



Highlights of [GAO-04-926T](#), a testimony before the Subcommittee on Telecommunications and the Internet, Committee on Energy and Commerce, House of Representatives

Why GAO Did This Study

In Berlin, Germany, the transition from analog to digital television (DTV), the DTV transition, culminated in the shutoff of analog television signals in August 2003. As GAO previously reported, the December 2006 deadline for the culmination of the DTV transition in the United States seems unlikely to be met. Failure to meet this deadline will delay the return of valuable spectrum for public safety and other commercial purposes. Thus, the rapid completion of the DTV transition in Berlin has sparked interest among policymakers and industry participants in the United States.

At the request of this subcommittee, GAO examined (1) the structure and regulation of the German television market, (2) how the Berlin DTV transition was achieved, and (3) whether there are critical components of how the DTV transition was achieved in Berlin and other areas of Germany that have relevance to the ongoing DTV transition in the United States.

www.gao.gov/cgi-bin/getrpt?GAO-04-926T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Mark L. Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

TELECOMMUNICATIONS

German DTV Transition Differs from U.S. Transition in Many Respects, but Certain Key Challenges Are Similar

What GAO Found

The German television market is characterized by a central role of public broadcasting and is regulated largely at the state level. Although the federal government establishes general objectives for the telecommunications sector and manages allocations of the German radiofrequency spectrum, 15 media authorities organize and regulate broadcasting services within their areas of authority. The two public broadcasters are largely financed through a mandatory radio and television license fee of 16 Euro (\$19.68) per household, per month, or about 6 billion Euro (\$7.38 billion) in aggregate per year. Today, only 5 to 7 percent of German households rely on terrestrial television. Most households receive television through cable service, which typically costs less than 15 Euro (\$18.45) per month, or satellite service, which is free once the household installs the necessary satellite equipment.

Berlin officials and industry participants engaged in extensive planning for the rapid DTV transition in the Berlin test market. In Germany, government officials and industry participants are implementing the DTV transition largely for the purpose of improving the viability of terrestrial television; officials do not expect to recapture radio spectrum after the transition. Several elements of the DTV transition apply throughout Germany. For example, Germany is implementing the transition within specified “islands,” which are typically larger metropolitan areas, because officials thought that a nationwide DTV transition would be too big to manage at one time. Also, the German DTV transition focuses exclusively on terrestrial television, not cable and satellite television. The Media Authority in Berlin specified other components of the DTV transition for the Berlin area, including a short (10 month) simulcast period, financial and nonfinancial support provided to private broadcasters, subsidies provided to low-income households, and an extensive consumer education effort.

Certain aspects of the DTV transition in Berlin and other regions of Germany are relevant to the ongoing transition in the United States because, even though the television market and the transition are structured differently in the two countries, government officials face similar key challenges. We found that much of the focus of government officials leading up to and during the brief simulcast in Berlin was on ensuring households who rely on terrestrial television received the necessary consumer equipment. In the United States, most television stations are providing a digital signal—that is, the United States is in the simulcast phase. Thus, the challenge facing the Congress and the Federal Communications Commission, as was the case in Berlin, is encouraging households to purchase set-top boxes or digital televisions. The key components of the Berlin DTV transition that enabled the rapid deployment of set-top boxes included (1) implementing an extensive consumer education effort; (2) providing subsidies to low-income households for set-top boxes; and (3) setting a relatively near-term, date certain that all stakeholders understood would be the shutoff date for analog television.