

## **State aid: Commission requests Germany, Ireland and The Netherlands to clarify role and financing of public service broadcasters**

*The European Commission has requested clarifications from Germany, Ireland and The Netherlands about the role and the financing of public service broadcasters. Having examined allegations from several complainants, the Commission's preliminary view is that the current financing system in these Member States is no longer in line with EC Treaty rules requiring Member States not to grant subsidies liable to distort competition (Article 87). The Member States concerned now have the opportunity to submit their comments and to propose changes to the financing regime for public broadcasters.*

The current investigations in Germany, Ireland and The Netherlands reflect the Commission's general approach to ensure the transparency necessary to assess the proportionality of state funding and to guard against cross-subsidies for activities not related to public service functions as laid down in its 2001 Communication on applying state aid rules to public service broadcasting (see [IP/01/1429](#)). The investigations do not question the prerogative of the Member States to organise and finance public service broadcasting, as recognised in the Amsterdam Treaty Protocol on public service broadcasting.

The Commission has in the past investigated similar financing regimes in France, Italy, Spain and Portugal. Following the Commission's intervention these Member States have already adopted or proposed measures to ensure their financing regimes respect fundamental principles of clarity, transparency and market behaviour.

In line with this approach, the Commission now asks Germany, Ireland and The Netherlands to implement these same principles: clear definition of the public service remit, separation of accounts distinguishing between public service and other activities and adequate mechanisms to prevent overcompensation of public service activities. Member States also need to ensure that commercial activities by public broadcasters are in line with market principles. Finally, there should be an independent (national) authority checking compliance with these rules.

The complaints in Germany and The Netherlands have also raised new issues, such as the financing of public broadcasters' online activities. The Commission does not question that public broadcasters offer online services as part of their public service mission. However, the scope of such online activities and whether they are financed by public funds should be determined not by the public broadcasters themselves but by the Member States concerned, to ensure that only those services are included which serve the same democratic, social and cultural needs of society as traditional broadcasting.

The three Member States will have the opportunity to comment on these preliminary views in the next months. The Commission and the Member States will discuss which changes could be necessary to clarify the role and the financing of the public broadcasters. If Member States adopt these measures, the Commission will close the case.

For further information on how state aid rules apply to public service broadcasting see MEMO/05/73.