

Mrs Viviane Reding

Member of the European Commission responsible for Information
Society and Media

**The role of public service broadcasters
in a vibrant and pluralist digital media
landscape**

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

Joint EBU-MTV's conference "From secret service to public
service"

Budapest, Friday 3 November 2006

Ladies and Gentlemen,

I would like to thank MTV, the Hungarian Public Service broadcaster and the EBU for giving me the opportunity to speak on a subject which is essential for our democracies.

The Hungarian Public Service broadcaster has faced new challenges in its national media landscape since the start of commercial broadcasters' competition in 1996. The recent political events in Hungary have shown how much building a pluralistic media market is a sensitive issue.

I strongly believe that, while experiencing transition to digital, IP television, interactivity and users generated contents, Europeans will want to retain their dual audiovisual media landscape over the next decades.

In my view, this is a crucial part of our European model of television. From the legal point of view, it is secured by the so-called Amsterdam Protocol and its exercise is detailed in the 2001 Commission Communication on state aid to public service broadcasters.

From the political point of view, it requires public authorities to give private broadcasters opportunities to develop their business models, notably through advertising, and to foresee and implement the independence – financial and from politics! – of the public service broadcasters.

As tools of expression of fundamental European values, public service broadcasters have the duty to defend public interest, to promote cultural diversity and to contribute to building a European identity. These duties should in my view be reflected in the remit of the public service broadcaster. This remit is to be defined by national public authorities, taking into account national specificities as well as the requirement, for competition law purposes, to be as focused and clear as possible.

I congratulate this country for being at the forefront of the fight for cultural diversity in Europe. Thanks to Europe, we have the UNESCO Convention on cultural diversity, the MEDIA programme, the support for independent producers in the "Television without frontiers" directive. But words are not enough and the first place to act is at home! I must put it bluntly: does it make sense to support cultural diversity in Europe if your own public broadcasters to not have the means to fulfil their remit, if they cannot produce or buy quality fiction?

It is not for the European Union to say by which system the financing of public service broadcasters should be implemented. But I want to deliver this clear message today in your beautiful country: public broadcasters have to be given stable resources such as those ensured by a license fee regime. The need for public service broadcasters to remain strong players in the digital media landscape only reinforces this challenge of stable, predictable resources. Public broadcasters should not be the instrument of a political majority against the opposition, whoever the majority and the opposition are! Public service broadcasters must act and must be treated in a fair and

balanced way, and be given means to promote public interest, societal values and national culture and languages. For example, Hungary has a wonderful, creative film industry, as illustrated recently by the success in Europe of films such as "KONTROLL" and "TAXIDERMIA" (although somehow strange to a person with rather classical taste as I have...). I would like Hungarian broadcasters, including public service broadcasters, to participate fully in the national film and fiction productions. I would like them to be strong players on the social and cultural scenes, rather than having to struggle for their sheer survival. This is the ambitious view I have of the public remit in this country!

Public service broadcasters have a key role to play in the context of convergence of media content, communication infrastructures and electronic devices. They are among the players leading the way to the development of new and innovative content services. However, convergence implies also new issues for public service broadcasting. The most important question is to which extent the public service remit may include other services than traditional broadcasting services so that public service content is available on all platforms.

The 2001 Commission Communication on State aid to public service broadcasting has recognised that public service broadcasters may offer other services than "traditional" ones, such as online information services. In fact, it has been clear for us that public service broadcasters should be able to benefit from the possibilities offered by technological developments. Otherwise, they would no longer be in the position to comply with their public service remit and to satisfy their audiences. In this respect, online services such as video streaming or programming information appear as a continuation - in the digital environment - of the services traditionally offered by public service broadcasters in the linear (broadcasting) world.

The extension of public service broadcasting to online services has however also a number of economic and competition aspects. While public service broadcasters are in competition with commercial broadcasters in the traditional broadcasting environment, public service broadcasters active in the online environment may be involved in situations of competition with other commercial operators such as the written press or companies that offer online services.

This issue of competition was already taken into account in the 2001 Communication, which recognised the possibility for the public service remit to include online services provided that they address the "same democratic, social and cultural needs of the society in question". The Communication does not explicitly require that the online activities be closely related to the traditional broadcasting programmes. In practice, this question cannot be addressed to in abstract terms but has to be dealt with on a case by case basis.

The 2001 Communication provided guidance for balanced solutions in controversial situations. It has already served as a basis for solving state aid

cases in many EU countries. Accordingly, public service broadcasters are, in principle, free to develop other activities than traditional broadcasting and make available socially valuable content on other platforms. The Commission does not question such activities by public service broadcasters; however the scope and financing of such activities should be clearly defined by the Member States.

The strengthening of a pluralistic media landscape

Pluralism of, and within, the media represents a fundamental component of the democratic process for all Europeans, and within all European Union Member States.

In this context, providing audiovisual programmes that satisfy the viewer's need for impartial information is intrinsically part of the Public Service Broadcasters' mission.

The multiplication of delivery modes of audiovisual contents, as now permitted by quadruple-play's offers, is not a guarantee for pluralism in itself. Pluralism is a more complex concept, which should not only be limited to the issue of media concentration. My understanding of media pluralism is much broader and includes all measures that ensure citizen's access to a variety of information sources, opinion, voices etc. in order to build their opinion without the undue influence of one dominant opinion forming power (be it a government or a political party, or private interest linked to those).

At the international level, one important cornerstone is the UNESCO convention on cultural diversity which recognises the legitimacy of the policies of the public authorities to ensure and promote pluralism.

At the European level, Article 11(2) of the European Charter of Fundamental Rights (which is at the same time an integral part of the Constitutional Treaty) stipulates that the freedom of the media and their pluralism have to be respected.

Historically, the EU debate on media pluralism started in the early 1990s. Technological and political changes in Europe coincided with increasing cross-border and cross media investments. The questions raised then have prevailed until now.

The Union has always been firmly committed to guarantee freedom of expression and right to information. The European Parliament has consistently initiated debates on media pluralism. It has always pleaded for action at European level and called on the Commission to put forward concrete measures.

The Commission has stated that it would monitor the condition of pluralism in the Member States of the European Union.

Therefore, I have initiated an ambitious process to analyse the underlying aspects of media pluralism. The first step of this approach is a **Commission Working Paper** that will be published in the near future.

The paper identifies the relevant aspects of media pluralism such as interrelations between politics, economic interests and media, media concentration, role of independent regulatory authorities etc and provides information on each Member State's market.

Guaranteeing pluralism is an intrinsic element of European democracies.

*The modernisation of the **Television without Frontiers Directive***

In this respect it is also important to give media services providers the legal certainty they need to face convergence's effects. That is why I decided in 2003 to launch the modernisation of the **Television without Frontiers Directive**, which dates back to 1989 and is no longer adapted to the needs of the multimedia age of convergence. The Commission's proposal for an audiovisual media services Directive was adopted the 13 December 2005 and is currently discussed in the European Parliament and in the EU Council of Ministers.

Let me recall the key issues of the Commission's proposal:

1) A coherent regulatory framework for both linear and non-linear delivery of audiovisual content (in other words: for "pull" and for "push" –audiovisual content). All audiovisual services would be subject to a (light) tier of basic obligations. Non-linear services (where the viewer has a greater degree of control) would be subject **only** to this light tier. Linear services (services where the broadcaster establishes the programme schedule and decides upon the moment of transmission to the general public) would be subject to similar conditions as the ones which exist today in the TVSF directive.

Just to explain what is meant by non linear: 'non-linear service' means an audiovisual media service where the user decides upon the moment he likes to access a specific programme on the basis of a choice of content - a catalogue - presented by the media service provider. In essence, a non-linear service is an on-demand service, such as the many video-on-demand services which are already starting to blossom across the EU. Of course, electronic newspapers, personal blogs or mere search engines are not covered by the scope of the Commission's proposal.

2) As regards advertising, the proposal abolishes some quantitative limitations and significantly simplifies the rules on insertion. In particular, the daily limit on advertising is deleted. The hourly limit of 12 minutes does not change nor do the qualitative restrictions. Importance of qualitative rules for all: protection of minors + ban of incitement to hatred should not protect only the audience watching traditional TV.

Instead of imposing a twenty-minute block between each advertising break, the new insertion rules will allow broadcasters to choose the most appropriate moment to insert advertising during programmes.

3) The Commission proposal also provides, for the first time, clear rules on product placement. This practice is not addressed as such by the current Directive and only prohibited as surreptitious advertising (which will continue to be prohibited). The result of this non-regulation leads to a practice of product placement without protection of consumers. In order to ensure transparency for the viewer and greater flexibility for broadcasters and producers the proposal introduces rules on product placement. In order to protect the viewer, no product placement will be allowed in news + news-like programmes as well as in children programmes.

4) The proposal also encourages Member States to have recourse, where appropriate, to co-and self-regulatory regimes. Because we in Brussels do not believe in the "nanny state", but would like to give as much freedom as possible to broadcasters and on-demand service providers to implement the objectives of the modernised Directive by autonomous procedures under the guidance of the responsible regulators.

5) Finally, the proposal introduces the right to short news reporting for linear services, in order to guarantee the free flow of information.

The recent debates in the Parliament and the Council showed that Commission's approach has been received favourably. The Finish Presidency's objective is to reach an agreement on a *general approach* at the "Culture" Council on 13 November.

Mobile TV

One of the new services being considered by Public Service Broadcasters, as well as commercial broadcasters, is Mobile Television.

This is a field where the European Commission envisages further actions to ensure new ways of providing content.

Mobile TV is set to become the next high growth consumer service. It is at the crossroads of two powerful social trends: greater mobility, and new forms of accessing media content. The results of the first pilot projects launched in this field, as well as trials in Member States, suggest that half of European mobile phone subscribers may become mobile TV users. In Europe, this represents more than 200 million people.

The take up of Mobile TV services in Europe requires facing several challenges: interoperability of technologies, harmonisation of Member States' authorisation regimes and availability of spectrum.

We need, firstly, a pan European-approach ensuring interoperability and fully committed to the principle of technology neutrality.

This is the aim of the industry umbrella group's European Mobile Broadcasting Council, EMBC, the establishment of which has been supported by the Commission.

Secondly, various types of **licence** and requirements exist within Member States for the providing of Mobile broadcasting through the existing various networks (mobile, satellite and broadcast networks as well as the Internet coupled with WiFi or WiMax).

Ensuring consistency in regulatory approaches across the EU is necessary in order to create a regulatory environment conducive to investment and innovation.

Finally, a harmonised **Spectrum** availability across Europe is also required to give consumers access to services. In the medium term, the increasing number of streaming audiovisual services will require much more spectrum capacity, which could be obtained thanks to the digital dividend, but its efficient use will require further harmonisation of frequency bands at EU level.

The Commission should adopt a **Communication on Mobile TV** in the first months of 2007.

Content Online

Finally, I would like to mention that I will propose to the Commission to adopt around the end of 2006, a **Communication on Content Online**. The Communication will be based on the results of a public consultation which closed on 13 October. It will explore which added-value actions could be taken at European level to improve the competitiveness of the European online content production and distribution industry. It will address issues such as network neutrality, DRMs and interoperability, cross border licences, and awareness raising of the importance of IPRs. This is of course an initiative which is highly relevant for Public service broadcasters, as they are or should be producers of high-quality audiovisual content; as such they should benefit from new opportunities offered by market and technology developments.

Ladies and gentlemen,

The converged environment means a radical change in the audiovisual landscape and the need for Member States to renew their concepts of public service broadcasting. Given that other media also contribute to the transmission of values such as freedom of expression and plurality of opinions, Member States will have to identify the function of public service broadcasting in this enlarged converged environment. This is a crucial question that needs to be tackled and considered also at European level when reconsidering the 2001 Communication on State aid to public service broadcasting in 2007/2008.

I know that many public service broadcasters and commercial broadcasters will continue to play complementary roles, together with new players, in the new audiovisual landscape characterized by a multiplicity of delivery platform. I hope that those public service broadcasters, which for the time being do not have the means of editorial independence and cultural creativity, will be helped, by national reforms, to join the club in the interest of the citizens. This will promote cultural diversity and political pluralism for the benefit all European citizens.

Let me conclude with a few words about what I expect from Public Service Broadcasters, now and in the future digital landscape: balanced, fair information and not propaganda; a TV for the people and not a TV for the State or a Party; a TV supporting the film creation and the culture and not obliged to buy cheap, culturally poor productions from abroad. You in Hungary as all Europeans deserve this TV!