

European Commission: Approval for State Funding to BBC Digital TV and Radio

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The funding of the BBC's nine new digital television and radio channels through revenue generated by television licence fees was approved by the European Commission in its recent decision that the funding in question does not involve State aid, within the meaning of Article 87(1) of the EC Treaty.

Article 87(1) reads: "Save as otherwise provided in this Treaty, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, insofar as it affects trade between Member States, be incompatible with the common market."

The Commission took the view that this funding had not given the BBC any real competitive advantage over other broadcasters or programme-makers. In reaching its decision, the Commission also gave due consideration to the public service mission of the BBC, which the new channels will have to serve, as well as the fact that the amount of the funding is not disproportionate to the net running costs of the new channels (an estimated GBP 90 million).

"Commission approves state funding to BBC digital television and radio channels", Press Release of the European Commission of 22 May 2002, IP/02/737

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