

**Opinion on the proposal for a Council Decision on an Action Plan for the introduction of advanced television services in Europe<sup>(1)</sup>**

(92/C 332/14)

On 20 May 1992, the Council decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Economic Community, on the abovementioned proposal.

The Section for Industry, Commerce, Crafts and Services, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 30 September 1992. The Rapporteur was Dame Jocelyn Barrow.

At its 300th Plenary Session (meeting of 22 October 1992), the Economic and Social Committee adopted the following Opinion by 100 votes to 29, with 11 abstentions.

### 1. Introduction

The Committee endorses the Action Plan subject to the following comments:

1.1. On 11 May 1992, the Council adopted a Directive on the adoption of standards for satellite broadcasting of television signals.

1.2. The Community intends, with this decision, to profit from Europe's technological edge in high-definition television (HDTV) in order to secure its economic and cultural independence and improve its international competitiveness.

1.3. The Action Plan proposal referred to the Committee is made in the context of the implementation of the Directive, specifying the accompanying measures required in view of the interdependent nature of the factors contributing to the development of HDTV.

1.4. The Action Plan reflects a shift of emphasis in the technological approach towards the introduction of wide-screen television services in the 16:9 format. This is not only a necessary, but also a positive development. The concept of 'service' offers the advantage of applying a single term to all the necessary stages in the achievement of HDTV, from programme production to reception, taking account of the multiple technological, economic and cultural factors involved.

1.5. HDTV can only be successfully launched if all those contributing to it — political and regulatory authorities, companies, producers, broadcasters and viewers — work together to that end.

### 2. General comments

2.1. The Action Plan must be adopted as a matter of urgency, to secure immediate release of the ECU 33 million earmarked for 1992.

2.2. The Commission has submitted a framework extending from 1992 to 1996, based on the principle of double degressivity in the allocation of HDTV funding:

- those projects starting earliest will receive the greatest levels of funding;
- the funding allocated to projects will be progressively reduced each year.

2.3. It would also be desirable, so as not to penalize those countries unable to commit themselves to HDTV at the outset (Spain, Greece and Ireland), to set up an assistance mechanism for operators in linguistically and geographically smaller countries and to grant derogations to the principle of double degressivity established by the Action Plan.

2.4. Paragraph 5 of the Action Plan proposal provides for the adoption of a funding method for projects based on a 'full service'. Projects must cover the entire chain from satellite transmission to reception.

2.5. Funding only projects offering a full service favours the larger operators at the expense of independent operators. The Commission's attention is directed to the need to support this latter category of operators in particular.

2.6. In any case, it would be advisable to re-adjust the levels of Community funding to the production sector. The Commission gives the following indicative

<sup>(1)</sup> OJ No C 139, 2. 6. 1992, p. 4.

percentage breakdown: 65% for broadcasters, 25% for producers, 10% for cable operators.

### 3. Specific comments

In view of international competition, the close links between programme production and the introduction

of European HDTV should be kept in sight. The 27 Eureka broadcasting member countries accordingly expressed the view, in 12 June in Helsinki, that the production part of the Action Plan should be stepped up. A 35% funding level would make it possible to give a significant boost to programme production with broadcasting's share falling to 55% and cable distribution's remaining unchanged at 10%.

Done at Brussels, 22 October 1992.

*The Chairman  
of the Economic and Social Committee*

Susanne TIEMANN

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## APPENDIX I

### to the Opinion of the Economic and Social Committee

The following amendments, which received at least a quarter of the votes cast or constituted a Counter-Opinion, were rejected in the course of the debate:

#### Counter-Opinion

Replace the text of the Opinion of the Section for Industry, Commerce, Crafts and Services by the following:

#### 1. Introduction

1.1. On 20 May 1992 the Council decided to consult the Economic and Social Committee on a Proposal for a Council Decision on an Action Plan for the introduction of advanced television services in Europe (COM(92) 154 final) ('the Action Plan proposal')<sup>(1)</sup>.

1.2. The Action Plan Proposal is made in the context of the Council Directive 92/38/EEC of 11 May 1992 on the adoption of standards for satellite broadcasting of television signals ('the HDTV Directive')<sup>(2)</sup>. The Explanatory Memorandum to the Action Plan refers to the Council of Telecommunications' Ministers Meeting which gave consent to the common position in the Directive within the Council and which:

'expressed its conviction that only a global strategy including accompanying measures together with appropriate financial means, will assure the success of European advanced television'.

1.3. The Council noted the Commission's intention to submit to it and to the European Parliament:

'a set of measures, financial or otherwise, on the basis of an appropriate Article of the Treaty in order to obtain the objectives announced in Articles 2 and 8 of the (HDTV) Directive'.

1.4. The Committee continues to support the Commission's overall policy with regard to the development of HDTV services in Europe subject to agreement with the major economic actors over certain fundamental points referred to below.

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<sup>(1)</sup> OJ No C 139, 2. 6. 1992, p. 1.

<sup>(2)</sup> OJ No L 137, 20. 5. 1992, p. 17.

## 2. The Action Plan Proposal

### 2.1. The Action Plan Proposal aims:

'to ensure the accelerated development of the market for advanced television services by satellite and cable based on the D2-MAC standard, particularly in its 16:9 format, and the HD-MAC standard, is adopted for a period commencing on the date of adoption of this decision and concluding on 31 December 1996.'

2.2. To achieve this, the Action Plan targets increases in satellite services, cable TV networks and programming using the above standards. Community Funds will be devoted towards achieving these targets by means of 'incentives' covering parts of the additional costs incurred by broadcasters, programme makers and cable TV network operators in the provision of these advanced television services.

2.3. The implementation of the Action Plan will be undertaken by the Commission and in this connection Article 2 states that:

'the Commission will establish close collaboration with the mechanisms resulting from the implementation of Article 8 of the HDTV Directive'.

2.4. In this regard the Commission has agreed to take into account the concerns of the major economic actors. In the text of the Memorandum of Understanding ('the MOU') the Commission has said that it will attach great importance in its implementation measures and concise funding criteria to the agreement of the signatories of the MOU.

2.5. The Commission needs to establish a framework business case to justify the expenditure of public funds, which would necessarily take into account other funding criteria.

2.6. The Action Plan Proposal should be revised in order to clarify the duration of funding under the Action Plan and as to the phasing and means of assessment of allocation of funds under the Action Plan. (Attention is also drawn to Article 2.2 of the HDTV Directive which provided that for any not completely digital transmission of a 625 line satellite television service using domestic satellite receivers in respect of any service starting after 1 January 1995 the D2-MAC standard may be used depending on there being community funding available.) The Action Plan Proposal should also show the specific targets in relation to the provision of services, programming and other important matters. It should state the level of incentives, of the identity of the beneficiaries of such incentives necessary to achieve these specific targets and explain why those incentives are necessary.

2.7. The Action Plan presents a policy of 'double degressivity'. The Committee is concerned that this will put some possible participants in HDTV at a disadvantage particularly those who will not be in a position to start their projects immediately and give a double bonus to those already transmitting in D2-MAC who may in fact need less economic incentive than those whom the Commission hope to persuade to enter the HDTV market place.

2.8. The Committee is also concerned that a conflict of interest could arise in the consortium created by the MOU and that there should therefore be a separation of functions between those who make the decisions as to the allocation of funds under the Action Plan and those to whom funds are to be awarded.

## 3. Funding

3.1. Funding should not be short term and piecemeal. The risk of such action is that the market will be still-born. This could mean that, rather than 850 MECU being used to establish the market, considerably more funds may need to be expended by the Commission to keep subsidizing a market which has not been a success.

3.1.1. Concern is even greater in regard to the possible expenditure in 1992 of 33 MECU given that there is no indication from the Commission as to what object this is to achieve and how it is to achieve it in the context of the HDTV Directive.

3.2. It is to be noted that the Action Plan Proposal does not address the social ramifications of the strategy to be adopted by the Commission, such as the effects on employment, training and minority language programme needs and the effect on the consumer. Obviously each such area will impose competing claims on the allocation of the Commission funding; some of whom are not major economic actors.

3.2.1. Some programmers have asked for 220 MECU and some producers have asked for funding for minority language programming: languages such as Basque, Catalan, Corsican and Welsh are often spoken in mountainous districts where satellite television is particularly important.

#### 4. The Action Plan and its relationship to the HDTV Directive and the MOU

4.1. The Action Plan Proposal and the related MOU depend for their legality on compliance with Article 8 of the HDTV Directive. (HDTV Directive, Article 8 provides that: 'The rules laid down in the Directive shall be accompanied by commercial measures based on the signing by the parties concerned of an MOU coordinating the actions of the various signatories and, where appropriate, by simultaneous measures designed to support the creation of the European market for the D2-MAC, 16:9 and HD-MAC standards.')

4.2. In the preamble to the HDTV Directive the Council recites the need to have an appropriate regulatory environment and 'complete agreement' between broadcasters, satellite operators, manufacturers and cable operators is 'essential'. (The HDTV Directive also recites: '...such agreement might be reached by means of a Memorandum of Understanding: ... (which) will set out the obligations of the respective parties for the development and promotion of 16:9 D2-MAC services in Europe in accordance with the terms and provisions of (the HDTV Directive) and will constitute an integral part of the overall strategy for the introduction of HDTV: ...')

4.3. There has also been a change in emphasis in the MOU from the technological approach referred to in the Action Plan. For example, the current draft of the MOU no longer refers to the development of HD-MAC. This significant shift in Commission policy requires the amendment of the Action Plan to be consistent with the current Commission position.

4.4. If the actual funding proposals were to be scrutinized on a case-by-case basis in the formulation of the bilateral agreements without general agreement the proposals now stated by the Commission could, as they stand, result in the adoption of a piecemeal approach in funding. This could well have a negative effect on the market and the Action Plan Proposal should be revised to provide for specific targets and subsidies based on a business case which needs to be put together on the basis of agreed commitments by all the relevant economic actors and in full consultation with those entities.

#### 5. Concluding Remarks

The major economic actors must be fully consulted as envisaged by the HDTV Directive in order to agree the text of the final Action Plan and the criteria for its implementation. Without the agreement of the major economic actors there can be no agreement on the Action Plan and any funding under it.'

#### *Voting*

For: 31, against: 106, abstentions: 7.

#### **New Point 2.3.1**

Add new point 2.3.1 as follows:

'The same applies to the particular problem in this proposal for minority languages such as Basque, Catalan, Corsican, Sard and Welsh, many of which are spoken in mountainous areas and where satellite reception is therefore particularly important.

For these and for other purposes, funding should also be made available for programming, particularly on 35mm film. Film has the advantage of being useable both on 4:3 and 16:9 transmissions and will thus enable minority languages to build up slowly a library of programmes.'

#### *Reasons*

Television is a particularly potent medium for preserving and furthering minority languages. Their interests are not adequately covered by this proposal or by the SCALE organization which looks after the interests of small countries and not minority languages in bigger countries.

*Voting*

For: 34, against: 74, abstentions:13.

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*APPENDIX 2**to the Opinion of the Economic and Social Committee*

The following Members, present or represented, voted for the Opinion:

Mr/Mrs/Miss: ABEJON RESA, AMATO, ARENA, ASPINALL, BAGLIANO, BELTRAMI, BENTO GONÇALVES, BOTTAZZI, BREDIMA-SAVOPOULOU, BRIESCH, CASSINA, CEBALLO HERRERO, CEYRAC, CHEVALIER, CHRISTIE, COLOMBO, CUNHA, VAN DAM, DECAILLON, VON DER DECKEN, D'ELIA, DELOROZOY, DIAPOULIS, VAN DIJK, DONCK, DRAIJER, DRILLEAUD, ENGEN-KEFER, ETTY, EULEN, FLUM, FORGAS I CABRERA, FRERICH, GAFFRON, GAFO FERNÁNDEZ, GERMOZZI, GEUENICH, GHIGONIS, JANSSEN, JENKINS, KAZAZIS, DE KNEGT, KORFIATIS, LACA MARTIN, LAPPAS, LAUR, LIVERANI, LUSTENHOUWER, McGARRY, MADDOCKS, MARGALEF MASIA, MASUCCI, MAYAYO BELLO, MERCE JUSTE, MERCIER, MEYER-HORN, MOLINA VALLEJO, MORALES, MORIZE, MOURGUES, MÜLLER R., MUÑIZ GUARDADO, NIERHAUS, NOORDWAL, OVIDE ETIENNE, PANERO FLOREZ, PARDON, PE, PELLARINI, PELLETIER R., PERRIN-PELLETIER, PRICOLO, PROUMENS, QUEVEDO ROJO, REBUFFEL, RODRIGUEZ DE AZERO Y DEL HOYO, RODRIGUEZ GARCÍA-CARO, SÁ BORGES, SALA, SALMON, SANTILLAN CABEZA, SANTOS, SAUWENS, SCHMIDT, SCHMITZ, SCHNIEDERS, VON SCHWERIN, SILVA, SMITH, SOLARI, STECHER NAVARRA, TESORO OLIVER, THEONAS, THYS, TIXIER, TUKKER, WAGENMANS, WICK, ZUFIAUR NARVAIZA.

The following Members, present or represented, voted against the Opinion:

Mr/Mrs: BARROW, BERNS, BLESER, BOISSEREE, CARROLL, CONNELLAN, ELSTNER, GARDNER, GIACOMELLI, GREDAL, GREEN, GROBEN, GUILLAUME, HAGEN, HILKENS, HOVGAARD JAKOBSEN, KAARIS, KAFKA, LITTLE, MOBBS, MORELAND, MULLER E., PASQUALI, PEARSON, RAMAEKERS, RANGONI MACHIAVELLI, SCHADE-POULSEN, STRAUSS, WHITWORTH.

The following Members, present or represented, abstained:

Mr: BEALE, BELL, DUNKEL, FREEMAN, GIATRAS, GIESECKE, LÖW, NIELSEN B., NIELSEN P., PETERSEN, VANDERMEEREN.

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