

Viviane Reding

Member of the European Commission responsible for Information Society and Media

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

**ANNUAL CONFERENCE OF ERA EUROPE (ELECTRONIC RETAILING
ASSOCIATION)**

Budapest, 25-28 June 2006

I am very happy to address the members of ERA EUROPE. Your organisation plays a key role in representing the interests of European businesses active in the field of home television shopping or, more broadly, electronic retailing using the power of audiovisual media to provide goods or services to the public.

Convergence is bringing you new opportunities: in future, your members will benefit from both 'on-demand' and broadcast services.

Recent figures indicate that the turnover of companies active in the electronic retailing industry is growing constantly. The role of direct marketing and teleshopping in the funding of free to air programmes tends to become more important as a result. Unlike traditional advertising, which seems to have achieved near-saturation in many Member States, the turnover of direct marketing channels and teleshopping programmes is growing substantially each year. Look at Germany for instance: in 2003 the net turnover of the direct marketing channels broadcasting daily in Germany was about 777 million Euro. It will rise to about 1.5 billion by 2009, according to forecasts.

As Commissioner for Information Society and Media, one of my key objectives is to stimulate the development of digital audiovisual media services in Europe. Consequently, I am sensitive to the success of television home shopping and electronic retailing in general and the positive impact it has on the European audiovisual content industry in particular.

That is why the Commission is attentive to the voice of ERA when considering new policies, especially in areas such as marketing, advertising and audiovisual media services. This is confirmed by the proposed modernisation of the television without frontiers directive. ERA was closely associated. You submitted three written contributions to the Commission - one in 2003, 2 in 2005. Thank you for those written inputs which were of high quality and therefore of great value to us.

I would like to say a few words on our proposal to modernise the rules of the television without frontiers directive in particular concerning:

- the economic and technological context of this proposal;

- the outlines of the proposal as adopted by the Commission;
- the focus of this proposal, namely the television and television like services exclusively;
- the legislative context of this proposal, namely the better regulation policy.

The audiovisual sector has gone through profound changes since the adoption of the first television without frontiers directive in 1989 and its amendment in 1997. 1989 saw the advent of satellite TV, which, potentially at least, could cross any frontier. Cable TV existed in just a handful of countries; no-one watched TV-style content on the internet and few had heard of exotica such as digital TV, still confined to the laboratory. Broadband internet access was still a dream, whether in the form of digital subscriber line or cable modem technology.

Today, the situation is different. Take broadband. According to a Eurostat report just published, 48% of all households in the EU already have an internet connection. 23% have a broadband connection. The report estimates that 91% of EU businesses have an internet connection, and 63% have broadband. This of course takes into account all Member States and the level of take-up is very high in the leading Member States: those in northern Europe and the Benelux.

And there is a plethora of services available not just on the internet, but on all the other networks too: Web TV, interactive TV, and even movies on mobile telephones. These options are increasingly available to most Europeans. Such services compete for what media experts call “eyeball time” with a number of “traditional” TV programmes broadcast in fixed schedules. Even here, we see change as high definition TV continues its roll-out in 3 Member States this year. Consumers have now a much wider choice of TV and TV-style content, such as sports and premium film content, delivered via a huge variety of digital cable and satellite channels and many choose to buy video on demand.

The public consultation and the impact assessment have shown that the rules need to be reconsidered and adapted in the light of these technological and market developments, as well as increased users’ choice and control.

Indeed, as a result of the technological and market developments, audiovisual service providers supplying the same content as traditional broadcasters are often regulated in a different manner simply because they use a different mode of delivery. Such differentiated regulation may sometimes be justified by the differing degree of user control, which leads us to the distinction between on-demand and linear services. However, where core societal values are concerned – the protection of minors or the fight against hate speech, for instance – such differentiation is difficult to justify.

As a result, the first prominent feature of the Commission's proposal is to introduce a basic tier of rules for all audiovisual media services. This means that for the first time – no matter which network is used for the distribution of films or television programmes – these audiovisual media services would have to comply with a set of minimum rules harmonised at the European level. These cover core policy objectives and apply to all audiovisual services:

- the protection of minors and human dignity,
- the promotion, where practicable and by appropriate means, of the production of and access to European works;
- qualitative rules concerning advertising, e.g. rules on identification of advertising, alcohol and tobacco advertising and a framework for product placement.

A second prominent feature of the Commission's proposal is that today's quantitative TV advertising rules would continue to apply to linear services, albeit in a modernised and more flexible form. As a result, the proposal abolishes some quantitative limitations: the daily advertising and teleshopping ceilings would disappear and the minimum duration of 15 minutes for teleshopping programmes would also be axed.

The insertion rules would be simplified and made more flexible. Instead of being compelled - as is now the case - to allow twenty minutes between each advertising break, broadcasters would be able to choose the most appropriate moment to insert advertising during programmes. Nonetheless, cinematographic films, children's programmes and news would still be protected, with breaks limited to one for each

period of 35 minutes. The proposal does not change the hourly limit for advertising, 12 minutes, or the qualitative restrictions.

The rules in the proposal are proportionate to the objectives of general interest at stake. This is why the new, modernised directive, as proposed by the Commission, only covers TV and TV-like services.

Therefore, electronic versions of newspapers or magazines, web sites without audiovisual media content, mere audio transmissions or radio lie outside the scope of the proposal. With regard to all these services, the wide public consultations did not identify any need or justification for harmonised rules at EU level.

I have excluded from the scope of this proposal all services that only contain some audiovisual content, if this content is merely ancillary to, and not the principal purpose of, the service in question. For example, a travel agency showing a clip of a holiday resort on its website would not be covered by the new directive. Examples of such ancillary audiovisual content range from animated graphics to small advertising spots, or information related to another product or non-audiovisual service.

As you can see, there is no intention at all to regulate the Internet!

Finally, I wish to stress that the proposal is fully in line with the “Better regulation” policy. It meets all the criteria: we have had a far reaching, public consultation over three years, an impact assessment before adoption of the proposal; and the proposal offers alternatives to traditional methods of pure regulation.

In particular, the new proposal encourages co- regulatory regimes, particularly for non-linear services, which I think is progress. These regimes must however be broadly accepted by stakeholders and provide for effective enforcement. In that respect, I encourage you, members of ERA, to make progress in the definition of quality criteria for the services you provide. This is obviously a difficult issue, for example as regards testimonials. But I am convinced this is of permanent importance for the sustainability of your business.

To conclude, our proposal to modernise the rules in the audiovisual sector is intended to establish common basic principles applicable to all audiovisual media services. Its provisions will benefit both the operators, who need a level playing field, and the users, who need a minimum protection, whatever mode of delivery they are using to access audiovisual content. As I recall, ERA was consistently supportive of our initiative during the public consultation. This is a positive sign since ERA has members active both in linear and non-linear audiovisual services. This confirms that our proposal goes in the right direction. We will now see if our vision of the future is shared by the Parliament and the Member States.

Thank you for your attention and I wish you a fruitful meeting in Budapest.