

ACT DISCUSSION PAPER ON THE EUROPEAN DEMOCRACY SHIELD

BACKGROUND

The European Commission's announcement of a European Democracy Shield (EDS) comes at a critical moment for democratic discourse. Recent events have demonstrated the vulnerability of democratic processes to manipulation and interference, the initiative's importance cannot be overstated. While a geopolitical approach is important, the fundamental challenge to democratic resilience lies in the growing influence and behavior of online platforms over public discourse - often to the detriment of responsible editorial media. These platforms have gained unprecedented power to shape democratic processes while simultaneously contributing to the erosion of sustainable media models. This can have real social and economic consequences, as demonstrated by the World Economic Forum's 2025 Global Risk Report¹, which ranks disinformation as the top risk for the 2027 horizon.

Any meaningful defense of democracy must therefore prioritize reinforcing media plurality and sustainability of responsible editorial media while curtailing the dominance of very large and gatekeeping online platforms. Tangibly, to be successful the Democracy Shield needs to deliver measures that have real economic impact. Trusted news, thought provoking documentaries, and informative content come at a price. Advertising and subscriptions are at the heart of this funding mechanism.

The Democracy Shield needs to realign economic incentives to ensure advertising and subscription revenues can be effectively valued and boosted to fund these ecosystems. Without addressing key economic drivers, and their erosion in the face of online monopolies and capture, the Democracy Shield will fall short in effectively protecting our democracies.

This note outlines ACT's initial views on possible measures for the EDS. They are structured around three pillars:

- I. Enforcement of digital rules that support Europe's information ecosystem
- II. An advertising market supporting media that invests in information and culture
- III. Incorporating media impact assessments in EU better regulation processes

I. ENFORCEMENT OF DIGITAL RULES THAT SUPPORT EUROPE'S INFORMATION ECOSYSTEM

EMFA puts in place safeguards to ensure the visibility of responsible media content online and regulates the acquisitions of online platforms when they have an impact on media markets. The DSA mandates content moderation and risk mitigation measures addressing both disinformation and media pluralism and the DMA aims to tackle disintermediation of media by designated gatekeepers.

In theory, this current framework should help ensure a safe, secure and sustainable information space.

However, implementation reveals concerning gaps. Major platforms' first risk assessment reports demonstrate a complete disregard for media pluralism²:

- Meta (Instagram and Facebook) and Tiktok's reports do not consider media pluralism at all.
- Google's assessment is superficial and inconsistent across its services. Search is portrayed as beneficial for pluralism and YouTube does not refer to it, which is surprising given that Maps does.
- X/Twitter's report only makes a brief reference to media pluralism.

These superficial assessments fail to meet DSA Article 34(1b)'s explicit requirements for thorough risk evaluation taking into account the freedom and pluralism of the media. Furthermore, the Commission's exclusion of Connected TV operating systems from core platform service designation, severely limits the DMA's benefits for audiovisual media services. While EMFA implementation is still in its early stages, there are concerns that enforcement actions may not sufficiently prioritize

¹ https://reports.weforum.org/docs/WEF_Global_Risks_Report_2025.pdf

² <https://digital-strategy.ec.europa.eu/en/policies/dsa-brings-transparency#ecl-inpage-lsets8qr>

addressing the impact of online platforms.

The EDS presents an opportunity to refocus enforcement priorities on prioritising and securing trusted information through three key actions:

- Designate major connected TV operating systems as gatekeepers in relation to the DMA;
- Requiring platforms to properly address media pluralism and disinformation risks as part of their DSA compliance obligations, specifically in their risk assessment and mitigation measures;
- Prioritizing EMFA enforcement actions addressed to online platforms, focusing on key provisions: media privilege (art. 18), an approach to merger control that fully takes into account the role of online platforms (art. 22, 23), audience measurement (art. 24) and state advertising (art. 25).

II. AN ADVERTISING MARKET SUPPORTING MEDIA THAT INVESTS IN INFORMATION AND CULTURE

Advertising is a significant and crucial funding source for editorial media. However, market dynamics can favor digital platforms over media organisations that invest in journalism, newsrooms and fact checking. Recent studies have shown a trend that indicates a shift in advertising spend from media that invests in quality content to online platforms that do not³. The current advertising ecosystem significantly undervalues quality content production, with automated systems often prioritising reach over reliability. The Democracy Shield could introduce or encourage mechanisms to incentivize advertisers to invest in editorial media.

There needs to be a realization from the whole advertising value chain of the importance it has for a sustainable media ecosystem and, consequently, for democracy. The EMFA paved the way by introducing transparency obligations for state advertising. The EDS could expand upon this foundation, building on on-going initiatives to incentivize advertising in editorial media. For instance:

The French Report on the *Etats Generaux de l'Information*⁴, proposes a framework to incentivize advertising investments to virtuous players which invest in journalism and cultural content production rather than in players bearing no editorial responsibility. It follows an idea of a shared responsibility in the value chain and proposes “to create a new democratic responsibility” to encourage advertising in editorial media by creating more transparency of the advertising budgets allocated to media which invest in news and cultural content, vs advertising investments made on other platforms who do not.

In Germany, initiative 18 advocates for an 18th UN Sustainable Development Goal (SDG): a free, secure and sustainable media to complement and strengthening existing SDGs. As an official SDG Media compact partner, ACT fully supports this initiative.

The Commission should notably explore via the EDS ways to incentivize investments in media which fund newsrooms, professional journalism and cultural content, rather than in online platforms bearing no editorial responsibility. Focus should be put on problematic online platforms which could be identified through patterns of DSA compliance failures, including:

- insufficient transparency in content moderation (art. 15)
- inadequate measures against illegal content (art. 16)
- failure to proper risk assessment (art. 34) and mitigation (art. 35) or refusal to fully adhere to any measure foreseen in the Code of Practice on disinformation.

Going even further, the Democracy Shield could issue member state guidelines/recommendations to complement such a framework at national level (e.g. via deductions for advertising spend in editorial media, higher rates for platforms with repeated compliance issues). These should of course be duly notified to the EU to not create undue barriers in the internal market and respect EU rules, such as

³ ADG MIC / ARCOM study on advertising in 2030 shows that editorial media in France would receive only 29% of advertising spend by 2030, down from 40% in 2022 and 65% in 2014. -

<https://www.culture.gouv.fr/Thematiques/audiovisuel/consultations-publiques/perspectives-d-evolution-du-marche-publicitaire-francais-a-l-horizon-2030-publication-d-une-etude-et-ouverture-d-une-consultation-publique>

⁴ <https://www.vie-publique.fr/files/rapport/pdf/295405.pdf>

EMFA's principles.

Through these measures, the EU could ensure that advertisers have effective incentives to invest in media pluralism rather than further funding actors that either create or profit from content they are not responsible for, systemic risks related to the functionalities of their services, noncompliance and lack of transparency. This approach would help ensure that advertising investments create growth in Europe and support trusted news and quality content.

III. INCORPORATING MEDIA IMPACT ASSESSMENTS IN EU BETTER REGULATION PROCESSES

The EU's Better Regulation framework should include systematic evaluation of legislative impacts on media freedom and sustainability. Drawing from EMFA Article 21's principles, we propose a "Media Impact Assessment Test" for all relevant EU initiatives, starting with the upcoming AVMSD review and Digital Fairness Act. This would be in line with repeated calls by Member States to *"strengthen horizontal coherence in the regulatory framework, by explicitly and structurally taking media pluralism into account in the legislative process during the impact assessment of regulatory initiatives"*⁵.

Like EMFA's requirements for Member State measures, this assessment would ensure future EU proposals, amendments and adopted texts liable to affect the operation of media service providers in the internal market shall be duly justified, proportionate, reasoned, transparent, objective and non-discriminatory. This should apply not only to media-specific legislation but also to adjacent policy areas with potential media impact, such as competition, data protection, and platform regulation.

This test would evaluate proposals' effects on the economic sustainability of editorial media and ensure that measures truly add value and contribute to a more competitive environment for media services and could be incorporated in the Commission competitiveness check and amendment assessment methodology in its recently announced Simplification communication. This framework would specifically examine how regulatory initiatives affect media companies' ability to monetize content, maintain sustainable business models, and invest in quality content.

⁵ Council conclusions on safeguarding a free and pluralistic media system (2020/C 422/08) - https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=oj:JOC_2020_422_R_0008