



CONSULTATION on the FUTURE « EU 2020 » STRATEGY

RESPONSE from the ASSOCIATION of COMMERCIAL TELEVISION in EUROPE

The Association of Commercial Television in Europe (ACT) represents the interests of the commercial broadcasting sector in Europe with 30 member companies active in 34 European countries operating over 400 free-to-air and pay-tv channels and distributing several hundred channels and services.

In its consultation document of 24 November 2009 on the “Future EU 2020 Strategy”, the European Commission sets out its vision for where the European Union should be in 2020, and how the Single Market will be a “central tool” to achieve the EU 2020 goals, i.e. “Creating value by basing growth on knowledge”; “Empowering people in inclusive societies”; and “Creating a competitive, connected and greener economy.”

Building on our response to the Commission “Reflection Document on Creative Content in a Digital Single Market – Challenges for the Future”¹, we would like to use this consultation as an opportunity to express our views on some of the aspects of the Commission’s Future EU 2020 strategy, namely those that are related to the so called knowledge economy. We would in particular like to respond to the Commission’s assumption on p.10 that “there is a pressing need to overcome the fragmentation that currently blocks the flow of on-line content and access for consumers and companies”.

Through our important contribution to innovation, economic growth and job creation in Europe, duly noted by the Commission in the above mentioned “Reflection Document”², commercial broadcasters (and other players within the cultural and creative sectors) are and will continue to be key to the successful achievement of the EU 2020 goals outlined above, and in particular to the goal of creating value by basing growth on knowledge.

The audiovisual sector in Europe is evolving, continuously undergoing major changes both in the supply and demand side, coupled with a significant change in the investment and financing strategies for production, marketing and exhibition of audiovisual works.

¹ “Commission Reflection Document on Creative Content in a Digital Single Market – Challenges for the Future – Response for the Association of Commercial Television”, 5 January 2010
http://www.acte.be/EPUB/easnet.dll/execreq/page?eas:dat_im=025B1D&eas:template_im=025AE9

² Cf. p.2: “In Europe, the cultural and creative sectors (from published content such as books, newspapers and magazines via musical works and sound recordings, to films, video on demand and video games) generates a turnover of more than € 650 billion annually, contributes to 2.6% of the EU's GDP and employs more than 3% of the EU work force.

Satisfying consumer demand for audiovisual content and services remains at the heart of our business strategies and we are constantly investing in new and innovative means of delivery to serve that demand. All this requires not only strategic long term business planning but most importantly considerable financial commitments and investments.

In formulating its vision for where the European Union should be in 2020, we would urge the Commission to fully recognise that broadcasting markets are largely national in character. This is inter alia because viewers have a preference for watching material produced in their own language. It also results from a range of historical, social, and cultural factors which broadcasters take into account when designing their programme schedules and commissioning local programming. Where there is a business case, multi-territory distribution of audiovisual media services is already taking place.³

We would also invite the Commission to carefully consider the fact that the audiovisual value chain is inter alia reliant on the principle of exclusivity and the current system of release windows. The ability for media companies to continue to be able to acquire exclusive rights is essential: put simply, quality content costs money – whether in terms of professional journalism, rights to popular sports events, or the development and production of drama or entertainment shows – and exclusivity can play a key role here by fostering a competitive advantage. Exclusivity is also an essential means of differentiating offers by making them unique and of higher quality. The current non-interventionist approach to release windows, which the recently adopted Audiovisual Media Services Directive inherited from the Television Without Frontiers Directive, is another essential means of optimising the financial potential of the audiovisual value chain.

With regards to the Commission’s comments on p. 5 on *“the need of a well-functioning system of intellectual property rights, which allows for efficient and cost effective protection”*, we stress the importance of better content protection, both online and offline, due to the fact that piracy in cultural and creative content is reaching critical levels in some sectors, especially through the Internet.

Finally, we are reassured by the statement that, when considering the role of state aid, the Commission

“will be attentive to ensuring that the Single Market continues to be the basis of EU growth and to combating the risk of national retrenchment”

We would caution against the propensity of certain Member States to seek to recover from the global economic turmoil by unduly intervening in certain economic sectors, including the broadcasting sector. Objective and rigorous interpretation of the existing state aid rules will continue to be necessary to ensure that the interests of commercial broadcasters who do not rely on state aid are not adversely affected by undue State intervention in favour of public sector broadcasters.

ACT, 15 January 2010

³ We provide examples of multi-territory distribution of audiovisual media services in our response to the Commission consultation on its Reflection Document on Creative Content– see footnote 1 above.