

The Development of Cable Television in China and Taiwan

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Introduction

From the establishment of community antenna TV to the current stage of cable TV in cities, cable TV in China has been developing for about 30 years. In recent years, after more and more cable systems have been established, many problems, such as lack of management in planning, program control, and technical standards, have arisen. Therefore, the Chinese government promulgated the "Temporary Measures for Regulating Cable TV" in 1990 and its detailed implementing rules in 1991.¹

In Taiwan, cable TV emerged as a form of illegal practice, because there was no law to regulate the cable pirates in the 1970's and 1980's. The Cable Law was passed in July 1993 and promulgated in August 1993. It was a compromise among the political parties, the involved interest groups, and the illegal cable operators. Before the law was passed, the most controversial issue was franchise exclusivity. The law finally decided that one designated area can have at most five cable systems.

China and Taiwan have different political and economic environments. The ownership, structure, distribution, and content of cable television on both sides of the Taiwan Straits are very different. In Taiwan, cable television is a local medium, but it is centrally controlled. Although cable television is regarded as the mouthpiece and propaganda instrument of the Communist Party by the Chinese government, it remains a local entertainment medium in China as well.²

This paper compares the development, system, ownership structure, governing agencies, and regulations of cable television in China and Taiwan. Methods employed for the study include literature review and in-depth interviews of the relevant cable operators and regulators of cable television in China and Taiwan.

Development of Cable Television in China and Taiwan

As in advanced European countries and the United States, the development of cable television in China and Taiwan originated from community antenna

television, initially for the purpose of improving the reception of over-the-air television. However, the later development of cable television on both sides of the Taiwan Straits became very different.

A. China

Generally speaking, the development of cable television in China can be divided into three stages : (1) community antenna television (mid 1960's — late 1970's); (2) cable television established by enterprises (early 1980's — mid 1980's); and (3) cable television established by the administrative divisions (mid 1980's — present).³

In 1964, the first experimental community antenna television system was installed in Beijing Hotel by the former Department of Television of the Broadcasting Bureau of the Central Committee of the Communist Party of China for convening international conferences. This was the beginning of cable television in China.⁴

In late 1970's, the community antenna television sustainedly grew and became more and more prevalent. At the same time, cable television systems established by state enterprises began to appear.

In the 1980's, as TV sets became readily available, more and more high-rise buildings were built in cities, boosting the need for community antenna systems in China. In 1981, deputies to the National People's Congress in China proposed a motion to add community antennas on residential buildings and to include the cost in governmental residential budgets or state facility expenditures.⁵ In April, 1982, the National Committee of Capital Construction and the General Bureau of National Radio and Television Industry in China issued a joint notification, to explain the conditions in which community antenna television systems could be installed.⁶ This measure significantly promoted the development of community antenna television in China. Up until 1983, there had been only 20 provinces or cities that had their own community antenna television systems, and the users of such systems were only about 70,000.⁷

At the same time, many state enterprises, such as the petroleum, chemical, metallurgical and coal industries used community antenna systems to help their employees improve their television reception. They also produced some company-oriented programs themselves. By doing so, the enterprises not only provided their employees with another benefit but also enhanced their employees' understanding of the enterprises.⁸

The mid 1980's saw the establishment of cable television systems by cities and towns.⁹ The largest ones were the cable television stations established by municipal or district governments, such as Fengtai District of Beijing; the city of Shashi, Hubei Province; the city of Foshan, Guangdong Province; the city of Jinhua, Zhejiang Province; and the Minhang District of Shanghai.¹⁰ The reasons why the municipal and district government were

motivated to start cable systems were three-fold: (1) cable television could extend broadcast TV service to unserved users living in high buildings and remote areas; (2) cable television could guarantee the retransmission quality of China Central Television and the local over-the-air television thus enhancing political propagandizing; (3) cable television could offer more program choices. In general, these municipal or district cable television stations could transmit 8-12 channels of TV programs and 1-3 channels of FM broadcasting programs.¹¹

According to the statistics provided by the Ministry of Radio, Film and Television (MRFT) in 1990, there were 782 cable television stations managed by state enterprises and 314 cable television stations managed by district governments.¹² Also, there were more than 12,000 cable television centers that could only broadcast programs, which had altogether 11,100,000 subscribers.¹³

B. Taiwan

In the late 1960's and early 1970's, cable television technology was not new to Taiwan because two kinds of illegal communications already used this technology. They were "illegal CATV" and the "Fourth Channel".

When Taiwan Television Enterprise (TTV) was first established in 1962, reception was poor in some mountainous or rugged areas. Later, people in these areas set up community antennas (CATV) to help receive the signals. Hualien, a city on the east coast of Taiwan, was one of the earlier place to have such an installation. Thereafter, many places on the island started to set up CATV antennas.¹⁴

Since the Broadcasting and Television Law of 1976 did not have provisions dealing with CATV, the GIO announced Measures for the Installation of Boosters, Converters and Common Antennas to regulate CATV in 1979. The law allow people to set up community antennas to improve TV reception but prohibits receiving programs other than those of the terrestrial TV stations.¹⁵ This example shows that Taiwan's cable TV policy was developing in reaction to the technological marketplace.

Cable pirates emerged soon after VCR technology was introduced into Taiwan. In late 1970's, some fruit stores played the Japanese videotapes on their closed circuit television to attract customers.¹⁶ Speculators realized that they could play videotapes on any television set and deliver the programs to the subscribers via coaxial cable. In 1979, cable pirates appeared in Keelung, a harbor city in northeast Taiwan. Cable pirates provided an alternative to the three existing TV stations, and become known as the "Fourth Channel."

The Fourth Channel started with a few channels and grew to more than 40 channels. Today, there are more than 300 Fourth Channel operators and 2,000,000 subscriber households. The subscribers have to pay 1,500 to

2,000 NT dollars for the installation and 500 to 700 dollars monthly in fees.¹⁷

Fourth Channel operators steal programs from various foreign and domestic sources. They even pull in signals from Japan and neighboring Asian countries by installing C-band or Ku-band reception dishes. A few years ago, like the Dutch cable pirates, they also printed a program guide, but soon they started to reserve a channel for the guide information.

They are many victims of Fourth Channel piracy such as the foreign and domestic movie industry and video stores.¹⁸ The Government Information Office (GIO) really had no law until 1982 under which to prosecute cable pirates. That year it modified the Broadcasting and Television Law of 1976 by adding a section under Article 45:

Illegal installation of stations, relaying stations, or other broadcast systems shall be fined no less than 30,000 Yuan and no more than 400,000 yuan. The equipment shall be confiscated. Equipment of illegally installed boosters, converters and common antennas shall be confiscated.

The GIO asserted that Fourth Channel operators were in violation of many laws. First of all, they violate Article 45 (1) of the Broadcasting and Television Law by installing boosters and converters. Second, they break the Copyright Law by carrying programs for which they have not bought the rights. Third, they violate Article 235 of the Criminal Law prohibiting pornographic programs. Fourth, they are in violation of the Corporation Law because they do not register their businesses.¹⁹

Encouraging the Fourth Channel operators to apply to be legal services, the GIO propagated the Temporary Provision of the Cable Operators. There were more than six hundred applicants. Obviously, half of them were phantom (fake) operators.

Comparing the development of cable television on both sides of the Taiwan Straits, one can find that there is no illegal cable service in China, because the CATV or cable TV stations are built by either government or state enterprises and individuals are not allowed to own the media. In Taiwan, the cable operators emerged as illegal services because of two reasons: (1) there was no law regulating cable TV, and the government did not know how to confront new technology; (2) the viewers were not satisfied with the three legal TV stations' programs. Therefore, it was developments in technology and marketplace which moved the ROC government to pass the Cable Law in July 1993.

The Systems and Ownership Structure of Cable TV In China & Taiwan

The systems and ownership structure of cable TV in China and Taiwan are very different. The cable TV system in China is state owned and controlled. No private individual can own or run the cable TV stations. However, cable operators are all private-owned in Taiwan. They are centrally controlled by the GIO (see Table 1, p. 150).

Cable TV is regarded as the "extension", supplement, and development of terrestrial TV in China, because thirty percent of the people in the vast territory still cannot receive and watch programs of terrestrial TV.²⁰ In Taiwan, cable TV is regarded as a profit-making business by Fourth Channel operators. The political parties, big corporations, Fourth Channel operators, and other interested parties all want to have a share in the new medium market.

In China, as with terrestrial television, cable TV is regarded as a mouthpiece of the Party, the government, and the people, and a propaganda instrument of socialist ideology.²¹ Cable operators in Taiwan do not have the obligation to serve the principle of the ruling Party spirit, unless they are owned by the KMT.

According to "The Temporary Measures for Regulating Cable TV" (commonly called Order No. 2) approved by the State Council, cable systems were divided into three types: (1) cable TV stations, which can receive and retransmit terrestrial television programs, and broadcast self-produced TV programs; (2) cable TV centers, which can receive and retransmit terrestrial TV programs and broadcast video films; and (3) community antenna systems, which can only receive and retransmit terrestrial TV programs. All these three types of systems must be established according to the Ministry of Radio, Film, and TV's (MRFT) regulations, and cannot go beyond the limits of service permitted by the cable regulations.²² The franchising scheme was to avoid overlapping investment in the same city. As of July 1993, there were 2,000 cable television stations. Only 800 stations have received formal franchises.²³

There are three kinds of cable operators in Taiwan: CATV, the Fourth Channel, and the Democratic Progressive Party's (DPP) cable TV. None of them is legal until they apply to get a franchise from the government.

As a matter of fact, the DPP's cable TV is the same as the Fourth Channel. The only difference is that they are less concerned about their illegal use of videotapes than with getting more media access for their party. Predicting an increasing number of Fourth Channel operators, in October, 1990, the DPP established the League of Taiwan Democratic Cable (TDCATV) to unify political programs and to make them more influential.²⁴ Although the DPP cable systems were illegal, the DPP argued that the unfairly monopolized broadcasting stations justified their Fourth Channel activities.

The GIO has been trying to crack down on the illegal practices of the cable operators without any success. To get rid of the illegal Fourth Channel, to share the cost of the country's telecommunication development, and to satisfy the DPP's demands, the GIO announced in March 1994 that the illegal cable systems and any interested applicants have submitted their proposals for franchises. It is predicted that the legal cable systems will be granted franchises in 1995.

The Governing Agencies and Franchise Areas of Cable TV in China and Taiwan

Because of different cable system and ownership structure, the governing agencies and franchise areas of China and Taiwan have their own characteristics.

A. Governing Agencies: Four-Tier Control vs. Duopoly

Because in China some cable TV stations were established by state enterprises and some by cities, there were conflicts among different government agencies, which all fought for the right to oversee cable TV stations. In 1990, to rectify the disorder, the State Council approved "The Temporary Measures for Regulating Cable TV" (commonly called Order No. 2) which established the four-tier regulatory system, in which the MRFT is the central governing body.²⁵

The four tiers include the central authorities, provinces, cities, and counties. At the central level, the MRFT takes the responsibility for regulating and developing plans for cable TV for the whole country. In provinces, cities, and counties, it is the local departments (or bureaus) of radio and TV that take charge of regulating and developing plans for cable TV in their administrative divisions.²⁶ There is a hierarchy among the four tiers. The departments of radio and TV in the higher tier have the right to supervise or check the work of those in the lower tier.

In Taiwan, the regulatory scheme for the electronic media is so-called "duopoly." The GIO administers cable's programming, while the Ministry of Telecommunications administers the technical standards and hardware of cable TV. Unlike China's four-tier system, Taiwan has three tiers: central authorities (The GIO), city, and county; whereas the two lower tiers do not have individual regulations of their own. Although cable TV is a local medium, it is centrally controlled by the GIO.

B. "One City/One Cable Network" vs. "One Area/Five Cable Operators at Most"

In China, before the MRFT promulgated Order No. 2, many cable TV stations and centers were of small scale and their service areas overlapped significantly. The cable TV construction in some parts of the country was thrown into chaos, because of a lack of overall planning.

Since cable TV is a paid service and has commercial profits, many government agencies in China fight for the right to build cable systems. Therefore, there are potential conflicts between the provincial departments of radio and TV and the municipal bureaux of radio and TV, if the two agencies happen to be in the same cities and they both want to build cable TV stations there.²⁷ In order to avoid overlapped investment, the MRFT emphasizes unified planning, and advocates the principle of "one city/one cable TV network".

In Taiwan, the ROC government divided Taiwan into 52 cable franchise areas based on five principles: (1) the administrative areas, (2) the geographical environment; (3) the cultural environment, and (4) the economic efficiency.²⁸ Before the Cable Law was passed in July 1993, drafters of the law had seen cable television as a natural monopoly and felt fierce competition among operators would not be in the subscribers' interest. Therefore, Article 26 of the draft of the Cable Law permits only one franchise per area. Small Fourth Channel systems and CATV operators resist this limitation on the number of available franchises. They fear they will be kept from operating legally because all the franchises will be awarded to the larger cable operators.

Some lawyers in Taiwan also point out that this regulation might violate the *Fair Trade Law*. They say that according to Article 10 of the *Fair Trade Law*, monopoly is not allowed in the marketplace. However, if the monopoly will benefit the whole country's economy and the public interest, the law makes an exception.²⁹ Some scholars also suggest that since franchise exclusivity was ruled unconstitutional in the lower court of the U.S., Taiwan should reconsider enforcing its similar rules. Compromising with the legislators who support Fourth Channel, the GIO did not insist on the "one area/one cable operator" principle. Instead, it accepted "one area/five systems at most." This principle was adopted in the *Cable Law*.

C. *The Franchise Authority: MRFT vs. The Screening Committee*

In China, to establish a cable TV station, the plan must be examined and accepted by the department of radio and TV at the provincial level, and sent to the MRFT for approval, then "The Cable TV Station Permit" will be issued by the MRFT.³⁰ To establish a cable TV center, the plan must be examined by the bureau of radio and TV at the county level, and sent to the province for approval. As for CATV, it only has to be approved by the bureau of radio and TV at the county level.

In Taiwan, cable franchise is examined and approved by the screening members nominated by the GIO. Since the screening committee is instrumental in granting, renewing, and revoking franchises, this committee's power is enormous. Therefore, an important concern is how to select the members and how to insulate them from the influence of government and private interest groups.

According to the *Cable Law*, there are 13 to 15 members on the screening committee. In the draft, four or five of them will be selected from scholars and experts; six or seven will be representatives from the GIO and relevant government agencies; and the other three members will be selected from the public. The local government or city councils can send representatives to attend screening committee meetings, but they do not have the right to vote.

Critics were enraged that cable TV will be greatly controlled by the

government. They insisted that the number of government representatives should be cut down and the screening members have to be confirmed by the Legislative Yuan.³¹ The GIO changed the percentage of the screening members to the following arrangement. Eleven to thirteen of them will be selected from scholars and experts; one from the GIO and one from the MOT. The local government or city councils can send one representative to attend the screening committee's meeting by having the same right to vote.

Some critics also suggested that cable television should be administered by the local government instead of the central government. They wonder whether the majority of the screening members really know the local people's interest, since most of them are from the north, where the central government is located.³² The GIO explained that Taiwan only has an area of 36,000 sq.km. It is not difficult for the screening members to know the local interest of the whole island. Therefore, the centralized control of cable TV remains unchanged.

D. Cross-media Ownership is Allowed in China but not in Taiwan

In many democratic countries, to prevent a monopoly of the media, terrestrial television stations cannot own or manage cable television stations. But in China this is not the case. Cable television stations can be established by terrestrial television stations. For instance, in Guangzhou, the cable television station and terrestrial television station are not in a competitive situation but are an organic whole, because in the preparation of Guangzhou Cable TV station, the head of its leading group is the President of Guangzhou TV Station, and the two stations are temporarily located in the same building.³³

The leaders of many departments of radio and TV in China believe that, at the beginning stages of cable television, there is no harm in the establishment of cable television stations by terrestrial television stations, because terrestrial television stations already are established enterprises, and because they are both managed by the same level of government. However, they do not deny that after cable television becomes mature in the future, cable television stations and terrestrial television stations will be more and more diametrically opposed.³⁴

In Taiwan, the *Cable Law* strictly forbids cross-media ownership. Therefore, no print media or broadcasting media can apply to be cable operators. The ROC government does not want to allow concentration of media ownership to endanger the development of cable TV. It also asks the cable operators to give away one third of their channels to the program providers to run the channels. However, the government does not forbid the phenomenon of multiple system operators. Instead, it allows the program providers to run only one channel per system.

Cable TV Regulations in China and Taiwan

According to Christine Ogan, communication policies are made before, after and during the development of a technology.³⁵ Cable TV regulations on the both sides of the Taiwan Straits show that China and Taiwan do not have a far-sighted policy which anticipates the advancement of technology such as cable TV.

China has not had a cable law, but it has "The Temporary Measures for Regulating Cable TV" (commonly called Order No. 2) to regulate cable TV centers and stations. In addition to propagating a temporary provision to oversee the illegal Fourth Channel, Taiwan passed its cable law in July 1993. China's program control of cable TV is prior restraint, while Taiwan is post restraint. Both China and Taiwan confront controversial issues in their cable TV regulations. The following is a discussion of the laws and regulations of cable TV in China and Taiwan.

1. Cable TV Program Control

A. China

The standard for programs broadcast by Chinese cable television stations is more strict than that of Taiwan. In China, cable TV news and local origination are screened by the stations themselves. The domestic videotapes must be first examined and approved by departments of radio and TV at a provincial level, and be stamped with "the Permit for Broadcasting on Cable TV Station," then they can be broadcast.³⁶

Chai Hua, the supervisor of the Office of Management of Audio and Videotapes of the MRFT, explains that the reason for strict standards for videotapes broadcast on cable television is that in Chinese homes, several generations may watch television together. Therefore, some publicly released videotapes may not be suitable for broadcast on television. Although cable television program are subscriber supported, lock box technology is not yet available so it is still not appropriate to loosen the control of cable television programs. Additionally, because cable television is still regarded as a mouth-piece and instrument of propaganda of the Communist Party, overseas films and TV dramas must be first examined by the MRFT.³⁷

In practice, since subscribers must pay to watch programs (expected for cable TV stations managed by state enterprises), they of course wish to watch more diverse programming, preferably programs that cannot be found on terrestrial television. Therefore, some cable systems do not rigidly follow the MRFT's rules, depending upon their local governments.

B. Taiwan

Although the ROC government will not censor the cable television programs

before they are delivered, the cable operators have to be responsible for the programs they carry through the wire. Therefore, there are still some guidelines stipulated in the *Cable Law* for the cable operators to follow. For instance, the *Cable Law* prohibits the cable operators to carry programs which impair public order and good customs."

The earlier draft of the *Cable Law* suggested that cable operators cannot broadcast programs "detrimental to the mental and physical health of children." Some critics argued that cable television and terrestrial television should be regulated differently. Since the subscribers of the cable television invite cable programs to their homes by actually paying the money, the government should not restrict the adults to watch programs only healthy to the children if the cable operators can provide the lock box as some other countries do.³⁸

Other people argued that Taiwan should not allow any indecent program to be broadcast on the air no matter what medium it is, because Chinese culture does not allow people to be influenced by indecent programs. Finally, the *Cable Law* allows indecent programs to be broadcast after midnight or on lock-box channels.

2. Limitations on Imported Programs and Requirements for Locally Originated Programs

A. China

On the average, cable TV stations in China offer 8-12 channels (Beijing Cable TV Station only offers 3 channels). The sources of cable television programs in China are Chinese Television International Corporation, Company of Film Releasing of China, various audio and video publishing houses, centers of television art in various provinces, central and local program providing centers, etc.³⁹

All the imported films and dramas that are produced in foreign countries, Taiwan, HongKong, and Macao have to be examined and approved by the Local Management Department of the MRFT. They should be centrally introduced by Chinese Television International Corporation, then be uniformly provided to cable television stations and centers by organizations of program distribution at the provincial level.⁴⁰

In the beginning of each year, the Local Management Department of the MRFT will announce the number of overseas programs to be provided to cable television stations and centers. Because supply falls short of demand, cable television stations and centers sometimes have to purchase programs themselves. To maintain the proportion of domestic programming, the MRFT asks that, in each week, the quantity of imported programs on cable television should not exceed one-third of the total programs.⁴¹

In reality, some big cable television stations in Shanghai, Beijing, and Guangdong compete for the right to introduce imported films, and dramas, because they cannot afford to wait for the delayed limited quota for imported programs. Another reason is that they want to make additional profits by holding the exclusive rights for introducing imported programs. Therefore, the control of imported programs is not as tight as the MRFT wishes.

As for locally originated programs, the MRFT requires that the broadcast time of locally originated news programs by cable television stations not be less than 30 minutes per week. However, in practice, there are many cable systems which do not meet this requirement.⁴²

B. Taiwan

Taiwan's cable TV stations generally offer 30-60 channels. The sources of programs are from terrestrial TV stations, production houses, satellite TV channels, foreign and domestic film agents, video stores, and other program providers.

Unlike China, Taiwan's cable authority does not put too many limitations on imported programs. Domestically originated programs cannot be less than 20 percent of the total programs broadcast. The *Cable Law* does not ask the cable operators to produce any local programs. Instead, it asks the cable operators to provide public access channels for free.

Before the *Cable Law* was passed, there were debates about the necessity of public access channels. According to the drafting members' observation of foreign countries' experiences about the development of the cable television, most of the reserved public access channels in the countries they observed are almost obsolete and without operation. Therefore, they suggested that the *Cable Law* does not have to require the cable operators to provide public access channels. Instead, they wrote into the draft that if the applicants express their willingness to provide a public access channel, the screening committee might think highly of their application for the franchise.⁴³

Some scholars involved in the cultural construction were enraged at this non-active provision. They lobbied the government to modify the draft by saying that the cable operators should provide a certain percentage of free channels for public, cultural, and educational programs. The drafting members argued that since the draft encouraged the applicants to provide public access channel, the applicants will be smart enough to include this service in their application proposal. However, the enraged scholars still do not trust the cable operators' willingness to serve the public interest by offering free public access channels.⁴⁴

Finally, the Executive Yuan accepted part of the scholars' suggestion when they passed the draft. The government's solution was to ask cable operators to offer one-tenth of the channels for public access channels in the *Cable Law*.

3. Regulations Regarding Satellite TV Programs in China and Taiwan

Recently, there are many communication satellites leasing transponders to satellite TV channels in Asia. Since cable TV needs a great amount of programs, satellite TV channels become one of the important program sources. Both China and Taiwan confront problems brought by satellite TV.

A. China

The MRFT, the Ministry of Public Security, and the Ministry of National Security jointly promulgated Order No. 1 that, except for the institutes of education, scientific research, news, finance, economics and trade, hotels (or apartment houses) lodging foreigners, and other units that have professional needs, other persons or units are not permitted to receive the programs transmitted by foreign satellites.⁴⁵

Although cable television stations have voracious appetites for programming, they are not exempted from the above restriction. They are not allowed to relay satellite television programs that are produced in foreign countries, Taiwan, HongKong, and Macao.

In fact, despite the restriction, cable television stations in some remote cities do not abide by the instructions of the central authorities. For example, cable television stations in Foshan of Guangdong Province, Chengdu of Sichuan Province, and Jinzhou of Liaoning Province all relay Star TV Chinese Channel programs.

In October 1993, the MRFT satellite antenna dishes to receive foreign satellite TV signals. In fact, this rule is a repetition of Order No. 1. Whether people and dish vendors will abide by the rule is not guaranteed nationwide.

B. Taiwan

In Taiwan, there is no satellite TV law or regulation. Unlike Chinese government which bans foreign satellite TV programs, the ROC government allows cable operators to carry any authorized foreign satellite TV programs. The Fourth Channels used to carry foreign satellite TV programs such as Wowow and NHK without paying any royalty fees. Currently, most of them have stopped the illegal practice.

Instead of the illegal broadcast of foreign satellite signals, the problems regarding satellite TV also include program and commercial standards. If foreign satellite TV programs and commercials violate the standards of the *Cable Law*, the ROC government cannot do anything to stop the program. Therefore, the GIO is studying the feasibility of drafting a satellite TV law to deal with the problems.

4. Regulation of Cable TV Commercials in China and Taiwan

Although cable TV commercial fees are not the main financial source of cable TV stations, cable TV stations on both sides of the Taiwan Straits deem it indispensable for the cable TV business.

A. China

In China, the MRFT promulgated an order forbidding the cable television stations to air commercials solicited by themselves. The Ministry's position is to protect the profits of terrestrial television stations, because cable television stations in many cities are prepared and established with the help of terrestrial television stations. However, almost no cable television stations are willing to abide by this order. They give many reasons why they want to air commercials.⁴⁶

Director of Beijing Cable TV Station, Jin Goujun explains that advertisements can reflect the commodity market. To some subscribers, it is a kind of information; to others it is an opportunity to take a break.⁴⁷

Hubei Provincial Department of Radio and TV, clearly stipulates that cable television stations should not broadcast commercials for products, but can broadcast programs of social benefit such as economic information. Director of Wuhan Bureau of Radio and TV Yang Chuanzhi explains that the advertisement market is not saturated, and there are many sources of advertisements. As such he permits Wuhan Cable TV Station to broadcast second class commercials, namely informational commercials. This shows that local governments sometimes give leeway to cable television stations on airing commercials.⁴⁸

Collecting suggestions from different departments, bureaux of radio and TV, and cable TV stations, the Local Management Department of the MRFT has reported to the central authorities that all cable television stations wish the MRFT could lift its ban on cable TV commercials. It argues that "advertisements are an indispensable source of information in the commodity economy. News institutions of all levels have the right to accept advertisements. It seems unreasonable to deprive this right from cable TV stations alone." So, the Local Management Department has suggested to the central authorities that, at least in the places where no terrestrial television station exists, cable TV stations should be able to air commercials.⁴⁹

B. Taiwan

In Taiwan, advertisements are allowed to be broadcast on the basic channels of cable TV. The time limit is 10 percent of the total broadcast time. Commercials cannot be broadcast during the programs, while 60 minute program can have one insert for advertisement. Pay channels and pay per view channels are not allowed to carry commercials. However, cable operators can have individual channels for advertisement.

TABLE 1

	China	Taiwan
system	gov't, state enterprise	private-owned
governing	4-tiers: central: MRFT province city county	central: GIO (program) MOT (hardware) (duopoly)
franchise authority	MRFT	screening committee
franchise terms	permanent	9 years
franchise	one city one network	one area 5 operators (at most)
number of channels	3-20 average: 8-12	30-60 average: 45-55
subscriber HH	15,000,000	2,000,000
cross-ownership	allowed	not allowed
monthly fees	5-10 Yuan	500-700 NT\$
installation fees	200-300 Yuan	1,500-2,000 NT\$
types	cable TV station cable TV center CATV	CATV Fourth Channel TDCATV (DPP's cable TV station)
program control	prior restraint	post restraint
Ads	not allowed, except informercials limit	10% of the b/c time ads channel is allowed, not allowed in PPV
domestic origination	2/3 of the b/c time	not less than 20%

Conclusion

The development of cable TV in both China and Taiwan will grow sustainedly and become more and more prevalent. The technology and cable equipments will be improved. The number of cable channels will be increased. The number of subscribers will grow. Both China and Taiwan lack programs and will need a great amount of programs in future.

The advantages of Taiwan's cable TV are more channels, more diverse programs, more entertainment and information programs. The disadvantages of Taiwan's cable TV are lack of integration among cable systems and overlapped investment in hardware and software.

In China, there are conflicts between strict Party control of programming and cable television's demand for programming. The advantages of China's cable TV are "one city/one cable network" and more potential subscribers. The disadvantages are the limitations on foreign satellite programs and commercials. In fact, it is impossible to maintain tight program control as cable systems proliferate, cable capacity expands, and more diverse programs are needed.

The key of success for any cable TV station is emphasis on diversity, choice, localism, entertainment, and less program control. Only with the above-mentioned characteristics of cable TV can cable TV stations on the both sides of the Taiwan Straits succeed.

Endnotes

1. In November of 1990, "The Temporary Measure for Regulating Cable TV" (commonly called Order No. 2) was approved by the State Council, and promulgated by the Ministry of Radio, Film, and Television (MRFT). In April of 1991, the MRFT promulgated "The Detailed Implementing Rules of the Temporary Measures for Regulating Cable TV" (commonly called Order No. 5).
2. Wang Feng, 1991. Steadily, Coordinately, Scientifically, and Healthfully Developing the Undertaking of Cable Television in China. *Reference Materials for Radio and TV Policy-Making*, Beijing: the MRFT, August, pp. 3-6.
3. Yu-Li Liu. 1991. Lifting the Veil of Cable Television in Chinese Mainland. *The News Mirror Weekly*, No. 152, Oct. 7, pp. 30-33.
4. Yuan Shuyun, Wang Ruiying, and Zhou Zhiqiang, 1991. The Development of Cable TV in China. *Reference Materials for Radio and TV Policy-Making*, Beijing: the MRFT, pp. 14-18.
5. Yuan, et al., p. 14
6. Ibid.
7. Ibid.
8. Liu, supra note 3, pp. 30-33.

9. Yuan, et al., p. 15.
10. Liu, supra note 3, pp. 30-33.
11. Yuan, et al., p. 15.
12. Liu, supra note 3, p. 32.
13. Ibid
14. Wu Yun-yi. 1991. Can Fourth Channel Transform from Sparrow to Phoenix. *The Fortune Information*. Taipei, Taiwan, February, pp. 165-168.
15. Ibid.
16. A lot of Taiwanese people received Japanese education when Taiwan was occupied by Japan; therefore, they could enjoy the Japanese language programs played by fruit stores.
17. The exchange rate between U.S. dollars and New Taiwan dollars is 1:26.6 (One U.S. dollar equals 26.6 New Taiwan dollars).
18. *Ming-sheng Daily News*. 1991. September.
19. Lai Kuo-chou. 1988. The Communication Policy of the Republic of China. Unpublished doctoral dissertation. Taipei: National Chengchi University.
20. Wang Feng, pp. 3-6.
21. Ibid.
22. Section 2, Order No. 2, the MRFT, 1990.

The MRFT held a National Cable TV Management Conference in Beijing in 1990, which mapped up the developing principles of cable TV in the future:

- (1) The development of community antenna TV system is encouraged. The aim is to extend the service area of terrestrial television.
- (2) The development of cable TV centers, especially regional cable TV centers, should be controlled properly, because cable TV centers can only broadcast videotapes and relay terrestrial TV programs, but cannot produce programs. If a cable TV station already exists in one region, the establishment of a cable TV center in the same region will cause unnecessary waste.
- (3) The establishment of cable TV stations should be controlled rigorously. The aim is to avoid the excessive dispersion of the systems, or repetition of network-building that causes waste.
- (4) It is planned to connect networks in the whole provinces. The experimental unit of the provincial cable TV station will temporarily not be extended, because the existing independent systems have begun to be connected with the network of cable TV stations managed by cities. The connection of networks in the whole provinces can link dispersed systems together, and reduce the waste of repeated investment.

- (5) As far as the whole country, for the divisions that are not qualified for widespread development of cable television, each province should make practical plans according to its special condition. *China Radio and TV Yearbook*, 1991, pp. 69-70.

In addition, the Institute of Information of Science and Technology of the MRFT suggests that in timetables, the developing principles of cable TV in China can be divided into three stages:

- (1) **The First Stage (from 1991 to 2000):**
The aim of the development of cable TV in the first stage is to extend the service area of radio and television, and to improve terrestrial television reception. In the regions where the economy has become relatively developed, cable TV stations should actively construct community antenna TV systems, enabling users to watch programs from more than five channels. In the late nineties, cable TV systems should establish TV production centers in order to provide subscribers with more programs to watch.
- (2) **The Second Stage (from 2001 to 2010):**
In the development of cable television in this stage, cable TV stations should establish production centers and markets for buying and exchanging cable TV programs. It should provide subscribers with more than 20 channels of TV programs that have their own distinguishing features. Also, the station should study the possibility of using the technology of two-way transmission to provide subscribers with service of many functions.
- (3) **The Third Stage (from 2011 to mid of the twenty-first century):**
In this stage, optical fiber can be taken as the major medium of transmission. In such way, cable TV can transmit with high quality and large capacity, and the synthetic information network of many functions will be available to subscribers.
23. Interview with Sun Zhongrui, Deputy Head of Office of Propaganda of Department of Local Management of the MRFT, the MFRT, March 31, 1993.
24. Yu-Li Liu. 1993. Scarcity of Spectrum, Political Access, and Broadcast Autonomy: The Open Broadcasting Channel Debate in Taiwan. Unpublished doctoral dissertation, Indiana University, May 1992, p. 136.
25. Section 3, Order No. 2, the MRFT, 1990. Generally speaking, the legislation related to the electronic media in China can be divided into

three levels: (1) the laws that are promulgated by the National People's Congress and its Standing Committee; (2) the administrative laws that are promulgated or approved by the State Council; (3) the administrative regulations that are made by the MRFT. The temporary measures, detailed implementing rules, notifications, and temporary regulations of cable television are not laws adopted by the National People's Congress, but the administrative regulations promulgated by the MRFT. The MRFT stated that in order to have an overall planning for the electronic media, it is impossible to have an independent Cable TV Law. In addition to the problems of cable television, the MRFT also forces problems caused by other new media such as video tapes and satellite TV. Therefore, the MRFT advocates that in the present period, it should make individual regulations according to the characteristics of different media, and integrate them into a general comprehensive law in the future. That is the reason why the Law of Radio and Television, which began to be drafted in 1986 and was revised many times, has not been promulgated now. So, Order No. 2, Order No. 5, and Document No. 250 are all the temporary regulations to cope with the emerging problems of cable television.

26. Ibid.

27. Interview with Deng Canhui, General Engineer of Guangzhou TV Station, Guangzhou TV Station, April 7, 1993.

28. The draft of *Cable Law*, Article 26.

29. *Fair Trade Law*, Article 46 (1).

30. Section 6, Order No. 2, the MRFT, 1990. To apply to establish a cable TV station, the applicants must meet the following requirements:

- (1) The applicant's proposal should meet the requirements of the overall planning for local broadcast range area of radio and television. This demand is to avoid repeated construction and unnecessary waste. So, in principle, the MRFT will not approve establishing cable TV stations at a county level again. Wang Feng, 1991, pp. 3-6.
- (2) The proposed station should have a special organization for management. It should have a director and more than 15 employees specializing in specific fields, such as reporting, editing, production, camera-shooting, announcing, transmitting, etc., and among those, half should have educational backgrounds from a university, college or polytechnic school.
- (3) The proposed station should have reliable financial sources. Most cable TV stations must raise funds by themselves. In the beginning period, they can ask loans from the government, but in the following period they have to assume sole responsibility for their profits or losses.

- (4) The proposed station should be outfitted with essential equipment. It must have at least three sets of camera equipment, at least two sets of editing equipment, at least one set of complete studio, and the equipment, needed for recording, shooting, and direct broadcast. All the equipment must meet the standards set by the departments of radio and TV above the provincial level.
- (5) The proposed station should have transmitting equipment approved by the departments of radio and TV above the provincial level.
- (6) The proposed station should have fixed places for producing programs and broadcasting.

In regard to the establishment of a cable TV center, it just needs to be preliminarily examined and accepted by the department of radio and TV of the county level, and reported to the department of radio and TV of the provincial level for approval, then "The Cable TV Center Permit" will be issued by the latter. To establish a community antenna system, it must accord with the local developing plan and the technical requirements for cable television, and just needs to be put on record in the department of radio and television of the county level.

31. Liu, *supra* note 24, p. 212
32. *Ibid.*
33. Interview with Deng Canhui.
34. Interview with J.R. Jie, Director of Wuhan Cable TV Station, Wuhan, April 2, 1993 and Hu Yunchou, Director of Shanghai Cable TV Station, Shanghai, April 6, 1993.
35. Ogan, C. 1992. Communication Policy Options in an Era of Rapid Technological Change. Draft article, Indiana University, February.
36. Interview with Chai Hua, Supervisor of the Office of Management of Audio and Videotapes of the MRFT, the MRFT, March 31, 1993.
37. *Ibid.*
38. Liu, *supra* note 24, p. 215.
39. Interviews with Jin Gouhun, Director of Beijing Cable TV Station, Beijing, March 30, 1993 and J.R. Jie, Director of Wuhan Cable TV Station, Wuhan, April 2, 1993.
40. Section 7, Document No. 250, the MRFT, 1992.
41. Section 6, Document No. 250.
42. Section 5, Document No. 250.
43. Liu, *supra* note 24, p. 213.
44. *Ibid.*
45. Order No. 1's full name is "The Measures for Management of Satellite Ground Receiving Device Receiving TV Program that are Transmitted

- by Foreign Satellite.”
46. Interviews with Jin Goujun, J.R. Jie, and Hu Yunchou.
 47. Interview with Jin Goujun.
 48. Interview with Yang Chuangzhi, Head of Wuhan Municipal Bureau of Radio and TV, Wuhan, April 3, 1993.
 49. Tan Delin & Wu Guilin. 1993. Trend, Issue, and Resolutions. *Reference Materials for Radio and TV Policy-Making*, March, 1993 : Beijing: the MRFT, p. 35.