The EU Digital Strategy is a crucial tool that can increase EU efficiency and competitiveness on global markets.

As stated in the Venice Declaration - launched in July 2015 during the Italian Presidency’s kick-off event Digital Venice -, in a global digital economy, Europe needs to draw on its strengths. It needs to make a digital single market a reality in which digital goods and services can circulate - and content be transported without barriers, and where rules on e-transactions, payments, copyright, taxation are clear, predictable and future-proof, without geo blocking or other artificial technical hindrances. This market needs to operate without undue costs for cross border shipping and without discrimination between off- and online delivery of goods and services. Barriers, be they legal, technical or administrative should not hinder the immense transformative potential for growth giving new scale and scope to traditional industries, especially where Europe still has the lead.

Despite considerable steps forward taken through the Strategy for a Digital Single Market, we need therefore to speed up implementation of adequate policies: the European digital market is still fragmented and several barriers hinder full integration and weaken its competitiveness at global level. Whereas the Internet is borderless, several barriers still obstruct full development of online markets, as well as access to pan-European telecommunication services, to digital services and contents. This results in increased costs and restricted markets accessibility, that negatively affects the demand and supply circle to the detriment of competitiveness, growth and employment.

Since the drafting of the Trio Presidency programme, Italy has provided its contribution to the definition of a dynamic, effective and inclusive European Digital Strategy, aimed at developing and relaunching the internal market. Furthermore, it is adjusting its internal policies in this direction: the 2014-2020 Italian Strategy for Digital Growth and the Italian Strategy for Ultra-broadband represent the main national contribution to the achievement of the European objectives.

Italy believes that Europe should take ambitious steps forward on the issue of digitization of society, steps that can make up the whole European platform a big attractor on the global market. In this context, it is all the more necessary to field all those regulatory and economic boosters, that can consolidate the accomplishment of a society where citizens are free to move, but also to trade and enjoy services and contents, according to shared rules and regardless of where they are.

An integrated approach consisting of several actions is needed:

**1. Digital market and investments: improving interoperability, fostering e-commerce, harmonizing fiscal policies**

A strategic objective of the Union should be to support programmes for infrastructural investments that ensure interoperability of systems and technologies and the development of e-commerce potential, which represents a new frontier for businesses, especially SMEs. In order to do this, there should be an intervention that provides tools aimed at fostering the creation and establishment of European businesses, overcoming national constraints and optimizing both the infrastructure and the operational methods (inter alia the activities of shipping and delivery). It is crucial to draw a harmonised regulatory framework for the establishment and online registration of companies, also across borders.

We also need to fully harmonise the rules on consumers protection, products guarantee, as well as on taxation, i.e. aligning VAT rates of digital products to the rates of their material correspondents, such as in the case of e-books. On this regard, for example, the EU should focus on the harmonisation of the platform for VAT payment so as to facilitate access of SMEs to the market.
2. Access to fast and superfast Internet: telecommunication and services networks, connecting all EU citizens to the Internet at high speed by 2020

Improving connectivity is necessary to improve productivity. An ultra-broadband able to support the European social and industrial fabric and new-generation electronic communication services that place citizens and consumers at the centre of the stage, are of crucial importance for today’s economy and society as a whole.

Italy believes that the Union should promote public and private investment on digital infrastructure and develop the ultra broadband, considering the targets of the EU 2020 Agenda as minimum development targets for all countries.

Member States should ensure to all citizens an adequate access to the net, and Italy believes it is necessary to step up with the review of the Directive on “universal Service”. Europe must be strong enough to definitely and clearly enlarge the concept of universal service to data connectivity, by establishing a minimum band power threshold guaranteed to all European citizens, in line with the objectives of the EU 2020 Agenda. The audience of contributors to the burden of universal service should also be opened to all players that, directly or indirectly, benefit from the electronic communication infrastructure.

Europe must develop a common and clear position on net neutrality that does not place obstacles to the entry of companies willing to play on the ground of innovation and research and does not dig unintelligible grooves between the two shores of the Atlantic. According to Italy, only by keeping together the principle of net neutrality with the right to an adequate access to the net by European citizens, we shall be able to ensure the development of an open network without discriminations, where services and opportunities for businesses and citizens can sprout.

Moreover, European citizens show ever greater expectations from the development of mobile communications and increasingly ask for clarity. This entails the need to put an end to roaming in reasonable timings, compatible with those already set by the European Parliament.

3. Internet governance and consumers’ trust: increasing safety and security

We believe that ensuring safety and integrity of networks and increasing citizens’s confidence in the use of the services running on digital highways is a key factor to unlock the potential of the European single market. The digital single market represents the most important political area of the EU in terms of potential benefits. Europe must undertake significant and important steps forward to encourage the achievement of a flexible digital single market, dynamic and open to competition.

The European Agency for Network and Information Security (ENISA) is an important step forward taken by the EU and by all Member States. The role played by the Agency over the past few years is, for this reason, to remain central among other European strategies aimed at increasing the net security.

On the other hand, it is of fundamental importance for Member States to identify a responsible national authority, encourage cooperation among Computer Emergency Response Teams (CERTS/CSIRTs) and ensure uniformity of operation, methods and actions, which represent an added value in today’s critical context in terms of network security and integrity. Information exchange must be facilitated. So is the widest cooperation and sharing of practices among Member States that can ensure high and homogeneous levels of security on the whole European territory.

As for the legal framework, a quick adoption of the Network and Information Security Directive (NIS), would represent a useful starting point to make the Union’s networks and information systems safer and face growing threats. This is a first legislative act in the digital sector, which could be improved in the future (the text contains a review clause), for example by enlarging the application field, to service
discontinuity and data integrity, with a view to finally give a right primary place to the Internet’s physical infrastructure.

Italy also wishes that Europe continues on the path already started during the semester of Italian Presidency, pursuing a governance model based on the idea of a single, open and free net. The implementation of an open and transparent multi-stakeholder model and the transformation process of ICANN must be main objectives towards which Member States must actively take action. In this perspective, we need to maintain coordination among Member States in order to convey coherent and uniform messages, to steer the transition process in Internet Assigned Number Authority’s functions exercise. In this context falls the need to actively participate in a wider process that invests ICANN’s accountability.

Finally, in Italy’s wishes, the EU should develop a “privacy by default” system to the full advantage of consumers’ right to privacy, for example through the practices of digital identity, digital trademark, preventive information of users.

4. Creative industries: supporting online copyright and audiovisual

For an effective protection of copyright in the digital age, access to knowledge and information is to be balanced with the need for authors and other owners of intellectual property rights to obtain the necessary legal protection and adequate remuneration from users, while respecting cultural diversity and favouring economic growth, calling for a sounder role of intermediaries/electronic networks operators, also in terms of liability.

In the new business models now establishing on the markets, such as in the music field - that first addressed the digital transition - , a considerable value gap is appearing between the remunerations of service providers (internet providers, search engines, aggregators, social networks) and those of content providers. This imbalance can be found also within single value chains, to the detriment of smaller players. The priority objective should be therefore to look for solutions able to ensure, in the current framework, an adequate remuneration for all players of the cultural industry.

Harmonisation of copyright law should go on by promoting contractual solutions, similarly to what already exists in the music field with the multi-territorial licences. A uniform framework in the areas of competitiveness and taxation should also be the prerequisite for the choice of a legislation regime based on the principle of the country of origin or of destination of uploading.

It is therefore necessary that a possible review of Directive 2001/29/CE takes place in effective combination with the updating of Directives 2004/48/CE on enforcement and 2000/31/CE on e-commerce.

The many optional exceptions and limitations answer the need to safeguard cultural diversity of Member States. The possible introduction of mandatory exceptions should concern specific cases, be justified and adequately assessed – also with effective and targeted impact assessments – in accordance with actual harmonization needs. In any case, Italy is against introducing interpretations of the three steps test in the European legal framework.

In the audiovisual sector, Italy reminds the Conclusions reached by the EU Council on audiovisual policy last 25 November 2014, reiterating that: a) media convergence offers new distribution possibilities of audiovisual contents and this requires an adjustment of the business, contractual (licences) and regulatory context; b) consumers, especially young ones, demand and expect immediate access to the new contents in any moment and any place and with any device, even though in Europe the legal supply of contents does not always match this cross-border demand; c) we should promote full cross-border circulation of European audiovisual works and their presence on all distribution platforms; d) the single market must ensure equal conditions for audiovisual media service providers to compete.
5. Research & Innovation: releasing the innovative potential through new models of digital manufacturing and startups

The level of public and private investment in research and innovation is to be increased, so as to allow European businesses to compete on the global market.

The rapid technology progress is radically changing the production and distribution models of manufacturing companies: production tend to become entirely automated and interconnected, supply chains are dematerializing and recomposing themselves according to new logics no longer connected to the traditional concept of sector; productions are more and more tailored and distribution channels more and more digital. In order to consolidate their competitiveness, companies are thus urged to a radical transformation of their organisation, similar to that occurred in the 80ies following the introduction into factories of robotics and automation.

In this phase, we need a strong dynamic “rupture” with the past, with significant investments, sound financial structures and an adequate immaterial infrastructure. Businesses need to integrate traditional industrial know-how with Information and Communication Technologies. Strategic importance is held by investments in innovation of the Industry 4.0 type, that is investments in digitalized and interconnected systems that increase product innovation and efficiency of processes, also through the tools offered by the Internet of Things (IoT) (high-speed flexible productions systems, exchange of data and information with final clients, mass customization).

This must take place in a context of increased efficiency in the use of resources, in particular energy resources, a production environment linking the academic, industrial and startup worlds and promoting inter-sectoral cooperation. The resulting model of “Smart factory” allows to rapidly adjust the structure of plants, making the shift to new types of productions easier and faster. Reorganisation should involve not only the manufacturing phase, but also the whole commercial chain from suppliers down to distributors and final consumers. In this context, Europe should deploy tools to improve cooperation and integration between established companies and highly innovative startups, offering very flexible open innovation models, functional to the model of digital manufacturing. The creation and development of a digital single market at European level should have among its aims that of facilitating evolution from traditional manufacturing toward a wide “digital manufacturing” system, moving from an atomistic approach to market to one organised around integrated and connected chains. The conditions and opportunities to strengthen existing companies should be created, while promoting the birth and growth of integrated competitive, future-proof European chains able to operate globally in the key sectors, innovation and high technologies. Research and innovation should therefore be at the centre of a cultural revolution, starting from a proper and substantial use of public and private investments.

High tech enterprises are strategic in a real digital single market. Startups embody a shift of paradigm in the approach to entrepreneurship. In particular, digitization represents the enabling element used by startups in developing their own technologies. The startup phenomenon brings about a reshaping of policy making schemes, also in terms of industrial policy. At international level a clear transition is registered from models based on direct support to companies to policies aimed at building favourable and cohesive business ecosystems. In this context, high-tech companies are key to the transfer of technology from academic research to the productive system, a pivot for spreading innovation towards more traditional companies and a powerful engine for employment even in non-high-tech sectors.

With the aim to actively interpret such evolutions, Italy has equipped itself in the last three years with a solid and comprehensive national strategy of support to innovative startups and their ecosystem.

The EU should produce a common legal framework supporting the creation of a European ecosystem for innovative entrepreneurship, intercepting worldwide human and financial capital flows and promoting internal free circulation of knowledge and talent. There should be facilitations on every
phase of the company’s lifecycle, starting from the reduction of red tape, of startup costs and the simplification and harmonization of the VAT regime, leading to the creation of enabling conditions applicable to innovative startup companies from all Member States. This should take place through a higher flexibility in company and labour management, a relief in the fiscal discipline and the creation of financial instruments able to streamline access to credit and investment (such as equity crowdfunding, public guarantee on bank loans and subsidies to equity investment).

The available development funds should be used to improve digital investment (e.g. ESIF European Structural and Investment Fund, CEF Connecting Europe Facility, COSME Competitiveness of Enterprises and Small and Medium-sized Enterprises), supporting and involving the private sector (e.g. SUE Startup Europe, Startup Europe Partnership SEP, EDF European Digital Forum), in close dialogue with the public sector. The EIF’s action promoting investment by venture capital funds should be strengthened. The creation of a common registry of innovative startups would allow measurement of the phenomenon on a European scale and would favour monitoring of the impact of such facilitations. Finally, the adoption of a common strategy on visa for non-EU talents would make of Europe a big hub for innovation, by promoting exchange of best practices and benchmarking, thus spreading knowledge.

6. The social advantages of ICTs: improving literacy, skills and inclusion in the digital world

Digital technology can provide a tremendous support to social policies: active ageing, cultural and gender diversity, corporate social responsibility, matching between demand and supply on the labour market.

However, the offer of digital services not only faces the still lacking net infrastructure, but also the inadequate attitude towards the digital of still too large segments of the population. In order to fill the gap, digital “literacy” actions are to be taken, able to increase the overall skills of consumers and therefore develop the potential market for businesses. In other words, we need to promote the spread of digital skills across the whole European population of all ages.

To do so, training and refresh courses in all public and private sectors are to envisage. The Italian efforts, with the recently adopted Plan for “la Buona Scuola” (the good school) is aimed at developing and promoting “digital School” as early as primary school. The Union should therefore further develop strategic programmes for the use of the digital, starting from the existing ones (e.g. Erasmus plus, Youth Guarantee), also targeting disadvantaged categories. In addition, it should promote accessibility of information from and to the job market. Finally, it could identify standards and evaluation indexes for the quality of services.

Italy therefore believes that in Europe new educational techniques should be introduced, more oriented towards digital technologies in schools (e.g. coding programmes as early as primary school), that there should be ad-hoc undergraduate and postgraduate programmes (e.g. specific degrees, PhDs, Post-Docs, Master’s degrees) as well as on-the-job training programs.

As said, spread of such digital skills is crucial also for businesses, to promote the transition to new productive manners (the Industry 4.0 model) and to new distribution and logistical approaches such as e-commerce. From this point of view, digital jobs will represent a growing source of employment, more and more significant in the coming years. Regarding the young generations (“digital natives”), strong imbalances exist between the available unused skills and the labour market needs. Making information on this market more accessible and transparent, also with the support of social media would increase involvement of and interaction between users, thus helping workers’ mobility across the European Union.

We are convinced that digitalization is all the most important for a right positioning of the Union on the international checkerboard. Strengthening e-governance and e-government can provide an impulse to the modernisation of public administrations by means of a “digital first” approach. Public administration should ensure appropriate, transparent and uniform conditions for citizens and businesses in the Internal Market.

With the “Italian Strategy for Ultra-broadband” and with the “2014-2020 Strategy for digital growth” Italy intends to fulfil the needs of citizens, public administrations and businesses, by taking action where there is greater need, aligning efforts in the direction set by the EU 2020 Strategy and, where possible, by going beyond.

The efforts made by the Union in the development and support to the spread of ultra-broadband in all Member countries must be carried on with further strength. Directive 61 of 2014 represents a further step forward in this sense. However, we can and we must dare more. The targets of the EU’s 2020 Agenda must therefore be considered as minimum standards from which to start immediately towards the targets of 100Mbps for all citizens and of 1Gbps for services distribution.

It is fundamental that Europe adopt an optical fibre infrastructure integrated with wireless up to date technologies, able to convey services over 100Mbps, anywhere, at any time and with any device. Investment in member countries must be seen as a priority and, in this context, all possible tools must be used, both of regulatory and economic nature.

Europe must increase its efforts in the fields of digital healthcare, digital school, digital justice, electronic invoicing and civil registry of the resident population. Moreover, the potential of data must be completely and definitively unlocked, and the public administration may act as a catalyst for the whole sector. It is crucial to make digital public procurement effective, removing the many existing obstacles related to the lack of standardisation and interoperability of platforms, as well as to the jagged legislation on digital signature. If so, the EU will thus stimulate awareness, accountability, simplification and rationalisation of actions, as well as effectiveness and efficiency of services for citizens. European public administrations will have to talk more with each other by strengthening already existing tools such as IMI (Internal Market Information System), ERP for integrated management, CRM for relations with citizens.

Further efforts are to be made for e-identification and access to services so as to reach the objective of a real, homogenous and complete electronic identity, to be used on the whole EU territory.

Pursuing in the implementation of the Agenda 2020, the EU should strengthen efforts for a widespread development of an economy based on data and cloud computing, able to travel on intelligent Ultra-broadband networks with a low environmental impact. The European Data Forum of November 2014 could be an important turning point for the whole sector to further reaffirm the concept of a “data driven economy”. Finally, the desirable adoption in Europe of the Open Data Charter will also have to take into consideration the industrial needs.