Arab Satellite Channels Between State and Private Ownership: Current and Future Implications

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We have reached a stage where "media conglomerates are going out of fashion," declared an authoritative source of media business analysis in September 2002 (The Economist 2002: 74). This comment came in the wake of the worst downturn in advertising revenue in more than a decade (Cassy 2002: 18) and after a series of reshuffles in the senior ranks of global media giants(1) as they repositioned themselves to recover from poor results. Given such reappraisals of the synergies so long deemed to be inherent in vertically integrated ownership of multiple segments of the media supply chain, a reassessment of the comparative benefits of various ownership formulae prevailing in Arab satellite television may also be in order. This paper discusses those formulae in the light of major changes affecting the television industry in recent years. It begins by summarizing the changes and the financial challenges arising out of them, since some ownership structures are better able to withstand these than others. It goes on to devise a typology of ownership in the Arab satellite television sector, partly to test how useful it is to judge the issue in terms of a state-private dichotomy and partly to establish how owners of various types are facing up to the challenges noted above. The paper ends by considering whether state or private ownership is a critical factor in viability.

Financial challenges

The economics of satellite television have changed dramatically since the first Arab-owned satellite channels were launched at the start of the 1990s. Probably the most noteworthy change has been the worldwide explosion in broadcasting capacity. One reason for the explosion is the adoption of digital technology. By dramatically increasing the number of channels available, digital television has made it technically possible to overcome the spectrum scarcity that for so long provided a key rationale for regulating broadcasting differently from publishing. But digitalization has been accompanied by another development, specific to satellite television. This is a spectacular increase in the number of satellites, including those with footprints encompassing the Arab region. Between 1998 and 2000, several satellites equipped for digital compression were launched to serve areas that included Arab states. Besides Egypt's Nilesat 101 and 102 and the new generation of Arabsat craft, starting with Arabsat 3A, the Hot Bird satellites of Europe's operator, Eutelsat, also transmit to viewers in the Mediterranean Basin and parts of the Gulf. With each of these able to carry many scores of channels, the balance between regional supply and demand for satellite channel capacity shifted. Low-budget broadcasters prepared to share access to a transponder found they could enter the market for a few hundred thousand dollars per year, instead of the millions previously required for a complete transponder (Sakr 2001a: 199). Since the financial barriers to entry into broadcasting activity have traditionally been prohibitively high, this shift appeared to represent a breakthrough in favor of new entrants.

In theory, any significant increase in the number of satellite channels is likely to be accompanied by restructuring in the market for television advertising. Traditionally, in the television industry as a whole, advertising rates have been linked to audience size. Thus broadcasters with rights to programming that attracts extremely large audiences have been able to charge a premium for related advertising slots. The reverse occurs when a proliferation of channels causes audience sizes to drop below levels that are cost effective to most advertisers. For the advertisers of general consumer goods and retail establishments that provide the bulk of commercial funding for television, audiences need to be big (Picard 2000: 4). In practice, in the world of Arab satellite television, the harshness of this equation is mitigated to some extent by the possibilities of increasing both overall audiences and advertising expenditure. For example, there is still a long way to go before all Arab households have satellite access. Figures for 2001 show that cable and satellite penetration in eight populous Arab countries(2) had reached an average of 34 percent of homes with television (Eutelsat 2002). In other words, two-thirds of homes have yet to gain access to transnational channels. Meanwhile, spending on advertising as measured per head of the populations of most Arab states is still way below even Brazil's 2000 average of $52 let alone the $584 spent in 2000 in the US. It ranges from under $7 in Egypt to around $26 in Lebanon and Saudi Arabia(3) (ArabAd 2002: 24-31). Likewise, as the number of channels rises, a certain increase may also be expected in audiences' viewing time. In this regard, however, the possibilities are limited by viewers' other commitments and the finite number of hours in a day. Recent data suggest that viewing times have already increased dramatically in some Arab countries in recent years, to an average of over four hours per individual per day (Belchi 2002). In others, in contrast, where they already exceeded this average, there has been a decline over the same period.(4) The net implication of these various trends is that a rise in television output may be accompanied by some increase in audiences, but with very little likelihood of the rise in audiences matching the rise in output. Nor can additional output necessarily attract additional advertising expenditure. If a multiplicity of channels erodes audience sizes for individual channels, advertising rates are bound to fall. At the same time tougher competition for advertising revenues puts channels under pressure to push their advertising rates even lower than indicated by audience size. The downward trend is further reinforced by audiences' ability to escape from television advertisements by means of the videocassette recorder and the remote control. Piracy of pay-TV channels through informal cable networks has a parallel effect in squeezing broadcasters' income and thereby reducing the money available for production.

Any decline in income from established sources sits uncomfortably with other basic aspects of television economics that remain unaltered, despite the changes mentioned above. These are aspects that apply equally to terrestrial and satellite television and have the universal effect of pushing up broadcasting costs. The use value of television programs, as with cultural goods generally, derives from their symbolic meaning. This basic fact underlies a set of basic distinctive features of media goods, which can be summarized as immateriality, novelty, and risk (Garnham and Locksley 1991: 10-11; Goodwin 1998: 180-81). Because the meaning of a television program is not destroyed by the act of consumption, the same program can be consumed by any number of people any number of times. If the same were true of material commodities, the market for them would soon be saturated. This is not so in the television industry because repeated consumption of the same package of meaning does not have the same appeal as repeat consumption from the same packet of biscuits or breakfast cereal. Thus each broadcast item has to be novel in some way, which in turn brings risk. For if it has not been consumed before, who can be sure it will be a success? It is in minimizing the risk arising from novelty that the costs of broadcasting mount. Creating a sufficient "flow" of material (Miege 1989: 12), with high profile names and high production values sufficient to entice viewers, does not come cheap. Nor does the business of marketing programs, which is essential to maximize the media product's impact before its novelty wears off (Ryan 1992: 58-59). The perpetual newness of television output accentuates the industry's dependence on brands and product lines, which in the case of television means presenters, reporters and shows. Trusting a "brand," in the form of a popular program formula, actor or respected television personality, helps to overcome the fact that viewers cannot know in advance of seeing an item whether they will enjoy it or not. What has been said of the entertainment business also applies in some respects to news and current affairs: "Stars are still the best way (perhaps the only way) to guarantee an audience" (Micklethwait 1989: 16). The only difference in news and current affairs is that the stars are high performing reporters, cameramen and anchors. Stars can command a high price.

Given these imperatives, tough competition for viewers in a crowded television market can only drive up production costs. Crucially, this upward trend more than offsets the reduction in barriers to entry created by increased infrastructural capacity. As Arab satellite channel executives acknowledged in the late 1990s, an increasing number of channels chasing a limited amount of content gave the upper hand in pricing to the suppliers of content, from drama to sports events. Several more channels have arrived on the scene since then. The inevitable outcome, as long foreseen by analysts of the European market (e.g., Congdon et al. 1992: xix), is that television output is increasing more rapidly than the money to pay for it. Once efficiency savings have been made and the frequency of program repeats raised to the limit, the next step for the commercial broadcaster is to reduce average spending on new programs. A concern to protect program quality against such economic pressures may be one reason why interest in state-funded broadcasting has revived lately in some parts of the world. Increasingly, analogies have been drawn between essential public provision of parks, hospitals and libraries on one hand and public service broadcasting on the other (Blumler 1992: 203; Winston 1994: 33). In the private sector, a concern to cut costs and take control over pricing at all stages in the supply chain explains the spate of mergers and acquisitions that have produced an unprecedented degree of horizontal and vertical integration throughout the film and television industries in recent years (Herman and McChesney 1997). The question arises therefore as to whether, in Arab satellite television, state-owned or privately-owned satellite channels are better prepared to face current economic challenges. A subsidiary question, given the doubts about media conglomerates cited in the introduction to this paper, is whether conglomeration is the only route to financial success.

Types of private ownership

One of the first things to become apparent from an analysis of ownership arrangements for Arab satellite channels is that the dividing line between state and private channels is not always clear-cut. Nor is it always the most informative criterion for distinguishing one channel from another. As will be shown, some privately-owned channels have enjoyed various forms of state support. There are also cases of minority state ownership of private channels. Some state-owned channels are part of large state-owned media conglomerates while others are not. Privately-owned channels do not only belong to commercial entrepreneurs, but also to political groups with state-oriented agendas. Without being fully comprehensive, the following overview compares and contrasts the ownership profiles of a cross-section of Arab satellite channels.

It may be worth remembering here that privately-owned Arabic-language television first entered the Arab world through the technological potential offered by satellite transmission. Prior to the launch of Middle East Broadcasting Centre (MBC) from London in 1991, television provision was constrained by laws in virtually all Arab states that preserved terrestrial broadcasting as a state monopoly. Yet, when the first two private satellite broadcasters were set up, with MBC being followed two years later by ART (Arab Radio and Television), the significance of their belonging to the private sector was somewhat obscured. First, their broadcasting operations avoided contravening domestic laws by being based outside the Arab world. While MBC started up in London, ART developed production and transmission facilities at Avezzano in Italy. Secondly, both had direct links to the Saudi ruling family, which in turn holds most key government posts in Saudi Arabia. It is well known that MBC's owner, Walid al-Ibrahim, is a brother-in-law of King Fahd bin Abdel-Aziz al-Saud, while ART is owned jointly by the Saudi entrepreneur, Sheikh Saleh Kamel, and Prince Al-Waleed bin Talal bin Abd Al-Aziz, a nephew of King Fahd. Thirdly, both companies enjoyed some logistical support from government quarters. In February 1992, just months after its launch, MBC was given preference over the Egyptian Space Channel (ESC) for use of the Arabsat S-band community service transponder, which made it easier to receive within the Arabsat footprint (Amin and Boyd 1994: 47). The Saudi Arabian government's 36.7 percent stake in Arabsat, by far the largest single shareholding in the venture, is assumed to have worked in MBC's favor on this matter. MBC's radio station, MBC-FM, introduced in 1994, was also privileged in being the only commercial radio station allowed to cover the kingdom terrestrially (Boyd 1998; 13). In ART's case, connections to government extended beyond Saudi Arabia. Examples include the favorable deal struck by Sheikh Saleh Kamel in obtaining from the Egyptian government an entire library of Egyptian films at a bargain price, and the mutual benefits derived by Prince Al-Waleed bin Talal and the Lebanese, Syrian and Egyptian governments through the prince's extensive investments in development projects in those countries.

Besides this evident interpenetration of state and private interests, a comparison of MBC and ART as organizations reveals further similarities between their ownership profiles. Both are part of media conglomerates that operate in more than one segment of the supply chain, although in ART's case the parent company is also involved in many other business activities besides media. MBC is owned by ARA Group International Holding Company, which has television and radio interests in the US, UK and Saudi Arabia.

Various parts of ARA Group handle advertising sales and distribution, while MBC itself not only produces some of its own programming, including news, but buys in ready-made programming from other sources and develops Arabic-language programs - especially game shows - based on imported formats. Since 2000, when MBC began to transfer its operations from London to Dubai, its parent company diversified into real estate, letting out parts of the $12m London headquarters it had custom built. The transfer to Dubai was part of a cost-cutting exercise that had started in 1998 with a major reduction in MBC's staff. ART, meanwhile, forms part of the transnational Dallah Al-Baraka group of companies with diversified interests ranging from manufacturing to trade, shipping and tourism. ART started out with a bank of programming created by Egyptian and Jordanian production companies within the Dallah Al-Baraka group. ART does its own encryption and uplinking, not only at Avezzano but also in Jordan, where it uses facilities acquired from the mixed public-private Jordan Production Company that collapsed in 1991. In Jordan, Egypt and Italy, units of the umbrella enterprise act as hosts to other media companies, renting out office and studio space and production and uplinking facilities. Distribution of ART is handled by a sister company, Arab Digital Distribution (ADD), which describes itself as the largest pay-TV platform management company in the region (ADD 2001). ADD packages and distributes bouquets of channels from diverse sources, divided into English, Arabic and Asian languages.

It emerges even from this brief summary that the parent companies of MBC and ART are vertically integrated to differing degrees and on different scales. Perhaps the most striking distinction, however, is one related to the core business, in that ART entered the multi-channel pay-TV market in the mid-1990s. In this way it derived two revenue streams from its television output, in the form of advertising revenues and subscriptions. MBC, in contrast, remained free-to-air. ARA Group's efforts to establish a wireless cable network with pay-TV elements in Saudi Arabia ran aground. Development of an MBC news channel will not alter the dissimilarities, since ART has avoided establishing its own news operation, leaving the field open for foreign news channels that are included in ADD bouquets. In this respect ART is more directly comparable with its multi-channel pay-TV rival in the region, Orbit. Orbit is also part of a conglomerate, the Mawarid Group, owned by a member of the Saudi ruling family, with plenty of non-media interests in areas ranging from banking and fast food to construction and medical supplies. Like ART it creates its own programming as well as packaging channels from other sources. It managed during the 1990s to build a reputation for screening live Arabic music extravaganzas, major sporting events and controversial talk shows. Initially ART and Orbit aimed at different audiences. Whereas Orbit aimed at a niche market of affluent, well-traveled, multilingual professionals, ART pitched its offering at what its staff called a "silent majority" of Arabic-speakers with relatively conservative tastes. By 2001, however, a revamp of the ART line-up had moved it away from the "Arabic only" approach (Sullivan 2001) and made this differentiation less sharp.

A look at other private commercial channels amplifies the picture of state-private interpenetration and adds further insights with regard to product differentiation and company consolidation. That is because of the trend among "private" companies to form alliances with each other. Thus two of Lebanon's leading commercial satellite channels, Future TV and LBC-Sat are formally linked with MBC and ART respectively. These alliances, following a classic strategy within oligopolies (Herman and McChesney 1997: 52-58), add an important dimension to the ownership profiles of the companies concerned. Future TV is well known in its own right for its connections to political power and the support it derives from its owners' diversified business base. Owned by relatives and associates of Rafiq Hariri, who has served as prime minister of Lebanon for all but two years since 1992, Future TV is linked to Hariri's multifaceted and transnational business ventures in fields such as construction, insurance, tourism and telecommunications. Like its

Saudi counterparts, Future TV is also horizontally integrated, since it shares back-office functions with a radio station, namely Radio Orient, which has bases in both Lebanon and France. By announcing in November 2001 that its newsgathering and marketing operations would be collaborating with those of MBC (Farah 2002: 56), Future indicated that leading channel owners intended to hold their own against the pressures of falling advertising spend and rising production costs. A similarly united front could be said to exist with regard to ART and LBC-Sat, since ART's parent company holds a stake in LBC-Sat, while the latter uses ART's production and uplinking facilities and is also understood to share some advertising sales capacity. In this way LBC-Sat, which might otherwise appear to be tied in only with the "stand-alone" Lebanese broadcaster LBCI and its affiliated Voice of Lebanon radio station, actually rests on more extensive multinational and vertically-integrated foundations.

Vertical and horizontal integration is less developed in most of the other "private" channels. Disparities on this front create additional entry barriers to newcomers, over and above the high costs inherent in television production, in the sense that companies engaged in only one or two areas of media production are obliged to deal with potential rivals to obtain essential services in other areas. Dream TV, Egypt's first privately-owned satellite channel, which made its debut in November 2001, illustrates this point. Initial investment in the venture, believed to be around LE30m (Hamdy 2002), was tiny in comparison with the hundreds of millions of dollars spent on the Saudi channels, MBC, Orbit and ART. Dream TV, like its Saudi and Lebanese counterparts, is a company with deep roots in private. business. Unlike them, however, it is not part of a diversified media operation, unless its affiliation with the Dreamland theme park and leisure complex near Cairo can be compared with the theme parks built by companies such as Disney as an adjunct to film and television production. Dream TV belongs to Ahmad Bahgat, whose manufacturing empire in Egypt includes assembly of televisions, video recorders and other consumer electronics (Butter 1999: 8). Bahgat's rationale in creating Dream TV, according to the channel's leading presenter Hala Sirhan, was to divert the bulk of his annual spending on advertising to his own television channel (Hamdy 2002). The success of this decision will depend on the size of the audience for Dream's three channels, which will depend in turn not only on the attractiveness of Dream's output but also on the number of households with set-top boxes for digital reception from Nilesat. Dream TV's three channels are geared to youth programming, films and variety, with a limited amount of political analysis but no news. But where other major players in Arab satellite television have the means to create banks of programming, Dream TV relies rather heavily on outside suppliers. It has arranged, for example, to receive material from Egypt's state-owned terrestrial broadcasting monopoly, the Egyptian Radio and Television Union (ERTU). In return, the ERTU has gained a stake in Dream TV. A similar deal was reached by another "private" Egyptian satellite channel, Al-Mehwar.(5) Describing itself as the voice of civil society, Al-Mehwar started up on Nilesat in early 2002 with the majority of its shares privately owned but a small stake held by the Egyptian Ministry of Information, owner of the ERTU. However small the ERTU role in any private channel, that channel's crucial need for content could strengthen the ERTU's position vis-a-vis other shareholders.

So far, then, this attempt to classify Arab satellite television channels in terms of their ownership profiles has revealed a web of links between private owners and holders of political power. But it has also uncovered a distinction between different groups of privately-owned companies in terms of the "critical-mass" entry barrier (Neuman 1991: 148-49) that is erected when established, multi-faceted private players consolidate their market position by forming alliances among themselves. Before turning to the state-owned or state-backed television stations, another group of private channels now needs to be classified in the light of that entry barrier. These are channels owned by political parties or political opposition groups. Here again it is hard to draw a sharp distinction between public and private since political activity is by nature state-oriented. In ownership terms, however, the salient feature of this third group of non-state-owned channels is that their overtly political motives are such as to prevent them from collaborating either with each other or with commercial stations. This applies, for example, to Al-Manar. It belongs, via the Lebanese Information Group headed by Nayef Krayyem, to Hizbollah, the Iranian-backed Lebanese Shia Muslim group that was founded to resist the Israeli occupation of Lebanon in 1982. Hizbollah started terrestrial broadcasting in 1991 and eventually gained official broadcasting licenses for its Al-Manar television channel and Al-Nur radio station under Lebanon's Audiovisual Media Law, on the strength of its resistance activities in 1996. Today Hizbollah, which is also a major welfare provider, is represented in the Lebanese parliament. Transmission of Al-Manar by satellite began in 2000. Having increased its daily transmission time more than fourfold since the start of the second Palestinian uprising in September 2000 (Firmano-Fontan 2002), Al-Manar demonstrated its singular political orientation through niche programs such as a regular summary of Israeli press coverage of Lebanese and Arab affairs and English news programs aimed at showing aspects of the Israeli-Palestinian conflict not screened in English elsewhere. Although part of Lebanon's confessionally based broadcasting system, Al-Manar has been described as exceptional in Lebanese television because it displays "civic commitment" (Dajani 1999: 12), in the sense that it addresses the concerns of ordinary people rather than a political elite. Other stations that might fall into the same category as Al-Manar, in being highly unlikely to dilute or compromise their identity, include ANN (Arab News Network) and Al-Mustakillah (The Independent). There is ample evidence to suggest that, when ANN was launched in 1997, it sprang from the political ambitions of an estranged branch of Syria's ruling Asad family (Alterman 1998: 26). Al-Mustakillah, owned (via the UK-based Nova TV company) by Mohammed El-Hachimi Hamdi, a newspaper publisher of Tunisian origin, was launched in 1999, since when it has maintained contacts with exiled opposition groups. Clearly, however, émigré channels such as ANN and Mustakillah, by keeping their operations outside the Arab world, are also in a class of their own.

Types of state ownership

The final broad group in this ownership typology consists of the state-owned or state-backed channels. There are many of these, since most Arab governments now repackage some output from their terrestrial monopoly broadcasters and beam it by satellite over the rest of the region and beyond. In most cases state ownership is self-evident, with ministries of information taking direct responsibility for television production and distribution. In the case of Al Jazeera, in contrast, some explanation may be necessary as to why it warrants classification as state-owned when the state in question, Qatar, has abolished its information ministry and the government has publicly sought to distance itself from Al Jazeera, in terms of ownership, organization and editorial output. To recognize that, in 2002, Al Jazeera still relies on state funding does not mean that this was the Qatari government's original intention. Al Jazeera was set up in 1996 with an interest-free loan from the government which was officially due to be paid back after five years. By the end of 2001, however the channel had not become financially self-sufficient and repayment of the loan was apparently deferred. According to Mohammed Jassem Al-Ali, director general of Al Jazeera, the Qatari leadership had decided by that time that it would recoup its investment in the venture in the form of non-financial, intangible benefits.(6) The channel's income from sales of advertising time and exclusive news footage has increased over the years, boosted by rents from the use of facilities in Al Jazeera bureaus around the world. But it has been operating in a market where advertising expenditure not only remains very low comparative to other regions but where distortions abound. In countries where the state continues to dominate the economy and privatization generally means transferring state assets to members of the ruling elite, the placing of lucrative advertisements has been used more for political leverage than as a means of communicating with consumers.(7) In 2001, the detrimental effects of this phenomenon on Al Jazeera's revenue were compounded by the decision of at least two US companies(8) not to advertise on the channel because it had broadcast videotape of the Saudi-born dissident Usama Bin Laden. Had advertising expenditure been determined by audience size and purchasing power rather than politics, Al Jazeera might have been expected to be profitable by now. Instead, it has needed further subventions from the emir of Qatar, Sheikh Hamad bin Khalifa Al-Thani. One source even claims that the Qatari government has pumped in $100m a year (El-Nawawy and Iskandar 2002). Since financial responsibility for Al Jazeera was placed with the accounting section of Qatar's Amiri Diwan (Ghareeb 2000: 406), there can be little argument that it is a state-backed channel.

In principal, state ownership of broadcasting breaks the so-called "devil's compact" between audience size and advertising revenues. It offers the possibility of freedom from censorship by the market, the subtle censorship that takes place when commercial expediency takes priority over free reporting. State ownership models deserve attention because of their capacity to ride out market vicissitudes, approach viewers as citizens rather than consumers, and treat television programming as a public service first and only secondly as a marketable commodity. With this in mind two alternatives present themselves for distinguishing different types of state-owned channel. One is to differentiate on the basis of how individual Arab governments interpret the notion of public service. For example, where television stations are directly accountable to unelected officials and prohibited from engaging in free debate, doubts arise as to whether they are serving a public or private agenda (Sakr 2001b: 156-157). This is no doubt why representatives of the state-owned Abu Dhabi Satellite Television, relaunched in early 2000, have stressed that their station's role is to serve the public by "exposing" critical views, even when this entails "criticizing Arab leaders" (Sullivan 2002). Any station that adopts such an aim highlights the distinction between government-owned and state-owned television, insofar as the latter interprets the interests of the state as a whole as being broader than those of the government. While governments may fall, the state may be seen as a "continuous authority," which is "above both ruler and ruled" (Vincent 1987: 31) In seeing their mission as exposing critical views, both Abu Dhabi Satellite Television and Al Jazeera have formally espoused a public service ethic that serves state rather than narrow government interests. Al Jazeera's vocation for airing criticism is enshrined in its motto: "Opinion and Counter-opinion."

What deserves further consideration is whether the ownership structures of Abu Dhabi Satellite Television and Al Jazeera support the strength, dynamism, and integrity needed to fulfill a public service role. This in turn points to an alternative, or possibly complementary, way of dividing state-backed channels into types. For, just as mergers are not an option for certain channels in the private sector, they are presumably not an option for channels established to serve national policy objectives. Prevented from joining forces with other channels to enhance their competitiveness in a difficult market, state channels that want to be viable are required to rely much more heavily on high-impact "brands" and product lines. Al Jazeera demonstrated the worth of such assets when it developed a range of programs whose titles and presenters have become household names inside and outside the Arab world.(9) When some of the other major state satellite channels are viewed from this perspective, the relative value of their resources in terms of program formats and star personalities becomes clear. State channels that own offices, studios and other equipment around the world have an additional strength. In the hands of the right crews, such facilities can produce exclusive news footage that not only makes an impact with local audiences but can also be repackaged for western channels. As Mohamed Dourrachad, deputy director of Abu Dhabi TV told an interviewer, "Our pictures have been carried by other media in the West as well, which has to do with the courage of our reporters and the cameramen who work for us, risking themselves to get at least to part of the story" (Sullivan 2002). The strength of these assets can be compared in their own right even when the channels in question are producing different types of output. Al Jazeera, for example, specializes in news and current affairs, whereas Abu Dhabi Satellite Television covers both information and entertainment and also airs some programs in English. A comparison between either of these and the ERTU, for instance, would take account of the staff and facilities available to Nile News and the drama and music resources owned by the ESC.

Important as they are, however, program assets are still only one aspect of ownership in state channels. Their organizational strength, through internal diversification, has also to be taken into account. The Abu Dhabi channel's resources stem from Emirates Media Incorporated, a large state conglomerate whose chairman is Sheikh Abdullah Bin Zayed, the UAE's Minister of Information. Emirates Media was created through the merger of several Abu Dhabi media outlets with the express intention of creating a body strong enough to be independent and profitable in a competitive market (Bounajem 1998: 54). Al Jazeera is meanwhile embarked on a process of expanding its base through development of its website and a second channel devoted to documentaries, both of which offer additional outlets for advertising. Vertical integration in the ERTU has a long history, being evident in the organization's eight separate departments in addition to its general secretariat. These deal with production, engineering, terrestrial television, radio, finance, news, general satellite and thematic satellite channels. The ERTU additionally holds stakes in Nilesat, Cable Network Egypt and Media Production City. It is in the relative value of their assets in terms of content and personnel, and the relative robustness of their organizational structures, that state-owned channels can be distinguished from each other. The same criteria can serve to compare and contrast channels in the private sector.

Conclusion

Classifying Arab satellite television channels according to whether they are owned by private interests or the state is not a productive exercise. In many channels private and state interests overlap, while a review of channels positioning themselves as either privately-owned or state-owned shows that there may be more differences than similarities inside each of these groups. In the current television environment, where the number of channels is increasing but the total pool of funding available to them is not increasing at the same rate, competitiveness and viability are less dependent on whether ownership is public or private than on how that ownership is structured. Media conglomerates may be "going out of fashion" as suggested by the quotation that introduced this paper. But this does not mean that media conglomerates-which have control over many segments of the supply chain and diversified revenue streams-are not still well equipped to create the successful content that ultimately leads to profit. Yet nor does it mean that conglomerates have a monopoly on "hits." And anyway, not all channels are prepared to join forces with competitors for the sake of creating critical mass. Based on these considerations, a typology emerges that distinguishes among channels in terms of how they deploy their assets. One choice is to do nothing, preserving existing structures unchanged. Another is to cut costs and enter into mergers and alliances in order to spread risks. A third choice is to court risk by promoting autonomy and creativity, in the expectation that high-impact content will ultimately bring high returns. In this respect, the competition for viewers among Arab satellite television channels to date suggests that, of itself, state or private ownership is neither a hindrance nor a help. TBS

Notes | References

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(1) Notably AOL-Time Warner, Bertelsmann and Vivendi Universal.

(2) Algeria, Egypt, Jordan, Lebanon, Morocco, Saudi Arabia, Syria and Tunisia.

(3) This figure for Saudi Arabia includes spending on pan-Arab TV.

(4) Data from PARC, MEMRB and Stat-Ipsos collated by Canal France International shows an increase in average viewing times in Egypt, Jordan, Lebanon and Kuwait over a four year period between the mid1990s to the end of the decade, compared with a decline in Saudi Arabia, the UAE and Oman.

(5) Author's interview with Mohammed Hassan Rateb, Managing Director of AI-Mehwar, Amman, February 27'", 2002.

(6) Interview with the author, Amman, 1 March 2002.

(7) Privatization of public enterprises in the Arab world brought in $9.6 billion between 1990 and 1999, out of $320 billion in the developing world as a whole, leaving the public sector's share of total Arab GDP at 33 percent, compared with a developing-country average of 8 percent, according to a study by the Arab Monetary Fund (Kawach 2002).

(8) General Electric and Pepsi Cola.

(9) The list hardly needs repetition here. It includes *AI-Ittijah al-Mu'akis* ("The Opposite Direction"), *Akthar min Ra'y* "(More than One Opinion"), *Bila Hudud* ("Without Bounds"), *Sirri lil-Ghaya* ("Top Secret"), and so on. The channel's best known presenters include Faisal al-Qassim, Sami Haddad, Ahmad Mansour and Yosri Fouda.

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