European Commission: Inquiry into Subsidy for Digital Decoders for Terrestrial TV in Italy

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

The European Commission is set to investigate Italian measures, which in 2004 and 2005, provided grants, worth EUR 200 million, enabling consumers to buy or rent digital decoders which receive programmes in digital terrestrial technology. The subsidy is not technology-neutral because although it is also available for decoders using cable technology, it excludes decoders using satellite technology.

Spurred on by two complaints emanating from terrestrial and satellite television operators, the Commission will look into the effects these incentives have on competition. In accordance with EC Treaty state aid rules, Member States must not grant aids or subsidies which distort or threaten to distort competition within the EU' s Single Market. The measures may result in an indirect advantage to the current terrestrial television broadcasters and to the terrestrial network operators.

In line with the analysis of subsidy for digital terrestrial TV in Berlin-Brandenburg, the Commission recognises that state intervention can be beneficial to achieving the transition to digital technology. However, it must be demonstrated that aid is the most appropriate instrument, the aid must be limited to the minimum necessary and it must not unduly distort competition.

In March 2005, the Commission approved various forms of public intervention by the Austrian authorities with a view to encouraging digital terrestrial TV. These measures ranged from aid to pilot projects to grants for companies to develop innovative digital services. The measures were approved because they respected the principles of transparency, necessity, proportionality, and technological neutrality. Whether the Italian measures taken in 2004 and 2005 conform to these principles will now be investigated.

Plans for similar subsidies covering 2006 would need to be duly notified, this is something the Italian authorities failed to do in 2004 and 2005, and will be assessed separately by the Commission.

State aid: Commission opens inquiry into subsidy for digital decoders for terrestrial TV in Italy, press release of 21 December 2005, IP/05/1657

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