



UNLIMITED EXPANSION OF PUBLIC BROADCASTERS INTO NEW MEDIA THREATENS DEVELOPMENT OF COMMERCIAL PLAYERS

Brussels, 5 March 2009 - On the occasion of the public hearing on “*The role of public broadcasters*” organised by the European Parliament today, representatives of the European media business –including the Association of Commercial Television in Europe (ACT), the Association of European Radios (AER), the European Publishers’ Council (EPC), the European Newspaper Publishers’ Association (ENPA) and the German Association of Commercial Broadcasters and Audiovisual Services (VPRT) – called on the EU institutions and Member States to ensure that principles of fair competition are properly applied in the media sector through a transparent operational framework for public broadcasting. The hearing has been organised by the EP Culture Committee and relates to the 2001 Broadcasting Communication, which sets out the principles to be followed by the Commission in the application of Articles 87 and 86(2) of the EC Treaty to State funding of public sector broadcasting. This Communication is currently being revised by the Commission’s DG Competition and a new text looking in more detail into future activities of public broadcasters in the new media environment is expected to be presented shortly.

After the hearing some European media operators criticised the lack of representation of relevant players in this debate with the print press, the radios and the online press not having been invited to speak despite their interest to do so having been voiced. This limited the debate and implied that relevant positions have not been heard. Instead the fear of public broadcasters of any regulation touching their online ventures could dominate the floor.

The European media coalition, however, welcomed the intervention made by **Viviane Reding, Commissioner for the Information Society & Media**, when speaking at the EP-Committee stressing that the Communication should reflect a clear balance between competition law and media policy.

Ross Biggam, Director General ACT and the only representative from the commercial industry at the hearing commented: “We call on the EU institutions to take our concerns into account. European consumers – and thus European tax payers - have the right to enjoy a broadcasting landscape, which clearly distinguishes between public and commercial broadcasting. The mechanisms for ex-ante scrutiny suggested by the European Commission – which is the perfect example of subsidiarity in action – together with the provision for an independent regulation, and the call for a clear separation between public broadcasters’ public and commercial activities will ensure that. They are thus a great opportunity for public broadcasters and Member States to ensure a proper functioning of the media market in Europe in the future.”

In the light of the financial crisis the durability of established business models in the commercial media sector is under pressure and it is of ever greater importance to ensure that

state aid rules are properly applied. Only this will avoid a distortion of competition in the market. In such an economic climate commercial operators are much more exposed to market developments than their publicly-funded competitors so that the recent trend of public broadcasters expanding largely into new media activities in a wide range of European countries affects them much more than at other moments in time.

Angela Mills Wade, Executive Director EPC, stressed: “The online newspaper market and its readers should benefit from a wide diversity of suppliers, unrestrained by unfair competition from any dominant player. But the expenditure, content and cross-promotional advantages enjoyed by incumbent public broadcasters are so great that they swamp even the liveliest of newspaper site. All this will endanger investment in wide areas of potential activity by the private sector.”

Valtteri Niiranen, Director of ENPA stated: “ENPA expresses its concern at the increasingly confusing state of affairs of what the public broadcasters can do in new media services. Publishers in a number of countries have been seriously affected by the activities of public service broadcasters developing what appear to be commercial activities which has resulted in publishers being forced to take their cases regarding market distortion to national authorities and where this has not been satisfactorily resolved, to European level as a last resort because so many uncertainties now exist regarding the public broadcasting remits. The need for a timely reminder now on how Member States should define the role to be played by public broadcasters is clearly needed from the European level, in order to eliminate these uncertainties.”

When looking at the debate from a national point of view, **Tobias Schmid, Vice President VPRT & Vice President Media Policy at RTL Television Germany**, said: “A number of EU Member States have expressed their concerns about an update of public broadcasting rules. We do not understand the excitement. The revision of the Broadcasting Communication is not a European harmonisation and acknowledges the principle of subsidiarity. Nevertheless, strict guidelines on effective control and transparency are absolutely necessary.”

In 2007, European governments granted Euro 22bn to public broadcasters all over Europe. This made the television sector the third-largest recipient of state aid in the EU. Only a real level-playing field and fair rules between commercial and publicly-funded players will enable the provision of innovative and high-quality content by commercial media – be it broadcast, print or online - in the future.

Frederik Stucki, Secretary General AER, said: “We advocate a clear separation of the activities of public and commercial broadcasters. A transparent system and an allocation of costs for profit centres will enable a real level playing-field between the two players. Only this will allow the European commercial media to survive in the new media environment and offer high quality content to millions of European citizens in the future”.

About the ACT:

The Association of Commercial Television in Europe (ACT) is a trade association representing the interests of the commercial broadcasting sector in Europe. The ACT has twenty eight member companies active in 34 European countries operating more than 400 free-to-air and pay-tv channels and distributing several hundred channels and new services. For further information, please see: www.acte.be

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About the AER:

The Association of European Radios (AER) is a Europe-wide trade body representing the interests of over 4,500 private/commercial radio stations across the EU27 and in Switzerland. For further information, please see: www.aereurope.org

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About the EPC:

The European Publishers Council is a high level group of Chairmen and Chief Executives of leading European media corporations actively involved in multimedia markets spanning newspaper, magazine, book, journal, internet and online database publishers. Many EPC members also have significant interests in commercial television and radio. For our list of members and further information please visit the following address: www.epceurope.org/about/ourmembers.shtml

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About the ENPA:

The European Newspaper Publishers' Association (ENPA) is an international association, advocating the interests of the European newspaper publishing industry at different European and international organisations and institutions. ENPA represents over 5,200 national, regional and local newspaper titles, published in 23 European Union Member States plus Norway and Switzerland. More than 150 million newspapers are sold and read by over 300 million Europeans every day, in addition to the millions of unique daily visits to online newspapers websites. For further information, please consult our website: www.enpa.be

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About the VPRT:

VPRT, Verband Privater Rundfunk und Telemedien e.V., German Association of Commercial Broadcasters and Audiovisual Services - Representing 160 companies operating in the field of commercial television, radio, audiovisual media services and teleshopping.

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