

**By Wojciech Adameczyk**

Global Media Corporation Expansion into Asian Markets (China example)

*If a medium is news then the implication of broadcasting transformation is that millions of recipients choose diversity and change.*

**KEY WORDS**

Media, Asia, global corporation, STAR TV, Rupert Murdoch.

**ABSTRACT**

Globalisation in field of transfer of content is tied to the expansion of great supranational media corporations onto markets of many states of the world. Special interest media moguls tie to quickly economic developing states in Asia, which are the most populated part of the world. Overcoming linguistic and cultural differences takes place with continuous "softening" of local regimes, which with trouble and very slowly assimilate western standards of mass media functioning. The article treats of gradual winning of the Chinese market by the largest media concerns and the ways of winning the favour of the Chinese government. The activity of Rupert Murdoch's News Corporation and belonging to him STAR TV is an exemplification of this process.

Intensification of the process of mass media globalisation in the last decades of the XX century has led to the expansion of supranational media corporation into many various parts of the world. Dynamic capital flow and modern transmission technologies have become a source of change not only on the press market but also for whole communities as well as economic and political systems. It involves not only democratic but also authoritarian countries. Free flow of information often has its sources outside target countries and this has led to the intensification of several substantial processes:

1. **media ownership internationalisation** – which has resulted in the diversification of press financing forms and the creation of new, often autonomous from the government, media corporations;
2. **media imperialism** – understood as domination of the developed countries over the peripheral ones (Third World), which, in consequence, leads to: a) the propagation of Western system of values and lifestyles, and, therefore, erosion of traditional cultures, b) controlling of information flow in the dominated countries and the threat of creating an information gap, c) the presentation of history, tradition and culture of peripheral countries in a stereotypical way, from the perspective of the dominating country's philosophy;<sup>1</sup>
3. **homogenisation of information and content** – leading to common tastes and information needs, thanks to which, in the long term it will be possible to minimize the costs of production by creating a standard programme offer or using the same materials in different countries;
4. **homogenisation of broadcasting forms** – understood as a unification of programme formats according to the wishes of supranational media corporations, leading to a limited programme offer, no programme variations in terms of broadcasts and the loss of all regional and national originality.

The on going above mentioned processes are quite visible in various parts of the world such as in Central-Eastern Europe, Latin America and Asia. It is Asia in particular which has become the focal interest of global media corporations. This is due to economic reasons (highest pace of growth

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<sup>1</sup> *Media imperialism* from: *Aktualizacje Encyklopedyczne. Suplement do Wielkiej Ilustrowanej Encyklopedii Powszechnej Wydawnictwa Gutenberga, Media*, t. 11, edited by J. Skrzypczak, Poznań 1998, p. 89-90.

within the last decade and the same as far as future prognosis<sup>2</sup>), political ones (media moguls are involved in the ‘softening’ of local authoritative regimes and transforming them into democracies) and the want to gain a great number of new recipients thirsty for alternative sources of information (60% of world population lives in this part of the world).

For a long time the Asian countries and China particularly have been a target of interest. This most populous country in the world also possesses rich traditions tied to printed press. Their first propagated government news bulletin (*tipao*)<sup>3</sup> dates back to as far as 200 BC. The first printed government periodical (*bao*) was established during the Tang dynasty (618-907) and continued its existence, in various forms, up until the end of the Qing dynasty in 1911<sup>4</sup>. The first modern newspaper was published in 1815 by an English missionary Robert Morrison, beginning a whole series of foreign publishers there (within fifty years, since 1840, there has been over 300 different titles printed)<sup>5</sup>.

Their experiences were taken advantage of by international media corporations in the second half of the XX century. In 1963, one of the greatest media moguls, the owner of News Corporation Ltd – Rupert Murdoch – became interested in this market. His first move was to buy a newspaper in Hong Kong. In 1986 he bought 50% of shares of one of the most profitable newspapers in the world, also on the Hong Kong market, the “South China Post”<sup>6</sup>. Since the early 1990s, global media corporations have been interested in the TV market which is the most profitable, due to advertising, and has the best possibilities of reaching the most remote places in the world. Other than News Corp., other media groups active on the Chinese market have been: AOL Time Warner (CNN, ESPN), Viacom (MTV Asia), Disney Corporation and Bertelsmann.

Foreign capital investments into these media markets took place in extremely difficult political and economic conditions. Although the Chinese press system has been undergoing transformations since the late 1970s, the Communist party centralized system has required great efforts in getting approvals from national leaders for structural changes, especially in the area of audiovisual media. Various assurances of lack of hidden intentions and threats from Western media moguls were essential. Yang Weignang, the TV, Radio and Film vice-minister as well as the China Central Television (CCTV) director, stated that Chinese authorities are afraid of new media’s ‘striking power’, especially that of satellite TV. According to him, the US as well as other Western countries, using their media, may wish to lead to China’s disintegration, as it happened in the Soviet Union and in Eastern European countries<sup>7</sup>.

The first changes that took place involved advertising. Since 1979, it has become the main source of broadcasters’ profits. Within the next decade, advertising and other forms of commercial activity generated 40% to 70% of overall profits<sup>8</sup>. Since 1983, the Chinese authorities have begun to decentralize their broadcasting policies including the creation of TV and radio stations on the

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<sup>2</sup> Murdoch’s *Asian Bet*, *Economist*, 31 July 1993, Vol. 328, Issue 7822.

<sup>3</sup> T. Goban-Klas, *Zarys historii i rozwoju mediów. Od malowideł naskalnych do multimediiów*, Kraków 2001, p. 121.

<sup>4</sup> L. Yan, *China*, w: *Handbook of the Media in Asia*, P. A. Gunaratne (ed), New Delhi-Thousand Oaks-London 2000, p. 499. Some source call this newspaper the “court daily” see *Encyklopedia Gazety Wyborczej*, vol. III, Kraków 2005, p. 276.

<sup>5</sup> L. Yan, *China*, op. cit., most papers published in Shanghai were in Chinese – Shanghai Xinbao (, Wanguo Gongbao, Min Bao. According to Liqun Yan which means that early on there have been attempts by Western governments to influence the Chinese.

<sup>6</sup> M. Kunczik, *Media Giantp. Ownership concentration and globalisation*, Bonn 1997, p. 116.

<sup>7</sup> *Crippling Government Information Control in China: The Role of New Media Technologies*, [www.wacc.org.uk](http://www.wacc.org.uk), Issue 2/1997.

<sup>8</sup> L. Yan, *China*, op. cit., p. 515. CCTV, as an exception, was the only one which received 25% financing from the central government.

municipal level which has led to an increased number of new broadcasters<sup>9</sup>. Also in the 1980s foreign broadcasters have begun entering the TV market via satellite news programmes<sup>10</sup>.

Another issue was that of Western media corporations incorporating their programme offer and Western style of news broadcasting into a monolithic, centralized system run by government mass media. Earlier, Chinese authorities controlled news broadcasting by a strict system of media censorship and did not allow their people to have access to independent news sources<sup>11</sup>. This was also the case with foreign correspondents. For example, during the Tiananmen Square student massacre on June 4-5, 1989, the government attempted to prevent Western media from reporting on the tragic events (victims were estimated to be from a thousand to several thousand of people) by blocking traditional phone lines. The journalists in Beijing used mobile phones to send their reports and thanks to them the public found out the truth<sup>12</sup>. The development of new transmission technologies must have led the authorities to re-think their the changes taking place. According to Emad`eddin Adeeb, an outstanding journalist from the Arab world, *In the West there is free media due to open societies, in Asia openness in media precedes democratic changes*<sup>13</sup>.

The 1990s were a time of more openness of the Chinese market to global media corporations, of which most active was News Corp. Its owner, Rupert Murdoch, decided to invest in satellite TV (and sold the "South China Morning Post"). He chose Satellite Television Asia Region (STAR TV), owned by HutchVision Whampoa Ltd-Conglomerate. This station was created by Richard Li Tzar-kai, the son of Li Ka-Shing, one of the biggest entrepreneurs in Hong Kong. Broadcasting became available thanks to the first, established in 1990, Asiasat 1 satellite<sup>14</sup>. The permit, obtained in December of 1990, allowed STAR TV to broadcast starting October, 1991. Their offer was first aimed at a narrow target group (5% of potential audience) of highly educated, wealthy, English speaking independent professionals. Initially there were five channels: MTV (music), BBC World Service Television (news), Prime Sports, entertainment and one channel in Mandarin Chinese. Within two years the station was reaching 40 mln households in China, India and Taiwan<sup>15</sup>. As it turned out, the people were bored of the few government channels they were offered and were thirsty for new alternatives such as these world renown channels. At that time it was very popular among people to install private satellite dishes. They were first produced and targeted at people from rural areas as they did not have any access to even government TV without them. In the 1990s, these satellite dishes also popularised Western satellite TV<sup>16</sup> despite the fact that their initial set up costs were for a long time very high (in 1991 it cost \$1 200 while in 1997 the price fell to \$150). In the beginning, it was another barrier for STAR TV which limited its viewers<sup>17</sup>.

Murdoch's third attempt to enter the Chinese TV market was finally a successful one. The first two attempts - his offer to buy STAR TV and his proposal for the biggest Hong Kong based TV - Television Broadcast (TVB), owned by sir Run Run Shaw (32 % of shares) and Robert Kuok from Malaysia (34%), were rejected. In 1993 there was competition for taking control of STAR TV. Offers were made by the British Pearson Group (owner of the Financial Times, The Economist,

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<sup>9</sup> Y. Zhao, *The State, the Market, and the Media Control in China*, w: *Who Owns the Media? Global Trends and Local Resistances*, T. N. Pradip, N. Zaharom (edp.), London 2004, p. 191.

<sup>10</sup> In 1980 CCTV signed an agreement with VISNEWS (later REUTERS TV) and UPITN (later Worldwide Television News) for international information reception via satellite. Presently foreign news services are received via Asiavision and CNN (L. Yan, *China*, op. cit., p. 514).

<sup>11</sup> *Crippling Government Information Control in China*, op. cit.

<sup>12</sup> Ibidem.

<sup>13</sup> P. Barraclough, *Satellite Television in Asia*, op. cit.

<sup>14</sup> J. Man Chan, *National responses and accessibility to STAR TV in Asia*, in: *Media in Global Context. A Reader*, A. Sreberny-Mohammadi, D. Winseck, J. McKenna, O. Boyd-Barett (edp.), London 2002, p. 94. The owners of private satellite connections were: Hutchinson Whampoa (from Hong Kong), British Cable and Wireless and Chinese CITIC Technology company.

<sup>15</sup> Ibidem.

<sup>16</sup> *Crippling Government Information Control in China*, op. cit. According to the government statistical institute, in 1992 500 000 satellite dishes were sold in China while a year later it was 11 mln.

<sup>17</sup> P. Barraclough, *Satellite Television in Asia*, op. cit.

Thames Television) and American Time Warner and Turner Broadcasting<sup>18</sup>, but it was Murdoch who was the quickest to make the deal with Richard Li. He bought 63.6 % of the shares for \$ 525 million<sup>19</sup>. At that time this was considered to be a rather risky move. The so far monopolistic position of STAR TV on the satellite market was being threatened by plans for ten new satellites to be launched within the next 15 months. This meant high probability for acute competition in the future<sup>20</sup>. Moreover, within the first year after being bought out, the station generated losses estimated at \$50 mln<sup>21</sup>. However, Murdoch was not discouraged. He was planning to adjust his programme format to the needs of the growing Chinese middle class, already being the key target of most companies.

The most difficult endeavour was to overcome the Asian countries authorities' concerns and prejudices against Western style television. So far access to STAR TV in different countries was as follows:

1. in Singapore and Malaysia broadcasting was banned for ideological, political and cultural reasons, although this did not apply to certain privileged groups such as members of the royal family or the most influential individuals. The authorities were afraid of the destructive influence of uncensored programmes on society .
2. in Hong Kong and the Philippines, and to a lesser degree in Thailand, South Korea, Indonesia, Japan and Israel satellite reception was available but it was limited by re-distribution through local cable stations and other media.
3. in India and Taiwan access to STAR TV was unlimited, also via cable TV.
4. in China official bans of Western television, dictated by ideological reasons, met with opposition from producers of satellite dishes demanding liberalization of regulation as far as distribution of modern technologies<sup>22</sup>.

Government authorities had negative attitudes regarding Murdoch's intentions and the quality of the STAR TV broadcasts. Indian bureaucrats described his activities as a 'cultural invasion' while Malaysian officials were under the impression that he was attempting to control information inflow. According to George Yeo, Singapore Information Minister, the biggest worry was the low quality of programmes offered by commercial stations, *Murdoch is a tough player. He created competition on the TV market but in this case it means more sex and violence on the screen*<sup>23</sup>.

Initially, a significant issue was the translation of programmes into Asian countries' native languages. In China, the problem was with Mandarin Chinese into which only BBC services were translated. Additionally, the broadcasters had to be careful in their programmes so as not to offend people and their local customs and traditions. According to Joseph Man Chan, cultural differences were considerable and the programmes offered had to be tightly controlled . For example, MTV did not screen its Madonna video clip "Erotica" to avoid shocking audiences<sup>24</sup>.

Another barrier in Murdoch's project development was competition with popular ground TV stations. Since 1994, STAR TV was in competition with Television Broadcast (TVB) from Hong Kong and Chinese Television Network (CTN), the first Mandarin network. TVB was a particularly strong competitor as it possessed an audience of 80% of Hong Kong's inhabitants in 1992, with 85% of this station's profits coming from advertising<sup>25</sup>. TVB's advantage was that its programmes were in Chinese and due to this they were able to reach viewers via satellite, cable TV and through Chinese

<sup>18</sup> T. McCaroll, P. Burton, *New Star over Asia*, Time, 8 September 1993, Vol 142, Issue 6.

<sup>19</sup> A. Reyes, *All in the Family. Li's sons are poised to inherit the empire*, [www.asianweek.com/asianweek/97/0822/cs3.html](http://www.asianweek.com/asianweek/97/0822/cs3.html). News Corp. bought the rest of shares in June 1995 for \$347 mln, although other sources report it to be \$299 mln (M. Kunczik, *Media Giantp. Ownership concentration and globalisation*, op. cit., p. 116).

<sup>20</sup> *A Battle for Asia's eyes and minds – television stations*, World Press Review March 1994.

<sup>21</sup> *Third Time Unlucky?*, Economist, 26 March 1994, Vol 330, Issue 7856. In 1995 losses were estimated at \$80 mln.

<sup>22</sup> J. Man Chan, *National responses and accessibility to STAR TV in Asia*, op. cit., sp. 96-97.

<sup>23</sup> L. Kraar, T. J. Martin, *TV is exploding All Over Asia*, Fortune, 24 January 1994, Vol. 129, Issue2.

<sup>24</sup> J. Man Chan, *National responses and accessibility to STAR TV in Asia*, op. cit., p. 100.

<sup>25</sup> M. Kunczik, *Media Giantp. Ownership concentration and globalisation*, op. cit., p. 120.

government TV stations in five of the largest cities. Chinese language programme archives are the biggest in the world and they have been mainly created by the Chinese. According to Fung Shing Kwong, the station's general manager, *Television is a business run by language and culture*<sup>26</sup>.

Apart from STAR TV, News Corp. owned 49.9% of ZEE TV shares, one of the most popular channels in India as well as Phoenix TV, known as the 'Chinese channel'<sup>27</sup>. This station, reaching 45 mln households, has in its offer predominantly music, films as well as shows and successfully competes with government CCTV. Its viewers are characterized as *three highs and one low*, meaning high social status, high incomes, higher education and young age, which makes them an attractive audience especially for advertisers<sup>28</sup>. However, the channel's downside is its political correctness. It will not transmit anything that might jeopardize its broadcasting activity. This is affirmed by Wu Xiaoyong, the son of Wu Xuegian, former vice Prime Minister and Minister of Foreign Affairs, presently employed as the director of economic development sector, *The key to success is making sure that our programmes do not contradict the opinions of our Chinese authorities*. While Liu Changle, Phoenix TV Executive Director, states, *We are extremely careful when it comes to the content we broadcast on Chinese territory. We do not report on very controversial issues. At least we don't lie*.<sup>29</sup>

Most often international media corporations faced opposition when it came to broadcasting programmes which were ideologically dangerous to Chinese authorities. In those cases Chinese officials reacted instantly and very restrictively. All foreign media investors experienced censorship. In September 1993, Murdoch did not make himself popular by stating that satellite TV is, "unequivocally a threat to all totalitarian regimes". In response, the authorities prohibited private instalment of satellite dishes. This decision was a direct hit on the Australian's business who had to learn to understand that such comments can be very destructive to his activities. Since that time News Corp. tactics have changed dramatically. Now the company does its best to maintain good relations with authorities to gain their support. However, some of the new strategy, such as the pulling of BBC World from STAR TV's offer for North Asia and China in April of 1994, was acutely criticised. The main reason for the decision was the fact that the government was opposed to the broadcasting of unfavourable reports on the political situation and the growing pro-democratic demonstrations. The officials were outraged by the reports on the massacre in Tiananmen Square, Mao Zedong documentaries and the Tibet situation<sup>30</sup>. The following year in February, News Corp. bought shares in the "People's Daily" newspaper run by the communist party. Later, Murdoch sponsored Deng Xiaoping's daughter's trip to the US in order for her to promote his biography<sup>31</sup>. Also, the British "The Times", owned by News Corp. played host to Shao Huaze, the publisher of "The People's Daily" whose trip to Great Britain was an affirmation of cooperation between the two media companies on the joint venture basis. In August of 1996, STAR TV launched a new channel in Mandarin in cooperation with Hong Kong businessmen with connections in the Chinese army. The next step in building stable relations with Beijing was pulling a book from print (HarperCollins Publishing owned by News Corp.) written by Chris Pattern, Hong Kong's former governor.

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<sup>26</sup> L. Kraar, T. J. Martin, *TV is exploding All Over Asia*, op.cit. according to the authors, programmes in Cantonese are dubbed into Chinese (official language in China and Taiwan), Tai, Korean, Malaysian and Vietnamese.

<sup>27</sup> Apart from Murdoch the other co-owners are a Chinese entrepreneur Liu Changle and Bank of China (Y. Zhao, *The State, the Market, and the Media Control in China*, op. cit., p. 202).

<sup>28</sup> Ibidem.

<sup>29</sup> Y. Ding, *Dragon and the phoenix: are global media corporations bringing free press along with free markets into China?*, New Internationalist April 2001. For example, about Falun Gong and its protests in Tiananmen Square the media informed very carefully while the protests of sacked workers were omitted all together.

<sup>30</sup> See A. MacLeod, *Murdoch Puts China Billions Over Books*, The Christian Science Monitor, 3 March 1998; *China Lets in BBC TV* (<http://newp.bbc.co.uk/1/hi/world/asia-pacific/1107470.stm>, Tuesday, 9 January 2001, 6:20 GMT); *Third Time Unlucky?*, Economist, op. cit.; P. Barraclough, *Satellite Television in Asia: Winners and Losers*, op. cit. Murdoch was in a favourable situation in this case as BBC's contract with STAR TV expired in 1994.

<sup>31</sup> Y. Ding, *Dragon and the phoenix*, op. cit.

According to Murdoch, it contained critical opinions of Chinese government policy and could have ruined the slowly improving relations between the media group and the authorities.<sup>32</sup> Economic relations were additionally strengthened thanks to Asiasat satellite, in one third financed by Citic Technology Corporation, considered a representative of Chinese officials. According to Steven Barraclough, *For Beijing, cooperation with News Corp. is a smooth transition into the information age. For Murdoch, self-censorship is a low price to pay for access to potentially the most profitable market in the world*<sup>33</sup>.

Chinese leaders were more inclined to accept information neutral in character, broadcasted by CNN, than dynamic, investigative journalism practiced by BBC. Moreover, broadcast tabloidisation and its softening as well as the introduction of programmes local in character has led to increased profits from advertising (in early XXI century profits from commercials have increased by 180% within one year)<sup>34</sup>. Additionally, Murdoch's criticising of the Dalai Lama, Tibet's spiritual leader, in September of 1999 has led to the bettering of relations between the media group and the government. Murdoch's son, James Murdoch, the president of STAR TV, went even further when he said, in September 2001, that Falun Gong, a prohibited in China religious movement, was 'dangerous' and 'an apocalyptic cult'<sup>35</sup>.

Soon, other media corporations followed in the footsteps of News Corporation. Sumner Redstone from Viacom, Howard Stringer from Sony and Thomas Middelhof from Bertelsmann, guests at 50<sup>th</sup> anniversary of communist China, refused to answer journalist questions about president Jiang Zemin's imprisonment of his political opponents<sup>36</sup>. Somewhat earlier, in September of 1999, Time Warner sponsored the Fortune Forum in Shanghai<sup>37</sup>. Some news corporations such Bertelsmann (selling books, cassettes and CDs) as well as HBO Asia (joint venture between Time Warner and Paramount Communications with 300 000 subscribers<sup>38</sup>) enjoyed successes on the Asian market while others have failed. One of these was Disney, which broadcasted in the late 1990s a film about the Dalai Lama, "Kundun", after which it was banned from distribution in China for the next two years (earlier threats were addressed in November 1996)<sup>39</sup>. Overall, some stations' (CNN, ABC, NBC) efforts to win favour with Chinese authorities have led to their criticism.

Effects of the networks' strategies were soon noticeable. In December 1998, president Jiang Zemin expressed his approval of Murdoch's activity, his objectivity of China and cooperation with local media groups. In April 1999, News Corp. opened up an office in Beijing<sup>40</sup>, which meant long term plans for Asia. After a decade of efforts, in September of 2001, an agreement was signed thanks to which News Corp and Turner Broadcasting (owned by AOL Time Warner) were allowed broadcasting in the Guangdong province which allowed their further transmission by cable networks into 11.5 mln households. Also in 2001, the first news channel in Mandarin, Phoenix Info News, was launched and broadcasted to China, Hong Kong, Taiwan and 50 mln Chinese around the world<sup>41</sup>. Based on the agreement, News Corp. needed to include in its offer programmes by government channel CCTV 9 (promoting Chinese cuisine, culture and tourism in English) broadcasted to

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<sup>32</sup> P. Barraclough, *Satellite Television in Asia: Winners and Losers*, op. cit., Y. Zhao, *The State, the Market, and the Media Control in China*, op. cit., p. 203.

<sup>33</sup> P. Barraclough, *Satellite Television in Asia: Winners and Losers*, op. cit.

<sup>34</sup> J. Borton, *Face-off: China's Tom group vs STAR TV*, <http://www.atimep.com/atimes/FK18Ad01.html>.

<sup>35</sup> Y. Zhao, *The State, the Market, and the Media Control in China*, op. cit., p. 203.

<sup>36</sup> Y. Ding, *Dragon and the phoenix*, op. cit.

<sup>37</sup> Y. Zhao, *The State, the Market, and the Media Control in China*, op. cit., p. 203.

<sup>38</sup> L. Kraar, T. J. Martin, *TV is exploding All Over Asia*, op.cit.

<sup>39</sup> Y. Zhao, *The State, the Market, and the Media Control in China*, op. cit., p. 203; W. Atkins, *Brand power and state power: rise of the new media networks in East Asia*, *The Pacific Review* 2003, Vol. 16, No. 4, p. 478

<sup>40</sup> Y. Ding, *Dragon and the phoenix*, op. cit.

<sup>41</sup> W. Atkins, *Brand power and state power*, op. cit., p. 476. Earlier only hotels and foreign guest apartments had access to STAR TV's programmes.

Western US, including Los Angeles and San Francisco. In October 2001, a similar contract was signed between the government and AOL Time Warner<sup>42</sup>.

AOL Time Warner in its offer to Guangdong province also included a government approved CETV channel in Mandarin with a slogan, “no sex, no violence, no information”. In June 2000, AOL obtained a 24-hours a day channel broadcasting in Mandarin with an audience of 33 mln households. At the same time, a British public network signed an agreement with China International TV. It established broadcasting of BBC World to hotels, guest houses and apartments for foreign guests<sup>43</sup>. 2001 was a breakthrough year also for Disney which, after being banned a for a few years, signed a contract with the Chinese government to create Disneyland in Hong Kong (to be opened in 2005). A year earlier, Viacom signed a contract with CCTV for the co-production of Chinese MTV Awards (MTV Mandarin), with a record 7.9% shares from a 150 mln people audience. Viacom directors predicted that MTV, with its renown, will help them enter the Asian markets with their less known channels such as Nickelodeon or VH1<sup>44</sup>.

Cable television has played a crucial role in the development of Chinese satellite television which, according to experts, within a longer perspective can have a deciding influence on the future of this media<sup>45</sup>. In the mid 1990s there were over 3000 cable TV stations and networks in China. Their offer was dominated by foreign programmes (80% to 85% of market share)<sup>46</sup>. The Chinese themselves were interested in this market and they decided to create a conglomerate controlling 1/3 of the cable market. In order to do so the China Cable Network (CCN) needed to buy out many local broadcasters by taking out a bank loan (in the amount of 40 mln years, or \$ 4.8 mln). CCN was determined to control the content transmitted by regional stations and to have a share of advertising profits, estimated to be \$ 2.4 bln<sup>47</sup>.

With time the Internet has become an entirely new endeavour for Chinese authorities and global media corporation in the region. According to the Chinese Xinhua agency, by the year 2005 there will be over 120 mln Internet users in the country<sup>48</sup>. Information inflow so far remains under control due to the monitoring of chat rooms, closing of Internet cafes, the creation of Internet police force, firewalls and draconian regulation of the sphere, including imprisoning website operators<sup>49</sup>. Modern technology of data transmission, however, allows the coupling of television signal with access to the Web which, in case of a large number of broadcasting stations including foreign, can be a substantial threat to the authorities regarding control of content and information inflow<sup>50</sup>.

Concluding, it is difficult to say whether big media corporation expansion onto the Chinese can be rated more positively than negatively. The complex political and economic situation of the country has forced those corporations to adjust their strategies to accommodate the regime. That is why so much of their activity has been so controversial. On the other hand, much of News Corp., AOL Time Warner, Viacom, Disney Corporation, Bertelsmann or BBC's activity has led to the 'softening' of government policies and a general liberalization of lifestyles in China. Access of such a large group of recipients to freer information inflow can mean, in the long run, the end of authoritarian rule. Although, as Yuezhi Zhao stated, in a situation where the elites continue to make deals with foreign investors the policies of totalitarian regimes become legitimate, profits are gained

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<sup>42</sup> D. Milmo, *Murdoch expands empire into China*, The Guardian, 19 December 2001. An inclusion of CCTV 9 programmes on American TV will enable the Chinese to transmit propaganda content while, at the same time, big media corporations will be censored in Asia. As Murdoch said in an interview, *News Corp.'s offer will take into account Chinese public opinion on its territory which should not be treated as censorship*.

<sup>43</sup> *China Lets in BBC TV* (<http://newp.bbc.co.uk/1/hi/world/asia-pacific/1107470.stm>, Tuesday, 9 January 2001, 6:20 GMT).

<sup>44</sup> W. Atkins, *Brand power and state power*, op. cit., sp. 478-479.

<sup>45</sup> *A Battle for Asia's eyes and minds – television stations*, op. cit.

<sup>46</sup> *Crippling Government Information Control in China*, op. cit.

<sup>47</sup> *China's cable TV shake up*, <http://newp.bbc.co.uk/1/hi/business/1689097.stm>.

<sup>48</sup> <http://gospodarka.gazeta.pl/gospodarka/1.34912.2579339.html>.

<sup>49</sup> Y. Zhao, *The State, the Market, and the Media Control in China*, op. cit., p. 204.

<sup>50</sup> B. Einhorn, T. Aubin, *Making STAR TV Shine (int'l edition)*, [http://www.businessweek.com/2000/00\\_22/b3683215.htm](http://www.businessweek.com/2000/00_22/b3683215.htm).

and average people remain without freedom rights in the on-going processes of globalisation, commercialisation and concentration of media systems<sup>51</sup>. Global media corporations' support of China in their entry into the WTO or the organization of 2008 Olympics might mean a want not necessarily to stabilize the political situation but one to make good deals with the governing bodies. The desire to gain profits seems to be the networks' driving force, although, in the long run we cannot exclude the possibility of other strategic goals such as doing away with the regime. Chinese officials' attempts to create an alternative in the media sector, in order to more successfully control information inflow and to defy Western culture domination may be considered somewhat late. Fascination with modern technologies and opportunities which the media create often turns out to be addictive. In this case Western investors' advantage in this field can be deemed indisputable.

### How News Corp. won over Beijing for their own plans

July 1993	Rupert Murdoch obtains the majority of Hong Kong based STAR TV shares, an obvious attempt to gain access to the Chinese media market.
September 1993	Murdoch falls into disfavour with Chinese authorities by saying that satellite TV is "unequivocally a threat to all totalitarian regimes".
October 1993	In response, Beijing prohibits private instalment of satellite dishes.
April 1994	Murdoch pulls BBC from STAR TV's offer for North Asia and China (in order to, as he tells his biographer William Shawcross, win favour with the authorities).
February 1995	Murdoch sponsors Deng Xiaoping's daughter's trip to the US in order for her to promote his biographical book.
August 1996	STAR TV launches a new channel, in Mandarin, in cooperation with Hong Kong businessmen with connections in the Chinese army.
February 1998	HarperCollins Publishing (owned by News Corp.) pulls a book, written by Chris Pattern, Hong Kong's former governor, from print. Pattern lobbied for implementation of democratic freedoms and Murdoch was afraid that the publication would anger the government.
June 1999	Murdoch marries Wendi Deng, a Chinese director at STAR TV.
September 1999	Murdoch criticises Dalai Lama, the Tibetan spiritual leader.

<sup>51</sup> Y. Zhao, *The State, the Market, and the Media Control in China*, op. cit., p. 208.



February 2001	STAR TV president, James Murdoch, Rupert's youngest son, states that Falun Gong, a prohibited in China religious movement, is 'dangerous' and 'an apocalyptic cult'.
September 2001	News Corp and AOL Time Warner reach an agreement with Beijing and can start broadcasting directly to Guangdong province.

Source: W. Atkins, *Brand power and state power*, op. cit., from: D. Gittings, J. Borger, Homer and Bart realise Murdoch's dream of China coup, *The Guardian*, September 6, 2001.