

RELEASE IN PART B6

From: H <hrod17@clintonemail.com>
Sent: Monday, August 27, 2012 3:41 PM
To: 'judithmchale [redacted]'
Subject: Re: China in Africa, more....

B6

What to do? I don't know how to get our companies more engaged and aggressive. Many think they cannot compete because of Euro/Chinese advantages (read: few if any anti corruption restraints). Any ideas?

From: Judith McHale [mailto:[redacted]]
Sent: Monday, August 20, 2012 03:23 AM
To: H
Subject: China in Africa, more....

B6

Greetings from South Africa! Brian and I are in Cape Town for the weekend after a week of meetings in JHB in connection with a potential media deal. We're staying at the Cape Grace which I believe you stayed at during your recent trip here. Totally lovely hotel.

I assume you saw the NYT piece last week about China's CCTV news channel in Africa. I know you are concerned that the US is losing ground in the global information marketplace and thought you might be interested to know what else the Chinese are doing in Africa.

Basically, like the rest of the world, the African media scene is experiencing a period of rapid transition on all fronts. There is a real scramble as platform developers and content providers look for ways to reach the increasingly important and expanding ranks of the African urban middle class. In terms of television, the focus is on the transition from analog broadcast transmission to digital terrestrial television ("DTT"), with most countries well along the path towards completing the process. While countries have adopted somewhat different approaches, in each case, they have set aside a portion of the spectrum for the continued transmission of video signals. A number of players, including MultiChoice, a South African satellite programmer, and StarTimes, the leading Chinese pay TV company, are competing for licenses for the video spectrum. To date no US platform company has focused on Africa, although ECP, a DC based private equity firm, has a significant stake in a Kenyan cable company.

StarTimes, which is backed by the Chinese government, made its first move into Africa in 2002 and now has operations in 10 African countries, including Nigeria, Tanzania, Uganda, Rwanda, Burundi, CAR, Guinea and Kenya. They are also actively pursuing licenses elsewhere and have about 1500 employees on the ground. Typically the licenses they are awarded allow them to program between 30 to 40 channels of video. Pricing is tailored to the African market and aimed at achieving maximum penetration into all demographic sectors. Customers pre-pay for the service and can purchase as much access as they can afford. For example, a lower tier customer can purchase just a few hours of viewing a week or a month. Both StarTimes and MultiChoice are investing heavily in infrastructure, building transmission towers and distributing relatively low cost set top boxes. The goal is to get as many customers as possible to subscribe to your service on the theory that once they have your set top box they will be less inclined to switch to a competitor. Once the switch over to DDT is complete you will need a box to receive any television. Governments are developing a variety of programs to subsidize the cost of the converters for low income households.

Platform companies determine the programming packages offered to consumers. In the case of StarTimes, this means CCTV and other Chinese programmers are assured prominent positioning within the StarTimes program

packages. StarTimes is also investing heavily in local entertainment and sports programming specifically designed to appeal to African viewers.

Obviously our government has neither the resources nor the mandate to enter the commercial marketplace in this fashion. However, we should encourage governments across the region to conduct the licensing process in a transparent manner and to take steps to ensure that the DTT platforms remain open to broad cross section of program providers. In addition we should try to encourage US platform companies to invest in the sector. I know you had a number of US companies as part of your recent trip. Not sure if there were any media executives included but it may be something you want to focus on in the future both in Africa and elsewhere

Happy to discuss further or answer any questions you might have.

Cheers,

jm

PS: Assume you saw that Mark Thompson has been appointed as the new CEO of the New York Times. You may recall I brought him to meet with you just before I left DoS. Brilliant choice on their part. He will be great.