European Commission: Belgian Authorities Must Clarify Financing of Public Service Broadcaster

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The European Commission has asked the Belgian authorities to clarify the definition of the public obligations and the financing of Flemish-Belgian public service broadcaster VRT. The investigation into the financing of the public broadcaster was initiated following several complaints from commercial broadcasters in 2004. After looking into the complaints, the Commission issued its preliminary views concluding that the Belgian financing system is not in line with the EC Treaty rules on state aid. The EC Treaty's article 87 prohibits subsidies liable to distort competition.

Since the start of the investigation, the Belgian authorities have already modified the legal framework governing broadcasting activities in the Flemish community on several points. The request for further clarification concerns the definition of the public service broadcasting task (also regarding new media services), effective supervision and control and adequate mechanisms to prevent overcompensation.

Belgium will now have the opportunity to comment on the Commission's preliminary views and to propose changes to the financing regime. The state aid measures benefiting VRT had been granted prior to the entry into force of the EC Treaty and therefore qualify as existing aid. In such cases, the Commission does not order Member States to recover the existing aid already granted, but works with the Member State concerned to modify the funding system so that it is in line with state aid rules in the future.

Similar investigations into the financing of public broadcasting organizations have been initiated for Germany, the Netherlands and Ireland (see IRIS 2005-4: 4). In France, Italy, Spain (see IRIS 2005-6: 5) and Portugal (see IRIS 2006-5: 7), enquiries were closed after the respective funding schemes had been modified. The Commission intends to ensure the proportionality of state aid and to guard against cross-subsidies for activities which are not related to the public service functions set out in the Communication on applying state aid rules to public service broadcasting (see IRIS 2001-10: 4).

"State aid: Commission requests Belgium to clarify financing of public service broadcaster VRT", press release of 20 July 2006, IP/06/1043

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