

NATION STATES IN THE WORLD AUDIOVISUAL MARKET: CYPRUS AND THE EUROPEAN UNION

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Abstract

Technological convergence and the increasing liberalisation of world trade have changed the relationship between governments and national television systems. This paper sets the discussion of such relationship in terms of a review of the conditions that have given them their particular character and that will determine the likely direction of any change. It evaluates the significance of the international trade negotiations of the GAIT and the establishment of the World Trade Organisation, identifying aspects that will be particularly significant for audiovisual trade. It suggests that the trade exemption gained by the EU in the GATT negotiations will offer less protection to European markets than is often assumed and that the internal EU market will be dominated by large commercial companies. The opportunity for small countries, such as Cyprus, to achieve national distinctiveness in their television services is seen as limited.

Introduction

This paper explores some of the factors that will determine the future of the Cypriot television system. It mainly focuses on the international context and some overall characteristics shared by small countries, rather than the particular characteristics which make Cyprus uniquely distinctive. There are two reasons for this. Firstly, there is a question of expertise: the community of scholars who can claim specialist knowledge of Cypriot culture and its media system has a rather limited membership; the present author cannot claim a more than peripheral status in this elite group. Secondly, there is the strong probability that the unique characteristics of any country, whether large or small, are becoming of secondary importance in comparison to major current changes in the world economic system. This paper will assert that the audiovisual sector is increasingly being recognised as central to

world trade and that individual countries, however distinctive they may be in other ways, will, in this area of national culture, be increasingly constrained by the pressures of the global market.

The position of Cyprus as a state which is firmly locked in to the process of joining the European Union has a number of important implications. Its choice of the EU as a supranational body with which to affiliate, subordinates it to the policies of an organisation which has a powerful pre-existing agenda in terms of world audio-visual trade. The paper concludes with a discussion of some aspects of the audio-visual policies of the EU and the implications of these for Cyprus.

Broadcasting Policy and the Power of the Nation-state

Marjorie Ferguson (1995, p. 440) was undoubtedly correct to assert the continuing importance of the nation state as a key determinant of broadcasting policy:

Nations are still the nexus for an oscillating dialectic of complex political, economic, technological, cultural, and social relations within and across systems of symbolic meaning and institutional power. As such their continuance challenges notions of globalisation as unidirectional process or omnipotent force.

It should also be emphasised that national governments and other interest groups are very sensitive to what they perceive as the social and political importance of television. Concern over the possible effects of television is common currency across the world, particularly in relation to 'vulnerable' young people; governments everywhere also worry about the supposed role of television in forming political ideas. In new countries, or those the stability of which is threatened, television is often seen as key to nation-building and the construction of national identity. These considerations, among others, have often led governments to seek to intervene in the operation of national television systems.

National Governments and National Media Policies

But the ability of national governments to intervene successfully in television is changing in line with changing technology and the increasing importance of international organisations.

Terrestrial television (i.e. in which signals are transmitted from ground stations through a network of ground-located antennae) is a greedy consumer of 'bandwidth'. Space on the electro-magnetic spectrum is limited and the transmission of television channels without undue interference requires a large part of the available space. The international agreements of the WARC (the World Administrative Radio

Convention) have been designed to control against such interference from overlapping signals. The value attributed to band-width is shown by the very high prices that companies have been willing to pay in recent government auctions of space in the spectrum for mobile phone networks.

During the period when terrestrial transmission has been the dominant mode for most television, spectrum-scarcity has severely limited access to the television market, making it a much simpler target for governments to try to control and for other interest groups to try to influence. Whether by means of directive, public campaign or hidden inducement, the fewer the targets the simpler it is to achieve a measure of control.

Similarly, although terrestrial television signals inevitably cross national frontiers, the extent of this may be quite limited and only of importance in cases where population centres in different countries are geographically close to each other. In an island such as Cyprus, terrestrial transmission was effectively contained within national boundaries. Even in less geographically isolated countries, terrestrial television was predominantly a phenomenon confined within their borders and often little concern needed to be paid to inward transmissions from other countries.

Governments have also, in the past, been substantially able to form their media policies without political interference from outside. While the international broadcasting system has always been subject to international agreements, these have been restricted to measures designed to avoid the services of one country unintentionally spilling over into another, causing 'noise' and interference with the quality of reception. The WARC conventions have been essential in bringing order to the airwaves, but they have not interfered with how any country chooses to use the channels allocated to it. The difference now is that new agreements, within the EU and at the global level are directly concerned with international access to the airwaves of individual countries and therefore with the material transmitted on them.

Neo-corporatism Is More Effective Than Overt Intervention

If the previous section identifies some of the necessary conditions which enable any given government to exercise control over the media in its country, these conditions are by no means sufficient to permit effective control. Communication media are always two-way affairs. Television, in particular, has to work for its viewers, to provide them with something they need, or feel they want, in order for them to continue watching.

In effect, this means that governments and other interested parties have had to recognise that there are significant limits beyond which interference becomes sub-

ject to the law of diminishing returns. These limits derive from two sources, the need to retain viewers and the need for television services, if they are to retain any degree of effectiveness, to maintain authority among viewers.

To consider viewing figures first: most television services are funded through advertising, and so are dependent for income upon audience share. If clumsy intervention leads to a loss in ratings, then the channel will lose money and may even need direct subsidy. Similarly, if fewer people watch, then the audience will be reduced for whatever message those to whom it is responding are wishing to get across. This may be less likely if there is little competition (audiences are less likely to stop watching than to turn to another channel) but it becomes crucial when more choice is available. The ability of governments to compel television companies to transmit politically acceptable programmes, which achieve only low ratings because viewers reject them as boring or biased, is a very expensive luxury.

But clumsy intervention is even less likely to produce the desired results because the more overt the interference the lower the credibility of the service is likely to become; services which retain the highest levels of authority are often those which manage to maintain a perceived distance from political control. Exceptionally there may be support for intervention. Examples might include censorship in wartime or intervention against portrayals of violence or sexually explicit content at times of moral panic. But such occasions will be limited; more commonly, explicit public intervention leads to a downward spiral, in which the attempt to use the medium for overt political or other purposes destroys the trust upon which its acceptance by viewers depends.

The argument so far, then, is that a key feature of established television systems has been a tendency for them to exist in a state of unstable equilibrium with governments, in which the propensity of governments and other interest groups to intervene in services and other activities was constrained by the inherent tendency for such action to be counter-productive. This has often resulted in 'behind-the-scenes' alliances, in which nominally independent broadcasters have in fact lived in an atmosphere of close understanding with their political masters. However, previously well-established alliances have become less stable as the political and cultural compromises on which they depend have been made more fragile by outside forces of technological change. At the same time, the continually-reducing cost of television reception has stimulated a huge increase in audience size, increasing still further its perceived social importance (see Pan and Man Chan, 2000, among many others for evidence).

These changes have not removed the pressure for governments to make alliances with broadcasters, even if the allies they find are new ones, reflecting the

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new circumstances determined by their policies towards the global communication market. Indeed, there is a case for suggesting that the need to manage international competition has encouraged governments and some broadcasting interests to move even closer together. Marjorie Ferguson called this relationship 'neo-corporatism', a condition 'in which industries, governments and favoured firms' act 'together for mutual economic benefit' (Ferguson, 1995, p. 447). Zaharom and Anwar, for example, analyse a position in Malaysia which in some ways seems to exemplify the neo-corporatist model (see, Zaharom and Anwar, 2000 and Zaharom, 1996). In these circumstances, the need for overt, public, intervention can be reduced.

But the availability of choice, the opportunity to encounter material directly originating elsewhere, will tend to expose intervention and reduce the probability of its acceptance by the audience. As an indicator, the phrase Galperin borrows from Hoskins and his colleagues is very useful: the 'mushrooming of channels... has shifted the market from a situation of spectrum scarcity to one of content scarcity' (Galperin, 1999a, p. 629, Hoskins et al 1996). In other words, the massive expansion in broadcasting opportunities associated with cable and satellite transmission, has led to the intensive international marketing of content to fill the space newly available. Even if Rupert Murdoch's over-blown statement, that satellite television would be 'an unambiguous threat to totalitarian regimes everywhere' (quoted in French and Richards, 1996, p. 22) has become absurd in the light of his later actions, the core proposition retains some truth. If viewers have more access to alternative views, they are less likely readily to accept limitations imposed by their own governments.

But if governments are finding it increasingly difficult to achieve the level of control over television that they might desire, this does not imply that the motivation to do so is reduced. To reiterate the arguments made earlier, the ascribed qualities of television make it something special, a communication instrument which occupies a central place in relation to the major concerns of all societies. Major changes in television are assumed necessarily to have significant implications and whether a government pursues 'conservative' alliances with existing broadcasters or seeks to build links with new interests, reflecting the new economic battlefield, the inducement to work together remains powerful.

Overlying these historic concerns about the social and political roles of television, at least in countries which have a significant stake in television production, is the concern with their place in the audio-visual market. Not only are the 'traditional' television and film sectors becoming ever more financially important, the convergence of television, computing and telecommunications ensure that awareness of the future potential of the sector is a key determinant of government policy in all countries which aspire to retain or develop high-technology industry.

Although these pressures have somewhat disparate origins, they have a common effect, that is to encourage governments to develop close relationships with their televisual companies. Governments may achieve more by quietly 'steering' the production policies of companies with which they have a friendly partnership than they could by overtly directing them. In effect, the myth of an independent media continues to be maintained by behind-the-scenes co-operation. While this has been a common pattern with indigenous media, it is increasingly also demonstrable in terms of implicit alliances governments have made with the newer transnational conglomerates. The relationship between the Murdoch empire and the government of China is only the most high-profile of such deals. As is evident throughout this paper, Ferguson's notion of 'neo-corporatism' is very helpful in describing this type of relationship as evident in the links between governments and nominally 'independent' audiovisual industries in international market negotiations. But it is important to recognise that neo-corporatism is not something which has only recently emerged. It has roots which have been long-established in the structure of national media polices.

Negotiating the Global Communication Market

The technological changes outlined above are crucial to understanding the way in which the world communication market is developing. But it is important not to get carried away with the fallacy of technological determinism, making the assumption that everything is to be explained by the changing technology. In fact, the conditions under which this market functions are directly determined by negotiation between governments. The outcomes of the international trade negotiations during the Uruguay Round of GATT (the General Agreement on Tariffs and Trade), which led to the establishing of the World Trade Organisation, mark a crucial stage. The negotiations over trade in audiovisual services and other relevant matters demonstrate important changes in the priorities governments attach to their traditional concerns with national cultures as against other factors such as the role of telecommunications in international trade. They also established fundamental market principles, which will become determining features of the context within which the future of television will unfold.

For present purposes, the most important distinguishing feature of the feature of the Uruguay Round (negotiations within GATT, the General Agreement on Tariffs and Trade, are normally named after their initial location) was the inclusion in the negotiation process of trade in services, previous agreements having been limited to goods. For background on the Uruguay Round, The General Agreement on Trade in Services (GATS) and the audiovisual negotiations, see Dasgupta (1998), Debroy (1996), Venturelli (1998), Michaelis (1999) and Galperin (1999a and b). The overt purpose of the sequence of GATT negotiating rounds (beginning at the end of

the Second World War) was to reduce tariff and other barriers to trade across frontiers. Its driving force was the assumption that free trade would encourage competition, thereby increasing the efficiency of domestic producers, and offer consumers a wider range of choice. This, proponents of free trade argue, would lead eventually to increased wealth for all, even if the process of adjustment to open competition might cause some short-term difficulties. The power of this argument had persuaded an increasing range of countries to join the process and by July 1995, 100 countries had become members of the World Trade Organisation. Others have joined since.

The inclusion of the service sector in the Uruguay Round reflected both an increase in its overall importance in world trade, (19% overall in 1994, according to Broadman, 1994, p. 283) and an increased awareness of the crucial role of internationally-traded services in the process of commercial development. But the move was not straightforward: trade in services mattered much more to some states than others. The service sector has come to make an increasingly important contribution to the balance of trade in some leading economies (54% of GDP in the USA, employing 79% of the workforce (Broadman, 1994, p. 283). A regime of free trade in the service sector may be seen as a good way for countries with an advantageous position in to take advantage of this and the way that the Uruguay Round negotiations were conducted would tend to support this view.

The argument for free trade in services was built upon two particular assertions: that modern communication networks are creating new world markets in services which should be developed along the most efficient lines and that the opening-up of national markets in services could be an important factor in both international competition and national economic development.

Telecommunications is an important example. In the past, telecommunications has chiefly been the province of national, publicly-owned, monopoly-providers; the role of telecommunications in international trade has been very much in the background. But the agreement on free trade marks an important change, in which they have come to be recognised as having a central place in trade, analogous to shipping, airways and other vital networks.

Barriers to access to electronic transmission facilities also provide barriers to the cross-frontier "transport" of services as well as being barriers to telecommunications and other services in themselves. Viewed in this way telecommunications is just another form of transportation, although one that is particularly important for cross-border trade in services (Snape, 1998, p. 284).

Similarly, services such as telecommunications are essential to the communica-

tion of information about other products - goods and services - and so to the efficient operation of the overall world market. But there are additional reasons why less industrialised countries welcomed the liberalisation of trade in telecommunications. Just as efficient systems bring improved communication in the international market, so they support the internal development of national economies by enabling producers and consumers of local goods and services to communicate to each other (see Hukill,2000). Modern telecommunications and the overall information sector in such countries therefore represent a key instrument of economic development and a market opportunity for international suppliers of hardware and software. As Venturelli puts it:

Because participation in the information economy is now the revised standard and fundamental precondition for economic development, the growth of the information sector in less industrialised countries has been established as the *latest* entrance barrier in access to capital and development resources (1999, p. 22).

Telecommunications accordingly took a prominent role in the Uruguay Round, although negotiations were difficult. Agreement between 69 countries was eventually reached in 1997, for implementation on 1 January 1998, three years after the founding of the WTO. In the light of continuing technological convergence, the significance for television of the liberalisation of the global telecommunications market should be clear. Not only will television signals increasingly share the same transmission systems as telecommunications, but also any distinction between their content and patterns of use will become much less clear.

Another important and closely related part of this sequence of international trade negotiations concerns the regulation of trade in intellectual property. The need to mediate between those who develop new ideas and new products and the public who are the beneficiaries of such innovations has long been recognised in the form of patent protection and copyright laws. Typically, the source of the new idea is given the right uniquely to exploit it for some fixed period, after which it becomes 'public' property, open to others to imitate and freely compete. Bargaining over TRIPS ('trade-related aspects of intellectual property rights') began before the main Uruguay Round negotiations and was closely linked to pressure from the pharmaceutical industry, anxious to protect its expensive investment in new products (see Groome, 1995, pp. 130-137). Agreement on TRIPS was reached earlier than other elements of the Uruguay Round, being 'effectively over' (Groome, 1995, p. 319) in 1991.

These negotiations may have been relatively easy but their implications are far-reaching for the rest of the information technology sector, which of course includes television. The rapid expansion of this sector means that it is dominated by hard-

ware and software which have been developed recently enough to have copyright or patent protection and, in the twenty years TRIPS allowed before innovations pass into the public domain, their usefulness will have declined to nothing. Rights over such material give the companies which have developed it effective monopolies that governments and local producers will be unable to resist. In a period where technologies converge, in which the boundaries between television, telecommunications and information technology are eroding, the importance of TRIPS to the future of television should not be underestimated. In effect, TRIPS regularises, even requires, the commodification of knowledge and this will extend, in television, from hardware through operating systems to content, just as it does in computing.

This process of commodification will harmonise neatly with the increasing use of encryption technologies and the commercial attractiveness of pay-per-view and subscription television. Both create a conventional trading relationship between the supplier and consumer, which can be expected to gain far higher revenues for those with relevant claims to the intellectual property involved.

The Uruguay Round and the Audio-visual Sector

Negotiations about audiovisual services were the most difficult part of the Uruguay Round. Despite the acceptance by participating countries of the principles of free trade and despite the agreements on telecommunications, TRIPS and other services, the audiovisual sector became a sticking point.

The main source of resistance here were the countries of the European Union (EU), which negotiated as a single, powerful, block, within which France was the most important advocate of protectionism: in effect, the negotiations were a two-way affair between the EU and the USA. The EU claimed a concern with the protection of national film and television production as a means of protecting national culture. In contrast, the USA 'refused to concede recognition of (any) special cultural characteristics' (Groome, 1995, p. 376) of audiovisual services. The conduct of the negotiations was characterised by brinkmanship on both sides and the effective outcome of the negotiation was to leave trade in this sector on one side, to avoid stalling the whole process. The principle of free trade in audiovisual services remains on the WTO agenda, but in practice nations are exempt from the implementation of free trade procedures pending some future round of negotiation.

The difficulty in the GATS negotiations is replicated in other free-trade agreements. As Galperin puts it:

'The issue of the cultural industries has proved one of the most controversial in regional integration agreements ... No other final-goods sector has received so many

safeguards ... or has aroused so much debate about the scope and legitimacy of integration processes' (1999a, 627).

But has the so-called 'audiovisual exemption' in GATS give television a secure position outside the immediate pressures of a free world market? Armand Mattelart attributes central importance to the assumption, seeing it as demarcating a 'clear rift between the defenders of cultural identities and the partisans of an insistent application of market criteria to all forms of production.' (1999, p. 4). This position is echoed by O Siochru, when he writes that 'liberalisation basically transforms communications into a commodity like any other, bought and sold on the market for commercial gain'. Given, he argues, that the role of the WTO is to open 'new markets and reduce barriers to trade' (1999, p.18), the exclusion of cultural products from its ambit is essential if national arrangements for television services are to survive.

In reality the audiovisual exemption in GATS is less powerful than such authors assume. First it is articulated in terms only of 'old' technology and currently familiar cultural forms. Free trade in telecommunications and in information technology is at least as relevant in a future of converging technologies and free trade in these areas will be backed by powerful sanctions. Any country or commercial interest which can make a case that its trading rights have been restricted can now take punitive retaliatory action through the WTO. As the 'banana war' of the late 1990's between the EU and the USA showed, the latter has not been slow to use international sanctions in support of its major companies. If it will do so in support of companies producing fruit in Central America, there is little reason to expect any greater reluctance to support Microsoft, Disney or IBM.

Secondly, it must be remembered that the negotiations chiefly reflected a dispute between the two main world producers in international cultural trade: the EU and its bigger rival, the USA, leaving the rest of the world on the sidelines.

The European Union's opposition to the inclusion of audiovisual trade was mobilised by a concern for its established media production industry. The priority which the European Union attaches to this is also reflected in the number and range of European Commission initiatives which provide financial support to the sector, while liberalising trade in broadcasting services within the EU (see Humphreys, 1996 and Collins, 1994). In Galperin's words:

..the EU's audiovisual policy has been more preoccupied with strengthening audiovisual producers in the face of rapid structural changes in media markets than with promoting a culturally diverse audiovisual market for European citizens (1999, p. 637).

The EU, therefore is far from resisting any idea of the commodification of cultural trade. Rather, its position is one in which it was seeking, in classic neo-corporatist fashion, to look after local business interests. Indeed, the creation of free markets in this area is a pillar of its internal audiovisual policy, having previously with its failed attempt to promote a European high definition television system, (see Humphreys, 1996) had its fingers burnt when trying to intervene directly in the market. The EU has moved to a position in which it seeks to gain competitive advantage for its audiovisual sector by encouraging its large players to draw strength from a large, liberalised, internal market the better to compete abroad. Consequently its position in relation to the Uruguay Round is best understood as an attempt to protect its own industry as part of a strategy to build its ability to compete in world markets. This is not a secure foundation on which individual countries might build national policies which require the development of relationships with big media companies. Ferguson (1995, p. 446) provides an illuminating quotation from Miller (1993, p. 96): 'the signified of "free trade" is the self-interest of the most powerful'. The same might be said of negotiations on the audiovisual exemption.

Within the EU, as elsewhere, transnational companies have been actively developing business strategies which cross the boundaries between distribution technologies and which draw together the supply-chain from production of content through to its distribution. In this they can expect to receive support from the broadly neo-corporatist strategies of most governments.

Increasingly countries using neo-corporatist strategies do so as much or more by deregulation than by investment in cultural institutions (such as public broadcasters) or information infrastructure...Or they do so by working with a diminishing band of global media agglomerates, such as Bertelsmann or News Corporation, and a growing number of telecommunications consortia led by firms such as British Telecom, Cable and Wireless, or AT&T to achieve their territorial or turnover expansion (Ferguson, 1995, p. 447).

The argument will be advanced below that such strategies have just as powerful attraction for supranational bodies such as the EU as for national governments.

Large multinational companies will continue to dominate global trade, whether because of the kind of back-room manipulation that Ferguson points to or the 'realities' of hard economics, as suggested by Wildman (1995). But public sector organisations which are active in the international market will themselves be subject to its logic. Varan's fascinating description of the aggressive commercialism of TVNZ (the New Zealand public broadcaster) in selling programming in Polynesia may be an extreme case, but it highlights the extent to which the demarcation between commercial and public sectors has been eroded. It also shows how an or-

ganisation like TVNZ, insignificant in global terms, can play the part of an aggressive corporate agglomerate when dealing with the smallest of national governments.

Governments which are looking to restrain public expenditure can be expected to encourage income from the global market, even at some cost in terms of local relevance: many governments would share Wildman's views:

Expanding domestic opportunities for indigenous media by relaxing restrictions on commercialisation is probably the best way to ensure their vitality and further their international appeal... (and)... the more obviously domestic is the content, the poorer are its international prospects (1995, p. 386).

The conclusions to which this account leads are that the radical changes that we have seen in the relationships between governments and national television regimes are only in their early stages. Although audiovisual services have been a sticking point in international free trade negotiations, any belief that this will mean continued protection is illusory. International agreements in telecommunications and intellectual property rights are better indications of the future. In any case, to quote Ferguson again 'competitive economic nationalism focused on information and cultural industries is driving global capitalism into the twenty-first century' (1995, p. 440). The dominant ideology of global capitalism is of course free trade and the existence of the WTO expresses very clearly the willingness of governments around the world to sign up to it.

Liberalisation in World Audiovisual Trade: An End to the Power of Governments Over Television?

It is important to have looked in detail at the world trade negotiations because too often their real significance is obscured by generalisations which neglect to give sufficient attention to their inherent complexity. One key overall lesson from the long sequence of international negotiations might seem to be that the future global audiovisual market will be dominated by the competition of commercial enterprises, seeking consumers wherever they may find them, untrammelled by the policies of national governments or other 'barriers to trade'. From this point of view, the process may be delayed by the 'audiovisual exemption' but the underlying logic and the influence of other agreements, such as those in telecommunications and intellectual property, will determine the long term position. In the long run, this may indeed be so and the balance of power in the relationship between media agglomerates and national governments must be expected to change in favour of the former. But in the short and medium term, the role of governments will continue to be of importance. The era of trade negotiations is not over and even the largest commer-

cial organisations will continue to depend upon governments to represent them at the conference table. Where problems in access to local markets *arise*, companies will have to choose between trying to resolve them by discussion and compromise at national level in the country concerned, or by enlisting the support of their own government supporters (e.g. the government of the USA or the European Commission) in demanding international sanctions against the 'offender'. But in neither circumstance can the commercial operator achieve its objectives purely by means of the market relationship. It has to deal with those who fix the rules which determine how the market functions.

All of this tends to support a view of the future in which the intimate relationships between national broadcasters and national governments are substantially transformed into a hierarchy of *nee-corporate* alliances between transnational agglomerates and governments, where the power of the government determines its level in the hierarchy. The big players, such as the USA and the EU will be at the top, the smaller or more isolated countries will nestle in the lowest levels. One way in which small countries can attempt to improve their position is by seeking alliances with bigger neighbours. The purpose of the concluding section of this paper is to explore the reality of this in relation to the EU and Cyprus.

Cyprus the European Union and the Position of Small Countries

Burgelman and Pauwels (1992) provided a useful overview of the position of small countries in terms of their audio-visual policies. Although dated in some ways, their overall analysis of the relationship between Europe as a source of transnational policy and the smaller members of the EU has stood the test of time. First, however, it may be useful to recall Morley's (1998) comments about the need to avoid assuming an absolute conception of 'Europe'. As he points out, the 'assertion of a common cultural identity is clearly assuming a strategic importance for the present attempt to restore European self-confidence' (p. 343). But, he suggests, 'Europe' is most easily defined in terms of what it is not, a response to external threats, whether these come from American cultural industries or the so-called '*t ide*' of asylum seekers. Add to this the complexities of a supra-national entity itself made up of a number of nation-states, each eager to bargain for national self-interest while, in many cases, having to struggle to maintain national legitimacy against competing regional and ethnic identities within. It is clearly plausible to see this as a recipe for uncertainty and inconsistency *in* cultural policy, rather than as one of coherence and continuity.

Burgelman and Pauwels (p. 174) make a powerful case for the maintenance of a strong public sector: 'it is our conviction that a small country can only viably affirm its cultural identity by defending the role of public service'. Their contention is

that commercial channels, in small countries will, particularly if financially successful, become at best off-shoots of larger groups based elsewhere. This will be particularly so in markets where the rules require open boundaries, prohibiting barriers to capital investment from abroad. But their prognosis for national television is gloomy.

We can summarise the situation of small states as follow: they have too limited a market and too meagre financial resources and possibilities of exploitation to be credible and profitable in a unified market. What results are amateurish, but costly productions on the one hand and negligible distribution on the other (p. 175).

Cyprus is not only a small country, but also one which is in the process of joining a pre-existing club, with established rules. There is little reason to expect any concessions in the rules to meet the needs of new members. As Field (2000) points out, 'The European Commission has made compliance with EU law in the audiovisual sector a condition of entry to membership' (p. 98); even if some minor exceptions or delays may be negotiated, the main principle of open frontiers within the EU will obtain.

Michalis (1999) demonstrates this in a way which echoes, in terms of the EU, an issue raised earlier in this paper at the global level, when she draws attention to the extent to which EU audiovisual policy is being formulated in terms originally formulated for telecommunications. In part, this is because telecommunications are seen, within Europe, as a vehicle for industrial development and economic growth (see Venturelli, above) . But also (Michalis, 1999, p. 150) because 'telecommunications has come to be regarded as a significant force behind EU integration'. Harmonisation of standards and the liberalisation of the market, with an end to the protected public monopoly providers, are key elements in this policy.

As will be argued below, EU audiovisual policy is itself contradictory in terms of its notion of the common European cultural space and the encouragement of national cultures within this space. But one element is straightforward, that major elements in EU policy-formation strongly favour the encouragement of commercial as against public televisual enterprises: 'because of legitimacy problems, opposition and inability to come up with a compromise, the EU has treated broadcasting as a purely economic industry, largely neglecting its cultural aspects' (Michalis, 1999, p. 153). In these circumstances, local regulatory regimes are just the type of limitation which a single audiovisual market requires to be swept away. Burgelman and Pauwels (1992) are only one voice emphasising the extent to which EU policy has privileged:

.. the emergence of large multi-media groups to the detriment of minority players like the small countries. In effect, only large enterprises able to operate throughout

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the entire European market and to intervene in world markets are in a position to compete with the Americans and the Japanese (p. 176).

On the other hand, the EU does claim a concern with small countries and with the encouragement of small-scale production. The main material vehicle for this is the MEDIA programme, which is, in overall terms, designed to support and encourage European audiovisual production, with particular emphasis on producing for the European market. This is not the place for a detailed review of the MEDIA programme: it is sufficient here to point out that its budget is limited (e.g. 200 million ECU for the five years from 1991; 310 million for the following five years), large sums in absolute terms, but small when compared to the budget of American blockbuster movies and that it has to cover a wide range of activities.

The tension between overall European dynamics and the more local concerns is manifest in the language in which the notion of European culture is discussed. Venturelli (1993) identified two conceptions of Europe which jostle side-by-side in the debate. One is that of Europe as a multiplicity of cultures, which may themselves be expressions of the nation or of other groupings within or across national frontiers. The other is of a transnational public sphere, in which the merging common concerns of Europeans find expression at a level which transcends national concerns. That the difficulty of the relationship between these conceptions has not diminished in the seven years since Venturelli's paper should not be surprising; it replicates fundamental conflicts in the founding ideas of the EU, in which governments whose primary loyalty lies with their national electorates, are expected, where necessary, to subordinate national interests to the development of the single market.

Among many others, Burgelman and Pauwels (1992) and, more recently, Michalis (1999) and Galperin (1999b) point out that national audiences *have* remained fairly resilient in their demand for a measure of local production and the reflection of local cultural concerns in television. (Cyprus may be particularly distinctive in this respect.) But, as Galperin (1999b) and Venturelli (1998) emphasise, the primacy of the single European market is the major determinant in EU audiovisual policy and, within this market, it is the big players, best able to compete, who take the primary place.

In turn, this has direct implications for the position of the EU in international negotiations. The EU has been resistant to the liberalising of international audiovisual trade, as shown earlier in this paper. This should not, *however*, be perceived as a resistance to the commodification of culture. Nor, despite the rhetoric of EU representatives (see, for example Jacques Delors, quoted in Burgelman and Pauwels, 1992, p. 176) should it be seen as chiefly motivated by a concern to protect national cultures and local interests within Europe. Heather Field (2000) provides a very

useful exposition of the extent to which European policy in trade negotiations reflects the outcome of conflicts between protectionist and liberalising interests within Europe. These conflicts between European policy-makers were actively going on while EU representatives were engaged in the Uruguay Round negotiations. But the protection which even the most ardently protectionist countries, most notably France, were seeking was strictly protection at the frontiers of Europe, not anything which might amount to barriers to trade within it. The fact that, within the EU there were strong voices in favour of free trade, such as the UK, Germany and the Netherlands, suggests that continuity in such European 'audiovisual frontier controls', cannot safely be assumed for the indefinite future.

In other words, the position within the EU substantially replicates that of the global economy. It is a system in the audiovisual sector which is increasingly being driven by the same logic as that of telecommunications, in which any claims for special protection for trade in cultural products are made increasingly difficult. It is a stage in which the interests of the big players take a central place. While these features are partly the product of public policy, they are also driven by many of the same liberalising trends which the EU did not resist in the Uruguay Round, such as free trade in telecommunications and the TRIPS rules on intellectual property. The logic of the situation is one in which an increasingly free trade environment within Europe will, at some point in the not-far-distant future, find that the barrier of the audiovisual exemption has decayed in significance to the point where its point will have been lost. The concerns of small countries, such as Cyprus, in this process cannot be expected to have more than marginal status. The survival of national television will be directly related to whether its provision will be economically viable and in a small country this may be limited to specialist areas, such as news and some low-cost features and drama formats. There are plenty of precedents in Europe for small countries and small language communities (of which francophone Belgium is a good example) receiving as 'their' main television service a package which is, in effect, an off-shoot of the output of a company based in a larger neighbour, that happens to share the same language.

Whether such a position is likely in Cyprus, or whether it would present a satisfactory outcome for the country, is beyond the scope of this paper. Membership of the EU will make at best only a marginal difference: the MEDIA programme will provide some help for local production but overwhelmingly EU policies favour competition, between big players, across the single market. The neo-corporatist deals and alliances of the future will increasingly be conducted at the level of big companies, large countries and the EU itself.

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