



A.F.I.
Associazione dei Fonografici Italiani

DG COMP Online Commerce Roundtable

OPPORTUNITIES AND BARRIERS
TO ONLINE RETAILING

Contribution of A. F. I.
-Italian Association of Phonographic Producers-

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1. Opportunities for online music business

A.F.I., the Italian Association of Phonographic Producers, is the consensus voice of 200 Italian small and medium size enterprises (“SMEs”) of audio and video music producers and publishers.

It collects and distributes neighboring rights to its members and supports their activities in Italy and abroad. In this respect, A.F.I. is particularly active in promoting initiatives aimed not only at developing new business models suitable to SMEs of the music industry, but also at strengthening the cooperation with other right holders and collecting societies.

A.F.I. welcomes the report of the Online Commerce Roundtable :“Opportunities and barriers to online retailing” as it believes it is a positive step forward to foster the discussion on the business opportunities created by the internet and the existing barriers to increase online retailing in Europe.

A.F.I. is of the opinion that internet, together with the technological revolution, has created innovation and new opportunities for established and new players.

Thanks to the new technology, the consumption of music can nowadays be made available through a variety of forms and manners and music can be delivered via different channels to offer consumers with a wider choice.

However, while internet is commonly recognized as a new route complementary to other channels of distribution, the widespread increase of the dissemination of works, also in digital forms, has increased considerably the growth of piracy.

According to A.F.I., piracy is a corrosive factor which hinders the establishment of a genuine online retail market for the music industry. It is a form of “free riding” which is currently taking a considerable advantage from the widespread use of internet.¹

With respect to the restrictions to the legal offerings of music online, A.F.I. believes that piracy, territoriality of copyright, linguistic barriers and lack of harmonization of the regulatory framework are major obstacles to online music services.

¹ With respect to the issue of online piracy, A.F.I. has recently organized a roundtable discussion with key players to tackle the problem of piracy in the digital world. The roundtable clearly showed that broad consensus among rights holders, music companies, internet providers and telecom industries is needed in order to build a genuine market for online commerce (A.F.I. Roundtable discussion “Web and creativity” Rome, 18th June 2009).



2. Online distribution of music and “information deficit”

On the issue of availability of online distribution of music, A.F.I. maintains that collective societies are best placed to manage rights.

However, the consolidation of such an activity into a small number of collecting societies for the online environment, as mentioned in the roundtable report, would severely harm cultural diversity, on the one hand, and risk to lead to the creation of new monopolies on the other.

Therefore, cooperation among all players should be preferred to competition between right managers.

On the issue of identification of copyright ownership in the EU, A.F.I. agrees with the definition of “information deficit” as emerged in the roundtable discussion. Lack of data and complete information on right holders represents another obstacle to accurate remuneration and correct management of rights².

Notwithstanding the usefulness of a database to gather such information, A.F.I. remains deeply concerned as to way of putting in place such a system in order to guarantee the confidentiality of the data and the correct maintenance of local repertoires. Last but not least, A.F.I. is seriously concerned with the problem of governance and responsibility of such a system.

On the basis of the above mentioned issues and problems, A.F.I. would encourage the establishment of local databases, maintained by local collecting societies that are linked one to another and are able to interoperate.

Founded in 1933, A.F.I. - the Italian Association of Phonographic Producers -, represents 200 Italian SMEs of audio and video music producers and publishers.

In the last years, A.F.I. introduced the first experimental license for streaming in the web, participated in the establishment of the Italian Music Observatory, and launched EMCA, the European Music Copyright Alliance (www.emcaweb.net) aiming at promoting common educational initiatives at European level to raise awareness on copyright education and artistic creativity in schools.

² A.F.I. is currently undertaking huge investments in order to “digitalize” its repertoire and identify clearly each right holder.



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In addition to that in 2005 A.F.I. established C.A.P.I., the European Federation A.S.B.L., which aims at being the forum of discussion for all players in the creative sector (i.e. authors, producers, performers and publishers).

A.F.I. is also partner of the AXMEDIS project (www.axmedis.org), which has been co-financed by the European Commission under the Sixth Framework Programme (IST). The main goal of Axmedis is the development of technologies for the production and automatic aggregation of multi media contents suitable for distribution in all channels (i.e. internet, laptops, mobiles, television) and the development of trade digital contents by means of the creation of a P2P platform between users at B2B level.

The Axmedis project gives an important contribution to the debate of the management of rights in the on-line context: data related to the different use of contents and to the different rights exploited by means of the Axmedis platform are automatically reported to the collecting societies that can manage and distribute the rights in a quicker and direct way.

Some collecting societies have already assessed the achievements of the Axmedis project.
