

SUPPORTING MEDIA FREEDOM IN EUROPE

Policy Brief No. 150, November 2024

Independent news media outlets play a vital role in facilitating political discourse, holding governments accountable, informing the public, and shaping collective opinion and attitudes. Studies have shown that local media outlets can also contribute to higher quality of life and reduced polarization in communities. Despite its vital public role, the news industry in Europe is facing serious threats. The shift to online platforms in recent decades has led to the **collapse and transformation of traditional media business models**, resulting in a growing number of “news deserts” across Europe. Declining distribution profits, advertising revenue siphoned by online platforms, and the financialization of the industry have made news outlets vulnerable to capture.¹

The rise of the internet and social media has further complicated the media landscape, disrupting regulation, media consumption and information transparency and security, contributing significantly to the **spread of foreign information manipulation and interference (FIMI)** and social and political polarization. For example, this has been successfully used by the Kremlin regime to prepare and conduct its war on Ukraine through cyber-attacks and manipulation campaigns to target the EU, its institutions, businesses and individuals and has contributed to democratic backsliding. The Kremlin’s gray media infrastructure remains largely intact, particularly in parts of Central and Eastern Europe, where it has successfully transitioned also to social media, including with the support of the local networks of Putin allies and appeasers.²

¹ Center for the Study of Democracy, *Transforming Europe’s Media Landscape*, Policy Brief No. 147, July 2024.

² Shentov, O., Stefanov, R., and Vladimirov, M. (eds.), *The Kremlin Playbook in Europe*, Sofia: Center for the Study of Democracy, 2020.

KEY POINTS

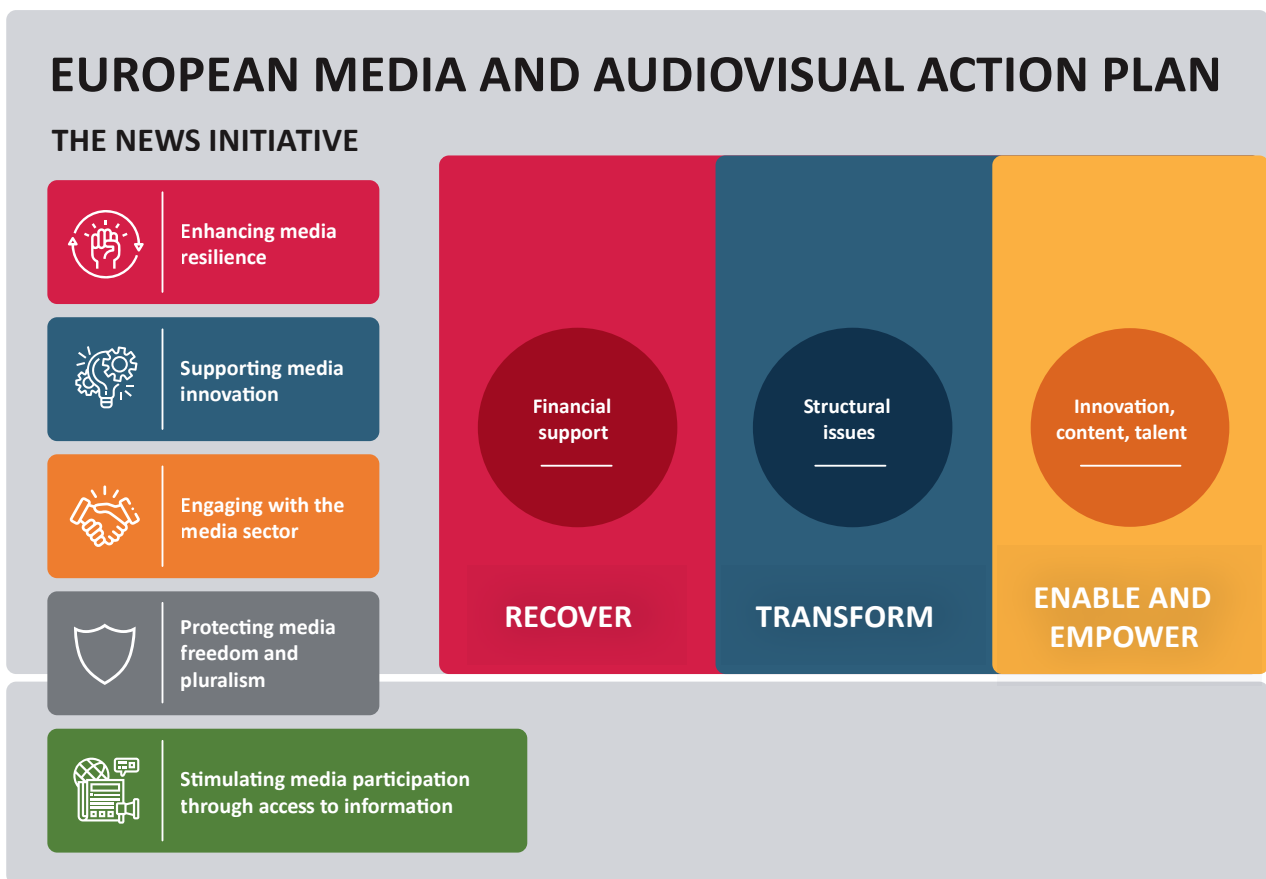
- Recognizing the **news media industry as crucial to European democracy** and acknowledging the threats it faces, as the President of the European Commission has done, is a positive step towards supporting media freedom in Europe.
- The increasing number of “news deserts” in Europe, combined with tech-transition-related challenges, such as the migration of advertisers online, and the **financialization of the news industry**, poses a serious threat to the health of democracy and upholding freedom of speech and other fundamental values in the EU.
- The EC should address the **legislative and regulatory gaps** that hinder the effectiveness of its media and democracy promotion measures. Implementing a bargaining code, a tax, or other forms of engagement of Big Tech platforms in financing media freedom in Europe would further bolster such measures.
- While the European Commission has **promoted innovation and creativity** in the media industry, it could provide broader financial support to encourage media tech transition across member states, while strengthening the media’s rule of law enhancing impact.
- The European Commission could further broaden this financial support if it diversified its funding strategies for media outlets by **blending public funds with strategic private investments**. This could build on previous EU experience with blended finance platforms and explore the re-tooling of tech start-up and growth instruments piloted in the European Structural and Investment Funds.
- To effectively sustain media freedom, Europe’s institutions, including the European Board for Media Services, may need **structural reform**. Civil society organizations and international partners could assist in this process. The experience of OECD partners could also provide valuable guidance.

Recognizing the dangers of market failure and capture of the news industry in Europe, the European Commission (EC) has sought to intervene and prevent further decline in media freedom standards. These initiatives fall under five policy headings: media freedom and pluralism, media resilience, innovation and collaboration, access to information on EU affairs, and engaging with the media sector. Media freedom is a fundamental right that applies to all member states and is thus an important policy competence for the EU institutions. However, factors such as **the unsustainability of grants funding, the porous nature of policies aimed at supporting media freedom and pluralism, and the overall lack of coordination of these efforts across member states**, have rendered such EC measures insufficient.³

The shift “from editorial media sources to user-generated content mediated by platforms and pushed by algorithms”⁴ is eroding the status of Europe’s democracy, and the news media industry’s crucial role in protecting it should be reinforced as a **component of the European Democracy Shield**. However, initiatives aimed at restoring the industry to a position where it can contribute to the strengthening of Europe’s democracy and rule of law should go beyond increasing “societal resilience and preparedness, through increased digital and media literacy and boosting prevention through pre-bunking” and “clamping down on acts of pressure and unethical behavior.”⁵

The European Commission has a **unique opportunity** in its first year of action to set the agenda and mobilize

Figure 1. The News Initiative, a component of the European Media and Audiovisual Action Plan



Source: CSD, adapted from the European Commission.

³ For a comprehensive overview, see: Stoyanova, M., Trifonova, G., and McLaren, R., *Media Financing in Europe: Media Freedom, Market Failure and Instruments for Funding Independent and Pluralist Media*, Sofia: Center for the Study of Democracy, 2024.

⁴ President the European Commission Ursula von der Leyen has recognised the need for further media freedom support in her [Political Guidelines for the next European Commission](#), 18 July 2024; p. 23.

⁵ Ursula von der Leyen, [Political Guidelines for the next European Commission](#), pp. 23-24.

political support for strengthening the financing of media freedom across Europe by widening its direct support, adopting new creative instruments to leverage private sector resources, better regulation, and further leading by example. It could **test new instruments**, which it could then mainstream in the next Multiannual Financial Framework (MFF) after 2028.

Promoting Creativity and Innovation

The EU has been actively supporting creativity and innovation in the news media sector through initiatives like the Media Data Space, funding by Horizon Europe and Digital Europe programs, and grants under the Media strand of the Creative Europe program. However, these efforts have suffered from a lack of coordination and scaling up. Additionally, they have not been able to narrow the digital gap between member states in the West and in the East, with the former benefitting far greater than their latter counterparts from such funds:

- To address this **digital divide** within the EU, the existing funding lines should remain operational and be evaluated from the point of view of stimulating higher participation from countries at higher risk of media freedom and pluralism. **Prioritizing funding to Eastern European countries** would help them catch up technologically, and promoting regional partnerships in Central and Eastern Europe, both within and outside the EU, can enhance journalistic landscapes. Success cases may then be further mainstreamed through the EU Structural and Investment Funds (DG REGIO) and pre-accession programs (DG NEAR).
- The EC should aim to direct its available Brussels-level funds for issues that are particularly prevalent in Central and Eastern Europe (CEE). For example, it could target projects addressing the **unaffordability of internet** for much of the populations of countries like Romania, Bulgaria and Hungary.⁶ Other initiatives that would have disproportionately higher impact in CEE, might relate to **countering media capture or enhancing digital literacy**.⁷
- In addition, the EC may decide to seek to support journalism through other targeted means such as **tax breaks, fiscal advantages, awards or prizes, or other types of preferential treatments or promotions**, which may be coordinated by national focal points in member states.⁸ Yet, this approach may prove vulnerable to exploitation. The experience of some member states, such as France, may offer some guidance to the EU how to better tackle such shortcomings.

In response to the ‘suffering’ of the news industry during the COVID-19 pandemic, the French parliament voted to **grant a tax credit to anyone taking out a new subscription** to a current affairs newspaper or magazine worth €50, which was then extended.⁹ This type of approach maintains media pluralism and independence from government, whilst still allowing outlets to benefit from governmental support.

Besides its centrally run programs from Brussels, the European Commission can provide much bigger support to further the creativity and innovation and enable the technological transformation in the news media industry by adopting innovative approaches within the existing financial infrastructure of its programs delegated to the member states under the Structural and Investment Funds (SIF).

The European Structural and Investment Funds (ESIFs) managed through National Partnership Agreements and Operational Programs, allocate funding to multiple development challenges like research, innovation, SME competitiveness, ICT, and human resource development, prioritizing support for Europe’s less prosperous regions. Leveraging existing ESIF mechanisms, the EU can promote media freedom and drive media tech innovation across Europe

This could be piloted even under the current MFF 2021 – 2027, for example, by including a thematic priority specifically geared at supporting “Technology Innovation for Media” as National Partnership Agreements approach mid-term evaluations and re-negotiating:

⁶ Bhatia, V., *Bridging the digital divide in the European Union*, World Economic Forum, 14 August 2023.

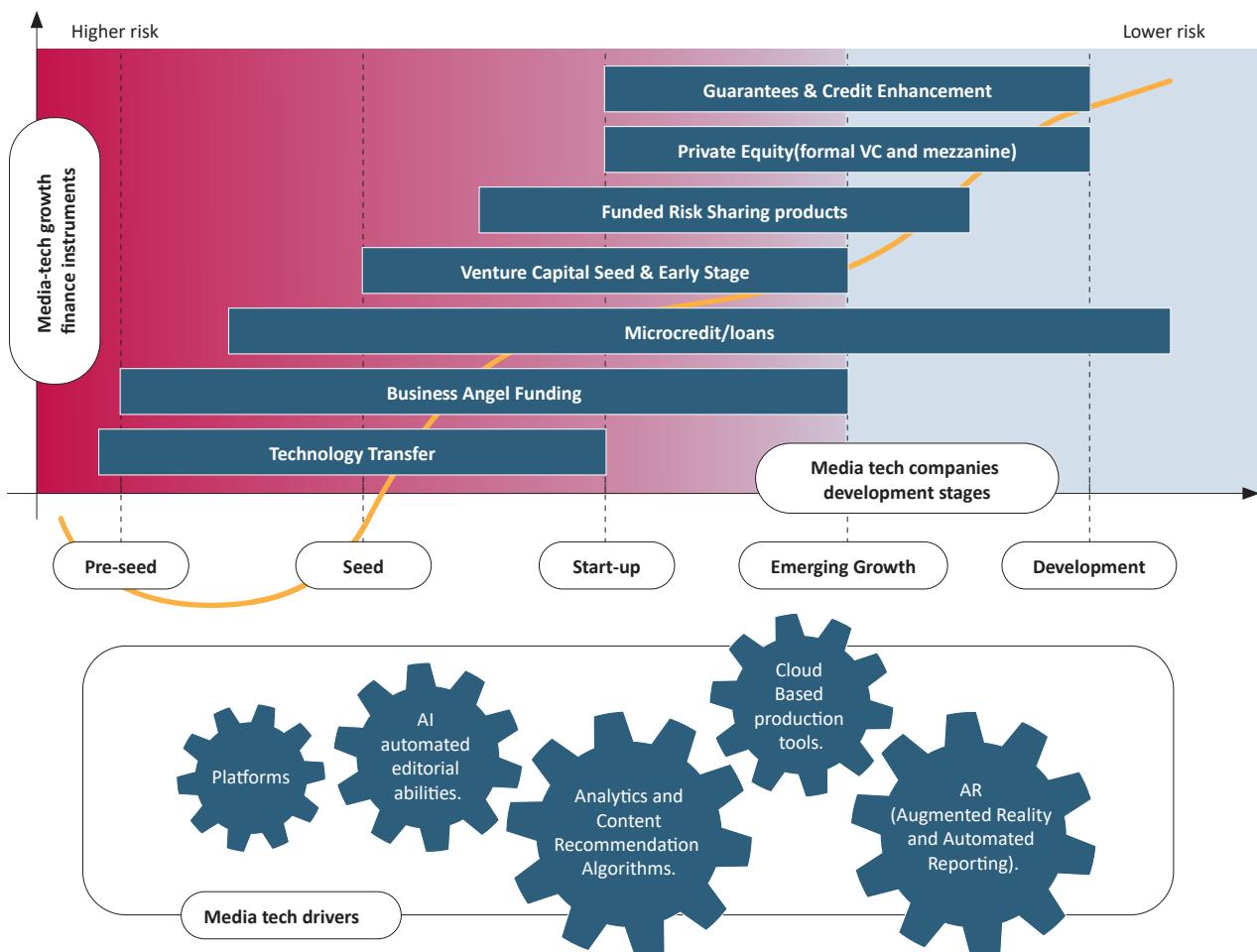
⁷ As noted in von der Leyen’s Political Guidelines for the next Commission.

⁸ Murschetz, P., ‘Government Subsidies to News Media. Theories and Practices’, In: – J. Krone & T. Pellegrini (Eds.), *Handbook of Media and Communication Economics*, 2022.

⁹ Henley, J., ‘France gives tax credits to news subscribers in effort to rescue sector’, *The Guardian*, 1 July 2020.

- Such a media-tech priority may assist news media outlets to find creative means for future-proofing their business models or easing their tech transition challenges. Successful Creative Europe or Horizon Europe **pilot media tech projects** could be tested for mainstreaming through ESIF support. The expertise of the AI office or the Advisory Forum, established with the EU’s Artificial Intelligence Act, could also be consulted to ensure the optimum use and practical **applications of AI**.
- The **diversity of support provided under the ESIFs**, including thematic priorities relating to *human resource development, competitiveness of SMEs, business creation and growth or entrepreneurship and start-up support, equity and quasi-equity and guarantee support schemes* for instance, could ensure that news media outlets at any stage of development can benefit from the EU’s existing financial infrastructure mechanisms.
- The EC can, in particular, engage a **pre-existing financial mechanism** previously piloted through ESIFs, that similarly relied on agreements between EU institutions and individual member states, the Joint European Resources for Micro to Medium Enterprises or **JEREMIE initiative**. This initiative was established to distribute parts of the ESIFs allocated to the regional and national Managing Authorities through new risk finance initiatives for small and medium enterprises (SMEs). It was piloted in the 2007 – 2013 and mainstreamed in the 2014-2020 MFF.¹⁰

Figure 2. Potential model for European Social and Investment Fund support for equity and quasi-equity financing for media-tech.



Source: CSD, adapted from the European Investment Fund.

¹⁰ European Investment Fund (EIF), *JEREMIE: A new way of using EU Structural Funds to promote SME access to finance via Holding Funds*, European Investment Fund Regional Business Development Division (n,d.).

Under JEREMIE financial instruments, administered by national or regional authorities within the EU, European Structural and Investment Funds (ESIF) were blended with targeted national public resources to create tailored financing schemes, designed to meet the specific goals of EU programs. JEREMIE sought to **create partnerships with local financial intermediaries**, such as financial operators or venture capital funds, which provide private investments to bolster technological and innovation transformation. This approach ensured that eligible recipients, including businesses and organizations that may otherwise struggle to attract private investment, could **access substantial financing in the form of credit, equity, and quasi-equity**. It is acknowledged that JEREMIE currently operates no active programs and has not previously focused on initiatives similar to those presently proposed. However, JEREMIE represents an established financing infrastructure that the EU could leverage to provide financial support to news media outlets.

For news media outlets struggling with different **challenges of technological transformation**, this infrastructure may provide access to much-needed financial support at various stages of their development. By utilizing local intermediaries and partnerships with national institutions, while being overseen at EU level, **this model preserves free market dynamics** and maintains a degree of separation from direct governmental influence, thus offering a more neutral and market-driven solution to supporting media enterprises.

Through such an instrument aimed at supporting news media outlets through technological innovation, the EU may also encourage the news industry to **explore creative options to future-proof their business models**, such as by tapping the potential gamechangers that AI and AR (Augmented Reality and Automated Reporting) have been hailed as:

- By **incorporating AI to newsrooms**, the efficiency of small teams and independent creators may be drastically increased. AR may bring renewed excitement to the industry through innovation with real-time broadcasting and interactive content delivery.
- In addition, news outlets may increase their revenues using technology to more easily identify target audiences. Several Big Tech platforms are now **machine learning** to surface targeted content based on user preferences, which is a practice that may be explored, and services like Google Analytics also may aid content creators, such as journalists, to take advantage of real and near-real-time data on user engagement, demographics, and content performance to refine their dissemination strategies.

Diversifying Finance

The realization of a healthy, sustainable media ecosystem, in which independent news outlets can survive, necessitates financial support from both private and public capital. Such capital has not been lacking, though significant room for improvement remains if the EU media's democracy and rule of law capacity is to be sustained and upgraded:

- Through both its Creative Europe and Horizon programs, the EU has allocated almost €150 million in the 2014-2020 budget period to supporting the news media industry, for example.¹¹ Private investments have also formed a significant portion of the financial assistance that media outlets in Europe have received from investors such as the Gates Foundation and the Erste Foundation.
- Yet, **both types of financial support** would have optimal impact if it were blended and **coordinated**. Through the use and allocation of blended finance, the strategic use of public money, which is supported by input from private sources, the EU may substantially increase the amount and impact of fiscal support available to independent news outlets facing business model transition.
- The European Commission could support the creation of a **blended finance platform**. Through such a platform, and by mobilizing private capital through concessional financing and risk coverage, the EU may realize measurable social and economic impact on the European news media industry.¹² By offering risk-adjusted returns for private financiers

¹¹ CSD, *Transforming Europe's Media Landscape*, Policy Brief No. 147, July 2024.

¹² PricewaterhouseCoopers (PwC), *Scaling up Blended Finance: The key to closing the infrastructure investment gap in emerging markets*, Convergence Finance, 1 June 2024.

that meet business goals, the fear of investing in an industry suffering from market failure may be overcome.

- In addition, a **blended finance platform**, from which independent outlets can access various types of capital, would assist in addressing other fears that have also dissuaded potential financiers from investing in the sector. This could come even in the form of a website, possibly like that of InvestEU, managed by a steering committee. The notion that wealthy individuals invest in media outlets to 'buy' favorable coverage of their activities has not only prevented investors from entering the market, but also prompted others to withdraw prior investments.¹³ The promotion of such public-private partnership through a blended finance investment platform would help ease such worries – allowing investors to support the industry whilst maintaining media freedom and editorial independence.
- The European Union already maintained a platform based on the concept of blended finance. **The European Fund for Strategic Investments** was a joint initiative from the EU and the European Investment Bank that aimed to address the investment gap within the EU whilst encouraging private and public investors to engage.
- InvestEU has now taken up this role, though it has no dedicated track aimed at supporting news media, with major obstacles to the program becoming involved in this domain. InvestEU has stated its support for strengthening 'investments in digital infrastructures, technologies, and skills,' and assisting media innovation – including in areas mentioned above such as AI and AR.¹⁴ However, news media outlets and journalists, particularly in Central and Eastern Europe, tend to be wary of accepting funding from external sources. Indeed, the use of public finance to support media outlets will seldom be uncontroversial.¹⁵
- However, it is in CEE member states that tend to be most hesitant about accepting financial support that correlate highly with (young) people using social media, particularly Meta, as their primary

source of news. This ensures that Meta and other Big Tech platforms receive significant amounts of the advertising profits that news outlets would otherwise enjoy. With these obstacles, coupled with the many other challenges facing the news media industry in mind, another, more flexible investment tool supported by the EU dedicated to media may be required.

- This blended financing platform could assist news media outlets at various levels:
 - **Design stage grants** could assist outlets in the development of business models. They may also be used to assist with legal and advisory expenses necessary for supporting current media outlets. This should also not preclude assistance with newly established outlets, whose presence will contribute to a healthy, diverse media landscape. Generous terms could be included, specifying that loans are repayable only when an outlet achieves certain metrics, for example.
 - **A de-risking fund**, closest to reflecting the core principles of blended finance, may encourage potential financiers to invest in outlets that would normally be deemed too risky. Such a fund may be used **to encourage the creativity and innovation** of outlets at any stage of their business cycles. This may facilitate the adaption of business models to the online market and increase their chances of survival and profitability.
 - **A credit enhancing facility** could boost the amount of financial support available to media outlets through the provision of guarantors. In the event of a media outlet defaulting on a loan, a guarantor (possibly a philanthropist) may agree to pay all, or a certain amount, of a loan. Such a mechanism will also reduce the cost of accessing capital for independent media outlets.¹⁶ However, though this facility may prove of great assistance in mobilizing capital, sufficient guardrails should be put in place to prevent media capture, even by guarantors. A form of vetting process would be required would-be guarantors, for would-be guarantors, for example assessing whether a guarantor is acting on behalf of third country state bodies.

¹³ Beaty, T., 'George Soros' Open Society Foundations intend to cut programs in Europe, worrying grantees', *The Associated Press*, 25 August 2023.

¹⁴ European Union, *InvestEU and a Europe Fit for the Digital Age*, InvestEU, (n.d.)

¹⁵ CSD, *Transforming Europe's Media Landscape*, Policy Brief No. 147, July 2024.

¹⁶ Merchant, A., *Unlocking Capital for Media Freedom: Proposed Solutions Architecture*, Center for International Private Enterprise; Centre for International Media Assistance; United States Mission to the European Union, 2024.

Box 1. Business Model Success Stories

Denník N (*Journal N*) was founded in 2014 by former editors of the Slovakian newspaper SME, who left facing an impending takeover of SME's publisher from the investment group Penta, who had previously been implicated in the 'Gorilla' corruption scandal. In anticipation of this takeover, the former editors established Denník N from crowdfunding and investment from six co-owners of the Slovak tech company, ESET, who guaranteed the editorial independence of the outlet. In 2017, the outlet received a grant of €754,000 from Google's Digital News Innovation Fund for the development a subscription system 'Readers' Engagement and Monetization Platform' (REMP) that can be used by any publisher in the world for free.^I Denník N has since gained 70,000 paid subscribers in Slovakia, and has established sister outlets in Czechia and Hungary using this same model: Deník N and Napunk.

Romania's Recorder Noticing a gap in the market for investigative event-driven, video stories, former journalists from Romanian newspaper Adevărul established Recorder, hoping to fund their outlet through advertising revenue. Following the release of their first documentary on Facebook, the founders established a PayPal account to receive the donations that viewers were eager to give. Currently 90% of Recorder's revenue comes from its audience, who donate through phone or via its website, PayPal, YouTube channel membership, and Patreon. The remainder comes from grants or advertising. Importantly, Recorder serves as an example of the non-profit/NGO approach to independent journalism. They have complete editorial independence, their assets are protected through their legal status, and in addition, their largest single source of revenue (€457,000 in the last financial year) came from a "tax facility in Romania that allows audience members to direct 3.5% of their income tax to a selected NGO".^{II}

Also from Romania, **G4Media** ('Asociația Group 4 Media Freedom and Democracy') was founded in 2018 by two journalists who previously worked at Hotnews, who have adopted a similar model to Recorder. G4Media provides all their content for free, and funds themselves primarily via donations from readers through PayPal.^{III} They receive between 10-15 million visits to their sites per month, and are regularly identified as the most trusted or most cited news sites in Romania.^{IV}

I. Denník N, 'Denník N receives 754,000 euros from Google to create an open source subscription system', *Denník N Minute by Minute*, 13 December 2017.

II. Oliver, L., 'Romania's Recorder: Finding a Unique Revenue Model for Independent Media', *Global Investigative Journalism Network*, 20 May 2024.

III. G4Media, *Objective, About Us*. *G4Media.ro*. (n.d.).

IV. Amplify Europe, 'Amplify Europe partners among the most quoted media sources in Romania', *Media Development Investment Fund*, 6 February 2024.

- InvestEU may benefit from the previous projects of its two main implementing partners, the European Investment Bank and the European Investment Fund. These institutions were previously involved in the delivery of the JEREMIE initiative's support for SMEs, including for EU technology and innovation development (see above). Through InvestEU, these institutions have an opportunity to "accelerate the market building process by helping philanthropic organizations to create de-risked, replicable, observable precedents. This potential goes beyond the deployment of capital, and should leverage off its stakeholders' capacity to convene, set standards and disseminate knowledge,"¹⁷ specifically for the European news media industry.
- However, the JEREMIE initiative also highlighted the difficulty in certain regions, particularly Central and Eastern Europe, of raising private equity funds to match EU public funding. An alternative approach may be 'flipping' this model, with EU funding programs instead matching private equity investment funds already guaranteed, as co-investors or general limited partners in private equity funds, provided the project passes assessments on editorial and ethical standards and integrity.

¹⁷ Venon, T., *The Philanthropic Capital Study: Understanding the capital of philanthropic organisations, and its potential to support investments as an additional means to deliver on their mission with the support of InvestEU*, Final Report, European Investment Advisory Hub, 2022.

One increasingly popular approach to addressing the financial challenges faced by the news industry is the non-profit model. By changing their status to non-profit, a news outlet can access tax benefits and legal protections provided to non-profit organizations and gain significant editorial independence from owners. Central and Eastern European outlets, which are particularly vulnerable to media capture, may especially benefit from this change in status.¹⁸

Regulation that Maximizes the Impact of Legislation

Legislative initiatives could provide additional revenue streams to support media freedom in Europe. Big Tech platforms¹⁹ have made an enormous impact on the news ecosystem traditionally dominated by legacy media outlets. These platforms represent a new infrastructure for hosting and channeling news content, which has in turn contributed to **democratized journalism and the rise of the citizen-journalist**. However, this infrastructure has also contributed to the **spread of FIMI and increased social and political polarization**. Big Tech has generated enormous profits through hosting this journalistic content. Legislative efforts, such as negotiating with Big Tech platforms for a better distribution or purpose-investing of advertising revenue, could provide additional revenue streams to empower media freedom in Europe.

- An immediate priority towards safeguarding the media landscape in Europe should be the evaluation of the EU's **Media and Audiovisual Action Plan (MAAP)**. Since its adoption in 2020, the results and impact of MAAP have not been evaluated:

¹⁸ An alternative approach to changing the status of a news outlet is to transfer ownership to a non-profit organization. This strategy, which is gaining popularity among start-up news outlets and local legacy outlets in the United States, allows news organizations to maintain their for-profit status while operating under the umbrella of philanthropic organizations. These philanthropic entities would ensure the editorial independence of the news outlets while also providing the protections associated with non-profit status. This approach prevented the Chicago Sun-Times, which has operated as a for-profit newspaper since 1948, from collapsing. It was acquired by 'Chicago Public Media' following a \$61 million philanthropic investment, which insists on strict editorial independence in all outlets under its ownership. The Philadelphia Inquirer managed to survive through a similar takeover by the Philadelphia Foundation funded by the Lenfest Institute (Martin, T., *For-Profit News Outlets are Exploring Nonprofit Models*, Dorothy A. Johnson Center, 2023).

¹⁹ Defined by the EU as the six 'gatekeepers': Alphabet, Amazon, Apple, ByteDance, Meta, Microsoft. European Commission, *Digital Markets Act*, 2024.

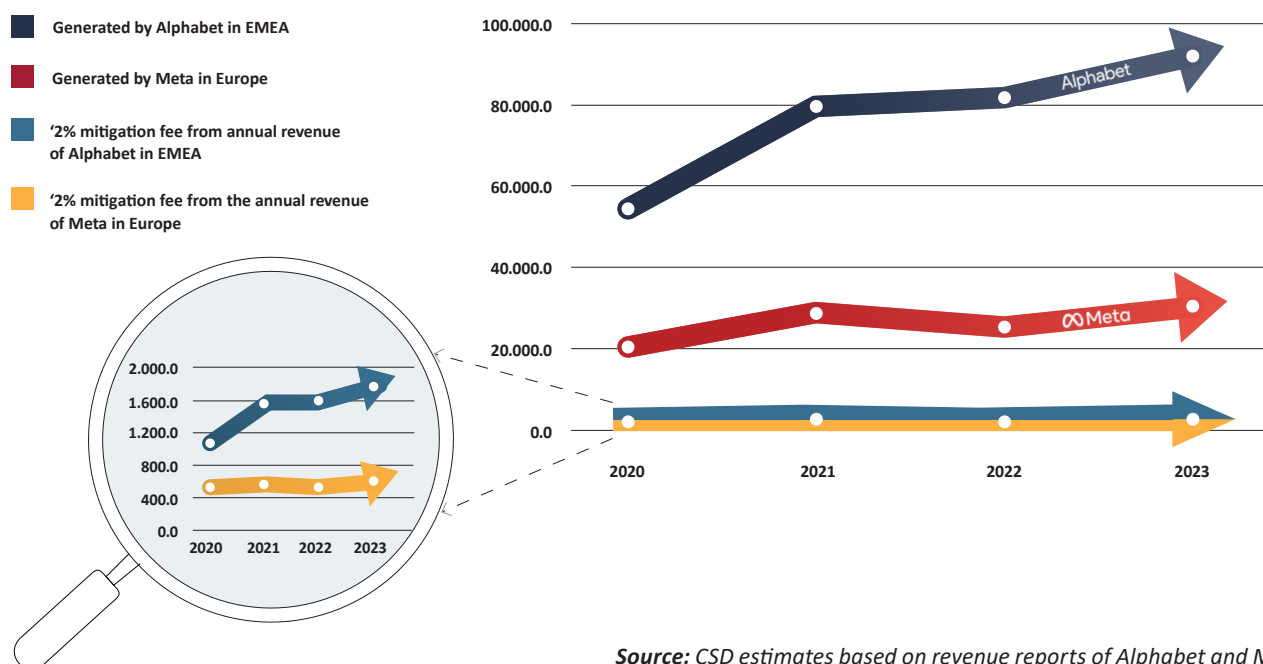
- Assessing the progress of the action plan, particularly the **'NEWS' initiative**, is crucial for updating and refining EU's media policy. The European Commission could also support a comprehensive assessment of the specific challenges facing news media outlets across Europe, considering the cultural, economic, and social contexts of different regions. For example, Central and Eastern Europe face lower paid subscription rates and greater threats of media capture compared to Scandinavia's 'Media Welfare States.' Such an analysis would enable the EC to target its interventions more effectively.²⁰

- Taking inspiration from both its member states and beyond its borders, the EU should explore creative legislative options that more directly address the media crisis. Through the Digital Services Package, the EU has suggested it will **not shy away from a potential confrontation with 'Big Tech,'** whom the EU has listed as 'gatekeepers'. It must remain willing to do so but also suggest productive public- private cooperation options if it is to preserve and improve media freedom.
- An approach gaining popularity is a form of levy -or **'mitigation fee'**- placed on Big Tech firms as a means of supporting the news industry. Owing to the loss of advertising revenue facing news outlets as a result of the online migration, and the benefits tech platforms enjoy from hosting journalistic output on their platforms that drive traffic, countries like Canada, and most recently the State of California, have attempted to redistribute finance through a 'fee' to support the news industry. The EU and the OECD continues have previously toyed with the idea²¹ to explore **an international digital tax reform**.
- Such a fee may be used to fund the EU's initiatives to assist media outlets' transition from traditional to digital business models, and to limit the impact of digital monopolies on the media ecosystem. However, such an initiative by the Commission may find speedbumps amidst questions **of national and EU competencies**, and pushback from major tech companies.

²⁰ Syvertsen, T. et al., *The Media Welfare State: Nordic Media in the Digital Era*, University of Michigan Press, 2017.

²¹ European Council, *Digital Taxation*, Council of the European Union, 2024.

Figure 3. Possible Annual Revenue generated from a Possible Mitigation Fee (USD, millions).



Source: CSD estimates based on revenue reports of Alphabet and Meta.

- Certain EU member states have indeed shown initiative in this regard. The French Ministry of Culture has recently stated its intention to **tax music streaming services** such as Spotify and Deezer to support the music industry.²² The Danish government intends to impose a **levy of 6% on international film and television streaming platforms** like Netflix and Amazon Prime, with the intention of supporting local television with the proceeds.²³
- In the case of the State of California, the *'California Journalism Preservation Act'* (CJPA) outlines how an annual fee may be either collected from Big Tech platforms (defined by user base and revenue criteria) or compensation determined through arbitration.²⁴ This will provide some remuneration for producers of digital journalism from large tech platforms accessing and using their content, allocated to the **Local News Fund**.²⁵
- These initiatives, while still in their infancy, provide the European Commission with examples of how media freedom may be supported within the bloc. Using its definition outlined in the Digital Services Act, **Very Large Online Platforms (VLOPs)** and **Very Large Search Engines (VLSEs)**,²⁶ the Commission may wish to approach its efforts of supporting media freedom in a similar manner. A **2% 'mitigation fee' on annual revenues**, devoted to a platform such as the Local News Fund, has the ability to improve media freedom in Central and Eastern Europe, and in Europe more broadly.
- Another possibility may be a 'bargaining code,' which may provide a platform for deals such as the recent one Google signed.

²² Hartmann, T., *'France to present 'streaming tax' for music industry in 2024'*, *Euractiv*, 14 December 2023.

²³ Pham, A., *'Denmark leads the way in the Nordics with 6% tax on streaming services'*, *Nordisk Film and TV Fond*, 2 June 2022.

²⁴ It has thus far appeared that the State of California is finding success with through the arbitration procedure. On August 20th 2024, it was announced that the State had agreed on a five-year deal with Google to The Local News Fund, over which period Google has committed \$55 million. Echoing the blended finance platform above, the State of California has agreed to contribute \$30 million in the first year – on top of Google's \$15 million.

²⁵ This Local News Fund is ran by a governing board based in UC Berkeley's school of journalism. It has so-far been suggested that it will consist of: two representatives of California News Publishers Association; one representative of California Black Media; one representative of Ethnic Media Services; one representative of Latino Media Collaborative; one representative of LION; and one representative of MediaGuild of the West (Waldman, S. & Brugmann, A., *Google, California lawmakers in last-minute negotiations for local news fund*, 2024).

²⁶ Identified as such if they reach 45 million users in the European Union – or a 10th of the total population (European Commission, *The Digital Services Act*, 2024).

Box 2. AI Partnerships and Bargaining with Big Tech

In Australia, the Australian Competition and Consumer Commission (ACCC) developed the News Media Bargaining Code, which was enacted by Australia's senate in February 2021. This Code requires Meta and Google to pay the outlets whose news they disseminate and profit from, on their platforms. "If the two sides cannot agree on a price, then they have to go into 'final offer arbitration.'" Other states like South Africa, Italy and Canada have stated that they are exploring implementing a similar mechanism. French media outlets have taken a somewhat similar approach, using the EU's Copyright Directive to pursue copyright lawsuits against Big Tech companies, fighting for fair compensation for their content, as in the case of *Agence France Presse v. X*.^{II}

The idea of a bargaining code has increased in relevance with the growth of Artificial Intelligence (AI). By its nature, AI requires a constant stream of reliable information for its large language models (LLMs) to operate. For this function, the produce of reputable journalists is particularly valuable, providing the latest information of the highest standards. To meet this requirement, and to offset potential copyright lawsuits,^{III} certain AI companies have entered into 'strategic partnerships' and licensing agreements with large, well-known journalistic outlets. OpenAI in particular has pursued these partnerships, entering multi-year agreements with organisations like Le Monde, the Financial Times, the Associated Press, and the Atlantic, for example.^{IV,V}

Yet these bargains have caused considerable controversy in the media world, with AI companies accused of using a divide and conquer approach to the news industry. Though beneficial to a few big-name outlets in the immediate future, some smaller outlets argue that this approach is unsustainable and only benefits a small number of already established titles. For those outlets who have been fortunate to have been approached by AI companies, there are also concerns about providing AI users access to information in articles that are normally paywalled to non-subscribing guests.^{VI} A European bargaining code, perhaps modelled on examples found in Australia, Canada, or through California's CIPA, may provide an alternative platform that may benefit all media outlets, including smaller independent ones, from such AI deals.

- I. Schiffrin, A. et al., *Finding the funds for journalism to thrive*. World Trends in Freedom of Expression and Media Development. UNESCO, 2022, p. 8
- II. Agency France Press, 'Agence France-Presse pursues copyright case against X, formerly known as Twitter', 3 August 2023.
- III. Robertson, K., '8 Daily Newspapers Sue OpenAI and Microsoft Over A.I.', *The New York Times*, 30 April 2024.
- IV. The Financial Times, *Financial Times announces strategic partnership with OpenAI* [Press Release], 30 April 2024.
- V. Dreyfus, L. & Fenoglio, J., 'Le Monde and Open AI sign partnership agreement on artificial intelligence', *Le Monde*, 13 March 2024. Beres, D., 'A Devil's Bargain With OpenAI', *The Atlantic*, 29 May 2024.

This graph provides a simplified illustration of revenue generated from a 2% fee on estimated annual revenue from Alphabet's and Meta's European operations. In practice, this would require precise data on revenue generated within the European Union. An alternative approach could involve a mitigation fee on profits derived from advertising revenue, offering another potential avenue for exploration.

- Owing to the potential controversy that may come with the EU 'imposing' new regulations requiring member states to tax Big Tech organizations, this type of policy may be best pursued through an EU recommendation to all member states, or through following the OECD initiative.
- Big Tech organizations and platforms should be convinced of the importance of their role

in **public-private partnerships with European stakeholders**. The EU may be more consistent in the implementation of rules surrounding illegal content online, particularly through the Digital Services Act Package'. Through the Digital Services Act, the Commission now has the opportunity to fine Big Tech platforms up to 6% of annual revenues. This applies to platforms (VLOPs) and engines (VLSEs) that reach 45 million users in the European Union – or a 10th of the total population.²⁷

- To limit the impact of foreign (malign) takeovers of critical media organizations within the EU, the EU should prominently include **concerns about media capture** as part of its planned evolution of its FDI

²⁷ European Commission, *The Digital Services Act*, A Europe Fit for the Digital Age, 2024.

screening regime. Currently, the EU recommends that member states consider including the media sector as a critical one, therefore including it as key infrastructure into which foreign investments necessitate additional scrutiny. By listing the media sector as critical infrastructure, this tool may offer an additional layer of protection against foreign (malign) takeovers.

- However, it should be noted such arguments that are used to justify FDI screening have also been **weaponized by governments** to validate crackdowns on international media outlets.²⁸ The European Commission should remain wary about the potential weaponization of arguments relating to foreign investments, especially in Central and Eastern Europe. It should be willing to sanction member states for repressing media freedom.
- This should be complimented by the **investigation of illicit flows of authoritarian-state capital** channeled into the dissemination of pro-Russia and pro-China media coverage, through tactics such as funding news outlets operating in European countries, or party media related to political organizations with close ties with Moscow.²⁹ This too is primarily a matter of national competencies, though the EU should play a role, particularly in instances of cross-border illicit financial flows. The European Public Prosecutor's Office and the EU's anti-fraud office OLAF are in natural positions to aid member states in their efforts, though the newly designed Anti-Money Laundering Authority (AMLA) could also prove instrumental in this fight.³⁰
 - At the national level, member states, especially those in Central and Eastern Europe, must begin to **develop the digital forensic infrastructure** needed to detect and investigate information manipulation campaigns in near real-time, as well as the actors that produce and proliferate them. This includes deploying media monitoring and audience analysis tools that can measure the

volume and reach of recurrent disinformation narratives in online news websites and social media.³¹

- Another possible tool at the EU's disposal aimed at countering such media capture is EU's **Article 7 procedure**. Despite 'media pluralism and media freedom' being one fourth of the areas covered in the EU's annual Rule of Law report,³² thus far there has only been one successful use of legal action in the context of media freedom, which was launched in response to Hungary's advertising tax in 2018. Though of course this tool should remain as an option of last resort, and the difficulties of implementing it are well acknowledged, **the EU should make full use of its existing legal toolkit** to keep in check member states who repeatedly violate the EU's values relating to media pluralism and freedom. The **European Board for Media Services (EBMS)** should be involved in the process of Article 7 consultations. The European Media Freedom Act defines such opinion offering as of its key functions.
- The EU should also make full use of its existing bodies that contribute to the fight against information manipulation, which spreads mistrust in both democratic institutions and the media. **The East StratCom Task Force**, the primary EU institutional body dedicated to confronting Russian information manipulation and propaganda across Europe, as well as the European Digital Media Observatory, should receive additional support and financial backing, which could possibly be integrated in new media freedom financing initiatives. They should better coordinate efforts with other EU bodies, in particular to the Rapid Alert System, for jointly monitoring, reviewing, and raising awareness of newly emerging media and disinformation threats. These bodies may also focus on creating research, CSO, and private sector consortia capable of working with them to more efficiently utilize its valuable database of disinformation cases.³³

²⁸ This has perhaps been most notable with Poland's Law and Justice Party (PiS) PiS and its allies have, in recent years, sought to impose limits on the number of foreign owned organisations or restricting monopolies of market share. Owing to the lack of legislative mechanisms to realise these goals, PiS politicians have instead urged state-controlled companies to buy up foreign-owned Polish media (Shotter, J., 'European values: Poland's media fears a crackdown', *The Financial Times*, 2022).

²⁹ CSD, *Policy Agenda for Countering Media Capture in Europe*, Policy Brief No. 116, October 2022.

³⁰ European Commission, *Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA)*, Financial Crime (n.d.).

³¹ Georgiev, G., Petrova, V., and Tsalala, K., *Breaking the Code: Countering the Nexus between Illicit Finance and Media Capture*, Sofia: Center for the Study of Democracy, 2023.

³² Which, for example, Italian Prime Minister Giorgia Meloni has recently taken issue with (Dubois, L., 'Brussels warns Giorgia Meloni over press freedom in Italy', *The Financial Times*, 2024).

³³ CSD, *Policy Agenda for Countering Media Capture in Europe*, Policy Brief No. 116, October 2022.

Structural Transformation

Existing institutions aimed at improving the European media landscape at the EU level should be expanded and upgraded to overcome the lack of coordination. Following this, a broader, fundamental transformation may be required if the fourth estate is to continue performing its important role for European democracy and rule of law.

- An immediate opportunity to enhance the coordination of the EU's efforts to improve the media landscape would be to assign a **dedicated team member** with significant knowledge of independent media financing to support the incoming commissioner responsible for media freedom. Additionally, President von der Leyen could appoint a member of her political cabinet to focus specifically on media pluralism and freedom in Europe. This individual could also be supported by **an office under DG Connect**.
- The **EBMS**, established through the European Media Freedom Act (EMFA),³⁴ operates with the expressed purpose of promoting the effective and consistent application of specific parts of the European Media Freedom Act and of the Media Services Directive. The Board provides expert advice and issues opinions on various aspects of media regulation, market concentration in the industry, and other issues. It also promotes cooperation and information exchange between national media regulatory authorities, and provides a platform for media service providers and VLOPs and VLSEs to engage one another.³⁵ Yet, the EBMS, in its current form, seems insufficiently equipped to adequately support media freedom in Central and Eastern Europe:
 - First and foremost, the Board should be able to launch its own actions and opinions instead of relying on the requests of the European Commission. These actions should include the production of **comprehensive risk assessments** regarding national vulnerabilities, including to media capture and information manipulation – both in general and with specific regard to Kremlin actions.
 - It should therefore also maintain its own **strategic communications unit**, or cooperate closely with established outfits such as the East StratCom Task Force or NATO's Strategic Communications Centre of Excellence.
 - Moreover, this body may develop guidelines on **assessing media ownership and media pluralism, and possibly a media plurality test** to be used by national regulators in assessing media take-overs – possibly in conjunction with FDI screening. This would assist with competition enforcement in the critical sector of news media.
 - In addition, this Board may provide a platform from which the media industry may **bargain with VLOPs or VLOSEs** for a fairer share of advertising revenue, perhaps through a bargaining code-type legislation. As well as having the competency for the distribution of revenue gained from such bargaining – or the proceeds generated from a mitigation fee, it may also develop criteria for the distribution of public funds, ensuring that advertising and media subsidies from national governments are not interfering or being exploited to exert political influence on media organizations.³⁶ This board may be in an ideal position to take over certain competencies which may improve efficiency, such as the responsibility for the *EuroMedia Ownership Monitor*, if the monitor develops beyond that of a pilot project.
- As it stands, the EBMS is not set to become active until February 2025. When it does so, it should have a clearer **criterion on how it identifies threats to editorial independence**. Additionally, it should have a more transparent selection procedure for inclusion on the Board, and should comprise of a wide array of representatives from different backgrounds, including from academia, civil society and the media industry.
- Similarly, a **clearer definition of 'illegal content'** should be provided with regards to the Digital Services Act Package and social media. This should reconcile and harmonize the different understandings and definitions of the concept as enshrined in individual member states' laws. The scope of these laws should also be expanded to

³⁴ European Union, *European Media Freedom Act*, Official Journal of the European Union, 2024.

³⁵ European Commission, *Commission welcomes political agreement on European Media Freedom Act*, 15 December 2023.

³⁶ IPI, *IPI position on the European Media Freedom Act*, International Press Institute, 23 January 2023.

include information manipulation as ‘regulated content,’ which currently is subject to voluntary codes of conduct. However, caution is advised.³⁷

- Currently the EMFA, which established the EBMS, outlines no provisions with which the Board can enforce the EMFA at a national level. Yet, the Board could utilize the EU’s annual *Rule of Law Report* to issue recommendations to the European Commission to begin **infringement proceedings related to media freedom violations**. Following on from the 2022 European Court of Justice ruling that found the EU can indeed suspend support payments to member states in breach of rule of law principles,³⁸ the bloc may avail of the EBMS’ expertise in informing the use of this mechanism. Repeated violations of media freedom in states like Hungary,³⁹ Poland,⁴⁰ or Slovakia, should result in the withholding of funds. Due to its degrees of independence and broad coalition of national advisory bodies from across participating countries, this expanded and upgraded EBMS may be ideally positioned to maintain or advise on the functioning of the blended financial instruments described above – and invest them strategically in regions where financial support will have the most impact.
- Another possible approach to making its media-saving initiatives more palatable to member states would be attaching them to packages that would prove popular with member states.
 - One such initiative relates to **Regional or Minority Languages** (RMLs) that are under threat within the EU, such as Gaelic, Basque, or Frisian. It is widely believed that one of the major threats to RMLs is that technological platforms are generally only compatible with a handful of major languages, supported by machine translation and different other tools such as deep learning.⁴¹ A package aimed at supporting RMLs may provide a **useful vehicle for mobilizing EU funding support for local media outlets operating in news deserts**, possibly stipulating certain amounts of content be provided in RMLs.
 - An alternative approach may be a **technology-orientated policy agenda**. There are many expectations regarding a new approach to Europe’s competition policy, most recently outlined in Mario Draghi’s report on the future of European competitiveness.⁴² It is believed the incoming Commission shall devote considerable attention to addressing Europe’s inefficient adoption of technologies that are restraining its productivity. If such a package is forthcoming, efforts promoting the adoption of tech should include actions dedicated to the media industry, such as a constant MediaMotorEurope program.⁴³
 - A policy package aimed at ‘Protecting Democracy’ may be another option. With **the return to geopolitical competition** and clear signs of the **Kremlin’s political warfare** against Europe, positions such as a ‘Democracy Commissioner’ or strategies like a ‘Democracy Shield,’ could be established. These positions, or strategies, should operate with the expressed purposes of building societal resilience from malign activities that seek to undermine European liberal democratic values, particularly Foreign Information Manipulation and Interference. The understanding of a healthy news media landscape as a prerequisite for any striving democracy should be underlay these efforts, as included in von der Leyen’s Political Guidelines for the new Commission.⁴⁴

³⁷ The UK government’s clear definition of ‘illegal content’ online has assisted in the prosecution of those rioting following the Southport incident in July, 2024. When the Online Safety Act becomes fully applicable, it will make tech platforms, and other businesses who operate certain services online, legally responsible for the removal of content deemed illegal (Ofcom, 2024). However, the opportunities for clamping down on freedom of expression that regulation on hate speech provides are recognised. In Bulgaria, for example, journalists have long reported administrative and judicial pressures deterring work that may be ‘hateful’ to politicians. (Dimitrov, M., ‘Bulgaria MPs Back Media Law Changes Pushed by Mogul’, *BalkanInsight*, 2018).

³⁸ Casert, R., ‘EU can withhold funds from Hungary, Poland, top court rules,’ *Associated Press News*, 16 February 2022.

³⁹ Court of Justice of the European Union (CURIA), *Hungary v Parliament and Council*, 18 March 2022.

⁴⁰ Court of Justice of the European Union (CURIA), *Poland v Parliament and Council*, 18 March 2022.

⁴¹ The Greens/EFA Parliamentary Group, *Assessing the European Union’s support to Regional and Minority Languages 10 years after the Alfonsi Resolution (2013-2023)*, 20 March 2023.

⁴² European Commission, *EU Competitiveness: Looking Ahead, Strengthening European Competitiveness*. (n.d.).

⁴³ European Commission, *Media Motor Europe*, CORDIS Europa, 26 December 2022.

⁴⁴ von der Leyen, U., *Europe’s Choice: Political Guidelines for the Next European Commission 2024-2029*, European Commission, 18 July 2024.

The Role of Civil Society and International Partners

If a healthy, independent media ecosystem is to thrive in Europe, and specifically Central and Eastern Europe, a more fundamental transformation in the approach to media freedom may be needed. In this transformation, civil society and Europe's international partners may play a crucial role.

- The priority areas should precisely reflect the existing struggles and challenges threatening media freedom and target the most vulnerable countries. This includes financing both independent researches investigating media capture at a national scale, and projects fostering collaboration between civic and scholar sectors and the law enforcement and judicial authorities. Research and joint initiatives will shed light on **illicit schemes related to media capture** (e.g. hidden political and economic influence over media through 'phantom' ownership, discriminatory distribution of state funds to finance pro-government media or disseminating propaganda). The collection of on-site data, largely lacking as of now, is vital for evidence-based responses such as legal actions and public scrutiny.
- Civil society may also provide an important role as the EU's **Trusted Flaggers**, forming a 'crucial part of the DSA's strategy to tackle illegal content online'.⁴⁵ Yet, at present there are only four organizations listed at trusted flaggers, with only three member states represented. The Commission should devote more attention to encouraging more organizations to join this network to bolster societal resilience against information manipulation.
- In addition to CSO's contributions, a **transatlantic approach** should be forged to both address media and technology-related issues, and to develop a jointly coordinated strategy to uphold democratic principles and resilience against authoritarian influences. National efforts should be conducted in the framework of and in cooperation with existing digital security mechanisms established by NATO and the EU, such as NATO's Cyber Coalition.
- This transatlantic approach will be particularly important in the realm of social media. As

Russian manipulation is made possible by its structural features, such as a business model that thrives on fake news, countering it requires more than just encouraging the endorsement of codes of practice and establishing oversight boards: **"An effective defense against social media manipulation can only be achieved by overcoming the divide on this matter on both sides of the Atlantic."**⁴⁶ An urgent policy reckoning is required in order to preserve freedom of speech standards and reliable public information, while ensuring these platforms are not used to stoke further division and mistrust.⁴⁷ By cleaning up the muddied informational waters in the online sphere the EU and US partnership will contribute to restoring trust in news media, and democracy.

- To tackle **informal influence on the owners of media outlets**, based on personal, political, and economic ties via **opaque networks of patronage** that go beyond formal ownership structures, Politically Exposed Persons' regulations and repositories should be strengthened. This is another issue that may benefit from Euro-Atlantic cooperation. Investigative media and government 'conflict of interest' oversight bodies should work together and in cooperation with EU and US partners to develop more comprehensive and widely accessible databases to flag and detail the politically and business-sensitive connections that owners maintain to dubious national and foreign networks of influence, with hidden ties impacting media content. These should place a particular focus on sources such as social media, public procurement, real estate, or public registries, for example.⁴⁸

For the news media industry in Europe to continue shaping discourse, informing the public, holding power to account, and framing opinions, the narrative surrounding it must shift. Access to trustworthy, independent news should be recognized as a fundamental human right, crucial to the health of democracy and rule of law in Europe. Within this context, the EU must take a central role in providing and managing financial support to truly uphold media freedom across the continent and beyond.

⁴⁶ Shentov, Stefanov, and Vladimirov, *The Kremlin Playbook in Europe*, Sofia: CSD, 2020, p. 35.

⁴⁷ Shentov, Stefanov, and Vladimirov, *The Kremlin Playbook in Europe*, Sofia: CSD, 2020.

⁴⁸ CSD, *Policy Agenda for Countering Media Capture in Europe*, Policy Brief No. 116, October 2022.

⁴⁵ European Commission, *Trusted Flaggers under the Digital Services Act (DSA)*, Shaping Europe's Digital Future, 2024.

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