

## **EURONEWS: CONTRIBUTION BY THE COMMISSION**

### **Communication by the President and Mr Vitorino**

#### **1. Background: what is EuroNews?**

EuroNews was established in 1993 by a number of European and Mediterranean public broadcasters belonging to the European Broadcasting Union. The private broadcaster ITN purchased 49 % of the shares in November 1997, and managed the station until 24 April 2003, when ITN sold its holding. The major shareholders are currently France Television (28%), RAI (25%) and TVE (22%). EuroNews is private profit-making company constituted as *société par actions simplifiée*. After making a first profit in 2000, EuroNews expected to become increasingly viable. The worldwide advertising crisis after 11 September 2001 required a drastic reassessment of revenue. This is why ITN pulled out of EuroNews and sold its holding.

EuroNews broadcasts 24 hours a day in seven languages (English, French, German, Italian, Spanish, Portuguese, Russian and partly also in Danish) and is available to 146 million households in 78 countries. It employs 160 journalists and its total annual budget amounts to 30 million EUR. Preliminary balance sheets show a deficit of 3 million EUR for 2003.

According to its Editorial Charter, EuroNews is a “European multilingual news channel, offering continuous news programming”. Its objective is to present up-to-date European and world news, round the clock, focussing on the process of constructing European unity and Mediterranean solidarity. EuroNews is for the time being the only provider of a multi-lingual, pan-European service of this kind.

#### **2. Financial support given to EuroNews by the Commission**

Since it started in 1993, EuroNews has received financial support in various forms from the European Commission, totalling 34.048.867 EUR. From 1993 to 1997 EuroNews received an operating grant (which was strongly supported by the European Parliament) averaging 3.3 million EUR per year.

In 1998, this financial support was transformed into a three-year convention for the co-production of specific programmes on EU affairs with full editorial independence for EuroNews. The convention cost 9.7 million EUR and yielded an average of 27 hours of production per year.

A new co-production convention with the Commission along the same lines was signed in 2001 for a further three years. The new convention established a decreasing contribution (2 million EUR for 2001/2002; 1.3 million EUR for 2002/2003; and 0.7 million EUR for 2003/2004). At term, 1.500 programme items will have been produced, amounting to over 36 hours of production a year, repeatedly broadcast to provide 11 hours of broadcasting weekly.

The range of programmes produced under the convention with the Commission comprises:

- the eight minute magazine *Europeans* concentrating on big issues affecting the daily lives of European citizens (for example: the Euro, enlargement);
- the nightly *Europa* slot, which is a short bulletin of European Union news;
- the *European Revue*, broadcast at weekends, which presents events of the past week and summarises the agenda of the week to come;
- *Pass*, a clip made twice a week aimed at informing viewers on their rights, and on EU programmes and projects.

So far, the Commission has undertaken no evaluation of the financial assistance provided to EuroNews. Such a study is required for any future co-operation with EuroNews after 2003.

### **3. The issue at stake: proposed action**

At the initiative of the European Parliament, the 2003 budget includes a pre-allocated amount of 3 million EUR “intended to finance the activities of EuroNews in connection with the European institutions” according to the commentary to budget line B3-300 (general information work concerning the European Union).

In 2003 EuroNews benefits already from the 2001 convention (which is covered by budget line B3-300), and it can also apply to the ongoing call for proposals on TV and Radio programmes on Europe, based on the same budget line. The deadline for the submission of proposals is 15 September 2003.

Any further financing decision specifically targeted on EuroNews can only be taken in full conformity with the new financial regulation and its implementing rules.

First of all, the financial regulation stipulates that direct financial contributions can be given for an action intended to help achieve an objective forming part of a European Union policy (Article 108). The Commission’s Information and Communication Strategy of July 2002<sup>1</sup> gives priority to audio-visual activities (in particular, see section 3.3: “*promoting co-productions with national or regional channels should therefore be encouraged. At present, 66% of Europeans see radio and television as their main source of information on the European Union.*”).

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<sup>1</sup> COM(2002)350 of 2 July 2002.

EuroNews is the only existing multilingual TV station with a European Mission Charter. It now aims to focus more on EU policies and debates.

Secondly, according to the financial regulation, the only type of grant applicable here is a "grant for action". The financial regulation clearly stipulates the principles of transparency and equality of treatment for the beneficiaries. Grants may not be cumulative or awarded retrospectively, and they must involve co-financing (Article 109).

This means that a further grant based on the commentary to budget line B3-300 can be awarded to EuroNews only under the condition that EuroNews presents a detailed list of actions for appropriate co-financing. Grants should be awarded only if all the relevant conditions laid out by the financial regulation are respected (see annex). An interdepartmental selection committee will be established in order to carry out the necessary budgetary and financial checks on the list of actions and to assess the financial capacity of the beneficiary.

Each action will have to be executed in line with the requirements of Article 164 of the financial regulation, in particular as regards the presentation of specific accounts showing the use made of Community funds, and the independent external auditing requirements.

In conclusion, the Commission agrees, in principle, on the co-financing of EuroNews activities in connection with European Institutions in 2003. In the light of the results of the verification carried out by the selection committee, the list of actions will be submitted to the Commission for final approval.

#### **4. Beyond 2003**

It is important that the Commission states clearly during the budgetary procedure for the 2004 budget that it is not in a position to implement pre-allocations of funds in the field of information and communication, unless this is done in full conformity with the provisions of the financial regulation and its implementing rules.

The current convention with EuroNews for the co-production of modules expires in 2004. Any future co-operation with EuroNews will be decided on the basis of the result of the evaluation report mentioned under point 2. The issues of whether a "public European interest" in the audio-visual area should be defined, and a specific legal basis proposed, will be examined in this context.

**The conditions specified below are by no means exhaustive, and must be read in conjunction with the principles mentioned in the main body of the information note (article 108 on the award of a grant to finance an action intended to help achieve an objective forming part of a European Union policy; and article 109 on the award principles).**

Summary of the main provisions laid in the financial regulation for a possible award of a grant to EuroNews (for information purposes - only the financial regulation is applicable)

- An action which may receive a grant must be clearly identified. (IR 161)
- The grant may not have the purpose or effect of producing a profit for the beneficiary. (FR 109)
- One action may give rise to the award of only one grant from the budget to any one beneficiary. (FR 111)
- A grant may be awarded for an action which has already begun only where the applicant can demonstrate the need to start the action before the agreement is signed. In such cases, expenditure eligible for financing may not have been incurred prior to the date of submission of the grant application. (FR 112)
- The application shall show that the applicant has the financial and operational capacity to complete the proposed action. (IR 173)
- The budget for the action attached to the application must have revenue and expenditure in balance and show clearly the costs which are eligible for financing from the Community budget. (IR 173)
- The application shall be accompanied by an external audit report produced by an approved auditor. (IR 173)
- The beneficiary's overheads can be covered up to a maximum of 7% of total eligible costs for the action. (IR 181)
- A guarantee in advance can be requested in order to limit the financial risks connected with the payment of pre-financing (= first instalment). (IR 182)

FR: financial regulation

IR: implementing rules