European Commission: Inquiry into Financing of Portuguese Public Broadcaster Closed

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

On 22 March 2006, negotiations between the European Commission and the Portuguese authorities concerning the funding scheme of the Portuguese public service broadcaster were finalized. The Commission closed the investigation it had initiated towards the end of 2003 after receiving a number of commitments bent on improving both the transparency and the proportionality of the Portuguese financing system.

Though Commission officials recognize that public broadcasters must benefit from stable financing, their prime concern is also to ensure that no market distortions arise as a consequence of the national schemes in place. Indeed, a Communication was issued in 2001 laying down the principles to be observed by Member States for the application of state aid rules where the public broadcasting service is concerned.

The Portuguese authorities have agreed to financing RTP only to the extent necessary for it to fulfil its public service tasks. In addition to this minimum threshold funding, Portugal has committed itself to avoid overcompensation and cross-subsidies which would unduly benefit RTP's commercial activities. In fact, measures will be taken to allow private and public broadcasters to compete on equal terms in commercial markets such as television advertising.

The Portuguese public broadcaster is not the only one under the Commission's scrutiny; when investigations into public broadcasters' financing schemes were opened towards the end of the year 2003, preliminary requests were issued to several Member States. They were all asked to review certain traits of their existing schemes. In April 2005, the Commission ended its probe into the French, Italian and Spanish public broadcasters following either amendments to the respective funding schemes, or commitments to introduce such amendments (see IRIS 2005-6: 5). Now that Portugal has joined the group of countries that have accepted the need to adopt the necessary amendments, the Commission can give its full attention to the remaining Member States whose public broadcasters are under investigation, namely, Germany, Ireland and the Netherlands. The procedure concerning Portugal is, however, not entirely finalized as the financial restructuring agreement signed in 2003 between the Portuguese authorities and RTP will be the object of a separate process.

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"State aid: Commission closes inquiry into financing of Portuguese public broadcaster following commitments", Press Release IP/06/349, 22 March 2006

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