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**Business without frontiers: Europe's new broadcasting landscape**

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

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Commission President Barroso has decided that for the first time the Commission should have a Commissioner for Information Society, Audiovisual policy and relations with the media industry. This clearly highlights the importance the new Commission attaches to the ICT and media business. And the Commission is doing so at a moment when there is talk again of a media revolution.

It seems that every generation has a media revolution. To the pre-2<sup>nd</sup> world war generation it was radio. For the post-war generation it was television. For the young people of today it is digital. Now, ten year into the digital revolution, it is clear that its impact will be at least as profound as the radio and television revolutions that preceded it.

**European Audiovisual Policy** has consistently sought to provide a framework favourable to the development of the audiovisual sector and to support the transnational dimension of this essentially cultural industry. In this respect the “Television without frontiers” Directive is the essential centrepiece for a “business without frontiers” drive. This is as true today as it will be in the future in a wider media perspective.

The “leitmotiv” is to create added-value at European level and not to seek to do what can better be done at national level.

I am grateful for this opportunity of addressing you today, which is particularly timely, because the “Television without Frontiers” Directive is currently at a crossroads. The future of European audiovisual policy will be shaped over the coming months. I will deal with these issues in the second part of my presentation. First I would like to sketch out the importance of Information and communication technologies (ICTs) for the European economy in general, and especially for media.

### **Importance of ICT for the European economy**

ICTs are one of the important dynamic forces for growth in modern economies. The electronic communication sector has a central role to play because of its size, its dynamism and its impact on nearly all other economic activities. The sector grew fast in the late nineties. In 2000/2001, it faced a sharp downturn. Two years of consolidation followed. 2003 saw a modest rate of expansion. In 2004 conditions seem to be right for the sector to return to higher rates of growth. The world-wide ICT market has today a market volume of 2.2 billion €. The European ICT market share is about 30 % of the world market.

New data for 2004 on the penetration of ITC-technologies confirm this development: not only has the proportion of households having Internet access at home increased – the EU average is 39% – but also the penetration of Broadband Internet access has more than doubled during the last year in almost all countries.

The mobile telephones sector is developing as well: 81% of households in the EU countries have one mobile phone subscription. And, last but not least, digital television is on the up, and has already secured a market share of 14% in Europe.

As you all know, in 2000 the European Council agreed in Lisbon on a new strategic goal for the Union, in which the ITC sector has been identified as “a powerful engine for growth, competitiveness and jobs”. The new Commission will revise this strategy with a view to formulating the priorities for the next five years.

The recent report of the High Level Group chaired by Wim Kok confirms that the important goal “to reap the full benefits of ICTs” should be maintained in any future priorities:

“In order to ensure future economic growth, the EU needs a comprehensive and holistic strategy to spur on the growth of the ICT sector and the diffusion of ICTs in all parts of the economy.”

### **Simply investing in ICT structure is not enough**

As regards ICT deployment, one very interesting fact has emerged: while broadband is already available to the majority of households in the Union, only a fraction of them has chosen to subscribe. There is a significant gap between availability and effective use of broadband infrastructure. There are various factors which might explain the gap between supply and demand:

Consumers' take up and acceptance of new technologies is positively related to ease of use, security while using these technologies, the price and - I think this is a very important point - the availability of useful innovative advanced services as well as interesting content. Therefore simply investing in computers and modern communications is not enough. Encouraging broadband access is intimately connected to the availability of premium content: sport, music, films, games.

The report of the high level group I mentioned just now underlined the importance of the content aspect:

“The strategy must also focus on boosting by 2010 the accessibility of broadband to at least 50 %.(...) . More must be done to (...) **provide new content to stimulate demand ...;**”

We cannot continue to view ICT policy as being separate from other policies, such as media policy, for example. This is one reason why I have been appointed as the Commissioner for information society and media. One of my political priorities will therefore be to strengthen ICT deployment in Europe, which includes strengthening the European content industry.

### **The new services will not become a substitute for traditional media**

It seems that every media revolution prompts fears that the new media might take the place of those that went before. This was the case when radio, cinema and television came in, and it is again the case with the Internet. But people's fears have never been realised; people still read books, still listen to the radio and still go to the cinema. I am convinced that the various media will continue to complement each other. Digital technologies open new windows of opportunity and don't reduce the size of existing windows. Let me give you two examples:

Firstly: Even if the number of Internet pages we can access is nearly infinite, the medium No 1 in terms of daily average use is still Television. In most of the European Member States the daily average of TV viewing is more or less 4 times longer than the Internet use. Even in countries with a high Internet penetration, like Germany or the United Kingdom, the daily average use of the Internet is respectively 58 minutes and 43 minutes, compared with respectively 230 and 172 minutes of television time. In some big Member States Internet use time even decreased last year.

In the US the picture seems to be similar: adults averaged 258.4 minutes in front of the TV each day, compared to 65.8 minutes online.

Secondly: nearly all newspapers, not only the national but also the regional press, have Internet pages, which play an increasing role for raising advertising money and for publishing ads. Surveys show that consumers use these Internet pages mainly for very rapid information on current news. Most of the readers of online newspapers stay on the Internet page for no more than 5 minutes. And, this is the essential point; they still consider newspapers important for in-depth analysis and background information.

### **Online services are of increasing importance in public communication**

Even if the new services will not become a substitute for traditional media, they will help to meet the democratic, social and cultural needs of society. Let me illustrate this:

The "Eurostat statistics on information society in Europe" show that the Internet today is mainly seen as a source of information, with high usage rates for "reading or downloading online newspapers and magazines". Other national analyses confirm that, of the top ten subjects Internet users are interested in, pride of place goes to information on current international news, followed by travel information and offers, and then information on music, on computers and regional and local news.

Hence the online services are of increasing importance in public communication, especially for young people, and we should not underestimate this role.

It is therefore essential for us - with respect to the future regulatory framework of the European Union - to look at audiovisual content in a technologically neutral way and to attach importance to the impact of the medium, the number of users and the importance for the formation of public opinion.

### **Television without frontiers**

**Historically, European audiovisual policy** was launched with the holding of the 1989 "audiovisual assizes", the adoption, in the same year, of the "Television without frontiers" Directive and, a year later, of the first MEDIA programme. The driving force at that time was the advent of satellite television.

Community policy has always had three strands:

Setting the rules of the game; the main example in terms of instruments has been the "Television without frontiers" Directive;

Providing financial support for the development and competitiveness of this cultural industry; the main instrument has been the Media programme;

Ensuring that audiovisual policy objectives are taken into account across a range of other relevant, Community policies.

What is the state of play today?

Let me begin with the "rules of the game" or the regulatory strand.

At the beginning of my previous mandate, the time was not ripe for a substantial revision of the legal framework for audiovisual: the relevant markets were depressed and the existing framework was in place for a short time (a revision of the TVWF directive had taken place in 1997).

Now, we must prepare the future. This is the reason why, a year ago – in 2003 – I launched a far reaching consultation process on the future of the “Television without Frontiers” directive.

The Communication on the future of regulatory policy adopted by the Commission last December draws the conclusions from this consultation and sets out guidelines for future policy work.

The consultation confirmed that the Directive has provided a flexible and appropriate framework for regulating the audiovisual sector in Europe. Overall, there is consensus that the principles underlying the Directive, such as safeguarding cultural diversity, protecting certain categories of viewers and ensuring free movement of services, remain valid. Such objectives are not called into question by technological or market developments. What is at stake is the means by which these objectives can be achieved in a changing environment.

In the Communication on the future of regulatory policy the Commission decided to address the open issues in a two-stage procedure of short-term measures and medium-term considerations.

In the short term the Commission proposed measures that steer or interpret existing law. In April this year an interpretative communication on new advertising techniques was adopted, clarifying to what extent the text of the present Directive allows new forms of advertising such as split-screen and virtual advertising. We also proposed an up-date of the 1998 Recommendation on the protection of minors and human dignity, with special reference to online audiovisual services. This proposal was accepted by the Council and is now being discussed by the European Parliament.

In the medium term the December Communication also defines the areas where further investigation is necessary. We invited experts to discuss these issues with us in focus groups.

The three focus groups are presently dealing with these specific topics:

How should we regulate the different modes of delivery of audiovisual content in general in future? For the time being no information society service has achieved a level of importance or impact comparable to television. However, I am convinced that this situation will change, as new services will be rolled out.

What is the appropriate level of detail in the regulation of advertising? Can we replace today’s detailed, often prescriptive, rules with a “light” framework while continuing to meet public policy objectives such as the protection of viewers / consumers ?

Do we need, at Community level, further provisions to guarantee the right to information? Reserving major, mainly sports events, for free-to-air TV has proved a popular measure. Should the right to short extracts also be included in the Directive?

The first meeting of the expert groups revealed some consensus on the need for a new graduated regulatory framework for the delivery of audiovisual editorial content to the general public. Graduation could be linked to:

1. the impact of the medium;
2. the choice and control users can exercise – this is also linked to the distinction between linear and non-linear programming.

**In the expert groups there appeared to be consensus on the fact that the present framework needs to evolve to respond to the massive changes that have taken place in terms of technological and market developments.** The experts came to the conclusion that graduated regulation would be the only possible answer to differentiated regulatory needs. Regulation needs to be sufficiently flexible to be future-proof but sufficiently clear not to create uncertainty as to which services are covered.

The expert groups seemed to support the approach to strive for less detailed regulation of advertising but also the need to safeguard the policy objective that underpin the present Directive – including the protection of the consumer against an excessive amount of advertising. The discussion on the usefulness of enshrining a right to short reports in Community law still was somewhat controversial.

I would like to be clear on this issue. My staff are analysing the need for a coherent regulation of any form of delivery of audiovisual content. This is the logical consequence if we want to apply technological neutrality in our regulatory approach, and it is essential to guarantee a level playing field between new and old content providers. But this does not mean more regulation in an overall perspective. It might be necessary to cover more modes of delivery of audiovisual content, but the regulatory regime as a whole could be lighter. The proposal for a draft Directive I will present to the Commission next year is likely to be less detailed as regards quantitative rules for advertising. And I think it might even be conceivable to limit to primary broadcasters some of the obligations that the TVWF Directive today establishes for all broadcasters. Primary broadcasters could be defined by the impact they have on the market and on society.

You might ask – why regulate at all? The answer is simple: to ensure that business without frontiers is also possible in the future. We can already see the Member States regulating “new services”: be it “licenseable services” in the United Kingdom or “Mediendienste” in Germany. If we want to avoid a patchwork of 25 different legal systems we have to agree on a common set of minimum standards. Non-action is simply not an option.

Regulation will be limited to what is necessary to guarantee the functioning of the common market and will in particular take into account co- and self-regulatory measures.

It is against this background that we have launched a study on co-regulatory models in the media sector. This analysis should provide the full picture of such measures taken to date in Member States, as well as of research already done. Finally, the long-awaited study on the impact of measures to promote European and independent works (the so-called “quotas”) will be completed soon.

The results of all this work will be presented in 2005, accompanied by a proposal for a revision of the Directive at the end of the year.

A last word on the interface with other Community policies: the Commission has always sought to ensure that other Community policies provide an enabling and, as far as possible, a favourable framework for the development of the audiovisual sector, taking into account its defining characteristics as a cultural industry. It has done this in both external and internal policies. The appointment of a media Commissioner has to be seen as a move to strengthen this approach with a view to the media business as a whole.

## **Conclusion**

I have mentioned here the main aspects of audiovisual policy and ICTs as such. There are, of course, many related policy issues (interactive TV, for example) I have not had time to touch on.

There is no one easy answer to the challenges posed by the need to develop a strong and diverse audiovisual sector in Europe. It is through a range of legal, financial and other measures, taking into account what the Community can do best and what the Member States can do best, that our goal can be achieved: Business without frontiers. Thank you.