



Comments to the
Commission's Public Consultation
on
Content Online in the Single Market

Bonn, 13 October 2006

Management Summary

- **New distribution platforms enable new business models.** Empirical evidence from different global markets indicates that growth of digital content markets is substantively driven by bandwidth. New forms of creative content and new kinds of business models are enabled through new broadband platforms. In order to foster infrastructure investments for the development of new markets, disincentives stemming from sector specific price and access regulation have to come to an end, leaving the sector to the oversight of competition authorities under general competition law alone.
- **Digitization fosters customer's choice and cultural diversity.** Increasing competition between program platforms means that content creators and end users have increasing choice, both in terms of the content they want and the particular transmission platform used. Continuing digitization will ensure diversity; the issue of scarce transmission capacity will largely be resolved. Against the backdrop of new distribution channels, such as DSL and fiber optic, "must carry" regulations are becoming increasingly irrelevant.
- **DRM development should be subject to a market driven approach.** DRM systems offer a raft of basic advantages for the distribution of digital content. Regulating DRM would remove economic incentives to create and improve DRM. Any attempt to introduce a mandatory standard would reduce customer's choice, would push back competition and runs the risk of hindering the implementation of new business models.
- **Avoid undue regulatory burden for newly emerging content services.** With regard to the current review of the Television without Frontiers Directive the European ICT industry is worried that heavy broadcast regulation could be transferred to non-linear audiovisual media services. Anything should be done to ensure that new and innovative services, which are not identical with traditional broadcasting services, are not regulated under the future audiovisual media services directive. Therefore a clear distinction between linear and non-linear services is necessary. For non-linear services, the choice of contents is within the users' discretion whereas for linear services, the content is determined by the program provider.
- **Answers to public policy issues of the future of the Internet need time.** Forecasts about converged communications markets are naturally uncertain, but what can be certainly said today is, that the Internet causes new dynamic communication processes with economic and cultural opportunities. The Internet as a global net of networks overcomes geographical and political borders. As the current debate on Internet Governance highlights, a common understanding on what is considered and needs to be protected as public interest is hard to achieve. Due to the inherent cross border character of the Internet, national or regional regulations appear to be of limited effect. At the same time, such regulations may well lead to competitive disadvantages for the industry operating in the respective jurisdiction. In the light of an already high level of consumer protection in the Single Market, public interest needs to be carefully redefined. At this stage policy makers have to follow a regulatory hands-off approach leaving as much as possible to self-regulation in order to give time and room for a public debate on new answers to new global challenges.

Types of creative content and services online

1. Do you offer creative content or services also online? If so, what kind of content or services? Are these content and services substantially different from creative content and services you offer offline (length, format, etc.)?

Within its product portfolio DT offers various download services such as video-on-demand, music downloads, computer games downloads, downloads of applications for mobile phones (games, ring tones, logos etc.). Additionally, there is the possibility for customers to receive a choice of public and private TV programmes via mobile networks on 3 G technology basis. In particular mobile services are adjusted to their specific distribution platform. Browsable Open Internet content - links to HTML sites like BBC.CO.UK or Amazon.com, downloadable content - items like ringtones, games, pictures and video clips which are downloaded by a customer to save on their mobile device, SMS and MMS alerts - text or picture content like horoscopes or sports results and streamed video clips may serve as examples of our product portfolio.

2. Are there other types of content which you feel should be included in the scope of the future Communication? Please indicate the different types of content/services you propose to include.

We feel no other types of content should be included in the future Communication.

Consumption, creation and diversity of online content

3. Do you think the present environment (legal, technical, business, etc.) is conducive to developing trust in and take-up of new creative content services online? If not, what are your concerns: Insufficient reliability / security of the network? Insufficient speed of the networks? Fears for your privacy? Fears of a violation of protected content? Unreliable payment systems? Complicated price systems? Lack of interoperability between devices? Insufficient harmonisation in the Single Market? Etc.

In principle, the present environment is not conducive to foster new creative content services as it does not provide for sufficient incentives to invest in the necessary high-speed broadband access networks required for new services to evolve.

The existing heavy price and access regulation of sector specific communications law hinders investments in new infrastructures. The development of the Internet over the recent years has shown that the launch of new services was only possible due to more bandwidth and faster transport capacity of networks. The success of video blogs or the growing online game community serve as examples of this development, which has not come to an end. Newly emerging entertainment and information services are growing on the basis of growing transport capacity. Recent studies are showing the more time people stay in the Internet the more they are using e-commerce services. But at the technological upheaval of an "all IP world" with the potential of fully new applications, services and marketing opportunities heavy price and access regulation hinders investment in new infrastructures

In respect to the services provided by Deutsche Telekom, consumer privacy and copyrights are fully safeguarded by various different protection systems on software and hardware basis. Of course, any protection system might be overcome by experts. On a day-to-day basis, we do not encounter a significant number of violations. Deutsche Telekom also offers different ways of payment (s. below) which also have proven highly reliable and safe.

As to interoperability, Deutsche Telekom supports any efforts to create reasonable standards for the interoperability of devices relating to online content. However, we do believe that the standardisation is a process which should be run by the players in the market since only those have the necessary know-how to provide for standards sufficient for the technological needs. Therefore we strongly believe that a competition between different standards for the customer will provide the best standard as the one which every player acknowledges after a certain time. In addition, we participate in various standardisation organisations like ETSI. We hold that standardisation through these organisations is the only sufficient way to establish workable and up-to-date standards fitting the markets' needs.

4. Do you think that adequate protection of public interests (privacy, access to information, etc) is ensured in the online environment? How are user rights taken into account in the country you live / operate in?

The Internet as a global net of networks overcomes geographical and political borders. Although the "online environment" is influenced by societal, legal and political circumstances, the question remains, what constitutes "public interests"? As the current debate on Internet governance highlights, a common understanding on what is considered and needs to be protected as public interests is hard to achieve. Due to the inherent cross border character of the Internet, national or regional regulations appear to be of limited effect. At the same time such regulations may well lead to competitive disadvantages for the industry operating in the respective jurisdiction.

User rights play a significant role and the level of protection is already very high. Therefore, there is no need for additional consumer protection regulation.

5. How important for you is the possibility to access and use all online content on several, different devices? What are the advantages and / or risks of such interoperability between content and devices in the online environment? What is your opinion on the current legal framework in that respect?

Today devices are designed for different ways of usage. Prognoses for the need of a standardized solution for the accessibility of online-content are hard to find. In principle, the current lack of a "one fits all"-standard is for the good of consumers as it allows to compete on innovations and between different platforms. We feel that the market through consumer preferences shall decide instead of having a regulator making decisions for the consumer. Solutions providing the highest benefit to consumer will then prevail.

6. How far is cultural diversity self-sustaining online? Or should cultural diversity specifically be further fostered online? How can more people be enabled to share and circulate their own creative works? Is enough done to respect and enhance linguistic diversity?

Meanwhile content creation, particularly in communities or by private persons, has reached an unexpected high volume. No other medium is fostering cultural diversity more than the Internet. Since its very beginning the Internet provides a platform for a global cultural exchange, as no other medium did before. Without any public intervention the Internet attracts every day millions of new users worldwide. Therefore no guardian for ensuring cultural diversity is necessary.

Competitiveness of European online content industry

7. If you compare the online content industry in Europe with the same industry in other regions of the world, what in your opinion are the strengths and weaknesses of our industry in terms of competitiveness? Please give examples.

Generally, we reiterate the call of the European ICT industry not to carry forward tight broadcasting regulation to non-linear audiovisual media services to prevent any disadvantages for the European content industry stemming from more regulatory burdens.

Additional reasons - besides overregulation - for obstacles for the EU online content markets can be seen in a relatively small consumer spending, the less openness of consumers in Europe as opposed other regions of the world for new technologies and less private investment in content creation.

New business models and transition of traditional ones into the digital world

8. Where do you see opportunities for new online content creation and distribution in the area of your activity, within your country/ies (This could include streaming, PPV, subscription, VOD, P2P, special offers for groups or communities for instance schools, digital libraries, online communities) and the delivery platforms used. Do you intend to offer these new services only at national level, or in whole Europe or beyond? If not, which are the obstacles?

Via Deutsche Telekom's services it is possible to download movies, music videos or music tracks or computer games. Further digitization of content (video and music) and shorter release windows for blockbuster movies will encourage the take-up of the digital content market, while traditional broadcast TV will only grow slowly.

New forms of online- and mobile advertising are also seen as promising new emerging markets, which will foster via new business models the growth of the content market as a whole. This development will accelerate through new technologies like HDTV or 3D offerings. New upload capacities for private users and a growing interest in private content creation will also foster these developments.

Again, we urge the Commission not to impose traditional advertising rules, such as the 20% rule, on new mobile services which do not "look or feel" like traditional broadcasting services, as it could seriously harm this business model and makes no sense when customers only watch short 5 minute television clips.

9. Please supply medium term forecasts on the evolution of demand for online content in your field of activity, if available.

On a small customer basis revenues of the online content market are expected to grow strongly up to 26 % until 2010. On a CAGR basis (compound annual growth rate – CAGR) market forecasts for Western Europe vary between 4 and 7 billion Euros until 2010.

10. Are there any technological barriers (e.g. download and upload capacity, availability of software and other technological conditions such as interoperability, equipment, skills, other) to a more efficient online content creation and distribution? If so, please identify them.

Empirical evidence from different global markets indicates that growth of digital content markets is substantively driven by bandwidth. New forms of creative content, e.g. video blogs, and new kinds of business models, e.g. in the field of advertisement, are

enabled through new broadband platforms. In order to foster infrastructure investments for the development of new markets, disincentives stemming from sector specific price and access regulation have to come to an end, leaving the sector to the oversight of competition authorities under general competition law alone.

In addition, we encounter different legal difficulties in offering integrated services including IP-TV next to online content. In accordance with Art. 48, par. 3 of the German Telecommunication Act, any digitally broadcasted TV program has to comply with the encryption algorithm “common scrambling” – an encryption system which is not suitable to be applied within an integrated service offering interactive online content.

11. What kind of difficulties do you encounter in securing revenue streams? What should in your view be the role of the different players to secure a sustainable revenue chain for creation and distribution online?

DT sees its future not as content creator but rather in marketing and distributing content created by third parties. Therefore, new business models for the operation of new distribution platforms as an additional enabler for content producers shall not be subject to additional burdensome broadcast regulation or other forms of disproportional regulatory intervention.

Payment and price systems

12. What kinds of payment systems are used in your field of activity and in the country or countries you operate in? How could payment systems be improved?

As to online services, Customers can pay their services via their regular phone invoice, via credit card, via prepaid cards, or via Deutsche Telekom’s own payment system T-Pay which offers a safe and comfortable payment system for both Deutsche Telekom’s and other providers’ e-commerce purposes.

From our point of view a variety of payment systems are available meeting consumer demand. We currently see no need for improvement of payment systems. To the contrary it has to be ensured that no undue burdens are placed on electronic payment systems which might render business models non viable or unnecessarily increases costs for consumers.

13. What kinds of pricing systems or strategies are used in your field of activity? How could these be improved?

In principle, a variety of pricing models in place: pay per view, where the customer pays for a certain download; flat tariffs; subscription etc.. From our experience new pricing strategies are still evolving. Therefore, freedom for new pricing models on a market driven basis should be ensured.

Licensing, rights clearance, right holders remuneration

14. Would creative businesses benefit from Europe-wide or multi-territory licensing and clearance? If so, what would be the appropriate way to deal with this? What economic and legal challenges do you identify in that respect?

To date, there is already a multi-territory licensing system in place. It is based on mutual agreements of the respective collecting societies. Beside this model, which originates from the analogue content market, there are digital rights management systems

in place, which manage – inter alia via IP geolocation – the use of intellectual property rights in the internal market. While these two systems are co-existing, there would be more efficient ways for online licensing instead of the existing monopolistic structure in the administration and management of copyrights by national collecting societies. Creative businesses would benefit from a Europe-wide or multi-territory licensing, when a revised and integrated licensing systems would provide more transparency for the rights-holders and more competition for the rights users. The US example demonstrates the market potential that can be unlocked by new service providers if sufficient economies of scale provide investment incentives for the creation and distribution of content. Against this background DT welcomes several initiatives launched by the EU Commission, in particular its recommendation on cross-border management of copyright for online music services.

15. Are there any problems concerning licensing and / or effective rights clearance in the sector and in the country or countries you operate in? How could these problems be solved?

As to online content, Deutsche Telekom encounters serious problems concerning copyrights. The main problem is what is referred to as “unknown ways of usage”. This term refers to the situation where a copyright owner has conferred certain rights (e. g. broadcasting rights) to a provider. In accordance to the concept of unknown ways of use, even slightly different ways of use (e. g. the broadcasting via IPTV instead of the analogue TV system) thus not be covered by the conference of rights and thus cause a claim of the copyright owner to prohibit the new (formerly unknown) way of usage. Such a strongly differentiating system of ways of usage has the potential to severely hamper the development of a market for online content.

16. How should the distribution of creative content online be taken into account in the remuneration of the right holders? What should be the consequences of convergence in terms of right holders’ remuneration (levy systems, new forms of compensation for authorised / unauthorised private copy, etc.)?

As to online content, a sufficiently clear system of rights is necessary. Any uncertainty as to whether a certain right comprises the right to use content online has the potential to severely hamper the market development.

As to new forms, we strongly support DRM systems since according to our experience, those systems provide a way to protect and enact efficiently copyrights to the exact extent conferred to Deutsche Telekom from the copyright owners. We thus want to point out that

- *DRM systems must not be discriminated in favor of conditional access systems; in this respect a technology-neutral wording needs to be adopted. DRM needs to be given time for development. DRM systems offer a raft of basic advantages (e.g. tiered rights management, which, for instance, enables rights to be issued on a time-limited basis or based on various levels of content, long-term protection of copyright and ancillary copyright also after broadcast - internationally recognized and suitable for multifunction terminal devices that provide a range of content).*
- *Reception devices with software-based DRM systems are also far cheaper than equivalent devices using conditional access since the terminal device does not need the more expensive hardware components. DRM also allows systems to be modified quickly to meet new challenges say in the case of essential feature upgrades or security updates on server and client. Hence what we have is a forward-looking technology that is already well established in the IP environment. Protection systems have to be diversified, particularly when we face increasing risks concerning content protection.*

Legal or regulatory barriers

17. Are there any legal or regulatory barriers which hamper the development of creative online content and services, for example fiscal measures, the intellectual property regime, or other controls?

As to planned new EU legislation on the regulation of television and universal services, we welcome the EU Commission's view on the need to closely review the existing regulations in the Universal Service Directive, especially Article 31 paragraph 1. Still, in this respect, we need to point out the following issues:

- *Essentially, obligations designed to preserve a wide range of opinions and cultural diversity can only be justified if technical or market-related restrictions are hindering a diverse offering. In our opinion this only applies to linear services. Therefore a clear distinction between linear and non-linear services is necessary since for the latter one, the choice of contents is within the users' discretion whereas for linear services, the content is determined by the program provider.*
- *Precisely against the backdrop of new distribution channels, such as DSL and fiber optic, "must carry" regulations are becoming increasingly irrelevant.*
- *Increasing competition between program platforms means radio stations and end users have increasing choice both in terms of the content they want and the particular transmission platform used. Continuing digitization will ensure diversity; the issue of scarce transmission capacity will largely be resolved.*
- *The make-up of the obligations also needs to be clarified: "must carry" regulations should only relate to individual TV programs or TV program streams to be transported; under no circumstances though should they relate to specific transmission capacity or program bouquets. The selection of particular technical standards should be left to the decision of the platform operators because they have a natural interest in using network capacity efficiently "Must carry" must not stand in the way of the economic, efficient usage of the network operator's capacity.*

As to the regulation of infrastructure, the roll out of high speed broadband access networks will be a significant driver for the development of new online content and services. However, the current legal framework electronic communications is hindering the needed infrastructure investment. Therefore, the ongoing Review 2006 should be used for more than just minor changes to the current legal framework with respect to economic (price- and access) regulation. Recent economic studies give proof and underpin the fact that deregulation in the telecommunication markets will lead to more investments and ultimately to more economic growth. The USA may serve as an example for the removal of red tape and a successful deregulation of the telecommunications sector. This has led to substantial capital injections into the telecommunications market and massive roll-out of fibre based broadband access infrastructure necessary to satisfy upcoming demand with bandwidths up to 100 MBit/s

18. How does the country you mainly operate in encourage the development of creative online content and services?

A broad array of public and private tools for encouraging the development of creative online content is provided in Germany. This encompasses fiscal measures, venture capital, educational initiatives like specified university programmes etc.

In addition, other EU Member States are following a demand-supported policy by offering fiscal incentives for purchasing ICT equipment.

Release windows

19. Are “release windows” applicable to your business model? If so, how do you assess the functioning of the system? Do you have proposals to improve it where necessary? Do you think release windows still make sense in the online environment? Would other models be appropriate?

In fact, for DT the actual chain of release windows for movies sometimes leads to a rather limited possibility to offer up-to-date movies via its VoD services. However, we hold that eventually the market will lead to an adjustment of the current release windows practice. In principle customers demand prevail: a growing acceptance of online services will result in earlier release windows for online services.

Networks

20. The Internet is currently based on the principle of “network neutrality”, with all data moving around the system treated equally. One of the ideas being floated is that network operators should be allowed to offer preferential, high-quality services to some service providers instead of providing a neutral service. What is your position on this issue?

The statement is not accurate, as there is no such “principle of network neutrality” existing. Differentiation in the quality of services serves customer demands; the debate on “net neutrality” tends to head into the wrong direction. In fact, we will see “net diversity” offering customers new services on top (!) and no deterioration in quality of what is known and accepted as the “free” Internet today

The term ‘Network Neutrality’ is misleading, as there is no commonly accepted definition of what “neutrality” means. Networks need to be maintained stable and competitive with the appearance of time critical services, e.g. IPTV. Therefore, it has to be discussed how innovation and investment in networks can be fostered and how new and better services with guaranteed and differentiated Quality of Service parameters can serve customers needs best. By better serving customer needs, quality differentiation is welfare enhancing and thus widespread: Examples are “Fast lane check-in” at airports; airmail, express mail and “normal” mail or toll bound motorways and toll-free country roads.

But even in the Internet of today differentiation is widespread: E.g. search engines, where customers can offer their products with additional features (pictures, bold fonts) to gain better attraction or by paying more, their products are placed at the top of the product lists. Additional examples can be seen in the field of e-Commerce: Next day delivery, when customers pay a surcharge for express-delivery or the e- “Mail plus”-accounts with more storage, more protection and no graphical ads. Consumer welfare will be maximized by the market, not by regulation. Market forces will best lead to favourable results, since there is no incentive for infrastructure providers to block or degrade consumer’s access to lawful content, because costumers will not accept lower than current quality. To the contrary, market forces competitors to provide additional quality of service levels allowing for more consumer choice.

Piracy and unauthorised uploading and downloading of copyright protected works

21. To what extent does your business model suffer from piracy (physical and/or online)? What kinds of action to curb piracy are taken in your sector/field of activity and in the country or countries you operate in? Do you consider unauthorised uploading and downloading to be

equally damaging? Should a distinction be made as regards the fight against pirates between “small” and “big” ones?

DT supports the protection of intellectual property rights and an increasing part of its business depends on the protection of property rights. In this respect, DT carefully fulfills its legal obligations. Therefore, DT is cooperating closely with prosecution authorities in Germany. On the other hand, every ISP and every carrier has to accept and respect the private sphere of its customers. Against this background, legal or technical measures need to be proportional and should differentiate between copies for mere private use not causing measurable loss for rights holders and commercial violation of IPR.

22. To what extent do education and awareness-raising campaigns concerning respect for copyright contribute to limiting piracy in the country or countries you operate in? Do you have specific proposals in this respect?

In Germany, massive campaigns are run by the owners of copyrights (mainly from the film industry), such as

- *Hauptverband deutscher Filmtheater, HDF*
- *Verband der Filmverleiher (VdF)*
- *Multiplexverband Cineropa*
- *Bundesverband audiovisuelle Medien (BVV)*
- *Interessenverband der Videotheken in Deutschland (IVD)*
- *Gesellschaft zur Verfolgung von Urheberrechtsverletzungen e.V. (GVU)*
- *Filmförderungsanstalt (FFA)*
- *www.respectcopyrights.org*

With massive TV and movie theatre spots those campaigns intend to create a growing awareness of the criminal nature of copyright infringements.

23. Could peer-to-peer technologies be used in such a way that the owners of copyrighted material are adequately protected in your field of activity and in the country or countries you operate in? Does peer-to-peer file sharing (also of uncopyrighted material) reveal new business models? If so, please describe them?

Any technology, including peer-to-peer technology, can be used in such a way that the owners of copyright material are adequately protected. The key is the effective use of DRM and other technologies that allow rights owners to communicate terms of use, to determine how their content is delivered, accessed and used, and to collect payment for such use. This gives right owners the confidence to make their most valuable material available in digital form in a whole range of delivery systems.

Rating or classification

24. Is rating or classification of content an issue for your business? Do the different national practices concerning classification cause any problem for the free movement of creative services? How is classification ensured in your business (self-regulation, co-regulation)?

The German legal protection for minors works satisfactorily. In particular, the principle of classification of movies for different ages via self control bodies, the legal harmonisation of broadcasting services and new media, the procedural design of co-regulation and the implementation of content-rating systems, which allow a proactive selection of appropriate content are appropriate and effective.

In addition Deutsche Telekom is a member of and strongly supports the Internet Content Rating Association (ICRA) which develops a labelling system for web pages indicating their content. Furthermore, DT provides to its customers cost-free classification software which limits the accessible Internet pages for minors adjusted to certain age groups.

In principle, content classification must be done at a national level to be meaningful. Furthermore it should not add unnecessary or excessive cost to the business and a simple classification framework can be very successful. For this reason we would not endorse any mandatory requirement on labelling.

Digital Rights Management systems (DRMs)

Digital Rights Management systems (DRMs) involve technologies that identify and describe digital content protected by intellectual property rights. While DRMs are essentially technologies which provide for the management of rights and payments, they also help to prevent unauthorised use.

25. Do you use Digital Rights Management systems (DRMs) or intend to do so? If you do not use any, why not? Do you consider DRMs an appropriate means to manage and secure the distribution of copyrighted material in the online environment?

DT operates DRM systems within its online distribution platforms. DRM copyright protection works successfully and is well accepted by partners from the content industry.

26. Do you have access to robust DRM systems providing what you consider to be an appropriate level of protection? If not, what is the reason for that? What are the consequences for you of not having access to a robust DRM system?

Nowadays almost everyone has access to robust DRM systems.

27. In the sector and in the country or countries you operate in, are DRMs widely used? Are these systems sufficiently transparent to creators and consumers? Are the systems used user-friendly?

DT does use various DRM systems for its different content offers. DT has not encountered major problems or complaints as to the transparency.

28. Do you use copy protection measures? To what extent is such copy protection accepted by others in the sector and in the country or countries you operate in?

Copy protection measures are widely used and accepted by our customers.

29. Are there any other issues concerning DRMs you would like to raise, such as governance, trust models and compliance, interoperability?

We have to keep in mind that there is always a trade off between mandatory standards and the existence of multiple competing systems: on the one hand a standardized DRM could support the uptake of the digital content market. On the other hand it would run the risk to hinder competition for new innovative DRM solutions. The DRM market works well and we do not see a need for regulatory intervention.

With regard to interoperability it has to be stressed, what is already answered to question number 5: The application of DRM systems reflects a particular business agreement in order to meet customer needs. Any attempt to introduce a mandatory

standard would reduce customer's choice, would push back competition and runs the risk of hindering the implementation of new business models through overregulation. So far all stakeholders should have learned from earlier approaches to a mandatory software application.

Complementing commercial offers with non-commercial services

30. In which way can non-commercial services, such as opening archives online (public/private partnerships) complement commercial offers to consumers in the sector you operate in?

In principle, open archives are already stimulating the customer demand for content. Prominent projects like „WIKIPEDIA“ highlight the potential of these kind of services. On the other hand every kind of public private partnership should not disturb competition in the online content markets.

What role for equipment and software manufacturers?

31. How could European equipment and software manufacturers take full advantage of the creation and distribution of creative content and services online (devices, DRMs, etc.)?

Equipment and software manufacturers will take full advantage, when there is level playing field for all stakeholders within Europe. This encompasses the regulatory framework, freedom for innovation and access to venture capital.

What role for public authorities?

32. What could be the role of national governments / regional entities to foster new business models in the online environment (broadband deployment, inclusion, etc.)?

As media products have a cultural and an economic value there is a tendency of national governments to protect local media markets. While it is on the one hand true, that specific, generally accepted cultural traditions are shaping local media markets, one has to recognize, that on the other hand the Internet facilitates to overcome cultural, political and geographical frontiers. Prognoses about converged communications markets are naturally uncertain, but what can be certainly said today is, that the Internet causes new dynamic communication processes with economic and cultural implications. As mentioned before (answer number four) public interests need to be redefined in an online-environment. At this stage national governments should follow a regulatory hands-off approach leaving as much as possible to self-regulation in order to give time and room for a public debate on new answers to new global challenges.

33. What actions (policy, support measures, research projects) could be taken at EU level to address the specific issues you raised? Do you have concrete proposals in this respect?

Appropriate actions need to be taken to end sector specific price and access regulation of the underlying communications infrastructure and services. Room for improvement can also be seen in the field of collecting societies. Furthermore state aid policy for fostering the ICT markets – either demand-oriented or supply-sided – need to be harmonized within Europe.

With regard to the current review of the Television without Frontiers Directive the European ICT industry is worried that heavy broadcast regulation could be transferred to non-linear audiovisual media services. Anything should be done to ensure that new and innovative services, which are not identical with traditional broadcasting services, are not regulated under the future audiovisual media services directive.

The current directive on a new legal framework for payment services has to make sure that innovative payment services provided by telecommunication operators do not fall within the scope of the directive.

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