

MEDIASET CONTRIBUTION TO THE CONSULTATION ON THE DRAFT RSPG OPINION ON THE RADIO SPECTRUM POLICY PROGRAMME

APRIL 2010

Mediaset S.p.A. welcomes the opportunity to contribute to the RSPG draft opinion in preparation for the Radio Spectrum Policy Programme.

Before addressing two specific points inserted in the Opinion, Mediaset wishes to highlight some key concerns that were submitted to the European Commission in response to its RSPP Consultation¹. Some spectrum policy issues, in particular the Digital Dividend, should be addressed in further detail:

1. Unlike other platforms, DTT is the only technology able to guarantee near universal television coverage in the medium term. The business model adopted by other platforms, such as satellite and IPTV, is unlikely to deliver quality free-to-air content on a large scale, especially in Italy.
2. Following the merger between Stream and Tele+ in 2003, the satellite operator Sky Italia maintained a position of quasi-monopoly in the provision of Pay-TV services in the Italian market. DTT broadcasters are now starting to market pro-competitive Pay-TV offers that, whilst not in competition with the satellite closed CAS platform, are meant to provide an affordable alternative at entry level prices. DTT is an open platform which allows access to a variety of competing broadcasters.
3. The sustainability of all these DTT business models is subject to the availability of a sufficient spectrum bandwidth that allows the provision of a varied and competitive portfolio of TV content and services. HDTV is likely to become a standard for the industry and the demand for HDTV services will thus require a considerable amount of spectrum.
4. DTT broadcasters made the Digital Dividend possible. In Italy the DTT network roll-out involved an investment that is estimated to reach €2 billion by 2012. Shouldn't the broadcaster be allowed to rip the benefits of their own investments, this may result ultimately in lower incentives to invest in the future.
5. Prediction of large benefit stemming from the allocation of UHF spectrum to mobile communication appears to be based on over-optimistic forecasts for growth in demand for mobile broadband services. The most efficient spectrum allocation largely depends on the expected demand from potential uses. Demand

¹ http://ec.europa.eu/information_society/policy/ecomm/radio_spectrum/rspp/rspp_pc_rep/index_en.htm



for mobile broadband service is uncertain; a more cautious approach should be taken in releasing spectrum capacity to alternative uses.

6. Mediaset recognizes that new broadband services might generate high economic and social value in the future. However, the demand for these expected high-value services is neither coming of age nor certain. In contrast, the benefits of widely available and high quality TV contents are easily accountable since the demand for digital TV is increasingly sizeable across Europe. It would be unwise to give up current and certain benefits only on the basis of expected future values, largely uncertain.
7. The most efficient solution should not be identified as a matter of principle in one or the other technology; it should be rather defined on a case by case basis. A full broadband coverage can be achieved locally through a mix of technologies, which do not require the use of frequencies currently employed for broadcasting transmission. Satellite broadband may prove very effective to solve the digital divide problem.
8. Once acquired the spectrum, mobile operators would be, as it is often assumed, supposed to deliver broadband wireless services in rural areas. We have some concerns about the business viability to serve scarcely populated areas.

As anticipated, Mediaset would like to comment on two specific paragraphs of the RSPG draft opinion:

Paragraph 12 and footnote 4

In paragraph 12, the RSPG invites the European Parliament and the Council to consider that coordinated availability of the 800MHz band for ECS other than broadcasting should be achieved in all the EU Member States by 2015.

In footnote 4, it is recognized that in some exceptional cases this date could be postponed, in particular for Member States having frequency coordination issues with non EU countries and for Member States where exceptional local circumstances would prevent the availability of the band.

Despite the fact that Italy could be easily included in the second category of Member States, being the 800 MHz currently allocated to roughly 650 local broadcasters, a media service which is key for the delivery of local content and an effective instrument of social inclusion, media pluralism and cultural diversity, Mediaset can not abstain from expressing, once again, some deep concerns about the inconsistencies characterizing most of the EU policy on the Digital Dividend:

- With this approach the **power of allocating** frequencies is shifting from the Member States to the EU, well beyond the limits set by the Treaty and the EU regulatory framework. Mediaset still believes that any decision concerning the allocation of spectrum, especially when this is used to pursue general interest

- objectives, as in the case of the delivery audiovisual media services²³, should be kept at national level in order to avoid potential disruptive effect on the future development of a flourished media market.
- Secondly, we find clear contradictions in the European Commission's policies concerning technology and service neutrality. Indeed, the EC Communication **"Reaping the full benefits of the digital dividend in Europe: A common approach to the use of the spectrum released by the digital switchover"**⁴ considers Digital Dividend a strategic resource meant to be beneficial to a wide range of services, including multimedia and broadcasting services. In the current debate, such a neutral and pro-competitive approach seems to be questioned and the Digital Dividend is now interpreted at the exclusive advantage of a single and privileged delivery platform.
 - One of the arguments mentioned to support the coordinated delivery of the 800 MHz band is the need to create an economy of scale in the production of equipments. However, as we mention more in detail in the RSPP consultation document (point. 32 and 33), the problems related to these issues seem to be overestimated and the benefits of EU harmonization do not seem grounded on technical and economic evidence.

Paragraph 13

Consequently to the views expressed in relation to paragraph 12 on the legal, social and cultural limits related to the EU coordinated reallocation of the 800 MHz band, and on the basis of the demand-side considerations developed in the response to the European Commission consultation, Mediaset believes that there is no ground for any EU coordinated release of additional "new" spectrum, at least as far as the UHF band is concerned.

Mediaset S.p.A., April 2010

² [Directive 2009/140/EC](#), Recital 25.

³ [Directive 2007/65/EC](#), Recital 14.

⁴ [COM\(2007\) 700, 13.11.2007](#)