

Slovak Council for Broadcasting and Retransmission / EIM

„Preparing the Digital Switch-Over“

Bratislava, April 22, 2002

DVB-T in Germany

Status Quo, Regulation & Future Development

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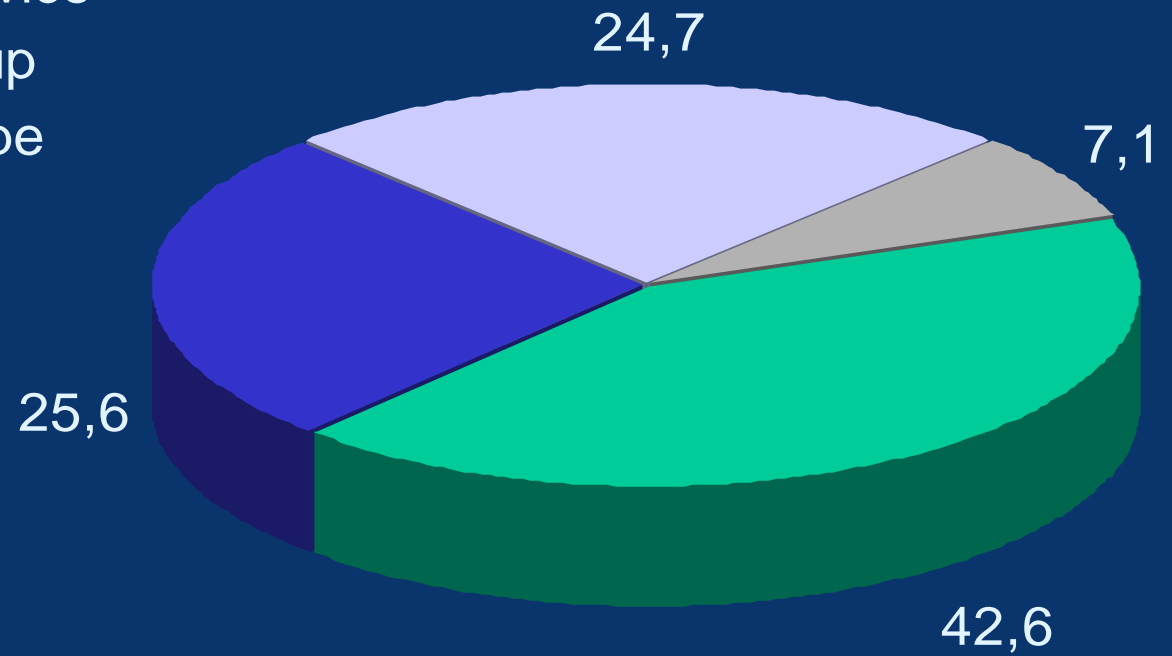
Hogan & Hartson Raue LLP

Outline

- Market Situation
 - Market Shares
 - Transmission Infrastructure
 - Current DVB Roll-Out
- DVB-T Regulation
 - Regulatory Competencies
 - Launch Scenario 2000
 - Subsequent Regulatory Action
- The Berlin / Brandenburg Model
 - Analog Terrestrial Television
 - Switch-Over Scenario
- Future Development

Market Shares

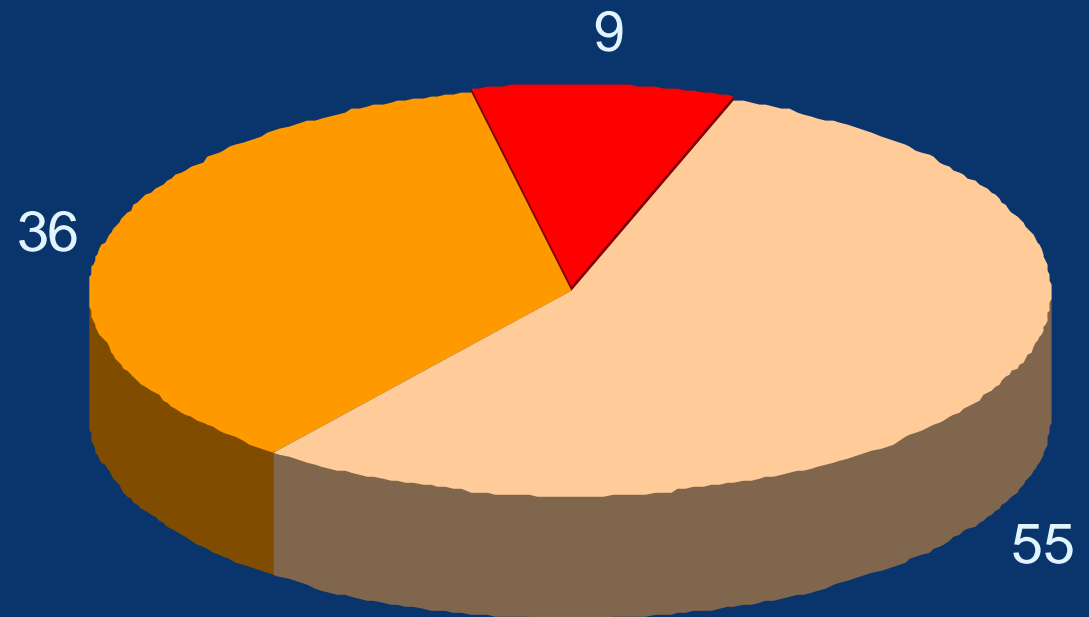
- Public Service
- Kirch Group
- RTL Gruppe
- Others



Average of 2001

Transmission Infrastructure

- Cable
- Satellite
- Terrestrial



As of December 2000

Current DVB Roll-Out in Germany

- Satellite & Cable
 - Close to 100 % coverage
 - Several broadcasters in operation:
 - ARD & ZDF (public service): special interest channels
 - Premiere (Kirch Group): Pay-TV, 2.4 million subscribers
- Terrestrial
 - Pilot projects only
 - Special focus on mobile and portable devices
 - System is ready for market, but frequency assignment problems need to be solved
 - Berlin/Brandenburg area is technically privileged and expects fully digital terrestrial service by mid 2003

Background: Regulatory Competencies

Federal Level

Telecommunications Law

- Spectrum management
 - International Co-ordination
 - Allocation
 - Assignment
- Withdrawal of analog transmission licenses
- Licensing of digital network operators

States Level

Broadcasting Law

- Safeguarding the freedom of broadcasting
- Public service definition
- Withdrawal of analog broadcasting licenses
- Licensing of digital broadcasters

Launch Scenario 2000

- Background
 - Authored by joint initiative of Federal, States, and industry
 - Draft version in 1998, final version in September 2000
 - Memorandum of understanding, not legally binding
- Main Problems Addressed
 - Lack of sufficient frequencies
 - U.S. concept is not an option for Germany
 - Balancing viewers' and broadcasters' interests
 - Viewers: Freedom of information
 - Broadcasters: Public service obligations
- Regulatory Approach
 - Allow simulcasting for a limited period of time only
 - Step-by-step switch-over scenario

Subsequent Regulatory Action

- Federal Level (= Telecommunications)
 - Relevant spectrum planning is in progress (following Chester Agreement of 1997)
 - Authorization to withdraw transmission licenses was created
 - International re-organisation of radio spectrum is in progress (CEPT, ITU), final results expected for 2005/06 (Stockholm Agreement)
- States Level (= Broadcasting)
 - Partly completed: Revision of the Interstate Treaty on Broadcasting, to come into force July 1, 2002
 - Dynamic definition of technical public service obligation was added
 - Various action taken in different States
 - Authorization for public service broadcasters to seize analog transmission, e.g. in the Brandenburg Broadcasting Law
 - Berlin / Brandenburg is in a leading position
 - Special technical conditions due to historically isolated situation

Analogue Terrestrial Coverage in BB

Channel	Broadcaster	Operator	End of Licence
7	ARD	Public Service	- / -
33	ZDF	Public Service	- / -
39	SFB	Public Service	- / -
27	ORB	Public Service	- / -
56	RTL	RTL Group	03 / 03 / 2005
47	RTL II	RTL Group	09 / 11 / 2001
29	VOX	RTL Group	11 / 28 / 2002
44	ProSieben	Kirch Group	11 / 28 / 2002
25	SAT.1	Kirch Group	08 / 29 / 2001
5	TV Berlin	Kirch Group	08 / 31 / 2004
22	FAB	Independent	
41	BBC World	BBC Worldwide (UK)	

Switch-Over Scenario for BB

- Step 1: Make analog spectrum available
 - Option A: By not renewing analog licenses (e.g. RTL II)
 - Option B: By exchange arrangements with broadcasters occupying strong analog frequencies (e.g. ZDF)
 - Option C: By withdrawal of analog licenses (worst case)
- Step 2: Simulcasting
 - Parallel distribution of analog and digital signals for a limited period of time
 - Use time for network development
- Step 3: Analog Switch-Off
 - Full digitization of spectrum
 - Switch-off date in Launch Scenario 2000: End of 2010
 - Switch-off date aimed at in Berlin / Brandenburg: Mid 2003

Further Action Needed

- Completion of Legislative Framework
 - Full revision of Interstate Treaty on Broadcasting
 - Coherent switch-over regulation for all States
- Stimulate analog broadcasters' willingness to switch over
 - Main incentive: High quality digital frequencies in exchange
 - Financial support
- Network Development
 - Subsidised set-top-boxes
- Marketing Efforts
 - Comprehensive viewer information
 - Promote switch-off date (?)

Thank You

- Further information at www.switch-off.com
- Subscribe to the TKR-Newsletter at www.tkr-newsletter.de
- Stay in touch: AGruenwald@hhlaw.com