The role of the nation-state:
Evolution of STAR TV in China and India

By
Yu-li Chang
Assistant Professor
Department of Communication
Northern Illinois University
E-mail: ychang2@niu.edu
Tel: (815)753-1711

Paper Submitted to the 6th Annual Global Fusion Conference
Chicago, 2006

Abstract

The purpose of this study is to examine the role of the nation-state by analyzing the evolution of STAR TV's in India and China. STAR TV, the first pan-Asian satellite television, represents the global force; while the governments in India and China represent the local forces faced with challenges brought about by globalization.

This study found that the nation-states in China and India still were forces that had to be dealt with. In China, the state continued to exercise tight control over foreign broadcasters in almost every aspect – be it content or distribution. In India, the global force seemed to have greater leverage in counteracting the state, but only in areas where the state was willing to compromise, such as allowing entertainment channels to be fully owned by foreign broadcasters. In areas where the government thought needed protection to ensure national security and identity, the state still exercised autonomy to formulate and implement policies restricting the global force.

Author Bio

The author earned her Ph.D. from the E.W. Scripps School of Journalism at Ohio University in 2000 and is now an assistant professor in the department of communication at Northern Illinois University. Her major research interest focuses on globalization of mass media, especially programming strategies of transnational satellite broadcasters in Asia and the implications of their programming strategies on theory building in the research field of globalization. Her research also covers topics of international news flow, news framing, and news content in local US television stations.The role of the nation-state: Evolution of STAR TV in China and India A recent paradox in the field of international communication is the process of globalization. According to Tomlinson, the theoretical paradigm in international communication has shifted from imperialism to globalization with the end of the Cold War and the collapse of the Soviet Union:

> What replaces 'imperialism' is 'globalization.' Globalization may be distinguished from imperialism in that it is a far less coherent or culturally directed process…. The idea of 'globalization' suggests interconnection and interdependency of all global areas which happens in a less purposeful way (Tomlinson, 1991, p. 175).

The shift toward theorizing around globalization, according to Sreberny-Mohammadi, et al, represents maturation of thinking in the field as "a way of pursuing a more fruitful encounter between political economy and cultural studies and of thinking through some of the sterile polarized arguments that have dominated the recent history of international communication scholarship (Sreberny-Mohammadi et al, 1997, p. ix)"

This paradigm shift of theoretical framework, however, does not render the term globalization a unified meaning. The traditional conceptualization of globalization denotes a world system where the Western ideology and practice prevail throughout the world and homogenize the world

(Waters, 1995). This line of reasoning regards globalization as universalization and homogenization of Western culture and the demise of local or indigenous cultures. Hall describes the characteristics of a global mass culture as one centered in the West, especially the United States:

> That is to say, Western technology, the concentration of capital, the concentration of techniques, the concentration of advanced labor in the Western societies, and the stories and the imagery of Western societies: these remain the driving powerhouse of this global mass culture. In that sense, it is centered in the West and it always speaks English (Hall, 1991, p. 28).

The traditional theorization of globalization as a world system that transcends nation-states and propels cultural universality or homogeneity encountered challenges in the early 1990s with movements to save local societies from domination (Dirlik, 1996). As a response to globalization as homogenization, localization has emerged as a primary expression of resistance to globalization. Wolff notes that the over-generalizing sweep of globalization overlooks difference at the local scale (Wolff, 1991). Featherstone also points out that sweeping globalization has provoked and intensified reactions to rediscover particularity and difference at the local level (Featherstone, 1996).

For Dirlik, the local represents the opposite of the global: heterogeneity over homogeneity, 'local knowledge' against universal scientific rationality; native sensibilities over reason; 'politics of difference' against global politics. He sees the reconstruction of localization as an articulation not of powerlessness, but of new found power among social groups (Dirlik, 1996). Hall also regards localization as a site of resistance to globalization: opposed to homogenization and absorption of globalization, localization demonstrates plurality and diversity (Hall, 1991).

One of the most contentious issue in the debate over globalization centers on the role of the nation-state. Nation-states have traditionally taken on the definition provided by Max

Weber. He defined states as compulsory associations claiming control over territories and the people within them. The core of any state included administrative, legal, extractive and coercive organizations (Skocpol, 1985).

Scholars adhering to the belief of globalization as a new phase of imperialism maintained that the emergence of a single global market is bringing about a ‘denationalization’ of economies in which national governments are relegated to little more than transmission belts for global capital (Held et al., 1999). In Ohmae’s (1995) terms, the older patterns of nation-to-nation linkage have lost their dominance in economics as in politics. In other words, nation-states have already lost their role as meaningful units of participation in the global economy of today’s borderless world.

According to Miyoshi (1996), transnational corporations have replaced nation states to continue colonialism. In the current period of Third Industrial Revolution, even though the nation-state still performs certain functions such as defining citizenship, controlling currency, providing education, and maintaining security, its autonomy has been greatly compromised and thoroughly appropriated by transnational corporations. In the realm of communication, Hamelink (2006) observed that today’s global governance system differs from the system operated during the past 100 years in that the old system existed to coordinate national policies that were independently shaped by sovereign governments, while the new system determines supranationally the space that national governments have for independent policy making.

For scholars calling for a reconsideration of globalization as a continuation of imperialism, the aforementioned thesis was not only flawed but also politically naïve because it underestimates the enduring power of national governments to regulate all kinds of economic and communication policies. The forces of globalization themselves depend on the regulatory power of national governments to ensure continuing economic liberalization (Held et al., 1999). In the realm of television broadcasting, while it may be true that many states have responded to proliferation of global satellite television and modified policies to accommodate these global television broadcasters (Chan, 1994; Franklin & Chapados, 1993), it remains a myth that states have fully relinquished their control over broadcasting. Most states may be changing from direct involvement in television broadcasting to a regulatory role or a combination of both functions, but to say that state power in controlling television broadcasting has declined is not true (Chan, 1994; Chenard, 1995; Rajagopal, 1993; Servaes & Wang, 1997).

Using the example of British Braodcasting, Sparks (1995) found little evident to support the claim that globalization of television has brought the demise of state's control over broadcasting. In analyzing Europe's efforts to create a common audiovisual space, Schlesinger (1997) concluded that statehood remains the inescapable stumbling block of European television integration. In Asia, deregulation and privatization have had the effect of distancing state from television organization or increasing autonomy in television operations, but they do not render state control obsolete. Censorship or other control over satellite television is still widespread. This phenomenon of policy oscillation between deregulation and control is described as a process of "commercialization without independence" (Chan & Ma, 1996).

The purpose of this paper is to examine the role of nation-state in the debate of globalization by analyzing the evolution of STAR TV in China and India. STAR TV, being the first regional satellite broadcaster in Asia and later becoming a significant unit under News Corp.'s global media empire, represents the global force in the process of globalization of television broadcasting. China and India, the two largest television markets in Asia, represent the local forces faced with challenges from the wave of globalization. The data for this analysis is drawn from scholarly research and articles from trade journals, newspapers, and magazines. Because most studies related to STAR TV looked at its developments in the 1990s, when globalization of television broadcasting started to go in earnest (Chan, 1994; Chang, 2000; Shields & Muppidi, 1996), this study largely focuses on developments with STAT TV since 2000.

Early Days of STAR TV

STAR TV was the first regional satellite television in Asia. Established by a Hong Kong business tycoon, Li Ka-shing, STAR TV launched five channels in August 1991, including Prime Sports, MTV Asia, BBC World Television Service, Star Plus (family entertainment), and Chinese Channel (Mandarin drama, movies and entertainment), and was broadcasting to 38 countries in Asia and the Middle East. STAR TV's initial strategy was to target the top 5 per cent of Asian elites who spoke English and had buying power by offering mainly pan-Asian English programming (Tanzer, 1991).

Rupert Murdoch, chairman of News Corp., wanted to include Asia in his media empire, which had had operations in Australia, Europe, and the United States. He began talks with STAR TV at the end of 1992 (Tanzer, 1993), and a deal was struck in July 1993 in which Murdoch purchased 63.6 per cent of STAR TV for $525 million (Karp, 1993a). News Corp. gained full control of STAR TV by buying out the remaining 36.4 per cent stake from Li Ka-shing for $346.6 million in July 1995 ('Murdoch buys rest of Star TV,' 1995). By incorporating STAR TV into News Corp.'s global operation, Murdoch turned STAR TV from a regional satellite broadcaster to a global player.

Asia's growing middle class was probably the most important reason that attracted

Murdoch into this market. For the past two decades, Asia's economic growth has outstripped the rest of the world. The average annual growth rate for Asia was 7 percent, compared with 2.5 percent for the West, 3 percent for Latin America, and 2 percent for Africa. Asia also had the bulk of the world's population. In these years, the predominantly young population of Asia would move out of adolescence and into the high-consuming years of the 20s and 30s ("Murdoch's Asian bet," 1993). It was also predicted that by 2000, the number of middle-class households in Asia with incomes over $30,000 would increase by 50 percent to fifty-one million (Cited in Lovelock & Schoenfeld, 1995).

As more Asians moved up to the middle class, they became strong consumers of satellite and cable television. Take China and India, the two largest markets in Asia, for example. TV households connected to cable and satellites were predicted to more than triple from 1995 to 2005 in China from 40 to 130 million. In terms of penetration, the percentage would increase from 12 to 34 per cent. In India, satellite and cable households would grow from 14 to 53 million. In terms of penetration, the percentage would rise from 8 to 25 per cent ("Money by numbers," 1995). With a growing middle class, East Asia had the potential of becoming the greatest television market in the world with potential revenue of $3 trillion (Cited in Weber, 1995). Yet, *Forbes* reported that Asia was inadequately served with an average of 2.4 television channels per country until the early 1990s, and this marketplace was "starved for television programming (Tanzar, 1991, p. 58)." Murdoch's move of buying into STAR TV, as perceived by *The Economist*, meant that he was "buying into the idea of a middle class Asia (Murdoch's Asian bet," 1993, p. 13)" *Time* also reported: "In helping American culture proliferate, Rupert Murdoch has locked himself into the rising fortunes of the Asian middle class, which is now, by anyone's measure, the most upwardly mobile group in the world (McCarroll, 1993, p. 53)."

For a while after Murdoch's takeover of STAR TV, he had such strong belief in technology that he thought technology held the key to conquer the Asian market:

> Everything will be satellite, and if the cable picks up the satellite, that's fine. The regulators are getting more and more powerless in every country as satellite comes in, as cable comes in. They just have more choice for everybody. The regulators who used to say only one program could be seen by their people are just being swamped by technology (Mermigas, 1993, p. 28).

Murdoch was right. Most Asian countries, when first confronted with challenges from STAR TV, took measures to block satellite television. But they soon realized the difficulties and disadvantages of resisting satellite broadcasting and eventually deregulated their broadcasting industries and opened their skies to outsiders. India was an example of government adopting an open-sky policy towards STAR TV (Chan, 1994; Lee & Wang, 1995). The reasons behind this policy included promoting the government's initiative of fostering a climate of open investment and liberalized trade to attract foreign investment, an initiative affected by the global economy; and accommodating to a growing middle class who demanded for increased program choices other than the staid fare provided by the state television monopoly – Doordarshan (Shields & Muppidi, 1996). By allowing global broadcast players into India, the government deregulated the television industry in India.

Not all Asian governments embraced the open-sky policy. China, Malaysia, and Singapore remained resistant and imposed certain mechanisms to ensure state control. The close-sky policy in China, however, was not that effective. Satellite dishes mushroomed on the roofs of many inland households, giving people access to STAR TV. With the trend of globalization going in full-gear in the early 1990s, Asia experienced an astounding growth of television channels, and viewers were no longer confined to two or three state-owned channels.

Murdoch was right about how communication technology would change Asia, but the problem was sometimes he pushed too hard in his belief in technology and his attitude as a conqueror. When speaking to a London audience in September 1993, Murdoch said something that he later regretted for its boldness:

> Advances in the technology of telecommunications have proved an unambiguous threat to totalitarian regimes everywhere…. Fax machines enable dissidents to bypass state-controlled print media; direct-dial telephone makes it

> difficult for a state to control interpersonal voice communications. And satellite broadcasting makes it possible for information-hungry residents of many closed societies to bypass state-controlled television channels (Karp, 1993b, pp. 72-73).

This speech got a quick response from the Chinese government. China passed State Council Proclamation No. 129 in October, banning the purchase, installation, and use of satellite dishes by individuals or companies unless they obtained special permission to operate satellite equipment. Though there were doubts about whether Beijing could effectively enforce the new measures, the Chinese authority made it clear that the state remained in firm control of the television industry (Karp, 1993b). Any questions about Beijing's determination to fend off STAR TV were soon crushed. To counteract the complexity of regulating satellite signals, the government began to promote cable television development, making services at such low cost that satellite dishes no longer seemed attractive. These measures proved so successful that News Corp. managers realized it would take years to amend the relationship with Chinese leaders and gain any foothold in the largest television market in the world (Curtin, 2005).

Because of this experience in China, Murdoch changed his tactics to kowtow to the Chinese government. He visited Beijing in November 1993 (Karp, 1994). He also dropped BBC World Television from its channel lineup. The issue centered on a BBC documentary that portrayed former Chinese Communist leader Mao Zedong as having had a special sexual interest in young girls. This documentary aired only in Britain, but Beijing was furious (Cahill, 1994). Thus, at a time when Murdoch was trying to improve his relationship with China, the BBC caused him "lots of headaches ("Murdoch in Asia," 1993, p. 75)."

STAR TV and the BBC resolved the dispute in March 1994. STAR TV dropped the BBC World Television Service from its northern beam, which mainly covered China and East Asia, and replaced it with a Mandarin-language film channel. The BBC news remained in service in STAR TV's southern beam, reaching mainly India and the Middle East, until at least March 31, 1996 ("BBC reduces use of Murdoch's STAR TV in Asia," 1994). Murdoch abandoned the idea of launching his own news channel to replace the BBC, indicating that he realized the political risk involved in news operations in Asia. Murdoch, after all, seldom let, as one reporter put it, "ideology stand in the way of profits ("Murdoch in Asia," 1993)."

STAR TV's move to separate its satellite signal into northern and southern beams reflected a drastic change in its programming strategy from a pan-Asian approach to a local approach targeting the two largest television markets. The northern beam included Prime Sports, Channel V, STAR Plus, STAR Movies, and the Chinese Channel. The southern beam featured Prime Sports, STAR Plus, Channel V, BBC World Service, Zee TV, and Zee Cinema ("An entertainment bazaar," 1995). STAR TV's sports channel, for example, gave Chinese more soccer, gymnastics, and track through its northern beam; its southern signal carried a heavier dose of cricket for Indian viewers (Engardio, 1994). STAR TV's market position was further strengthened in India by the purchase of 49.9 percent of India's popular Hindi-language station, Zee TV, in early 1994. This move added two more Hindi-language channels – Zee News and Zee Cinema in addition to Zee TV to STAR' channel lineup (Zee TV had been broadcasting in India by leasing a channel from STAR TV since October 1992) (Karp, 1994).

Despite the fact that STAR TV's viewership kept climbing, the network still operated in the red mainly because the rise in viewership did not translate into advertising revenue (Cahill, 1994). STAR TV, therefore, made another major change in programming distribution, from free-over-the-air channels to subscription pay TV. By shifting its distribution toward subscription, STAR TV had to rely on local cable operators, further pushing it to maintain good relationships with local sectors, especially the state government. Even though this move proved to be difficult because of the large number of cable operators in each country, STAR TV made progress. In September 1994, subscription only accounted for 5 percent of its revenue. By June 1995, the balance of subscription had reached 20 percent ("STAR promises new channels for greater choice," 1994).

In July 1995, News Corp. bought out the remaining stake of STAR TV from Hutch Vision for $346.6 million ("Murdoch buys rest of STAR TV," 1995). From then on, Murdoch gained full control of STAR TV and saw his empire's assets value jump from $11 billion in 1993 to $19 billion in 1995 (Drohan, 1995). Since then, STAR TV hastened efforts to localize its programming and reaching more audiences. In early 1996, STAR TV formed a three-party joint venture called Phoenix Satellite Television Company, which aired three channels targeting China, including Phoenix Chinese Channel (general entertainment), STAR Sports, and Phoenix Movies ('Star's Phoenix rises over China,' 1996). Starting from September 1996, STAR TV signed up New Delhi Television (NDTV) to provide news content to its prime time slot ("Murdoch's STAR takes over India's NDTV," 1996). This joint venture expanded into a 24-hour Hindi-language news channel called STAR News following the elections in 1998 (Bamzai, 1998).

As of late 1999, STAR TV used AsiaSat 3S and Palapa C2 as its satellite platforms reaching across Asia and the Middle East to 53 countries with an estimated audience of 300 million. The channels carried by STAR TV expanded from 5, four in English and one in Mandarin, in 1991 to more than 30 in seven languages in 1999, including STAR Chinese Channel, Phoenix Chinese Channel, STAR Plus, STAR World, Channel V, STAR Movies, Phoenix Movies, VIVA Cinema, STAR News, Zee News, Zee Cinema, Zee TV, Fox News, Sky News, etc (STAR TV web site, 1999).

STAR TV in India: 2000 to 2006

Beginning in 2000, STAR TV put even more focus on the two largest markets in Asia – China and India. In India, Star TV took the drastic step of withdrawing from a dysfunctional joint venture with its local partner -- Zee TV -- in 1999. Since then, STAR TV went full gear into increasing Hindi programming on its own and it soon scored a runaway success with an Indian remake of 'Who Wants to be a Millionaire' and several popular serials in Hindi, beating its competitors – Zee TV and Sony Entertainment Television. The Indian market was estimated to account for 55 per cent of STAR TV's revenues in Asia at the time (Jacob, 2002).

In early 2003, STAR TV posed a new challenge to the Indian government. Since its contract with New Delhi Television (NDTV) would end in March and the relationship between these two partners had gone sour, STAR planned to launch its own news channel in Hindi. This being the first request from a fully foreign-owned broadcast corporation to operate a 24-hour news channel generated heated debates among several ministries and was expected to have significant repercussions on private news channels. Four options emerged to deal with STAR's request – keep the status quo under which STAR could go ahead with launching it news channel, institute a complete ban barring all foreign news channels from uplinking to satellites; allow a 26 per cent cap on foreign ownership as in the case of news in print media, or enforce a 49 per cent cap. The Information and Broadcasting Ministry opened up satellite uplinking completely in July 2000 allowing all television channels – irrespective of their ownership or management control – to uplink from India, provided they comply with the Broadcasting Codes ("Ministries differ on uplinking STAR TV," 2003).

In processing STAR's request, the Information and Broadcasting Ministry consulted with four other ministries to reach a consensus, but it was confronted with varying views. The

Communications Ministry was the only unit favoring the status quo, while the External Affairs Ministry favored a 26 per cent cap on foreign equity, and the Home and the Finance Ministries were open to allow 49 per cent foreign ownership ("Ministries differ on uplinking STAR TV," 2003). This matter was taken up to the Union Cabinet, and it decided to change the policy of satellite uplinking from within the country for news channels by introducing a cap of 26 per cent on foreign ownership. STAR TV was given a year's time to bring down its foreign equity to the new level. In the meantime, STAR News would launch on schedule on April 1 with temporary, week-by-week permission from the government for uplinking ("Foreign equity for news channels capped at 26 per cent," 2003).

NDTV, STAR's partner for STAR News, was also scheduled to put its own two 24-hour news channels on air – the English service called 24x7 and the Hindi service called NDTV India, on April 1, 2003 ("NDTV channel to be called 24x7," 2003). STAR and NDTV were not the only players in the news arena. According to *Financial Times*, eight national and regional news channels were due to be launched on April 1, joining the six already on air. The market leader -- Aaj Tak, partly owned by the India Today publishing conglomerate, still commanded the 37 per cent market share, with STAR News trailing right behind with 30 per cent (Rahman, 2003). Though news channels only attracted 8 to 10 per cent of total advertising revenues on television, advertising on news channels had been growing 15 per cent a year, twice as fast as on the entertainment channels (Merchant, 2003a).

Among the chaos of finding investment partners in India, Murdoch had some good news to report. STAR TV showed the first profit since its launch in 1991. STAR TV was now watched by 120 million people across Asia, and it offered 40 channels in eight languages across 53 countries (Schulze, 2003). News Corp. also successfully acquired US's main direct-to-home

(DTH) satellite pay-TV company, Direct TV, and its subsidiary PanAmSat. Direct TV, joining BSkyB's service in the UK and Europe, STAR TV in Asia, Sky Mexico, and Sky Brazil, brought News Corp. one step closer to encircling the earth with its satellite systems (Fist, 2003). India also became another platform for News Corp. to join in the DTH services. The Indian government has decided to issue a conditional letter of intent which would help STAR find an India corporate partner to start DTH satellite services (Nagaraj, 2003). This signified STAR India's attempt to branch out from content providers who had to rely on local cable operates for program distribution to a channel distributor via satellite.

In July 2003, after four months of negotiations, STAR India settled on the list of investors to take up the remaining 76 per cent of equity from its news channel and created a new affiliate called Media Content and Communications Services (MCCS), through which STAR News had sought permission for its satellite uplink. The investors included ad man Suhel Seth (30 per cent), banker Hemandra Kothari (25 per cent), actor Jeetendra (5 per cent), TV star Maya Alagh (5 per cent), journalist Vir Sanghvi (5 per cent), and lawyer Raian Karanjawala (4 per cent) ("Suhel Seth takes 25% Birla stake in STAR news," 2003). Once MCCS and its list of shareholders were announced, it immediately drew criticism from rival Indian media groups. The critics, led by Aaj Tak and New Delhi Television, accused MCCS of being a shell company with local investors from Murdoch's acquaintances not interested in the business of running a news operation, and demanded the government investigate the 'bypassing' of its guidelines (Rahman, 2003).

Faced with intense criticisms, STAR India fought back in full-page advertisements accusing rivals of exploiting fears about foreign influence for "vested corporate interests". STAR was reported to believe that the current controversy had been manipulated by rivals who fear STAR's news was fast catching up with established channels. Hindu nationalists had also blamed foreign broadcasters such as STAR TV for spreading promiscuity and ruining Indian cultures (Merchant, 2003b).

Amid the controversy, the India government required STAT TV to answer 13 queries which centered on editorial control. In reply, STAR said the Hong Kong-based STAR TV Production Ltd (STPL) had rights over content and personnel decisions in the news channel. STAR maintained that in this case the licensor was STPL, while MCCS was the licensee; therefore, control, to a large extent, rested on STPL, because a licensor had the right to require the licensee to make certain changes to uphold quality in programming ("STAR explains who controls news remote," 2003). This reply did not satisfy the Indian government. The Information and Broadcasting Ministry was concerned that STAR News's editorial control remain in foreign hands which was not permitted under the current guidelines ("Responses not satisfactory," 2003). Soon the government unveiled new rules requiring foreign news broadcasters to be majority-owned by a single domestic entity, which means that a dominant Indian partner must hold at least 51 per cent of news broadcasting organizations. This change represented a triumph for STAR's rivals such as Zee Tele-Films, a broadcaster; India Today, a media group whose Hindi news channel garnered the highest ratings; and Bennet Coleman, India's largest newspaper publisher, which worried Murdoch might expand into local print media (Merchant, 2003c).

The latest rule by the Indian government prompted STAR TV chairman, James Murdoch, to visit India to choose a partner who would take up at least 51 per cent stake in STAR News. According to industry analysts, this partner must have cash, credibility and close relationships with political masters in the government (Vidyasagar, 2003). In the end, Ananda Bazar Patrika, a media group controlled by media baron Aveek Sarkar, won the battle to take 74 per cent equity stake at STAT News (Luce & Merchant, 2003). This move ended months of power struggles between STAR TV and the Indian government, who was pressured by local media groups to rein in foreign global broadcasters and by conservative Indians who feared foreign broadcasters threatened to undermine traditional values and cause destabilization in society (Merchant, 2003b).

During this period, STAR TV found an investor for its DTH platform called Space TV. As part of the deal, Tatas business group would own 80 per cent stake in the joint venture. The deal appeared solid because under Indian law, foreign companies couldn't exceed 20% in a joint venture, while the total foreign equity holding was capped at 49 per cent. In addition, the company had to have Indian management control and a CEO who is a resident Indian ("Gov't Oks launch of satcaster Space TV," 2005). This DTH service would launch in mid-2004 offering subscribers 100 channels. Space TV became the third entrant in the ever competitive satellite delivery system in India after state-owned Prasar Bharati Corporation and Zee Telefilms, a private media group ("STAR ties up with Tatas for DTH," 2003). The process of securing a license for Space TV, though not as complicated as that of STAR News, encountered some setbacks when the Information and Broadcasting Ministry questioned whether Tatas business group would have the independence to exercise operational, managerial and administrative control of the joint venture ("Tatas might not call the shots in STAR TV," 2005). This move prompted Rupert Murdoch's visit to India in March 2005 – his first in 4 years – in an effort to ease the doubts from the Indian government ("Murdoch to review India's STAR TV's operations," 2005). In mid-May 2005, Murdoch finally got the greenlight from the government to launch Space TV and the company would start beaming its signals into subscribers in Bombay by mid-year 2006, two years later than the originally scheduled launch time ("Gov't Oks launch of satcaster Space TV," 2005).

STAR India had become the fastest growing entity under STAR Group. STAR India now produced 25,000 hours of local programming each year, and aired 79 of the top 100 shows in the television entertainment category. That gives STAR India between 50 and 60 per cent of all prime time viewing (Prasad, 2004; Schulze, 2004). It recorded a 30 per cent increase in revenue in 2003 and hoped for another 25 per cent for 2004 ("To catch a star," 2004). The growth in India accounted for a large part of STAR Group's first reported annual profit in 2003, estimated at US$ 10 million on $ 300 million in revenue, with 65 per cent from India, 20 per cent from Taiwan and China, and the rest from Southeast Asia (Luk, 2003). By the end of 2005, STAR India offered 15-channel lineup to its subscribers and garnered an estimated 25 per cent share of the television advertising market (Mitra, 2005).

STAR TV in China: 2000 to 2006

In the early 2000s when STAR TV was entangled in controversies over government broadcast and satellite policy in India, its operations in China scored one major victory. Its efforts to win over trust from the Chinese government and break through this heavily restricted market bore fruit in early 2002. STAR TV was given cable broadcasting rights to launch the 24-hour Mandarin entertainment channel -- Starry Sky Satellite Television -- in the Guangdong province, marking one of the first foreign channels approved by Beijing to broadcast directly to the Chinese audience (Leung, 2002). Though Starry Sky is STAR's eighth channel allowed in China, the other seven channels, including Channel V, ESPN Sports, National Geographic, Star World, Star Sports, and two channels of Phoenix, have been restricted to foreign compounds and hotels (Korporaal, 2002).

Starry Sky is free to air and totally funded through advertising. It carries a mix of variety shows, game shows, comedies, and dramas, and steers clear of news programs (O'Neill, 2001). STAR TV aimed to co-produce 700 hours of programs of local content with mainland partners, which would account for 60 per cent of the prime-time program block (Leung, 2002). In 2003, Starry Sky was permitted to expand its delivery nationwide, albeit within foreign compounds and hotels (Kynge, 2003a). Star TV was also allowed to sell programs to local Chinese stations, paving the way for the marketing of not only local Chinese programs, but also hit shows such as "The X Files" and "The Simpsons" from Fox (Sengupta, 2003a).

The success of Starry Sky, according to STAR China's president Jamie Davis, depended on combining international experience with local content and cultivating a good relationship with the Chinese government. The programming strategy for Starry Sky was inspired largely by the success of its Indian counterpart following a shift into Hindi programming in 2000. This meant creating local shows for mainland China by hiring Chinese talent to make and star in programs with formats often modeled on overseas hits such as Xing Kong Late Talk, modeled after the Late Show with David Letterman; and Women in Control, modeled after an Australian hit where dozens of women rate and humiliate male beauty pageant contestants. To avoid creating tensions with the Chinese government, all programs aired on Starry Sky were reviewed twice to ensure they were acceptable. Violence, nudity and politics were taboo (Dickie, 2003).

In early 2003, STAR China scored another victory when the government further loosened restrictions on the country's television industry by allowing Starry Sky to broadcast to all hotels above three stars (about 500,000 hotel rooms) and into foreign residential compounds, bringing STAR TV a step closer to achieving the goal of broadcasting Chinese programs across the country. More important, by expanding its satellite footprint nationwide, Starry Sky could be picked up by the multitude of semi-legal local cable television stations operating throughout the country (Kynge, 2003b; Kynge, 2003c). By late 2003, two more cable operators – Guangzhou City Cable and Shenzhen City Cable, were approved to distribute Starry Sky, boosting this channel's potential audience to around 2 million homes in Guangdong province (Kynge, 2003d).

Most media observers attributed the recent success of STAR China to Murdoch's kowtowing to the Beijing authority by dropping BBC's world news service from STAR, selling the South China Morning Post to a businessman favored by Beijing, canceling a deal for Harper Collins, a News Corp. subsidiary, to publish the memoirs of Chris Patten, the last governor of Hong Kong who was detested by the Chinese government, and marrying a Chinese-born third wife, Wendi Deng (Sengupta, 2003b; Goff, 2005). Murdoch also started building a new house in Beijing in late 2004, creating a permanent base as a gateway to the media market of the future (Patrick, 2004).

STAR China would soon encountered major setbacks in 2005, however. In May, a joint venture allowing STAR China to broadcast STAR TV's channels through the Qinghai Satellite TV Station in northwest China was stopped. This venture had operated for six months and could reach more than 10 million people in the provinces of Qinghai, Liaoning, Xingjian and Chongqing and Beijing municipalities. Beijing pulled the plug on this venture, contending it illegally aired programs before securing final approval from top authorities ("China sinks Murdoch's News Corp TV joint venture," 2005). STAR TV was said to have invested heavily in this joint venture, up to US$ 40 million. Some media observers thought STAR China had good reason to assume the venture would win at least tacit approval from regulators because Beijing had announced in 2004 an unprecedented opening of the TV production sector to foreign investment. The venture was also backed by the son of an influential former Communist party propaganda czar. In addition, few media moguls had worked harder than Murdoch over the past decade to cultivate good relationships with Chinese leaders (Dickie, 2005a).

Not long after scrapping STAR's joint venture with Qinghai Satellite, Beijing in July introduced new media regulations in the name of defending "national cultural security" by limiting foreign involvement in the media, banning local broadcasters from co-operating with foreign firms, and halting the approval of additional foreign television channels. This was seen as a move by the new Chinese President, Hu Jintao, to consolidate his hold on power (Dickie, 2005b; Walker & Ryan, 2005).

A dispute between STAR China and a former employee prompted an investigation by the Chinese government into alleged unauthorized sales of access to STAR's satellite channels. A Chinese sales company, Beijing Hotkey, was accused of illegally leasing satellite TV channels from STAR and selling the access to unauthorized customers. Under Chinese regulations, access to foreign satellite channels (selling and transmitting signals) must go through China International Television Corp., a subsidiary of the state-run China Central Television (Dickie, 2005b; Schneiders, 2005).

After these incidents, Murdoch said in a press conference his company had hit a "brick wall in China." He added, "A year ago I would have said there's a lot of opening up going on. The present trend is the reverse (Goff, 2005)." *The Economist* reported that even after more than a decade of performing a series of public kowtows by Murdoch to Chinese leaders, STAR TV had only gained a toehold in the Chinese market. Global satellite broadcasters had failed to make significant progress compared to 1993 when Murdoch declared that satellite TV posed an "unambiguous threat to totalitarian regimes everywhere ("The end of the affairs," 2005)."

Conclusion

When analyzing the role of the nation-state, most research examines two dimensions – state autonomy in formulating policies and state capacity in implementing and realizing policy goals. STAR TV's recent developments in India and China prove that nation-states are not irrelevant when it comes to formulating and implementing broadcast policies to counteract the global force's push into their territories.

In China, the government has always adopted restrictive measures towards the television industry. At the onset of satellite television in the early 1990s, the Chinese government was slow to respond to this new technology. Satellite dishes were set up among rooftops allowing foreign broadcast signals bringing uncensored content into private homes. Yet, in 1993 after Murdoch delivered the speech about the potential of satellite technology to dismantle totalitarian regimes, the Chinese government cracked down hard on STAR TV by passing a law banning the purchase, installation, and use of satellite dishes unless given permission by the state. To ensure this measure would work, the government began to promote the development of cable television and offer the service at such a low cost that average consumers could afford. This proved effective in counteracting the popularity of satellite dishes among Chinese consumers.

After reining in Murdoch, the Chinese government began cautiously to open up its television industry for foreign broadcasters. In 2002, STAR TV's joint venture called Starry Sky Satellite television – a 24-hour Mandarin entertainment channel, was permitted to broadcast through a local cable operator in Guandong province to about 1 million viewers. The service was later expanded to two additional cable operators bringing in a viewership of 2 million, and to hotels above three stars and foreign compounds nationwide. Even though the viewership for Starry Sky was not impressive, media analysts expected STAR TV to make more advances in this market since the climate fostered by the Beijing authority was changing towards loosening tight control over foreign broadcasters.

This honeymoon with the Chinese government did not last long. First, the leadership in China changed. Then, STAR TV upset the government by broadcasting to inner China without getting permission and leasing satellite channels to be sold to unauthorized customers. Beijing reacted by introducing new regulations limiting foreign involvement in the media, banning local broadcasters from co-operating with foreign firms, and stopped issuing additional licenses to foreign television channels.

Many media analysts commented that instead of gaining a foothold in China, STAR TV only managed to gain a toehold even after more than a decade's of Murdoch kowtowing to the Chinese government.

India seemingly is quite a different story for STAR TV compared to China. The Indian government has adopted a more open policy towards broadcasting since the onset of globalization in the early 1990s. Even though STAR TV officials still complained about the government setting arbitrary rules governing foreign investment, STAR TV had experienced unprecedented growth in India, where an estimated 70 per cent of the company's revenues are earned (Armitage, 2005). The current rules allow foreign ownership of telecommunications up to 74 per cent, of cable to 49 per cent, and of DTH to 20 per cent. For content producers, foreign ownership could reach 100 per cent in entertainment and 26 per cent for news (Johnson, 2005).

While STAR TV had been riding on the success of its entertainment channels, it encountered setbacks in launching a DTH service and a news channel. It is in these areas that the powerful role of the state was demonstrated. STAR TV had planned to launch a direct-to-home digital TV service for India in April 1997, but the plan was stalled because no existing government regulations could apply to this new technology. After eight years of power wrangling with the government, STAR was issued the license to start the DTH service in May 2005.

The process for launching a 24-hour Hindi news channel involved the most complexities. Again, the India government did not have clear guidelines regarding uplinking news content to satellites for foreign broadcasters. Star News Channel – 100 percent owned by News Corp. hoped to get government approval for uplinking from India after it ended the contract with NDTV, but the government was caught off-guard. First, different ministries in the Cabinet could not agree. Once the decision was made to cap foreign investment at 26 per cent, questions emerged about editorial control in news content and personnel matters. During these deliberations, local media groups and conservative nationalists exercised significant leverage to pressure the government to formulate a more restrictive measure towards foreign broadcasters. The government then unveiled new rules requiring foreign news broadcasters to be majority-owned by a single domestic entity. This incident demonstrated that the India state maintains firm control over those broadcast sectors in which it deems important to foster national security and national identity. Powerful domestic media interest groups also played an important role in shaping the government's policy.

STAR TV was established at a time when globalization was sweeping through Asia. In India, the government was trying to foster an environment to attract foreign investment and privatize many state-owned industries to make them more competitive in the global economy. In China, economic reform was also going full gear. The different political systems in India and China, one democratic and the other totalitarian, largely determined the path of STAR TV's developments in these two markets. In China, the state continued to exercise tight control over foreign broadcasters in almost every aspect – be it content or distribution. In India, the global force seemed to have greater leverage in counteracting the state, but only in areas where the state was willing to compromise, such as allowing entertainment channels to be fully owned by foreign broadcasters. In areas where the government thought needs protection to ensure national security and identity, the state still exercised formidable autonomy to formulate and implement policies restricting the global force.

The evolution of STAR TV illustrates that international satellite broadcasters' globalization strategies have to adapt to local conditions. Rather than regarding globalization as a process that uniformly subverts local imperatives, local sectors can and will exercise leverage in the process of constructing the global. The nation-state in the era of globalization still matters.

References

Armingae, C. (2005, July 8). STAR struggles with China as India spices up. The Australian, 22.

Bamzai, K. (1998, March 24). Murdoch's "skypaper" to be permanent. Indian Express, page no. missing from Lexis-Nexis.

BBC reduces use of Murdoch's Star TV in Asia. (1994, March 21). Media Daily, page no. missing from Lexis-Nexis.

Cahill, L. (1994, May 2). Rising star. Adweek, page no. missing from Lexis-Nexis.

Chan, J. (1994). National responses and accessibility to STAR TV in Asia. Journal of Communication, 44, 112-131.

Chan, J., & Ma, E. (1996). Asia television: Global trends and local processes. Gazette, 58, 45-60.

Chang, Y. (2000). Pathway to 'glocalization': STAR TV in Asia, 1991-95. International Communication Bulletin, 35, 14-21.

Chenard, S. (1995, March). Censorship of satellite TV in Asia. Via Satellite, 48-56.

China sinks Murdoch's News Corp TV joint venture. (2005, August 25). Agence France Presse.

Curtin, M. (2005). Murdoch's dilemma, or "What's the price of TV in China?" Media, Culture & Society, 27 (2), 155-175.

Dickie, M. (2003, January 2). STAR TV aims high in China. Financial Times, 18.

Dickie, M. (2005a, August 31). STAR TV falls back down to earth in China. Financial Times, 22.

Dickie, M. (2005b, August 23). China probes STAR TV-linked company. Financial

Times, 17.

Dirlik, A. (1996). The global in the local. In R. Wison & W. Dissanayake (Eds.), Global/Local: Cultural production and the transnational imaginary (pp. 21-45). Durham, NC : Duke University.

Drohan, M. (1995, September). Murdoch's global grip on power. World Press Review, 31.

The end of affairs. (2005, September 24). The Economist, page no. missing from Lexis-Nexis.

Engardio, P. (1994, June 6). Star TV learns to think small. Business Week, 22.

An entertainment bazaar: Indian viewers can now select from 30 channels. (1995, May 19). Asiaweek, 37.

Featherstone, M. (1996). Localism, globalism and cultural identity. In R. Wison & W. Dissanayake (Eds.), Global/Local: Cultural production and the transnational imaginary (pp. 46-77). Durham, NC: Duke University.

Fist, S. (2003, May 6). TV birds still dishing it up. The Australian, C9.

Franklin, B. H., & Chapados, G. F. (1993). Globalization of the mass media. Washington, DC: U.S. Department of Commerce.

Goff, P. (2005, September 21). Murdoch hits the brick wall of China. The Economist, 17.

Gov't Oks launch of satcaster Space TV. (2005, May 19). Daily Variety, page no. missing from Lexis-Nexis.

Hall, S. (1991). Old and new identities, old and new ethnicities. In A. D. King (Ed.), Culture, globalization and the world-system: Contemporary conditions for the representation of identity (pp. 41-68). Binghamton, NY: State University of New York.

Hamelink, C. J. (2002). The politics of global communication. In Y. R. Kamalipour (Ed.), Global communication (pp. 161-187). Canada: Wadsworth.

Held, D., McGrew, A., Goldblatt, D., & Perraton, J. (1999). Global transformations: Politics, economics and culture. Stanford, CA: Standford University.

Jacob, R. (2002, April 15). Star begins to shine as it reports a profit. Financial Times, 29.

Johnson, J. (2005, November 29). TV chief hopes her STAR will keep rising. Financial Times, 27.

Karp, J. (1993a, October 21). Prime time police: China tries to pull the plug on satellite TV. Far Eastern Economic Review, 72-73.

Karp, J. (1993b, August 5). Catching a rising Star: Murdoch snares Asian satellite TV network. Far Eastern Economic Review, 70.

Karp, J. (1994, January 6). Second Front. Far Eastern Economic Review, 84.

Korporaal, G. (2002, April 15). Twinkle, twinkle little Star, earning big-time from afar. The Australian, 36.

Kynge, J. (2003a, January 9). News Corp's wooing of Beijing pays off. Financial Times, 27.

Kynge, J. (2003b, January 8). Murdoch's STAR TV sins Chinese expansion. Financial Times, 21.

Kynge, J. (2003c, January 9). New Corp's wooing of Beijing pays off. Financial Times, 27.

Kynge, J. (2003d, October 9). Murdoch applauded for lecture to Chinese on free market media. Financial Times, 14.

Lee. P.S.N. & Wang, G. (1995). Satellite TV in Asia: Forming a new ecology. Telecommunications Policy 19 (2): 135-149.

Luce, E. & Merchant, K. (2003, September 16). ABP to seal Indian STAR TV venture. Financial Times, 32.

Leung, L. (2002, January 30). Star bets on localized content in cable war. South China Morning Post, 2.

Lovelock, P., & Schoenfeld, S. (1995). The broadcast media markets in Asia. In J. Ure (Ed.), Telecommunication in Asia: Policy, planning and development (pp. 147-191). Hong Kong: Hong Kong University.

Luk, S. (2003, November 11). STAR TV names new chief executive. South China Morning Post, 2.

McCarroll, T. (1993, August 9). New star over Asia. Time, 53.

Merchant, K. (2003a, March 20). STAR TV announces delay to launch of Hindi news service. Financial Times, 27.

Merchant, K. (2003b, July 22). Murdoch switches tack in Indian “foreign bogey” war. Financial Times, 18.

Merchant, K. (2003c, August 25). STAR suffers blow to Indian ambitions. Financial Times, 25.

Mermigas, D. (1993, October 11). Q & A with Murdoch: A modern empire builder. Electronic Media, 28.

Murdoch buys rest of Star TV. (1995, July 18). Media Daily, page no. missing from Lexis-Nexis.

Murdoch in Asia: Third time unlucky? (1994, March 26). The Economist, 74-75.

Murdoch's Asian bet. (1993, July 31). The Economist, 13.

Ministries differ on uplinking STAR TV. (2003, March 4). The Hindu, page no. missing form Lexis-Nexis.

Mitra, K. (2005, October 26). The king is content. Business Today, 102.

Miyoshi, M. (1996). A borderless world? From colonialism to transnationalism and the decline of the nation-state. In R. Wison & W. Dissanayake (Eds.), Global/Local: Cultural production and the transnational imaginary (pp. 78-106). Durham, NC: Duke University.

Money by numbers. (1995, September). Cable and Satellite Asia, 42.

Murdoch buys rest of Star TV. (1995, July 18). Media Daily, page no. missing from Lexis-Nexis.

Murdoch to review India's STAR TV's operations. (2005, March 21). Asia Pulse, page no. missing from Lexis-Nexis.

Murdoch's STAR takes over India's NDTV. (1996, September 9). Asia Pulse, page no. missing from Lexis-Nexis.

Nagaraj, S. (2003, May 12). STAR agrees to uplink via ISRO satellite to provide DTH services. The Economic Times, page no. missing from Lexis-Nexis.

NDTV channel to be called 24x7. (2003, March 13). India Business Insight, page no. missing from Lexis-Nexis.

A new one for TV buffs. (2004, October 22). Hindustan Times, page no. missing from Lexis-Nexis.

Ohmae, K. (1995). The end of the nation state: The rise of regional economics. New York: The Free Press.

O'Neill, M. (2001, December 20). Fox trade-off wins Star rights to broadcast Putonghua channel. South China Morning Post, 1.

Patrick, A. (2004, December 21). Murdoch to build a home in China Beijing. The Daily Telegraph, 25.

Prasad, S. (2004, August 1). To catch a star. Business Today, 76.

Rahman, M. (2003, July 19). STAR TV a victim of its own success in India. South China Morning Post, p. 14.

Rajagopal, A. (1993). The rise of national programming: The case of Indian television. Media, Culture & Society, 15, 91-111.

Responses not satisfactory. (2003, August 5). Business Line, page no. missing from Lexis-Nexis.

Schlesinger, P. (1997). Wishful thinking: Cultural politics, media, and collective identities in Europe. In A. Sreberny-Mohammadi, D. Winseck, J. McKenna, & O. Boyd-Barret (Eds.), Media in global context: A reader (pp. 67-77). New York: Arnold.

Schneiders, B. (2005, August 28). Murdoch's assault on Chinese TV is interrupted by state crackdown. The Independent, 2.

Schulze, J. (2003, May 1). TV content the "killer." The Australian, 23.

Schulze, J. (2004, April 8). Direct-to-home satellite pay TV for India. The Australian, 19.

Sengupta, K. (2003a, February 1). Murdoch takes one more step on long march into China. The Independent, 9

Sengupta, K. (2003b, February 1). Murdoch takes one more step on long march into China. The Independent, page no. missing from Lexis-Nexis.

Servaes, J., & Wang, G. (1997). Privatization and commercialization of the Western-

European and South-East Asian broadcasting media. Asian Journal of Communication, 7 (2), 1-11.

Shields, P. & Muppidi, S. (1996). Integration, the Indian state and STAR TV: Policy and theory issues. Gazette, 58, 1-24.

Skocpol, T. (1985). Bringing the sate back in. In P. B. Evans, D. Reuschemeyer,, & T. Skocpol (Eds.), Bringing the state back in. New York: Cambridge University.

Sparks, C. (1995). The survival of the state in British Broadcasting. Journal of Communication, 45(4), 140-159.

STAR explains who controls news remote. (2003, July 30). Financial Express, page no. missing from Lexis-Nexis.

STAR promises new channels for greater choice. (1994, September 19). Satnews, page no. missing from Lexis-Nexis.

STAR ties up with Tatas for DTH. (2003, September 24). Business Line, page no. missing from Lexis-Nexis.

STAR TV web site (1999, November). http://www.startv.com/eng/corporate/history/history.html.

Star's Phoenix rises over China. (1996, April). Television Business International, p. 16.

Suhel Seth takes 25% Birla stake in STAR news. (2003, July 16). The Economic Times, page no. missing from Lexis-Nexis.

Sreberny-Mohammadi, A., Winseck, D. McKenna, J., & Boyd-Barett, O. (1997). Editors' introduction. In A. Sreberny-Mohammadi, D. Winseck, J. McKenna, & O. Boyd-Barett (Eds.), Media in global context: A reader (pp. ix-xxx). New York: Arnold.

Tanzer, A. (1991, November 11). The Asian village. Forbes, 58.

Tanzer, A. (1993, August 30). Four heavenly kings. Forbes, 51.

Tatas might not call the shots in STAR TV. (2005, March 17). Hindustan Times, page no. missing from Lexis-Nexis.

To catch a star. (2004, August 1). India Business Insight, page no. missing from Lexis-Nexis.

Tomlinson, J. (1991). Cultural imperialism. Baltimore: The Johns Hopkins University.

Vidyasagar, N. (2003, September 10). STAR TV closes in on news partner. The Economic Times, page no. missing from Lexis-Nexis.

Walker, T. & Ryan, C. (2005, August 25). Murdoch's long march hits Chinese wall. The Australian Financial Review, pp. 1 & 10.

Weber, I. G. (1995). The moral market: Social vision and corporate strategy in Mrudoch's rhetoric. Media International Australia, 77, 45-53.

Wolff, J. (1996). The global and the specific: Reconciling conflicting theories of culture. In A. D. King (Ed.), Culture, globalization and the world-system: Contemporary conditions for the representation of identity (pp. 161-173). Binghamton, NY: State University of New York.