

Statement by ABBRO, ACT, ARCA, COBA, CONECTA, EGTA, VÖP and VPRT on Article 13 of the AVMS directive

BRUSSELS, 12 October 2017. Europe's commercial broadcasters warn that proposals to impose cross-border levies on linear channels will lead to less localization, less choice, less media plurality, less competition, and less investment in European content and jobs. It will not result in levelling the playing field between linear and non-linear services. Instead, it will compound the existing regulatory gap and create further barriers for broadcasters, who are already by far the biggest investors in European content, to compete and offer innovative services.

LESS CHOICE: The proposal seriously undermines the Country of Origin principle by discouraging broadcasters from making channels, particularly niche channels, available across borders. The Country of Origin principle has played a vital role in enabling broadcasters to provide cross border services to the benefit of European audiences. The proposal would particularly impact smaller Member States and niche services, where the economies of scale created by the Country of Origin principle are vital. Services such as news, children's and documentary channels might not otherwise be viable, especially in smaller markets.

LESS COMPETITION: Instead of creating a more level playing field between linear and non-linear services, the proposal will create further barriers to compete for already heavily-regulated linear broadcasters. The playing field is already tilted in the favour of non-linear services, who are not subject to the robust regulations that apply to linear services for advertising (content and volume), access services, child protection and the promotion of European works (at 50%) and independent works. Extending the cross-border levy to linear channels will therefore make this playing field even more unequal.

LESS INVESTMENT IN EUROPEAN WORKS: European broadcasters are already responsible for the vast majority of commercial investment in European content, along with paying significant taxes and providing highly regulated services that are subject to robust audience protections, particularly for minors. Investment by VoD services remains a tiny proportion of investment in European works compared to broadcasters.^[1] The proposal would inevitably force broadcasters to reconsider their investment in European content production and acquisition, partnerships with local producers, and potentially also jobs. In some cases, they could be forced to raise charges to consumers to compensate.

There has been no impact assessment of levies on the linear broadcasting sector, which is undergoing a period of significant change. There is no certainty as to how high a levy would be, or whether the resulting revenues would be fully reinvested by a Member State in European content, or used in part at least for purposes unrelated to the broadcasting of European works. Along with creating significant administration costs, the proposal would at best transfer commissioning from broadcasters to state bodies, preventing channels from taking an innovative approach to funding content in response to changing audience demand. And there are no guarantees that that content would be broadcast locally or across borders.

LESS LOCALIZATION: Instead of increasing levels of local content, the proposal risks reducing localized services and investment in local content. Broadcasters would be forced to consider stopping localizing cross-border channels so they are not subject to levies. As part of this, broadcasters subject to a levy would have to reconsider their investment in content production and acquisition in local markets, and broadcast more generic content instead. This would set the European broadcasting sector back decades, with channels reverting to the pan European broadcasting model of the 1980s, before international broadcasters were able to develop localised services.

LESS MEDIA PLURALITY: The proposal provides Member States with carte blanche to introduce onerous levies that deliberately force cross-border channels off air. This would damage media plurality and broadcasters' freedom to provide channels to EU audiences.

Europe's broadcasting sector has been a success story over the ten-year lifetime of the current AVMS Directive, steadily increasing investment in European content, jobs and the number of channels that EU citizens can choose from. As European broadcasting associations with members across the EU, we urge politicians and policy makers to ensure our sector's competitive strength in the long term by delivering on the original stated aim of this review "to create a fairer environment for all players"^[2] and "to ensure that Europe is a leader in the global digital economy."^[3]

[1] The European Commission's 2016 Impact Assessment for AVMS states on page 8: "The investment from the main TV groups in original programmes in 15 countries amounted to EUR 15.6 billion in 2013, i.e. 24 % of TV broadcasters revenues (EUR 65 billion). In comparison, on-demand providers made a minimal or even no contribution to the production and the promotion of EU works. They invested EUR 10 million in original content, i.e. less than 1% of their total revenues (EUR 1.5 billion)."

[2] http://europa.eu/rapid/press-release_IP-16-1873_en.htm

[3] EC Impact Assessment 2016 (p.3)

SIGNATORIES

About the Association of Bulgarian Broadcasters – ABBRO

ABBRO is the non-governmental organisation of commercial TV and Radio broadcasters in Bulgaria. The association is the most representative industry body for Bulgaria for the television, radio and on-demand services. Its members operate various national free-to-air, cable and satellite TV channels with the highest rating of viewers' trust, on-demand services and radio networks. ABBRO contributes to the law making process to ensure fair and transparent market rules, as well as favourable legal framework for the development of media services in Bulgaria. www.abbro-bg.org

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About the Association of Commercial Television in Europe (ACT)

The Association of Commercial Television in Europe represents the interests of leading commercial broadcasters in 37 European countries. The ACT member companies finance, produce, promote and distribute content and services benefiting millions of Europeans across all platforms. A healthy and sustainable commercial broadcasting sector that plays an important role in Europe's economy, society and culture. For more information please consult www.acte.be

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About the Romanian Association for Audiovisual Communications (ARCA)

The Romanian Association for Audiovisual Communications joins the main radio and television companies operating in Romania (ProTv, Antena 1, KanalD, Prima TV, Antena 3, RomaniaTv, B1Tv, National Tv, Kiss Fm, Europa Fm, Radio Romania, Radio Zu, National FM, etc). ARCA promotes the regulatory framework necessary to develop a favourable climate for audiovisual media business in Romania, representing both the public interests and business interests of the Romanian broadcasters in relation to the legislative and regulatory institutions. For more information please consult www.audiovizual.ro

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About the Commercial Broadcasters Association (COBA)

The Commercial Broadcasters Association (COBA) is the industry body for UK multichannel broadcasters in the digital, cable and satellite television sector, and their on-demand services. COBA members operate a wide variety of channels, including news, factual, children's, music, arts, entertainment, sports and comedy. Their content is available on free-to-air and pay-TV platforms, as well as on-demand. www.coba.org.uk

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About CONECTA

Created in 2007, CONECTA comprises the main producers of thematic Pay TV channels in Spain. It currently represents more than 40 channels, produced by the 10 most influential worldwide media groups: AMC Networks International-Iberia, Cosmopolitan Iberia Channel, Discovery Networks International, FOX Networks Group Iberia, Sony Pictures Television Networks Iberia, The History Channel Iberia, The Walt Disney Company Iberia, Turner International, NBC Universal International Networks Iberia and Viacom International Media Networks. The association seeks to promote awareness of the Pay TV sector in Spain and the development of the Spanish audiovisual industry. Conecta also acts as a bridge between the companies and the advertising market, promoting the Pay TV thematic channels among agencies and advertisers, with the aim of favoring investment.

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About the European association of Television and Radio Sales houses (egta)

egta is the media trade body for television and radio advertising, representing 137 companies in Europe and beyond. egta members come from both public and private sectors and cover respectively 75% and 50% of the total TV and radio ad spend in Europe, thus playing a fundamental role in the sustainable funding of the European audiovisual and radio industries.

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About the Association of Austrian Commercial Broadcasters (VÖP)

The Association of Austrian Commercial Broadcasters (VÖP) represents commercial Radio and TV broadcasters in Austria. Among the most important goals is the establishment of fair competition and equal opportunities – on a national level between private broadcasters and the Austrian public service broadcaster ORF, as well as on an international level, i.e. regarding competition with international media companies. Other objectives are to show the journalistic and economic importance of the private broadcasting sector in Austria, to strengthen the economic basis of the stations and to actively support technological development of the industry. For more information see www.voep.at.

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About the Association of Commercial Broadcasters and Audiovisual Services (VPRT)

VPRT represents approximately 150 commercial broadcasting, audio and audiovisual companies in Germany. With their TV, radio, online and mobile offerings, they enhance Germany's media landscape in terms of diversity, creativity and innovation. To ensure a vibrant audiovisual media landscape in the digital world, VPRT helps shaping favourable regulatory, technological and economic parameters. As a trade association, we support our companies in their dialogue with politicians and market partners in order to achieve this goal – at both a national and EU level. For more information see www.vprt.de.

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