

Al-Jazeera pays \$500M for Current TV (Update)

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In this Jan. 13, 2012 file photo, Former Vice President Al Gore, Current TV Chairman and Co-Founder, participates in the Television Critics Association Winter Press Tour in Pasadena , Calif. Al-Jazeera, the Pan-Arab news channel that has struggled to win space on American cable television, has acquired Current TV, Gore confirmed Wednesday, Jan. 2, 2013. (AP Photo/Danny Moloshok, File)

(AP)—Al-Jazeera has a growing reputation for serious news gathering and its reporters have won some of the biggest awards in journalism. What the Pan-Arab news network doesn't have is a significant presence in the U.S.

That's about to change now that Al-Jazeera is spending \$500 million to acquire Current TV, the left-leaning cable news network co-founded by former Vice President Al Gore. The deal gives Al-Jazeera access to potentially 50 million new homes. As part of an expansion, the network is promising to hire more journalists and double the number of U.S. news bureaus it has.

Still, some big questions remain for Al-Jazeera, which is owned by the government of Qatar: How will stand it out in a crowded field of cable TV news channels? And how can it overcome an image that was cemented for many Americans when it gave voice to Osama Bin Laden in the years following the 9/11 terrorist attacks?

Marwan Kraidy, a professor of communication at the University of Pennsylvania and an expert on the Arab media, said the deal is part of an expansion binge by Al-Jazeera.

"The U.S. market has been the nut they wanted to crack, and this is why they pursued Current TV so assiduously," he said. "A small country like Qatar has very few tools to exercise global influence, and they've figured out that media is one of these tools."

Working against it, Kraidy said, is the perception among some Americans that Al-Jazeera is a "toxic brand."

That U.S. resistance to Al-Jazeera isn't logical, Kraidy said, because Qatar's foreign policies "are very much aligned with U.S. policies at the moment."

Already Time Warner Cable said it will drop Current TV for business reasons, though it left the door open to picking up Al-Jazeera if there is demand.

The nation's second-largest TV operator, Time Warner Cable Inc., dropped Current after the deal was confirmed Wednesday, saying the network didn't have enough viewers.

The change in ownership gives Time Warner Cable the right to drop the channel, but spokeswoman Maureen Huff said the company is keeping "an open mind" about airing the new Al-Jazeera America.

"As a service develops, we will evaluate whether it makes sense for our customers to launch the network," Huff said.

The purchase will create a news channel called Al-Jazeera America, coming to American homes 90 days from now with a distinctly non-American view of the world. The network claims many people in the U.S. have sought its programming online, and that it aims to present an "unbiased" view, "representing as many different viewpoints as possible."

Even after it is rebranded later this year, the channel will continue to be carried by DirecTV, Dish Network, Comcast Corp., AT&T U-verse and Verizon FiOS, according to a person familiar with the matter. The person spoke on condition of anonymity and wasn't authorized to speak publicly.

That boosts the reach of Al-Jazeera to about 50 million homes, up from the 4.7 million that could watch Al-Jazeera English, which is available to some subscribers in New York and Washington. That's down slightly from the 60 million homes Current TV was in.

It also amounts to a hefty payday for former Vice President Al Gore and cofounder Joel Hyatt, each of whom had 20 percent stakes in Current. Comcast had less than a 10 percent stake. Another major investor in Current TV was supermarket magnate and entertainment industry investor Ron Burkle, according to information service Capital IQ.

Gore announced the sale Wednesday, saying in a statement that Al-Jazeera shares Current TV's mission "to give voice to those who are not typically heard; to speak truth to power; to provide independent and diverse points of view; and to tell the stories that no one else is telling."

Orville Schell, the former dean of journalism at University of California, Berkeley who was on Current's board, said the sale was justified.

"The reason to sell to Al-Jazeera is that they wished to buy it," Schell said in an email reply to The Associated Press. "Whatever one may think about them, they have become a serious broadcaster that covers the world in an impressively comprehensive way. Time Warner probably dropped the contract because they fear American prejudice."

Al-Jazeera plans to gradually transform Current into Al-Jazeera America. More than half of the content will be U.S. news and the network will have its headquarters in New York, spokesman Stan Collender said.

Al-Jazeera's assimilation into U.S. mainstream media hasn't been smooth. In 2010, Al-Jazeera English's managing director, Tony Burman, blamed a "very aggressive hostility" from the Bush administration for reluctance among cable and satellite companies to show the network.

As far as regulatory issues go, Collender said there are no rules against foreign ownership of a cable channel—unlike the strict rules limiting foreign ownership of free-to-air TV stations. He said the move is based

on demand, adding that 40 percent of viewing traffic on Al-Jazeera English's website is from the U.S.

"This is a pure business decision based on recognized demand," Collender said. "When people watch Al-Jazeera, they tend to like it a great deal."

Al-Jazeera has garnered respect for its ability to build a serious news product in a short time. In a statement announcing the deal, it touted numerous U.S. journalism awards it received in 2012, including the Robert F. Kennedy Journalism Award Grand Prize and the Scripps Howard Award for Television/Cable In-Depth Reporting.

But there may be a culture clash at the network. Dave Marash, a former "Nightline" reporter who worked for Al-Jazeera in Washington, said he left the network in 2008 in part because he sensed an anti-American bias there.

Al-Jazeera English went on the air in November 2006. It moved quickly to establish a strong presence on the Internet, launching web streaming services and embracing new social media services such as Twitter in part to compensate for its lack of a presence on U.S. airwaves.

The English news network has a different news staff and a separate budget from the Arabic network, which launched in 1996. They and the company's growing stable of other Al-Jazeera branded channels are overseen by Sheik Ahmed bin Jassim Al Thani, a member of Qatar's royal family.

Sheik Ahmed took over last year following the abrupt resignation of the company's longtime Palestinian head, Wadah Khanfar, who was widely credited with helping build Al-Jazeera into an influential global brand. In his departure note to staff, he said he was leaving behind "a mature

organization" that "will continue to maintain its trailblazing path."

Both the English and the Arabic channels actively covered the protests, violence and political upheaval that have become known as the Arab Spring.

Current, meanwhile, began as a groundbreaking effort to promote user-generated content. But it has settled into a more conventional format of political talk television with a liberal bent. Gore worked on-air as an analyst during its recent election night coverage.

Among its leading personalities are former New York Gov. Eliot Spitzer and Cenk Uygur, a former political commentator on MSNBC who hosts the show called "The Young Turks." Current signed Keith Olbermann to be its top host in 2011 but his tenure lasted less than a year before it ended in bad blood on both sides.

On Wednesday, former Michigan Gov. Jennifer Granholm said the public affairs program she hosts would stay on the air for the next few weeks before she leaves for other pursuits.

California Lt. Gov. Gavin Newsom also said he will end his show on Current TV by the end of January, although he said he decided to do so before the acquisition was announced.

Current has largely been outflanked by MSNBC in its effort to be a liberal alternative to the leading cable news network, Fox News Channel.

Current hired former CNN Washington bureau chief David Bohrman in 2011 to be its president. Bohrman pushed the network to innovate technologically, with election night coverage that emphasized a conversation over social media.

Current TV, founded in 2005 by former vice president Gore and Joel Hyatt, is expected to post \$114 million in revenue in 2013, according to research firm SNL Kagan. The firm pegged the network's cash flow at nearly \$24 million a year.

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