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**Europe's free-to-air content and advertising: not one without the other**

*Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort*

World Federation of Advertisers (WFA) Conference

**Paris, 15 May 2006**

Mr President,

Ladies and gentlemen,

I am happy to address the members of the World Federation of Advertisers, the most important stakeholder group for advertisers. Advertising is often fun, and sometimes it can be boring – and then it is not good advertising. In any event, advertising is part of the game in a market economy, and it is a precondition for having the wide range of free TV and internet content services citizens ask for.

My duty as the European Commissioner for Information Society and Media, being in charge of both the audiovisual policy and the relations with the media industry, is to ensure that commercial communications, which are the basis of your business models, respect some general interest and fundamental societal principles.

Promoting responsible advertising is as well one of the objectives of your association, and this is why tonight, I would like to speak to you about the role of advertising in Europe's audiovisual landscape.

The audiovisual sector has gone through profound changes since the adoption of the first European law on television – the “television without frontiers” directive of 1989. After the advent of satellite TV, which could cross any frontier, cable TV has developed. More and more people in Europe and worldwide watch TV-style content on the internet, whereas digital TV, terrestrial and on cable, is being rolled out, offering more choice and more interactivity. Other ways to consume audiovisual contents such as online videogames or video-on-demand have already or are about to become real “killer applications” for broadband deployment, while mobile TV is about to be a huge success, being at the crossroad of two popular trends: the demand for more rich content and the increasing interest of consumers in mobility.

According to figures just published, 48% of all households in the EU already have an internet connection. 23% have a broadband connection, whereas 91% of EU businesses have an internet connection, and 63% have broadband.

Convergence offers new opportunities for advertising and other forms of commercial communications. But at the same time, many citizens are fed up with what they see as an excess of TV ads. Moreover, pressure from some parts of the community on national or European lawmakers aiming at prohibiting certain types of advertising (fat food, fast cars, alcohol, etc.) is not diminishing.

In these weeks and months, we negotiate my recent proposal to modernise the legal framework for audiovisual policy in Europe. This proposal includes a clear liberalization of the rules applicable to audiovisual commercial communications. But you have to know that this liberalization does not go without problems. The opinion, which is mine, that increased choice and control by users dictate a different, lighter touch style of regulation of advertising is opposed by many politicians and citizens. If you add to these our young people who are used to get content for free, or almost for free, you will understand that the correlation between so called “free contents” and financing through advertising is not clear to many consumers.

I therefore see an urgent need for commercial broadcasters, internet service providers and advertisers in Europe to explain that one cannot have free to air premium content without advertising.

While the European Commission proposes to relax the **quantitative rules** on audiovisual commercial communications from 2009 – 2010 onwards, we are of the opinion that **qualitative rules** have to be maintained and applied in a technological neutral way.

Also in future and also in on-demand audiovisual services, we have, for instance, to protect children. I firmly believe that our societal values are a shared responsibility of politicians and the industry.

Concerning the quantitative rules, the European Commission proposes to **abolish** the daily limit and to **simplify** the insertion rules. Instead of being compelled - as is now the case - to allow twenty minutes between each advertising break, broadcasters would be able to choose themselves the most appropriate moment to insert advertising during programmes. This deregulation is in line with the position expressed by WFA during the review process.

As for cinematographic films, films made for TV, children programmes and news, the current regulation is too complicated. That is why my proposal simplifies, allowing a break a break once for every period of 35 minutes.

The proposal **does not change** the **hourly limit** for advertising. This limit of 12 minutes per clock hour does not only protect viewers: From the advertiser's perspective, it also prevents excessively long or numerous advertising breaks which could reduce the effectiveness of advertising spots.

The **use of new advertising techniques** such as split screen, interactive advertising and virtual advertising is encouraged by the new proposal.

The new proposal for a directive on audiovisual media services also contains a legal framework for **product placement**, in order to offer legal certainty to operators and sufficient safeguards to consumers.

Today product placement is allowed in one country, prohibited in another and left in a grey zone in most. For professionals, the legal uncertainty prevails. Not the best solution if one wants to develop the internal market for audiovisual media services. The fact that product placement is quite common in cinematographic films or programmes produced in third countries and imported into and shown in Europe constitutes a competitive disadvantage for our audiovisual industry. Moreover, consumers are cheated because they are not informed about product placement. That is why the new proposal recognises and regulates this practice. This means ensuring:

- that the responsibility and editorial independence of the broadcaster remain unaffected;
- that product placement is not accompanied by promotional references encouraging consumers to contract;
- that viewers are adequately informed of the presence of product placement;
- that product placement does not circumvent the rules on public health;
- that product placement does not take place in protected programmes such as news, currents affairs and children's programmes.

Ladies and gentlemen,

I see my job as European Commissioner responsible for Information society and Media as an enabler to increase the competitiveness of European businesses. I am certainly not for unnecessary regulation, but I stand for clear rules, striking the best possible balance between competition and general interest principles, and enhancing Europe's internal market.

One of the ways to reduce superfluous regulation is to leave **co-and self-regulation regimes** step in. They potentially offer a number of advantages like adaptability to evolving markets, speed and flexibility. I therefore encourage the industry to take initiatives such as the European Advertising Standards Alliance. I note with high interest similar efforts in the teleshopping business.

The new proposal enables Member States of the European Union to mandate self-regulatory organisations to attain the objectives of general interest contained in the directive. Of course they maintain the possibility to regulate, should the organisation fail to deliver the required results.

I cannot held a dinner speech in front of senior executives of advertising businesses without saying a few words on **advertising on fat food**, although I am sure that, being in Paris, this kind of products will not be on our menu tonight.

The rise of overweight and obesity in the last decades has become a major health problem. In December 2005, the European Commission started a consultation process on this problem. A report summarizing contributions will be published next month. Later this year, the European Commission will propose a set of actions. Unavoidably, this set of actions could also cover advertising for foods high in fat, salt and sugars, such as energy-dense snacks and sugar-sweetened soft drinks, and the marketing of such products in schools.

Let me be very clear about this. I don't believe in new advertising bans. I have said it and I will say it again: As long as I am Commissioner in charge of Media, I will not support new advertising bans, because I firmly believe that responsible advertising is the economic foundation of a pluralistic media landscape.

I am also convinced that in this area, self-regulatory organisations have a good opportunity to show their effectiveness, especially within the framework of the platform for action on Diet, Physical Activity and Health. This platform bringing together industry associations, consumer groups, health NGOs and political leaders - aims at taking voluntary action to halt and reverse the rise in obesity, particularly among children. This platform should also act as a forum within which stakeholders can scrutinise each others' actions to fight obesity.

Last issue before we raise our glasses: **alcohol policy**.

Europe is the continent where per capita alcohol consumption is the highest in the world. Apart from the health consequences, the social dimension has also to be considered: violence, hooliganism, crime, family problems, social exclusion, problems at the workplace and drink-driving. This is the negative side. But one has also to consider that some alcoholic products such as wine are an important part of our cultures.

Here too, a policy document of the European Commission is due for later this year. Some argue that exposure of young people to commercial communications should be reduced, and that such advertisements should not target young people or encourage excessive or harmful use of alcohol. I would like to remind everybody that such rules already exist in the current directive “television without frontiers”. Here again, I do not think that a new piece of legislation would add any value. I believe that enhanced parental control, education and information plus responsible self-regulation are appropriate tools to tackle these problems, especially youth binge drinking, which I personally consider to be a serious concern.

Ladies and gentlemen,

I hope that my presentation of how I personally see the interaction between politics and business on the issue of commercial communications in general and audiovisual commercial communications in particular has cured your concerns and stimulated your appetite for new advertising opportunities.

In my view, the way forward for Europe on advertising issues is clear: liberalisation of TV advertising, while preserving societal values, clear rules for alternative forms of commercial communications and self-regulation whenever possible. This is the way to boost free to air content, both on TV and on the internet, in a changing audiovisual landscape.

Enjoy your evening.