



MR POWELL

with copy?

EC Broadcasting Directive

1. President Bush has sent a message to the Prime Minister registering American concerns about the draft EC Broadcasting Directive. I have been involved with relevant Whitehall Departments in drafting a reply which, subject to the Foreign Secretary's views, will reach you by Sunday evening. Meanwhile you may find it helpful to have some background.

2. The Directive is the outcome of 3 years of negotiation. It reflects wider agreement reached in the Council of Europe. It contains a number of measures to liberalise the internal EC market, common rules for advertising, and useful provisions to protect children and others from pornographic broadcasts. But it does also require broadcasters "where practicable" to reserve a majority of their transmission time (excluding services such as news, sport and teletext) for European works.

3. The Directive is subject to qualified majority voting and involves the co-operation procedure with the European Parliament. The Council reached a common position on the text in April, with the UK voting in favour; and it returned to the Council from the Parliament in July for final adoption. The French, who had also voted in favour, threatened to change their position on the grounds that the quota provisions were too weak to protect French culture against American invasion. But they have now decided not to pursue that argument.

4. The Americans have fastened - very late in the day - on the requirement to reserve time for "European works", which they believe would harm US sales. We have re-examined the provision very carefully. As the Foreign Secretary told US Secretary of State Baker on Tuesday evening, we are satisfied that these fears are unfounded. Internal liberalisation should itself help to



enlarge the European market, which should grow rapidly, thus benefitting US producers along with others. The qualification "where practicable" on the reservation of time for European works will, we believe, deprive this provision of any real meaning. The Home Secretary made the same points to Mrs Hills, the US Trade Representative, on 14 September.

5. If the Directive is not adopted at next week's Foreign Affairs Council, then under the Community's legislative procedures it will fall. In that case we will lose the benefits referred to in paragraph 2 above, and Member States will remain free to impose their own restrictions on foreign broadcasting content. If the proposal for a Directive were then revived at some future date, we judge that we could well end up with more restrictive provisions than the weak formula in the present text.

6. OD(E) concluded on 16 June that we should continue to support the Directive and Cabinet on 20 July also envisaged its adoption. Whether, as the President suggests, the UK's vote would be decisive is not clear: the Germans may well in the end vote in favour.

7. It does not appear that any member state now wishes to open up the text of the Directive. But we are in touch with the Presidency and the Germans about useful interpretative minutes statements on the quota provisions.

D A HADLEY
29 September 1989



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COMMUNICATIONS SECTION

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