

# European Media Policy



A Newsletter from NORDICOM

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## Press Freedom/Protection of Journalists

### Draft EU Trade Secrets Directive Threat to Press Freedom

The European Federation of Journalists (EFJ) has [joined a group of civil society organizations](#) across Europe opposing the hasty push by the European Commission for a new EU Directive on Trade Secrets. "The draft directive poses some serious threats to the work of journalists and trade union representatives," said EFJ President Mogens Blicher Bjerregård.

The EU Commission draft does not provide a clear exemption for journalists and whistleblowers who publish or reveal information that is in the public interest. In addition, the limitation of the right to disclose and use trade secrets to reveal "wrongdoing", "misconduct" or to protect a "legitimate interest" would allow for sanctions to be applied even when the information ought to be in the public domain, such as planned redundancies or detrimental effects on health and the environment.

The EFJ and other media organizations support the [latest draft](#) discussed by the European Parliament's Legal Affairs Committee which contains amendments safeguarding media freedom and media pluralism including protection of sources in reference to the Charter of Fundamental Rights. A vote on the amendments is expected in the Legal Committee in mid-April or early May.

The EFJ and civil society organizations urge the EU Council and the Parliament to amend the directive by limiting the definition of what constitutes a trade secret and strengthening safeguards and exceptions to ensure that data in the public interest cannot be protected as trade secrets. The right to freely use and disseminate information should be the rule, and trade secret protection the exception.

In May 2014 the Council adopted a general approach on the directive which, on the whole, agrees with the draft. But it also proposed some amendments, among them one saying that EU Member States would be allowed to provide greater protection for trade secrets than that set out in the directive.

In the United States similar bills are in the making. This has led to speculation about a connection with the ongoing negotiations on the TTIP trade agreement between the US and the EU. If rules on trade secrets were to be included in this agreement it could be very difficult to change or abolish the laws.

### Massacre in Paris: Everyone Is Charlie?

In January, when 12 people were massacred at the offices of the satirical magazine *Charlie Hebdo* in Paris, the world press, international journalist organisations and political leaders in many countries harshly condemned the deed. A few days later over a million people – among them numerous world leaders – marched through the streets of Paris chanting "Charlie, Charlie, freedom of speech!" In the debate following these events some criticism and concerns have been expressed.

Reporting on the march in Paris the *Washington Post* wrote: "Despite the laudable show of unity, many observers couldn't help bristle at the hypocritical presence of some world leaders (such as the Turkish prime minister and the Russian and Egyptian foreign ministers). As Marc Lynch, a professor at George Washington University put it: "Glad so many world leaders could

take time off jailing and torturing journalists and dissidents to march for free expression in

France”.

International organisations dedicated to promoting freedom of speech were naturally appalled by the massacre. “It is an attack on the media and freedom of expression”, said Irina Bokova, Director General of UNESCO, which a few days later the organised a [one-day debate](#) on freedom of expression and the safety of journalists.

Later in January the Parliamentary Assembly of the Council of Europe adopted a [resolution](#), condemning “in the strongest possible terms” the terrorist attack on *Charlie Hebdo*. “Any attack on media and journalists is an attack on a democratic society”, it says.

The Assembly says it is “deeply concerned” about the deterioration in the safety of journalists and media freedom in Europe, and urges Member States to “step up their domestic and multi-lateral efforts for the respect of the human rights to freedom of expression and information as well as to the protection of the life, liberty and security of those working for and with the media”.

Similar concerns were [expressed](#) in the EU by the Ministers of Culture, who vowed to defend freedom of expression and to “protect the rights of artists to create freely.” The reaction of EU Ministers of Justice and Home Affairs was, however, more double-edged.

In their [statement](#) they reaffirm their “unfailing attachment to the freedom of expression, to fundamental rights, to pluralism, to democracy, to tolerance and to the rule of law”, but add: “The internet plays a significant role in radicalization. In this regard, we must strengthen our efforts to cooperate closely with the industry and to encourage them to remove terrorist and extremist content from their platforms”.

The same day more than 20 digital and civil rights organisations released a [joint statement](#) urging governments around the world to avoid increasing government surveillance measures or violating human rights in the wake of the *Charlie Hebdo* tragedy.

## **World Press Freedom: Decline on All Fronts**

Not only in Europe are threats to the freedom of the press increasing. The [2015 World Press Freedom Index](#) shows that there was a drastic decline in freedom of information in 2014. Two-thirds of the 180 countries surveyed performed less well than in the previous year.

The European Union recorded a bigger decline in 2015 than in the 2014 Index and the gaps between member states are widening – EU countries are ranked from 1st to 106th in the Index, an unprecedented spread.

Western Europe saw numerous countries in decline. For example, Italy (73rd) fell 24 places after a difficult year for journalists for whom threats from the mafia, among others, and unjustified defamation suits, skyrocketed. And Iceland (21st, down 13) paid the price of worsening relations between politicians and media.

Pressure on independent media continued to intensify in Russia (152<sup>nd</sup> place, down 4), with another string of draconian laws, website blocking and independent news outlets either brought under control or throttled out of existence.

In the United States (49th, down three places) freedom of information continues its decline too. In 2014, the *New York Times* journalist James Risen came under government pressure to reveal his sources. Although the Obama administration backed away in that case, it continues its war on information in others, such as WikiLeaks.

## CoE Launches Online Safety Platform for Journalists

Following months of preparation and the signing of a [Memorandum of Understanding](#) with the European Federation of Journalists (EFJ) and other media partners, the Council of Europe (CoE) has now launched an [online platform](#) to promote the protection of journalism and the safety of journalists.

The platform aims to improve the protection of journalists, better address threats and violence against media professionals and foster early warning mechanisms and response capacity within the Council of Europe.

Whenever there is a physical attack on journalists or a legal threat to media freedom, such violations will be recorded and submitted by the partner organisations, among them the EFJ. Following the submission of the case, an alert level will be issued on the case depending on the level of violations.

When a member state is directly referred to in a case submitted by partners, they can update on the platform any action or progress taken by the respective national organisations or institutions.

## Internet

### US Government Approves Strong Net Neutrality Rules

On 26 February, when the US Federal Communications Commission (FCC) made a landmark decision about network neutrality, loud cheers were heard from supporters of this principle in many parts of the world. Others were, however, less happy about the decision and a tough fight seems to be in the making.

The FCC's net neutrality rules prohibit Internet service providers from blocking or throttling access to legal content on the Internet, prohibit prioritization of traffic in exchange for payment, and require the ISPs to disclose network management practices. There are exceptions for "reasonable network management" and certain data services that don't use the "public Internet.", for example heart monitoring services.

The rules also apply to wireless carriers providing Internet service to many millions of smartphones and tablets.

The decision follows a year of heated discussion, with the FCC receiving four million public comments from companies, trade associations, advocacy groups, and individuals. The Internet "is simply too important to allow broadband providers to be the ones making the rules," said FCC Chairman Tom Wheeler.

Republican lawmakers and cable and telecommunications companies immediately condemned the move as an overreach of government intervention, and many lawsuits are expected to follow.

### Net Neutrality "Light" in Europe?

European policymakers – at least the EU Council representing the Member States – seem to prefer a 'lighter', more telecoms-friendly version of net neutrality rules than those recently adopted in the United States.

On 4 March the Council Presidency was given a mandate to start negotiations with the European Parliament on part of the Telecoms Package, including the rules to safeguard open internet access.

According to this [mandate](#), the draft regulation is to enshrine the principle of end-users' right to access and distribute content of their choice on the Internet. It also sets out to ensure that companies that provide internet access treat traffic in a non-discriminatory manner.

It sets common rules on traffic management. Blocking or slowing down specific content or applications will be prohibited, with a limited number of exceptions and only for as long as it is necessary.

Agreements on services requiring a specific level of quality will be allowed, but operators will have to ensure the quality of internet access services.

This may sound pretty good, but the European Parliament – which adopted [its position on the whole Telecoms Package](#) already a year ago – does not seem overly impressed. It immediately responded that MEPs want “clear rules to prevent internet access providers from promoting some services at the expense of others” and pointed out that they had introduced a definition of “net neutrality”, saying that “in the open internet all traffic is treated equally, without discrimination.”

Reporting on the Council's position the *Financial Times* [concluded](#): “European internet providers would be allowed to profit from “two-speed” data services under proposals being considered in Brussels, opening a transatlantic divide on telecoms regulation after the US banned similar tactics last week”.

The newspaper also expects that the European clauses to allow traffic management “will be broadly welcomed by network operators but will provoke anger among campaigners for a fully open internet, and are likely to face opposition from more liberal members of the European Parliament”.

Indeed, the European Digital Rights alliance – of which 33 privacy and civil rights organisations are members – was [hardly enthusiastic](#) about the Council's position. “It claims to aim to defend the open internet, but would, in fact, permit every imaginable breach of net neutrality...Giving preferential treatment to certain online services through special “quality of service” agreements or other preferential treatment would destroy the essence of the internet”.

## **EU Parliament: Renew Mandate of Internet Governance Forum!**

In recent year some dissatisfaction has been voiced regarding the international multi-stakeholder Internet Governance Forum (IGF), especially with regard to its lack of “tangible outcomes”. The UN General Assembly was expected to renew IGF's mandate already some time ago, but so far UN member states have failed to do so. This seems to worry supporters of the Forum, among them many MEPs.

In February the European Parliament [adopted a resolution](#) calling on the UN General Assembly to renew the mandate of the Internet Governance Forum and to strengthen its resources. For although the IGF does not adopt formal conclusions, the Parliament considers that it “offers a positive and concrete context for the shaping of the internet's future on the basis of a multi-stakeholder approach”.

The Parliament is “firmly committed to the multistakeholder model of internet governance” and calls upon the Member States, the Commission and all relevant stakeholders to further strengthen the sustainability of this model.

It is also important to complete the globalisation of the internet's core functions and

organisations. The Parliament welcomes the commitment made by the US Government in March 2014 for the transfer of stewardship over the IANA functions and stresses the importance of "full accountability and transparency" of ICANN.

The Parliament calls on the EU institutions concerned to propose the EU itself as a first international partner with ICANN as regards IANA functions, "including a role on equal grounds with the US". This would be "an important step in ensuring the complete neutrality of ICANN", underlines the European Parliament.

The IGF's future will be on the agenda for UN General Assembly next autumn.

## Privacy/Data Protection

### TTIP Trade Deal to Undermine EU Data Protection Rules?

Against a backdrop of increasing geopolitical uncertainty, the US and EU are attempting to agree on a comprehensive trade deal (TTIP) before the end of the year. Now the Parliament's Civil Liberties Committee is worried about its implications for EU privacy rules and the ongoing data protection reform.

The European Parliament is preparing a report on the trade agreement (vote in Plenary expected in May). In its Opinion for this report the Committee says that the EU Commission should incorporate in the TTIP an unambiguous horizontal provision that "fully exempts the existing and future EU legal framework on the protection of personal data from the agreement".

The negotiators should also keep in mind that Parliament's consent to the final TTIP agreement could be endangered as long as the blanket mass surveillance activities are not completely abandoned and an adequate solution is found for the data privacy rights of EU citizens, says the Committee.

The TTIP negotiations may possibly cover international data flows. This, too, worries the Committee. The EU Commission should negotiate "only on provisions which touch upon the flow of personal data provided that the full application of EU data protection rules is guaranteed and respected", MEPs stress.

The US seems eager to include the issue of free flow of data in the TTIP. This could be considered, [EU officials said in March](#), but only after an agreement is reached on the EU's data protection regulation.

Various clauses within the proposed regulation would affect larger US companies offering so-called "over-the-top" data services, such as Google and Amazon, and, more significantly, the burgeoning cloud computing sector. US-based cloud computing service providers currently account for around 85% of global markets.

US industry is keen to see such data flows brought within the TTIP discussion, in order to maintain its business model. To secure an agreement on TTIP, US politicians will want to see that it has the backing of some of the largest sectors, such as technology.

Up to this point, EU officials have said that they want data flows kept firmly off the table, but "in the end, data flows will have to come onto the table. The TTIP cannot be agreed before that happens," a senior negotiator close to the TTIP talks told the news service EurActiv.

## **Data Protection Reform: Tough Negotiations Ahead?**

Ensuring internet users' trust in data protection is essential for establishing a European Digital Single Market. A top priority of the EU Commission is therefore to conclude negotiations on the data protection reform before the end of 2015. Progress however has been slow.

The Commission presented its proposals more than three years ago and the European Parliament voted on its position already a year ago. But the Council, representing the EU Member States, has been dragging its feet.

In March the Council reached [a partial general approach](#) on some issues of the draft regulation setting out a general EU framework for data protection, on the understanding that "nothing is agreed until everything is agreed."

The partial general approach includes the chapters and the recitals concerning the "one stop shop" mechanism as well as the chapter and the recitals relating to the principles for protecting the personal data.

Judging by the reaction of MEP Jan Phillip Albrecht - the main rapporteur on the data protection reform in the European Parliament – negotiations with the Parliament may not be easy.

Albrecht said he was "disappointed", mentioning for example the Council's position on the conditions under which companies and government authorities would be allowed to use consumers' personal data for additional purposes.

"If a prompt agreement between the Council and the Parliament is not going to be completely impossible, ministers must now deliver a high standard of individual rights for the consumers and of sanctions in case of data protection breaches", [stressed](#) Albrecht.

[MEPs want strong personal data protection](#) and have in some instances even tightened the [rules proposed by the European Commission](#). Tripartite negotiations between the EU institutions could start in June, if the Council is able to reach its common position on the data protection reform when the Ministers of Justice meet again on 15-16 June.

How keen Member States are to conclude talks on the TTIP trade deal between the EU and the United States may affect the progress of the data protection reform (see above).

## **Digital Single Market**

### **Commission Outlines Main Areas of DSM Strategy**

In May the European Commission is to present a comprehensive strategy for the [Digital Single Market](#) (DSM), one of the new Commission's top priorities. At a meeting at the end of March the Commissioners held a first discussion on the package and [set out the main areas](#) on which it will focus.

The Commission wants to tackle so-called geo-blocking; too many Europeans cannot use online services that are available in other EU countries, it says.

It is also important to modernise copyright law "to ensure the right balance between the interests of creators and those of users or consumers". This will improve people's access to

culture...while opening new opportunities for artists and content creators, believes the Commission.

All digital services, applications and content depend on high-speed internet and secure networks. To encourage investment in infrastructure, the Commission will review the current telecoms and media rules to make them fit for new challenges.

It also wants to improve coordination among Member States with regard to spectrum policy. "A European approach to its management is needed to promote a genuine single market with pan-European services".

Today, 72% of internet users in Europe are concerned about using online services because they worry that they have to reveal too much personal data online. The swift adoption of the Data Protection Regulation is key to boosting trust, says the Commission.

The EU Commission wants industry and society to make the most of out of the data economy. Big data is a goldmine, it says, "but it also raises important challenges, from ownership to data protection to standards. These need to be addressed to unlock its potential." The same goes for cloud computing.

Europeans should also be able to develop their digital skills to seize the opportunities of the internet and boost their chances of getting a job.

## **DSM Package: Comments and Ideas Coming In**

In the run-up to the publication in May of the Digital Single Market Package the EU Commission is receiving input from various sources.

At a Digital for Europe Stakeholder Forum in February a number of consumer-related issues were brought up. A key issue is to create confidence and trust in online services. Consumers need to know that there are solutions if they get problems, and the solutions must be simple. They also need to know their rights. There should more communication about consumer rights in simple, comprehensible language, some participants underlined.

The importance of digital literacy was also stressed. People need to learn how to protect themselves on the Internet, to know what data is taken from them, for what purposes and how to erase it. Consumers also need to learn some coding and maths. Here schools have an important role, but consumer organisations and others should get involved in educational efforts too.

(Google, for one, seems eager to contribute. Recently the company announced in Brussels that it will train 1 million Europeans in crucial digital skills by 2016. Now Google may have good reasons to make such a generous offer.; it is under scrutiny in the EU for a range of issues regarding anti-competitive behaviour.)

In March the EU Council expressed its thoughts on digital market issues in [Conclusions on Single Market Policy](#).

The Council encourages the Commission to use the Digital Single Market Package to address important issues such as restrictions on the access to products and digital content across borders; online consumer protection; copyright rules which "contribute to growth in the creative industries while respecting the interests of rightholders and consumers"; and robust protection of personal data "that is also business-friendly and promotes innovation".

Join the debate – the European Commission invites comments and ideas on digital market issues on its [Digital4EU](#) website.

## **Much Debate on EU Copyright Reform**

An important part of the EU Commission's forthcoming Digital Single Market strategy will be the modernisation of EU copyright rules. In the autumn the Commissioner for the Digital Economy and Society Günther H. Oettinger will present a proposal. This has stirred up much debate in Brussels, especially after the publication of a controversial draft report in the European Parliament on these issues.

The Legal Affairs Committee is preparing an own-initiative Parliament report evaluating the current EU copyright directive dating from 2001. In January the rapporteur, German Pirate Party MEP Julia Reda, presented her draft, which lays out an ambitious reform agenda for the overhaul of EU copyright.

The report calls for the harmonization of copyright terms and exceptions across Europe, new exceptions for emerging use cases like audio-visual quotation, e-lending and text and data mining, as well as the adoption of an open norm to “allow for the adaptation to unanticipated new forms of cultural expression”. It recommends “exempting works produced by the public sector [...] from copyright protection” and demands that “exercise of exceptions or limitations [...] should not be hindered by technological measures”.

The report also recommends “improv[ing] the negotiating position of authors and performers in relation to other rightholders and intermediaries”.

Julia Reda's draft report created much discussion in Brussels and by March over 500 amendments had been presented by other MEPs. At the moment the Legal Affairs Committee is expected to vote on the report in early May and the full Plenary in early June.

Many are critical of Reda's proposals, not least French MEPs, including the Legal Committee's copyright working group coordinator Jean-Marie Cavada, who said Reda puts too much emphasis on exceptions and the end-users' access to culture and forgets about the need to protect creators.

Indeed, representatives of the cultural industries – especially in France – have been very critical of Reda's draft, not least her – and the EU Commission's – wish to limit “geo-blocking”, which occurs when rights holders such as television broadcasters prevent users from accessing material when they are based in another country. According to the Commission, 1 in 3 Europeans is interested in watching or listening to content from their home country when abroad.

The Society of Audiovisual Authors (SAA) – representing copyright collecting societies managing the rights of more than 120,000 authors – is against this idea. It fiercely defends the freedom to contract on a territorial basis, on which the film industry's business model rests.

Private copying, too, is becoming a growing irritant in the copyright reform. The private copying levy, invented in France in the 1980ies and now commonplace in Europe, has long been a subject of friction between rights holders and distributors.

Recently DigitalEurope – an industry group representing tech giants such as Apple, Dell and Google – called on Brussels to “completely abolish” this system.

Germany and France – which in recent years have increased these levies – seem adamant to keep them. In a recent [joint statement on copyright](#) the two governments laud their "intelligent model" of private copying remuneration and say they intend to develop it further in a digital context. They also stress that the role of collective management societies remains "as crucial as ever" in the digital age.

Among the stakeholders, publishers, authors and collective management organisations often express strong support for the current copyright system whereas end users and institutional users (such as libraries) are strongly in favour of copyright reform.

## Media/Creative Industries

### EU Set To Counter-Attack Russian Propaganda

At the EU Summit on 19-20 March European leaders stressed "the need to challenge Russia's ongoing campaign of public disinformation about the conflict in Ukraine" and urged the High Representative for Foreign Affairs Federica Mogherini to prepare an action plan on "strategic communication" for the next European Council on 25-26 June.

[Officials told Reuters](#) that a dozen public relations and communications experts is expected to start work by the end of March in Brussels. The group's immediate task is the "correction and fact-checking of misinformation" and to "develop an EU narrative through key messages, articles, op-eds, factsheets, infographics, including material in Russian language", according to a description circulating among EU officials.

EU leaders, especially in the Baltic states, have been alarmed at how Moscow has used its media to gain support for its views and policies. Not least in Latvia, which at present holds the EU Presidency.

In January Viktors Marakrovs, adviser to the Latvian foreign affairs minister Edgars Rinkēvičs, [said](#) that he regretted that the majority of Russian channels broadcasting to Latvia were registered in the UK and in Sweden, and questioned whether it was normal that a third country channel would target one EU country's market and could be registered and regulated in another.

Ironically, Sweden itself has long complained that certain private TV channels –directed almost exclusively to Swedish viewers but broadcast under UK licences – show alcohol advertising, which is not allowed under Swedish law.

In December 2014, after attempting to stop this practice via the British regulator, the Swedish Broadcasting Authority and the Swedish Consumer Agency formally [notified the European Commission and the UK](#) – in accordance to Article 4 of the EU Audiovisual Media Services Directive – of their intention to take measures against broadcasts from the UK which breach the Swedish rules.

### Creative Industries Essential to the European Economy

EY (formerly Ernst & Young) - one of the four largest international audit firms - has published a [study](#) showing that cultural and creative industries (CCIs) are among the EU's biggest employers, have experienced sustained growth even through recession and contribute significantly to youth employment.

The CCI sector is Europe's third-largest employer, after construction and food and beverage service activities (such as bars and restaurants). It provides work for nearly 2.5 times more people than automotive manufacturers and 5 times more than the chemical industry.

Many young people work in this sector. In 2013, the creative and cultural sectors employed, on average, more 15-29-year-olds than any other sector. In Eastern and Central Europe, the trend is even more pronounced.

The resilience of the creative economy was evident during the economic crisis: job creation in CCIs grew on average by 3.5% a year from 2000 to 2007, and continued to grow at 0.7% annually between 2008 and 2012, even as the number of jobs in the rest of the economy fell.

The study is welcomed by the European Commission. "In 2015, the Europe 2020 strategy for growth and jobs will be reviewed. The newly updated contribution of the cultural and creative sectors at the EU level is important and timely. So is the demonstration that the creative economy has shown resilience during the economic crisis and that it is a dynamic and fast-growing sector which contributes significantly to youth employment", says Xavier Prats Monné, the Commission's Director-General of DG Education and Culture.

## **Aid for Digitalisation of Cinemas Approved**

Closing a formal investigation begun in 2008, Brussels has now [approved](#) the law that introduced the tax credit in Italy to promote cinema exhibition in the transition to digital.

Luigi Cuciniello, president of the national association of cinema operators, underlined the political importance of this decision. "It's the first time," he explained, "that the European Commission is dealing with cinema from the operators' point of view."

"The adoption of this law will bring real and immediate benefits, including tax incentives, simpler proceedings, for the whole industry, with particular attention paid to one or two screen cinema theatres", said Cuciniello.

## **Audiovisual production: Fiscal Incentive Schemes Beneficial**

The use of fiscal incentives – i.e. tax shelters, rebates, or tax credits – to stimulate greater levels of production in the film and audiovisual industries has become a popular policy tool in Europe and worldwide in recent years. Judging by a [report from the European Audiovisual Observatory](#) such incentives seem to be a good idea.

The report finds that an immediate impact of the introduction of a fiscal incentive in most countries is an increase in production levels to a point where full (or almost full) capacity utilisation is reached. The data examined also suggests that there has been strong jobs growth in response to the introduction of an incentive.

Furthermore, there is evidence that establishing an incentive, and the consequent increase in capacity utilisation, has the effect of attracting a mobile workforce from adjacent countries. This improves their experiences of production in different countries and generally contributes to the development of greater skills.

Moreover, contrary to expectations, it seems that fiscal incentives fit well alongside other support initiatives and in most countries do not have the effect of reducing or inhibiting other funding sources.

## More EU support for Animation?

The European Audiovisual Observatory is planning a major study that will result in two publications on the animation industry in Europe later this year. The study was initiated and is financed by the EU Commission in order to map out the landscape of this industry in Europe.

The aim is to refine EU support policy towards the animation sector in Europe by providing much-needed data on the industry structure, operations and performance.

“Europe's animation industry is a source of creativity and offers an untapped potential to develop innovative content and business models”, explains Lucia Recalde Head of the MEDIA unit in the Commission's Directorate General for Education and Culture. The results of the study will be presented at a public conference organised at the end of 2015.

## European Film Institutes Set Up Shop in Brussels

A sign of audiovisual policy issues heating up in the EU is the recent establishment of the [European Film Agency Directors Association \(EFADs\)](#) in Brussels. The Association, active since 2001, brings together directors of the European film institutes and other government associated bodies in the EU member states plus Iceland, Norway and Switzerland.

Through this step, the EFADs intend to have “an active approach at European level”, explains the association.

Among the policy developments it may want to have a say on is the reform of EU copyright rules which has picked up speed in recent months, the Commission's new strategy on European film in the digital era, on which the EU Parliament is currently preparing a report, and the on-going REFIT exercise to test the “regulatory fitness” of the Audiovisual Media Services Directive, which may result in new provisions to ensure that the regulatory framework remains up-to-date.

## EU Court Confirms: Lower VAT Rates on e-Books Not Allowed

Two years ago the European Commission decided that the reduced VAT rates on e-books imposed by France and Luxemburg were illegal under the EU VAT Directive. The member states contested the decision but now in March the EU Court of Justice [upheld the Commission's decision](#).

A reduced rate of VAT for books on physical support, such as paper books, is allowed according to the VAT directive but it excludes any possibility of a reduced VAT rate being applied to ‘electronically supplied services’. The supply of electronic books constitutes such a service, said the Court of Justice.

The Court's judgement met with protest from the Culture Ministers of France, Germany, Poland and Italy who [wrote to the European Commission](#), demanding a review of the VAT regulations, so that they can align the tax levels for books published in all forms.

The European Commission has answered that it intends to address the subject as part of the broader VAT reform that is currently being prepared. Such tax reforms are often highly controversial as well as difficult to implement, as tax issues require unanimity among the 28

EU member countries.

So for now, the judgement of the Court of Justice must be adhered to.

### *European Media Policy*

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The Newsletter provides an up-date on policy developments at the European level. We concentrate on news from the European Union – current issues and trends in media policy, new proposals for legislation, debates in the European Parliament, recently taken or impending policy decisions and reactions among those concerned, new support programmes, EU studies in the field etc. There will also be some coverage of policy developments in the Council of Europe and at the international level. The newsletter is published three times a year.