

DTV Update: Berlin Area Completes Switch-Over by Mid 2003

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Terrestrial television broadcasting will be fully digitized in the Berlin metropolitan by the Autumn of 2003, with all analog signals being switched off by that time. This will make Berlin and its surroundings the first region in the world with a digital-only television broadcasting system, while in other European countries and the U.S., the digital roll-out is still severely struggling. Berlin's cutting edge position in this field was made possible by the flexible positions of public and private broadcasters, but in particular by a clear and balanced regulatory framework and effective administrative planning.

Technologically, the Berlin digital roll-out has to deal with the problem of spectrum scarcity. While in the U.S. every analog broadcaster could be given an additional frequency for digital simulcasting, the structure of the German analog broadcasting network does not allow this. In Berlin, there are 12 frequencies available for terrestrial television broadcasting, but all of them are occupied by analog channels. Therefore, the digital roll-out requires a number of analog frequencies to be cleared beforehand.

Despite this scarcity, however, the conditions in the Berlin television market are favorable for an efficient transition to DTV. As in the rest of Germany, terrestrial television broadcasting is only a niche means of communication in Berlin, with nearly 60 percent of households being connected to cable networks and another 35 percent or so receiving satellite TV. Consequently, no more than around 150,000 households in an area of 2.2 million will be directly affected by the analog switch-off. This puts the Berlin-Brandenburg Media Authority (MABB) in the happy position of only having to deal with a relatively small number of consumers when designing the switch-over scenario.

But, like every other household in Germany, these terrestrial households are entitled to the constitutional right of information. This means that a sudden switch-off of analog TV without any terrestrial substitute would be anti-constitutional and therefore illegal, because it would leave non-cable and non-satellite households in an information gap. On the other hand, the right to information may not hinder technological progress and the introduction of more efficient digital broadcasting transmissions, especially as the entirety of television viewers (who in Germany are also broadcasting fee payers) would benefit in terms of a greater plurality of programs.

The MABB regulatory framework solves this conflict of interests by introducing a transition scheme that is both smooth and efficient. Mainly, it is based on a contract under public law between the MABB, the public broadcasters, the main commercial broadcasters and Deutsche Telekom as a terrestrial network operator. The parties agreed together on the key pillars of the transition process in a joint effort to promote the digital roll-out.

Beginning in November 2002, the necessary spectrum will be cleared by moving some analog commercial channels to weaker frequencies. This will be followed by the switch-off of all analog commercial transmissions in February 2003. It will allow more than 20 digital programs to be transmitted alongside the remaining analog channels. The commercial broadcasters participating in the first stage of this process agreed to co-operate because of the particularly strong digital transmission capacities they will receive in exchange. The public broadcasters (ARD and ZDF), however, will continue to transmit in analog format after February 2003. Their specific legal situation would not allow a switch-off of their signals right away, because unlike the commercial broadcasters, they are constitutionally entitled and obliged to provide a universal service in broadcasting. This means that practically every household throughout the country must have the technical possibility of receiving the public broadcasters' programs – which, due to the lack of suitable reception equipment in early 2003 would not be the case if they then went digital only.

Even the simulcasting of public broadcasting programs in analog and digital format will be limited, though. At the same time as the switch-off of the commercial channels, the public broadcasters' analog signals will be moved to weaker transmission capacities, and in August 2003 they will then be switched-off altogether. In other words, consumers will have half a year to adjust to the new transmission technology – by purchasing digital set-top-boxes – while still receiving a minimum standard of analog broadcasting during that time. This adjustment period will make the transition process consumer-friendly, constitutionally legal and efficient at once.

In addition, the MABB will accompany the transition process by supportive measures of its own. It will provide financial assistance to commercial broadcasters and network operators to help them modify their transmission facilities (public broadcasters can revert to the license fee revenues to do the same), and launch a marketing campaign in order to inform the public about the need to acquire digital television reception equipment. And finally, there are plans to provide direct financial support to households that cannot afford a DTV set-top-box and that are not connected to cable or satellite either. Out of the 150,000 households in question, about 10,000 are considered to be needy in this regard. A standard set-top-box is still estimated to cost around 200 USD, although the industry has already offered to provide the boxes for these particular households at a net cost price below that.

Most of the funding for these measures shall come from the MABB, which itself is funded through the broadcasting fee, but the Berlin social welfare office will also step in when it comes to providing set-top-boxes to the less well-off households. Furthermore, even households that do not qualify as needy under social welfare law will not be completely left alone when acquiring digital reception equipment. There will be deferred payment and leasing options that should keep the monthly burdens on households below ten dollars. And finally, special support will be provided to the elderly to help them in adjusting their television sets.

To sum up, it is this bundle of technological, regulatory, financial and social measures that makes the Berlin transition scenario seem dressed for success – and which that will lead to more competition in the television market: A quick introduction of digital terrestrial television with its around 30 channels could help broadcast television to compete against cable and

satellite. There are already reports about the Berlin households no longer willing to pay the constantly rising monthly fees to cable operators, and which are looking forward to changing from analog cable to digital terrestrial instead.