retailers and trust-building.

Therefore, the question is not only how much tax exists in Brazil. The question is who, despite the tax burden, builds perceived value.

This point is important because it dismantles a recurring belief: the idea that the Brazilian consumer buys only on price, or that the Brazilian market does not absorb value. The reality is more complex. Cheaper products exist in several categories, but they do not always win. Higher-priced brands can lead when they manage to build trust, desire, presence and legitimacy. Price matters, but it does not act alone.

The Brazilian market has moved from an environment of relative scarcity to one of excessive supply. In the past, there were few options for purchasing microphones, mixing consoles, stringed instruments, keyboards, percussion, wind instruments and accessories. Today, there is abundance. Consumers can find dozens of alternatives in seconds. The challenge is no longer merely to place a product in Brazil. The challenge is to be perceived, understood, desired and chosen.

This is the new center of competition.

Whoever dominates consumer attention will dominate a relevant part of the chain. Whoever dominates data, community, influence, content, reputation and availability will gain an advantage. Whoever continues to operate as if the market were linear, predictable and dependent on the same intermediaries as always will tend to lose space — not necessarily all at once, but through gradual erosion.

This movement is also perceptible in other Latin American markets. In conversations with distributors across the region, it becomes clear that many have not yet fully measured the impact of D2C, marketplaces, cross-border sales and fragmented digital influence. The traditional channel sees the known competitor, but does not always perceive the diffuse competitor: the one that enters through price, convenience, delivery, segmented advertising, niche influencers, marketplace reviews and direct consumer search.

It is a form of competition that does not appear only in the showroom. It appears on the consumer's phone.

For ANAFIMA, the strategic reading is clear: the Brazilian market must be analyzed beyond formal imports and traditional sell-in. Official data show stability in value, growth in volume and dynamism in specific categories. But the perception of retailers, distributors and manufacturers indicates something additional: part of demand is migrating routes. The market may be growing in real consumption while part of that growth escapes classic sector measurement models.

This hypothesis needs to be studied. It is not enough to state that the gray market has grown. It is necessary to measure signals: retailer perception, price variation, seller presence on marketplaces, low-value imports, decline or displacement of certain lines in the traditional channel, category-specific behavior, warranty complaints, technical service, invoices, traceability and competition with products without local support.

Ignoring this movement would be a mistake.

The sector needs to monitor gray market activity, marketplaces, D2C, direct international sales, informality, technical assistance, warranty, product safety, taxation, fair competition and consumer education. It also needs to recognize that this transformation will not be reversed by nostalgia. The market will not return to being linear. Consumers will not go back to depending only on the store counter, the distributor's catalog or the campaign of a major brand.

The question now is how to rebuild value within this new system.

Physical stores will remain relevant when they offer experience, curation, trust, product testing, service, community and technical guidance. Distributors will remain relevant when they add after-sales support, inventory, financing, training, warranty, institutional presence and brand development. National manufacturers will remain relevant when they combine competitive products, identity, marketing and the ability to understand the real Brazil. And international brands will remain strong when they stop treating Brazil only as an expensive and difficult market and begin to truly compete for the mind of the new consumer.

Brazil is not a stagnant market. It is a market in transition.

And transition favors those who see it first.

*Commentary by Daniel Neves, president of Música & Mercado*

## DOING BUSINESS IN BRAZIL

**Market Overview**

Brazil remains the largest economy and consumer market in South America, making it an important destination for experienced U.S. exporters seeking access to a large and diversified economy. The United States and Brazil continue to maintain a strong commercial relationship, with the United States remaining one of Brazil's top trading partners. While demand for U.S. products, technology and brands remains strong across many sectors, exporters continue to face challenges related to Brazil's complex tax structure, regulatory environment, customs procedures and local content requirements. However, Brazil's ongoing tax reform efforts are expected to gradually simplify parts of the business environment over the coming years.

Brazil's economy grew by 2.3% in 2025, with GDP reaching approximately US$2.3 trillion. The country has a population of more than 203 million people, making it one of the largest consumer markets in the world. Economic activity remains concentrated in the southeastern states of São Paulo, Rio de Janeiro and Minas Gerais, which serve as the country's primary centers for finance, manufacturing, agriculture, mining, logistics and energy production. São Paulo continues to function as Brazil's financial and commercial hub and is the country's leading center for international business activity.

Brazil continues to offer opportunities for U.S. exporters across a broad range of industries, including energy, aerospace, agricultural equipment, health care, technology,



infrastructure, manufacturing and consumer goods. Total U.S. goods exports to Brazil reached approximately US$54.4 billion in 2025, while total bilateral goods trade between the two countries totaled roughly US$94.3 billion. Brazil was the 11th-largest export market for U.S. goods in 2025. Major U.S. exports to Brazil include mineral fuels, aircraft, machinery, pharmaceuticals and electrical equipment.

President Luiz Inácio Lula da Silva continues to lead Brazil's government, with the administration maintaining a focus on economic growth, industrial development, sustainability initiatives and trade diversification. Commercial engagement between the United States and Brazil has continued through bilateral dialogues focused on trade facilitation, regulatory transparency, customs modernization, anticorruption measures and clean energy cooperation. The U.S.-Brazil Protocol Relating to Trade Rules and Transparency, which entered into force in 2022, remains an important framework supporting greater regulatory cooperation and trade facilitation between the two countries.

Brazil also remains a significant source of foreign direct investment into the United States and continues to attract international investment due to its large domestic market, extensive natural resources and expanding infrastructure and technology sectors. At the same time, businesses operating in Brazil must carefully navigate regional differences, evolving regulations, tax compliance requirements, labor laws and import procedures. Success in the Brazilian market often depends on developing strong local partnerships, understanding regional market dynamics and maintaining long-term business strategies tailored to the country's complex operating environment.

**Market Challenges**

Doing business in Brazil requires in-depth knowledge of the local environment, including the high direct and indirect costs of doing business, commonly referred to in Portuguese as the "Custo Brasil" or "Brazil Cost." Brazil has been working to improve its business climate. Recent reforms include a change in transfer pricing regulations that reduce the likelihood of double taxation on multinational firms repatriating profits and tax reforms aimed at simplifying its complex tax system. The government of Brazil has been working to improve its regulatory processes through its August 2024 "Regula Melhor" Strategy, with the objective of making the preparation, implementation, monitoring and review of Brazilian regulations more efficient, in addition to promoting transparency and public participation in the regulatory process. While these new strategies and laws move Brazil in a positive direction toward economic integration, further reform is needed to address Brazil's restrictive labor laws. Companies seeking to enter the Brazilian market should identify local partners and customs brokers to help navigate Brazil's complex legal, regulatory andtax systems.

Some of the challenges that U.S. companies in Brazil may encounter:

Complicated Tax System: Recent tax reforms slated to be implemented between 2026 and 2032 will consolidate five existing taxes (PIS, Cofins, IPI, ICMS and ISS) into a dual Value Added Tax (VAT) system, streamlining what has been one of the most complicated tax systems in world. As Brazil phases in the new system, the current complexities of Brazil's



domestic tax system, including multiple cascading taxes and tax disputes among the various states, pose challenges for all companies operating in and exporting to Brazil, even the most experienced ones. Moreover, without a free trade agreement, Brazil imposes high taxes and tariffs on imported goods and services coming from the United States and other markets. The U.S. Commercial Service has numerous industry specialists and a host of other contacts equipped with tools to help U.S. exporters succeed when met with the bewildering bureaucracy surrounding taxes and tariffs.

Other Non-tariff Barriers: U.S. exporters can expect to encounter a complicated regulatory system, inadequate or ineffective intellectual property protection and enforcement, and unique standards with limited recognition of the international standards commonly used in the United States. Companies must navigate a complex web of federal, state and local regulations affecting their products, and frequently must be prepared to meet different standards and technical requirements from those used in the United States. This means that even if a company has already tested its products and successfully met technical requirements in the United States, it may still be necessary to re-test and re-certify those products to meet the technical requirements used in Brazil.

Logistical Costs and Delays: Poor infrastructure and inefficient customs processes mean getting products to a destination can often be a lengthier process than exporters are accustomed to experiencing. Companies should be prepared to face fees and delays in getting goods into the market. However, Brazil has taken steps to improve its infrastructure and bureaucratic inefficiencies over the past several years; as a result, product clearance time and costs are decreasing. The customs administrations in the United States and Brazil signed a Mutual Recognition Arrangement in September 2022 that enhances cooperation on security and trade and will reduce wait times at the border for trusted traders.

Non-transparent Public Procurement Processes: Government tenders often favor domestic players due to local content requirements. While the government of Brazil is the largest buyer of goods and services in Brazil, navigating the government procurement process can prove challenging if companies are not equipped with the proper contacts and information. To make the procurement market more open to international bidders, Brazil implemented a new government procurement law in January 2024 that more closely follows global procurement practices for government contracts, including eliminating some of the regulations that favored local companies. However, U.S. exporters may still find themselves at a competitive disadvantage if they do not have an in-country presence, either through established partnerships with Brazilian entities or a Brazilian representative, along with endurance and financial resources to respond to legal challenges and bureaucratic issues. The U.S. Commercial Service in Brazil (CS Brazil) can help U.S. companies find trusted local partners through our matchmaking and due diligence services.

There are several actions that companies can take to familiarize themselves with the local market and overcome these challenges. First and foremost, work with the U.S. and Foreign Commercial Service when considering doing business in the market, and with our Advocacy Center when bidding on public procurements. Companies should be prepared to make a long-term commitment to the market, as it will take time to establish and build relationships locally. Given that imported U.S. products will likely be more expensive than local products, companies will need to be prepared to make the case for the product's overall quality and value.

U.S. companies may also wish to work with our team to identify potential tools that can help to mitigate Brazil's high tariffs and taxes. These include programs such as ex-tarifario, which grants a temporary waiver of import duties on some products not produced in Brazil. Finally, if exporters do encounter a trade barrier, they should make sure to report it either through the Commercial Service or the Department of Commerce's Office of Trade Agreements, Negotiations and Compliance website.

**Market Opportunities**

Challenges aside, Brazil has made tangible progress in developing a friendlier business environment, and U.S. companies continue to have success in the country. CS Brazil has prioritized sectors with high export potential: civil aviation, health care, digital economy, oil and gas, renewable energy, safety and security, and critical and emerging technologies. However, given the sheer size and diversity of the Brazilian market, there is potential for export success in practically any industry. U.S. exporters are encouraged to familiarize themselves with the Brazilian market and take advantage of trade-promotion services and programs available through the U.S. Commercial Service.

Across five offices located throughout the country, our specialists help U.S. companies identify public and private sector opportunities in these industries and others throughout Brazil.

**Market-Entry Strategies**

Several strategies exist for U.S. exporters interested in the Brazilian market, including agents, authorized distributors and representatives. Due to the size of the country, it is important for companies to consider key cities and regions for exports as they initially build sales channels and a customer base in Brazil. Other important factors for success include developing a Brazil-oriented marketing strategy and a willingness to develop close relationships with key industry contacts and partners. Fortunately, in Brazil, U.S. products are widely recognized for their reliability and quality, which facilitates introductions to local partners and provides new exporters an opportunity to leverage this reputation for success.

CS Brazil maintains offices in Belo Horizonte, Brasilia, Rio de Janeiro, São Paulo and Recife to provide U.S. exporters with information and assistance as they strategize on how best to enter the Brazilian market. Each office is equipped with sector specialists who can provide the necessary guidance to help achieve export success.

*"Doing Business in Brazil" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import data from the Brazilian Bureau of Business Development, Industries and Trade, and the Ministry of Trade**

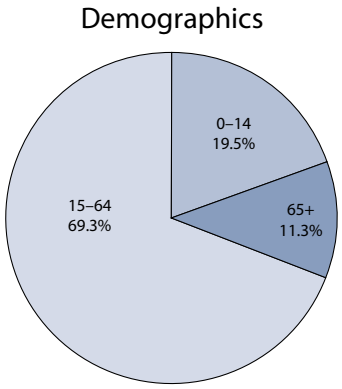
# BRAZIL SNAPSHOT

## Demographics

Population in millions 221.4

| Age | Male | Female |
|---|---|---|
| 0–14 | 22.00 | 21.07 |
| 15–64 | 76.08 | 77.30 |
| 65 & Over | 10.67 | 14.24 |

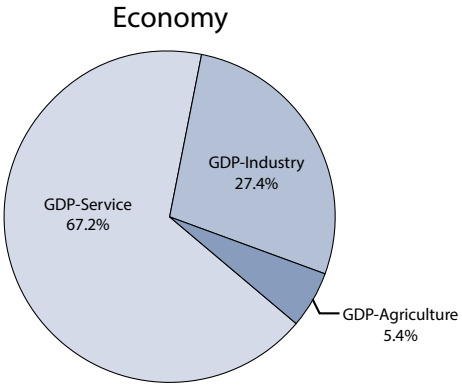
Median Age 35.4
Population Growth 0.58%

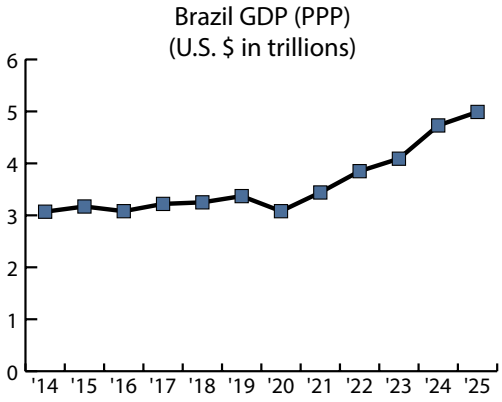



## Economy

| | |
|---|---|
| GDP (PPP) | $4.99 trillion |
| GDP Per Capita | $23,380 |
| GDP-Real Growth Rate | 2.30% |
| Unemployment Rate | 6.00% |
| Inflation | 5.00% |

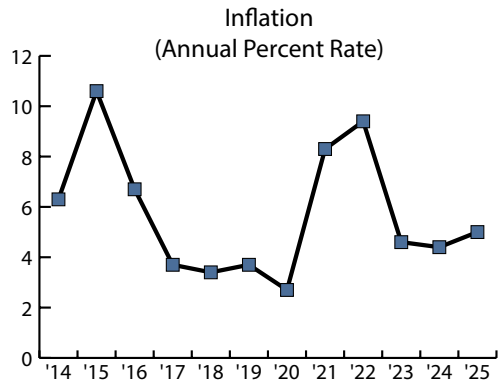
Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.





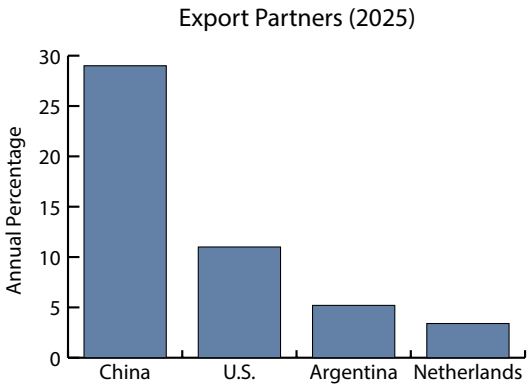


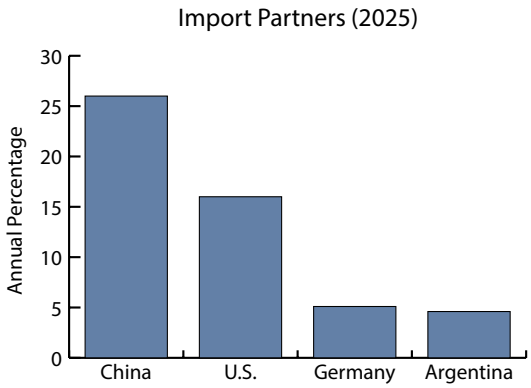


## Trade

| | |
|---|---|
| Total Export | $348.7 billion |
| Total Import | $293.8 billion |

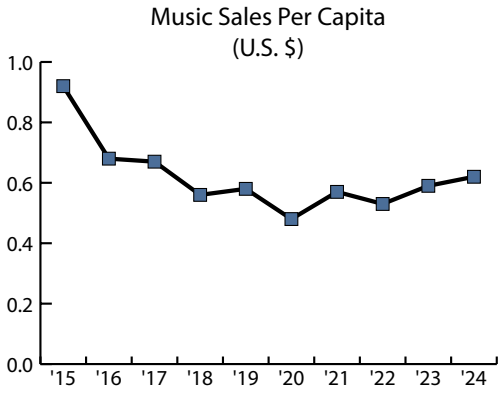
| | |
|---|---|
| Export as % of GDP | 6.99% |
| Import as % of GDP | 5.89% |

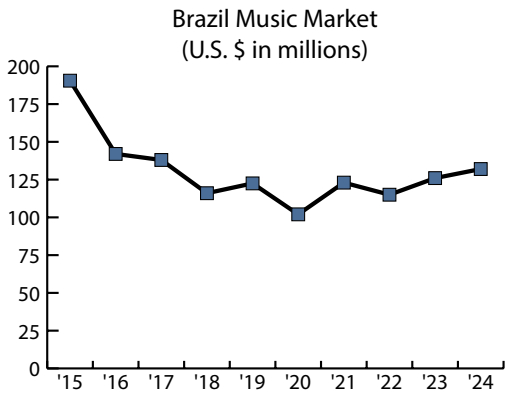


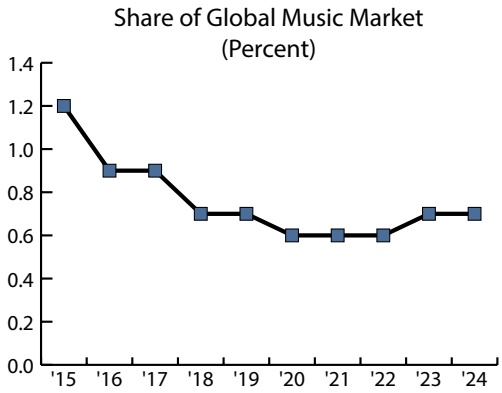




## Music Industry

| | |
|---|---|
| Music Market | $132.0 million |
| Sales Per Capita | $0.62 |
| Global Share | 0.70% |

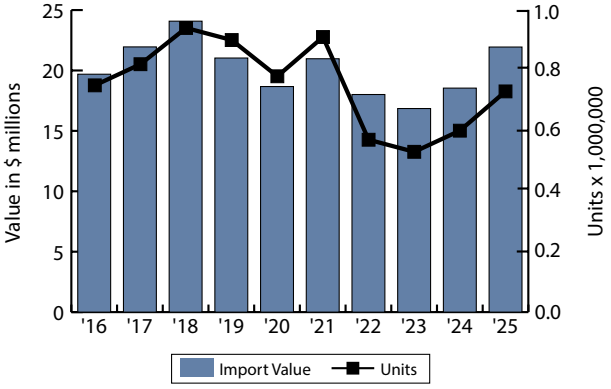


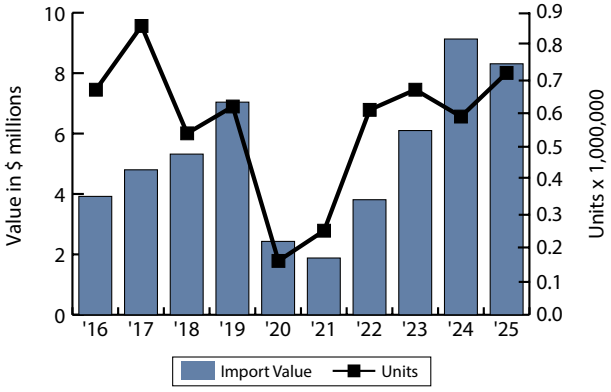



# Brazil Imports

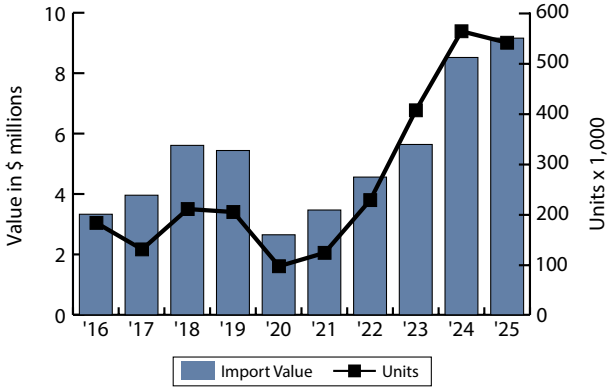
Stringed Instruments



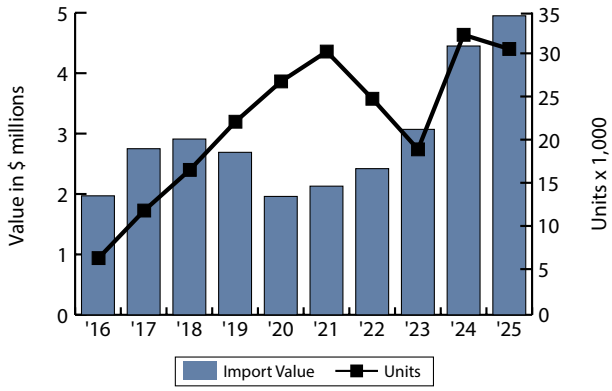

Wind Instruments



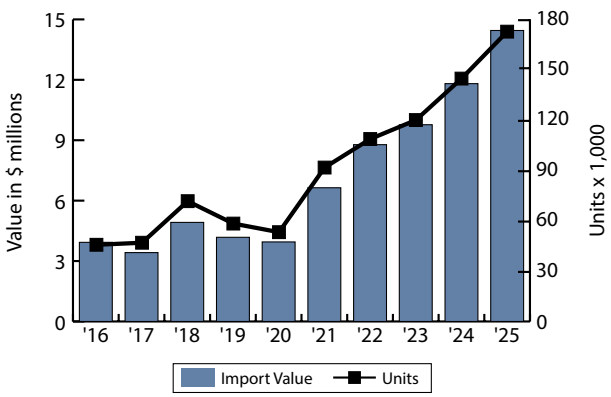

Percussion



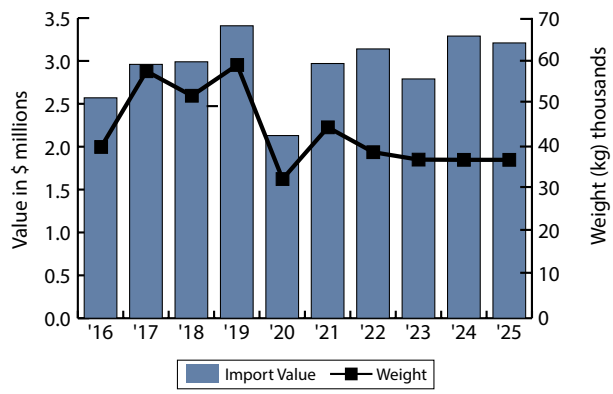

Synthesizers



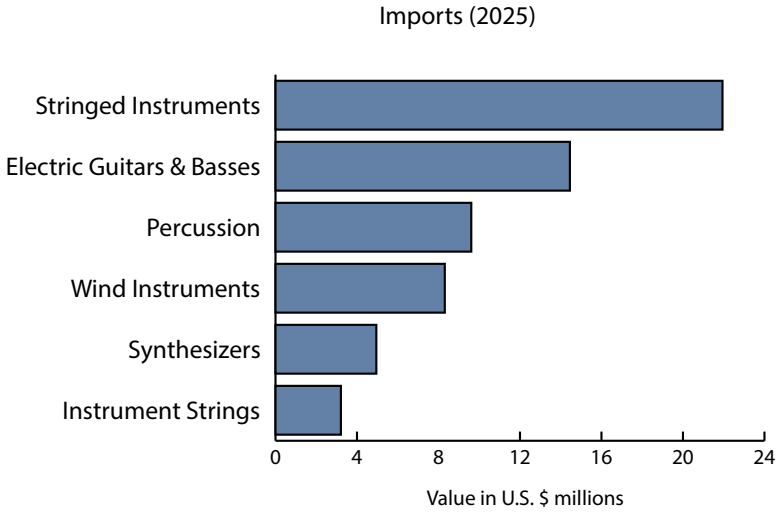

Electric Guitars & Basses

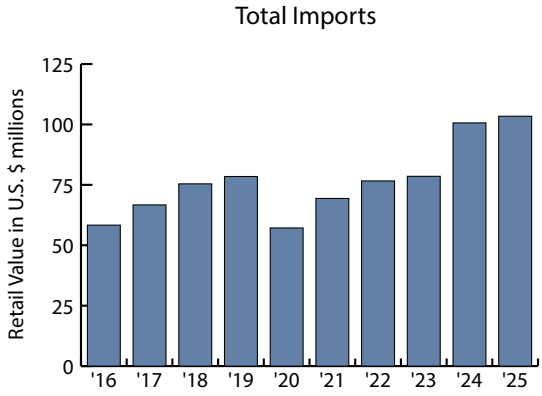



Instrument Strings



# Brazil Imports



# CANADA

Canada is a country in the northern half of North America. Its 10 provinces and three territories extend from the Atlantic to the Pacific and northward into the Arctic Ocean, covering 9.98 million square kilometres (3.85 million square miles), making it the world's second-largest country by total area and the fourth-largest country by land area. Canada's border with the United States is the world's longest land border.




**History**

Beginning in the 15th century, British and French colonies were established on the Atlantic coast, with the first establishment of a region called "Canada" occurring in 1537. As a consequence of various conflicts, the United Kingdom gained and lost territories within British North America until it was left, in the late 18th century, with what mostly geographically comprises Canada today. On July 1, 1867, the colonies of Canada, New Brunswick and Nova Scotia joined to form the autonomous Federal Dominion of Canada. This began an amalgamation of provinces and territories to the self-governing Dominion to the present 10 provinces and three territories forming modern Canada. In 1931, Canada achieved near-total independence from the United Kingdom with the Statute of Westminster 1931, and full sovereignty was attained when the Canada Act 1982 removed the last remaining ties of legal dependence on the British parliament.

**Economy**

In 2024, Canada was the world's 9th-largest economy, with a nominal GDP of approximately US$2.14 trillion. It is a member of the Organisation for Economic Co-operation and Development (OECD), the Group of Seven (G7) and the G20, and is one



of the world's top 10 trading nations, with a highly globalized economy. Canada is a mixed economy, ranking above the U.S. and most Western European nations on the Heritage Foundation's index of economic freedom, and experiencing a relatively low level of income disparity. The country's average household disposable income per capita is more than CAD$75,452 (US$55,306), higher than the OECD average.

Canada's exports totalled over CAD$768 billion (US$562.9 billion) in 2024, while its imported goods were worth more than CAD$770 billion (US$564.4 billion), of which approximately CAD$349 billion (US$255.8 billion) originated from the United States, CAD$49 billion (US$35.9 billion) from the European Union and CAD$35 billion (US$25.7 billion) from China. The country's 2022 trade surplus totalled CAD$1.9 billion (US$1.4 billion), compared with a CAD$46.9 billion (US$34.4 billion) surplus in 2008.

Since the early 20th century, the growth of Canada's manufacturing, mining and service sectors has transformed the nation from a largely rural economy to an urbanized, industrial one. Like many other developed nations, the Canadian economy is dominated by the service industry, which employs about three-quarters of the country's workforce.

The global financial crisis of 2008 caused a major recession, which led to a significant rise in unemployment in Canada. By October 2009, Canada's national unemployment rate had reached 8.6%, with provincial unemployment rates varying from a low of 5.8% in Manitoba to a high of 17% in Newfoundland and Labrador. Between October 2008 and October 2010, the Canadian labour market lost 162,000 full-time jobs and a total of 224,000 permanent jobs. Canada's federal debt was estimated to total CAD$566.7 billion (US$415.2 billion) for the fiscal year 2010–11, up from CAD$463.7 billion (US$339.9 billion) in 2008–09. In addition, Canada's net foreign debt rose by CAD$41 billion (US$30.1 billion) to CAD$194 billion (US$142.2 billion) in the first quarter of 2010. However, Canada's regulated banking sector (comparatively conservative among G7 nations), the federal government's pre-crisis budgetary surpluses and its long-term policies of lowering the national debt, resulted in a less severe recession compared to other G8 nations.
As of 2015, the Canadian economy had largely stabilized and has seen a modest return to growth, although the country remains troubled by volatile oil prices and sensitivity to the eurozone crisis.

In 2020–21, the COVID-19 pandemic had a deep impact on the Canadian economy, leading it into a recession. Social-distancing rules had the effect of limiting economic activity in the country. Companies started considering mass layoffs of workers, which was largely prevented by the Canada Emergency Wage Subsidy. Despite these efforts, Canada's unemployment rate was 13.5% in May 2020, the highest since 1976. By March 2021, the unemployment rate had dropped to 7.5%.

Many large-scale events scheduled for 2020 in Canada were cancelled or delayed. This included all major sporting and artistic events. Canada's tourism and air travel sectors were hit especially hard due to travel restrictions.

The Canadian government and the provincial governments provided billions of dollars in financial aid for Canadian businesses, organizations and individuals.



COVID-19 vaccinations started in January 2021 and Canada now has one of the highest percentages of the population being vaccinated in the world. In 2021, after several months of severe restrictions and lockdown, Canadian businesses re-opened and grew. By June 2022, almost all COVID restrictions had been removed and most sectors of the Canadian economy entered a period of growth.

Donald Trump's tariffs, introduced beginning in early 2025 — including sweeping duties as well as sector-specific tariffs on Canadian steel, aluminum, autos and lumber — have had a significant and lasting impact on the Canadian economy. The trade conflict hit during a labour-market recovery: unemployment, which had fallen to 6.6% in early 2025, climbed to a multi-year high of 7.1% by August and September 2025 (the highest since 2016, excluding the pandemic), as roughly 54,000 manufacturing jobs were lost between January and May. Real GDP contracted 0.4% in the second quarter of 2025 before rebounding in the third quarter and contracting again in the fourth as businesses drew down inventories and factory output fell. Motor vehicle manufacturing output ended 2025 down 2.9% from pre-tariff levels. The labour market improved in the latter part of the year, with the unemployment rate falling to 6.5% by October and settling at 6.8% by year-end amid several consecutive months of job gains. Despite the turmoil, Canada posted its first per-capita GDP increase in three years in 2025, household spending held up, and net foreign direct investment (FDI) was positive for the first time in more than a decade — though specific sectors and regions targeted by tariffs, particularly energy, autos and heavy manufacturing, remained hard hit. Direct U.S. investment inflows fell to CAD$51.2 billion (US$37.5 billion) in 2025, down CAD$3.1 billion (US$2.3 billion) from 2024.

**Population**

The 2022 Canadian census counted a total population of 38,930,000. The main drivers of population growth are immigration and, to a lesser extent, natural growth. Canada has one of the highest per-capita immigration rates in the world, driven mainly by economic policy and, to a lesser extent, family reunification. The Canadian public as well as the major political parties support the current level of immigration. A record 500,000 people immigrated to Canada in 2023. New immigrants settle mostly in major urban areas like Toronto, Montreal and Vancouver. Canada also accepts large numbers of refugees, accounting for more than 10% of annual global refugee resettlements.

**Ethnicity**

The country's largest self-reported ethnic origin is Canadian (accounting for 32% of the population), followed by English (21%), French (15.8%), Scottish (15.1%), Irish (13.9%), German (10.2%), Italian (4.6%), Chinese (4.3%), First Nations (4.0%), Ukrainian (3.9%) and Dutch (3.3%). There are 600 recognized First Nations governments or bands, encompassing a total of 1,172,790 people. Canada's aboriginal population is growing at almost twice the national rate, and 4% of Canada's population claimed aboriginal identity in 2006. Another 16.2% of the population belonged to a non-aboriginal visible minority. In 2006, the largest visible minority groups were South Asian (4.0%), Chinese (3.9%) and Black (2.5%). Between 2001 and 2006, the visible minority population rose by 27.2%. In 1961, less than 2% of Canada's population (about 300,000 people) were members of visible minority groups. By 2007, almost one in five (19.8%) were foreign-born, with nearly 60% of new immigrants coming from Asia (including the Middle East). The leading sources



of immigrants to Canada were China, the Philippines and India. According to Statistics Canada, visible minority groups could account for a third of the Canadian population by 2031.

- European (76.7%)
- Asian (14.2%)
- Aboriginal (4.3%)
- Black (2.9%)
- Latin American (1.2%)
- Multiracial (0.5%)
- Other (0.3%)

**Languages**

A multitude of languages are used by Canadians, with English and French (the official languages) being the mother tongues of approximately 60% and 20% of Canadians, respectively. Nearly 6.8 million Canadians listed a non-official language as their mother tongue. Some of the most common non-official first languages include Chinese (mainly Cantonese; 1,072,555 first-language speakers), Punjabi (430,705), Spanish (410,670), German (409,200) and Italian (407,490).

*Approximately 98% of Canadians can speak English and/or French.*

- English – 56.9%
- English and French (Bilingual) – 16.1%
- French – 21.3%

**Music**

According to the IFPI's most recent *Global Music Report* (2026), Canada's recorded music revenues grew by 5.6% in 2025, to a total of US$957.9 million, though Canada slipped one place to become the ninth-largest music market in the world. Canada's growth was driven by streaming, with overall streaming revenues increasing 4.5% to US$747 million. This included a 3.4% increase in paid subscription streaming, reaching US$598.5 million, and a 9.4% rise in combined ad-supported audio and video streaming, reaching US$148.3 million.

Music broadcasting in the country is regulated by the CRTC, which enforces Canadian content (CanCon) regulations to ensure the country's artists and music industry companies are supported domestically. The federal government is currently in the process of extending CanCon regulations to the digital sphere by bringing streaming services under CRTC supervision and ensuring they pay into the creation of Canadian art. In February



2022, the federal government, controlled by Prime Minister Justin Trudeau's Liberal Party, introduced the Online Streaming Act (Bill C-11) in parliament to update the current Broadcasting Act for the modern digital world. Passed in April 2023, the Online Streaming Act requires online streaming companies such as Netflix and Spotify to contribute money to the Canada Media Fund (CMF), which is used to support the creation of Canadian art, including music.

SOCAN — the only performing rights organization for Canadian publishers, songwriters and composers — collected CAD$587.1 million (US$430.3 million) in 2025, a 5% year-over-year increase and another all-time high in collections. Domestic collections (revenue from music used in Canada) rose to CAD$445.5 million (US$326.5 million), up CAD$23.9 million (US$17.5 million) from the prior year, while international revenue grew to CAD$141.7 million (US$103.9 million). SOCAN distributed CAD$511.9 million (US$375.2 million) in royalties to songwriters, composers and publishers in 2025, close to the record CAD$512.4 million (US$375.6 million) distributed in 2024.

The Canadian Academy of Recording Arts and Sciences (CARAS) presents Canada's music industry awards, the Juno Awards, which were first awarded in 1970. The Canadian Music Hall of Fame, established in 1976, honours Canadian musicians for their lifetime achievements.

Canadian artists continue to punch well above their weight in terms of international recognition and prominence. Drake leads the charge as the highest-certified digital singles' artist of all time and was named the Artist of the Decade at the 2021 Billboard Awards. Apple Music named The Weeknd as its 2021 Global Artist of the Year. Both Drake and The Weeknd have surpassed the best-selling Beatles tracks from the early sixties.

Aside from Drake and The Weeknd, Canada continues to see massive success by its artists on the international stage, especially on the hip-hop, R&B and pop charts. Tate McRae has emerged as the country's newest global breakout star: In 2025, her album *So Close to What* gave her a first Canadian No. 1 album, landed her on IFPI's biggest-selling global artists list, topped Spotify's 2025 Canadian Global Impact List and earned her first Grammy nomination (Best Dance/Pop Recording) for "Just Keep Watching." Billboard Canada named her the country's Top Canadian Artist of 2025, ahead of The Weeknd and Drake. Other Canadians continuing to rack up international awards, achievements and accolades include Justin Bieber (whose surprise 2025 albums *Swag* and *Swag II* topped the Canadian albums chart and produced 17 Canadian Hot 100 entries), Shawn Mendes, Jessie Reyez, Tory Lanez, Carly Rae Jepsen and Alessia Cara. Canada is also home to legacy acts like Rush, Celine Dion, Nickelback, Bryan Adams, Michael Bublé and Sarah McLachlan.

Many of these artists also employ and collaborate with other Canadian artists, songwriters, producers, engineers and other creative and business professionals, marking a significant boon to the wider Canadian music industry and its global visibility. As well, some of the biggest current producers and songwriters in the rap/R&B/pop world are Canadians who split their time between Toronto, New York and Los Angeles. This includes Boi-1da, PartyNextDoor (whose 2025 Drake collaboration "Somebody Loves Me" earned a Grammy nomination for Best Melodic Rap Performance), Frank Dukes and Murda Beatz. Montreal



producer Kaytranada also picked up two 2026 Grammy nominations, for Best Dance/ Electronic Recording and Best Remixed Recording. A new wave of rising Canadian artists — including Sofia Camara, Cameron Whitcomb and Josh Ross — are also gaining international traction.

**Music Funding**

Despite the overall growth in Canada's recorded music sector reported by the IFPI, Canada's wider independent music sector is warning that it will take several years for it to return to pre-pandemic levels. According to a report by Nordicity that was commissioned by the Canadian Independent Music Association (CIMA), from March to December 2020, the Canadian independent music sector's revenue dropped by CAD$280 million (US$205.2 million). The revenue loss has been most acute for emerging artists and their representatives.

It's no surprise that the live sector has been the hardest hit, with a 79% drop in income from 2019. As well, independent sound recording and publishing companies saw a 41% decline in revenue from 2019 to 2020. Across the independent music sector, CIMA estimates that 2,000 full-time-equivalent jobs were lost in six months. As such, the association predicted that, in a best-case scenario, industry revenue would not recover to pre-COVID levels for several years and that would only be with further financial support from federal and provincial governments.

Thanks to significant and unified lobbying efforts from Canada's arts industry associations and unions, the provincial and federal governments were quite supportive during the pandemic, providing tens of millions of dollars to keep unemployed artists and struggling companies afloat. However, the ongoing pandemic support many musicians and arts organizations relied on ended in May 2022. Programs like the Canada Recovery Benefit (CRB), which was replaced in October 2021 by the Canada Worker Lockdown Benefit for self-employed workers, including freelance artists, provided them with CAD$300 (US$220) per week. The Hardest-Hit Business Recovery Program (HHBRP) and the Tourism and Hospitality Recovery Program (THRP), which replaced the Canada Emergency Wage Subsidy (CEWS) to subsidize wages of employees, also ended in May 2022.

The federal government's 2022 budget added an additional CAD$50 million in 2022–23 to previously announced broad-based programs that compensate Canadian arts, culture and heritage organizations for revenue losses due to public health restrictions and capacity limits. In April 2024, the federal government announced its 2024–25 budget, confirming a CAD$32 million annual increase to the Canada Music Fund for two years (2024–25 and 2025–26). In April 2025, the Liberal government, now led by Prime Minister Mark Carney, was re-elected.

As the temporary top-up neared its expiry, independent music organizations (including CIMA, SaskMusic and Music NL) launched a public campaign warning that the Canada Music Fund's budget could be cut by up to 50% if not renewed. The campaign succeeded: In its first budget, tabled November 4, 2025, the Carney government renewed the Canada Music Fund with a $48 million commitment over three years starting in 2026–27, continuing



support for FACTOR and Musicaction. CIMA welcomed the renewal as an important step toward long-term sustainability for Canada's independent music sector, while noting that other pressures — such as declining contributions from private radio broadcasters to FACTOR (down from roughly CAD$16 million in the early 2020s to about CAD$2 million) — continue to challenge the sector.

**Musical Instruments Market**

Musical instruments are available to consumers in Canada through musical instrument stores, music conservatories, department stores, electronics retailers, computer stores, gift stores and e-commerce websites. E-commerce sites are located primarily in Canada and the United States and are stand-alone operations or operated by brick-and-mortar musical retailers. Most products sold in Canada are imported from the United States, China and Europe, but there is a growing Canadian manufacturing base with a notable focus on innovation.

Stakeholders at every level of the m.i. industry supply chain — manufacturers, distributors and wholesalers, publishers, retailers and educators — have expressed and reinforced the demand for Canada-specific m.i. business and networking opportunities. Since the dissolution of the Music Industries Association of Canada (MIAC) in 2014, which presented an annual national trade show and conference for both the musical products (MIAC Show) and production technologies (PAL Show) industries, no similar event for the industry has emerged to fill that void.

In the related production market, EXPO-SCENE has been growing steadily and after a two-year hiatus, returned in April 2022 to Montreal; this is Canada's largest production industry trade show and conference. In 2023 and 2024, EXPO-SCENE staged strong shows with attendees from across Canada. The 2025 and 2026 shows were sold out for exhibits and attracted a record number of attendees.

Since the demise of MIAC, Canadian participation in The NAMM Show and Summer NAMM steadily increased pre-pandemic. Looking at a five-year trend, there were 2,521 Canadian attendees at The 2016 NAMM Show, compared with 3,100 at the 2020 event. A similar trend emerged on the exhibitor side, with 54 Canadian exhibitors taking part in 2016 and 68 by the 2020 show. At the 2022 NAMM Show, there were just under 30 Canada-based companies exhibiting. In 2023, there were over 50 Canadian exhibitors. At the 2024 NAMM Show, there was an increase of 46% to 1,150 Canadian attendees over the 2023 Show. The 2025 NAMM Show attracted 1,156 Canadian attendees.

The NAMM Canadian Reception at The NAMM Show has become the only gathering dedicated specifically to Canadian music m.i. and production technologies industry professionals. The next reception takes place on January 26, 2027.

Recent years have seen a general trend of homogenization within Canada's m.i. supply chain. While many boutique manufacturers and distributors are finding success in the market, a significant number of medium- and large-scale distribution firms and manufacturers have ceased operations or been acquired by larger entities within that time span, leading to more prominent brands being managed or distributed by fewer

companies. In 2018, Exertis (based in the U.K.) acquired Montreal-based Jam Industries, the largest distributor of musical instruments, pro audio, lighting and consumer music products in North America. In June 2023, UK-based The Midwich Group acquired SFM, one of Canada's largest and most successful distributors of musical instruments, pro audio and lighting.

In general, the Canadian m.i. industry is diversifying as a wider demographic of young people enter the workforce; however, it remains a largely male-dominated industry. Also, a large majority of the sales reps serving m.i. suppliers in Canada are over the age of 50, with comparatively few under 30 having entered (and remained) in the industry going back even a decade.

Retail chains of three or more stores continue to proliferate, with Canada's largest retail chain, Long & McQuade Musical Instruments, now counting 108 locations across the country.

Jack Long (founder of Long & McQuade and Yorkville Sound) passed away at age 95 in September 2023. In addition to his business successes, he was an avid supporter of music education and music therapy.

After 57 years in business, Cosmo Music, Canada's largest music store, announced in March 2025 the closure of its operations. The location was taken over by Long & McQuade in July 2025.

Evidence from regular interviews and conversations with Canadian m.i. retailers in recent months matches the stories heard across the American m.i. industry. That is, retailers saw a massive increase in demand for products used for home recording and performance, such as USB microphones and interfaces, as well as guitars, keyboards and electronic drums, and even more niche instruments like banjos and accordions during the pandemic. Thankfully, sales are starting to rebound in the product categories that were hardest hit by pandemic restrictions, including PAs and other live music products, and band instruments. Because Canada has, generally speaking, been four to six months behind the United States when it comes to lifting pandemic safety restrictions in schools and public spaces, the recovery of these hardest-hit product categories has followed a similar delayed trajectory.

Although the demand for musical instruments and related products has increased to pre-pandemic levels, the supply chain problem has made sales less than otherwise expected. Parts and product delays, in some cases lasting months, have driven back-order levels at the retail and distribution level to record levels. There were some improvements in this area during the first half of 2024. In 2025 and 2026, concerns about supply issues have been replaced by uncertainty caused by Trump's tariffs.

**Music Education**

Canada's public music education system has been reduced by unenlightened pressure from government and boards of education. This reduction in the number of music

programs has been partly replaced by private music education. Most colleges, universities and private colleges offer training in various areas of music.

The Canadian Federation of Music Teachers' Associations represents its members in every Canadian province and provides prospective students with assistance in finding a private teacher.

The Royal Conservatory of Music is one of the most respected teaching institutions in the world, with over 5 million alumni. The RCM has certified teachers in every province in Canada.

The Canada Academy of Music, headquartered in Brockville, Ontario, is celebrating 25-plus years in business and has teachers located in several Canadian cities.

Many music stores offer lessons. Long & McQuade, Canada's largest music store chain, currently has 35,000 students across its 108 locations.

**Live Music**

Toronto, prior to the COVID-19 pandemic, was known as the live music capital of the world. After the pandemic hiatus, Toronto has returned to a thriving live music scene with every genre of music imaginable available seven nights a week.

Canadian Music Week, one of the world's largest music business conferences, held its second live event since the pandemic in Toronto in June 2023. An important part of the three-day event is the Canadian Music Week Festival, which featured hundreds of artists in dozens of clubs in downtown Toronto. The 2024 edition was held June 3–5. CMW was purchased by Loft Entertainment and Oak View Group in 2024 and in 2025 became Departure Toronto. The 2025 event was held May 6–9 and was a successful event. The 2026 Departure, held May 4–10, continued that success.

**Industry Input**

"JAM entered 2025 uncertain how global events would affect demand for our distributed brands. Despite the chaos caused by tariffs, sales in the MI retail and Pro Audio and Lighting channels remained relatively healthy. A continuing 'Buy Canadian' mentality seems to be offsetting lower consumer confidence. Integration projects carried on, though we did notice some delays in getting those projects off the ground. Live/Tour sound grew over the previous year, largely due to some strong products and brands.

These same challenges seem to be carrying on into 2026; consumer retail confidence is not great, but we are trying to offset this with improved marketing to drive end-user demand, better product selection, investments in our B2B, etc. Over the decades, JAM has always found opportunities in turbulent times, and working together with our vendors and customers, we hope to do the same in 2026."

**Jeff Carman**
JAM Industries — SVP



"The last 12 months have continued to show challenges in the Canadian market. We had to deal with both tariffs and counter tariffs. For Yorkville, this created a lot of uncertainty when selling into the U.S. market. Counter tariffs on U.S. products that were in place from around last April until the end of the summer created problems, because the affected products became unsaleable. Some products that come through the U.S. were also affected, as the U.S. supplier would have had to add in the cost of the tariff into the United States.

In Canada, the economy has not been strong, and we have seen declines in three of the last four quarters.

For Long & McQuade, sales overall have been quite robust, but I think quite a bit of that has come from consolidation in the market. For a lot of reasons, there have been quite a few store closings in Canada over the last 12 months, and I would expect that some of that business moved to Long & McQuade. We also had quite a few stores that were starting to mature as they had been open for a number of years, and that also was helping business.

Overall, in spite of the challenges in the market, we ended up with a very strong 8.7% increase on a year-over-year basis.

Web sales increased faster than regular sales at a rate of 16%.

Only about 5% of our sales are shipped from our webstore, but another 10% is shipped from the stores, or picked up in the stores.

About 15% of our sales start on the website."

**Steve Long**
Long & McQuade and Yorkville Sound — president

"The Canadian piano market is heavily influenced by new immigration in all major centres but especially Vancouver, Calgary and the greater Toronto area. The Canadian government's recent immigration policy restrictions and foreign student restrictions has had a direct impact on demand for new pianos. In addition, new rules related to Permanent Residency have also negatively impacted the market demand as immigrants find they did not qualify for PR are now selling off relatively new used pianos. And on top of that, the government of China's change in extracurricular activities prohibiting private piano and music lessons outside of schools has an impact to parents' outlook toward the value and importance of music lessons in Canada. 2025 saw the import of new upright pianos drop to approximately 50% of the average over the previous 10 years. We will see if this is just a correction year or not at this point next year."

**Steve Butterworth**
Yamaha Canada — vice president



"This year has been a year to remember for the Canadian industry. New challenges such as tariffs and supply chain changes compounded with the continuous challenge of big box and online retailers created a new landscape where many historic independent stores left the industry or compacted their footprint. The year was a growth year for many independent stores, which successfully updated their stores and systems to help navigate the changes required to deal with business in a new way. Many independent stores capitalized on 'holes' created by other store closures. The Canadian independent chain is now left with healthy stores that have adapted and will continue to do so as new challenges arise."

**Sean Lewis**
Arden's Music — owner

"The business environment in Canada continues to rapidly change and customers have become even more comfortable with buying goods online, even expensive instruments. Many of our dealers that have active websites and sell on platforms and marketplaces reported growth, with much of it in the latter half of the year. Thankfully, foot traffic has not declined too much, and customers still want to feel and hear an instrument. Although we have seen some big players disappear from retail, there are some small and mid-size stores picking up that lost market share and this is very encouraging!"

**Brian Dupas**
Roland Americas — executive vice president of sales strategy

"The 2025 economy in Canada started off strong but got softer towards Q3 and Q4 with reduced consumer spending and confidence, due to job loss and job consolidation from AI use and companies changing how they do business. That said, Music City Canada focuses on many verticals of business and we have learned over the years to wear a lot of hats. Thus overall, we had a decent year with some growth in the end. We did have to grind hard for it, but the result was having decent Q3 and Q4 results with some increases, which is great considering the economic situation here.

Going forward, we are continuing to innovate, get lean and hire some incredibly passionate people to carry us into 2026 and beyond. While the beginning of 2026 has been slower and down between 10–30% depending on the area of business, we expect that the remainder of the year will pick up and we will have a decent Q3 and Q4 in 2026, with projections of matching last year's numbers at the least. Things are definitely changing — we are changing with it."

**Ryan Schroeyens**
Music City Canada — owner

CANADA

**Industry Statistics**
Statistics Canada tracks all products that come into Canada and are declared through Canada Customs.

***Year-over-year changes in imports of musical products by category:***

| Category | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|
| Acoustic Fretted Instruments | 0.6% | 2.9% | 6.6% | -7.1% | 25.0% | 4.3% | -14.5% | -2.8% | 9.4% |
| Bowed Instruments | 1.8% | 21.5% | -22.8% | -7.0% | -12.1% | 12.4% | 6.6% | 8.7% | -12.9% |
| Brass Instruments | 1.2% | 0.2% | -5.4% | -33.6% | -47.8% | 72.8% | 32.3% | 17.5% | 6.3% |
| Electric Instruments (Guitars/Drums) | -8.1% | 12.2% | 11.1% | 1.1% | 23.2% | 40.7% | 22.9% | 4.4% | 3.0% |
| Electronic Keyboards | 11.2% | 9.2% | 14.3% | 0.7% | 3.0% | 27.8% | -25% | -11.3% | 7.0%- |
| PA/Recording | 4.7% | -0.9% | -3.9% | -8.8% | 5.1% | 15.5% | 4.0% | -3.2% | -5.8% |
| Percussion Products | 1.2% | 6.8% | -4.4% | -24.1% | 14.5% | 12.7% | -0.3% | -3.2% | 3.7% |
| Pianos | -6.1% | 13.8% | -8.6% | 12.9% | 9.0% | 20.7% | -25.1% | -24.9% | -7.1% |
| Printed Music | 11.0% | 13.0% | 4.1% | -29.4% | 6.6% | -16.8% | 1.5% | 4.8% | 9.9% |
| Strings and Accessories | 5.9% | 5.1% | 7.8% | -13.2% | 6.4% | 14.2% | 2.7% | -0.7% | 1.1% |
| Woodwind / Harmonica / Accordion | 6.8% | 4.5% | 2.3% | -28.3% | -23.6% | 38.1% | 31.5% | 1.4% | -1.6% |
| **TOTAL** | **3.7%** | **1.0%** | **-2.4%** | **-8.2%** | **6.1%** | **17.1%** | **-4%** | **-3.3%** | **-4.1%** |

It should be noted that Canada supports an extensive and vibrant domestic musical products manufacturing base as well, with world-leading names in percussion, fretted instruments, instrument amplifiers and PA gear being produced domestically for both the Canadian and global markets. The quantity and value of these domestically produced products would not be included in the import statistics above.

Also not included are products that come into the country without being cleared through Canada Customs.

Keep in mind that the figures for 2021–2023 would have been considerably higher if it weren't for the supply chain problems.

**Information Sources**
Backstage Circle — www.backstagecircle.com
Steve Butterworth, Yamaha Canada Music
Statistics Canada
IFPI
Wikipedia

*Commentary by Jim Norris, president of* "Entertainment Marketer" *and publisher of* "Backstage Circle"

# DOING BUSINESS IN CANADA

**Market Overview**

The United States and Canada enjoy one of the world's largest and most comprehensive trading relationships, which supports millions of jobs in each country and constitutes a US$2.11 trillion bilateral trade and investment relationship. Canada is traditionally the top U.S. export market, accounting for 16.8% of all U.S. goods exports in 2024. Canada was the United States' second-largest trading partner in 2024. Canada and the United States trade more than US$2.5 billion in goods and services daily. Two-way trade in goods and services totaled US$917.4 billion in 2024, and 2024 bilateral investment stock totaled US$1.19 trillion.

U.S. exports of goods and services to Canada were nearly US$441 billion in 2024, a decrease of 0.2% from 2023. Thirty-two U.S. states rank Canada as their number one export market, and the country serves as either the first or second export market for 44 U.S. states. U.S. exports to Canada in 2024 exceeded total U.S. exports to Australia, Brazil, China, India and Vietnam combined.

U.S. exports of goods to Canada totaled US$350.4 billion in 2024. The top export categories (two-digit HS) in 2024 to Canada were vehicles (US$56.6 billion); nuclear reactors, boilers, machinery (US$53.2 billion); electric machinery (US$29.6 billion); mineral fuel, oil (US$28.1 billion); and plastics and plastic articles (US$15.4 billion). U.S. exports of services to Canada were valued at US$90.3 billion in 2024. Leading services exports from the United States to Canada were in the business services, professional and management consulting services, and travel sectors.

In 2024, Canada remained a top export market for U.S. agricultural exports, totaling US$29.5 billion. Leading categories in 2024 included baked goods; fresh vegetables; fresh fruit; food preparations; non-alcoholic beverages (excluding juices); ethanol (non-beverage); dog and cat food; chocolate and cocoa products; dairy products; and beef and beef products.

In most industry sectors, Canada has historically had a highly receptive, open and transparent market for U.S. products and services. Recently, Canada and many of its provinces have been limiting procurement opportunities for U.S. companies and banning U.S. alcohol, and Canadian citizens have been opting out of buying American products. Canada also maintains retaliatory tariffs on approximately US$43 billion worth of U.S. goods in addition to certain automobiles and parts. Several provinces have taken additional steps: for example, some provincial liquor boards have removed U.S. alcohol products from shelves, and Ontario announced restrictions on certain U.S. companies' participation in provincial procurement.

However, the countries still share a similar lifestyle and close geographic proximity, engendering a certain level of cultural familiarity. Canada has two official languages:



English is spoken predominantly (76% nationwide) with a significant French-speaking minority (22% nationwide). Most French speakers are concentrated in Quebec (84% of the province) and New Brunswick (30% of the province).

Investment also plays a significant role in the bilateral relationship. Canadian foreign direct investment (FDI) in the United States was US$811.71 billion in 2024, making Canada the United States' second-largest source of FDI (by country of ultimate beneficial owner) and the largest source of new investment in 2024. The United States is also Canada's top source of FDI, with investment stock from the United States totaling US$459.60 billion in 2024 (by country of foreign parent). As of 2022, U.S. affiliates of Canadian-owned firms employed 887,900 Americans, invested US$1.7 billion in innovative research and development, and contributed US$16.8 billion in U.S. exports.

The United States, Mexico and Canada are parties to the United States–Mexico–Canada Agreement (USMCA), which entered into force on July 1, 2020, replacing the North American Free Trade Agreement (NAFTA). The USMCA is a 21st-century, high-standard trade agreement, supporting mutually beneficial trade resulting in freer markets, fairer trade and robust economic growth in North America. A six-year joint review of the USMCA is set to take place in July 2026.

**Market Challenges**

Canada's subtle, but important, market differences from the United States include restrictions or inaccessibility of imports in some sectors, differing provincial regulations and sales channels, bilingual labeling and packaging requirements, certification standards and Canadian Customs procedures.

Opportunities exist to sell to the Canadian government, and Canada has obligations to comply with its covered commitments as a party under the WTO Agreement on Government Procurement (GPA). Federal, provincial and municipal procurement have historically been open in principle to U.S. bidders. However, as noted above, in 2025 Canada and many of its provinces implemented measures to limit access of U.S. companies or ban them from procurement opportunities. Moreover, many provincial government-run liquor stores have banned U.S. alcohol. Generally, bidders must be registered in Canada to bid and must fulfill all Canadian requirements to be awarded contracts (mandatory requirements are non-negotiable). In some cases, security clearances are required for personnel prior to submitting a bid, and in defense projects there may be requirements for offsets, known as Industrial and Technological Benefits (ITBs).

Increasing competition in several sectors, such as cosmetics, vitamins, electronics and home furnishings translates into a need for competitive pricing, imaginative marketing and discounts for agents and distributors. Other ways companies differentiate from competitors include offering agents and distributors specialized training and flexible contract terms, or offering after-sales support to end users.



It is crucial to develop an overall Intellectual Property (IP) strategy to protect IP rights. IP is protected differently in Canada than in the United States, and the scope of protection is different. IP rights must be registered and enforced in Canada under local laws. It is vital that companies understand that IP is primarily a private right, and the United States government cannot enforce rights for private individuals in Canada. It is the responsibility of the rights holder to register, protect and enforce their rights where relevant, and entities must retain their own local counsel and advisors. Small and medium-size companies should work with trade associations and legal counsel to protect IP and stop counterfeiting.

**Market Opportunities**

U.S. companies have strong opportunities in the Canadian market due to the close economic ties and high demand for a wide range of products and services. Key sectors with growth potential include technology, clean energy, aerospace, agriculture and health care. Canada's commitment to innovation and sustainability creates openings for U.S. firms offering advanced technologies and environmentally friendly solutions.

**Market-Entry Strategies**

For many companies (particularly in the manufacturing and construction sectors), frequent visits to Canada and establishing a local presence (either physical or through a local agent/distributor) are crucial to long-term market success.

*"Doing Business in Canada" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import data from Statistics Canada as collected by Steven Butterworth, vice president of the Musical Instruments division at Yamaha Canada Music Ltd.**

# CANADA SNAPSHOT

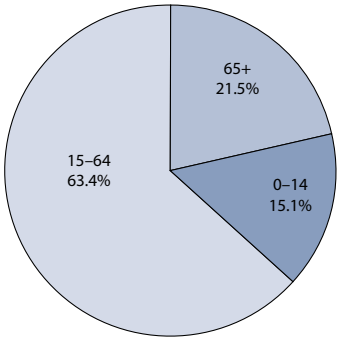
## Demographics

Population in millions 39.2

| Age | Male | Female |
|---|---|---|
| 0–14 | 3.06 | 2.85 |
| 15–64 | 12.58 | 12.26 |
| 65 & Over | 3.87 | 4.56 |

Median Age 42.8
Population Growth 0.73%

Demographics

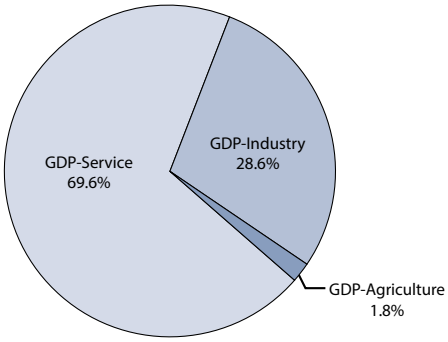



## Economy

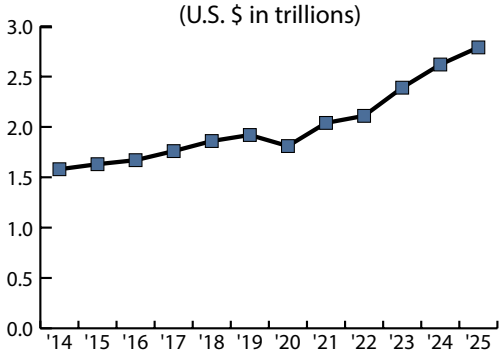
| | |
|---|---|
| GDP (PPP) | $2.79 trillion |
| GDP Per Capita | $67,010 |
| GDP-Real Growth Rate | 1.70% |
| Unemployment Rate | 6.90% |
| Inflation | 2.10% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

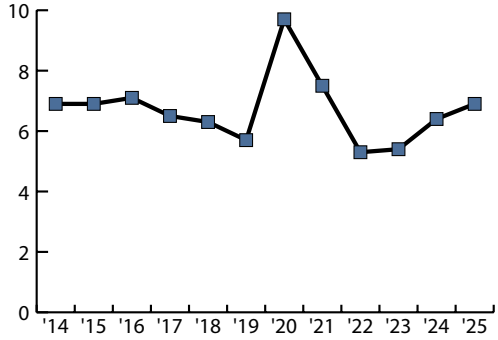
Economy



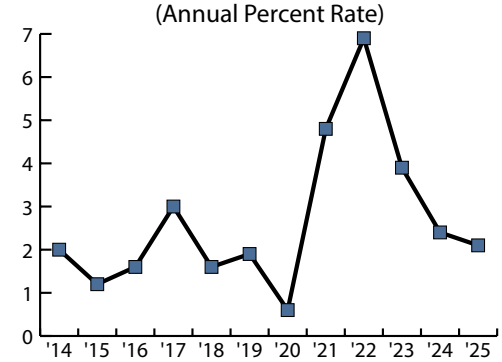

Canada GDP (PPP)
(U.S. $ in trillions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

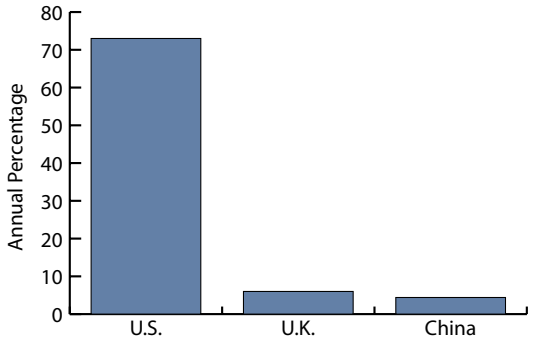


## Trade

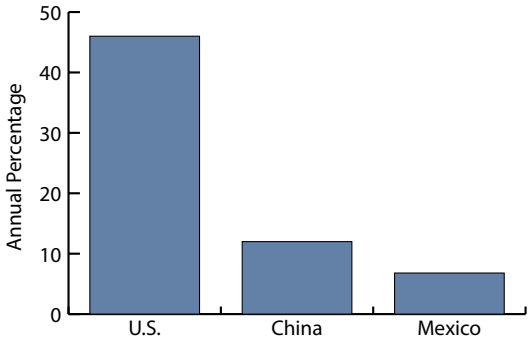
| | |
|---|---|
| Total Export | $779.0 billion |
| Total Import | $563.9 billion |

| | |
|---|---|
| Export as % of GDP | 27.92% |
| Import as % of GDP | 20.21% |

Export Partners (2025)



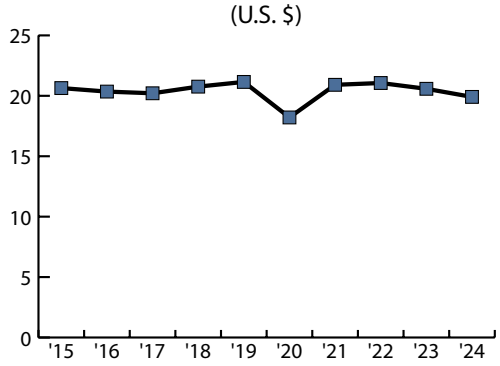

Import Partners (2025)



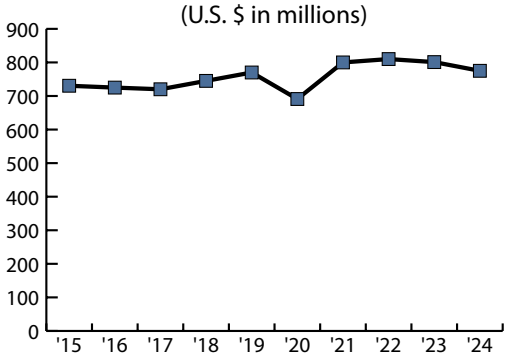

## Music Industry

| | |
|---|---|
| Music Market | $775.0 million |
| Sales Per Capita | $19.91 |
| Global Share | 4.40% |

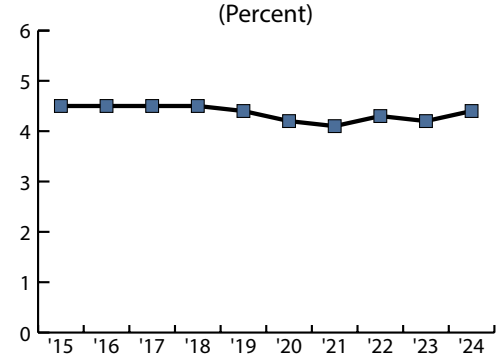
Music Sales Per Capita
(U.S. $)




Canada Music Market
(U.S. $ in millions)

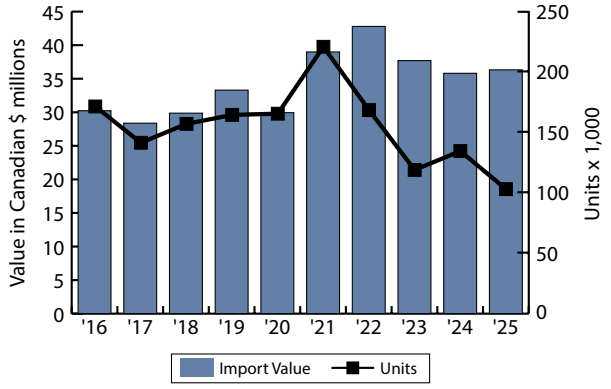



Share of Global Music Market
(Percent)

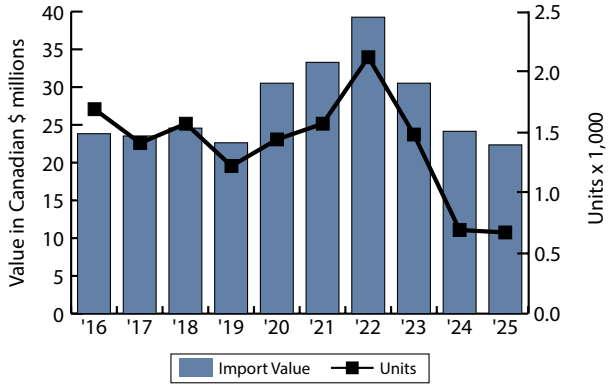


# Canada Imports

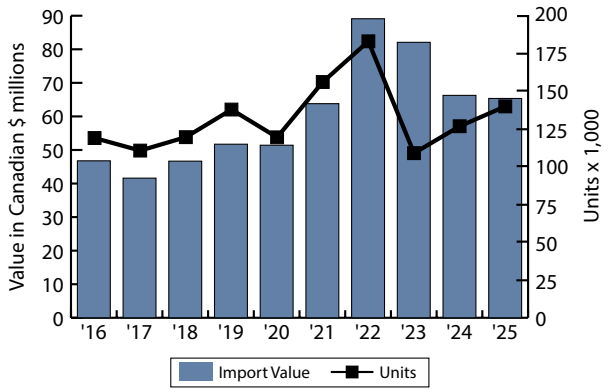
Acoustic Guitars



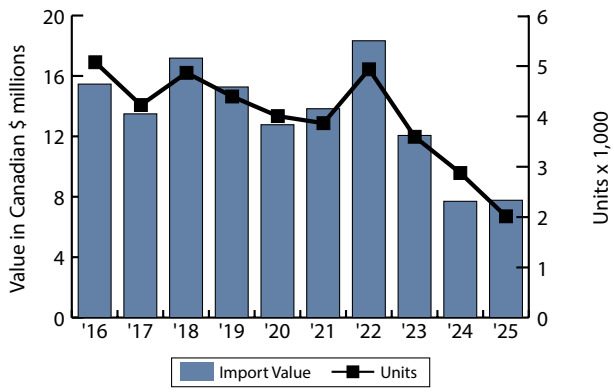

Grand Pianos



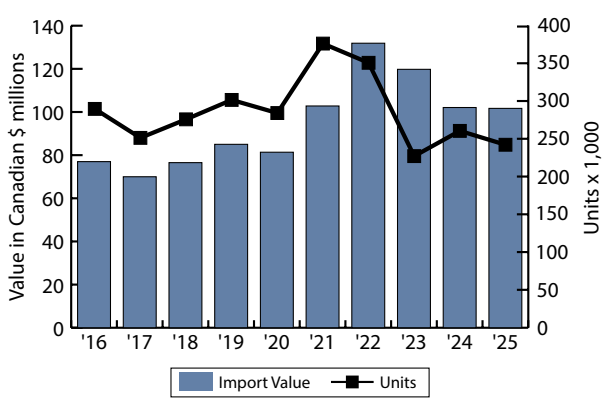

Electric Guitars



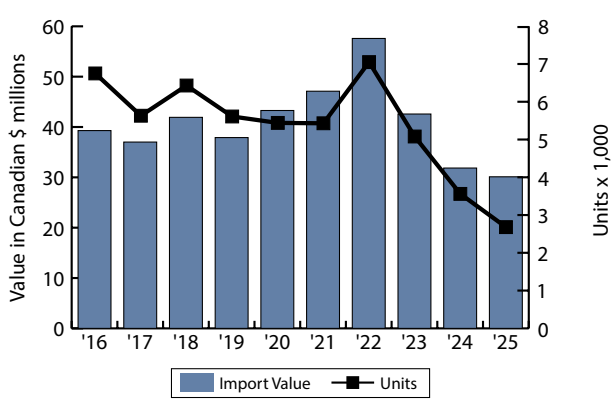

Upright Pianos




Total Guitars

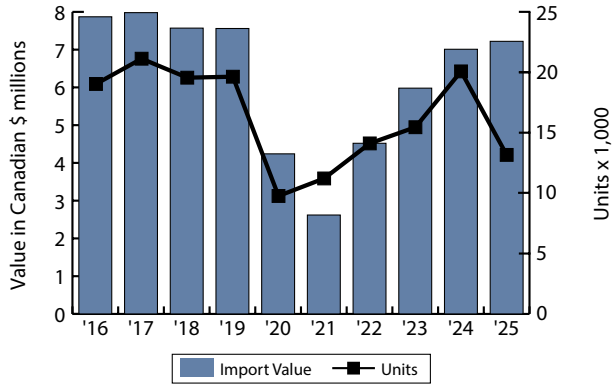



Total Acoustic Pianos

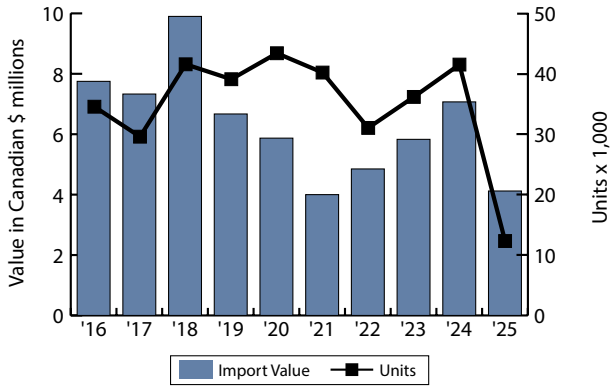


# Canada Imports

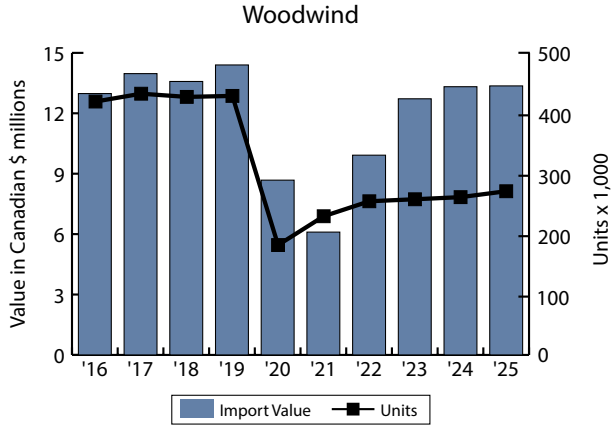
Brasswind



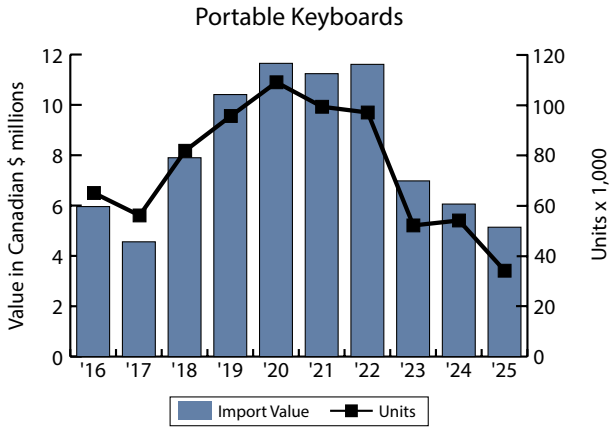

Stringed Instruments Played with a Bow



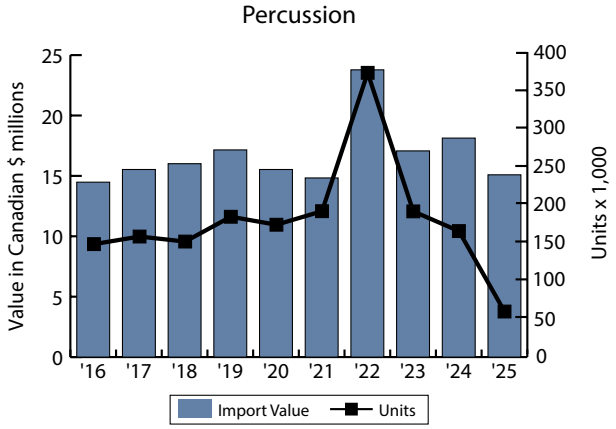

Woodwind



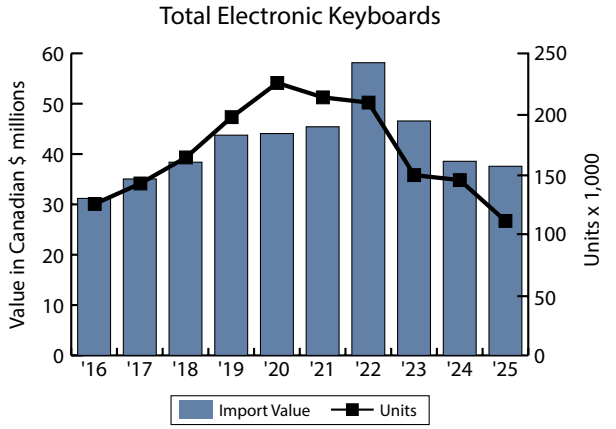

Portable Keyboards




Percussion

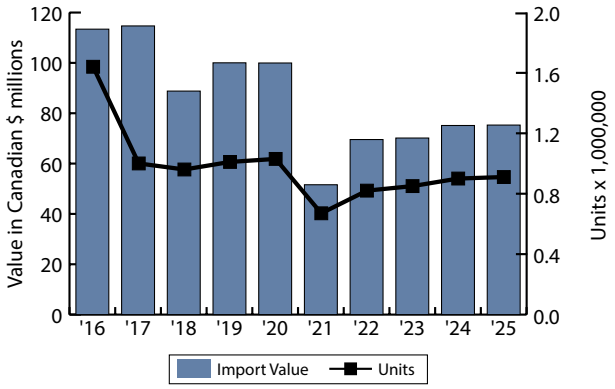



Total Electronic Keyboards

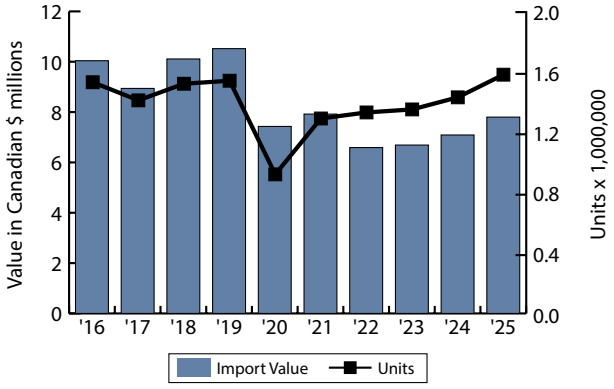


# Canada Imports

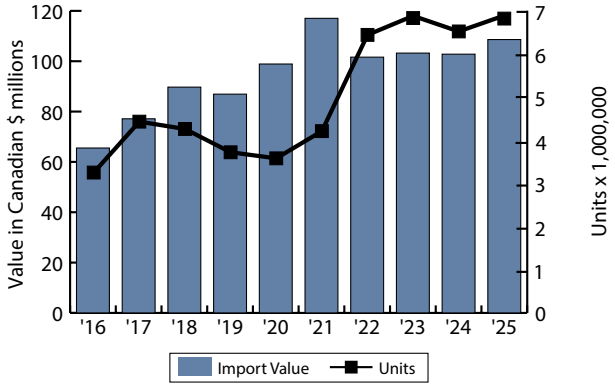
DJ Products



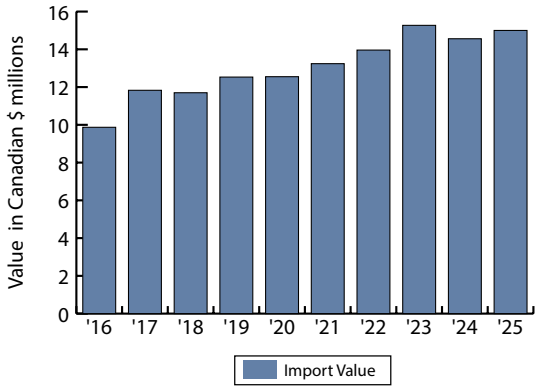

Print Music




Microphones




Instrument Strings





# CHINA

In 2025, in response to national strategic initiatives such as new productive forces, technological innovation, industrial upgrading, aesthetic education popularization and cultural heritage, China's m.i. industry actively addressed multiple challenges, including periodic pressure on domestic and international demand, adjustments in market structure, rising raw material and labor costs, as well as a complex international trade environment.

The number of m.i. industry enterprises above designated size reached 241 in 2025, an increase of 8 from the previous year, indicating steady expansion of the music industrial scale. Full-year operating revenue decreased by 6.12% year-on-year, with the decline significantly narrowing compared to the previous year; total profit decreased by 12.76% year-on-year, with an industry-wide profit margin of 5.78%, indicating gradual recovery in operational quality and efficiency.

Western musical instruments saw operating revenue decrease by 8.35% with a profit margin of 3.61%; traditional Chinese musical instruments saw operating revenue decrease by 11.23% with a profit margin of 14.89%, maintaining a high level of profitability; electronic musical instruments saw operating revenue increase by 4.27% year-on-year and profit increase by 15.32% year-on-year, with a profit margin of 6.94%, becoming the main growth engine of the industry.

According to customs statistics, China's musical instrument industry achieved total export value of US$2.165 billion in 2025, a year-on-year increase of 4.0%, achieving a restorative positive growth in foreign trade.

A total of 85 backbone enterprises in the industry completed a total operating revenue of 10.135 billion yuan (US$1.49 billion), a year-on-year decrease of 3.27%; achieved total profit of 726 million yuan (US$11.9 million), a year-on-year decrease of 7.81%; with a profit margin of 7.16%, higher than the average level of enterprises above the designated size, highlighting the continued leading role of those backbone enterprises.

The industry as a whole demonstrated a positive trend of steady progress, structural optimization, quality and efficiency improvement as well as enhanced innovation. CMIA's service capacity, industry cohesion, social influence and international cooperation were comprehensively enhanced, laying a solid foundation for China's transition of manufacturing level.

Throughout 2025, 12 research and discussion sessions were organized, with CMIA on-site visits to more than 110 key member enterprises, covering more than 20 major production areas, involving over 300 enterprise representatives and producing multiple special research reports and policy recommendations.

The research scope covered all categories including pianos, traditional Chinese musical instruments, electronic musical instruments, guitars, wind instruments, percussion instruments, violins and instrument accessories; it spanned the Pearl River Delta, Yangtze River Delta, Beijing-Tianjin-Hebei region, northern China musical instrument industrial belt and core production areas such as Lankao, Wuqiang, Su'ning, Huangqiao, Tangwu and Yangzhou.



CMIA held seminars and research activities such as the Pearl River Delta Musical Instrument Industry Special Research, the Guangzhou Piano Industry Symposium, the Beijing-Tianjin-Hebei Musical Instrument Industry Collaborative Research Meeting, the Guangdong Guitar Industry In-depth Research Meeting, as well as research in production areas such as Suzhou-Wuxi, Wuhan, Longkou and Lankao, resulting in practical ideas and demonstration experiences in areas such as stable industry operation, premium category upgrading, intangible cultural heritage revitalization, industry-education integration and digital transformation.

CMIA has smoothed communication channels between government and enterprises, accurately reflected industry demands and coordinated to solve urgent and difficult problems faced by enterprises, providing firsthand data and practical support for the formulation of the industry's "15th Five-Year Plan," the upgrading of regional industrial clusters, the cultivation of independent brands and the introduction of policies. Throughout the year, the association submitted nine reports on industry demands and policy recommendations to ministries and commissions including the Ministry of Industry and Information Technology, the Ministry of Education, the General Administration of Customs, and the Ministry of Culture and Tourism; it also conducted 11 special communications on key issues such as aesthetic education training, import/export customs clearance, raw material prices, relief for small and medium-sized enterprises and standards implementation, facilitating the direct delivery of multiple policy benefits to grassroots levels and enterprises.

Musical instrument industrial clusters are the core element for stabilizing employment, growth and expectations in the industry. Currently, 11 specialized musical instrument industrial clusters have been established nationwide, covering 8 provinces and cities, gathering more than 1,700 enterprises, employing approximately 100,000 people and achieving annual sales revenue of about 13 billion yuan (US$1.91 billion), forming a development pattern with complete categories, regional synergy and improved quality and efficiency. The advantages of clusters such as Huangqiao violins, Yangzhou guzheng and guqin, Zhongtai bamboo flutes, Suning musical instruments and Tangwu electro-acoustic instruments continue to be consolidated.

In 2025, the 11 major industrial clusters gathered 1,726 enterprises, employed approximately 102,000 people and achieved annual sales revenue of about 13.67 billion yuan (US$1.91 billion), with continued improvement in the coverage of digital transformation, green manufacturing and smart manufacturing. Each cluster adheres to government-enterprise collaboration, chain-based development and innovation-driven approaches, implementing the "chain chief system" and the "six ones" promotion model. Local governments have introduced supportive policies, while the association has coordinated planning, released the "China Musical Instrument Industry Map" and built matchmaking platforms, forming a collaborative development mechanism. Clusters have accelerated the upgrading of the entire chain encompassing production, R&D, sales, culture, tourism and education, promoting new technologies such as 3D printing, CNC engraving, carbon fiber composite materials and green spraying, facilitating the implementation of green manufacturing, smart manufacturing and high-end manufacturing. They have organized enterprises to participate in the Shanghai International Musical Instrument Exhibition,



explored the "Belt and Road" market through cross-border e-commerce, continuously improved the level of domestic and foreign trade integration and enhanced comprehensive industrial competitiveness and development resilience.

Focusing on the main theme of high-quality development, CMIA successfully hosted five landmark events in 2025, building a comprehensive work system covering culture, education, commerce, technology and governance, and comprehensively enhancing industry cohesion and social influence.

**1. 21 June 2025: Make Music Day China Main Venue Event**
Under the theme "Music Makes Life Better–Using Music as a Medium for Cultural and Tourism Integration," the event was held in Wuqiang, Hebei Province, commemorating the 10th anniversary of the introduction of Make Music Day to China.

The event focused on the deep integration of aesthetic education, industry and cultural tourism, featuring a series of activities including opening ceremonies, instrument sessions in schools, visits to enterprise workshops, cultural tourism experiences in music towns and public performances, creating a music cultural scene with full public participation and whole-chain linkage. There were 156 national co-organizers in 2025, covering 237 cities, hosting over 3,600 performances of various types, with nearly 450,000 direct participants, more than 3.8 million live audience members and over 390 million online views.

During the past decade, the event has accumulated more than 88,000 performances, covering 205 cities, with over 2.5 million participants and more than 670 million online and on-site audiences, becoming the world's largest and most influential platform for public music promotion, providing a replicable and scalable practical model for cultural and tourism integration in China's musical instrument industry. At the same time, the association has coordinated with multiple regions to host events such as the Wind Instrument Carnival, the International Accordion Art Festiva and the Youth Guzheng Performance, promoting the popularization of music culture and integrated industrial development.

**2. 2025 National Music Education Conference**
Centered on the theme "AI Music Education New Ecosystem," the conference was held at the Wuhan Conservatory of Music, bringing together over 100 industry experts, more than 700 music educators and 13 leading musical instrument enterprises. The conference featured 1 main venue and 15 sub-venues, hosting 117 special seminars, keynote speeches, teaching demonstrations and achievement exchanges. The conference solicited 3,786 lesson plans and papers for the "Wanye Cup," selecting 762 outstanding works, attracting 726 on-site participants including music teachers, training institution heads and university faculty and students, with more than 1.2 million online views.

The conference focused on the deep integration of artificial intelligence and music education, showcasing innovative achievements such as music robots, intelligent assessment systems, digital instruments and smart music classrooms, covering all age

groups and music education scenarios. It also hosted the "Wanye Cup" lesson plan and paper selection, building a platform for resource-matching among technology, education and industry, supporting the effective implementation of the national aesthetic education immersion plan.

**3. The 9th First General Assembly of CMIA**

In October 2025, the 9th First General Assembly of the CMIA was held in Shanghai, attended by over 260 industry representatives, local government leaders, and experts and scholars. The assembly successfully completed statutory agendas including the review of the council work report, financial report, supervisory board report and charter revision, and smoothly completed the council election, achieving an orderly and standardized transition of leadership.

The meeting systematically summarized the industry's significant achievements during the past five years in nine key areas: technological innovation, brand cultivation, talent development, international cooperation, industrial clusters, standards systems, cultural dissemination, member services and industry self-discipline. These achievements include leading the formulation and revision of 89 standards, cultivating 11 national-level specialized industrial clusters, gathering more than 1,700 enterprises, hosting over 60 major industry events, conducting 60-plus industry research initiatives, visiting enterprises more than 600 times, promoting 36 industry-university-research cooperation projects and completing 19 scientific and technological achievement evaluations. The assembly honored industry meritorious figures, emerging enterprises and featured brand events, clarified five major development directions and established a solid organizational foundation for standardized and sustainable industry development.

**4. 2025 Music China**

As the world's leading professional trade platform for musical instruments, the 2025 Music China exhibition covered an area of 150,000 square meters, brought together 1,840 exhibitors from China and abroad, and received more than 150,000 professional visitors, with its scale and influence remaining among the top global musical instrument exhibitions. The exhibition showcased a full range of musical instrument products across the industry chain, presenting new trends in digitalization, intelligence, green development and branding.

The online-cloud exhibition achieved over 2.6 million impressions and organized 169 professional buyer groups, while the global new product launch event collected 305 new products, selecting 95 "Best New Products."

During the exhibition, 600-plus events were held, covering various formats such as professional forums, new product launches, intangible cultural heritage performances and public welfare performances, creating an international comprehensive platform integrating trade matching, technical exchanges, cultural dissemination, talent cultivation and brand display.

The "Global New Musical Instrument Product Launch" event continued, along with youth performances and public welfare activities for children with autism, balancing commercial value and social responsibility, helping traditional Chinese musical instrument brands expand overseas markets and consolidating China's position as a major global manufacturing and trading power in musical instruments.

**5. 2025 China Musical Instrument Industry Science and Technology Innovation and Industry Development Conference**

Under the theme "Innovation · Digital Intelligence · Optimization · New Quality," the conference was held in Su'ning, Hebei Province, and attended by more than 400 industry representatives. The conference analyzed the industry's operational situation, directly addressing constraints such as insufficient technological R&D, talent shortages and low digitalization of the industrial chain. It identified four major development trends: digital intelligence technology empowerment, consumer group iteration, Guochao culture breakthrough and the rise of music therapy. It proposed creating four scenario matrices: "Musical Instruments + Cultural Tourism," "Musical Instruments + Lifestyle," "Musical Instruments + Therapy" and "Musical Instruments + Technology." The conference honored 25 advanced units for the "Innovation and Adjustment Year," 22 patent achievement awards and 39 "Science and Technology Stars." Seven industry-university-research cooperation projects were signed on-site, and 13 industry scientific and technological innovation achievements were released.

In 2025, CMIA actively promoted international exchanges and continuously expanded cooperation channels. It engaged in international cooperation and exchange activities by going global, achieving cross-regional and multi-field interaction. Former CMIA President Wang Shicheng and current President Sun Ruiyong led delegations to the United States, visiting the 2025 NAMM Show in Anaheim, learning about the latest trends in the international m.i. industry, attending the 2025 International Music Coalition Meeting in Anaheim and delivering a speech in English, promoting the achievements of China's musical instrument industry development.

They engaged in in-depth discussions with musical instrument industry organizations from multiple countries on issues such as instrument market dynamics, and exchange mechanism construction, and held special seminars on areas such as industry forums, music education, instrument trade and cultural cooperation related to Music China, setting the overall tone for the year's foreign affairs work.

The international situation in 2025 presented increased challenges and uncertainties. In April, CMIA closely monitored U.S. tariff policies and, based on comprehensive analysis and assessment, issued a bilingual (Chinese-English) initiative statement on U.S. tariffs, formally expressing the association's stance on instrument tariffs and firmly safeguarding the stability of global musical instrument trade.



CMIA has 19 industry branch associations, serving as professional links connecting the government, enterprises, educational institutions and practitioners. The association, with a focus on standardization, professionalization and branding, comprehensively strengthened the construction and management of its branches in 2025. It expanded international exchanges and digital innovation: The Piano Tuners Branch organized a delegation to attend a conference in South Korea and successfully bid to host the 2029 World Piano Tuning and Maintenance Congress, enhancing the industry's international power; it supported the construction of digital service platforms, promoting the deep integration of AI and the Internet of Things technologies with musical instrument services.

In July, the CMIA president was invited to attend an event at the Ethiopian Embassy in China, actively promoting and showcasing China's musical instrument market development and product brands in international exchanges.

In October, the association organized domestic backbone enterprises in piano, electric guitar and electronic musical instruments to hold the 22nd roundtable meeting with CAFIM, whose members include Germany, the Czech Republic, France and Italy among other countries. The meeting provided in-depth understanding of the development and changes in the musical instrument industries of major European countries, facilitated on-site interaction with European industry organizations and representatives of foreign-invested companies, and organized member enterprises to strengthen dialogue and exchanges with foreign m.i. counterparts.

CMIA also took the lead in organizing talks between China and the United States, planning the 2025 Music China Industry Forum, participating in multiple home-ground foreign affairs events such as the 2025 International MIDI Forum, inviting representatives of musical instrument industry organizations from major countries and multinational musical instrument companies to to engage in in-depth discussions about the musical instrument industry. This built an international exchange k covering multiple key regions, effectively expanding the channels for foreign cooperation in the musical instrument industry.

CMIA conducted vocational skills training and grade evaluations for 1,087 people in 2025, including 962 piano tuners and technicians, with cumulative assessment and evaluation exceeding 12,000 person-times. It completed the revision of four traditional occupational standards and the formulation of one new occupational standard, and released and implemented three group standards. It selected 38 Science and Technology Stars and 22 Industry Craftsmen, and nominated three candidates for Consumer Industry Craftsmen.

**2025 Summary**

Facing a complex and severe internal and external environment, CMIA united and led the industry to rise to challenges and forge ahead, achieving significant results in all aspects of work: the industry's foundation continued to be consolidated; brand events were presented (stimulating market vitality); The standards system was continuously improved and industry standardization was comprehensively enhanced; industrial clusters accelerated their upgrading, significantly strengthening development resilience; international exchanges were continuously deepened and global influence steadily increased.



The industry as a whole achieved steady progress amid transformation and upgrading, bringing the "14th Five-Year Plan" to a conclusion and laying a foundation for planning the "15th Five-Year Plan."

CMIA is aware that the industry still faces many difficulties and challenges: Domestic and international market demand is still in a recovery phase, with deep adjustments in consumption structure; raw material and labor costs continue to rise, putting pressure on the profitability of small and medium-sized enterprises; the industry's innovation capacity remains relatively weak, with insufficient supply of high-end products; digital and intelligent transformation is uneven, with some enterprises slow to upgrade and transform; international trade barriers are increasing, and competition in international markets is intensifying. CMIA services capability still need further improvement.

The international situation will remain complex and volatile in 2026, with increasing uncertainties. CMIA will closely monitor information, continue to maintain communication and coordination with international m.i. industry organizations, actively advocate for Chinese musical instrument enterprises and uphold a reasonable, lawful and compliant m.i. trade order.

*Commentary by Chang Jie from the Information department of the China Musical Instrument Association (CMIA)*

## DOING BUSINESS IN CHINA

**Market Overview**

China is the world's second-largest economy and remains one of the most important global manufacturing and consumer markets. Over the past four decades, China has transformed into a major industrial and export-driven economy, supported by large-scale infrastructure investment, urbanization and strong government support for key industries.

China's economy continues to grow, though at a slower pace than in previous decades. GDP growth reached 5.0% in 2024, with projections moderating in the coming years due to factors such as weaker consumer spending, an ongoing property sector slowdown, demographic changes and declining productivity growth. In response, the Chinese government has introduced measures to support domestic consumption, manufacturing and infrastructure investment.

China remains a significant market for foreign companies, particularly in sectors tied to health care, advanced manufacturing, automation, sustainability, education, consumer services and technology. However, companies continue to face a complex operating environment shaped by evolving regulations, strong domestic competition, data and cybersecurity requirements, as well as industrial policies designed to strengthen local industries.



Foreign direct investment into China declined in 2024 as some companies reassessed investment strategies amid slower economic growth, regulatory uncertainty and supply chain diversification efforts. Many international firms are increasingly adopting "China plus one" strategies, maintaining a presence in China while expanding production and sourcing into other markets.

U.S.–China Trade Relationship

China remains one of the United States' largest trading partners. Total U.S. goods trade with China in 2024 was approximately US$584.3 billion. U.S. exports to China totaled roughly US$144.5 billion, while imports from China reached approximately US$439.7 billion.

Major U.S. exports to China include agricultural products, aerospace products and parts, semiconductors, pharmaceuticals, industrial machinery, chemicals and energy products. Major U.S. imports from China include electronics, communications equipment, electrical machinery, household goods, apparel, plastics and industrial equipment.

The U.S.-China trade relationship continues to evolve as both countries place increased emphasis on supply chain resilience, domestic manufacturing, advanced technologies and economic competitiveness. Businesses operating between the two markets should continue monitoring trade policy developments, tariffs, export controls and regulatory changes that may affect sourcing, manufacturing and market access.

China's Industrial Policy

China continues to prioritize the development of strategic industries through long-term industrial plans and government support measures. Key focus sectors include:

- Advanced information technology
- Robotics and automation
- Aerospace and aviation
- New energy vehicles
- Renewable energy and power equipment
- Advanced materials
- Biopharmaceuticals and medical devices
- Agricultural machinery

Government support may include subsidies, financing, tax incentives, research funding and procurement preferences for domestic firms. These policies are intended to strengthen China's technological capabilities and global competitiveness.

Foreign companies operating in strategic sectors should carefully evaluate market conditions, competitive pressures, intellectual property protections and long-term policy trends.



**Market Challenges**
U.S. and other foreign companies continue to report challenges related to regulatory complexity, inconsistent enforcement, cybersecurity and data compliance requirements, intellectual property protection and strong competition from domestic firms.

Additional business concerns include:

- Slower economic growth and weaker consumer confidence
- Rising labor and operating costs
- Supply chain and export control risks
- Licensing and approval delays
- Data localization and cybersecurity regulations
- Market access limitations in certain sectors

China's policy focus on domestic innovation and self-reliance has increased competitive pressure in industries prioritized by national industrial strategies.

Companies should conduct thorough due diligence, closely monitor regulatory developments and implement strong compliance and intellectual property protection strategies.

**Market Opportunities**
Despite ongoing challenges, China continues to offer opportunities in several sectors.

An aging population is increasing the demand for:

- Health care and medical devices
- Pharmaceuticals
- Elder care services
- Wellness products
- Financial and wealth management services

At the same time, labor shortages and rising wages are driving demand for:

- Industrial automation
- Robotics
- Advanced manufacturing technologies



China's growing middle class also continues to support demand for consumer products, education, travel, entertainment and digital services, particularly in second- and third-tier cities.

Environmental and sustainability initiatives are creating additional opportunities in:

- Water management
- Energy efficiency
- Waste management
- Sustainable manufacturing
- Carbon-reduction technologies

Companies that localize products and services for the Chinese market and leverage digital commerce platforms may be better positioned for long-term growth.

**Market-Entry Strategies**

China presents a complex and increasingly challenging operating environment for U.S. firms. Companies should carefully assess their resources, export experience and long-term strategy — including whether they believe a foreign presence in a given sector accords with China's own strategic outlook and policy goals — before entering the Chinese market. Heightened scrutiny around dual-use and sensitive technologies, alongside expanding export controls and entity lists in both countries, requires businesses to carefully navigate compliance risks. U.S. firms must also remain vigilant about China's sometimes arbitrary and inconsistent enforcement of its anti-corruption and anti-bribery laws. These evolving legal and regulatory dynamics can significantly impact cross-border operations and trade relationships, particularly in strategic or high-tech sectors. To support market entry and risk mitigation, U.S. Commercial Service professionals based in Beijing, Guangzhou, Shanghai, Shenyang and Wuhan are available to help firms identify opportunities and assess potential local partners across China's diverse regions.

Consider a Regional Approach

China's market varies significantly by region. Tier-one cities such as Beijing, Shanghai, Guangzhou and Shenzhen offer mature business environments but intense competition, while smaller cities may provide growth opportunities with lower market saturation.

Evaluate Partners Carefully

A trusted Chinese agent, distributor or partner with local knowledge is often critical for success, but identifying the right one requires thorough vetting, patience and clear alignment on business goals.

Many Chinese partners maintain relationships with state-owned enterprises (SOEs) or large private firms; understanding these connections is essential to evaluating suitability and risk.



Regional or sector specialization is common, meaning performance in one part of China may not translate elsewhere.

Understand Local Regulations

Government agencies play a central role in China's economy. Companies must understand the specific regulatory environment for their products or services, including which agencies are involved.

Building relationships with relevant local authorities and public-sector stakeholders remains a critical component of doing business.

The Department of Commerce's Advocacy Center, in coordination with the U.S. Commercial Service, supports U.S. firms in promoting fair competition and leveling the playing field in public procurement and other sensitive areas.

Protect Your Intellectual Property Rights

IP infringement and theft are prevalent in many sectors in China. Certain Chinese government administrative and licensing procedures (including for certain export licenses) pressure foreign companies to divulge trade secrets and other sensitive information without adequate justification or safeguards. Companies should proactively adopt legal and technical strategies to protect their IP before entering the market.

Engage legal experts familiar with Chinese IP law and conduct due diligence on any potential partner's IP track record.

Avoid allowing Chinese partners to register U.S. IP on your behalf.

The U.S. Patent and Trademark Office (USPTO) and its global network of IP attachés provide valuable resources and guidance to help U.S. firms safeguard their innovations.

*"Doing Business in China" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import and export data provided by the China Musical Instrument Association (CMIA)**

# CHINA SNAPSHOT

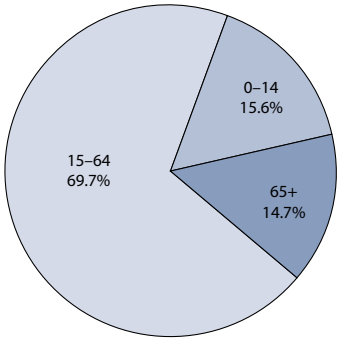
## Demographics

Population in billions 1.4

| Age | Male | Female |
|---|---|---|
| 0–14 | 0.12 | 0.10 |
| 15–64 | 0.50 | 0.48 |
| 65 & Over | 0.10 | 0.11 |

Median Age 40.8
Population Growth -0.08%

Demographics

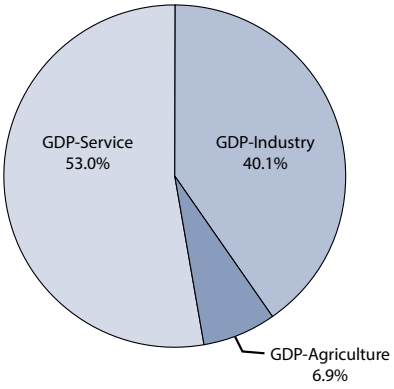



## Economy

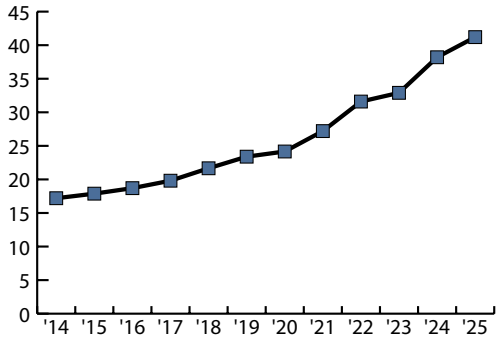
| | |
|---|---|
| GDP (PPP) | $41.2 trillion |
| GDP Per Capita | $29,350 |
| GDP-Real Growth Rate | 5.00% |
| Unemployment Rate | 5.10% |
| Inflation | 0.00% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

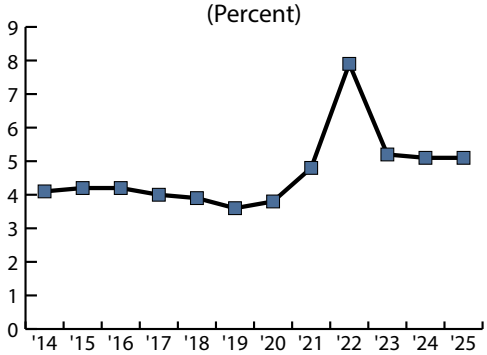
Economy



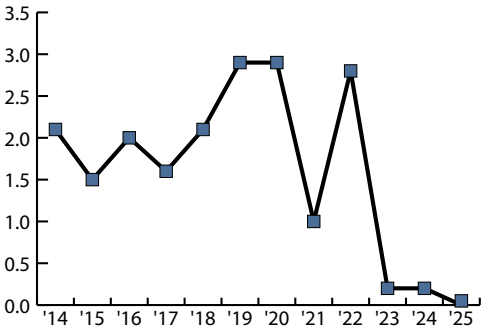

China GDP (PPP)
(U.S. $ in trillions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

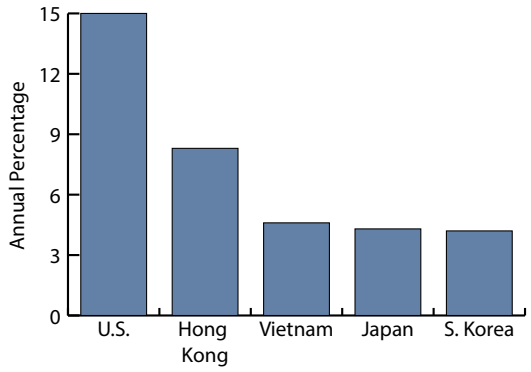


## Trade

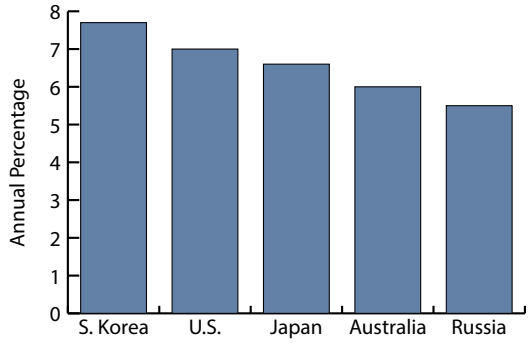
| | |
|---|---|
| Total Export | $3.77 trillion |
| Total Import | $2.58 trillion |

| | |
|---|---|
| Export as % of GDP | 9.14% |
| Import as % of GDP | 6.26% |

Export Partners (2025)



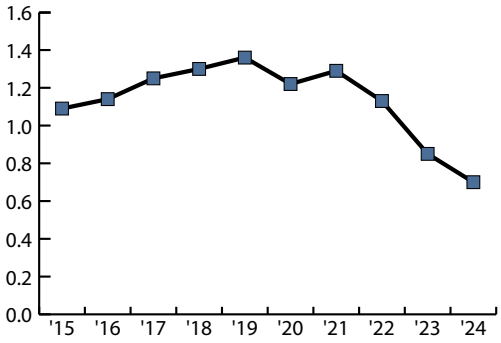

Import Partners (2025)



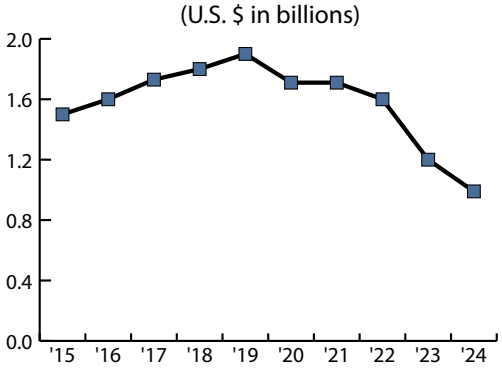

## Music Industry

| | |
|---|---|
| Music Market | $990.0 billion |
| Sales Per Capita | $0.70 |
| Global Share | 5.60% |

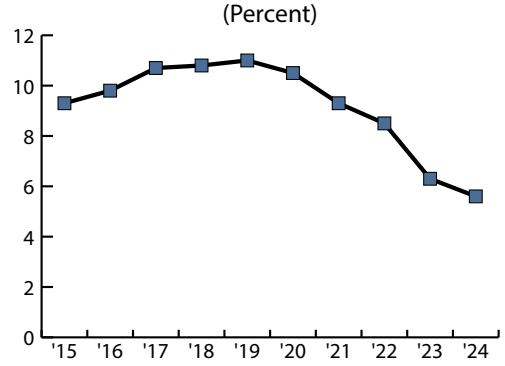
Music Sales Per Capita
(U.S. $)




China Music Market
(U.S. $ in billions)



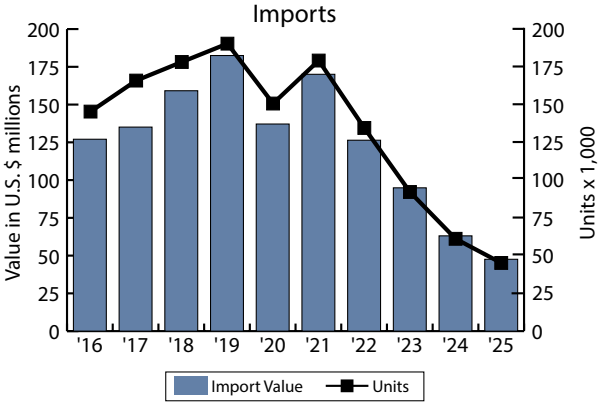

Share of Global Music Market
(Percent)



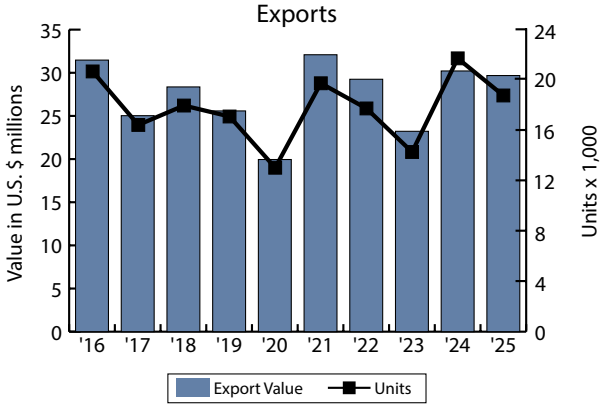
# China Imports and Exports

(The data received by NAMM was calculated in U.S. dollars.)

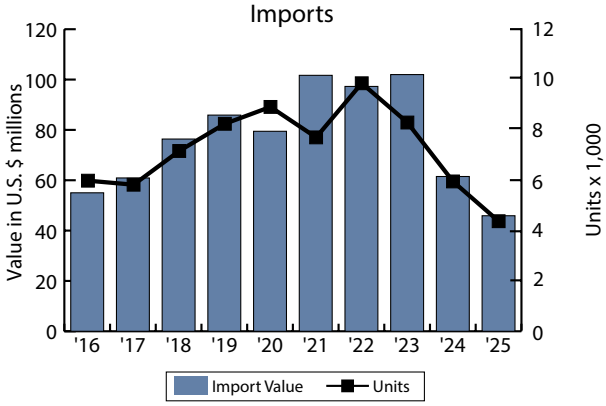
Upright Pianos
Imports



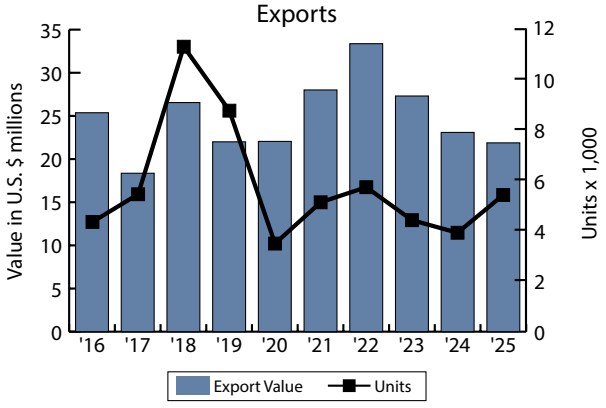

Upright Pianos
Exports



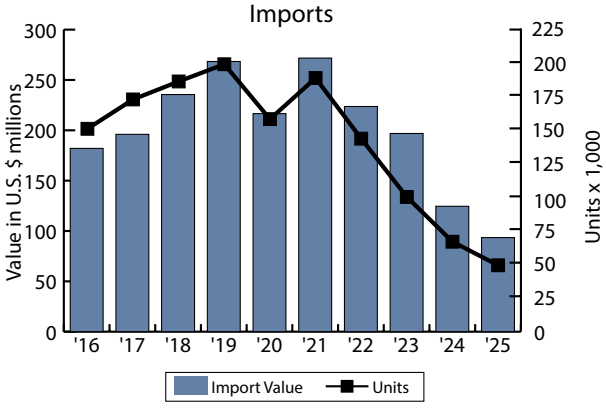

Grand Pianos
Imports



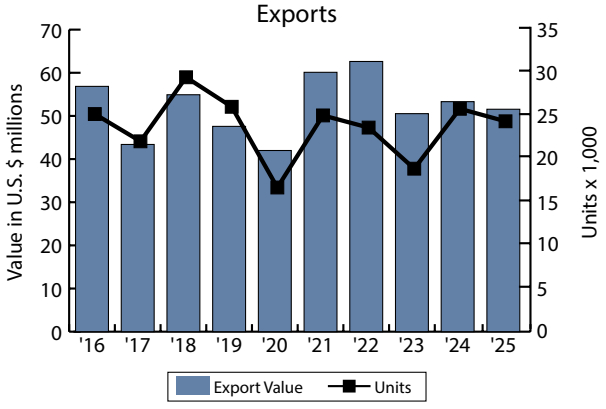

Grand Pianos
Exports




Total Acoustic Pianos
Imports



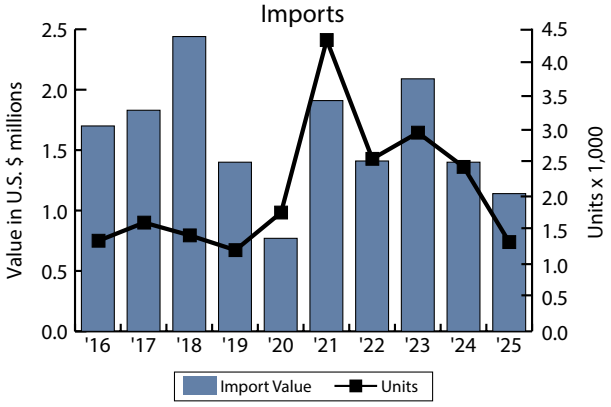

Total Acoustic Pianos
Exports



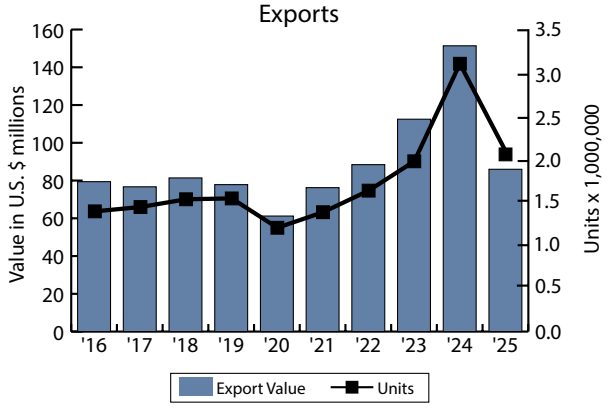
# China Imports and Exports

(The data received by NAMM was calculated in U.S. dollars.)

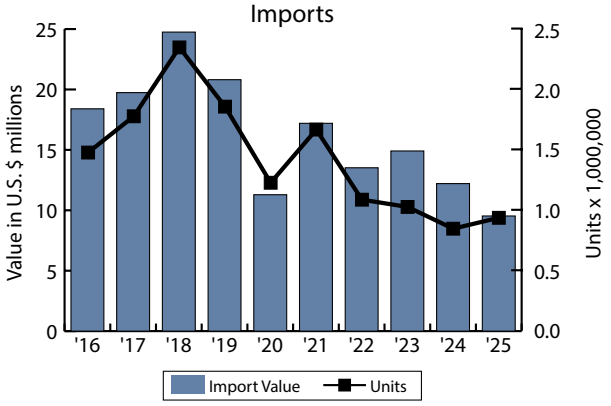
Stringed Instruments with Bow Imports



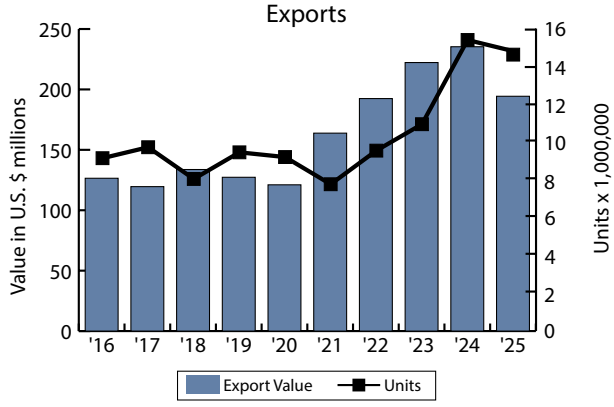

Stringed Instruments with Bow Exports



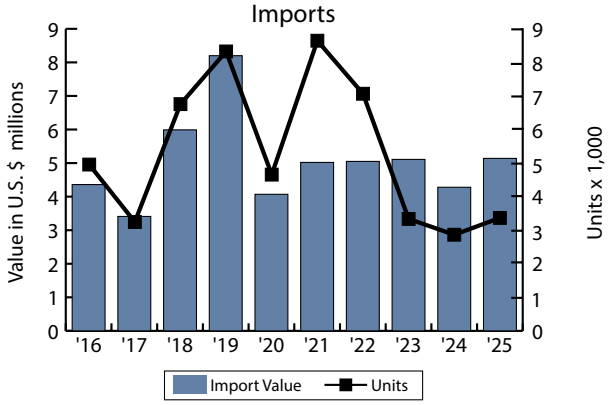

Percussion Imports



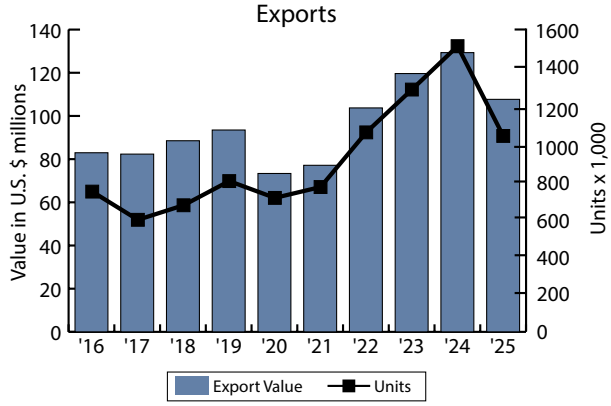

Percussion Exports




Brasswind Imports



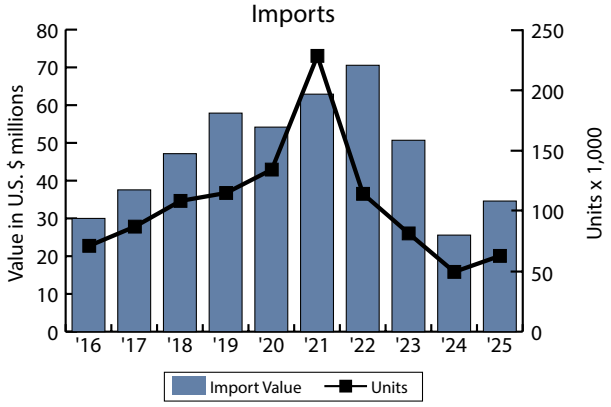

Brasswind Exports



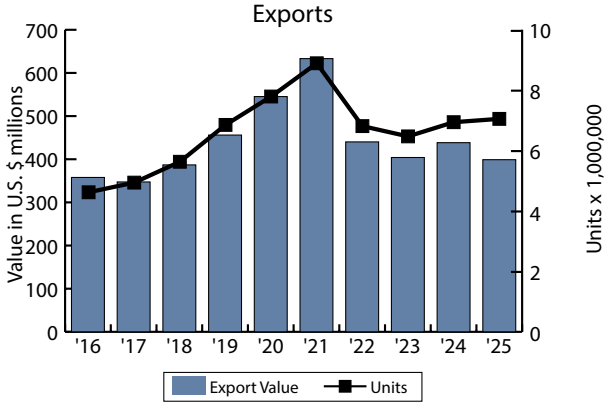
# China Imports and Exports

(The data received by NAMM was calculated in U.S. dollars.)

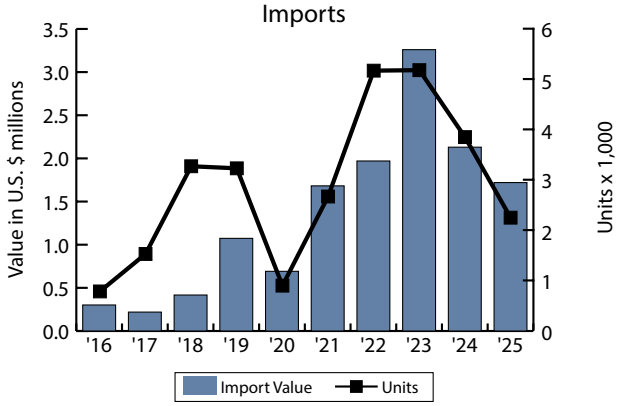
Electronic Keyboards
Imports



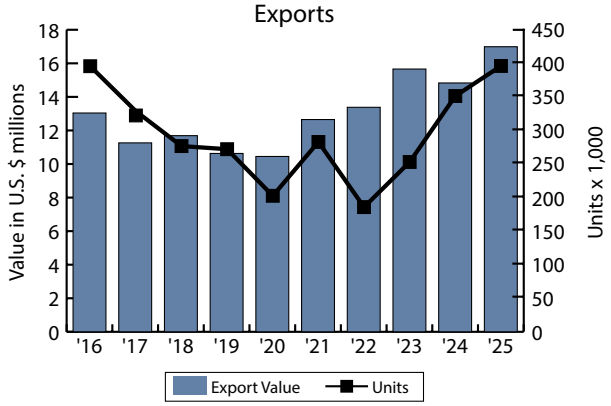

Electronic Keyboards
Exports



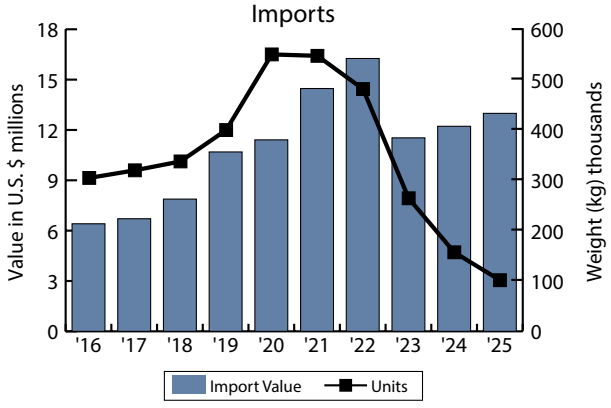

Accordions
Imports



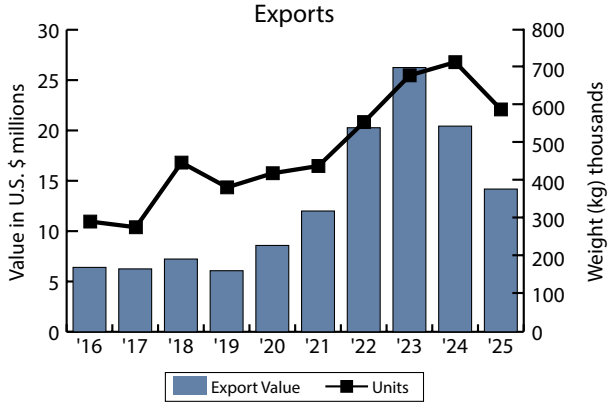

Accordions
Exports




Instrument Strings
Imports




Instrument Strings
Exports





# CZECH REPUBLIC

**Current High Points in the Music Products Industry**
The Czech Republic punches well above its weight in the global music products industry. Czech musical instrument manufacturing has a long history and continues to enjoy a strong reputation worldwide. Czech instruments are considered top-tier and are valued by professional musicians at the highest level — the country produces virtually every type of instrument, from premium pianos and guitars to string and wind instruments.

According to our industry association AVHN (Association of Musical Instrument Manufacturers of the Czech Republic), Czech manufacturers achieved combined revenues approaching one billion Czech crowns (approximately US$46.5 million) in 2024, with roughly four-fifths of that coming from international customers, a testament to the global demand for Czech craftsmanship. Czech piano manufacturer PETROF is recognized internationally as Europe's leading piano maker, exporting to more than 60 countries. The brand's global prestige is reflected in the artists who choose its instruments; Taylor Swift composed her latest album on a PETROF piano, and Billie Eilish owns two PETROF instruments at home. Czech guitar brands such as Furch have similarly built international followings, with their instruments played by global stars including Al Di Meola, Suzanne Vega and Per Gessle of Roxette.

Another high point is the growing ecosystem around music culture. Czech manufacturers are increasingly acting as cultural anchors in their communities — through galleries, public events and new museum projects that deepen the connection between craftsmanship, heritage and contemporary audiences.

**Current Low Points in the Music Products Industry**
The COVID-19 pandemic and the war in Ukraine with all its consequences has left a negative mark on this specific yet previously successful industry, the impacts felt in both supply chains and consumer confidence.

Czech manufacturers have had to navigate the loss of key markets: exports to Russia represented 15% of total revenues for some producers, while exports to China exceeded one- third of total revenues — both of which were severely disrupted. New markets, particularly in the United States, are being actively developed to compensate.

On the structural side, there is a noticeable shift in how people spend their leisure time, with rapid digitalization and artificial intelligence (AI) reshaping how music is created and consumed. Consumers increasingly seek quick digital solutions rather than investing the sustained practice time that acoustic instruments require. Around 40% of potential consumers globally cite high instrument cost and maintenance requirements as barriers to purchase, a challenge equally present in the Czech market, where acoustic instruments are often perceived as non-essential goods.



CZECH REPUBLIC

**Leading Opportunities and Areas of Growth**

Despite the challenges, Czech manufacturers are entering a phase of optimism and expansion. Czech guitar and piano manufacturers are increasingly focused on opportunities for international growth, including expansion into the United States market.

AVHN's participation in international trade shows (including NAMM in Anaheim and Music China in Shanghai) actively facilitates the expansion of Czech companies, especially small and medium-sized businesses, into foreign markets. This internationally oriented strategy is a key growth lever for the sector as a whole.

The number of schools offering formal music training increased by 18% globally between 2020 and 2024, strengthening long-term demand for quality instruments across all price points.

**Current Challenges**

The central challenge is sustaining premium handcraft manufacturing under mounting economic pressure. Czech instrument production is built on generations of skilled artisanship, yet the number of skilled craftsmen essential for acoustic instrument production has declined by 15% globally since 2018 due to automation and an aging workforce, and the Czech Republic is not immune to this trend. Attracting and retaining these specialists — and offering them fair conditions during downturns — is critical to the industry's survival.

The European musical instrument manufacturing sector stagnated between 2020 and 2025, recording average annual sales growth of just 0.1%, with the pandemic, the war in Ukraine and resulting commodity market turbulence (particularly in wood) all contributing to difficult trading conditions.

The industry also faces a structural dilemma: maintaining identity as a premium European manufacturer while simultaneously meeting market demand for more accessible, entry-level instruments. Managing this tension — without diluting the brand equity that makes Czech instruments globally respected — is perhaps the defining strategic challenge of the current period.

**Forecasting the Music Industry**

Over the next three to five years, the Czech music products industry will need to deepen its international reach while doubling down on what makes it unique. The European piano market alone is projected to grow from US$107 million in 2025 to US$126 million by 2034, with industry analysts specifically recommending investment in hybrid innovation, artisan workforce renewal and direct-to-consumer digital engagement while preserving Europe's premium acoustic craftsmanship.



The global piano market is expected to grow from US$2.58 billion in 2025 to US$3.15 billion by 2034, with hybrid instruments combining authentic acoustic touch with digital connectivity representing one of the fastest-growing segments. Czech manufacturers that invest in this convergence — while preserving the physical and emotional qualities of acoustic instruments that no software can replicate — are well-positioned to capture this growth.

Beyond products, the future belongs to companies that build communities. Czech manufacturers are already pioneering this model: combining production facilities with cultural spaces, museums and public programming. This ecosystem approach will become increasingly important as the industry competes not just for sales, but for the sustained cultural relevance that keeps the love of music alive across generations.

*Commentary by Kristýna Mlatečková, head of marketing at PETROF, spol. s r.o.*

## DOING BUSINESS IN THE CZECH REPUBLIC

**Market Overview**

The United States and the former Czechoslovakia established close ties more than 100 years ago when the U.S. supported Czech independence. Following the Czech Republic's transition to democracy and accession to the European Union and NATO, the relationship has strengthened significantly. Today, the Czech Republic is one of Central and Eastern Europe's most advanced and industrialized economies and serves as a strategic gateway for U.S. companies expanding into the broader European market.

Economy

The Czech Republic is a parliamentary democracy with a stable and predictable business environment. The country maintains strong legal and regulatory alignment with EU standards, and foreign and domestic companies receive equal treatment under Czech law. The Czech National Bank has maintained relative monetary stability while gradually easing interest rates as inflation moderated toward target levels in 2025. The Czech koruna remains fully convertible, and international transfers related to investment activities can be carried out freely.

The Czech Republic is a member of the European Union, OECD, NATO, WTO, IMF and other major international institutions. The economy remains highly industrialized, with strong manufacturing, automotive, engineering, technology and advanced industrial sectors. Economic growth rebounded modestly in 2025, supported by exports, investment and household consumption despite continued uncertainty in European manufacturing and global trade conditions.

Trade

The Czech Republic is an open, export-driven economy heavily integrated with the European Union. Approximately 70% of Czech exports go to EU Member States, with Germany remaining its largest trading partner. The United States continues to be one of the Czech Republic's leading non-EU trading partners and export destinations.



U.S.-Czech trade has continued to grow, with total bilateral trade exceeding US$16 billion in 2025. Key U.S. exports to the Czech Republic include machinery, medical and scientific equipment, aerospace products, information technology and pharmaceuticals. Major Czech exports include automotive products, industrial machinery, electronics and advanced manufacturing components.

Investment

Foreign direct investment (FDI) continues to play an important role in the Czech economy, including investment from the United States. U.S. companies are active across sectors such as information technology, aerospace, automotive, pharmaceuticals, consumer products, advanced manufacturing and business services. The Czech Republic's central location, developed infrastructure and highly skilled workforce continue to attract international investors.

Why U.S. Companies Should Consider Exporting to the Czech Republic

The Czech Republic's strategic location, strong industrial base, advanced infrastructure and highly educated workforce make it an attractive market and regional hub for Central and Eastern Europe. With a population of approximately 10.9 million people and one of the EU's lowest unemployment rates, labor shortages and rising wages continue to support consumer spending and demand for high-quality goods and services.

American brands and products are generally well-regarded for quality and innovation, although competition from European and Asian suppliers remains strong. The Czech government continues to prioritize investment in advanced manufacturing, cybersecurity, AI, biotechnology, clean energy and high-tech engineering. U.S. companies offering innovative technologies, specialized manufacturing solutions and products that improve supply chain efficiency are likely to find strong market opportunities.

**Market Challenges**

The Czech market operates under EU regulations and standards, providing a transparent and generally predictable business environment. However, companies still face challenges related to administrative procedures, permitting timelines, tax complexity and labor shortages, particularly in technical and skilled professions. Rising labor costs and limited workforce mobility continue to pressure employers across manufacturing and technology sectors.

Additional long-term challenges include modernization of transportation infrastructure, health-care and pension reform, energy transition requirements and maintaining industrial competitiveness amid slower economic growth in Europe. Businesses also continue to monitor regulatory developments tied to EU sustainability, cybersecurity and digital compliance requirements.

**Market Opportunities**

The Czech government continues to prioritize investment in strategic sectors including defense modernization, nuclear energy expansion, cybersecurity, digital infrastructure, artificial intelligence, transportation modernization and advanced manufacturing. Major





infrastructure and energy projects, including additional units at the Dukovany nuclear power plant and expanded rail and highway development, are expected to create opportunities for foreign suppliers and technology providers.

The Czech Republic remains an attractive market for experienced U.S. exporters due to its Central European location, strong industrial base, EU membership and highly educated workforce. English is widely used within the business community, and demand remains strong for innovative technologies, industrial automation, clean energy solutions, medical technologies, aerospace products and advanced manufacturing equipment.

**Market-Entry Strategies**

The Czech Republic has a well-developed transportation and communications infrastructure, with economic activity concentrated in Prague and other major regional centers such as Brno, Plzen and Ostrava. Urban consumers and businesses generally have greater purchasing power and stronger demand for advanced products and services than rural areas.

For many U.S. companies, success in the Czech market depends on establishing a local presence through an agent, distributor, representative office or regional partner. Local distributors often manage customs clearance, relationships with wholesalers and retailers, direct sales to corporate and government customers, and after-sales support.

Companies should also consider a regional strategy that includes neighboring Central European markets such as Poland and Slovakia. Conducting targeted market research, participating in regional trade fairs and leveraging digital marketing, social media and industry networks are effective ways to reach Czech buyers. While quality and innovation are valued, pricing and long-term value remain important competitive factors in purchasing decisions.

*"Doing Business in the Czech Republic" article is provided by the U.S. Commercial Service, the trade- promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import and export data obtained from the Czech Statistical Office in conjunction with Ivana Capkova of AVHN (Association of Musical Instrument Manufacturers of the Czech Republic)**

# CZECH REPUBLIC SNAPSHOT

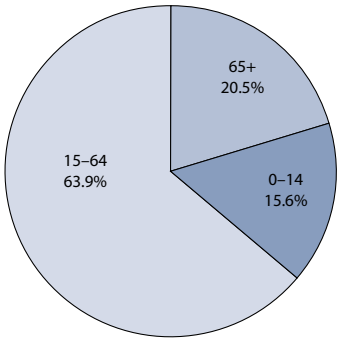
## Demographics

Population in millions 10.8

| Age | Male | Female |
|---|---|---|
| 0–14 | 0.86 | 0.82 |
| 15–64 | 3.55 | 3.38 |
| 65 & Over | 0.92 | 1.30 |

Median Age 44.4
Population Growth -0.02%

Demographics

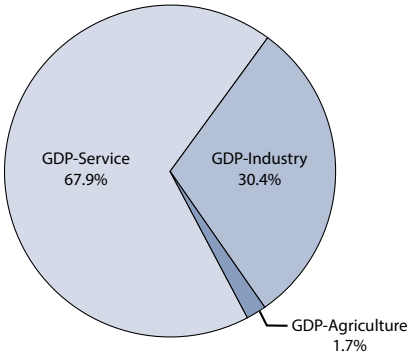



## Economy

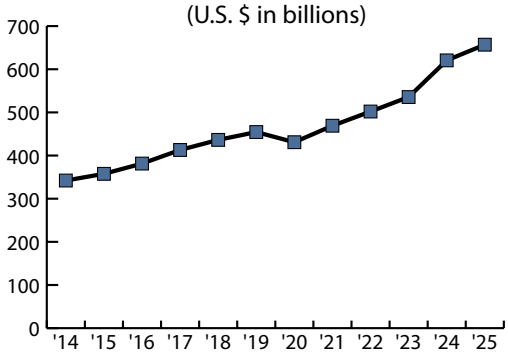
| | |
|---|---|
| GDP (PPP) | $656.9 billion |
| GDP Per Capita | $60,250 |
| GDP-Real Growth Rate | 2.50% |
| Unemployment Rate | 2.90% |
| Inflation | 2.50% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

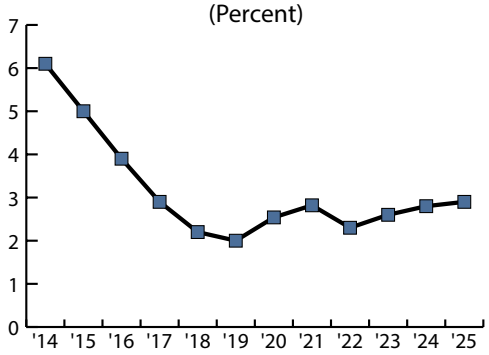
Economy



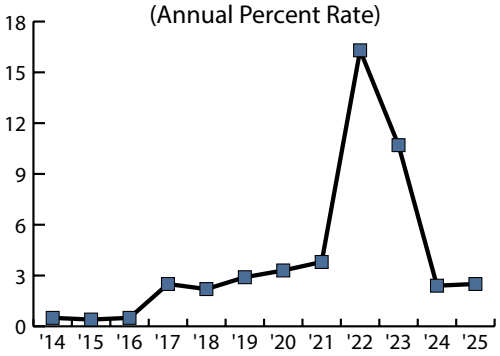

Czech Republic GDP (PPP)
(U.S. $ in billions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

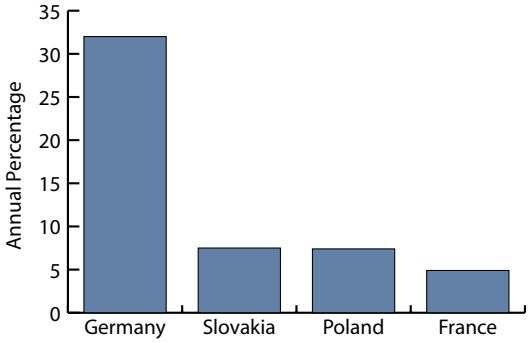


## Trade

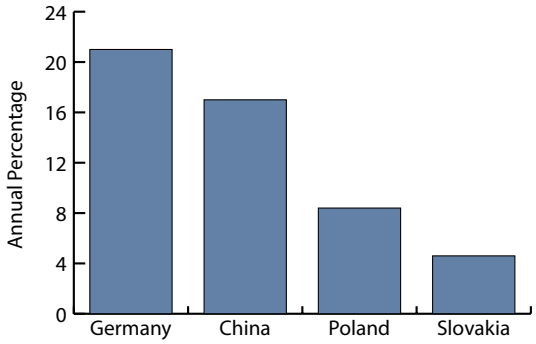
| | |
|---|---|
| Total Export | $282.0 billion |
| Total Import | $250.2 billion |

| | |
|---|---|
| Export as % of GDP | 42.93% |
| Import as % of GDP | 38.09% |

Export Partners (2025)



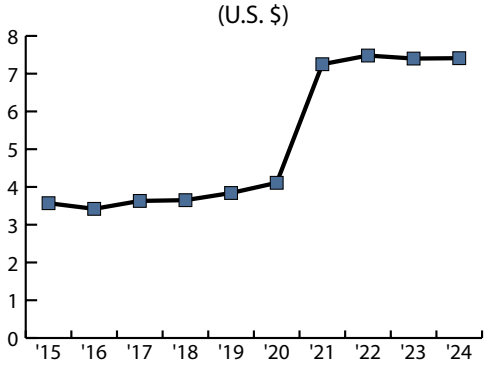

Import Partners (2025)



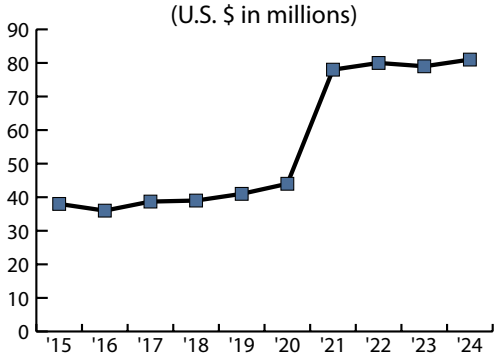

## Music Industry

| | |
|---|---|
| Music Market | $81.0 million |
| Sales Per Capita | $7.41 |
| Global Share | 0.50% |

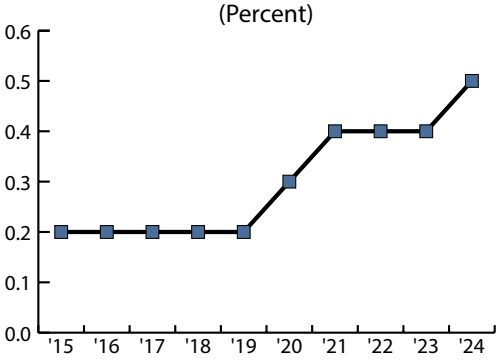
Music Sales Per Capita
(U.S. $)



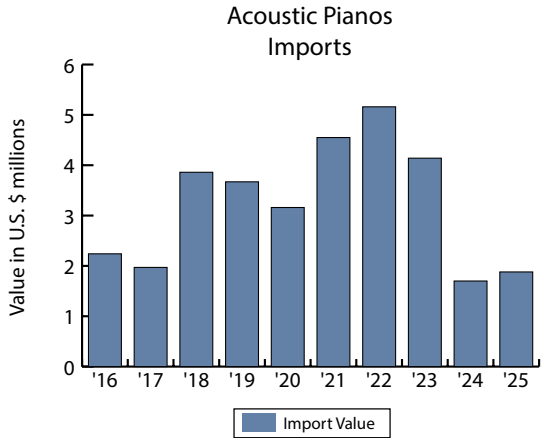

Czech Republic Music Market
(U.S. $ in millions)

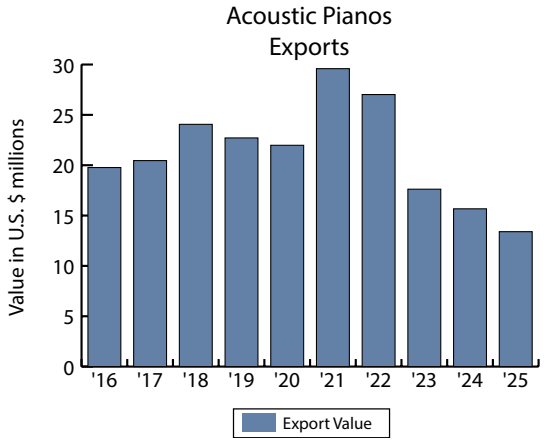


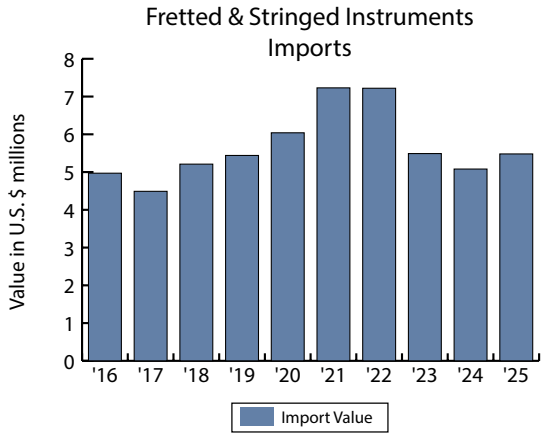

Share of Global Music Market
(Percent)

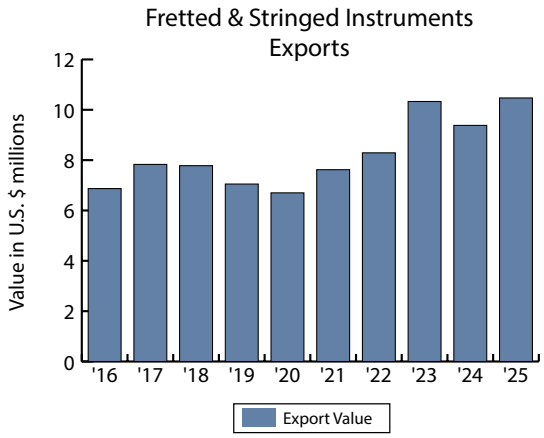


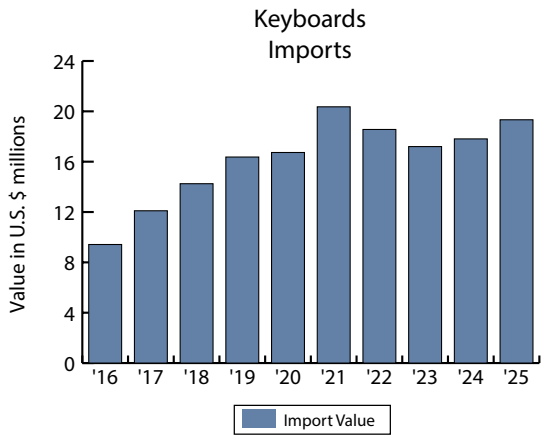
# Czech Republic Imports and Exports

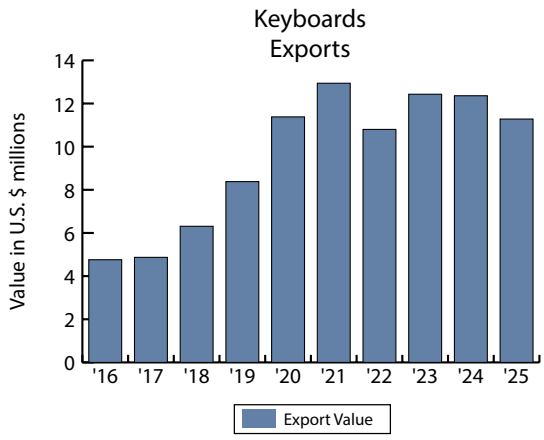


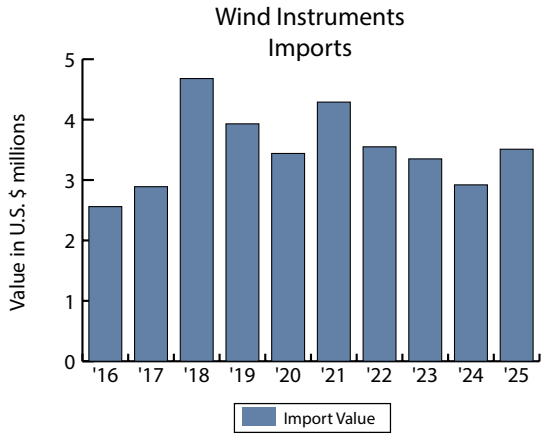



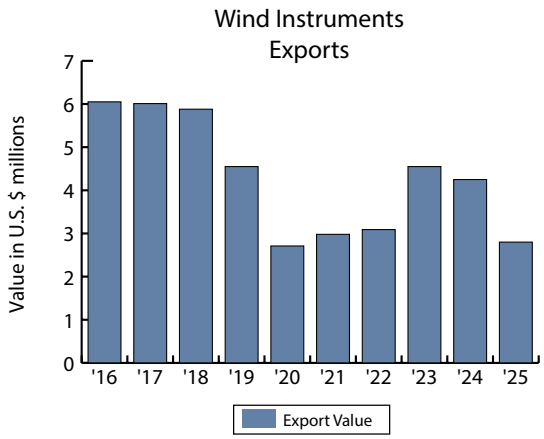



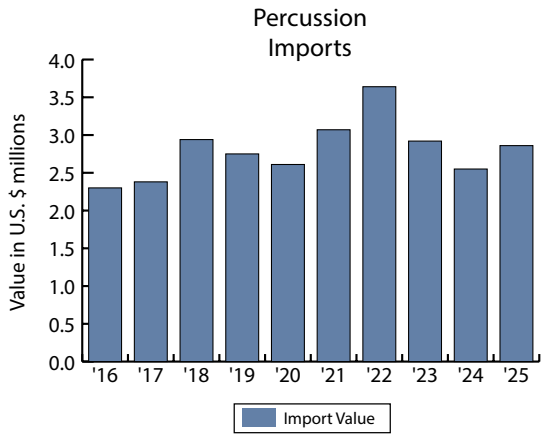



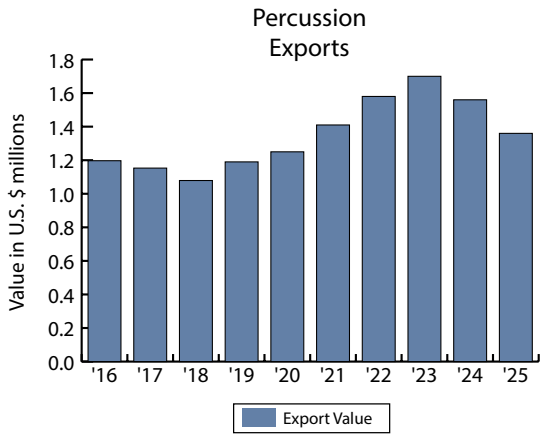



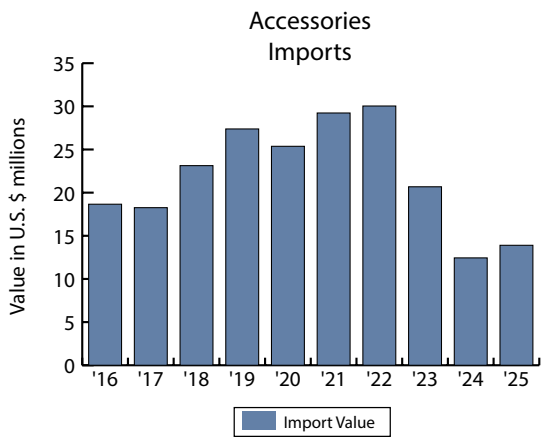
# Czech Republic Imports and Exports

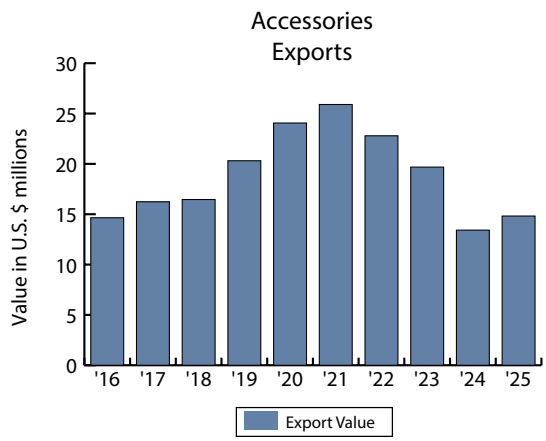


# FINLAND

## DOING BUSINESS IN FINLAND

**Market Overview**

Finland, a member of the European Union since 1995 and NATO since 2023, has transformed from a resource- and manufacturing-based economy into a global leader in technology, innovation, sustainability and design. The country is highly integrated into the global economy, with international trade accounting for a significant share of GDP. Finland's population is approximately 5.6 million, and its economy is projected to reach roughly US$320 billion in GDP in 2025, with one of the highest per capita incomes in Europe. Finland is the only Nordic country that uses the euro.

Finland consistently ranks among the world's leading countries for education, innovation, quality of life, digitalization, competitiveness and transparency. Helsinki, the northernmost capital in the European Union (EU), serves as a strategic gateway between the Nordic region and the Baltic states, with strong transportation and digital infrastructure supporting trade and investment. Finland's highly educated workforce, advanced research ecosystem and strong public-private collaboration continue to drive growth in sectors such as information and communications technology (ICT), clean energy, artificial intelligence, health-care technology, advanced manufacturing and cybersecurity.

Finland shares an 833-mile border with Russia, and geopolitical developments in the region have continued to reshape Finland's economic and security environment. Since 2022, most Finnish companies have exited the Russian market, and EU sanctions have significantly reduced trade between the two countries. Finland has responded by accelerating energy diversification, infrastructure investments and defense cooperation within the EU and NATO frameworks.

The EU remains Finland's largest trading bloc, accounting for the majority of both exports and imports. Finland's principal trading partners include Sweden, Germany, the United States, China and the Netherlands. Key Finnish export sectors include machinery and equipment, chemicals, forest industry products, metals, electronics, pharmaceuticals and clean technology solutions. As a highly trade-dependent economy, Finland continues to strongly support open markets and free trade policies through the EU.

The United States remains one of Finland's most important non-European trading partners. In 2025, bilateral trade between the two countries continues to grow, supported by cooperation in technology, energy, defense, health care and digital industries. Major U.S. exports to Finland include oil and gas products, transportation equipment, chemicals, software and ICT services, and industrial machinery. Finland's exports to the United States include machinery, pharmaceuticals, chemicals, paper and forest products, electronics and advanced industrial technologies. Strong innovation ties, a transparent business environment and Finland's focus on sustainability and emerging technologies continue to create opportunities for U.S. companies operating in the Finnish market.

**Market Challenges**
Finland's market is open and receptive to U.S. goods, services and investments. There are relatively few barriers to trade. The overall size of the Finnish domestic market of 5.6 million residents is relatively small. Consumers have high expectations in terms of product innovation, design, quality and price. High taxes, regulatory red tape and labor inflexibility still pose challenges to new business.

**Market Opportunities**
Finland offers opportunities for investment and collaboration in several industry sectors and has a vibrant start-up scene highlighted by high-growth companies in critical and emerging technologies.

The following developments represent market opportunities for U.S. companies:

- Finland has been involved in the development of low-energy and eco-efficient construction alternatives since the late 1980s. Growth in Finland's cleantech sector has been driven by smaller firms operating in the areas of new materials, smart grids, recycling and measurement technologies.
- The development of renewable energy, especially biomass, in Finland is expected to offer opportunities for U.S. companies with innovative renewable energy technologies, processes and equipment.
- Finland has many companies with an expertise in developing software solutions in multiple applications that are eager to work with U.S. partners.
- The Finnish health-care sector is open to state-of-the-art medical equipment and eHealth solutions.
- There are opportunities for U.S. companies in the defense and security sectors as Finland strengthens homeland defense capability in the face of hybrid and conventional threats.
- Many Finnish firms, from major established multinationals to early-stage startups, are eager to partner with American firms and to engineer Made-in-USA innovations into their solutions. These Finnish firms often intend to take their solutions global, bringing their American partnerships and Made-in-USA technologies with them. American firms that approach the Finnish market often find that the real value of their engagement in Finland is not so much in sales to the Finnish market itself, but in the creation of partnerships for global growth.
- Finland's NATO membership since 2023 offers opportunities in a wide variety of sectors based on Finland's status as an Ally and as a long-standing, trusted partner.

**Market-Entry Strategies**

In addition to being an EU member, Finland is closely linked culturally and economically with the other Nordic countries: Denmark, Iceland, Norway and Sweden. These economies are all advanced, high-income and connected. While each country has its own unique market and characteristics, there are certain synergies that tie together these innovative marketplaces. With an aggregate GDP of US$1.5 trillion and a combined population of 28.2 million, the Nordic region represents an excellent opportunity for U.S. companies with sophisticated high-quality products, technologies and services..

*"Doing Business in Finland" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import data obtained from the website of the International Trade Centre (ITC)**

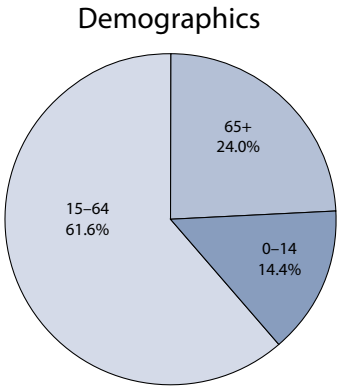
# FINLAND SNAPSHOT

## Demographics

Population in millions 5.6

| Age | Male | Female |
|---|---|---|
| 0–14 | 0.41 | 0.39 |
| 15–64 | 1.75 | 1.67 |
| 65 & Over | 0.59 | 0.74 |

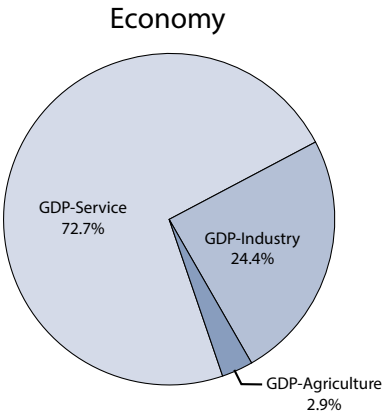
Median Age 44.0
Population Growth 0.02%

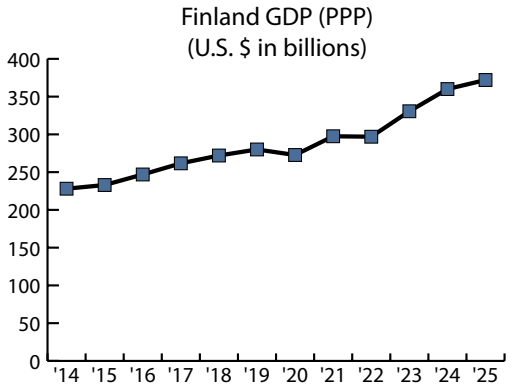



## Economy

| | |
|---|---|
| GDP (PPP) | $372.0 billion |
| GDP Per Capita | $66,300 |
| GDP-Real Growth Rate | 0.20% |
| Unemployment Rate | 9.70% |
| Inflation | 1.80% |

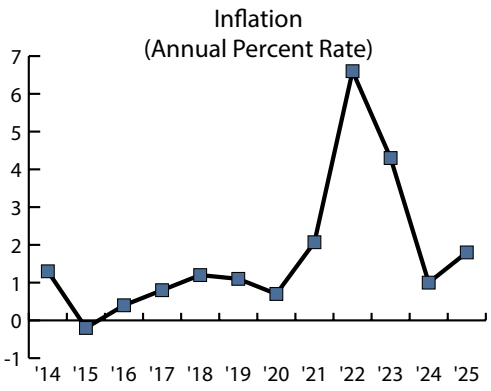
Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.







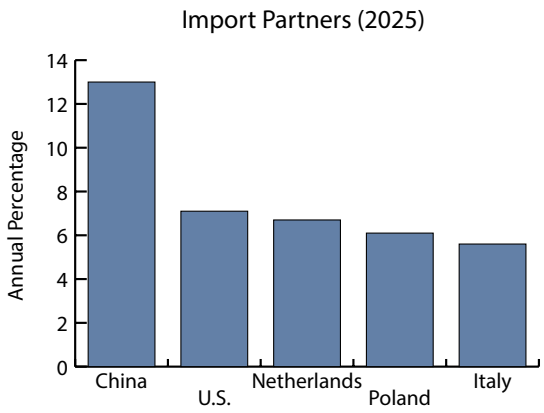


## Trade

| | |
|---|---|
| Total Export | $84.1 billion |
| Total Import | $88.0 billion |

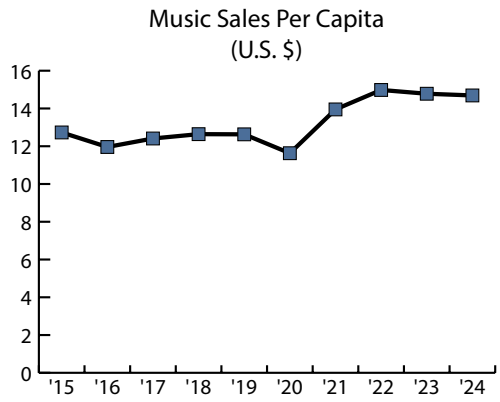
| | |
|---|---|
| Export as % of GDP | 22.61% |
| Import as % of GDP | 23.66% |

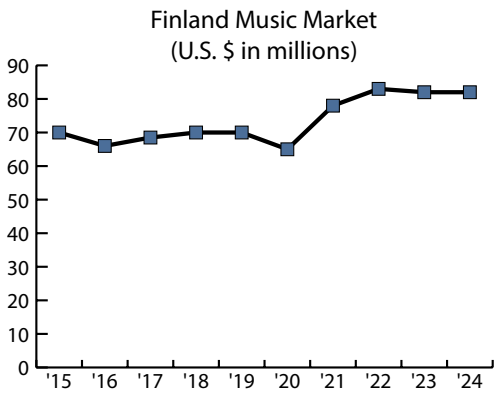


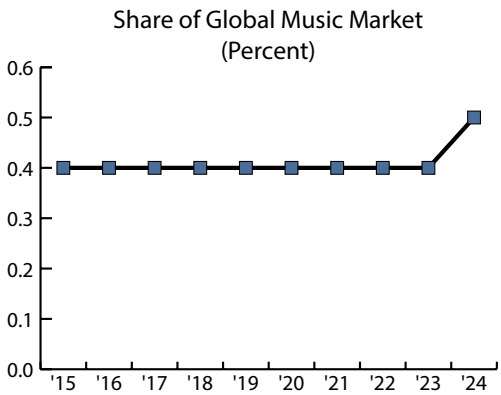




## Music Industry

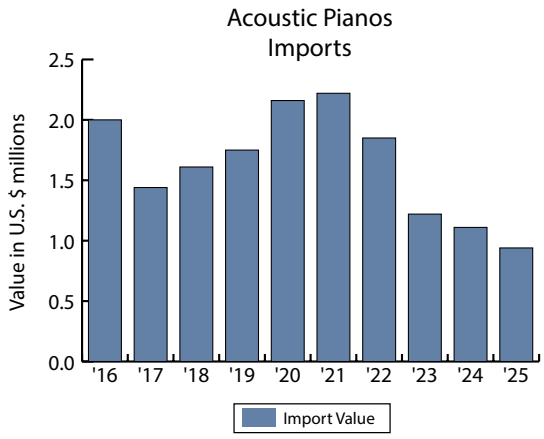
| | |
|---|---|
| Music Market | $82.0 million |
| Sales Per Capita | $14.69 |
| Global Share | 0.50% |

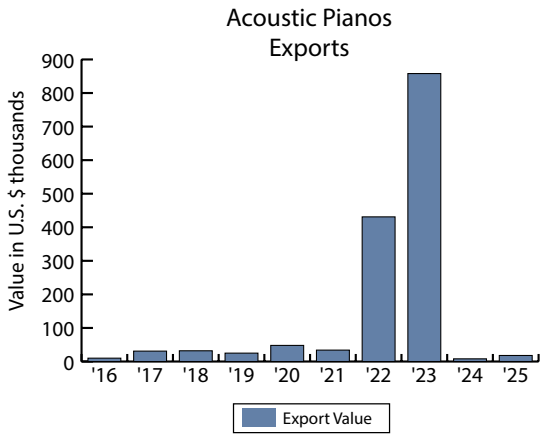


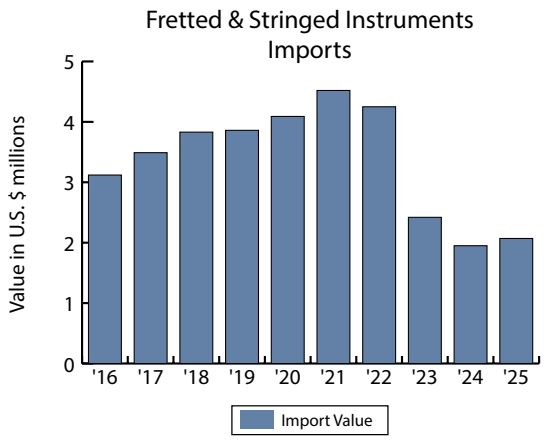



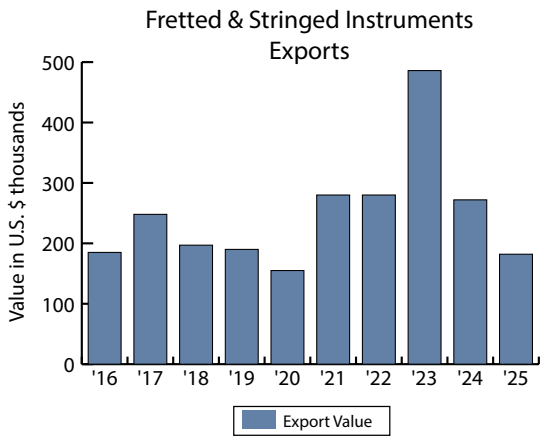



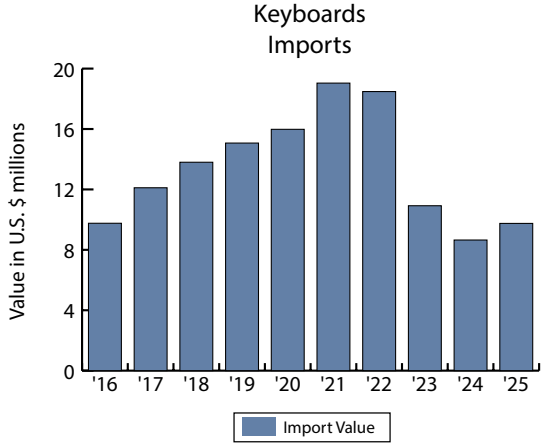
# Finland Imports and Exports

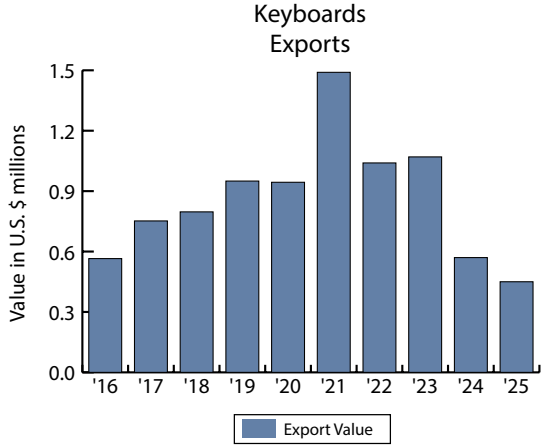


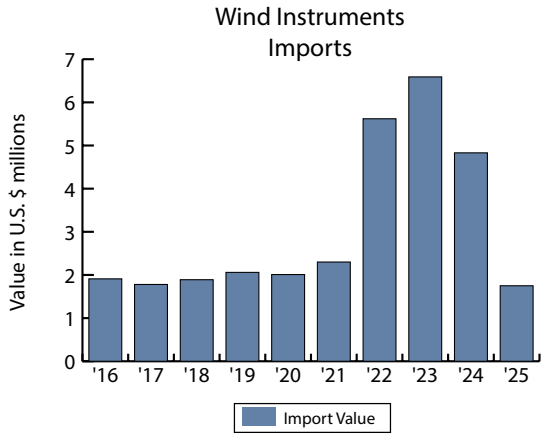



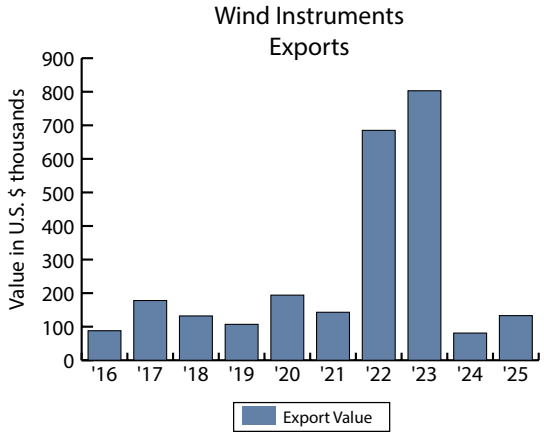



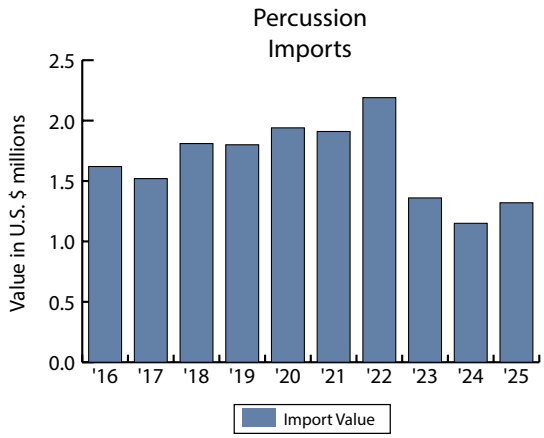



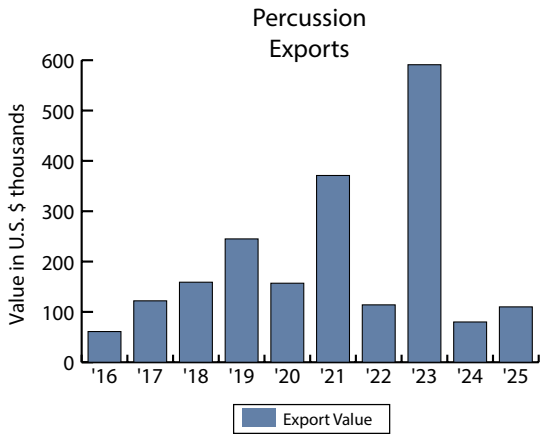



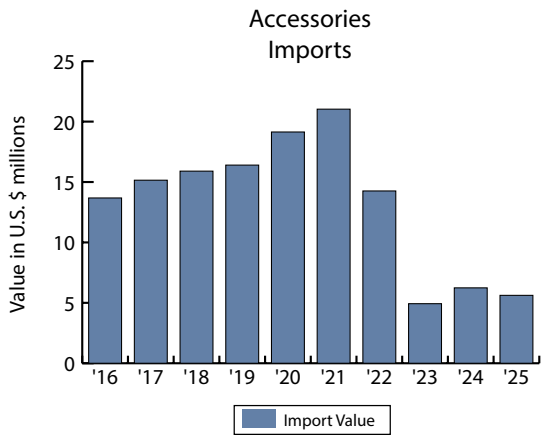
# Finland Imports and Exports

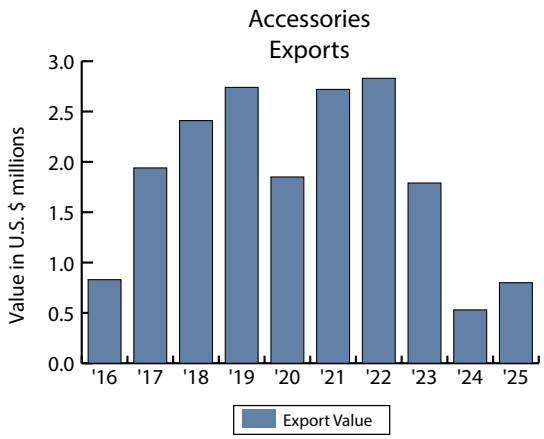


# FRANCE

**Current High Points in the Music Products Industry**
The musical instrument professions are attractive ones. We are seeing a growing number of artisans setting up shop, and demand for training—while it varies from one instrument family to another, depending on the time of year—remains high.

France has a local network that remains extensive, even though it has been weakened, particularly by online sales. This network of professionals (manufacturers, artisans, retailers) actively supports the local music scene.

Instrument maintenance and repair services are on the rise, as are sales of secondhand instruments and rentals, confirming a growing desire among musicians to extend the lifespan of instruments already in circulation.

France is home to several iconic companies that manufacture musical instruments and accessories and export them worldwide, contributing to the sector's international influence. The country also includes major players in import and distribution.

At the national level, the Culture Pass program is an asset that helps reach young people who do not yet play a musical instrument. Indeed, the pass offers 18-year-olds €150 to purchase cultural goods, including instruments and certain accessories.

By 2025, inflation appears to be under control, and manufacturers face fewer supply chain challenges.

**Current Low Points in the Music Products Industry**
The French market is particularly sluggish and does not appear poised to rebound anytime soon.

Compounding this is the decline in public funding for the music sector, both at the national and regional levels. Several French regions have drastically cut their subsidies to music organizations in recent months, thereby placing numerous orchestras and associations throughout France in grave jeopardy.

Internationally, Donald Trump's rise to power has created a climate of economic instability heavily fueled by the issue of tariffs.

Once the initial legitimate concerns of exporting companies subsided, the economic effects became apparent with an automatic increase in the price of their instruments in the United States and a direct impact on these manufacturers.

The growing global geopolitical instability over the past several months has added to a general sense of anxiety that is weighing on musical instrument sales.

On the retail side, consumer trends are changing, and sales are generally sluggish in music stores, leading to the closure of some long-standing retailers in 2025 (for example, Paul Beuscher in Paris; Dupont-Metzner in Nancy).



French retailers are also facing increasing margin pressure from large international online platforms, which intensify price competition and make it increasingly difficult to maintain profitability while continuing to provide high-quality local services.

**Leading Opportunities and Areas of Growth**

The opportunities for our industry are very similar to those of the previous year. Specialization and customer experience appear to be the keys to success for retailers that capitalize on what sets them apart from online sales (customer service, expert advice, local presence).

In the field of electronic instruments, the creativity of French manufacturers places them among the most innovative in the market, with original concepts in tune with modern uses (computer-assisted music, live performance, hybridized formats). These professionals are currently organizing themselves, which should make this particular sector even stronger.

In France, adult customers—including beginners and those returning to an instrument given up in their youth—are becoming an increasingly significant demographic. These amateur musicians represent a large pool of potential new customers.

Beyond France, there is clear potential for growth in the European market, as per capita spending on musical instruments is significantly lower than in North America. Industry professionals therefore wish to commit to the development of the European market.

Despite the challenges mentioned above, music remains a flagship activity in France, and attendance at festivals and concerts across the country remains very high across all musical genres.

**Current Challenges**

Musical instrument professionals in France face numerous challenges.

First, there are regulatory issues, particularly those related to CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora), which directly impact business operations. Regarding Pernambuco wood, for example — one of the recent cases — many questions remain about how the latest decisions regarding this species will be implemented across all countries.

In France, the decline in public funding previously mentioned raises the question of how cultural and musical life will be restructured in the short and medium term. If this decline continues in the coming years, it risks significantly altering the cultural landscape and also exacerbating the inequalities already observed between certain French regions.

The influx of many adult amateur musicians raises the question of what opportunities are available to them, as the current offerings are limited. France lacks venues for amateurs to practice, a key area that needs to be developed to meet the expectations of these musicians.

Alongside the amateurs are young people who are currently far removed from musical practice and whom we must reach; we need to inspire them to attend concerts as a starting point.

The stakes are also high for the network across the entire country, which needs to be sustained. The fact that this network is composed mainly of sole proprietorships contributes to its fragility.

For retailers, the focus is particularly on fostering interest and increasing the average purchase amount.

**Forecasting the Music Industry**

We expect to see increased market polarization: large online sales platforms are likely to continue to consolidate, while specialist physical stores will gain legitimacy thanks to their local roots and distinctive services. Online activity takes place primarily on platforms based outside France, which affects national data.

French manufacturers will continue to inspire desire by creating high-quality instruments, often produced in limited series.

Electronic instrument-making will continue to grow, driven by original innovations and unique artistic approaches.

The secondhand market and local artisan instrument-making are expected to grow significantly, supported by musicians' growing commitment to protecting the environment. This secondhand market could become a significant opportunity for specialist retailers and brands. By structuring trade-in, resale and refurbishment policies, professionals could recapture part of the value currently dispersed across peer-to-peer transactions and use it to support new instrument sales.

The sector is gradually succeeding in revitalizing the European market. In France, the interaction between the musical instrument sector and other players in the cultural sphere, such as those in the cultural and creative industries, is improving.

The role of musical instruments also continues to grow within the broader musical landscape.

Finally, the music software sector will undergo a major upheaval with the arrival of artificial intelligence, which is expected to gradually replace many of today's plug-ins and tools, profoundly changing the way musicians and producers work.

*Commentary provided by Franny Reyre Ménard, president of Chambre Syndicale de la Facture Instrumentale (CSFI) and Christophe Chauvin, rapporteur of CSFI's Economy Committee*



# DOING BUSINESS IN FRANCE

**Market Overview**

The U.S.-French commercial and economic alliance remains one of the United States' oldest and closest partnerships. The United States and France established diplomatic relations in 1778 and, that same year, the newly formed United States entered into its first trade agreement, the Treaty of Amity and Commerce, with France. Bilateral trade between the two countries continues to be strong, with total goods and services trade reaching approximately US$160 billion in 2024, reflecting continued growth in transatlantic economic ties. The United States remains one of the largest foreign investors in France, while France continues to rank among the leading foreign investors in the United States. Relations between the two countries remain active and cooperative, grounded in shared democratic values and closely aligned political, economic and security interests.

France is the world's seventh-largest economy and one of Europe's leading economic powers. France's Gross Domestic Product (GDP) reached approximately US$3.2 trillion in 2025, representing roughly 3% of the global economy. While economic growth has moderated due to inflationary pressures, fiscal challenges and broader geopolitical uncertainty, France continues to maintain a highly diversified and globally influential economy, with strength across manufacturing, aerospace, luxury goods, energy, agriculture and technology sectors. Recent projections from the International Monetary Fund (IMF) forecast modest economic growth of approximately 0.7% in 2026, following slower expansion in 2025.

France is a member of the G-20, the G-7, the European Union (EU) and the World Trade Organization (WTO). Additionally, France is one of the 38 members of the Organisation for Economic Co-operation and Development (OECD) and hosts its headquarters in Paris. France has substantial agricultural resources and maintains a strong manufacturing sector. Business France reported that since 2017, the balance of new factories has been positive with 300 factories opened, leading to the creation of 90,000 industrial jobs throughout the country.

France has a stable business climate that attracts investors from around the world. The French government devotes significant resources to attracting foreign investment through policy incentives, marketing, overseas trade promotion offices and investor-support mechanisms. The French president is seeking to make France a European leader in green industries, with more than US$24.8 billion in investments planned by 2030. This plan aims to achieve two objectives: to become a leader in "green" technologies and to decarbonize existing industries. The service sector accounts for an increasingly large share of economic activity and is responsible for most job creation in recent years.

France has an educated population, first-rate universities and a talented workforce. It has a modern business culture, sophisticated financial markets, a strong intellectual property rights regime and innovative entrepreneurs and business leaders. The country is known for its world-class infrastructure, including high-speed passenger rail, maritime



ports, extensive roadway networks, a dense network of public transportation and efficient intermodal connections. High-speed telecommunication is nearly everywhere with the launching of 5G in 2020, and available in large and many mid-sized cities. Nationwide 5G coverage is expected to be complete by 2030.

Trade and investment ties between the United States and France are strong. U.S. exports to France include industrial chemicals, aircraft and engines, electronic components, telecommunications, computer software, computers and peripherals, analytical and scientific instrumentation, medical instruments and supplies, and broadcasting equipment.

France remains one of the United States' most significant economic partners within the EU, ranking among the top U.S. trading partners in Europe. According to recent U.S. Bureau of Economic Analysis (BEA) data, total French foreign direct investment (FDI) in the United States reached approximately US$370 billion in 2024, supporting hundreds of thousands of American jobs across a broad range of industries, including manufacturing, energy, transportation, technology and financial services. At the same time, the United States continues to hold its position as one of the largest foreign investors in France, with cumulative U.S. investment in France exceeding US$155 billion. The bilateral investment relationship remains a cornerstone of the broader Franco-American economic partnership, reflecting deep commercial integration and long-standing business ties between the two countries.

The United States also continues to be one of the leading sources of foreign investment projects in France. Recent data from Business France shows that American companies consistently rank among the top foreign employers and investors in the country, contributing significantly to job creation and regional economic development. The Franco-American economic relationship is estimated to support well over 1 million jobs combined across both countries, with a substantial majority located in the United States. This enduring partnership continues to strengthen innovation, trade, investment and employment on both sides of the Atlantic.

Software, technology, business services, clean energy and advanced manufacturing continue to lead French FDI activity and job-creation trends between the United States and France. The United States remains one of the largest foreign investors in France across manufacturing, research and development (R&D), engineering, digital technologies, aerospace, transportation equipment, health-care technologies and artificial intelligence. Major sectors benefiting from American investment include electrical and IT equipment, aeronautics, rail and transportation systems, biotechnology, medical devices and renewable energy infrastructure. Digital services, consulting, software and innovation-related projects continue to account for a significant share of American investment activity and associated job creation in France.

Since President Emmanuel Macron first took office in 2017, France has continued implementing labor, tax, pension and industrial reforms aimed at improving competitiveness and attracting foreign investment. Corporate tax reforms reduced the standard corporate tax rate to 25%, while additional measures focused on reducing



production taxes and streamlining business regulations. France's pension reform, which raised the legal retirement age from 62 to 64, officially took effect in 2023 despite significant public protests and labor strikes. In parallel, the French government has continued advancing long-term industrial and innovation strategies through initiatives such as the "France 2030" investment plan, which prioritizes clean energy, semiconductors, artificial intelligence, health-care innovation, sustainable transportation and advanced manufacturing technologies.

France's economy has largely stabilized following the disruption caused by the COVID-19 pandemic, though growth has moderated amid inflationary pressures, higher interest rates, energy market volatility and broader geopolitical uncertainty in Europe and the Middle East. Government support measures implemented during and after the pandemic helped accelerate the country's recovery and maintain its industrial competitiveness. Current economic policy remains focused on innovation, energy transition, reindustrialization, workforce development and strengthening France's position as a leading destination for international investment within Europe.

**Market Challenges**

The key issues to watch in 2026 are (i) political instability that weakens governance and reform capacity, (ii) difficulty in passing credible austerity/budget consolidation plans and (iii) a large and rising debt burden that constrains future policy and amplifies risk. For investors and market watchers, the key takeaway is that France's structural challenge is no longer simply growth-driven but increasingly governance- and fiscal-credibility-driven.

U.S. firms must navigate both national and European regulations and standards for selling products in France. The French interpret existing EU regulations more stringently than other Member States and regulate some areas where the EU has not yet proposed legislation.

Another challenge for U.S. firms is dealing with highly concentrated retail distribution chains and networks. Many French global manufacturers and suppliers exercise strong control over these retail networks, along with well-organized buying offices that have put in place very stringent selection processes for new suppliers, products and services. High retail markups, combined with innovative and creative marketing approaches, are prerequisites for entering the French retail market.

**Market Opportunities**

France is an economically developed nation with a large, diverse and sophisticated consumer base. While manufacturing has declined as a percentage of GDP, many of France's remaining industries, such as aerospace and pharmaceuticals, are still world leaders and receptive to foreign partners and suppliers. France's comparatively affluent populace is a leading consumer of services, particularly in the digital, education and travel sectors.

The Business France 2025 foreign investment projects report (published January 2026) lists 1,878 international investment projects that have created or maintained 47,734 jobs in France. Business France highlighted that most of the foreign investment has been directed

into retail outlets (522 projects) and manufacturing (472 projects), with 48% of projects and 59% share of jobs in municipalities with fewer than 20,000 inhabitants. The energy and recycling (5% of projects), wholesale and retail (26%) and agri-food (5%) industries were some of the main sectors targeted by these projects. France remained resilient in 2025, but with some emerging challenges with respect to foreign investment despite the uncertain global environment. Key findings from the 2025 annual report by Business France are that investment decisions projects increased by 2%, 64% of industrial jobs generated were in municipalities with fewer than 20,000 inhabitants, and the United States remained a large investor, according to the 2025 report.

**Market-Entry Strategies**

In general, the commercial environment in France is open to the sale of U.S. goods and services. Marketing products and services in France is similar to the approach in the United States, notwithstanding significant cultural differences and specific legal and regulatory restrictions. While French buyers can be receptive to new and innovative products, there is a tendency to stick with known local suppliers. Competition can be fierce but local partners are available in most sectors and product lines. U.S. companies should be prepared to invest marketing resources to launch a new brand or product in France.

As in many other European countries, traditional distribution channels in France are being disrupted by new players in the digital economy. Many U.S. firms are doing well in this space, as are a growing number of local competitors.

The U.S. Commercial Service office in Paris offers many services and customized solutions designed to assist businesses in developing their market-entry strategy and facilitating their exports to France.

*"Doing Business in France" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import and export data obtained from the website of the International Trade Centre (ITC)**

# FRANCE SNAPSHOT

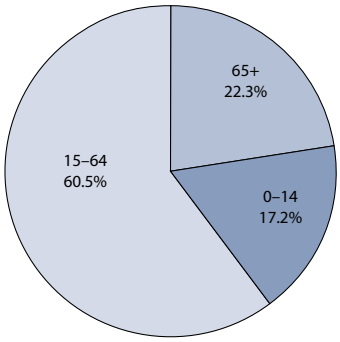
## Demographics

Population in millions 68.5

| Age | Male | Female |
|---|---|---|
| 0–14 | 6.01 | 5.75 |
| 15–64 | 20.88 | 20.59 |
| 65 & Over | 6.74 | 8.54 |

Median Age 42.7
Population Growth 0.20%

Demographics

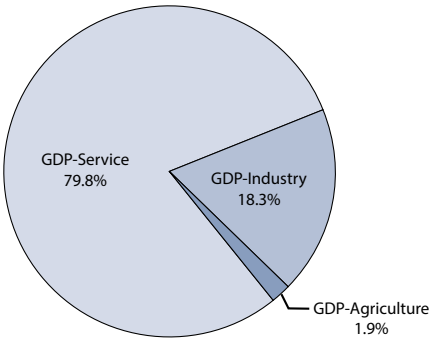



## Economy

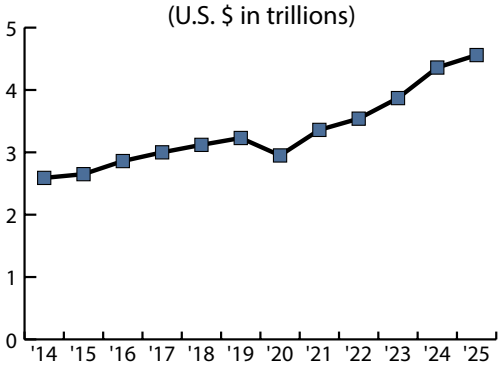
| | |
|---|---|
| GDP (PPP) | $4.56 trillion |
| GDP Per Capita | $66,280 |
| GDP-Real Growth Rate | 0.90% |
| Unemployment Rate | 7.60% |
| Inflation | 0.90% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*.GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

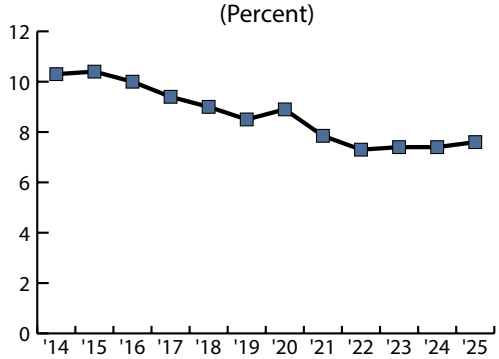
Economy



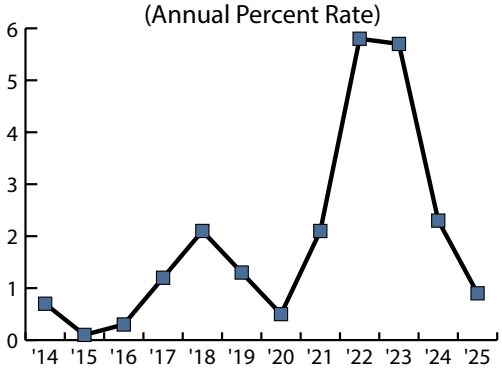

France GDP (PPP)
(U.S. $ in trillions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

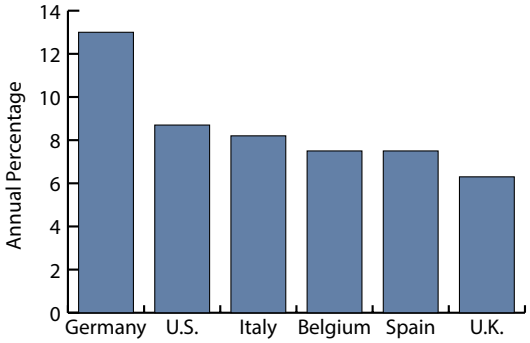


## Trade

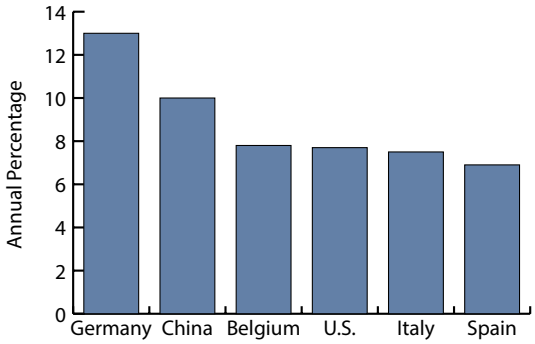
| | |
|---|---|
| Total Export | $668.3 billion |
| Total Import | $776.8 billion |

| | |
|---|---|
| Export as % of GDP | 14.66% |
| Import as % of GDP | 17.04% |

Export Partners (2025)



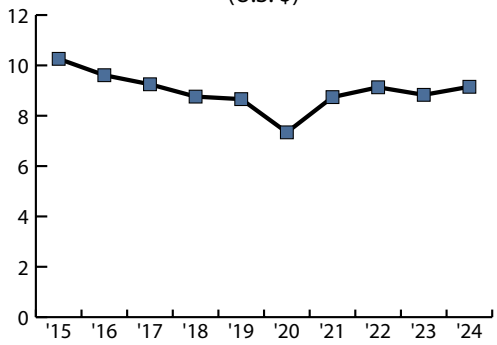

Import Partners (2025)



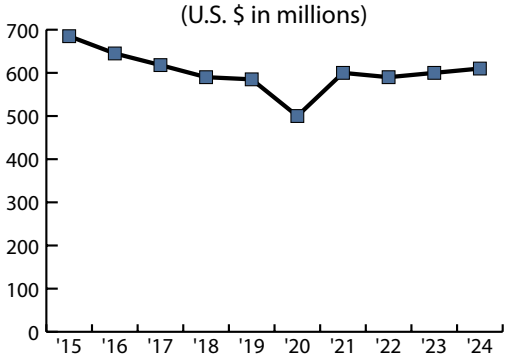

## Music Industry

| | |
|---|---|
| Music Market | $610.0 million |
| Sales Per Capita | $9.15 |
| Global Share | 3.40% |

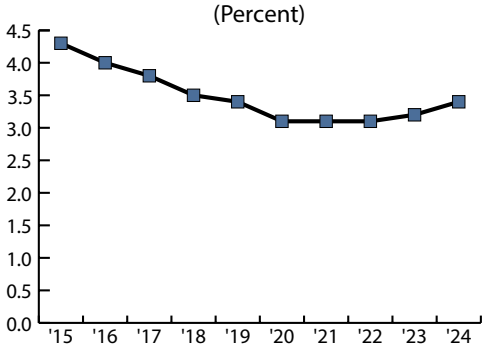
Music Sales Per Capita
(U.S. $)



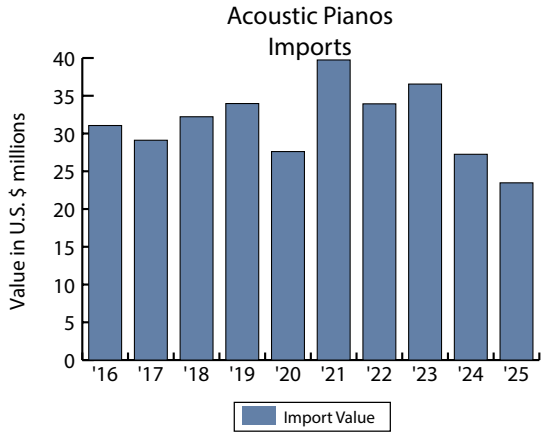

France Music Market
(U.S. $ in millions)

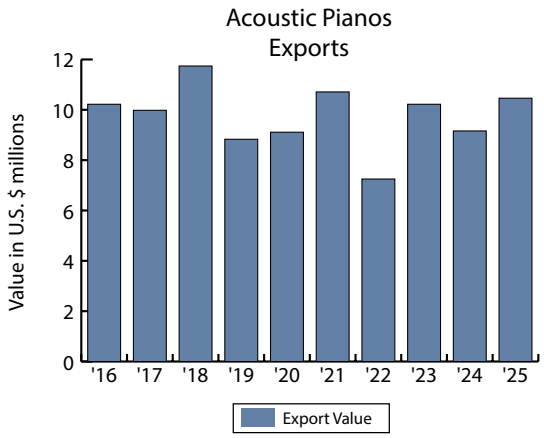


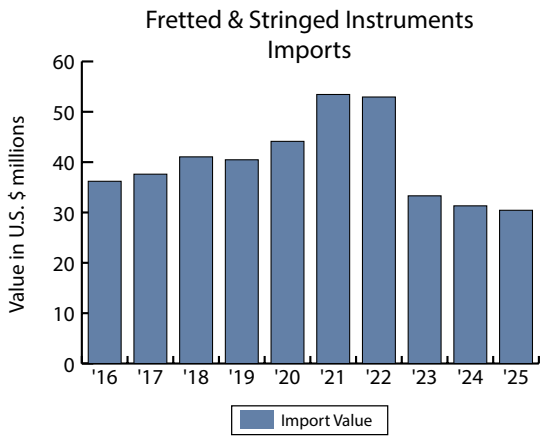

Share of Global Music Market
(Percent)

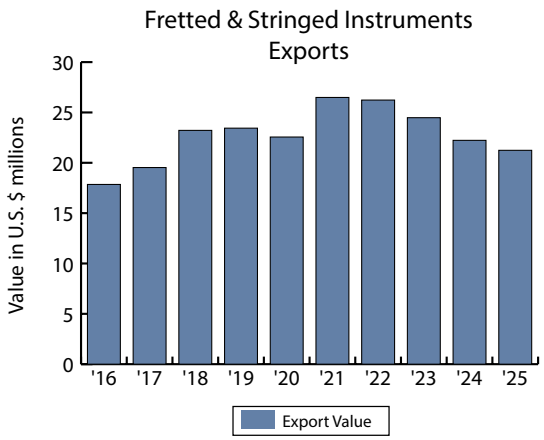


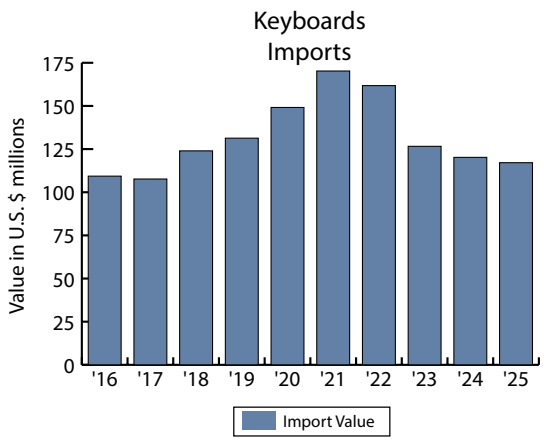
# France Imports and Exports

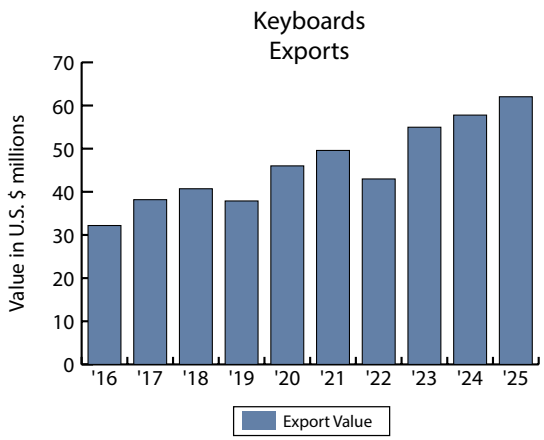


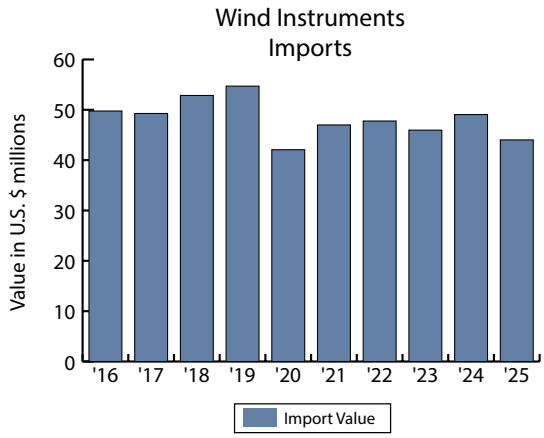



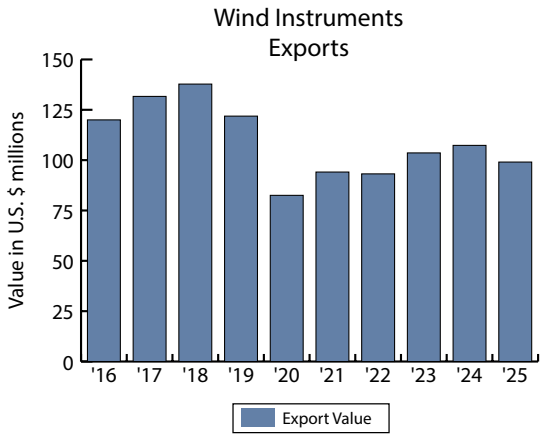



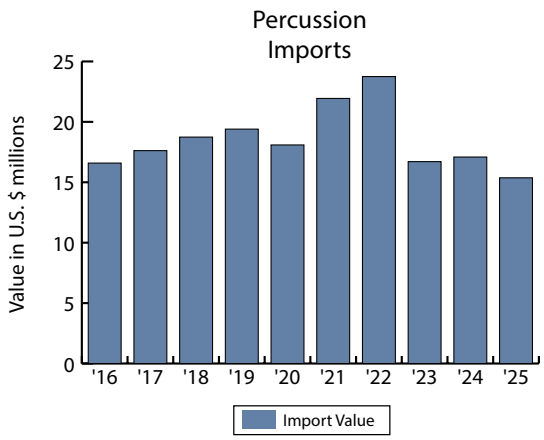



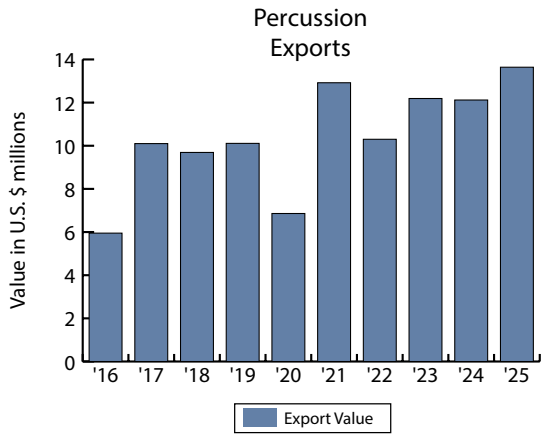



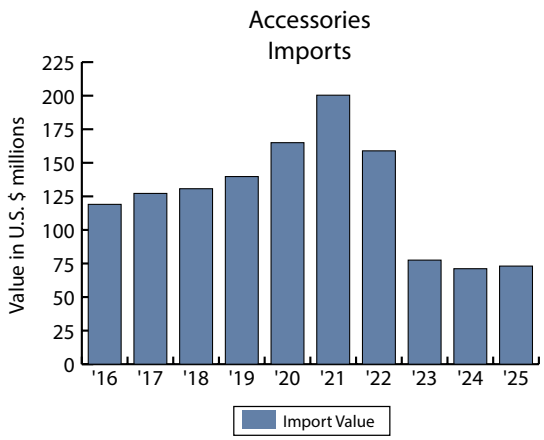
# France Imports and Exports

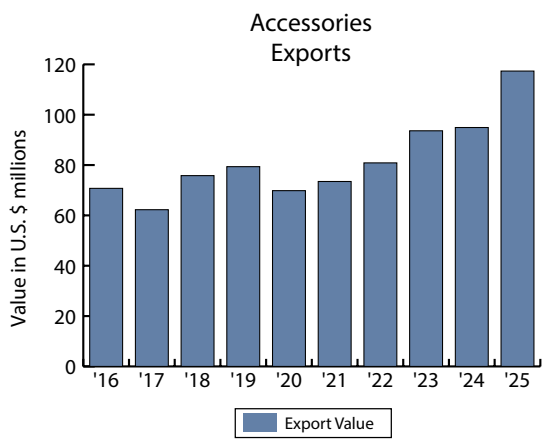


# GERMANY

**Significant Revenue Declines Again in 2025**
Following a double-digit revenue decline in 2024, the industry was once again forced to absorb a significant downturn in 2025. The unchanged 53 industrial companies with more than 20 employees recorded a revenue decline of 4.4% to €418.3 million (US$483.0 million) in 2025, with a workforce of 3,489 employees (–5.7%).

Domestic revenues actually rose by 6.3% to €171.1 million (US$197.6 million), while international revenues collapsed again by 10.7% to €247.1 million (US$285.3 million).

The export ratio has consequently continued to decline, now standing at 59.1%.

The figures cited above represent approximately half of total industry sales. The other half is attributable to roughly 1,150 smaller, more craft-oriented businesses with fewer than 20 employees.

**Production Also in Sharp Decline**
A total of 54 companies reported a production value of €344.6 million (US$397.9 million), 9.1% less than the previous year. This decline matches the one recorded in 2024.

Large musical instruments are once again bearing the brunt of this production slump. The production value of upright pianos fell by 15.9%, and that of grand pianos by 25.3%. Wind instruments present a more positive picture, having managed a slight increase in production.

**Continued High Trade Surpluses**
In 2025, exports remained nearly constant at €989 million or US$1.1 billion (-0.4%), equivalent to €1,12 billion or US$1.3 billion (+4.3%), while imports rose sharply by 10.9% (16.0%) to €842.2 million (US$953.1 million).

The marked difference between export figures and international revenues is explained by differing survey methodologies. The international revenue figures cited above only include data from companies with more than 20 employees, and exclude smaller businesses.

The export statistics, by contrast, are a complete survey of cross-border goods traffic, with cut-off thresholds of €200,000 (US$230,911) per year for intra-EU trade and €1,000 (US$1,155) per consignment for trade with third countries. This means a much larger pool of companies is included, and not only manufacturing firms (as in the international revenue data) but also trading companies.

Furthermore, unlike in the international revenue figures, exports of goods that were not manufactured in Germany but are of foreign origin are recorded at their full value. The proportion of such goods is traditionally quite high in our industry. As a result, exports are significantly higher than international revenues, and divergences in rates of change may also occur.

The high export figures are also explained by logistics flows. Electrical musical instruments in particular, which account for more than a third of total exports, increased by 15%. The high levels of both imports and exports of electrical musical instruments indicate that Germany functions as a transit hub for this instrument category.

For assessing market development, the international revenues of German manufacturers previously cited are therefore the more meaningful indicator.

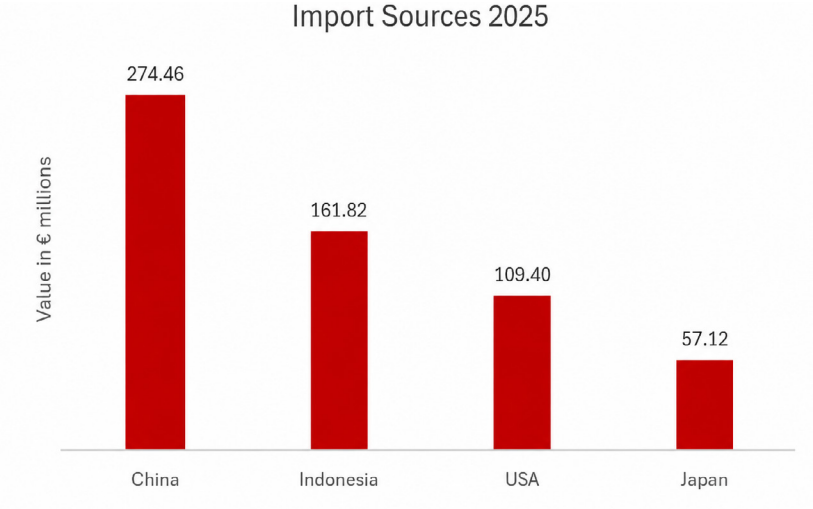
**Further Sharp Declines in Exports to China**

German exports are distributed across a range of countries. France remains the most important export destination. Exports to China have once again collapsed dramatically, falling by 40.8% — mirroring the decline of the previous year — driven primarily by reduced exports of grand pianos, upright pianos and related accessories. While China was one of Germany's three most important export markets just a few years ago, it has since dropped to the bottom of the top ten. The chart below includes China for historical reference, but exports to Sweden, Belgium, Japan and the Czech Republic now all exceed those to China.




**China Continues to Expand Its Market Power**

On the import side, the leading countries have further consolidated their positions (see chart below). These four countries account for 72% of all German imports.



**Outlook**
The situation remains difficult heading into 2026, and further declines must be anticipated. Both domestic and international markets are weak. Companies are unsettled by the international environment, and rising costs for raw materials and energy are placing increasing pressure on them. Not only manufacturers but also consumers are exercising caution and restraint. Reliable forecasts are not possible in this environment.

*Commentary by Winfried Baumbach of the National Association of German Musical Instruments Manufacturers (BDMH)*

# DOING BUSINESS IN GERMANY

**Market Overview**
The German economy is the third-largest in the world and accounted for around one-quarter (24%) of the European Union's GDP in 2024. Germany was also the United States' largest European trading partner and the seventh-largest market for U.S. exports in 2024. Its "social market" economy largely follows market principles, but with a considerable degree of government regulation and wide-ranging social welfare programs.

With a population of 83.6 million in 2024, Germany is the largest consumer market in the European Union. The significance of the German marketplace goes well beyond its borders. Germany is home to some of the world's largest trade shows, such as Medica, Hannover Fair, Automechanika and the ITB tourism show, which play a significant role in facilitating trade. The volume of trade, number of consumers and Germany's geographic location at the center of the European Union make it a key market in which many U.S. firms seek to build their European and worldwide expansion strategies.

Germany's economy is expected to stagnate in 2025 after two years of contraction, as trade tensions and global uncertainty continue to weigh on exports and investment. Private consumption should see a modest recovery, supported by lower inflation and rising real incomes, while investment remains subdued due to tight financing and weak sentiment. Growth is projected to rebound to 1.1% in 2026, driven by stronger domestic demand and a gradual recovery in investment.

**Market Challenges**
German policy poses relatively few formal barriers to U.S. trade or investment, apart from barriers associated with EU law and regulations. Germany has pressed the EU Commission to reduce regulatory burdens and promote innovation to increase EU Member States' competitiveness. Germany's acceptance of the EU's Common Agricultural Policy and German restrictions on biotech agricultural products pose obstacles for key U.S. products. While not overtly discriminatory, government regulation, by virtue of its complexity, may offer a degree of protection to established local suppliers. Application of different safety and environmental standards can lead to increased bureaucratic efforts and complicate access to the market for U.S. products. American companies interested in exporting to Germany should make sure they know which standards apply to their product and obtain timely testing and certification. Compliance with German standards is especially relevant to U.S. exporters, as EU-wide standards are often based on existing German standards.



**Market Opportunities**

For U.S. companies, the German market — the largest in the EU — continues to be attractive in numerous sectors and remains an important element of any comprehensive export strategy to Europe. While U.S. investors must reckon with a relatively higher cost of doing business in Germany, they can count on high levels of productivity, a highly skilled labor force, quality engineering, good infrastructure and a location in the center of Europe.

**Market-Entry Strategies**

The most successful market entrants are those offering innovative products with high quality and modern designs. Germans are responsive to innovative high-tech U.S. products, such as information technology, software, electronic components, health care and medical devices, synthetic materials and automotive technology. While Germany possesses an above-average internet penetration rate within the EU for private households, high-speed internet access for business is only slightly above average. Certain agricultural products represent good export prospects for U.S. producers. Price is a very important factor for German buyers, but it's not always the only factor, and is generally more a case of "value for money."

The German market is decentralized and diverse, with interests and tastes differing from one German region to another. Successful market strategies consider regional differences as part of a strong national market presence. Experienced representation is a major asset to any market strategy, given that the primary competitors for most American products are domestic firms with established presences. U.S. firms can overcome such stiff competition by offering high-quality products and services at competitive prices and locally based after-sales support. For investors, Germany's relatively high marginal tax rates and complicated tax laws may constitute an obstacle, although deductions, allowances and write-offs help to move effective tax rates to internationally competitive levels.

*"Doing Business in Germany" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on domestic production and export data provided by the National Association of German Musical Instruments Manufacturers (BDMH)**

# GERMANY SNAPSHOT

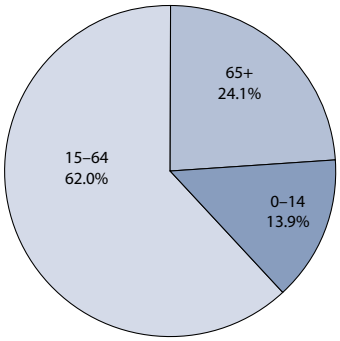
## Demographics

Population in millions 84.0

| Age | Male | Female |
|---|---|---|
| 0–14 | 5.94 | 5.70 |
| 15–64 | 26.46 | 25.63 |
| 65 & Over | 9.12 | 11.16 |

Median Age 46.9
Population Growth -0.13%

Demographics

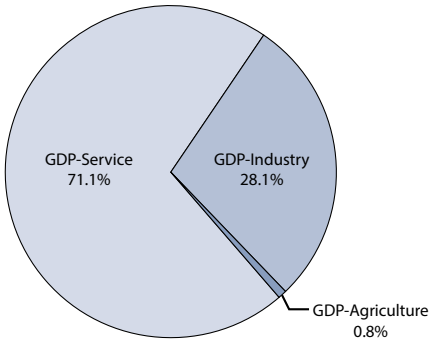



## Economy

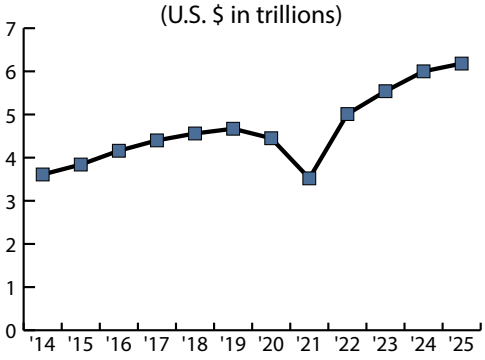
| | |
|---|---|
| GDP (PPP) | $6.18 trillion |
| GDP Per Capita | $74,000 |
| GDP-Real Growth Rate | 0.20% |
| Unemployment Rate | 3.80% |
| Inflation | 2.30% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

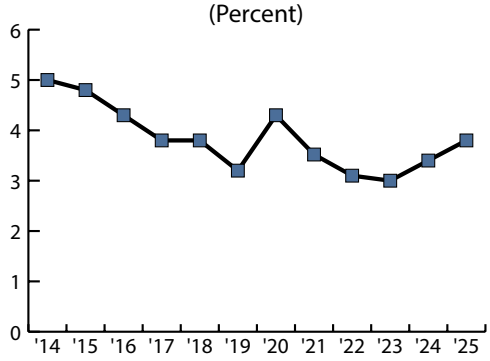
Economy



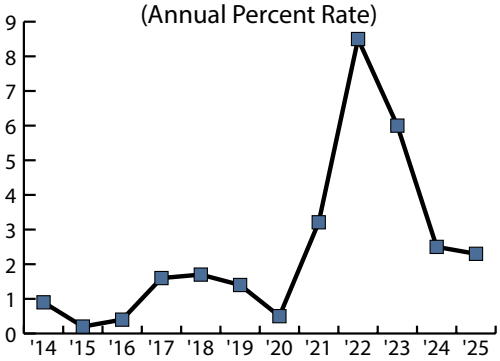

Germany GDP (PPP)
(U.S. $ in trillions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

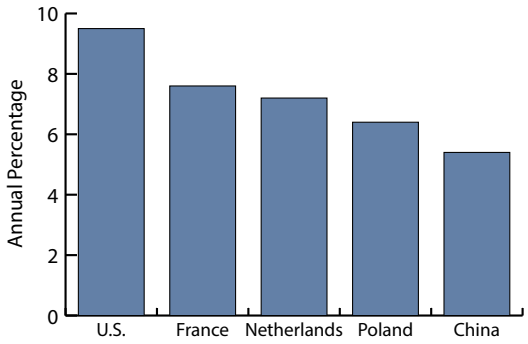


## Trade

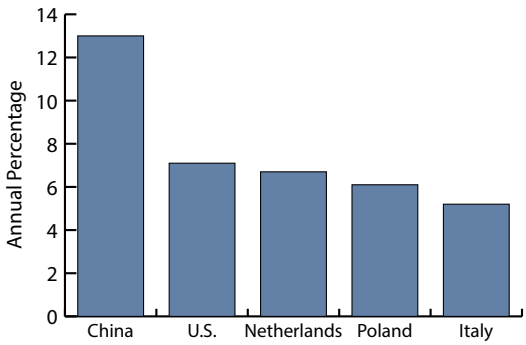
| | |
|---|---|
| Total Export | $1.77 trillion |
| Total Import | $1.54 trillion |

| | |
|---|---|
| Export as % of GDP | 28.64% |
| Import as % of GDP | 24.92% |

Export Partners (2025)



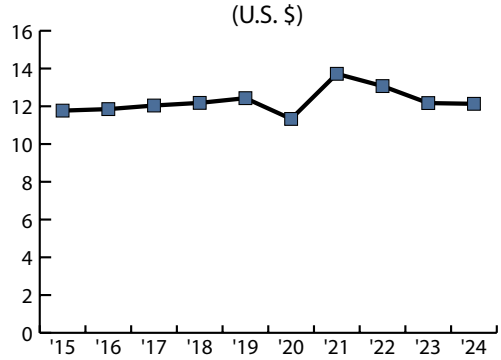

Import Partners (2025)



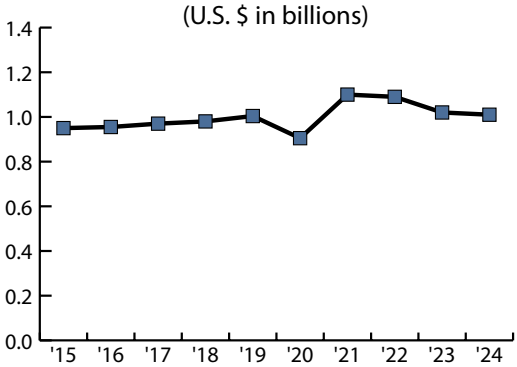

## Music Industry

| | |
|---|---|
| Music Market | $1.01 billion |
| Sales Per Capita | $12.13 |
| Global Share | 5.70% |

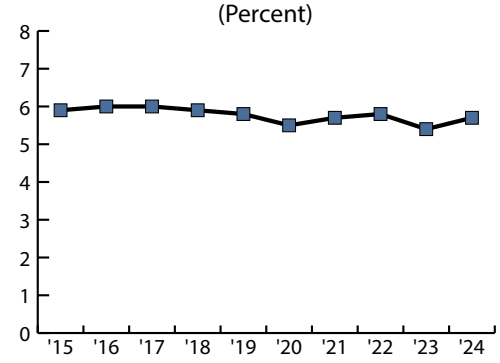
Music Sales Per Capita
(U.S. $)




Germany Music Market
(U.S. $ in billions)



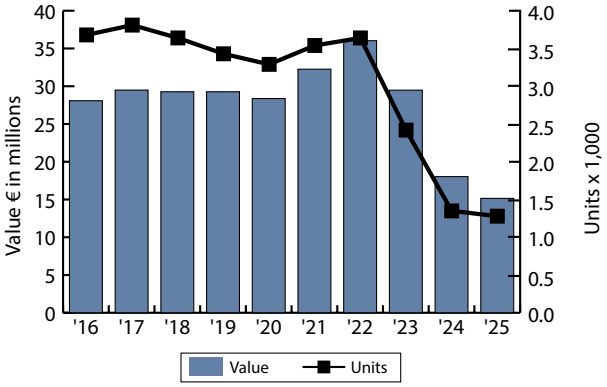

Share of Global Music Market
(Percent)



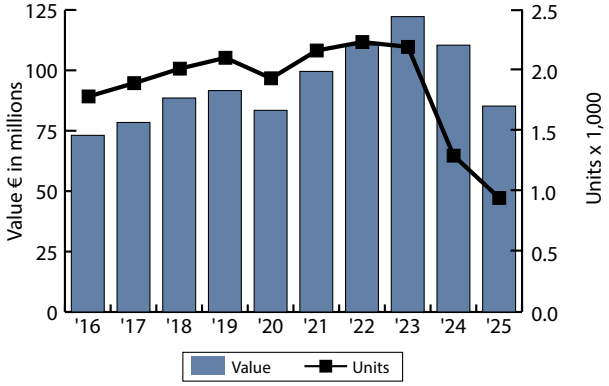
# Germany Domestic Production

(Data based on manufacturers with 20 or more employees)

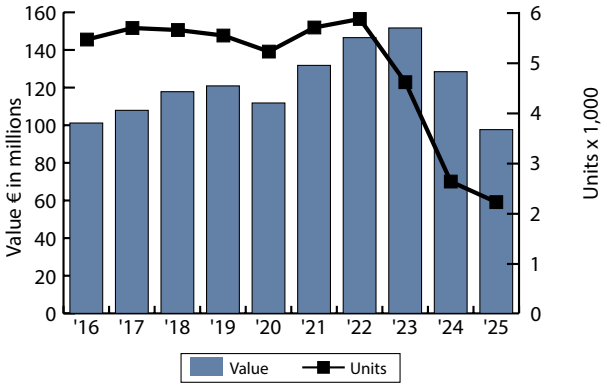
## Upright Pianos



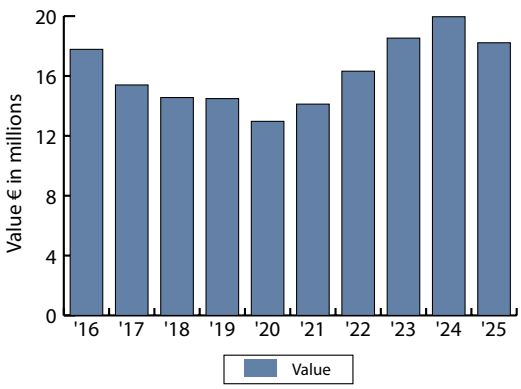

## Grand Pianos



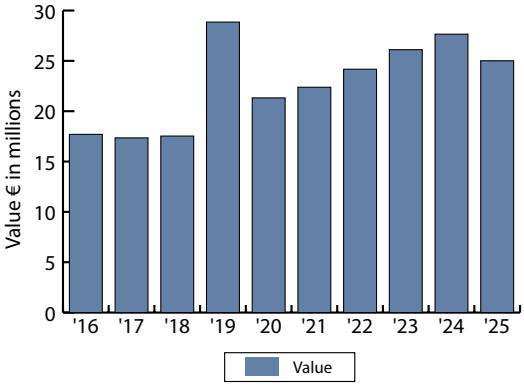

## Total Acoustic Pianos



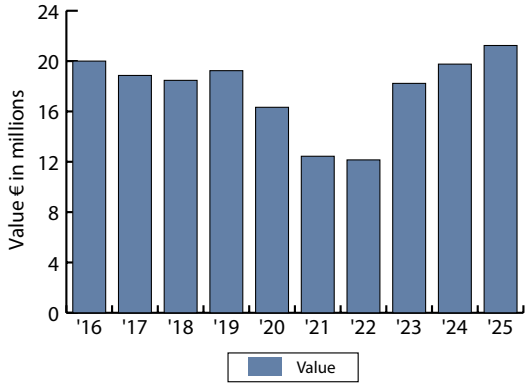

## Drums & Percussion




## Woodwind Instruments

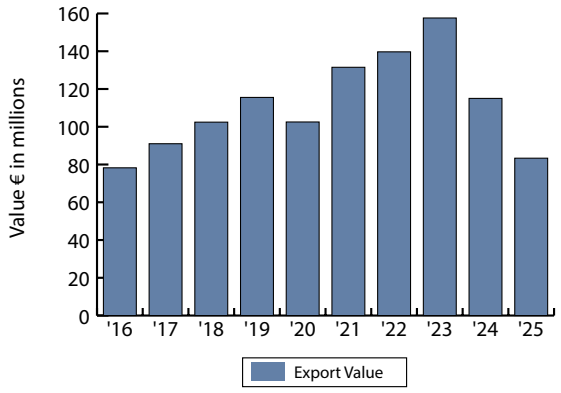



## Brass Instruments

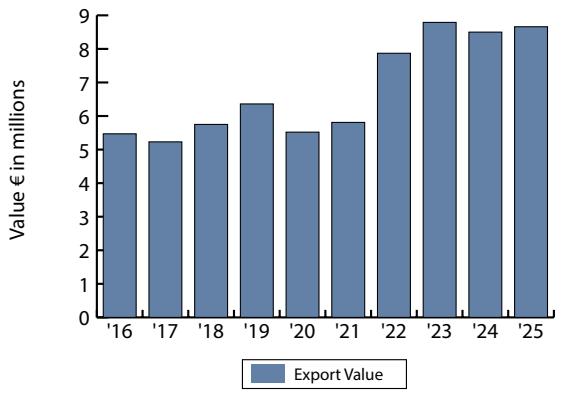


# Germany Exports

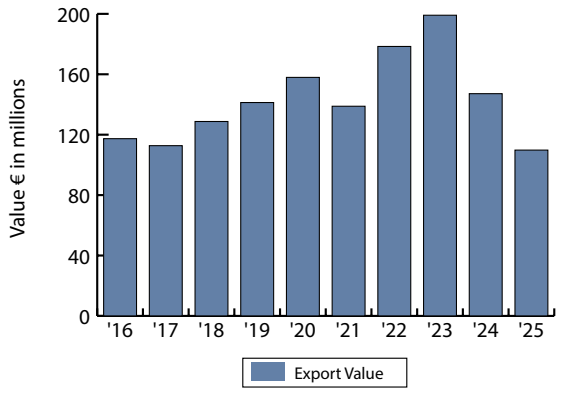
Grand Pianos



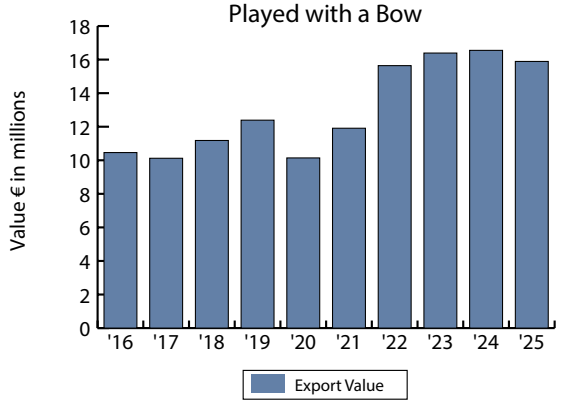

Violins



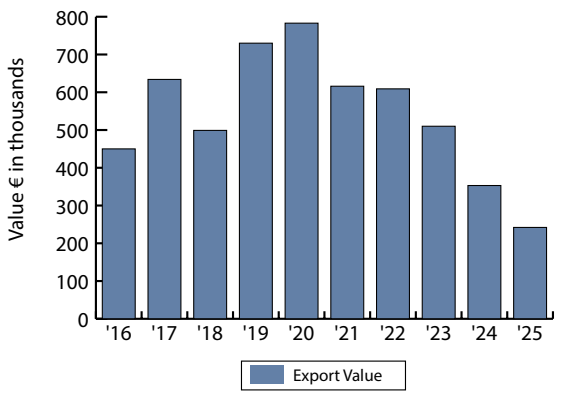

Total Acoustic Pianos



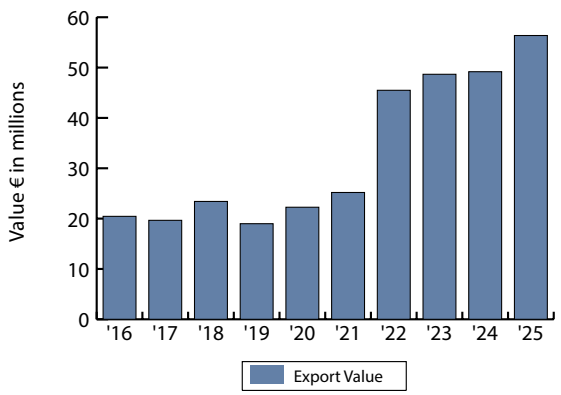

Stringed Instruments Played with a Bow




Harpsichords

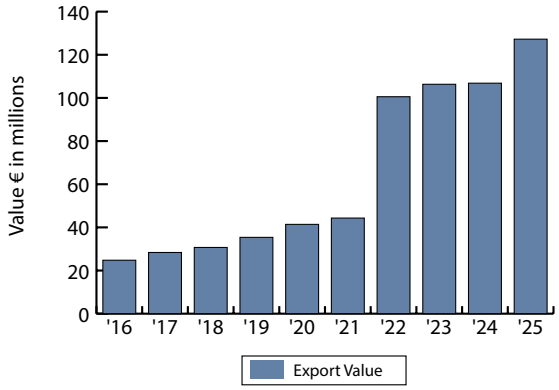



Acoustic Guitars

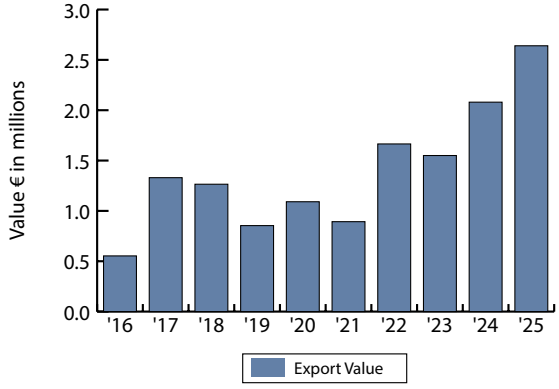


# Germany Exports

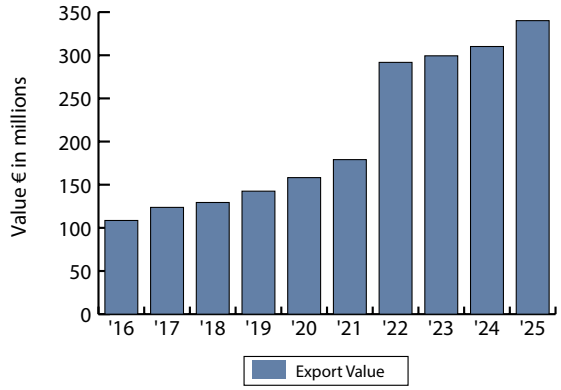
Electric Guitars



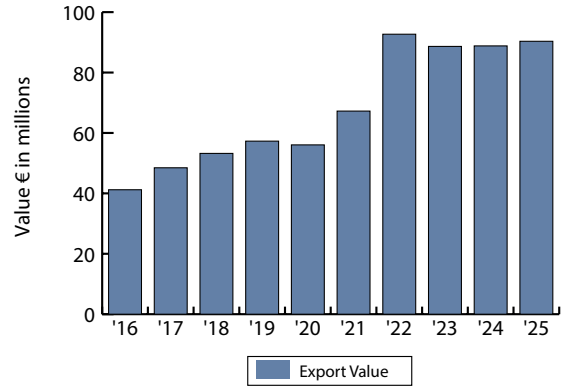

Electric Organs



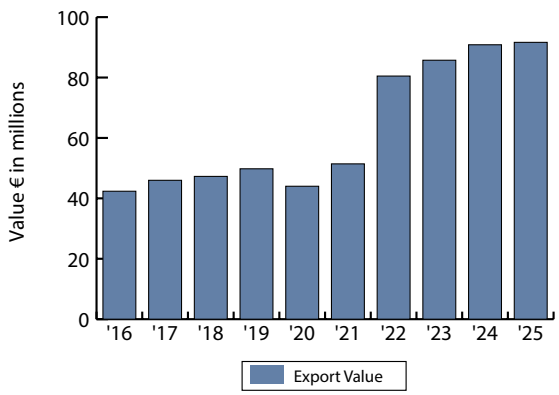

Total Electric Instruments



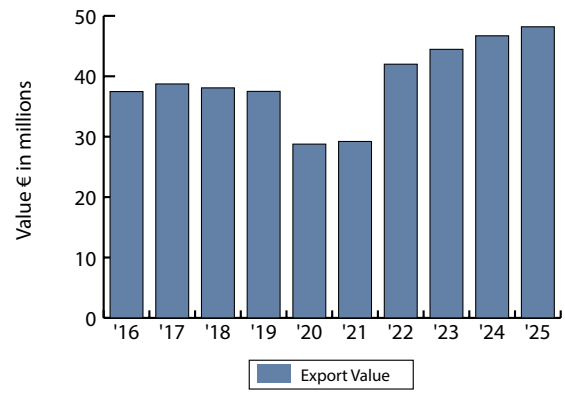

Digital Pianos




Drums & Percussion

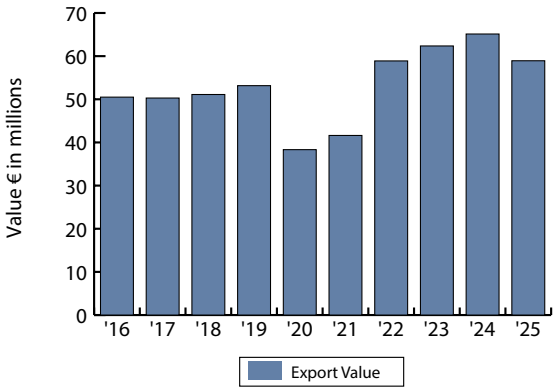



Brass Instruments

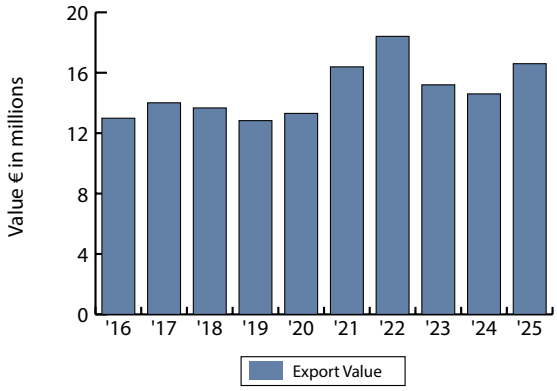


# Germany Exports

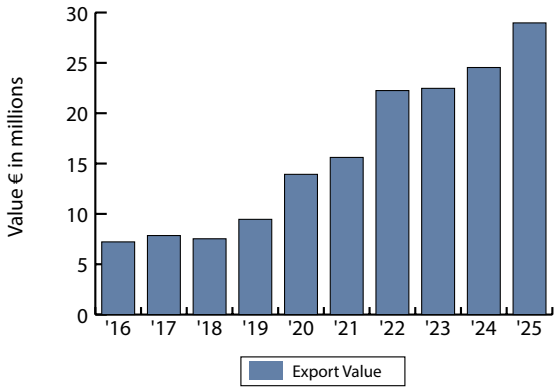
Woodwind Instruments



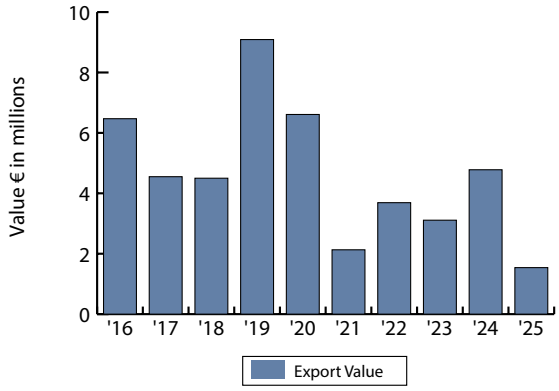

Harmonicas & Accordions




Synthesizers




Total Organs & Harmoniums



# HUNGARY

**The Collective Musical Experience**
The NKA Hangfoglaló Popular Music Support Program launched a dedicated sub-program in 2017 to support the development of popular music education in Hungary, with the objective of integrating it into the formal education system.

As part of this initiative, the nonprofit organization Öröm a Zene has developed a comprehensive music education framework. With substantial public funding, a central facility has been established, equipped with recording studios, audiovisual technology and a wide range of musical instruments.

This infrastructure enabled the development of a large-scale digital learning platform featuring more than 1,100 instructional videos across 11 instruments. The platform also provides downloadable materials, including guidance on selecting suitable instruments, as well as access to an integrated online learning environment.

The interactive exhibition "Hangszert a kézbe" ("Grab an Instrument"), launched in 2017, has been presented nearly 100 times by the end of 2025, spanning more than 300 exhibition days and attracting 210,000-plus visitors. The initiative has consistently aimed to encourage music-making by providing hands-on access to more than 150 instruments and audio devices, alongside interactive educational sessions for organized school groups.

The University of Debrecen launched its six-semester Bachelor's degree program in Contemporary Popular Music in 2023. The program is based on established models of popular music training and includes instruction in vocals, guitar, bass, drums, keyboards and wind instruments. It is designed to provide a comprehensive foundation in performance, production and music management.

By 2025, the program has further strengthened its practical, industry-oriented focus, with increased emphasis on real-world production workflows, live performance practice and digital distribution. Students are also exposed to key contemporary topics within the music industry, including streaming platforms, independent artist development and music business strategy.

The University of Debrecen also offers a Master's-level Music Management program, combining music industry expertise with business, legal and management knowledge. The curriculum covers areas such as finance, copyright law, digital marketing and the impact of social media, preparing graduates for roles across the music industry.

Meanwhile, imPro School has developed a practice-oriented approach to electronic music education. Its Music Producer program focuses on essential skills, including sound design, composition and production workflows, complemented by specialized modules in mixing and live performance.

The Majdnem Híres Rocksuli has played a pioneering role in structuring music industry education in Hungary. Its Music Manager program provides a comprehensive overview of the music business, supported by masterclasses and international-focused training initiatives.



St. George Sound and Film Technique offers specialized training in sound engineering and audio production, contributing to workforce development and professional certification within the sector.

**Facilities and Institutional Support**

The Hungarian music industry is increasingly characterized by collaboration and institutional development. The Music Hungary Association, established in 2018, plays a central role in representing industry stakeholders and supporting sector growth.

Budapest Showcase Hub (BUSH) serves as a key international networking platform connecting Central and Eastern European artists with global markets. Similarly, HOTS (Hungarian Oncoming Tunes) supports the internationalization of Hungarian music through professional development, networking and export initiatives.

Artisjus hosts the annual DEX Songwriting Expo, providing educational and networking opportunities for songwriters and industry professionals.

**Music Revenue: Royalties**

In Hungary, recorded music revenue is predominantly generated through usage-based royalty systems rather than direct consumer purchases. Key sources include radio and television broadcasting, public performance and private copying levies. These revenues are administered by collective management organizations, including Artisjus, MAHASZ and EJI.

Artisjus distributed HUF 15.195 billion (US$49.63 million) in royalties in 2025, representing a 12% increase compared to 2024. This reflects a recovery following the pandemic and subsequent economic pressures.

**Local Market Conditions**

The live music sector continues to face significant financial challenges, including rising operational costs, high taxation levels and persistent inflation. These factors limit the number and scale of events and place pressure on organizers and venues.

A widening gap between headline acts and emerging artists remains. Major artists dominate festival lineups due to their ability to secure ticket sales, while smaller performers face increased difficulty in gaining visibility.

At the same time, the growing number of high-cost arena concerts absorbs a significant share of consumer spending, reducing demand for smaller live events.

**Current High Points in the Music Products Industry**

The market has remained relatively stable, with strong demand for entry-level and mid-range instruments. Growth is particularly evident in home studio equipment, digital production tools and electronic instruments.



**Current Challenges**
The industry faces structural challenges, including high VAT rates, inflation, exchange rate volatility and rising import costs. Consumer purchasing behavior reflects increased caution, with a shift toward lower-cost and secondhand products.

**Leading Opportunities and Areas of Growth**
Key opportunities include home production technologies, music education, hybrid retail models and the integration of digital and traditional musical instruments.

**Forecasting the Music Industry**
Over the next three to five years, the market is expected to continue evolving toward hybrid, technology-driven solutions. Long-term growth will depend on improvements in music education, cultural policy support and industry collaboration.

Musical instruments and music technology products play not only professional and educational roles but also significant cultural and recreational functions, contributing to the resilience of the sector.

*Commentary by Géza Balogh, president of HANOSZ, Hungary's National Association of Instrumentalists, using data provided by the Hungarian Central Statistical Office and from reports posted on the websites of Artisjus, EJI and the National Cultural Fund of Hungary*

## DOING BUSINESS IN HUNGARY

**Market Overview**
Hungary is located in Central Europe and had a population of 9,721,6852 on January 1, 2025. Hungary's GDP per capita, adjusted for purchasing power parity (PPP), was approximately 76–77% of the EU-27 average in 2023–2024. Hungary is a member of the OECD (1996), NATO (1999), the European Union (2004) and the Schengen Zone (2007) and boasts a strategic location in Europe, easy access to EU markets, a highly skilled and educated workforce, and a sound infrastructure which have led companies such as GE, Arconic, Blackrock, UPS, Coca-Cola, Emerson, Microsoft, IBM and many others to locate manufacturing and services facilities in the country. There are approximately 450 wholly owned U.S. companies in the country, and U.S. affiliates employ approximately 110,000 Hungarians. This makes the United States the second-largest investor in Hungary after Germany, in terms of employment numbers and third largest in terms of capital invested.

FDI in Hungary has helped modernize industries, create jobs, boost exports and spur economic growth. The cumulative U.S. FDI in Hungary since 1989 amounts to approximately US$9 billion (source: Ministry of Foreign Affairs and Trade [MFAT]) and is centered around key sectors such as automotive, IT, electronics, logistics, food processing and shared service center operations. To stimulate additional foreign investment, in 2017 the government lowered the corporate tax from 19% to 9%, the lowest in the European Union.

Despite an EU requirement, Hungary is still not a member of the eurozone and has not set a target date to join.



HUNGARY

Hungary nationalized private pension funds in 2011 and 2014, which pushed financial service providers out of the system but also helped the country reduce its public debt and reduce its budget deficit to below 3% of GDP, as subsequent pension contributions were channeled into the state-managed pension fund. Increased EU funding, greater EU demand for Hungarian exports and a resurgence in domestic household consumption all contributed to strong real GDP growth until 2019. To boost household consumption even more ahead of the 2018 election, the government implemented a six-year phased increase in minimum wages and public sector salaries, reduced taxes on foodstuffs and services, lowered the personal income tax rate from 16% to 15%, and implemented a uniform 9% business tax for small and medium-sized enterprises and large corporations.

Hungary has implemented a series of substantial, government-driven minimum wage hikes annually over the last five years. Between 2020 and 2025, the Hungarian minimum wage rose 81%, one of the fastest paces in the EU. The average gross monthly salary was around €1,805 (US$2,099) in early 2025. As a result of public investments, as well as an increase in domestic income, Hungary's economy grew by 7.2% and its budget deficit amounted to 7.1% of GDP in 2021, followed by a 0.8% downturn in 2023 and a modest 0.6% growth in 2024. The EU forecasts 0.8% growth and a budget deficit at 4.6% of GDP in 2025, and public debt at 74.5%. Consensus Economics, however, expect 2025 GDP to increase by 0.5% based on domestic demand and government spending, while net exports and investments would contribute negatively to growth. Hungary's state debt remains high in comparison to its EU Central European neighbors. Pervasive corruption, labor shortages caused by demographic reductions and migration, severe poverty in rural regions, vulnerability to changes in export demand and a high reliance on Russian energy imports are all systemic economic issues.

Economy

Hungary's economy increased by 0.6% in 2024, supported by household consumption and slowly recovering net exports, while decline in investments hampered growth. Industrial production, including manufacturing, as well as construction and agriculture declined, while the service sector increased. The 2024 final budget deficit amounted to 4.9% of GDP, well above the initial 2.9% target and thereby increasing the financing needs of the central budget from the original HUF 2.5 trillion (US$7.2 billion) to HUF 4 trillion (US$11.4 billion). Gross public debt amounted to HUF 59.9 billion (US$170.9 billion), equivalent to 73.5% of GDP. Exports of goods and services amounted to 88% of the country's GDP in 2024.

Annual average inflation was 3.7% in 2024, and projected to be 4.7% in 2025, well above the government's initial 3.2% target. According to the National Bank of Hungary, the rate of core inflation, which excludes energy and food prices, was 4.6% at the end of 2024 and projected between 5% and 5.5% in 2025. Fluctuations in the exchange rate of the Hungarian forint to other currencies make planning difficult, in particular its weakening to the euro from 385 in February 2024 to more than 410 by December 2024.

The Central Bank has embarked on a cautious monetary stance to keep inflation expectations in check; it gradually lowered the base rate from 10% in January 2024 to 6.5% by September and has maintained this level since then. It noted that by August 2025 inflation moderated to 4.3%, close to its tolerance band. It also noted that more rapid



fiscal consolidation would be required. Hungary posted in 2024 a current account surplus equal to 2.2% of GDP. In absolute terms, the current account balance in 2024 was about US$5.07 billion (surplus) according to the World Bank. Over the course of 2025, the forint has modestly strengthened against the euro, with an increase of about 4.55% year-to-date. Against the U.S. dollar, the forint has also appreciated by about 14%.

The unemployment rate was 4.4% in December 2024 in Hungary. Gross wages increased by 13.2% and net real wages by 9.2% in 2024, a significant improvement compared to the 2.9% decline in 2023, attributed to a moderating inflation from 17.6% in 2023 to 3.7% in 2024, as well as the annual rise in minimum wage since 2017. The minimum wage increased by 15% in 2024 to a monthly HUF 266,000 (US$4,798). Hungary's labor market in 2025 faces widespread, significant labor shortages in skilled trades, technical roles and specific service sectors such as health care, IT and construction, as the overall unemployment rate is low, 4.5% and the employment rate is 75.4%, both figures practically unchanged compared to 2024. The private sector was officially recorded as being short of 60,000 workers. The most significant issues seem to be in the public sector since the number of unfulfilled jobs in health care has remained continuously high, the unfulfilled jobs in education have reached record levels and a new record labor shortage has reached the administrative-protection sector. The government lowered employers' pension and health-care contributions to offset the impact of minimum wage hikes. The government has also set price caps for selected food items in an effort to keep food inflation under control, in addition to setting households' energy prices below the market price.

The war in Ukraine is an impediment to economic growth. Although direct trade with Russia and Ukraine is small (approximately 3% of total exports), the war has affected global and regional supply chains, exacerbating supply-side bottlenecks in the automotive industry. Hungary is heavily reliant on Russian energy imports, which accounted for around 80–85% of its gas, 80% of its oil and petroleum and 100% of its nuclear fuel in 2025. Consumer and corporate confidence began to drop at the start of the conflict. Since February 2022, Hungary has registered approximately 4.2 million Ukrainian refugees crossing the Hungary-Ukraine border, 80% of whom are women and children. Although civil society organizations note that most of these refugees transited through Hungary to other destinations, those who remain could influence the labor market, especially in sectors where there are labor shortages, such as agriculture, manufacturing and health.

The U.S. Department of Treasury terminated the Double Taxation Treaty with Hungary, which took effect on January 8, 2023, except for taxes withheld at the source and other taxes, for which it will have effect on or after January 1, 2024. According to experts, there will be negligible effects on the tax impact felt by U.S. and Hungarian companies because both are allowed to deduct taxes paid in foreign markets. The impact could be limited to a few very specific cases involving investment dividends and intra-company employee exchanges (due to a 13% U.S. tax rate). There may be some effect on U.S.-bound investments, but these would only be felt if the Hungarian company repatriated its profits and did not reinvest the money in the U.S. investment.



HUNGARY

Expansionary fiscal policy has facilitated growth.

Hungary's fiscal policy in 2024 is centered on narrowing its budget deficit while maintaining certain government spending commitments under challenging economic conditions. According to the European Commission, the government sector recorded a deficit of 4.9% of GDP in 2024, down from a 7.5% peak in 2020 and 6.7% in 2023. Revenues rose moderately, especially from consumption-related taxes, while expenditure remains elevated due to public wage increases, utility and energy subsidies, and interest payments. The debt-to-GDP ratio is projected to climb slightly, from 73.5% in 2024 to more than 75% in 2025.

Based on a 3.4% growth in 2025, the government aimed to slightly reduce the deficit to 3.7% of GDP, then revised this to 4.3% in the fall, while analysts forecast around 4.6% as the economy fell close to stagnation and while implementing additional tax cuts (e.g., family-friendly tax measures) and accommodating certain increased expenditures, including cheap housing and SME loans ahead of the 2026 elections. The EU has set out a "net expenditure path" for Hungary under its fiscal-governance rules: Hungary has agreed that nominal growth of net expenditure should not exceed 4.3% in 2025 and 4% in 2026 to bring the excessive deficit under control.

Hungary also plans to activate the "national escape clause" due to increased defense spending, allowing for some flexibility above standard EU thresholds, but within limits tied to GDP.

Overall, the policy mix is aiming for gradual deficit reduction, stabilizing debt, while trying to protect growth and social support (e.g., via tax cuts, utility or energy subsidies) in the face of a potentially rising inflation in 2026 and external risks.

The main engine of growth will be domestic demand

Due in part to the Russia-Ukraine war, Hungary's previously strong post-pandemic recovery stagnated in the first half of 2025. In the short term, the conflict will continue to drive up fuel and food costs and put downward pressure on private consumption and investment. Nonetheless, due to the tight labor market, private consumption will benefit from additional gains in real incomes and consumption is expected to remain the engine of growth, while decline in investments continues and net exports still fail to contribute to growth. Food and energy prices have significantly increased, as well as wage growth in private and some public sectors (including law enforcement and the military) have been subject to 7–9% annual increase since 2022. Inflation, double-digits in 2022 and 2023, slowed in 2024, owing to stricter fiscal and monetary policies that would restrict domestic demand growth. Even faster wage growth, despite high food and energy prices, could increase demand pressures and feed rising inflation expectations.

The growth of private and public investment will be aided by significant residential building and refurbishing subsidies and domestic and foreign direct investment. The government continues to seek to unlock EU funds frozen due to rule-of-law concerns. In December 2023, the European Commission assessed that those judicial reforms enacted in 2023 had met relevant criteria, allowing Hungary to access about €10 billion of cohesion funds



previously withheld due to concerns about judicial independence. Approximately €21 billion in EU funds remain blocked due to corruption concerns and other "horizontal enabling conditions" involving the treatment of asylum seekers, community and academic freedom. Of this, €1 billion is permanently lost, and the rest may be forfeited if further reforms aren't enacted soon. Restrictions on Russian energy imports create another significant risk, though Hungary sought and received an exemption to EU sanctions on the import of Russian oil via the Druzhba pipeline.

Expectations of inflation must be kept in check through policy

Investment volumes are expected to fall by 6.4% in 2025, before rebounding by 2% in 2026 and 4% in 2027, driven by improving external demand, domestic consumption and business confidence, according to the National Bank of Hungary. The budget deficit is forecast to decline from 4.1–4.5% of GDP in 2025, to 3.2–3.7% by 2027, supported by lower interest expenditures and reduced state investments. The government debt-to-GDP ratio is expected to fall below 72% by the end of the forecast horizon.

Energy price controls could significantly increase the state's contingent liabilities. Direct income support to households most vulnerable to high energy costs could be an alternate strategy. Cuts in government spending elsewhere could be used to fund such assistance.

**Market Challenges**

Hungary's regulatory climate makes it an increasingly challenging place to conduct business.

- Since 2016, multinationals have identified shortages of qualified labor mainly in rural areas, both white- and blue-collar, as the largest obstacle to investment in Hungary.

- In recent years, the government introduced several new taxes that mostly target the banking, energy, retail, pharma and telecommunications sectors. In certain industries, such as media and retail, these unpredictable, sector-specific taxes and regulatory policies have favored national and government-linked companies.

- Hungary's value-added tax (VAT) for most products and services is 27%, the highest in the EU.

- Within the EU, Hungary was ranked last among Member States in Transparency International's Corruptions Perceptions Index 2024 for the third year in a row. On the global scale of 180 countries, this placed Hungary 82nd, a drop of 6 places from its 2023 ranking. Because of corruption and rule-of-law issues, Hungary lost €1.04 billion in EU cohesion policy funding in 2024 irreversibly. There are also risks to further EU funding (including from the Recovery and Resilience Facility) unless Hungary fully implements required reform measures. In 2016, the government withdrew from the Open Government Partnership (OGP), a transparency-focused international organization, after refusing to address the organization's concerns about transparency and good governance. Despite strong pressure from the opposition and public, the government has not joined the European Public Prosecutors Office.



- EU funding is a large driver of Hungarian GDP growth. Based on MFF 2021–2027 documents, Hungary is allocated roughly €22 billion under EU cohesion policy for 2021–2027, with additional potential funding streams under other EU instruments. A portion of these funds were unlocked in recent years (around €10.2 billion), while significant amounts remain suspended pending compliance with rule-of-law conditions. After the April 2022 national election, Prime Minister Viktor Orban's ruling Fidesz party retained its leadership for the fourth time, retaining its two-thirds supermajority in parliament. The government remains focused on being an export-oriented economy facilitating Foreign Direct Investment (FDI). Hungary under PM Orban has long been at loggerheads with the European Commission in Brussels over issues such as immigration, judicial reforms and media freedom. FDI in Hungary reached a record €6 billion in 2022. The next elections in Hungary are coming up in April-May 2026.

**Market Opportunities**

Hungary's high-quality infrastructure and central location make it an attractive destination for investment. Despite the challenges listed above, Hungary remains an attractive market for U.S. investment and exports. Top reasons for doing business in Hungary include:

- Central location considered to be the gateway to Central/Southeast Europe
- Well-educated and trained workforce in urban areas
- Emerging Tier 2 cities with strong education/university background
- Excellent infrastructure
- Supply chain opportunities in manufacturing, automotive and electronics industries
- Government emphasis on innovation and knowledge-based technologies with the slogan of "Invent in Hungary"

Hungary is a major beneficiary of EU support in the 2021–2027 financial framework, with access to substantial resources. This includes approximately €21.7 billion in cohesion policy funding to strengthen competitiveness, infrastructure, digitalization and labor market participation, as well as over €8 billion under the Common Agricultural Policy (CAP) to support rural development and agricultural modernization. In addition, Hungary's Recovery and Resilience Plan (RRP) provides for up to €5.8 billion in grants to facilitate green and digital transitions.

The disbursement of certain funds is linked to the implementation of governance and rule-of-law reforms. While some resources have already been made available, additional allocations remain conditional on further progress. This framework presents both a strong foundation of financial support and an incentive for continued reforms, ensuring that Hungary can fully benefit from the opportunities provided by EU programs.



The 2024 government budget aims to reduce inflation to a single digit by the end of the year, maintain sustainable economic growth and full employment, protect families, pensioners and vulnerable businesses, as well as lower the proportion of budget deficit and public debt to GDP. The government aims to return to the pre-pandemic path of deficit reduction, as well as stable economic growth. The government passed legislation addressing state investments in various economic sectors until December 2035, which would serve as the basis of concrete future projects.

**Market-Entry Strategies**

The U.S. government, through the U.S. Embassy in Budapest and the Departments of Commerce, State and Agriculture, stands ready to support U.S. firms, both those entering the market or already doing business in Hungary. The U.S. Embassy promotes a sound Hungarian business environment and advocates on behalf of U.S. companies bidding on major government tenders or facing business challenges due to government policies. Specifically, the staff at the Embassy's Commercial Section help U.S. firms access the Hungarian market and solve commercial problems through counseling, market research and business service programs.

*"Doing Business in Hungary" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import data obtained from the website of the International Trade Centre (ITC)**

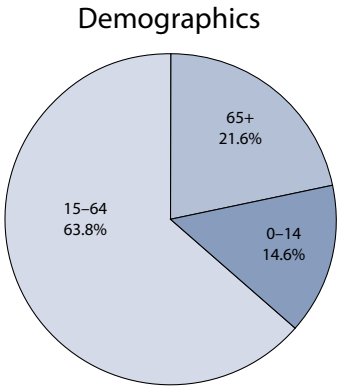
# HUNGARY SNAPSHOT

## Demographics

Population in millions 9.8

| Age | Male | Female |
|---|---|---|
| 0–14 | 0.75 | 0.68 |
| 15–64 | 3.18 | 3.09 |
| 65 & Over | 0.87 | 1.26 |

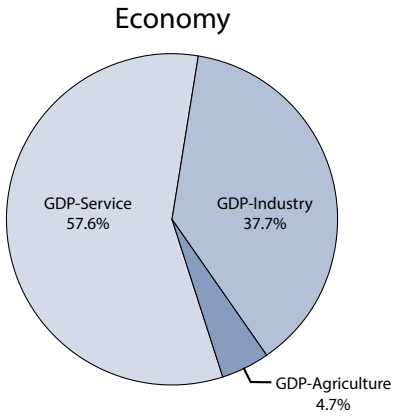
Median Age 45.1
Population Growth -0.29%

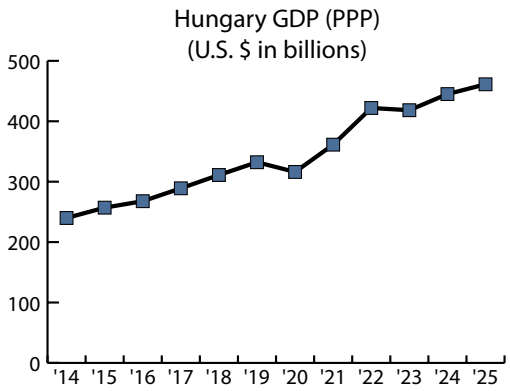



## Economy

| | |
|---|---|
| GDP (PPP) | $461.2 billion |
| GDP Per Capita | $48,240 |
| GDP-Real Growth Rate | 0.40% |
| Unemployment Rate | 4.30% |
| Inflation | 4.40% |

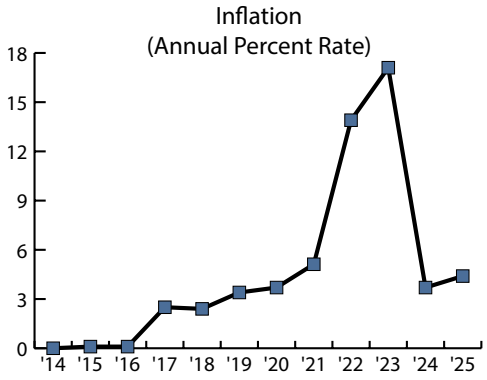
Data Source: Demographics from US Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.





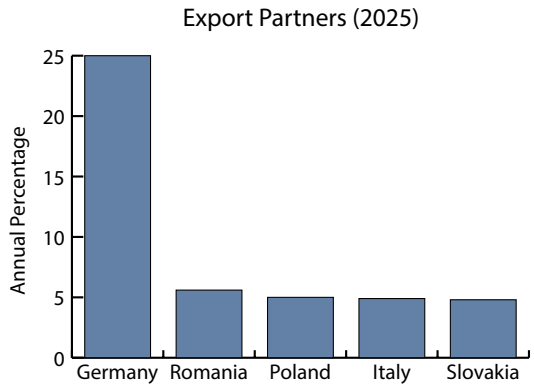


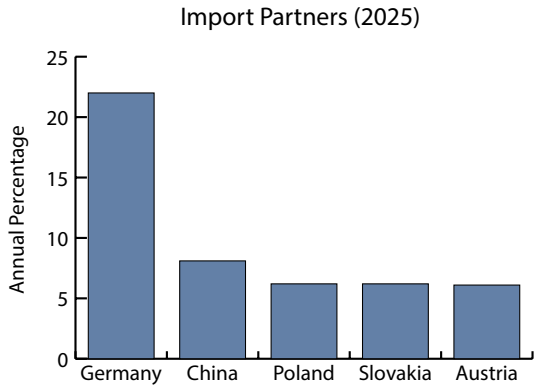


## Trade

| | |
|---|---|
| Total Export | $163.7 billion |
| Total Import | $153.2 billion |

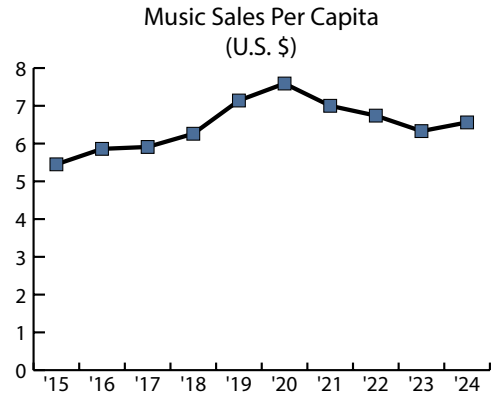
| | |
|---|---|
| Export as % of GDP | 35.50% |
| Import as % of GDP | 33.21% |

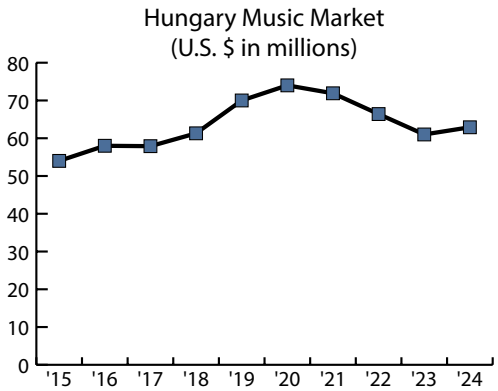


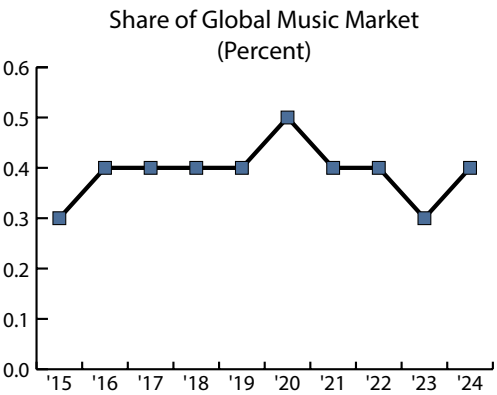




## Music Industry

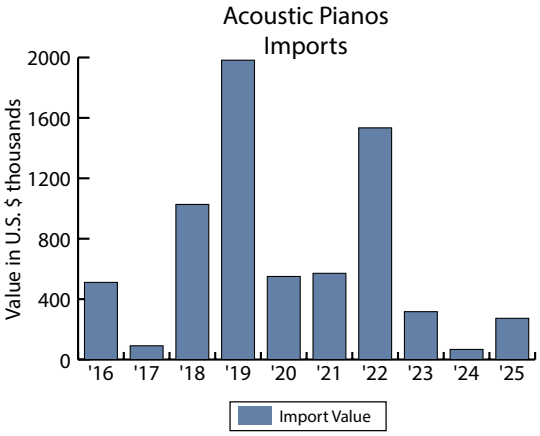
| | |
|---|---|
| Music Market | $62.9 million |
| Sales Per Capita | $6.56 |
| Global Share | 0.40% |

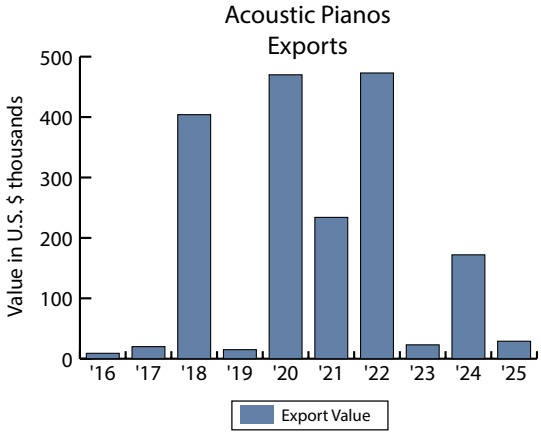


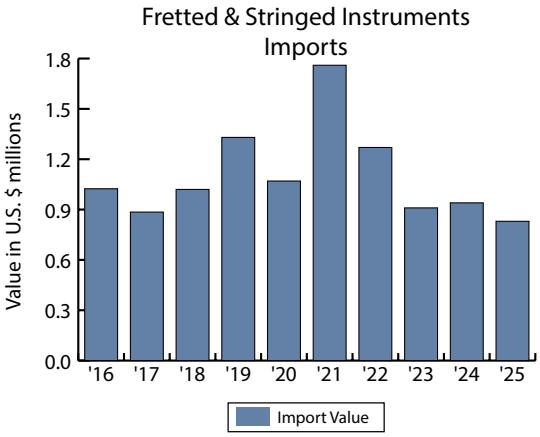



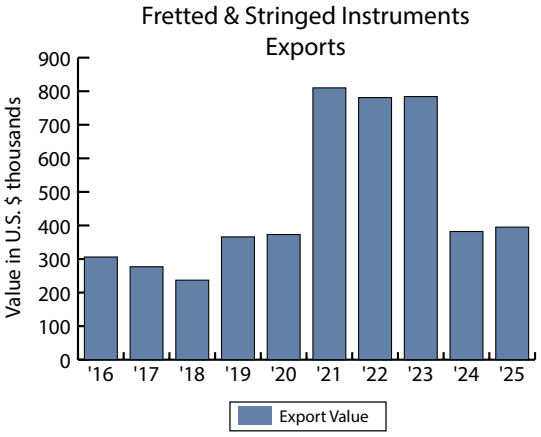



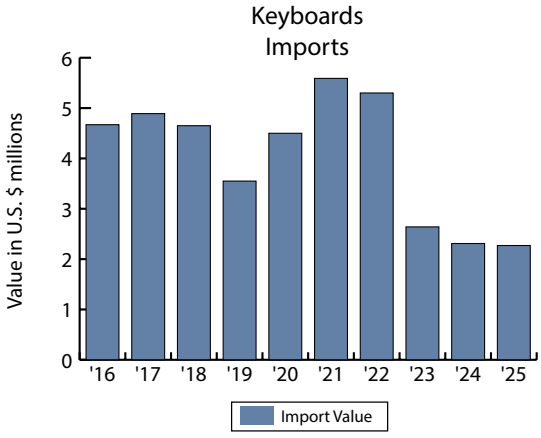
# Hungary Imports and Exports

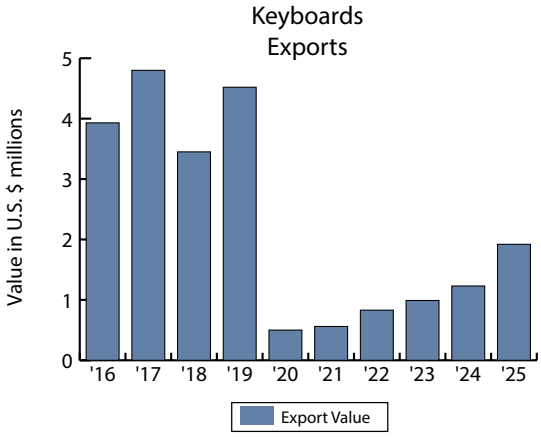


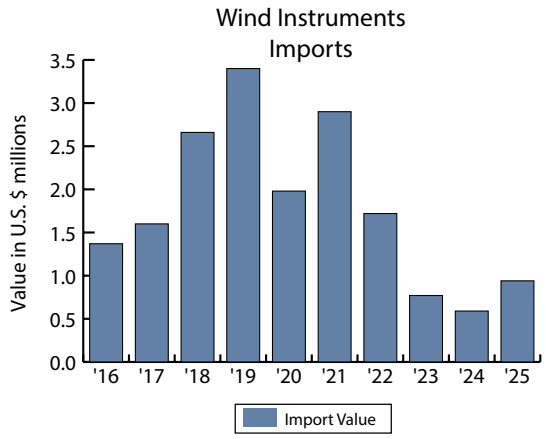



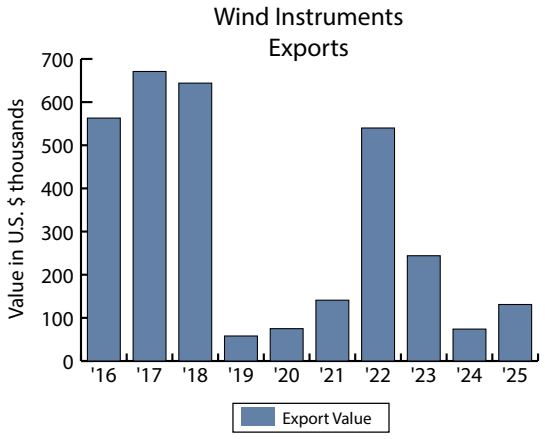



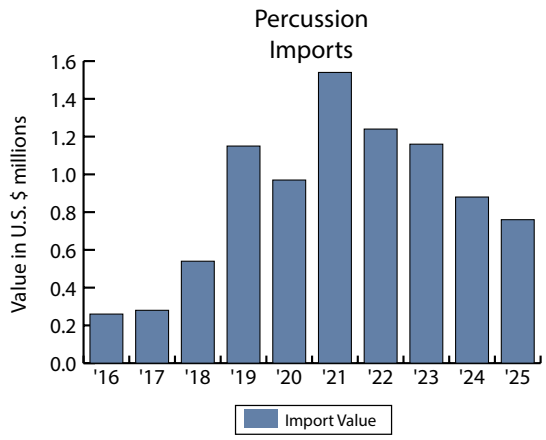



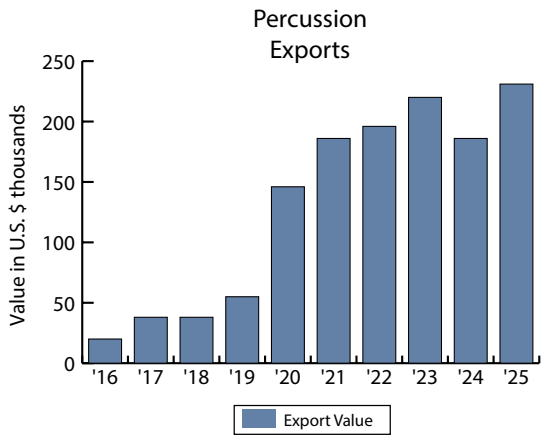



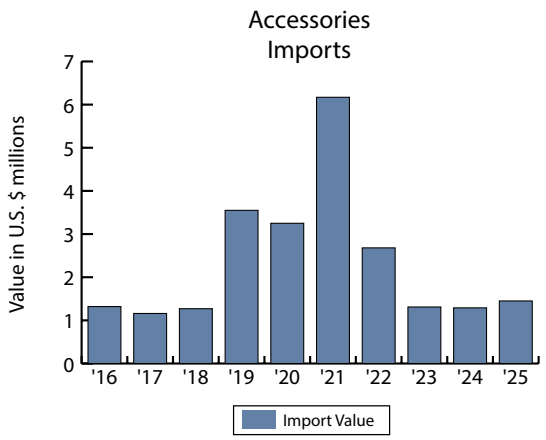
# Hungary Imports and Exports

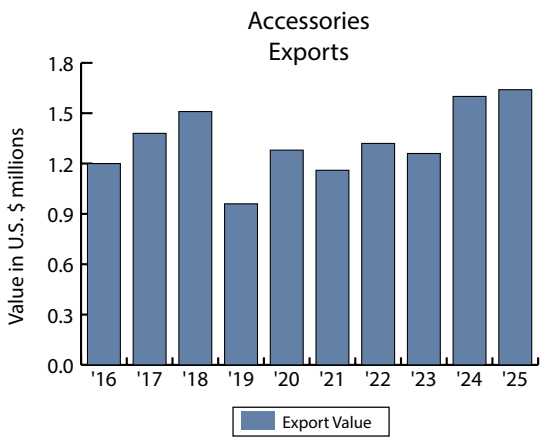


# INDIA

## DOING BUSINESS IN INDIA

**Market Overview**

India remains one of the world's fastest-growing major economies, although it faces challenges common to many other countries such as inflationary pressures, commodity price volatility, supply chain vulnerabilities and global geopolitical and demand risks, as well as challenges common to developing economies such as weak intellectual property rights enforcement and a wide range of other regulatory and non-regulatory barriers to doing business in the country. The United States-India trade relationship continues to grow, with total trade in goods and services reaching an estimated US$212.3 billion in 2024, up 8.3% (US$16.3 billion) from 2023, and nearly double the 2014 level. India's economy grew 6.5% in Indian rupee (INR) terms during the India Fiscal Year (IFY) from April 1, 2024, to March 31, 2025. Growth during IFY 2024–25 was particularly strong, 8–9% (in INR terms), in the five southern states of Telangana, Andhra Pradesh, Tamil Nadu, Karnataka and Kerala.

These states account for 30% of India's GDP, while Maharashtra (home of the financial and commercial hub of Mumbai) and Goa account for another 20% of India's GDP. The IMF projects India's economy to grow 6.2% (in INR terms) in fiscal year 2025–26, outpacing the global average. Due to persistent INR depreciation against the dollar, the Indian economy has been growing at a much slower rate (only a few percent annually) in dollar terms.

Indian government foreign direct investment (FDI) initiatives are concentrated in sectors such as information technology services, software, business services, pharmaceuticals and industrial equipment. U.S. FDI into India in 2024–2025 reached US$58.53 billion, with cumulative investment since totaling US$70.65 billion, making the United States India's third-largest investor.

Following a minor decline of Indian-origin FDI into the United States in 2020, total stock of Indian FDI in the United States reached US$16.4 billion in 2024. India's FDI in the United States sustains more than 70,800 U.S. jobs.

India is the United States' tenth-largest trading partner, with U.S. goods and services worth US$82.1 billion sold to India in 2024. The United States maintained its position as India's largest trading partner, with US$128.2 billion of imported goods and services. The United States is expected to continue its trade deficit with India in 2025.

U.S. companies are active participants in the Indian market across most sectors. However, the Indian government's focus on fostering self-reliance as a means of bolstering domestic businesses and employment presents challenges for U.S. enterprises seeking to sell their goods and services to the Indian market. This is particularly evident in Indian government procurement, where heavy preference is given to domestically produced goods and services. As part of its self-reliance initiative, India has introduced various market access barriers in the form of tariffs and taxes, localization requirements, indigenous standard mandates, labeling practices, price controls and import restrictions.



Despite market-access concerns, India remains an attractive destination for many U.S. exporters. Many Indian conglomerates stand on par with their international counterparts in sophistication of operations and market prominence. In sectors like information and communications technology services, pharmaceuticals and engineering, Indian companies are renowned for their ability to compete. U.S. companies operating in India emphasize that success requires a long-term planning horizon and the ability to adapt strategy to regional conditions. While complex and challenging, the Indian market offers significant opportunities for U.S. companies.

**Market Challenges**

When doing business in India, U.S. exporters and investors often encounter non-transparent or unpredictable regulations and tariffs. Likewise, some sector-specific U.S. goods and services have limited access to the market. India has the highest average applied tariff of any G20 country, and some of the highest bound-tariff rates among WTO members.

Price Sensitivity

Indian companies and consumers are quite price sensitive. U.S. companies must evaluate whether they can sell at prices that Indians are willing to pay and may need to adjust their pricing models accordingly. For example, some consumer-packaged goods companies make their products in smaller sizes or with fewer features to reflect the price sensitivities of Indian customers.

Infrastructure

Although India has devoted significant resources to upgrading its infrastructure, and those efforts have resulted in large numbers of new and well-run airports and thousands of miles of new, modern highways, India still has significant infrastructure development needs, and improvements in this sector are vital to the country's economic growth. India's roads, railways, seaports and airports are often congested and inefficient, creating capacity constraints that could stymie future economic growth. Infrastructure projects in India are often delayed, a function of gaps in the regulatory framework and inefficiencies in the project-approval process. India has ambitious infrastructure development goals for airports and inland waterways, in part to offset weaknesses in traditional rail and road infrastructure. Intermodal logistics is another focus area, addressing first- and last-mile connectivity. India has devoted a growing portion of its public expenditure to infrastructure development and plans to execute these initiatives largely through a public-private partnership model. However, projects are often late and over budget.

Power of States

As a federal system, power and decision-making are decentralized in India, with differences at the state level in political leadership, governance quality, regulations, taxation and labor relations. Indian states generally hold greater power than their U.S. counterparts, while cities hold less. U.S. companies face varying business and economic conditions across India's 28 states and eight union territories, which should factor into their business plans.

The current government has promoted the idea of "cooperative, competitive federalism," encouraging states to compete against each other to attract investment. Under the Business Reforms Action Plan (BRAP), the Ministry of Commerce and Industry's Department for Promotion of Industry and Internal Trade assesses all states and union territories on "Ease of Doing Business" and maintains a state-by-state ranking on its website.

**Market Opportunities**

The following sectors provide growth opportunities for U.S. companies in the Indian market:

- Aerospace and defense
- Educational services
- Energy
- Environmental technologies
- Health care and life sciences
- Information and communication technology
- Mining and critical minerals
- Travel and tourism

**Market-Entry Strategies**

Strategic planning, due diligence, consistent follow-up, patience and commitment are prerequisites for business success in India. Language, culture, consumer behavior, standards and economic development often vary from state to state, and companies that adopt a one-size approach are unlikely to make broad headway in the Indian market. Indian business culture also values the rapport that comes from face-to-face interactions, and in-person meetings are often a prerequisite when formalizing business partnerships or agreements. While the pandemic has led Indian companies to work more frequently with global partners in virtual environments, it remains to be seen whether this is a permanent shift in business practices.

Finding Partners and Agents

U.S. businesses new to the Indian market must navigate route-to-market issues, such as sales channels, distribution, marketing practices, pricing, certification and labeling, as well as the protection of intellectual property. These issues are often effectively addressed through an Indian partner or agent, and cultivating strong working relationships with potential agents is important to successful market entry and expansion. Due diligence is strongly recommended to ensure that credible, reliable partners are identified.



Market-Entry Considerations

There is significant untapped potential across sectors in India, with many international companies eyeing market opportunities and facing a growing base of local firms across industries. Given the increased competition, identifying target markets and considering qualified partners who know these markets well is important. U.S. exporters should consider setting up subsidiaries or joint ventures in India. Creating strategies for specific regions, consumer segments and economic groups; crafting offerings according to the target group to gain early acceptance; obtaining mandatory licenses and approvals; and understanding import documentation and procedures, are all important to success.

*"Doing Business in India" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import data obtained from the website of the International Trade Centre (ITC)**

# INDIA SNAPSHOT

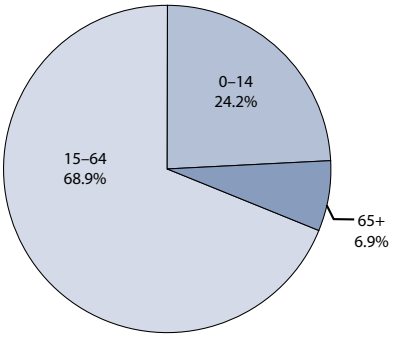
## Demographics

Population in billions 1.4

| Age | Male | Female |
|---|---|---|
| 0–14 | 0.18 | 0.16 |
| 15–64 | 0.51 | 0.47 |
| 65 & Over | 0.04 | 0.05 |

Median Age 30.1
Population Growth 0.72%

Demographics

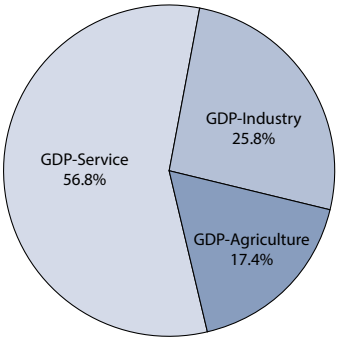



## Economy

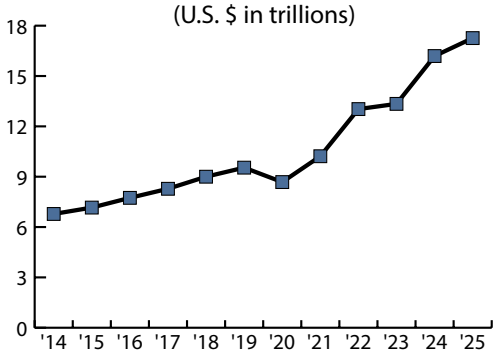
| | |
|---|---|
| GDP (PPP) | $17.26 trillion |
| GDP Per Capita | $11,790 |
| GDP-Real Growth Rate | 7.60% |
| Unemployment Rate | 4.90% |
| Inflation | 2.10% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

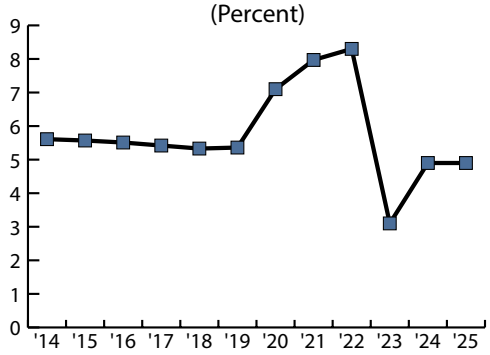
Economy



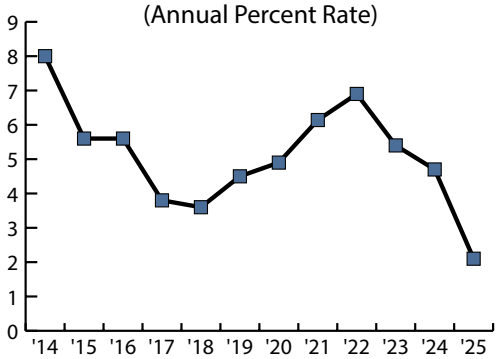

India GDP (PPP)
(U.S. $ in trillions)




Unemployment Rate
(Percent)



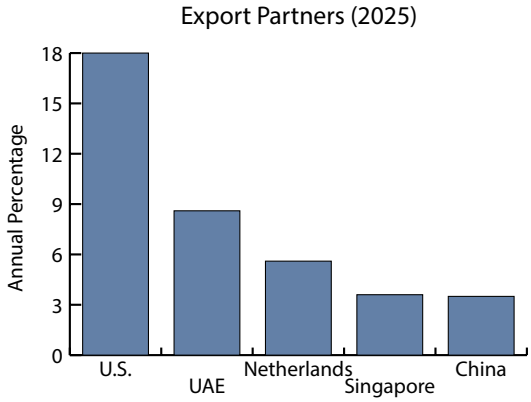

Inflation
(Annual Percent Rate)

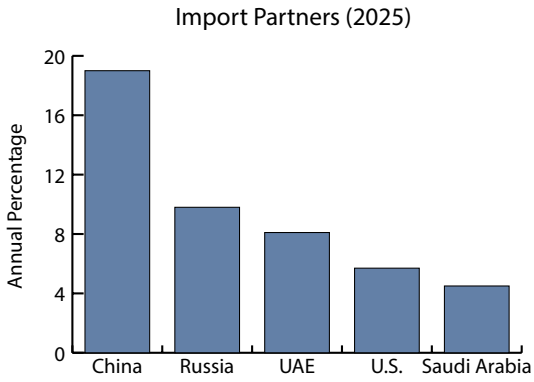


## Trade

| | |
|---|---|
| Total Export | $441.8 billion |
| Total Import | $775.0 billion |

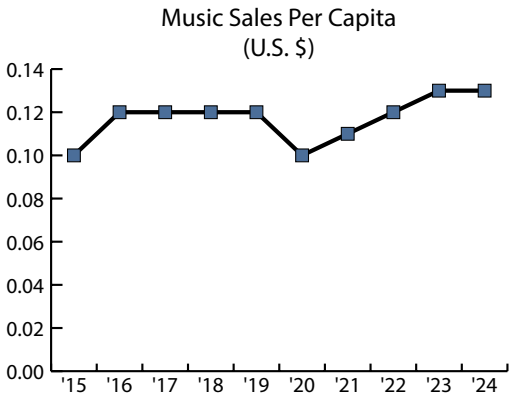
| | |
|---|---|
| Export as % of GDP | 2.56% |
| Import as % of GDP | 4.49% |

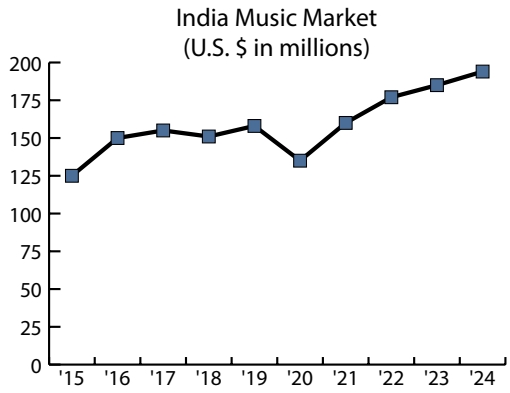


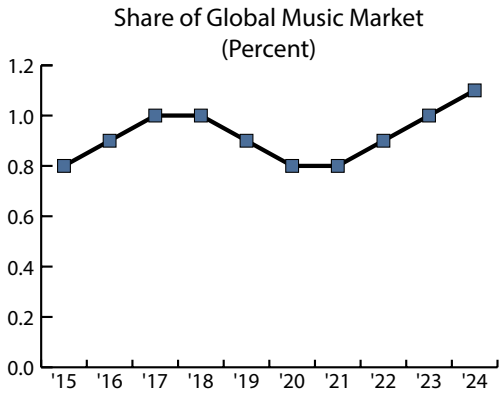




## Music Industry

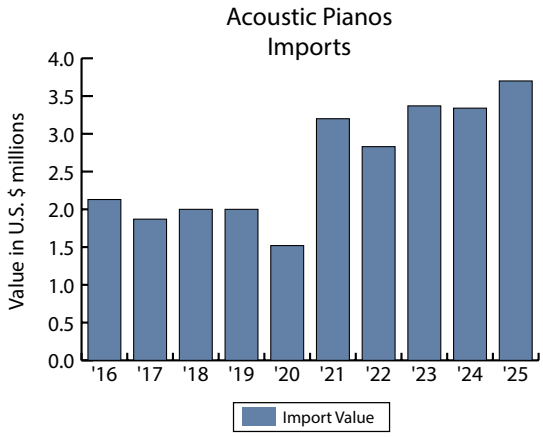
| | |
|---|---|
| Music Market | $194.0 million |
| Sales Per Capita | $0.13 |
| Global Share | 1.10% |

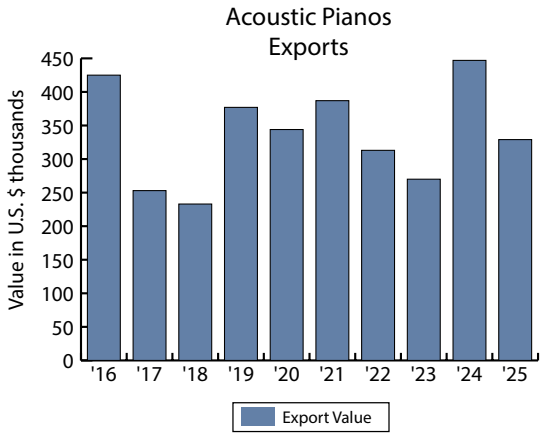


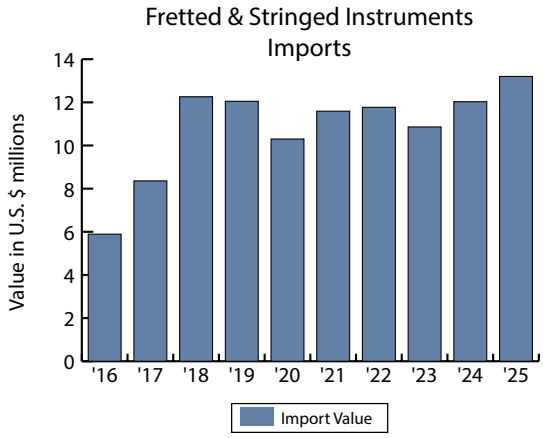



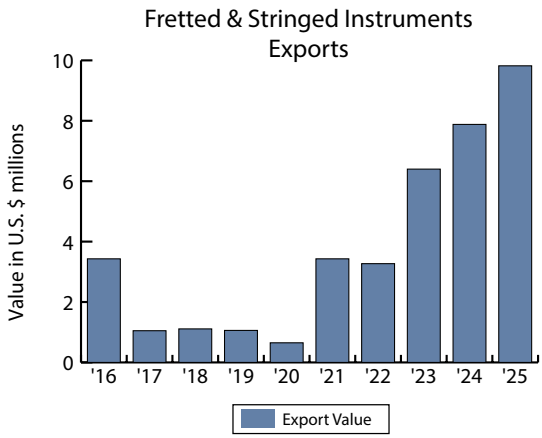



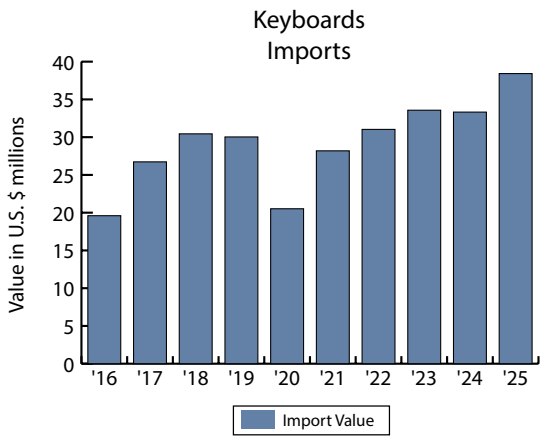
# India Imports and Exports

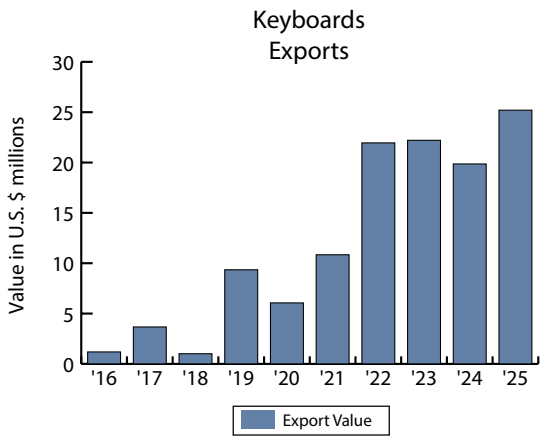


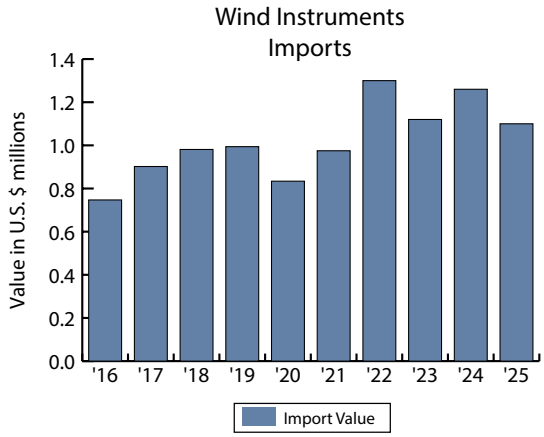



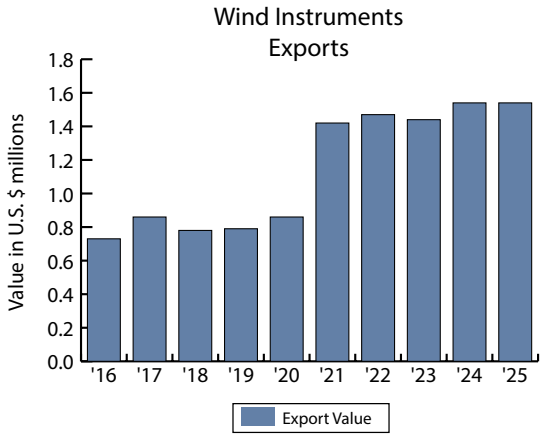



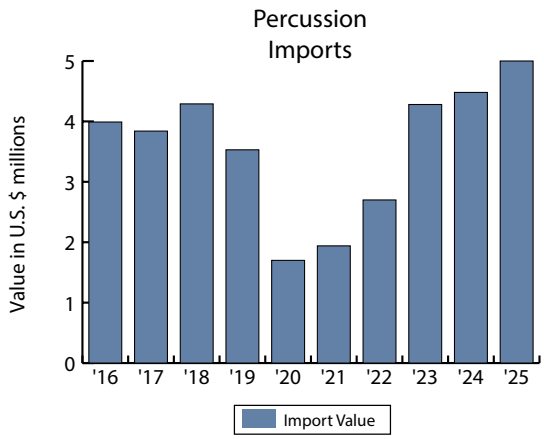



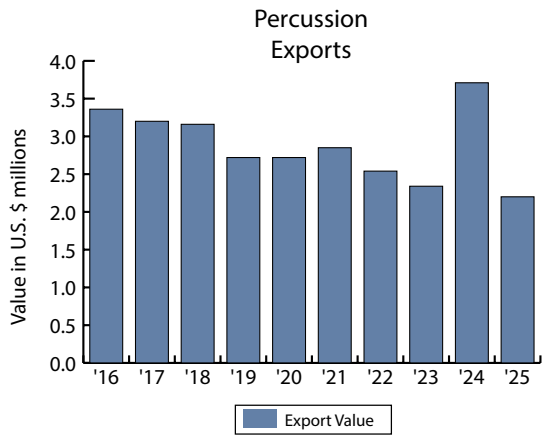



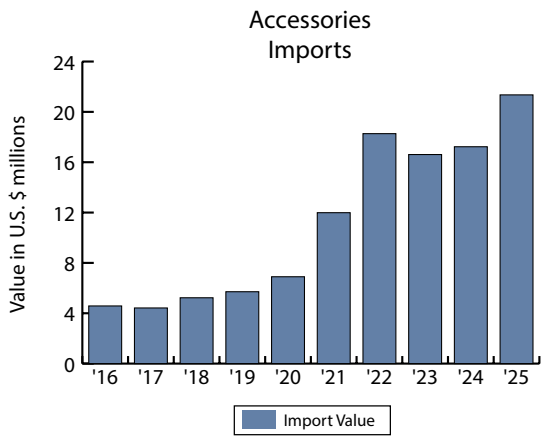
# India Imports and Exports

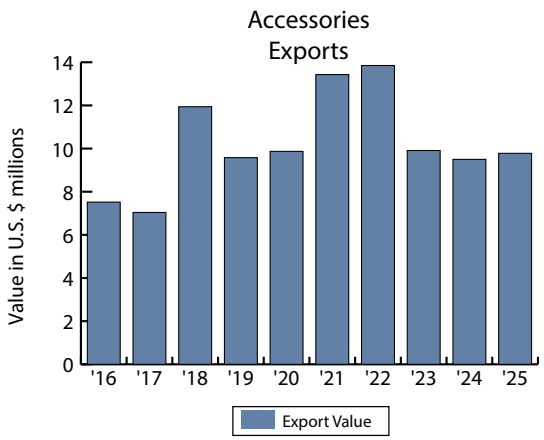




# ITALY

The Italian music products industry is currently facing a complex and highly competitive environment. While the overall market is more challenging compared to previous years, some categories continue to show resilience.

Products related to music production, content creation, DJ equipment and professional audio continue to perform relatively well, especially in medium and high-end segments. Customers are generally more selective in their purchases, but still show strong interest in quality products, innovation and well-established brands.

Another positive aspect is the increasing professionalism of many specialized retailers, particularly those able to combine physical stores, technical support and online presence. In Italy, customer relationships and after-sales service still represent important added value compared to pure online competition.

**Current Low Points in the Music Products Industry**
The main challenge continues to be the general economic uncertainty affecting consumer confidence and purchasing power. Inflation and higher living costs have reduced impulse purchases and pushed consumers to delay investments, especially in entry-level and non-essential products.

Another important factor is strong price competition online, which creates pressure on dealer margins and market stability. The rapid growth of marketplaces and aggressive pricing strategies continue to make the market very competitive.

Additionally, some categories that experienced exceptional growth during the pandemic are now returning to more normal demand levels, creating more cautious purchasing behavior from both distributors and retailers.

**Leading Opportunities and Areas of Growth**
One of the most important opportunities is the continued growth of music production, streaming and content creation. Younger generations are increasingly interested in creating music at home, producing videos and live streaming, which drives demand for audio interfaces, microphones, monitors, MIDI controllers and compact production tools. The professional installation and commercial audio market also offers important opportunities, particularly in hospitality, education, retail and corporate environments.

Another growth area is the premium and enthusiast market. Customers today are often looking for higher-quality products, better user experiences and strong brand identities rather than only focusing on price.

Finally, education and training remain strategic. Supporting music schools, academies and young musicians can help create long-term market development.

**Current Challenges**
Margin pressure remains one of the biggest challenges across the industry. The market is becoming increasingly competitive and price transparency online makes it difficult to maintain healthy profitability for retailers and distributors.



Another challenge is maintaining strong dealer networks while adapting to the fast evolution of e-commerce and digital sales channels. Balancing traditional retail with modern online strategies is becoming more important every year.

Logistics costs, stock management and forecasting also remain complex, especially in a market that has become less predictable than in previous years.

The Italian government needs to invest far more in the music education in the obligatory schools, but it lacks the necessary funds. In Italy, per capita spending on music products is $6 per year. In the U.S., it is nearly $23. So there is a lot of work to be done in this regard from our institutions. Not least because music is also a way of life and can help educate young people to be better individuals and provides an alternative to video games, mobile phones and various addictions.

**Forecasting the Music Industry**

In the next three years, we expect the market to become more specialized and increasingly connected to digital ecosystems. Brands with strong identities, innovation and excellent support for dealers and end users will continue to perform well.

We also expect a stronger integration between online and offline experiences, where physical stores will continue to play an important role through demonstrations, education, technical support and customer relationships.

Over the next five years, we believe the industry will continue to evolve toward more technology-driven products and integrated solutions. The professional audio and content-creation sectors are likely to continue growing, while sustainability, service quality and customer experience will become increasingly important factors in purchasing decisions.

*Commentary by Stelvio Lorenzetti, senior vice president of Dismamusica*

# DOING BUSINESS IN ITALY

**Market Overview**

The Italian economy is the eighth-largest in the world and third-largest in the European Union (EU), with a GDP of US$2.37 trillion (US$40,226 per capita) in 2024. The economy grew slowly despite continued high energy prices, inflation and ongoing geopolitical/economic constraints such as the war on Ukraine, which decreased Italian exports to some established markets. Italy's economic growth sits at approximately 1% since 2023. Personal loans sit at approximately 7-8%, weakening purchasing power for normal Italian consumers. Economic growth in both 2025 and 2026 is expected to hover around 1%. Two-way trade in goods and services between the United States and Italy reached a US$137.6 billion in 2024. U.S. exports of goods and services to Italy were US$44.4 billion,



up 12.4% from 2023, and imports from Italy were US$93.2 billion, up 6.8% from 2023. As a result, the trade deficit with Italy increased to US$48.8 billion.

Italy remains the 16th-largest market for U.S. exports of goods and services and the sixth-largest U.S. export market in the EU, following Germany, the Netherlands, Ireland, France and Belgium. Export values to the Netherlands (Rotterdam) and Belgium (Antwerp), however, are skewed by the "Rotterdam-Antwerp effect," in which goods are valued at the port of entry, but then distributed throughout the EU.

U.S. exports to Italy are concentrated in such high-value sectors as oil and gas, precious metals, machinery and pharmaceuticals. The United States remains by far Italy's largest non-EU export market with roughly a 10% share of all exports and a 22% share of all non-EU exports. The United States was Italy's second-largest destination for exports in 2024, after Germany, with U.S. imports from Italy totaling US$76.3 billion.

The total stock of Italian Foreign Direct Investment (FDI) in the United States in 2024 totaled US$54.7 billion (up from US$37 billion in 2020). Italy was also the tenth fastest-growing source of FDI in the United States in 2024. Top industry sectors for Italian FDI include industrial equipment, energy, food and beverage, electronic components, software and IT services, and metals. U.S. affiliates of majority Italian-owned firms operating in the United States exported more than US$4 billion in 2022, according to the most recent data available. These companies supported more than 101,000 American jobs.

U.S investment in Italy is concentrated in manufacturing, energy, food and beverage, and software and IT services, with significant industrial relationships in the aerospace and automotive sectors. U.S. FDI to Italy reached US$36 billion in 2024 (up from US$27.5 billion in 2020). The balance between Italian investment to the U.S. and U.S. investment to Italy signals a surplus of US$19 billion.

The current Italian government came to power following elections in September 2022, after the previous "technical government" (formed in February 2021) lost its broad political support. This government has continued to focus on solutions to recover from ongoing geopolitical and economic challenges that began shortly after the invasion of Ukraine. Secondly, the government continues to focus on implementation of the National Recovery and Resilience Plan (NRRP), a fund of €194.4 billion (US$223.6 billion) in loans and grants through 2026 awarded to Italy by the European Commission. Giorgia Meloni, the leader of the most-voted party in Italy (Brothers of Italy), has proven an effective President of the Council of Ministers (i.e., Prime Minister), and has managed to maintain one of the longest stable governments in the history of Italy. Sergio Mattarella continues to serve as President of the Republic.

The NRRP is developed around three strategic axes: digitization and innovation, ecological transition, and social inclusion. Through NRRP funding, Italy continues its efforts to



recover from the economic and social damage caused by the COVID-19 pandemic. The program also has the stated goals of addressing structural weaknesses within the Italian economy and enhancing the capacity of its public administration. Italy received the largest share of the EU's pandemic recovery fund. To date, the European Commission has transferred to Italy nearly half of the total, but Italy has struggled to spend the funds on schedule. Remaining tranches will be disbursed based on Italy's progress in fulfilling hundreds of quantitative "targets" and qualitative "milestones" agreed by Italy and the Commission. Italy requested the eighth tranche, €12.8 billion (US$17.4 billion), in June 2025.

With a population of about 60 million, Italy is the EU's third-largest consumer market. Industrial activity is concentrated in the north: from Turin in the west through Milan to Venice in the east. This region is one of the most industrialized and prosperous areas in the world and accounts for more than 50% of Italy's national income. Italy's southern region, or "Mezzogiorno," is less developed. According to Italy's Statistics Agency ISTAT, the country's 4.9 million small and medium-sized enterprises (SMEs) — many of them family-owned micro-enterprises — accounted for 76% of employment and one-third of GDP in 2024.

**Market Challenges**

Italy is a mature and sophisticated manufacturing market. U.S. entrants face strong competition from local and other EU companies in all market segments. The regulatory environment is complex and at times lacks the transparency found in other developed economies. Products that involve health, safety or environmental concerns are likely to be highly regulated. While EU-wide regulations often apply, Italian laws may go beyond the basic EU requirements.

Italian consumers are increasingly embracing digital services, and the market is becoming more sophisticated. The digital evolution and growing internet penetration rates are fueled by investment in infrastructure from the Italian government and key operators. Nevertheless, Italy still lags in fixed broadband, and many SMEs lack funds to upgrade infrastructure. Although the Italian digital economy lags behind other major European countries, e-commerce is poised to continue its upward trend.

**Market Opportunities**

U.S. firms enjoy opportunities in sectors where new regulations or programs (often imposed or initiated at the EU level) are creating demand, as well as where U.S. products offer clear technological, design or price advantages; or are new products/services with little or no domestic competition. Best prospects for U.S. exports to Italy include advanced manufacturing, biotechnology, cybersecurity, defense, design and construction, digital economy, medical devices and technology, and energy.

The agricultural sector makes up a significant portion of U.S.-Italy trade. U.S. agricultural exports to Italy were US$1.7 billion in 2024, while U.S. imports from Italy were US$8.9 billion.

Being a net agricultural importer, most raw materials and ingredients are imported, as Italy's economic strength is in the processing and the manufacturing of goods, primarily via the family-owned SMEs. Italy exports mainly consumer products to the United States, while the United States exports mostly bulk commodities to Italy.

Italy's Ministry of Transportation and Infrastructure planned to invest US$237 billion (€204 billion) by 2025 to modernize the country's infrastructure network as part of its effort to kick-start the economy. Railways, roadways, ports, airports and other public infrastructure were to be modernized, upgraded or newly built, with a focus on energy-efficient mobility, intermodality and linking air and maritime transport. This includes US$15.7 billion (€13.5 billion) to build the world's largest single-span suspension bridge between the island of Sicily and the Italian mainland. Italy also announced measures to streamline public procurement to accelerate government spending.

Italy hosts major trade shows that attract buyers from throughout Europe and beyond. The U.S. Commercial Service offers on-site support for U.S. exporters at most of the major international shows, or by request. The U.S. Department of Commerce actively promotes investment in the United States through the SelectUSA program. In Italy, Commerce has extensively facilitated opportunities to invest in the United States to Italian businesses, trade associations and multipliers.

**Market-Entry Strategies**

The cultivation and maintenance of personal relationships are a vital part of doing business in Italy. Finding the right Italian agent, distributor or business partner is therefore essential. It is usually not effective to rely on agents or distributors located in neighboring markets, despite the existence of the EU Common Market. The ideal candidate should already have a network of relationships that will open doors in the market and a solid understanding of local business practices and regulations. For technical products, the potential partner should have the ability to provide Italian customers with after-sales service. Patience is essential; it may take two to three times longer than expected to form relationships, establish a market presence or set up a business.

The U.S. Commercial Service has offices in the U.S. Embassy in Rome and the U.S. Consulate General in Milan to help U.S. exporters enter the market. Industry and market experts help U.S. firms connect with key individuals and organizations through customized solutions including one-on-one meetings, company promotion events targeting customers and partners, market insights and advice, and participation in U.S. pavilions at leading trade exhibitions.

*"Doing Business in Italy" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import and export data obtained from the website of the International Trade Centre (ITC)**

# ITALY SNAPSHOT

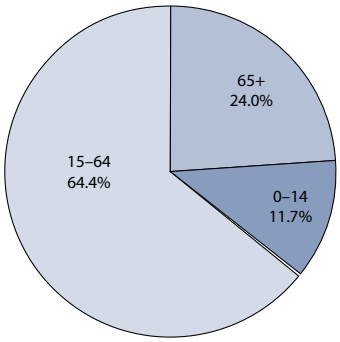
## Demographics

Population in millions 60.9

| Age | Male | Female |
|---|---|---|
| 0–14 | 3.63 | 3.47 |
| 15–64 | 19.31 | 19.91 |
| 65 & Over | 6.44 | 8.16 |

Median Age 48.8
Population Growth -0.05%

Demographics

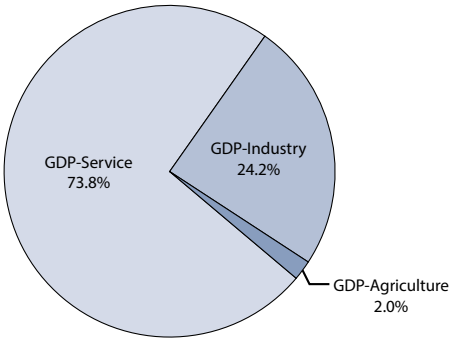



## Economy

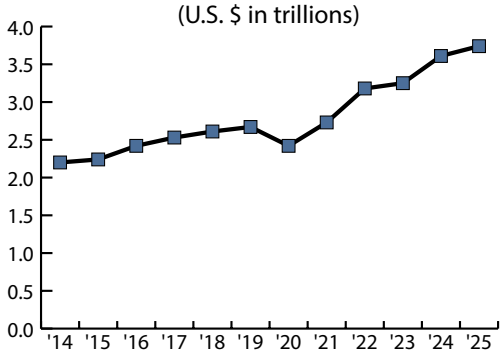
| | |
|---|---|
| GDP (PPP) | $3.74 trillion |
| GDP Per Capita | $63,540 |
| GDP-Real Growth Rate | 0.50% |
| Unemployment Rate | 6.10% |
| Inflation | 1.60% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

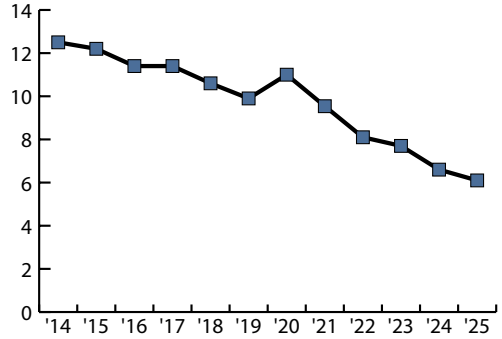
Economy



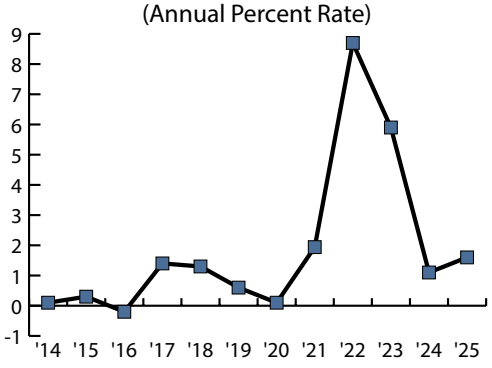

Italy GDP
(U.S. $ in trillions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

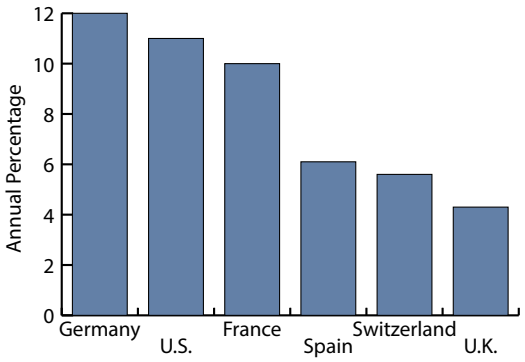


## Trade

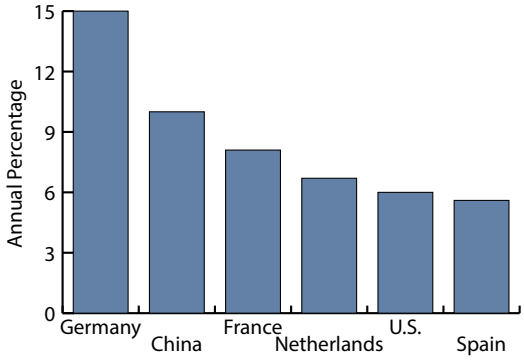
| | |
|---|---|
| Total Export | $726.6 billion |
| Total Import | $615.6 billion |

| | |
|---|---|
| Export as % of GDP | 19.43% |
| Import as % of GDP | 16.46% |

Export Partners (2025)



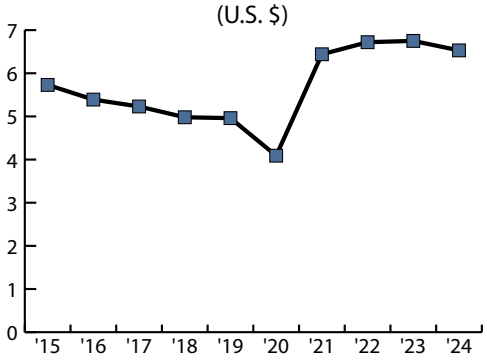

Import Partners (2025)



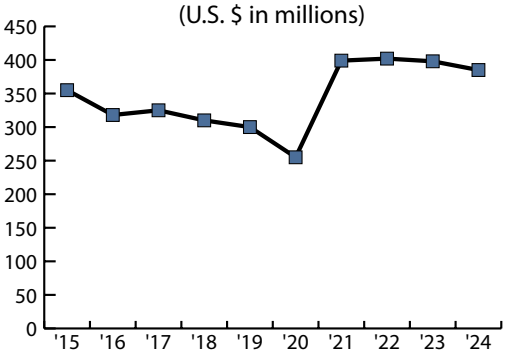

## Music Industry

| | |
|---|---|
| Music Market | $385.0 million |
| Sales Per Capita | $6.53 |
| Global Share | 2.20% |

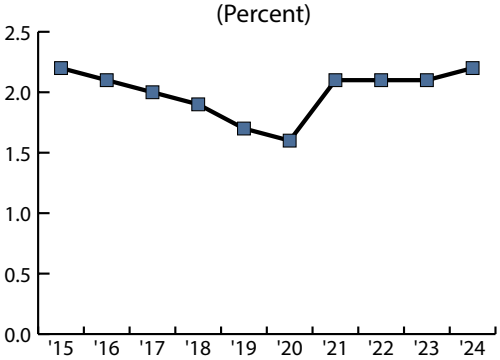
Music Sales Per Capita
(U.S. $)



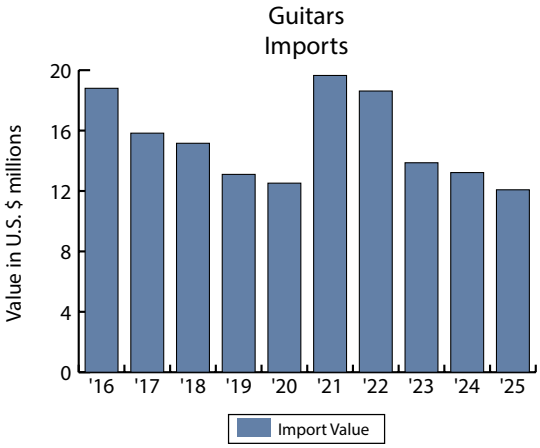

Italy Music Market
(U.S. $ in millions)

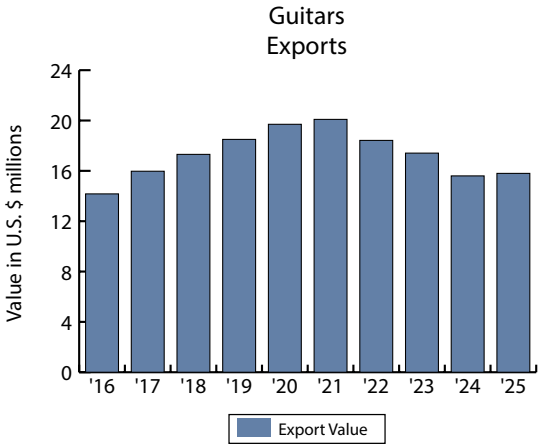


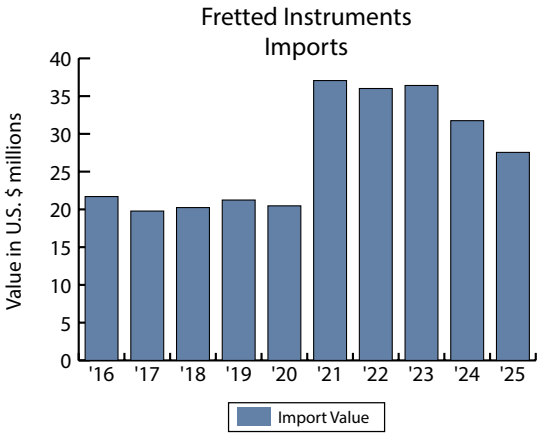

Share of Global Music Market
(Percent)

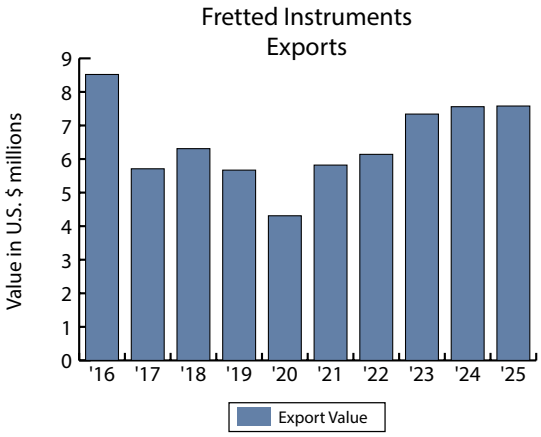


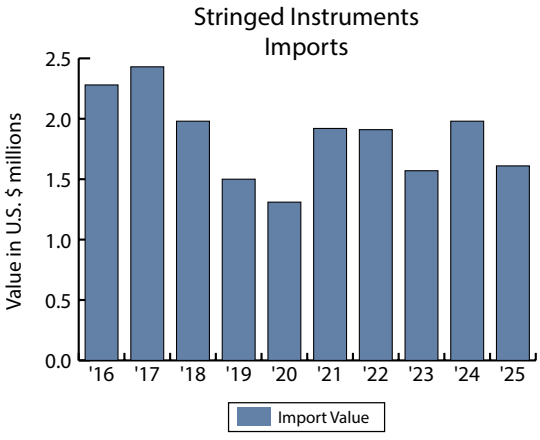
# Italy Imports and Exports

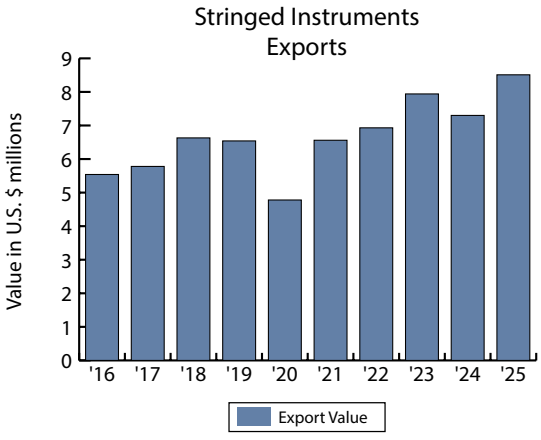


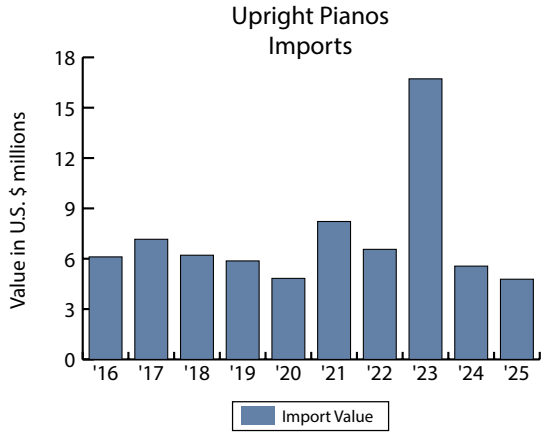



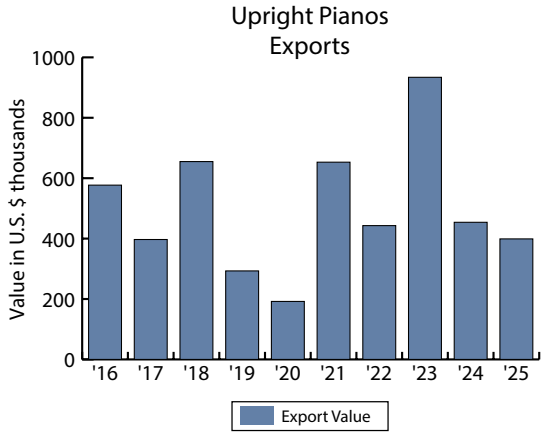



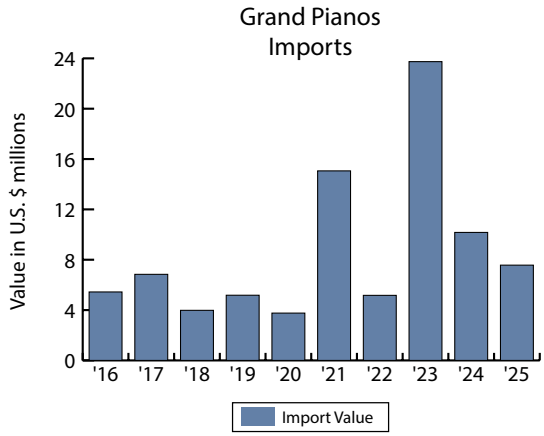



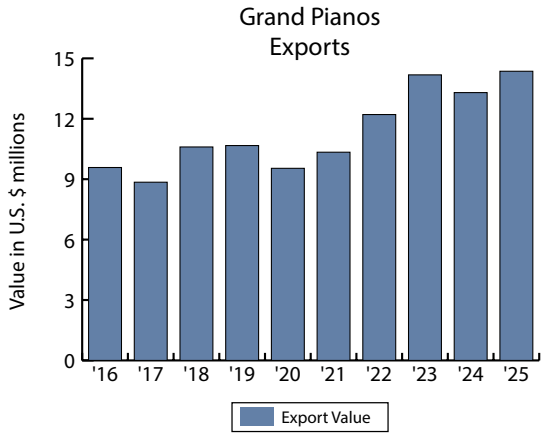



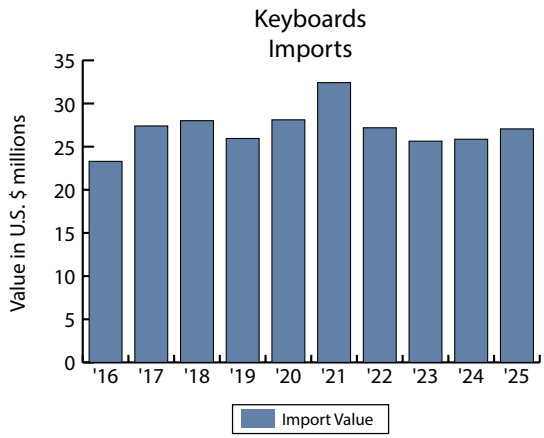
# Italy Imports and Exports

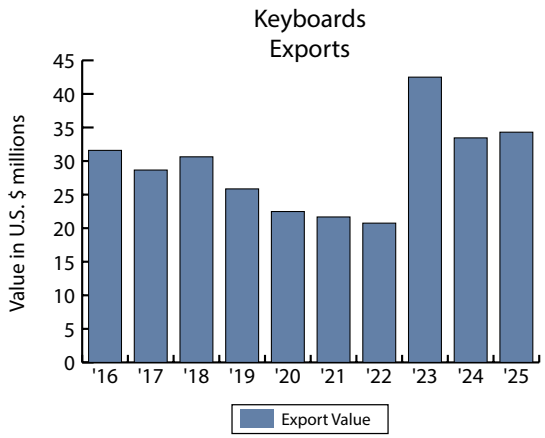


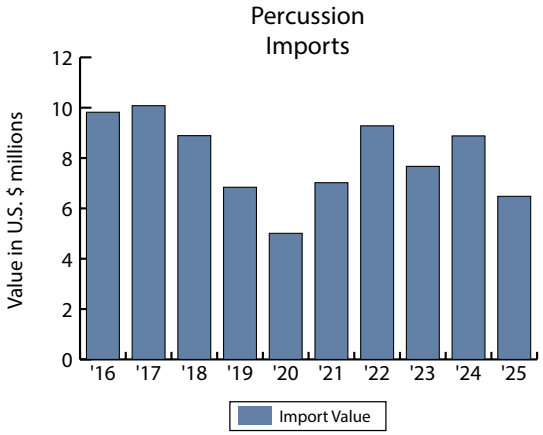



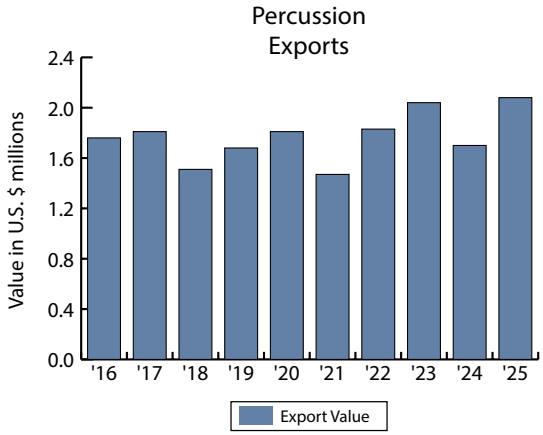



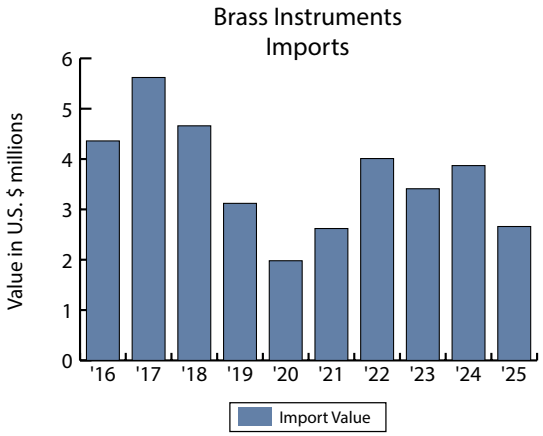



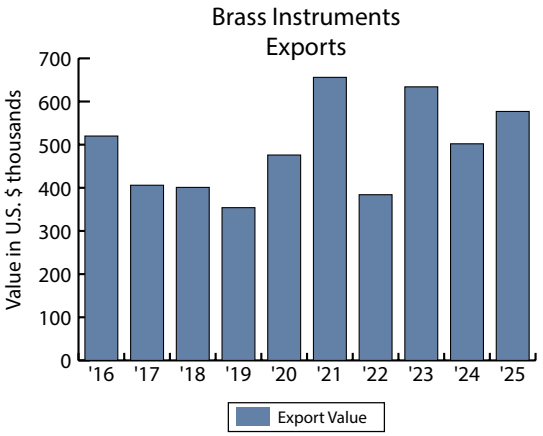



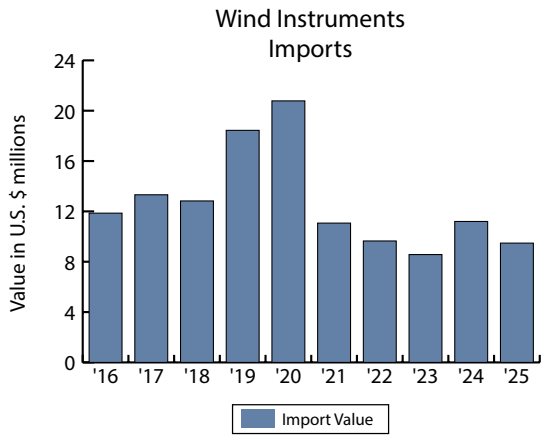
# Italy Imports and Exports

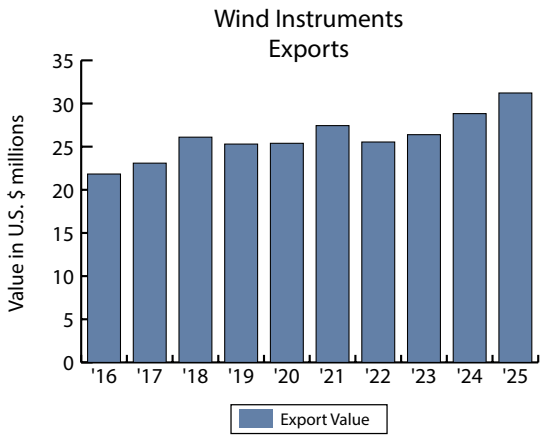


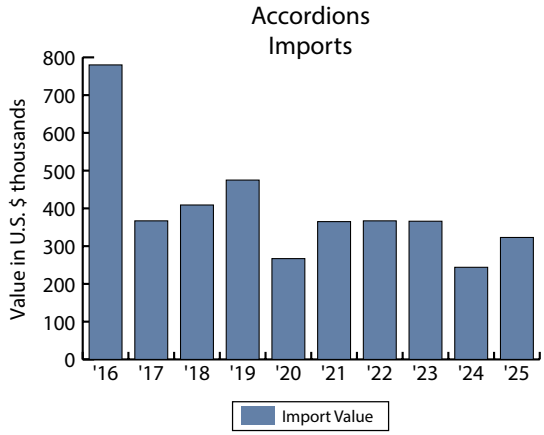



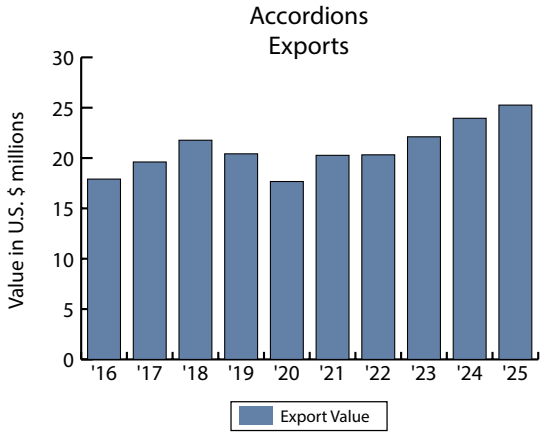



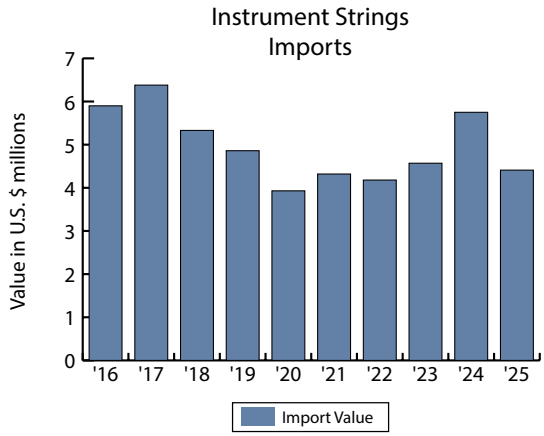



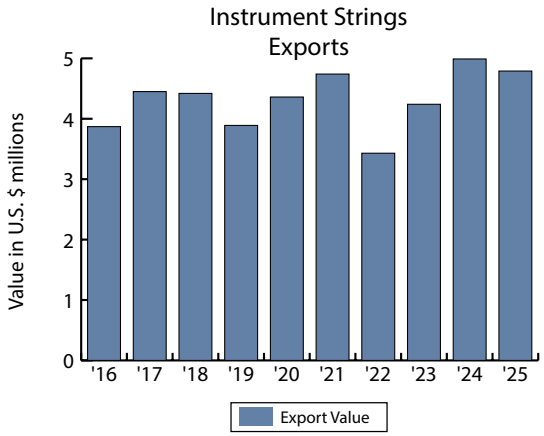



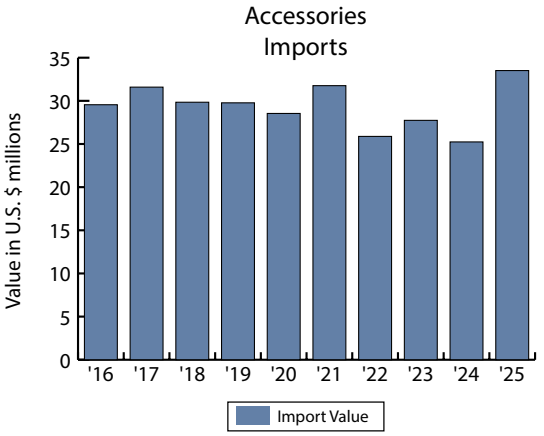
# Italy Imports and Exports

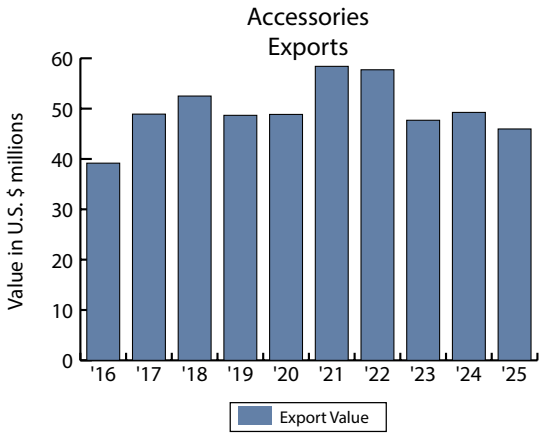


# JAPAN

The results of the "2024 Production Statistics Survey" (running from April 1, 2024, to March 31, 2025) conducted by the Japan Musical Instruments Association have been released. Requests were sent to 82 manufacturing companies, and responses were received from 51 companies (a 62% response rate, excluding "not applicable" responses, resulting in 45 companies included in the tabulation). While the number of companies included in the tabulation is the same as the previous year, the companies involved may have changed, so it is not possible to simply compare the figures from the statistical survey. However, it is unlikely to cause any major problems when considering the overall picture. As with the previous survey, our company, The Japan Music Trades, was in charge of the tabulation. In principle, responses were accepted only online, and the submitted responses were strictly managed before tabulation and analysis.

**Exports of uprights halved compared to the previous year**

Acoustic pianos (upright, grand and self-playing), which account for 11% of the total value of all items, saw declines in both production volume and sales volume and value both domestically and internationally. Upright pianos, which make up the largest share, saw domestic sales fall to 6,690 units (94% of the previous year) and 2.8 billion yen or US$19.6 million (90%), a decrease of about 10%, but exports plummeted to 42,000 units (49%) and 19.3 billion yen or US$135.0 million (55%), setting new records for both volume and value since the current survey standards began in 2016. Domestic upright piano sales also fell by nearly 30% in fiscal year 2023 compared to the previous year, and are projected to fall even further in fiscal year 2024, indicating that the situation remains challenging.

According to the Ministry of Finance trade statistics, exports of upright pianos (April 2024 to March 2025) totaled 82,000 units (88%) and were worth 15.6 billion yen or US$109.1 million (74%), a decrease that did not quite halve. Even in the top 10 countries, which account for 83% of the total value, exports were mostly at around 60–80% of the previous year's figures. These figures only include pianos that passed through Japanese customs and also include used pianos, so it can be seen that the decline is even greater for "new piano exports, including intermediary trade (direct sales from overseas production bases to countries/regions other than Japan without passing through Japan)," the subject of the All Japan Music Association statistics survey.

Overseas production of acoustic pianos also decreased significantly, to 45% of the previous year's level. In February 2025, Yamaha announced that, in order to cope with the sharp decline in demand in the global market, it would close its piano factory in Indonesia and relocate and consolidate its production bases to China and Japan. Yamaha Music Products Asia, which mainly produces piano woodworking parts, was liquidated in March of the same year, and Yamaha Indonesia, which manufactures entry-level pianos, was liquidated in December of the same year.

Meanwhile, sales of digital pianos are growing steadily, with 157,000 units sold domestically (110%) and 1.12 million units exported (104%), but this is not enough to offset the decline in acoustic piano sales. Sales revenue is also growing steadily, with domestic sales at 107% and export sales at 102%, totaling 79.1 billion yen (US$553.1 million), accounting for 21% of the total revenue across all product categories.



In November 2024, Kawai Musical Instruments Manufacturing Co., Ltd., announced it would build a 50,000-square-meter factory in West Java, Indonesia, to double its digital piano production. The company anticipates growth in digital piano sales in major markets and emerging countries and plans to invest approximately 4 billion yen (US$28.0 million).

**Wind instruments continue to perform strongly**

Sales of wind instruments totaled 42.4 billion yen (US$296.5 million), including both domestic and export sales, accounting for 11% of all items. Overall, domestic sales of wind instruments increased by 10% compared to the previous year, while exports decreased slightly. Domestically, only clarinets and trumpets saw a decline of around 10% in quantity, a reaction to the significant growth seen the previous year. However, other instruments remained strong, generally at around 105–110% of the previous year's levels. In particular, saxophones performed well, with quantity increasing by 136% and value by 124%; other woodwind instruments by 146% and value by 150%; and trombones by 129% and value by 151%, showing growth at levels comparable to or exceeding pre-pandemic levels. There are also reports that the supply situation for products has improved considerably, suggesting that demand is now being met.

Exports also grew significantly from 2023 to 2024, and as a result, many items have decreased this time, but they are still on the same or even larger scale than before the COVID-19 pandemic. Trombones, in particular, have grown significantly, similar to domestic exports, reaching 37,000 units (136%) and 3.2 billion yen or US$22.4 million (141%), the highest since the current survey standards began in 2016.

The total quantity and value of stringed instruments represent the sum of violins and other instruments such as harps and banjos. However, compared to wind instruments, the number of mass-production manufacturers is limited, so the quantity and value tend to be relatively small, and some items may fluctuate significantly from year to year. For violins, domestic sales were 3,682 units (116%) and 290 million yen or US$2.0 million (123%), an increase from the previous year. For other stringed instruments (mandolins, banjos, harps, etc.), almost all items were significantly lower than the previous year's figures. The reason is unknown, but it is possible that some companies that responded last time did not respond this time.

**Percussion performance was roughly the same as the previous year**

Sales of percussion instruments (exports and domestic) reached a record high in 2023 and remained at a similar scale in 2024, with 100% volume and 102% value. Domestic sales amounted to 3.9 billion yen or US$27.3 million (100%), and overseas sales to 27.3 billion yen or US$190.9 million (103%). While domestic sales fluctuated between 84% and 110% year-on-year for each item, export sales showed a wider range of fluctuation, from 64% to 138%.

Domestically, sales of sticks and mallets increased by 103% in volume and 110% in value, similar to the previous year, setting a new record since fiscal year 2016. The strong sales of consumables, like guitar strings, indicate that the number of people playing in bands and wind ensembles remains strong.

Notable increases in export volume include tabletop xylophones (117%), cajons (121%) and other percussion instruments (107%), with these items also showing increases of around 115–130% in value. Electronic drum sets account for 36% of the total percussion instrument market by value. While the number of units sold remained relatively stable in 2024, the value of both domestic and export sales remained strong at 104%. Other electronic drums also saw a 100% increase in both domestic and export sales, but their value was about 10% lower than the previous year.

**Amplifiers and effects pedals are performing well**

Acoustic guitars (including electric-acoustic guitars) saw domestic sales of 73,000 units (1.8 billion yen or US$12.6 million) and exports of 1,052,000 units (16.1 billion yen or US$112.6 million), with only domestic sales increasing by 113%. Both quantity and value of exports decreased slightly. Electric guitars and basses remained at the same level as the previous year, with domestic sales increasing by 102% in quantity and 111% in value, and exports increasing by 99% in quantity and 103% in value.

The purchasing trends for mid-range and high-end models remained largely the same as in 2023, with working adults and middle-aged and older individuals being the primary buyers, while entry-level models were mainly purchased by younger generations, such as those in music clubs. The increase in sales volume was likely due to factors such as price increases for some models and an increase in high-end models, resulting in a greater increase in total sales than the number of units sold. Guitar sales (acoustic guitars and electric guitars/basses) totaled 1.964 million units (98%) for exports and domestic sales combined, reaching 46.8 billion yen or US$327.3 million (103%). Guitar amplifiers performed well domestically, at around 130%, and exports at around 105%. While exports of guitar effect pedals/tuners fell by about 10%, domestic sales surged to 138% in volume and 121% in value. Conversely, exports of guitar strings/bass strings grew significantly, with volume increasing by 175% and value by 217%, while domestic sales increased by 77% in volume and 133% in value, resulting in a price increase. For the entire guitar category (acoustic guitars, electric guitars and basses, amplifiers, effect pedals and tuners, strings), total exports and domestic sales remained at the same level as the previous year, reaching 71.5 billion yen or US$500.0 million (101%), accounting for 19% of total sales across all items.

Ukulele sales in Japan saw a 132% increase in volume and a 90% decrease in value, indicating a downward trend in unit prices. Exports saw a 49% decrease in volume and a 64% decrease in value, marking the third consecutive year of decline.

**The harmonica is making a comeback, both domestically and internationally**

Among the “other instruments” category, which includes reed instruments, recorders, ocarinas and Taishogoto, harmonicas saw remarkable growth of around 180–260%, both domestically and internationally, recovering to 2022 levels. Keyboard harmonicas remained at roughly the same level domestically in both quantity and value as the previous year, while exports decreased by about 10%.

Recorder production and sales also remained steady at around 100–120%, both domestically and internationally. Taishogoto production halved, and domestic sales declined for the sixth consecutive year, with quantity down 57% and value down 70%.

**The popularity of keyboard-equipped synthesizers is growing significantly**
Keyboard synthesizers saw remarkable growth in Japan, with a 141% increase in volume and a 129% increase in value, mainly driven by entry-level models, marking the highest figures since 2016. Similar to electric guitars, consistent demand appears to have continued among young people involved in band activities. Exports also performed strongly, with a 100% increase in volume and a 111% increase in value. Other electronic musical instruments (modular instruments, electronic wind instruments, etc.) saw a large number of affordable models sold in 2023, but as a result, domestic sales remained at 67% in volume and 93% in value, and exports were down about 20% compared to the previous year.

**Mixers and MTRs remain strong performers**
Simple PA systems showed strong performance domestically, with a 112% increase in quantity and a 119% increase in value, exceeding pre-pandemic levels. Reflecting the booming live music market, mixers also performed steadily, with a 126% increase in quantity and a 124% increase in value domestically, and a 103% increase in quantity and a 112% increase in value for exports. While domestic speaker sales were only 95% of the previous level, sales increased to 112–120%, indicating a rise in unit price.

Digital MTRs surged domestically, with a 162% increase in quantity and a 156% increase in value, and exports also grew, with a 117% increase in quantity and a 138% increase in value, reaching their highest levels since 2016. Sound cards also performed well, with an approximately 155% increase in quantity and around 120% increase in value, suggesting increased investment in equipment, both domestically and internationally.

In the DJ equipment sector, controllers have shown remarkable growth, with domestic sales increasing by 126% in volume and 145% in value, and exports increasing by 115% in volume and 102% in value. The total value of the DJ equipment category reached 27.6 billion yen or US$193.0 million (97% of which is exports), making it the third-largest category in the global market after percussion instruments (31.2 billion yen or US$218.2 million) and electric guitars/basses (29 billion yen or US$202.8 million).

*Commentary by Shiko Onodera, president, Japan Music Trades*

# DOING BUSINESS IN JAPAN

**Market Overview**
Japan is one of the United States' most important trade and investment partners. Bilateral U.S.-Japan trade in goods and services in 2024 was worth US$317 billion. Both exports and imports increased over 2023. U.S. goods exports to Japan were about US$81 billion, while services exports were approximately US$46 billion, for a total of US$126.6 billion, up 5% from 2023. Top U.S. exports to Japan include liquified natural



gas, pharmaceutical preparations, meat and poultry, industrial machines, medicines and medical equipment, civilian aircraft, engines and parts, and corn. Imports of goods from Japan were over US$149 billion, and services imports were about US$41 billion, for a total of US$190.9 billion, up 2% from the prior year. Top U.S. imports from Japan are autos, auto parts and electronics. Japan is the fifth-largest export market and trading partner for the United States, which has a trade deficit with Japan of about US$65.7 billion in goods (principally autos and related parts) and a trade surplus of about US$4.4 billion in services.

As of 2023, Japan is the largest source of foreign direct investment (FDI) into the United States, with an FDI stock of US$783 billion. Japan's FDI position in the United States on a historical cost basis has grown every year for over a decade, from US$301 billion in 2012. Nearly half (41%) of Japanese companies' direct investment in the United States is in manufacturing, particularly the manufacturing of chemicals (29%) and transportation equipment (24%) (e.g., autos). Another 24% is in miscellaneous manufacturing and 10% is in electronics products. These investments support close to one million U.S. jobs and contribute to U.S. economic output and exports.

There are several reasons for U.S. firms to participate in the Japanese market. In addition to its size and wealth, Japanese business partners expose U.S. companies to new technology, rigorous competition and (in some cases) the opportunity to partner with Japanese firms in third markets.

Why Do Business with Japan?

- Japan is the fourth-largest economy in the world after the United States, China and Germany. It is the sixth-largest importer of U.S. products after Canada, Mexico, China, the Netherlands and the UK. Japan is a key member of the international trading system with a market that respects the rule of law and provides strong protections for intellectual and real property rights.

- Japan's consumer economy is large, broad-based and sophisticated. The average household net-adjusted disposable income per capita is $28,872 per year, which underpins its strength as a consumer market.

- Japan is highly dependent upon the import of natural resources. Japan was, for example, for decades the world's largest importer of liquefied natural gas (LNG), although it was recently surpassed by China. Japan relies on imports for approximately 60% of its caloric intake, and the United States is Japan's leading supplier of agricultural imports.

- Japan's rapidly aging and declining population continues to send ripple effects through its society and economy, shaping present and future demand in economic spheres as disparate as robotics and pharmaceuticals, franchising and real estate.



- Japan's strategic alliance and deep economic integration with the United States presents opportunities in advanced sectors such as space, defense and security. Japan is a leading importer of U.S. aerospace and defense equipment and, increasingly, an integrated co-developer. Related growth sectors include defense procurement, advanced manufacturing and cybersecurity solutions.

Demographics

Japan's population is declining as it ages rapidly. The population may decrease by as much as one-third by 2060, from 123 million to 87 million. According to the OECD, Japan has the world's third "oldest" population and oldest population of G20 countries, with more than 28% of its population over the age of 65. The proportion of the population older than 65 will rise to 40% by 2060. The Japanese government and business community seek to offset the effects of this demographic decline on economic growth and government budget resources, but Japan's aging and declining population will shape demand and opportunities throughout the economy.

U.S.-Japan Trade Agreement, U.S.-Japan Digital Trade Agreement

On July 23, 2025, President Trump announced a trade deal with Japan, featuring a 15% tariff on goods coming from Japan and a US$550 billion Japanese investment mechanism that will target the revitalization of the U.S. strategic industrial base. The agreement opens Japan to more than US$8 billion of U.S. products such as corn, soybeans, bioethanol and sustainable aviation fuel.

**Market Challenges**

While tariffs are generally low, Japan does have non-tariff barriers that can impede or delay the importation of foreign products into the country. Although competition, foreign government pressure and other factors have lessened the impact of these impediments, U.S. companies may still encounter non-tariff barriers in the following areas:

- Standards unique to Japan (formal, informal, de facto or otherwise)
- A requirement in some sectors or projects for companies to demonstrate prior experience in Japan, effectively shutting out new entrants
- Official regulations that favor domestically produced products and discriminate against foreign products
- Licensing powers in the hands of industry associations with limited membership, strong market influence and the ability to control information and operate without oversight
- Cross-stock holding and interconnection of business interests among Japanese companies that disadvantage suppliers outside the traditional business group (though not as widespread as in previous decades)
- The cultural importance of personal relationships in Japan and the reluctance to break or modify business relationships

Tools and methods to overcome these non-tariff barriers will depend greatly on the industry, the product or service's competitiveness and the creativity and determination of the firm's management. The U.S. Commercial Service in Japan regularly advises U.S. companies, especially small and medium-sized enterprises (SMEs), on how to overcome these barriers.

**Market Opportunities**
Among the factors driving market opportunities for U.S. firms are:

- Japan's rapidly aging population and shrinking labor force, which creates demand for everything from pharmaceuticals and medical technologies to robotics and advanced manufacturing solutions, to travel and financial services
- Japan's continued dependency on the import of natural resources, which puts a focus on energy supplies and renewable energy solutions, as well as food and other commodities
- a strong, enduring U.S.-Japan strategic alliance and deep economic integration with the United States, which presents opportunities in advanced sectors such as aerospace, defense, safety and security, and cybersecurity
- Japan's large, broad-based and sophisticated consumer economy, in which consumers with considerable purchasing power seek high-quality, trendsetting, innovative goods and services

**Market-Entry Strategies**
U.S. exporters will need to establish and maintain a strong business relationship with local partners to succeed in Japan. Companies hoping to enter the Japanese market should visit the country frequently to cultivate contacts and to understand business conditions.

Most U.S. exporters entering Japan begin by finding a local partner to serve as an agent, distributor and/or representative. Agents and distributors are the most common partnerships used by foreign firms to gain their initial foothold in Japan. U.S. firms may also consider establishing a branch sales office.

*"Doing Business in Japan" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on domestic sales and export data provided by the Japan Musical Instruments Manufacturers' Association (JMIMA), the Ministry of Economy, Trade and Industry (METI), and the Customs Bureau of the Ministry of Finance, and published by the *Japan Music Trades***

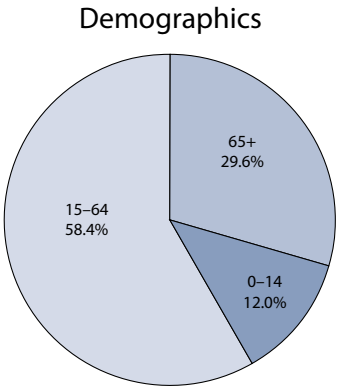
# JAPAN SNAPSHOT

## Demographics

Population in millions 122.7

| Age | Male | Female |
|---|---|---|
| 0–14 | 7.57 | 7.11 |
| 15–64 | 36.03 | 35.58 |
| 65 & Over | 16.02 | 20.36 |

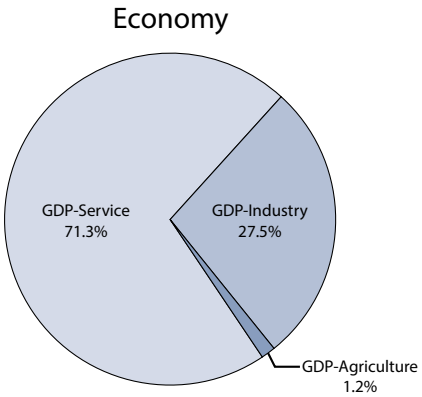
Median Age 50.2
Population Growth -0.45%

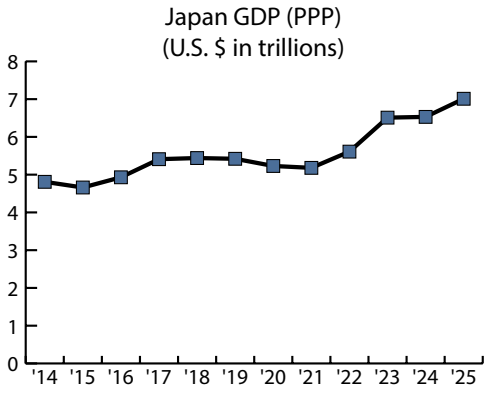


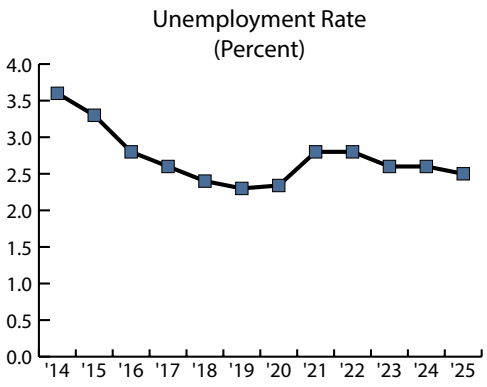

## Economy

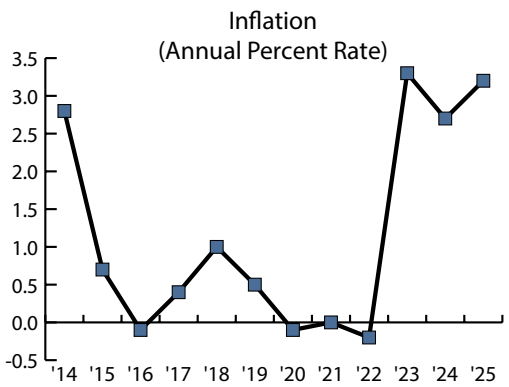
| | |
|---|---|
| GDP (PPP) | $7.01 trillion |
| GDP Per Capita | $56,850 |
| GDP-Real Growth Rate | 1.20% |
| Unemployment Rate | 2.50% |
| Inflation | 3.20% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.



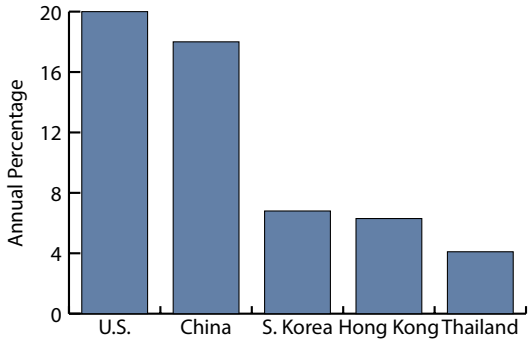



## Trade

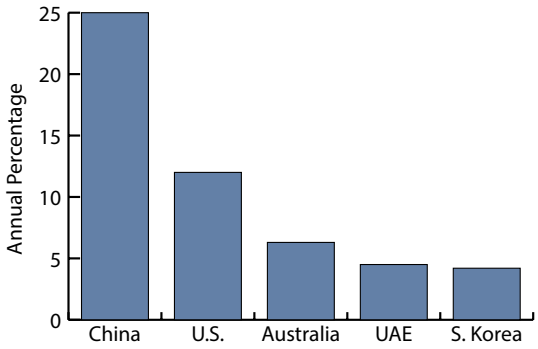
| | |
|---|---|
| Total Export | $738.2 billion |
| Total Import | $725.5 billion |

| | |
|---|---|
| Export as % of GDP | 10.53% |
| Import as % of GDP | 10.35% |

Export Partners (2025)



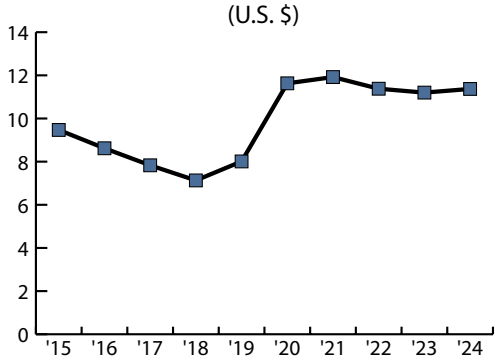

Import Partners (2025)



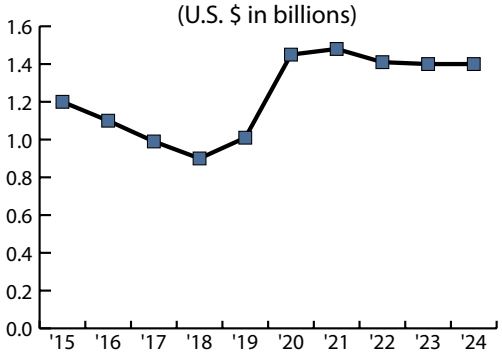

## Music Industry

| | |
|---|---|
| Music Market | $1.40 billion |
| Sales Per Capita | $11.37 |
| Global Share | 7.90% |

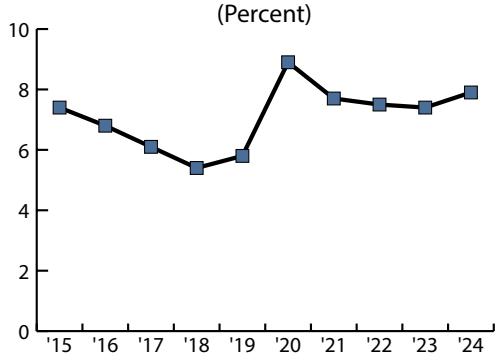
Music Sales Per Capita
(U.S. $)




Japan Music Market
(U.S. $ in billions)

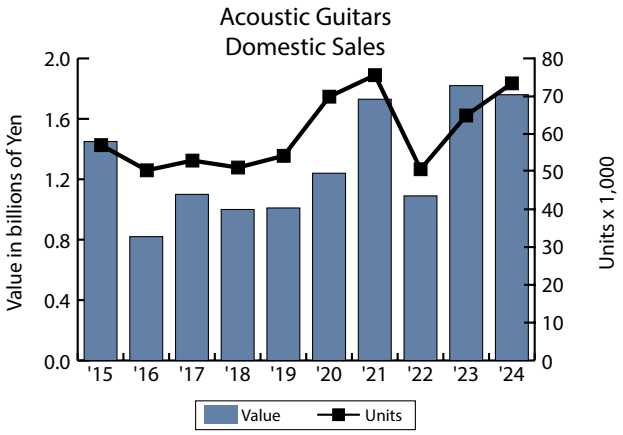


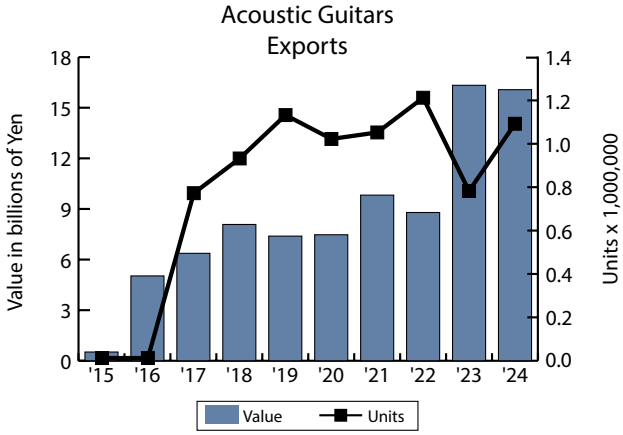

Share of Global Music Market
(Percent)

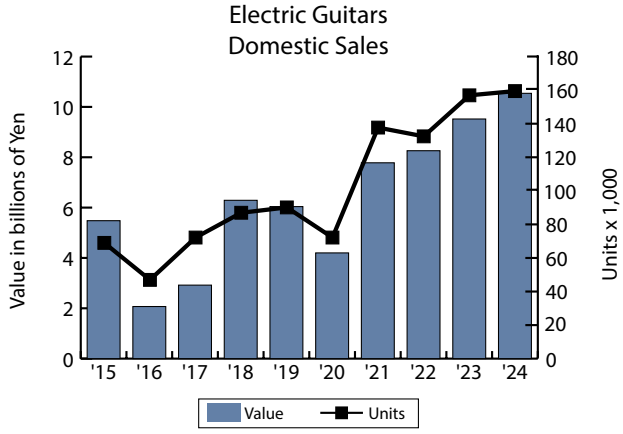


# Japan Domestic Sales and Exports

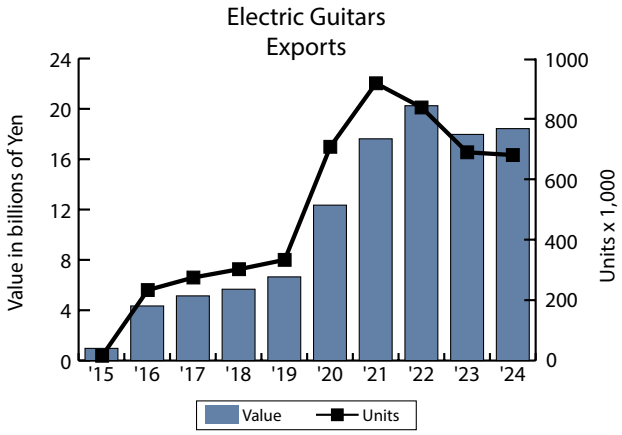
*Starting with 2016, data is recalculated to now include months between April and March rather than January through December



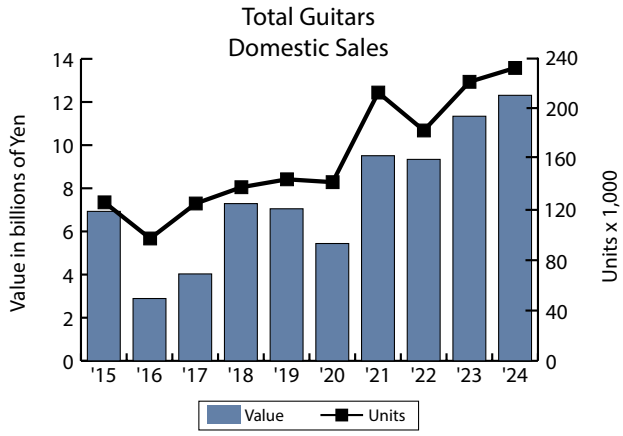



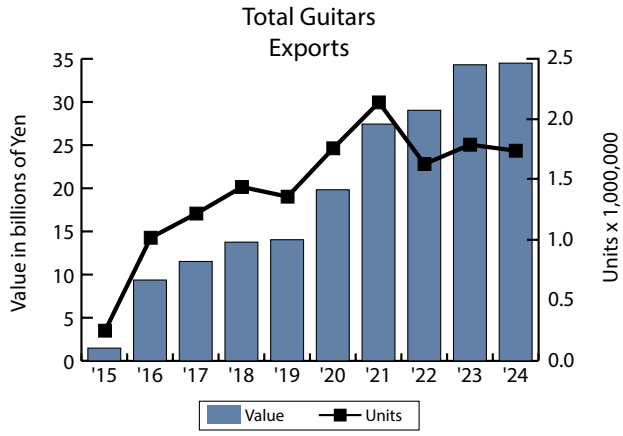




Electric Guitars category includes electric basses and electric-acoustic guitars.

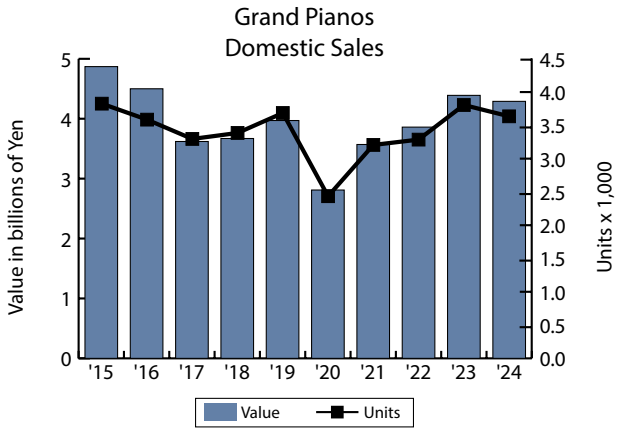


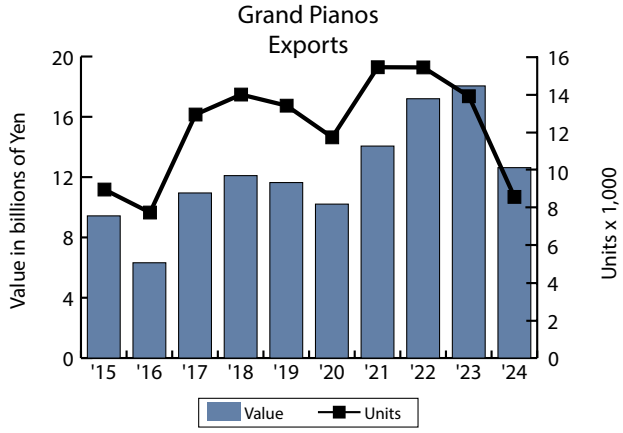

Electric Guitars category includes electric basses and electric-acoustic guitars.

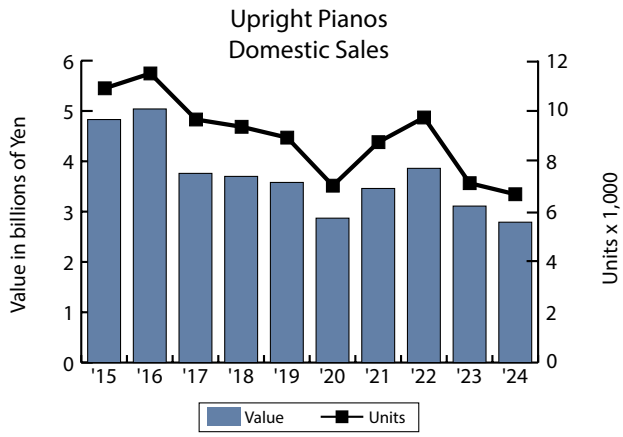


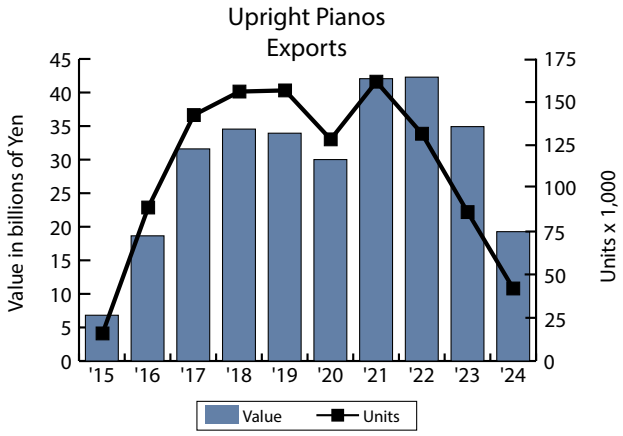



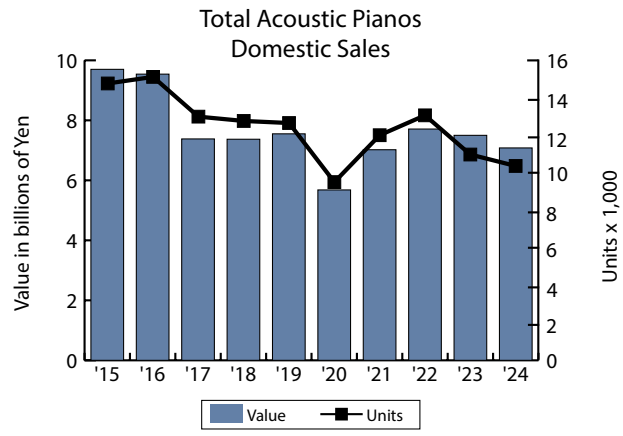
# Japan Domestic Sales and Exports

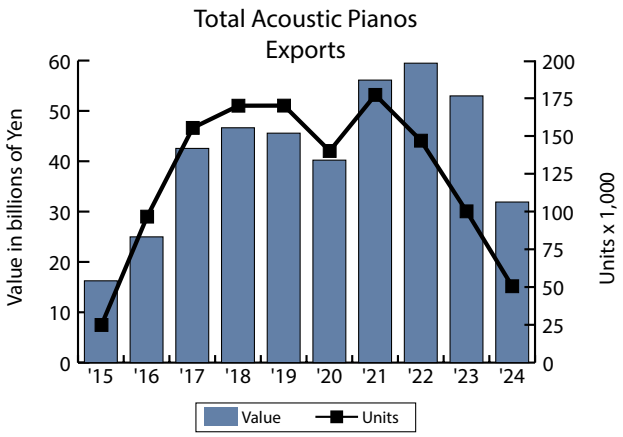


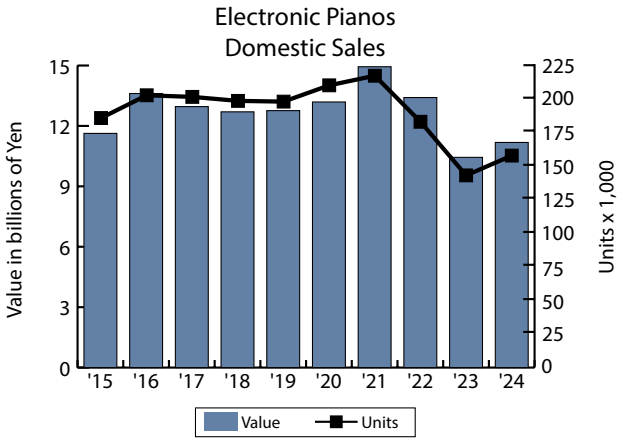



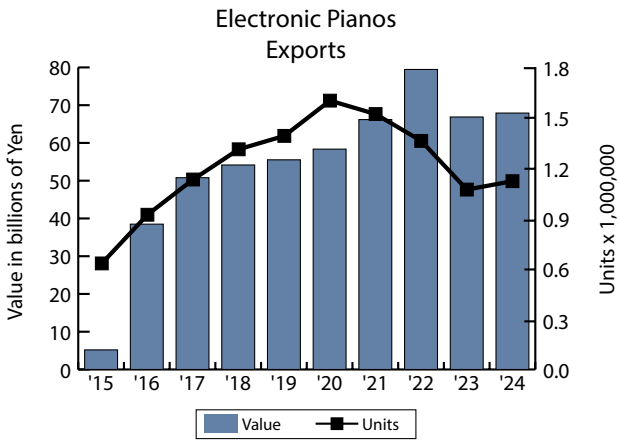



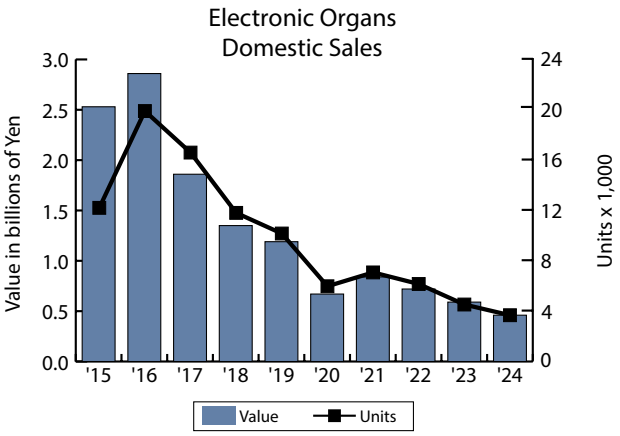



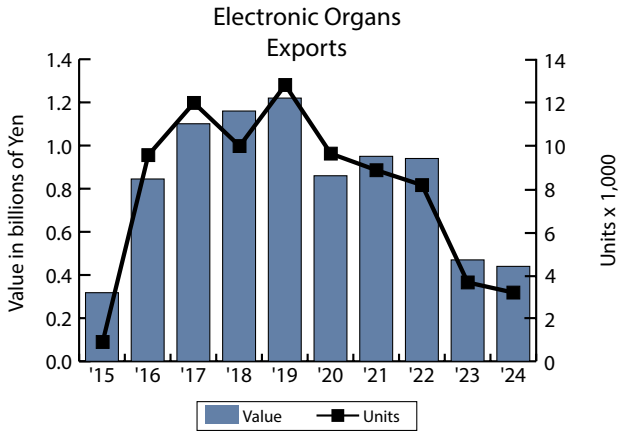



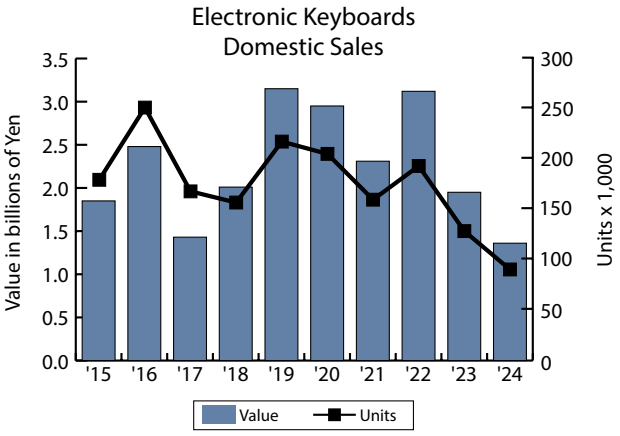
# Japan Domestic Sales and Exports

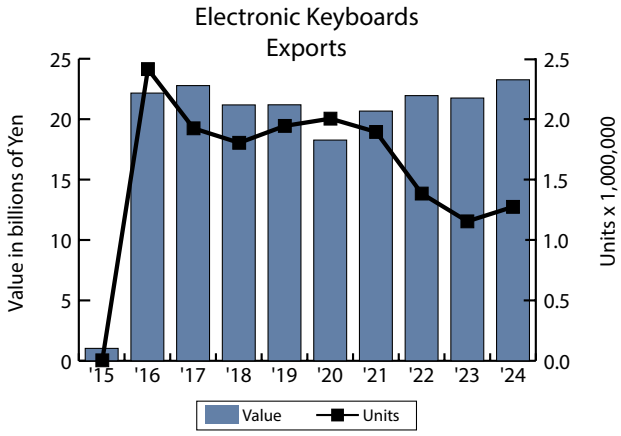


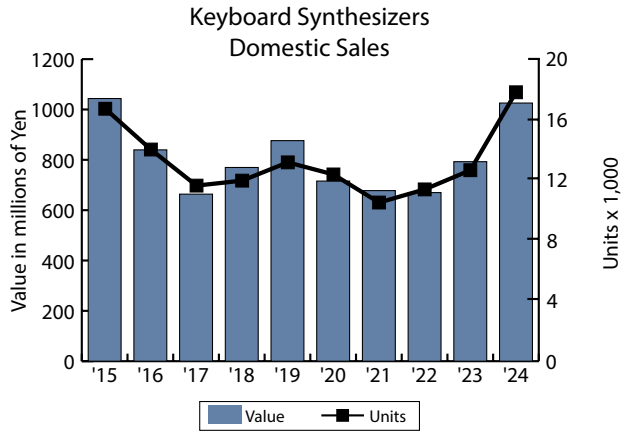



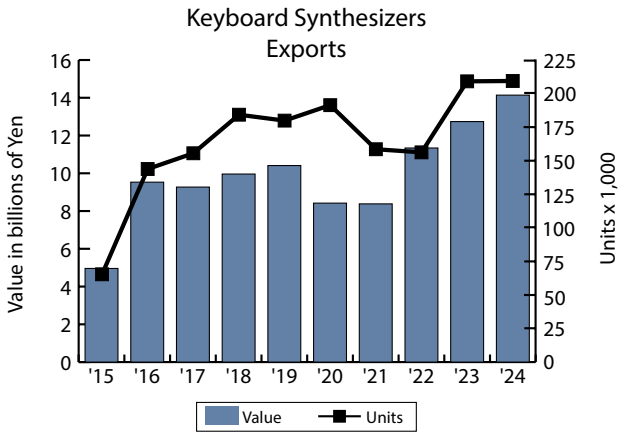



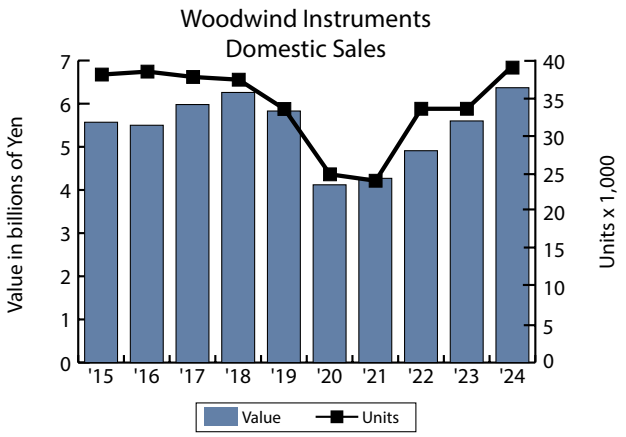



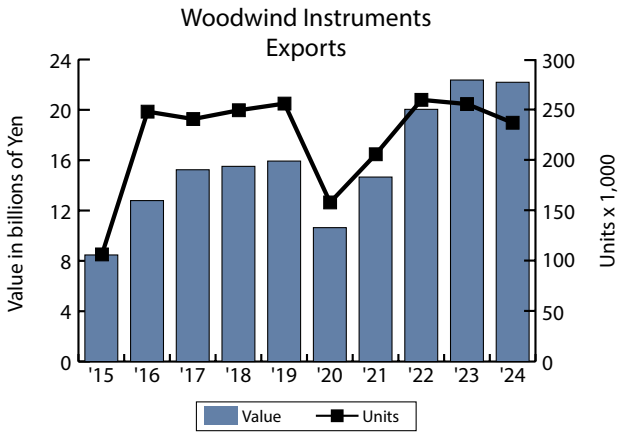



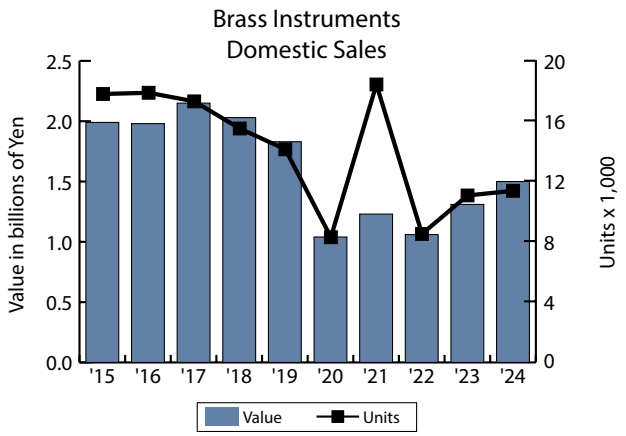
# Japan Domestic Sales and Exports

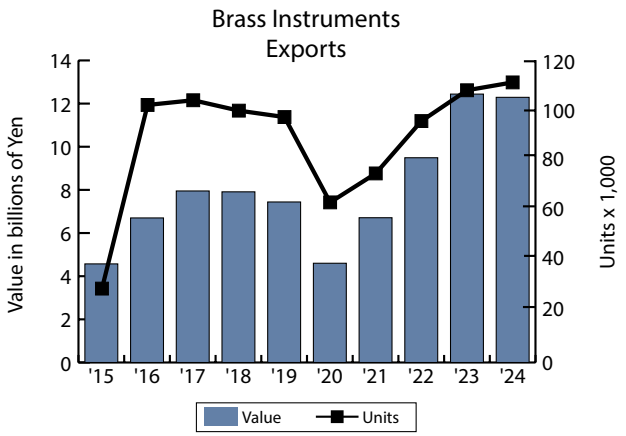




# LUXEMBOURG

## DOING BUSINESS IN LUXEMBOURG

**Market Overview**
Luxembourg remains one of Europe's most prosperous and stable economies, with a population of approximately 685,000 in 2025. Following a period of slower growth in 2023–2024, economic activity has begun to recover, with GDP growth projected at around 2% in 2025 and expected to strengthen further in 2026. GDP per capita remains among the highest in the world, supported by a highly productive economy and Luxembourg's role as a leading European financial center.

The country benefits from a multilingual, highly skilled workforce and a strategic location between Belgium, Germany and France, providing excellent access to major European markets. Financial services remain the backbone of the economy, complemented by strong information and communications technology (ICT), logistics, space technology and professional services sectors. Luxembourg is also home to several European institutions, reinforcing its importance as an international business hub.

While labor shortages in specialized fields and rising wage costs continue to present challenges, inflation has moderated and public finances remain among the strongest in the European Union. Government debt remains low by European standards, and Luxembourg continues to offer a business-friendly environment characterized by political stability, strong infrastructure and a high quality of life.

**Market Challenges**
Despite its many advantages, Luxembourg presents several challenges for foreign companies. The country's small domestic market limits sales potential in certain sectors, making Luxembourg more attractive as a regional headquarters or gateway to Europe than as a stand-alone consumer market.

Labor costs remain among the highest in Europe, driven in part by the country's automatic wage indexation system. Competition for highly skilled workers in finance, technology, engineering and cybersecurity is intense, contributing to recruitment challenges. Housing shortages and high real estate costs also increase operating expenses and can complicate talent attraction and retention.

Businesses must also navigate Luxembourg's regulatory and administrative requirements, which can be complex, particularly in regulated sectors such as financial services, data management and health care. Although the government continues to streamline procedures through digitalization initiatives, companies entering the market often benefit from local legal, tax and compliance expertise.



**Market Opportunities**

Luxembourg continues to offer significant opportunities in financial services, fintech, digital technologies, cybersecurity, space technology and sustainable finance. The country is one of the world's leading investment fund centers and has established itself as a major hub for sustainable and green finance initiatives.

Digital transformation remains a national priority, creating opportunities in cloud computing, artificial intelligence, cybersecurity, data management and digital infrastructure. Luxembourg's advanced connectivity, extensive data center ecosystem and supportive innovation policies have helped attract technology companies serving the broader European market.

The country has also developed a globally recognized space sector through the Luxembourg Space Agency, creating opportunities in satellite communications, Earth observation and space-resource technologies. In addition, growing investments in clean technology, health technology, and research and development continue to generate opportunities for innovative U.S. firms seeking European partnerships and expansion.

**Market-Entry Strategies**

U.S. companies entering Luxembourg should position themselves around innovation, quality, specialized expertise and long-term value. Because Luxembourg serves as a gateway to the broader European market, many foreign firms establish regional headquarters, holding companies or European distribution operations in the country.

Partnerships with local distributors, consultants, financial institutions or industry organizations can help companies navigate regulatory requirements and identify commercial opportunities. Organizations such as the Luxembourg Chamber of Commerce, Luxembourg Trade & Investment Offices and Luxinnovation provide valuable support for foreign investors and exporters.

Companies operating in regulated sectors should seek qualified legal and tax advice early in the market-entry process. Establishing a local presence through a subsidiary or branch office can facilitate access to Luxembourg's extensive financial ecosystem, highly developed logistics infrastructure and the broader European Union market.

*"Doing Business in Luxembourg" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import and export data obtained from the website of the International Trade Centre (ITC)**

# LUXEMBOURG SNAPSHOT

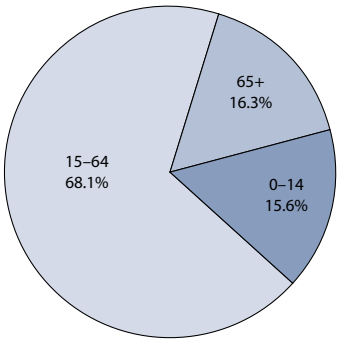
## Demographics

Population in thousands 692.5

| Age | Male | Female |
|---|---|---|
| 0–14 | 55.16 | 53.00 |
| 15–64 | 241.70 | 230.04 |
| 65 & Over | 51.41 | 61.15 |

Median Age 40.1
Population Growth 1.26%

Demographics

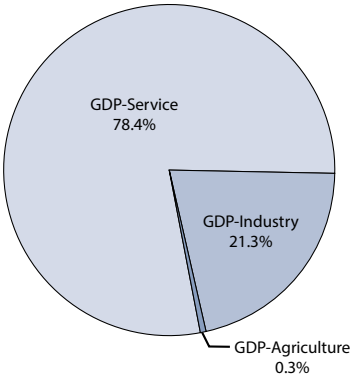



## Economy

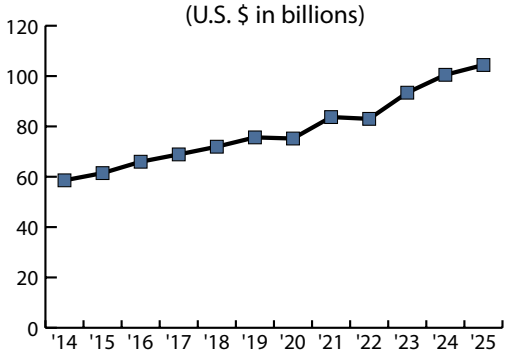
| | |
|---|---|
| GDP (PPP) | $104.3 billion |
| GDP Per Capita | $152.970 |
| GDP-Real Growth Rate | 0.60% |
| Unemployment Rate | 6.00% |
| Inflation | 2.50% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

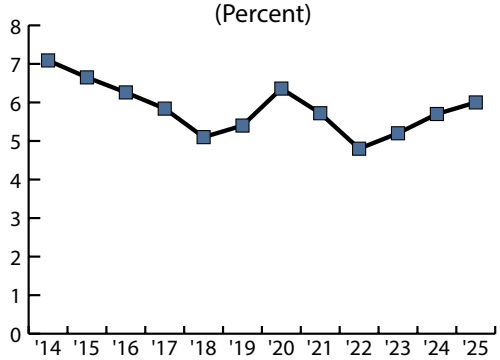
Economy



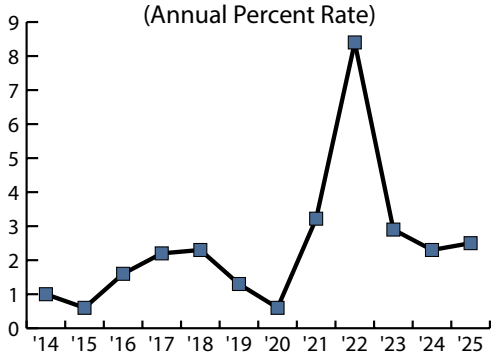

Luxembourg GDP (PPP)
(U.S. $ in billions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

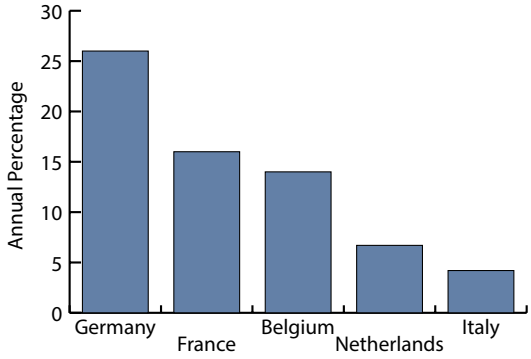


## Trade

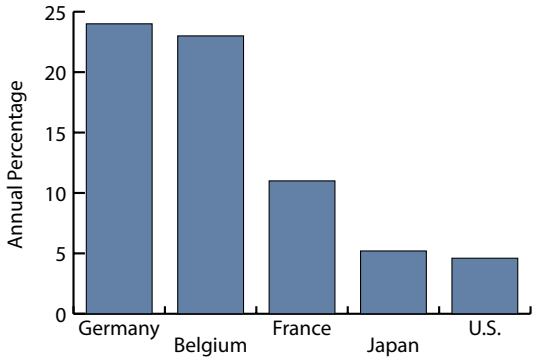
| | |
|---|---|
| Total Export | $16.7 billion |
| Total Import | $27.5 billion |

| | |
|---|---|
| Export as % of GDP | 15.98% |
| Import as % of GDP | 26.34% |

Export Partners (2025)



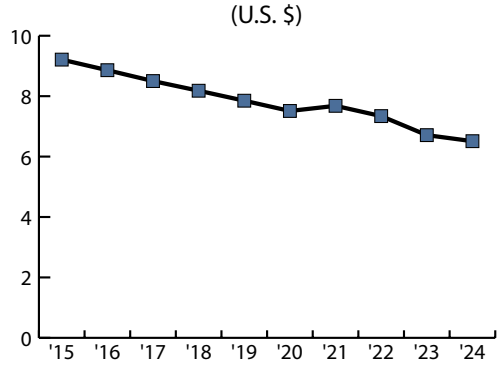

Import Partners (2025)



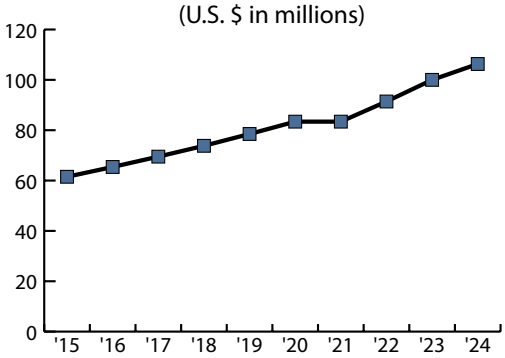

## Music Industry

| | |
|---|---|
| Music Market | $106.3 million |
| Sales Per Capita | $6.51 |
| Global Share | 0.60% |

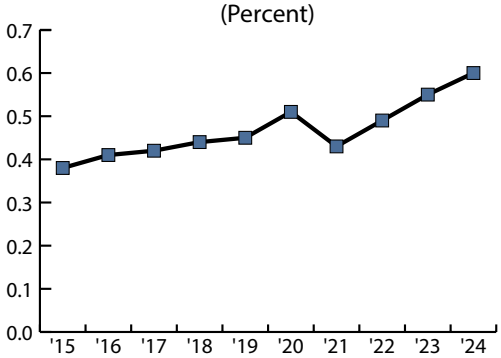
Music Sales Per Capita
(U.S. $)



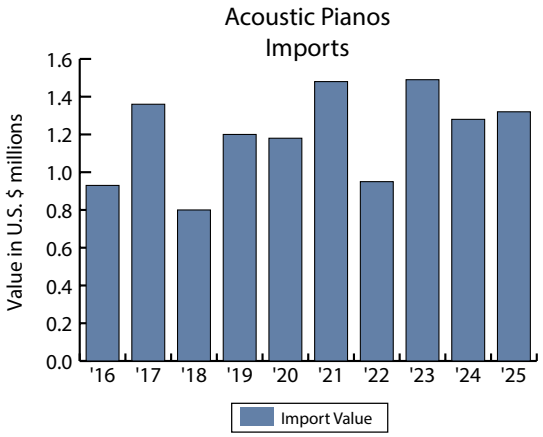

Luxembourg Music Market
(U.S. $ in millions)

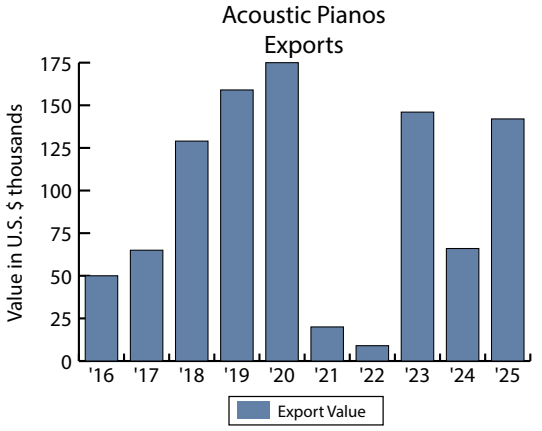


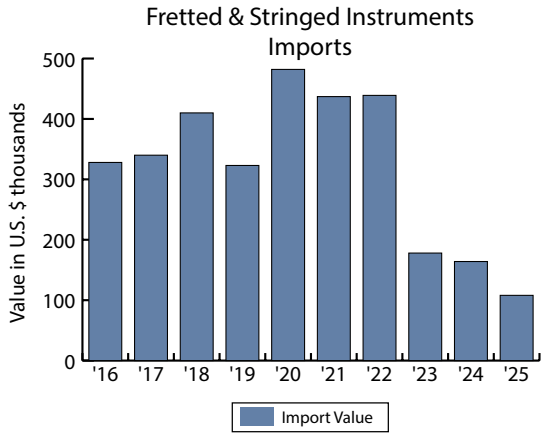

Share of Global Music Market
(Percent)

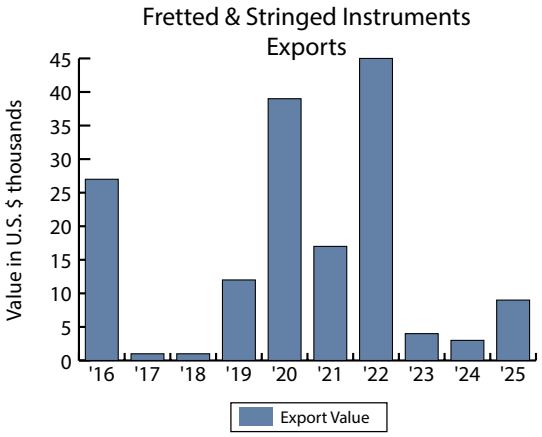


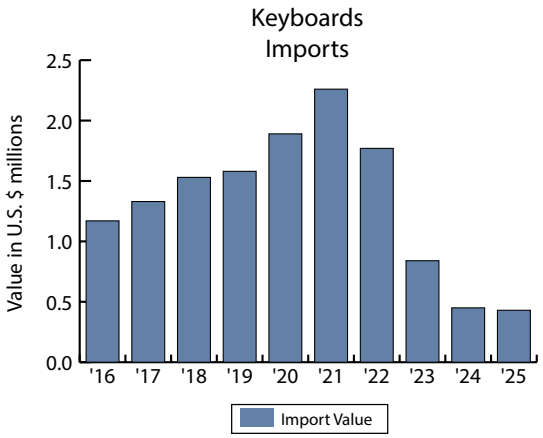
# Luxembourg Imports and Exports

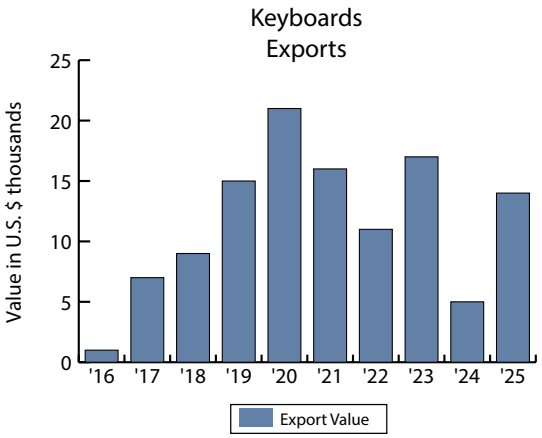


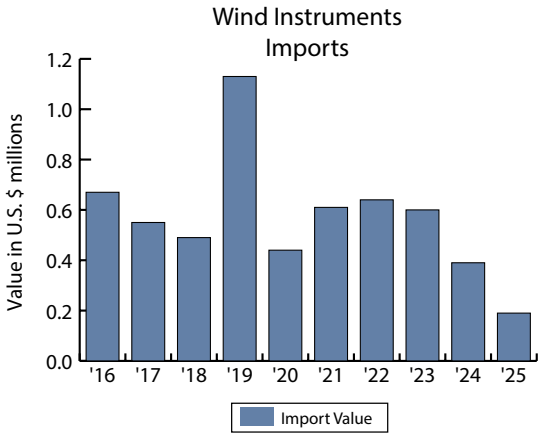



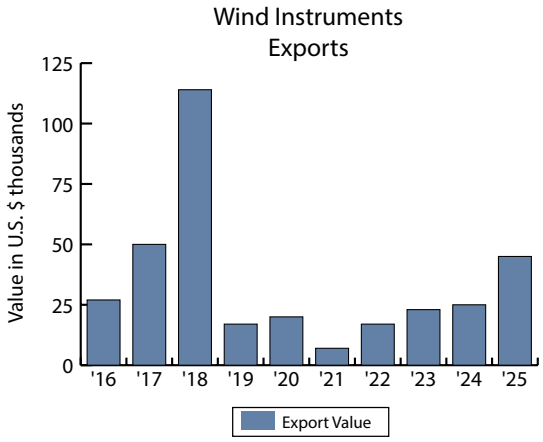



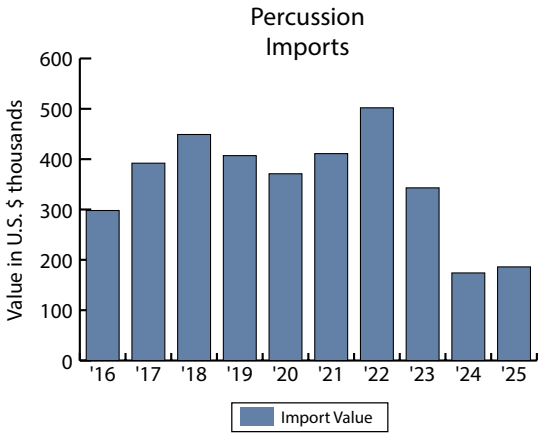



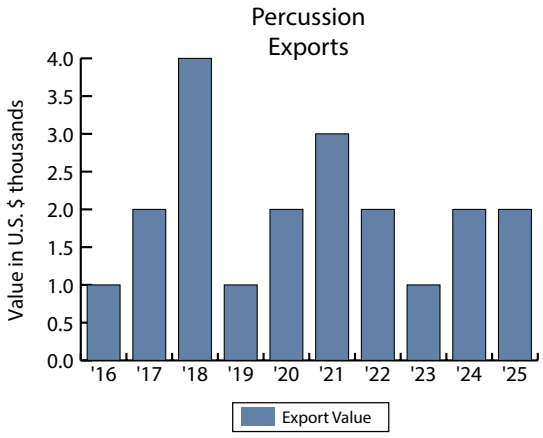



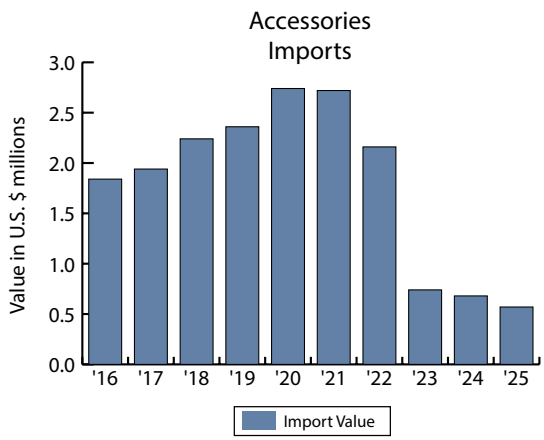
# Luxembourg Imports and Exports

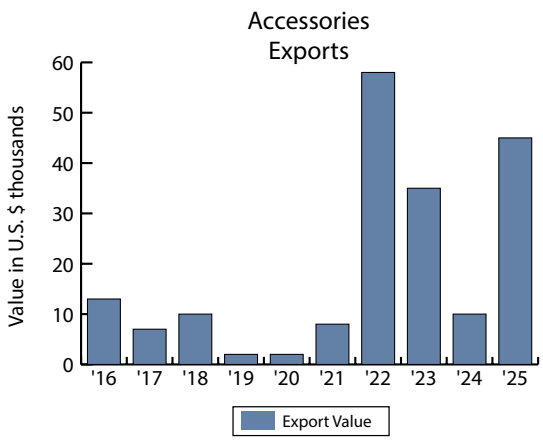




# MEXICO

Mexico continues to strengthen its position as one of the most strategic markets within the Latin American music products ecosystem. Despite a more cautious macroeconomic environment in early 2026, the country maintains solid structural fundamentals supported by controlled inflation, resilient domestic consumption, strong remittance flows and sustained nearshoring investment.

At the same time, the regional supply chain landscape is undergoing a profound transformation. What initially emerged from U.S. tariff policies and post-pandemic logistics disruptions has evolved into a broader restructuring of distribution models across Latin America. The historical dependence on the United States as the primary hub for consolidation and redistribution is gradually diminishing due to rising operational costs, logistical inefficiencies and increased regulatory complexity.

In response, Mexico is rapidly transitioning from a secondary consumption market into a primary regional gateway. Manufacturers, distributors and international brands are increasingly evaluating direct importation strategies, localized inventory management and regional warehousing operations in Mexico to improve speed, cost efficiency and market responsiveness.

This evolution is supported by Mexico's geographic proximity to both North and South America, improvements in logistics infrastructure and the growing sophistication of local distributors and retail operators. Nearshoring trends and industrial incentives continue to reinforce the country's attractiveness as a long-term hub for supply chain and commercial operations in Latin America.

As a result, Mexico is no longer viewed solely as an end market. It is increasingly becoming a strategic center for regional distribution, inventory allocation and commercial expansion throughout Latin America.

**Current Macroeconomic Environment**

While Mexico maintains strong long-term fundamentals, the market is currently operating in a more cautious environment.

Ongoing geopolitical pressure, particularly regarding security, trade negotiations and anti-narcotics cooperation with the United States, has contributed to a perception of short-term uncertainty. Although these conditions are not structural, they have affected business sentiment and delayed investment decisions across several industries. This environment has encouraged more conservative financial behavior among both companies and consumers, with a greater emphasis on liquidity management, operational efficiency and controlled inventory exposure rather than aggressive expansion.

Within the music products industry, retailers and distributors have adopted more disciplined purchasing strategies, reduced speculative inventory positions and postponed non-essential expansion plans. Consumption trends in the first quarter of 2026 have been slower than in previous years, reflecting broader caution in discretionary spending categories.



Even so, the market remains fundamentally resilient, and the current slowdown is widely perceived as cyclical rather than structural.

**Current High Points in the Music Products Industry**

The Mexican music products industry continues to demonstrate resilience and gradual modernization, supported by strong cultural engagement with music, a growing creator economy and increasing demand for integrated technology solutions.

One of the strongest areas of growth remains the creator and content-production segment. Compared to previous years, demand has become more sophisticated and solution-oriented, particularly for audio interfaces, streaming equipment, compact production systems, mobile recording tools and hybrid performance technologies. Consumers are increasingly informed and expect product ecosystems rather than stand-alone hardware.

Professionalization within the industry also continues to improve. Distributors and retailers that have invested in technical expertise, digital capabilities, customer education and specialized service models have gained stronger market positioning and greater customer retention.

At the same time, the market has become significantly more competitive due to the accelerated entry of China-manufactured products under OEM and direct-import models. Chinese manufacturers are expanding their presence not only through traditional distribution channels but also through marketplaces, social commerce and direct-to-consumer strategies.

This dynamic is increasingly fragmented across several product categories while simultaneously forcing established brands and dealers to compete through specialization, technical support, customer experience and after-sales value rather than on price alone.

**Current Low Points in the Music Products Industry**

Despite positive long-term momentum, several structural and operational pressures continue to impact the industry.

Mid-sized retailers remain particularly vulnerable as the market becomes increasingly polarized between highly specialized dealers and large multichannel operators with stronger economies of scale.

Price sensitivity has intensified due to exchange-rate volatility, elevated logistics costs, import-related expenses and tighter consumer spending. As a result, dealers operate with narrower margins and more conservative inventory strategies.

Certain traditional product categories continue to soften, particularly entry-level acoustic instruments and legacy amplification formats, as consumer preferences increasingly shift toward digital, portable and hybrid production solutions.



Additionally, recent tax and compliance changes affecting marketplace platforms have impacted cash flow and operational efficiency for businesses heavily dependent on those ecosystems. While marketplaces remain an important sales driver, many companies are now repositioning them as complementary channels rather than primary growth engines.

**Leading Opportunities and Areas of Growth**

Mexico's emergence as a regional logistics and distribution hub represents one of the most significant long-term opportunities for the industry. More companies are evaluating direct import models, regional warehousing operations and localized inventory strategies to reduce dependence on traditional U.S.-centric redistribution systems.

The creator economy and hybrid musician segment also represent major growth drivers. Products that combine live performance, content creation, portability and connectivity continue to outperform more traditional categories.

Another emerging opportunity is vertical integration and localized assembly. Although still in the early stages, some companies are exploring partial local manufacturing, customization and assembly operations to improve margins and reduce dependence on the supply chain.

Financing solutions and flexible payment models also remain critical opportunities, particularly in the mid- and entry-level segments, where access to credit continues to significantly influence purchasing decisions.

**Current Challenges**

Regulatory complexity remains one of the industry's most significant operational barriers. Import procedures, certification requirements, customs processes and compliance standards continue to create friction, especially for new brands attempting to enter the Mexican market.

Access to financing remains limited for many small and medium-sized retailers, restricting their ability to expand operations, modernize infrastructure, increase inventory levels or invest in digital transformation.

Talent development also remains a challenge. There is an increasing need for sales and technical personnel capable of combining product expertise with digital communication skills, customer experience management and content-driven sales strategies.

The informal market remains highly competitive and continues to distort pricing structures across several categories, limiting growth opportunities for formal distribution channels.

At the same time, brand loyalty has weakened considerably. Purchasing decisions are increasingly influenced by price competitiveness, immediate availability, online visibility, creator recommendations and social media influence rather than traditional long-term brand positioning.



**Forecasting the Music Industry**

Over the next three to five years, the Mexican music products industry is expected to become more consolidated, technologically integrated and operationally sophisticated. Digital transformation will become fully standardized across the industry. Retailers lacking strong e-commerce infrastructure, omnichannel capabilities, data-driven operations and integrated customer-engagement strategies will likely continue to consolidate or exit the market.

Mexico is also expected to further solidify its position as a regional supply chain and distribution hub for Latin America, particularly for Central America and the Caribbean, supported by nearshoring investment, logistics modernization and evolving trade dynamics.

The retail landscape will likely continue to polarize, with growth concentrated among large multichannel operators, specialized niche retailers and companies capable of delivering high-value customer experiences.

Consumer behavior will continue evolving toward hybrid creators, mobile production users and multifunctional musicians, driving sustained demand for compact, connected and versatile technologies.

Finally, sustainability, product life-cycle management, repairability and long-term product value are expected to become increasingly relevant purchasing factors, particularly among younger consumers and professional creators, gradually influencing both product development and brand-positioning strategies across the industry.

*Commentary by Gustavo Hurtado, Latin America sales manager of KORG USA, Inc.*

# DOING BUSINESS IN MEXICO

**Market Overview**

- Mexico is the world's 12th-largest economy, with steady growth driven by exports and foreign investment.
- The United States-Mexico-Canada Agreement (USMCA) offers significant benefits to U.S. companies.
- Close cultural, social and economic ties make Mexico attractive for new and existing exporters.
- Mexico is a large, diversified market with ample opportunities for most U.S. products and services.

Mexico is the world's largest Spanish-speaking country, with a US$1.85 trillion economy.



It is an upper-middle-income member of the G20 and OECD. Two-way trade in goods and services between the United States and Mexico totaled US$935 billion in 2024, making Mexico the United States' largest trading partner. Top U.S. goods exports include electronics, vehicles, fuels, minerals, plastics and machinery. Mexico was the third-largest export market for U.S. agricultural products in 2024, with total exports valued at more than US$30 billion.

In August 2017, the United States, Canada and Mexico renegotiated NAFTA, in effect since 1994. The resulting USMCA entered into force on July 1, 2020. The USMCA modernizes trade relations, reduces incentives to outsource, strengthens labor and environmental protections, and has strong intellectual property and digital trade protections. The USMCA includes a mandatory joint review process scheduled for July 2026, which will determine the future of the Agreement.

**Market Challenges**

U.S. companies engaging in business with Mexico encounter several notable challenges.

Trade Policy and Tariffs

Mexico remains committed to the United States-Mexico-Canada Agreement (USMCA), but temporary tariffs and import restrictions continue to affect selected sectors, including steel, aluminum, textiles, footwear, chemicals, electronics, transportation equipment and consumer goods. Changes in customs classifications and import procedures can create additional compliance costs and uncertainty for exporters.

Customs Processing Delays

Customs processing delays and administrative bottlenecks continue to affect cross-border trade, particularly at major ports of entry and transportation corridors. U.S. companies may encounter delays related to documentation reviews, inspections and evolving customs requirements.

Energy Sector Policies

Mexico's energy sector continues to prioritize state-owned enterprises, creating uncertainty for some private and foreign investors. Regulatory changes, permitting delays and evolving rules affecting renewable energy, fuel imports and electricity generation remain concerns for companies operating in the sector.

Judicial and Regulatory Environment

Recent judicial and constitutional reforms have raised questions among some businesses and international investors regarding regulatory predictability, contract enforcement and the long-term independence of Mexico's legal system. Companies are advised to monitor policy developments closely and maintain strong local legal counsel.



Corruption and Rule of Law

Corruption and transparency concerns remain ongoing challenges in certain sectors and regions. Businesses should conduct thorough due diligence, maintain strong compliance programs and follow U.S. Foreign Corrupt Practices Act (FCPA) requirements when operating in Mexico.

Security Concerns

Security risks tied to organized crime continue to affect certain regions, transportation routes, ports and border areas. Companies should closely monitor U.S. Department of State travel advisories and implement appropriate security and supply chain risk management practices.

Financial and Regulatory Compliance

Although Mexico has a modern banking sector, financing costs remain relatively high compared to the United States. U.S. businesses may also face challenges related to labor regulations, product standards, customs compliance, tax administration and intellectual property protection, including counterfeit goods and piracy.

Given these challenges, U.S. firms are encouraged to conduct careful market research, work with experienced local partners and legal advisors, and utilize resources available through the U.S. Commercial Service in Mexico.

**Market Opportunities**

The challenges above notwithstanding, many market opportunities for U.S. firms exist in Mexico. Considering the benefits of the USMCA and other advantages, Mexico provides better prospects than many other countries.

Mexican companies, government agencies and entire industries are deeply familiar with and receptive to U.S. products and services. U.S. producers often find it straightforward to market and sell products and services in Mexico.

Key Sectors

Mexico's most promising sectors for U.S. exporters include aerospace; automotive; chemicals; cybersecurity; defense; digital economy; education; financial services; oil and gas; power; safety and security; transportation infrastructure; travel and tourism; waste and recycling technology; and water technology. However, given the size of the Mexican market, there are few products a company cannot sell successfully in Mexico with the right preparation, commitment, pricing and service.



**Market-Entry Strategies**
Successful market entry into Mexico is similar to building sales channels in the United States:

- Consider establishing an agent, distributor or opening a representative office
- Develop a regional strategy considering the vast market size
- Use promotional plans like trade shows, social media and sales calls
- Price competitively and establish an effective pricing structure
- Secure legal counsel, intellectual property protection and after-sales support

Given the size of the market, the strategy should consider specific regional territories. Most firms assign Mexican agents or distributors in different locations. Many companies find it works well to use three or four specific territories, often centered in Mexico City for central and southern Mexico, in Guadalajara for western Mexico, in Monterrey for northeastern Mexico and in Baja California for the northwestern border and maquiladora (export manufacturing) zones. When selling to the government, it is important to have a local office or representative. For regulated products or services such as health-care solutions, regulatory approvals require time and local support.

To do business in Mexico, it is crucial to develop and maintain close relationships with clients and partners. Mexicans prefer regular direct communication, especially in the initial stages of establishing rapport. Email is widely used, but platforms such as WhatsApp have become widespread and essential for initial connections and quick interactions.

The U.S. Commercial Service can assess market potential of products and services, provide advice on export strategies and facilitate business agreements with potential clients and/or partners through our three offices located in Mexico City, Guadalajara and Monterrey.

*"Doing Business in Mexico" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration*

**The following charts are based on import and export data obtained from the website of the International Trade Centre (ITC)**

# MEXICO SNAPSHOT

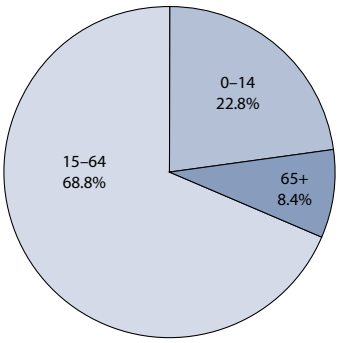
## Demographics

Population in millions 131.7

| Age | Male | Female |
|---|---|---|
| 0–14 | 15.46 | 14.53 |
| 15–64 | 44.25 | 46.45 |
| 65 & Over | 4.68 | 6.37 |

Median Age 31.0
Population Growth 0.81%

Demographics

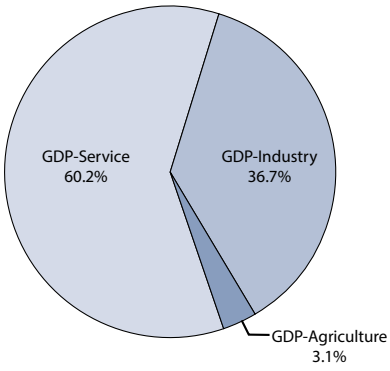



## Economy

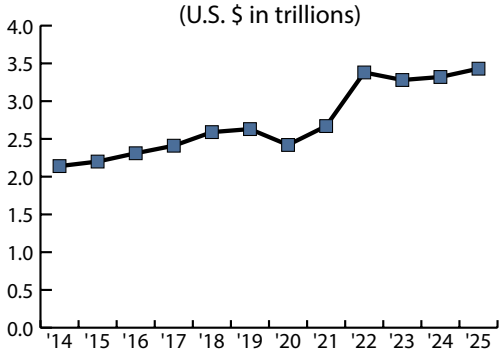
| | |
|---|---|
| GDP (PPP) | $3.43 trillion |
| GDP Per Capita | $25,680 |
| GDP-Real Growth Rate | 0.60% |
| Unemployment Rate | 2.60% |
| Inflation | 3.80% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

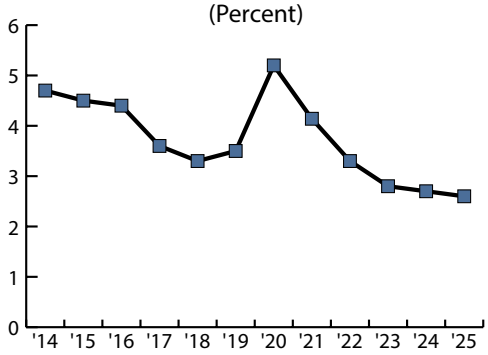
Economy



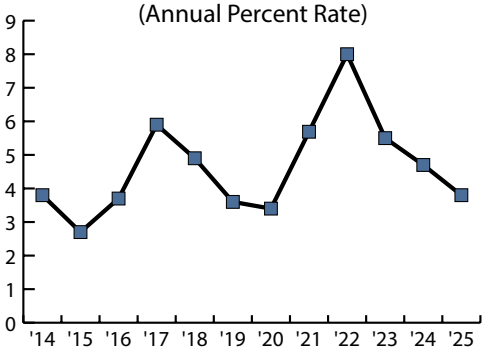

Mexico GDP (PPP)
(U.S. $ in trillions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

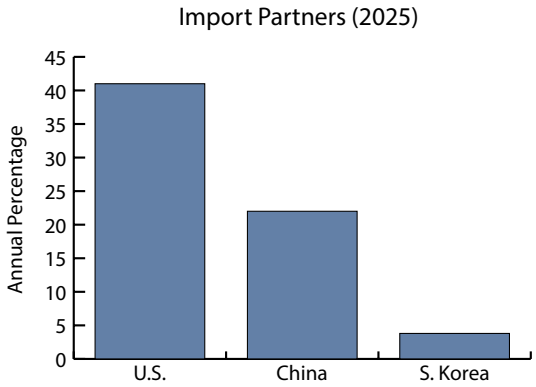


## Trade

| | |
|---|---|
| Total Export | $664.8 billion |
| Total Import | $663.7 billion |

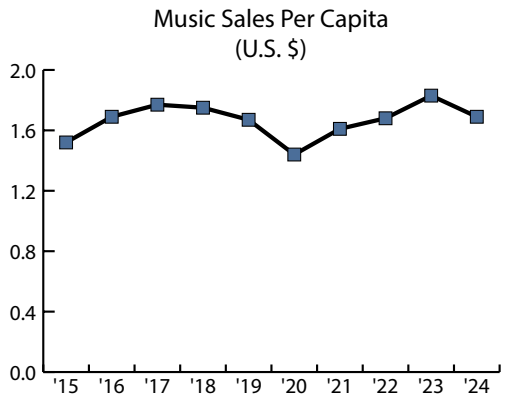
| | |
|---|---|
| Export as % of GDP | 19.38% |
| Import as % of GDP | 19.35% |

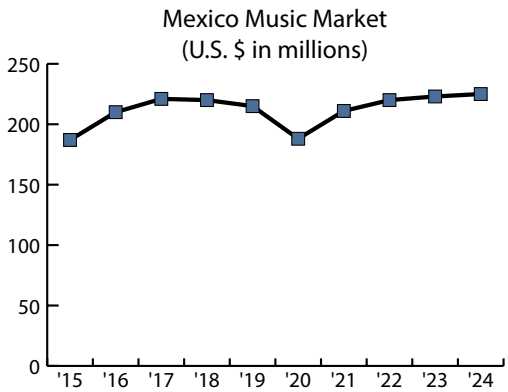


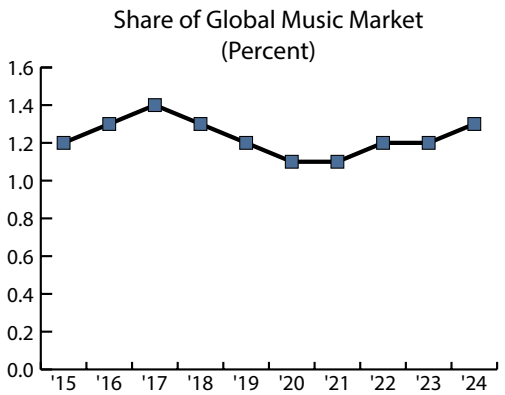




## Music Industry

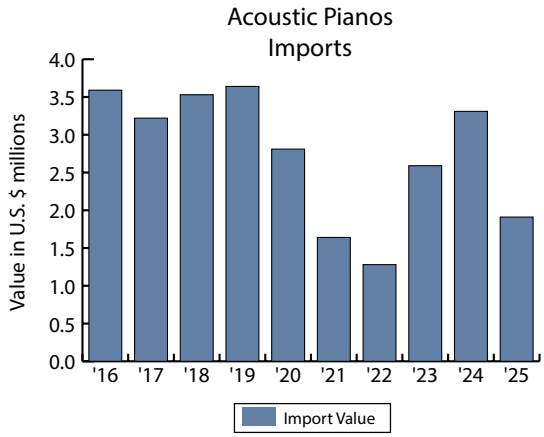
| | |
|---|---|
| Music Market | $225.0 million |
| Sales Per Capita | $1.69 |
| Global Share | 1.30% |

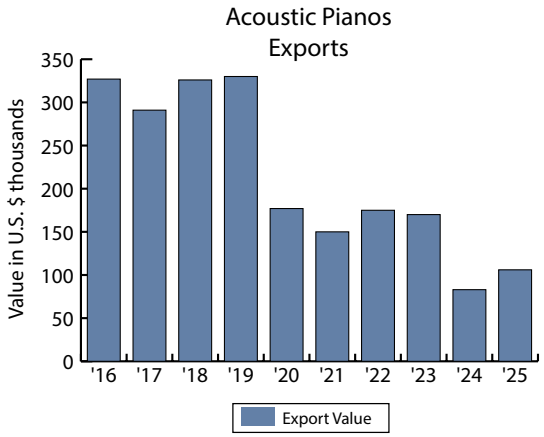


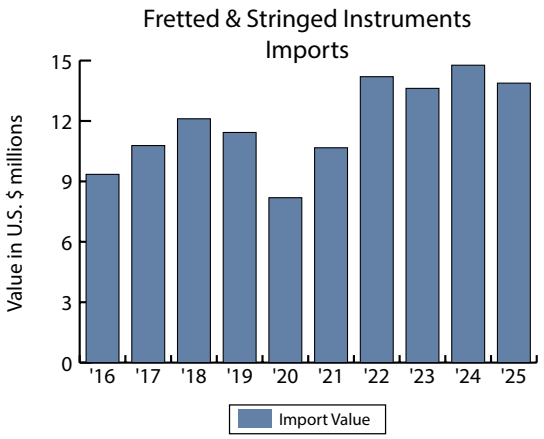



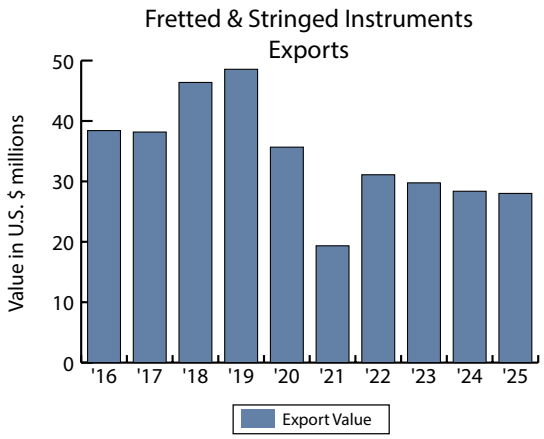



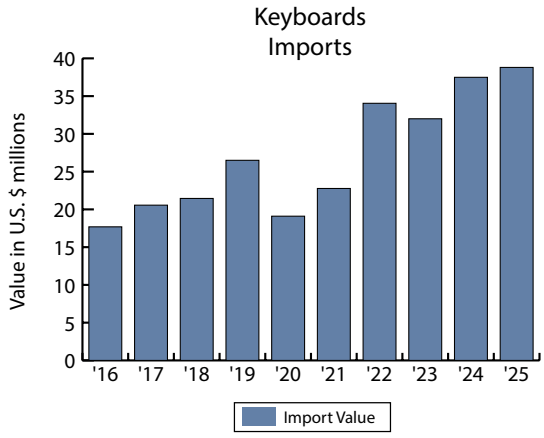
# Mexico Imports and Exports

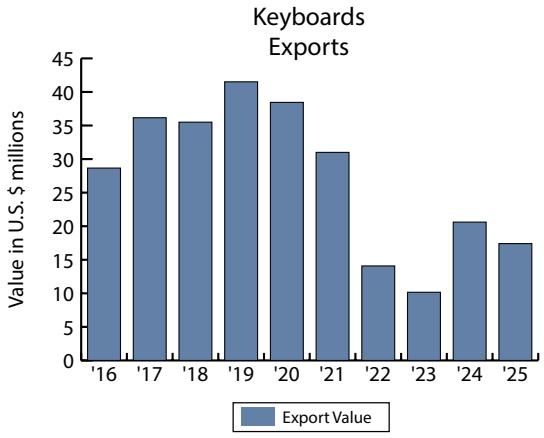


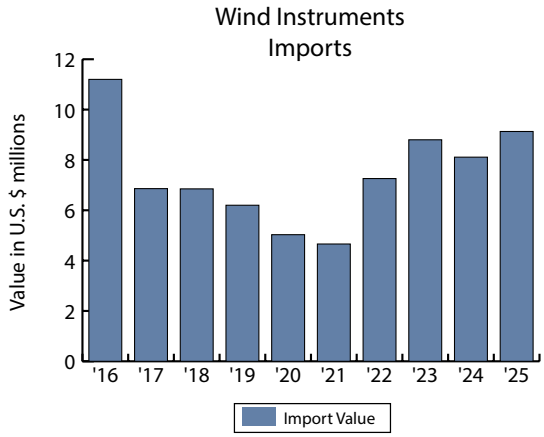



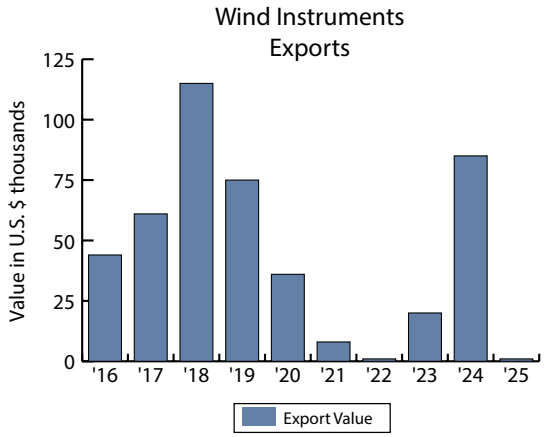



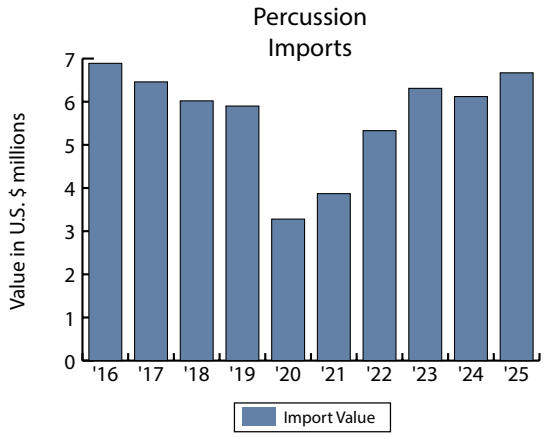



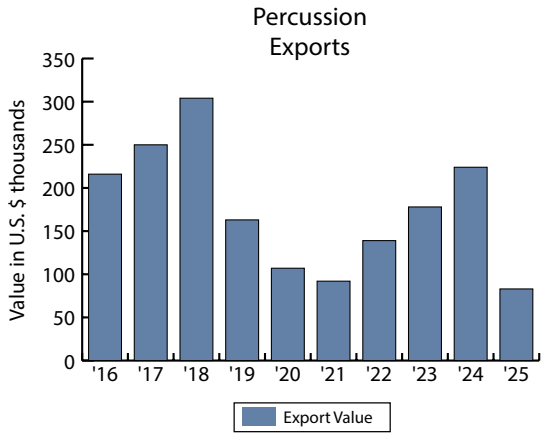



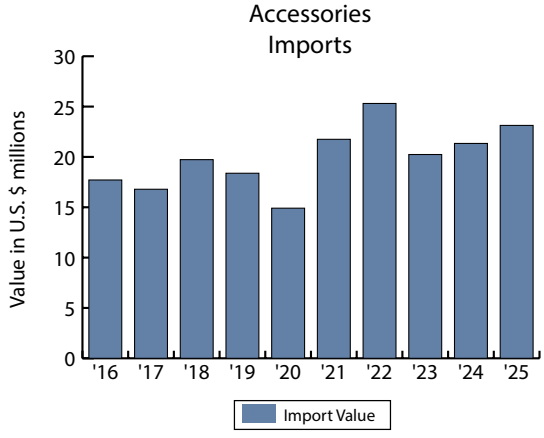
# Mexico Imports and Exports

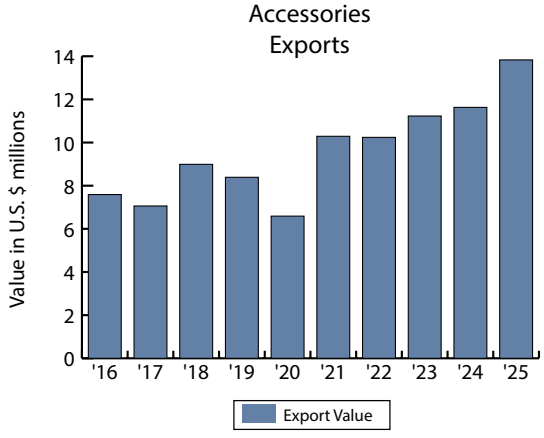




# NETHERLANDS

## DOING BUSINESS IN THE NETHERLANDS

**Market Overview**

The Netherlands is a geographically small (approximately the size of Connecticut and Massachusetts combined), densely populated (18.1 million people) country occupying a highly strategic commercial location. Over 170 million consumers (more than one-third of the population of the European Union) reside within a 300-mile radius of the Netherlands. The country is a key center within the global business network, with advanced infrastructure geared toward the transportation of goods, people and data. Its core distribution points include Rotterdam, Europe's largest port by cargo tonnage, and Amsterdam Schiphol Airport, the fourth-largest airport in Europe for cargo and passengers.

The country has capitalized on its location and advanced economy to become one of the top trading nations. The Netherlands is the 18th-largest economy in the world and the 5th-largest in the European Monetary Union (eurozone), with a gross domestic product (GDP) of US$1.27 trillion in 2024. The United States and the Netherlands have a strong bilateral relationship, based on close historical, cultural and commercial ties. The relationship dates back to the American Revolution and is one of the United States' oldest continuous bilateral relationships. The United States is the largest foreign investor in the Netherlands; in 2024 the United States had a trade surplus of US$73 billion with the Netherlands, making it one of the largest U.S. trade surpluses with any country.

The Netherlands consistently ranks highly on various international indexes. The 2024 IMD Competitive Index ranked the Netherlands as the ninth-most competitive economy in the world. The Netherlands' high ranking is attributed to its outstanding performance in areas conducive to innovation and sustainable prosperity, driven by investments in innovation infrastructure, access to talent, a competitive labor market and a robust financial network, along with strong international trade links. The Netherlands also ranked 8th in the 2024 Global Innovation Index from the World Intellectual Property Organization, 6th in the 2024 United Nations' World Happiness Report and 1st in the 2023 Education First English Proficiency Index.

Top five reasons U.S. companies should consider exporting to the Netherlands:

- Strategic European Launchpad: The Netherlands serves as an ideal starting point for companies new to exporting, particularly those seeking their first distributor in Europe.

- Affluent, U.S.-Friendly Market: The Dutch population is affluent and has a strong affinity for U.S. products, combined with the highest level of English fluency in Europe. The local culture is receptive to international business practices, facilitating smoother market entry and establishment.



- Innovative Business Environment: The Netherlands boasts a dynamic business community actively seeking new, high-quality products. It ranks highly in innovation and technology adoption, placing a strong emphasis on research and development.

- Advanced Logistics and Distribution Network: With the most sophisticated logistics and distribution infrastructure in Europe, the Netherlands allows for efficient supply chain management and product delivery.

- Strong European Connectivity: The country maintains robust links to other European markets and beyond, enhancing opportunities for trade and collaboration.

The Dutch economy is forecast to grow by 1.3% in 2025, and by 1.2% in 2026, reflecting a steady but moderate recovery from recent economic challenges. This growth is primarily driven by increased private consumption, supported by rising real wages, easing inflation and favorable financial conditions. Public investment and gradually improving business confidence are also expected to contribute to economic momentum. While the Netherlands' growth rates are modest, they align with the broader European trend of moderate recovery. With about 5% of total Dutch goods exports going to the United States, the negative impact of potential tariffs from trading partners on GDP growth and total trade is projected to be relatively small.

Inflation in the Netherlands is projected to decline steadily, from around 3.2% in 2024 to 3.0% in 2025 and 2.0% in 2026, according to EU estimates. Despite this improvement, inflation is expected to remain slightly above the eurozone average due to domestic pressures such as strong wage growth and rising housing costs.

Unemployment is anticipated to rise marginally, from 3.7% in 2024 to 3.9% in 2025 and 4.0% in 2026, as labor force growth slightly outpaces job creation. The labor market remains relatively tight, with vacancies still exceeding the number of unemployed individuals in many sectors.

The Dutch government deficit is projected to widen, reaching 2.1% of GDP in 2025 and 2.7% in 2026, driven by tax relief measures, increased public spending and structural reforms. Public debt is also expected to rise, from 45.0% of GDP in 2025 to 47.8% in 2026.

While the Netherlands continues to demonstrate economic resilience and a strong commitment to innovation, trade and sustainability, its political landscape has become more unsettled. In mid-2025, the Dutch government collapsed over disagreements on immigration policy, leading to a caretaker administration and new elections scheduled for late October. Despite this political uncertainty, the Netherlands maintains a robust institutional framework, a strong rule of law and deep integration with international institutions such as the EU and NATO—factors that continue to underpin its role in global trade and diplomacy.



NETHERLANDS

**Market Challenges**

Aside from EU-wide challenges, the Netherlands presents few significant trade barriers. Due to the market's size, accessibility, and competitive nature, local importers often prefer exclusive distributorship agreements. The Dutch market is characterized by a complex regulatory environment influenced by both national and EU regulations. As a result, U.S. exporters may need to modify their products and documentation to meet local standards. Additionally, the labor market is highly competitive in sectors such as technology, health care and logistics, which can lead to challenges related to high labor costs and a strong demand for skilled professionals.

**Market Opportunities**

Products that sell well in the United States will generally have market potential in the Netherlands. There are opportunities to sell a wide range of products and services to the Dutch government. Local representation is essential for selling to both the public and private sectors.

The Netherlands boasts a supportive business environment characterized by innovation-friendly policies and a robust focus on sustainability. These factors create an inviting atmosphere for U.S. companies seeking to expand their operations in the Dutch market.

Overall, the combination of market openness, government opportunities and a commitment to innovation positions the Netherlands as an attractive destination for U.S. businesses looking to grow internationally.

**Market-Entry Strategies**

The key to successfully entering the Dutch market is working closely with a local partner. An experienced representative will be able to advise on adapting a product to local technical requirements and consumer preferences, logistics and marketing. Although the European Union is considered a single market, marketing strategies and consumer preferences vary greatly from country to country.

*"Doing Business in the Netherlands" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import and export data obtained from the website of the International Trade Centre (ITC)**

# NETHERLANDS SNAPSHOT

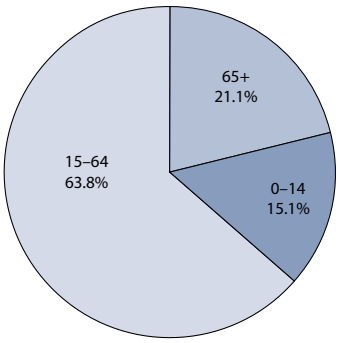
## Demographics

Population in millions 17.8

| Age | Male | Female |
|---|---|---|
| 0–14 | 1.39 | 1.31 |
| 15–64 | 5.74 | 5.63 |
| 65 & Over | 1.75 | 2.01 |

Median Age 42.2
Population Growth 0.30%

Demographics

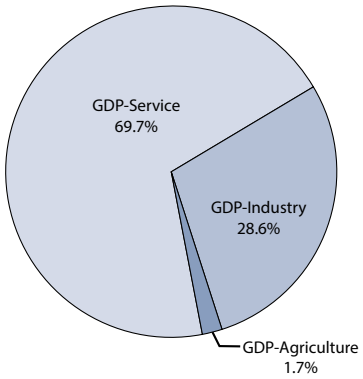



## Economy

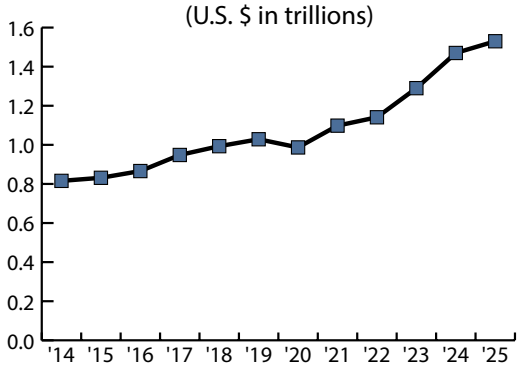
| | |
|---|---|
| GDP (PPP) | $1.53 trillion |
| GDP Per Capita | $87,470 |
| GDP-Real Growth Rate | 1.90% |
| Unemployment Rate | 3.90% |
| Inflation | 3.00% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

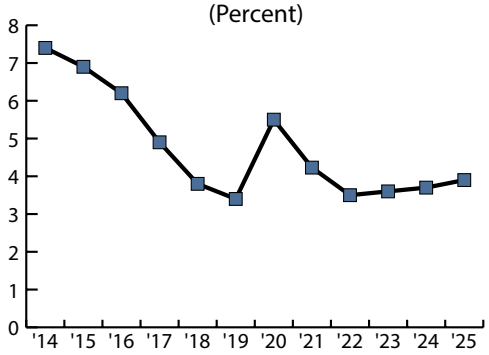
Economy



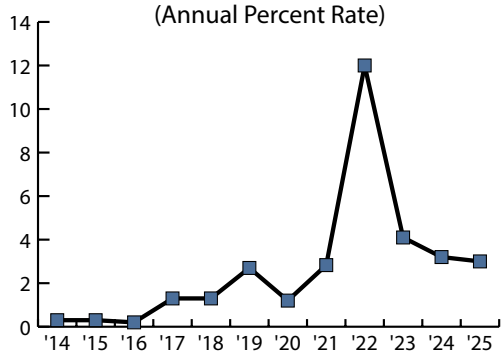

Netherlands GDP (PPP)
(U.S. $ in trillions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

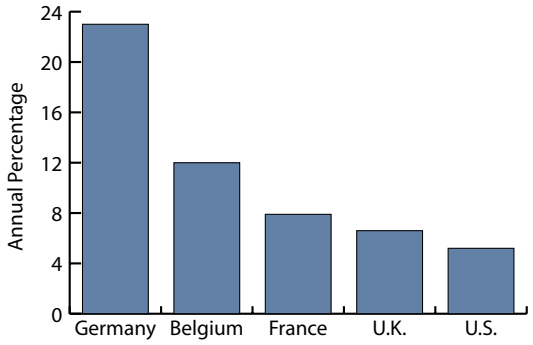


## Trade

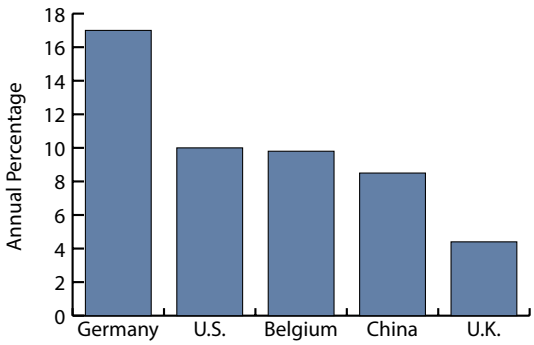
| | |
|---|---|
| Total Export | $989.7 billion |
| Total Import | $871.2 billion |

| | |
|---|---|
| Export as % of GDP | 64.69% |
| Import as % of GDP | 56.94% |

Export Partners (2025)



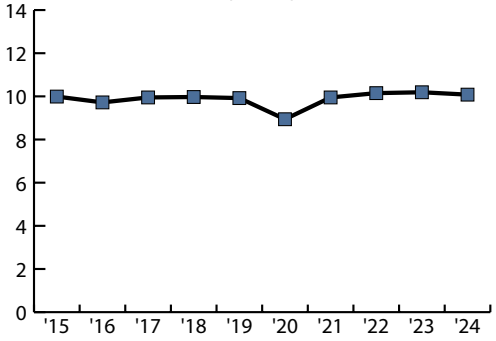

Import Partners (2025)



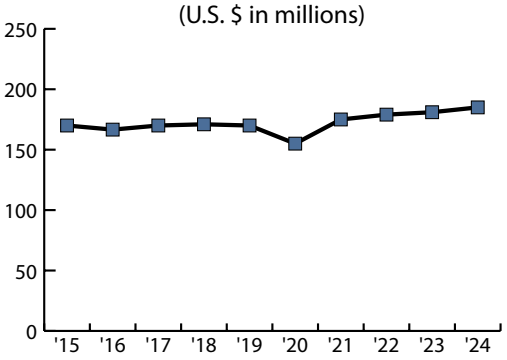

## Music Industry

| | |
|---|---|
| Music Market | $185.0 million |
| Sales Per Capita | $10.08 |
| Global Share | 1.00% |

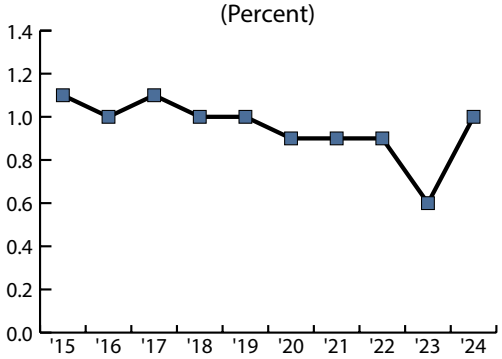
Music Sales Per Capita
(U.S. $)



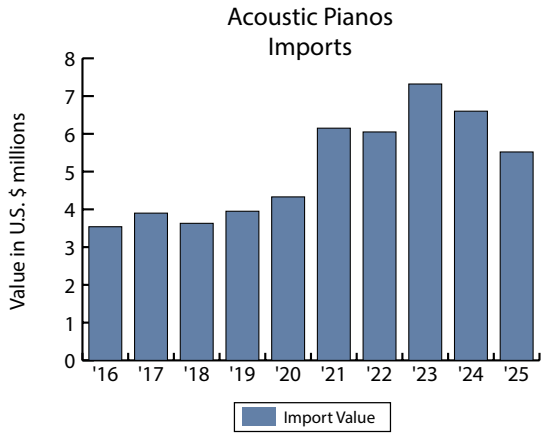

Netherlands Music Market
(U.S. $ in millions)

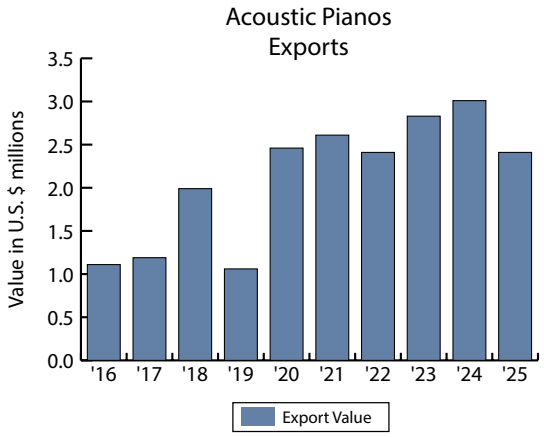


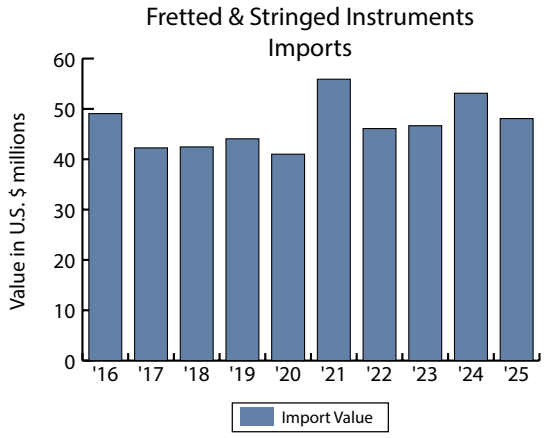

Share of Global Music Market
(Percent)

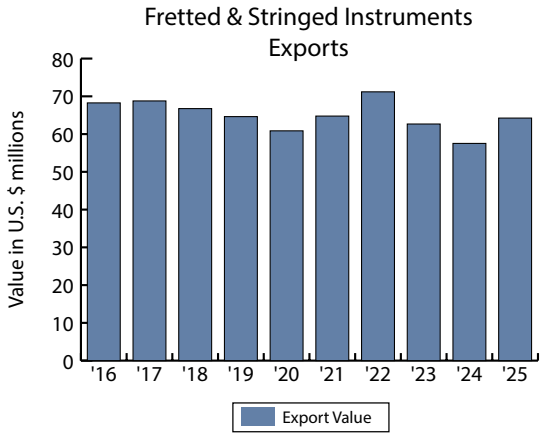


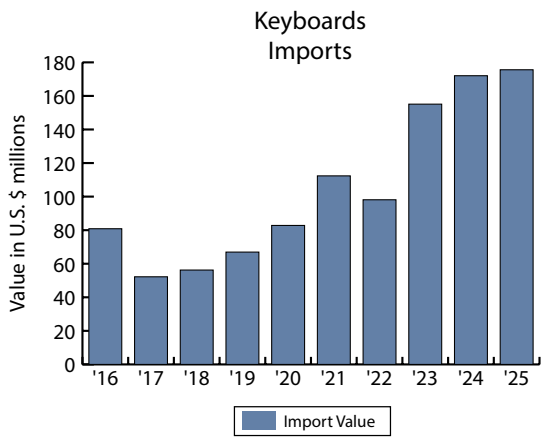
# Netherlands Imports and Exports

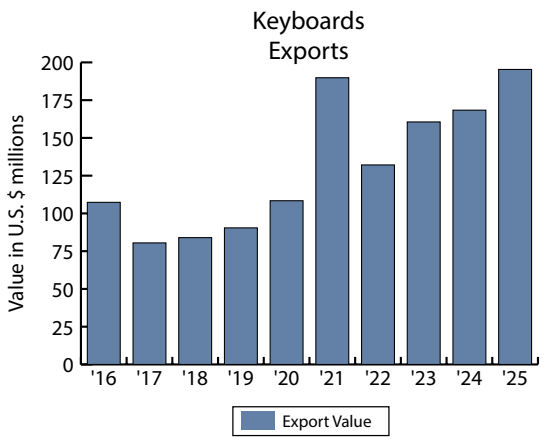


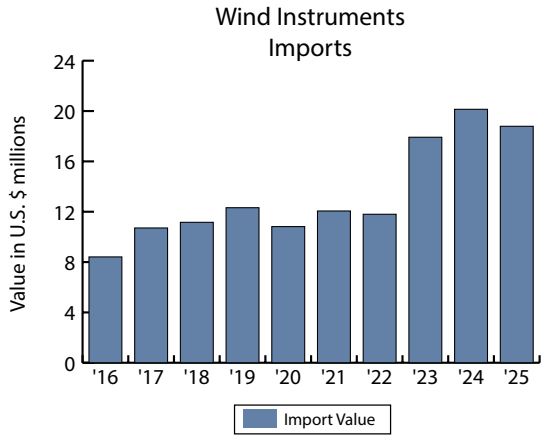



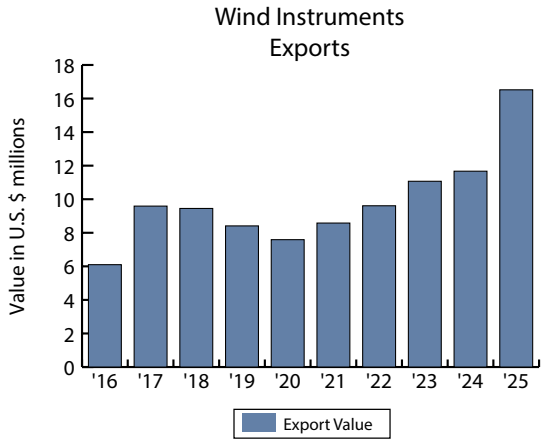



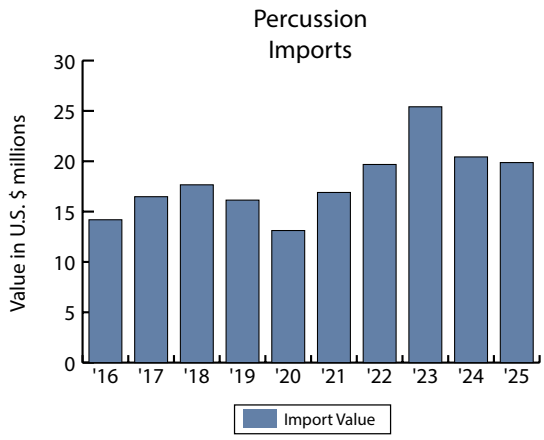



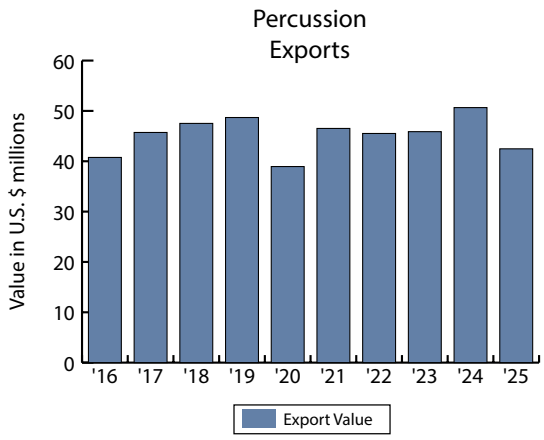



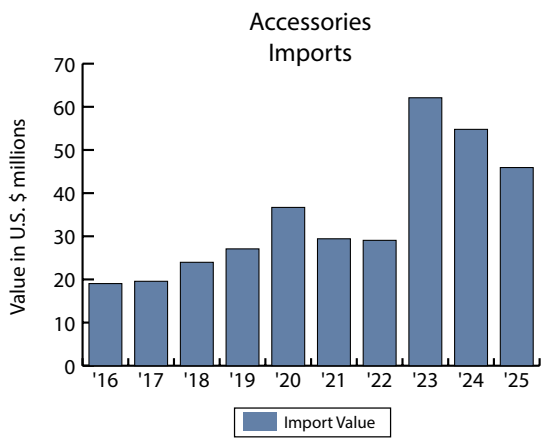
# Netherlands Imports and Exports

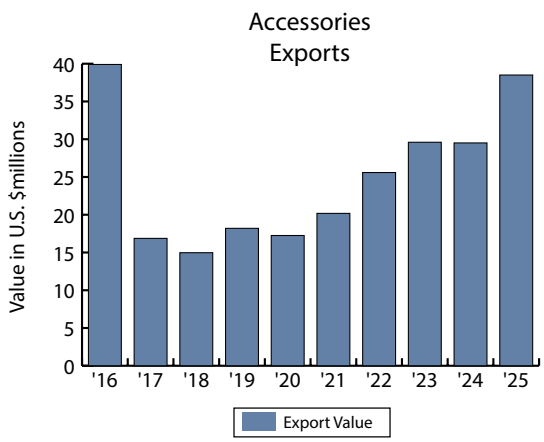


# NORWAY

## DOING BUSINESS IN NORWAY

**Market Overview**

- Norway is a modern, energy-rich country with a population of approximately 5.6 million people. It remains one of the world's wealthiest nations, with GDP per capita estimated at more than US$95,000 in 2025. High household incomes, low levels of inequality and a strong social welfare system contribute to broad consumer purchasing power across the population.

- Norway is located in Northern Europe and occupies the western portion of the Scandinavian Peninsula. The Svalbard Archipelago and Jan Mayen Island in the Arctic Ocean are also part of Norwegian territory. Norway shares borders with Sweden, Finland and Russia, while Denmark lies across the Skagerrak Strait to the south. The country's extensive coastline faces both the North Atlantic Ocean and the Barents Sea, giving Norway strategic importance in Arctic and maritime affairs.

- Covering approximately 385,000 square kilometers, Norway remains one of Europe's most sparsely populated countries. Its geography is characterized by mountains, fjords and a coastline stretching more than 60,000 miles (when including fjords and islands).

- Norway is richly endowed with natural resources, including petroleum, natural gas, hydropower, fisheries, forests and critical minerals. The petroleum and energy sectors continue to play a central role in the economy, although the country is also investing heavily in renewable energy, carbon-capture technologies, battery production and green maritime solutions.

- Norway's economy remained resilient through 2024 and into 2025 despite slower European growth and continued global economic uncertainty. Mainland GDP growth is expected to remain modest but positive, supported by energy exports, strong public finances and continued investment in infrastructure and green technologies. Inflation has eased significantly from earlier highs, while unemployment has remained relatively low at around 4%. Norges Bank has begun cautiously signaling the possibility of gradual interest rate reductions in 2025 as inflationary pressures moderate.

- Norway maintains a mixed economic model that combines free-market activity with significant government involvement in strategic sectors. The government retains major ownership stakes in key industries, particularly energy, transportation, telecommunications and finance.

- Norway's external financial position remains among the strongest globally, supported by substantial energy-export revenues and the Government Pension Fund Global, the world's largest sovereign wealth fund, valued at more than US$1.7 trillion in 2025. The country strongly supports open trade, stable investment conditions and international economic cooperation.



- Norway continues to be one of Europe's most important energy suppliers and remains among the world's largest exporters of natural gas. Since 2022, Norway has become Europe's leading supplier of natural gas following reduced Russian energy exports to the region.

- Norway's maritime sector remains globally competitive, with one of the world's most advanced merchant and offshore shipping fleets. Other major industries include offshore services, aquaculture and seafood production, renewable energy technologies, information and communications technology, advanced manufacturing and energy-intensive industries such as aluminum and chemicals.

- Norway is a stable constitutional monarchy and parliamentary democracy with strong institutions, low corruption and high levels of transparency. English proficiency is widespread, and many Norwegians maintain close cultural, educational and business ties with the United States. Norwegian business culture is generally informal, transparent and consensus-driven, while business ethics closely align with U.S. standards and practices.

- Norway is not a member of the European Union but participates in the EU single market through the European Economic Area (EEA) agreement. Through the EEA, Norway adopts most EU internal market legislation and maintains close economic integration with the EU, with exceptions primarily related to fisheries and agriculture. Norway is also part of the Schengen Area, which allows for the free movement of people between most European countries. While temporary border controls have occasionally been reintroduced in parts of Europe for security and migration-management purposes, Norway continues to participate fully in the Schengen framework.

**Market Challenges**

The overall economic and trade relationship between the United States and Norway remains strong, and Norway's business environment is generally transparent, stable and receptive to U.S. products, services and investment. However, certain sectors, particularly agriculture and food products, remain highly protected through tariffs, quotas and regulatory requirements. Norway's relatively small domestic market can limit economies of scale for some exporters, although the country often serves as a strategic gateway to the broader Nordic and Baltic regions. High labor costs, strict environmental regulations and detailed compliance requirements may also present challenges for foreign companies entering the market. In addition, Norway continues to align closely with EU sanctions and export controls related to Russia, maintaining restrictions on a wide range of trade and investment activities.

**Market Opportunities**

Norway offers significant opportunities for U.S. companies across a variety of advanced and high-growth sectors. Strong demand continues in offshore energy, including oil and gas services, offshore wind, carbon capture and storage, hydrogen and other renewable energy technologies. Additional opportunities exist in defense and aerospace, maritime technologies, aquaculture and seafood innovation, information and communications

technology, cybersecurity, health care and life sciences, smart infrastructure, electric transportation and sustainable consumer products. Norway's strong public finances, advanced digital infrastructure, highly educated workforce and commitment to sustainability continue to support investment and innovation across the economy. Increased defense spending and Arctic-focused security initiatives have also created new opportunities for U.S. suppliers and strategic partnerships.

**Market-Entry Strategies**

U.S. exporters seeking opportunities in Norway should consider working with experienced local agents, distributors or strategic partners familiar with Norwegian and broader Nordic business practices. Success in the Norwegian market often depends on establishing long-term relationships, demonstrating high quality and sustainability standards, and providing strong after-sales service and technical support. Because Norway participates in the European Economic Area (EEA), many products must comply with EU technical, environmental and safety standards. U.S. companies seeking general export information and country-specific commercial assistance should consult their nearest U.S. Export Assistance Center or the U.S. Department of Commerce's Norway country resources.

*"Doing Business in Norway" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import data obtained from the website of the International Trade Centre (ITC)**

# NORWAY SNAPSHOT

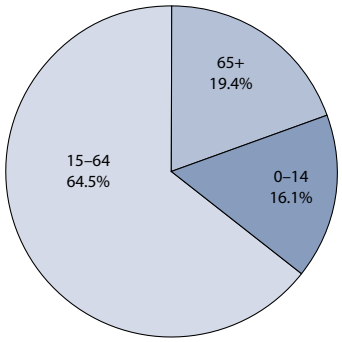
## Demographics

Population in millions 5.5

| Age | Male | Female |
|---|---|---|
| 0–14 | 0.46 | 0.44 |
| 15–64 | 1.83 | 1.74 |
| 65 & Over | 0.51 | 0.57 |

Median Age 41.0
Population Growth 0.57%

Demographics

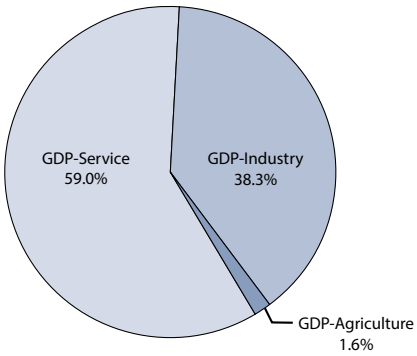



## Economy

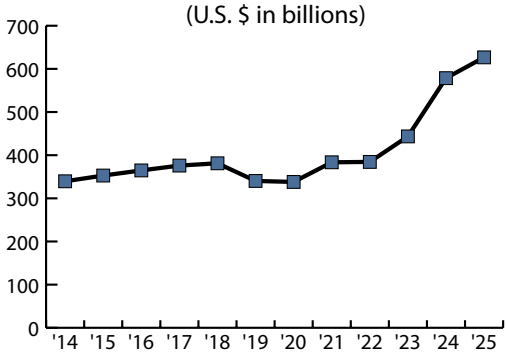
| | |
|---|---|
| GDP (PPP) | $626.7 billion |
| GDP Per Capita | $111,550 |
| GDP-Real Growth Rate | 1.10% |
| Unemployment Rate | 4.50% |
| Inflation | 3.00% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

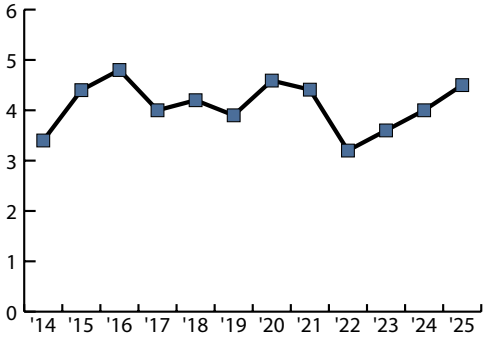
Economy



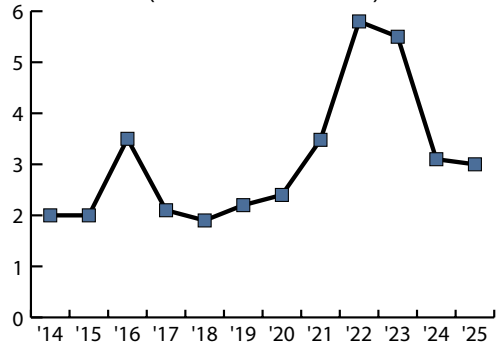

Norway GDP (PPP)
(U.S. $ in billions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

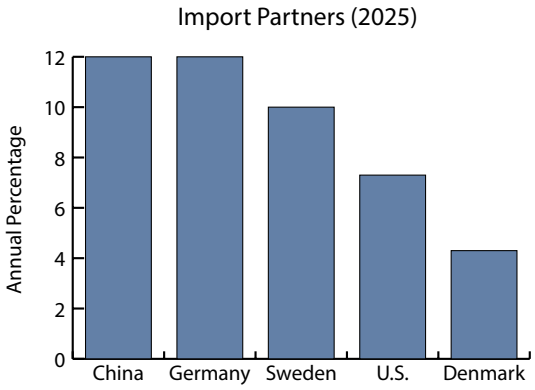


## Trade

| | |
|---|---|
| Total Export | $170.5 billion |
| Total Import | $109.9 billion |

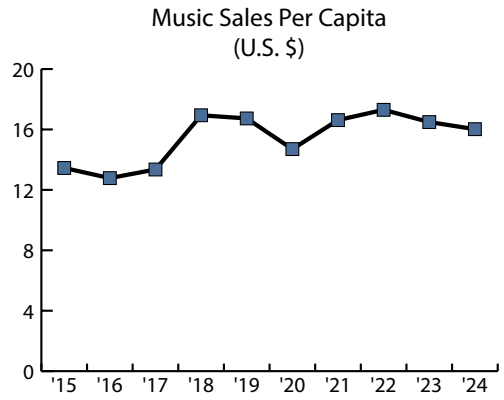
| | |
|---|---|
| Export as % of GDP | 27.21% |
| Import as % of GDP | 17.53% |

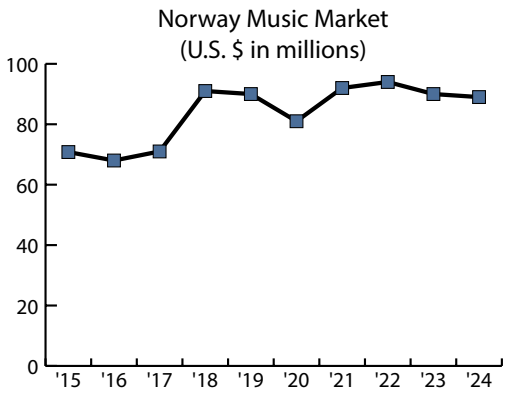


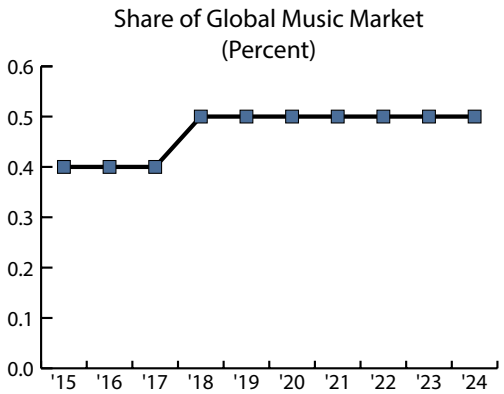




## Music Industry

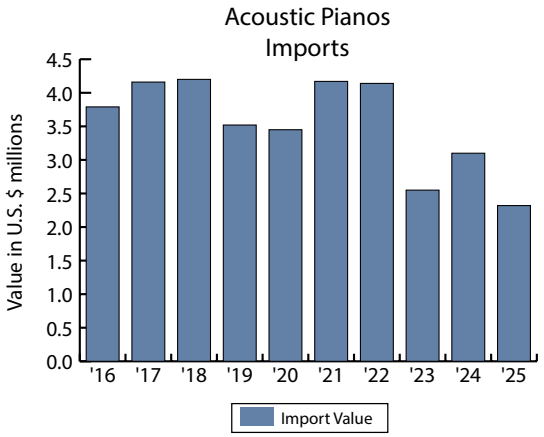
| | |
|---|---|
| Music Market | $89.0 million |
| Sales Per Capita | $16.02 |
| Global Share | 0.50% |

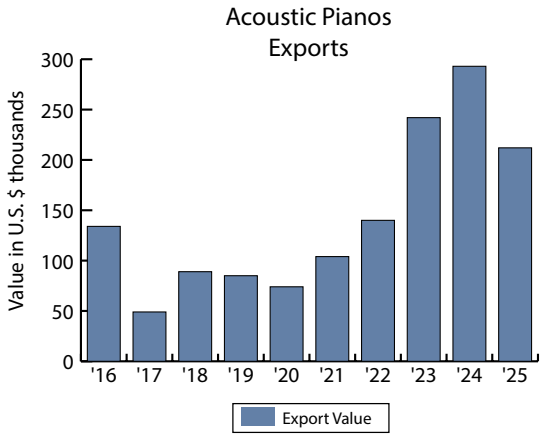


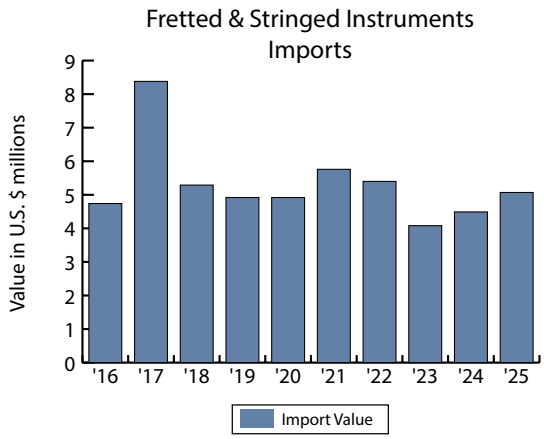



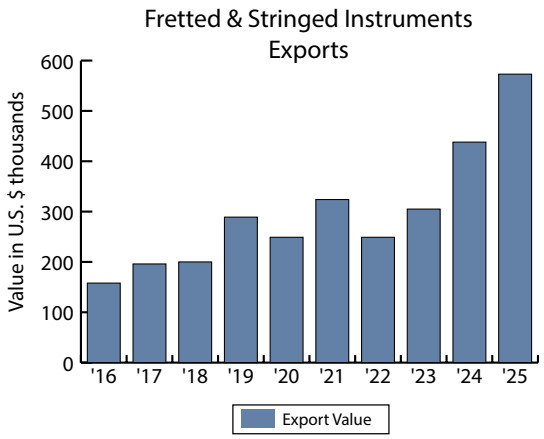



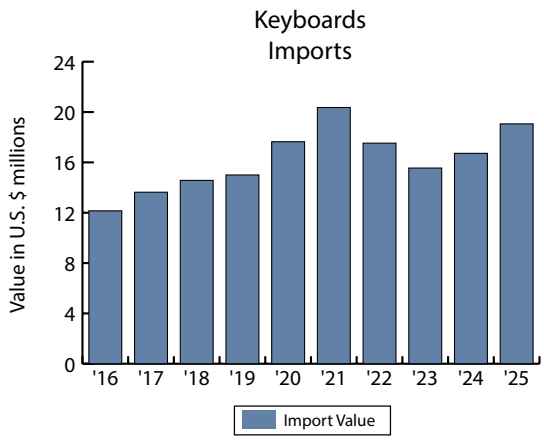
# Norway Imports and Exports

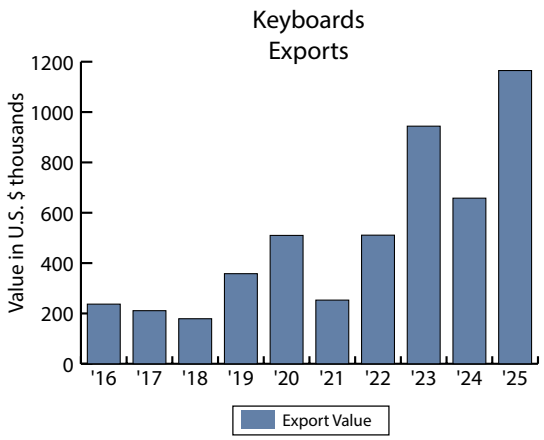


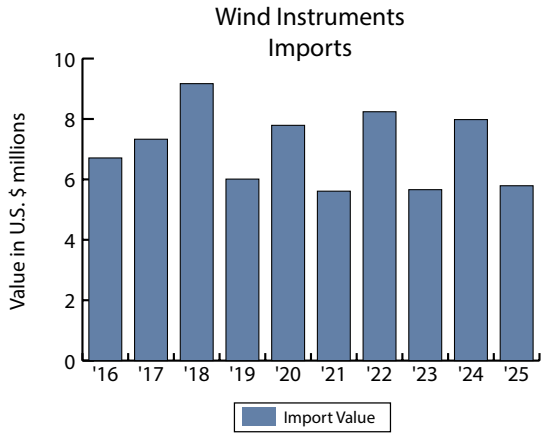



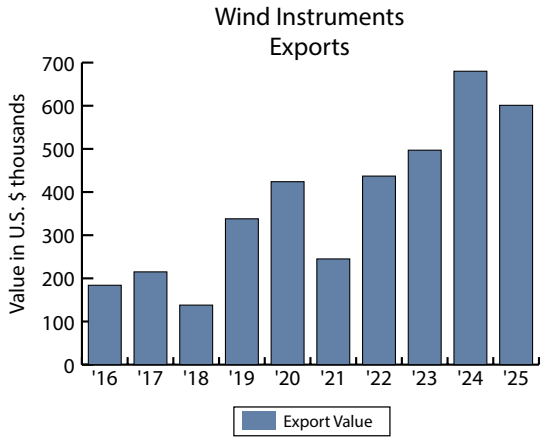



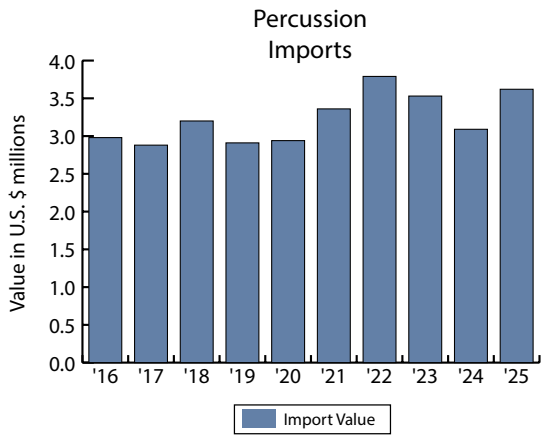



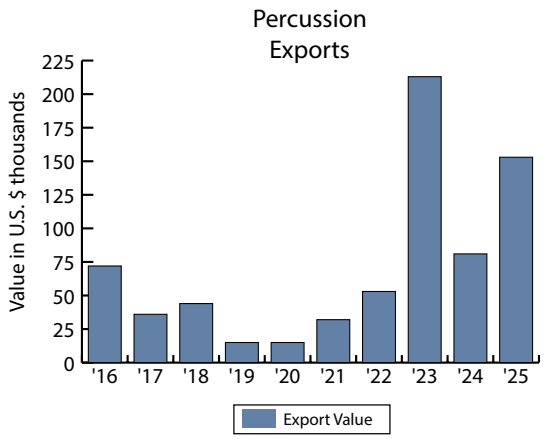



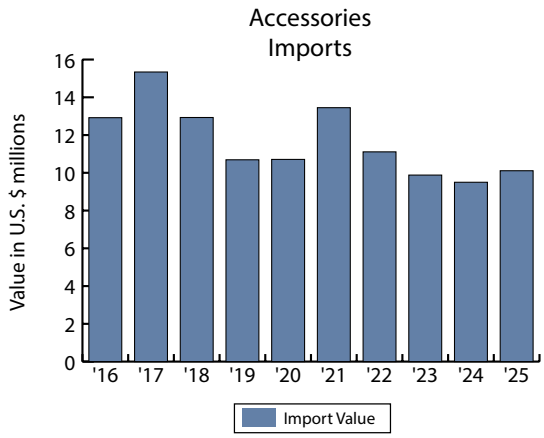
# Norway Imports and Exports

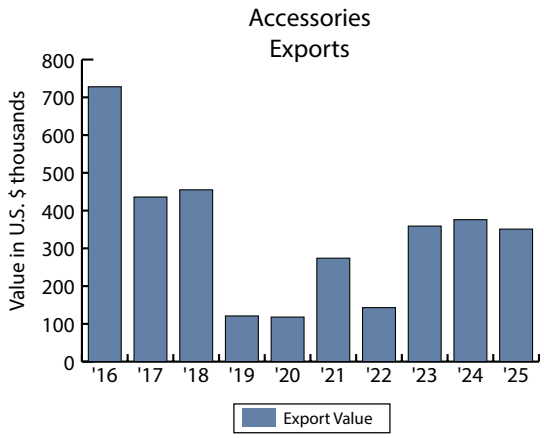




# PHILIPPINES

**Current High Points in the Music Products Industry**
There are three forces driving the Philippine music industry in 2026: the return of live performances, global recognition of Original Pilipino Music (OPM) and Pinoy Pop (PPOP), and the continued boom of music content creation and consumption by Filipinos.

These three factors influence interest in music retail, particularly instruments (e.g., guitars, keyboards, MIDI controllers) and home recording equipment (e.g., microphones, audio interfaces, headphones, monitors, podcast gear).

Pro Audio Surge
Tia de Guzman, marketing communications manager of Audiophile Components (one of the biggest audio retailers in the country), told reporters in August 2025 that pro audio is experiencing a surge driven by live events, concerts and corporate functions post-pandemic.

"This resurgence is fueling a substantial increase in demand for professional audio equipment, including PA systems, wireless microphones and mixers, as the events and hospitality industries invest in upgraded sound systems to enhance audience engagement," de Guzman said.

Demand is strongest for PA systems, wireless microphones, mixing consoles and large-format line arrays.

Alvin Quisimbing, president of Modular Display, Inc., noted that sound system installs in places of worship have been a high point for music retail. "Many churches are now investing seriously in professional audio, lighting and streaming systems, especially after realizing the importance of online and hybrid worship setups during the pandemic," he said.

The Philippines is the largest Catholic nation in Asia, with thousands of parishes around the country, along with Christian evangelical megachurches. These all drive demand for PA systems, in-ear monitoring, lighting, band equipment and gear maintenance.

Quisimbing further notes: "The rise of local musicians, DJs, vloggers, podcasters and independent creators has also increased demand for quality audio interfaces, microphones, studio monitors and production tools. International brands are becoming more accessible locally, and there is now a growing community of trained audio engineers, DJs and music producers in the country. Events, expos and educational training are also helping raise industry standards."

**OPM and P-POP Global Recognition**
The year 2025 was remarkable year for Original Pilipino Music, and especially its offshoot PPOP (Pinoy Pop). PPOP is contemporary OPM that blends elements of K-Pop, EDM and R&B with Filipino sensibilities, most notably the use of Filipino colloquialisms and languages apart from Tagalog (it's estimated that the Philippines has more than 150 languages throughout its 7,107 islands).



This movement is spearheaded by acts like SB19 and BINI, both of which have toured globally, most notably having performed at Lollapalooza and Coachella, respectively. SB19 also gave a sold-out concert at the SMDC Festival Grounds at the Mall of Asia (Manila) in April 2026 that drew 100,000 attendees for a world-class production.

OPM rock bands like Cup of Joe and Lola Amour dominated both online streaming and live shows via sold-out arena performances throughout the country. Cup of Joe notably was the first Filipino act to break into the *Billboard* Global 200 (peaking at #80 with the song "Multo") and performed at a sold-out show at the Philippine Sports Stadium in May 2026 with 25,000 attendees.

**Content Creation and Consumption**

The Philippines consistently ranks among the world's top consumers of online content, but it's also a nation of casual and professional content creators. Vloggers, podcasters, dance creators, singers, mukbangers, livesellers … name one content niche and you're bound to find a Filipino making something for it. This has led to a surge in cheap microphone and headphone sales aimed at content creators. These products are mostly OEM and brands from China, purchased effortlessly from online sellers in Shopee, Lazada or TikTok Shop.

**Current Low Points in the Music Products Industry**

The Philippine peso's weakness is the main factor for downtrends in the music products industry. Roughly 90% of musical instruments and pro audio gear sold are imported, so currency depreciation against the dollar stymies product sales in an already price-sensitive market.

Mario Benipayo, president and CEO of Forerunner Technologies, says the Philippines' "economic situation always affects everything. The peso falling, time to pay school tuition fees, rainy days … it's a mix of understanding the cyclic trend and rolling with the punches of unpredictable events."

A sharp spike in inflation earlier this year also affected discretionary spending. The Philippine Statistics Authority reported overall inflation of 7.2% in April 2026 (the highest level since March 2023), driven by fuel costs wrought by the U.S.-Iran war, as well as the cost of food, transport and housing.

Gray market and counterfeits continue to be headwinds for authorized distributors in the Philippines. Fake microphones (e.g., counterfeit Shure SM58s and SM57s) are rife, along with counterfeit guitar pedals and unbranded OEM instruments shipped direct from overseas via Shopee or Lazada.

Benipayo notes: "On the live sound front, it's been harder to push higher-end speaker systems and mixers to rental companies. The flood of generic, affordable speakers and clones have taken a lot from our usual markets, so we have shifted to put efforts in projects where decisions are based more on performance specs than price."



**Leading Opportunities and Areas of Growth**

Pro audio and live performance opportunities present the best avenues for growth because of the demand for both installation and touring equipment. As houses of worship, venues and touring tech riders develop more complex needs, the local music retail market must remain in step and be the first port of call for artists, rental companies and churches.

But it's not just the pro audio market that must be served: Filipino musicians too are becoming more tech-savvy and presenting more sophisticated live shows that require in-ear monitoring, timecode and playback systems.

According to Benipayo, "More musicians have been wanting to invest, or have already invested in wireless instrument connections for guitars and bass. The usual reason is for the feeling of freedom onstage. There is also a trend in ditching the guitar amp and going for digital effects that have amp and cab sims."

Furthermore, Quisimbing notes that turnkey audio solutions are on the rise: "There is growing demand for complete solutions instead of stand-alone products. Customers now want training, system design, technical support and integration services."

**Forecasting the Music Industry**

The year 2026 has already been a standout for PPOP, and this trend will continue to strengthen over the next few years due to the success of and online attention generated by both BINI and SB19.

Artificial intelligence could potentially play a key role in the growth of the music retail industry in the Philippines, especially related to live sound and pro audio, as long as AI technologies are able to bring efficiencies and lower prices without displacing human labor (especially in sound system rentals, where manpower is essential).

The jury is out for generative AI, however. Opinions vary regarding AI-assisted composition, but the general online consensus among Filipino musicians is that fully generative AI is slop.

Despite this, there are numerous YouTube channels dedicated to OPM AI covers that have sprung up in the wake of genAI music services like Suno, so from a listener's perspective, there is still no clear indication whether genAI is unacceptable, but we could see stronger opinions both for and against this over the next five years.

Disruptive music technologies will emerge, and trends will come and go, but for as long as Filipinos love music, there will be some form of music products industry operating in the Philippines, both online and off.

**The Philippine Music Retail Industry at a Glance**

- **Musical instruments market revenue (2025):** ~US$650 million, projected to grow at a 7.83% CAGR to roughly US$878 million by 2029 (Statista). A separate forecast from consultant 6Wresearch pegs growth even higher — between 10% and 13.66% annually through 2028.



- **Total audio electronics market (consumer and pro audio):** projected to reach US$8.1 billion at a 4.5% CAGR over the next several years (6Wresearch).
- **Per capita instrument spend:** roughly US$5.38 — modest by Asia-Pacific standards but rising with disposable income.
- **Population:** ~118 million, with a median age of about 25 — a critical demographic tailwind.
- **Main retail channels:** Three legacy distributors — JB Music (25+ mall-based stores), G.A. Yupangco & Co. / Perfect Pitch (Yamaha, Roland, Fender, Line 6, Boss), and Audiophile Components Inc. (Ibanez, Shure, TAMA, Korg, Peavey, Paiste) — plus a fast-growing layer of independent online sellers on Lazada, Shopee and TikTok Shop.

*Commentary by DJ Joey Santos, founder of Love One Another Sound Production*

## DOING BUSINESS IN THE PHILIPPINES

**Market Overview**

The Philippines remains one of Southeast Asia's faster-growing economies, supported by strong domestic consumption, infrastructure spending, remittances and a growing services sector. In 2024, GDP growth reached approximately 5.7%, making the Philippines one of the stronger-performing economies in ASEAN despite global economic uncertainty and weather-related disruptions. The country's nominal GDP reached roughly US$460 billion, with a population of more than 117 million people and a growing middle class. Inflation moderated significantly in 2024, averaging around 3.2%, allowing the Bangko Sentral ng Pilipinas (BSP) to begin cautiously easing interest rates.

The Philippine economy continues to be driven primarily by the services sector, followed by manufacturing and agriculture. Electronics and semiconductors remain the country's largest export category, while business process outsourcing (BPO), digital services, tourism and remittances continue to play major roles in economic growth. The labor market improved in 2024, with unemployment falling to its lowest level in nearly two decades. Poverty rates have also continued to decline alongside rising household incomes.

The Philippine government has continued efforts to attract foreign investment through economic liberalization measures and regulatory reforms. Recent legislation has expanded foreign ownership opportunities in selected sectors, lowered barriers for foreign retail businesses, reduced corporate tax rates and strengthened the framework for public-private partnerships (PPPs). Despite these reforms, challenges such as bureaucratic red tape, infrastructure gaps, regulatory uncertainty and corruption continue to affect the business environment.

The United States remains a major economic and strategic partner for the Philippines. Bilateral trade in goods exceeded US$23 billion in 2024, with strong activity in electronics, machinery, agricultural products, and services. The Philippines continues to present



opportunities for U.S. companies in infrastructure, renewable energy, transportation, information technology, health care, agriculture, cybersecurity, telecommunications, consumer goods and advanced manufacturing. Its large English-speaking workforce, strategic Indo-Pacific location and growing digital economy continue to make the Philippines an attractive market and regional business hub.

**Market Challenges**

Bureaucratic inefficiencies and corruption continue to present challenges for businesses operating in the Philippines. While the government has implemented anti-corruption and ease-of-doing-business reforms, concerns remain regarding transparency, regulatory consistency and lengthy administrative processes at both the national and local levels. Regulatory requirements, including product registration, standards compliance, labeling, environmental regulations and import licensing, can also create additional costs and delays for foreign companies.

Infrastructure constraints remain a significant issue despite ongoing public and private investment initiatives. Traffic congestion in Metro Manila and other urban centers, port congestion, uneven transportation infrastructure and high logistics costs can affect supply chains and business operations. Digital infrastructure has improved in recent years, but internet reliability, cybersecurity risks and connectivity gaps remain concerns in some areas.

Government procurement opportunities exist across infrastructure, defense, health care, energy and technology sectors, but foreign companies often benefit from working with experienced local partners familiar with procurement rules and bidding procedures. Procurement processes can be complex and paperwork-intensive, with price competitiveness remaining a major factor in contract awards.

The Philippine market is also highly price-sensitive. Although U.S. products are generally viewed positively for their quality and reliability, they are often priced above regional competitors. Successful exporters typically adapt pricing strategies to local market conditions and offer flexible payment terms, financing options and strong after-sales support.

**Market Opportunities**

The Philippines continues to offer strong opportunities for U.S. companies in information and communications technology (ICT), digital infrastructure, cybersecurity, cloud computing, renewable energy, defense, transportation infrastructure, health care, agribusiness and advanced manufacturing. The country's expanding digital economy, young English-speaking workforce and growing middle class continue to drive demand for technology products, digital services, telecommunications upgrades and e-commerce solutions.

The Philippine government is prioritizing digital transformation and infrastructure modernization, creating opportunities in broadband expansion, data centers, smart cities, cybersecurity and telecommunications. In the defense sector, the Armed Forces of the Philippines' long-term modernization program continues to generate demand for



aircraft, maritime systems, radar and surveillance technologies, cybersecurity solutions, communications systems and defense equipment.

Energy security and sustainability remain major government priorities. The Philippines is actively pursuing investments in renewable energy, offshore wind, energy storage, smart grids, liquefied natural gas (LNG) and emerging technologies such as civil nuclear energy. Significant opportunities also exist through the government's "Build Better More" infrastructure initiative, which includes major transportation, water, digital connectivity, health care and energy projects. U.S. firms may participate directly, through local partners, as subcontractors on foreign-funded projects or through public-private partnership (PPP) arrangements.

**Market-Entry Strategies**

Agents, distributors and local partners remain essential for most U.S. companies entering the Philippine market. Strong local representation can help companies navigate regulations, government procurement processes, business culture and regional distribution networks. Most major distributors and business partners are based in Metro Manila, though many also maintain operations in key regional centers such as Cebu, Davao and Cagayan de Oro.

Government procurement opportunities often require collaboration with a Philippine partner, particularly for infrastructure, defense and public-sector projects. U.S. firms should conduct careful due diligence when selecting local representatives and should prioritize partners with strong industry relationships and regulatory experience.

Relationship-building and regular in-country engagement remain important for long-term success in the Philippines. Companies should be prepared for longer sales cycles and administrative processes, particularly in government-related projects. Businesses that demonstrate flexibility, competitive pricing, strong after-sales support and long-term commitment to the market are generally best positioned for success.

*"Doing Business in the Philippines" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import and export data obtained from the website of the International Trade Centre (ITC)**

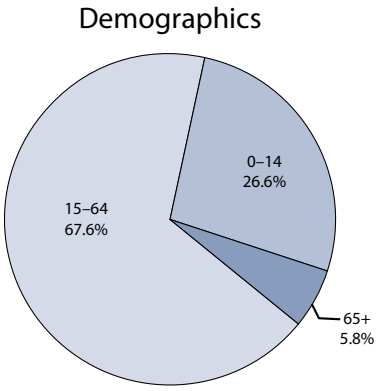
# PHILIPPINES SNAPSHOT

## Demographics

Population in millions 112.9

| Age | Male | Female |
|---|---|---|
| 0–14 | 15.50 | 14.55 |
| 15–64 | 38.80 | 37.50 |
| 65 & Over | 2.55 | 4.01 |

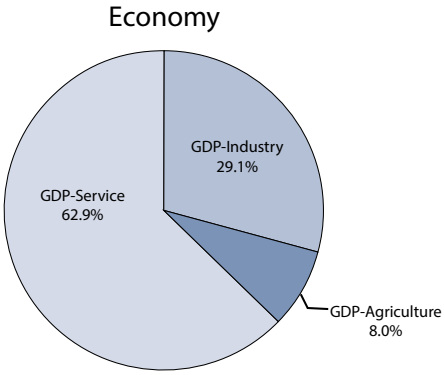
Median Age 27.1
Population Growth 0.74%

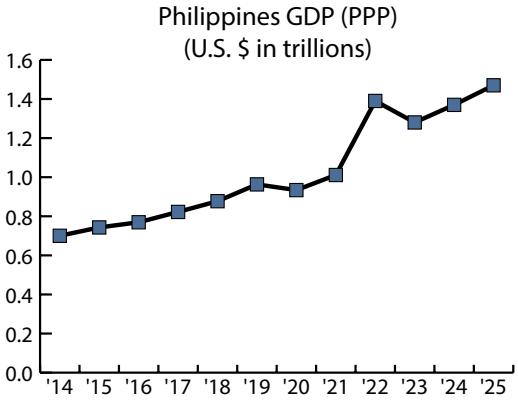


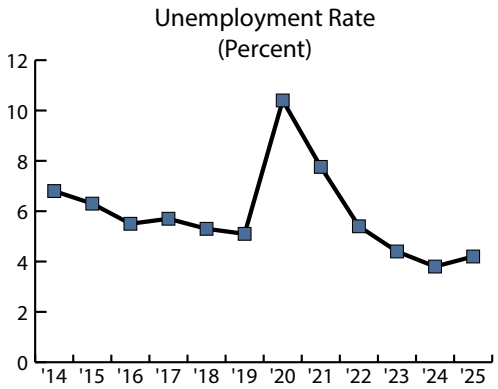

## Economy

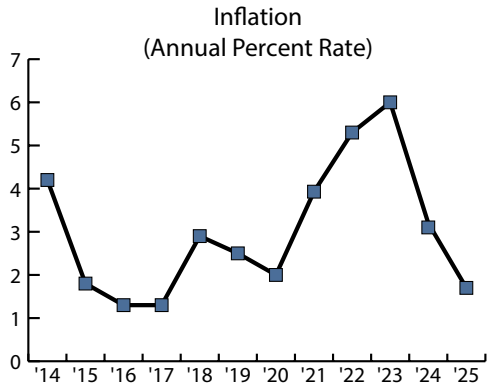
| | |
|---|---|
| GDP (PPP) | $1.47 trillion |
| GDP Per Capita | $12,880 |
| GDP-Real Growth Rate | 4.40% |
| Unemployment Rate | 4.20% |
| Inflation | 1.70% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.



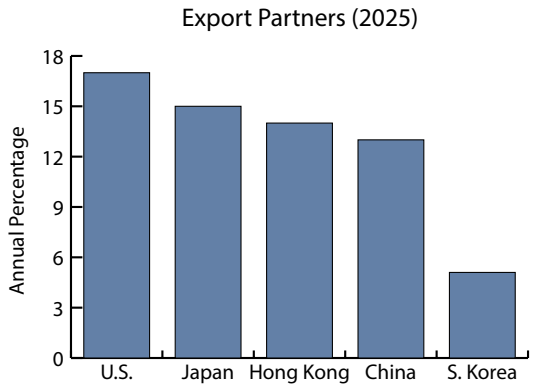



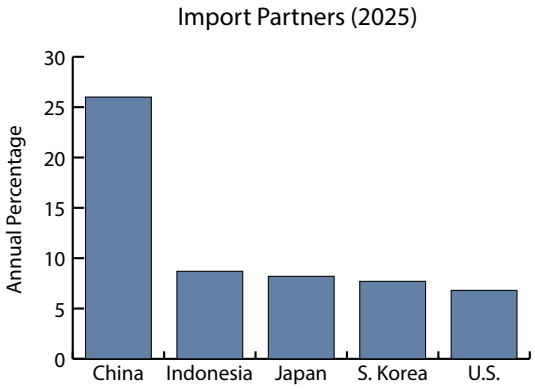



## Trade

| | |
|---|---|
| Total Export | $84.5 billion |
| Total Import | $134.9 billion |

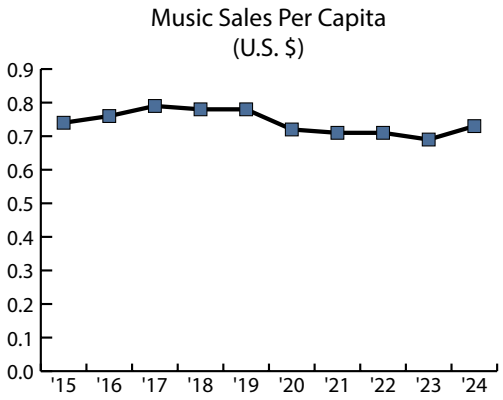
| | |
|---|---|
| Export as % of GDP | 5.75% |
| Import as % of GDP | 9.18% |

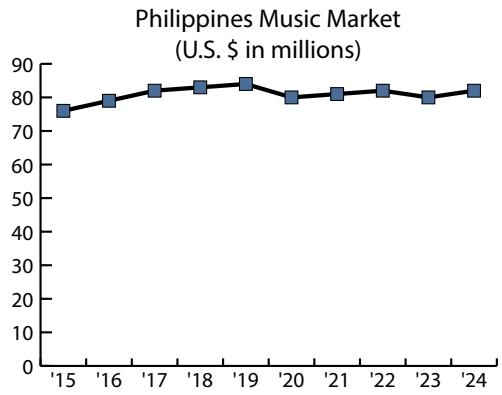


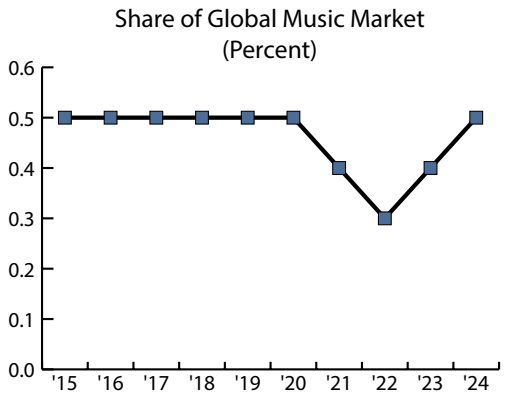




## Music Industry

| | |
|---|---|
| Music Market | $82.0 million |
| Sales Per Capita | $0.73 |
| Global Share | 0.50% |

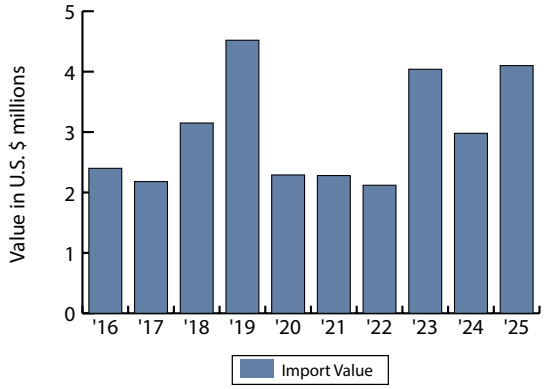


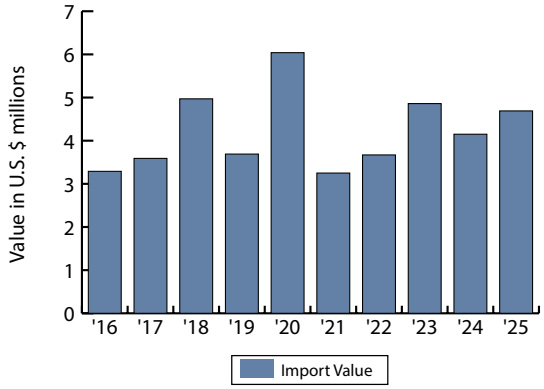



# Philippines Imports

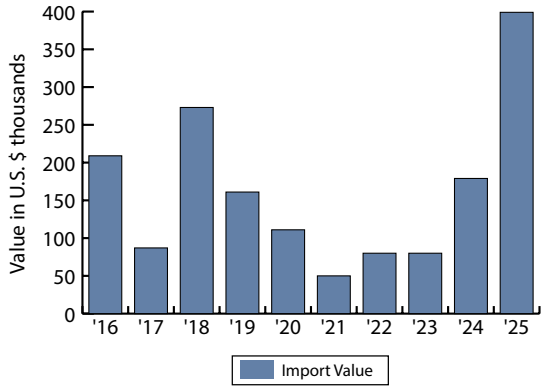
## Guitars



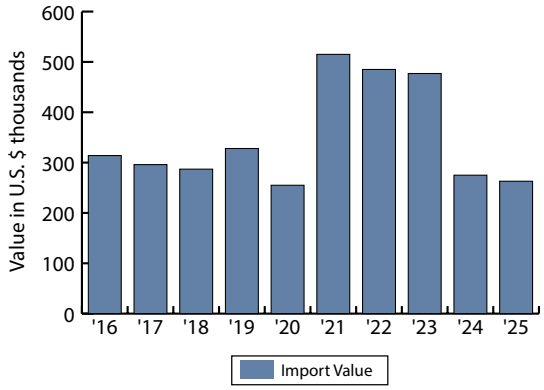

## Fretted Instruments



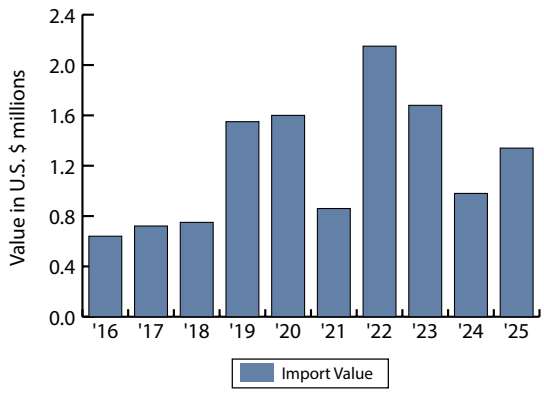

## Stringed Instruments



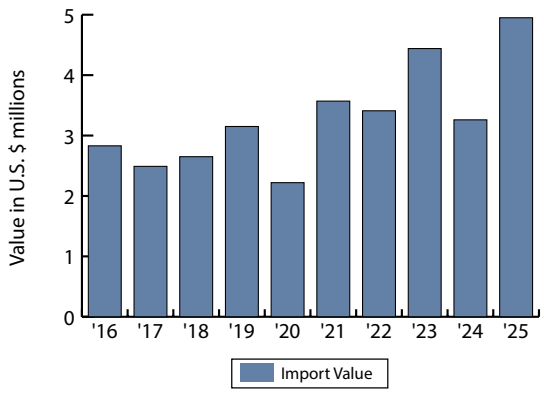

## Upright Pianos




## Grand Pianos

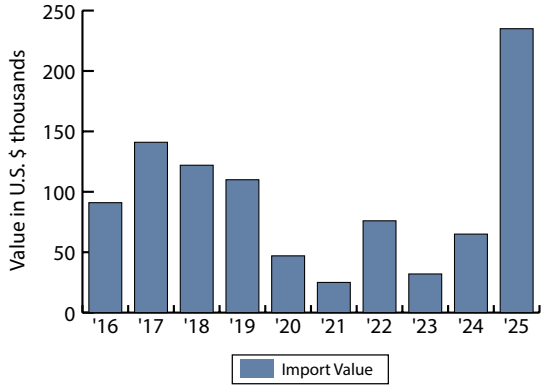



## Keyboards

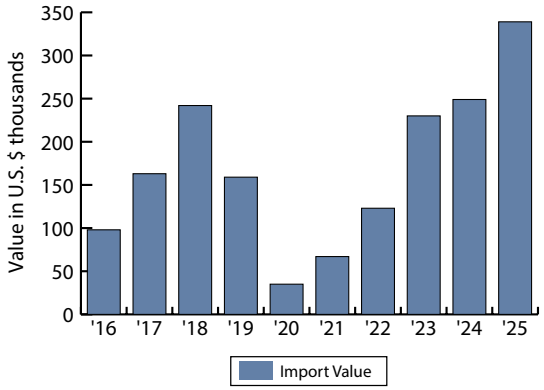


# Philippines Imports

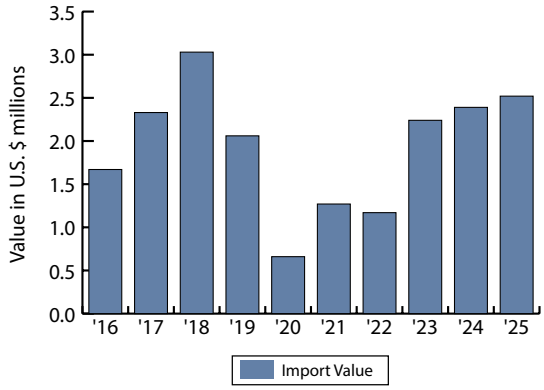
## Brass Instruments



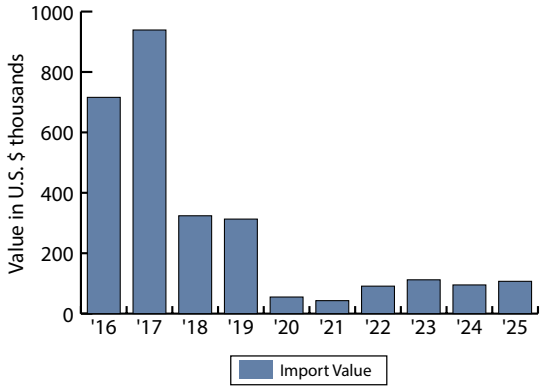

## Wind Instruments



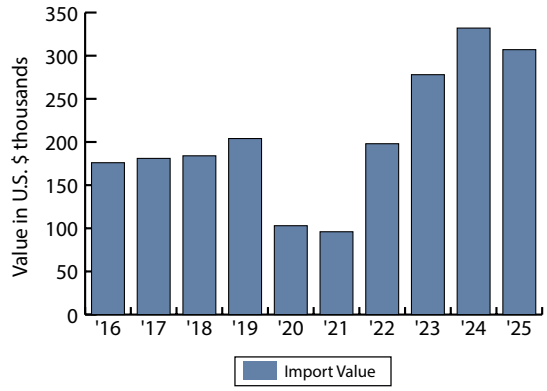

## Percussion



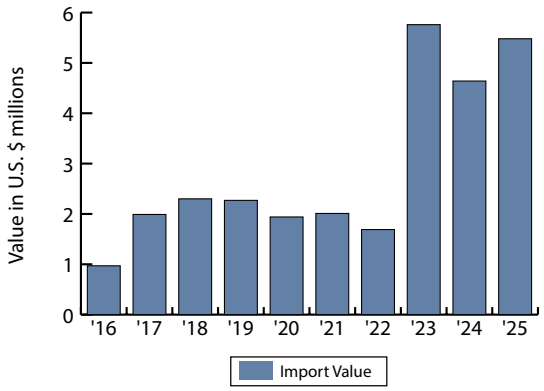

## Organs




## Instrument Strings




## Accessories



# POLAND

Following the post-pandemic correction period — when the strong boom of 2020–2021 was followed by a temporary slowdown driven by inflationary pressures — 2025 brought market stabilization and a moderate recovery. The improving macroeconomic environment played a significant role in this shift. Interest rates in Poland declined steadily throughout 2025, with the National Bank of Poland's benchmark rate falling from 5.75% to 3.75%, while household savings increased by nearly 13%. As a result, consumers showed a greater willingness to spend on hobbies and durable goods, including musical instruments.

**Musical Instrument Market**

According to the latest official statistics on foreign trade in Poland, imports of musical instruments have risen to approximately €70 million. However, the Polish musical instruments and pro-audio market still relies largely on estimated reports and distributor data. Based on these estimates, the market is currently valued at approximately €100–110 million (US$114-125 million) in B2C retail sales, with moderate year-on-year growth of 4.5%–5.2%. Per capita spending on musical instruments in Poland remains among the lowest in Europe, at approximately €2.5 annually.

Escalating logistics and component costs have significantly inflated retail prices for new branded instruments, driving consumer demand toward alternative channels. Products exceeding the national average monthly salary are increasingly unviable for the baseline consumer segment. As purchasing decisions become heavily price-driven, the secondary musical instrument market is experiencing unprecedented growth, capturing demand that has decoupled from primary retail channels due to affordability constraints. The annual value of transactions involving used musical equipment on online marketplaces and specialized community trading platforms is estimated at approximately €35–38 million (US$40-43 million).

The sales structure remains relatively stable, with keyboard instruments accounting for approximately 28% of the market and around 24% for guitars. However, the fastest-growing segment is Home Recording and Pro Audio equipment, which now represents about 19% of the market, driven largely by influencers, content creators and streamers.

The Polish musical instrument retail sector is characterized by rapid digitalization and the growing dominance of cross-border e-commerce platforms. Traditional boundaries between music retailers and consumer electronics stores are increasingly blurred.

According to market estimates, online sales now account for approximately 60% of total market turnover, while brick-and-mortar stores generate the remaining 40%, serving primarily as showrooms for testing top-of-the-line equipment. Small and medium-sized independent music retailers, particularly those in major urban centers, face severe competitive pressures from dominant Western European e-commerce conglomerates. This disparity is further exacerbated by escalating operational costs, which have accelerated the steady contraction of brick-and-mortar music stores within the Polish market.

Consequently, a critical market gap has emerged: Several major Polish cities with populations exceeding 400,000 to 500,000 residents currently lack a single dedicated physical music storefront. This deficit exists despite robust local cultural infrastructure,



including active music academies, concert halls and prominent cultural institutions that maintain a consistent demand for musical instruments, sheet music and accessories.

Few global musical instrument brands maintain direct branch offices in Poland, leaving most international manufacturers reliant on domestic distributors. This has led to heavy vertical integration, as many local distributors also operate direct-to-consumer retail channels, competing directly with the independent dealers they supply.

Following the success of a regional guitar trade show in Poland, the country has seen a rise in grassroots initiatives and specialized music industry events, reflecting growing market engagement and demand for targeted networking and commercial platforms.

**Music Education**

Poland's music education system is one of the most robust in Europe, sustained by strong public support and stable enrollment despite demographic declines. Rooted in the traditional master-apprentice model, the system integrates practical and theoretical training across public, private and tertiary sectors.

The foundational public sector comprises 540 tuition-free schools educating more than 60,000 students, with entry regulated by competitive examinations, and talent further developed through national festivals and competitions. This is complemented by a private sector of approximately 220 urban schools, largely dominated by two major brands and international franchises collaborating with local cultural and commercial partners. At the tertiary level, advanced training is highly diversified across 26 institutions—9 specialized music academies and 17 universities—collectively offering around 200 undergraduate and graduate programs across 18 fields of study. This multilayered infrastructure ensures a highly competitive and sustainable ecosystem for musical development.

**Summary**

The Polish musical instruments market has entered a mature phase characterized by strong polarization between the budget and premium segments. Entry-level products remain competitive due to favorable price-to-quality ratios, while premium instruments continue to perform as resilient luxury goods. Under stable global economic conditions, the market is projected to grow steadily at around 5% annually, driven by continued demand for home audio production, podcasting and compact digital instruments. Long-term growth will depend on economic stability and broader access to musical instruments across the country.

## DOING BUSINESS IN POLAND

**Market Overview**

Poland is an important and dynamic market located in the heart of Central Europe. American exporters and investors are drawn to Poland due to the country's large population, well-educated and competitive workforce, strong prospects for economic growth, and location affording broader access to the European Union (EU) market of 450 million people.



POLAND

With a population 38 million, Poland is the sixth-largest market in the EU. Poland joined the EU in 2004 and shares a single market and many harmonized economic rules with the EU while retaining its own currency and monetary policy. Economic reforms have improved the environment for business and boosted economic growth.

The estimated 2024 GDP of Poland is US$915 billion (World Bank) and is projected to pass the US$1 trillion threshold soon. Poland is the EU's sixth-largest economy (Statista). According to the World Bank, Poland's well-diversified economy was among Europe's least affected by the COVID-19 pandemic. GDP increased by 2.9% in 2024. The European Commission for Economy and Finance forecasts that Poland's GDP will grow 3.3% in 2025. The core inflation rate is expected to remain moderate in 2024 (approximately 3.7%, according to the European Commission).

Fiscal policy will support economic activity, buoyed by spending from EU funds, but tightening monetary policy will limit economic growth. However, growing exports, household consumption, low unemployment (2.8% in 2025, per the European Commission), rising wages and EU fund spending are the driving forces fueling the country's continued strong economic performance. According to forecasts from the European Commission (EC), Poland's economy will grow by 3.0% in 2026, while inflation should remain stable at 2.8%. According to the EC, "the contribution from private consumption is set to remain strong but decrease compared to the previous year as real disposable income growth is projected to slow further."

Poland's global goods exports in 2024 were valued at US$383.1 billion and imports were valued at US$382.4 billion. Poland's chief export markets in 2024 were Germany 27.2%, the Czech Republic 6.1%, France 6.1%, the U.K. 5.2%, the Netherlands 4.6% and Italy 4.6%. Poland's chief import partners in the same period were Germany 19.2%, China 14.5%, United States 5.0%, Italy 4.7% and the Netherlands 3.8% (Statistics Poland). U.S. exports to Poland were approximately $US12.2 billion in 2024, and imports from Poland were $US13.7 billion (Census.gov). Poland ranks as the United States' 33rd-largest export market (ITA – Annual U.S. Goods Trade with Global Partners). There is abundant potential for U.S. firms in Poland. Poles continue to demonstrate a strong affinity for the United States and its products. This, in addition to the size and location of the domestic market, as well as the access it affords to the larger EU market, makes Poland a very promising export market for U.S. firms.

Poland is open to foreign direct investment (FDI), and U.S. companies represent one of the largest groups of foreign investors in the country at 12% of all FDI in Poland in 2022, contributing 4.1% to Poland's GDP (AmCham database). U.S. companies operate in a wide range of industry sectors, employing 327,000 people in Poland (AmCham database). Leading sectors have historically included automotive, aerospace and defense, information technology hardware and software, food products, transportation, pharmaceuticals, paper production, appliances and financial services. Investment and export opportunities also exist in the energy sector as Poland seeks to diversify its energy mix, as well as in defense and digital technologies. Poland is also a popular location for business processing centers, including call centers, shared services centers and research and development (R&D) operations.



**Market Challenges**

The IMF states that Poland's GDP (purchasing power parity (PPP)) per capita in 2024 was approximately $US51,980. According to the OECD, Poland's average household net-adjusted disposable income per capita is less than the OECD average. There is a considerable gap between the richest and the poorest people in Poland; however, income inequality is lower than in most advanced economies (OECD).

Poland's overall commercial climate is positive. The country is open to foreign investment as a source of capital, growth and jobs, and as a vehicle for technology transfer, R&D and integration into global supply chains. There are some limits on foreign ownership of companies in selected strategic sectors and limits on the acquisition of real estate, especially agricultural and forest land.

Some investors have expressed concern about Poland's lack of legal transparency and predictability, noting that new tax laws and policies are sometimes introduced quickly and without broad consultation, and that the oversized role that state-owned firms play in the Polish economy could create obstacles to long-term growth.

There are concerns that increased spending on social benefits and higher defense spending, coupled with a reduction in the retirement age and a tight labor market, could constrain GDP growth going forward. Poland's economy is projected to perform well in the next few years, in part because of an anticipated cyclical increase in the use of its EU development funds and continued household spending. Nevertheless, Poland's economic growth is expected to be impacted by Russia's ongoing war in Ukraine. GDP growth may be influenced by higher uncertainty, trade disruptions, Polish monetary policy and inflation.

Poland is among global leaders for doing business. Compared to other countries, Poland ranks favorably when it comes to cross-border trading and credit access and is improving in areas such as enforcing contracts and collecting taxes. Corruption is not a widespread problem in Poland. The country ranked 53rd out of 180 countries on Transparency International's "Corruption Perception Index" in 2024.

**Market Opportunities**

As a member of NATO since 1999, Poland has surpassed its commitment to spend at least 2% of GDP on defense. A comprehensive defense law passed in 2022 commits Poland to spending 3% of GDP on defense starting in 2023, but according to recent NATO data, annual defense spending now exceeds 4% of GDP and is projected to reach 5% in 2026.

Poland is a very active user of the U.S. Government's Foreign Military Sales (FMS) program. The country has made significant military purchases from the United States, including Apache attack helicopters, F-35 Joint Strike Fighters, PATRIOT air and missile defense system, Abrams tanks, Javelin anti-tank missiles and the High Mobility Artillery Rocket System (HIMARS).



The 2021–2027 EU budget provides €75 billion (US$86 billion) for Poland (in current prices), thereby making Poland the biggest net EU fund beneficiary. Current plans are to use funds to support infrastructure development, including improving internet access and developing smart cities; innovation, encouraging companies to conduct R&D in Poland; the energy sector; entrepreneurship; environmental protection; and education (Portal Funduszy Europejskich).

Digital technologies are an important and growing sector in Poland. There is strong demand for information technology and solutions to support advanced manufacturing, smart cities, the internet of things (IoT), cloud computing and cybersecurity — all of which offer potential for U.S. exporters.

As Poland seeks to diversify its energy sources and to modernize its electricity-generation and distribution systems, U.S. companies will find opportunities in the energy sector (e.g., natural gas, nuclear, hydrogen, photovoltaics, offshore wind). The construction of new power plants to replace older, less efficient coal-burning plants, modernization of the electrical grid, including smart grid technologies, and the development of nuclear power, both large and small modular reactors, and offshore wind also hold potential.

Poland continues to devote sizeable resources to improving its transportation infrastructure. Many projects to improve the country's roads, railways and waterways benefit from EU funds. This increased investment has also led to the rapid development of Intelligent Transport Systems (ITS), which have become an important part of Poland's highway and road infrastructure projects.

Engineering and green building services firms may find opportunities in Poland's need for premium office space and retail sector expansion. Firms with experience in "zero emission" buildings and LEED ratings will find the greatest opportunities due to application of EU standards. Additional opportunities exist for firms offering products that improve energy efficiency.

Other important sectors are agricultural products, machinery and equipment, as well as environmental technologies.

While the United States' share of Poland's import market remains small, U.S. exporters have found considerable success by targeting competitive niches, using effective market-entry strategies and diligently following up with marketing and sales support.

**Market-Entry Strategies**

Poland's population is widely dispersed. Forty percent of Poles live in rural areas, while urban dwellers are spread among many population centers, including Warsaw and Łódź in the center of the country, Kraków and Katowice in the south, Wrocław and Poznań in the west, Gdansk and Szczecin in the north, and Lublin in the southeast (per Statistics Poland).



Urban consumers generally have greater purchasing power than their rural counterparts. Personal contact with the customer is critical, and final purchasing decisions typically require a face-to-face meeting. Success in this market typically requires an in-country presence, such as an agent, distributor or representative office. While the number of English speakers in Poland is rising, particularly in cities, communication in Polish is recommended to elicit prompt responses to offers and inquiries and to facilitate negotiations. Poland's communication network is relatively well developed, and email communications and website offerings are an effective means of reaching local buyers.

Pricing is a critical factor in positioning a product or service for sale in Poland. Access to capital is difficult for most Polish firms, and business transactions are typically self-financed. U.S. firms that can arrange financing will have a competitive edge. U.S. exporters should develop a creative strategy for financing exports. Pricing can be a challenge for some U.S. exporters, especially as Poles often make decisions on price alone. Careful crafting of terms of sale, including creative currency and pricing terms, will help U.S. exporters gain a long-term advantage in the Polish market.

*"Doing Business in Poland" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration*

**The following charts are based on import and export data obtained from the website of the International Trade Centre (ITC)**

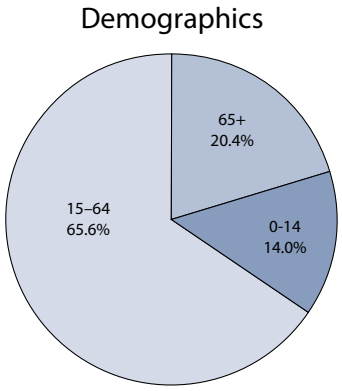
# POLAND SNAPSHOT

## Demographics

Population in millions 38.4

| Age | Male | Female |
|---|---|---|
| 0–14 | 2.77 | 2.61 |
| 15–64 | 12.38 | 12.78 |
| 65 & Over | 3.15 | 4.66 |

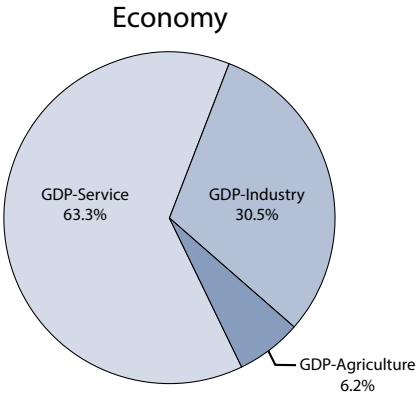
Median Age 43.4
Population Growth -0.98%

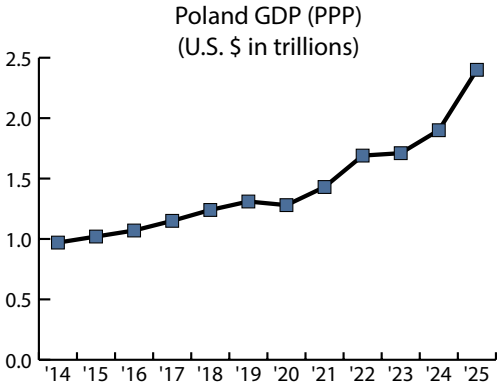


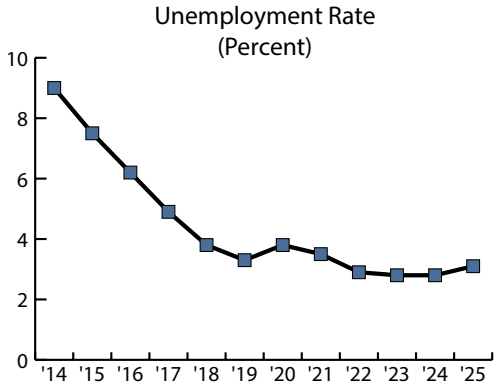

## Economy

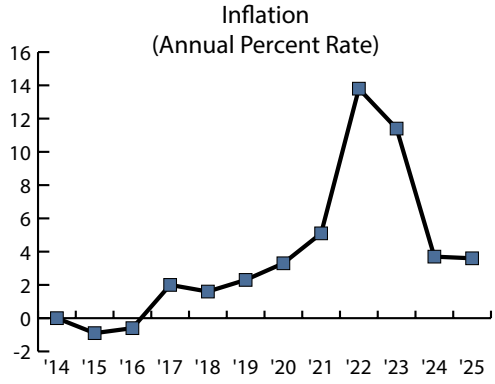
| | |
|---|---|
| GDP (PPP) | $2.40 trillion |
| GDP Per Capita | $55,790 |
| GDP-Real Growth Rate | 3.60% |
| Unemployment Rate | 3.10% |
| Inflation | 3.60% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.



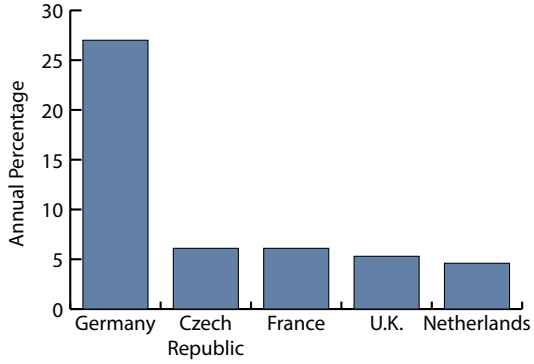



## Trade

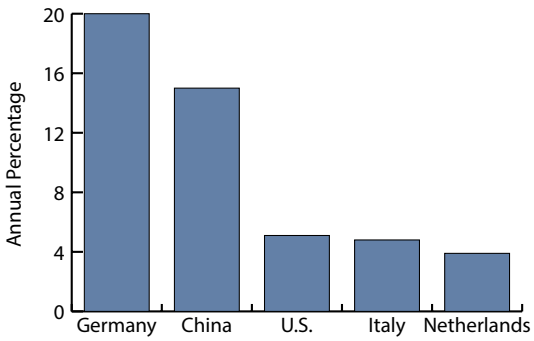
| | |
|---|---|
| Total Export | $411.7 billion |
| Total Import | $420.4 billion |

| | |
|---|---|
| Export as % of GDP | 17.15% |
| Import as % of GDP | 17.52% |

Export Partners (2025)



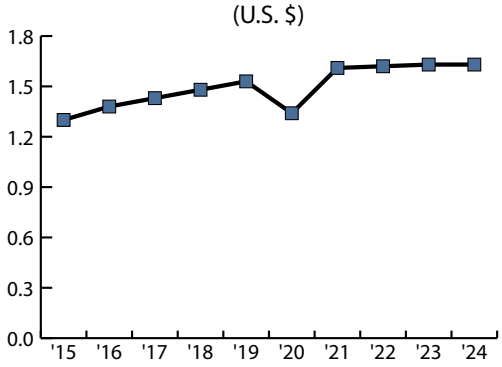

Import Partners (2025)



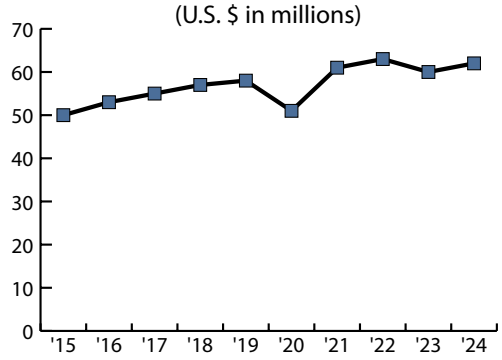

## Music Industry

| | |
|---|---|
| Music Market | $62.0 million |
| Sales Per Capita | $1.63 |
| Global Share | 0.30% |

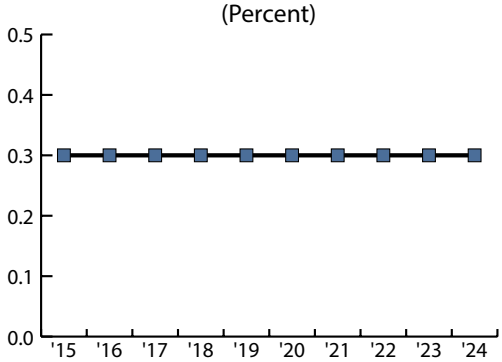
Music Sales Per Capita
(U.S. $)



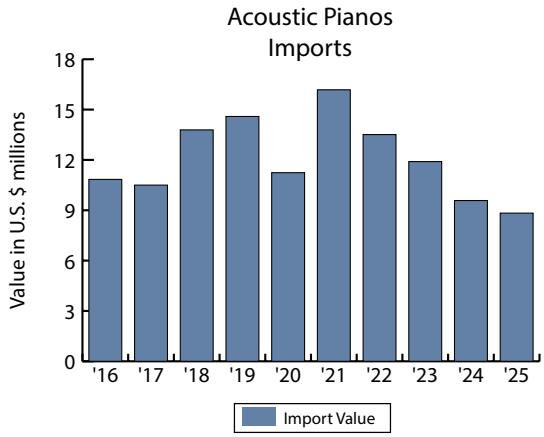

Poland Music Market
(U.S. $ in millions)

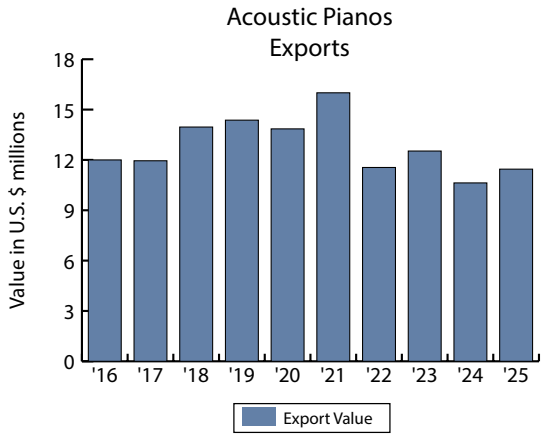


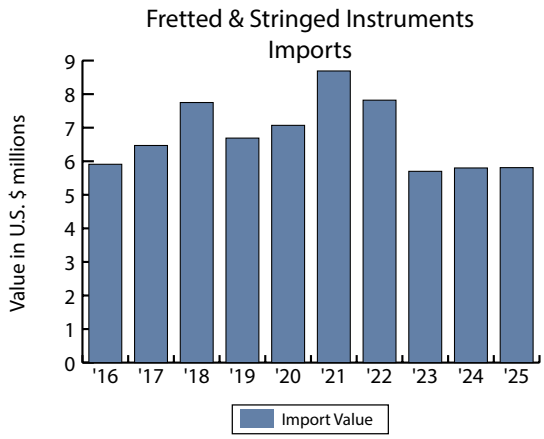

Share of Global Music Market
(Percent)

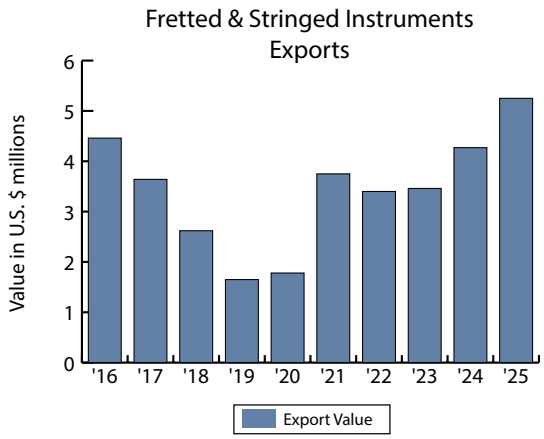


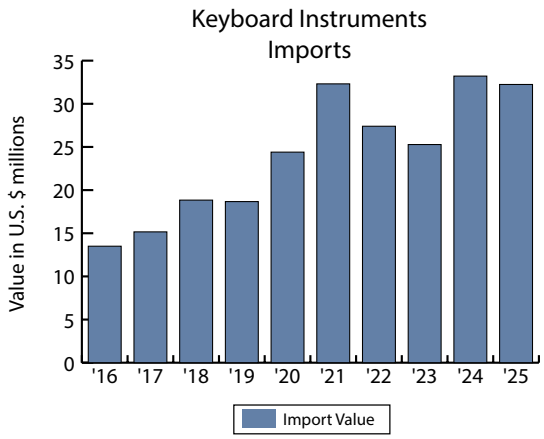
# Poland Imports and Exports

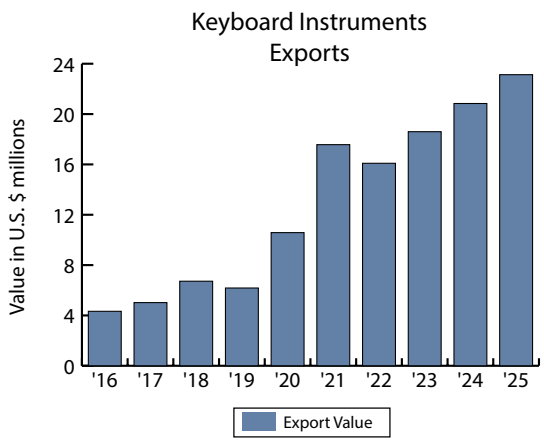


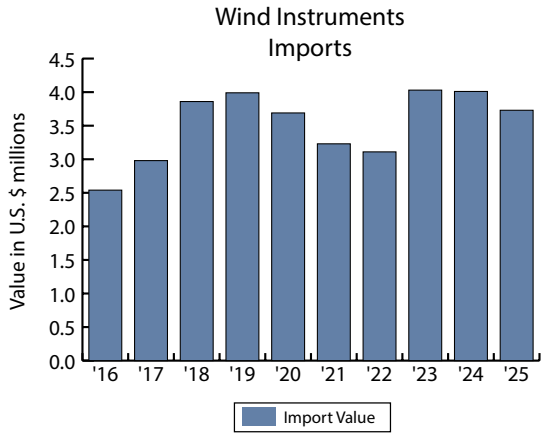



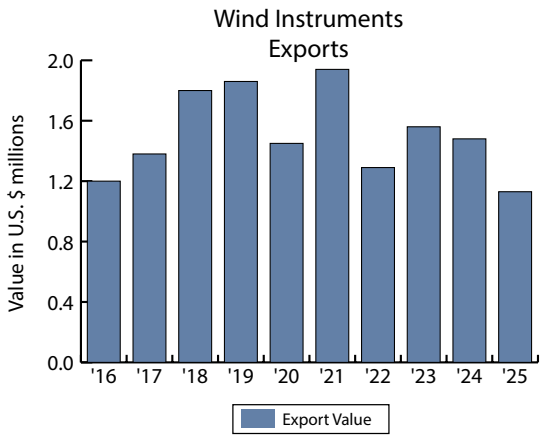



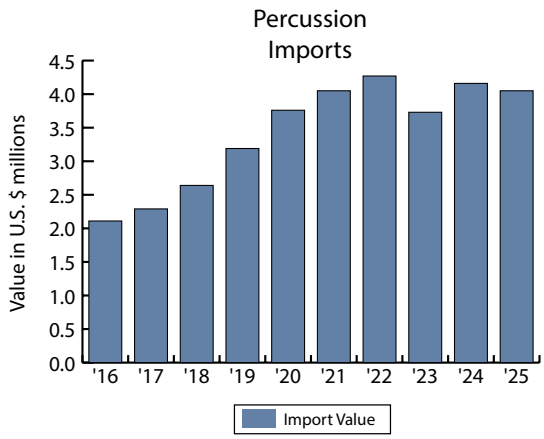



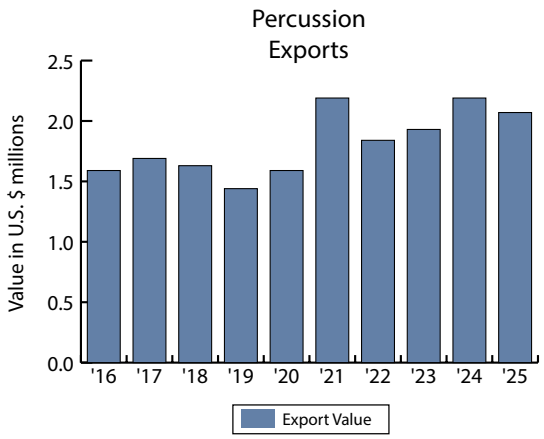



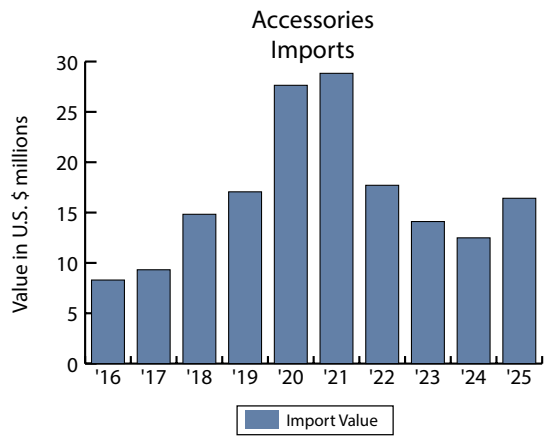
# Poland Imports and Exports

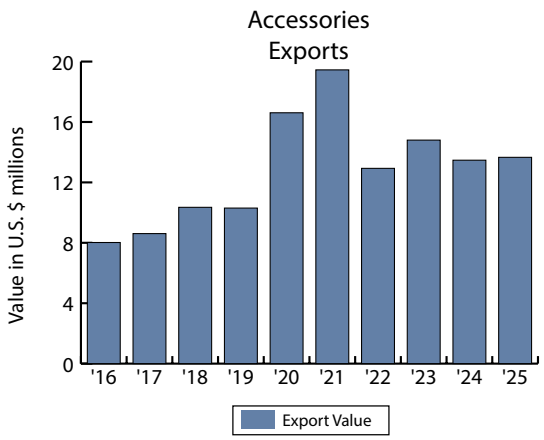




# PORTUGAL

Portugal's music products industry demonstrated a notably resilient performance throughout 2025, despite the broader European context of economic caution, inflationary pressure and post-pandemic market normalization.

According to official data from the Instituto Nacional de Estatística (INE), Portuguese net imports of musical instruments, parts and accessories reached approximately €37 million (US$42 million) in 2025 — the highest nominal value ever recorded in the country — representing growth of approximately 32.7% compared with 2024.

From a long-term perspective, the Portuguese market has maintained a consistent upward trajectory over the past 25 years, despite periods of instability associated with the global financial crisis, the pandemic years and subsequent supply chain corrections.

**Market Performance and Positive Developments**
One of the most encouraging characteristics of the Portuguese market is its increasing diversification. Although Portugal remains relatively small in overall European market scale, music creation continues to retain strong cultural relevance across multiple generations and user segments.

The industry has particularly benefited from sustained demand in:

- Home music production environments
- Creator-oriented technologies
- Digital pianos and home keyboards
- Electronic instruments
- Educational music solutions
- Premium audio and studio ecosystems

The strongest product category during 2025 was electrically amplified instruments (CN 9207), reaching approximately €13.6 million (US$15.8 million) in market value. This reinforces the growing importance of electronic instruments, digital pianos, synthesizers, recording-oriented products and hybrid music creation ecosystems within the Portuguese market.

Additional resilience was also visible in:

- Percussion instruments
- Wind instruments
- Musical instrument accessories and parts



Consumer behavior within Portugal increasingly reflects a preference for:

- Product quality
- Long-term reliability
- Educational relevance
- Integrated user experience

rather than purely price-driven purchasing decisions.

Another significant positive development is the increasing sophistication of both consumers and professionals. Home studios, immersive listening environments, content-creation workflows, and acoustic treatment solutions are becoming structurally more relevant within the Portuguese ecosystem.

**Structural Pressures and Market Downtrends**
Despite positive nominal growth figures, the Portuguese market continues to face several structural pressures. The industry is still experiencing the aftereffects of:

- Post-pandemic inventory corrections
- Cautious dealer purchasing behavior
- Margin compression
- A more conservative retail environment across Europe

Part of the growth observed during 2025 may also reflect stock replenishment cycles following unusually cautious purchasing patterns throughout 2024.

Portugal remains particularly sensitive to:

- Inflationary pressure
- Disposable income limitations
- Fluctuations in European logistics and pricing structures

The entry-level segment continues to experience pressure, particularly in categories dependent on impulse purchasing or low-cost educational acquisition.

Traditional brick-and-mortar retail also continues to face increasing challenges from:

- Online competition
- Reduced margins



- Evolving consumer expectations regarding immediacy, availability and technical support

**Leading Opportunities and Growth Areas**

Several strategic opportunities are emerging within the Portuguese market. The strongest long-term growth segments appear to include:

- Creator economy products
- Hybrid music production environments
- Educational technology
- Digital pianos
- Electronic percussion
- Acoustic treatment and immersive audio spaces
- Home studio infrastructure
- Integrated professional audio solutions

Portugal is also experiencing increased interest in:

- Premium user experiences
- Smaller but higher-value installations
- Private studios
- Hospitality audio environments
- Architectural acoustic integration

Another important opportunity lies in the convergence between:

- Musical instruments
- Software ecosystems
- Content creation
- Streaming platforms
- Education
- Immersive audio experiences



The market is progressively shifting from isolated product acquisition toward complete creative ecosystems and integrated user environments.

**Greatest Challenges Facing the Industry**

The Portuguese music products industry continues to face several structural limitations, including:

- Limited market scale
- Pricing sensitivity
- Dependency on imports
- Logistics volatility
- Increasing operational pressure on independent retailers and distributors

There is also a lack of consolidated statistical information regarding:

- Professional audio
- Installed sound
- Amplification
- Integrated AV markets

This limitation makes long-term industry analysis more difficult and reduces visibility regarding the full economic dimensions of the Portuguese music technology ecosystem.

Another significant challenge is generational: maintaining long-term engagement with music education and active music practice within an increasingly fragmented digital attention economy.

**Outlook: 2026–2030s**

Over the next three to five years, the Portuguese market is likely to become:

- Conservative in overall volume
- More specialized
- More technological
- More experience-oriented



Growth is expected to continue in:

- Digital and hybrid instruments
- Creator-oriented technologies
- Educational solutions
- Premium home music environments
- Immersive audio
- Acoustic infrastructure

Artificial intelligence, streaming culture and creator-driven platforms will increasingly influence:

- Product development
- Learning methods
- Consumer expectations
- The relationship between musicians and technology

At the same time, physical musical experience, tactile interaction and human-centered creativity may become even more valuable, precisely because of increasing digital saturation.

The Portuguese industry is therefore likely to evolve toward a more curated, specialized and value-oriented ecosystem rather than a purely volume-driven market.

*Commentary by Paulo Caius and Luis Ruvina, former president and vice president, respectively, of the Portuguese Music Association (ANIMAP)*

# DOING BUSINESS IN PORTUGAL

**Market Overview**

Mainland Portugal, along with the autonomous island regions of the Azores and Madeira, offers exporters a market of approximately 10.7 million people in a country roughly the size of the state of Indiana. As a member of the European Union (EU) and the eurozone, Portugal is fully integrated within the EU, uses the euro as its currency and follows most directives from the European Commission (EC) in Brussels. As with all EU countries, Portugal's borders and ports are open to the free flow of trade with other EU member countries. Portugal has strong democratic institutions, a robust media environment, a



vibrant civil society and well-established trade unions. However, Portugal's policy toward procurement and foreign business and investment lacks screening for national security criteria.

In addition, the lack of structural reforms since 2011 has led to a severe shortage of affordable housing and discontent among young professionals seeking opportunities in other countries, especially in neighboring EU countries. The government is focused on tourism, renewable energy, digitalization, advanced manufacturing, technology and service delivery, and value-added agricultural products.

Many Portuguese companies, including some in critical infrastructure, have significant ownership by state-owned enterprises based in the People's Republic of China (PRC). Portugal passed an investment screening law in 2013; however, its practical implementation has been challenging. As a result, the Portuguese economy, including the public sector, operates under significant Chinese Communist Party (CCP) economic influence, affecting its selection of vendors in sectors ranging from port-scanning equipment to electric battery production. The U.S. government and the EU have been raising awareness about the risks of using untrusted 5G vendors in telecom networks. In May 2023, Portugal effectively outlawed equipment from Chinese suppliers of 5G.

Similar concerns exist in other sectors, such as genomics, artificial intelligence (AI) and cybersecurity. In November 2025, Portugal's Parliament approved a cybersecurity law that transposes the EU's NIS 2 Directive, the European Union's comprehensive legislative framework designed to enforce a high, harmonized level of cybersecurity across all Member States, while introducing provisions to identify and exclude "high-risk suppliers" from critical infrastructure. The legislation enhances the government's ability to exclude untrusted vendors from 5G and other ICT (information and communications technology) networks in these sectors, strengthens risk management and incident reporting requirements, and enhances supervisory powers.

According to the Bank of Portugal, Portugal's economy grew 1.9% in 2024, significantly outperforming the eurozone's average growth rate of 0.8%. The economy is expected to grow by 2.2% in both 2025 and 2026 and by 1.7% in 2027, reflecting a steady convergence path with the euro area. The external sector (mainly exports and foreign investment), bolstered by recovering supply chains and increased tourism, has been a key driver of this growth.

The United States is Portugal's largest non-EU trading partner and Portugal's fourth-largest export market. According to the Portuguese National Statistics Institute (INE), Portugal's total exports of goods in 2024 were valued at €79.22 billion (US$85.55 billion), and imports of goods were €107.50 billion (US$116.10 billion). Portugal's top export partners were Spain (27%), France (13%), Germany (13%) and the United States (6.9%). Portugal's top import partners were Spain (33%), Germany (11%), France (7.3%), the Netherlands (5.6%) and Italy (5.2%).

The total amount of U.S. goods sold into Portugal is likely higher than the statistics reflect, as census data does not account for U.S. products imported into other EU countries and



subsequently transported into Portugal for resale. It is common throughout the European Union for goods to be shipped to one EU location, taking advantage of lower value-added tax rates, and then distributed by ground transport to neighboring Member State markets.

According to the U.S. Bureau of Economic Analysis (BEA), U.S. exports of goods and services to Portugal in 2024 totaled US$4.9 billion, representing an 18.1% increase from 2023, while imports from Portugal reached US$11.3 billion, a 17.2% rise from 2023. As a result, the trade deficit with Portugal increased to US$6.4 billion. The top five U.S.-exported products to Portugal in 2024, according to TradeStats, were oil and gas (US$1.25 billion), transportation equipment (US$477 million), agricultural products (US$309 million), chemicals (US$220 million) and computer and electronic products (US$148 million).

The top U.S. exports to Portugal originated from Texas (US$1.22 billion), Louisiana (US$248 million), Indiana (US$179 million), Illinois (US$173 million) and Florida (US$112 million). The top five U.S.-imported products from Portugal in 2024 were chemicals and pharmaceuticals (US$1.9 billion), petroleum and coal products (US$1.1 billion), plastics and rubber products (US$457 million), apparel and accessories (US$417 million) and computer and electronic products (US$346 million). The top U.S. regions imported from Portugal were New Jersey (US$1.59 billion), Puerto Rico (US$927 million), California (US$544 million), Ohio (US$397 million) and New York (US$359 million).

Portugal has an ambitious vision to modernize its infrastructure. Three landmark projects collectively represent more than €15 billion (US$17 billion) in investment. The government aims to build the Luís de Camões International Airport in Alcochete, slated to open by 2034, with a total estimated cost of €6.6–€9 billion (US$7.12–$9.72 billion). The new airport aims to ease the current Lisbon airport's severe congestion, accommodate up to 100 million passengers annually and unlock substantial opportunities in logistics, commercial real estate and passenger and air cargo services. The second project is the Lisbon-Porto high-speed rail line, a €3 billion (US$3.24 billion) endeavor funded in part by €875 million (US$945 million) from the European Investment Bank. This new rail system will slash travel times to just 75 minutes, catalyze business travel between Portugal's two largest cities and reinforce sustainable mobility across the country.

The government has confirmed the third Tagus River crossing project, which includes a new bridge connecting Chelas in Lisbon with Barreiro on the south bank, with an estimated investment of €3 billion (US$3.24 billion). Furthermore, as part of a broader urban transformation strategy, the Parque Cidades do Tejo project seeks to revitalize underdeveloped areas and promote metropolitan integration. This trio of megaprojects presents a once-in-a-generation opportunity to participate in Portugal's transportation and infrastructure development, residential expansion and clean energy innovation. However, the time frame for their realization remains uncertain, as large-scale initiatives often face delays. Projects such as the new Lisbon airport have been under discussion and awaiting approval for decades, highlighting the long-standing challenges of translating vision into execution.

Portugal's renewable energy market is noteworthy. According to the Portuguese Renewable Energy Association (APREN), in 2024, Portugal ranked fourth in Europe, with



the highest share of renewable energy in electricity generation at 80.4%, behind Norway, Denmark and Austria. With virtually no indigenous fossil fuel production, Portugal views renewables as an imperative for achieving energy security. The country reportedly also has the eighth-largest reserves of lithium in the world and the second-largest in Europe. The more significant opportunity may be in lithium conversion/refining and further up the battery value chain. There is also a need for energy transition equipment and solutions, including electrolyzers, solar panels, turbines, port upgrades, grid equipment and cables connecting offshore wind to the onshore electric grid.

Portugal continues to stand out on the global investment stage. According to the "Greenfield Foreign Direct Investment Performance Index 2025" by fDi Intelligence, Portugal is now the second-best performer in Western Europe and ranks 16th globally, punching above its economic weight in attracting new investment projects. The report highlights a 4.5% increase in foreign direct investment, with 186 additional projects compared to 2024. This upward shift testifies to Portugal's growing appeal among international investors. According to a PitchBook study, Portuguese companies have raised US$647 million in venture capital in the first half of 2025, already surpassing the total raised in 2024. American funds accounted for 78.5% of the total investment made in Portuguese companies, totaling US$508 million, the highest share recorded in the past ten years. These figures highlight the strength of transatlantic economic relations and the strategic role of the United States in Portugal's innovation and technology ecosystem.

Integrated into the Next Generation EU, the Portuguese government's portion of the EU's Recovery and Resilience Plan (RRP) will reach €17 billion (US$18.36 billion), with €14 billion (US$15.12 billion) in subsidies and €3 billion (US$3.24 billion) in loans, to be fully implemented through 2026. The RRP is divided into three main pillars: Resilience, Climate, and Technological Transition, each with assigned budgets and reform objectives. The Resilience pillar focuses on expanding and digitalizing the health-care system, affordable housing and providing training incentives for the Portuguese talent pool. The Climate Transition pillar supports sustainable mobility and the decarbonization of industry. The Digital Transition pillar aims to invest not only in companies and their digital transformation but also in the capacity-building, digitalization and interoperability of public administration.

Portugal's Public Finance Council (CFP) stated in its "Economic and Fiscal Outlook 2025–2029" report that a promising path toward steady and sustainable growth is in sight, with its economy projected to expand by 2.2% in 2025, primarily driven by a surge in public investment supported by the Recovery and Resilience Plan. This momentum lays a solid foundation for the private sector to thrive, especially as financing conditions become more favorable and investor confidence builds. Inflation is moderating and the labor market remains strong, offering a stable environment for consumers and businesses alike.

On the fiscal front, CFP projects a balanced budget for Portugal in 2025 and anticipates that the public debt ratio will steadily decline through 2029. The public debt ratio is set to fall to 85.4% of GDP by 2029, reflecting a disciplined and sustainable fiscal path.

The United States continues to work closely with Portugal to expand and deepen two-way trade and investment, thereby augmenting the already historically strong political,



geostrategic and security ties between the two countries. Portugal's continued drive to modernize and diversify its economy will create opportunities for U.S. trade and investment over the medium and long term. Demand for high-quality, price-competitive U.S. products in Portugal is strong.

**Market Challenges**

The government has publicly promoted the importance of foreign investment and fostered economic stability and growth, enabling Portugal to surpass EU growth predictions. Portugal's business environment in 2025 remains attractive in many respects, but companies entering the market must navigate a complex landscape shaped by structural inefficiencies, foreign competition and regulatory hurdles. While the country continues to benefit from EU support and steady economic growth, several persistent challenges are dampening investor confidence and complicating market entry.

One of the most pressing issues is the housing crisis, which has intensified over the past decade. Property prices have surged by more than 55%, while average incomes have grown by just 9%, creating a severe affordability gap. This imbalance has made it difficult for companies to recruit and retain talent, especially in urban centers like Lisbon and Porto. The European Commission has flagged housing overvaluation as a macroeconomic risk, citing limited supply, opaque legal documentation and fragmented property listings as key contributors. Real estate agents often represent both buyers and sellers, creating conflicts of interest and leading to inflated prices. These inefficiencies not only affect residents but also pose challenges for foreign investors and businesses seeking office space or employee housing.

Regulatory and bureaucratic barriers also remain a concern. Licensing procedures can be slow and complex, and labor laws are relatively rigid, limiting flexibility in hiring and restructuring. While tax compliance has improved through digitalization, it still poses a burden for small and medium-sized enterprises. Moreover, market data — particularly in real estate and consumer sectors — is not publicly accessible, making strategic planning difficult for newcomers.

Foreign competition, particularly from Chinese companies, has become increasingly aggressive. American exporters face competition in Portugal from savvy European competitors and entrenched Chinese business interests. European companies are already familiar with the business culture, financing, regulations and standards for operating in Portugal. In addition, they do not face EU-wide import tariffs that U.S. companies have to pay to bring their products into Portugal.

**Market Opportunities**

The Portuguese tend to perceive American products as high quality but also expensive. U.S. firms should address price/quality competitive advantages when entering the Portuguese market. The Portuguese market is more extensive than it may initially appear. While Portugal has a population of around 10.7 million, over 250 million people worldwide speak Portuguese. Former Portuguese colonies — including Macau, Mozambique, Angola and Brazil — maintain close business ties with Portugal. U.S. companies can often find pathways



to these other markets, and the Portuguese trade and investment promotion agency, AICEP, actively promotes the country as a gateway economy into third markets, particularly in Lusophone Africa.

Portugal is an excellent entry point or test market for U.S. firms seeking to establish EU access. The country is politically stable, the crime rate is relatively low, the bilateral relationship is strong, English is widely spoken and the population is highly educated and very friendly toward Americans. Both the physical and IT infrastructures are well developed, and the cost of doing business in Portugal is significantly lower than in other Western European countries. Companies that have already penetrated one EU country will also have met most of the requirements for Portugal. From tech and renewable energy to tourism and real estate, Portugal's dynamic economy presents attractive opportunities for U.S. firms.

**Market-Entry Strategies**

The quickest and best way to enter the Portuguese market is to work with a local partner. Both small and large U.S. exporters can benefit from finding the right person or group in Portugal to provide advice and contacts. The U.S. Commercial Service in Portugal, located at the U.S. Embassy in Lisbon, offers various services to help U.S. firms find information about the market, identify potential agents, distributors and sales representatives for their products or services, and locate strategic business partners. Adapting products to meet Portuguese preferences — especially with pricing in mind — and ensuring compliance with EU standards will further smooth entry. Portugal's role as a gateway economy makes it an ideal test bed for broader international expansion.

First-time American exporters are urged to contact the nearest U.S. Export Assistance Centers (USEAC). These USEACs are part of the worldwide network of U.S. Department of Commerce offices that support U.S. exporters.

*"Doing Business in Portugal" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import data obtained from the Instituto Nacional de Estatística – Statistics Portugal and provided by Paulo Caius and Luis Ruvina, respectively former president and vice president of the Portuguese Music Association (ANIMAP)**

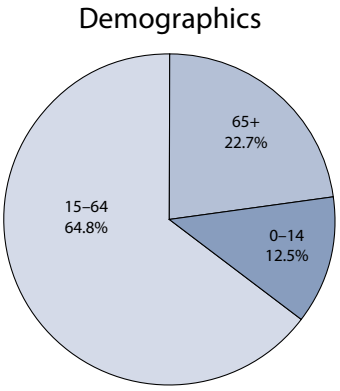
# PORTUGAL SNAPSHOT

## Demographics

Population in millions 10.2

| Age | Male | Female |
|---|---|---|
| 0–14 | 0.65 | 0.62 |
| 15–64 | 3.26 | 3.35 |
| 65 & Over | 0.92 | 1.39 |

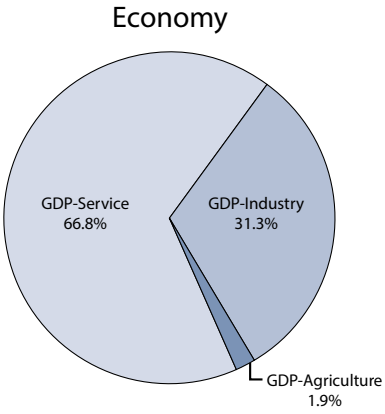
Median Age 46.8
Population Growth -0.11%

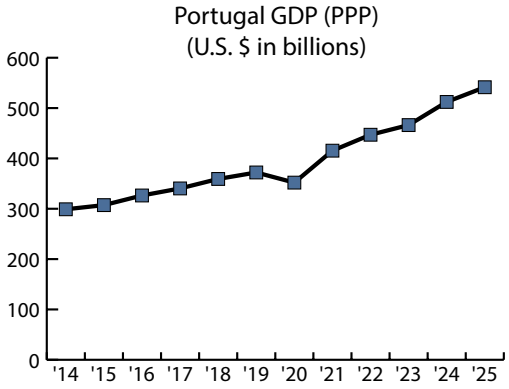


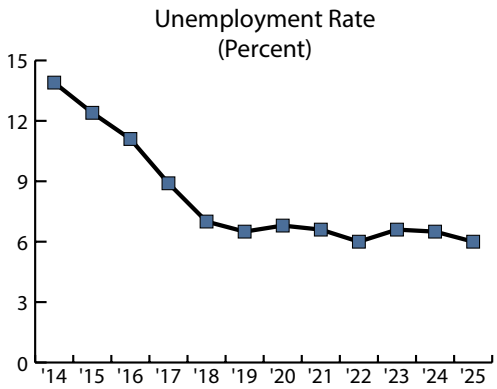

## Economy

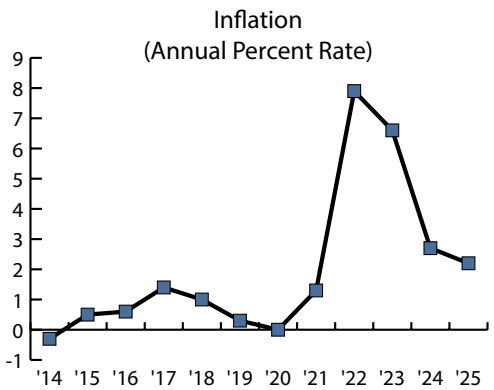
| | |
|---|---|
| GDP (PPP) | $541.4 billion |
| GDP Per Capita | $50,270 |
| GDP-Real Growth Rate | 1.90% |
| Unemployment Rate | 6.00% |
| Inflation | 2.20% |

DataData Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.



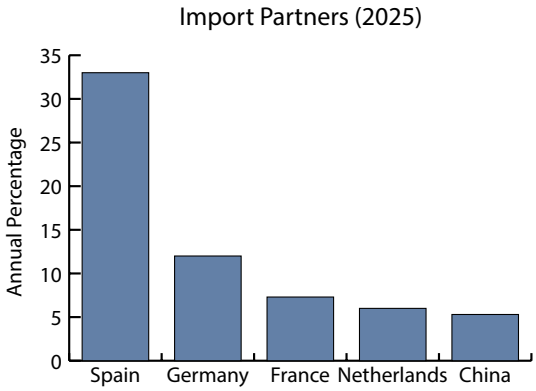



## Trade

| | |
|---|---|
| Total Export | $89.8 billion |
| Total Import | $130.4 billion |

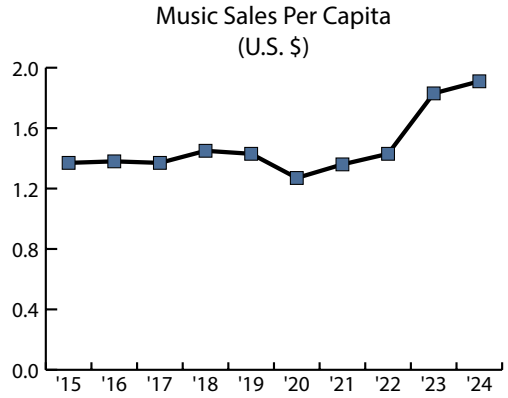
| | |
|---|---|
| Export as % of GDP | 16.59% |
| Import as % of GDP | 24.09% |

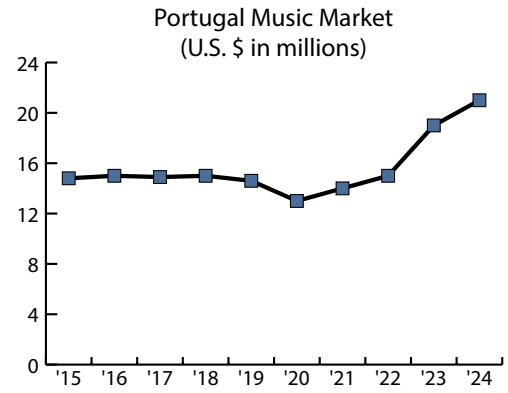


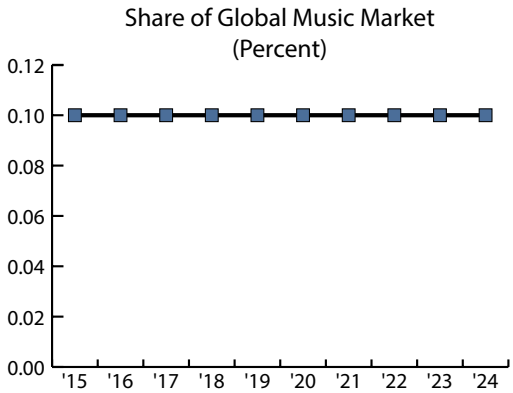




## Music Industry

| | |
|---|---|
| Music Market | $21.0 million |
| Sales Per Capita | $1.91 |
| Global Share | 0.10% |

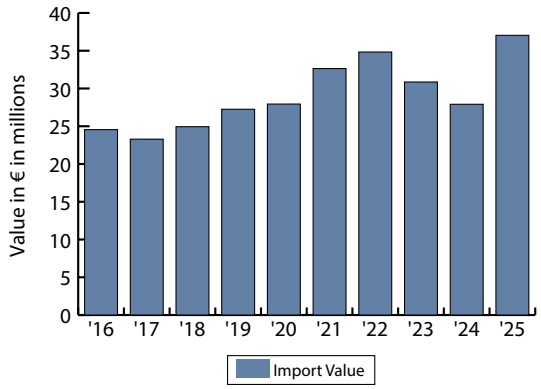


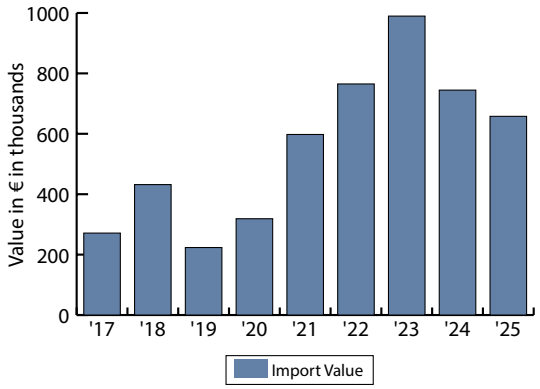



# Portugal Imports

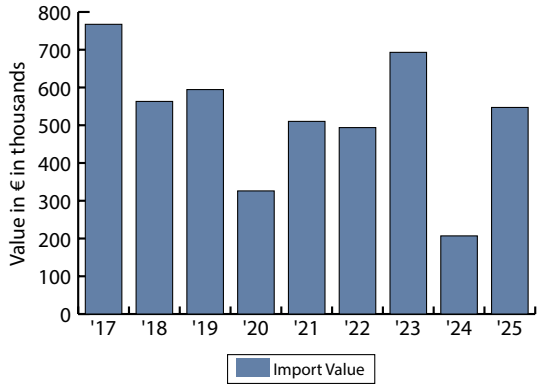
Total Imports



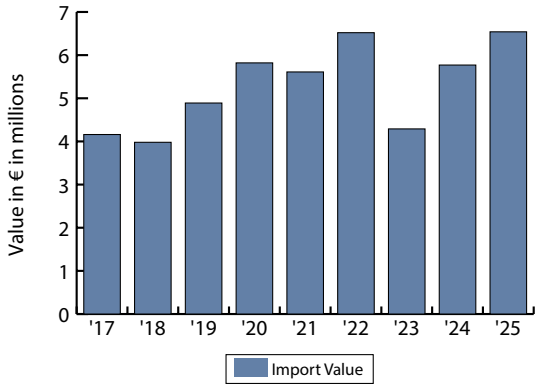

Upright Pianos



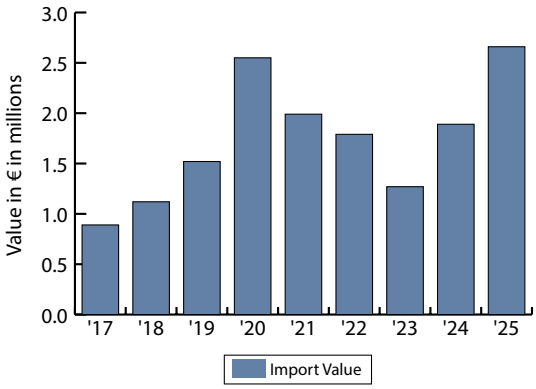

Grand Pianos



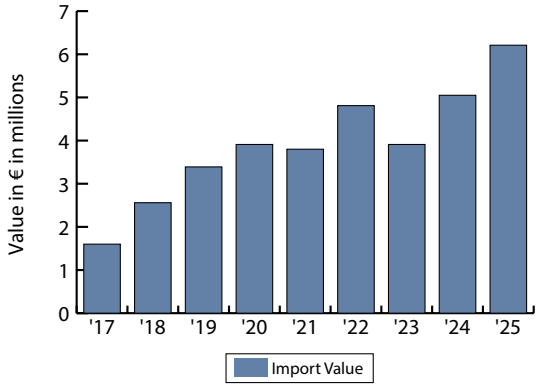

Keyboards




Acoustic Guitars

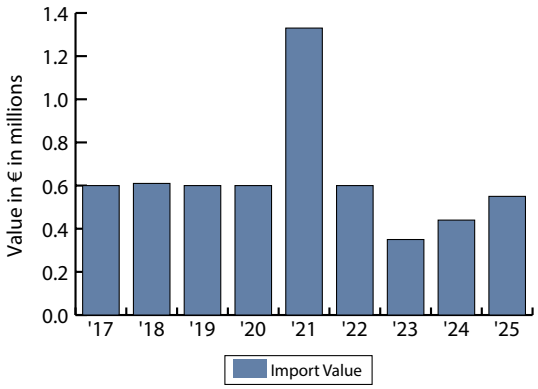



Electric Guitars

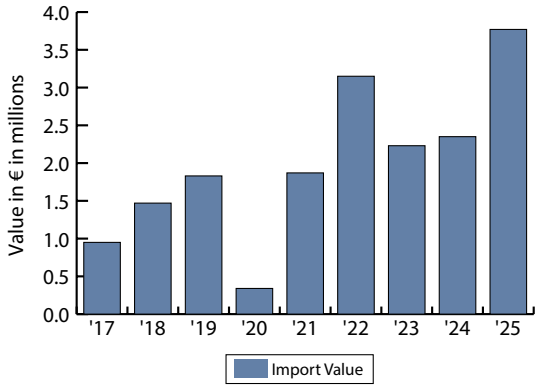


# Portugal Imports

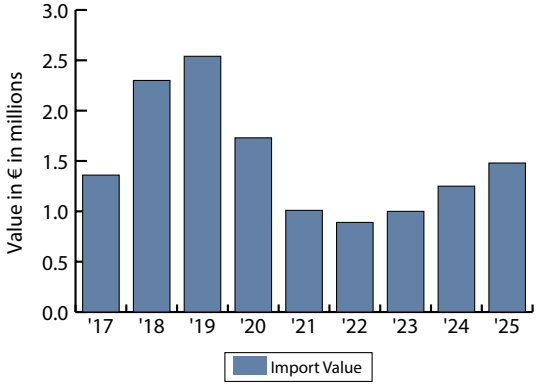
Stringed Instruments



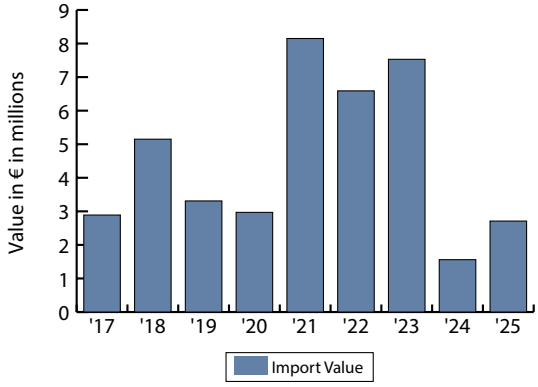

Percussion



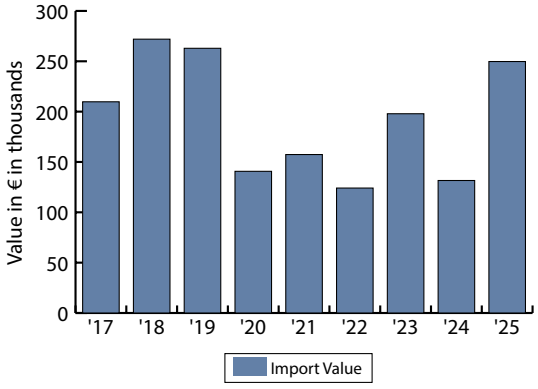

Brass Instruments



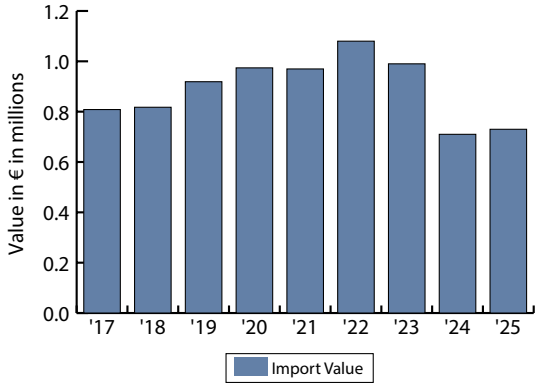

Wind Instruments




Accordions




Instrument Strings





# RUSSIA

## DOING BUSINESS IN RUSSIA

**Market Overview**

As of 2025, Russia remains one of the world's largest economies by geographic size and natural resource reserves, with major strengths in energy, mining, agriculture, aerospace and industrial production. However, the business environment for U.S. and many Western companies has changed significantly in recent years due to evolving trade restrictions, financial controls and broader geopolitical developments. Bilateral trade between the United States and Russia remains substantially below pre-2022 levels, with trade activity concentrated in a limited range of products and sectors.

Russia continues to maintain significant industrial and technological capabilities in areas such as energy production, transportation, defense manufacturing, nuclear technology, agriculture, information technology and scientific research. The Russian government has increased its focus on domestic production, import substitution, digitalization, infrastructure investment and economic partnerships with Asia, the Middle East and other non-Western markets. Economic activity has remained supported by energy exports, government spending and industrial production, although inflationary pressures, labor shortages, currency volatility and restricted access to some international technologies and financing continue to affect the market environment.

Russia's large consumer market, educated workforce and extensive natural resources continue to present potential opportunities in selected sectors. At the same time, the operating environment remains highly regulated and requires careful attention to compliance, legal requirements and market-specific risks. Companies considering business activity involving Russia should closely monitor applicable U.S., European and international sanctions and export-control regulations.

**Market Challenges**

U.S. companies considering operations involving Russia face a complex regulatory and compliance environment shaped by sanctions, export controls, financial restrictions and evolving trade policies. These measures affect a wide range of sectors, including finance, energy, technology, transportation and defense-related industries, and require extensive due diligence and legal review.

Additional challenges include currency volatility, inflationary pressures, changing regulatory requirements, restrictions affecting cross-border payments and logistics, and increased state involvement in portions of the economy. Some foreign companies have also faced operational and legal difficulties related to asset transfers, ownership approvals, intellectual property protections and business exits. Competition from domestic firms and companies from non-Western markets has also increased in a number of sectors.

Given the evolving operating environment, companies should carefully evaluate commercial, financial, legal and reputational considerations before entering into or expanding business activities related to Russia.



**Market Opportunities**

Despite current challenges, selected opportunities continue to exist in sectors where domestic demand, industrial modernization or government investment remain priorities. Areas of interest include information technology, cybersecurity, industrial automation, agriculture and food processing, health-care technologies, pharmaceuticals, transportation infrastructure, mining technologies and energy-related services. Russia also continues to invest in digitalization initiatives, logistics infrastructure and selected advanced manufacturing sectors.

Special Economic Zones (SEZs) and technology-focused innovation centers continue to offer incentives in targeted industries, including reduced taxes, customs benefits and infrastructure support. Companies exploring opportunities in the Russian market should conduct detailed due diligence and maintain ongoing monitoring of regulatory developments and compliance obligations.

**Market-Entry Strategy**

U.S. companies considering business involving Russia should adopt a cautious, well-informed and compliance-focused approach. Thorough legal and regulatory due diligence is essential, particularly regarding sanctions, export controls, financial transactions, ownership structures and sector-specific restrictions. Companies should work closely with experienced legal, financial and compliance advisors familiar with current international regulations and Russian business practices.

Where permitted, local partnerships, distributors or joint ventures may help companies navigate operational requirements, supply chains and market conditions. Businesses should also carefully assess payment mechanisms, logistics arrangements, intellectual property protections and long-term operational risks before entering into agreements. Flexibility and continuous monitoring of economic and regulatory developments remain important for companies evaluating opportunities related to the Russian market.

*"Doing Business in Russia" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import and export data obtained from the website of the International Trade Centre (ITC)**

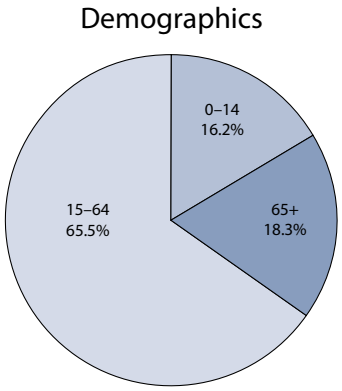
# RUSSIA SNAPSHOT

## Demographics

Population in millions 140.1

| Age | Male | Female |
|---|---|---|
| 0–14 | 11.64 | 11.20 |
| 15–64 | 44.72 | 47.11 |
| 65 & Over | 8.80 | 16.84 |

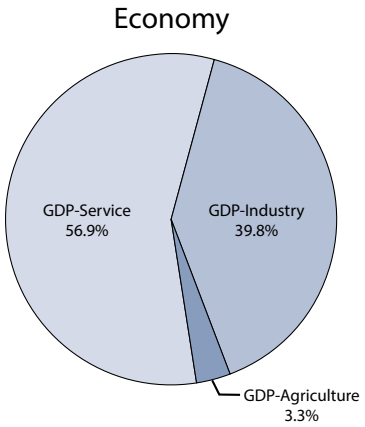
Median Age 42.3
Population Growth -0.49%

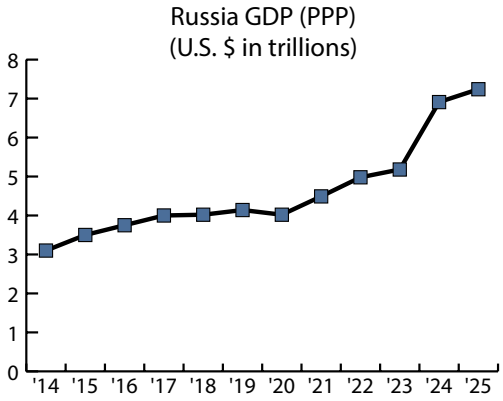



## Economy

| | |
|---|---|
| GDP (PPP) | $7.24 trillion |
| GDP Per Capita | $50,260 |
| GDP-Real Growth Rate | 1.00% |
| Unemployment Rate | 2.20% |
| Inflation | 8.70% |

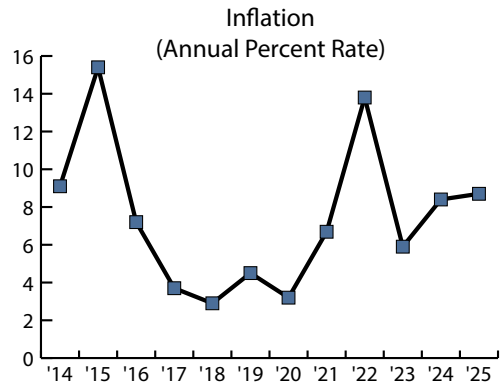
Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.







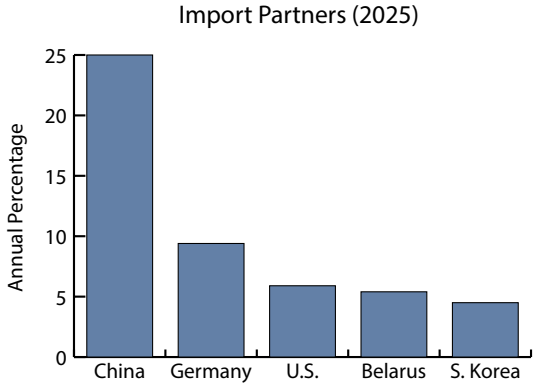


## Trade

| | |
|---|---|
| Total Export | $420.5 billion |
| Total Import | $279.0 billion |

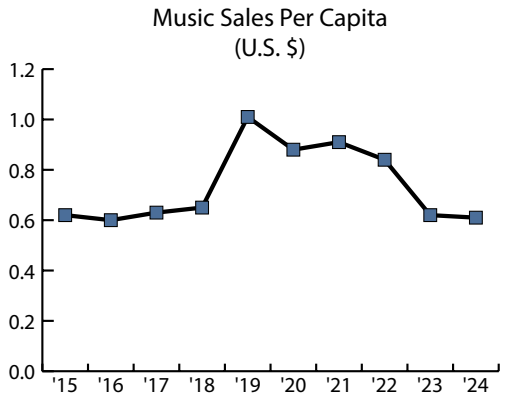
| | |
|---|---|
| Export as % of GDP | 5.81% |
| Import as % of GDP | 3.85% |

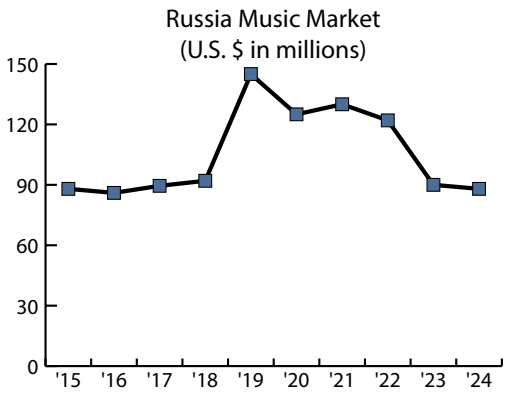


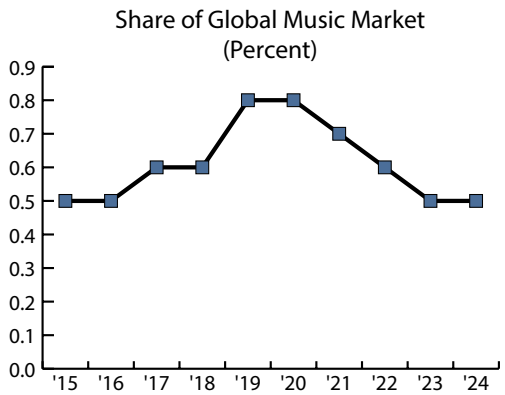




## Music Industry

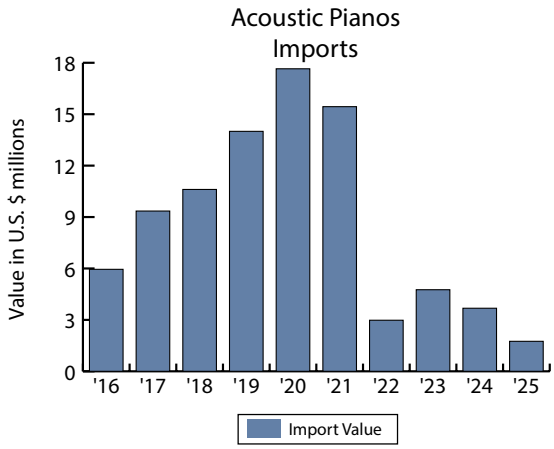
| | |
|---|---|
| Music Market | $88.0 million |
| Sales Per Capita | $0.61 |
| Global Share | 0.50% |

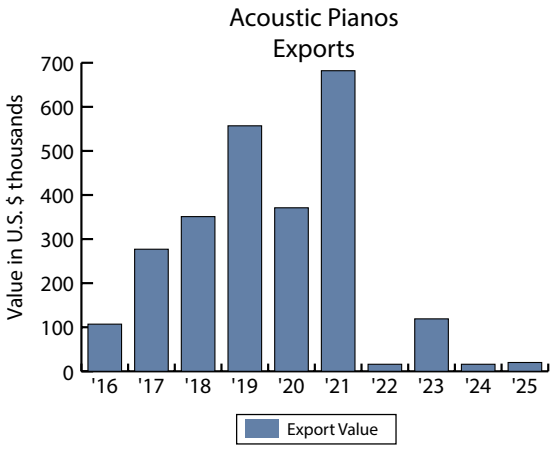


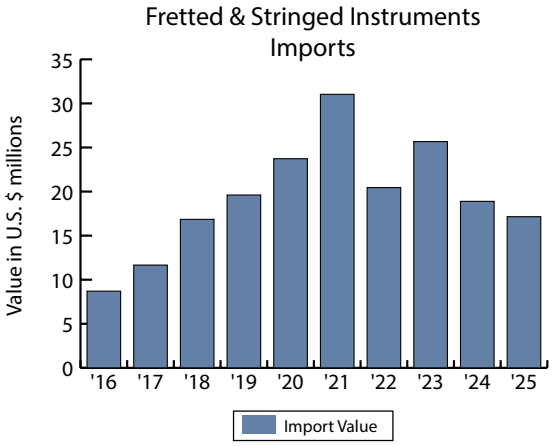



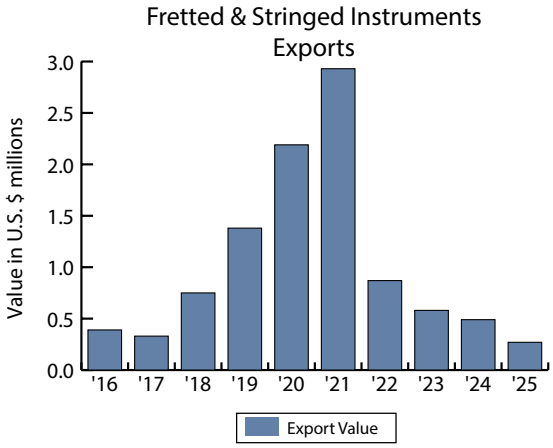



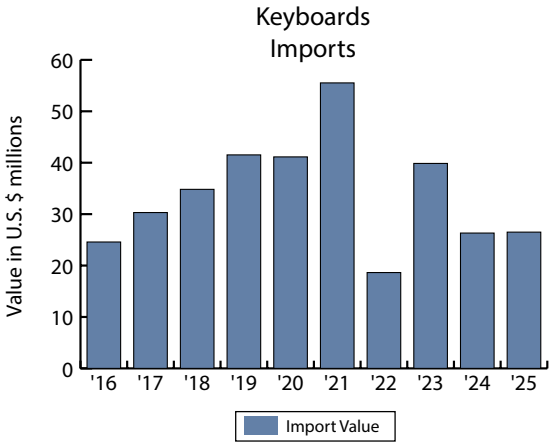
# Russia Imports and Exports

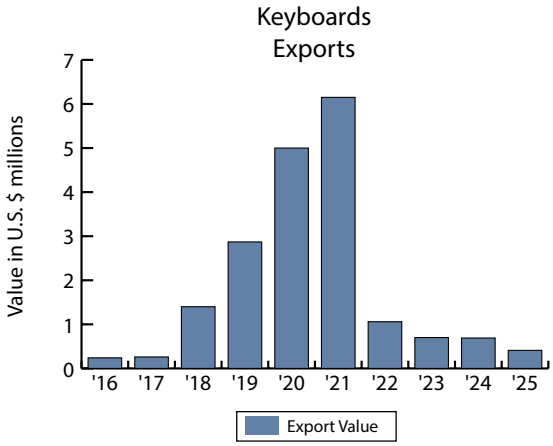


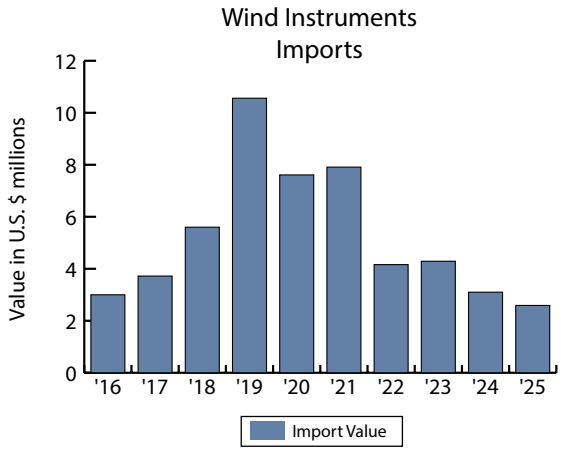



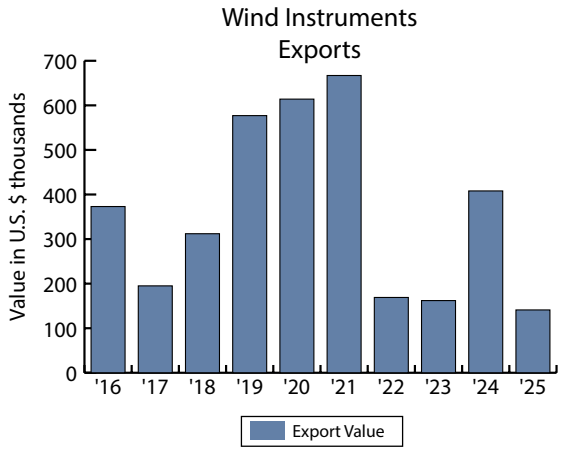



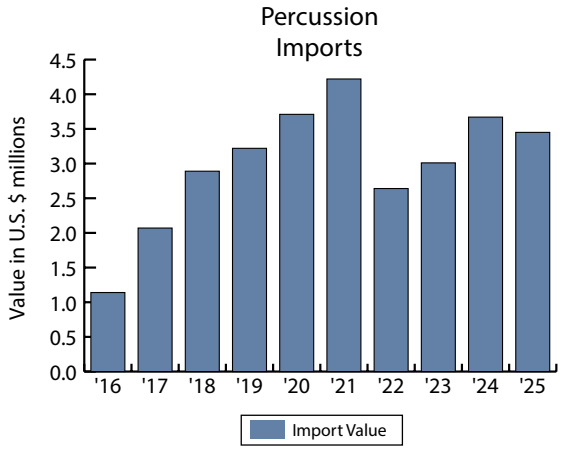



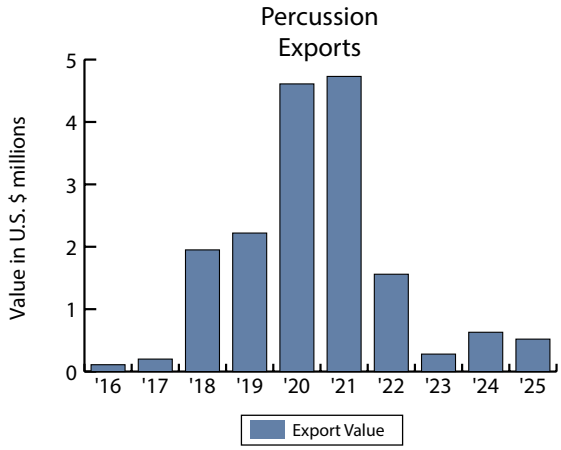



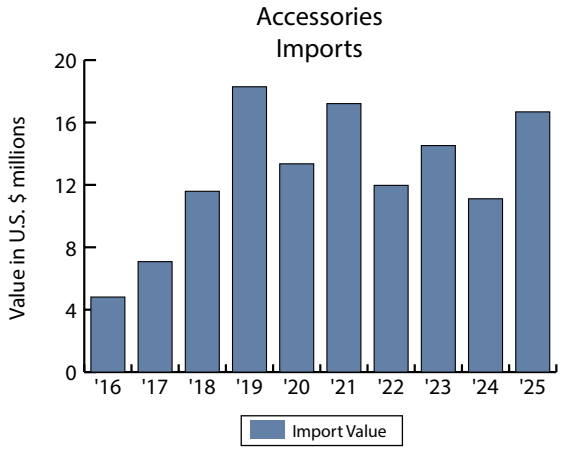
# Russia Imports and Exports

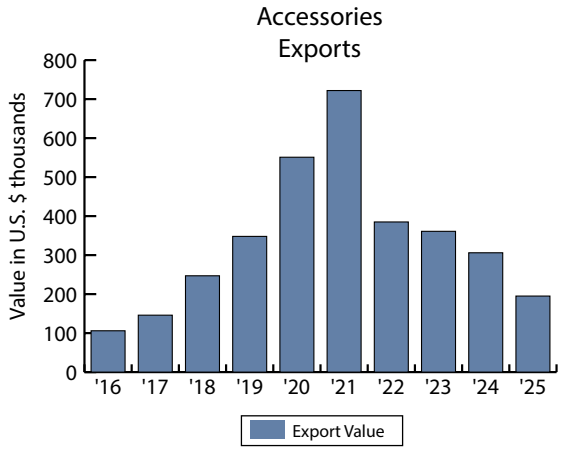


# SOUTH AFRICA

## DOING BUSINESS IN SOUTH AFRICA

**Market Overview**

South Africa is the most advanced, diversified and productive economy in Africa and continues to serve as a strategic gateway for companies seeking to enter Sub-Saharan African markets. With a population of approximately 63 million people and a land area of 1.22 million square kilometers, South Africa possesses abundant natural resources and remains one of the world's leading producers of platinum-group metals, manganese, chromium and vanadium.

As of 2025, South Africa's economy continues to face both structural challenges and emerging opportunities. Economic growth remains modest, with GDP growth projected at approximately 1–1.5% as the country works to address persistent electricity shortages, logistics bottlenecks and infrastructure constraints. Inflation has moderated and remains within the South African Reserve Bank's target range, allowing for cautious monetary easing. Unemployment, while still among the highest globally, has shown gradual improvement from recent peaks, supported by gains in construction, services, renewable energy and tourism sectors.

South Africa maintains one of the continent's most sophisticated financial and legal systems. The banking sector remains stable and well regulated, and the Johannesburg Stock Exchange (JSE) continues to rank among the leading emerging market exchanges globally. However, challenges persist with several state-owned enterprises, particularly in electricity, freight rail and logistics infrastructure, which continue to affect economic efficiency and business operations. Despite these challenges, the government has accelerated reforms aimed at improving energy reliability, expanding private-sector electricity generation and increasing infrastructure investment.

South Africa is highly integrated into regional and global trade networks. The country is a member of the Southern African Development Community (SADC), the Southern African Customs Union (SACU), the World Trade Organization (WTO), the G20, BRICS and the African Continental Free Trade Area (AfCFTA). These agreements position South Africa as a key regional hub for manufacturing, logistics and financial services across Africa.

The United States remains an important trading and investment partner for South Africa. The African Growth and Opportunity Act (AGOA) continues to provide duty-free access to the U.S. market for many South African exports, while the Trade and Investment Framework Agreement (TIFA) and Trade, Investment, and Development Cooperation Agreement (TIDCA) support broader economic engagement. Bilateral trade remains strong in sectors such as automotive manufacturing, mining equipment, agriculture, energy, information technology, health care and financial services. China and the European Union (EU) also remain major trading partners and sources of investment for South Africa.

South Africa continues to offer attractive opportunities for U.S. companies in renewable energy, power infrastructure, mining technologies, water and environmental solutions,



digital technologies, cybersecurity, health care, agribusiness, transportation and advanced manufacturing. The country's widespread use of English, developed legal framework, relatively transparent business environment and sophisticated professional services sector continue to make it one of the more accessible African markets for U.S. exporters and investors. South African firms also maintain extensive business networks throughout the African continent, making local partnerships a valuable strategy for companies seeking broader regional expansion.

**Market Challenges**

South Africa continues to face several structural and operational challenges that can impact foreign businesses. Economic growth remains modest, while high unemployment, infrastructure constraints and fiscal pressures continue to weigh on the business environment. Electricity reliability has improved compared to previous years but periodic power disruptions and high energy costs remain concerns for manufacturers and large-scale operations. Logistics bottlenecks at ports, rail networks and freight corridors continue to create shipping delays and increase transportation costs.

U.S. companies entering the market also face strong competition from European and Asian firms, many of which benefit from preferential trade agreements with South Africa and the Southern African Customs Union (SACU). Exchange-rate volatility involving the South African rand can complicate pricing, budgeting and long-term planning.

Companies operating in South Africa must also navigate Broad-Based Black Economic Empowerment (B-BBEE) requirements, localization policies, labor regulations and evolving ownership rules in certain sectors. While these policies are intended to support economic transformation and local participation, they can add complexity for foreign investors. Businesses may also encounter challenges related to skilled labor shortages, visa processing for foreign workers and regulatory compliance. Despite these issues, ongoing government reforms and infrastructure initiatives are aimed at improving the long-term investment climate.

**Market Opportunities**

South Africa offers significant opportunities for U.S. companies across a range of sectors due to its advanced industrial base, developed financial system and role as a regional gateway to Sub-Saharan Africa. Key opportunities exist in renewable energy, power generation and transmission, battery storage, water infrastructure, mining equipment and technologies, transportation and logistics, information and communications technology, cybersecurity, health care, agribusiness and advanced manufacturing.

The country's ongoing energy transition and infrastructure modernization efforts are driving demand for private-sector investment and international expertise, particularly in renewable power, grid upgrades and sustainable infrastructure solutions. South Africa's strong automotive, mining and industrial sectors also continue to create demand for high-quality U.S. machinery, equipment, software and engineering services.



SOUTH AFRICA

South Africa's participation in regional trade agreements, including the African Continental Free Trade Area (AfCFTA), provides companies with access to broader African markets. The country's sophisticated banking sector, widespread use of English and well-developed legal and professional services industries continue to make it an attractive entry point for U.S. businesses seeking expansion opportunities across the African continent.

**Market-Entry Strategies**

Because South Africa is a sophisticated and competitive market, U.S. companies should approach market entry with a well-developed, long-term strategy. Businesses should consider the country's uneven income distribution, price-sensitive consumer base, exchange-rate volatility, infrastructure constraints and evolving regulatory environment. Companies must also navigate localization policies, Broad-Based Black Economic Empowerment (B-BBEE) requirements, data privacy regulations under the Protection of Personal Information Act (POPIA), and sector-specific procurement and ownership rules. While electricity reliability and logistics performance have improved in some areas, power disruptions, port congestion and transportation delays can still impact operations and supply chains.

For many new-to-market U.S. exporters, partnering with experienced local distributors, agents or B-BBEE-compliant firms remains one of the most effective entry strategies. Local partners can provide valuable guidance on government procurement requirements, regulatory compliance, customer relationships and regional market dynamics. Relationship-building, after-sales service and sustained market development are particularly important, as South African buyers often prefer working with established and trusted suppliers.

South Africa also serves as a strategic hub for broader expansion into Sub-Saharan Africa. However, companies expanding into neighboring markets should be prepared for varying regulatory systems, infrastructure quality and business conditions across the region. Many U.S. firms initially enter the market through representation, agency agreements or distributorship arrangements before pursuing larger investments or regional operations.

*"Doing Business in South Africa" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import data obtained from the website of the International Trade Centre (ITC)**

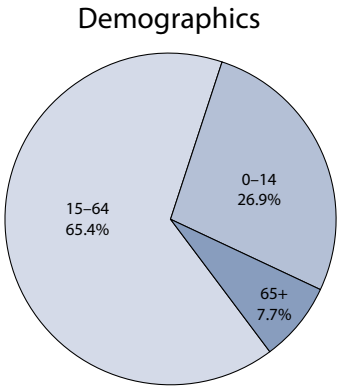
# SOUTH AFRICA SNAPSHOT

## Demographics

Population in millions 61.1

| Age | Male | Female |
|---|---|---|
| 0–14 | 8.24 | 8.19 |
| 15–64 | 19.76 | 20.18 |
| 65 & Over | 1.99 | 2.74 |

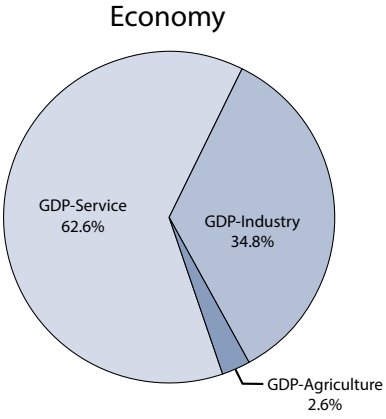
Median Age 30.7
Population Growth 1.06%

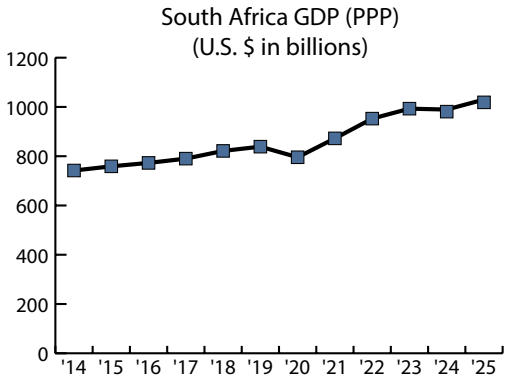



## Economy

| | |
|---|---|
| GDP (PPP) | $1.03 trillion |
| GDP Per Capita | $16,330 |
| GDP-Real Growth Rate | 1.10% |
| Unemployment Rate | 32.40% |
| Inflation | 3.20% |

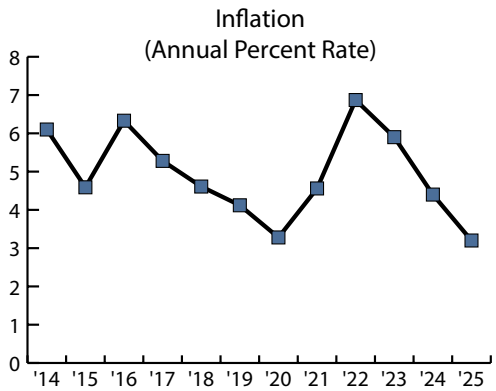
Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.







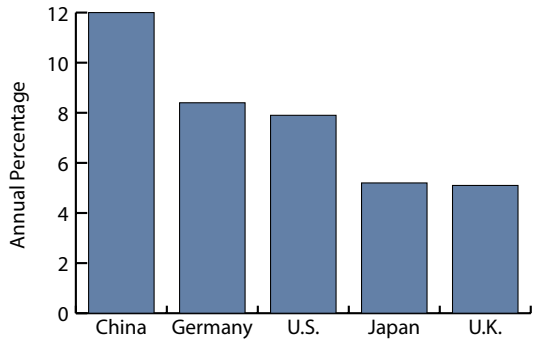


## Trade

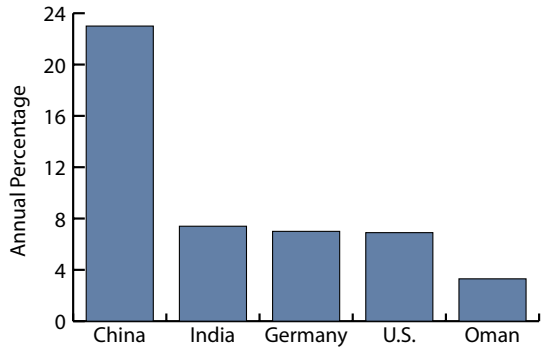
| | |
|---|---|
| Total Export | $116.4 billion |
| Total Import | $105.0 billion |

| | |
|---|---|
| Export as % of GDP | 11.30% |
| Import as % of GDP | 10.19% |

Export Partners (2025)




Import Partners (2025)

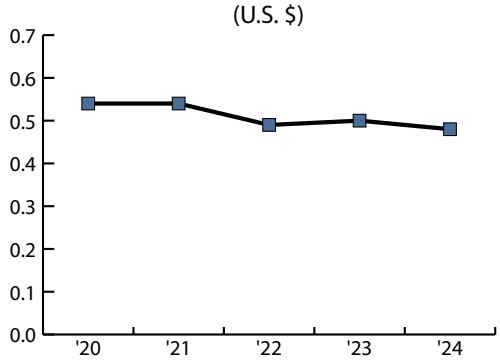



## Music Industry

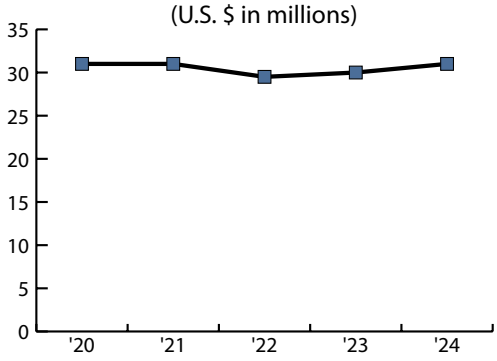
| | |
|---|---|
| Music Market | $31.0 million |
| Sales Per Capita | $0.48 |
| Global Share | 0.20% |

*The Music Trades* began reporting data on South Africa in 2020.

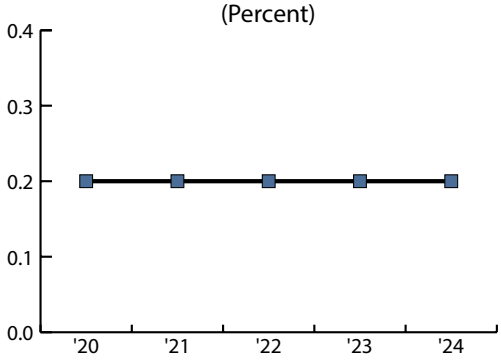
Music Sales Per Capita
(U.S. $)



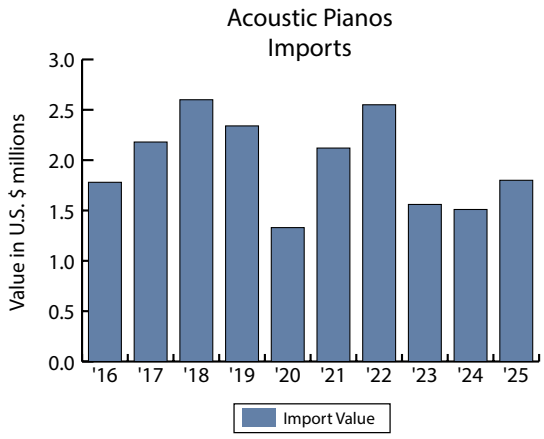

South Africa Music Market
(U.S. $ in millions)

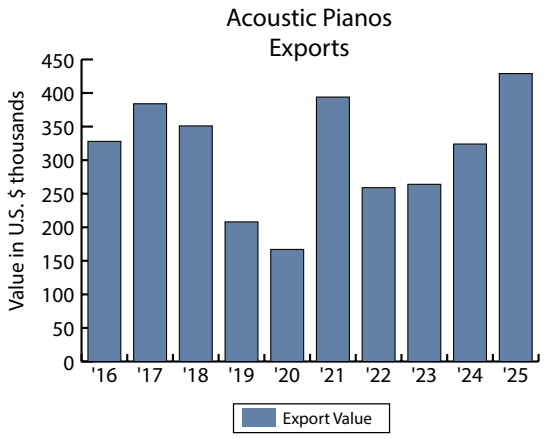


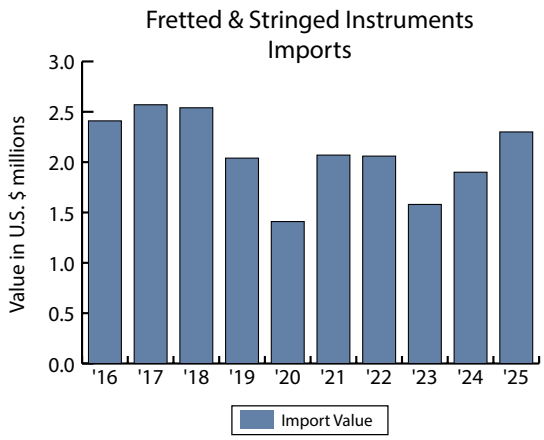

Share of Global Music Market
(Percent)

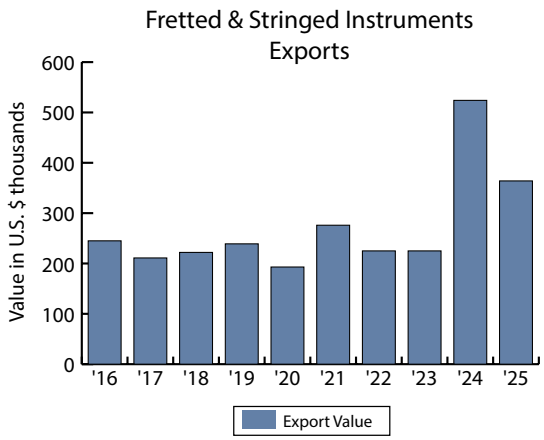


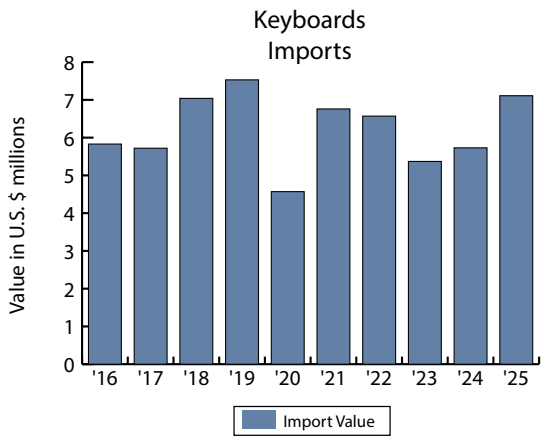
# South Africa Imports and Exports

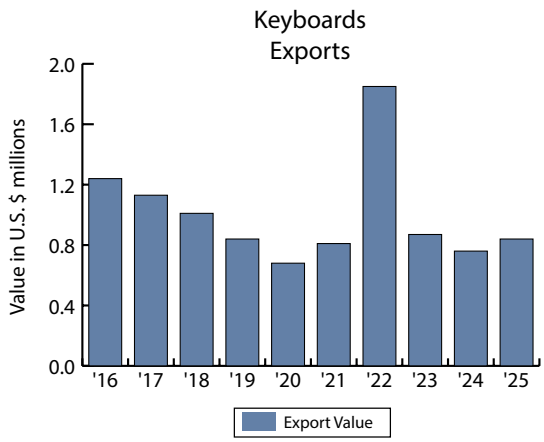


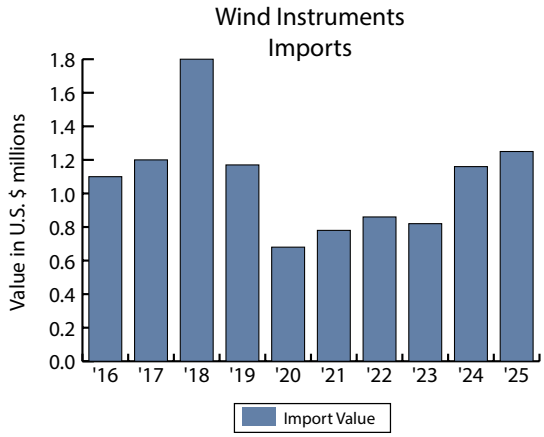



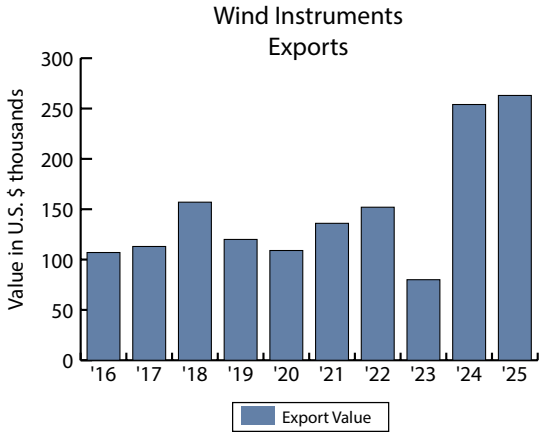



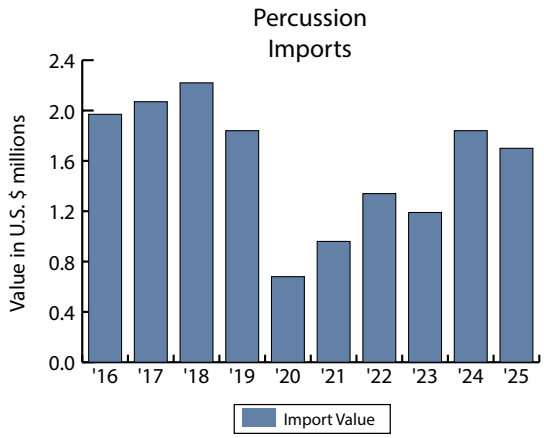



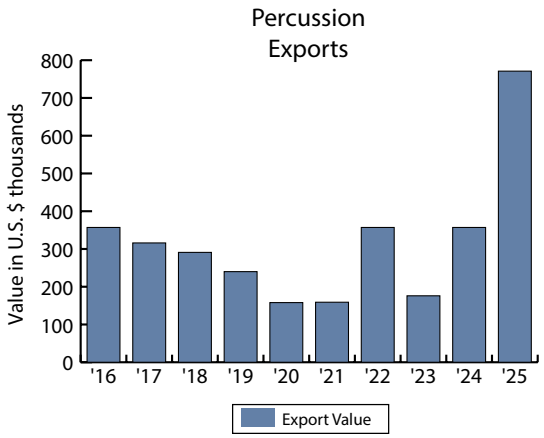



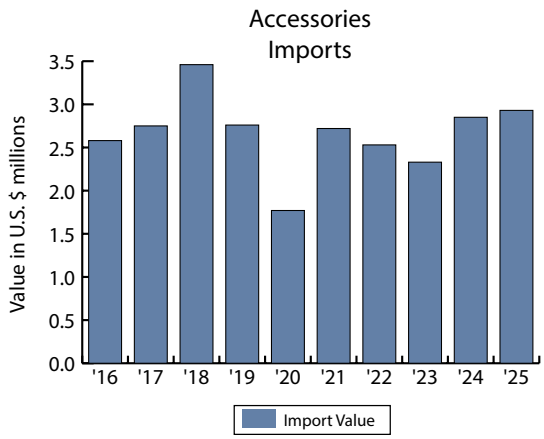
# South Africa Imports and Exports

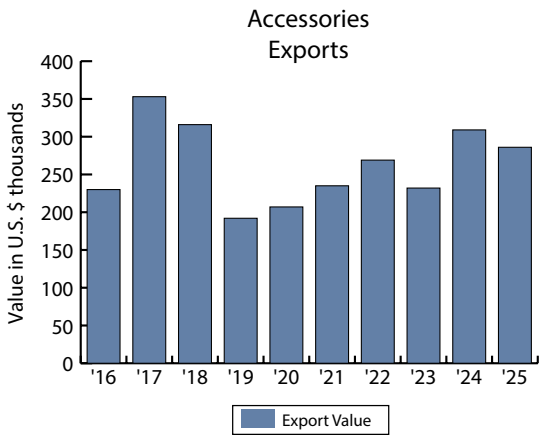


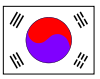





# SOUTH KOREA

## DOING BUSINESS IN SOUTH KOREA

**Market Overview**

South Korea remains one of the world's leading advanced economies and a global leader in technology, manufacturing and innovation. South Korea is the world's 13th-largest economy as of 2025, with GDP growth projected at approximately 2% following a period of slower post-pandemic expansion. The country continues to maintain strong fiscal and monetary fundamentals despite global economic uncertainty, inflationary pressures and ongoing demographic challenges associated with an aging and declining population.

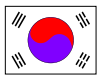
South Korea is highly export-oriented, with exports accounting for roughly one-third of GDP. The country remains a global powerhouse in semiconductors, electronics, automotive manufacturing, shipbuilding, batteries, biotechnology and advanced manufacturing. Government priorities continue to focus on artificial intelligence, semiconductors, clean energy, aerospace, defense, digital technologies, health care and advanced mobility solutions, including electric vehicles and battery technologies. South Korea is also investing heavily in renewable energy, hydrogen, smart infrastructure and carbon-reduction initiatives as part of its long-term sustainability goals.

The United States and South Korea maintain a strong economic and strategic partnership supported by the Korea-U.S. Free Trade Agreement (KORUS FTA). Bilateral trade and investment remain robust, with U.S. companies continuing to pursue opportunities in advanced technologies, energy, health care, aerospace, defense, digital services and consumer products. South Korea's sophisticated logistics infrastructure, highly connected digital economy and strategic location continue to make it an important regional hub for expansion into broader Indo-Pacific and ASEAN markets.

**Market Challenges**

U.S. companies doing business in South Korea may encounter challenges related to complex regulatory requirements, unique industry standards, data and privacy regulations, and strong competition from well-established domestic and international firms. Korean consumers and businesses often prioritize long-term relationships, trust and brand reputation, making sustained market engagement important for success. Agricultural exporters continue to face detailed import regulations and testing requirements.

South Korea's network of free trade agreements with the European Union, China, Australia, Canada and other countries means U.S. companies participate in a highly open and competitive market environment. Small and medium-sized U.S. firms should also be aware that Korean business culture may involve ongoing negotiations and adjustments to pricing, delivery or contract terms after agreements are signed. Companies that remain flexible, responsive and committed to long-term relationship-building are generally better positioned for success.



SOUTH KOREA

**Market Opportunities**

The Korea-U.S. Free Trade Agreement (KORUS FTA) continues to support strong trade and investment ties between the United States and South Korea, reinforcing Korea's position as an attractive and strategic market for U.S. exporters. Significant opportunities exist for U.S. companies in semiconductors, artificial intelligence, cybersecurity, aerospace and defense, health care and biotechnology, pharmaceuticals, renewable energy, hydrogen, electric vehicle technologies, smart manufacturing, cloud computing and advanced consumer technologies.

South Korea's commitment to energy transition and sustainability continues to drive investment in renewable energy, battery storage, hydrogen infrastructure and low-carbon technologies. Korean companies are also actively seeking global partnerships and supply chain diversification opportunities, particularly in advanced manufacturing and technology sectors. In addition, South Korea's sophisticated consumer market remains highly receptive to innovative, premium and technology-driven products and services.

**Market-Entry Strategies**

Establishing and maintaining strong business relationships remains essential for success in South Korea. U.S. companies seeking to enter the market should invest time in regular in-country engagement, relationship-building, and understanding local business culture and consumer trends. A local presence through a distributor, agent, representative office or strategic partner is often critical for long-term success.

South Korea's highly digital and connected consumer base continues to drive rapid growth in e-commerce, mobile commerce and digital marketing. Companies entering the market should prioritize strong online and social media strategies alongside traditional distribution and retail channels. Korean consumers are highly receptive to convenience, premium quality, innovation, wellness, sustainability and unique branding, particularly in technology, beauty, food, health and lifestyle products.

U.S. firms should also conduct thorough market research and tailor their products, branding and marketing approaches to local consumer preferences and regulatory requirements. Companies that demonstrate long-term commitment, strong customer service and adaptability to Korea's fast-moving market trends are generally best positioned for sustainable growth.

*"Doing Business in South Korea" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import data obtained from the website of the International Trade Centre (ITC)**

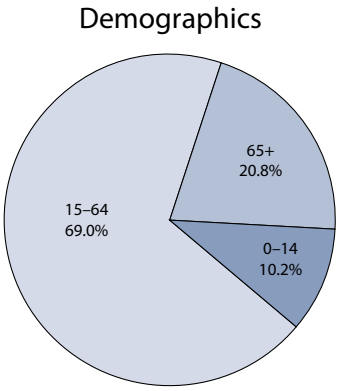
# SOUTH KOREA SNAPSHOT

## Demographics

Population in millions 51.5

| Age | Male | Female |
|---|---|---|
| 0–14 | 2.68 | 2.54 |
| 15–64 | 18.21 | 17.32 |
| 65 & Over | 4.74 | 5.98 |

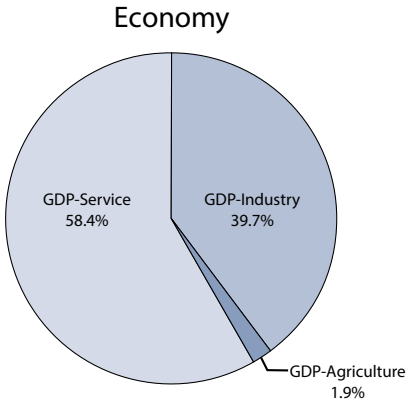
Median Age 47.0
Population Growth -0.09%

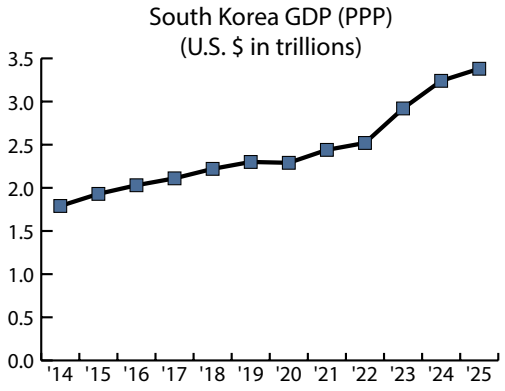


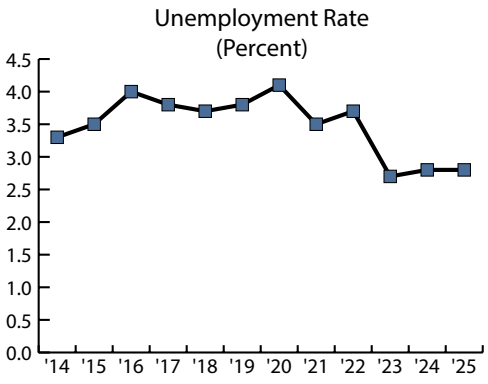

## Economy

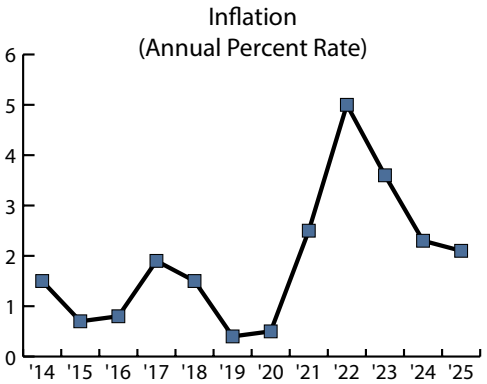
| | |
|---|---|
| GDP (PPP) | $3.38 trillion |
| GDP Per Capita | $65,400 |
| GDP-Real Growth Rate | 1.00% |
| Unemployment Rate | 2.80% |
| Inflation | 2.10% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.



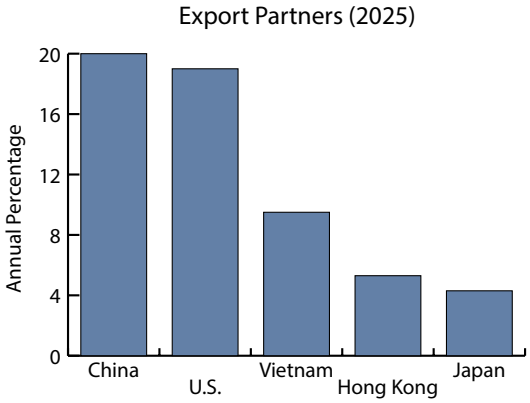



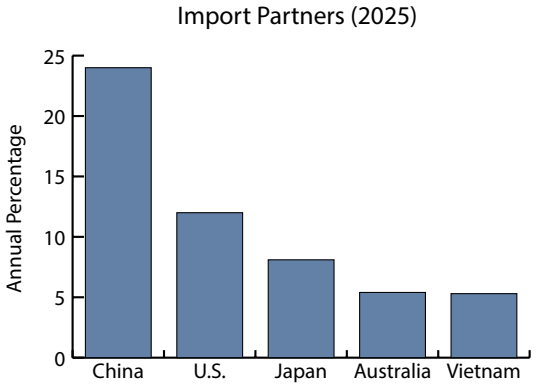



## Trade

| | |
|---|---|
| Total Export | $709.7 billion |
| Total Import | $631.7 billion |

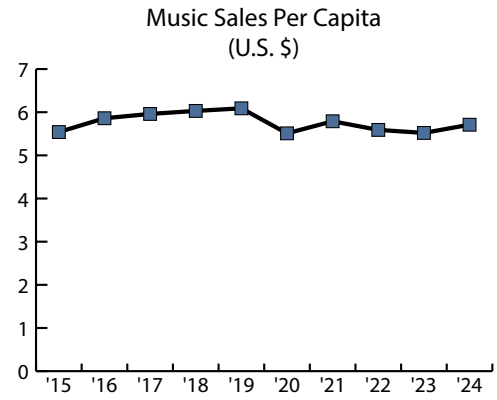
| | |
|---|---|
| Export as % of GDP | 21.00% |
| Import as % of GDP | 18.69% |

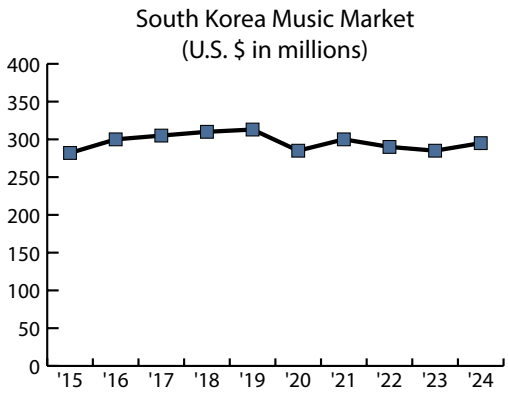


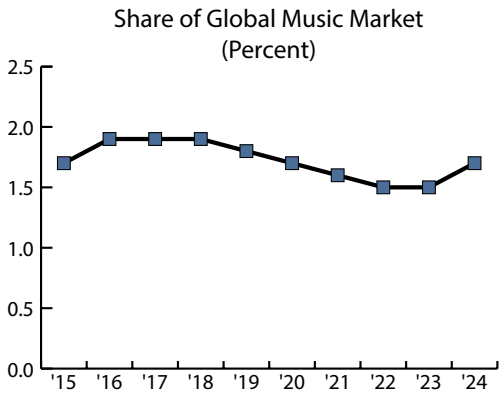




## Music Industry

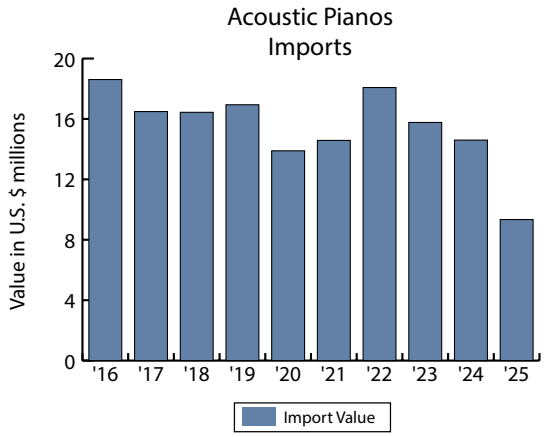
| | |
|---|---|
| Music Market | $295.0 million |
| Sales Per Capita | $5.71 |
| Global Share | 1.70% |

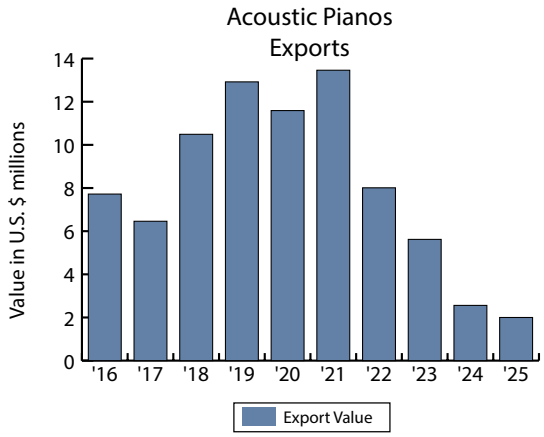


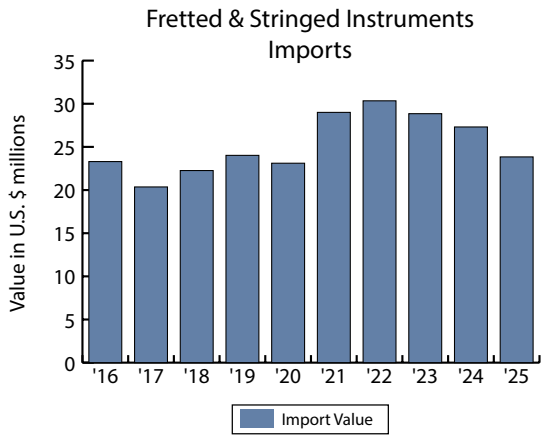



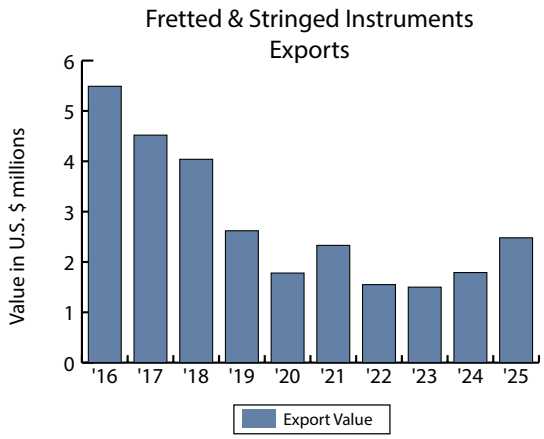



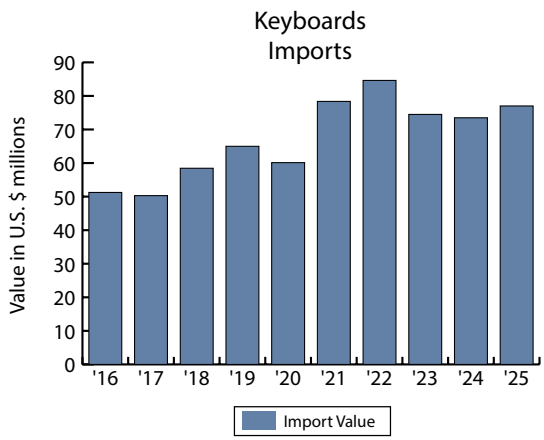
# South Korea Imports and Exports

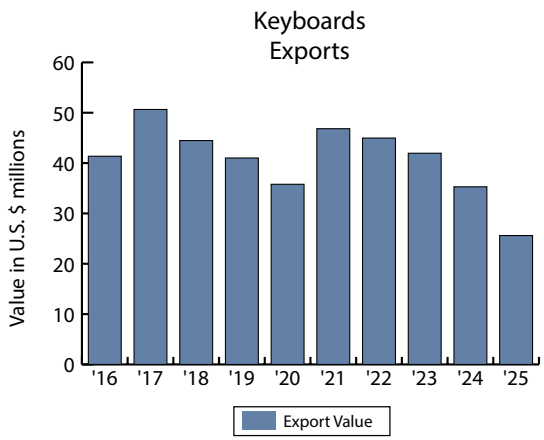


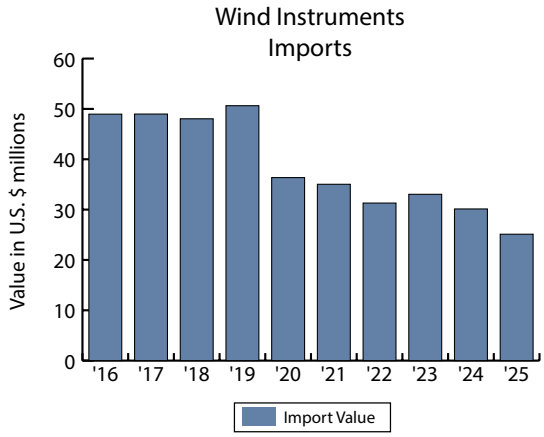



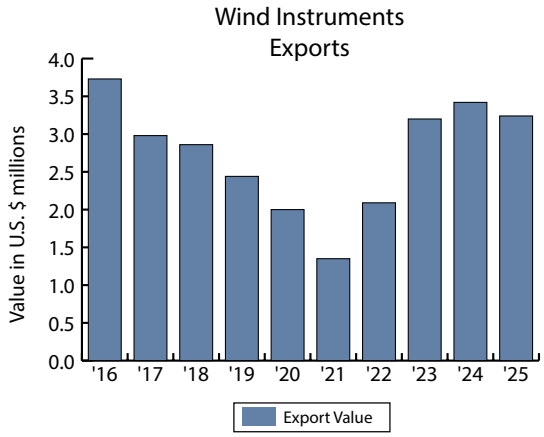



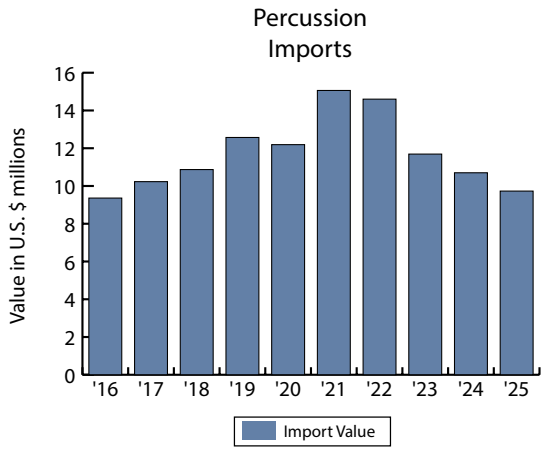



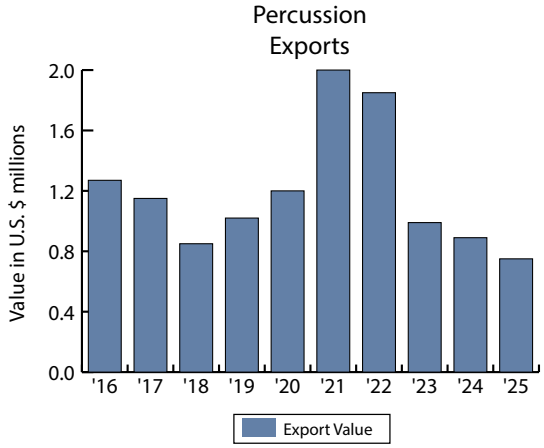



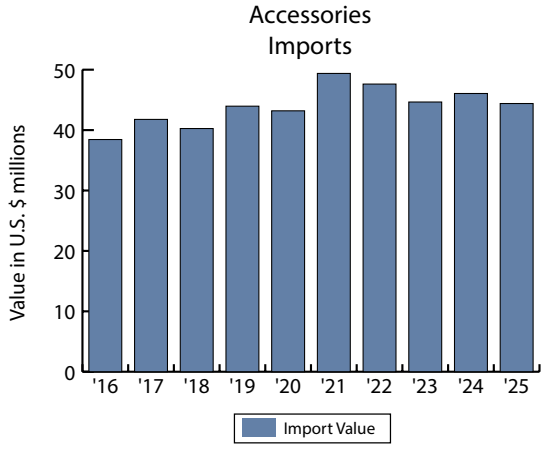
# South Korea Imports and Exports

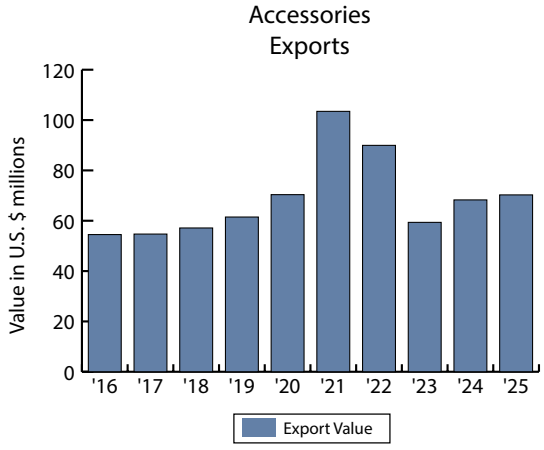


# SPAIN

**Current High Points in the Music Products Industry**
The Spanish musical instruments retail market maintained a moderately positive trend during 2025, although with significant differences between product families and sales channels.

According to the survey conducted by COMUSICA, 55.5% of stores reported higher revenue than in 2024, 40.7% reported lower sales and 3.7% remained at similar levels. On average, the sector's total turnover increased by 3.17% compared to 2024.

One of the most significant findings is the strong performance of physical stores compared to the online channel. While 62.9% of stores reported increased in-store sales, only 20% indicated growth in online sales. Conversely, only 7.4% sold less in physical stores, compared to 64% reporting a decline in online sales.

The strongest areas of the year were concentrated in several categories:

- **Stringed instruments:** average growth of 8.24%, driven especially by acoustic and electro-acoustic guitars.
- **Accessories and replacement parts:** stable and positive performance, with an average increase of 7.92%.
- **Services:** repairs, rentals, maintenance and other value-added activities grew by 27%, the best performance in the study.
- **Digital pianos and practical electronic solutions:** continued positive trends within their respective categories, especially when offering convenience, versatility or home use.

These figures confirm that physical stores continue to play an essential role in Spain. Their proximity to musicians, specialized advice, the possibility of trying products, trust, after-sales service and relationships with schools, teachers and musical communities remain highly relevant and translate into competitive advantages compared to large digital operators.

**Current Low Points in the Music Products Industry**
Despite the overall positive trend, the sector continues to face significant pressures. The main issue is low commercial profitability. Many traditional stores find it very difficult to compete on price with large international platforms and specialized online operators. Competing solely through discounts reduces margins and weakens business sustainability.

The weaker performance of the online channel for many musical instrument stores is also noteworthy. Some establishments are relegating online sales to a secondary role, or even abandoning them, for several reasons:

- Logistical problems, delivery times, transport incidents and returns
- Difficulty competing on price with large-scale platforms



- The financial cost of customer withdrawal rights and return management
- Greater regulatory complexity regarding consumer protection and distance selling
- Risk of administrative sanctions and increased compliance costs

The secondhand market continues to be another source of pressure. It is increasingly common for musicians to sell their previous instruments when purchasing a new one, creating a parallel market that competes directly with new product sales.

By category, the data shows clear declines in wind instruments, with an average drop of 8%, and 63% of stores reporting lower sales. Electronic instruments recorded an average decrease of 1.3%, and percussion remained practically stable, although slightly negative, with a decline of 0.5%. In pianos and keyboards, the overall result was slightly positive, with an increase of 1.2%, although there was a decline in acoustic pianos, partially offset by the strong performance of digital pianos.

**Leading Opportunities and Areas of Growth**

The main growth opportunities are increasingly linked to added value rather than simply increasing product sales volume.

- Services: repair, maintenance, setup, rentals, financing, training, trade-ins and secondhand management can become relevant and more resilient revenue streams against purely online competition
- Physical stores as experience centers: product testing, demonstrations, events, clinics and expert advice allow differentiation from large digital operators
- Music education and the local environment: collaboration with music schools, conservatories, academies, bands, teachers and cultural associations continues to generate recurring demand and recommendations
- Accessories and consumables: provide stability and repeat purchases through bundles, maintenance and cross-selling
- String instruments: the growth of acoustic and electro-acoustic guitars shows active demand among students, hobbyists and amateur musicians
- Selective multichannel strategy: for many stores, the objective is not to compete with massive online catalogs, but to use websites, social media, reservations, messaging support, click and collect, and appointments as tools for customer acquisition and loyalty

The main opportunity lies in selling better; better advice, better product selection, better experience, better service and stronger long-term customer relationships.



**Current Challenges**

The sector's biggest challenge continues to be profitability. Price pressure, the growth of the secondhand market, logistics costs, warranties, returns, regulatory obligations and competition from large operators all reduce the margins available to specialized stores.

Other major challenges include:

- Maintaining viable physical stores in a high-cost environment
- Avoiding dependence on low-margin products
- Improving stock management, turnover and purchasing
- Reducing returns, incidents and costs associated with online sales
- Professionalizing commercial and financial store management
- Differentiating from international platforms
- Attracting new musicians and younger audiences
- Strengthening ties with schools, conservatories, bands, teachers and local musical communities

There is no single valid strategy for all stores. Decisions must be adapted to the size of the business, its location, specialization, operational capacity and customer profile. Many effective measures do not require large investments, but rather a clearer positioning, more selective management and a coherent value proposition.

**Forecasting the Music Industry**

Over the next three years, we expect the Spanish market to maintain a moderately positive trend, although more uneven than in the years immediately following the pandemic. Growth will depend less on overall sales volume and more on the ability of stores to protect margins, specialize and offer value-added services.

Physical stores will continue to be important, but they will need to evolve toward a more professionalized model, with greater stock control, better product selection, differentiated services and a realistic digital presence. The online channel will remain necessary, but in many cases will function more as a tool for information, acquisition and support for the store rather than the main channel for mass sales.

Within a five-year horizon, we will likely see a more specialized, more professional and probably more consolidated sector. Some physical points of sale may disappear, especially those unable to differentiate themselves or protect their margins. However, stores capable

of providing knowledge, service, trust, training, repair, product experience and proximity to musicians will continue to play a key role in the Spanish market.

The general conclusion is that the Spanish musical instruments retail sector still has room for sustainable business models, but success will depend increasingly more on delivering real value to customers.

*Commentary by Begonña Cordero, secretaria general of COMUSICA, the Spanish Music Products Association*

## DOING BUSINESS IN SPAIN

**Market Overview**

Spain has continued to outperform many of its eurozone peers in recent years, supported by strong tourism activity, resilient consumer spending, renewable energy investment and significant funding from the European Union's NextGeneration EU recovery program. The Spanish government has continued implementing its National Recovery and Resilience Plan, directing EU recovery funds toward digital transformation, green energy, infrastructure modernization, innovation, workforce development and industrial competitiveness. These investments have helped strengthen growth across sectors including energy, transportation, technology, manufacturing, commerce and tourism, while also accelerating Spain's transition toward a more sustainable and digital economy.

The United States and Spain continue to maintain strong bilateral political and economic relations, and Spanish importers remain highly receptive to U.S. products, services and investment. Spain is the fourth-largest economy in the eurozone, with a Gross Domestic Product (GDP) of approximately US$1.7 trillion in 2025 and a population of roughly 49 million people. Spain has remained one of Europe's fastest-growing major economies, with GDP growth estimated at approximately 2.5% in 2025 following continued post-pandemic recovery driven largely by tourism, services, exports and infrastructure investment. While growth is expected to moderate slightly in 2026, international organizations continue to project that Spain will outperform the broader eurozone average.

Despite these positive economic trends, Spain continues to face long-standing structural labor market challenges, including comparatively high unemployment rates, particularly among younger workers. However, unemployment has gradually improved in recent years as economic growth, tourism recovery and labor market reforms have strengthened hiring conditions. Current unemployment rates remain near their lowest levels in over a decade, though still above the EU average.

Spain remains an important export market for the United States. According to recent U.S. Department of Commerce and U.S. Bureau of Economic Analysis data, bilateral trade in goods and services between the United States and Spain has continued to grow steadily since the pandemic recovery period. U.S. exports to Spain have remained particularly strong in sectors including energy products, industrial machinery, aerospace, pharmaceuticals, chemicals, medical technologies, agriculture, information technology



and professional services. Likewise, imports from Spain into the United States continue to expand across sectors such as food and beverage products, pharmaceuticals, automotive components, renewable energy technologies, chemicals and consumer goods. Bilateral trade volumes remain substantially higher than pre-pandemic levels.

It should also be noted that actual U.S. exports to Spain are likely higher than official statistics indicate, as a significant portion of American goods entering Spain arrive through logistics hubs and ports located in other EU countries before being distributed into the Spanish market. The bilateral trade relationship has remained relatively balanced in recent years, reflecting the depth and diversification of commercial ties between the two countries.

Spain's close economic, cultural, linguistic and investment relationships with Latin America continue to provide strategic advantages for U.S. companies operating in both regions. Many multinational companies use Spain as a gateway to Latin American markets due to shared language, business networks and financial integration, creating unique opportunities for American exporters and investors seeking broader access to Spanish-speaking markets worldwide.

Investment remains a cornerstone of the bilateral economic relationship. Many major U.S. companies maintain a significant presence in Spain, particularly across sectors such as automotive manufacturing, aerospace, pharmaceuticals, chemicals, energy, technology, industrial equipment and financial services. Recent Bureau of Economic Analysis data show cumulative U.S. foreign direct investment (FDI) in Spain continuing to grow steadily, supported by Spain's skilled workforce, strategic geographic location, modern infrastructure and strong integration within the EU market.

Spanish investment in the United States has also grown substantially over the past two decades, with Spain remaining one of the leading foreign investors in the U.S. economy. Spanish companies have invested heavily across sectors including infrastructure, renewable energy, banking, transportation, telecommunications, construction and manufacturing. These investments support tens of thousands of jobs throughout the United States and further reinforce the long-standing commercial relationship between the two countries.

**Market Challenges**

Spanish consumers remain highly price sensitive, particularly following several years of elevated inflation, rising housing costs and higher interest rates across the eurozone. Although inflation has moderated significantly from its 2022 peak, many households continue to feel pressure from food, energy and borrowing costs, which has affected overall consumer spending patterns. At the same time, Spain's tourism and services sectors have remained strong, helping support broader economic stability despite ongoing concerns about affordability and household purchasing power.

Geopolitical uncertainty, including the continuing effects of the war in Ukraine, energy market volatility, global supply chain pressures and broader instability in the Middle East and Europe, continues to create economic uncertainty across the region. Spain's political environment has also remained somewhat fragmented following recent national elections,

with coalition governance and regional political dynamics occasionally slowing legislative and regulatory decision-making. Nevertheless, Spain's institutions remain stable, and the country continues to maintain a generally favorable environment for foreign investment and international trade.

Spain remains a highly competitive and standards-driven market. Foreign goods must comply with EU and local Spanish regulations related to product standards, labeling, environmental requirements, consumer safety, sustainability and data protection. U.S. exporters should pay close attention to EU labeling, packaging, environmental and digital compliance requirements, particularly as the EU continues implementing new regulations tied to sustainability reporting, artificial intelligence, cybersecurity and consumer privacy. Working with an experienced local agent, distributor, customs advisor or legal representative is often critical to navigating certification, importation and regulatory requirements successfully.

U.S. products and services continue to enjoy a strong reputation in Spain for quality, innovation, reliability and advanced technology. However, American companies can face competitive disadvantages in areas such as localized financing options, pricing flexibility, adaptation to local market preferences, multilingual support and after-sales service. European competitors often benefit from geographic proximity, established distribution networks, EU-backed financing support and familiarity with local procurement systems and regulations.

U.S. exporters should also recognize that they compete not only with European firms, but increasingly with companies from Asia, particularly the People's Republic of China, which has continued expanding its commercial presence across Europe in sectors including renewable energy, electric vehicles, telecommunications, transportation infrastructure, logistics and advanced manufacturing technologies. Competition remains especially strong in strategic sectors tied to energy transition, transportation, digital infrastructure and industrial modernization.

Spain's 17 autonomous communities continue to play a significant role in business operations, regulation, procurement, taxation, language requirements and economic development policies. These regional differences can complicate nationwide business strategies, as companies may need to adapt products, marketing, distribution and regulatory compliance across multiple jurisdictions. Regional identities remain particularly strong in areas such as Catalonia and the Basque Country. In Catalonia, for example, regional language requirements continue to affect labeling, packaging, advertising and public sector procurement processes, potentially increasing administrative and operational costs for businesses.

Payment delays in certain public sector contracts, particularly at regional and municipal levels, can still present challenges for companies participating in government tenders and infrastructure projects, although reforms and EU oversight have improved payment practices in recent years. Businesses pursuing public procurement opportunities should carefully assess payment timelines, contract enforcement mechanisms and regional administrative practices.



As a member of the EU, Spain remains subject to all EU legislation and regulatory frameworks, including the General Data Protection Regulation (GDPR), environmental and sustainability directives, digital market regulations, cybersecurity requirements and evolving artificial intelligence governance standards. Companies operating in Spain must ensure compliance not only with national regulations, but also with rapidly evolving EU-wide legal and regulatory requirements.

**Market Opportunities**

Spain continues to serve as an attractive gateway market not only for the broader European Union, but also for Latin America, North Africa and portions of the Mediterranean region. Its strategic geographic location, modern transportation infrastructure, highly developed logistics networks and strong linguistic and cultural ties with Latin America make Spain an important hub for international business expansion. Continued economic reforms, investment incentives, digital transformation initiatives and EU-funded modernization projects have further improved Spain's competitiveness relative to other major European markets.

Industrial supplies and materials continue to account for a substantial share of U.S. exports to Spain, alongside strong growth in sectors such as energy, aerospace, technology, pharmaceuticals, industrial equipment, chemicals, agricultural products, consumer goods and professional services. U.S. exports to Spain remain particularly competitive in areas including aircraft and aerospace equipment, medical technologies, pharmaceuticals, electric power systems, renewable energy technologies, cybersecurity, telecommunications equipment, semiconductors, advanced manufacturing solutions, water management systems, transportation technologies, defense systems and information technology services.

Spain continues to present significant commercial opportunities in renewable energy, clean technology, energy storage, hydrogen infrastructure, electric mobility, digital transformation, artificial intelligence, cloud computing, smart cities, cybersecurity, health-care innovation, logistics and advanced manufacturing. Spain has become one of Europe's leaders in renewable energy deployment and green transition initiatives, supported by substantial investments through the EU's recovery and sustainability funding programs. Major opportunities also exist in infrastructure modernization, rail transportation, sustainable tourism, telecommunications and industrial automation.

The services sector remains the dominant driver of the Spanish economy, accounting for approximately 70% of GDP. Tourism continues to play a particularly important role, with Spain consistently ranking among the world's most visited countries. Tourism activity has remained exceptionally strong in recent years, surpassing pre-pandemic levels and contributing significantly to economic growth, employment, infrastructure investment and consumer spending. Growth in tourism-related sectors continues to create opportunities across hospitality, transportation, entertainment, food services, travel technology and luxury consumer markets.

Spain's accelerated digitalization and energy transition efforts continue generating substantial opportunities for U.S. companies. Strategic deployment of EU recovery funds



has fueled investment in broadband infrastructure, 5G deployment, artificial intelligence, digital public services, cybersecurity, semiconductors, sustainable agriculture, renewable energy, electric vehicles, battery technologies, hydrogen projects and climate resilience initiatives. Spain has also emerged as a growing hub for data centers, clean energy innovation and smart infrastructure development within Europe.

Spain's food, beverage and agricultural processing sectors remain among the most competitive in Europe and continue expanding their export-oriented production capabilities. This creates ongoing demand for high-quality U.S. agricultural products, ingredients, food technologies and processing equipment. Leading U.S. agricultural exports to Spain continue to include tree nuts, soybeans, corn, distilled spirits, seafood products, forestry products, animal feed ingredients, vegetable oils and specialty food ingredients.

Promising agricultural growth categories for U.S. exporters continue to include premium consumer-oriented food products, distilled spirits, dairy ingredients, beef and beef products, condiments and sauces, specialty seafood products, forestry products such as white oak and barrel materials, and bulk agricultural commodities including soybeans and corn. Demand has also grown for sustainable, organic, plant-based, health-oriented and premium food products as Spanish consumers increasingly prioritize quality, sustainability and wellness-focused purchasing decisions.

The U.S.-EU Organic Equivalence Arrangement continues to facilitate bilateral trade in certified organic products by allowing products certified as organic in the United States or European Union to be sold as organic in both markets, simplifying regulatory compliance and expanding export opportunities for organic producers.

The U.S. Commercial Service in Spain continues to provide a broad range of support services for American companies seeking to enter or expand in the Spanish market. Services include market intelligence, due diligence reports, distributor and partner searches, customized business matchmaking, regulatory guidance, trade promotion support, advocacy assistance and event coordination. Commercial Service Spain also continues supporting foreign direct investment initiatives and helping strengthen bilateral commercial relations between the United States and Spain.

**Market-Entry Strategies**

Madrid and Barcelona remain Spain's primary economic and commercial hubs, serving as the headquarters for many multinational corporations, financial institutions, government agencies, distributors, technology firms, logistics providers and foreign subsidiaries. Other cities, including Valencia, Bilbao, Seville and Málaga, continue to grow as important regional centers for manufacturing, renewable energy, logistics, tourism, technology and industrial development. Málaga in particular has emerged as a rapidly expanding technology and innovation hub attracting international investment and digital sector growth.

Spanish commercial practices remain generally aligned with broader Western European business standards, where price competitiveness, product quality, reliability and long-term value are key purchasing considerations. Financing options, customer support, local partnerships, technical assistance, sustainability credentials and after-sales service



continue to play an important role in procurement decisions across both consumer and business markets. Consumer financing and digital payment adoption remain widespread in Spain, particularly in major urban areas, where banks and fintech providers actively compete in offering installment financing and digital commerce solutions.

The Spanish government continues pursuing policies aimed at attracting foreign investment, supporting industrial modernization, accelerating the energy transition and promoting digital transformation. Spain has implemented numerous incentives tied to EU recovery funding programs, particularly in sectors such as renewable energy, electric mobility, semiconductors, artificial intelligence, advanced manufacturing, green hydrogen, logistics and digital infrastructure. While Spanish law generally permits foreign ownership of up to 100% in most sectors, the government continues to maintain foreign investment screening mechanisms for strategic industries including defense, critical infrastructure, energy, telecommunications, transportation, cybersecurity and certain advanced technologies. Labor regulations have gradually become more flexible in recent years, though companies may still encounter administrative complexity compared to some other international markets.

Business relationships in Spain continue to rely heavily on trust, personal interaction and long-term relationship building. Although virtual communication and hybrid business practices became more common following the COVID-19 pandemic, face-to-face meetings remain highly valued, particularly during the early stages of commercial relationships. Establishing credibility and maintaining consistent local engagement are often essential for successful market entry and long-term growth. Initial outreach by email or phone may not always generate immediate responses, making local representation, referrals and in-person networking especially important. Professional attire and formal business etiquette remain standard in many industries, particularly when dealing with senior executives, government officials or large organizations. Spanish language proficiency, while not always mandatory, continues to provide a meaningful advantage in business development, negotiations, marketing and customer relationships.

Spanish buyers generally remain cautious and value-oriented in their purchasing decisions, though well-established and innovative U.S. brands continue to perform strongly across many sectors. Large public and private sector organizations often prefer working with experienced firms that demonstrate financial stability, proven performance, strong local partnerships and long-term commitment to the market. Companies entering Spain frequently benefit from partnering with local agents, distributors, consultants or legal advisors familiar with regional business practices and regulatory requirements. Support from the U.S. Commercial Service and the U.S. Embassy can also help U.S. firms establish credibility, develop commercial connections and improve response rates when entering the Spanish market.

*"Doing Business in Spain" article is provided by the U.S. Commercial Service, the trade- promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import and export data obtained from the website of the International Trade Centre (ITC)**

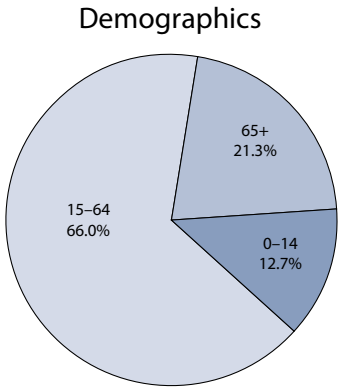
# SPAIN SNAPSHOT

## Demographics

Population in millions 47.3

| Age | Male | Female |
|---|---|---|
| 0–14 | 3.08 | 2.95 |
| 15–64 | 15.66 | 15.58 |
| 65 & Over | 4.36 | 5.72 |

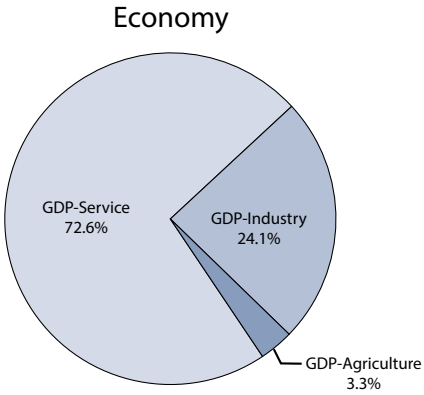
Median Age 47.2
Population Growth 0.12%

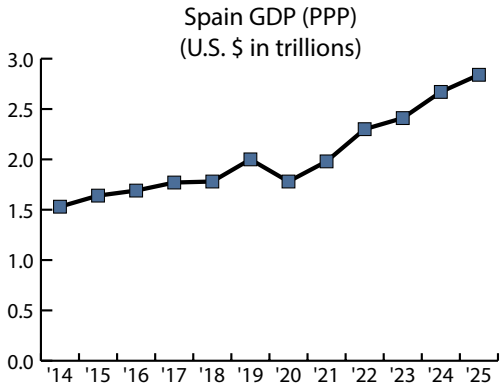


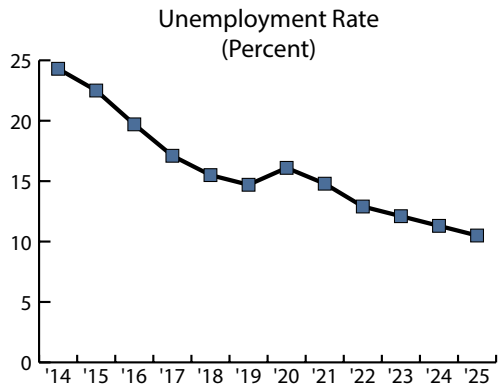

## Economy

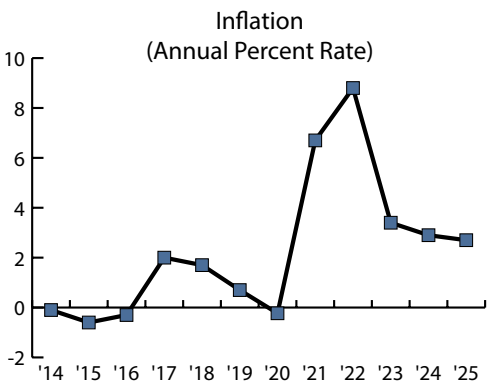
| | |
|---|---|
| GDP (PPP) | $2.84 trillion |
| GDP Per Capita | $57,030 |
| GDP-Real Growth Rate | 2.80% |
| Unemployment Rate | 10.50% |
| Inflation | 2.70% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.



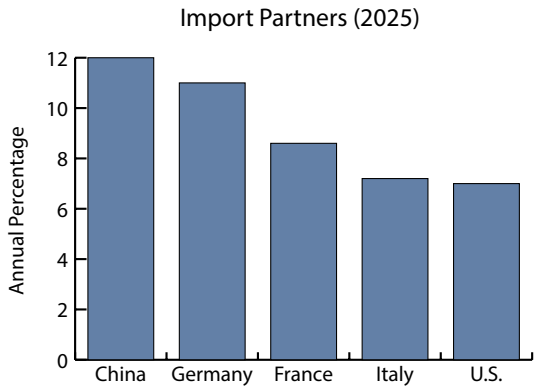



## Trade

| | |
|---|---|
| Total Export | $444.4 billion |
| Total Import | $507.7 billion |

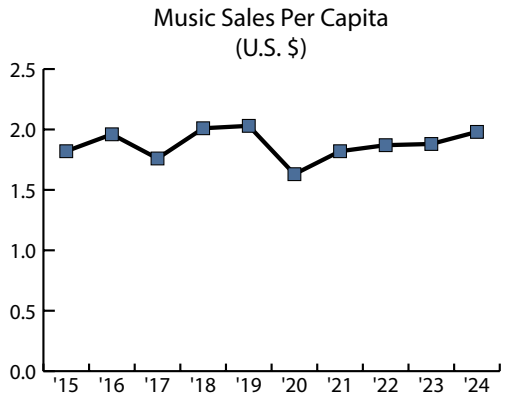
| | |
|---|---|
| Export as % of GDP | 15.65% |
| Import as % of GDP | 17.88% |

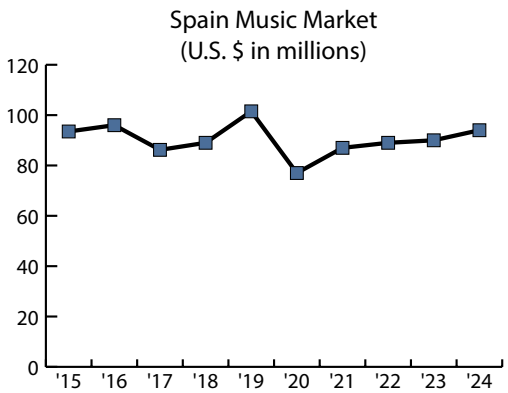


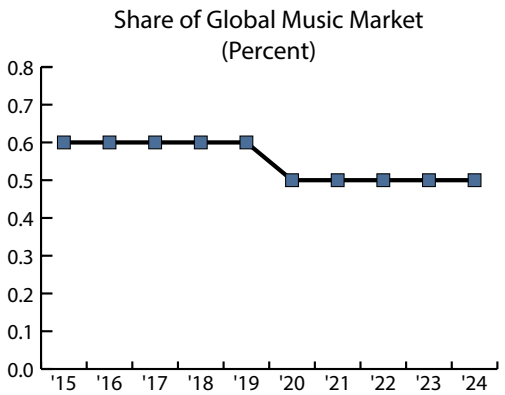




## Music Industry

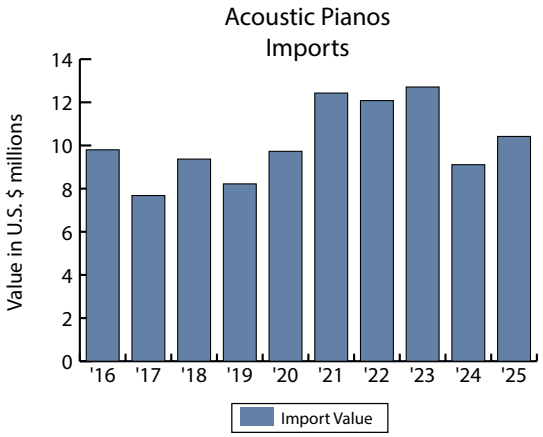
| | |
|---|---|
| Music Market | $94.0 million |
| Sales Per Capita | $1.98 |
| Global Share | 0.50% |

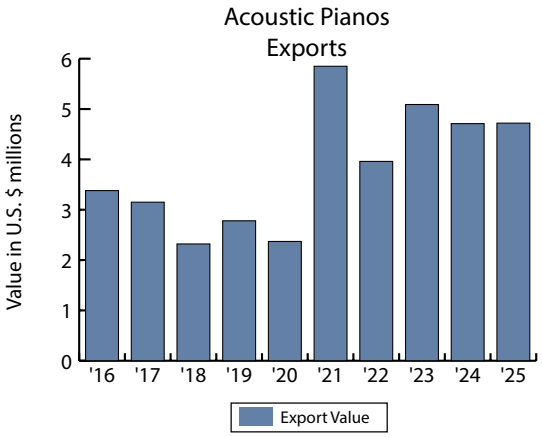


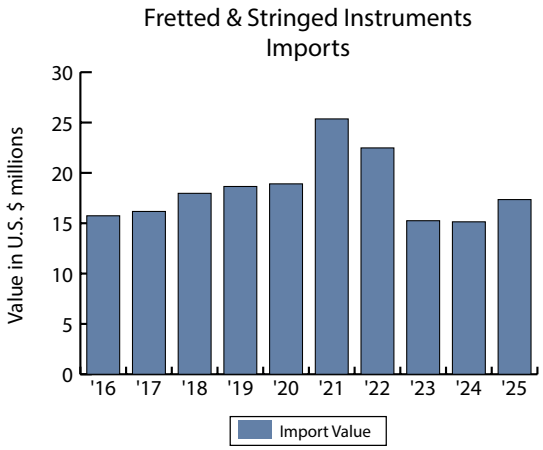



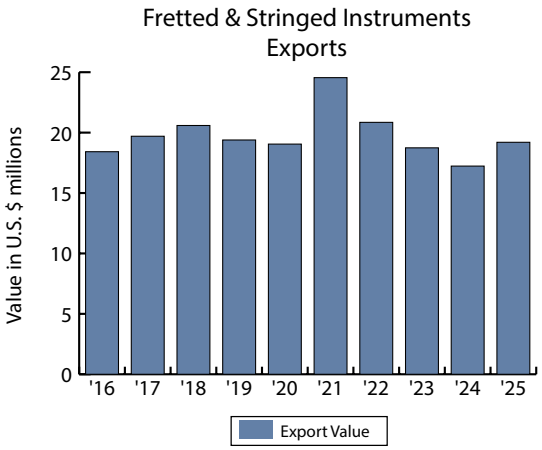



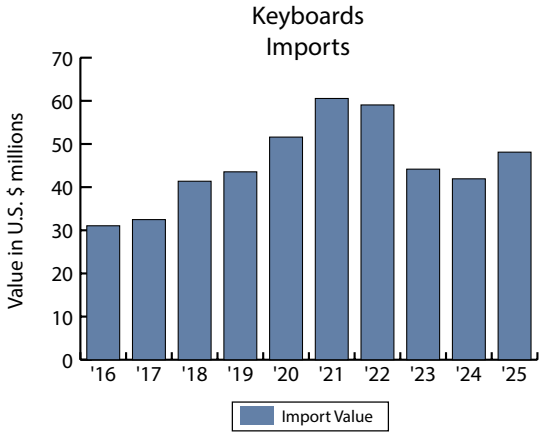
# Spain Imports and Exports

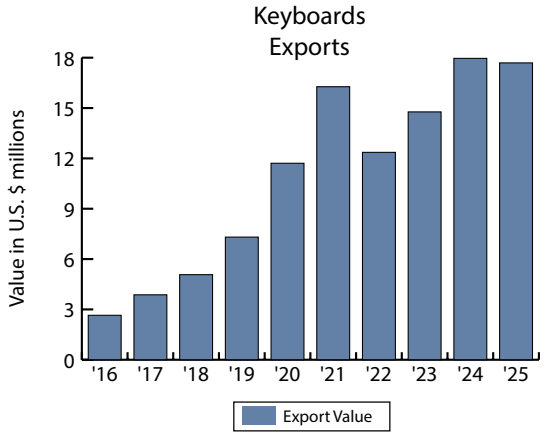


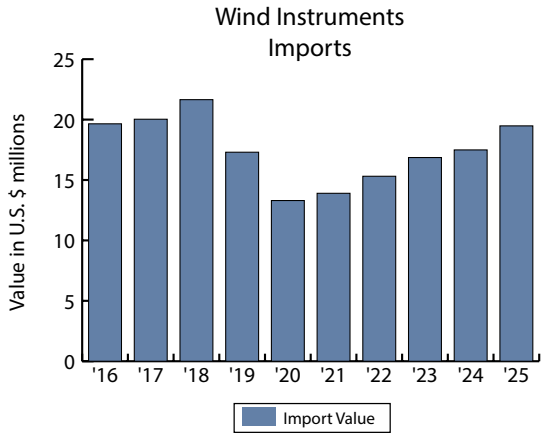



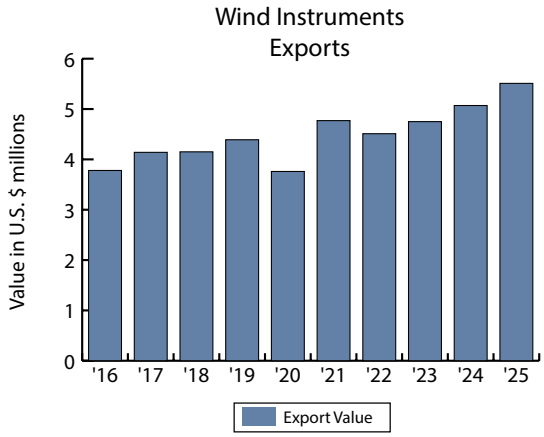



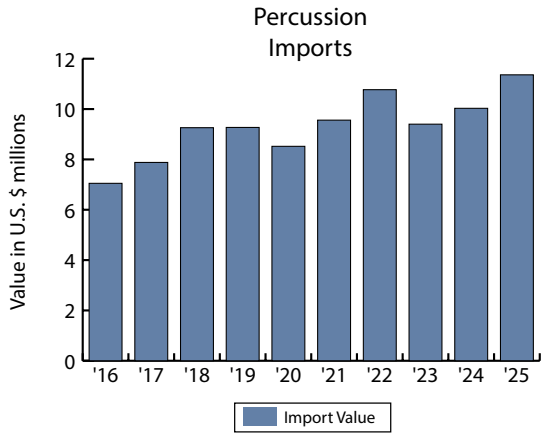



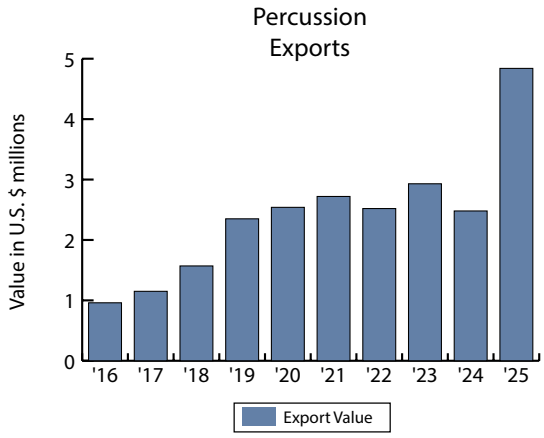



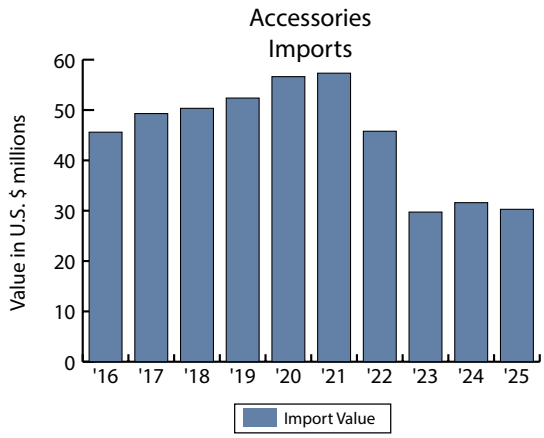
# Spain Imports and Exports

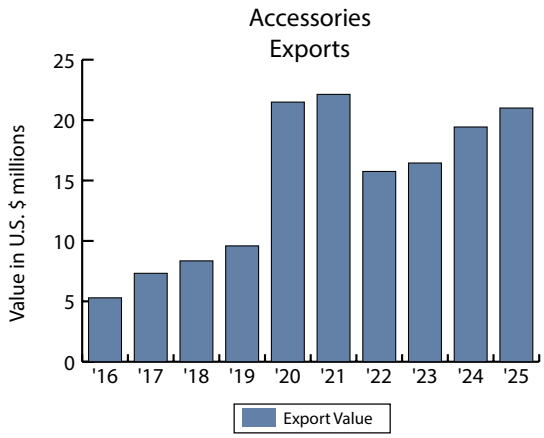


# SWEDEN

**Current High Points in the Music Products Industry**
The high point for m.i. in Sweden is still guitars. Both acoustic and electric guitars are selling well; there also seems to be a greater interest in less traditional guitars; more "metal" guitars are hanging in the stores and seem to be the guitars of choice at the moment.

**Current Challenges**
Traditional MI stores are suffering due to lack of footfall, particularly the younger generation not finding their way to most of the legacy music stores. However, there seems to be an acceleration in sell-through at non-m.i., more modern outlets.

**Leading Opportunities and Areas of Growth**
The education sector is a great opportunity in Sweden. To create growth, our industry needs to enlarge the customer audience, and there's no better way than by investing in music education in schools. This allows children to experience the joys and benefits of music from an early age, to eventually growing to see music creation as an international, integrating language with which one can communicate on an profound level.

**Forecasting the Music Industry**
The current m.i. network will be decimated in the next few years unless drastic changes are applied to management and mentality. However, the demand for MI products remains and the potential to expand it is huge, but will have to be nurtured and exploited in cooperation with new, modern outlets.

*Commentary by Luca D'Andria, head of sales – Nordics, for Roland Scandinavia S/A*

## DOING BUSINESS IN SWEDEN

**Market Overview**
Sweden, with a GDP of US$610 billion (2024) and a population of 10.7 million people, is the largest Nordic economy and boasts a transparent, highly developed, sophisticated and diversified market with few barriers to entry. Sweden ranks among the top 10 worldwide on several competitiveness studies (e.g., World Economic Forum, the International Institute for Management Development). This is due in part to Sweden's export-oriented manufacturing sector, competitive small and medium-sized enterprises, and budgetary discipline. Sweden also consistently ranks high for its connectivity, governance, investment in R&D and business climate. As such, many foreign firms establish operations in Sweden when looking to enter or expand into the Nordics and/or the Baltics.

U.S. merchandise exports to Sweden were valued at US$8.2 billion in 2024 and imports were US$18 billion the same year, generating a trade deficit of US$9.8 billion. The U.S. exported US$8.1 billion in services to Sweden in 2024 and imported US$5.3 billion, generating a trade surplus of US$2.8 billion. The top five categories for U.S. exports to Sweden in 2024 are chemicals, oil and gas products, computers and electronic products, transportation equipment and machinery. Best-prospects categories for future exports include industries such as defense/aerospace, telecommunications, health care/life sciences, information technologies, safety/security, industrial machinery and renewable energy.



**Market Challenges**

Sweden's open and therefore highly competitive market means U.S. companies face strong competition from both domestic and third-country suppliers.

The cost of living in Sweden, with expensive labor and individual tax rates, is among the highest in the world. A valued-added tax (VAT) rate of 25% applies to the import or sale of most products. Public procurement at all levels accounts for 19.5% of Sweden's GDP (2023), much higher than the European Union (EU) average of 14%. Incorporating innovative products and services into the public tender process has improved but remains a systemic challenge on some levels.

**Market Opportunities**

There are market opportunities in Sweden for U.S. companies providing new, emerging technologies and services, and products and technologies that make manufacturing processes more effective or improve national security.

- Sweden has a long-established tradition of expertise in manufacturing and engineering, mining, shipbuilding and life sciences, which makes it a highly receptive market to new, innovative technologies.

- There is a strong demand for disruptive technologies that improve productivity and connectivity. This includes digitalization solutions and services that lower production costs and improve efficiency, as well as equipment and services within safety/security, including cybersecurity.

- According to the EU's Digital Decade Policy Program (which ranks the Member States' digital performance across four dimensions), Sweden currently places sixth on digital skills and ninth on digital infrastructure. In regard to digital transformation of businesses, Sweden is in third place; on the digitalization of the public services, Sweden places 12th.

- Swedes are early adopters of new technologies, making Sweden an ideal test market, albeit an expensive one. The government launched a program called Testbed Sweden in 2017 to attract both physical and virtual environments where companies, academia and other organizations can develop, test and introduce new solutions across various sectors, such as life sciences, AI, 5G/6G, smart production, energy and cybersecurity. There are currently hundreds of testbeds in Sweden reviewing innovative technologies in connection with science parks, universities and other research institutes.

- Sweden's rapid developments in smart urban development, decarbonization of the society, increased use of non-fossil energy, focus on national and cybersecurity and e-health developments make the country a critically important market for U.S. companies offering innovative technologies.

- Sweden joined NATO in March 2024, which presents opportunities for U.S. defense and aerospace companies to further strengthen ties with Sweden's defense industry.

- English is widely spoken, and is the language used for business communications.

**Market-Entry Strategies**

While Sweden's markets are generally quite open to foreign businesses, they are also highly competitive. To break into the market, products and services must be globally competitive and sometimes customized for the unique Swedish market. Exporters should consider the following suggestions:

- Demonstrate a clear competitive advantage (i.e., price, quality, branding).

- Pay close attention to both the obvious and subtle cultural differences between the U.S. and Sweden and adjust marketing strategies accordingly. The Swedish cultural norm of "jantelagen" (i.e., values of social equality and modesty) may still eschew overt self-promotion and achievement as inappropriate, but this is changing, especially among the younger companies and the start-up/scale-up community.

- Evaluate prospective partners carefully and choose an experienced, well-established distributor.

- Be flexible and adjust expectations to the scale of the market. Although Sweden is the size of California, its population is only 10.5 million.

- Evaluate the potential for distributors to cover the entire Nordic region. Depending on the industry sector, prospective business partners may be based in Stockholm (east), Gothenburg (west), Malmö (south) and cover one or more of the Nordic neighbors (Finland, Denmark and Norway).

- Express commitment to the market with a long-term perspective. Visits are important because Nordic partners want firsthand assurance of a partner's reliability and commitment.

- Offer highly advanced technologies as well as competitive prices and terms, important factors for U.S. exporters seeking to succeed in entering the Swedish market.

*"Doing Business in Sweden" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import data obtained from the website of the International Trade Centre (ITC)**

# SWEDEN SNAPSHOT

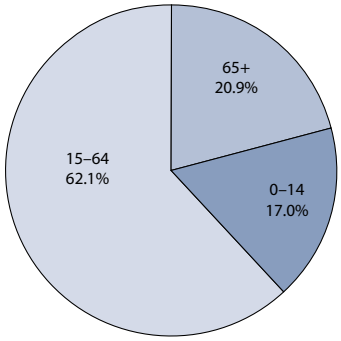
## Demographics

Population in millions 10.6

| Age | Male | Female |
|---|---|---|
| 0–14 | 0.93 | 0.88 |
| 15–64 | 3.39 | 3.23 |
| 65 & Over | 1.04 | 1.18 |

Median Age 41.2
Population Growth 0.51%

Demographics

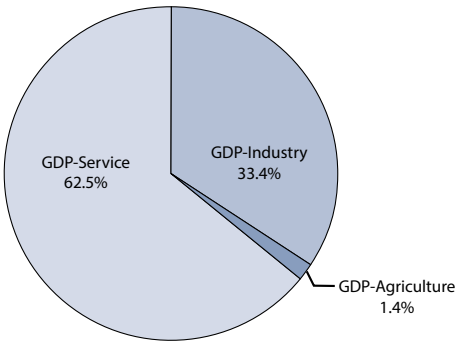



## Economy

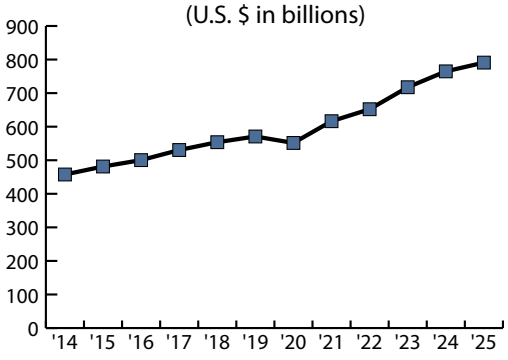
| | |
|---|---|
| GDP (PPP) | $790.9 billion |
| GDP Per Capita | $74,080 |
| GDP-Real Growth Rate | 1.50% |
| Unemployment Rate | 8.90% |
| Inflation | 2.60% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

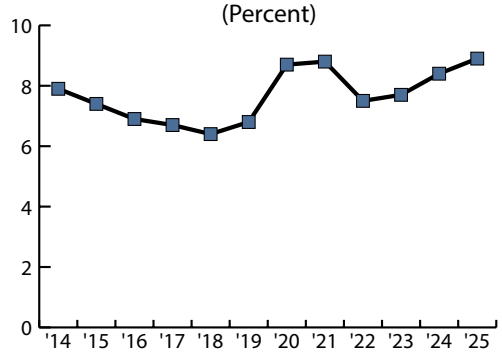
Economy



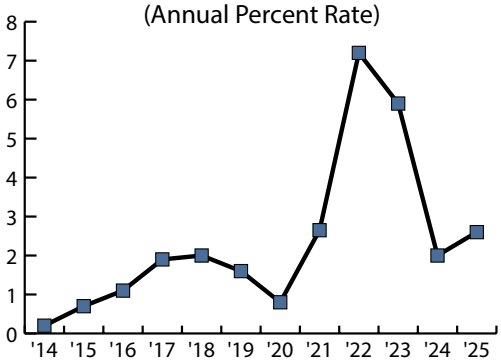

Sweden GDP (PPP)
(U.S. $ in billions)




Unemployment Rate
(Percent)



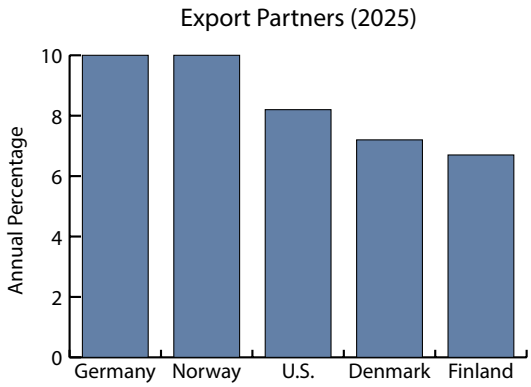

Inflation
(Annual Percent Rate)

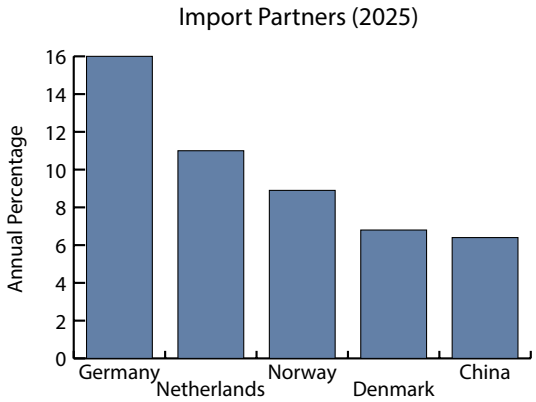


## Trade

| | |
|---|---|
| Total Export | $208.5 billion |
| Total Import | $202.1 billion |

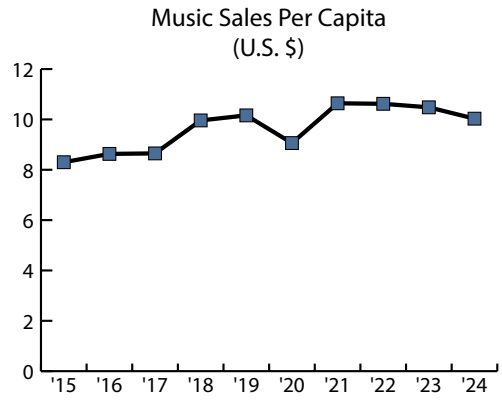
| | |
|---|---|
| Export as % of GDP | 26.36% |
| Import as % of GDP | 25.55% |

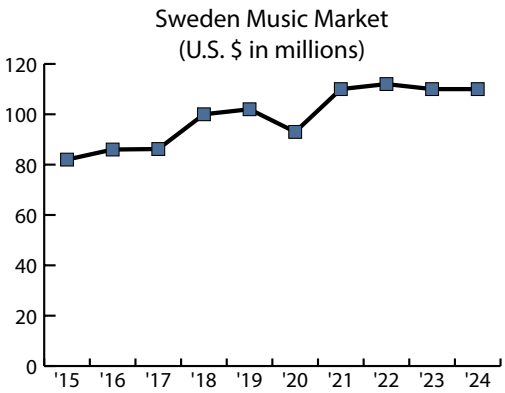


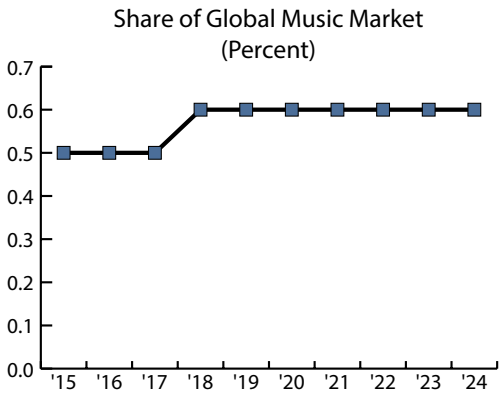




## Music Industry

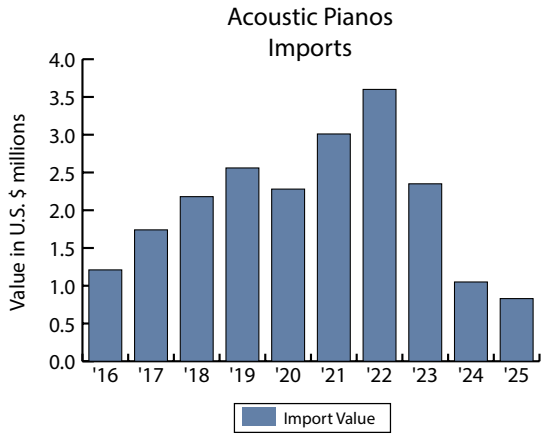
| | |
|---|---|
| Music Market | $110.0 million |
| Sales Per Capita | $10.03 |
| Global Share | 0.60% |

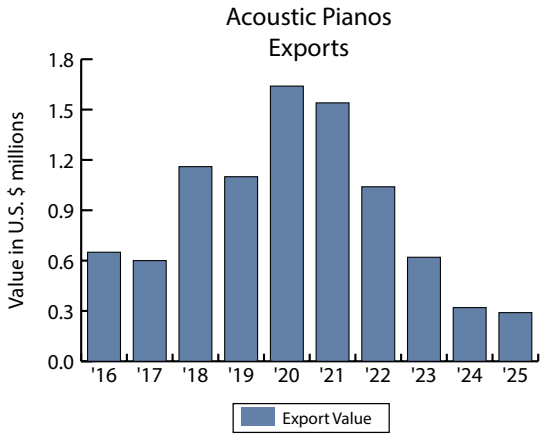


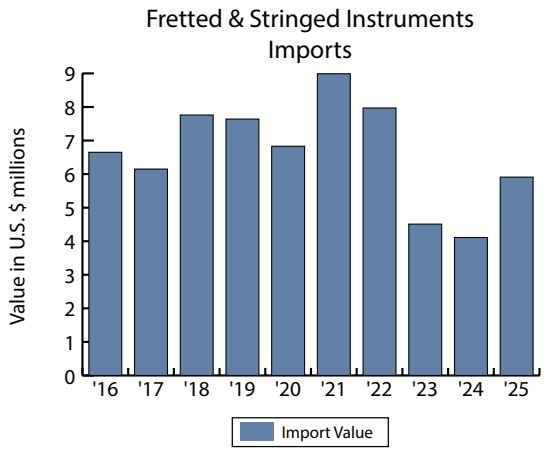



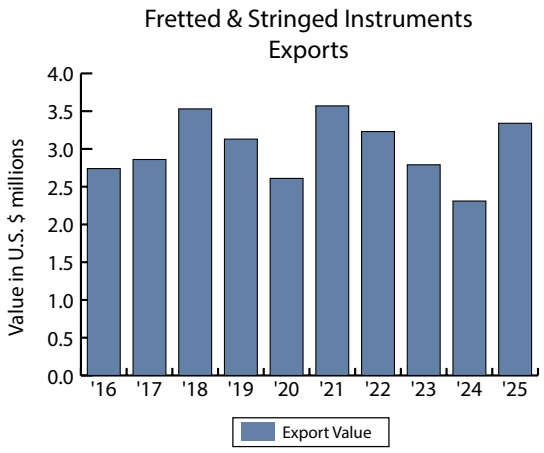



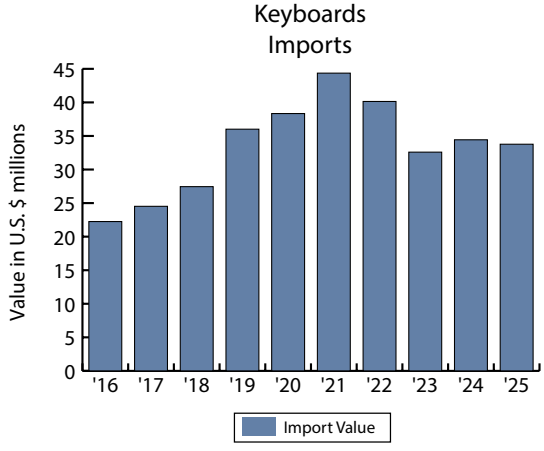
# Sweden Imports and Exports

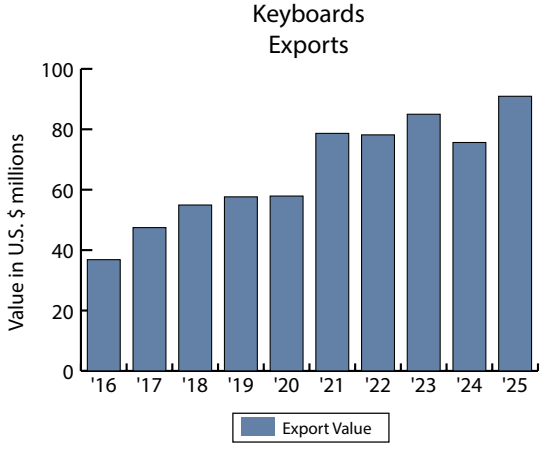


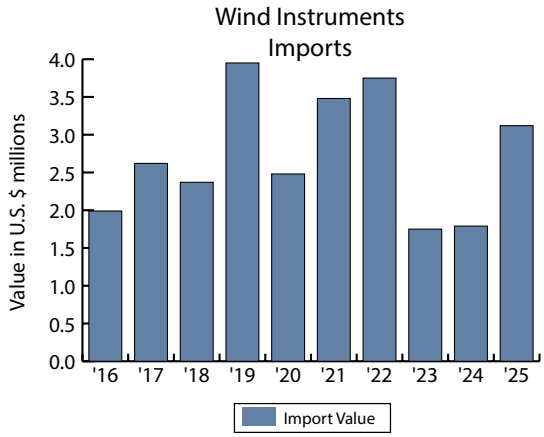



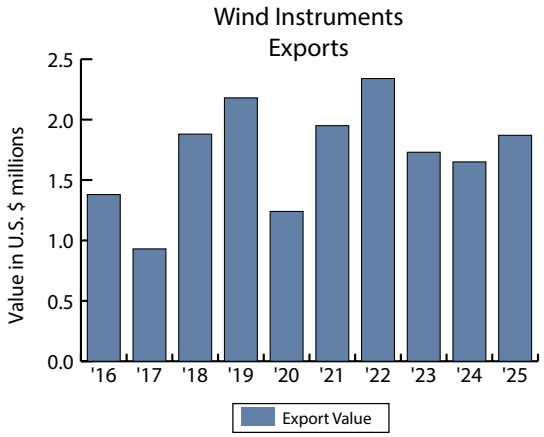



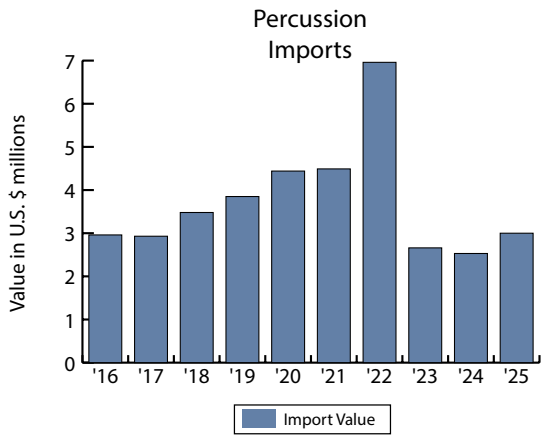



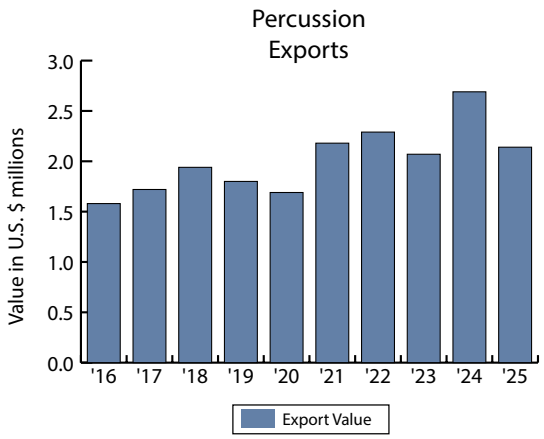



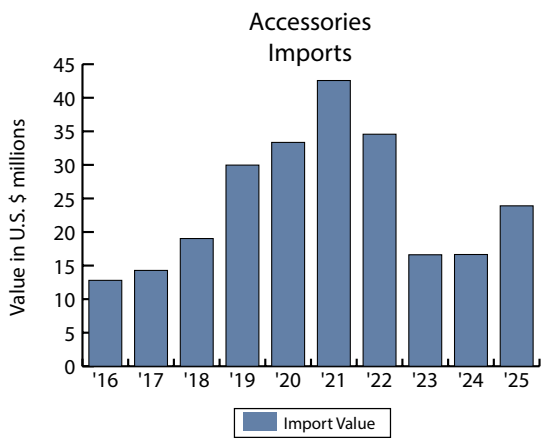
# Sweden Imports and Exports

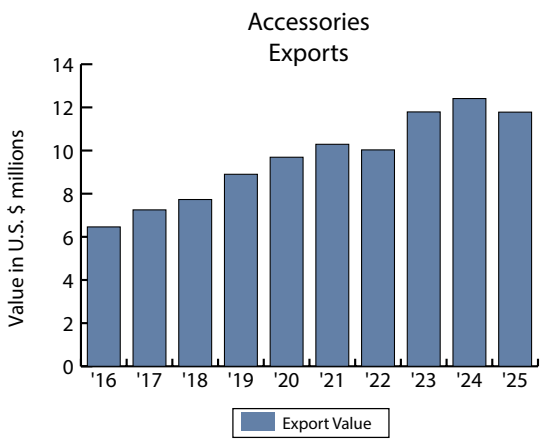


# SWITZERLAND

## DOING BUSINESS IN SWITZERLAND

**Market Overview**

Switzerland remains one of the world's most advanced, stable and innovation-driven economies. With a population of approximately 9 million people in 2025, including a large share of foreign nationals, Switzerland continues to rank among the world's wealthiest countries by GDP per capita. The Swiss economy is highly diversified and globally competitive, with strengths in pharmaceuticals, biotechnology, precision manufacturing, financial services, information technology and advanced research and development. Switzerland consistently ranks among the world's top countries for innovation, competitiveness, education and quality of life.

The United States and Switzerland maintain strong and long-standing economic ties. Switzerland remains one of the United States' largest European trading partners and a major destination for U.S. goods, services and investment. U.S. exports to Switzerland continue to be driven by pharmaceuticals, chemicals, machinery, medical technologies, financial services and intellectual property–related services. The United States also remains one of the largest sources of foreign direct investment in Switzerland, while many Swiss companies maintain significant investments and operations in the United States.

Switzerland's highly skilled workforce, political stability, world-class infrastructure, efficient transportation system and business-friendly regulatory environment continue to attract multinational companies. Many U.S. firms maintain their European or regional headquarters in Switzerland due to its strategic location, multilingual workforce, competitive tax environment and strong intellectual property protections. Switzerland's vocational education and apprenticeship system remains internationally recognized for producing a highly trained and adaptable workforce.

Switzerland's multilingual and multicultural environment, combined with its sophisticated consumer base, makes the country an attractive test market for new technologies, premium products and innovative services before broader European expansion.

**Market Challenges**

The Swiss market is highly competitive, quality-conscious and relatively mature. Swiss consumers and businesses often favor domestic brands and products associated with high quality and reliability, particularly in the agricultural and food sectors. While Switzerland eliminated tariffs on most industrial imports in 2024, agricultural products such as dairy and meat continue to face high tariffs and protective regulations.

Switzerland generally aligns many of its standards and regulations with the European Union, although differences remain in areas such as chemicals, pharmaceuticals and certain technical standards. Companies entering the market must also account for Switzerland's multilingual business environment, high operating and labor costs, and strict regulatory and environmental standards. Success often requires a long-term commitment, strong customer service and products positioned around quality, innovation, sustainability and reliability.



SWITZERLAND

**Market Opportunities**

Switzerland offers strong opportunities for U.S. companies in advanced technology sectors, including biotechnology, pharmaceuticals, medical devices, artificial intelligence, cybersecurity, financial technology (fintech), cleantech, renewable energy, precision manufacturing and digital services. Switzerland's strong research and development ecosystem, combined with its high levels of investment in innovation, creates favorable conditions for technology partnerships, scientific collaboration and high-value exports.

Swiss consumers and businesses maintain strong demand for premium, innovative and environmentally sustainable products and services. Switzerland also serves as an important gateway to broader European markets and remains an attractive location for regional headquarters, financial services and international business operations. The country's sophisticated financial sector and concentration of global wealth continue to create opportunities for U.S. asset managers, fintech companies, insurance providers and professional service firms.

**Market-Entry Strategies**

U.S. companies entering the Swiss market should carefully evaluate potential local partners and distributors, particularly their ability to effectively serve Switzerland's German-, French- and Italian-speaking regions. Building long-term relationships, maintaining consistent market engagement and demonstrating reliability are important factors for success in Switzerland's relationship-oriented business culture.

Working with experienced Swiss importers, distributors or local representatives can help companies navigate regulatory requirements, language differences and customer expectations. Swiss buyers typically place a strong emphasis on product quality, technical expertise, sustainability and after-sales support. Companies offering innovative, environmentally conscious and premium products are often best positioned to compete successfully. Early market entry and sustained local presence can help establish long-term competitive advantages in the Swiss market.

*"Doing Business in Switzerland" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import data obtained from the website of the International Trade Centre (ITC)**

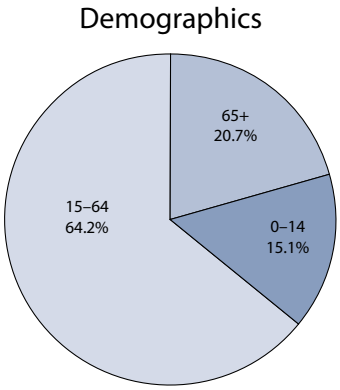
# SWITZERLAND SNAPSHOT

## Demographics

Population in millions 8.9

| Age | Male | Female |
|---|---|---|
| 0–14 | 0.69 | 0.66 |
| 15–64 | 2.89 | 2.84 |
| 65 & Over | 0.85 | 0.99 |

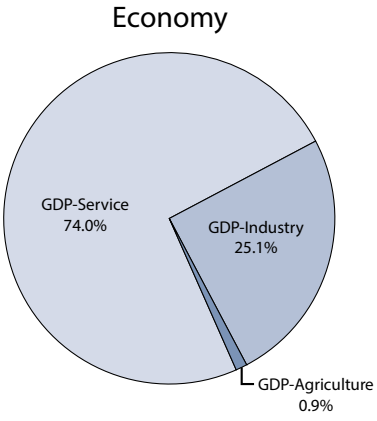
Median Age 44.4
Population Growth 0.72%

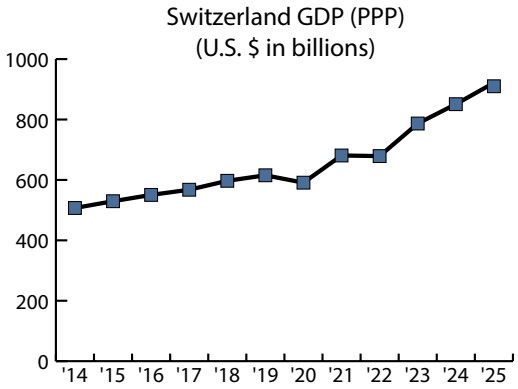


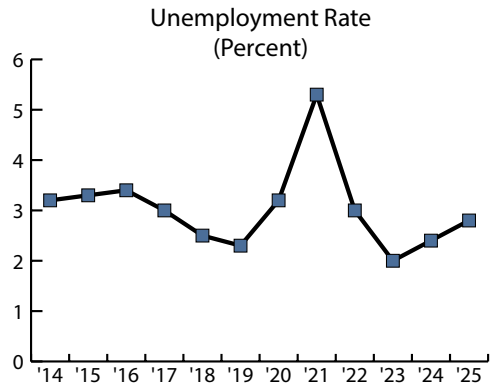

## Economy

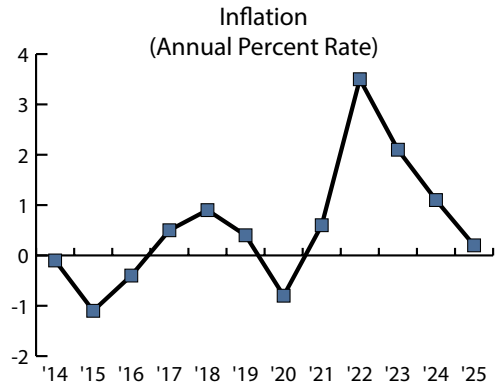
| | |
|---|---|
| GDP (PPP) | $921.5 billion |
| GDP Per Capita | $102,100 |
| GDP-Real Growth Rate | 1.30% |
| Unemployment Rate | 2.80% |
| Inflation | 0.20% |

Data Source: Demographics from U.S Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.



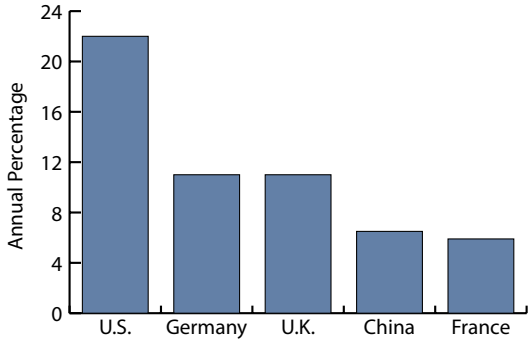



## Trade

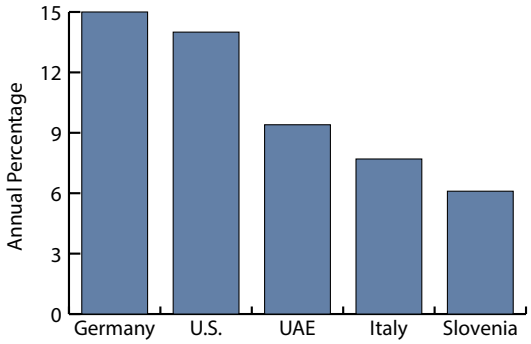
| | |
|---|---|
| Total Export | $553.5 billion |
| Total Import | $505.7 billion |

| | |
|---|---|
| Export as % of GDP | 60.07% |
| Import as % of GDP | 54.88% |

Export Partners (2025)



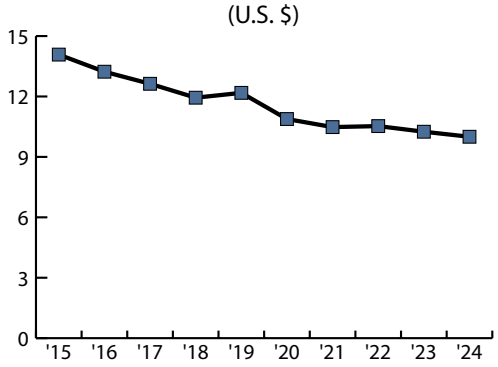

Import Partners (2025)



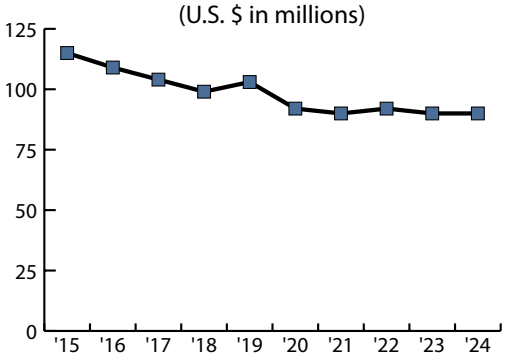

## Music Industry

| | |
|---|---|
| Music Market | $90.0 million |
| Sales Per Capita | $10.00 |
| Global Share | 0.50% |

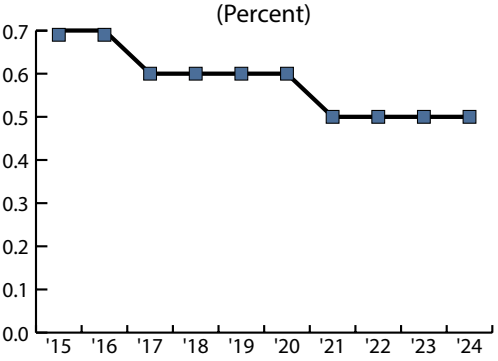
Music Sales Per Capita
(U.S. $)




Switzerland Music Market
(U.S. $ in millions)

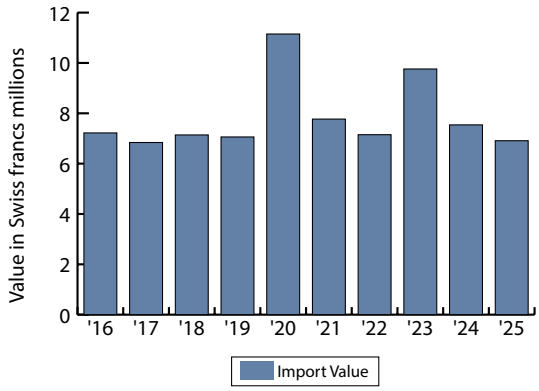



Share of Global Music Market
(Percent)

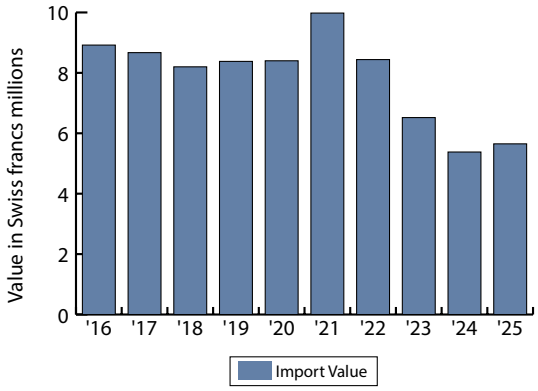


# Switzerland Imports

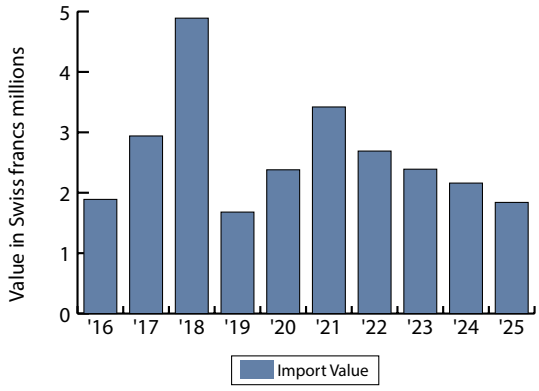
Grand Pianos



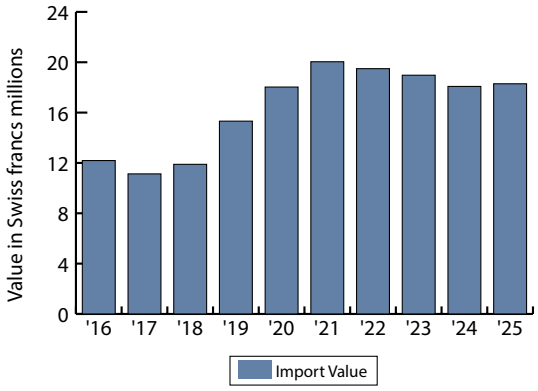

Upright Pianos



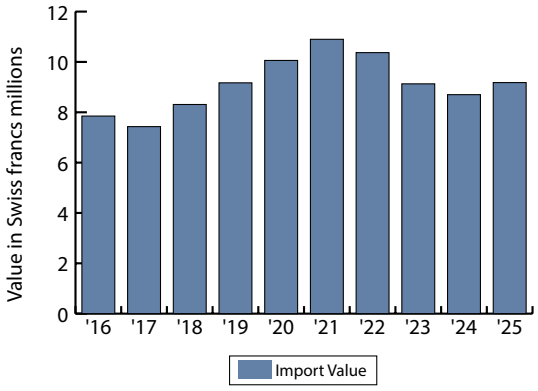

Stringed Instruments with a Bow



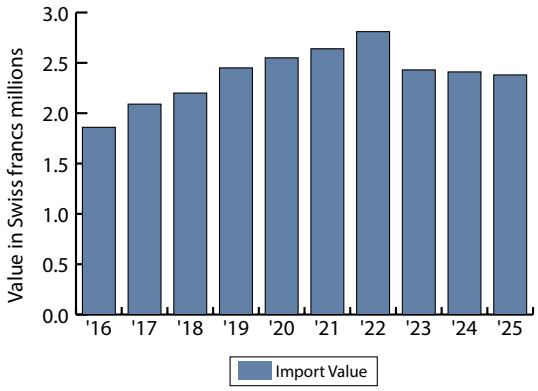

Fretted Instruments




Guitars

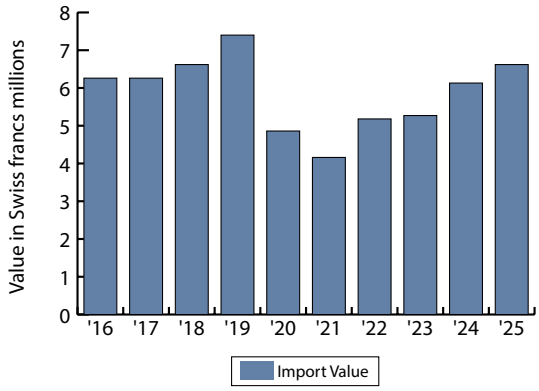



Instrument Strings

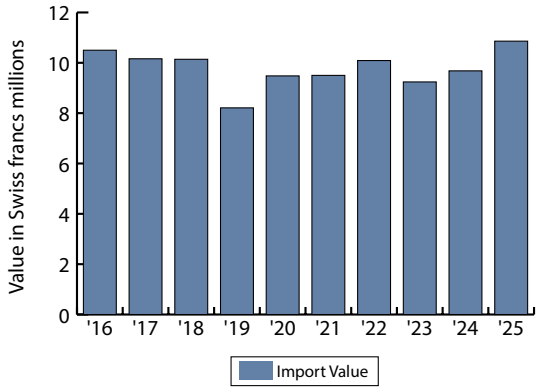


# Switzerland Imports

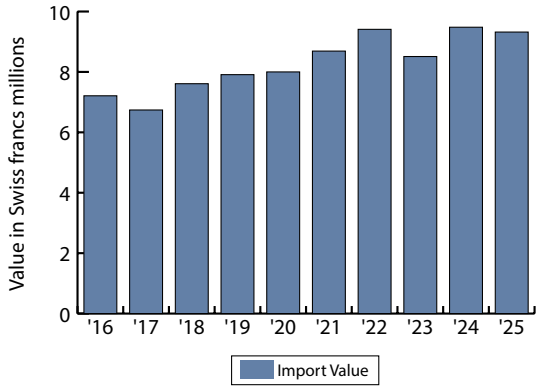
Brass Instruments



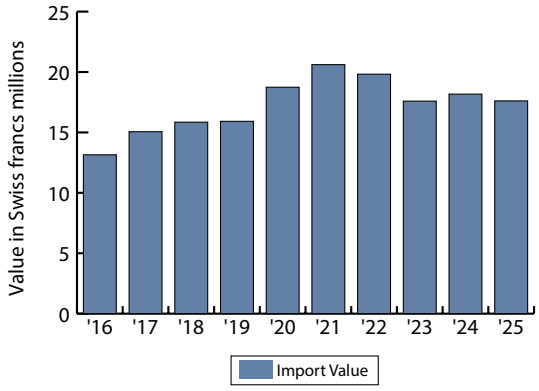

Wind Instruments



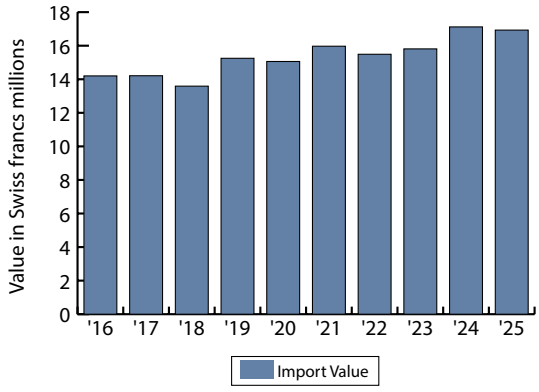

Percussion



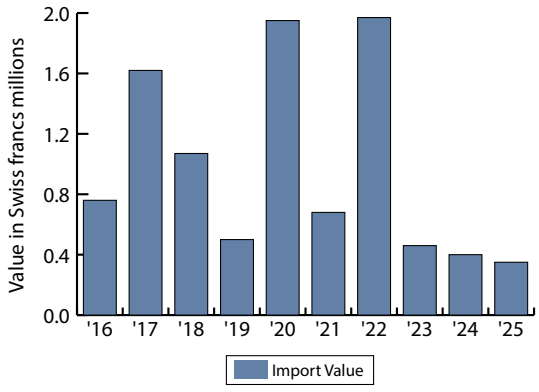

Keyboards




Accessories




Pipe Organs & Harmonium



# TAIWAN MARKET

**Current High Points in the Music Products Industry**
Generally speaking, no particular product category in the Taiwan musical instruments market currently stands out, although import values for digital pianos in 2025 had a 9% increase. Despite growing in quantity by 2%, the total units was below 10,000 for the second year (2024 and 2025) and is at its lowest point over the last 10 years. Grand and upright pianos experienced significant drops (20% to 40% import value-wise), with wind instruments in a similar state (woodwind 9% drop, brass 18% drop). Acoustic guitar sales decreased slightly (7%). The electric guitar category, after double-digit growth in 2024, had a 16% decline.

**Current Low Points in the Music Products Industry**
Inflation caused by geopolitics and changing tariff policies created uncertainty in the market (for both dealers and consumers) and lowered purchasing power.

**Leading Opportunities and Areas of Growth**
It appears that opportunities exist in categories such as electronic instruments and digital music gear, which are closely tied to the creator economy and digital content production.

Additional areas of growth could include the adult and senior markets: music as a hobby, therapy or lifestyle activity. There is also the possibility of cross-industry integration between music, culture and tourism creating potential for higher-end products.

**Current Challenges**
Recruitment and talent acquisition are challenges for the Taiwan market. The high-tech industry is strong in Taiwan, but the music products industry is less competitive in terms of compensation, working culture and future development. Members of the younger generation become less interested in joining the industry, resulting in insufficient human resources, thus hindering experience transfer.

**Forecasting the Music Industry**
Possibilities remain open, although the increased prevalence of artificial intelligence (AI), from content creation to learning, could have a negative impact on the purchase and playing of musical instruments.

*Commentary by Andy Wang, CEO of KHS Musical Instruments*

## DOING BUSINESS IN TAIWAN

**Market Overview**
With a population of approximately 23.5 million people, Taiwan continues to maintain a dynamic, export-oriented economy and a vibrant democratic system. The country remains a global leader in advanced manufacturing, semiconductors, electronics, information and communications technology, and high-tech innovation. Taiwan's economy is estimated to have grown by approximately 3–3.5% in 2025, supported by strong global demand for semiconductors, artificial intelligence infrastructure, advanced computing technologies and resilient export performance. Taiwan's unemployment rate has remained low at

roughly 3.3–3.5%, while labor force participation has remained near 59%. Taiwan also continues to maintain one of the world's largest foreign exchange reserve holdings, exceeding US$580 billion in 2025, reflecting the strength of its external trade position and financial stability.

U.S.-Taiwan Trade

The United States and Taiwan continue to maintain a strong and expanding trade and investment relationship. Bilateral trade has grown significantly in recent years, driven largely by demand for semiconductors, advanced electronics, information technology products, machinery, energy products, agricultural goods and high-value services. U.S. exports of goods and services to Taiwan in 2025 are estimated to have exceeded US$45 billion, while imports from Taiwan continued to rise substantially, reflecting Taiwan's central role in global semiconductor and advanced technology supply chains. Taiwan remains one of the United States' top trading partners in Asia and a critical supplier of advanced chips, electronic components, networking equipment and information technology products.

The United States remains one of Taiwan's most important economic and strategic partners and continues to rank among Taiwan's largest export markets and sources of foreign investment. Meanwhile, despite ongoing efforts by Taiwan to diversify trade and investment relationships, China (including Hong Kong) continues to represent Taiwan's single largest trading partner overall due to deep manufacturing and supply chain integration across the region. Other major Taiwan trading partners continue to include Japan, South Korea and countries across Southeast Asia. Taiwan's strategic importance within global technology, semiconductor, artificial intelligence and advanced manufacturing supply chains continues to strengthen its economic ties with the United States and other key international markets.

**Market Challenges**

Taiwan is a sophisticated market in which consumers are plugged into global trends. U.S. products are well-represented in the market, as are products from across the region, especially mainland China and other lower-cost producers. Taiwan is a good target market for both high-quality, differentiated products and commodity items.

Taiwan is a price-sensitive market, and foreign goods must conform to certain local standards and labeling regulations. Qualified local agents and distributors are able to assist U.S. exporters with obtaining the necessary certifications and permits for importation.

U.S. intellectual property rights holders report both positive developments and ongoing challenges in Taiwan's protection and enforcement of intellectual property rights. In recent years, Taiwan has bolstered trade secrets protection and enforcement, but considerable challenges remain in combatting copyright-related infringement, both online and with printed educational materials.

**Market Opportunities**

The best opportunities for U.S. exporters include commercial drones with military applications, electric power equipment and energy, ICT and telecommunications equipment, machinery and tools, medical devices, education, franchising and travel and tourism. For agriculture-related products, the best prospects for U.S. exports include soybeans (US$1.11 billion), beef and beef products (US$746.92 million), corn (US$268.38 million), wheat (US$379.29 million) and fresh fruit (US$189.13 million).

**Market-Entry Strategies**

Most new-to-market exporters in Taiwan begin by finding a local partner to serve as an agent, distributor and/or representative. Agents and distributors are the most common partnerships used by foreign firms to gain initial footholds in Taiwan. Most Taiwan firms are small and medium- sized enterprises (SMEs) active in trading and/or manufacturing, offering a large pool of prospective trading partners capable of representing U.S. companies in Taiwan.

Taiwan's banking and international remittance systems are well-developed, and there are no foreign exchange regulations that would significantly hamper a U.S. exporter from receiving payment for goods shipped and services provided. Irrevocable letters of credit (L/Cs) are widely used, and L/Cs from leading Taiwanese financial institutions are typically confirmed by U.S. banks.

*"Doing Business in Taiwan" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import data obtained from the website of the International Trade Centre (ITC)**

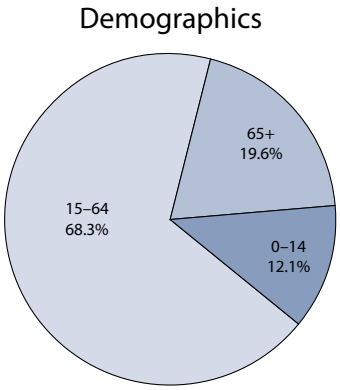
# TAIWAN MARKET SNAPSHOT

## Demographics

Population in millions 23.6

| Age | Male | Female |
|---|---|---|
| 0–14 | 1.47 | 1.39 |
| 15–64 | 8.04 | 8.07 |
| 65 & Over | 2.08 | 2.55 |

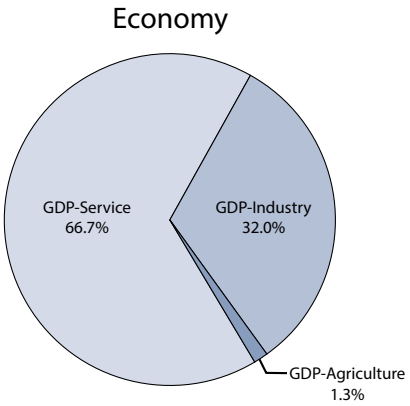
Median Age 45.1
Population Growth 0.02%

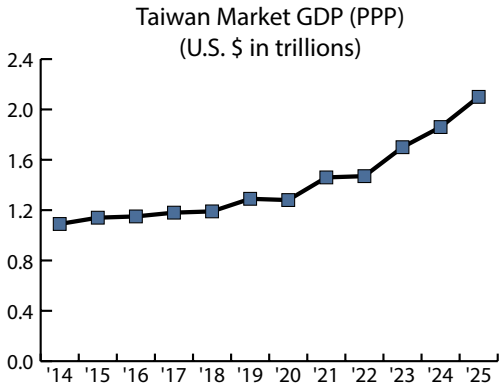


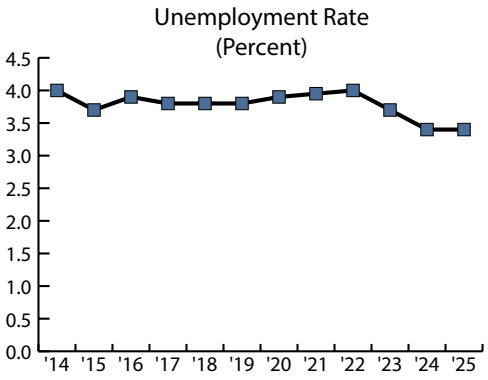

## Economy

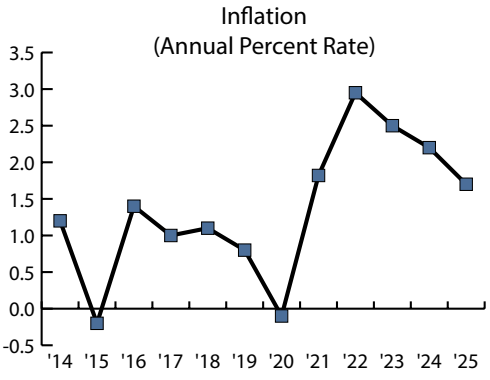
| | |
|---|---|
| GDP (PPP) | $2.10 trillion |
| GDP Per Capita | $90,230 |
| GDP-Real Growth Rate | 8.70% |
| Unemployment Rate | 3.40% |
| Inflation | 1.70% |

Data Source: Demographics from U.S Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.



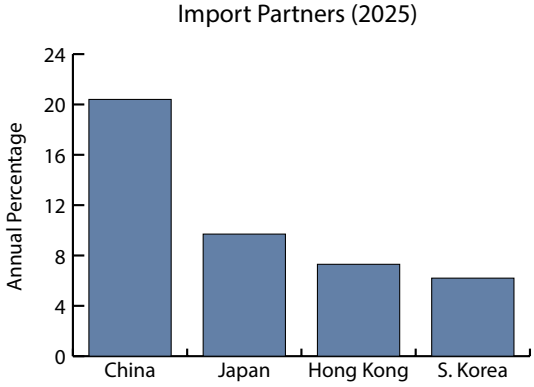



## Trade

| | |
|---|---|
| Total Export | $483.6 billion |
| Total Import | $640.8 billion |

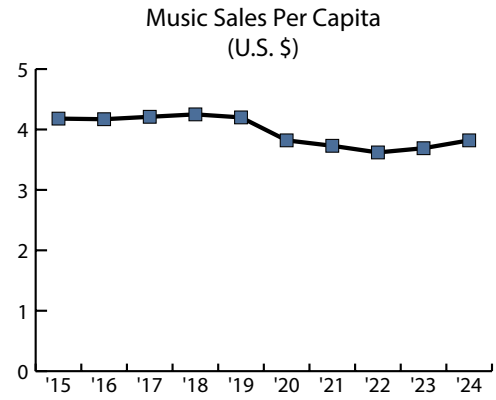
| | |
|---|---|
| Export as % of GDP | 23.03% |
| Import as % of GDP | 30.51% |

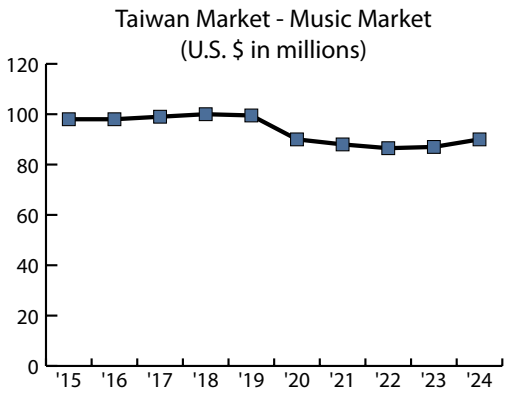


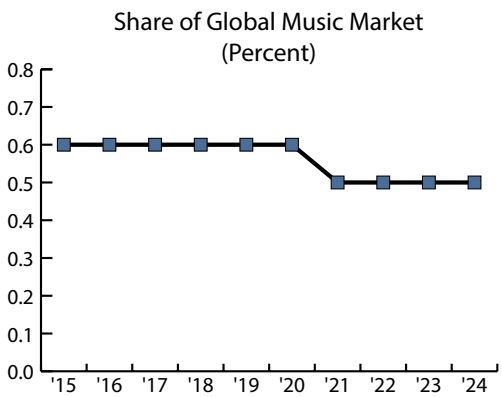




## Music Industry

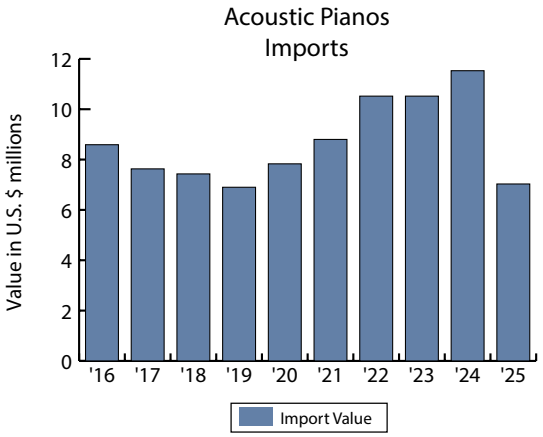
| | |
|---|---|
| Music Market | $90.0 million |
| Sales Per Capita | $3.82 |
| Global Share | 0.50% |

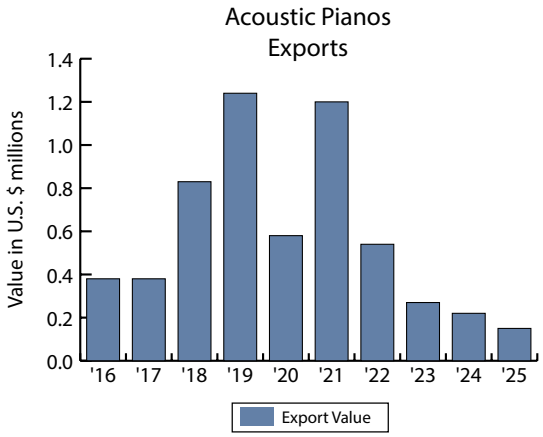


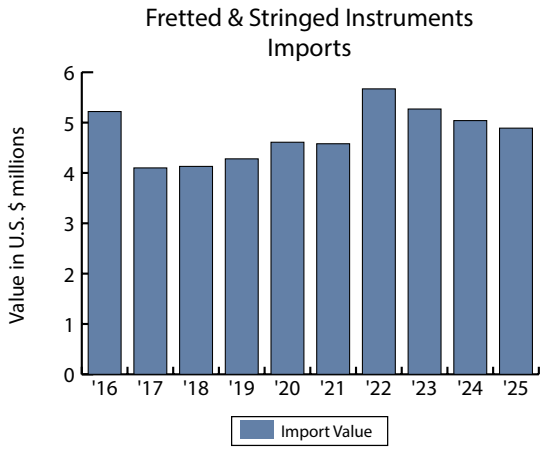



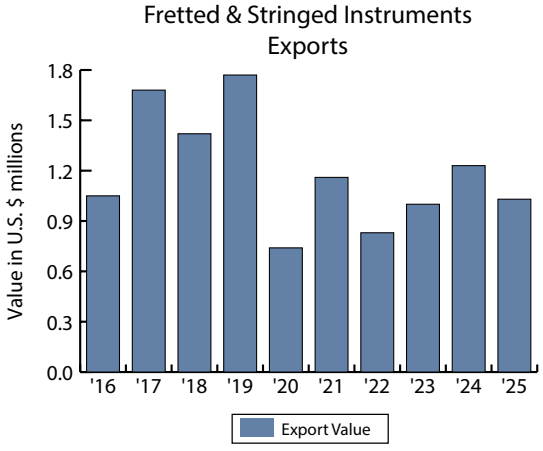



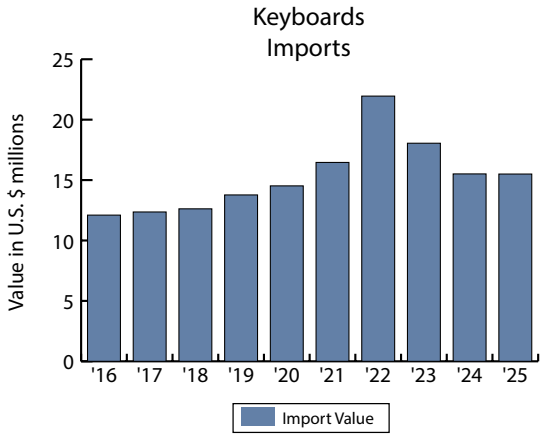
# Taiwan Market Imports and Exports

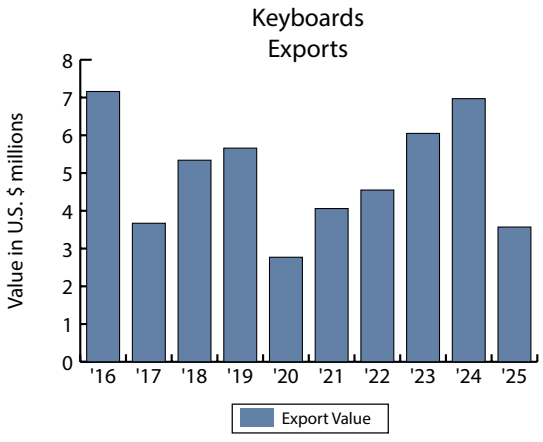


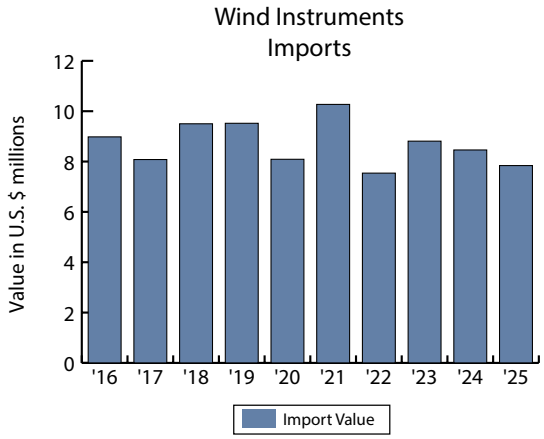



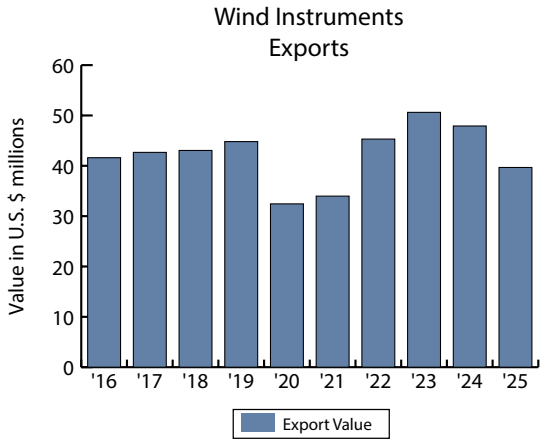



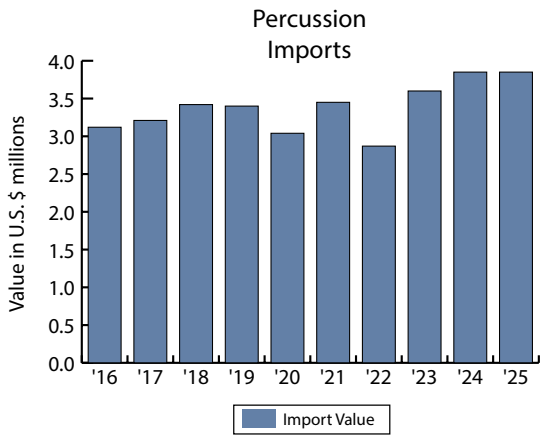



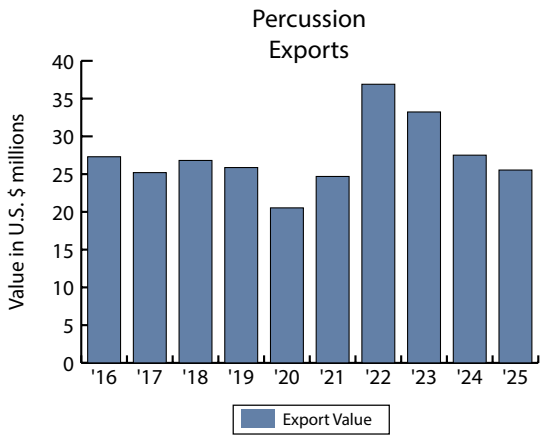



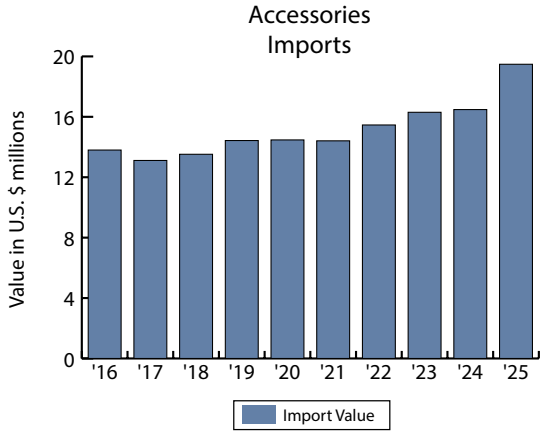
# Taiwan Market Imports and Exports

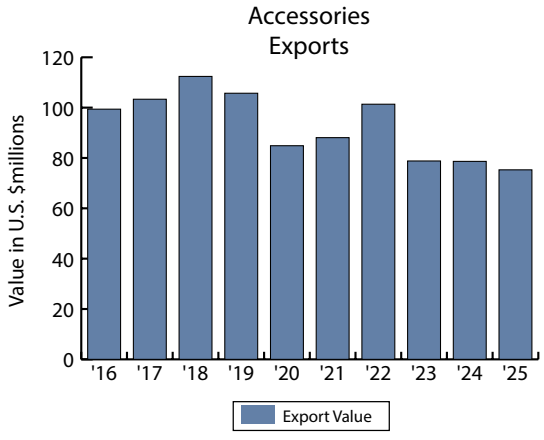




# THAILAND

Thailand's GDP growth for 2026 is projected to slow, mainly impacted by the war in the Middle East, which has greater consequences than originally expected and is affecting both domestic demand and merchandise exports. Private consumption is pressured by a higher cost of living and a weakening income, with the inflation expectation up to 2.9%. In addition, tourism is expected to decline. Flights have been reduced on several routes due to elevated fuel costs, compounded by tourists' concerns about the war.

The musical instrument market in Thailand is shifting toward digital integration. While traditional, physical instruments still dominate the market, the acoustic and electric guitar market (including accessories such as effects, amplifiers and speakers) are experiencing strong popularity and continue to dominate the market share in Thailand. Growth is occurring where those instruments meet digital technology, providing interactive experiences and digital output capabilities. Instruments with built-in Bluetooth, AI-powered tone-shaping and app integration for training and performance are popular among the younger generation. The integration of Bluetooth, apps and digital capabilities into traditional instruments allows for better practice tracking and connectivity, drawing the interest of tech-savvy users.

Thailand's market is expected to grow, driven by increasing music education initiatives.

The boom in digital audio workstations (DAWs) and social media content creation has spurred demand for high-quality audio interfaces, MIDI controllers and instruments that facilitate easy recording.

The musical instrument market is projected to grow at a stable rate, collectively shaping a dynamic and evolving market environment driven by innovation and increasing adoption of emerging technologies.

The musical instrument market in Thailand is experiencing growth due to rising interest in music education and entertainment, as well as strong demand for popular Western instruments. The market is increasingly digital, with online the retail sales channel growing. Schools and music academies are increasingly incorporating music education into their curricula, driving demand for instruments. Additionally, the popularity of music festivals, concerts and cultural events has led to increased consumer spending on musical instruments for personal use and performance.

However, the musical instrument market in Thailand is confronted with challenges primarily driven by economic factors. The cost of musical instruments can be prohibitive for many individuals, limiting market growth. Moreover, the shift toward digital music production and streaming has reduced the demand for traditional instruments. Online retail for instruments is growing, with digital platforms allowing for easier browsing. Thailand's musical instrument market is a vibrant sector that reflects the country's rich musical heritage and modern music culture. Thai music encompasses a wide range of traditional and contemporary genres, which drives the demand for diverse musical instruments. Additionally, the market is influenced by music education programs and growing interest in music among the population. The musical instrument market in Thailand is dynamic, with a constant influx of new products and innovations.

*Commentary provided by Vipusana Thakthan, Business Development, Music Concept Co., Ltd.*



# DOING BUSINESS IN THAILAND

**Market Overview**

Thailand is an upper middle-income country and the second-largest economy in ASEAN after Indonesia. Its gross domestic product (GDP) in 2024 was US$563 billion, according to Thailand's Budget Bureau. According to Thailand's National Economic and Social Development Council (NESDC), the Thai economy grew by 2.5% in 2024, accelerating from 1.95% in 2023. The economic growth in 2024 was driven by the expansion of domestic private and government expenditures, and an increase in public investment.

Two-way trade of goods in 2024 was US$81.2 billion, with US$63.3 billion in Thai exports to the United States and US$17.9 billion in U.S. exports to Thailand. U.S. exports to Thailand increased by 15.0%, and U.S. imports from Thailand increased by 12.6% in 2024. A trade-dependent economy, Thailand exported a total of US$300 billion worth of goods in 2024. The United States was Thailand's largest export market in 2024, followed by China. For two-way trade, China was Thailand's biggest trading partner, followed by the United States and Japan.

NESDC projected that the Thai economy will expand between 2.3 and 3.3% in 2025, mainly supported by favorable growth in domestic private consumption, investment and sustained recovery of the tourism sector and related services. Growth is expected to be moderate due to fluctuations in the global economy.

In 2025, the Thai government will focus on economic development in five areas:

- Preparing to cushion the impact of trade policy changes by key trading partners
- Accelerating private investment to regain growth
- Accelerating budget disbursement
- Raising public awareness of existing government assistance programs that address household and business debt issues
- Ensuring the continued expansion of the tourism sector

**Market Challenges**

Thailand has mature urban markets. Competition is intense among strong major Thai conglomerates and strong multinational brands from around the world. Customers are brand-aware, value-driven and open to trying new products, making loyalty difficult to maintain. Simultaneously, Thai consumers are price-conscious and generally served by local suppliers and low-priced imports. U.S. exporters with products that are competitive for reasons other than price should consider working with a local partner as part of their market-entry strategy.



Thailand's high tariffs are significant impediments for U.S. agricultural exports, particularly for consumer-oriented products such as dairy products, meats, fresh fruit, snack foods, processed vegetables and pet foods. The average Most-Favored-Nation (MFN) applied tariff rate was 9.8% in 2023 (latest data available). Thailand's average MFN applied tariff rate was 27.0% for agricultural products and 7.1% for non-agricultural products in 2023 (latest data available). Thailand has bound 76.9% of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 26.6%.

Import licenses are required for the importation of many items, including wood, petroleum, industrial machinery, textiles, pharmaceuticals, cosmetics, firearms and ammunition, as well as food and agricultural items, including plants, seeds, processed meats and salt. Imports of certain items not requiring licenses are subject to extra fees and certificate-of-origin requirements.

Corruption and lack of transparency in government procurement are major concerns for U.S. companies. When corruption is suspected during the bidding process, government agencies and state enterprises reserve the right to accept or reject any or all bids and may also modify the technical requirements or call for a retender. This affords government agencies and state-owned enterprises considerable leeway in making procurements, while denying bidders recourse to challenge procedures.

Thailand is not a party to the WTO Agreement on Government Procurement, but it has been an observer to the WTO Committee on Government Procurement since 2015. Customs law in Thailand does not meet the standards established by The International Convention on the Simplification and Harmonization of Customs Procedures, otherwise known as "the Kyoto Convention." Major problem areas include Thailand's Customs Penalty Regime and Customs Valuation Procedures.

The penalty for undervaluing imports into Thailand, even if done through negligence or by mistake, can result in a prison sentence of up to 10 years. Thailand is one of the few remaining major U.S. trading partners that provides incentives to customs officials who initiate investigations or enforcement actions.

This incentive system has been a cause of concern for many years among Thailand's trading partners due to the potential for corruption and the cost, uncertainty and lack of transparency associated with the customs penalty and reward system. To address these problems, at least in part, Thailand amended the Customs Act in 2017. The amendment caps incentives at 20% of the sale price of seized goods (or of the fine amount) with a cap of 5 million baht (approximately US$156,000).

The amendment also limits post-audit inspections to within five years of the date of import or export. While a welcome development, it does not appear that the reduction of this remuneration would be sufficient to address the issue of potential conflict of interest or excessive personal incentives. The Customs Department conducted a five-year review (2019 through 2024) of the customs penalty and reward system to determine whether its laws and regulations needed to be revised to increase fairness and reduce corruption. The



review studied the revenue impact of the penalty and reward system enacted under the 2017 law and compared incentive programs used in other countries.

**Market Opportunities**

The Bank of Thailand and the World Bank forecasted Thailand's GDP growth in 2025 to be 1.3% and 1.8%, respectively. According to the Board of Investment, positive factors include private investment in the manufacturing sector, mainly in machinery and equipment, and a significant increase in foreign direct investment (FDI) in digital, electronics, electrical appliances and automotive industries led by investors from Hong Kong, China, Singapore, Japan and Taiwan. Negative factors include high household debt and non-performing loans, which pressure domestic consumption, according to the Bank of Thailand.

Tourism remains a key driver of the Thai economy. Thailand is expected to welcome 39 million international visitors in 2025, an 11.4% increase from 2024. The tourism sector is expected to generate US$67 billion in revenue. To accommodate the increasing number of foreign tourists, Airports of Thailand (AOT), a public company that manages 10 international airports in Thailand, is investing in the expansion of major international airports, including Bangkok's Suvarnabhumi Airport (BKK) and Don Mueang International Airport (DMK). AOT plans to invest US$3 billion to accommodate 210 million passengers by 2032.

The government aims to accelerate spending to boost the economy and develop infrastructure. Planned megaprojects, such as the construction of roads, railways, seaports, airports and a dry port for container projects, include:

- Railway projects that include implementing electric vehicle batteries for shunter locomotives, diesel multiple units and new freight cars
- The second Thai-Laos Friendship Bridge Construction project
- The Container project, which supports cargo transshipment and container storage for rail transportation in the Nong-Khai province
- The Land Bridge project for international freight transportation and to connect the transportation systems of major economic zones in the country
- Eastern Economic Corridor projects, including U-Tapao Airport, Map Ta Phut Port Phase 3 and Laem Chabang Port Phase 3

Thailand's energy sector offers strong trade and investment opportunities as it transitions toward carbon neutrality by 2050 and increases its renewable energy share to more than 50% by 2037. Key growth sectors include solar, wind, biomass and biogas, supported by government incentives such as tax exemptions, feed-in tariffs and long-term power purchase agreements. Thailand's grid modernization also creates demand for energy storage systems, smart grid technologies and digital infrastructure. As the country expands its LNG capacity and strengthens its role in ASEAN's cross-border electricity trade, there are growing prospects in gas infrastructure, transmission systems and regional energy



platforms. Emerging technologies like hydrogen, carbon capture and small modular reactors are being piloted, offering early-mover advantages to innovative firms.

With affordable, high-quality health-care services, state-of-the-art facilities, expert doctors, international health insurance acceptance and abundant tourist attractions, Thailand is a leading destination for medical travel. As of June 2025, the Joint Commission International accredited 64 Thai medical institutions, offering diverse medical treatments, ranging from organ transplants to dental and cosmetic surgery. Numerous hospital projects are under development in Thailand.

Propelled by the pandemic and the Thai government's ambitions to establish the country as a regional information communication technology (ICT) hub, Thailand embraced digital transformation in its public and private sectors. As a result, the ICT market has grown substantially in recent years, driven by technology adoption across industries, increased smartphone and internet usage, and a booming e-commerce sector. This growth has created a competitive landscape with local and international players like Huawei, ZTE, Intel, Ericsson, Cisco, Samsung and HPE vying for market share.

In 2025, Thailand's National Broadcasting and Telecommunications Commission (NBTC) conducted a major spectrum auction covering the 850 MHz, 1500 MHz, 2100 MHz and 2300 MHz bands, raising a total of US$1.25 billion—well above reserve prices. The successful spectrum auction presents great opportunities for U.S. exports. As these local telecom providers invest in upgrading and expanding their networks to utilize the new spectrum, demand is expected to rise for advanced telecommunication equipment, network infrastructure, mobile devices and related software solutions.

Thailand offers strong growth potential for the U.S. food and beverage sector, driven by an expanding consumer base, a dynamic retail landscape and increasing demand for high-quality imports. U.S. agricultural and related exports to Thailand reached $1.4 billion in 2024, including $357 million in processed food products, an 8% year-over-year increase. The country's food retail market grew to US$7.9 billion, supported by total retail sales of US$132 billion, reflecting steady consumer demand and a shift toward more sophisticated purchasing behavior. Thailand's food processing industry, with US$28 billion in exports in 2024, continues to rely on imported raw materials, creating sustained demand for U.S. ingredients. Additionally, the food service sector expanded by 7% to US$32.85 billion in 2025, signaling ongoing recovery and growth. Coupled with strong bilateral trade ties, these trends highlight Thailand as a strategic and high-potential market for U.S. food and beverage exporters.

Thailand is highly dependent on foreign suppliers of defense, military and law enforcement equipment. The Thai military invests in equipment such as helicopters, fighter jets, frigates, armored vehicles, air-defense radars, counter-unmanned aerial systems, anti-terrorism equipment and natural disaster management systems.



**Market-Entry Strategy**
Partnering with a local agent or distributor is the most effective way to enter the Thai market and reach potential Thai buyers. The agent or distributor can facilitate and expedite market entry with extensive market knowledge, established distribution networks and relationships with key business and government officials.

*"Doing Business in Thailand" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on import and export data obtained from the website of the International Trade Centre (ITC)**



# THAILAND SNAPSHOT

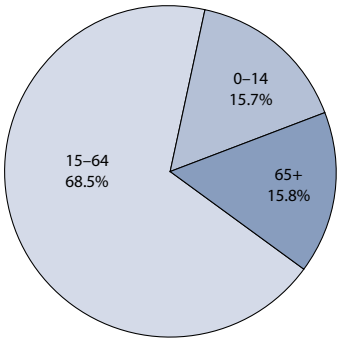
## Demographics

Population in millions 70.0

| Age | Male | Female |
|---|---|---|
| 0–14 | 5.62 | 5.35 |
| 15–64 | 23.55 | 24.44 |
| 65 & Over | 4.93 | 6.14 |

Median Age 41.9
Population Growth 0.13%

Demographics

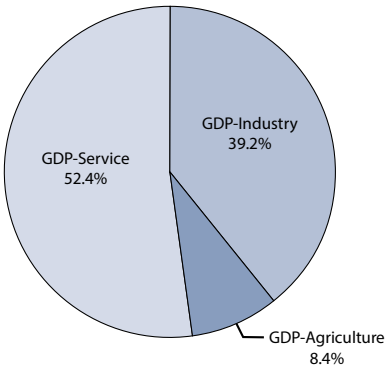



## Economy

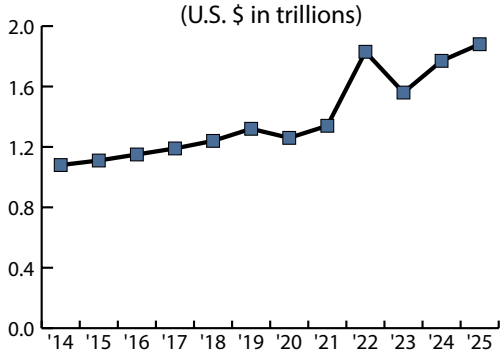
| | |
|---|---|
| GDP (PPP) | $1.88 trillion |
| GDP Per Capita | $26,260 |
| GDP-Real Growth Rate | 2.40% |
| Unemployment Rate | 1.00% |
| Inflation | -0.10% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

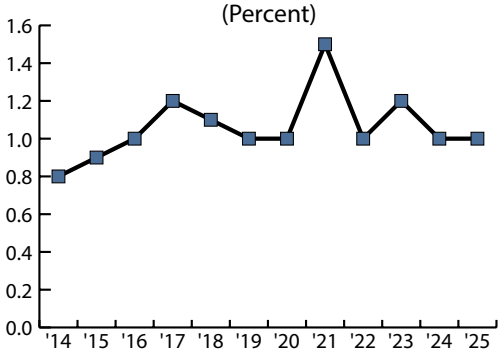
Economy



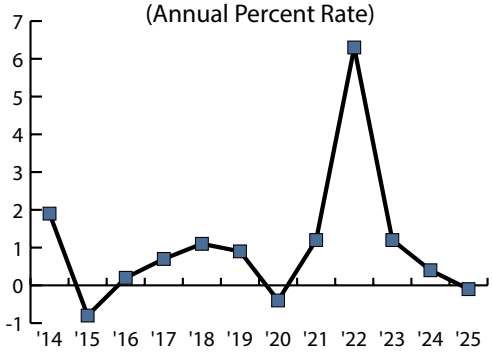

Thailand GDP (PPP)
(U.S. $ in trillions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

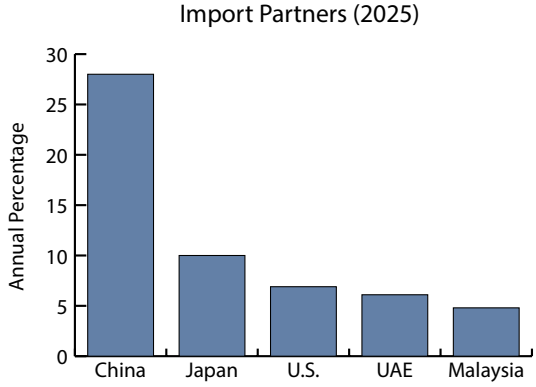


## Trade

| | |
|---|---|
| Total Export | $339.6 billion |
| Total Import | $344.9 billion |

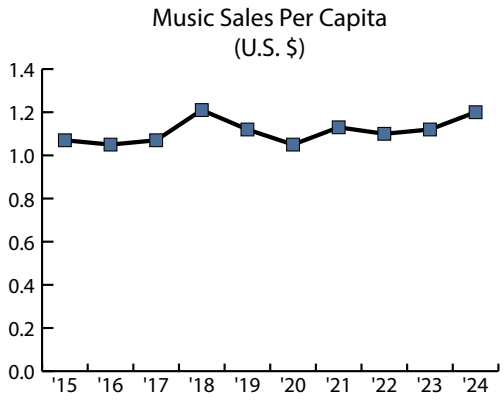
| | |
|---|---|
| Export as % of GDP | 18.07% |
| Import as % of GDP | 18.35% |

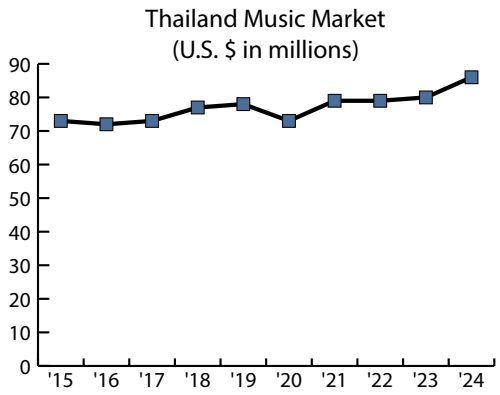


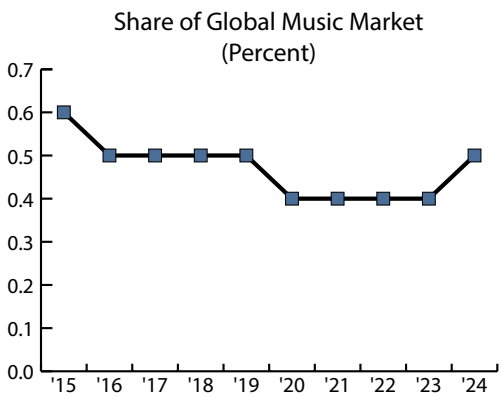




## Music Industry

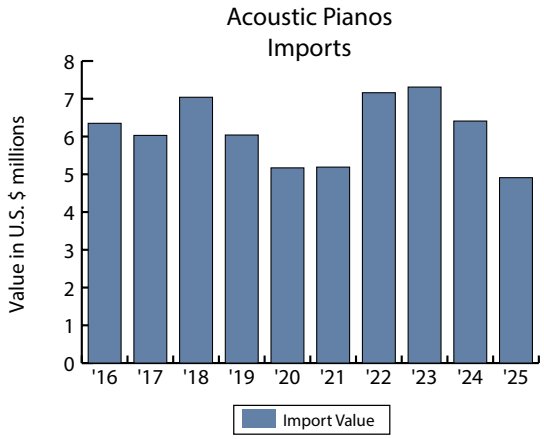
| | |
|---|---|
| Music Market | $86.0 million |
| Sales Per Capita | $1.20 |
| Global Share | 0.50% |

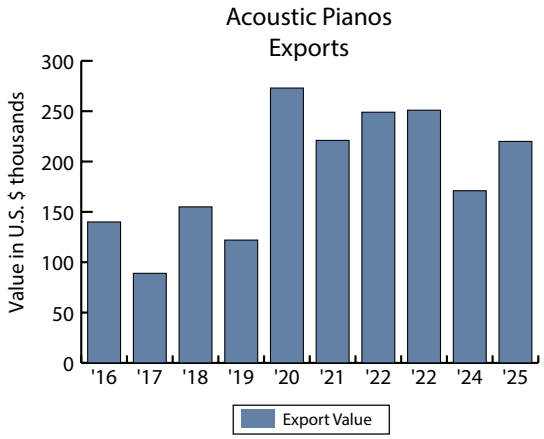


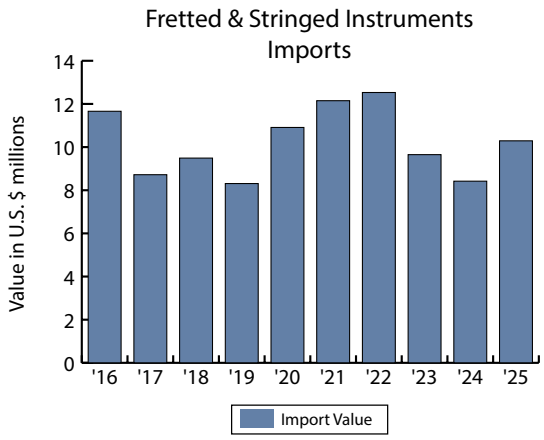



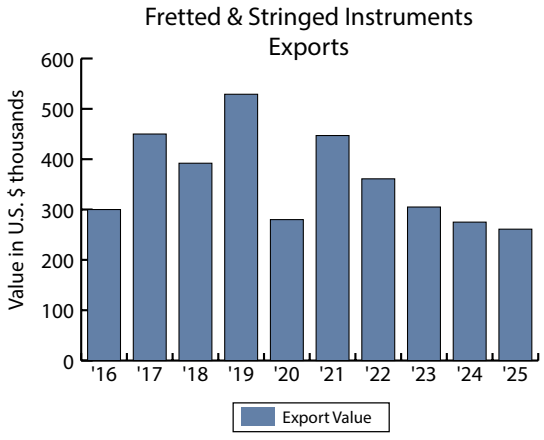



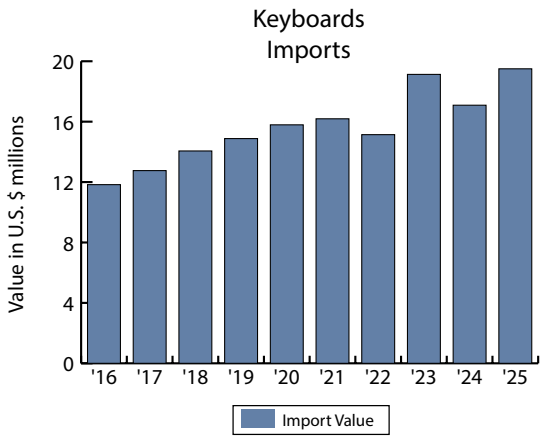
# Thailand Imports and Exports

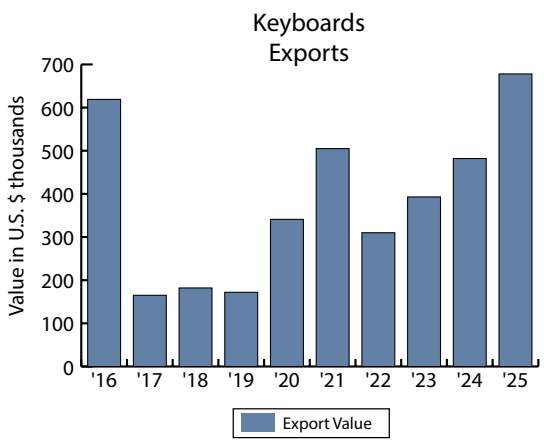


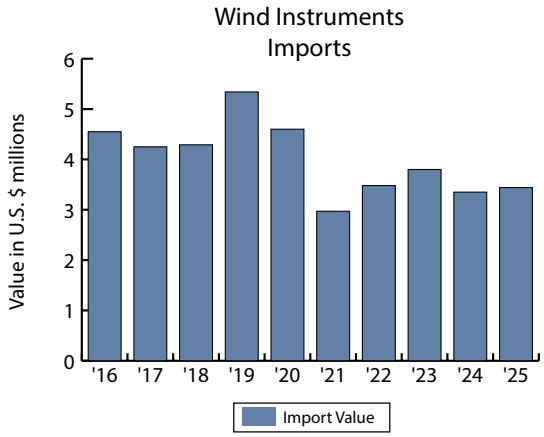



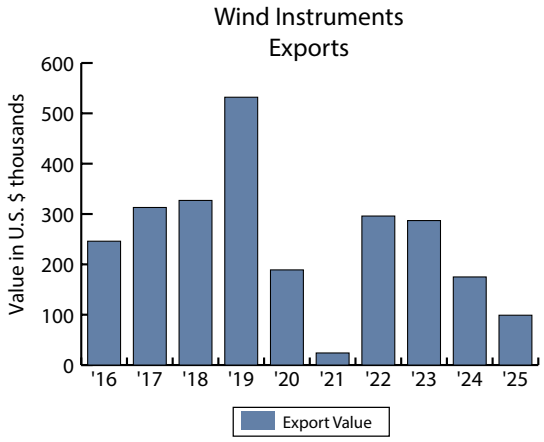



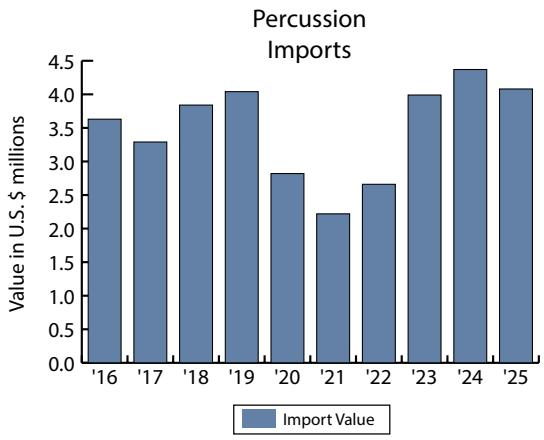



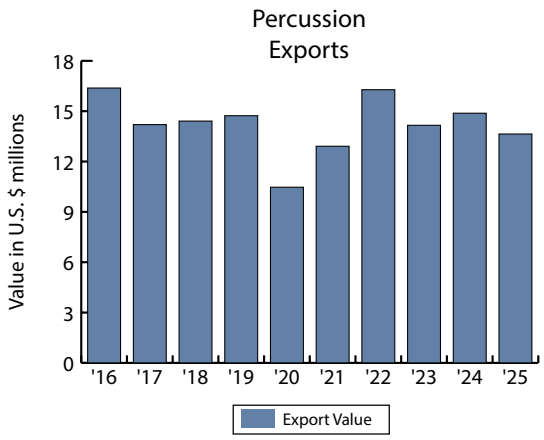



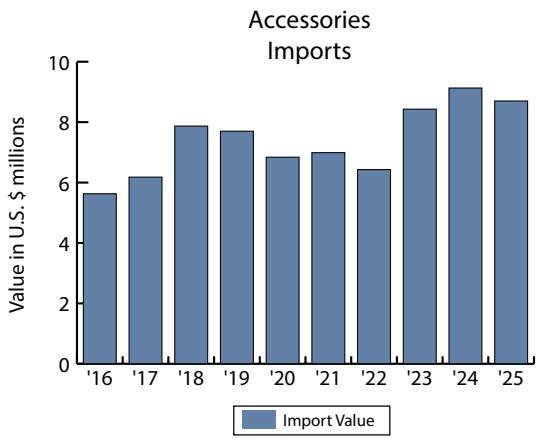
# Thailand Imports and Exports

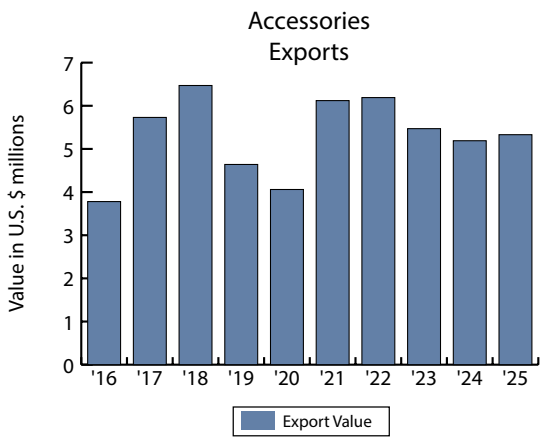


# UNITED KINGDOM

**Current High Points in the Music Products Industry**
The headline is that since March 2025, more musical instrument stores will have ceased trading in the U.K. than ever before in a similar time frame. In each case there are specific reasons for why this has happened, and these do differ, but the sheer scale of the closures was unprecedented.

To be clear, I am particularly referring to stores that operated from physical locations (often alongside online fulfilment); the last twelve months have been significant in terms of the number of square feet of shop-floor space lost.

The first to go was GAK (Guitar, Amp and Keyboard), a large, single-site operator in Brighton, with considerable online reach. GAK had been around since 1992, was sold to new investors in 2021 and filed for insolvency in March 2025.

Play Music Today (PMT) was the big one, its administration in June of last year resulted in the closure of 11 substantial stores throughout the country, including Birmingham, Manchester, Leeds, Bristol and Newcastle. Venture capital had been involved as part of the buyout from the original owners just before the COVID pandemic, but the business had not been able to restructure significantly enough and was placed into administration.

Toward the end of the year, Kenny's Music (established in 2008), also closed the doors of its four shops in Scotland.

There are numerous other examples from the last twelve months, some down to insolvency, others just being wound-up as rental agreements came to an end and owners either retired or exited the market.

**Why here, why now?**
Of course, this trend isn't specific to musical instruments; many other sectors in the U.K. are seeing similar outcomes as a consequence of a nation that's changing the way it shops.

The U.K. was an early adopter of e-commerce, driven by aggressive pricing offers and the fact that the size of the county (and the nature of its transportation infrastructure) meant that next-day delivery became established very quickly. Simply put, stuff was cheaper online, and we didn't have to wait for it.

Dolphin Music (widely credited as the catalyst for m.i. e-commerce in the U.K.) was established in 1999, building on a penchant we already had for mail order. The shift from browsing product ads in magazines to clicking through them on-screen happened with minimum fuss.

The result is that we are used to shopping online and are visiting the High Street less and less. But that doesn't mean we have given up on shop-floor experiences altogether, but rather we are pickier about what we are prepared to leave the house for when it comes to shopping.





**Revolution vs evolution**

At the same time that consumer habits have gone through a bit of a revolution, there is arguably a failure amongst m.i. retailers to evolve at the same pace. This is not necessarily the fault of the retailer — such change is costly and takes time — but the fact is that a go-to-market model like the one that PMT had (large, out-of-town stores, major brand representation, high-cost base) relied on consumer behaviour that shifted post-pandemic. Adapting and pivoting is not something that m.i. retailers have done well enough in the U.K., partly through structural challenges like local real estate (rental costs/business rates) and employment costs (minimum wage levels/national insurance levies), but also a failure to diversify into more sustainable income streams.

What this means is that we can't be entirely certain whether the U.K. is rejecting the concept of shopping for instruments in-store, demanding a different experience to the one on offer or lamenting the loss of something that just happened to be based on a precarious financial model.

The chances are that it is "all of the above," but let's throw something else into the mix to help try and figure that out.

The Guitar Show | The Bass Show is a consumer event held in the centre of the U.K. at the end of February. For context, it consists of a number of brands/distributors and retailers that come together for a weekend to exhibit their products, make sales and spend time with musicians. There are also live demonstrations and performances throughout.

Post-COVID, the show has moved to a bigger venue, and visitor numbers have steadily risen. Advance ticket sales for the Saturday were so strong this year that the show sold out before the doors opened; walk-ins were only permitted on a one-in, one-out basis to ensure capacity regulations were respected.

The event experience was clearly enough to get a great number of guitarists out of the house, some driven by the possibility of snagging a bargain, but for many it was the opportunity to see something new, meet the faces behind the brands and feel part of a community of people who share a passion.

Therefore it's reasonable to question whether the kind of experience on offer at that event (or something similar) is being extended by m.i. retailers in the U.K., and if those communities are being nurtured.

**The showrooming conundrum**

One thing I think is becoming increasingly clear: As far as physical shelf space is concerned, many instrument brands are now underrepresented. Because of where we find ourselves, it is not unusual to have distances of between 50 to 75 miles (sometimes more) between stores. We are getting anecdotal reports of customers literally unable to try out two or three products without round trips of 200+ miles, making it difficult for them to engage and make purchase decisions.

The brands we have spoken to are maintaining sales levels, but we don't know what is going to happen when the next "phase of discovery" is hampered by a lack of local product for potential customers to interact with. Retailers have made the "showrooming" argument for years; that it is an important but unrewarded part of the consumer journey. Well, we are about to find out if that was just noise or whether it could do real damage to the demand for some musical instrument brands.

**The final word**

So, the U.K. has lost a whole chunk of music stores. So what?

You could be forgiven for arriving at the conclusion that folks are happy buying online and what we are seeing is just Darwinism. I am not convinced. I think we have landed here in part by accident — aware of the possibility, but not truly believing it until we had reached a tipping point.

And what of the questions posed at the beginning: Is this positive transition or significant downtrend? Are we looking at an opportunity for new ideas and investment, or a challenge to growth over the next three to five years? Possibly all of the above, depending on what happens next.

Now could be a great time to open a musical instruments store, particularly if we home in on interesting product curation, engaging presentation and community reach. And if we don't, I think the lack of physical product touchpoints may end up being a challenge in the future.

A very clever chap once said that if you do the same thing over and over again, and you expect a different outcome, you are insane. It looks like he may have had a point.

As an industry, if we feel that in-person product experiences are essential, then we are going to need a new plan, one that delivers on what musicians will leave the house for, and that collectively we can work out how to make it commercially viable.

*Commentary by Anthony Short, executive director of the Music Industries Association (MIA)*

## DOING BUSINESS IN THE UNITED KINGDOM

**Market Overview**

The United Kingdom, with a population of 69.2 million people and a GDP of US$3.64 trillion (2024), is a major international trading power, with the sixth-largest economy in the world, according to the World Bank. Though geographically small (roughly the size of Oregon), the U.K. has the second-largest economy in Europe.



UNITED KINGDOM

With the effects of the U.K.'s exit from the European Union ("Brexit") now largely in the rearview, the U.K. has emerged as a critical market for American exports of goods and services. U.S. exports of goods and services to the U.K. reached US$179.5 billion in 2024, up 7.5% from 2023, ranking the U.K. in fifth place among export destinations for American goods and placing it in the top spot for trading in services.

Major categories of U.S. exports include financial and professional services, industrial supplies, agricultural products, cybersecurity and other IT, medical equipment, consumer goods, smart grids, and travel and tourism. The U.K. ranks third in overall number of travelers arriving to the United States (behind Canada and Mexico, respectively), making the U.K. the top overseas market for travel to the United States, with four million to five million U.K. travelers visiting the United States each year, contributing more than US$14 billion to the American economy annually.

The U.S.-U.K. investment relationship is the largest in the world, with cumulative bilateral stock in direct investment valued at more than US$1.76 trillion in 2024. The U.S. direct investment position in the United Kingdom (outward) topped US$1.02 trillion in 2024, flat from 2023. The direct investment position from the United Kingdom to the United States (inward) was US$742.7 billion, an increase of 7.7% from 2023. Around 2.7 million jobs, 1.48 million in the U.K. and 1.22 million in the United States, are directly supported by these investments.

More than 7,500 U.S. firms have a presence in the United Kingdom, which is also the top location in Europe for U.S. regional headquarters covering Europe, the Middle East and Africa. According to one recent survey, however, U.S. investment confidence in the U.K. declined slightly in 2025, largely due to lingering uncertainty and challenges to the U.K.-EU trade relationship, in addition to policy uncertainty, regulation, high taxes and high energy costs.

**Market Challenges**

The UK formally left the European Union single market as of January 1, 2021, creating several challenges. Establishing new regulations for the U.K. that differ from the EU yet align with the U.K.'s priorities has been challenging. As a complicating factor, the U.K. elected the Labour Party in the 2024 general election, unseating the Conservative "Brexit" party in favor of an administration that promises to bring the U.K. closer to the EU after the intervening years post-Brexit saw increased U.K.-EU tensions. However, the main challenge that the Labour Party has struggled with, which has tangibly affected business confidence and foreign investment in the U.K., has been in growing the U.K.'s sluggish economy. While the U.K. economy showed positive signs with its Q2 2025 GDP growth, overall growth forecasts remain around 1.2% for 2025. High inflation (3.8%) and a shrinking workforce are key economic challenges. The Labour government has sought to rejuvenate the economy with a series of long-awaited sector-specific strategies and an overarching Industrial Strategy; however, a combination of burdensome regulations, increased taxes and dwindling investment by foreign companies continues to plague the government's aspirations for growth.



UNITED KINGDOM

**Market Opportunities**

As one of the largest trading partners with the United States, the U.K. offers significant market opportunities to U.S. companies across several key sectors, especially emerging technologies (which includes subsectors such as artificial intelligence, quantum and biotech). Technical and digitally focused subsectors, such as fintech and cybersecurity, represent significant opportunities, as do traditional sectors of opportunity such as aerospace and defence, energy and security.

The United States and the U.K. agreed to the general terms of the U.S.-U.K. Economic Prosperity Deal in May 2025, which could hold additional opportunities for U.S. businesses when a final agreement is reached. In addition, during President Trump's second state visit to the U.K. in September 2025, the United States and U.K. signed the U.S.-U.K. Technology Prosperity Deal, which establishes joint initiatives between the two nations' premiere research and standards institutions across artificial intelligence, civil nuclear energy and quantum to bring transformative benefits to citizens — from accelerating breakthroughs in health care, to lowering energy costs and supporting national security.

In June, the U.K. published its Industrial Strategy, which identifies the eight sectors with the greatest growth potential over the next decade and a critical role in supporting economic security and resilience, net zero goals and regional growth. The eight sectors are advanced manufacturing, clean energy industries, creative industries, defense, digital and technologies, financial services, life sciences and professional and business services. Each has a customized sector plan, developed with industry, setting out a vision of the sector's transformation by 2035.

**Market-Entry Strategies**

The U.K. market is well developed, and a leader in product research and development. Companies considering entering the market with established products must demonstrate a clear value proposition and competitive advantage (e.g., price, quality, branding). Consumer products will require extensive marketing strategies across platforms for brand recognition.

Companies should pay close attention to cultural differences between the United States and the United Kingdom and adjust marketing strategies accordingly. Language usage in marketing and on packaging materials should be reviewed by a native British English speaker, as word meanings and connotations differ between the U.K. and the United States.

Online marketing and offers of delivery options are very popular with consumers in cities. Well-established local distributors are key to success, along with evaluating prospective partners carefully. Offering flexible business arrangements during periods of economic uncertainty will show a commitment to the market for the long term.

*"Doing Business in the United Kingdom" article is provided by the U.S. Commercial Service, the trade-promotion arm of the U.S. Department of Commerce's International Trade Administration.*

**The following charts are based on retail sales data provided by the Music Industries Association (MIA)**

# UNITED KINGDOM SNAPSHOT

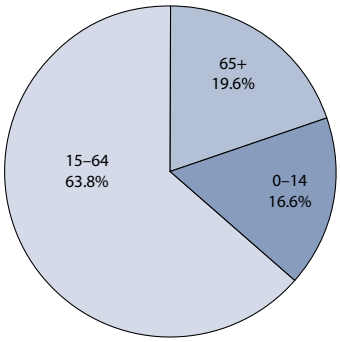
## Demographics

Population in millions 68.8

| Age | Male | Female |
|---|---|---|
| 0–14 | 5.84 | 5.56 |
| 15–64 | 22.11 | 21.76 |
| 65 & Over | 6.19 | 7.29 |

Median Age 40.9
Population Growth 0.40%

Demographics

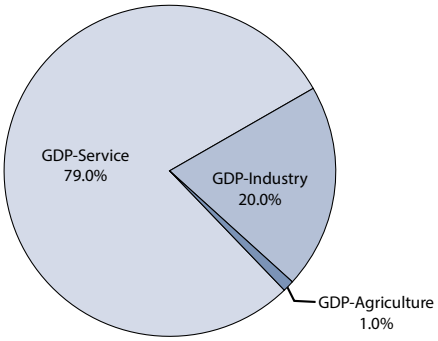



## Economy

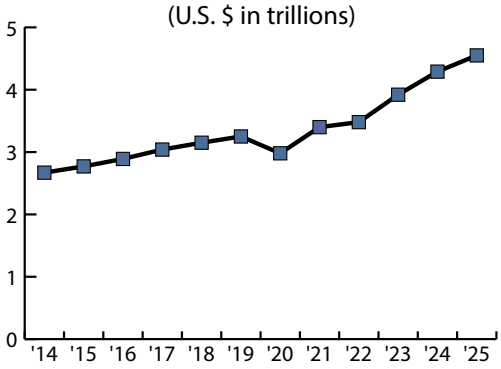
| | |
|---|---|
| GDP (PPP) | $4.55 trillion |
| GDP Per Capita | $65,520 |
| GDP-Real Growth Rate | 1.30% |
| Unemployment Rate | 4.90% |
| Inflation | 3.40% |

Data Source: Demographics from U.S. Census Bureau; Economy from International Monetary Fund; Trade from Trading Economics, Music Industry from *The Music Trades*. GDP (PPP): Gross Domestic Product based on purchasing-power-parity (PPP) valuation of country GDP in U.S. dollars.

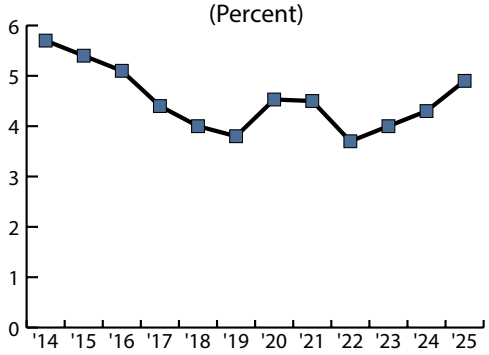
Economy



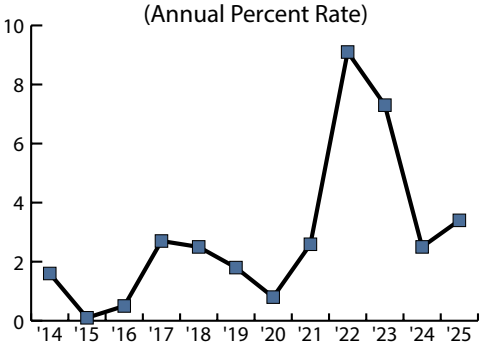

United Kingdom GDP (PPP)
(U.S. $ in trillions)




Unemployment Rate
(Percent)




Inflation
(Annual Percent Rate)

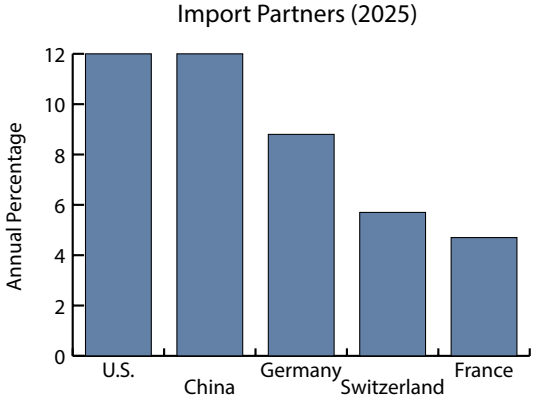


## Trade

| | |
|---|---|
| Total Export | $555.9 billion |
| Total Import | $948.8 billion |

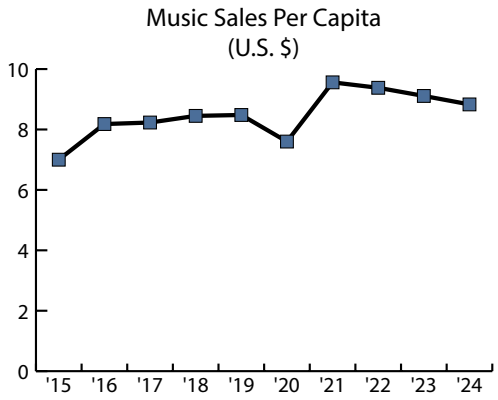
| | |
|---|---|
| Export as % of GDP | 12.22% |
| Import as % of GDP | 20.85% |

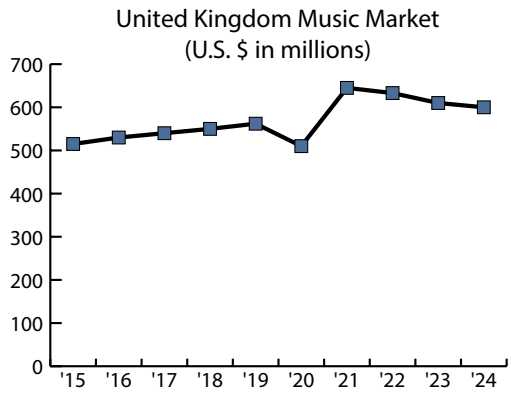


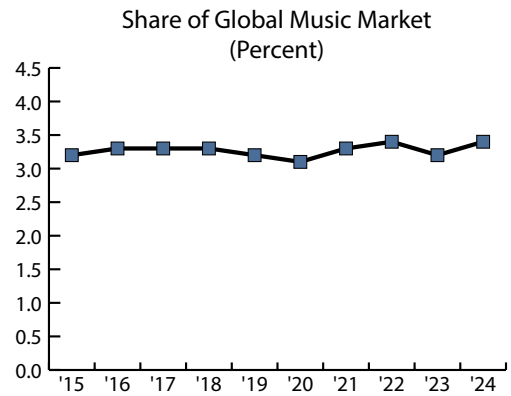




## Music Industry

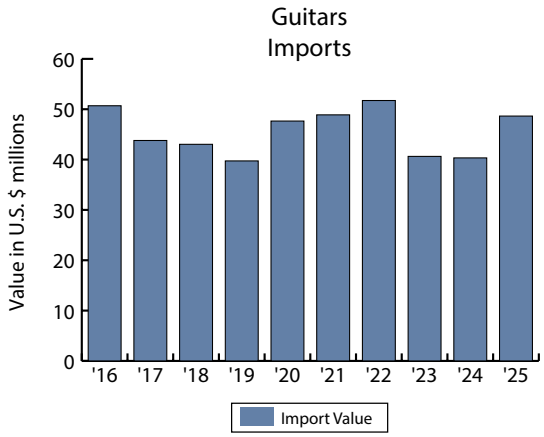
| | |
|---|---|
| Music Market | $600.0 million |
| Sales Per Capita | $8.83 |
| Global Share | 3.40% |

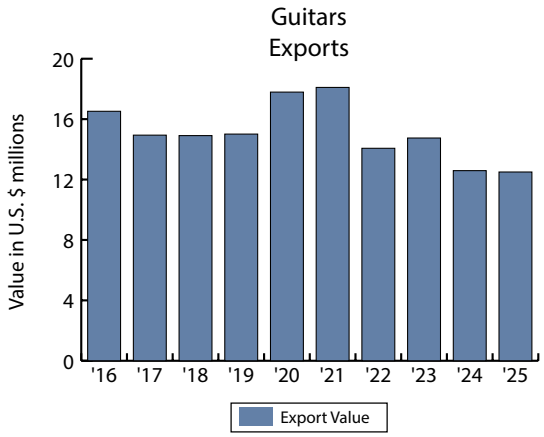


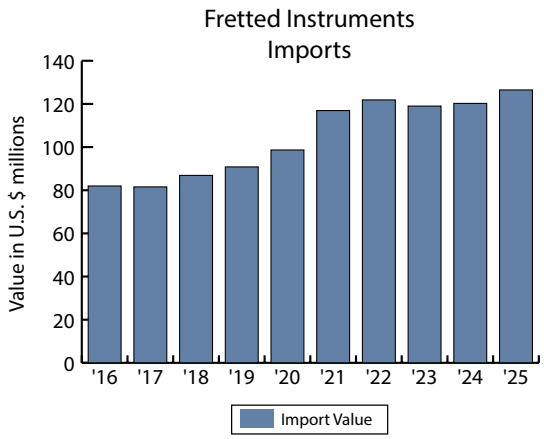



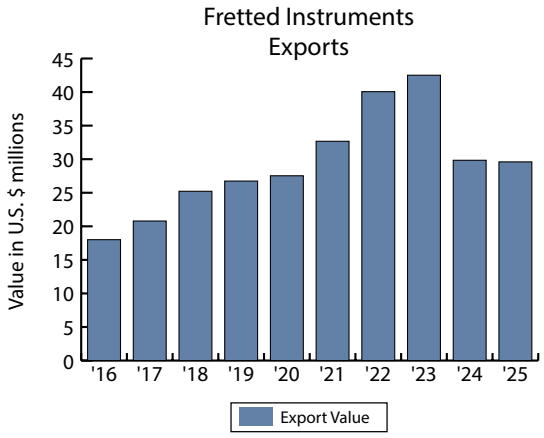



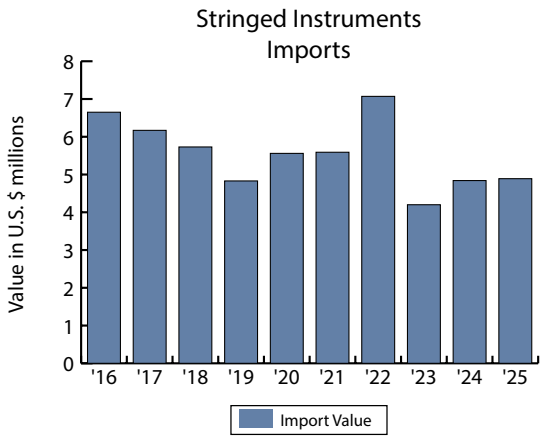
# United Kingdom Imports and Exports

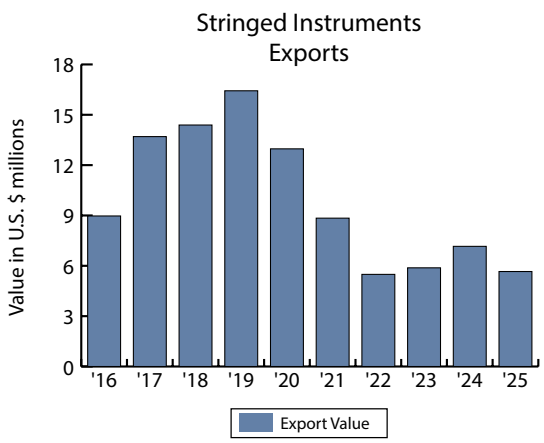


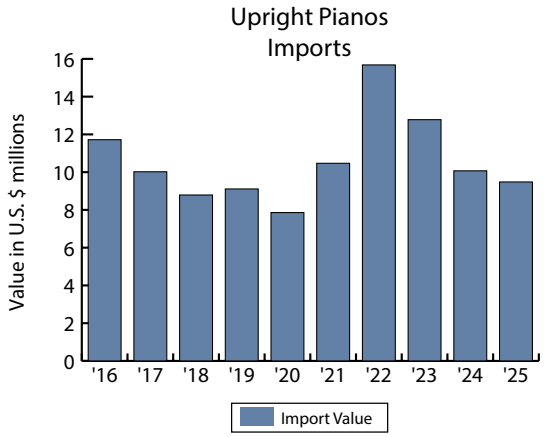



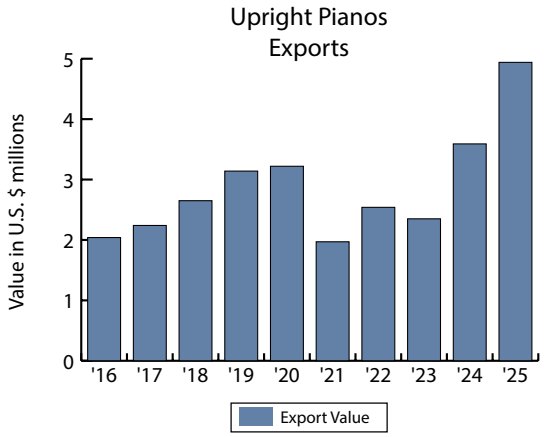



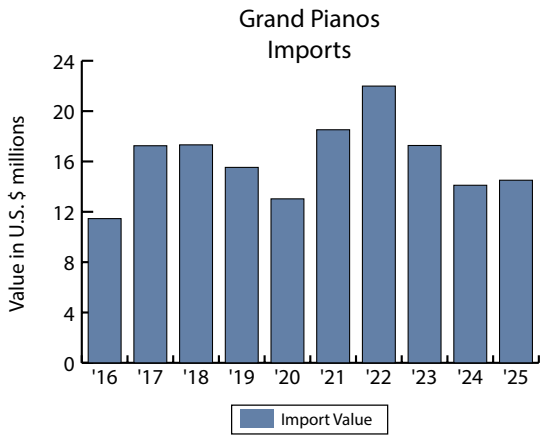



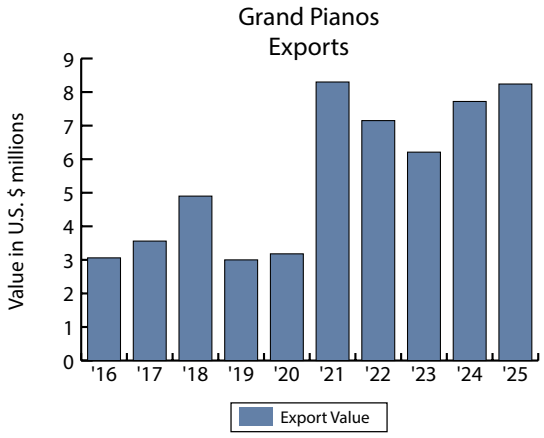



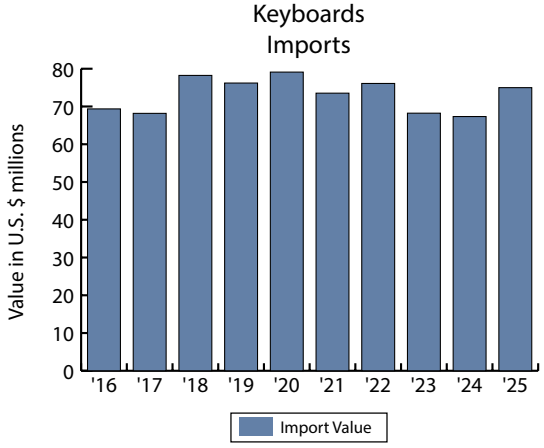
# United Kingdom Imports and Exports

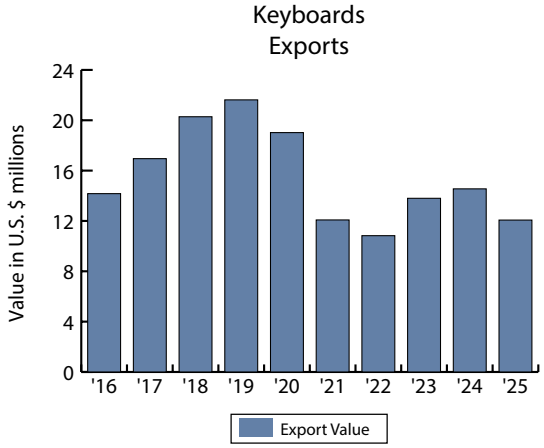


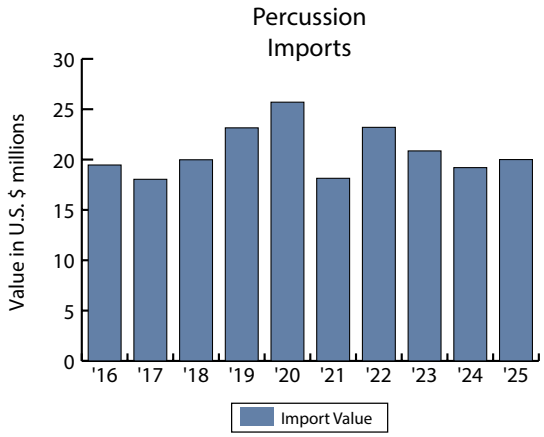



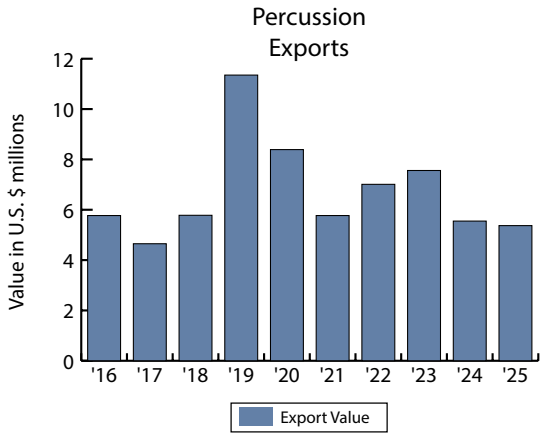



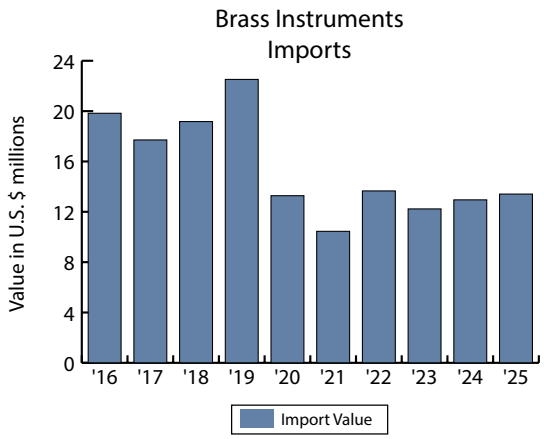



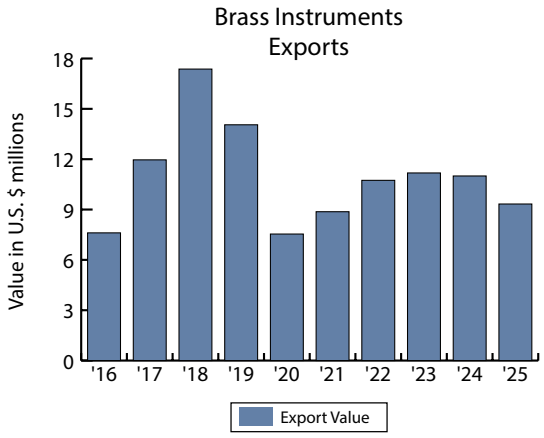



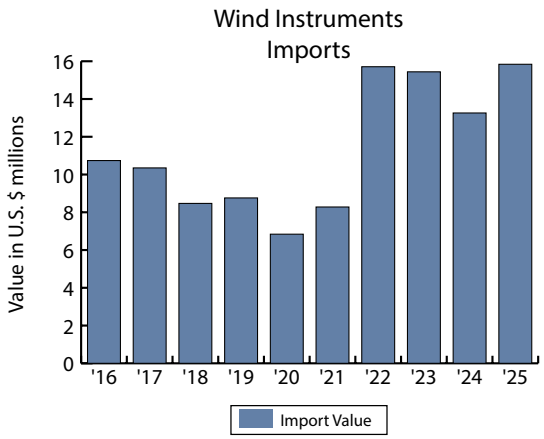
# United Kingdom Imports and Exports

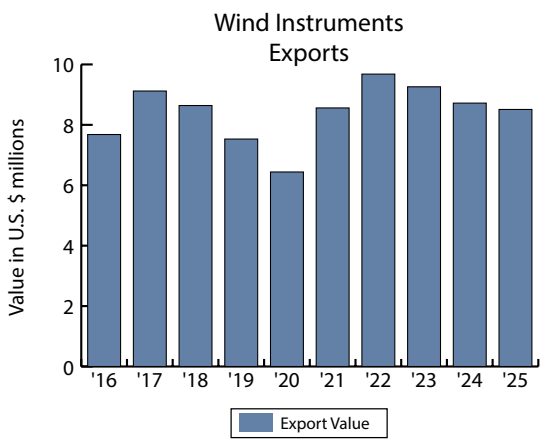


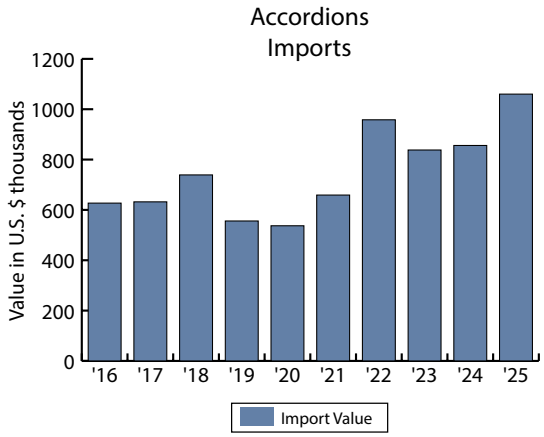



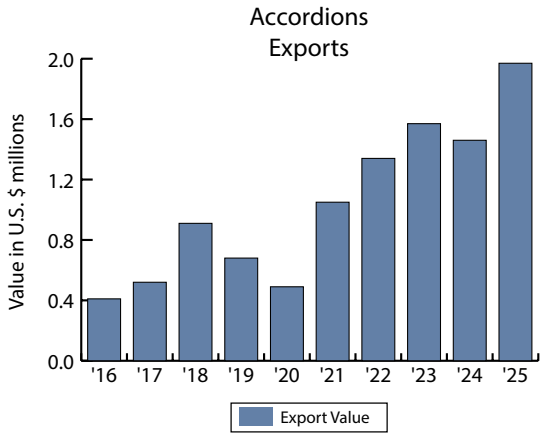



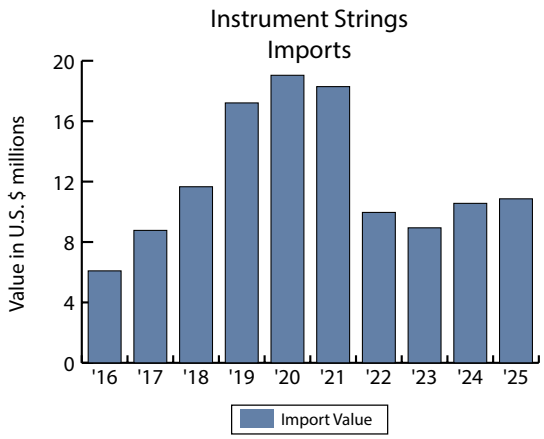



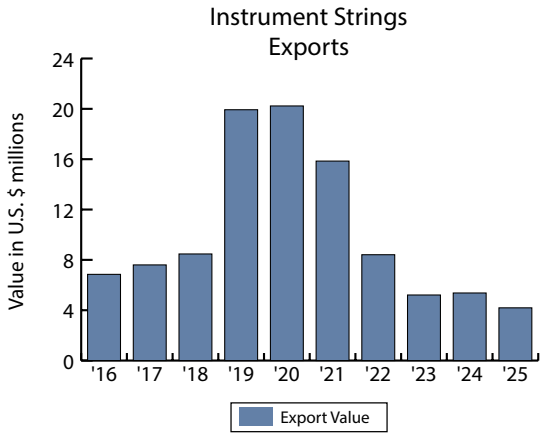



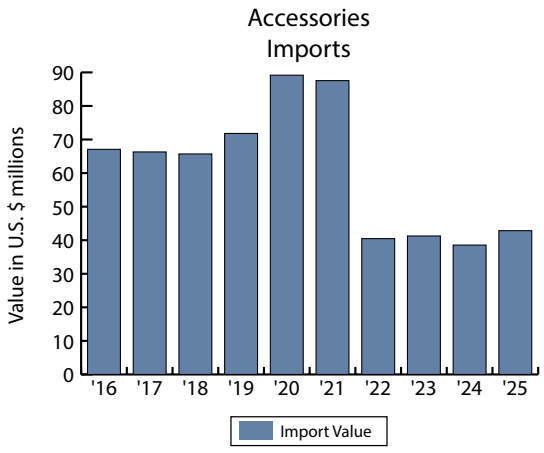
# United Kingdom Imports and Exports

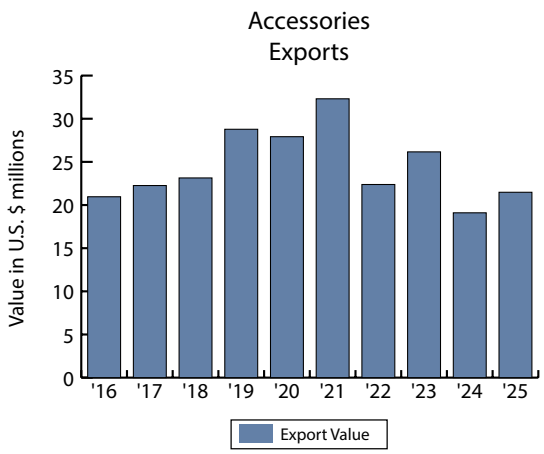


# NAMM EXECUTIVE COMMITTEE & BOARD OF DIRECTORS

## NAMM EXECUTIVE COMMITTEE

**Chair**
Chris White
White House of Music, Inc.
*Waukesha, WI*

**Vice Chair**
Joe Castronovo
Korg USA, Inc.
*Melville, NY*

**Treasurer**
Whitney Brown Grisaffi
Ted Brown Music
*Tacoma, WA*

**Secretary**
Jake Connolly
Connolly Music Company, Inc.
*East Northport, NY*

**President/CEO**
John Mlynczak
NAMM
*Carlsbad, CA*

## NAMM YP PRESIDENT

Erin Kessler
Maple Leaf Strings
*Cincinnati, OH*

## NAMM BOARD OF DIRECTORS

Mayumi Allison
Hosa Technology, Inc.
*Buena Park, CA*

David Angress
QSC Pro-Audio, LLC
*Costa Mesa, CA*

Nick Averwater
Amro Music Stores, Inc.
*Memphis, TN*

Jeff Bertrand
Bertrand's Music
*San Diego, CA*

Jonathon Breen
The Music Shoppe
*Normal, IL*

Cristina Covblic
Apogee Electronics Corporation
*Santa Monica, CA*

Jenna Day
Day Violins, LLC
*Chantilly, VA*

Jamie Deering
Deering Banjo Company, Inc.
*Spring Valley, CA*

Antonio Ferranti
Proel North America
*Santa Clarita, CA*

Jerry Goldenson
K.H.S. America, Inc.
*Mt. Juliet, TN*

Chris Hutnick
Lienau AV Associates
*Hatboro, PA*

Steve Long
Long & McQuade, Ltd.
*Pickering, ON Canada*

Jeremiah Manriquez
Pecknel Music Co., Inc.
*Greenville, SC*

Whitney McGuire McNicol
Maxwell's House of Music
*Jeffersonville, IN*

Tim Pratt
Dietze Music
*Lincoln, NE*

Ryan Richman
Eastman Music Company
*Pomona, CA*

Thomas Ripsam
C.F. Martin & Co.
*Nazareth, PA*

Mike Risko
Mike Risko Music
*Ossining, NY*

Stacey Ryan
School of Rock
*Canton, MA*

John Stephans
Avedis Zildjian Company
*Norwell, MA*

Tom Tedesco
The Music People
*Berlin, CT*

Hans Thomann
Thomann Musikhaus
*Burgebrach, Germany*

Lillian Werbin
Elderly Instruments, Inc.
*Lansing, MI*

# ACKNOWLEDGMENTS

NAMM wishes to express our sincere appreciation to everyone who helped make the **2026 NAMM Global Report** possible, including Paul and Brian Majeski of ***The Music Trades*** magazine for the U.S. music products industry sales statistics and unit information and analysis; and the **U.S. Census Bureau** for the U.S. import and export statistics.

We also want to acknowledge the contributions of those organizations and individuals who helped us assemble the global statistics: Alex Masso of the **Australian Music Association (AMA),** Australia; Otmar Hammerschmidt of the **Austrian Musical Instruments Retailer's Association,** Austria; Daniel Neves of **Música & Mercado**, Brazil; Jim Norris of **NWC** and Steve Butterworth of **Yamaha Canada Music Ltd.,** Canada; Chang Jie of the **China Musical Instrument Association (CMIA),** China; Zuzana Petrofová and Kristýna Mlatečková of **PETROF, spol. s r.o.,** Czech Republic; Fanny Reyre Ménard and Coraline Baroux-Desvignes of the **Chambre Syndicale de la Facture Instrumentale (CSFI),** France; Winfried Baumbach of the **National Association of German Musical Instruments Manufacturers (BDMH),** Germany; Géza Balogh of **HANOSZ,** Hungary; Raffaele Volpe and Stelvio Lorenzetti of **Dismamusica,** Italy; Shiko Onodera of **Japan Music Trades,** Japan; Gustavo Hurtado of **Korg,** Mexico; Joey Santos of ***Digital DJ Tips,*** Philippines; Csaba Tóth of **Roland Europe Group Ltd.** and Endre Hevesi-Tóth of **Roland Polska,** Poland; Luis Ruvina and Paulo Caius of the **Portuguese Music Association (ANIMAP),** Portugal; Luca D'Andria of **Roland Scandinavia A/S,** Sweden; Begoña Cordero of **COMUSICA,** Spain; Andy Wang of **KHS Musical Instruments,** Taiwan; Vipusana Thakthan of **Music Concept Co., Ltd.,** Thailand; and Anthony Short and Alice Monk of the **Music Industries Association (MIA),** United Kingdom.

Your assistance was crucial and is greatly appreciated. **Thank you.**




5790 Armada Drive • Carlsbad, CA 92008 • USA • 800.767.NAMM (6266) • www.namm.org