European Commission: Subsidies for Digital Decoders in Italy Endorsed

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

The European Commission has concluded that the subsidies for digital decoders granted by Italy in 2006 do not violate EC Treaty state aid rules (Article 87(1)). In reaching this decision, the Commission considered the fact that the subsidies were offered for all decoders, regardless of the transmission platforms. In essence, the subsidies were technology-neutral and proportional to the objective of promoting the transition to digital TV and interoperability. However, subsidies granted in 2004 and 2005 (see IRIS 2006-2: 6) did not pass the test of technological neutrality, they were found to have unduly distorted competition by excluding satellite technology and providing an indirect advantage to the incumbent terrestrial television broadcasters and to cable operators. The latter were able to develop their digital audience, a crucial part for the business for a pay-TV or for a broadcaster wishing to develop pay-TV services. The broadcasters having benefited the most from the subsidies must reimburse the aid received from the State.

The Commission's decision rests on the premise that State intervention can be beneficial in the process of switchover to digital technology and in facilitating the adoption of interactive decoders with an open API, providing it does not undermine the availability of different technological platforms by skewing consumers' choice towards a particular platform.

"State aid: Commission endorses subsidies for digital decoders in Italy, but only where technology-neutral", press release of 24 January 2007, IP/07/73

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