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## **DRAFT REPORT**

on reaping the full benefits of the digital dividend in Europe: a common approach to the use of the spectrum released by the digital switchover (2008/2099(INI))

Committee on Industry, Research and Energy

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on reaping the full benefits of the digital dividend in Europe: a common approach to the use of spectrum released by the digital switchover (2008/2099(INI))

*The European Parliament,*

- having regard to the Commission Communication entitled 'Reaping the full benefits of the digital dividend in Europe: A common approach to the use of the spectrum released by the digital switchover' (COM(2007)0700),
  - having regard to its resolution of 14 February 2007 entitled "Towards a European policy on the radio spectrum"<sup>1</sup>,
  - having regard to the Commission Communication entitled 'EU spectrum priorities for the digital switchover in the context of the upcoming ITU Regional Radiocommunication Conference 2006 (RRC-06)' (COM(2005)0461),
  - having regard to the opinion of the Radio Spectrum Policy Group of 14 February 2007 on EU Spectrum Policy Implications of the Digital Dividend,
  - having regard to its resolution of 16 November 2005 on accelerating the transition from analogue to digital broadcasting<sup>2</sup>,
  - – having regard to Rule 45 of its Rules of Procedure,
  - having regard to the report of the Committee on Industry, Research and Energy and the opinions of the Committee on the Internal Market and Consumer Protection, the Committee on Economic and Monetary Affairs and the Committee on Culture and Education (A6-0000/2008),
- A. whereas the switchover from analogue to digital terrestrial television by the end of 2012 will as a result of the superior transmission efficiency of digital technology free up an unprecedented amount of spectrum in the European Union, thus offering the possibility of reallocating spectrum and presenting new opportunities for market growth,
- B. whereas radio spectrum is key to the provision of a wide range of services and to the development of technology-driven markets whose value is estimated at 2,2 % of EU's GDP, and is therefore a key factor for the growth, productivity and development of European industry in accordance with the Lisbon Strategy,
- C. whereas spectrum shortage has been an obstacle to the deployment of new services, and its efficient use is critical in ensuring access to spectrum for the various interested parties which want to offer services,

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<sup>1</sup> OJ C 287 E, 29.11.2007, p. 364.

<sup>2</sup> OJ C 280 E, 18.11.2006, p. 115.

- D. whereas efficient use of spectrum also serves the cultural objectives of EU policies and should facilitate cultural and linguistic diversity as well as media pluralism,
- E. whereas the 27 Member States do not have a common timetable for the digital switchover; whereas in many Member States plans for the digital switchover are highly developed, while in a few others the switchover has already taken place,
1. Recognises the importance of the i2010 initiative as part of the renewed Lisbon Strategy, and emphasises the importance of efficient access to and use of spectrum in achieving the Lisbon goals;
  2. Urges the Member States to agree on a common timetable and to release their digital dividends as quickly as possible, allowing European citizens to benefit from the deployment of new, innovative and competitive services;
  3. Believes that the digital dividend opens up sufficient spectrum for broadcasters to significantly develop and expand their services and at the same time to take into account other potential social, cultural and economic applications, such as broadband applications designed to overcome the so-called “digital divide”;
  4. Underlines the potential benefits of a coordinated usage of spectrum in the EU in terms of economies of scale, as well as the need to make the best use of the digital dividend in order to avoid fragmentation, which leads to a sub-optimal use of this scarce resource;
  5. Stresses that the main guiding principle in the allocation of the digital dividend should be ensuring the best social, cultural and economic value in terms of an enhanced and geographically wider offer of services and digital content to citizens, and not only maximising public revenues;
  6. Emphasises that a potential way in which the digital dividend can help to achieve the Lisbon goals is by increasing the availability of broadband access services to citizens and economic players throughout the EU, addressing the digital divide by providing benefits for underprivileged, remote or rural areas and ensuring universal coverage in the 27 Member States;
  7. Underlines the contribution that the digital dividend can make to the provision of enhanced social services to citizens, in particular those living in underprivileged, isolated areas, such as e-government, e-health and e-education;
  8. Stresses that the digital dividend is also an important instrument in audiovisual and media policies which could effectively promote and protect freedom of expression and cultural and media pluralism;
  9. Encourages Member States to take into account the appropriateness of allowing unlicensed users access to the dividend, in particular small and medium-sized enterprises and the not-for-profit sector;
  10. Stresses that the allocation of the digital dividend between the various potential applications in each Member State should be made transparently and after wide-ranging

public debate, and should be underpinned by independent socio-economic impact assessment studies;

11. Recognises the contribution of the ITU Geneva-06 Agreement (Regional Radiocommunication Conference 2006) and of the World Radiocommunication Conference 2007 (WRC-07) to the reorganisation of the UHF band;
12. Calls on Member States to develop, following a common methodology, national digital dividend strategies by the end of 2009; urges the Commission to assist Member States in the development of their national digital dividend strategies and to promote best practice at EU level;
13. Underlines that the immediacy of switchover in some Member States and the differences in national switchover plans require a response at Community level that can not wait until the reform directives enter into force;
14. Acknowledges the right of Member States to determine the use of the digital dividend, but affirms also that a coordinated approach at Community level is the only way to avoid harmful interference between Member States and between Member States and third countries;
15. Supports a common and balanced approach to the use of digital dividend, allowing both broadcasters to continue offering and expanding their services and electronic communications operators to use this resource to deploy new services addressing other important social and economic uses, but stresses that in any case the digital dividend should be allocated on a technology-neutral basis;
16. Stresses the potential benefits in terms of economies of scale, innovation, interoperability and the provision of potential pan-European services of following a coordinated approach and, wherever possible, of harmonising at Community level common spectrum sub-bands of the digital dividend for different application clusters on a technology-neutral basis; encourages Member States to work together and with the Commission to identify such sub-bands;
17. In order to achieve a more efficient use of spectrum and to facilitate the emergence of innovative and successful national, cross-border and pan-European services, supports the coordination approach of the Commission, based on three different clusters of the UHF spectrum, taking into account the potential for radio interference arising from the co-existence of different types of networks in the same band and the existing authorisations;
18. Urges the Commission to undertake, in cooperation with the Member States, the appropriate technical and socio-economic studies to determine the size and characteristics of the sub-bands that could be coordinated or harmonised at Community level;
19. Calls on the Commission to submit, as soon as these studies have been completed and having consulted both the Radio Spectrum Policy Group and the European Conference of Postal and Telecommunications Administrations and taking due account of national specificities, a legislative proposal to the European Parliament and to the Council for the adoption of measures to reserve and coordinate at EU level common sub-bands of the

digital dividend;

20. Instructs its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States.

## EXPLANATORY STATEMENT

### *Fostering a democratic debate*

The switchover from analogue to digital terrestrial television by the end of 2012 will free up an unprecedented amount of spectrum in Europe as a result of the superior transmission efficiency of digital technology. This spectrum is known as the “digital dividend”<sup>1</sup>.

The Commission claims that the digital dividend opens up sufficient spectrum for broadcasters to significantly develop and expand their services while at the same time ensuring that other important social and economic uses, such as broadband applications to overcome the “digital divide”, have access to this valuable resource.

The Commission argues that benefits of the digital dividend can only be fully reaped if the focus is on seeking without taboos the most valuable applications for the spectrum. Calls are now growing for further discussions about how the digital dividend should be used and the need for a wide-ranging public debate on the subject is emerging.

### *Public policy objectives or market allocation*

The allocation of the digital dividend can follow different policy rationales. The Culture, Media and Sport Select Committee of the UK Parliament has rejected terrestrial broadcasters’ calls to set aside digital dividend spectrum for HDTV and in its report on the New Media and the Creative Industries has endorsed the UK regulator's approach to auction the frequencies released by digital switchover on a technology and application neutral basis. In contrast the French Senate in a recent report rejects the notion of technological neutrality. "It is clear to this commission that the allocation of frequencies among various possible uses should be the result of a political decision following a democratic debate, and should not be abandoned to the blindness of market forces", the report says. "This commission has serious reservations about the technology neutral approach that the European Commission intends to adopt when it reviews its electronic communications regulations".

The different solutions proposed at national level, the immediacy of switchover in some countries and the differences in the national plans, require a response at Community level that can not wait until the reform Directives enter into force.

Member States have the right to determine the use of the digital dividend but a Community coordinated approach can ensure avoiding harmful interference among Member States and between Member States and third countries.

### *How to arbitrate among competing uses?*

Broadcasters and telecom operators have commissioned studies on the economic and social value of different uses with very diverging results.

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<sup>1</sup> The digital dividend is described by the Commission as the spectrum over and above the frequencies required to support existing broadcasting services in a fully digital environment, including current public service obligations

The Rapporteur strongly supports a common and balanced approach to the use of digital dividend allowing both broadcasters to continue offering and expanding their services and telecom operators to use this resource to deploy new services, but allocating the digital dividend on a technology neutral basis to other important social and economic uses.

### ***What scope for an EU intervention?***

The Commission proposes a coordinated action at EU level (a common approach is adopted to spectrum planning) in order to ensure optimal use of the dividend from a combined social and economic perspective. The Commission argues that the frequencies released by digital TV switchover should be arranged into "clusters" to be used by similar services to prevent interference. "Failure to act will mean that spectrum allocations will be determined by applications that are successful elsewhere in the world", the document argues. The Commission says one way services like broadcasting should go in the lower bands; medium to low power unidirectional services, like mobile TV, should go in a higher sub-band; while two way services like mobile and fixed broadband should go in the highest band. As a first step the Commission proposes technical studies to decide on the size and characteristics of these sub-bands. The Communication says the broadcasting sub-band should be under the control of Member States; the mobile multimedia band should be voluntarily harmonised, but the higher band should be subject to "EU harmonisation". "The Commission would use a binding Community law instrument to adopt a clustering decision".

For adopting this decision, the Commission should undertake in cooperation with the Member States the appropriate technical and socio-economic studies to determine the size and characteristics of the sub-bands that could be coordinated or harmonised at Community level.

The Rapporteur underlines that the Commission should submit, as soon as the required technical studies are completed and having consulted both the RSPG and CEPT and taking due account of national specificities, a legislative proposal to the European Parliament and to the Council for adopting the required binding measures to reserve and coordinate at EU level the identified common sub-bands of the digital dividend.

### ***The way forward***

The contribution of the ITU Geneva-06 Agreement (RRC-06) and of the World Radio communications Conference 2007 (WRC-07) was critical for the reorganisation of the UHF band and now it is time to initiate the decision process on the common approach to the use of the digital dividend, in the light of the digital dividend becoming already available in some Member States and with the EU transition towards digital television expected to be completed by 2012.

Therefore the Rapporteur calls on Member states to

- Develop following a common methodology, national digital dividend strategies by the end of 2009;

- Facilitate the introduction of new services by working together and with the Commission to identify common spectrum bands in the digital dividend that can be optimised by application clusters.

The Commission on its part should promote best practice at EU level and will prepare the required measures to reserve and coordinate the common bands at EU level.