European Commission: DVB-T Subsidies in North Rhine-Westphalia in Breach of EC State Aid Rules

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The European Commission has prohibited state aid provided by the Landesanstalt für Medien Nordrhein-Westfalen (North Rhine-Westphalia Media Authority - LfM) to private broadcasters for converting to digital terrestrial television, as this is in breach of EC state aid rules. The authority had planned to bear part of the costs incurred by private broadcasters for the digital transmission of signals and had made available a total of EUR 6.8 million, to be disbursed over a period of five years. As early as November 2005, the Commission stated that a similar DVB-T subsidy planned by the *Medienanstalt Berlin-Brandenburg* (Berlin-Brandenburg Media Authority - mabb) was in violation of Community law, and hence prohibited it (see IRIS 2006-3: 5).

In this case, the Commission justified its decision by pointing out that the subsidy was not an appropriate means of solving the problems relating to digitisation. Moreover, it was not necessary for the digital switchover: Germany had not proved that the subsidies would lead to a change in the private broadcasters' attitude, and no incentive effect was discernible. Finally, financial assistance for just one of the three methods of delivery - terrestrial, cable and satellite - disregarded the principle of technology neutrality and would distort competition.

In response, the LfM stated that it was appropriate to consider the means of delivery from different points of view and referred to the state subsidies for the cable network, which used to be much higher. In an initial response to the decision, it was pointed out that in the case of terrestrial television there had been a perceived need to act in order to promote its market penetration over a wide area. As the public broadcasters financed their digital switchover from licence fees, the private broadcasters should, in order to guarantee a level playing field, also be given the opportunity to offer digital terrestrial television. The LfM is now considering an appeal against the ban.

Pressemitteilung der Kommission vom 24. Oktober 2007

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European Commission press release of 24 October 2007

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