European Commission: Dispute on Funding of Public Broadcasters Settled

IRIS 2007-2:1/5

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On 15 December 2006, the European Competition Commissioner and the Minister-Presidents of the *Länder* of Rhineland-Palatinate and Bavaria announced, in a joint press statement, that an agreement had been reached in the state aid procedure concerning the financing and remit of public service broadcasting in Germany (see IRIS 1997-9: 13 and IRIS 2006-6: 10). This compromise, which had been announced in summer 2006 but had been called into question several times by the end of the year, should now mark the end of the procedure.

Under the agreement, Germany will propose concrete measures, particularly in order to define the public service remit more clearly, to ensure that commercial activities comply with market principles, to implement separate book-keeping in these two fields of activity, and to introduce suitable mechanisms for controlling the use of funds. These measures will essentially be achieved through regulations agreed between the *Länder* .

In future, new services that exceed a certain size will be subject to an approval procedure carried out by the governing bodies of the broadcasting corporations. The level of supervision to be carried out by the *Länder* is clearly lower than that originally demanded by the Commission. The upper limit on spending on online services, which was 0.75% of broadcasters' budgets, has been abolished. With regard to sports rights that have not been used by the broadcasters, it will be compulsory to offer these via a sub-licensing procedure. The conditions under which these rights are granted must be transparent.

European Commission press release of 15 December 2006

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