



**SUBMISSION TO THE RADIO SPECTRUM POLICY GROUP
REGARDING THE DEVELOPMENT OF AN RSPG OPINION ON THE
SPECTRUM IMPLICATIONS OF SWITCHOVER TO DIGITAL
BROADCASTING**

The Association of European Radios (AER) is a Europe-wide trade-body of private and commercial radio broadcasters in France, Germany, Italy, the UK, Greece, Spain, Portugal, the Netherlands, Denmark, Finland, Sweden, Switzerland and Romania. As such, AER represents the interests of over 4.500 radio operators broadcasting to millions of listeners across Europe every day.

Digital radio services are being launched in the European Union by using the DAB – Digital Audio Broadcasting Eureka 147 – technology. DAB provides CD-like quality, interference-free sound, current, additional radio services and data and text facilities as well as more spectrum capacities for the development of new services and business models.

Nevertheless, many obstacles slowing down digital radio development remain, most of which are appropriately outlined in the Communication on digital switch-over published by the European Commission in September 2003.

The most crucial concern however for radio broadcasters concerns access to spectrum for digital radio broadcasting.

AER therefore welcomes the opportunity offered by the RSGP to express its views on the spectrum implications for radio of the switchover to digital broadcasting.

Before, we provide answers to the five questions asked, we wish to make the following main points.

- **Availability of spectrum for digital radio broadcasting**
One of the most crucial issues confronting radio broadcasters in the move to digital broadcasting is the availability of spectrum in a highly competitive environment where spectrum could become a commodity like any other. While it shares some similarities, radio is different from television and telecommunications. The vast majority of private and commercial radio stations in Europe are small, with a local or regional reach. They are an expression of cultural diversity and are close to the heart (and ears) of the huge majority of citizens who rely on them for news, weather, traffic information and entertainment. AER therefore strongly supports the position that the European Union and Member States should support aspects of licensing and regulatory policy which would contribute to the success of digital radio. This includes ensuring that there is sufficient spectrum available for digital radio broadcasting.
- **No switch-over date for radio**
The Telecom Council Conclusions of November 2003 state that “the Council recognises the importance of radio for European citizens and that radio may pursue its own digital migration, with different timing from television”. AER agrees with this statement. Indeed, European States are at different stages of digital radio development with some countries at the fore-front (like the UK) and others still lagging behind (like France). Digital switch-over therefore should only occur when the right conditions are met (e.g. regulatory framework clarifying conditions for migration to digital, receivers available at affordable prices, good geographical coverage, availability of most analogue services via digital transmission, etc.). AER therefore argues against the setting of a switch-over date for radio broadcasting but insists that radio broadcasters should be guaranteed fair access to spectrum for digital broadcasting when the right conditions are met.
- **Balance between public and private radio broadcasters**
There is justified concern within AER that in the move to digital broadcasting, public service broadcasters might use their incumbent position to favourably influence spectrum allocation to suit their needs. In our view, it is therefore particularly important that through co-ordination, the European Union helps ensure that public and private/commercial broadcasters are handled in the same way and without causing distortions in terms of competition in the move to allocate digital radio licenses.
- **Balance between radio and other spectrum users**
There is similar concern within AER that in the move toward digitization in broadcasting and in a highly competitive environment, spectrum could become a commodity like any other. It is therefore crucial that through a balanced policy, the European Union helps ensure that the concerns and needs of radio broadcasters – being different from those of television or telecommunications - are handled appropriately and in a balanced way.

1. How can coordination between Member States on spectrum management – at bilateral and EU level – contribute to a quick and efficient switch-over ?

Spectrum allocation should remain under the responsibility of the Member States following the subsidiarity principle. However, the European Commission has an essential role to play in co-coordinating the positions of the EU Member States in order to ensure an appropriate defence of European interests at international level. This also includes the protection of European technologies from foreign competitors and the defence of public interest objectives which are important to European citizens.

Strengthening the position of the industry

A coordinated position on spectrum needs of radio broadcasters enshrined in favourable regulatory frameworks will help set the stage for a harmonized and simultaneous switch-over process in most Member States. Such an approach will help strengthen the position of the industry in several ways: the broadcasters will get some reassurance with regard to their investment and will start broadcasting digitally and launching new services; the manufacturers will become increasingly aware that the market for digital radio is a European market and will start producing digital receivers for mass-consumption; and the listeners will become aware that there is a secure standard for digital radio broadcasting and will start replacing their analogue radios by digital ones.

This confidence is necessary for an effective switch-over. One weak element in this chain could block the whole process.

Keeping spectrum available for digital radio broadcasting

European coordination of Member States' spectrum policies is essential to ensure that policy-makers and regulators are aware of the value of keeping spectrum available for radio broadcasters and help ensure equal rights of access to spectrum for private and public broadcasters. Indeed, migration to digital broadcasting cannot be sustained by one sector player alone. Neither can it be only market driven.

As a general rule, in technical terms, switch-over to digital broadcasting for radio in Europe means a migration or partial re-farming from VHF band II (FM) to VHF band III - which will be shared with digital television. Recent events in Italy, where a switch-over date was set for television (2006) but not for radio, show that the small spectrum made available for Digital Radio has *de facto* been used for Digital Television thus hampering even more the already difficult implementation of Digital Radio in that country.

This shows that national Regulators and Public Authorities must ensure that the proper conditions are set for the transition to digital broadcasting but also that coordination by the European Commission of the position of EU Member States is an important condition for switch-over for radio to become a success.

2. What would be the added value from EU co-ordination ahead of the Regional Radio Conference starting in 2004 and other international negotiations ?

Shortages of frequencies for digital radio are one of the main obstacles for the digitisation of this medium. An EU-coordinated policy taking radio concerns into account is therefore crucial when evaluating the transition from analogue to digital radio.

As already mentioned, finding European solutions to frequency shortages should be a matter of European policy in order to avoid radio in its analogue form from becoming an obsolete medium in a convergent world and to ensure that radio adopting the digital technology continues playing its role in the European landscape. Likewise, it is in the Commission's remit to safeguard the European single market and to ensure that the technical decisions taken in the CEPT are properly implemented in the Member States without causing distortions in terms of competition between telecoms and broadcasting as well as between radio and television. Also, a further added-value in terms of EU coordination would be to help strengthen the EU position in the framework of the Regional Radio Conference negotiations starting in 2004.

3. Are greater transparency and technological neutrality of spectrum assignment – notably through valuation and market tools – instrumental to switch-over ?

The main instrument for a good switchover is to guarantee the availability of enough spectrum for digital radio broadcasting. Whereas greater transparency in allocating spectrum in terms of fair and balanced allocation mechanisms is essential, AER does not believe “technological neutrality” to be conducive to a fair allocation of spectrum to radio broadcasters.

Same bands – different uses

Technological neutrality can be easily supported as a general principle in accessing spectrum for radio-communications but cannot be an obvious choice when sharing the same bands with other spectrum users such as television or telecommunications.

Many examples of mutual interference can be reported generated along the borders by the coexistence of different radio-communication services (e.g. broadcasting and fixed, broadcasting and aeronautical). In spectrum management, effective and optimized use of the radio resources clash when different systems with different performances and planning parameters have to share the same bands.

Difference between radio and other spectrum users

Radio broadcasting cannot compete at market level with telecommunication operators for spectrum, because of the different kind of services it provides. Telecom operators charge for any connection set-up. For commercial broadcasters, revenues are generated by a mixture of advertised products and editorial content which itself is based on the evaluation of the audience in a complex process. “Non-profit” telecom operators do not exist whereas private non-profit radio stations (not to be confused with public service broadcasters) are important elements of the European cultural and audiovisual landscape.

Technology adapted to use

New technological developments are designed for specific environments and uses. For example, Europe, with an undisputable leading role, has developed digital broadcasting techniques for terrestrial and satellite television as well as for international, national, and local digital radio broadcasting. These standards are particularly well suited to radio broadcasting which is characterised by an essential “content” dimension and a “one-to-many” as opposed to “one-to-one” capacity. This differentiates broadcasting from telecommunications. Because of the great importance of content, service-based criteria should be favoured when awarding radio spectrum in opposition to a purely economic valuation of spectrum such as auctions. Frequencies should not become goods open to trade without some assurance regarding content. And finally, there should be no difference in awarding spectrum for analogue broadcasting as for digital broadcasting. This justifies allocating spectrum for a specific use and even more so in the framework of switch-over.

4. What will be the “spectrum dividend” from switch-off, and how should this be allocated to specific services?

Digital broadcasting and Digital Radio allows a more efficient use of spectrum and therefore more services on air. Digital broadcasting technologies are also a means to bypass the blocked and congested scenario of the analogue systems in highly populated areas also allowing the offer of targeted services such as emergency services for example or travel, traffic and weather information. This alone is already an important dividend.

However, when it comes to allocation, radio-communication spectrum will continue to be a finite resource where effectiveness, efficiency and transparency should be mandatory criteria. An efficient use of spectrum could be achieved through the proper use and sharing of multiplexes with a view to preserving pluralism and the variety of services offered to the audience. However, increased competition for these frequencies from other spectrum users and/or from the incumbents might in some instances limit the access to spectrum for private and commercial radio broadcasters.

Therefore, AER would – once again – like to point out that guaranteeing sufficient availability of spectrum for digital radio broadcasting is a key issue in ensuring the successful migration to digital radio broadcasters.

5. Does convergence require more flexible allocation mechanisms than traditional ones, which tightly link frequency bands and individual communication services according to ex ante decisions ?

Convergence

When dealing with the notion of convergence, there is a frequent misinterpretation that other telecommunication or broadcasting systems can easily do what radio normally does. It can however quite easily be demonstrated that due to the mechanism of “one-to-many” which is specific to broadcasting, no other system can do it better and in such a cost effective way as radio. Similar examples also exist in reference to television, where Digital Radio beats Digital Television in terms of low implementation costs, low receivers costs, easy to use approach, roughness in portable and mobile receiving conditions.

Presently, television and radio broadcasting benefit of similar spectrum allocation and assignment mechanisms. A balanced approach must therefore be achieved in order to ensure that the different systems provided by telecommunications and broadcasters – including radio broadcasters - will be able to fully provide the benefits and services which characterise each of those operators.

Flexible allocation mechanisms

In the recent past, two examples of flexible allocation mechanisms have shown their limits: the introduction via auctions of 3G on the one hand, and the free access for Wi-Fi on the other. None of those systems are adapted to radio broadcasting for the reasons mentioned under point 3.

Secondary trading is proposed as a possible alternative but for the same reasons as above, it does not seem to be adapted to the needs and realities of radio broadcasting.

In conclusion, broadcasting is different from telecommunications and other types of spectrum use. Radio is different from television. Although some flexibility and in particular fairness and transparency in spectrum allocation mechanisms are necessary, frequencies should not become goods open to trade without some assurance regarding content. Service continuity as well as fair and balanced access to spectrum for private and commercial radio must be guaranteed. Otherwise confidence for broadcasters, manufacturers, advertisers and listeners might be too weak for an efficient switchover.

NOTES:

1. Brussels-based AER (the Association of European Radios) represents the interests of 14 national private and commercial radio associations in 11 EU Member States, Switzerland and Romania. The combined membership is of over 4,500 private/commercial radio stations broadcasting to millions of daily listeners across Europe. The AER web site provides further information on membership www.aereurope.org

AER is a member of the World DAB Forum.

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