

# TV rival attacks Sky Italia on the lack of 'reciprocity'

## Interview

**Fedele Confalonieri**  
Mediaset chairman

Silvio Berlusconi's friend spells out his grievances about the satellite provider to Ben Fenton

Sky Italia, Rupert Murdoch's Italian satellite network, has a "monopolistic position" in the country and legal disputes with Mediaset, its main rival - controlled by Silvio Berlusconi, Italian prime minister - will carry on until there is "reciprocity" between the two, according to Mediaset's chairman.

Fedele Confalonieri, a friend of Mr Berlusconi, Italian prime minister, since they attended a Milanese religious school together in the 1940s, dismissed protests from Mr Murdoch's satellite broadcaster that it should be allowed to broadcast pay-TV channels on the digital terrestrial television (DTT) platform where Mediaset has its own Premium paid-for service.

"They have a monopolistic position because they have their platform that is closed," said Mr Confalonieri in the elegant Milan office he keeps in the headquarters of Mr Berlusconi's Fininvest holding company.

"So we [Mediaset] have [DTT] that is open to everybody. They have their own platform and you

can't enter there. So this is monopolistic."

Mr Murdoch's company undertook not to launch pay-TV on DTT until at least January 2012 as a condition of being allowed to merge two existing satellite companies in 2008. But since Mediaset launched Premium in 2007, Sky Italia has been in court to have the undertaking lifted.

The European Commission is carrying out a study of the Italian market to decide whether Sky Italia should have its undertakings relaxed.

Mr Confalonieri, whose desk sits beneath a framed manuscript bearing stanzas from Dante's *Divine*

Comedy, added: "We have to have reciprocity."

"We can't have our own channel of pay TV [on the satellite platform]. If they are allowed to have their own pay TV on DTT, we ask to have the same on satellite."

Claudio Aspest, senior media analyst at Bernstein Research, said it was not clear what content Mediaset could put on such a channel. "Sky already has exclusive rights to [Serie A] football on satellite so Mediaset [which has the same rights on DTT] can't use that. The only other thing is movies, which is not so attractive to Sky."

Mr Confalonieri said he

took a similar attitude to another dispute with Sky Italia, which has sued Mediaset for refusing to run advertisements on its channels promoting the satellite broadcaster's service.

Mr Confalonieri spread his hands wide, saying: "It is up to us whose advertising [we take]. Reciprocity, if you give the opportunity to us of advertising our programmes on your satellite platform, we give you the possibility of advertising [on our DTT platform]."

Mr Aspest said that while it would seem reasonable for a pay-TV provider - Sky - to advertise on free-to-air television for people to convert to paying, "it is more difficult to imagine that an operator of pay-TV will accept adverts from a direct competitor."

Sky Italia declined to comment.

Mediaset, in spite of a fall in pre-tax profits of 35.4 per cent from €594.2m (\$861.2m) to €448.4m in 2009, has a relatively healthy balance sheet with net debt of €1.25bn at the end of March 2010, representing an estimated ratio of 1.6 times 2010 earnings before interest, tax, depreciation and amortisation, according to UBS analysts.

Mr Confalonieri said the group would be "opportunistic" about any acquisitions. It already controls the Telecinco, one of the largest broadcasters in Spain.

But he hinted the group was unlikely to look far

government, headed by Silvio Berlusconi, Italian prime minister, have been damaging to Sky; such as the maximum amount of ads on pay-TV is being cut from 15 minutes an hour to 12, while on free-to-air TV, where Mediaset and the state broadcaster RAI have 80 per cent of the audience, it is going up from 15 minutes to 20.

Claudio Aspest, senior media analyst at Bernstein Research, said: "Every single [government change] hurts Sky and doesn't affect Mediaset except in a positive way."

Mr Berlusconi, Mr Confalonieri and 10 others are due to appear in court next month to determine whether they will face tax fraud charges relating to the sale of film rights.

## Disputes in the spotlight

Legal actions and regulatory disputes involving Mediaset and Sky Italia have dominated the Italian television scene for the past year, writes Ben Fenton.

In the most significant case, Sky has gone to the European Commission to demand immediate access to the digital terrestrial television (DTT) platform where Mediaset has its own Premium paid-for service.

Sky wants Brussels to lift now, not in January 2012, a merger remedy imposed when it was formed that prevents it running pay-TV channels on DTT. Mediaset opposes the move.

Sky has sued Mediaset after it refused to run ads for its services on its free-to-air or pay-TV channels.

Several recent regulatory changes introduced by the



Fedele Confalonieri says it is impossible to take a pan-European approach to television

and wide in Europe for acquisitions, deriding the leaders of other European media groups that in the

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past had "thought of their businesses like leaders of countries".

"They had to conquer territory. They thought like little Napoleons, they had to put flags on territories. They had a geographic map and with only a little awareness of what they were going to face they had a sort of fever of power."

Mr Confalonieri said that it was impossible to have a

pan-European approach television.

"You have to deal with politics, with the culture of the country, with tradition. Not every country is all

"European television is very good idea on paper. But consider: in Madrid, you go to dinner at 9pm you are alone in the restaurant because you are the first; in Munich, if you go at 9pm you are alone because you are the last

# Mediaset chairman defends Berlusconi against 'neo-colonialists'

Foreign media 'misreads' situation

By Ben Fenton in London

Silvio Berlusconi's control of Mediaset, Italy's largest commercial broadcaster, is a conflict of interest with his job as the country's prime minister, but foreign commentators misunderstand the situation because of a neo-colonial superiority

complex, the company's chairman said.

Fedele Confalonieri said non-Italian journalists and intellectuals come into the country with a "Rudyard Kipling" view of its politics, failing to see that it has its own traditions and rules.

He defended the reputation of Mr Berlusconi in an interview with the Financial Times as Mediaset battles through legal actions with Rupert Murdoch's Sky

Italia. The 73-year-old has known Mr Berlusconi since they were at the same school in Milan. An accomplished pianist, he accompanied the future leader of Italy when he was a singer on cruise liners.

"In your country, Mr Berlusconi couldn't be prime minister - Rupert Murdoch couldn't - because in your country if you have a [TV] licence from the state, you can't be a politician.

"In my opinion that is too restrictive, but this is the rule. You [in the UK] invented the Magna Carta in 1215. You invented no taxation without representation.

"These are pillars of history. In every country there is that. Conflict of interest is here. If you vote Berlusconi, you vote Berlusconi with his conflict of interest."

Mr Confalonieri said over-

seas commentators consistently misread the situation.

"The attitude of the Anglo-Saxon media generally towards Berlusconi is ... perhaps too perfidious."

"Very often, the journalists and the opinion leaders come to Italy and look at it [with] more or less the same attitude of Rudyard Kipling in India: take up the white man's burden.

"[It is as if] you are in a

colony and you know there are some things that are not acceptable."

He said that the attitude of visitors was "we are the white man, and the Italians are a little tanned."

He noted that a majority in Italy had elected Mr Berlusconi in three elections.

"This is this country with its history, its economy - not an economy of the underdeveloped world - its different customs, different

habits, different approach. And Berlusconi is eminent person."

Dennis Redmont, professor of media at the University of Perugia, said the Italian media had a very different birth to the Anglo-Saxon media.

"In Italy the media newspapers were born as instrument of the elite. That's why the debate about its control becomes very ideological."