Television across Europe: more channels, less independence

Overview

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AMP	Media Monitoring Agency, *Agenția de Monitorizare a Presei* (Romania)
BNT	Bulgarian National Television, *Българска национална телевизия* (Bulgaria)
CEM	Council for Electronic Media, *Съвет за електронни медии* (Bulgaria)
CME	Central European Media Enterprises (U.S. broadcast company operating in Central and Eastern Europe)
CNA	National Audiovisual Council, *Consiliul Național al Audiovizualului* (Romania)
ČT	Czech TV, *Česká televize*
EBU	European Broadcasting Union (Geneva)
KKRT	National Council of Radio Television, *Keshilli Kombetar i Radios dhe Televizionit* (Albania)
KRRiT	National Broadcasting Council, *Krajowa Rada Radiofonii i Telewizji* (Poland)
LRTK	Lithuanian Radio and Television Commission, *Lietuvos radijo ir televizijos komisija*
LRTT	Council of Lithuanian Radio and Television, *Lietuvos radijo ir televizijos taryba*
MRT	Macedonian Radio and Television, *Makedonska radio-televizija*
MTG	Modern Times Group (Swedish media holding operating also in the Baltic countries and Central and Eastern Europe)
MTV	Macedonian Television, *Makedonska televizija*
PNL	National Liberal Party, *Partidul Național Liberal* (Romania)
PSD	Social Democrat Party, *Partidul Social Democrat* (Romania)
RAI	Italian Radio-Television, *Radiotelevisione Italiana*
RRTV	Council for Radio and Television Broadcasting, *Rada pro rozhlasové a televizní vysílání* (Czech Republic)
RTSH	Radio-Television of Albania, *Radio Televizioni Shqiptar*
SMER-SD	SMER-Social Democracy, *Smer-Sociálna demokracia* (Slovakia)
SRTV	Romanian Television Company, *Societatea Română de Televiziune*
STV	Slovak Television, *Slovenská televízia*
TVSH	Albanian Television, *Televizioni Shqiptar*
TVP	Polish Television, *Telewizja Polska*
TVR	Romanian Television, *Televiziunea Română*
WAZ	*Westdeutsche Allgemeine Zeitung* (Headquartered in Essen, WAZ operates print media outlets in countries in Central and Eastern Europe)

1. SUMMARY AND CONCLUSIONS

1.1 Context

Reports of the death of television are greatly exaggerated. Despite all the prophecies that were written around the millennium, claiming that the internet and other new media platforms would kill it off, TV has kept its leading position in terms of media consumption. The map of the largest broadcasters in Europe has not changed dramatically since 2005. Public service broadcasters continued to account for the largest part of the broadcasting budget. (Except in Poland, where commercial station TVN pushed Polsat TV out of the top three channels, the three most popular stations remained unchanged in our sample of countries.)

Nevertheless, change is sweeping through television, and its future has never been so hard to predict. Surveys in several of the countries in our sample have found that traditional ways of watching television have seen a steep decline, especially among younger viewers, aged 16 to 25. The largest channels in each country have seen their ratings fall. Public service television, in particular, saw a decline in ratings – in most countries, a substantial decline. Although it increased its aggregate revenue across Europe, over the past three years, the public broadcasting sector has seen a drop of more than 4 percentage points in its total market share, while the commercial sector (both radio and TV financed by advertising) has grown modestly.

As they attempt to keep pace with their publics' changing preferences, traditional broadcasters in Central and Eastern Europe, as well as those in Western Europe, are offering video content via the internet to keep up with the trend. Meanwhile their output is made available by the "aggregators", which stream channels and programmes from multiple sources all over the world, over the internet.

New technologies are also transforming broadcast journalism. Start-up costs for electronic media are lower than ever, because distribution of television content via the internet or mobile telephone needs no traditional infrastructure. However, amid all this fluidity, business models that can sustain electronic media – and allow them to grow, while preserving professional standards – are elusive. The dispersal of advertising revenue hits production budgets at the very time that new platforms are opening up, demanding new content.

The barriers between 'professional' and 'amateur' journalism are becoming more porous than they have been since the rise of the modern media industry a century ago. This process is signalled by the jargon associated with networked media: user-generated content, citizen journalism, blogging, blogosphere, podcasting, and so forth. These developments bear rich potential for civil society; for example, online community-driven news and discussion forums can enhance communication among citizens over real social issues.

On the other hand, while internet search engines and other news-aggregators increase the availability of news and information, they contribute nothing in terms of reportage or editorial assessment. More information does not necessarily make people better informed. Some observers fear that the internet encourages distracted and superficial habits of news-consumption, based on browsing, soundbites and sensation; if these fears are valid, we may be growing less able to absorb the more demanding (and expensive) genres of journalism – the same genres which broadcasters are anyway less inclined to provide, for economic reasons.

Amid these fluctuations, several key patterns can be identified. The trend in audiovisual consumption is fragmentation – as more and more people gain access to more and more ways to consume audiovisual products. The key trend in ownership is consolidation – reducing the number of suppliers of media content. The key trend in technology is convergence – telecommunications, cable, satellite, mobile operators and traditional broadcasting are merging, with consequences for traditional media structures. Audiences *fragment,* owners *consolidate*, and technology (including programming) *converges*: the new 'political economy' of Europe's audiovisual industry is the product of these dynamic processes.

The key trend in broadcast licensing is *relaxation.* With governments keen to exploit the digitised spectrum, the licensing process in many countries is being converted into a mere registration procedure, similar to satellite or cable operations. The main trends in digital licensing are the same across Europe:

- simplified procedure
- shifts in licensing power
- protection of analogue broadcasters
- privileges for public service broadcasters

Among broadcast regulators, the trend is one of *contraction.* In general, national media regulation is in retreat as the media market expands and becomes more international. This trend will create a vacuum that cannot be filled by the European Union's transnational regulatory measures. With the arrival of digitisation and technical convergence, many of the content regulators find themselves overwhelmed. The days of "traditional command-and-control regulation", as it has been called, appear to be numbered.[1] "Light touch" regulation appears to be the way ahead, combining research functions and responsiveness to public feedback with extensive self-regulation by the

[1] See Chris Marsden, Jonathan Cave, Eddy Nason, Andy Parkinson, Colin Blackman, Jason Rutter, *Assessing Indirect Impacts of the EC Proposals for Video Regulation. Executive Summary for Technical Report TR-414-Ofcom.* Prepared for Ofcom, 31st August 2006. Available at http://www.ofcom.org.uk/research/tv/reports/videoregulation/vidregexec.pdf (accessed on 13 October 2008).

industry. However, if it is really to serve the public interest, this kind of regulation will be hard to achieve.

Among public service broadcasters (PSBs), the key trends are *over-extension*, *under-funding* and *self-doubt*. In an era dominated by deregulation and the mantra of "consumer choice", public service broadcasting is often presented as unfashionable; its critics argue that it is unsustainable. The traditional mission of PSBs to inform, educate and entertain the citizens who fund them, directly through the licence fee and in most cases also indirectly through advertising, has come under ferocious pressure just when technology has created the opportunity to reach more citizens, in more ways, than ever before.

In order to fulfil their legal remit, PSBs need to be present – and amply productive – on different platforms. Yet their right to do this is constantly challenged by their commercial rivals, while their resources to do this are restricted by a squeeze on both their main sources of funding. Some media pundits argue that digitisation will make the collectively-financed public service model obsolete, for two reasons. Firstly, it will be (politically) impossible to justify the licence fee – a universal taxation on TV receivers, which is still the principal funding source for PSBs – when audiences access audiovisual productions on other platforms. Secondly, the fragmentation of audiences leads to the decline of mass-oriented advertising. (This decline is already impacting on public service as well as commercial broadcasters.)

The trend in advertising is towards redistribution, as budgets are reallocated from traditional media to the internet. Television has not yet seen large losses among the countries in our sample, where television's share of the total advertising spend saw sharp falls only in Romania and Poland: down since 2003 by 26 and 8 percentage points, respectively. Yet this pattern will not hold; the online segment will probably overtake the traditional television market within a few years. By 2012, according to one estimate, online will take the largest share of the advertising spend, followed by traditional TV, and the press and radio in third place. While European traditional channels are expected to grow up to 2 per cent a year, digital channels are forecast to see advertising growth rates of 20 per cent a year. This explains why media companies are moving their content online, trying to forestall the exodus of advertisers to powerful newcomers such as Google.

1.2 Assessing this sample of countries

Our monitoring of the nine countries covered by this report confirms that the trends, summarised above, extend right across the continent of Europe. However, these trends have specific features in the transitional states of Central and Eastern Europe. In some cases, these features are the result of backwardness. In others, they may be prophetic of developments in Western Europe as well.

One of these features is inertia. In the longer term, governments cannot reject the trends described in this Summary. In the short term, however, meaning the lifespan of any government, it is still possible to postpone the encounter with these trends. Consider, for example, the performance of the regulators in our sample countries. The failure to rise to their various challenges is due partly to institutional torpor, and partly – it is safe to infer – to their political masters' preference for regulatory passivity. Likewise, progress to digital switchover has been obstructed by ignorance of the issues, persistent reluctance on the part of powerful broadcasters, and political bickering over how to divvy up the new digital market. More than anything, it is the EU's deadline for analogue switch-off that has convinced these countries to accelerate the process.

Another feature revealed by this monitoring is a worrying determination on the part of political elites to reaffirm their influence over broadcasting. Many of the regulators are still subject to blatant political interference. There are clear signs that the inclusion of civil society representatives – introduced over the past 10 to 15 years – has not had much impact on regulators' partisan behaviour. Political elites have proven quite capable of manipulating these representatives.

The fact remains, however, that regulatory control over audiovisual content is eroding, and this erosion will accelerate when digitisation allows the number of channels to multiply out of sight. This prospect may help to explain why the political elites in Eastern and Central Europe still as a rule refuse to let the PSBs become editorially or financially independent.

In the early 2000s, when their countries had recently joined the Council of Europe and in many cases were pursuing accession to the European Union, these elites showed signs of willingness to refrain from influencing the PSBs so overtly. Today, by contrast, they openly strive to restore tight control, usually by appointing loyal people to the governing bodies. In our sample, the re-politicisation of public service media is clearest in Poland, Romania and Slovakia, though it is evident too in Lithuania and elsewhere.

Concentration of ownership has continued apace in the past three years, with the main private broadcasters managing to preserve their grip on their national markets. Digitisation, which will open the door to an influx of new channels, may disturb this pattern. So far, however, the existing broadcasters have managed by and large to keep out fresh competitors through sustained lobbying and additional investment. Given the dearth of available analogue licences, broadcasters tend to diversify in as many media subsectors as possible, or to build up a presence in local broadcasting. Lack of transparency around ownership and funding continue to injure the development of broadcasting as well as the democratic role of media. In Albania and the Republic of Macedonia, the least developed markets of our sample, a combination of non-transparent ownership and a dearth of accurate audience and advertising spending data in continue to scare off foreign investors.

The proliferation of content has increased the public's freedom of choice. This is a real achievement, given that most viewers in many Central and Eastern European states still have access only to three to five TV channels – much lower than the European average. On the other hand, it is questionable whether this new media environment offers better quality or more diversity. Sensationalism and tabloid fare often dominate the TV news agenda. Programmes with a clear public service character are relegated to unattractive time-slots. Investigative reporting and serious talk shows are marginalised or cut. Reality shows continue to inundate the screens, mostly on commercial stations.

Local and regional broadcasting are foundering in most of the countries included in this study. Financed most often by municipalities, these broadcasters are in cahoots with local government. Where it is available at all, programming for social or ethnic minorities continues to be provided almost exclusively by public service broadcasters.

The commercialisation of programming is not only due to the economic pressures mentioned above, which squeeze the production budgets of all public service broadcasters and most commercial broadcasters. As well as this, there are political pressures on editorial independence in almost all these countries, where broadcast media continue to be subject to heavy pressures from political and business interests.

Editorial independence, in both public and private media, has continued to deteriorate in most countries covered by this report. Pressures on public service broadcasters in particular have intensified, with predictable consequences for the quality of their output. The exception is the Czech Republic, where the public service broadcaster has succeeded in raising the quality of its output. Interestingly, this is the only country that has embraced a pure licence fee-based PSB funding model; for Czech TV will drop advertising completely after digital switchover.

1.3 Looking ahead

Even though licence fees have risen in our sample of countries, these increases cannot secure adequate funding for the PSBs. Our monitoring suggests that the licence fee mechanism will not survive far into the future unless it is radically rethought. Ownership of a TV or radio set will soon cease to be viable as a basis for compulsory payment. Almost certainly, the fee will only be able to be preserved by expanding the basis for liability to ownership of all types of devices that receive public service content, or by replacing it with a compulsory "broadcasting tax" on all households (exempting only those with no means of receiving the content). However, nobody yet knows if these models would be durable in the longer term. In this respect, the crisis of public service broadcast funding in almost all countries of Central and Eastern Europe may be prophetic for Western Europe. Countries without a long tradition of the licence fee – and of respect for it – face a lack of stable funding for PSB, due to large-scale evasion. The quest for more viable models of independent public funding has barely begun.

The case for public service broadcasting used to rest on the fact of spectrum-scarcity, as well as on arguments about pluralism, democracy, universal access to high-quality content, social cohesion and inclusion, and the preservation of national cultural traditions. The end of spectrum-scarcity means that these arguments need urgently to be re-examined and tested in today's changing world. The fact that these arguments are still woefully undeveloped in Central and Eastern Europe gives those governments and commercial broadcasters a free hand to set the terms of policy debate on the audiovisual sector.

As the diversification of platforms encourages the further relaxation of regulatory models, the maintenance of quality standards in audiovisual content regulation should become a rallying cry for media professionals, activists and civil society groups that are committed to media pluralism, quality, and the so-called European social model.

2. THE BROADCASTING ENVIRONMENT

2.1 Television audiences

TV has managed to defend its leading position in terms of media consumption. However, national TV networks started in the early 2000s to experience an economic downturn, while niche players, such as thematic channels, pay-TV or teleshopping channels, enjoyed economic growth, albeit from a much smaller base.[2] The internet and the new technologies are exerting increasing influence on the media environment. Surveys in several of these countries have found that traditional TV-watching has seen a steep decline, especially among younger viewers between 16 and 25 years of age. In the UK, this segment of the audience watches on average one hour less than the average viewer. In particular, they are abandoning public service TV. In 2001, 74 per cent of their total viewing time was devoted to watching public TV. Five years later, only 58 per cent of this time was spent on public TV. Instead, the internet plays the major role in their viewing lives. More than 70 per cent of young British internet users frequent social networking sites and 37 per cent have contributed to a blog, compared with 14 per cent of all viewers.[3]

TV broadcasters in Central and Eastern Europe, as well as those in Western Europe, are offering video content via the internet to keep up with the trend. Another category of new-wave broadcasters are the aggregators which stream channels and programmes from multiple sources all over the world. Analysts predict that video content over the internet will see an upsurge as it can deliver a message or brand to viewers more effectively than traditional means, due to its flexibility and interactivity. "But it does

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2 "Overview", in Open Society Institute, *Television across Europe: Regulation, Policy and Independence*, Budapest, 2005 (hereafter OSI/Overview).

3 Data from Ofcom cited in European Audiovisual Observatory, *Trends in European Television 2006*, Volume 2, Strasbourg, 2006, p. 140.

require some expertise to get going, and this is creating a new market for internet TV platform providers to set up and manage such channels."[4]

New technologies have also transformed journalism and the manner in which people consume media today. Some of the new trends in recent years include the following.

- The emergence of *citizen journalism*: the public is increasingly involved in providing reports about local and even international news. This development has brought its own set of privacy concerns. It has also blurred the line between straight news reporting and advocacy, and – in the eyes of some – has encouraged a cult of amateurism, downgrading the professional crafts of writing and editing.[5]
- *Blogging* as news media: besides personal and social issues, blogs started to focus more on news. But, whereas information provided in some countries by established institutions, such as public service broadcasters, comes with a certain guarantee of reliability, blogs carry no such weight.
- *Technological and ownership convergence*: telecommunications, cable, satellite, mobile operators and traditional broadcasting are merging, with consequences for traditional media structures. The business models employed by traditional media have changed, with cuts on spending for foreign reporting and other forms of expensive coverage due to the availability of such information on the internet.[6] As advertisers diversify their spending, spreading their budgets to other forms of marketing and new media, and as owners demand quick, high returns on their investments, economic pressures on media businesses have increased in ways that often affect the quality of journalism.

This has all led to the fragmentation of audiences, a trend which has accelerated over the past three years. However, TV consumption remains high. Yet some broadcasters are jumping on new platforms in an effort to survive in the digital environment that is already being shaped. In some countries, broadcasters defend their positions in the analogue environment by keeping new players out of the market for as long as possible. Therefore, their dominance of nationwide audiences is still high.

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[4] Philip Hunter, "Internet TV: the European Scene" in *IPTV News*, January–February 2008, pp. 36–37.

[5] See, for example, Andrew Keen's considerations on "attention-economy" media in his profile of Arianna Huffington, *Prospect*, August 2008 (available at http://www.prospect-magazine.co.uk/article_details.php?id=10312, accessed 8 August 2008).

[6] Shanthi Kalathil, "Scaling a Changing Curve: Traditional Media Development and the New Media (A Report to the Center for International Media Assistance)", 3 March 2008, p. 11. Available at http://www.ned.org/cima/CIMA-New_Media-Report.pdf (accessed 29 May 2008). See also an important new study by a British journalist, Nick Davies, *Flat Earth News* (London: Chatto & Windus, 2008).

The sample of countries covered by this report shows disparate trends in viewing time, with countries like the Czech Republic, Lithuania and Slovakia seeing drops in TV viewing time. Others have enjoyed stable viewing time or slight increases. In general, the downturn in TV viewing time among the general public is still insignificant. Between 2003 and 2006, this time went down by only three minutes a day *(see table 1)*. The largest increase in TV viewing time (15 minutes) was recorded in the Republic of Macedonia, and the largest drop (37 minutes a day) was seen in Slovakia.

Table 1. Individual TV viewing time in 2003–2006.
Ranked by viewing time (2006)

Country	Average viewing time for adults Monday–Sunday (minutes per day)			
	2003	2004	2005	2006
Republic of Macedonia	259	266	260	274
Poland	250	251	255	254
Italy	245	250	249	249
Romania	235	228	242	242
Czech Republic	214	214	216	206
Lithuania	210	218	206	200
Slovakia	235	213	208	198
Bulgaria	185	188	188	187[7]
Average (eight countries)	229	228	228	226

Sources: OSI research; IP International Marketing Committee, *Television 2007. International Key Facts*, October 2007 (hereafter *Television 2007*)

Although the concentration of nationwide audiences has remained high, the largest channels in each country have seen their ratings decline *(see table 2)*. In most of these countries, the largest three channels lost a combined audience equivalent to 4 or 5 percentage points. The biggest loss was recorded in Romania where the combined audience of the first channel of the public service broadcaster and the commercial stations Pro TV and Antena 1 plummeted by more than 10 percentage points. Much of this loss was incurred by the public service station, which lost over 10 percentage points in its nationwide audience during three years. Except in Poland, where commercial station TVN pushed Polsat TV out of the top three channels, the three most popular stations remained unchanged.

[7] Data based on target group: individuals 4+.

Table 2. Concentration of national audiences in 2003 and 2006.
Ranked by aggregate audience share (2006)

Country	Top 3 channels in terms of audience share		Aggregate audience share of top 3 channels (per cent)	
	2003	2006	2003	2006
Czech Republic	TV Nova, ČT 1, Prima TV	The same	86.1	83.5
Bulgaria	bTV, Kanal 1, Nova TV	The same	84.2	79.2
Slovakia	Markíza TV, STV 1, TV Joj	The same	72.9	67.7
Lithuania	LNK, TV 3, LRT	The same	63.4	61.9
Poland	TVP 1, TVP 2, Polsat	TVP 1, TVN, TVP 2	62.6	61.7
Republic of Macedonia	A1 TV, MTV 1, Sitel	The same	60.0	45.6
Italy	RAI 1, Canale 5, RAI 2	The same	59.4	56.2
Romania	TVR 1, Pro TV, Antena 1	The same	57.5	46.8
Albania	NA	NA	NA	NA

Source: OSI research

If the mainstream TV channels have seen their ratings seep away, it is the public service broadcasters in particular that have lost substantial shares of viewers *(see table 3)*. With the exception of Slovakia where STV increased its audience in 2006 compared with three years before (mainly due to reforms under new management from 2003), all other public service channels lost viewers.

First, there is a group of countries that has seen a moderate downturn, including the Czech Republic and Italy, where public service TV lost only a small amount of viewers. But in the other countries, public service TV saw a steady decline in viewers by nearly 10 percentage points each. In Lithuania, private TV continues to occupy the first two positions in the market. In Poland, Bulgaria and the Republic of Macedonia, public service TV lost its leading position to private competitors.

Table 3. Evolution of the audience share (two leading channels in 2003) in 2003 and 2006

Country	Channel	Audience share (adults) (per cent)		Type of station
		2003	2006	
Albania	NA	NA	NA	NA
Bulgaria	BTV	37.9	37.5	Private
	Kanal 1	33.2	19.8[8]	Public
Czech Republic	TV Nova	43.4	41.8	Private
	ČT 1	22.1	21.4	Public
Italy	RAI 1	24.2	23.8	Public
	Canale 5	23.2	21.2	Private
Lithuania	LNK	27.0	23.1	Private
	TV 3	23.9	23.3	Private
Republic of Macedonia	A1	28.9	23.6	Private
	MTV 1	16.9	9.6[9]	Public
Poland	TVP 1	22.6	24.1	Public
	TVP 2	21.2	17.0[10]	Public
Romania	TVR 1	28.4	17.1	Public
	Pro TV	15.6	16.0	Private
Slovakia	TV Markíza	45.9	33.4	Private
	STV 1	15.7	18.5	Public

Sources: OSI research; *Television 2007*

While in 2003 terrestrial broadcasting was still dominant in many countries, recent years have seen an increase in the penetration mostly of cable, with satellite enjoying only modest growth in the countries covered by this report. With the exception of Poland, where cable coverage went down and the percentage of terrestrial-only households increased, all these countries saw a fall in terrestrial coverage *(see table 4).* The largest drop was seen in Romania, where cable has increased its viewers year on year. However, overall, cable has seen a decrease by 0.3 per cent across Europe. Cable

[8] The public service broadcaster BNT lost significant audience numbers in the past three years, and the second position on the market to private TV Nova.

[9] The first channel of MTV lost its healthy audience and second place in the market to the private Sitel TV, with an average audience share of 12.4 per cent in 2006.

[10] The second channel of public service TVP lost its second place in the market to the fast-growing private channel, TVN.

penetration on average stays stable in both Western and Eastern Europe at 30 per cent. In contrast, satellite has seen growth at the European level, increasing from 18.5 per cent in 2005 to 21.9 per cent a year later. Some Eastern European countries such as Hungary contributed much to this. While in Western European countries (such as Belgium, the Netherlands, Germany or Luxembourg) most viewers have access to over 30 channels, in many Central and Eastern European states, only between three and five channels are available to the majority of the population. Some experts forecast that analogue-only terrestrial as the most important TV platform in countries such as the Czech Republic is living its last days. The general trend is a combination of viewing via satellite, cable or DTT.[11]

Table 4. Cable and satellite penetration in 2003 and 2006

Country	Penetration (percentage of households)					
	Cable		Satellite		Only terrestrial (analogue)	
	2003	2006	2003	2006	2003	2006
Albania	NA	NA	NA	NA	NA	NA
Bulgaria	52.1	61.3	9.8	9.2	36.5	29.5
Czech Republic	19.3	17.7	8.9	12.0	71.8	66.3
Italy	0.3	0.6[12]	17.0	22.3[13]	NA	NA
Lithuania	38.3	42.6	NA	NA	61.7	57.4
Macedonia	16.0	52.1[14]	23.1	8.0[15]	70.0[16]	39.5
Poland	44.0	35.3	16.9	19.2	40.8	48.2
Romania	58.0	76.6[17]	3.8	3.7	42.0	18.5
Slovakia	39.2	40.7	25.2	13.0	51.7	44.9

Source: OSI research; *Television 2007*

The expansion of TV distribution platforms contributes to the fragmentation of TV consumption. Video-on-Demand services have seen an upsurge over recent years. Most

11 Thomas Kirsch, "Multi-channel Homes – Cable and Satellite TV", in IP International Marketing Committee, *Television 2007. International Key Facts*, October 2007. pp. 14–15.

12 Data for 2005.

13 *Ibid.*

14 Percentage of population.

15 Only private dish.

16 Estimate by the Broadcasting Council in Skopje.

17 Within functioning and used TV sets.

VoD services are based on the internet. However, the services that necessitate a TV set (such as IPTV, cable, satellite and digital terrestrial TV) are expanding in parallel mainly because they are easier to use for most people. It is simpler to access and consume VoD on TV than on the internet. VoD saw significant growth in 2006 and 2007. In early 2007, there were 142 VoD paying services in 24 European countries. By the end of 2007, this number had almost doubled, to 258.[18]

In the mid-term, with the spread of convergent equipment such as set-top boxes, internet content will become more easily accessible on a TV set. Broadband penetration plays a central role in the roll-out of these new services. Western European countries are technically better prepared than Central and Eastern European countries, except for Slovenia *(see table 5).*

Table 5. PC and broadband penetration (end 2006) (as percentage).[19]
Ranked by the highest broadband penetration level

Country	**Broadband penetration**	**PC penetration**
Netherlands	82.2	85.5
Malta	79.5	NA
Iceland	75.0	89.0
Denmark	56.7	87.4
UK	44.3	71.0
Slovenia	44.0	63.0
France	39.9	50.7
Germany	29.8	70.6
Romania	28.6	30.0
Italy	28.2	55.7
Czech Republic	10.0	41.0
Republic of Macedonia	10.0	39.8
Lithuania	9.0	36.0
Poland	6.9	40.1
Slovakia	6.8	48.0
Bulgaria	5.0	13.0
Turkey	3.0	20.0
Albania	NA	4.8

Source: OSI research

18 European Audiovisual Observatory, *Video on Demand in Europe*, Strasbourg, May 2007; European Audiovisual Observatory, *Video on Demand in Europe. Second Survey of VoD Services as of January 2008*, Strasbourg, April 2008.

19 Besides the countries covered by our report, we selected a number of other countries for comparison. The figures are percentages of total households.

Mobile TV is another new development. Mobile network operators have been testing ways to deliver video content to mobile phone users in Europe. The main reasons behind the deployment of mobile TV (DVB-H) were the attempts of mobile operators to diversify and bring added-value services in an audiovisual market that is increasingly competitive.

Mobile TV has grown slowly so far in Europe mainly because of the small spectrum in large markets such as the UK, lack of consensus on business models and legal uncertainty in countries such as Spain. The most advanced European DVB-H market is Italy, where the platform was fully launched in 2006 and achieved some 800,000 subscribers by 2007. Other countries that have launched DVB-H are Finland, the UK and Germany. This is expected to be the year of mobile TV in Europe, with major markets such as Austria, Switzerland, the Netherlands and France slated to launch DVB-H.

The DVB-H market is expected to take off when certain key conditions have been met. These include:

- making available a broad offer of content that mobile companies can buy and air;
- coverage of most of the population;
- affordable prices of equipment and content.

These conditions are expected to be met by 2015.[20]

Currently, over 70 per cent of Europeans have a mobile phone. Some mobile phone operators, such as Orange, foresee a 30 per cent growth of the mobile TV market over the next three years. Orange's mobile TV customers increasingly use the service, their continuous use jumping from an average of 17 minutes to 81 minutes per day in 2007.[21]

2.2 Television business

There have been no major changes in the structure of TV markets. In all but one of the countries covered, TV is present in more than 90 per cent of all the households. The only exception continues to be Albania where less than 70 per cent of households own a TV set *(see table 6).* However, all data for Albania should be treated with caution as the country still lacks reliable, systematic research into broadcasting.

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[20] Alexander Shulzycki, Senior Media Analyst, EBU, "Analysis: Mobile Growth. Mass Market for Mobile Broadcast TV in Europe Still Unclear", in *DVB-Scene*, n. 25, March 2008, p. 13.

[21] "Commission to Guide National Regulators on Mobile TV", *EurActiv*, 20 May 2008, available online at http://www.euractiv.com/en/infosociety/commission-guide-national-regulators-mobile-tv/article-172476 (accessed 26 June 2008).

Table 6. TV overview in 2006.
Ranked by population

Country	Population (thousands)	Households (thousands)	TV households (TVHH) (with at least 1 TV set)	
			Total (thousands)	Share of all households (per cent)
Italy	56,726	22,876	22,646	98.9
Poland	38,157	14,011	13,381	96.6
Romania	21,584	7,320	6,887	91.2
Czech Republic	10,281	3,828	3,699	96.6
Bulgaria	7,700	2,710	2,607	96.2
Slovakia	5,389	1,900	1,612	98.0
Lithuania	3,385	1,357	1,336	98.4
Albania	3,144	726	500	68.8[22]
Republic of Macedonia	2,039	507	473	93.1

Sources: OSI research; *Television 2007*

The original 2005 report highlighted the first downturn in the European broadcasting market; in 2002, after continuous growth for many years, European broadcasting saw a drop in the total net revenues amounting to 1.3 per cent.[23] However, it is now clear that the 2002 downturn was part of a global economic trend showing lower levels of advertising spend. Since 2003, the market has recovered. It grew by 7.1 per cent in 2005 over the previous year, according to a survey by the European Audiovisual Observatory *(see table 7).*

Public service broadcasters continued to account for the largest part of the broadcasting budget, followed by the commercial sector. However, over the past three years, although it increased its revenues, the public broadcasting sector has seen a drop of more than 4 percentage points in its total market share, while the commercial sector (both radio and TV financed by advertising) has grown modestly. All the other sectors, with the exception of pay-TV companies, have upped their market share over the period.

22 Estimates.

23 OSI/Overview, p. 42.

Table 7. The EU broadcast market – breakdown by type of broadcaster in 2003–2005

	Total net revenues (€ million)			Change in net revenues 2005/2004	Share of total revenues (2005)
	2003	2004	2005	(per cent)	(per cent)
Total	71,933	77,311	82,823	7.1	100
Public broadcasters (radio and TV)	29,102	30,472	31,324	1.9	37.8
Commercial broadcasters (radio)	5,315	5,426	6,170	13.7	7.4
Commercial broadcasters (TV)	18,273	19,422	21,042	8.3	25.4
Home-shopping stations	1,898	2,205	2,516	14.1	3.0
Pay-TV companies	3,405	3,302	3,448	4.4	4.1
TV packagers	9,831	11,925	13,184	10.6	15.9
Thematic channels	4,109	4,559	5,139	12.7	6.4

Source: European Audiovisual Observatory[24]

The map of the largest broadcasters in Europe has not changed dramatically *(see table 8)*. The only change in the top 10 European TV companies was the entry of the Italian satellite operator Sky Italia, another venture of the US-based media tycoon Rupert Murdoch, which has enjoyed hefty year-on-year growth in the past three years, amounting to almost 19 per cent in 2006, while all the other top broadcast companies have seen growth rates of up to 8 per cent. With the exception of the German ZDF, the revenues of all the top broadcasters increased in 2006 over the previous year. Public service broadcasting was less represented in 2006 than three years before. The British, Italian, German and French public service broadcasters continued to figure in this list. But with the entrance of Sky Italia, French public service channel France 3 lost its place in the list.

[24] European Audiovisual Observatory, *Yearbook 2007. Trends in European Television*, Strasbourg, 2007, pp. 10–11 (hereafter Observatory, *Yearbook 2007*).

Table 8. Top 10 European TV companies in 2006.
Ranked by unconsolidated operating revenues

Rank	Company	Country	Main activities	Type	Unconsolidated operating revenues (€ million)
1	British Sky Broadcasting	UK	TV	Private	5,569.7
2	BBC Home Service	UK	TV+radio	Public	4,810.4
3	RAI	Italy	TV+radio	Public	2,933.5
4	RTI	Italy	TV	Private	2,341.9
5	Sky Italia	Italy	TV	Private	2,234.5
6	ZDF	Germany	TV	Public	1,965.6
7	TF1	France	TV	Private	1,798.0
8	France 2	France	TV	Public	1,751.2
9	RTL Television	Germany	TV	Private	1,705.9
10	Canal Plus	France	TV	Private	1,651.0

Source: European Audiovisual Observatory[25]

3. BROADCASTING REGULATION

3.1 Regulatory authorities and framework

The original report on *Television across Europe* observed that most governments were showing, at least ostensibly, the willingness to loosen their grip on broadcasting regulators. In some cases, they had adopted legislation that provided a viable degree of independence for these regulators. However, improved legislation did not necessarily change the actual situation on the ground. The report criticised political circles for interfering in the work of the regulators and the aggressive lobbying by commercial interests. Regulators were often hampered by lack of legal authority and capacity. The report concluded that while in some Western European countries regulatory authorities had gained greater independence, in many transition countries the implementation of legislation ensuring the regulators' independence was flawed.

As broadcasting changes, patterns of regulation are changing too. With the arrival of digitisation and technical convergence, many of the content regulators find themselves overwhelmed. In institutional terms and also in terms of their remit, they overlap increasingly with the technical regulators; at the same time, some of them show an

[25] Observatory, Y*earbook 2007*, p. 22.

inclination to relegate part of their competencies to the market. In the Czech Republic, for example, with the number of frequencies skyrocketing, governments are preparing to turn the licensing process into a mere registration procedure similar to satellite or cable operations. Basically, any applicant capable of proving its financial viability would automatically get a broadcast licence. As the diversification of platforms encourages the further relaxation of regulatory models, the maintenance of key standards in audiovisual content regulation is likely to become a rallying cry not only for media activists but for civil-society groups that are committed to the so-called European social model.[26]

Regulatory changes may be triggered by technology (the end of spectrum scarcity), but they are made by governments as a matter of policy. As the opportunities for audiovisual delivery proliferate, new regulatory frameworks are emerging. In general, national media regulation is retreating as the media market becomes more international. This trend prompts organisations such as the European Broadcasting Union (EBU) to believe that national regulation will become less meaningful.[27] There is no possibility that European-level transnational regulation will fill the vacuum. Indeed, the European Commission has been seen, at decisive moments, as more responsive to the interests of commercial media than to those of public service broadcasters, basically supporting a neo-liberal approach that may not bode well for the future of public service broadcasting (PSB).[28]

In this fast-changing broadcast world, regulators in the countries covered by this report have failed so far to be more proactive and rise to the challenges, both because of their own inertia and because their political masters prefer them to be passive. Instead, despite some breezes of reform, politicisation of these bodies has escalated. Broadcast regulators were brought back under the tight reins of the political establishments, which have resumed the habit of promoting their allies and cronies.

The Bulgarian Council for Electronic Media (CEM, *Съвет за електронни медии*) has come under sharp criticism for politicisation and lack of media expertise. None of the CEM's current members has adequate education or experience in licensing, technology or intellectual property. Only one of the five members of the Polish National Broadcasting Council (KRRiT, *Krajowa Rada Radiofonii i Telewizji*) appointed in January 2006 fulfilled the professional criteria required by law. The other members

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26 The European social model is "a vision of society that combines sustainable economic growth with ever-improving living and working conditions. This implies full employment, good quality jobs, equal opportunities, social protection for all, social inclusion, and involving citizens in the decisions that affect them." This definition is offered by the European Trade Union Confederation (ETUC). Available at http://www.etuc.org/a/111 (accessed September 2008).

27 Digital Strategy Group of the European Broadcasting Union, *Media with a Purpose. Public Service Broadcasting in the Digital Era*, November 2002.

28 *Ibid.*

included close allies of politicians and the present Government. As in Romania, in January 2007, the KRRiT traded the appointment of two members of the Supervisory Board at public service TV for the directorship of the National Bank.

In Albania, the broadcast regulator (KKRT, National Council of Radio Television, *Keshilli Kombetar i Radios dhe Televizionit*) has recruited more staff and restructured its departments in order to improve its monitoring work. In other respects, it has continued to be a theatre of political infighting. In February 2006, the Government proposed to slash the KKRT membership from seven to five members, and allow more involvement of civil society in the appointment process. These changes were enshrined in law in May 2006. Although Parliament still appointed the members, broadcasters' associations, print media associations, universities and lawyers were allowed to nominate members to the body. The new law was much praised. In the end, however, the involvement of civil society groups – commendable in principle – was marred, as it has been elsewhere, by politicisation. The ruling parties struck a deal with the opposition parties to restore the KKRT's membership to seven, simply in order to give the opposition the right to appoint two members.

Similar trade-offs are common in Romanian broadcast regulation, where the CNA (National Audiovisual Council, *Consiliul Național al Audiovizualului*) is still subject to blatant political interference. When the leadership of the regulator and public service TV both fell vacant, politicians shared out the appointments. The CNA presidency went to the writer Răsvan Popescu, the preferred candidate of the governing National Liberal Party (PNL, *Partidul Național Liberal*), while the public broadcaster was given to Alexandru Sassu, the executive secretary of the opposition Social Democrat Party (PSD, *Partidul Social Democrat*). In 2006, when the mandates of six of the CNA's 11 members expired, Parliament postponed the appointment of five members under pressure from a group of politicians who wanted to change the appointment procedures to ensure pure political representation in the CNA. In the end, Parliament rejected the new procedures.

Politicisation has become so commonplace in the Czech Republic that it is taken for granted. Therefore, the Czech Council for Radio and Television Broadcasting (RRTV, *Rada pro rozhlasové a televizní vysílání*) has lately been criticised more for lack of professionalism than for its politicisation. Critics say that its members do not have sufficient knowledge of broadcasting and do not fulfil their duties in the required manner. Politicians reply that it was not realistic to introduce legal criteria of professionalism for the RRTV members, simply because there was no political will, which is – of course – a circular argument.

Civil society inclusion is a positive development, with the potential to loosen the political grip on regulators. But there are increasing signs that the civil society element is not having the expected impact. In Lithuania, where civil society is directly involved in the appointment of the regulators, the legitimacy of the non-governmental organisations (NGOs) which delegate representatives to the Lithuanian Radio and Television Commission (LRTK, *Lietuvos radijo ir televizijos komisija*) has been seriously questioned. For example, the representativeness of the Congregation of Bishops, the only religious organisation that sends representatives to the LRTK, was queried. One reason why the civil society component in the regulatory bodies has failed to play its expected part is that the mechanism of delegation by civil society organisations does not often meet the need for professional expertise and commitment to the autonomy of the regulator.

The most radical changes in broadcast regulation have occurred in the Republic of Macedonia. A new Broadcasting Act (2005) increased the powers of the Broadcasting Council (*Совет за радиодифузија*), especially over granting and revoking broadcast licences, implementing legislation, and adopting strategies and policies. Parliament can no longer dismiss Council members except at the request of a majority of the members. A hazardous development that could have meant a step back for regulatory independence was the Government's plan to merge the Broadcasting Council and the technical regulator, a move that some feared was premature and politically motivated, intended to regain political control over regulation. Under pressure from domestic media organisations and foreign critics, the Government dropped the plan.

3.2 Digital licensing

Broadcast licensing has also seen changes, with digitisation becoming central to the process. Slow in adopting legislation and policy, most of the young democracies in Central and Eastern Europe embarked on digital transition at the last minute. The European Commission proposed 2012 as the deadline for member States to phase out traditional analogue terrestrial broadcasting.[29] After that date, analogue signals will no longer be protected.

Digitisation has been obstructed by a mixture of confusion, ignorance about the issues, persistent reluctance on the part of the large broadcasting players and political bickering over how to divide up the new digital market. More than anything, the EU deadline for analogue switch-off prompted these countries to accelerate the process. In this context, it is likely that the big players will secure their place in the digital landscape and block newcomers from the market as long as possible.

The digital transition has split the eight Eastern and Central European countries covered by this report into two groups:

- the progressives – the Czech Republic, Poland, Slovakia and Lithuania;
- the latecomers – Romania, Bulgaria, the Republic of Macedonia and Albania.

[29] European Commission, "Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions on Accelerating the Transition from Analogue to Digital Broadcasting" (from digital "switchover" to analogue "switch-off"), COM(2003) 541 final, 17 September 2004.

The first group has adopted legislation and policy for digitisation and set a timeframe for the transition, which includes licensing digital stations. However, legal wrangling has held up the process.

In the Czech Republic, it took almost five years to adopt legislation for digital broadcasting. Moreover, it took more than two years to license the first digital channels, due to political pressure and commercial lobbying. Eventually, the RRTV awarded the first six digital licences in April 2006. The entire process was then blocked by TV Nova and Prima TV, the most powerful commercial broadcasters, which appealed the regulator's decision in court, where it was declared null and void. The six winners eventually received licences as a result of new legislation, but the court's decision had blocked the digital start-up for almost two years. This delay was orchestrated by its only beneficiaries: the commercial stations that wanted to prolong their domination of the advertising market.

In a similar move, the largest Slovak commercial broadcasters, TV Markíza and TV Joj, managed to postpone the launch of digitisation and thus to keep competitors out of the market. The only commercial digital multiplex is to be launched by 2011. In March 2007, the Government revised the timetable for digitisation in Poland. It decided that there would be six multiplexes. All three digital platforms (Cyfrowy Polsat, CYFRA+ and N) started to broadcast digital programmes.

Those countries that lag behind have yet to adopt a timeframe and licensing criteria for digitisation. In Bulgaria, licensing was frozen for four years due to the lack of adequate legislation and policy. When it resumed in 2006, the process was a failure. The CEM launched a licensing tender without taking account of the challenges posed by digitisation. While other European countries were preparing for analogue switch-off, Bulgaria was busy awarding even more analogue licences. Moreover, there were tensions and clashes with the technical regulator, which refused to provide information on available frequencies. In July 2007, the CEM decided to postpone any licensing tender until a national strategy for digitisation had been adopted.

Romania is still at zero in digitisation. Here, too, political infighting has wrecked the project. Politicians clashed over a new broadcasting law, which was meant to lay down the conditions for digital broadcasting. At issue were the provisions regarding appointments to the regulatory body. Civil society groups were sharply critical of draft provisions that would allow politicians to tighten their grip on the regulator. In the end, the Senate scrapped the entire bill, nullifying all the efforts to launch the digital transfer.

Albania is a unique example of digital broadcasting without licensing. Although the KKRT has not yet granted digital licences, it has defined the licensing criteria for network operators. The DigitAlb platform defied the regulator and other TV stations by launching in July 2004. Within two years, DigitAlb gained 120,000 subscribers across the country.

In the Republic of Macedonia, despite the lack of a legal framework and policy criteria, the Government wanted to announce a tender for digital multiplexes in February 2008. The tender was postponed, and the change of government following the early elections in June delayed it again until the autumn. The technical regulator is working to establish criteria for the tender, but civil society organisations argue that such an important process should be preceded by a broad debate with all interested parties on the regulatory model that would best fit the digital environment.

Summarising, the main trends in digital licensing in the nine countries covered by this report are as follows.

A simplified licensing procedure

In some countries, the licensing of digital channels is coming to resemble the authorisation process of cable and satellite TV channels. The tender mechanism is likely to be scrapped. In the Czech Republic, the RRTV has been stripped almost entirely of its decision-making power in licensing digital channels. The licensing tender will be replaced by a short application procedure. The RRTV must interview the applicant and can reject the application only in very few cases. In total, the Czech market is to have seven nationwide digital multiplexes able to host 70 channels. A similar relaxed licensing regime was introduced by the 2005 Broadcasting Act in Poland. Whether this development marks a general trend is an important question that events will soon answer.

Shifts in licensing power

Traditionally, the content regulator had the most important say in deciding what stations will go on air while the technical regulator merely issued the licensees with an authorisation to use a given frequency. With digitisation, technical regulators are gaining a more important role. In January 2008, the Polish Government announced that the entire broadcast licensing process would be transferred from the KRRiT to the technical regulator in 2008. In Slovakia, regulation was divided between the telecom regulator, which will be tasked to issue authorisations for multiplex operators, and the Broadcasting Council, which will grant licences for content providers.

Protection of analogue broadcasters

In all the countries surveyed, analogue broadcasters are defended by the law. In Albania, if a digital operator plans to build a network using a frequency that is occupied by an analogue operator, then the KKRT has to grant a different frequency to the analogue operator and cover any expenses incurred by the transfer. In the Czech Republic, incumbent broadcasters lobbied aggressively until they received digital licences automatically, through legislation.

Privileged public service

In all these countries, the public service broadcaster has a privileged position in the digital market, automatically receiving slots in one of the multiplexes, or even having an entire multiplex reserved for its use. This privilege is often linked with a requirement for the public service broadcaster to play a leading part in the switch-over. However, experience shows that the switch-over requires the active participation and involvement of the entire industry. In the Czech Republic, for example, Czech TV (ČT, *Česká televize*) pioneered experimental digital broadcasting, but it was able to build on an initiative by Prima TV in the late 1990s.

4. PUBLIC SERVICE BROADCASTING

4.1 Governance structures

Over the past three years, with the advent of digitisation and new technologies, PSB has come under increasingly critical scrutiny. The development of satellite distribution coupled with the emergence of internet distribution of content accelerated the globalisation of the media market.[30] The proliferation of content together with the weakening grip of content regulation meant that the public gained more freedom of choice, being no longer obliged to watch state-authorised channels and programmes; on the other hand, it is questionable whether this new media environment offered better quality or more diversity as programmes and formats became international commodities, traded by commercial companies, and PSB budgets were stretched by funding shortfalls and the need to invest in new technology.

> These two conflicting perspectives are at the core of the debate on the role of public service broadcasting […]. To the extent that public service is seen as a corrective for market failure, how should this role be defined and the remit drafted for PSM [public service media] in its operating territory? Are parliaments and governments compensating for their diminishing, direct influence over the media markets by enforcing tighter control over "their own" broadcasters, the public service bodies? Can (some of) the weakened governmental control be replaced by international regulation?[31]

The original OSI report stated that "in transition countries, public service TV was still associated by the general public with State TV, due to the long history of communist State monopoly on TV, and because of the numerous disclosures of State interference

30 Christian S. Nissen, "Public Service Media in the Information Society", Report prepared for the Council of Europe's Group of Specialists on Public Service Broadcasting in the Information Society (MC-S-PSB); Media Division, Directorate General of Human Rights, Council of Europe, February 2006.

31 *Ibid.*

in the public broadcasters' activities and programmes". The report criticised governments that were reluctant to let the nominal public service broadcaster achieve autonomy.

With regulatory control over audiovisual content rapidly eroding, and the number of channels about to multiply out of sight, the political elites in many of the new democracies are determined to keep control of PSB. In the early 2000s, when their countries had recently joined the Council of Europe and in many cases were pursuing accession to the European Union, these elites showed signs of willingness to refrain from influencing these media. Today, by contrast, they openly strive to restore and maintain tight control, usually by appointing loyal people to the governing bodies.

Among our sample of countries, this pattern of the re-politicisation of public service media is clearest in Poland, Romania and Slovakia, though it is evident elsewhere. The only exceptions are the Czech Republic, which has seen progress, and Italy, where the degree of politicisation has hardly fluctuated despite changes of government. The Polish TVP (Polish Television, *Telewizja Polska*), which has been a cockpit of political infighting for a decade, is passing through major changes this year. The members of TVP's Supervisory Board continue to be drawn from party ranks and lack professional expertise. They have included the owner of a local hippodrome, a close associate of the mayor of Warsaw, a retired lawyer and a purveyor of herbal remedies to the former Prime Minister's mother.

The board of the Romanian SRTV (Romanian Television Company, *Societatea Română de Televiziune*) continues to be selected on the same old mechanism that keeps the institution in political harness. When Alexandru Sassu of the Social Democrat Party was appointed as Director-General in 2007, he became the first politician since the end of communism to head the public broadcaster. His appointment followed efforts by some MPs in 2006 to reform SRTV and remove it from political control. A bill they pushed through the Chamber of Deputies in 2006 was shelved indefinitely by the Senate, burying all attempts at reform.

In Italy, the prospects of reform improved with the end of Silvio Berlusconi's third term as Prime Minister in 2006. Already the owner of 90 per cent of Italian private broadcasting, Berlusconi was in a position as premier to influence the public service broadcaster, Italian Radio-Television (RAI, *Radiotelevisione Italiana*), as well. He also blocked attempts to pass strict conflict-of-interest provisions in law that would prevent him or anyone else from gaining such a stranglehold over Italian TV. During his third premiership, RAI's reputation had continued to slide. The appointment of its Board of Directors in 2005 followed the usual political logic, with the usual result that strategic decisions reflected political affiliation.

After the 2006 elections, the new minister of communications, Paolo Gentiloni, prepared a bill to reform RAI. As submitted to the Senate in May 2007, this bill was meant to guarantee RAI's independence from political and economic interests, including provisions to ensure the transparency of appointments, candidates' experience and parliamentary hearings of the candidates. But Parliament's reaction was lukewarm; Italian deputies have, it emerged, grown accustomed to see their control over RAI as a natural prerogative. Berlusconi's return to power in May 2008 appears to have taken positive reform back off the agenda.

In the Czech Republic, politicians argue that the ČT Council should be nominated and controlled by the parties in Parliament. Slovakia was much praised for the reforms carried out by Richard Rybníček after his appointment as Director-General of STV (Slovak Television, *Slovenská televízia*) in 2003. Rybníček halved the station's staff and slashed costs, bringing STV into the black by 2005. He also improved its ratings. Since he stepped down in 2006, however, STV's reputation has been badly tarnished by its overt political subservience. After the 2006 elections, the governing coalition interfered grossly in both the appointment of the STV Director-General and the appointment of its governing structures. The 13th director since 1989 was appointed in 2006, but he only lasted a year. The nadir (so far) was reached in April 2008 with the appointment of Štefan Nižňanský, a news anchor from Czechoslovak TV in communist times, as the new director. Nižňanský is known for the support he receives from the ruling SMER-SD (SMER-Social Democracy, *Smer-Sociálna demokracia*).

Similar conflicts have taken place in Lithuania over the appointment by Parliament of members of the LRTT (Council of Lithuanian Radio and Television, *Lietuvos radijo ir televizijos taryba*). Members of Parliament are much more concerned to make sure that their candidates get on to the Council than to identify duly qualified professionals.

Reform was also attempted in Albania where, after intense debate, the ruling coalition managed in 2006 to reduce the Steering Board of RTSH (Radio-Television of Albania, *Radio Televizioni Shqiptar*) from 15 to 7 members and to allow universities, professional organisations and civil society groups to propose candidates. Although this move was meant to depoliticise the RTSH governing structures, the opposition and some observers argued that the civil society representatives were really a "Trojan horse" for different political parties. As with the Albanian regulator, the coalition then increased the Steering Council membership to 11, to give opposition parties four seats.

4.2 Funding

Some media pundits argue that digitisation will make the collectively financed public service model obsolete.[32] With audiences fragmenting across a growing number of transmission platforms, the traditional model of mass-oriented advertising is in decline. This trend is already affecting public service as well as commercial broadcasters, as

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32 The transition from the "flow use" of a broadcast signal (which, due to its "zero marginal cost", permits collective funding) to an increasingly individual use, encourages a subscription or "pay per view" model. (See Christian S. Nissen, "Public Service Media in the Information Society", *op. cit.*)

advertising accounts for roughly 40 per cent of the funding of PSB in most European countries.

At the same time, and for the same reason, the principal funding source for public service broadcasters – the licence fee – will not survive for long unless it is radically rethought. Ownership of a TV set will soon cease to be viable as a basis for compulsory payment. Almost certainly, the fee will only be able to be preserved by expanding the basis for liability to ownership of all types of devices that receive public service content, or by replacing it with a compulsory broadcasting tax on all households. However, nobody yet knows if these models would be durable in the longer term. In this respect, the crisis of PSB funding in almost all countries of Central and Eastern Europe may be prophetic for Western Europe. Countries without a long tradition of the licence fee face a lack of stable funding for PSB, due to large-scale evasion of the licence fee.

Public service broadcasters in the new democracies have continued to grapple with dire financial crises stemming mainly from low rates of licence-fee collection. In Romania, where the public service broadcaster largely depends on the licence fee, the fee has hardly increased since 2003. Low payment rates also undermine the financial health of the station. Some 40 per cent of households are exempt from paying the fee, in many cases as a result of claiming (implausibly) that they do not possess a radio or TV set.

In Albania, fewer than 9,000 households are estimated to pay the fee in a country of some 500,000 households. As in several other countries, the licence fee is collected along with a utility bill. These piggy-back arrangements were intended to spare the public service broadcaster from having to spend almost as much on collecting the fee as it would gain in revenue. (In Albania, the cost of separately collecting the €4 licence fee would probably exceed the revenue gained.) It was also intended to make evasion more difficult. In practice, these arrangements have often proved difficult to implement. Citizens have sometimes expressed anger at high utility bills by boycotting the licence-fee segment; not surprisingly, the utilities themselves have objected to a burdensome commitment. In some countries, this arrangement has been challenged as unconstitutional. For these reasons, doubling up the licence fee with utility bills is very unlikely to represent a durable solution. The search continues for independent public funding, on a scale sufficient to let the broadcasters fulfil their public service remits.

In Slovakia, a new system of collecting the licence fee was introduced on 1 April 2008, obliging all households connected to the electricity grid to pay. The change is expected to collect the fee from one-third of the households that have so far avoided paying the fee. In 2005, Bulgaria tried to establish a new model of financing the public service broadcaster, by setting up a Radio and Television Fund, drawn from a range of sources including the licence fee and broadcast licences. The fund is not yet operational, however, and there is little hope that it will start working soon.

The most serious financial crisis was experienced by Macedonian Radio and Television (MRT, *Makedonska radio-televizija*), which is funded by the licence fee, advertising, sponsorship, donations, sales of programme and services, and the State budget. The main source of financing should be the licence fee, which is calculated as 2.5 per cent of the average net salary in the country over the past four months. The collection rate, which was 60–70 per cent, slumped in 2006 to only 6 per cent amid confusion created by changing the mode of collection. This took MRT to the brink of collapse. The Government saved the station by injecting State cash into the station. The payment rate slid further in 2007 to a mere 0.5 per cent of households. MRT's own managers have colluded in the crisis by not trying very hard; for they find it more convenient to receive money directly from the State coffers. This disastrous situation is perpetuated by politicians who want to maintain MRT's financial dependence on the Government.

Licence fees have increased steadily over the past three years *(see table 9).* The steepest increase was in the Czech Republic, where the fee rose by more than 60 per cent between 2003 and 2006. The lowest growth was recorded in Romania where over the three years ending in 2006 the fee increased by a less than €1.

Table 9. TV licence fee cost per year in 2003 and 2006

Country	Licence fee (€ per year)	
	2003	2006
Italy	99.60	104.0
Republic of Macedonia	57.33	64.26
Poland	NA	48.73
Czech Republic	27.77	43.66
Slovakia	29.15	34.85
Romania	12.78	13.62
Albania	NA	4.1
Bulgaria	None	None
Lithuania	None	None

Source: OSI research

An increasing number of voices are calling for the elimination of the licence fee. In Slovakia, despite efforts to improve licence-fee collection, the system has come under hostile scrutiny. A well-known economist launched a campaign in January 2008, called "Stop the licence fee", demanding a referendum to settle the matter. The campaigners said that public service media could be adequately funded through contributions from commercial TV stations, the State budget or commercial income such as advertising, sponsorship or subscriptions.

In Poland, where evasion is widespread,[33] there are serious plans to scrap the licence fee by the end of this year. The Government proposed in an April 2008 bill to exempt retired people and to abolish the fee completely later in 2008. Many respected intellectuals oppose this move, but surveys indicate that most viewers do not want to pay the fee and would prefer the State to finance TVP directly.

Attempts to introduce the licence fee in Lithuania have failed. In December 2005, Parliament rejected a proposal to this effect, opting instead to keep financing the public service broadcaster through a combination of advertising and State subsidy.

The only country that has embraced a pure licence fee-based model is the Czech Republic, where ČT will drop advertising completely when digitisation has been fully introduced. Interestingly, the Czech Republic is also the only country in this sample where the public service broadcaster has succeeded in raising the quality of its output in recent years.

Table 10. Funding of public service broadcasters

Country	Name	Share of total budget (per cent)				Annual budget (€ million per year)
		Licence fee	State budget	Commercial income (advertising and sponsorship)	Other	
Albania	RTSH	NA	NA	65.0		NA
Bulgaria	BNT	0	100	0	0	31.0 (2007)
Czech Republic	ČT	69.0	0	14.0	17.0	243.7 (2007)
Italy	RAI	51.7	0	39.3	9.0	2,878.4 (2006)
Lithuania	LRT	0	62.9	37.1	0	19.4 (2006)
Poland	TVP	24.6	0	60.3	15.1	610.0 (2007)
Republic of Macedonia	MRT	16.5	0	57.3	26.2	NA
Romania	TVR	60.0	23.0	15.0	NA	142.4 (2006)
Slovakia	STV	45.7	3.0	16.3	3.8	68.9 (2007)

Source: OSI research

33 From some 12.8 million TV households in Poland, over 4.6 million households did not pay the licence fee in 2006, causing TVP estimated losses of €32.5 million a year.

5. COMMERCIAL BROADCASTING

5.1 Ownership

Concentration of ownership has continued apace in the past three years, with the main private broadcasters managing to preserve their grip on their national markets. Digitisation, which will open the door to an influx of new channels, may disturb this pattern. So far, however, the existing broadcasters have managed by and large to keep out fresh competitors through sustained lobbying and additional investment. Without too many analogue licences up for grabs at the moment, broadcasters tend to diversify in as many media subsectors as possible, or build up a presence in local broadcasting.

In Bulgaria, where applicable law on ownership gives no protection to media pluralism, the Balkan News Corporation, which runs nationwide bTV, took over Radio Company CJ, which operates the local radio stations NJoy, Classic FM Radio and Jazz FM. TV2, a new station with almost nationwide coverage, announced that it would start operations, completely ignoring the licensing process. The station is allegedly owned by an advertising mogul, Krassimir Gergov.

In Lithuania, the operators of the three largest commercial TV stations – MG Baltic, Modern Times Group (MTG) and the Achema Group – have invested in a myriad of media outlets, including internet portals, publishing houses, radio stations, daily newspapers, printing houses and advertising agencies.

In Poland, where there are no restrictions on cross-ownership, media groups are freely consolidating. The Agora Group owns the leading daily, *Gazeta Wyborcza*, and 29 local radio stations in nine cities. The German Bauer Publishing Group, owner of over 30 glossy magazines in Poland, bought RMF FM, a private radio station with the largest audience in the country.

Romanian broadcasting remains in the hands of a few powerful media groups, with ramifications in numerous other sectors and businesses and with close connections to the political elite. In 2007, five enterprises controlled 72 per cent of the entire broadcast market: Central European Media Enterprises (CME),[34] the Voiculescu family, a businessman, Sorin Ovidiu Vântu, public service SRTV and SBS Broadcasting. CME's Romanian partner Adrian Sârbu and the companies linked with CME's local vehicle, Media Pro, are active in publishing, printing, cinema, entertainment and radio. One of the new entrants on the Romanian market was the Turkish Dogan, which started Kanal D in a joint venture with the Swiss group Ringier, publisher in Romania of several large dailies, an economic weekly and several women's, youth and TV-schedule magazines.

[34] CME was founded by a former US ambassador, Ronald S. Lauder, in the mid-1990s. It runs TV stations and other media outlets in six Central and Eastern European countries.

In September 2005, the Modern Times Group (MTG) from Sweden bought 50 per cent of GES Media Holding, the owner of Prima TV in the Czech Republic. The largest publisher in the Czech Republic, the German-owned Mafra, bought the music station Óčko in 2005. Its rival, Ringier, also announced an interest in entering the TV business in the Czech Republic. In Slovakia, one pole of power in the broadcasting market, the leading commercial station TV Markíza, owned by CME, lost its outright dominance. But the media group concentrated on a businessman, Ivan Kmotrík, continues to be an important player; as well as the all-news TV station TA3; it operates publishing and printing houses, advertising agencies, and the largest newspaper distributor and retailer in the country.

With the advent of digitisation in the Czech Republic, new major players are expected to emerge. One of these is very likely to be J&T Media Enterprises, part of the J&T Finance Group, which bought TV Joj station in Slovakia. J&T also obtained a digital licence for an all-news station in the Czech Republic.

In July 2008, the German media holding Westdeutsche Allgemeine Zeitung (WAZ) of Essen announced that it had invested in the Albanian TV station Vizion+ in Tirana. Refusing to disclose the financial details of the deal, WAZ stated that it would consider further investments in Albania. WAZ is a dominant player in the print media sectors in a number of countries in Central and Eastern Europe.

5.2 The marketplace

The media markets have already seen shifts in the classic model of advertising, which is changing according to the trends prompted by the new technologies and platforms. Some advertising spending is already migrating from traditional media in general, and TV in particular, to new media.[35] Global internet advertising revenues in 2007 are estimated to have reached $21.1 billion, which would represent a 25 per cent increase over 2006.[36] Between 2008 and 2012, advertising revenues are expected to grow annually by only 3.6 per cent in Europe and 3.7 per cent in the US. Most of this growth is likely to be triggered by online advertising, which is expected to increase by an average 17 per cent worldwide every year until 2012. By 2012, it is estimated that advertising will be a three-tier market with online taking the largest income, followed by TV, with traditional media bringing up the rear. While European traditional channels are expected to grow up to 2 per cent a year, digital channels are forecast to see advertising growth rates of 20 per cent a year. Rather than increasing their budgets,

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35 Digital Strategy Group of the European Broadcasting Union, *Media with a Purpose, op. cit.*

36 "Internet Advertising Revenues Again Reach New Highs, Estimated to Pass $21 Billion in 2007 and Hit Nearly $6 Billion in Q4 2007", a study commissioned by the Interactive Advertising Bureau (IAB) to the consultancy PricewaterhouseCoopers (PwC) (25 February 2008). Founded in 1996, IAB represents over 375 companies specialising in the sale of online advertising. IAB members are responsible for selling over 86 per cent of online advertising in the US.

advertisers are expected to keep redistributing their spending. This will hit print media, radio and cinema advertising.[37]

With the partial exception of Italy, the countries covered by this research are well behind the pace of these global trends. Advertisers are indeed moving part of their spending from traditional media to the internet. However, TV has not seen yet large losses *(see table 11).* Reasons could be the fact that unlike in Western Europe, broadcasters in the young and less competitive Eastern European markets managed to maintain their dominant positions and because new platforms are expanding much more slowly. The only countries where TV's share of the total advertising spend fell sharply were Romania and Poland: down since 2003 by 26 and 8 percentage points, respectively. Radio and print media especially have seen a downturn in advertising income. The biggest slump that the radio sector experienced was in Italy; the biggest loss in the print media sector was in Slovakia.

The internet, meanwhile, has averaged 30 per cent growth annually. Although it started from a much smaller base, the internet is swallowing larger shares of advertising, a trend that looks very likely to continue. Various forecasts show that internet advertising is expected to take up to 20 per cent of the total spend in Europe; one estimate predicts growth from €7.5 billion in 2006 to €16 billion in 2012. This will be driven, among other things, by the increase in access to high-speed internet access from 47 million to over 83 million individuals over the same period.[38] Online advertising spending in Europe reached €11 billion in 2007, a growth of 40 per cent over the previous year.[39] According to one of the principal sources of data on advertising, the internet is expected to pull in more money than radio in 2008 and to overtake magazines in 2010. Central and Eastern European countries will, on this prediction, drive European growth by achieving increases in advertising revenue of over 15 per cent, more than three times the rate forecast for Western Europe.[40]

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37 Press release, "TV Advertising Faces Hard Times in 2008 and 2009. Two Tough Years Ahead but Outlook Improving to 2012 – Especially Online", *Screen Digest*, London, 3 March 2008.

38 Forrester, "European Online Display Advertising Spend Will Double By 2012. The Market Will Build To €5.6 Billion In Five Years", Press release (3 August 2007).

39 Source: PwC.

40 "Carat Forecasts 6.0% Global Advertising Spend Growth for 2008 and 4.9% for 2009", Press release (17 March 2008), available online (in English) at http://www.aegisplc.com/ags/media/groupreleases/grouprel2008/2008-03-17/ (accessed 25 June 2008).

Table 11. Share of media expenditures in 2003–2006 (as percentage)[41]

Country	Medium	2003	2004	2005	2006
Bulgaria	TV	70.0	68.1	67.9	70.8
	Print media	22.6	25.2	21.7	19.2
	Radio	7.2	6.4	4.7	4.6
	Internet	0.2	0.3	0.7	1.3
	Other	NA	NA	5.0	4.2
	Total advertising spending	193	210	251	320
Czech Republic[42]	TV	47.9	48.6	48.4	46.6
	Print media	35.6	35.0	34.4	34.7
	Radio	6.9	6.9	7.1	7.5
	Internet	1.4	1.8	2.3	3.0
	Other	8.1	7.6	7.7	8.2
	Total advertising spending	1,034	1,213	1,434	1,680
Italy	TV	35.7	39.2	35.8	34.6
	Print media	50.6	54.7	57.3	52.7
	Radio	9.7	3.1	2.8	2.9
	Internet	NA	NA	NA	5.8
	Other	4.1	4.3	4.0	4.0
	Total advertising spending	25,624	25,426	29,876	30,952
Lithuania	TV	72.3	69.4	72.4	72.9
	Print media	22.1	14.1	20.7	20.7
	Radio	2.4	2.3	2.2	1.8
	Internet	NA	0.6	0.9	1.3
	Other	3.2	3.6	3.7	3.4
	Total advertising spending	231	252	310	360
Republic of Macedonia	TV	75.8	77.7	77.2	79.8
	Print media	13.0	10.9	9.1	7.8
	Radio	4.5	4.6	4.7	4.7
	Internet	NA	NA	1.0	NA
	Other	6.8	6.9	8.0	7.7
	Total advertising spending	44	66	95	151

41 In countries where the figures for the internet are not known, they are usually included in the "Other" category, along with cinema and outdoor advertising. (The figures are in percentages, in gross figures, unless stated otherwise.) Total advertising expenditures are expressed throughout the table in million €, gross figures.

42 Net figures.

Poland	TV	58.3	54.6	49.1	50.7
	Print media	27.7	30.4	34.0	31.6
	Radio	8.1	8.6	9.5	9.5
	Internet	NA	NA	NA	NA
	Other	5.9	6.4	7.5	8.2
	Total advertising spending	2,410	3,086	3,376	4,031
Romania[43]	TV	86.3	87.0	60.6	60.4
	Print media	11.5	10.9	25.6	23.4
	Radio	2.0	2.1	5.5	7.4
	Internet	0.1	NA	0.6	1.4
	Other	NA	NA	7.7	7.4
	Total advertising spending	1,294	2,079	2,881	3,567[44]
Slovakia	TV	70.1	74.9	76.4	78.5
	Print media	19.4	16.0	14.6	13.1
	Radio	7.2	6.3	5.9	5.2
	Internet	NA	NA	NA	NA
	Other	3.3	2.7	3.1	3.3
	Total advertising spending	411	614	777	1,019

Source: *Television 2007*

Although TV advertising in this sample of countries continues to be highly concentrated, the largest players are slowly losing revenue. Private TV stations still take the lion's share of the spend. In Poland, the only country where the public service broadcaster increased its advertising income in 2003, the private station TVN became the market leader, with some 27 per cent of the TV advertising market. The largest drops in the revenues of the main players were recorded in Slovakia and the Czech Republic, where their dominance had been extremely marked in the past. Only in the Republic of Macedonia has the biggest channel, A1 TV, seen a surge in its revenue. (However, data on the Macedonian market should be treated with caution.)

Still worrying is the extraordinary concentration of Italian TV advertising, with Berlusconi's Mediaset and the public service channels of RAI commanding a combined share of over 80 per cent of the TV advertising spend in 2006.

43 The figures for 2005–2006 are in net values.

44 Romania remains one of the countries where the difference between the gross and net figures for advertising spending is substantial. The gross figure does not include the extremely widespread discounts, barter deals or commissions offered or charged by advertising agencies and media-buying companies. The gross figure is ten-fold higher than the net figure.

Table 12. Channels with the largest advertising market share in 2003 and 2006.
Ranked by the largest percentage share

Country	Channel	Share of TV revenue (per cent)		Type of channel
		2003	2006	
Slovakia	TV Markíza	76.2	53.8	Private
Republic of Macedonia	A1	38.3	51.0	Private
Czech Republic	TV Nova	66.5	48.6	Private
Lithuania	TV 3	48.4	46.3	Private
Bulgaria	BTV	45.1	43.3	Private
Italy	Canale 5	33.1	30.3	Private
Poland	TVN	25.5 (TVP1)	27.2	Private
Romania	Pro TV	26.6 (Prima TV)	15.2	Private
Albania	NA	NA	NA	NA

Source: *Television 2007*

Lack of transparency concerning ownership and funding continue to vitiate broadcasting. In this respect, Albania and the Republic of Macedonia remain the worst examples. In Albania, sources of media funding remain unknown due to the lack of research and to broadcasters' blunt refusal to provide data. The only official source for such data continues to be the declarations on the annual budget that broadcasters should submit to the KKRT. However, only a small number of them do this. Many outlets survive because of the revenues generated by their owners' other businesses, such as construction, trade, advertising or internet services.

In a move to cut the umbilical cord between the media and the State, the Albanian Government decided in 2006 to stop allocating Government advertising to the media and publish them instead in the Bulletin of Official Notices. These allocations have never been transparent, and the Government was accused repeatedly of trading advertising for favourable coverage. The Government still has the resources to circumvent the new regulations and place advertisements in the media. Even so, this decision was hailed as a positive step.

In the Republic of Macedonia, new legislation from 2005 introduced clearer provisions on illegal media concentration, but the Broadcasting Council is failing to implement the law. Broadcasting companies register under different names, and in the absence of mechanisms to trace the real owners, it is rarely possible to prove media concentration. Most damaging for the broadcasters' independence is that influential politicians, including party leaders, are, in fact, behind Macedonian broadcasters.

This combination of non-transparent ownership and a dearth of accurate audience and advertising spending data in Albania and the Republic of Macedonia continue to scare off foreign investors. Although Macedonia's 2005 Broadcasting Law gave a green light to foreigners to own broadcast companies, foreign entities are not investing.[45] In Albania, Julien Roche, a French businessman living in the country, sold his stake in the commercial TV station TV Klan to local buyers in 2005. The intentions of the German WAZ corporation in Albania *(see above)* are not yet clear.

5.3 Local and regional players

Fraught with harsh economic difficulties, local and regional broadcasting is foundering in most of the countries included in this study. Financed most often by municipalities, these broadcasters are in cahoots with local government. Some manage to survive by selling local news coverage to nationwide stations. Otherwise, local broadcasting is in a deplorable situation, airing low-quality programming. Some public service broadcasters still operate local studios, which in other countries have been sold off. There are local channels run by cable operators, but the quality of their programming is also low.

In Albania, the 48 local stations outside the capital Tirana cannot keep up with technological developments. In Bulgaria, the public broadcaster Bulgarian National Television (BNT, *Българска национална телевизия*) operates centres in Varna, Plovdiv, Blagoevgrad and Rousse. It spends generously on these centres, but their programming is still thin, based mostly on repeats.

Local TV stations in Poland have gradually lost their editorial and financial independence since they linked up with the nationwide networks. In 2006, Niezależna Telewizja Lokalna Radomsko was included in TVN's network and Telewizja ODRA, which airs two hours of local programming in nine municipalities, joined TV4. TVP's regional network of stations, operating as TVP3, reduced local production and started to air more programmes produced in TVP's Warsaw studios. In 2008, the Government announced plans to dismantle TVP3 and divide it up into 16 local public TV stations that would be financed in part by local authorities.

In Romania, local broadcasting has entered the hands of rich businessmen who use the stations to pursue their political ambitions and interests. Local journalists face constant censorship and economic pressure.

Macedonian local TV stations struggle to survive, mostly filling their schedules with entertainment. Three years after the 2005 Broadcasting Law introduced the concept of non-profit broadcasting, this sector is still practically non-existent. Only one licence has been awarded, to a student radio station.

In Slovakia, local TV stations are 80 per cent financed by municipalities. Some of them, in places such as Nitra and Trenčín and the capital Bratislava, started to fare better economically due to subventions from the municipalities. However, this support

45 The only foreign investment is in cable television.

obviously increases their dependence on the local authorities and reduces their editorial independence. Generally, local TV content has been improving because of the sustained training of their journalists.

In Lithuania, regional and local broadcasting are marginal. However, the audience share and reach of these stations have slowly increased over recent years. In Italy, local TV broadcasting is fragmented, being covered mostly by a few nationwide networks and syndicated content. Italy has some 500 local stations, but the sector is characterised by a chaotic distribution of frequencies, dating back to the 1980s when broadcasting developed without a regulatory framework. The high number of local channels is, however, officially justified in Italy as contributing to the pluralism of information.

6. Programming

6.1 Output

News

News output is traditionally a priority for both print and electronic media, and a litmus test of public service quality. Editorial independence continues to suffer in almost all the countries of our sample, and sensationalism and tabloid fare often dominate the TV news agenda. Investigative reporting and serious talk shows are being marginalised or cut altogether. Reality shows continue to inundate the screens, mostly on commercial stations.

Except in Lithuania and Poland, private TV stations gain the highest ratings for primetime newscasts *(see table 13).* In Lithuania, the news on the private channels LNK and TV 3 also gains high ratings, very close to the public broadcaster's results.

Table 13. Most watched newscasts in 2006

Country	Channel	Type of channel
Bulgaria	BTV	Private
Czech Republic	TV Nova	Private
Italy	Canale 5	Private
Lithuania	LTV	Public
Republic of Macedonia	A1	Private
Poland	TVP1	Public
Romania	Pro TV	Private
Slovakia	TV Markíza	Private

Source: OSI research

In Poland, genres such as drama, classical music and documentaries are produced almost exclusively by TVP. Combined with news, educational and religious programming, they amount to about 35 per cent of TVP1's output. However, programmes of a public service nature are relegated to unattractive time slots. The renowned film director Agnieszka Holland has said:

> In TVP, the low quality of programmes and lack of standards are more painful than the one-sidedness of its news programmes because news viewers have an alternative on private TV. They do not have a choice for real cultural [programming].[46]

Bulgarian broadcasting does not offer much variety. The newscasts have become increasingly popular. Private bTV and TV Nova have improved their news ratings, while BNT has seen a steady decline in its primetime news viewing figures. Programmes for young viewers are almost non-existent. In general, only public service broadcasters show educational programming; even there, these programmes are marginal.

Newscasts on all major TV stations in Albania have clearly improved. After the change of management in 2006, higher-quality programmes began to appear on Albanian Television (TVSH, *Televizioni Shqiptar*). Nevertheless, the news is neither impartial nor fair, because all outlets mould their coverage according to their economic or political interests. TVSH gives extensive coverage to the activities of the Government and political parties, neglecting civic perspectives.

Lithuanian broadcasting has seen a clear shift from information, cultural and educational programmes to entertainment on both public and commercial channels. The number of serious talk shows dropped from ten in 2004 to four in early 2007.

The programmes on Macedonian Television (MTV, *Makedonska televizija*) are not very different in quality from those on the private stations. MTV, however, airs significantly less entertainment and more educational programming. News programmes occupy a central place in the in-house production of most Macedonian TV stations. This is also due to the repeated political crises in the country that keep the viewers glued to their screens. News has become the strand in which the media compete directly, both in content and in the number of engaged journalists. For example, 51.0 per cent of the nationwide audience watches the news on A1 every day, 33.0 per cent on Kanal 5 and 26.0 per cent on Sitel TV. MTV news attract the smallest audience.

In Romania, news programmes dominate both the first channel of public service Romanian Television (TVR, *Televiziunea Română*) and private Pro TV. News accounts for more than 25 per cent of total programming on both these stations. Other

[46] Tadeusz Sobolewski, "Ratujmy w TVP, co się da" (Let's Save What We Can at TVP), *Gazeta Wyborcza*, 15–16 March, 2008, p. 16.

private stations such as Antena1 and Prima TV also air a significant amount of news. Realitatea TV, an all-news channel with a much smaller average audience than its rivals, beats TVR1 in the ratings for current affairs programmes and talk shows.

In Slovakia, news and current affairs come second after drama, which is the most popular strand on public STV. Since 2006, STV has visibly favoured the Government whose share in the station's political news output rose to almost 75 per cent. This bias, which has tainted STV's reputation, came after almost a decade of neutral and even critical news coverage. Czech public TV also devotes generous airtime to news.

In both Slovakia and the Czech Republic, the major private channels continue to provide a typical commercial diet, including soaps, films, foreign series, reality shows and entertainment.

Minority programming

Programming for national or ethnic minorities continues to be provided almost exclusively by public service broadcasters. In Lithuania, Poland, the Republic of Macedonia, Romania, Slovakia and the Czech Republic, the public service stations devote special programmes to national minorities. However, in most cases, the time devoted to this programming strand is insignificant in terms of the schedule as a whole. Despite broadcasting in many minority languages, Macedonian MRT has not managed to promote social cohesion between the various ethnic groups. The public space of the Macedonian majority and the Albanian minority differ because of the often disparate and sometimes conflicting accounts of events served up by their respective media outlets. In Albania, public service TV and some commercial channels occasionally air programmes for national minorities; media that specialise in minority coverage are struggling to survive. They are all individual initiatives, without any support from the Government.

6.2 Editorial independence

Despite improvements related mostly to the establishment of self-regulatory structures, higher legal standards of independence and more robust statutes of public service broadcasters, the broadcast media continue to be subject to heavy pressures from political and business interests. Real editorial independence of both public and private media has continued to deteriorate in most countries covered by this report. Pressures on public service broadcasters in particular have intensified.

Public service television

Between 2004 and 2006, Polish TVP saw higher levels of pluralism and professionalism, especially among the team producing the primetime newscast, which was led by a renowned journalist who had formerly worked for the BBC. Since 2006, however, the station's news coverage has become politically biased once again, with the ruling parties enjoying more extensive and more positive coverage.

Despite accusations from reporters at ČT that politicians and lobbyists continue to exert pressure on the station, the Czech public service broadcaster now resists such interference more effectively than in the past. Clashes between journalists and management were more like office politics than systematic attacks on the station's independence.

At the Romanian TVR, attempts at independent reporting continue to be dashed. In 2007, the station showed film featuring the minister of agriculture, Decebal Traian Remeş, receiving a bribe from one of his predecessors as an inducement to favour a particular businessman in a public tender. Instead of triggering an investigation, the report attracted the ire of the Prime Minister, who denounced the station for "executing" his colleague.

In Albania, journalists with TVSH have little protection. Underpaid, often working without contracts, journalists have little incentive to pursue editorial independence or produce better-quality programmes. Some commercial TV stations in Albania have gained greater political independence, but TVSH still grapples with gross political interference, especially after changes of government. Following the 2005 elections, more than 80 TVSH employees were fired, including 10 journalists known to have leftist preferences.

In Italy, the political establishment continued to treat RAI as its own broadcaster. Although it did not achieve the degree of control that Berlusconi had enjoyed, the Prodi Government (2006–2008) did not chart a different course. The editor of the station's main newscast (*TG Uno*) was immediately replaced with a prominent journalist from the daily newspaper *Il Corriere della Sera*, who openly declared his sympathy for Prodi's centre-left coalition.

In Slovakia, following the change of management in 2006, STV became highly politicised, and its programming suffered accordingly. Soon after taking charge at STV, Radim Hreha sacked Roland Kyška, the director of STV's news department, and Eugen Korda, the editor-in-chief of the investigation programme *"Reportéri"* (Reporters). Both moves are said to have been made under political pressure. The crusade against independent-minded journalists continued in 2007 when another STV reporter, Štefan Hríb, was fired and his programme, considered one of the best shows to appear on STV in a long time, was cancelled. That summer, a third of STV's news team left the station, complaining about the lack of editorial freedom. They said that they were asked to report positively about the Government and ruling coalition parties. These crises badly damaged STV's reputation.

Commercial television

The picture of editorial independence in the commercial sector is not rosier. In Italy, the collusion between news and politics that characterises RAI journalism is also found in Canale 5, Rete 4 and Italia 1, channels owned by Berlusconi, which account for 40 per cent of TV news and current affairs.

In Poland, editorial independence has continued to suffer in the private broadcasting sector despite journalists' efforts to wrest as much freedom as possible from political and business interests. The owners of private media behave no differently from politicians, using their assets as a weapon to pursue their business interests.

Like their colleagues at TVSH, Albanian journalists in the private media have to work amid poor and insecure conditions. The overwhelming majority have to work without contracts. In the Republic of Macedonia, broadcasting continues to be treated by private owners as a tool for pursuing personal or business interests. Political neutrality and lack of bias are hard to sustain because the most influential stations are owned by leaders of political parties or other individuals with political connections.

Romanian private broadcasting is increasingly "tabloid" in character. Newscasts on private TV lead with scandal and sensationalism, focusing mostly on accidents, domestic violence and other crimes. Information is packaged in a way that seeks to shock. Unlike the news on public TV, which provides better reporting, closely following the most relevant issues of the day, news on the private media is preoccupied with trivial events and is poorly documented.

Slovak private media have improved somewhat over recent years. The use of private broadcast media for political purposes – as seen during Pavol Rusko's ownership of TV Markíza – is no longer common. More worrying is the increasing commercialisation of the public service broadcaster, which has a negative impact on the pluralism of news and current affairs. But the independence of private broadcasting has again been hurt by the incumbent Government, which treats the media in general as a wing of the political opposition.

7. Recommendations

7.1 Original recommendations from the 2005 report[47]

In most countries covered by this monitoring, the recommendations put forward in the original report remain pertinent. Albania and the Republic of Macedonia are partial exceptions. In Albania, many of the recommendations from 2005, in particular in the area of legislation and distribution of State advertising, have been adopted over the past three years. In the Republic of Macedonia, a clutch of recommendations in media legislation, broadcasting policy and industrial relations have been adopted, at least in part. Italy is a case apart. It is not probable that the tentative reforms launched by Prodi's minister of communications, Gentiloni, will be carried forward by the new Berlusconi Government.

7.1.1 Policy

Public consultation	
Recommendation (2005) 1. Governments and Parliaments should provide for broad public consultations about media policy and media legislation. Public authorities, particularly in transition countries, should pay particular attention to involving civil society representatives, including from consumers' groups, media rights organisations and NGOs, professional organisations, academia and other civic partners, in media policy and legislation. In particular, such civil society representatives should be consulted on: • measures to ensure that broadcast regulators, and the broadcasters themselves, are fully independent; • digitisation and other technological developments relating to broadcasting; • measures to ensure that the public interest is served by broadcasters; • monitoring for compliance of broadcasters with their legislative and licence obligations.	**Comment (2008)** Although broader debate on media policy and reform has intensified in most of these countries, Governments and Parliaments still avoid consulting civil society in a meaningful manner. In Romania, the most extreme case, Parliament has not consulted with the regulator even over legal changes that affect the regulator itself. In Poland, no public debate has been organised on the future of the Polish public service broadcaster. However, following the 2007 elections, the Government's plans to reform the regulatory framework and PSB stirred up an unprecedented broad debate. In Albania, the Government has consulted the main interest groups over media legislation, albeit at the last minute, and under pressure from these groups. In Bulgaria, the regulator has been more open, for example consulting with media organisations over licensing criteria. Hence, this recommendation remains pertinent. It is crucial for Governments and Parliaments to involve civil society and media organisations when preparing policy and legislation for the media.

[47] OSI/Overview, pp. 25–32. This follow-up report assesses developments in nine of the countries that were monitored in the original report.

Public education and awareness-building	
Recommendations (2005) 2. Governments, Parliaments and broadcasters should engage in, and support, serious and extended education efforts to inform the public on all aspects of media policy and media developments that are of public interest. Training 3. Governments, together with media owners, the universities and civil society organisations, should increase their efforts to ensure training and professional development of media staff, both through support of on-site training and further development of specialised training institutions.	**Comment (2008)** There is no combined effort from the Government, Parliaments or broadcasters to promote the education of the general public in the media. Where it is done at all, such work is usually carried out by NGOs. In Romania, for example, the Media Monitoring Agency (AMP, Agenția de Monitorizare a Presei) has done concerted work in supporting the introduction of media literacy as a discipline in the country's secondary schools. In Macedonia, the Open Society Institute has supported various NGO projects to improve media literacy
Programming	
Recommendations (2005) 4. Governments and regulators should either impose basic public service obligations for commercial broadcasters, as a necessary and desirable instrument of broadcasting regulation, or should encourage commercial broadcasters to broadcast public interest content, through appropriate incentives. 5. Governments or regulators, as applicable, should provide financial and other support to producers who create programming for ethnic, linguistic and other minorities, and for broadcasters which broadcast such content. At the same time, regulators should recognise the fundamental importance of such content in the licence granting process, where appropriate for the context. 6. Parliaments should, where necessary, amend legislation to empower broadcasting regulators to monitor closely the programming of TV broadcasters, to ensure their compliance with legal and licence obligations.	**Comment (2008)** There have been no significant efforts by governments or regulators to boost public service content either through incentives or obligations. In Poland, the Government and Parliament have yet to clarify the public service role of PSB. This should be addressed by legal amendments that are now in preparation. Romanian broadcasters made no effort to join forces to support better-quality TV programming. In Slovakia, broadcasters have begun to support educational and cultural policy on broadcasting by producing their own formats and programmes and by increasingly cooperating with independent producers. Programming for minorities is left to public service broadcasters. Commercial broadcasters have little if any incentive to address this important constituency. In the Republic of Macedonia, there are repeated calls for a debate about how to overcome the segregation of the public sphere along ethnic lines. To foster understanding of various ethnic communities, the broadcast regulator has been called on to support the non-profit media sector.

	There has been no major change in the capacity of the regulators to help them adapt to the new complex broadcast environment. With the rise of digitisation and new technologies, broadcasting regulators are passing through turbulent times. Only in Bulgaria, at least in terms of technical infrastructure, has the regulator's administrative capacity been increased.
Digitisation	
Recommendations (2005) 7. Governments should adopt national policies on digitisation and draw up action plans for the transition to digitisation. 8. Governments should initiate legislation that provides for the automatic granting of licences for digital broadcasting to public service broadcasters, with the aim of ensuring that PSB is preserved in the digital environment. 9. Parliaments should initiate legislation to forbid the formation of conglomerates grouping operators involved in the digital chain – such as digital multiplex operators, TV stations, programmes packagers and software providers – in order to prevent the development of dominant positions in the digital TV market. 10. Parliaments and Governments should, in view of the likely transformative effects that digitisation will have on broadcasting, encourage public education campaigns and debate on the introduction of digitisation.	**Comment** (2008) In most of the monitored countries legislation on digitisation has been adopted. Romania and Bulgaria, which lag behind in this respect, have seen some progress in this area in 2008. Albania is still in need of a strategy for digitisation. PSB is usually safeguarded in the digital environment. In those countries with more advanced digital legislation, such as the Czech Republic, public service TV has been assigned a good number of frequencies. Provisions on preventing the formation of dominant positions in the digital chain are being developed in some countries. Recent Czech legislation, for example, prevents cross-ownership between operators of electronic communications networks and holders of broadcast licences. There is a gradual growth in knowledge about digital technologies, supported partly by the Government, partly by civil society. In Slovakia and the Czech Republic, special information strategies on digitisation have been produced.
Local television and community media	
Recommendation (2005) 11. Governments should include in their national media policies strategies for the development of local TV stations and community media. Such stations and media should have fair access to the frequency spectrum, and should, where a reasonable showing of need has been made, benefit from support to start up their operations.	**Comment** (2008) Local TV stations are still struggling with financial crisis, often functioning as tools in the hands of their owners, either municipalities or entrepreneurs with numerous other businesses. The Republic of Macedonia is the only example where legislation supports the concept of a non-profit sector in broadcasting.

7.1.2 Broadcasting regulators

Independence and transparency	
Recommendations (2005) 12. Governments should ensure, both in legislation and in practice, the political and operational independence of broadcasting regulators, in line with the Council of Europe's recommendations.[48] 13. Governments should ensure that broadcasting regulatory bodies are provided with sufficient funding to carry out all aspects of their remits. This should, in particular, include the duties of the regulators with respect to monitoring broadcasters' compliance with legislative and contractual licence conditions, their enquiries into non-compliance, and, where appropriate, the handing down of appropriate sanctions. 14. Governments should move to enact detailed conflict-of-interest rules for appointment to, and continued membership of, broadcasting regulatory bodies, where these are not already present in legislation, and they should ensure proper implementation.	**Comment (2008)** Broadcast regulators have gained more operational independence. This progress is undermined, however, by the increasingly overt politicisation of these bodies, as recent appointments clearly show. A positive exception is Poland, where legal amendments in 2008 should serve to reduce political influence over appointments to the national regulatory body. Many broadcast regulators still lack powers, expertise or capacity (or a combination of these) to carry out their tasks. The Italian regulator, for example, has seen no reform of its governing structures or increase in its powers so that it can implement its decisions. In Albania, recommendations to boost the independence of the regulator have been addressed, but further steps are needed to buttress its autonomy.

[48] The key recommendation in this regard is the Council of Europe's recommendation on the independence and functions of regulatory authorities for the broadcasting sector of 2000, and its guidelines concerning the independence and functions of regulatory authorities for the broadcasting sector (Council of Europe, Committee of Ministers, Recommendation (2000) 23 of the Committee of Ministers to the member states on the independence and functions of regulatory authorities for the broadcasting sector, adopted by the Committee of Ministers on 20 December 2000, at the 735th meeting of the Ministers' Deputies).

Frequency allocation	
15. Broadcasting regulators should ensure transparent, non-discriminatory and proportional procedures for the allocation of radio-electrical frequencies. EU member States should ensure, in particular, that the provisions of EU Directives 2002/21/CE (the Framework Directive)[49] and 2002/22/CE (the Universal Service Directive)[50] are fully transferred to national legislation.	Some broadcast regulators have taken initiatives that show their willingness to allow a more diverse range of operators to enter the market. However, the regulators are still struggling with political pressures and increased lobbying by established broadcasters. In the Czech Republic, a market that stands in urgent need of more competition for the two nationwide private broadcasters, the regulator awarded the first digital licences in 2006. But the first digital stations only managed to launch in 2008, after two years of legal disputes instigated by commercial broadcasters.
Licensing for digital broadcasting	
16. Broadcasting regulators should ensure that digital licences are distributed to a diverse range of operators, in order to ensure that the current dominant positions in the analogue broadcasting are not perpetuated.	

7.1.3 Public service broadcasting

Recommendations (2005)	**Comment (2008)**
17. Governments should continue to support PSB as a vital element of democracy. Policy and legislation should respect the principle that market forces alone cannot, and should not, determine PSB policy.	Governments continue to try to control PSB systems. In all but one of the monitored countries, public service broadcasters have experienced mounting politicisation and pressure. (The exception is the Czech Republic.)
Independence and funding	
18. Governments should initiate legislation where needed, and implement existing legislation as required, to ensure that for public service broadcasters, the appointments procedures for the Director-Generals and for members of the Boards are independent, transparent and fair. 19. Governments should initiate legislation to oblige the public service broadcasters to put in place mechanisms to ensure the transparency of their expenditures, and in particular of their	As well as coping with the challenges of actual or attempted political manipulation, public service broadcasters have had to deal with their own flawed funding models and disintegrating reputations. Governments have not adopted legislation that would ensure the independence and stable financing of public service broadcasters. On the contrary, they have turned these broadcasters into political institutions responding more to

[49] Directive 2002/21/EC of the European Parliament and of the Council of 7 March 2002 on a common regulatory framework for electronic communications networks and services, L108/33, Brussels, 24 April 2002 *(Framework Directive).*

[50] Directive 2002/22/EC of the European Parliament and of the Council of 7 March 2002 on universal service and users' rights relating to electronic communications networks and services, L108/51, Brussels, 24 April 2002 *(Universal Service Directive).*

utilisation of public funds. 20. The Boards of PSB should be obliged – and where they are so obliged, these obligations should be enforced – to ensure that the programming of the broadcasters is in compliance with their public service remit. This is particularly important in view of the fact that public service broadcasters have tended to yield to commercial pressures, adjusting their programming with a view merely to increasing audience share.	governmental and political interests than to the public interest. In Romania, for example, for the first time after the collapse of communism in 1989, the public service broadcaster is now managed by a politician. In several countries, public service broadcasters are on the brink of financial collapse. Macedonian public service TV has lost almost its entire funding over the past few years, and had to be rescued by an injection of funds from the state-owned airport authority.

7.1.4 Commercial television broadcasting

Transparency	
Recommendation (2005) 21. Governments should adopt and implement legislation ensuring transparency of ownership of all media outlets, including external investors.	**Comment** (2008) With the exception of Romania, where the regulator has managed to compel broadcasters to disclose their real owners, there has been no progress in improving transparency. For example, calls for a public register of broadcasters' owners in Bulgaria have been ignored. In the Republic of Macedonia, the 2005 broadcasting law introduced provisions on transparency of ownership. These provisions are not implemented, however, and politicians continue to control TV stations that are owned by cronies.

7.1.5 Other

General employment protections	
Recommendation (2005) 22. Governments should, where such legislation is not in place, adopt legislation to ensure social and labour protection for media professionals employed both in commercial broadcasters and in public service broadcasters.	**Comment** (2008) Little or no advance is perceptible in this respect. This recommendation remains pertinent especially in countries where such measures are badly needed due to a harsh environment for journalists. In Albania, for example, the Government did not address requests for specific steps to enforce the Labour Code in media outlets.

7.2 New recommendations based on the 2008 monitoring

7.2.1 Policy

1. In countries where legislation on digitisation and new technologies is lacking, such laws should be adopted as soon as possible. In preparing these laws, Governments should consult with the main stakeholders and actively involve civil society.

7.2.2 Regulatory authorities

2. Given the new realities brought about by technical convergence, Governments should support the unification of technical and content regulators into a single body. Parliaments should adopt legislation ensuring the independence of these regulators and sufficient capacity to cover the integrated sector. The councils of these bodies should be composed as much as possible of people with sufficient expertise and knowledge of the communications fields.

3. Representatives of civil society should be included in the membership of the regulatory bodies. However, experience in some countries shows that the mechanisms of delegation by civil society organisations need to meet the need for professional expertise and for commitment to the autonomy of the regulator.

4. The quantum increase in audiovisual output will present a huge challenge to the monitoring remit of the broadcast regulators. If they were to extend their analogue monitoring to the full range of digital outlets, these regulators would need extra resources on a scale that is simply unrealistic to expect. Moreover, if these resources were to be provided, they would be absorbed by round-the-clock scrutiny of largely blameless broadcasting. Accordingly, the old model of comprehensive monitoring should be replaced with a looser system that combines proactive expertise on the part of the regulator (acting as researcher as well as adjudicator), with external comments, complaints and recommendations from professional and civil society organisations.[51] Government, parliament, the regulator, the media professionals and civil society groups in each country should initiate the process of transforming the monitoring practices, making them fit for purpose in the digital age.

7.2.3 Public service broadcasting

5. Parliaments, Governments, regulators and other interested parties should start a public debate about the future of PSB, with an emphasis on depoliticised governing structures, access to new platforms and independent public funding.

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[51] One example of such an organisation is the Voice of the Listener & Viewer (VLV), in the UK. The VLV is an independent NGO that "represents the citizen and consumer interests in broadcasting, and speaks for listeners and viewers on the full range of broadcasting issues". For more information, see http://www.vlv.org.uk (accessed 10 September 2008).

6. With local broadcasters foundering under pressure from local owners and municipalities, broadcast regulators should adopt strategies aimed at fostering this sector, by supporting, for example, functioning non-profit and community media sectors. They should earmark licences and envisage sources of financing for these outlets.

7.2.4 Commercial broadcasting

7. Parliaments should ensure that digital laws contain provisions on ownership concentration among players in the digital chain, including broadcasters, telecoms companies, multiplex operators and other service providers.

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Council of Europe, Committee of Ministers, Recommendation (2000) 23 of the Committee of Ministers to the member states on the independence and functions of regulatory authorities for the broadcasting sector, adopted by the Committee of Ministers on 20 December 2000, at the 735th meeting of the Ministers' Deputies.

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ANNEX 3. Glossary of acronyms

DTT (Digital Terrestrial Television): deployment of digital technology through aerial broadcasts to a conventional antenna.

DVB-H (Digital Video Broadcasting – Handheld): one of the three predominant mobile TV formats, allowing broadcast services transmission to mobile handsets. As of March 2008, it has become the EU's preferred technology for terrestrial mobile broadcasting.

IPTV (Internet Protocol Television): a system of delivering digital TV content using internet protocol over a network infrastructure. The content is received not via traditional broadcast and cable formats, but through technologies employed for computer networks. IPTV is usually packaged with internet services such as internet connection and VoIP (Voice over Internet Protocol). The package of internet, telephony and internet access is known as triple play. If mobile telephony services are included, it is called quadruple play.

UHF (Ultra High Frequency): a range of electromagnetic waves with frequencies between 300 MHz and 3 GHz. UHF is one of the most commonly used frequencies for the transmission of TV signals. Mobile phone companies also use UHF for their transmission. UHF is used broadly by public service agencies for two-way radio communication.

VoD (Video on Demand): a system of streaming content to view it in real time or downloading content for viewing it at any time. Telecom companies and cable TV operators offer VoD streaming or downloads of programmes to a Digital Video Recorder (DVR).