

The Future Digital Economy

**Digital Content Creation,
Distribution and Access**

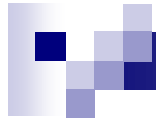
30-31 January 2006, Rome - Italy

Policy Roundtable: Identifying priority issues, tools and policy challenges: Moving forward

Masakazu Toyoda

Director-General, Japanese Ministry of Economy, Trade and Industry





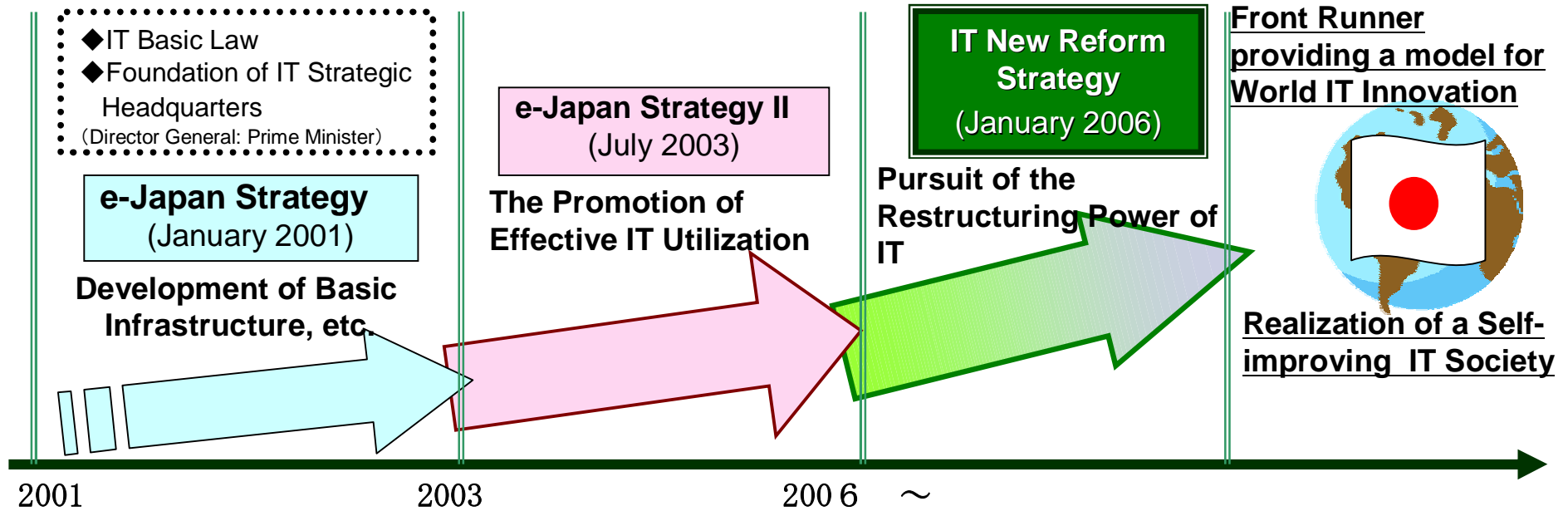
Policy Issues for Promoting Digital Content

January 2006

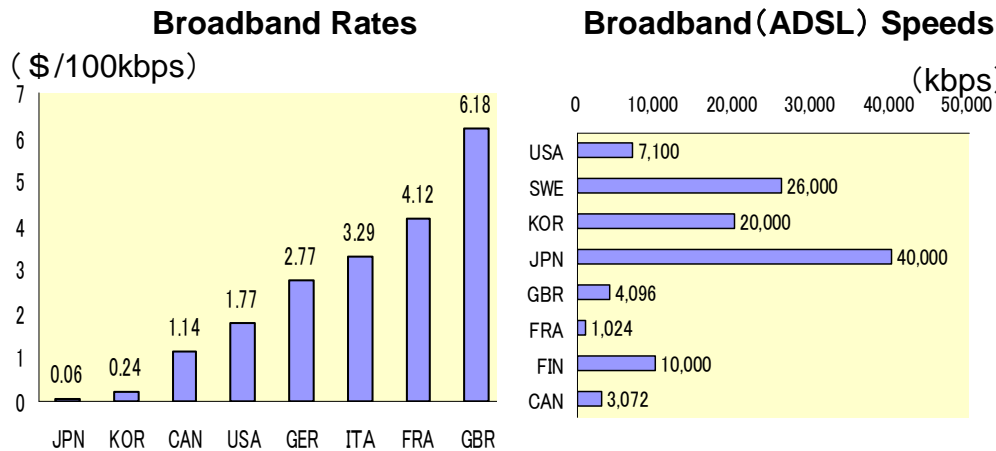
Masakazu Toyoda

Commerce and Information Policy Bureau
Ministry of Economy, Trade and Industry

History and Acceleration of Japan's IT Strategy



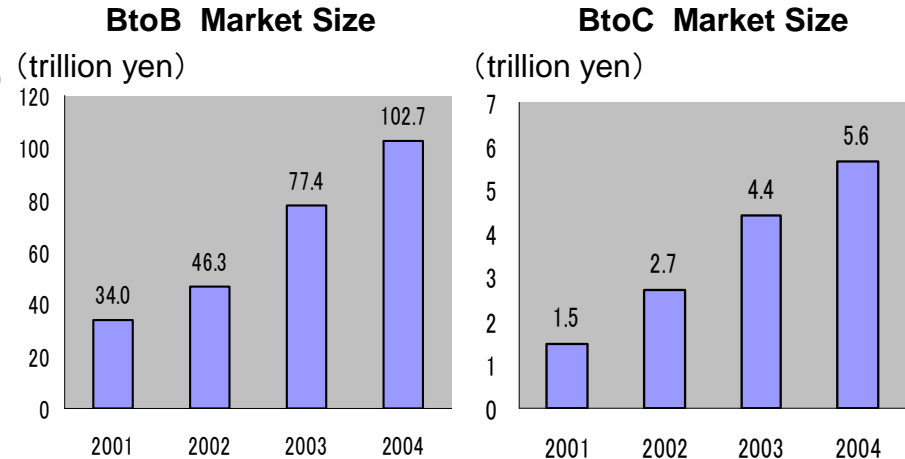
<Broadband Infrastructure>



MIC, WHITE PAPER Information and Communications in Japan (2005)

OECD, Benchmarking Broadband Prices in the OECD (2004)

<Electronic Commerce>



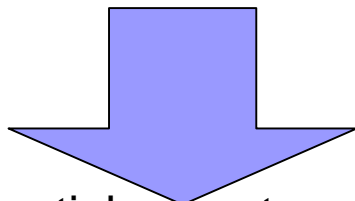
Survey on the Current Status and Market Size of Electronic Commerce for 2004

(2) Growth Forecast of the Digital Content Market

- Growth of the digital content market leads growth of the overall content market.

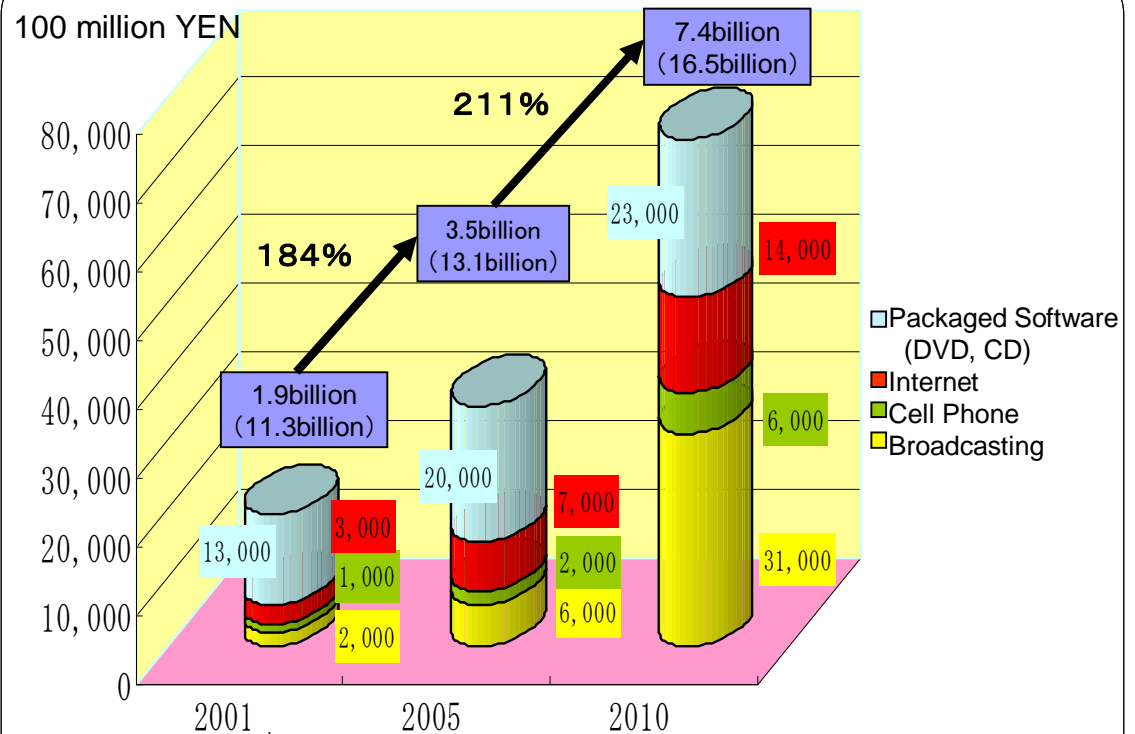
<Features of digital content>

- Easy to edit and process
- Quality maintained when copied
- Easy to search
- Easy to store
- Low cost
- Convenient



Substantial advantages for creators, users and distributors

<Transition of digital content market>



*Figure in parenthesis indicates the value of the entire content market including analog content

Source: Digital content white paper 2004 and 2005



(3) Promotion of Digital Content: Challenge I

- Policy from the aspect of promoting creation:
Improving business environment for the supply of high-quality digital content

① Problem: Lack of human resources and finance

Potential Solutions:

- Human resources development (e.g. Producers, Creators)
- Improve access to capital by allowing alternative financing options (e.g. Funds, Trusts)

② Problem: Existence of market barriers

Potential Solutions:

- Market Liberalization
- International collaboration
- Measures against piracy (e.g. Asian Content Industry Seminar)

③ Problem: Limited distribution channels

Potential Solutions:

- Develop new distribution channels (e.g. Internet, Digital cinema)

(4) Promotion of Digital Content: Challenge II

- Policy from the aspect of diffusion:
Facilitating good and healthy relationships between suppliers and users

① Problem: Adequate balance between protection and use of IPRs

Potential Solutions:

- Creative Commons
- Improve the effectiveness of arbitration mechanism
- Construct an organization to manage copyrights for the benefit of both holders and users of rights.

② Problem: Adverse effects of harmful information on young children

Potential Solutions:

- Develop filtering software
- Establish an international rating standard

③ Problem: Anxiety about cultural uniformity

Potential Solutions: “Regulation might not be an effective solution.”

- Promote cultural and educational policy to encourage cultural diversity
- Produce and diffuse content promoting cultural diversity



(5) Promotion of Digital Content: Challenge III

- Policy from the aspect of enhancing competition:
Avoiding natural monopoly and promoting innovation.

① **Problem: Likelihood of a Monopoly in DRM (Digital Rights Management), possibly leading to undesirable pricing policies and a lack of innovation.**

Potential Solutions:

- Prevent monopoly by promoting the unbundling of DRM software in OSs (a platform for digital content distribution) and content-viewer applications; monitor situation and issue recommendations. Antitrust agency may play a key role.
- As part of an overall strategy to promote Open Source Software and the interoperability of applications on different OSs:
 - Promote open standards for embedded DRM interfaces, ensuring compatibility with any content-viewer, and thus encouraging innovation and the development of alternatives.
 - Secure interoperability of embedded DRM among different OSs, as well as different hardware platforms.

② **Problem: Tendency toward Monopoly in Search Engine/ Digital Archive, raising concerns about lack of neutrality in search services. (e.g. influence of advertisement or government)**

Potential Solutions:

- Prevent monopoly: monitor and issue recommendations.
- Encourage the development of Alternatives
- Enhance development of technology to maintain neutrality in search services and/or personalize search results based on individual preference



(6) Role of OECD

“ Important and Substantial ! ! ”