



Briefing for Members of the European Parliament
Draft Broadcasting Communication - Consultation 2009

The European Publishers Council (EPC) is a high level group of Chairmen and Chief Executives of leading European media corporations whose interests span newspapers, magazines, books, journals, online database and internet publishing as well as in many cases significant interests in private television and radio. Even though many of our members have continuing concerns around traditional TV markets our main interest in the revision of the Communication focuses on the extension of state aid to PSB activities on the internet and for mobile markets. Action now is essential to maintain diversity of private sector internet services.

❖ *Cherishing a free press online*

European values related to press freedom are based on independence, not only in the analogue but also in the online environment. It is extremely important that in addition to publicly-funded news and other content production there are strong, financially independent European publishers and audiovisual producers. Otherwise media pluralism and diverse national content will suffer in Europe, especially in the Member States with a small national market and minority language, contrary to the objectives of the Lisbon Agenda.

If governments and more importantly citizens believe that good public service broadcasting is essential to the maintenance of democracy and a decent society, now is the time to make such a review and follow fast with action to reassert core public service objectives, provide clear practical tools to build up fair play conditions and appropriate limits to ensure fair competition. This Communication has the potential of achieving a transparent operational framework for the Public Service Broadcasters; by giving due prominence to their social, democratic and cultural role, rather than un-regulated expansion more akin to commercial behaviour.

❖ *Trends and Outlook*

- There is an increasing tendency of public broadcasters to migrate to the internet, becoming in many cases, publicly funded online newspaper and magazine publishers in direct competition with our own web-based services.
- PSB activities on the internet are not analogous to their pioneering role in conventional broadcasting, and to subsequent TV market developments.
- Without early intervention by the European Commission to establish an acceptable framework of optimal rules to prevent new distortions of competition with the private sector we shall be revisiting the problems of the past in the TV market on the developing online markets, to the detriment of our members' interests).
- Unlike the early days of traditional broadcasting, rooted in spectrum scarcity, there is no need for state-subsidised semi-monopolies to make the heavy investment

necessary to ensure the growth of these new markets. On the contrary, we argue that the new market and its customers will benefit from the very opposite architecture: a wide diversity of suppliers, unrestrained by unfair competition from any dominant player.

- The expenditure, content and cross-promotional advantages enjoyed by incumbent public service broadcasters are so great as to endanger investment in wide areas of potential activity by the private sector. This is compounded by the lack of transparency of PSBs future intentions, and by approvals systems in the Member States which set neither practical limits on, nor effective scrutiny of, the PSBs current or intended expansion into almost every area of internet activity. The result is that creative internet ideas will rarely progress to the planning stage if publicly funded expenditure has the effect of stifling even the prospect of commercial competition over wide areas of activity and interest.

Action

- We need an updated Commission Communication on the application of state aid rules to public service broadcasting.
- We need clear and transparent regulatory tools, applied at national level to cherish co-existence of public and private enterprise.
- We need clarity through definition of the public service remit in order both to cherish programmes and news services which genuinely meet the "democratic, social and cultural needs of each society" and in order to inject more certainty in the business environment. This is what will guarantee pluralism. (Section 6.1 "Definition of public service remit")
- We recommend a UK-style framework of Public Value Test and Market Impact Assessment to assess the value and impact of state-sponsored new digital services. New Services on the Internet (Sections 4.2 "Nature of the aid existing aid as opposed to new aid", 6.1.2 "Market developments" and 6.1.3 Procedural safeguards)
- We need independent (*ex-ante*) control for activities of public broadcasters in the online environment to cover not only new ventures but also existing public service ventures and actions due to ever changing online environment (in latter case it would be *ex post* control).
- We need clear limits on permitted internet related mobile activities to the core public service mission of the public service broadcasters. Pay Services (Section 6.1.2. "Market Developments") and detailed safeguards/provisions are needed for the correct implementation/use of the paragraph 63 by the Public Service Broadcasters as this could result in informal, "eternally-temporary-only" services which crowd private investments. The body handling the test for the market assessment should also be the one responsible for the proper implementation of this clause.
- We need clearer criteria to measure and prevent market distortion. This will help the Member States' authorities in controlling publicly funded activity Market Distortions (Section 6.3.3.4 "Market Distortions" (paragraphs 101-106).
- The cost to tax payers and loss of media diversity from uncontrolled expansion of PSBs is certainly greater than the cost of running an effective independent body.

We call upon you to work with us to preserve a free press in Europe, online as well as in print.

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