

**Second consultation on revised draft  
Communication on State Aid and Public Service**

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Attending to this matter

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**Second consultation on revised draft Communication on State Aid and  
Public Service Broadcasting**

Ericsson appreciates the opportunity to comment on the draft Communication. As a leading provider of telecom infrastructure, including IPTV, we would take the opportunity to comment on how the evolving IP based technologies are changing the scope of communications, including the traditional role of broadcasting. Ericsson takes no position in the ongoing debate on public funding between the different parties, however we would like to stress the importance for the European economy and citizens of a timely and facilitated launch of new services which will allow European consumers to lawfully receive all content, whether it is public or commercial, through a wide set of applications and devices. Our comments focus on how best to achieve the fast take-up of these new services.

As the communication states, the role of PSB as a societal, cultural and educational source is well supported. Additionally there should be some consideration on how this role can be better reflected in light of the advances in communication technology.

Today, TV is available over a number of infrastructures and technologies, like satellite, DTT, cable or over broadband telecom networks (fixed or mobile). These infrastructures can equally well distribute TV programs. The selection on what technology to use depends on a number of cost/capability related factors and no regulation shall preclude the possibilities of these infrastructures and technologies to evolve based on their own merits. Consequently competing infrastructures are evolving, all seeking opportunities to distribute information. Therefore it is essential to ensure that public service information can utilize any of the technologies available for distribution, meaning that regulation shall not favor or impose any specific technology for distribution of public service information.

The issue of state aid to PSB is not only affecting conditions for PSB and commercial broadcast media production but also for the conditions for different TV distribution infrastructures. Hence implications of state aid to PSB also have consequences for European Telecommunication Industry. A competitive disadvantage occurs when state aid is applied in a manner where regulation stipulates the use of a specific technology to distribute the Public Service Content (PSC). In many cases PSC is forced by national legislation into a monopoly situation where the PSC, by law must be transmitted to the public over a certain technology e.g. terrestrial broadcast. Herby the PSC media provider has no incentive to choose new technologies and hereby the incentive for incumbent technology providers and potentially new ones are removed or severely limited. Competition and innovation is thus hampered.

Removing incentives to innovate and compete is not beneficial for European Citizens, either PSC media providers, or the ICT industry. The creation of incentives to compete in the distribution of PSC, based on technology neutral state aid conditions for PSC distribution, would improve conditions for new distribution technologies like IPTV to evolve in its full potential and foster new and innovative channels for Public Service Content.

Public service should also be encouraged to utilize technological advances such as interactivity media personalization and on demand, features that are extremely useful in the context of fulfilling the public service information objectives. When doing so public service will also add a further dimension to fulfill its scope – to also educate the wider public on the societal benefits that the new information technology is making possible.

Consequently; regulation including state aid must ensure full technology neutrality. E.g. remuneration arrangements for transmissions only applicable for terrestrial broadcast must be removed into a technology neutral model. Retransmission remuneration to collecting societies for Public Service Content is not technology neutral. The original fee for public service content, paid by the consumer or state, should be constructed irrespective of distribution technology and should not explicitly be related to additional retransmission fees for IPTV and/or Cable distribution networks.

Must carry obligations should be made independent of distribution technology and also include on demand/Catch up formats. The must carry obligation should also be viewed as a right to carry Public Service Content for new distribution entrants in the market, hereby avoiding the situation that new fringe players face difficulties to acquire distribution rights for Public Service programming.

Finally, the ongoing transition to digital terrestrial TV distribution should be promoted by governments without technological bias. All digital distribution networks including IPTV and Digital Cable should be included on equal terms in government sponsored information campaigns.