Taiwanese Media's 'Going along with Beijing' is Becoming More Evident

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Preface

In recent years, the media in Taiwan and Hong Kong seem to have been increasing news coverage that gives praise to mainland China, while refraining from providing stories that go against the Chinese government or making such stories less noticeable. The Reporters Without Borders (note 1) has released the "Freedom of the Press Worldwide" report almost every year since 2002. Its 2013 version shows that the rankings of Taiwan and Hong Kong have generally fallen over the past several years. Some say "China factors" are behind the trend.

After Britain returned Hong Kong to the Chinese authorities in 1997, China is said to have used influential pro-China people in Hong Kong to pressure local media organizations to refrain from providing negative news coverage of China (note 2). But over a few years after the reversion, Hong Kong's freedom of press was still ranked high, as shown in Chart 1. Its ranking began to fall sharply around 2003, when mainland China and Hong Kong signed the Closer Economic Partnership Agreement (CEPA). Taiwan's ranking also began to fall in 2010, when it signed the Economic Cooperation Framework Agreement (ECFA) with China.

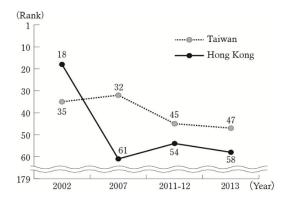


Chart 1 Freedom of the Press Worldwide in 2013

Source: Produced from the website of the Reporters Without Borders

How have closer economic ties between China and Taiwan, and China and Hong Kong, affected media coverage? In Taiwan and Hong Kong, entrepreneurs operating real estate and other businesses often serve as owners of media organizations. Some local observers say as their business with China expands, they have greater concerns that offending Chinese government leaders could adversely affect their operations. Such concerns, the observers say,

have led those owners to tell their editors to give considerations to the Chinese authorities in their news coverage.

To learn first-hand what is happening in newspapers and broadcasters in Taiwan and Hong Kong, I made a one-week field study each in Hong Kong and Taiwan starting in mid-January 2013. This first part of my two-part report looks into the media situation in Taiwan, where reports giving praise to China are said to be increasing. The following shows how this article is structured:

1. Taiwan media: history and current situation

2. 'China factors' seen in recent developments

- 2-1 Want Want Group's entry into media
 - 2-1-1 How it happened
 - 2-1-2 Reports by Want Want Group's media outlets
 - 2-1-3 Voices of people involved
- 2-1-4 How authorities have responded
- 2-2 Sanlih E-Television's replacement of popular talk show anchor
 - 2-2-1 How it happened
 - 2-2-2 Views of people involved

3. Summary of how 'China factors' affect Taiwanese media

1. Taiwan media: history and current situation

Chiang Kai-shek moved his government and troops to Taiwan after World War Two. The authoritarian rule of his Kuomintang party (Chinese Nationalist Party) continued for decades. Under the one-party rule, the freedom of speech and the press was restricted; only media organizations that followed the authorities' intentions were allowed to operate. The newspaper business remained oligopolistic for many years—with only two papers close to Kuomintang: the United Daily Press, founded in 1951, and the China Times (note 3), launched in 1958. For the broadcast media, Taiwan Television Enterprise (TTV) began terrestrial broadcasting in 1962, followed by China Television Company (CTV) in 1969 and Chinese Television System

(CTS) in 1971. All were commercial stations close to Kuomintang. The three broadcasters' oligopolistic system was maintained for a long time.

Changes emerged in the latter half of the 1980s, when Taiwan started to move toward democracy. First, the government ban on new newspapers was lifted in 1988. Cable television also gained popularity and quickly spread, without formal permission, in the late 1980s. The government took steps to legalize the industry with a new cable television law in 1993. The measures helped increase diversity in both the newspaper and television industries. Newspapers were divided into two groups – one close to Kuomintang and the other to the opposition Democratic Progressive Party. People's political views were polarized accordingly. The government also liberalized in principle creation of satellite channels for cable television. That resulted in Taiwan having 288 different channels, including overseas channels, as of January 2013. Fierce competition in the advertisement market of 23 million people forced each station to cut down on production costs to survive; Some say this led to deterioration of program quality.

Against this backdrop, the basic structure of the Taiwanese media can be shown as in Table 1.Their characteristics are as follows:

Table 1: Basic Structure of the Taiwanese Media

	Newspapers	Televisions
Close to Kuomintang	China Times United Daily News	China TelevisionChung T' ien TelevisionTVBSEastern Television
Close to Democratic Progressive Party	•Liberty Times	Formosa Television Sanlih E-Television
Neutral	•Apple Daily	Taiwan Public Television Service Era Television

① Many media organizations are close to the ruling Kuomintang party. Long-established outlets include the China Times, the United Daily News and China Television. New

broadcasters include Chung T'ien Television (CTi TV), TVBS and Eastern Television (ETTV).

- ② Some media entities are close to the largest opposition Democratic Progressive Party. The Liberty Times is the largest circulation daily in Taiwan. Formosa Television (FTV) and Sanlih E-Television (SET-TV) also boast good performances in terms of viewer ratings.
- ③ Few organizations remain neutral. The Apple Daily is one of the two top newspapers, along with the Liberty Times, but Taiwan Public Television Service (PTS) has an average viewer rate of only 0.2 percent. Its influence is limited.

Kuomintang takes a pro-China, conciliatory stance because of economic and pragmatic considerations. On the other hand, the Democratic Progressive Party, which places importance to democratic and liberal values, keeps a distance from China. The Apple Daily, which is neutral to both the ruling and opposition parties, can be described as rather critical toward China because it espouses democracy and freedom.

2. 'China factors' seen in recent developments

2-1 Want Want Group's entry into media

2-1-1 How it happened

One of the key reasons why Chinese influence is being increasingly noted in the Taiwanese

media world is the Want Want Group's entry into the media business in 2008. Want Want was first set up as a food company in 1962. The current owner, Tsai Eng-meng, joined the management at age 20 in 1976, when his father gained its management right. The next year, the younger Tsai became president. Under his leadership, the company introduced technology from a Japanese confectionery maker to produce Want Want rice crackers, which were a major hit. Want Want made inroads into China and Japan and diversified its products



Photo: Tsai Eng-meng (Provided by the Apple Daily)

to milk and snacks. In 2008, the company was listed in the Hong Kong stock market. In 2012, it posted sales of 3.36 billion dollars with a profit of 550 million dollars (note 4). Most earnings came from the Chinese market. Want Want is also known for providing financial support to a Taiwanese fishing boat that entered the Japanese territorial waters surrounding the Senkaku Islands in September 2012. Japan controls the East China Sea islands, but China and Taiwan also claim them.

In November 2008, Want Want purchased the long-established, but financially troubled, China Times Group, prompting media researchers in Taiwan to voice concerns. There were three major reasons:

- ① The China Times Group was a major cross-media operation after acquiring Chung T'ien Television and China Television Company between 2002 and 2005, but Want Want had no experience in operating media organizations. Researchers doubted if Want Want could properly manage the huge media conglomerate.
- ② Want Want is in effect controlled solely by its owner, Tsai Eng-meng.
- ③ After Want Want purchased the China Times Group, affiliated media organizations increasingly came to carry news stories that are warm to China.

The Campaign for Media Reform is a non-governmental organization (NGO) dedicated to keeping watch over the media. The NGO, made up mainly of media researchers, and other groups have asked the National Communications Commission, or NCC, an independent regulator in Taiwan, to strictly screen Want Want's applications for executive changes at China Television and Chung T'ien Television. The NCC basically approved Want Want's applications because Taiwan has no legal provisions banning or regulating cross-media ownerships. But NCC officials added several conditions, including a ban on executives from serving as directors or auditors concurrently at China Television and Chung T'ien Television. Want Want, which wanted to integrate operations of the two broadcasters for better efficiency, was frustrated with the decision. The group began a campaign blasting the NCC using affiliated media outlets. The NCC had seven commissioners, of whom three were said to be especially critical of the Want Want bid. Want Want placed campaign ads condemning the

three commissioners by name, with their photos, not just in its group newspaper China Times, but in its rival Apple Daily as well. Media-watch NGOs blasted the campaign as "abuse of public institutions" (note 5).

Want Want was not daunted by such criticism. The group went on to pursue further expansion of its media business. It agreed in October 2010 to purchase China Network Systems, a major cable television business. Media NGOs unleashed a stronger criticism against the bid. Behind the opposition was the dominant position held by cable television operators in Taiwan.

As stated before, Taiwan had long seen an oligopoly with three television stations until the end of the 1980s, giving rise to calls among viewers for greater broadcasting freedom. When cable television broadcasting began at the end of the 1980s, it gained instant popularity; the ratio of cable TV subscriptions reached 61 percent, according to government figures. In reality, the household viewing rate is said to be around 85 percent (note 6). In that sense, Taiwan could be called a "kingdom of cable television." But in fact, cable television operation in Taiwan is divided into 47 regions, with 59 operators. It means that in most regions, only one cable television system is operating. Viewers have little or no choice over which company to subscribe to. Furthermore, similar relations exist between cable system operators and channel operators that provide programs (See Chart 2). Taiwan has 288 channels (of which 11 are news channels for Taiwan, and 25 are general channels), but one system operator can carry up to about 100 channels. This means that about two-thirds of the channels are left

unavailable to subscribers. This gives system operators an overwhelming edge over channel operators. Under such circumstances, questions arise as to whether channel operators can provide news stories that may frustrate system operators.

Channel operators

Cable television subscribers

Cable television system operators

Chart 2: Structure of cable television service in Taiwan

In fact, channel operators made little news coverage, for cable television, of media NGOs' active campaigns against Want Want's acquisition of the China Network Systems. China Network is one of Taiwan's largest multiple system operators (MSOs), (note 7), with subscriptions of about 1.09 million households. Sources in the broadcasting industry say channel operators are afraid that they may be dropped from China Network's package if they provide news coverage that goes against Want Want.

Such prior restraint, which leads to suppression of the freedom of the press or speech, has been known as "chilling effect" in the United States since the 1950s. The English legal term is translated into Chinese as "hanchan" effect, or literally, "cold cicada" effect – as cicadas keep silent in cold weather. The silence among channel operators over the Want Want

issue has made the expression a vogue word.



Photo: Jimmy Lai (Provided by the Apple Daily)

Among major media organizations in Taiwan, one influential daily was strongly critical of Want Want's business expansion in the media industry. That's the Apple Daily, originally founded in Hong Kong by entrepreneur Jimmy Lai. Lai started the Taiwanese version of the Apple Daily in 2003. The newspaper places emphasis on sales at convenience stores rather than home delivery in efforts to save costs. The daily prominently features celebrity gossip and real-life incidents, with

magazine-like page designs using big color photos. It achieved a circulation of half a million copies in a short time. Lai is known for his notorious insult in 1994 of Li Peng, the Chinese premier at that time. In writing for an affiliated weekly, he called Li a "turtle's egg with zero IQ." His bid to open stores of his apparel brand Giordano in China was blocked, apparently as a result of the article. He was forced to sell off the apparel firm. His criticism of the Beijing government is known to be stinging. To Lai, Want Want's media business expansion was evidently a move that should be criticized – because of its reports praising China -- not just an emergence of a rival in the newspaper industry.

In a controversial twist, Want Want attempted a buyout of Lai's Apple Daily group. It clinched a deal by offering an exceptionally high price. What the deal covered was the group's print media, including the Apple Daily in Taiwan and an affiliated weekly, Next Magazine. Want Want was joined in the acquisition bid by other business people such as the chairman of the Formosa Plastic Group. But critics raised questions about the economic rationality of the price that totaled 16 billion Taiwan dollars (530 million US dollars) because the deal did not cover the Apple Daily building and other facilities. Citizens groups and media NGOs lashed

out at the deal, starting a campaign to press the government to take the following steps:

- ① Do not approve Want Want's acquisition of the Apple Daily.
- ② Enact an anti-media monopoly law to ban excessive concentration of power in the media industry.



Photo: Taiwan's Apple Daily office

2-1-2 Reports by Want Want Group's media outlets

Media outlets of the Want Want Group are said to be often offering news coverage that give praise to China. Let us have a look here at what their reports are like. The China Times is a core media outlet of the group and is said to have made most notable changes in its reports. Here are some of the reports from mid-March 2013.

On March 16th, the China Times printed a story whose headline read: "Accompanying (Chinese) President Xi (Jinping on his trip abroad), Wife Peng Liyuan to make charm offensive." The story featured her photo, and, quoting much from the Financial Times of Britain, praised her as "the only Chinese first lady to have an international influence since Soong May-ling (note 8)." The article also quoted a friend as saying that Peng is a passionate person and will surely win people's hearts and minds. On the same day, the newspaper carried a story about Chinese Premier Li Keqiang. It stated that among China's top leaders, Li is the most fluent in English, adding that he translated "The Due Process of Law" by British law

scholar Lord Denning when he was a student at the school of law at Peking University.

An article on March 17th took up Wang Yi, who became Chinese foreign minister after serving as director of the Taiwan Affairs Office of China's State Council. Its headlines introduce him as foreign minister who is the most familiar with Taiwan affairs on the "dalu" or continent (note 9), and a prime example of a new-generation diplomat with best credentials. The newspaper also reported on three new female leaders, including Vice Premier Liu Yandong, with a headline "Three golden flowers among new leaders." The Liberty Times, which is close to the opposition Democratic Progressive Party, made no such positive introduction of China's new leaders around the same time.

In its March 18th edition, the China Times reported Wang as stating that people on both coasts (note 10) are a family, and that the revival of the Chinese nation will not be significant enough until the two coasts join hands. On the same day, the Liberty Times reported as a top story that Taiwan's Mainland Affairs Council of the Executive Yuan disagreed with a similar view expressed by China's Premier Li Keqiang.

These differences are not limited to this period. The China Times prints stories largely favorable to China, whereas many of the articles in the Liberal Times are negative toward the mainland.

A media NGO of Taiwan, the Foundation for the Prevention of Public Damage by the Media, examines the story content of five major newspapers – the Liberty Times, the Apple Daily, the China Times, the United Daily News and the United Evening News – and issues a report every month. The report notes that the China Times, the United Daily News and the United Evening News, which are seen as "pro-China" media, carry many stories that can in effect be seen as "advertisement of the Chinese government, especially local governments." In 2012, the report says the three papers published a total of 96 stories that were "in effect advertisements," – the China Times printed 11, the United Daily News 56 and the United Evening News 29.

Let us see specific examples. In March 2012, Fujian Province Governor Su Shulin (ranked no. 2 in the province after the Communist Party secretary general in Fujian) visited Taiwan. The China Times then carried a story that stressed the importance of the Fujian city

of Amoy as a promising market for investment. Taiwan's Internet media, New Talk, reported that a media relations official of Amoy said payment (for the story) would be made into the (China Times) account as soon as the newspaper sent a receipt. Over this matter, Taiwan's Ministry of Economic Affairs imposed a fine of 400,000 Taiwan dollars (13,320 US dollars) on the China Times for violating the Act Governing Relations Between the Peoples of the Taiwan Area and the Mainland Area (note 11). The newspaper filed a claim with the administrative appeals committee of the Executive Yuan, saying it was never paid such "ad fees." But the appeals panel ruled that it was illegal even without monetary compensation because the article in question was designed as an ad calling for Taiwanese businesses to invest in the Chinese continent.

2-1-3 Voices of people involved

How do those involved see Want Want's media business expansion? I asked for their opinions, especially on Want Want's acquisitions of the cable television China Network Systems and the Apple Daily group, during a week-long field study in January 2013. The following are their voices.

① Student Groups

Lin Fei-fan, leader of the Youth Alliance Against Media Monsters

"Frustrated with Want Want media's reporting of one-sided views"

Students' groups showed most sensitive responses to Want Want's media business expansion moves. The Youth Alliance Against Media Monsters (note 12) has been organizing rallies, demonstrations and sit-ins to protest the moves since July 2012, and calling via the Facebook for more people to participate. Group leader Lin Fei-fan is a graduate student of political science at National Taiwan University.

Lin says their anti-media monopoly movement gained momentum after what is known as the "zoulugong" (note 13) incident on July 25th of that year. Lin says students who took part in demonstrations that day to protest Want Want's purchase of the cable television were angered by a weekly magazine report that indicated they were joining the action for money.

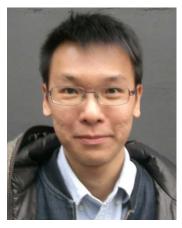


Photo:Lin Fei-fan

On July 28th, one student posted on the Facebook a photo that suggested that the whole incident – including an allegation that the students were "paid" for action-- might have been staged by the Want Want Group. The photo showed a deputy editor in chief of the China Times Weekly at the scene of the students' demonstrations, and the student asked why such a high-ranking journalist, not a rank-and-file reporter, was spotted covering the event.

According to Lin, the Chung T'ien Television, a Want Want affiliate, repeated a personal attack on the student for 15 minutes in news programs aired every hour. In response, about 700 students gathered to protest in front of the Chung T'ien Television on July 31st. Lin says he thought the size of the gathering large enough to be of news value in Taiwan. But major channels for cable television, such as Sanlih E-Television and TVBS, made little coverage of the protest in their news programs. Lin says they have a growing sense of crisis over the chilling effect becoming evident in the Taiwan media.

In Taiwan, September 1st is the Journalists' Day (note 14). Lin says nearly 10,000 people took to the streets on that day to join demonstrations to oppose media monopoly, and that more than half of the participants were students. Even though television reports did not cover much about the issue, citizens' interest in media problems continued to grow, notably among students, after the series of incidents in July. In January 2013, about 100,000 people took part in demonstrations organized by the Democratic Progressive Party under the banner of anti-media monopoly, among the three key slogans. There have been no signs that people are losing interest in this matter.

In the meantime, some students, including Lin, began to wonder if the issue attracts attention only in the capital Taipei. In January 2013, Lin and others went out to travel across the island to campaign against media monopoly, hoping to increase people's awareness of the importance of the issue in rural areas where use of the online media, such as the Facebook, for flow of information has yet to take root. Several students from National Taiwan University, Chinese Culture University and Fu Jen Catholic University set out in a rented small truck

from Keelung in the island's north on January 19th. They traveled south, stopping to give street speeches along the way, until they reached Pingtung in the south on February 1st. I interviewed Lin on January 25th, when his campaign colleagues were in Changhua Prefecture in the central region. Lin said he was temporarily back in Taipei, but would soon join them again. He said taking an active part in the movement has inevitably given rise to some difficulties with his studies, but insisted that it was a cause worth the effort.

Lin mentioned two goals for their campaign. One is to apply pressure on the government with citizens' movements in order to stop Want Want's purchase of the Apple Daily and other entities. The other, he said, is a long-term goal; he hopes to create the grass-roots media in cooperation with students, NGOs and so-called citizen reporters (note 15) across Taiwan. Lin said he is ready to continue his activities after graduation from the university.

② Journalists' groups

Serena Chen, president, Association of Taiwan Journalists

"Concerned about disappearance of 'scoops' after the Apple Daily buyout"

The Association of Taiwan Journalists is playing a core role in the campaign against media monopoly along with citizens groups including the Youth Alliance Against Media Monsters. The association has a membership of about 300 journalists, not just from newspapers but television stations and online media. They join the group as individuals. Serena Chen serves as president of the group. She works for the Liberty Times.

Chen says besides organizing demonstrations and protest actions, the association is putting in strong efforts on pressing for legislation to curb media monopoly. The journalists are also trying to expand international support, and have been increasingly successful. For example, famed US linguist and activist Noam Chomsky, and Chinese artist and democracy activist Ai Weiwei, have expressed their support, on the Facebook, for the group's campaign to oppose media



Photo: Serena Chen

monopolization in Taiwan.

Chen is critical of Want Want's media business expansion, saying that its owner, Tsai, has come to use long-established media outlets like the China Times as if his own property. Chen says many reporters left the China Times after Want Want took it over. For example, a female reporter of the China Times quit the newspaper after disclosing on the Facebook how her article was "tampered" with against her will. The Liberty Times reported in its top, front-page story that Yu Ying-shih, a professor of history at a US university widely known in Taiwan, sent a letter to activist students in support of their campaign. According to Chen, that report triggered week-long attacks by Want Want-affiliated media entities, such as China Television, Chung T'ien Television and the China Times, on Liberty Times owner Lin Rong-san. Their reports described him as a "real-estate speculator."

Chen also expressed a keen sense of crisis about Want Want's deal to purchase the Apple Daily group. The Apple Daily, and the Next Magazine, a group weekly, have been known for their unflinching coverage of corruption and other scandals. In June 2012, they reported suspicions of corruption involving a leading politician of Kuomintang, Lin Yi-shih, who served as secretary-general of the Executive Yuan. That post is equivalent of the chief Cabinet secretary in Japan. Lin was forced to resign. Chen says "scoops" of the Apple Daily and the Next Magazine are often followed by television stations and other media organizations. She says they have made great contributions to the Taiwanese media. If Want Want's acquisition bid is successful, she says, she is afraid the group's media outlets may not be able to report on such scandals any more.

In concluding, Chen noted that the "China factors" affecting media reports in Taiwan are shared by the media in Hong Kong and Macau. She says her group plans to strengthen cooperation with its Hong Kong and Macau counterparts and to carry out an exchange program to invite to Taiwan Chinese journalists who have a comparatively high degree of independence. That way, she says, her group will try to ensure the freedom of the press in mainland China, Hong Kong, Macau and Taiwan.

3 Parties to media acquisition deals

Want Want Group officials said they were unable to accept my request for an interview about the group's purchase of China Network Systems and the Apple Daily group because its owner Tsai Eng-meng was not in Taiwan. It was true that Tsai usually stays in China. But when I asked for an interview three years earlier, Will Tsai, special assistant to the chairman, gave an interview in place of the owner. This time around, the group declined to give its views even in writing. Behind its reluctance may have been the fact that the group faced criticism in a variety of ways in Taiwan over its bids to purchase those media groups.

The Taiwan head office of the Apple Daily also declined to give an interview. I then contacted the Apple Daily in Hong Kong, where the group headquarters are located, and the labor union of the newspaper in Taiwan, to ask for interviews. Both accepted my requests.



Photo: Cheung Kim Hung

Cheung Kim Hung

Editor-in-chief, the Apple Daily, Hong Kong

"Disappointment with a rollback in freedom of speech led to the decision to sell the Taiwan version"

The editor-in-chief of the Apple Daily in Hong Kong, Cheung Kim Hung, is close to the Apple Daily group owner, Jimmy Lai. Cheung says Lai explained to him why he decided to sell the Taiwan daily to Want Want. According to Cheung, after Taiwan went through a change of power from Kuomintang to

the Democratic Progressive Party in 2000, Lai decided to enter into Taiwan's media industry because he had expected that Taiwan was heading toward a democratic, more open and free society. But after 2008, when Kuomintang returned to power, Lai felt that Taiwan's freedom of speech suffered a setback. Lai was increasingly disappointed with the Kuomintang administration.

Lai entered Taiwan's broadcasting industry in 2009 by establishing Next TV Broadcasting. He recruited many talented people from other TV stations, purchased advanced high-definition television equipment and applied for operations of multiple channels, from

news broadcast to movies. However, his group invited criticism from media NGOs for its technique of "animated news (note 16)," which recreates scenes of crimes and other incidents with lifelike characters made with computer graphics. Critics say such recreation infringes on the human rights of crime victims. In part because of the problem, it took Next TV two years to get a news channel license from the NCC (note 17). Even after it got the license, many cable system operators were reluctant to carry Next TV channels. China Network Systems, for example, suddenly changed its plan to include Next TV channels in its channel package. The change occurred after China Network Systems agreed to be acquired by Want Want. Next TV has continued to log big losses since its opening. That was apparently a major reason for Lai's decision to withdraw from the media business in Taiwan.

According to Cheung, media operation does not simply mean business to Lai. If it is simply business, it would be better to run a real estate company. What prompted Lai to venture into the media business, Cheung says, was a fury over oppression and corruption. Cheung says Lai explained that he finally decided to pull out of Taiwan's media because he did not like Taiwan any more. This explanation might contain Lai's self-justification. Nevertheless, his argument that media operation is not just for money is convincing because he was the one who once denounced Li Peng, then China's prime minister, in one of his media outlets.

Tsai Ryh-yun

Representative of the labor union of the Apple Daily in Taiwan

"The union is demanding the Apple Daily's editorial independence"

Let us now hear the voices of Tsai Ryh-yun, representative of the labor union of the Apple Daily in Taiwan. Tsai represents about 1,000 union members in negotiating with the management. She complained that Want Want's owner, Tsai, has been doing what is seen as interference in reporting activities of affiliated media outlets. She said Apple Daily union members are united in demanding that editorial



Photo: Tsai Ryh-yun

independence of the newspaper be retained. She said Tsai and other prospective buyers have already agreed, orally, to maintain the status quo, not to lay off workers and respect the workers' expertise. She added that the union is demanding that those promises on editorial principles be made in writing. The union is also demanding the right to dismiss the editor-in-chief who is deemed not fit for the job. But she said the management is reluctant to grant the right on grounds that it would amount to interference into the authority over personnel affairs.

Asked whether the daily's editorial independence will really be guaranteed at a time of a major political incident, the union's Tsai said it is still unclear because no major incident has taken place. That suggested she was not totally sure if the Apple Daily group's editorial independence will be safeguarded under the new management.

4 Politicians' views



Photo: Alex Cheng-yuan Tsai

How do lawmakers of the governing Kuomintang and the largest opposition Democratic Progressive Party see the acquisition bid?

Alex Cheng-yuan Tsai, legislator, Kuomintang
"Since there is no legal restriction, there is no problem in acquisition"
I also interviewed Alex Cheng-yuan Tsai, one of core legislators

of Kuomintang. Tsai often speaks out about media issues. Tsai

noted that Taiwan has no legal restrictions on newspapers and magazines except that Chinese capital is barred. Therefore, he said, even if Want Want's purchase bid succeeds and the group's share in the newspaper market, combining the Apple Daily and the China Times, comes close to 50 percent, there would be no problem. He went on to say that since Taiwan's Constitution (note 18) guarantees freedom of publication and freedom of purchasing a newspaper, it would run counter to the basic principles of democracy if the government blocks Want Want's acquisition of the Apple Daily group. Asked about media NGOs' criticism of Want Want owner Tsai's qualifications as the top official of a media group, legislator Tsai

said, "Such criticism amounts to political screening. The government should not control the media. Those who do not like owner Tsai simply do not need to read his newspapers." He stressed that the issue must be dealt with in accordance with the principle that it's free to do anything unless it's banned under the law. Tsai was also opposed to excessive restrictions on the media in general, including broadcasting. His belief is that media monopoly is impossible in the first place because digitization and networking are making rapid progress.

At the same time, Tsai was in favor of anti-media monopoly legislation. He said one media entity should not hold a market share of 50 percent or more. As for restrictions on cross-media ownership, he said televisions and the print media are different and that restrictions can be less tight for the print media. The legislator generally advocates a laissez-faire approach to the media industry, but stopped short of discussing quality of news reporting. The media has two aspects: journalism and business. It can be said that Tsai puts more emphasis on the business aspect. His position is in line with the basic policy of Kuomintang.

Kuan Bi-ling, legislator, Democratic Progressive Party

"Want Want's Apple acquisition bid reflects the Chinese government's intention"

Kuan Bi-ling is a core member of the Democratic Progressive Party and is well-versed with media issues. Kuan says Want Want's deal to buy the Apple Daily for about 16 billion Taiwan

dollars has no economic rationality because Apple's annual profit is no more than 1 billion Taiwan dollars (about 33 million US dollars). She argued that Want Want is moving in line with the Chinese government's intention. Kuan also noted that the Apple Daily is strict about her party; in the January 2012 Taiwan presidential election, the daily aggressively reported on suspicions involving a Democratic Progressive Party candidate. She said Taiwan needs such

independent media organizations.



Photo: Kuan Bi-ling

On the proposed legislation against media monopoly, Kuan said Internet, even though it

has quickly spread, is still weak, so preventing monopoly in television and newspaper markets is important. She says she is ready to push for the legislation. Separately, Kuan said fostering Internet media is a challenge going forward. Kuan puts more priority on the role of journalism as a public good than the business aspect of the media. Her view is in line with the basic policy of the Democratic Progressive Party, which was founded in 1986 with the aim of promoting democracy in Taiwan.

2-1-4 How authorities have responded

How, then, have Taiwan's authorities been dealing with the issue? In Taiwan, the Government Information Office of the Executive Yuan used to be in charge of media affairs. After the National Communications Commission (NCC) was founded in 2006 as an independent organization, the authority to supervise the broadcast media was transferred to the NCC. This has given rise to a problem concerning the supervision of Want Want's media buyout bids. While the NCC was in charge of Want Want's purchase of China Network Systems, the group's bid for the Apple Daily was beyond its jurisdiction because it involved the print media. For this reason, the Apple Daily deal was examined by the Fair Trade Commission, just like buyouts in other industries in general. Under Taiwan's fair trade law, businesses planning a merger or acquisition are obliged to file an application with the FTC when their combined shares before the merger come to one quarter or more of the market. The Apple Daily had a share of more than a quarter of the daily paper market, so the FTC required both the prospective buyer and seller to file applications.

Sun Lih-chyun, commissioner, Fair Trade Commission

" 'Prevention of media monopoly' is point of focus in screening"

On January 21st, I interviewed Sun Lih-chyun, one of the eight commissioners of the NCC at that time (note 19). Sun started off by stating that a ban on media monopoly has a universal value, and that the commission will put emphasis on that point in screening the deal. He said the commission has not yet made any decision whatsoever on whether to approve the applications. If a business is not satisfied with an FTC decision, it is allowed to bring the case



Photo: Sun Lih-chyun

to the administrative appeal review panel or file a lawsuit with a court. The commission is thus required to be very careful in screening applications.

The FTC rules stipulate that the commission must make a decision on a merger or acquisition within 30 days after an application is filed. If necessary, the deadline can be extended for up to 30 more days. The commission was scheduled to decide on the Want-Apple Daily applications by May 6th, 2013.

Howard S.H. Shyr, chairperson, National Communications Commission "Excessive concentration of media ownership needs to be addressed"

Meanwhile, the NCC was in charge of drafting an anti-media monopoly bill in response to growing calls for the legislation. I interviewed Howard S.H. Shyr, chairperson of the NCC, on January 22nd, when the commission was drawing up a draft bill. Asked about people's doubts voiced over Want Want owner Tsai's expertise in media group management, Shyr said that the best way is to leave the matter for the market to decide. His view is that readers, or the general public, should evaluate Tsai's professional qualifications through the market. He went

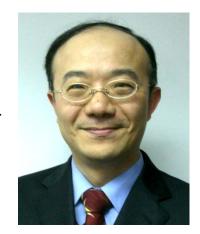


Photo: Howard S.H. Shyr

on to say that commissioners share the view that excessive concentration of media ownership needs to be addressed, indicating certain regulations are needed over market shares and other points.

On February 20th, the NCC announced a draft bill designed to prevent broadcasting monopolization and protect media diversity. Key features for cross-media ownership restrictions are as follows:

 Newspapers and magazines with readership ratings of 10 percent or more are not allowed to acquire a broadcasting station. Cross-media mergers, involving newspapers, magazines and broadcasters, will not be allowed if their non-news TV channels after the merger will have an audience share of 20 percent or more, or if news channels' viewer ratings will become 15 percent or more.



Photo: NCC

The bill specified detailed numerical criteria for mergers.

At the same time, it says operators whose businesses exceed those criteria are required to sell off stocks of their broadcasting

subsidiaries within two years; if they are unable to meet the criteria, they may face fines. Survey methods may affect readership or viewer ratings, but if the bill is approved as it is, the new legislation will surely have an impact on Want Want's plan to expand media business.

Some media operators came out against the draft bill. Critics say the standards are too strict. They say it would have a major impact on the media industry. It is not surprising that broadcasters should react like this. Taiwan's broadcasting industry faces over-competition, with 288 channels vying for a larger share in the market of 23 million people. Meanwhile, the Association of Taiwan Journalists says methodology for readership and audience ratings survey will hold a key in determining whether the proposed legislation will play an effective role. Members are concerned that figures can be manipulated if data reported by operators themselves are used, or if statistics are compiled by research firms whose surveys are funded by operators. The NCC set a schedule to send the draft bill to the Executive Yuan by the end of June 2013, and then have it introduced to the Legislative Yuan (parliament) for deliberation. The NCC held a hearing on the bill on March 18th.

2-2 Sanlih E-Television's replacement of popular talk show anchor

2-2-1 How it happened

Another incident shook Taiwan's media industry in 2012, along with Want Want's media business moves. It involved Sanlih E-Television, a leading cable TV programmer said to be close to the opposition Democratic Progressive Party. In late May, the station suddenly ended



Photo: Cheng Hung-yi (Provided by Avanguard Publishing House)

a popular political talk show, "Dahua Xinwen," which literally means "big story news" or "big talk news." Telephone calls poured in to Sanlih in protest. The journalist who served as the program's anchor for 10 years, Cheng Hung-yi, said he was stepping down because he wanted to take care of his family.

But Cheng has still been serving as hosts in programs of other TV and radio stations. Few people in the media believe he quit for his family, as he explained. Some observers say Sanlih's emphasis on drama production may have been behind Cheng's sudden resignation. TV drama production is costly. It's

difficult to make profits from the Taiwan market of 23 million people alone. It's essential to sell the programs to overseas markets. Sales to the Southeast Asian market are an option. But more attractive is mainland China, where people speak the same language as those in Taiwan. For that reason, Sanlih has recently been stepping up efforts to sell its TV dramas to China. But the Dahua Xinwen anchor, Cheng, minced no words in criticizing the Chinese government over human rights and ethnic minority issues. Word spread that China, uncomfortable with programs like Cheng's, applied pressure on Sanlih, leading to his removal.

What has helped the story to spread was one book published by journalist Chung Nien-huang, who often appeared in the Dahua talk show as a guest commentator. The book, whose title roughly translates as "my big talk life," argues that the real reason for Cheng's resignation was the TV company's interference in the content of his program. Specifically, Chung notes in the book, the station told anchor Cheng not to take up such issues as China's 1989 military crackdown of the democracy movement in the Tiananmen Square, Tibet's independence movement and similar moves of the minority Uygurs.



Photo: Chung Nien-huang's book (Provided by Avanguard Publishing House)

2-2-2 Views of people involved

① Those directly involved

Sanlih E-Television official in charge of program sales

"Sanlih is not anti-China"



Photo: Sanlih E-Television

The owner of Sanlih E-Television has never publicly commented on this issue. I asked for an interview with Sanlih owner Lin Kuan-hei on the theme of overseas sales of programs. That was because I thought he would probably not give an interview if the Cheng issue is directly raised. But Sanlih declined the request, saying Lin lives in the southern city of Kaohsiung. Instead, an official in charge of program sales answered my questions. Asked about problems the company faces in tapping the Chinese market, the official said that "what Sanlih is doing is keeping watch (note 20) on the

administration of President Ma Ying-jeou; it is not anti-Communists. China is gradually realizing this." Sanlih has been critical both of China and Kuomintang, but the remark signals a change in that stance; that is, Sanlih will now remain critical only of Kuomintang.

A media source who knows Cheng Hung-yi very well

"Sanlih's president demanded that Cheng should refrain from criticizing China."

In the meantime, Cheng has kept silent since he stepped down from the program. I contacted a source in the media who knows Cheng very well (I call the source "A" here). "A" spoke on condition of anonymity. According to "A," the president of Sanlih E-Television has demanded, through a company executive, that Cheng should not take up certain themes in his program. The themes included Uygur independence, Tibet independence, The Dalai Lama, the June 4 (1989) Tiananmen Crackdown, Rebiya Kadeer (note 21) and Falun Gong (note 22). "A's" remark basically coincides what Chung claimed in his book.

"A" said there are two reasons why Cheng has kept silent about what really happened.

One is that Cheng worked for 10 years in cooperation with Sanlih, so he does not want to speak ill of the television as soon as he quit the program. And his view, according to "A," is that the root of the problem lies in China, and not Sanlih. The other reason, "A" said, is Cheng's concern about litigation. After a change of power in 2008, Cheng criticized the Kuomintang government over various issues, and has already faced six lawsuits as a result.

For example, Cheng took up an incident in Miaoli Prefecture, about 80 kilometers south of Taipei, in which farm land and crops were damaged just before harvest. The land plots were owned by farmers who resisted land expropriation. The prefecture chief (governor) filed a suit against Cheng at a Miaoli Prefecture court. Each time a hearing is held, Cheng had to travel to the court, which he would say gave a great trouble to his job. "A" said Cheng was afraid that he may face another lawsuit if he comments on his resignation. "A" also said Want Want's owner Tsai told Cheng that he (Tsai) was a minor figure four years ago but no more, because he has the backing in Beijing now. The remark suggests that the increasing influence of Tsai on the Taiwan media was also behind Cheng's resignation. In short, Sanlih not just wanted to sell its TV dramas to China, but was afraid that China Network Systems, which was purchased by Tsai, may remove Sanlih channels from its cable TV packages.

In conclusion, "A" said that Cheng has criticized China on the basis of such values as freedom, democracy, rule of law and human rights. Cheng asked why Liu Xiaobo (note 23) should have to remain in prison. He also criticized the Kuomintang government, asking why Rebiya Kadeer or the Dalai Lama cannot come to Taiwan if it is a free state. "A" said ending a program like this is a problem more serious than an increase in reports that praises China in media outlets owned by Tsai.

② Politicians

Alex Cheng-yuan Tsai, legislator, Kuomintang

"It's no surprise a media outlet cannot sell programs to China if it speaks ill of the country." I asked politicians for their views on this matter when I interviewed them about Want Want's media expansion. Kuomintang's Tsai said that it's no surprise a media outlet cannot sell programs to China if it speaks ill of the country. This legislator of Kuomintang, which has

pro-China policy, shares a view with "A," who is critical of China -- that Cheng needed to leave because Sanlih wanted to sell its TV dramas to China. Tsai went on to repeat his emphasis on laissez-faire approach to the media industry; it is the management of TV stations that decides to continue or end programs, and the government must not be involved in the decisions.

Kuan Bi-ling, legislator, Democratic Progressive Party

"TV stations close to Democratic Progressive Party, too, is getting cautious about China reports" Kuan Bi-ling of the Democratic Progressive Party belongs to a faction led by party heavyweight, Frank Hsieh Chang-ting, who is on close terms with the Sanlih owner. So Kuan was familiar with what was happening within Sanlih. According to Kuan, Sanlih's owner Lin and President Chang Ron-hua have different management policies. Lin puts priority on Taiwan, while Chang places emphasis on the Chinese market. Kuan says the president's leadership is gaining strength, and that was why the talk show issue occurred. Kuan expressed her sense of crisis, saying that even Sanlih and Formosa Television, which have so far been regarded as close to the Democratic Progressive Party, are getting cautious about reporting on problems in China out of consideration for the company's drama sales abroad.

3. Summary of how 'China factors' affect Taiwanese media

Want Want Group's moves to purchase China Network Systems and the Apple Daily group, and a popular talk show host's replacement at Sanlih E-Television, have one thing in common. That is media owners' intentions to put greater emphasis on business with China than on objective coverage or critical reports. That contrasts sharply with the policy of Jimmy Lai, the owner of the Apple Daily in Hong Kong. When he launched the daily's Taiwan version, Lai said he would make sure there's no taboo in the paper. Media sources say the Apple Daily in Taiwan recruited many reporters from other newspapers when it was founded, and that they were all pleased that they were now free to write as they wanted. The Apple Daily soon achieved a circulation of 500,000 copies, becoming one of Taiwan's most popular morning papers. But the sources say political news has decreased in the daily recently, suggesting

effects of Want Want's acquisition deal have begun to set in.

Two incidents have attracted special attention in the Apple Daily's coverage in this respect. One is the death of a noted Taiwanese banker, Jeffrey Koo Sr. The Apple Daily made a major coverage. That triggered criticism in online postings that the Apple Daily had made a turnaround. That was because the late Koo is the father of Jeffrey Koo Jr., one of business people who joined Want Want's bid to acquire the Apple Daily group. An official in charge of the daily's editorial section has rejected the criticism as unfair because the coverage was done with respect for the late business leader. The other was an "incident" concerning a story in the Business Weekly about personnel changes involving a granddaughter of the owner of the Uni-President business conglomerate. On the morning of its release, the magazine was not put on sale at 7-Eleven convenience stores operated by a company in the Uni-President group. After the incident drew criticism in Internet postings, 7-Eleven began to sell the weekly that afternoon. The convenience store chain explained that a clerical error caused the delay. Many media entities made a major coverage of the incident, but the Apple Daily reported it only in a small article. The daily is being criticized for "having been afraid" of the Uni-President group's influence on its key distribution route. The official in charge of the daily's editorial section insists, however, that editors discussed the issue and decided on the coverage, and that it was justified. But it appears that the Apple Daily might have made different coverage of the two issues if Lai had still been in charge.

A high-ranking official of the Apple Daily reportedly told people in the industry that he was now ready to leave the company any time. I succeeded in contacting the official by phone in late March. The official said that the daily's stance of not refraining from criticizing the Chinese government, or its opposition to media monopoly, had not changed. But he acknowledged that it began to refrain from criticizing Want Want's Tsai, and that the buyout deal has some effects on news coverage of certain issues.

After Cheng Hung-yi's program was terminated, Sanlih started another talk show. But the female anchor of the new program announced her intention to step down, also citing pressure on the program's content as a reason. Her bosses persuaded her not to quit, and the program continued – but it was moved from its 9 PM start, in the prime time, to 2 PM, when

viewer rates are lower. This "incident," too, underlined views that Cheng left the program because of the "China factors."

One political talk show is now very popular, just as Cheng's program was. That's "Xinwen zhui, zhui, zhui" (News, chase, chase, chase), aired by Era Television from 10 PM every day. The program strongly criticizes the Ma administration of Kuomintang. I watched the program while in Taiwan. Lo Shu-lei, a Kuomintang legislator known as the leading critic within the party of its leader and the president, Ma, was unleashing sharp criticism of the administration. A Democratic Progressive Party legislator agreed with her. The program attracted a lot of attention in Taiwan because that was broadcast on Era Television, which had been seen as "neutral." What must be noted, however, is the fact that the target of criticism was the Kuomintang government, which is regarded as relatively pro-China, and not China itself. This, along with the remark by an official in charge of sales at Sanlih, indicates that China coverage by Taiwan media outlets is being molded into certain patterns. The official said that "what Sanlih is doing is keeping watch on the administration of President Ma Ying-jeou; it is not anti-Communists." In fact, this tendency can be seen in the Hong Kong media as well. Hong Kong media entities criticize C.Y. Leung, chief executive of the Hong Kong Special Administrative Region, who is regarded as pro-China, but are largely reluctant to criticize the Chinese government.

How far will "market choices," as pointed out by Kuomintang's Tsai and NCC's Shyr, function over this trend? It is true that the Apple Daily sales dropped from 500,000 to 400,000 copies after Want Want's takeover moves surfaced. The China Times also saw its circulation drop, or free copies increase, after becoming a part of the Want Want Group. At least it can be said that the acquisition has failed to achieve what Want Want had expected. Some media sources have expressed hope that new media vehicles, such as social networking service Facebook, may replace existing media entities in keeping watch on China.

Nevertheless, newspapers and broadcasters are playing an overwhelmingly major role as mainstream media in Taiwan. Even though proposed legal restrictions may put a brake on concentration of media ownership to a certain extent, pessimistic views prevail over objectivity or critical spirit in China coverage of the existing media as Taiwan and China are

getting even closer in their economic relations.

In the next issue, I will report on the current situation of Hong Kong, where reports considerate of China are becoming more noticeable.

Postscript

On March 26th, after this article was written, it was reported that Want Want's Tsai has given up the plan to purchase the Apple Daily group in Taiwan. The Apple group owner Lai, though he will not change his plan to sell its TV operations, has indicated he will return to the management of the Apple Daily in Taiwan.

Notes:

- 1) A non-governmental organization formed by journalists to protect freedom of speech. It is headquartered in Paris. The rankings in the annual Freedom of the Press Worldwide report are compiled on the basis of questionnaires in which 14 organizations and 130 correspondents and journalists gave answers to 50 questions. Details are available in http://en.rsf.org/.
- 2) For example, it is well known that Xu Si-min, the founder of the pro-China Mirror magazine, has been criticizing Hong Kong's public broadcaster RTHK for "always condemning the Chinese government." For details, see an article by Shigeo Takahashi on "How Hong Kong's freedom of speech changed after reversion a study on criticism of RTHK" in the January 1999 issue of "Monthly Journal of Chinese Affairs," published by the Institute of Chinese Affairs (pp21-22). Many media sources in Hong Kong have made remarks admitting the Chinese government's attempts to influence media coverage.
- 3) The China Times has no relations with mainland China in terms of either capital or company executives. In Taiwan, there are businesses using "China" in their names, such as China Television. It's based on the position that Chiang Kai-shek's Republic of China represents China as a whole.
- 4) See Want Want's website http://www.want-want.net/
- 5) See Ken-ichi Yamada's article, "What It Takes for 'Diversity of Opinions' and 'Impartial Reporting' to Survive and Thrive," in the September 2009 issue of the "NHK Monthly Report on Broadcast Research."
- 6) The large gap in government statistics and actual figures is attributed to the fact that many households

- hook up their televisions with cable systems on their own to watch programs without paying fees.
- 7) MSOs (Multiple System Operators) are businesses set up by small local cable operators seeking an advantage in purchasing programs. In Taiwan, five major MSOs CNS, KBRO, TBC, TFN and TOP account for almost all shares in the market.
- 8) Soong is wife of Chiang Kai-shek. She is known to have traveled in the United States in the 1930s to 40s to lobby support for Kuomintang's war efforts against Japan.
- 9) "Dalu," or continent, refers to mainland China. In Taiwan, pro-China media organizations refer to mainland China as "dalu," and those in support of Taiwan's independence and sovereignty call it China.
- 10) "Both coasts" refer to those across the Taiwan Strait, i.e. mainland China and Taiwan.
- 11) Under the Act Governing Relations Between the Peoples of the Taiwan Area and the Mainland Area, media outlets carrying "advertisements" for promoting sales of goods and services from the Chinese continent are required to apply to relevant government offices in advance.
- 12) This is a group set up by university students across Taiwan to prevent an emergence of "media monsters."
- 13) The word "zoulugong" originally refers to people being paid for taking part in election campaign rallies of specific candidates to play the role of supporters. This incident occurred on July 25th, 2012, when the NCC made a decision to conditionally approve Want Want's purchase of China Network Systems. About 60 people, most of them students, gathered before the NCC office to protest that day. A reporter of the China Times Weekly, an affiliate of the China Times, wrote that a woman in white clothes handed out money to those protestors. The weekly reported about the participation fee in its July 27th edition. The article alleged that Huang Kuo-chang, an associate research professor of Academia Sinica, the supreme governing body of Taiwan's academia, may have arranged the payments -- because he was the one who publicly called for protests. In a political talk show of the Chung T'ien Television, a Want Want affiliate, commentators barraged Huang with criticism. But Huang flatly denied any involvement. On August 29th, Want Want admitted that Huang had no role in the incident and apologized. Who actually orchestrated the incident remains unknown.
- 14) Taiwan designates the day as one to express gratitude for journalists' contribution to society.
- 15) In Taiwan, ordinary people serve as citizen reporters who make online reports on a variety of social problems. A well-known platform for their activities is "Citizen Journalism," published on the website

- of Taiwan's Public Television Service. See http://www.peopo.org/
- 16) "Animated news" was introduced as a method to make news easy to understand. It started on the website of the Apple Daily on a trial basis in November 2009, while Next TV was applying for a satellite channel license. The animated news was offered only for fee-paying members; but in fact, anyone, including children, can get access by using their cell phones to read the QR code printed in the Apple Daily.
- 17) See "Conflict over the Broadcasting License Triggered by Overcompetition Stemmed From Liberalization" by Yamada, in the September 2011 issue of the "NHK Monthly Report on Broadcast Research."
- 18) This refers to the Constitution of the Republic of China. See http://www.president.gov.tw/Default.aspx?tabid=64 for details.
- 19) The Fair Trade Commission had nine commissioners until the end of January 2013 (one post was vacant at the time of the interview). The number was reduced to seven in February.
- 20) The original Chinese word was weaker than supervision, and rather meant keeping critical watch.
- 21) Kadeer is president of the World Uyghur Congress. She is advocating human rights of the minority Uygurs worldwide. The Chinese government says she is a member of the East Turkestan terrorist group and sternly criticizes her, just as it does to the Dalai Lama of Tibet.
- 22) Falun Gong is a qigong group founded by Li Hongzhi, who comes from China's Jilin province. In 1999, the group mobilized 10,000 followers to stage a sit-in protest around Beijing's Zhongnanhai compound, which includes the living quarters of government leaders. The incident led to its labeling as an evil cult and a government crackdown on members. Falun Gong is protesting the government, alleging that there have been many cases in which organs of those arrested were removed for use in transplant operations.
- 23) Liu is a democracy activist in China. He was arrested and given an 11-year prison term. He received the Nobel Peace Prize in 2010 while in prison.