

**The Future Digital Economy
Digital Content – Creation, Distribution and Access**

**Organised jointly by the Italian Minister for Innovation and Technologies and the
Organisation for Economic Co-operation and Development**

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Presentation by Lucio Stanca, Italian Minister for Innovation and Technologies

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**Session 1: The importance and role of digital content:
Encouraging production and enhancing access**



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WELCOME

Ladies and gentlemen,

I am very pleased to open this First Conference on the “Future Digital Economy: Digital Content Creation, Distribution and Access”, jointly organized with the Organization for Economic Cooperation and Development.

I am very pleased to welcome the Secretary General, Donald Johnston, and to express him my appreciation for supporting this event.

Your participation confirms the importance of this subject for cultural, social and economic development at the international level.

I would like to welcome the more than 350 Conference participants representing the 30 member countries of the OECD.

A special welcome goes to the ministers, deputy ministers and undersecretaries who have honored us with their presence here along with all the speakers.

I also thank the President of the Italian Republic, Carlo Azeglio Ciampi, who has long followed innovation issues with great interest, and has granted this initiative his High Patronage.

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THE ISSUE, THE ITALIAN GOVERNMENT’S ICT POLICY, COOPERATION BETWEEN ITALY AND THE OECD

A few days ago digital content made it to the cover of the Economist.

Just ten years ago that would have been unimaginable.

The brief history of IT, all of which I have lived through in the course of my professional life, started with hardware at the center of the computing world.

Later, when personal computers showed up on our desks and began to be used for a wide variety of tasks, the center of gravity shifted to software.

Then value shifted then again to telecommunications networks.

Today, content is the focus of this great wave of innovation, the part that generates the greatest value: not only economic but also social and cultural.

The production, distribution and marketing of digital content will become a key economic matter in the coming years.

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Italy is coming to the end of a Parliamentary term in which the Government for the first time launched a comprehensive, coordinated digital technology innovation policy.

We have created a system of governance for the technological modernization of our country, with adequate resources and a coherent legislative framework.

For Italy, this Conference therefore represents a bridge towards the future.

I am convinced that - in any case - this subject will remain a key item of Italy's Agenda in the future.

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Our meeting today is part of a long process of cooperation in the field of digital economy that Italy has actively enjoyed with the OECD.

Today, we are witnessing another step forward.

E-content breaks down the traditional boundaries and limitations between content and services within the ICT sector.

The more the spread of content is accompanied by services such as e-commerce, to buy music, movies or books, or by other options such as tourist services offering hotel reservations and air or rail tickets, the more e-content will act as an aggregator of content and services, rather than being merely distributed for use on DVDs or CDs.

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THE NEED FOR A GLOBAL APPROACH

All countries have promoted policies to exploit the extraordinary opportunities offered by digital technologies.

However, the challenges that we face are global in nature, and therefore require a response of equal scope in terms of objectives, resources, strategies and methods.

Governments are called upon to show foresight, to reject the trap of forging local solutions and avoiding any attempt to tackle problems that can only be addressed on an international or global scale.

The need for a shared global approach will require open dialogue between different views of the issue, between different technical, regulatory, political and cultural positions.

The objective of this Conference is precisely that of bringing the dialogue on these issues to the forefront, defining its key points and contributing to developing a common language.

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DIGITAL CONTENT AND FACTORS OF DISCONTINUITY

Technological discontinuity, driven by the spread of broadband networks, makes digital content one of the pillars of the Future Digital Economy: the title and objective of this Conference.

Digital content has been available on physical media for many years, but the ability to access that content on line represents the real change.

The promotion of digital content has been supported by two enabling factors.

The first is the spread of broadband, which not only enables people to operate more rapidly than in the past, but also opens the way for new scenarios, bringing new opportunities that so far remain largely unexploited.

The second enabling factor for the development of digital content is the emergence of new paradigms for its online distribution and sale.

These enabling factors are joined by others that are accelerating the development of the digital economy.

- One example is search engines that offer access to an unlimited supply of content, in sharp contrast to traditional media.
- The global scope of the network and the huge number of users has allowed niche markets to become mass markets.
- This has reversed the concept of marketing from the traditional supply “push” approach to a new demand “pull” dynamic based on the plentiful availability of goods and services on line.
- It has been argued that the “traditional form of pushing content out is a dying model”.¹

Other factors accelerating the emergence of the digital economy include the spread of new hand-held user devices and the expansion of wireless networks.

These innovations have triggered a virtuous circle in which supply and demand drive each other and move together towards new frontiers for applications.

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This emerging market is characterized by cross-industry convergence and alliances between digital content producers, television, cinema, the music industry, major Internet portals, IT enterprises and consumer electronics manufacturers in a search for synergies, critical mass and access to consumers.

I am talking about a future that is already present.

In 2005 we saw increasing integration, supported by specific packages offering consumers a broad set of services.

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¹ Source: “The Financial Times” January 17, 2006, article by Cody Willard “Web powers ...”.

THE ROLE OF POLICY-MAKERS

The transformation under way underscores the need for new approaches, legislation, techniques, rules and models.

The challenge is first and foremost a social and cultural one.

The opportunities opened up by digital content represent not just an innovation in the production of economic value but also a major factor for progress because their benefits extend to all aspects of a society's development.

The other challenge is to ensure the balanced development of the market and to safeguard the rights of the different actors in the new value chain.

It is the duty of policy-makers to balance conflicting interests and produce a synthesis of contrasting positions, without reducing the role of government to acting as a mere referee or a simple regulator of innovation.

Policy-makers are faced with the task of governing a new, rapidly expanding phenomenon, of providing a clear, flexible framework for participants and ensuring market conditions to protect the interests of all those involved: from promoting a new digital content industry to protecting consumers in observance of the new rights of the Information Society.

Governments must strike a balance among a variety of legitimate but often divergent interests.

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THE INTELLECTUAL PROPERTY ISSUE

One challenge regards the new role of Intellectual Property.

The true capital of the economy of the future is intangible.

Knowledge is an asset that intellectual property rights protect, giving it economic and market value, but they also restrict its dissemination.

The trade-off between the cost of access to knowledge and its availability is a new dilemma for the economy of the future.

Even though we all know that there cannot be a strong content industry without robust protection of intellectual property rights, it is not easy to balance such different interests.

The traditional regulatory approach is often inadequate, if it remains the only solution.

Moreover, since this is a global issue, there is still a lack of harmonization.

One challenge facing policy-makers is to strike a difficult balance between "protection" and "sharing"; between collective benefits and individual rewards; between collaboration and competition.

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THE COMMITMENT OF THE ITALIAN GOVERNMENT

At the start of my address I said that this Conference is a bridge between our achievements in the last five years and the future.

In the last few years the Government has undertaken a comprehensive, consistent policy addressing the many issues associated with digital content.

For the development of broadband we have pursued policies to develop both infrastructure and content.

With regard to the first aspect, the Government boosted private and public demand with different programs, with Italy's rate of increase in broadband connections rising to second place in the European Union in the last two years.

As regards the spread of digital content, initiatives are under way involving a variety of strategic sectors in the life of our country.

These range from telemedicine, with the Electronic Healthcare Record project, to e-Government, with access to public interest databases, the construction of an Italian tourism portal, and multimedia teaching in schools.

The next challenge for the government is to act as a facilitator, to create coordination between consumers, telco operators and creative industries.

This effort is the basis to re-focus the traditional perspective of copyright protection.

For coordination to succeed, rules and policies must encourage cooperative behavior.

The Italian government worked in this direction through the so-called "Sanremo Charter".

The Charter was launched by an Interministerial Committee and signed in 2005 by myself, the Minister of Communications, the Minister of Cultural Heritage and by a number of Internet service providers, telco operators and by representatives of the creative industry.

This paradigm of cooperation can benefit the development of the digital content market and decrease the illegal dissemination of protected material online.

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NEXT STEPS: THE ITALIAN GOVERNMENT VIEW

The steps that should now be taken by the Italian Government and Europe are clear.

At the national level, we should give continuity and additional strength to our achievements of the past five years.

In other words, we must promote the legacy of the initiatives undertaken with the "Sanremo Charter" and continue the work of the Interministerial Committee in the new working group established at the Ministry for Cultural Heritage.

On the same basis, we need to strengthen the common action harmonized at the European level.

To quote just one example, Europe still has not one but 25 different regimes for the protection of such rights.

It is necessary to promote experimentation with new models for the economic use and creation of new digital content.

We need new agreed approaches to content protection, shared practices for preventing serious infringements of intellectual property rights and initiatives to spread the culture and valorize intellectual property.

Another aspect regards the financing of initiatives for the balanced development of the entire field of digital content.

At the same time, we need to activate public demand at the national and European level to stimulate industry and make the vast information resources of government available on line.

The challenge is to “populate the network”.

One example is Italy’s extraordinary effort to manage and catalogue our cultural heritage, which is the largest in the world in terms of sheer volume.

Our work with this vast universal heritage has led to the creation of a solid foundation ready to be leveraged and used by all.

Projects such as the Italian Digital Library, which will give online access to Italy’s 2200 national libraries and 15 million works, or the Italian Music Network, which is focusing on managing musical documentation in digital format, or the project to put the information resources of school libraries on-line are just a few of the examples of the initiatives launched by the Government.

The Italian Government has pursued cutting-edge policies in line with European guidelines for the use of our cultural and digital resources.

The challenge today is to translate policy into real achievements.

We have created the conditions that will enable this to happen: an effort that will achieve full fruition with a broad campaign to digitalize the country.

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Knowledge, science and innovation are to contemporary society what work and property were to the societies of the past.

Today policy-makers must govern and promote knowledge and its applications, not control it.

We are experiencing a shift on worldwide scale from a vertical command-and-control value creation model to an increasingly horizontal connect-and-collaborative model.

In “The World is Flat”, Thomas Friedman argued that “this does not affect just how business gets done, but how communities and companies define themselves, where they stop and start, how individuals balance their different identities as consumers employees, shareholders and citizens, and what role governments has to play”².

Government has the duty and can effectively address the issues I have discussed, acting on the sound foundation of the transparency offered by democratic control.

The future of the digital economy is already here: we are committed to make this opportunity real and beneficial to all people!

Thank you!

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² Source: Thomas Friedman “The World is Flat”, published by Allen Lane, page 201.