

## COMMISSION GREEN PAPER ON CONVERGENCE:

### UK GOVERNMENT RESPONSE

The UK Government welcomes this Green Paper, which has assisted in stimulating debate across the Community on the future direction of policy in the area of communication services.

Developments in digital technology and the prospects of convergence will be an important factor in shaping future policies for job creation and growth in Europe. However, there are many uncertainties, and no-one can predict accurately how fast convergence will proceed, or what effects it will have on different markets.

It seems likely that consumer habits will evolve gradually rather than radically. In particular, there will be a continuing and important role for public service broadcasting in delivering services which are not provided in a purely commercial environment.

The choice of options for developing the regulatory framework must largely be for Member States to determine, in the light of their particular regulatory history and market circumstances. Existing principles can underpin coherent economic regulation – ie. common rules and an adapted approach – and consistency in content regulation, with methods of implementation adapted to the circumstances of each area. Regulatory structures should be sufficiently flexible to cope with future technological arrangements and should not be so burdensome that they adversely affect the development of innovation and technology.

#### 1. The nature and impact of convergence today.

*(A) Whilst convergence is occurring at the technology level, to what extent and at what speed is this happening at the industry, service and market levels?*

*(B) Are the effects of convergence already being felt in the business world and in our everyday lives, and if so, in what way?*

The convergence process is being driven forward by the development of new technology and of new services, some of which do not fall readily within respective definitions or frameworks for telecommunications, broadcasting and IT. The industry, market and service level effects of convergence may be seen across a number of different functions in the value chain leading from the origination of content through to the ultimate consumer.

**Reduction of Production Process Costs:** production equipment which can be made available to the mass market will tend to lower entry costs. Where multi-skilling is possible, convergence will provide economies of scale and scope which will also lower ongoing production process costs. However, where this is not feasible, because tasks and requirements remain specialised (eg. in premium content production), then the effects of convergence will be more limited.

**Relief of Capacity Constraints and Cross-Platform Leverage:** with more network capacity available for use, transmission costs should fall, encouraging more service providers into the market. With all networks offering similar features over time (eg. interactivity), the distinctions between networks will begin to erode. Services previously only available on one network will find competition coming from those previously only available on another.

The reduced process costs of production and transmission should encourage a large number of new entrants into the market. However, mass market demand, which we anticipate will be focused, at least in the early stages, on television rather than the PC, is already driven by particular types of premium content. The increasing competition between networks outlined above is likely to substantially increase the bargaining power of premium rights holders.

**Concentration in Service Provision and Branding:** together, these factors imply not only an opportunity, but a need, for service providers to stay competitive by leveraging the content they control over as many delivery platforms as possible. This implies that distributors will shift from offering functionality to offering service with a wide range of content inputs, choosing the delivery options best suited to the segment of the market they are targeting. The service provider can therefore gain market recognition and share for its service brand, to balance the power of premium rights holders. This all implies a trend towards greater concentration, or integration, in key elements of supply – content packaging, service delivery and distribution.

Overall, the supply-side effects of convergence are therefore considerable. Demand-side characteristics, however, are unlikely to converge to anything like the same degree for the foreseeable future. Tastes and preferences and market behaviour are determined by individuals and communities, not by technology. We anticipate that free-to-air broadcasting services will continue to dominate as an important source of entertainment and information for the foreseeable future. In particular, there is an important and continuing role for public service broadcasting in providing programming which is not determined by commercial considerations. However, because of the supply-side effects of convergence, distinctions between different segments of demand will be based less upon differences in delivery medium and more upon other characteristics of the services offered.

In the printed media, it seems likely that particular characteristics of demand for non-electronic delivery will remain distinct from those of electronic delivery for some considerable time to come. In the case of the conveyance of audio-visual entertainment, the UK agrees with the view expressed by industry at the European Audio-visual Conference in Birmingham, that the transition between analogue and digital technology may be a long one.

## **2. The social-economic business and consumer impact of convergence.**

*(A) Will convergence have a significant impact on job creation, as well as on education and training in the European Union? How is convergence likely to impact the way in which we work? Will its effects be spread evenly throughout the European Community?*

The UK agrees with the Commission that convergence will be an important factor in shaping future policies for job creation and growth, increasing consumer choice and promoting cultural diversity. Discussion of this issue at the European Audio-visual Conference emphasised that convergence will accelerate the changing work-patterns within the audio-visual sector, with consequent implications for the skills needed to ensure future employability in the sector and for the underpinning public policies to support them.

The UK believes that the products and services of the Information Age more generally are likely to have a positive effect on employment and skills – both through their provision and their use. The contribution of the sectors concerned to UK Gross Domestic Product is forecast to rise from 7 to 12% over the next three years. This change will enable, and demand, a rise in skill levels among the population, and offer the opportunity for acquiring a range of skills to take advantage of an information-rich environment.

The digitalisation that enables convergence will offer a great increase in the capacity of delivery channels for information of all kinds, with cultural and social as well as economic value. Digital TV is a leading example of this effect, which will contribute to:

- the information-richness of the working and home environment
- the opportunities available for lifelong learning
- a major increase in the demand for content of all kinds, particularly locally-originated

content, whose popularity is likely to remain durable.

The impact of convergence is likely to vary across the Community because of a number of factors, including the relative ability of Member States to upgrade telecommunications networks. Another important factor is differences in media markets themselves, as market structures have tended to evolve to reflect the interests of the communities they serve.

*(B) What effect are current developments likely to have on telecommunications, media and IT sectors, in terms of the underlying economics of those sectors, the services offered and the likely service providers?*

Broadly, while there are no absolutely clear boundaries between these sectors of activity, the main focus of each falls into one of three main groups. These are content creation, content distribution, and consumer access to, and interaction with, content. Convergence tends to blur the distinctions between the sectors further, so it is convenient to examine the potential in-sector implications of convergence using these three broader categories.

### **Content Creation**

The trend of convergence, particularly with the relief of capacity constraints, presents many more distribution opportunities. As a result, the single most important consequence of this change is the potential for creators and owners of high quality content to exert greater bargaining power and realise greater returns.

The value of creative content has been realised by selling the product for distribution, either through exploitation of leased distribution rights or, more usually for independent producers, through selling the intellectual property in the product outright. A particular difficulty for the production sector has been its weak negotiating position in getting its products distributed, often resulting in the surrender of intellectual property rights to film distributors and broadcasters. This means that producers have had difficulty in building up a sufficient asset base, and the production sector has remained under-capitalised and financially the weakest part of the supply chain. The increased distribution opportunities offered by convergence may also allow producers more options in retaining rights.

With the multimedia developments of convergence, a whole new range of content inputs, beyond traditional television and film production, is opened up. Here, digitalisation may lead to the creation of niche markets for content. It seems likely that, in parallel with mass broadcasting, there will be greater opportunity for more minority tastes to be catered for.

Text and art will also play an increasingly important role. This highlights another aspect of convergence – the erosion of technological distinctions between text, audio and video. The direction of convergence here is towards full multimedia delivery. Traditional publishing is as much a starting point as audio-visual for the development of multimedia. At this stage, however, many companies are still experimenting with different products, and many have yet to charge for access. Multimedia currently represents only a small market compared to traditional publishing. In the longer term, revenue potential in this sector is likely to come from the development of service-oriented offerings, with further value added through customisation of content and advertising, the development of transaction services for purchasing the goods which are advertised, and so on.

### **Content Distribution**

Digital technology will enable content to be delivered over a diverse range of networks, increasing the number of hours of service delivered, and allowing the greater use of targeted delivery whereby services are provided on individual demand (such as video or music on demand). New service forms will compete with 'traditional' broadcast services for leisure time.

The increase in bargaining power of content owners, together with the increasing range of networks capable of delivering their services will tend to shift power away from network operators. There will be strong pressure for such operators to expand into service provision to capture a share of the higher value added, and to provide a counter-balance to the power of content.

### **Consumer Equipment & Software**

Consumer equipment manufacture will follow the marketing intelligence of value added service provision. We anticipate that the majority of development in the near-term will focus on the television for the mass market, but a range of other devices for non-living-room applications could be forthcoming; developments will simply follow the normal micro-economics of the product life-cycle. On the computing side, more of the IT Sector's basic products will become integrated into networks and into consumer equipment. The technological platform for this looks increasingly like the Internet/intranet model.

*(C) What evidence is there of changes in Europe in the way services, information, entertainment and culture is being accessed in the home and in the office? What are the implications of current levels of PC penetration, Internet use and TV penetration for the take up of new services? What action (if any) is needed to overcome low levels of multimedia computer penetration and Internet use?*

Entertainment, education and information services have all been available for some time in both broadcast and on-line form. The key changes are the introduction of an element of interactivity and transactional capability into mass market applications, and hence the opportunity to make money from on-line services. Transactional capability also suggests a possible shift from subscription as the mechanism of service choice towards pay-per-choice.

The introduction of interactivity to mass-market, universal, broadcast services will not produce an overnight change in market behaviour. This is determined by individual preferences and community attitudes which take time to adapt to new technologies. It is not expected that the growth in the Internet will have significant impact on the popularity of television in the foreseeable future. However, over time, there will be a gradual increase in the consumption of services with more and more customisation, although this does not necessarily imply that mass-market, broadcast services for passive reception are destined for extinction. Indeed, the pace at which demand moves away from these services is entirely undetermined.

It seems likely that there will continue to be demand for uncustomised, multi-channel entertainment for the foreseeable future, despite new generations' increasing adaptation to interaction with their entertainment, and to simultaneous use of a variety of different service options. Indeed, it seems likely that there will be a spectrum of demand for the foreseeable future, characterised at one end by the consumer 'leaning back', receiving services, and at the other, 'leaning forward', interacting with them.

It is important that society should not be divided into information 'haves' and 'have-nots' according to their access to new Information Society services. Programmes such as the UK's 'IT for All' will be vital in enabling all citizens to benefit from the opportunities presented by these new technologies.

*(D) In the light of the positions put forward in the Commission Working Paper on the Fifth Framework Programme, what kinds of Community RTD projects should be launched in the context of convergence?*

The scope of the 'User-friendly Information Society Programme' (UFIS) under the Fifth Framework Programme will include information processing, telecoms, broadcasting, and media content for Information Society applications. There will be strong emphasis on the needs of the citizen/consumer. This programme has been created by the forces of convergence (in technology and markets), and the UK considers that it will be a fertile source of technologies, applications, and probably economic pointers, for the newly converged world.

The Programme will also facilitate convergence in the sense of increased emphasis on research and technology development and demonstration projects, which draw on Framework programmes in complementary technologies in areas such as manufacturing, transport and biotechnology. However, it is for industry and users to propose topics for further research and demonstration under the programme.

Outside the Framework Programme, convergence will also be pursued through other European programmes such as TEN-Telecom, INFO2000, which make use of already-convergent IT and telecom facilities to deliver services.

### **3. Barriers to convergence.**

*What is the likely impact of the barriers identified and are there other barriers or factors which may have a significant impact on the convergence process in Europe?*

### **Existing barriers**

Access to users – Convergence brings increasing scope to deliver to users by a variety of means (satellite, cable, radio, copper), both fixed and on the move. The UK considers that it is important that users and suppliers are able to make choices on a "fit-for purpose" basis.

Regulatory restrictions – It will be necessary to lift restrictions on the types of traffic which can be carried over particular networks, subject to maintaining and promoting competition between networks and services (such as that from new entrants), in the consumer interest. It is the UK's view that any such restrictions must be objectively justified in terms of maintaining and promoting competition.

Fragmentation of EU market – It will be important to enable economies of scale in commercial operations, whilst safeguarding cultural richness and diversity in Europe. Media markets throughout the Community tend to be fragmented not because of different approaches to regulation, but primarily because of cultural and language differences. Media market structures tend to reflect the different interests of the communities they serve.

Telecoms prices – To protect the consumer interest, we need to continue to use regulation to secure appropriate and affordable prices, until competition is sufficiently developed to do this.

Insufficient IPR protection – There are important developments at EU and wider international level, aimed at securing the same protection on-line as exists off-line. The Draft Directive on Copyright and related rights in the Information Society is now under discussion in the Council working group.

### **Potential barriers**

Regulatory uncertainty of current definitions – It will be preferable to re-engineer technology-based definitions, so that new services do not have to be put in old or inappropriate categories, and so that a more coherent regime applies to services which can be delivered by a variety of routes. On some issues there may be a continuing need for distinct regulatory mechanisms or emphasis, according to either the nature of the service (eg. universal public service television as opposed to Internet delivery) or differences in national culture (eg. what is considered harmful for minors or acceptable for adults). Nevertheless, within a given cultural context, approaches should be based on a consistent set of principles.

Multiple regulatory bodies – Detailed consideration of regulatory structures should follow from consideration of the desired objectives. But double jeopardy and incoherent regimes within a Member State should be avoided as far as possible.

Market entry and licensing – The UK believes that a supra-national approach is unlikely to be practicable, but that licensing requirements should be objectively justified and the minimum necessary to maintain and promote competition and the consumer interest. A strong national approach is needed to reflect different stages of market development in competition terms, and differences in cultural outlook.

Access to networks, conditional access systems and content – We should aim to promote access, and the development and delivery of new services, whilst avoiding restrictions on competition through abuse of dominance or foreclosure of markets by control of gateways. The consumer and public interest may in some circumstances be best served by a common system managed on fair terms; in others by competition between basically compatible systems. This should be based on the application of Articles 85 and 86 of the Treaty, on prohibition of anti-competitive agreements or abuse of a dominant position.

These will need to be supplemented by more direct regulation on some issues, such as bottleneck control and universal service.

Allocation of radio frequency and other resources – The advent of digital technology will assist more economical use of spectrum, though it will continue to be a finite resource subject to international agreements and co-ordination. There is scope to consider how, subject to these, the use of radio for delivery might be made an easier option. For example, the existing European common allocation at 40GHz might offer considerable potential for broadband services, possibly including radio fixed access and video distribution services.

Public interest objectives – Public service broadcasting is an important vehicle for achieving cultural richness, and approaches in the EU need to accommodate cultural diversity – divergence of national approaches in this area is inevitable. Universal access to specified levels of service in telecoms and to public service broadcasters remains an important and legitimate national social policy objective. But the commercial operations of such service providers must remain subject to the basic competition and State Aid provisions of the Treaty.

Confidence in the new environment – Given the transferability of data across frontiers, the UK believes that international approaches to issues such as data protection, child protection, encryption and digital signatures are important and appropriate. Measures in these fields still need to recognise that different cultures may handle these issues differently – mutual recognition of approaches may be appropriate in areas where harmonisation is not. The emphasis may need to be less on harmonised legislation, and more on the promotion of tools and techniques which work with, rather than against, national differences, and help consumers to protect themselves (eg. rating, filtering and cryptographic techniques).

Lack of standards for interconnection and interoperability – It is important that international progress in this area should be maintained – see answer to question 5D.

#### **4. The impact of convergence on current regulation.**

*(A) Do current developments require more or less regulation in the sectors affected by convergence, more or less reliance on competition rules, and more or less reliance on market forces to achieve the objectives identified in earlier Chapters?*

Competition rules provide an essential framework for regulation of the supply-side. Where markets are emerging, and/or competition is still developing, there may be a need for more detailed regulation to promote market opening and competition, and to prevent the foreclosure of markets by powerful players in the value chain. In addition, there is need for consumer protection safeguards. But as competition develops, so detailed sectoral rules can diminish, subject to the essential minimum necessary to secure such aims as interoperability, openness of gateways or removal of bottlenecks, public interest objectives such as quality and diversity of content, plurality of voice, access to services, and consumer protection. Cultural regulation – the promotion of cultural values, together with the protection of minors on questions of taste, decency and morality – may need to recognise a less 'harmonised' approach.

*(B) Whether, and if so, to what extent, convergence challenges the principles underpinning existing regulatory approaches in the telecommunications, media and IT sectors?*

The UK considers that these principles remain largely unchanged, but that approaches need to be brought more into line in the different areas. We will need to see coherent economic regulation across telecoms and broadcasting – ie. competition rules which complement a more integrated set of sector-specific regulation – and a consistent approach to content regulation across different media, tuned according to ease of access to content in the case of negative content rules.

#### **5. Overcoming the barriers – getting the right regulatory framework for business and for consumers.**

*(A) Are the definitions in the telecommunications, media and IT sectors in national and/or Community legislation adapted to the convergence process?*

As described above, the UK does not consider that these definitions are well adapted to convergence. Some new services fall into no clear, existing category, and yet there is a clear need to avoid double jeopardy and incoherent rules, and provide a clear market framework within which new services can develop. Content rules and cultural regulation tend to be determined by the means of delivery – for example, broadcast vs. telecoms, or on-demand; terrestrial vs. satellite vs. cable.

The impact of convergence is to make distinctions based on delivery medium less relevant. This makes it necessary to develop new criteria for determining the regulatory treatment of each service, and for deciding which should be required to fulfil a public service function. Relevant considerations may be whether a service is universally available, whether it is free at the point of use, and the ease with which individuals can access it.

*(B) Will the convergence phenomenon require adaptation of existing approaches or the adoption of new approaches to be applied to issues of market entry and licensing; access to networks, customers (including conditional access systems), content; and pricing?*

The UK considers that the best approach will be to adapt existing approaches where appropriate, on a case-by-case basis, whilst aiming to secure greater coherence overall across the converging sectors. (See also the answers to question 3).

*(C) Will convergence require changes in the approaches to the award and pricing of frequency spectrum, and in particular what approach should be taken, in the light of convergence, to the issue of completing the transition from analogue to digital services, including the need for a timetable for analogue switch-off?*

Convergence in itself will not require a change in approach, except insofar as is needed to enable choice and competition in both delivery platforms and content. Digitalisation will mean more efficient use of spectrum. This will make more spectrum available for innovation and growth and lead to potentially substantial economic and consumer benefits.

Spectrum pricing, in the form of auctions or administrative pricing, is expected to play an important role in encouraging migration from analogue to digital technology and hence in unlocking these gains. However, the application of spectrum pricing will need to be tailored to the characteristics of the radiocommunications service in question.

The UK strongly believes that the transition from analogue to digital must take account of consumer interest, especially in more remote communities, as well as of economic advantage from re-deploying spectrum. It is necessary to consider the scale of investment in analogue receiving equipment and the availability and cost of alternative digital access to services that will no longer be available in analogue form after analogue transmissions cease.

The UK Government is currently consulting on the timetable for the analogue-digital transition. Comments are sought by 4 September 1998 and decisions will be made in the light of those. But the Government has made it clear the transition from analogue television broadcasts to digital will not occur until digital receiving equipment is as universally installed in households as analogue equipment is now.

Given the need to harmonise the allocation of frequency bands on the widest possible basis within Europe, the amount and location of spectrum released from analogue broadcasting, as well as the alternative uses to be made of that spectrum, should be planned within the context of the Conference of European Postal and Telecommunications Administrations (CEPT). Spectrum management authorities within the CEPT are beginning to address these issues.

However, the process and timetable for the transition from analogue to digital should remain national responsibilities as circumstances, opportunities and constraints differ markedly between countries. Provided national spectrum management administrations keep each other informed of their plans, it should be possible to co-ordinate the introduction of new services so that countries that are able to move faster can do so, and realise the economic and consumer benefits sooner, without adversely

affecting analogue broadcasting transmissions elsewhere. This can be done by bilateral or multilateral agreements between the countries concerned as the need arises.

*(D) What should be the objectives of standardisation in the light of convergence and what should be the relationship between regional and international standardisation?*

It is important to maintain international progress in the area of standards for interconnection and interoperability. These have traditionally been horizontal issues for public networks providing basic voice and data services, and standards in this area are adequately addressed by ETSI. In the emerging convergent information and entertainment services industry, interworking issues mainly arise from the need for compatibility between vertical players in the value chain. Traditionally, service providers have solved this problem by providing the means for customers' equipment to be compatible with their own services in situations where the intervening networks have provided transparency. In the future, steps might need to be taken to ensure interoperability when the value chain includes multiple players, some of which exercise gateway control over the delivery of services.

*(E) What additional action (if any) is required to ensure that the interests of consumers and of users with disabilities are respected in the light of convergence?*

Full consultation, and the integration of economic and public policy objectives, will be essential. This is an important element of the social policy objective of universal access, referred to in the answer to question 3.

## **6. Securing public interest objectives in the light of convergence.**

*(A) Does the convergence phenomenon support or challenge the way in which public interest objectives are achieved in the telecommunications, media and IT sectors?*

The challenge is genuinely to extend consumer choice, by providing new services which develop the market through use of the new technological opportunities. That in turn entails encouraging the development of the content-creating industries in Europe, while respecting the principle of subsidiarity as regards support schemes designed to promote national cultural objectives.

*(B) Should such objectives be more clearly identified and where they translate into particular obligations, should a wider group of actors be able to take on such obligations?*

The UK considers that such objectives are already clear. The identification of such objectives is a matter primarily for Member States.

## **7. The future shape of regulation.**

*(A) Do current developments require a reassessment of the way in which rules are applied to the telecommunications, broadcasting and IT sectors?*

Logically, conclusions on higher level issues of policy and approach should be reached before considering ways and means. But some changes are likely to be necessary in order to secure the necessary coherence and future-proofing required.

*(B) Does the existence of different regulatory authorities or ministries responsible for different aspects of telecommunications, media and IT activities offer a workable structure for regulatory supervision in the light of convergence?*

The UK considers this to be a matter for national administrations. Arrangements differ, and a common model is not necessary.

*(C) Will convergence require a reassessment of regulatory responsibilities at a national, Community or international level, and, if so which areas?*

National regimes will need to adapt to convergence as it affects them, but increasingly, matters concerning electronic commerce need to be treated at international level.

There is a key Community role in promotion of further liberalisation, so that competition and market forces have increasingly free play, within a set of national frameworks for safeguarding consumer interests and addressing issues such as those associated with national culture. Detailed regulation is best done at Member State level, where National Regulatory Authorities (NRAs) are close to the dynamic and complex national markets, which are not uniform across Europe. However, it is essential that the Commission should use its existing powers to ensure that Community law is properly enforced, for example by telecoms NRAs.

## **8. The international aspects of convergence.**

*(A) Is further action required at an international level in light of convergence?*

Further action needed is mainly in the area of electronic commerce and the general legal framework for on-line and interactive services, covering issues such as consumer protection rules, establishing how disputes are to be resolved, and what law is applicable. Work is continuing in WIPO in the field of IPRs, aiming to build on the success of the two new treaties concluded in December 1996. In addition, the forthcoming OECD Ministerial in Ottawa, and the ideas outlined in the Commission Communication 'Globalisation and the Information Society: the need for strengthened international co-ordination', will take forward questions raised by electronic commerce on an international basis. The UK's view is that it is important to assess on an issue-by-issue basis whether, and in which fora, international action is needed.

*(B) What additional steps (if any) are required to encourage other countries, particularly, in Central and Eastern Europe, to create conditions within which current developments can be exploited?*

This issue should be addressed as part of the Agenda 2000 process.

## **9. Principles and possible approaches in the light of convergence.**

*(A) What effect will convergence have on the principles for future regulation applied in the telecommunications, media and IT sectors, and should those principles be adapted in the light of convergence?*

The 5 tentative principles in the Green Paper represent "good policy practice" – as in present UK policy – and offer a good guideline for the future. Thus, only adaptation of principles is required, although more significant change may be needed in regulatory approaches and implementation, in order to ensure that the principles continue to hold sway in a changing world. The UK believes that regulatory structures should be sufficiently flexible to cope with future technological arrangements and should not be so burdensome that they adversely affect the development of innovation and technology.

For new services in the on-line electronic environment provided by modern networks like the Internet, the UK espouses the four key principles outlined below, but keeps an open mind on the possible need for new or additional regulation:

Laws should be technology-neutral, applying on-line as off-line. This includes ensuring that commercial law is adapted for the on-line environment, and the development of electronic commerce.

International co-operation should be encouraged:

Between enforcement authorities, developing harmonisation, mutual recognition or co-operation in their investigations

Between legislatures – harmonising laws where possible, but recognising that it is not feasible in some areas (eg. law on obscenity)

Tools with which consumers and businesses can protect themselves should be promoted (such as rating/filtering, payment systems, cryptography for authentication and confidentiality, or trust infrastructures for digital signatures.)

Voluntary industry action to develop the above in each relevant sector should be encouraged. There is a real incentive for this if the laws apply on-line as off-line, because the normal principle of responsibility then applies: each individual is responsible for his own conscious acts and omissions. Thus if, for example, Internet service providers fail to help put in place appropriate solutions, they are either directly liable or jointly liable as an accessory, once they have been made aware of illegal material or activity on their servers.

*(B) If convergence requires adaptation of existing regulatory approaches, should that adaptation:*

*(i) seek to build on, and if appropriate, extend existing frameworks, rather than create new ones*

*(ii) create a new framework for many on-line and interactive services, to co-exist with those currently applied to traditional telecommunications and broadcasting activities, or*

*(iii) seek to create a comprehensive framework applying similar regulatory approaches to all three sectors.*

Existing principles can underpin coherent economic regulation – ie. common rules and an adapted approach – and consistency in content regulation, with methods of implementation adapted to the circumstances of each area, such as voluntary action amongst service providers backed by force of existing law in the case of the Internet (see 4 principles in the answer to question 9A above). These regulatory approaches should be applied to all three sectors.

The choice of options for developing the regulatory framework must largely be for Member States to determine, in the light of their particular regulatory history and market circumstances. In the case of the UK, the UK Government believes that an evolutionary, rather than revolutionary, approach will in general be most suitable. The most appropriate approach is likely to entail an adaptation of the existing frameworks so as to cope with change and to deal with new services – recognising that the adaptation may need to be more extensive in some areas than others.

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