



News Releases

[Back to news listing](#)

ITV Statement In Response To The Competition Commission's Final Decision On Contract Rights Renewal (CRR)

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Sector: [Plc](#)

Today's decision from the Competition Commission to leave the CRR remedy in place is damaging to the UK's creative industries and fails to take account of the seismic changes within the UK television advertising market over the last decade. Maintaining CRR in its current form further exacerbates the over-regulation that is stifling the UK media sector.

Since CRR was put in place in 2003:

Investment in UK-originated content fell by £500m between 2004 and 2008 according to Ofcom figures, with a negative impact on Britain's creative sector and its ability to compete globally.

ITV and other UK media companies are increasingly unable to sustain valuable public service programming such as high quality news and drama.

Restrictions to the supply of high quality programmes and valuable audiences on which the UK's advertisers rely have reduced the commercial sector's ability to compete with the BBC.

International giants like Google are competing unregulated in the UK market, dwarfing their UK counterparts, without any commitment to UK content.

Today's decision on CRR is based on the misconception that the competitive environment is still very similar to that identified in the Competition Commission's 2003 report. This is not a view shared by those who understand the realities of today's media landscape. Crucially, it is at odds with evidence submitted to the Competition Commission by industry regulator Ofcom which concludes that CRR is no longer "necessary or appropriate".

(http://www.ofcom.org.uk/tv/ifi/tvlicensing/contract_rights_renewal/).

Adam Crozier, Chief Executive, ITV said: "Today's ruling is out of touch and damaging for the interests of creative Britain. UK media is over-regulated and this has to change if we value and want to sustain a vibrant independent broadcasting sector that can rival the BBC and compete on a global stage.

"We do not have the option of appealing to the Competition Appeal Tribunal and Judicial Review only allows us a very narrow and technical recourse and it is unlikely therefore that we will use it.

"However, in our view today's decision fires the starting gun for a broader campaign for liberalisation to enable creative Britain and the enterprise media sector to compete on a level playing field against global competition in the digital age. Competition law and the regulation of the UK media sector require urgent modernisation to take account of the public interest. A failure to address this will result in lasting damage to the UK's creative industries and their reputation as global leaders in this field."

- Ends -

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Notes to Editors

Unintended consequences of CRR

CRR:

has a negative impact on investment in UK-originated programming damaging the independent production sector and broader creative industries.

encourages ITV and consequently other broadcasters to chase audiences according to quantity rather than quality jeopardises the supply of high quality programmes and valuable audiences on which the UK's advertisers rely distorts the market and offers an unnecessary level of protection to powerful multinational advertisers and media buying agencies who clearly dominate the markets in which they operate.

What is CRR?

CRR was adopted in November 2003 to ensure advertisers and agencies were not disadvantaged following the Carlton/Granada merger.

It links ITV1's audience performance (Share of Commercial Impacts) to the future share of their broadcasting spend that customers commit to ITV1 (Share of Broadcast).

The Audience '*Ratchet*' Mechanism (ARM) allows a customer to reduce its commitment to ITV1 if ITV1's performance falls year on year.

Since 2003 ITV's customers have had the safety net of being able to renew an existing contract on existing terms.

[Back to top](#)