European Commission: Inquiry into Financing of Public Broadcasters Closed

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Mara Rossini
Institute for Information Law (IViR), University of Amsterdam

The European Commission has formally closed procedures under EC Treaty State aid rules (article 88) probing into the financing mechanisms of public service broadcasters in three Member States. Italy, France and Spain have been the object of the Commission's scrutiny since the end of 2003. Its main concern was to ensure that no market distortion could arise from state aid granted to national broadcasters entrusted with the fulfilment of a public service mission.

In its 2001 Communication on applying state aid rules to public service broadcasting, the Commission has clarified both what is to be defined as public service broadcasting and the extent to which state aid is acceptable. The financing of public broadcasters must not be detrimental to competition and ultimately the public and the private sector must compete on equal terms in such commercial activities as television advertising and the acquisition of television programme rights. Also, funding by the state must be transparent and should not exceed what is necessary for the fulfilment of public service obligations. The latter was a point of contention in the procedure concerning Spain: by providing an unlimited guarantee to its public service broadcaster, RTVE, the Spanish authorities were de facto committed to paying all of its debts. The Commission therefore formally requested Spain to abolish this guarantee which the Spanish authorities have agreed to do.

As for the Italian and French authorities, both have either implemented the recommendations issued by the Commission since 2003 or have given a firm commitment to do so in the immediate future.

"State Aid: Commission closes inquiries into French, Italian and Spanish Public Broadcasters following commitments to amend funding systems", press release of 20 April 2005

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