

## State aid: Commission updates rules for state funding of public broadcasters

***The European Commission has adopted a new Communication on state aid for the funding of public service broadcasters. The Communication provides a clear framework for the development of public broadcasting services and enhances legal certainty for investment by public and private media alike. The new Communication replaces the Commission's 2001 Broadcasting Communication (see [IP/01/1429](#)). The main changes include an increased focus on accountability and effective control at the national level, including a transparent evaluation of the overall impact of publicly-funded new media services.***

Competition Commissioner Neelie Kroes said: "The new Communication strikes the right balance between the interests of public and private media to ensure healthy competition in the very rapidly evolving media environment, to the benefit of Europe's citizens. Public broadcasters will be able to take advantage of the development of digital technology and Internet-based services to offer high quality services on all platforms, without unduly distorting competition at the expense of other media operators."

Information Society and Media Commissioner Viviane Reding said: "The adoption of this Communication will give additional legal certainty to the media sector in Europe and ensure a fair competition between public broadcasting and private media. One of the Commission's main objectives is to preserve a vibrant media landscape in the online environment, notably by ensuring that online offers of public broadcasters do not distort competition to the detriment of offers from online services and print media. The Communication adopted today responds to this objective in a clear and efficient way."

The main changes in the new Communication concern:

- the *ex ante* control of significant new services launched by public service broadcasters (balancing the market impact of such new services with their public value)
- clarifications concerning the inclusion of pay services in the public service remit
- more effective control of overcompensation and supervision of the public service mission on the national level
- increased financial flexibility for public service broadcasters.

The Communication is designed to ensure high quality public broadcasting services on a variety of platforms, ranging from the internet to screens in public places. Moreover, European citizens and stakeholders will be able to give their views in public consultations before any new services are put on the market by public service broadcasters. Finally, as taxpayers, citizens will benefit from a more accountable, transparent and proportionate use of public funding in this sector.

The adoption of the Communication follows extensive public consultation (see [IP/08/24](#), [IP/08/1626](#) and [IP/09/564](#)) and builds on the fundamental principles of the financing of public service broadcasting in the Amsterdam Protocol (see below, background). In particular, the Communication recognises the Member States' discretion to define the mission of public service broadcasters and focuses on the Commission's task of preserving fair competition.

The text of the Communication is available at:

[http://ec.europa.eu/competition/state\\_aid/legislation/specific\\_rules.html#broadcasting](http://ec.europa.eu/competition/state_aid/legislation/specific_rules.html#broadcasting)

The final version will be published in the EU Official Journal and will enter into force as of the date of that publication.

## **Background**

European public service broadcasters receive more than €22 billion annually from licence fees or direct government aid, placing them in third place, after agriculture and transport companies, among recipients of state aid.

The Protocol to the Treaty of Amsterdam<sup>1</sup> clarifies that national public service broadcasting systems are directly related to the democratic, social and cultural needs of society. It guarantees Member States' right to fund public service broadcasting insofar as such funding is granted for the fulfilment of a public service remit as conferred, defined and organised by each Member State, and insofar as such funding does not unduly affect trade and competition in the EU.

To clarify its understanding of this Protocol, the Commission first adopted a Communication on the application of state aid rules to public service broadcasting in 2001 (see [IP/01/1429](#)). Since then, the Commission has adopted over 20 decisions, which have further clarified the application of the rules. This case practice has enriched the principles of the 2001 Communication in a number of respects. An overview of these individual decisions is available at:

[http://ec.europa.eu/competition/sectors/media/decisions\\_psb.pdf](http://ec.europa.eu/competition/sectors/media/decisions_psb.pdf)

The most recent state aid decisions on public service broadcasting in [Germany](#) (see [IP/07/543](#) and [MEMO/07/150](#)), [Ireland](#) (see [IP/08/317](#)) and [Belgium](#) (see [IP/08/316](#)) reflect the Commission's approach in particular as regards the definition of the public service remit in the new media environment e.g. where broadcasters operate websites and broadcast via mobile phones.

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<sup>1</sup> <http://europa.eu/eur-lex/en/treaties/selected/livre347.html>