Central America

By Jean-Fabrice Vernet

As the world was breathing a sigh of relief that Central America had largely escaped widely feared repercussions of the Asian economic crisis in 1997, Cyclone Mitch devastated the region in November 1998, killing over 11,000 and rendering countless others homeless and otherwise impoverished. Millions of dollars in infrastructure were also destroyed. Donor countries came under pressure to postpone payments for at least part the Central American debt after the cyclone, which had caused floods, mudslides, and the destruction of entire communities in Nicaragua and Honduras. A UN World Food Programme official said the region had been set back 20 years. Despite these natural disasters however, the television infrastructure was largely spared in both Nicaragua and Honduras. Cyclone Mitch caused water rather than wind damage so antennas, generally positioned on elevated points, did not suffer much. Outings lasted only a few hours in the major cities, but it took from weeks to months to restore power to the more remote rural areas.

It is hard to quantify the effect of the 1997 Asian economic crisis and the 1998 storm on last year's indicators for the region, which were a mix of good and bad. The fact that economic growth for the whole of Latin America fell 2.3% in 1998 was attributed to the combined effects of the two events. However, a modest recovery was underway in late 1999, and whilst the whole of Latin America suffered declining exports, Central America and Caribbean imports continued to rise as a whole; thanks in part to the health of the neighbouring US economy.

In spite of two major economic calamities in as many years, Central American countries also performed relatively well on a GDP basis, with sustained and modestly accelerating growth in 1998. This was a better performance than South America, which saw growth rates fall in all major countries to levels between 3 and 7% lower than 1997.

Unfortunately, the region as a whole had yet to recover from an advertising slump underway since 1997 and affecting all sectors. The Caribbean region performed a little better with flat to modest growth, although there was a shift away from television to other media including direct marketing. Patrick Grosier, secretary general of the Caribbean Broadcasting Union (CBU) explained, "The development of brand equity as provided by TV advertising is being partially sacrificed for immediacy of sales and cash flow."

As US broadcasters present in the region continued to reap ever greater benefits from their enlightening programming, they were also experiencing some success in their anti-piracy crackdown on the region, begun last year with help from the World Trade Organisation (WTO). Many countries were passing laws and taking steps to regulate programme access. In July 1998, Jamaica instituted a registration regime for its cable operators who had been some of the worst offenders. Other nations throughout Central America are expected to update legislation to move into line with WTO and other international intellectual property requirements.

One of the most important television-related developments of 1999 for Central America concerned the summer launch of Galaxy Latin America's (GLA) 'DirecTV', the Hughes Corporation and Cisneros-backed Direct-To-Home service (DTH), in Puerto Rico. DirecTV is now offered by GLA in partnership with SatÈlites de Puerto Rico, also mainly owned by both Hughes and the Cisneros group of companies. Obviously this was a major score for the DTH operator, which plans to introduce advertising, as Puerto Rico boasts a US-style TV industry and the highest ad spend per capita in the region.

The news was seen as confidence building for the operator, amid concerns that GLA was failing to meet its penetration targets since its introduction three years ago. In October 1998, Hughes had gained control of a further 10% stake in GLA previously held by MVS's Multivision, the majority shareholder of Grupo Galaxy Mexicana (GGM), the Mexican local partner for the distribution of DirecTV. The transfer increrased Hughes interest in GLA to 70%. Hughes also bought an additional interest in GGM, clearly seeking to exercise further control over DirecTV's Mexican operation.

The company was also busy enticing customers during 1998 with programming like Simply Red and Celine Dion concerts, live coverage of the Pope's visit to Mexico, the blockbuster *Titanic*, and sports events including major US sports. In May 1999, the company began airing MGM Networks Latin America's Spanish language channels in various markets including the Caribbean and Mexico. The agreement marked another landmark for MGM Worldwideis expansion into the Latin American markets, already manifest in the year-old Portuguese feed available to Brazilian subscribers of DirecTV.

In the Caribbean, DirecTV had some impact in Barbados, but little elsewhere, due mainly to the fact that most of the programming is in Spanish. The language divide means the Caribbean has a different broadcasting culture. Most non-US programming on the predominantly free-to-air terrestrial feeds is either cricket or news-related material. Consumption of US-based cable and DTH programming has been on the rise, which created an outcry from policy makers last year, leading this year to an announcement by the CBU of plans to increase the amount of indigenous programming. The current plans call for the launch of a Caribbean TV channel in the near future.

Ties to the former colonial mother countries in the EU have proved a good source of funding for the Caribbean. In late 1998, The European Union approved plans to assist the CBU in setting up satellite uplink centres throughout the region. The facilities are expected to begin operation during 2000. 1999 also saw the creation of Caribbean Media Corporation (CMC), a new body to handle the joint commercial activities of the CBU and the Caribbean News Agency. The CMC will begin operations in early 2000, after which date the CBU will concentrate more on its advocacy, representation, and lobbying activities.