REPORT


Committee on Culture and Education

Rapporteur: Dace Melbārde
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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION


The European Parliament,

– having regard to the Treaty on the Functioning of the European Union, and in particular Articles 167 and 173 thereof,

– having regard to the Charter of Fundamental Rights of the European Union, and in particular Article 11 thereof,

– having regard to Protocol No 29 on the system of public broadcasting in the Member States, annexed to the Treaty establishing the European Community (Amsterdam Protocol),


– having regard to the Council conclusions of 15 December 2020 on strengthening resilience and countering hybrid threats, including disinformation in the context of the COVID-19 pandemic,

– having regard to the Council conclusions of 7 June 2019 on improving the cross-border circulation of European audiovisual works, with an emphasis on co-productions,

– having regard to the Commission communication of 26 May 2021 entitled ‘European Commission Guidance on Strengthening the Code of Practice on Disinformation’ (COM(2021)0262),

– having regard the Directive of the European Parliament and of the Council of 17 April 2019 on the accessibility requirements for products and services¹,

– having regard to the Council conclusions of 19 December 2018 on the strengthening of European content in the digital economy,

¹ OJ L 151, 7.6.2019, p. 70.
– having regard to the World Press Freedom Index rankings, published by Reporters Without Borders, and to those of the Media Pluralism Monitor of the European University Institute’s Centre for Media Pluralism and Media Freedom of July 2020,


– having regard to Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme³,

– having regard to Directive (EU) 2018/1808 of 14 November 2018 amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive) in view of changing market realities,

– having regard to the Council conclusions of 18 November 2020 on safeguarding a free and pluralistic media system,


– having regard to the Commission communication of 3 December 2020 entitled ‘On the European democracy action plan’ (COM(2020)0790),

– having regard to the Commission communication of 25 November 2020 entitled ‘Making the most of the EU’s innovative potential: an intellectual property plan to support the EU’s recovery and resilience’ (COM(2020)0760),

– having regard to the media provisions of the European Charter for Regional or Minority Languages of 1 March 1998,

– having regard to the joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 5 December 2018 entitled ‘Action Plan against Disinformation’ (JOIN(2018)0036),


– having regard to its resolution of 25 November 2020 on strengthening media freedom: the protection of journalists in Europe, hate speech, disinformation and the role of platforms⁴,

– having regard to the digital targets for 2030 in the Commission communication of 9 March 2021 entitled ‘2030 Digital Compass: the European way for the Digital

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² OJ L 130, 17.5.2019, p. 92.
Decade’ (COM(2021)0118),

– having regard to the Council conclusions of 26 May 2020 in the area of culture and audiovisual,

– having regard to the Council conclusions of 9 June 2020 on shaping Europe’s digital future,

– having regard to the Council conclusions of 12 December 2018 on the Work Plan for Culture 2019-2022,

– having regard to the Council conclusions of 26 November 2013 on media freedom and pluralism in the digital environment,

– having regard to its resolution of 17 April 2020 on EU coordinated action to combat the COVID-19 pandemic and its consequences,5


– having regard to the July 2020 study requested by the Committee on Civil Liberties, Justice and Home Affairs entitled ‘Safety of Journalists and the Fighting of Corruption in the EU’,


– having regard to the Centre for Media Pluralism and Media Freedom report from July 2020 entitled ‘Media Pluralism Monitor 2020 Results’,

– having regard to its resolution of 17 September 2020 on the cultural recovery of Europe,6

– having regard to its resolution of 15 September 2020 on effective measures to ‘green’ Erasmus+, Creative Europe and the European Solidarity Corps,7

– having regard to Rule 54 of its Rules of Procedure,

– having regard to the report of the Committee on Culture and Education (A9-0278/2021),

A. whereas, for the purpose of this report, the term ‘news media’ is to be understood to include all editorial media, such as the television, radio and publishing sectors,

including newspapers and magazines and digital media;

B. whereas, for the purpose of this report, the term ‘audiovisual sectors’ is to be understood to cover the broadcasting, audio, video and multimedia sectors and industries in all their diversity, including cinemas and other physical venues;

C. whereas, for the purpose of this report, the terms ‘media’ and ‘media sector’ cover both the news media and audiovisual sectors;

D. whereas the cultural and creative sectors, of which the news media and audiovisual sectors are an integral and vital part, have been among the hardest hit by the fallout from COVID-19, especially micro-, small and medium-sized enterprises (MSMEs); whereas these sectors are also expected to recover at a more moderate pace than the general economy; whereas the fallout from the pandemic has impacted the various actors of the news media and audiovisual sectors and industries differently, and they are therefore facing different challenges that need to be addressed with tailored measures to overcome the crisis;

E. whereas audiovisual sectors have been severely impacted and have suffered a massive loss of revenues – a drop of almost 70 % in box office revenue for cinemas and distributors in 2020, resulting in a total decrease in revenues amounting to EUR 4 billion⁸, and a 30 % drop in activity for productions and a total halt of co-productions – which threatens their capacity to recover and challenges the financing and circulation of European films and culture⁹; whereas these sectors are facing distinct challenges, including an increase in operating costs due to stricter health and safety measures;

F. whereas cinemas and film festivals play a central role in the European audiovisual ecosystem, particularly in terms of distribution, and also as regards the viewing experience they provide to Europeans; whereas the ongoing sanitary measures are preventing these physical venues from operating at full capacity, if at all; whereas in places where cinemas have reopened, audiences are coming back in numbers similar to those pre-Covid;

G. whereas the pandemic has caused a sudden halt in advertising investments, which are an essential source of revenue for the news media sector; whereas, according to early estimates, news media has seen its advertising revenues drop by 20% to 80%¹⁰; whereas media organisations, especially SMEs, often face liquidity issues;

H. whereas the breadth of organisations and companies in the news media sector ranges from freelancers such as journalists or technical staff to public broadcasters and large media conglomerates with a high degree of vertical integration, small local and regional news media outlets, and a diverse range of non-profit associations; whereas most Member States are characterised by a high degree of market concentration, with

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monopolies or oligopolies in the broadcasting sectors, oligopolies in newspaper industries and significant competition in magazine and book publishing\(^\text{11}\);

I. whereas, in addition to the effects of the pandemic, the media sector is also facing relevant challenges linked to the digital shift and its impact on the overall business model of the sector; whereas further efforts must be undertaken to establish a safe, fair and competitive online environment which also safeguards citizens’ fundamental rights; whereas the Commission must promote the transformation of new business models of audio and audiovisual media in the digital domain;

J. whereas high quality, well financed and independent news media and professional journalism are essential for media freedom and pluralism, and therefore a pillar of democracy and the rule of law; whereas media freedom has been severely deteriorating over the past decade; whereas the COVID-19 crisis has reinforced the importance of high quality journalism that can inform citizens and foster their critical thinking; whereas it is necessary to rebalance the information ecosystem, from gatekeepers to media; whereas every effort must be undertaken to ensure the robustness of the media sector, to ensure independence from economic and political pressures, and to increase media freedom and pluralism\(^\text{12}\), as well as to promote better standards within the sector, both offline and online, and to guarantee the safety of journalists and sources of information; whereas the transparency of media funding is an essential element in promoting trust among citizens;

K. whereas the news media and audiovisual sectors play a vital part in fostering the resilience and inclusiveness of our democratic societies, cultural diversity and media pluralism; whereas the news media and audiovisual sectors value chain is made up of a variety of actors and businesses that produce, broadcast or display content that is often based on IP rights, and these sectors are mostly comprised of SMEs, helping to promote, strengthen and nurture Europe’s cultural, linguistic, social and political diversity; whereas the structuring of the European audiovisual and media sector into a competitive industry should therefore go hand in hand with the promotion of cultural diversity and market access for smaller operators;

L. whereas the sectoral strategy provided for by the Media and Audiovisual Action Plan should be as holistic as possible, making full use of all potential leverage to encourage investments in the news and publishing sectors, as well as in the audiovisual sector; whereas the plan’s objective should be to foster cultural, artistic and industrial diversity across value chains; whereas the actions provided for under the plan should further build on the revised Audiovisual Media Services Directive (AVMSD) and the MEDIA strand of the Creative Europe programme to support the legal access to and availability of cinema and audiovisual works across Europe for the purpose of providing audiences with culturally diverse quality content;

M. whereas the EU and its Member States should put in place measures aimed at ensuring that the media is based on public values and is open, democratic, sustainable and


\(^{12}\) See page 50 of the ‘Monitoring Media Pluralism in the Digital Era’ report, according to which no Member State registers a low level of risk in the area of market plurality area: https://cadmus.eui.eu/bitstream/handle/1814/67828/MPM2020-PolicyReport.pdf?sequence=5&isAllowed=y
inclusive, and that it is an environment in which more women, people from racial and
ethnic minorities, migrants and refugees, members of LGBTQ+ communities and
people with disabilities occupy creative and decision-making positions;

N. whereas Member States experienced delays due to the COVID-19 crisis in
Market, Directive 2019/789 laying down rules on the exercise of copyright and related
rights applicable to certain online transmissions of broadcasting organisations and
retransmissions of television and radio programmes, and Directive 2018/1808
(Audiovisual Media Services Directive); whereas Member States should take advantage
of such delays to include in their implementation of the law bold solutions to address
the challenges in the European audiovisual sector arising from the crisis or made even
tougher by it, such as the remuneration of creators for the online exploitation of their
works and the financial investment of global platforms in local production;

O. whereas the news media and broadcasting sectors would each benefit from a more
coherent and holistic approach; whereas the Commission has announced its intention to
table a media freedom act; whereas this should build upon existing initiatives such as
the Democracy Action Plan, the Media and Audiovisual Action Plan, the Digital
Services Act and the Digital Markets Act, rather than focusing chiefly on new laws;

P. whereas territorial and exclusive licensing rights are vital for the film and audiovisual
sectors in order to preserve and guarantee their creativity, financing, freedom and long-
term sustainability;

Q. whereas information and communication policies must take into account the
accessibility of content for people with sensory disabilities, in accordance with the
different EU directives;

Recovery and support

1. Highlights the fallout from the economic downturn and strongly reiterates its call on the
Commission and the Member States to increase the support available for the news
media and audiovisual sectors, and the cultural and creative sectors more broadly, with
a special focus on SMEs; considers that allocations for the news media and audiovisual
sectors should be increased across various multiannual financial framework (MFF)
programmes; notes the need for the EU and the Member States to support these sectors
and calls on the Commission to strongly encourage the Member States to increase
support for them from the funds made available via their approved national recovery
plans, so that they can fully recover from the pandemic, become more sustainable and
continue their green and digital transition; considers that special attention in all of the
initiatives should be paid to local and regional media and to news media operating in
small markets; underlines the need for a transparent and open support mechanism in
order to maintain the independence of the media;

2. Welcomes the launch of the ‘NEWS’ initiative for the news media, including the
proposal to establish a European News Media Forum, which should be as inclusive as
possible and lead to thorough discussions with the relevant sectors on their ongoing
transformations; invites the Commission to further develop this initiative and make it
permanent, should stakeholders so request; welcomes the fact that this initiative will be supported by different MFF programmes; underlines the need, however, to develop full oversight of the initiative in order to ensure the proper use of EU funds; reiterates emphatically its repeated calls for the creation of a permanent EU news media fund so as to empower independent news coverage, safeguard the independence of European journalists and journalism, and guarantee the freedom of the press; highlights that capacity-building services that will complement the ‘NEWS’ initiative should also have a focus on local and regional media;

3. Welcomes the creation of a tailor-made interactive tool helping media organisations to access funding opportunities at both national and EU level; considers that smaller media organisations in particular could benefit largely from customised training and support; stresses that such a tool needs to be user-friendly and also offer proper technical support throughout the application process;

4. Welcomes the adoption of the new Creative Europe programme and highlights the relevance thereof, and welcomes the introduction of new actions, under the revamped cross-sectoral strand, focused on enhancing media freedom, high quality journalism and media literacy; believes that access to such support and the swift delivery thereof are crucial; considers, however, that the support available is insufficient given the financial needs of the sector; calls on the Commission to make full use of the financing available to the news media sector under the existing cross-sectoral strand of the current programming period;

5. Notes that the audiovisual sectors urgently need strong and sustainable support via the various EU funding programmes, such as Horizon Europe, the Creative Europe MEDIA strand and the Cohesion Funds; recalls that, as regards accessing funds, the administrative barriers should be lowered and more flexibility should be provided to applicants, in particular to SMEs, which represent the vast majority of stakeholders in the sector;

6. Recalls that Creative Europe MEDIA should endeavour to balance funding between the Member States and between the different clusters and genres it supports; recalls that it is essential to the sector that Member States nurture an ecosystem of independent players as a key driver of diversity of creation;

7. Welcomes the establishment of an equity-based pilot initiative through InvestEU that will be able to support the news media sector in innovative ways; calls on the Commission to provide this pilot initiative with adequate financial means;

8. Regrets that some parts of the media ecosystem are not covered by current support measures; invites the Commission to continue exploring tailored support schemes for news media and to envisage setting up such insurance guarantees for audiovisual co-production; urges that particular attention be paid in all support actions to Member States with low audiovisual production capacity; underlines the benefits of Member States sharing best practices with one another to support the audiovisual ecosystem;

9. Urges the Commission to acknowledge the unique nature of EurARnet Plus as an independent radio network that successfully bridges the information gap between the EU and its citizens by strengthening understanding of and promoting debate on all fields
of EU policy making; calls for a renewal of Euranet Plus’ current core funding in the form of a transitional grant agreement for at least 2 years, so that it can develop a long-term strategic plan aimed at further developing the network by the end of 2027, with a view to extending its membership and geographic and linguistic coverage, preparing for the digital shift and investing in further improvements of its products and services;

10. Invites the Commission to conduct a study on news media funding support in the EU, develop guidelines and facilitate the sharing of information and best practices among Member States on public financing mechanisms; reiterates that the study should be carried out by independent bodies; recalls the Member States' responsibility as regards culture, education, youth and media policy and, more specifically, funding mechanisms in these fields, which need to be clear and transparent;

11. Recalls that minor media cannot compete with major media in general schemes, and requests that the Members States support the production of content and its widespread dissemination across different platforms in regional and minority languages;

12. Observes that although the LUMIERE VOD database and other European Audiovisual Observatory databases collect abundant information on the origin of the contents of VOD platforms, there is no data on the presence of subtitles, sign languages or other languages used in the different media; believes that these data are of key importance, given that they serve as a basis for the design and monitoring of EU audiovisual policies, and also in order to promote accessibility in the VOD sector for people with sensory diversity;

13. Believes that tax policies are a vital instrument that could facilitate the recovery and resilience of media and cultural and creative sectors and help drive investments in these sectors; encourages Member States with adequate fiscal scope to help boost media production, distribution and the consumption of news media and audiovisual works, including cinema admissions, through fiscal and financial incentives that accommodate this, while also taking into account the differences between physical venues and the online domain, especially with regard to their respective maintenance costs; welcomes the Commission’s announcement of additional financial support for the European network of cinemas; calls also on the Commission to facilitate the exchange of good practices among Member States in order to support the competitiveness of the media and audiovisual sectors; underlines, however, that special tax policies should ensure an equal playing field for all media developers and not harm SMEs and freelancers;

14. Considers that support for strengthening independent media and media and information literacy should also be an integral part of the EU’s foreign policy;

**Ensuring a level playing field**

15. Draws attention to the fact that the current crisis risks speeding up news media consolidation, notably within Member States, which can be to the detriment of media pluralism and the quality and impartiality of information, especially in smaller markets where the choice is already limited; acknowledges, however, that conditions of competition are changing rapidly in the media and audiovisual sectors, and warns that although mergers may be a last resort to avoid bankruptcy for the smaller players, such
consolidations must not be accepted as a norm; asks, therefore, that the competition authorities remain vigilant and consider the long-term impact of mergers and acquisitions, not only on market share, but also on linguistic and cultural diversity; invites the Commission, at the same time, to better take into account developments in the digital competitive environment to enable EU media players to continue to compete and play a significant role in the long term; underlines that new media can play a constructive and active role in smaller markets and in countries and regions with a low rate of media freedom in allowing access to independent coverage of information;

16. Notes with concern that global online platforms have a vast disruptive impact on the media sector, as they dominate the data and advertising market, and have radically changed audience consumption patterns; underlines the need for a level playing field; stresses, in this respect, that current legislation does not entirely provide for a fair environment on pivotal issues in the online ecosystem, such as access to and transparency of data, platforms and algorithmic accountability, and advertising rules, especially as regards online political advertising, all of which are crucial in order for European media and audiovisual stakeholders to be able to compete fairly with these platforms; is concerned about the business practices employed by platforms to remove or interfere with lawful content provided under a media service provider’s editorial responsibility and that is subject to specific standards and oversight; considers the timely adoption of legislation, through relevant provisions, to help address these shortcomings to be a matter of urgency, notably the future Digital Services Act and Digital Markets Act, and a significantly reinforced code of practice on disinformation; notes that citizens increasingly access news and diverse content via third-party platforms such as social networks and news aggregators; underlines, at the same time, that informed use of online platforms also allows people to access information, especially in countries and regions with a low rate of media freedom;

17. Recognises the need for ambitious, clear and legally binding measures to fight intellectual property infringement, including online piracy, and to efficiently tackle all forms of circumvention; considers that the negative impact of piracy on Europe’s cultural and media landscape needs to be addressed with practical tools, such as, where relevant, the use of dynamic injunctions, prompt take-downs upon notification, and clarifications of the legal regime applicable to services posting hyperlinks to websites on which copyright-protected works have been made available without the consent of the right holders; calls on the Member States to urgently transpose Article 18 of Directive 2019/790 and to establish remuneration mechanisms that will generate appropriate and proportionate remuneration for authors and performers for the use of their works and performances on all media, in particular online media;

18. Notes that ensuring a better playing field that respects copyright and intellectual property rights will help boost the economic component of the media sector, save thousands of jobs and safeguard and promote Europe’s rich cultural and linguistic diversity; considers the swift implementation and effective enforcement of all provisions of the AVMSD\textsuperscript{13} and the Copyright Directive\textsuperscript{14} to be of importance in ensuring a level playing field and an equal level of protection for creators and legal

\textsuperscript{13} Directive (EU)2018/1808.
\textsuperscript{14} Directive (EU)2019/790 on copyright and related rights in the Digital Single Market amending Directives 96/9/EC and 2001/29/EC.
certainty for consumers and rights holders; stresses, in this context, the importance of further strengthening the protection of users of video-sharing platforms, particularly minors, against harmful content by promoting coordinated preventive measures and effectively implementing the existing legislation, including the AVMSD; calls on the Commission to closely monitor developments in this regard and encourages it to explore how the media sector may be assisted with respect to the new neighbouring right to ensure the possibility of fair negotiations with platforms; notes that the role and capacity of the European Regulators Group for Audiovisual Media Services (ERGA) should be strengthened;

19. Recognises the additional challenges for news media operating in smaller markets, including local, regional and niche media, which have limited revenues, and are not viable using current commercial business models, and which cannot embrace new ones in the same way that media operating in larger markets can; highlights the emergence of the ‘news deserts’ that can have a significant adverse effect on cultural and linguistic diversity; believes, therefore, that there is a need for public funding mechanisms that fully respect editorial independence and are based on the arm’s length principle, coupled with unobstructed access to the advertising market; underlines that the EU should support cross-border cooperation and strengthen diversity in markets, thus addressing challenges of fragmentation and national focus; believes that it is crucial that any recovery funds earmarked for the media and channelled through Member States be conditional on a process that guarantees fair and objective distribution in support of independent high quality journalism and that the Commission should, in particular, highlight support for media organisations in Member States in which independent media face specific financial and political pressure, including Member States in which ongoing rule-of-law concerns cast doubt on the ability of the state to provide impartial support for journalism;

20. Highlights the importance of the dual system of public and commercial media in Europe; calls on Member States to ensure stable, open, transparent, sustainable and adequate funding for public service media on a multi-annual basis in order to guarantee their independence from governmental, political and market pressures and thus ensure the diverse European media landscape;

21. Highlights the importance of availability of information and access to news media for every EU citizen in their respective language; considers that more coverage should be devoted to EU news in order to inform citizens about the activities of the Union; reiterates its support for the news media that have made the editorial choice to cover European affairs; calls on the Commission and the Member States to continue their efforts to promote the emergence of a genuine European media ecosystem; considers, in addition, the benefits of alternative community-led funding mechanisms such as ‘for the media and by the media’, with independent boards governed by a ‘cascade’ system;

22. Stresses that it is essential to guarantee the financial sustainability of public service media and to ensure and maintain the independence of private and public service media from any internal and external political and economic interference, whether from governments, powerful interest groups, third countries or other external actors;

acknowledges the specific situation faced by Member States that are exposed to geopolitical risks arising from third-country interference in their information space, including through media financing; believes that the best viable antidote is a more robust media landscape with steady and reliable revenue streams; considers increased transparency and fact-checking obligations to be vital, and welcomes, therefore, the Media Ownership Monitor and Media Pluralism Monitor initiatives; calls on the Commission to ensure a more comprehensive monitoring of the political economy of the news media sector in the EU and in the European Neighbourhood and Enlargement region;

23. Warns against precariousness, including false self-employment, in the journalism profession and encourages the adoption of adequate measures to help ensure a fair income and strong social security for journalists;

24. Is deeply concerned about state capture of the media in some Member States, driven by media market distortions and ownership concentration, and the misuse of regulatory tools to build a government-dependent media sector at the expense of critical, public interest journalism;

25. Believes that the EU can contribute to ensuring that international media freedom standards are further strengthened both within and beyond the EU; urges the Commission to develop an ambitious, robust and complete mechanism that covers all media, founded on the current legislation, notably the AVMSD, to strengthen the EU’s capacity to monitor and sanction actions that would limit or harm media freedom; underlines that the development of a robust and independent media landscape can be pursued through complementarity with the actions provided for under the European democracy action plan, and is of the view that the Commission’s forthcoming proposal on media freedom (the European Media Freedom Act) could further aid such efforts, while also treating media as a cornerstone of European democracy and an economic player;

26. Welcomes the Commission Recommendation of 16 September 2021 on ensuring the protection, safety and empowerment of journalists and other media professionals in the European Union, and calls on the Commission and the Member States to effectively protect journalists NGOs and civil society with legislative and non-legislative tools against the increasing use of vexatious lawsuits (SLAPPs) in order to intimidate and silence them; emphasises the importance of investigative journalism, which is being threatened by the associated high costs, and welcomes the Investigative Journalism for Europe (IJ4EU) fund in support for such journalism;

27. Warns that certain media are being increasingly disrupted by global platforms and interfaces, some of which are vertically integrated competitors; expresses concern about these disruptive trends in news media, as they can undermine competition in the long term and reduce opportunities for other actors; is of the opinion that many online platforms invest themselves neither in creative content nor in journalism and yet extract a large share of advertising revenues from the content they host; calls for a fair discussion between the media that produce editorial content and the platforms that use

this content by means of references in their search, communication and cloud services for individual, institutional and business users; asks the Commission to monitor the situation closely and, if appropriate, take necessary action to make conditions for competition more equitable so as to ensure that EU citizens are well served regardless of the distribution means they choose to access content and information;

28. Expresses concern about the disproportionate economic power of the global online players and their marketing ability to reach large audiences, as well as instances of predatory behaviour via unfair contractual conditions; notes that such actions can create unfair competition conditions and weaken the European audiovisual sector, often with an impact on the independent production and distribution of audiovisual works; asks the Commission, therefore, to remain vigilant with regard to these developments, to monitor the situation closely and, where appropriate, to take all necessary actions to make conditions for competition equitable;

29. Considers that the transparency of algorithms and recommender systems is needed to ensure the fairer presence of European works on online platforms and to provide real consumer choice; invites the Commission to assess the role of streaming services, in particular, in view of the converging online media environment, and, if necessary, to provide incentives for cultural diversity and the discoverability of European works on such services, which may also be promoted via algorithms;

30. Welcomes the noticeable progress made throughout 2021 in working out a global solution to effectively taxing the digital economy, in particular the July 2021 agreement level, based on the two-pillar approach under the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS)\(^\text{17}\); stresses the need for the swift implementation of the agreement and support from all countries concerned; underlines that such an agreement needs to be based on the assumption that the interaction with users and consumers significantly contributes to value creation in digital business models and should therefore be taken into account when allocating taxing rights among different countries; considers, furthermore, that these new sources of revenue should also be appropriately scoped to avoid double taxation and channelled by Member States to support their audiovisual and news media sectors, including smaller actors that operate locally;

31. Notes that, despite some similarities, the news media and audiovisual sectors face different challenges; calls, therefore, on the Commission to develop comprehensive European news media and audiovisual sector-specific strategies, engaging stakeholders for high added value activities in which the EU is a competitive player or has the potential to be one, such as video games and virtual reality, that will provide tailored support measures for the news media and audiovisual sectors; underlines that such strategies should be holistic and explore all options available, including tax incentives, trade policy and enhanced accountability and rules for online platforms to establish a regulatory level playing field allowing media to continue to invest in news and cultural content while protecting European consumers equally online and offline;

\(^{17}\)https://www.oecd.org/tax/beps/about/#:~:text=The%20Inclusive%20Framework%20on%20BEPS%20allows%20interested%20countries%20and%20jurisdictions,implementation%20of%20the%20BEPS%20Package
Towards transformation and promotion of the European media and audiovisual sectors

32. Stresses the need for transformation in the news media sector, including through further support for journalism training, building individual and collective skills for innovation and cooperation, thus also facilitating greater diversity in media leadership roles, the digitalisation of newsrooms, the application of artificial intelligence (AI), including machine translation and human adaptation, changes and improvements to content creation and presentation, and better distribution and subscription models, including micro-payments; notes that this requires additional investment and skills that news media sector players often lack, including those with a small market share; calls on the Commission and the Member States to provide tailored support for the digital transformation of these sectors, notably by earmarking funding in Horizon Europe;

33. Acknowledges the importance of independent journalism and its potential for growth due to technologically facilitated lower entry barriers, notably the rise of innovative publishing and payment solutions that provide for easier ways to reach an audience online and monetise content, which should help improve the economic situation and working conditions of these independent professionals;

34. Calls on the Commission to develop an overarching media and information literacy strategy; underlines the added value of including the media sector stakeholders in media and information literacy (MIL) initiatives (including monitoring and actions); believes that civil society organisations play a key role in fostering MIL and therefore asks the Commission and the Member States to include them as stakeholders in initiatives dedicated to promote journalism and MIL; emphasises the need for media education to be promoted in formal, informal and non-formal settings through a life-long learning approach in order to promote digital and media skills throughout life and from an early age; calls, in particular, on the Commission to encourage support for media literacy education programmes and initiatives in universities; welcomes the implementation, in close cooperation with the ERGA, of a media literacy toolbox and the practical application of the new media literacy obligations provided for by the AVMSD;

35. Considers that support for strengthening an independent media and media and information literacy should also be an integral part of the EU’s foreign policy; stresses that in order to contribute to the Union’s public diplomacy, to promote the use of soft power and to increase geopolitical visibility, stronger political, technical and financial support is needed, in particular, in the European Neighbourhood and Enlargement region;

36. Considers that in order to help spur competition, the EU also needs to promote the creation and growth of digital media start-ups through easier access to finance and a supportive framework for innovation that enables scalability;

37. Welcomes the announcement of the two-yearly ‘Media Industry Report’ in order to explore media trends; underlines the need to consider language as a unit of analysis, beyond the global trends and the national spaces, thus allowing the monitoring of trends that are affecting different linguistic spaces in different ways, including EU official languages and regional and minority languages;

38. Highlights the importance of territorial exclusivity and licensing rights for the survival
and efficient functioning of the audiovisual sector, not least for cultural diversity; believes that maintaining the principle of territoriality, which is one of the cornerstones of the European audiovisual industry, is essential; underlines, therefore, the need to tackle the issue of concentration of dominant players on the market, which is detrimental to alternative and independent offers; notes that ownership of intellectual property rights is often held by authors, performers and independent and integrated producers in Europe; encourages actions aimed at supporting content creators and at creating opportunities and a fair playing field for them so they can justly benefit from the revenue from their efforts, especially in the digital environment;

39. Calls, at the same time, for the noticeable enlargement of European audiences by making content legally available across EU borders while safeguarding the principle of contractual freedom and using existing opportunities available across the EU, such as the portability regulation; highlights the need to increase the offer of alternatives to access content legally, in order to push back piracy in the whole of the EU and also remunerate creators, and takes note of the fact that progressive digitisation is increasingly dissolving national borders; is concerned about the high price of some broadcasting rights that make it very difficult for smaller actors to exploit audiovisual works and the impact this has on content, cultural diversity and competition; welcomes the stakeholder dialogue towards the broader availability of audiovisual content across the EU launched by the Commission, and calls on the Commission to take into due account the outcome of such dialogue and to use it to explore alternative funding models while fully respecting copyright rules, territorial exclusivity and the fair remuneration of the rights holders;

40. Considers that more visibility should be given to EU programmes and initiatives aimed at promoting the production and circulation of high quality European works with international potential across the EU and beyond; reiterates the need for tailored support in this regard; is of the view that targeted measures to support co-production, translation, subtitling and dubbing, the pre-sale of future distribution rights and co-distribution could contribute to increasing the availability of diverse European audiovisual content; welcomes the investments made to promote European production and notes with interest several innovative projects carried out by European public service media organisations in that regard; expresses its continuous support for the Lux Audience Award and its recent expansion to the people’s vote as an instrument to increase the knowledge of the European public about the diversity of European cinema and reiterates the fact that independent cinemas and independent film festivals are of key importance to the resilience of the sector;

41. Urges the Commission and the Member States to create tools and support actions that pay attention to the low audiovisual production capacity of some Member States; recalls the adoption of the revision of the AVMSD and calls, in particular, on Member States to properly implement Article 13(1) thereof, which will ensure that media service providers of on-demand audiovisual media services under their jurisdiction secure at least a 30 % share of European works in their catalogues; asks the Commission and the ERGA to closely monitor the effective implementation of this measure and to evaluate the success of its objective;

42. Underlines that video-on-demand (VOD) services and other innovations are now fully
part of the audiovisual media landscape, and that they create both challenges and opportunities for existing players; notes that, in many respects, an irreversible transformation is under way involving, \textit{inter alia}, the creation of new markets; encourages the sector’s established players to continue to enter new markets and embrace innovative business models so as to offer the best possible service to their audiences; is of the view that the deployment of multi-territorial VOD services should not hamper the cultural and linguistic diversity of the EU;

43. Highlights the opportunities offered by the major VOD services to European audiovisual creators and producers; is concerned, however, about the system of work-for-hire and buy-out contracts often used by these services, which tend to buy the intellectual property rights to a work in return for a one-off payment and thus profit from the revenue generated by the use of these works; acknowledges that fair market competition between broadcasters and VOD services is paramount for the future existence of the sectors, as confirmed by the AVMSD; urges the Commission to conduct a study on the impact of VOD services on the European film and audiovisual market, in particular on the relationships between the different actors in the value chain and to take tangible steps to prevent potentially coercive practices that can hamper creators from enjoying adequate and proportionate remuneration;

44. Emphasises the central role played by media in shaping society’s perceptions, ideas, attitudes and behaviour; points to the lack of diversity in the sector and the insufficient share of women in creative and leadership positions within the industry; stresses the importance of fostering European media talent, including through the development of new mentoring programmes and campaigns on diversity both in front of and behind the camera to improve the representation of women and disadvantaged groups in society and to encourage them to consider media careers;

45. Stresses the importance of reducing the audiovisual sector’s carbon footprint, especially at the production stage, which accounts for most CO$_2$ emissions; notes that digital solutions such as virtual audiovisual production techniques can facilitate this reduction; believes that the current MFF provides a unique opportunity to fund greening projects and reach net zero emissions for the sector within this decade; calls on the Commission to conduct a study on the CO$_2$ emissions across the value chain and propose targeted measures; invites the Commission to accelerate this development and support the exchange of best practices, common tools and voluntary standards encompassing the whole value chain in reducing the audiovisual sector’s carbon footprint in order to meet the EU’s target to become climate neutral by 2050; welcomes, therefore, the Commission’s intention to produce a best practice guide for green production and the provision of services; underlines that environmental sustainability can be a key factor and asset in making the industry more competitive and more attractive to investment;

46. Highlights that film literacy is particularly important for making younger audiences aware of European cultural diversity and history, and has huge potential to create and increase the feeling of belonging and a common European identity; notes that European creators, producers, distributors and cinema have a key role to play; considers it necessary to develop a film literacy toolkit; recalls the specificities of the European cinematographic production and the cultural exception in this domain to preserve the quality production of the European continent; requests, therefore, that Member States
consider introducing film literacy in school curricula and at all levels of education;

47. Considers that increased financing for digitisation and promoting the availability of Europe’s audiovisual and film heritage is necessary in order to preserve it and make it more accessible to a broader audience; calls on the Commission to explore support options for audiovisual and film heritage under the Creative Europe programme, including the promotion and facilitation of exchanges and capacity building among professionals in the field of film restoration and preservation with due regard for independent SMEs, which, through their specific business model, play a pivotal role in safeguarding Europe’s rich and diverse audiovisual heritage;

48. Calls on the Commission and the Member States to further support the recovery and transformation of the entire news media and audiovisual sectors and to strengthen their resilience and market competitiveness in order to tackle existing challenges and future crises as effectively as possible; emphasises the necessity to promote synergies between different EU funding schemes with specific amounts dedicated to the entire news media and audiovisual sectors, such as Creative Europe, Horizon Europe, InvestEU and Digital Europe;

49. Instructs its President to forward this resolution to the Council and the Commission.
EXPLANATORY STATEMENT

Pluralistic, independent and well-funded news media sector\(^1\) is critical to the smooth functioning of our democracies and societies, while a competitive and resilient European audiovisual sector\(^2\) helps promote European cultural and linguistic diversity. The protection and resilience of our European values depend on these sectors. Moreover, the media sector\(^3\) plays also significant economic importance, contributing to job creation and growth, constituting around 3 % of the EU’s GDP.\(^4\)

Recognising economic sustainability as a prerequisite to freedom of expression and cultural diversity, the report focuses on restoring the financial viability of the news media and audiovisual sectors. While many of the challenges, that the news media and the audiovisual sectors are facing are similar, substantial differences persist.

The media ecosystem has been fragile already before the COVID-19 outbreak, with media pluralism on a decline.\(^5\)\(^6\) In addition to exacerbating existing problems, the pandemic and the recent economic fallout have brought new ones.

In order to help mitigate the COVID-19 consequences and the continuous market failures as well as to strengthen resilience and restore the economic viability of the media sector, your rapporteur considers that a holistic approach is needed, covering legislative and policy actions in combination with financial support mechanisms. Therefore, the report calls on the Commission to elaborate comprehensive industrial strategies for both the news media sector and the audiovisual sector.

Addressing the pressing issues: recovery and support

When the pandemic hit the audiovisual sector, its effects were immediate. Film productions were stopped, cinemas shut and new releases were suspended or delayed. The recovery remains difficult as the health and sanitary measures continue to be an economic and logistical burden for the sector. In parallel, the relevant markets are changing, shaped by the increasing competition by the video-on-demand services and other innovations. Whilst the EU’s fragmented audiovisual sector helps strengthen the cultural and linguistic diversity, this fragmentation in many ways prevents it from competing effectively on international markets.

For the news media the situation is more complex. Even though journalists throughout the pandemic worked relentlessly to deliver reliable information and news consumption was boosted, the financial situation for the news media further deteriorated, mostly due to vast

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1. The news media sector, for the purpose of this report, covers television, radio, print and digital media.
2. The audiovisual sector, for the purpose of this report, covers players of broadcasting, video and multimedia industries across different stages of the value chain – from the development to exhibition.
3. The media sector, for the purpose of this report, covers the news media and audiovisual sectors.
5. One of the main takeaways from the Media Pluralism Monitor 2020 is the economic challenges facing the media sector all over Europe. The Market plurality indicator paints a particularly grim scene. This monitoring was conducted before the COVID-19 crisis amplified already existing issues.
decline of advertising revenues. This in parallel to the fact that global online platforms in recent years have virtually taken over the relevant data and advertising markets and have also radically changed the media content consumption patterns, without adequately investing back in the European media ecosystem. Moreover, while legacy media remains highly regulated, the existing legislation does not provide similar high standards for online platforms.

In order for the news media sector to endure the crisis, direct and indirect public support measures are needed. However, the challenges are not uniform across the EU. News media operating in smaller markets, including local, regional, cultural and other niche media, face an additional layer of challenges as these markets are too small to implement economically viable business models. The relevant landscape is threaded and the emerging ‘news deserts’ can have an impact on cultural and linguistic diversity. On top of that, for some Member States the geopolitical risks through third country interference in the information space, also through foreign direct investment, are high.

On the side of the audiovisual sector, we should pay a particular attention to Member States with low audiovisual production capacity, and help internationalise and export content from smaller countries.

Given the various challenges the above sectors face, your rapporteur calls to address the financing problem in a structural way both at the EU and at the Member States level, with the former substantially increased. Moreover, the report calls for an increase in allocations for the media sector across various MFF programs already within this programming period as well as to enlarge significantly financing available in the new programming period.

The report welcomes the fact the Creative Europe’s cross-sectoral strand for the first time foresees actions focused on the news media and media and information literacy. Your rapporteur regards many of the ideas put forward by the Commission, including the ‘NEWS’ initiative. At the same time, tailored flinching for the news media must be reinforced inter alia by creating a permanent, well-funded European NEWS media fund. At the same time, your rapporteur stresses that any media support mechanisms need to be transparent, fully respect editorial independence and ensure an arm’s length principle.

The report also invites the Commission to continue exploring tailored support schemes for the audiovisual ecosystem, as some aspects, for instance guarantees for co-production, have not been covered by the existing support measures.

Still, it is Member States that bear the main responsibility in developing favourable environment for the media sector. Direct financing mechanisms at Member State level should be improved and enlarged substantially. Among other initiatives, the report highlights that tax policy is one lever that can help the recovery efforts, where accommodative VAT rates can help boost consumption. The rapporteur invites the Commission to assist Member States by conducting a study and coordinating the sharing of best practices of public financing mechanisms and programs, and through developing guidelines.

In this respect, the report notes the progress made in working out a global solution to effectively tax the digital economy, and considers that such new sources of income should be channelled by the Member States to support the audiovisual and news media sectors.

7 Reuters Institute Digital News Report 2020
Regarding the EU’s external dimension, the rapporteur considers that strong political and financial support for strengthening independent media and media and information literacy should be also an integral part of the EU’s external policy, paying particular attention to the European Neighbourhood and Enlargement region.

### Ensuring a level playing field

The media sector has been at the forefront of the digitalisation, AI and data revolution. However, digital ecosystem, in the absence of sufficient legal, regulatory and policy frameworks, has been failing the media sector. There is an urgent need for an improved legal framework that provides a level playing field, fosters democracy and cultural diversity.

The existing legislation does not provide regulatory framework covering pivotal issues in the information ecosystem, such as access to data, digital advertising, algorithmic transparency, platform accountability, protection of editorial integrity, must-show and others. As an example, global online platforms do not share relevant consumption data with media sector. In fact, data is used as a competitive advantage by targeting advertisements and content. The report calls for closing of the existing gaps, and in this regard to use opportunities provided by the Digital Services Act and Digital Markets Act.

Another important aspect to address is implementation and enforcement of the existing legislation, in particular AVMSD and Copyright directive, and competition rules. The Commission should ensure that large online platforms do not circumvent the application of these rules. Your rapporteur believes that the Commission could provide crucial assistance to the media sector by ensuring fair and transparent rules for negotiations with the platforms. Furthermore, cooperation within the European Regulators Group for Audiovisual Media Services (ERGA) should be strengthened.

Your rapporteur stresses that it is essential to ensure and maintain independence of private and public service media from political interference, including coming from external actors. The report welcomes the Media Ownership Monitor initiative. Nevertheless, a more comprehensive monitoring of the political economy of the news media sector in the European Union and in the European Neighbourhood is needed. European strategic cultural and democratic assets need to be protected. There is a great danger that economic developments in the media sector might lead to increased concentration of media ownership through, for example, low-cost buyouts, including by foreign adversaries.

At the same time scaling up for the media sector is crucial in order to be able to keep smaller titles afloat and to successfully compete with the global online players, in particular those acting as gatekeepers. The fragmentation of the media sector poses challenges in this respect. Therefore, the report acknowledges that the right balance has to be found. One suggestion would be supporting European media players in their efforts to scale up in line with the Commission’s proposal that envisages the use of European Digital Single market as a native market. At the same time it must be recognised that there is not one single European media market, but many different markets, even within one Member State. European media diversity and local offers are an indispensable part of European democracies, yet the extreme fragmentation is a downside when it comes to competitiveness.

The report acknowledges that the existing creation and distribution models in the European audiovisual sector are largely based on territorial exclusivity and ownership of intellectual
property rights by independent producers and creators.

The report acknowledges that VOD platforms and other innovations are reshaping the audiovisual media landscape and by extension both posing challenges, but also providing opportunities. Your rapporteur is of the view that in many respects an irreversible transformation is under way and as such encourages the sector’s legacy players to enter new markets and embrace innovative business models.

**Towards transformation and promotion of the European media and audiovisual sectors**

The European audiovisual and news media sectors should be at the centre of the EU’s twin digital and green agendas.

Transformation of newsrooms and adoption of innovative business models needs to be facilitated, and also creation and growth of digital media startups through easier access to finance and a supportive framework that enables scalability should be promoted. The report notes, that in particular smaller European media are lacking financing for innovation and investment in digital and green transitions. Hence the need for additional support to be able to fully embrace the opportunities offered by the digital environment, and to be able to compete with the global online platforms for the attention of audiences.

Your rapporteur considers it is necessary to increase availability of diverse European audiovisual content, particularly from smaller Member States, across the EU. Targeted measures for co-production, translation, subtitling, co-distribution and promotion could play a part.

The rapporteur pays particular attention to the financing for digitisation and availability of European audiovisual and film heritage in order to make it more accessible. This should go hand in hand with film literacy initiatives, where, in order to bring together already existing good practices and develop new approaches, the report calls to develop a Film literacy toolkit. The large online platforms should also pay role in promoting media and information as well as film literacy.

The report stresses the importance of reducing the carbon footprint of the audiovisual sector, especially at the production stage, and considers that net zero emissions can be reached within this decade, if opportunities within the current MFF are used effectively. At the same time the Commission should study the impact across the value chain and elaborate targeted measures.

**Conclusion**

Holistic approach in developing comprehensive media policies at the EU level will require to combine measures, programs and policy initiatives covered by a number of policy fields. It is beyond the scope of this report to address many other important issues such as protection of journalists, particularly addressing the need of an anti-SLAPP directive, situation of artists and cultural professionals, piracy issues, impact of AI on the audiovisual sector and others.

The implementation of relevant initiatives under the European Democracy action plan need to be closely monitored. The numerous challenges of the media sector have to be explicitly taken into account in the legislative work on the Digital Services Act, Digital Markets Act and other forthcoming acts in relation to digital ecosystem. If these horizontal instruments will be short
of closing the existing gaps unaddressed issues will inevitably have to be addressed through sector specific legislation.

Your rapporteur stresses that this is a landmark moment for the development of EU news media and audiovisual policies. In order to preserve and protect our European values, promote pluralism and diversity, make European media sector stronger, more resilient and competitive, we should take a balanced approach and properly address all the players across the value chain. Despite being largely driven by private market players, the media sector has a strong ‘public good’ component and is critical for healthy functioning of our democracies.
## INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

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| **Result of final vote** | +: 28  
| | -: 0  
| | 0: 1  |
| **Members present for the final vote** | Asim Ademov, Ilana Cicurel, Gilbert Collard, Gianantonio Da Re, Laurence Farreng, Tomasz Frankowski, Romeo Franz, Chiara Gemma, Alexis Georgoulis, Irena Joveva, Petra Kammerevert, Predrag Fred Matić, Dace Melbārde, Victor Negrescu, Niklas Nienaß, Peter Pollák, Marcos Ros Sempere, Doméneč Ruiz Devesa, Monica Semedo, Andrey Slabakov, Massimiliano Smeriglio, Michaela Šojdrová, Sabine Verheyen, Maria Walsh, Theodoros Zagorakis, Milan Zver |
| **Substitutes present for the final vote** | Marcel Kolaja, Elżbieta Kruk |
| **Substitutes under Rule 209(7) present for the final vote** | Evelyne Gebhardt |
## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

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**ID** Gianantonio Da Re

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Key to symbols:
+ : in favour
- : against
0 : abstention