

Remarks by FCC Commissioner James H. Quello

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I am certainly delighted to have the opportunity to participate in Intelevent '87. I would especially like to thank Mr. Werner Wolter, Executive Director of Telecom '87 and Mr. Ronald D. Coleman, President of Intelevent for their kindness and hospitality.

The theme of Intelevent '87 is "Competition and Coexistence: The Transatlantic Dialogue." This afternoon's panel is a prime example of transatlantic dialogue. We are very fortunate to have such a distinguished panel discuss "Competition and Coexistence" from the perspective of the Media and Entertainment Industry. I am quite sure these men are known to you and need little introduction. Appearing on the panel this afternoon are Patrick Cox, Deputy Chairman and Chief Executive of Satellite Television P.L.C.; Arthur F. Kane, Vice President, CBS International; Dr. Pierre Meyrat, Director General Societe Europeene Des Satellites and Robert Ross, Managing Director, CNN Sales International. These men are leaders in the field of international communications, and I anticipate a very informative discussion.

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Each of our panelists has prepared remarks on the subject. Before proceeding with these statements, however, I would like to attempt to frame some of the issues we will be discussing today.

The global village that Marshall McLuhan wrote about so many years ago appears to be just over the horizon. Technology has presented us with numerous effective ways to communicate over vast distances at the speed of light. Satellite and fiber optic networks are becoming commonplace and, with them, the ability to deliver not only voice and data at low cost but video as well. Whatever the difficulties and uncertainties of global programming, we do know that it can be done and done successfully. The "Live Aid" experience clearly demonstrated the existence of programming that not only has worldwide appeal, but can also universally benefit mankind.

At the Prix Italia in Venice a few year ago, I mentioned that satellite transmission enabled millions of Americans to see the world cup championship soccer game originating from Madrid. Millions of Italo-Americans saw the game and shared the experience. Italy's victory elicited day-long celebrations of exuberant Italo-Americans from New York to California.

The international soccer games and the olympics are notable examples of international satellite transmission of programs shared by nations throughout the world. These nations are competing in the same league, under the same rules with similar appreciation of talent and sportsmanship. This worldwide transmission with international people-to-people communications can be a positive unifying force for mutual understanding and world peace.

I hope someday soon we can arrive at the millenium -- where through universal satellite communications, international disagreements become looked upon more as intramural or family disputes -- where TV programs and experiences shared by nations throughout the world engender an atmosphere of closeness, truth and cooperation. Hopefully, we can confine rivalry to public debates, open forums and the sports arena -- where a country like Italy, for example, can recapture some measure of the glory that was once Rome with a championship soccer team on the athletic field rather than armies on the battlefield. It is my hope that Russia and America can achieve international leadership and prestige through worldwide televising of olympic victories or scientific and cultural innovation without the need for arms or missile superiority.

While I believe the realization of this ideal is a realistic goal for the future, we must return to dealing with the current potentials and problems of television cable and satellite transmission.

Advanced communications systems are not always met with great enthusiasm, particularly by governments. It is somewhat unsettling for governments to be faced with powerful entertainment and information media within its own borders, over which that government has virtually no control. The opportunities for deliberate mischief are readily apparent. The greater danger, from a government point of view, might well be the homogenizing of diverse cultures and political systems through the sharing of a common information base. Therefore, it is not hard to understand government interest in limiting the scope of entertainment and information technologies which know no political boundaries.

Despite these traditional difficulties we are beginning to see the emergence of transnational programming. For example, the CNN news service can now be seen in countries such as Great Britain, Austria, Finland, France, the Netherlands and Sweden. The BBC continues to expand on the continent and can be seen on cable systems in Denmark, Belgium, France and the Netherlands. The Skychannel and Superchannel also demonstrate the potential for transnational programming.

It seems that there is a large and rapidly growing international programming market. For example, the programming industry estimates that annual worldwide revenues for U.S. programmers from television and home video product amount to \$2 billion and \$1.1 billion respectively. In addition, international co-production ventures are becoming commonplace.

RTP of Portugal is currently producing with 12 partners a factional series based on Formula One racing. The joint production efforts of West Germany's ZDF, Great Britain's Channel 4, Frances Antenna Z, Italy's RAI, Austria's ORF and Switzerland's SRG have also created Eurocops, a police show based on experiences from several countries.

It is probable that the current deregulatory trends in Europe will serve to increase the demand for entertainment programming product. For example, in France it appears that the competition between La Cinq, Metropole TV, Canal Plus and Television Francaise (TF-1) has created a robust programming market. Additional deregulatory efforts now taking place in other European countries could serve to further expand programming markets and competition.

While the future appears bright for the entertainment and program industry in European markets, there are significant obstacles to achieving a free and open marketplace. I would briefly like to outline some of the major problems that appear to be facing the international program market today.

One significant issue is the legal protection given to intellectual property. In some instances there has been inadequate copyright protection for imported film products. In addition, there is a need for greater coordination of copyright payments. A related problem is the issue of piracy.

If the marketplace is to function properly, then there must be adequate protections to ensure that property rights will be protected. Restrictions limiting the amount of imported program product that may be presented on television also impairs international program development.

A second issue concerns the problems associated with satellite delivery. The long felt desire for Pan-European television may soon become a reality. A recent survey of television viewing in 12 countries conducted by AGB's Pan-European Television Audience Research showed that satellite channels, on average, account for 16% of total television viewing. These results lend support to the proposition that there is a sufficient advertising market for satellite delivered transnational programming.

Unfortunately, satellite direct service creates numerous problems for programmers. Apart from the language barriers inherent in simultaneous satellite delivery, national concerns may prevent the full development of this service. The footprint of a satellite does not respect national borders. As a result, individual governments have little control over the programming beamed into their respective countries. This problem is illustrated by a recently reported case now before the European Court involving the Netherlands' ban on advertisements targeted specifically at that country's cable audiences. Such restrictions may impair the development of an international program market.

Another related problem appears to be the adoption of different DBS transmission standards. The Germans and the French appear to have adopted the D2-MAC system for their DBS systems while Britain's Independent Broadcasting Authority is backing the EU-MAC system. Obviously, compatible technology is a crucial component of any Pan-European or transatlantic communications system.

Finally, competition among satellite delivery systems may be increasing. With the initial approval by the boards of Intelsat and Eutelsat, Dr. Meyret's SES satellite group plans to launch the Astra TV satellite. This decision could possibly lead to increased competition between Astra and the existing satellite carriers, Eutelsat's ECS1 and Intelsat's V-A. The competition between satellite delivery systems is especially interesting given recent press reports that Eutelsat's ECS 4 may remain largely dark after its official operational date due to lack of demand. These issues, coupled with recent difficulties in securing launch vehicles create an interesting satellite environment.

All of these issues -- protection of intellectual property, including copyright and piracy problems; nationalist oriented program and advertising restrictions; satellite availability; have a profound impact on the international programming market. These are just some of the issues confronting international programmers. At this juncture, I would like to turn to the members of our panel with expertise in international programming. They confront these international issues every day and we can all learn from their experiences.