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EC COUNCIL GIVES GREENLIGHT FOR ADVANCED TV AND HDTV

Today the EC Council of Telecommunications Ministers accepted the EC Commission's Action Plan for advanced television services. This political breakthrough will help initiate a new television era based on the cinema's 16:9 wide-screen display format, according to Industrial Affairs Commissioner Martin Bangemann. 'Many exciting new television services - including High Definition Television (HDTV) - will be introduced into the market over the next few years; but the wide-screen 16:9 screen format will be common to them all', he stated, 'It will act as a bridge between today's analogue systems and tomorrow's digital television.'

The Action Plan was proposed by the Commission in April 1992 to assist with the market introduction of the wide-screen format. It offers financial incentives totalling 405 million ECU to broadcasters and program makers as a contribution towards the introduction costs of the new display format, using any wide-screen TV transmission system, and any transmission medium - terrestrial, satellite or cable.

The Action Plan will trigger a critical mass of wide-screen services throughout the Community over four years. It will operate on a co-financing basis of 320 million ECU of which 50 percent will be paid by the EC budget and 50 percent by broadcasters. Those wishing to qualify for Community funding must first find their own contribution towards the extra cost of wide-screen service provision before qualifying for Community funding. In the larger, mature markets this will be 50% of the additional, wide-screen costs. To ensure the Community dimension in the less developed markets, the Community contribution could be as high as 80% of the additional costs.

A second fund of 85 million ECU has been reserved for these later markets. In the second fund the EC will contribute 68 million ECU and 17 million ECU will come from broadcasters. All Community funding will be on a sliding scale, reducing each year in a degressive manner. Early entrants in both the developed and less developed markets will qualify for maximum support because they accept the highest risks. Those undertaking HDTV will also receive a special quality premium for the same reason. Support for independent producers and program production is contingent upon transmission of the program in one or more wide-screen services.

Wide-screen and digital are complementary

For consumers, wide-screen is the next step in the evolving 'Home Cinema' concept which began with video recorders and films on videocassette and is developing rapidly with subscription movie channels. 'Home Cinema' offers two kinds of benefit, improved consumer access to more programs and improved presentation. Presentation features like stereo, wide-screen and HDTV boost realism. Wider choice and better presentation are complementary benefits, not contradictory, and should both be offered to the public. Digital transmission will ultimately combine all these presentation features, with better access, because digital techniques allow many more channels of standard definition TV to be made available, thanks to compression.

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The most important feature of wide-screen is that it is technologically neutral and future proof. The display is the major cost element of the consumer's investment in a television set. Wide-screen pictures are already available from today's TV systems and those of tomorrow, including HDTV. It will be possible to plug digital decoder boxes into these receivers as new TV systems become available, just like today's satellite decoders.

Need for community action

The incentives are necessary because of a market failure between two different businesses, the broadcast services industry and the consumer electronics industry. Both industries have moved on since the introduction of color television when synchronization between services and equipment was achieved by monopoly public broadcasters and manufacturers operating at national level. Commercial broadcasters have appeared; and the consumer electronics business operates at higher economies of scale than individual national markets.

For wide-screen, the old coordination mechanisms no longer exist; the Action Plan will achieve coordination at European level. Manufacturers have already made their investments to produce wide-screen television receivers and video recorders; but the financial circumstances of many broadcasters have left them unable to afford the up-front capital investment required to introduce wide-screen services with appropriate programs. Consumer electronics and broadcasting are two very different industries with different priorities and timing considerations. There must be some synchronization of their investments if wide-screen is to be offered to consumers, who will only invest in the new format when it is supported by services with a high percentage of wide-screen programs.

Commission welcomes Digital TV Launch Group

In the context of digital television, the Commission welcomes the recent public launching of a European Coordination Initiative for the Development of Digital Video Broadcasting. The Commission has participated in the work of this independent group since its early days; it has evolved into an open forum for all parties interested in digital television: public and private broadcasters; manufacturing industry; satellite and cable operators; also member state administrations. This work will be a valuable input into the Commission's Communication on Digital Television, due to be sent to the Council of Ministers and European Parliament on October 1. The Communication will set out the policy framework for implementing digital television in Europe.

The Commission's main objective is to ensure an orderly approach to digital television at Community level, in order to maximize its potential and reduce the risk of market fragmentation and the associated costs for consumers and market actors. The Commission believes that the main challenges posed by digital television technologies lie in implementation rather than research as such; all initiatives must take into account the complex realities of the European broadcasting environment. Far-reaching technological and market transitions dramatize the often conflicting views of the market actors. At Community level, the consumer interest must always be paramount, with the widest range of possibilities on offer. This means the market actors must respect the requirements of standardization and competition, which are the guarantors of consumer choice.

