

Creativity - Europe as a world leader

IMPALA's *Digital Action Plan* - making Europe the best place to be a creator and a culture enthusiast



Creativity is a vital asset for Europe and its citizens. It is an essential driver of jobs and growth, as well as for cultural diversity, social well-being and Europe's soft power internationally. These strengths are key elements for building a strong, inclusive and diverse Digital Single Market.

Cultural and creative sectors already account for 4.2% of EU GDP and 7.1 million EU jobs, most of which are local and cannot be relocated. They are economically resilient in times of crisis, and have a high percentage of youth employment, with 19.1% aged under 30. Copyright-intensive industries also offer a wage premium of 69%.

Imagine what more they could achieve with a new approach in Europe.

Individuals and smaller actors are the drivers of these sectors' success. In music for example, small actors account for 80% of the sector's jobs, 90% of the added value generated, as well as 80% of investment in new creative works. Natural early adopters, they lead the development of the online market, with copyright as a liberator for the artists they work with.

Europe's creativity will never run out. It is essential to build on this local, and not just sustainable, but abundant resource. Creation must be at the heart of Europe's development - for both creators and citizens. Making Europe the intellectual property capital of the world with a healthy distortion-free licensing environment is key to our 2020 strategy.

Europe needs ambition and inspiration - a new industrial policy focusing on the unique strength and diversity of Europe's cultural and creative sectors. This is the key to a successful Digital Single Market through which Europe will be the world's strongest and most inclusive digital player.

THE TEN-POINT PLAN

- 1. Reinforcing the rights that drive the digital market and grow Europe's copyright capital**
- 2. Giving citizens the best digital infrastructure in the world**
- 3. Improving pluralism and diversity online as well as offline**
- 4. Revisiting the "rules of engagement" online**
- 5. Growing Europe's "missing middle" by improving conditions for smaller actors**
- 6. Effectively tackling structurally infringing websites**
- 7. Increasing investment through a new financial approach to culture**
- 8. Introducing greater fiscal fairness**
- 9. Mapping and measuring the sectors and how creativity works**
- 10. Placing culture and diversity at the heart of Europe's international work**

By adopting specific measures to implement this Digital Action Plan, Europe will be the first in the world to deliver a truly dynamic, diverse and fiscally fair online environment.

1. Reinforcing the rights that drive the digital market and grow Europe's copyright capital

A strong digital market implies reinforcing the creative “content” that drives it. This means strong creators’ rights, including copyright. An enabler and liberator of creativity and economic growth, copyright is a fundamental right. This also provides security for young people who choose to pursue a creative career. Reinforcing copyright is particularly important for smaller actors as they represent the majority of the sector and are the main risk takers. Proper remuneration from online intermediaries is vital. We need a healthy licensing environment without market distortions. Abuse of the “safe harbour” exemption and take-down procedures must stop for the Digital Single Market to function properly. Europe must also avoid new exceptions which would cut across revenues unnecessarily. All private copying schemes should be kept up to date and cover all devices used to make private copies. Private copying compensation must be paid by those who benefit from the exception. Fundamental principles such as freedom of expression, transparency and freedom for creators to decide what happens to their works, including choosing territorial partners, must be reinforced.

2. Giving citizens the best digital infrastructure in the world

The digital segment of the European music sector has grown far faster than the global average, yet our digital infrastructure is not what it should be. We must make Europe’s internet infrastructure the best, fastest and most accessible in the world, with the best micro-payment systems so that Europeans can use the internet’s full potential to access culture in all its diversity. Increasing competition between telecom operators would also benefit consumers by bringing prices down.

3. Improving pluralism and diversity online as well as offline

Citizens’ appetite for culture and diversity is huge. We need to respond to this through concrete measures to increase pluralism and diversity in traditional and online media, as well as in the supply of creative works. The EU could broker a charter for stakeholders to promote diversity and mobility, two vital components of Europe’s Digital Single Market. Let’s measure performance through specific scoreboards. We should use the power and uniqueness of Europe’s culture to reconnect with citizens and start implementing the EU’s *New Narrative for Europe*.

4. Revisiting the “rules of engagement” online

How we engage online covers a range of issues, from respecting people’s data, property and privacy, to fair search, to ensuring “digital humanism”, as well as other vital “general interest” matters such as citizen trust in the online world and security. It also covers issues such as internet governance and generic top-level domain names (such as .music) which must be run by community led initiatives rather than sold off to the highest bidder. Europe must lead these debates. Further, artists and creative businesses are born equal. Online operators must follow the principles of non-discrimination and “must-carry”. Ensuring choice and innovation will also require regulating and unbundling “essential facilities”, as well as tackling unfair trading practices.

5. Growing Europe’s “missing middle” by improving conditions for smaller actors

Innovation, diversity, investment and jobs would be enhanced by levelling the playing field for smaller players. We need a new regulatory, competition, social and fiscal environment. Europe must grow its “missing middle” by creating the best possible conditions for smaller cultural actors who contribute the most in terms of jobs and innovation, and by opposing further concentration in the cultural markets.

6. Effectively tackling structurally infringing websites

Jobs and revenues would grow significantly if structurally infringing websites were tackled properly. This involves implementing the “follow the money” approach with advertisers, credit card and online payment services, as well as effectively addressing search results. Internet service providers (ISPs) should take all reasonable measures to comply with court injunctions to stop access to infringing sites. Cross-border application of rulings should be improved. It is also time to review wider internet governance issues such as the balance between anonymity and liability of intermediaries. Europe must lead the world here, as with the “rules of engagement” in point 4.

7. Increasing investment through a new financial approach to culture

Investment in culture would increase if intangible assets were properly valued, including through revised accounting standards. Fiscal and other incentives such as loan guarantee schemes are also required, along with sector initiatives which share revenues and reward investment in new talent. Allowing a reduced VAT on cultural goods and services online and offline, as well as ending double taxation is also crucial, especially given the new “country of destination” VAT rules on digital products. Those benefitting economically from carrying cultural works must contribute financially to their creation.

8. Introducing greater fiscal fairness

With smaller actors and citizens shouldering the lion’s share of tax, it is time for Europe to take a stance and make minimum fair and direct taxation of online operators and multinationals a reality. If we want citizens to re-engage with Europe, this would go a long way. This is also a pre-requisite to achieving a meaningful Digital Single Market.

9. Mapping and measuring the sectors and how creativity works

A better understanding of the functioning of cultural and creative sectors is needed to deliver the best environment anywhere in the world. Revising statistical measures to make sure they properly identify all relevant cultural sectors is also a fundamental part of mapping Europe’s future priorities. We need to be able to measure each sector separately and ensure relevant statistical codes do their job.

10. Placing culture and diversity at the heart of Europe’s international work

Europe’s lead internationally means we must ensure that trade agreements respect copyright, the specificities of culture and its importance for development. We also need to see concrete implementation in Europe and internationally of the UNESCO Convention principle of fair and equitable access to the means of production, dissemination and distribution of cultural activities, goods and services.