CMPF’s contribution to the Call for Evidence on the European Media Freedom Act (EMFA)

Centre for Media Pluralism and Media Freedom

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Table of Content

Section I  01
Safeguarding the EU internal media market, media independence and pluralism

Section II  03
Transparent and independent media markets

Section II  04
Conditions for healthy media markets

Section IV  07
Fair allocation of state resources in the media markets

Section V  09
Governance options
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The CMPF welcomes the high symbolic and normative value of a European Media Freedom Act. It is many years, probably decades, that the EU expects an intervention of this type. Therefore, such contribution is needed for suggesting Europe-wide the core issues for media freedom in the EU.

Section I – Safeguarding the EU internal media market, media independence and pluralism

EMFA could establish once again, and on stronger legal bases, that media freedom, media pluralism and diversity, are fundamental pillars for democracy and the rule of law in Europe. This should be done building upon and recalling the CJEU and ECtHR’s consolidated standards, and complementing what is already stated by the AVMSD and the EU Charter of Fundamental Rights.

In parallel to this, EMFA cannot miss the opportunity for:

a) Going beyond the audiovisual media services scope and using the opportunity to craft a general European definition of media for the digital era: important components of the definition could adapt the concepts of “editorial responsibility” and “editorial independence” to the digital environment. Also, the news producers or disseminators should be required to adhere to clearly identified professional standards.

Moreover, any attempt to define media in the contemporary information environment should address all the holders of public opinion forming power.

The EU definition of media should particularly be careful of including online media and actors, considering the benefits and risks carried by the flow of information online. More specifically, it should take under consideration online media (print, broadcasting, non-linear audiovisual, online newspapers, websites, news portals); “other media actors” (other actors who contribute to the information activity, e.g. bloggers, well know social media users); and intermediary services who disseminate the news (e.g. social media platforms, search engines, hosting services).

However, the definition of media should explicitly exclude fabrics of disinformation that distribute anonymously, through bots and other machine instruments, propaganda materials and other contents of unclear origin without allowing the possibility to identify the original source of the news.

Thus, the EU definition of media should comprise a plurality of legitimate actors: differentiating them would be useful for legislators to be able to target and graduate proportionally the rights and duties of the subjects at stake. Therefore, the criteria identified for defining the “media” should not all necessarily carry an equal weight.

¹ Submitted on 25 March 2022

In line with the future final provisions of the DSA, EMFA may consider including rules to ensure that the integrity of content provided by the media with editorial responsibility and independence is given prominence, and the moderation by VLOPs of this content is subject to particular safeguards. In all these regards, the activity of the Committee of Ministers of the Council of Europe, of the CJEU and the ECtHR might be inspirational.

b) **Elaborating a comprehensive definition of “media pluralism”**. A EU shared definition of media pluralism should be holistic and comprehensive of the dimensions of external and internal pluralism. A clear definition and procedure to assess media pluralism would strongly benefit the phase of assessment of mergers in the media sector by the competent authorities (see below, for running a “media pluralism test”). In addition, in order to identify a clearer procedure for evaluating the level of internal pluralism and of exposure diversity, a clearer definition of what is meant with “general interest content” (as stated in the AVMSD) should be proposed at the EU level. Such definition should comprehend not only audiovisual content but news and cultural content conveyed through other channels.

c) **Introducing effective criteria and practices at the EU level for measuring and assessing market trends, and market and audiences’ concentration have to be established.** This necessarily entails strengthening the collection (and availability) of relevant data by the public authorities and by researchers, and to avoid relying on fragmented private databases for the measurement of the state of the media sector. In this regard, **cross-country databases and repositories should be established**, building on the experience of the European Audiovisual Observatory. The **harmonisation should especially target sub-regulated sectors (e.g. online media or advertising), harmonise the metrics employed and provide an enhanced coordination and exchange of information among the National Regulatory Authorities (NRAs) of the single Member States (MSs).**

d) **The EMFA is furthermore an occasion for setting high transparency standards for both the state and the media organisations and journalists, to safeguard and guarantee the independence of the media from economic and political influences.** The state should make the criteria, procedures and budget planning around any form (direct or indirect) of subsidy or support to the media and journalists transparent and easily accessible, as well as information on allocation and implementation monitoring. The media and journalists who are beneficiaries of any form of state subsidy or support should clearly indicate the amounts or benefits received and, if applicable, clearly identify the reporting that benefited from such a support.

e) **Article 114 TFEU should be used as a legal basis, for contrasting excessive fragmentation of the legal measures applicable in the media field, that might ultimately endanger the single market.** Moreover, the measures adopted at the EU level for guaranteeing an open and healthy media environment (see section III of this document) would be conducive to a healthier European economy at large, and contribute to the creation of a viable single market in the EU. The enactment of autonomous domestic legislations regulating or supporting media should also be welcomed, to the extent it would help in enhancing the understanding and effectiveness of certain measures and that it would respect the fundamental rights recognised at the EU level, as well as not endanger the internal market.
In fact, in addition to economic considerations, the harmonised measures should also explicitly be directed at safeguarding media pluralism and diversity in the media ecosystem at large. Legal action that is based on the EU’s internal market competence, which affects the media, requires particular consideration that goes beyond economic risks, such as prices, lower output or reduced innovation. For the creation of a new set of rules with relevance for the media sector, a complex balancing assessment of the purpose of protection and the implication for fundamental rights is necessary. This recommendation is based on the consideration that the existing legal instruments based on the fulfilment of the internal market that affect the media do not systematically address the impacts on media pluralism and diversity from a fundamental rights perspective. **Section II - Transparent and independent media markets**

**Transparency** as a general principle plays an important role in several areas of EU law and policy. In the media sector, transparency is a transversal principle that cuts across different issues and policies. No matter which type of transparency we refer to in the media sector, it is always connected to the democratic role of the media. For instance, the availability and accessibility to accurate, comprehensive, and up-to-date information about the media sector is essential to avoid conflict of interest and media capture, to ensure that abuses of media power can be acknowledged and addressed, to prevent media concentration and to make citizens aware of the potential bias of the content they are exposed to.

MPM results as well as evidence from the Study on Media Plurality and Diversity Online, presently coordinated by CMPF, show that EU media markets lack transparency in several of their components. For instance, information on **media revenues, media audience** and **media ownership** is not adequately available, disclosed or accessible. Harmonising and ensuring the enforcement of transparency in the media market can contribute to media plurality in different ways.

a) **Data on revenues** facilitate the monitoring of media markets in terms of sustainability and media independence. As the study on Media Plurality and Diversity Online demonstrates, the lack of data on revenues creates difficulties with delineating the relevant market and, consequently, of evaluating the degree of external media pluralism, especially for online media.

b) Considering that **advertising revenues are an important component of the media sector revenues**, it is important to openly measure the relationship between audience dimension and advertising revenues. Traditionally, in the offline world, audience measurement could be perceived as a sort of determinant of advertising revenues. For instance, from the broadcasters’ perspective, there is a very well-functioning system that the industry has been relying upon for years, based on joint industry committees. This system of audience measurement has been agreed among industry actors and supports traditional media in understanding the reach of advertising or content.

c) However, in the online environment the traditional audience measurement methodologies do not work efficiently, since online actors, such as digital platforms, perform their own audience measurements and do not share these data in a non-aggregated form, with other industry actors, especially with those creating the original content. The growing sector of content intermediation tools, such as search engines, social media, ad stores, connected TV, voice assistants, etc, makes the situation more urgent, as it becomes increasingly more difficult to access data.

d) Therefore, there is the need to **reach an agreed standard for audience measurement that includes traditional and online media actors**. The European Commission has been thinking
about this issue from different perspectives, such as data sharing obligations between businesses in the EU through a kind of Data Act. Nevertheless, a solution coming from a piece of legislation elaborated specifically for the media sector presents the advantage of taking into account the needs of the sector. For the purposes of audience measurement in the media sector, this includes real-time, non-aggregated data, that allows to establish the value of inventory, sets the performance and improves tracking. The EMFA is thus an opportunity to set up standards on data gathering methods for audience measurement and to facilitate/create data sharing obligations between media actors, in particular creators and distributors of content.

e) Transparency in relation to media ownership data plays a twofold role. On one hand, it enables citizens to consciously choose the source of information they deem the more appropriate to freely exercise the ‘watchdog’ function, monitoring public and private institutions with regard to abuse of power and/or misconduct. It also helps to gain the public’s trust, reducing levels of scepticism among audiences caused by potential media concentration and conflicts of interests, reinforcing the respect for high-quality news media and editorial independence. On the other hand, transparency of media ownership contributes to the sustainability of media markets, insofar the disclosure of corporate information is essential for companies aiming to invest in the single market and is a key indicator and an important metric to assess how competitors are performing and to predict future growth. Moreover, it allows policymakers and regulators to access the information they need to develop, monitor and enforce media-related policies, for instance, information on the effective concentration levels of media markets.

f) The EMFA can be a useful legislative tool to increase the level of transparency of EU media markets. In terms of media ownership information this includes harmonising at EU level the type of information that should be disclosed by media actors in the form of an essential/basic list that is applicable across EU Member States. This list of essential/basic information could rely on the 2018 CoE Recommendation of the Committee of Ministers to Member States on Media Pluralism and Transparency of Media Ownership and on the FATF Guidance for Collection of Information.

g) Moreover, it is important to harmonise the obligation to disclose the same amount and type of media ownership information among all media actors, from the traditional and online environments and guarantee that the information provided is available and accessible in an accurate and readable way to citizens and authorities.

Section III - Conditions for healthy media markets

The economic threats to media freedom can be grouped in three main areas: 1) under-financing of journalism: the decrease of revenue streams caused by the legacy media disruption in the digital era, with the shift of resources from the content providers to content intermediaries, undermines the possibility of survival of multiple media companies and providers and the entry of new actors. While the digital disruption impacted all sectors of the media production, the crisis is particularly strong and generalised for the news providers. Journalism is an activity that has positive externalities and high costs, whose financing for a century has been provided by the market with a combination of advertising and sale revenues. The superior efficiency of digital platforms in the online advertising market and the decrease of willingness to pay for news by the consumers in a context of abundance of information impacted both
these sources of revenues. As abundance of information is not equivalent to pluralism, the sustainability of news and other informative content providers is a key issue for maintaining shared communicative spaces in democratic societies; 2) economic safety of journalists: it is impossible to have quality journalism without journalists. But professional standards, working conditions and protection of journalists are weakening all over the EU. The deteriorating economic conditions of the media industry and the precarity of the journalistic labour market increased the vulnerability of journalists to commercial and political influence; economic threats – with the growing phenomenon of SLAPPs – added to the physical and digital intimidation; and 3) market power: on the one hand, high concentration in media ownership has not been reduced, but increased, in the digital environment, with the growing phenomenon of defensive mergers taking place in the media industry; on the other hand, the legal framework established to limit market dominance in the media sector, when existent, is built on the legacy media production and it does not include all the actors involved in the production and dissemination of content, as considered above in this contribution. The digital platforms’ role as gateways to news and as main players on the online advertising market created a new form of dominance in the media environment.

A healthy media market, as a pre-condition of media plurality, requires addressing these challenges with a multi-layered approach: the goal must be using the opportunities of digital innovation to guarantee the possibility of access to a diverse and reliable informational content, provided by independent and professional news media. In most EU countries, even though at different extents, the media markets are regulated with specific rules, built on the traditional media sectors; harmonising and updating these rules, as well as the competition framework, to address the digital challenges, would help the media sustainability in the long term, but can be insufficient in the short and medium term. In parallel, a balance must be pursued between the two conflicting goals of safeguarding external pluralism (and limiting media ownership concentration) and sustain media viability (allowing processes of consolidation of the media to face the digital competition). Quality information is a merit good, essential in the public sphere of democracy, that risks being undersupplied by the market: this makes a case for public intervention, which is in the tradition of the European media model. Nonetheless, this role also needs to be updated to face the “old” drawbacks (risk of political capture, distorting the market) and the “new” ones (risk of dampening innovation, supporting models that are no longer sustainable).

As will be explained in detail below, the EMFA can address this challenge and help news media resilience by: a) setting the standards of the MSs’ interventions in financing the media industry, to safeguard the internal market functioning, to enable innovative media and to avoid illegitimate State aid; b) providing a direct EU funding for public interest journalism; c) supporting the safety of journalists and their economic independence; d) setting principles to limit media market concentration and to guarantee the respect of internal pluralism and diversity exposure in highly concentrated markets (accompanying the DMA adoption and implementation in the media sector); e) sustaining the development of alternative business models and technological empowerment of newsroom and journalists.

a) A mechanism should be proposed at EU level to establish conditionality and standards for the allocation of public funds to media by MSs. To be compliant with the EU rules on State aid (art. 107 TFEU), public subsidies to the media can be granted in specific circumstances to achieve cultural, economic and social objectives. The EMFA should detail these objectives, finalising the public intervention to the sustainability of a diverse and pluralistic media industry in the digital age. Public subsidies should be based on fair and transparent criteria that pursue
market plurality and media diversity (see section IV); from an economic perspective, they should avoid sustaining just the incumbent industry, and aim to create the conditions for market entry and diverse voices to emerge. Programs should be designed to reach media self-sustainability in the medium term (such as financing investments in technological innovation, the launching of new products, newsroom training and digital empowerment); they should include content-producers themselves, such as consortia of journalists, among the beneficiaries. To access the funds, the recipients should respect transparency criteria and standards (see section IV below). Compliance with EU conditions and standards should be monitored by an independent EU oversight.

b) An EU fund for media pluralism should be established. The main rationale for a supranational level of public intervention is to reduce the risk of political pressure, that is higher at national and local level. In addition, it would be important to avoid excessive differences among MSs, to give access to public funds also to media based in States that – for economic or political reasons – do not earmark public funds to media pluralism; and to help cross-border initiatives, at the level of the EU media market. The model for such an intervention should follow the scheme provided for the EU support to European cinema. The Creative Europe programme as of its 2021-2027 budget includes actions focused on media pluralism and freedom, journalism and media freedom. To be effective, an EU Fund for media pluralism should be guaranteed a sufficient budget, which means considerably greater amounts than is currently available through the existing funds, and accessible application procedures. The EU Fund for media pluralism should finance original and independent journalistic programs and initiatives, develop innovation in the production and dissemination of public-interest news, and sustain start-ups created by journalists.

c) Common standards for safety of journalists should be set at EU level, to guarantee a safe environment in which journalists and other media actors can exercise their watchdog function. The standards set by the European Court of Human Rights should be enforced and strengthened enlarging the protection to the issue of “economic safety”. This would include: extending the public social protection schemes for all the persons who practice professional journalism (being them regularly employed or freelancers); incentivizing collective bargaining to introduce new kinds of economic protection against market downturns, as well as against forms of economic pressure that limit media freedom; establishing a joint-EU insurance for addressing SLAPPs; incentivizing regulatory and self-regulatory measures to protect the journalists against commercial and owners influence, and to protect journalists and readers/viewers against misguided advertising. The use of public funds (both national and at EU level) should be conditioned to the respect of these standards by the media outlets who receive the funds. In parallel, another EU fund - or an insurance mechanism - to support economic safety of journalists who lost their jobs due to commercial or political pressures could be introduced.

d) Address media market's concentration taking into consideration all the actors, both on the production and distribution side. Media-specific rules to limit ownership concentration are different across EU countries and media sectors; in some cases absent. A harmonised definition of what is the relevant media market would help measuring the media market's concentration and assessing its relationship with the existing anti-concentration measures throughout the EU more efficiently. The EMFA should set a High Principle establishing that positions of dominance
in the media market are prohibited; and asking for a “media pluralism test” in the cases in which defensive mergers are proposed. Such a test should take into consideration obligations to respect internal pluralism for the merged media, and the safeguarding of exposure diversity. Civil society organisations could be consulted in the proceedings, to strengthen their visibility and accountability. The safeguard of media pluralism should accompany the adoption and implementation of the DMA, specifically in the data-related market power issues and in the online advertising market (e.g. for the data sharing obligations, providing guidance to make data accessible also to the smaller media; for the advertising market, maximising transparency and considering the introduction of limits on allowable levels of targeted advertising).

e) Sustain the resilience of news media by supporting the research and development of alternative business models. Policy initiatives aiming at long term resilience need to consider the many factors that affect a revenue model’s sustainability. Alternative business models rely on different streams of revenues, often mixed (subscriptions, donations, membership, philanthropy, others), and on the research of innovative products. Policy measures to help this process have in some cases been adopted at national and local level; an EU-level intervention could range from fiscal policy (VAT regimes, tax credits for donations, subscriptions, technological innovation in the news media sector) to educational and training initiatives (for journalists and media practitioners). In parallel, streams of revenues from the digital platform to media outlets and journalistic initiatives are in place, out of volunteer initiative by the platforms or following the implementation of the EC directive on Copyright and related rights (2019/790). The development of fair economic relationships between publishers and platforms can contribute to ameliorate media viability, but mechanisms to ensure their transparency should be put in place, such as a body of evidence on the concrete implementation of the EC directive. The success of alternative models, not reliant only or mainly on advertising revenue, depends - among other factors - on the demand by the consumers, and their willingness to pay, which in turn are related to the level of media literacy. Strengthening media literacy, other than pursuing the goal of a well-informed and participative citizenship, would also, indirectly, help media sustainability and media resilience.

Section IV - Fair allocation of state resources in the media markets

Across the EU, the main contribution of States to the media sector is the public funding of PSMs. Public subsidies to private media outlets are distributed mainly in the form of indirect subsidies (like VAT reduction) and, in 21 MSs, with different forms of direct subsidies. In 2020, following the pandemic crisis, many MSs provided extraordinary support to the media, increasing the existing programs, or introducing new measures. In addition, public resources are distributed to media outlets through state advertising. As the MPM implementation has reported since 2014, without improvement being registered along the years, common risks related to all the forms of public intervention can be: fragmentation of the measures across the MSs, that can undermine the functioning of the single market; lack of transparency in the criteria and in the outcome of distribution of resources, particularly in the case of state advertising; consequently, lack of fairness in the allocation of state resources; political capture of the media by the national or local governments who distribute the funds; lack of effectiveness in helping the media to reach self-sustainability.

In the previous section we focused on the economic rationale for public financing of the media, proposing a new approach to state funding and EU funding. In this section, we focus on the conditions to assure a fair allocation of resources and on the role of the PSMs.
a) The Media Freedom Act should establish standards for the allocation of public subsidies to the media by MSs. They should recommend that direct and indirect public subsidies, when administered at national level, should be allocated with detailed and objective criteria that take into account specific needs of various media sectors and strengthen media pluralism at national and local levels. Standards should also include transparency obligations for governments, other public entities and advertising by state-controlled companies.

b) Direct and indirect subsidies should be the main tools for a public financing of the media, whereas state advertising should have a different scope: a vehicle for promoting goods and services by state-related entities (including national and local governments, state-administration bodies and state-owned companies), not aimed in itself to economically sustain the media, but, nonetheless, obliged to respect the transparency obligations, the present criteria, and the independence standards designed for a fair distribution across territories and media sectors.

c) Transparency obligations should also be imposed to the beneficiaries of the subsidies: origin and amount of the public funding should be publicly and accessibly reported; media outlets which benefit from public money in any form should have specific obligations to disclose composition and changes of ownership; financial reports; reports on employment and working conditions. In addition, positive obligation should be imposed on private media to access the public subsidies, starting with the respect of self-regulatory standards.

d) Systems for monitoring and reporting the implementation of public subsidies and state advertising by independent bodies should be established at the MS level. The European Media Outlook Report could be designed to include data on such expenditures, as the official requirement for data to be provided can help to ensure transparency.

e) Redesigning the public service mission of the PSMs in the digital era. The EMFA should undertake a review of the 2009 Communication on State Aid and Broadcasting to ensure a positive approach to PSMs and reinforce the need for independence, stability and ability to innovate. EMFA should build on proposals by EBU, associations of journalists and stakeholders to provide guidelines on politically neutral appointment procedures and stable mechanisms of funding. The latter should be based on transparent and automated criteria, not dependent by government decision and not subject to change in case of change of government. Transparency obligations on the public funding of PSMs and on its use should be monitored and supervised at EU level. PSMs’ online presence has to be considered part of their public service remit; guidelines should be set, and best practices valorised, to design PSMs’ online role as enabling all the media actors acting as a public infrastructure in the information society.
Section V - Governance options

The analysis carried out under the Media Pluralism Monitor project shows that media authorities are increasingly becoming key actors in regulating media, including online media, in European MSs and in the EU. Their role is expanding in many other areas that are strictly intertwined with media freedom, including the policies aiming at curbing the spread of disinformation online and offline. In a principle-based media policy, regulators play a crucial role in defining the concrete standards for policies within a media environment that is being dramatically and constantly changed by new digital markets and services.

If media authorities are increasingly asked to take an important role in the governance of the media market and in the digital sector as a whole, it is essential that their independence from economic and political interests is strictly guaranteed, and their peculiar role acknowledged in the law. Based on the analysis of the MPM, not all the authorities can be considered to be free from influences, both due to the manner of the appointment of their boards, and when implementing their remit.

The analysis of the MPM shows also that media authorities, and in general NRAs that are dealing with the media sector, have different remits, even if they are increasingly asked to expand their competencies on similar issues across the EU, also due to their involvement in policies that, inevitably, are becoming of EU scope.

The EMFA could foresee an enhanced role of the media authorities in the broader media sector, better defining their remit and harmonising their competencies. This would contribute to more effectively sharing good practices, providing more consistent interpretations of the (harmonised) rules across the EU, collecting data in a more consistent way across Europe, and providing clear insights of the state of play of the EU and national media markets.

Amongst the powers NRAs should be entrusted, an essential one is to conduct a “media plurality test” that should take into account internal pluralism-related considerations, similar to those already applied in some MSs for granting broadcasting licences. Moreover, in cases of mergers that might impact the distribution side of news, the safeguarding of exposure diversity should also be taken under consideration.

NCAs and NRAs should cooperate; both authorities should have specific powers, and cooperate in some instances, usually with NCAs having the final decision and NRAs having an advisory role in merger cases. The measures and policy options that could be included in the EMFA in this regard are:

a) Enhancing the practice of exchanging data and information between different authorities, and creating joint committees for institutional cooperation, working on shared concepts concerning public value and plurality and on a shared analysis of cases.

b) Creating a formal obligation for NCAs to consult NRAs in the assessment of M&As in the media sector, and to grant the option for NRAs to propose both structural and behavioural remedies.

c) In cases when media pluralism issues are concerned, the NRA and the NCA would have to come to a joint decision. However, both the NRA, on media plurality ground, and the NCA, on competition ground, should have the power to stop a merger, if it is deemed as necessary for the protection of the public interest in their remit.
d) **Enhanced role of ERGA** as a forum to share best practices and discuss problematic cases, with a sort of “peer review” system. This could be supplemented with the creation of an **EU wide vehicle for inter-agency collaboration and knowledge exchange between media authorities** (comparable to BEREC/ECN), which would help developing EU wide definitions of and metrics for plurality, best practices concerning remedies etc.

e) Ensure structural **coordination between media authorities and other independent authorities** that are relevant to the governance of the online media sector, such as the communication authorities, and data protection authorities.

f) In parallel with NRAs, civil society organisations that deal with free speech/media issues **should be included in media mergers assessment**, in the form of having the right to be heard, to file opinions in the administrative proceedings, or granting the right to intervene when it comes to appeals. This provision could have strong impacts in merger cases, at least in terms of accountability and raising public attention.