

# The Impact of Regional Trade Pacts on Foreign TV Enterprises in Latin America

---

Broadcast Education Association

April 1999

*Luiz Guilherme Duarte*

# From Open Markets to Regional Pacts

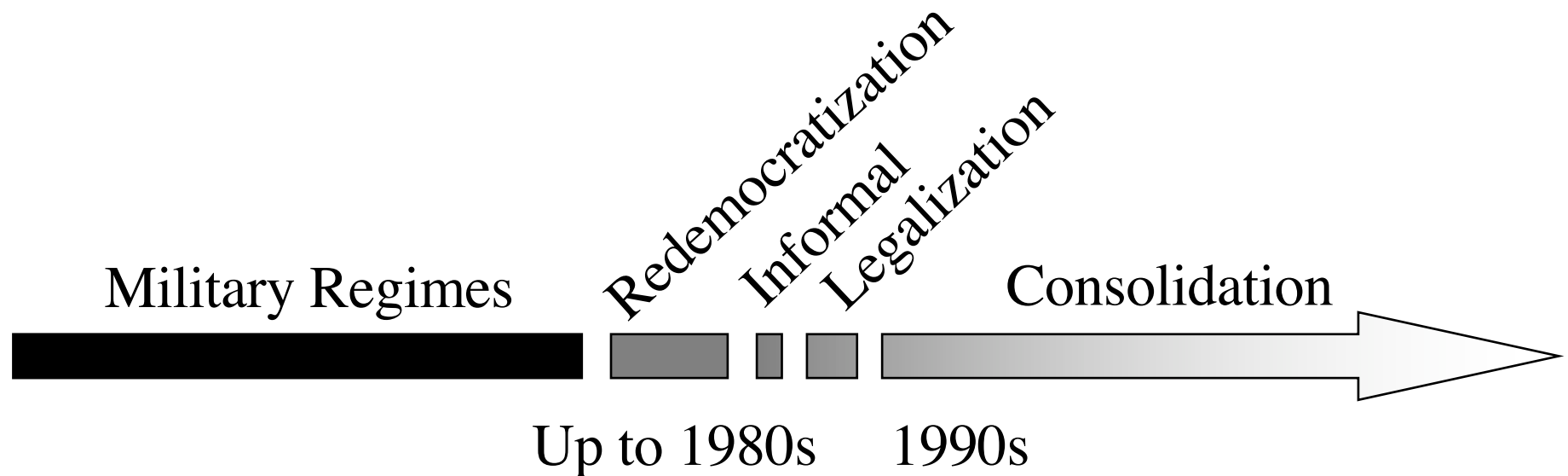
---

*A common history...*

	Argentina	Brazil	Chile	<u>Ecuador</u>	Peru	Venezuela
<u>Redemocratization</u>	1983	1985	1990	1978	1980	1958
Inflation	1344% (90) 0.7% (98)	2490% (93) -1.79% (98)	341% (75) 4.7% (98)	60% (92) 43% (98)	7658% (90) 6.47% (98)	103%(96) 29.9% (98)
Economic Plan	1991 de-indexation, open to imports	1994 de-indexation, open to imports	70s pioneer liberalization	1992	1990 free exchange, open to imports	1996 free exchange, higher taxes
Trade Agreement	Mercosur	Mercosur	Canada	Andean	Andean	Andean
Crisis	PIB dropped 4.4% in 98	99 real devaluation	PIB dropped 3.5% in 98	99 collapse of currency	PIB dropped 6% in 98	98 collapse of currency

# Pay TV Developmental Phases

---



- Cold War
- U.S.-supported dictatorships
- Nationalism & Propaganda Fears
- Govt. control of media (ownership or financial stake)
- National unity vs. pluralism of Multichannel system controlled by foreigners

- Democratization process and voice pluralism
- Informal piracy of U.S. signals
- New U.S. satellites w/ power to reach L.A.
- Govt. & Business attention to multichannel
- Consolidation of local operations under few banners with intense foreign participation

# **Regional Trade Agreements**

---



**88' ANDEAN PACT**

**91' MERCOSUR**

**94' NAFTA**

**96' Chile-Canada**

# Andean Pact

---

- Opened telecommunications to foreign investment, except radio and TV service (equipment & technology supply is open)
- National legal implementation of the terms of agreement has been slow, generating confusion (e.g. Trademark enforcement)

# Mercosur

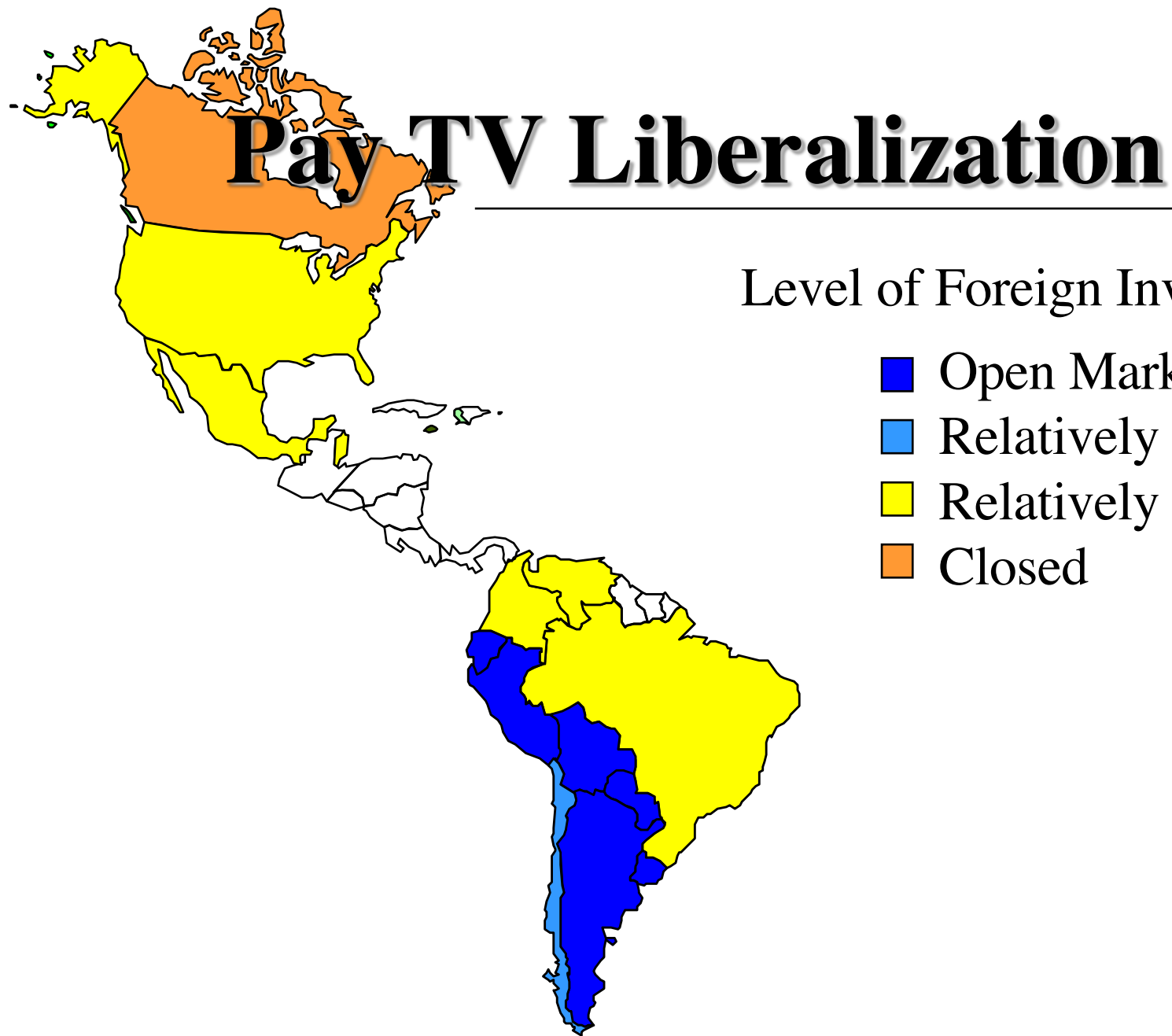
---

- Free flow of goods amongst member countries
- Low attention to services, particularly telecommunications
- Embratel bid on Argentine privatizations and initial role of Argentine cable investors in Brazil

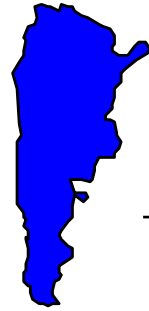
# NAFTA

---

- Did not include basic telecom services nor cable and broadcasting radio & TV
- 49% foreign ownership limit remains for local, long distance and international phone, as well as cable TV
- Only guarantees mutual access on non-discriminatory terms, as well as transparent process of application for concessions
- Mexico must treat U.S. and Canadian firms as nationals or at least in a most favored nation mode







## Argentina

- Since June 93, no need of authorization to install/operate systems of satellite reception
- Authorization needed only if using spectrum.  
Over-the-air concessions suspended in 84
- No limits on foreign ownership, except for over-the-air open radio & TV



## Brazil

---

- VHF/UHF Pay-TV limited to Brazilians
- MMDs and Cable TV limited to firms with 51% Brazilian ownership
- DTH open to foreign investment
- Several rules yet to be defined
- Intense consolidation of players



# Colombia

- Concessions only granted to national groups
- Limits to multiple ownership
- Requirement of transmission of national programming