

The fight over the future of digital news is in Canada

July 10 2023, by Randy Thanthong-Knight



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A law that props up the news industry has turned Canada into the latest battleground for global tech giants that are pushing back against governments trying to curb their dominance.

The Online News Act, passed into law last month by Prime Minister Justin Trudeau's government, requires companies including Meta Platforms Inc. and Alphabet Inc.'s Google to negotiate commercial deals with local [news](#) organizations for featuring news on their platforms. It's meant to help outlets that have seen their advertising revenue decimated in the [digital era](#).

But strong opposition from tech firms—including Meta's intention to permanently end the availability of news on Facebook and Instagram in Canada, and Google's plan to remove links to Canadian news—is more than just a reaction to the law itself. The platforms may see it as a precedent-setter for jurisdictions from California to Indonesia that are trying to force them to pay for news.

"It's a proxy battle for them," said Jason Kint, [chief executive officer](#) at Digital Content Next, a New York-based trade association representing [media companies](#) including News Corp., Politico and Bloomberg.

"Whatever they do in Canada, they're probably doing it more for their public policy interests in the U.S., U.K. and elsewhere."

The California Journalism Preservation Act has advanced to the Senate in Meta's home state, where the company has also threatened to pull [news content](#). Other countries are also talking about legislation governing news and technology platforms, including Indonesia's regulation on publishers' rights, Brazil's fake-news law and the U.K.'s digital competition bill.

News removal isn't just a threat. Meta blocked news briefly in Australia in response to that country's News Media Bargaining Code, a model for the Canadian bill. Alphabet shut down Google News in Spain for nearly eight years after it passed a law requiring news aggregators to pay publishers; it resumed the service last year following an update to the copyright legislation.

Canada's legislation presents a major threat to tech firms because it's "closer to home," Kint said.

Trudeau has so far stood firm. This week, he hit back at Meta by suspending government advertising on Facebook and Instagram. But the hostilities between Silicon Valley and Ottawa have also highlighted a key criticism of the law. If powerful players such as Google and Facebook won't link to [news sites](#) in Canada, the biggest losers could be innovative news startups that rely on them to reach new audiences.

"This is an existential risk. It feels like a bomb has just been put in the center of our business models," said Jeanette Ageson, publisher of The Tyee, a British Columbia-based news website. "Smaller digital players would be disproportionately affected by a news block because we don't have the name brand recognition that the bigger news brands have."

Some of the law's biggest proponents are legacy newspaper publishers.

A possible news ban on the platforms has already led to a suspension of all new hiring and community launches at Village Media Inc., an Ontario-based digital publisher that has dozens of websites, employs nearly 100 journalists and says its mission is to "save local news". About 18% of Village Media's traffic comes from Facebook and about 32% from Google platforms.

"Pulling news would have a devastating impact on the whole sector, in particular digital publishers like us that are growing," said Jeff Elgie, Village Media's CEO. If the platforms' news block becomes permanent, "I wouldn't see a viable, investable business anymore."

Bloomberg News also uses [social media](#) and search platforms to distribute content.

Meta and Alphabet have argued that they would be unfairly forced to pay for content that has little to no economic value for them—and that news publishers already benefit by getting web traffic, which brings advertising and subscription revenue, via their platforms.

Meta experimented with paying publishers directly for journalism, but has changed strategy to focus more on short-form video entertainment and less on news. Given regulatory pressures around the world, CEO Mark Zuckerberg no longer believes investing in news is worth the trouble, according to a person familiar with the matter. Posts with links to news articles make up less than 3% of what people see in their Facebook feed, according to the company.

While the enforceability of the Canadian law is now in question, given the platforms' threats, one other thing is clear: If a compromise can be reached that allows news companies to receive payments from Meta and Google, it may help stem, or at least slow, the decline of the Canadian media sector that saw 450 outlets close between 2008 and 2021.

Australia's media bargaining code led to "massive changes," with more than A\$200 million (\$133.5 million) raised annually, according to Rod Sims, a professor at Australian National University and former chair of the Australian Competition and Consumer Commission, an agency that drafted the legislation. Sims said newsrooms expanded, journalism job postings went up, and "anecdotally, a lot of journalists said there's never been a better time to be a journalist."

But Canada has opened an opportunity for tech giants to set new expectations for other governments hoping for similar outcomes to Australia, said Michael Geist, a University of Ottawa law professor who's opposed to the Trudeau law.

"Everyone always refers to Australia, and as there are these trends

globally, they may well say, 'We want people thinking of the Canadian example.'"

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Citation: The fight over the future of digital news is in Canada (2023, July 10) retrieved 9 May 2024 from <https://techxplore.com/news/2023-07-future-digital-news-canada.html>

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