

# DIGITAL JOURNALISM: MAKING NEWS, BREAKING NEWS





## **Mapping Digital Media** is a project of the **Open Society Program on Independent Journalism** and the **Open Society Information Program**

The project assesses the global opportunities and risks that are created for media by the switch-over from analog broadcasting to digital broadcasting; the growth of new media platforms as sources of news; and the convergence of traditional broadcasting with telecommunications. These changes redefine the ways that media can operate sustainably while staying true to values of pluralism and diversity, transparency and accountability, editorial independence, freedom of expression and information, public service, and high professional standards.

The project, which examines the changes in-depth, builds bridges between researchers and policymakers, activists, academics and standard-setters. It also builds policy capacity in countries where this is less developed, encouraging stakeholders to participate in and influence change. At the same time, this research creates a knowledge base, laying foundations for advocacy work, building capacity and enhancing debate.

Covering 56 countries, the project examines how these changes affect the core democratic service that any media system should provide—news about political, economic and social affairs.

The **MDM Country Reports** are produced by local researchers and partner organizations in each country. Cumulatively, these reports provide a unique resource on the democratic role of digital media. In addition to the country reports, research papers on a range of topics related to digital media have been published as the **MDM Reference Series**.

These publications are all available at

<http://www.opensocietyfoundations.org/projects/mapping-digital-media>.

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# Mapping Digital Media

## Global Findings

A REPORT BY THE OPEN SOCIETY FOUNDATIONS

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# Introduction



# Mapping the World's Digital Media

**Marius Dragomir and Mark Thompson**

## The Project

Over the course of the past decade, digital television and internet have brought about radical changes for media businesses, journalists, and citizens at large. Platforms distributing journalistic content have proliferated, technological advances have driven media companies to revamp their operations in the sometimes desperate attempt to remain lucrative and relevant, while journalists operate in an ever faster-paced industry, and citizens have access to a cornucopia of sources of news and information.

By the end of 2013, over 55 percent of households worldwide had a television set receiving digital signal, some 25 percentage points more than in 2008. In the developed world that figure stood at more than 81 percent. By the end of 2014, the world is forecast to number almost three billion internet users, two thirds of them in the developing world. With mobile phone saturation standing at nearly 100 percent of the global population, consumption on mobile platforms has surged dramatically as well. Mobile broadband subscriptions are predicted to reach 2.3 billion by the end of 2014.<sup>1</sup>

But is this ever-more-connected world a better place for independent journalism? This is one of the questions that the Mapping Digital Media (MDM) project sought to answer.

The Program on Independent Journalism (PIJ), formerly the Media Program, and the Information Program at the Open Society Foundations launched MDM in 2011 as a global research and advocacy project that would assess the global opportunities and risks for journalism and media created by the switch from analog to digital broadcasting, the emergence of new media platforms—particularly online—and the convergence between internet, broadcasting, and telecommunications.

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1. Data released by the International Telecommunication Union (ITU) between December 2013 and May 2014..

During 2011 and 2014, the project generated a total of 56 country reports authored by almost 200 local researchers coming chiefly from academia, journalism and civil society sector. The reports were based on a methodology common for the entire project. (See the Project Information.) The country reports were supplemented by 20 expert papers on specific new trends such as mobile television, net neutrality and online advertising.

The countries included in the project are diverse in terms of technological and economic development, media systems, and social background. They range from small nations with under one million souls such as Montenegro to giants like China and India, from heavily rural Chile and India to the city-state Singapore, from low GDP Kenya with under US\$ 1,000 per capita to rich Sweden, Canada, Netherlands or the U.S. steadily advancing towards the US\$ 50,000 threshold. They include overwhelmingly Muslim Pakistan, Tunisia and Turkey, the largely atheist Czech Republic, and many religiously diverse countries. The total combined population of all 56 countries included in the study surpasses 5.1 billion, almost three quarters of the globe's people today. In total, Mapping Digital Media generated 5,575 pages of analysis. This publication gathers the main findings of the project.

## Journalism in Digital Times

### The Profession

Digitization has been one of the main drivers behind the changing nature of journalism as it affected news values, professional ethics, workflows, working conditions and newsroom management. On the positive side, it tremendously improved access to information and dissemination channels, but at the same time it has unleashed a spate of unethical practices, the most worrying being plagiarism and lack of verification.

Investigative journalists in particular have gained access to a flurry of new platforms to put out their stories, particularly on the internet. However, in most countries, the social impact of journalistic investigations remains limited. As never before, citizens engage in investigations and reporting and post their write-ups on the internet, but in many cases the quality of these stories has come under critical scrutiny.

The biggest gain from digitization is the growing space for free expression by minority groups, particularly ethnic and sexual minorities. More than ever before, marginalized groups have the opportunity to make their voices heard. Paradoxically, however, traditional media have not significantly reduced their bias, marginalizing practices,

or sensational coverage of minorities and other sensitive issues. Secondly, digitization has boosted more than ever before the space for political expression. Candidates in elections almost everywhere in the world use the internet and social media to reach voters. This has created more vibrant political debates and dialog, but it has not often translated into an increased number of political actors.

Overall, with all these ups and downs, journalism entered an era of opportunities that it has never had before. But how the environment journalists operate in has changed in the past years is a different story.

## The Environment

With few exceptions (mostly in Europe), governments have bungled the policies and regulation governing digital switch-over. Coupled with the disarray of an industry hit by economic crisis, changing audiences and technology challenges, it did little to improve the environment in which journalism operates. Political wrangling and special interests and/or lack of vision and interest in the policy-making process have defeated the hopes that digitization would deliver a more diversified media. We have more channels, but not more owners—and sometimes fewer than before.

Public interest is rarely at the core of national digital switch-over policies. Public consultations are wholly lacking or, in some cases, a charade. Public media continue to suffer from political interference and funding cuts, as well as demoralization and uncertainty. Public service obligations outside public service media are rarely present. On the business side, media operators increasingly cut back funding for in-depth journalism as this content does not bring healthy returns. State advertising and advertorials compromising editorial independence are rife.

The outcome is an unprecedented crisis in the supply of public interest journalism—meaning journalism that is, independent, contextual, accountable, and relevant to citizenship.

## Brave New Digital World: A Myth and A Waste

Although it was expected to create space for more players and voices, digitization has been almost everywhere an engine for faster consolidation and vertical integration, reinforcing the familiar problems of media markets. Thanks to the more efficient use of frequencies, digitization has freed transmission frequencies that were occupied

by the old analog transmission and has thus made room for a much higher number of broadcasters than before. Practically, there are more frequencies available for broadcasters today in any given place than any functioning and robust market in the world can ever accommodate.

But despite this staggering resource opportunity, the number of players in most of the countries that have reached an advanced stage of the digital switch-over has not increased significantly as expected. Instead, you have the handful of old, dominant broadcasters running more channels than before and in many cases struggling to fill out the newly gained space and to pull in cash to cover this channel frenzy.

In most countries in the world, television remains the most popular medium in terms of audience size, followed by radio. There are exceptions such as Kenya (and other African countries) where radio and cell phones beat that. On the other hand, the increased use of other devices and platforms has not dented the television viewership. On the contrary, people increasingly watch television on multiple devices. In Europe, where television is the most used source of news, viewing time has spiked in recent years precisely thanks to new platforms and devices.

However, more means rather less in our times.

Astonishingly, after five or even ten years of transition to digital, there is no country in this project where a new television entrant has become the most popular channel. On the contrary: in all countries in Europe that have completed the digital transition, incumbent players have strengthened their position. Even worse, in some former members of the Soviet Union, there is a danger that the number of broadcasters may reduce, unable to keep up with the digital transition.

Public service media are not faring better despite new opportunities created by digitization to expand their reach and capacity. In Europe, public service media are granted privileges in exchange for the responsibilities upon them. They receive funding to pay for upgrading production and transmission facilities as well as extra frequencies for which they do not had to pay or compete. However, for some public service media, particularly in countries where they struggle financially and are grappling with audience declines, the award of more frequencies is rather a burden as they lack the capacity, money, and in some cases also the vision to fill extra channels.

In countries where broadcast content offering has increased, this has not meant more quality and not at all more diversity either. What newly-licensed television channels often do is to recycle or replicate content on more channels at staggered hours.



This failure to inject fresh blood into media markets has been the result of badly planned digital licensing strategies, political barriers and governments and regulators that retain a discretionary power in awarding broadcast licenses, or the lack of interest in investing in new media outlets (this has happened in most of Latin America because digital television is a hefty and risky investment in poorer markets).

Generally, the attitude of regulators in disbursing digital frequencies is to sell them to the highest bidders, which favors incumbent actors and disadvantages local and community media. Government favoritism towards well-established broadcasters continues to guide the licensing policies in all of the countries outside north-western Europe, perpetuating habits from the old times when governments give licenses to media mostly to secure obedient and loyal coverage.

Policy-making on digital switch-over has mostly been led by industry and government, taking little account of public interest issues, and rarely involving civil society in any way. No public interest provisions were adopted in digital switch-over policies in almost two thirds of the MDM countries from Bulgaria and Georgia to Japan and Kazakhstan. In most of the countries, there is no civil society group able to engage in this debate or even to show interest in this issue.

In some countries, public consultation was bogus. In Hungary, the government called for public consultations on the digital switch-over strategy, but it did not use a word of the contributions received. In many places, such as Pakistan, Egypt or some in Southeast Asia, there is not even a plan for the digital switch-off. Procrastination has become a tactic for certain governments to minimize and conceal the opportunities created by digital switch-over, in order to deter new entrants and voices. So far, only a few countries, particularly those with strong public service media, have made diversity of channels a principle of their licensing policy. These countries are mostly Western and Northern European. Elsewhere, public service and state-administered broadcasters are undergoing profound crises. Their audiences are tumbling and they grapple with severe financial downturns.

Digitization has often been used by media companies to reinforce the argument for media consolidation. The argument goes that traditional media have to consolidate their operations under one roof to be able to remain lucrative in the digital market. Several countries have imposed tighter ceilings on concentration; ranging from Chile and Argentina in Latin America to Albania, Montenegro, Croatia, and the Czech Republic in Europe, and South Africa, most of these exceptional outcomes were the result of a long political struggle for media pluralism.

A major problem that the media sector has faced is the lack of transparency of media ownership and funding sources. Generally, there is little information on media owners and figureheads are often used to hide the actual entities that own media. Where legal provisions on transparency are in place, they are seldom enforced.

Thanks to reduced entry costs, new media ventures were launched mostly on the internet. They include commercial news portals as well as new forms of media such as hyper-local citizen media, media run by nongovernmental organizations (NGOs), and media funded by political and religious groups. However, only a few business models in this sector have been successful commercially and no pure-player (online-only) media outlet has yet taken the lead in audience-size over the biggest television, radio and press outlets. In many countries, the most trusted and visited websites among news providers are run by traditional media. This does not mean that traditional media have not been hit. Print newspapers have, with major exceptions, suffered the most.

In television, the growth in the number of channels (not owners) has not been matched by a surge in funding. At the same time, funding for media has become increasingly fragmented among more players and platforms. This has forced many media outlets to make cuts, affecting first of all and mostly in-depth journalism, a costly business that brings low (or no) returns. Instead, media focus increasingly on sensational content, which captures eyeballs and revenue. Moreover, the sector is in a desperate quest for new sources of money, some of which threaten journalistic independence. Advertorials not labeled as such or involvement of advertisers in shaping and framing content are common place in a number of countries ranging from Russia to Bosnia and Herzegovina to Mexico. In others such as Estonia, Chile or Latvia, product placement disguised as editorial content has been on the rise. In India, “private treaties” between media and advertisers are an industry norm, forcing journalists to refrain from criticizing advertisers.

But probably the most detrimental effect on independent journalism in recent years has been state advertising. With ad money shrinking or insufficient to support media markets and no new major sources of funding, state advertising money is often the lifebuoy for media companies in dire financial straits. Unfortunately, state ad money comes almost always with strings attached and is widely used to discriminate against independent, critical journalism. Examples abound from Pakistan to Georgia to South Africa to Colombia to Hungary to Spain.

## Who Is Afraid of Telecoms?

The major novelty introduced by digitization is the increased importance of the transmission sector in the media market. Transmission companies have a major say in content production, program sale, distribution, transmission and access to content, and in equipment choice. Problems related to the gatekeeping role of the transmission providers are not widespread as yet. However, this is a contentious area as it offers a significant and cheap potential to bar access of media outlets to audiences (or vice versa).

As expected, telecommunications businesses have become a major player in this field. In most of the countries where digital switch-over has made progress, telcos became the natural player in digital transmission as they have the technical capability to run digital multiplexes (transmission facilities fit for distributing digital channels) or to deploy television over broadband, which is likely to become the most feasible form of carrying television content in the near future. With convergence of technologies and services leading to bundling of television, data and voice services in one package, telecoms and cable companies are increasingly operating in the same market and overall have become key players in distributing content.

However, when it comes to the actual impact of these new arrangements on media and journalists, fears that telecoms will emerge as a new pressure factor for news providers have proved groundless. There is not much evidence that these companies use their growing say in the media markets to make pressures on news providers to influence coverage. Moreover, the interest of telcos in entering media businesses has been frail to date; this is partly because telcos function according to a totally different business logic than that of media content providers, and partly because of the high level of risk that the media industry, more ravaged than other industries by the economic crisis, presents.

Nevertheless, in some countries, particularly developing states and countries undergoing democratization where flagship telcos are still state-controlled or have close links to state authorities, telcos are able to exert pressures on news providers and journalists on behalf of the authorities. Secondly, telcos, particularly mobile operators, are among the largest ad spenders everywhere in the world and are thus in a position to use their financial muscles to gag news providers and journalists. This has so far only happened in a few cases.

## Digital Champions

Western and Northern Europe have the most progressive and fast-developing digital states in the world, thanks to the right kind of involvement by governments, supporting rather than reducing media independence. Finland is a leading force, with one of the highest levels of public support for the media per head and a broadcast licensing policy strongly favoring plurality and diversity.

Elsewhere, such examples are rare. In South-east Europe, Bosnia and Herzegovina has been praised for establishing a robust broadcast and telecom regulator, admittedly an institution that was imposed—and continues to be protected—by the international community. In the former Soviet Union, the picture outside the Baltic countries is rather grim. However, Georgia stands out for the creative use of internet tools in strengthening democracy and stirring debate. In Latin America, Uruguay received kudos for promoting transparency and staving off arbitrariness in licensing new broadcasters, a process intended to increase the number of voices in the television market, including community media for which the law reserves a third of the country's frequencies. In South-east Asia, Singapore was authoritarian before digital technology and is more open today because of it, but it remains a laggard when it comes to freedom of expression. Indonesia is applauded for its open digital policy-making process. In the Arab world, Tunisia may be the country with the most promising prospects of using the switch-over to increase diversity in the media. But this promise has yet to be fulfilled.

## What to Watch Next

Most of Europe has completed the digital switch-over. Latin America and Africa come next along with a number of countries in the Middle East and Asia that are waking up to the challenge. But overall, technology is advancing at a very rapid pace in this industry and broadband is increasingly emerging as the most feasible, economical and supple technology to carry television, likely to soon outperform terrestrial multiplex operators in many countries. Decisions on the choice of transmission have been generally random as no cost effectiveness or feasibility studies are ever conducted. As a result, governments made massive investments in distribution facilities that are not and are unlikely to be ever used.

In the short- to medium-term, policy debates in this field are likely to focus largely on the distribution of licenses and on ownership. There are few indications that anything will change in the pattern of regulating these issues as this process continues to be

government- and industry-led as and civil society is little involved. Access to licenses for new entrants, including community media, a fair, transparent and open policy decision-making process, independent regulators and balanced ownership control in all digital media market segments are the factors that would help to create a healthier environment for journalism to operate. Standards and rules on all these issues should be central to the future media policies.

In the longer term, internet and mobile are—given the convergent nature of technology—the platforms most likely to be folded into a more inclusive media and communications policy. Online news is already governed by a set of growing set of laws and regulatory rules, mostly related to defamation, discrimination, or incitement to violence or hatred. In some countries, there are rules that badly hurt independent journalism. In others, government regulation infringes crassly on freedom of expression. In Africa, mobile is already a major communication tool. Elsewhere, content on mobile platforms is rapidly growing. Relaxed regulation of journalistic content on these platforms, along with obligations or incentives to carry public interest content and—as the third element—legislation to ensure balanced and diverse ownership: this combination should lie at the heart of a progressive media policy for the digitized media sector.





# Major Trends by Themes and Regions





## CHAPTER ONE

# Public Interest and Commercial Media: Digital Trends

## 1. REDEFINING PUBLIC MEDIA

- Public service and public interest media are defined very differently in different places. In some countries, the public interest is invoked as a cloak for state interference and domination. In others, it is extremely underdeveloped. In a quarter of the MDM countries, private/commercial media also have a public service obligation.
- The most common form of state support for public service media during digitization has been financial—although competition for funding is intensifying. Public service media also get places on multiplexes. Overall, digitization creates opportunities for public service media to expand content, add new services, and boost penetration.

## 2. INCUMBENT POWER

- Far from necessarily increasing diversity and plurality, digitization can reinforce traditional problems in media markets.
- In many countries, public service and commercial media gained digital frequencies without contest. The lack of policy to support channel diversity has barred new voices from entering the market.
- Inefficient and weak legal obligations compelling the transparency and disclosure of ownership information compound the power of incumbents.

## 3. INFLUENCING POLICY

- Governments generally fail to ensure civil society participation in the policy process. Even where consultations took place—in less than 20 of 56 countries—civil society's influence over resulting policies was questionable.
- Some countries held open and vigorous consultations that did not result in regulation guided by public interest. Others avoided consultations yet included public interest provisions in policy.

## CHAPTER TWO

## Public Media and Digitization: Seven Theses

## 1. REDEFINING PUBLIC MEDIA

- Only in parts of Europe are public service media institutions strongly placed. Elsewhere, public service broadcasting is not understood as a concept and digitization has brought no pressure for reform.
- Digitization and choice may increase pressure on public service broadcasters to become more impartial. Digitally-enabled competition has led viewers and listeners in some countries to trust public service and state broadcasters less, because they are exposed to a wider range of views, opinions, and standards.
- Public service broadcasters often perform a balancing act, observing their public service remit while trying to attract audiences. Success in striking this balance is limited.

## 2. FUNDING

- Audience share and reach on broadcast platforms for state and public service broadcasters fell in most countries between 2005 and 2010. The exceptions, including Canada and Sweden, indicate that a well-run, trusted public service broadcaster can still thrive.
- Where established public service broadcasters have developed a compelling offer on new platforms, they are among the very biggest providers of news. But the long-term efficiency benefits of digitization only become available after very significant new investments.
- The overall funding of public service broadcasters has shifted slightly from advertising to the license fee and other public funds.

## 3. EVIDENCE FOR BETTER POLICIES

- Most governments offer very little vision or direction in building public service media equipped for the digital market.
- The future of state and public service broadcasters is not being decided in a rational process of evidence-based debate. Policy discussion is limited to a clique of interested parties' input on technical standards, distribution costs, spectrum planning, and competition policy—not on the public interest.

## CHAPTER THREE

## Journalism and Digital Times: Between Wider Reach and Sloppy Reporting

### 1. JOURNALISM AS AN ACT, NOT JUST A PROFESSION

- Citizen reporters play a notable role in developed countries and some emerging markets, where user-generated content platforms have achieved massive popularity.
- In many countries, civic groups conduct independent investigations, tackle important policy issues, and become valuable alternative sources of information. Yet independent investigators or bloggers often face prosecution, intimidation and threats from special interest groups, and do not enjoy the same attention or protection as journalists.
- More than 60 percent of countries saw a surge in new publishing platforms such as blogs, independent websites, and email groups for investigative journalism. However, less than one-third of countries found that digital media have helped to expand the social impact of investigative journalism.

### 2. TRANSPARENCY

- The internet is the main alternative platform for content that mainstream media outlets do not carry because of pressure from the state, advertisers, or political parties. It has enlarged debate on sensitive topics that are little covered in mainstream media.
- By far the biggest, most unequivocal gain for investigative journalism has been the increased access to sources, information, and data in some 80 percent of countries.
- Digitization has increased public knowledge about power-holders and boosted political activism. Yet digital media may not be playing a significant role in broadening the range of new political actors.

### 3. CONDITIONS

- Digitization is driving changes in journalism, affecting news values, professional ethics, workflows, working conditions, and newsroom management. It offers faster news delivery, better access to sources and information, and more interaction with readers. Yet it does not necessarily foster better journalism.

## CHAPTER FOUR

## News Choice and Offer in the Digital Transition

## 1. CONSUMPTION

- Digitization of broadcasting has not triggered massive changes in news consumption patterns. Television is still watched overall as scheduled broadcasting, and is still the most popular source of news and information. However, there has been a slight rise in on-demand viewership.
- People tend to consume the traditional media they trust, but in more convenient forms.
- News consumption via social networks is rising daily.
- Newspaper circulations have fallen rapidly in most countries. (Exceptions include China, India, Brazil, and North Africa.) Yet online access to print media content has increased. The most popular media online—including the most trusted and visited news sites—belong to traditional outlets and carry the same information as their print editions.

## 2. DIVERSITY

- Digitization has not significantly affected total news diversity. Newly established digital terrestrial channels mainly offer sports or entertainment. There is no case where a new entrant has become the leading television station by audience. Also, there is no pure-player (online only) media outlet in any country that is the most popular outlet by audience.

## 3. ONLINE NEWS

- The most visited public service broadcasting website belongs to the BBC, which has invested heavily in its online newsroom and become the only online news provider in the global top 10 that is subject to public service regulation.

## CHAPTER FIVE

# Telecoms and News

### 1. CONVERGENCE OR CONCENTRATION?

- The essential fact about media convergence is that it helps to spread news and entertainment content.
- The differences between cable companies, telecommunications companies, and mobile providers have disappeared as cable operators became internet service providers (ISPs) and landline telephony companies add mobile voice and internet services to their offer.
- Increasing concentration of ownership is complemented by technological convergence, meaning the dissemination of news on similar or partly similar platforms—most notably Direct-to-Home satellite and Internet Protocol Television.

### 2. POLITICAL PRESSURES

- There is little evidence of pressure on news providers by telecoms, cable, or mobile companies. And no evidence that telecoms companies use news or mainstream television operations for political influence, or influence the editorial policy of media outlets owned by the same group.
- The ownership structure in developing countries is more scattered, because the companies are smaller.

### 3. NEWS AT THE MARGINS

- The ever-increasing spread of entertainment delivers both the most popular type of content among young, connected users—and is also politically safe.
- Public interest news content is not a top priority for telecoms companies because it is less attractive to young mobile users.
- Telecoms and cable companies' ownership of mainstream and all-news television is dwarfed by their involvement in niche thematic channels such as sports or movies in bundled packages.

## CHAPTER SIX

## Access to Spectrum: Winners and Losers

## 1. UBIQUITOUS MEDIA, UNEQUAL ACCESS?

- Terrestrial broadcasting remains one of the most important delivery platforms for household consumption. Its importance rises during times of crisis in developed countries. However, broadband is increasingly the most economically viable mode of television transmission.
- The digital divide separates demographic groups in each country: between urban and rural areas, generations, genders, income groups, and groups separated by education.
- These divides are expressed in terms of access to information and communication technology, and of information competency and media literacy.

## 2. DIVERSITY OF DEVICE, OR CONTENT?

- Increasing the number of channels does not mean increasing the quality or diversity of content. The main question facing the media is (still) this: what matters most—the quality of the picture, the number of channels, or the quality of the programs?
- New entrants in digital broadcasting are scarce. The same content multiplies and replicates across channels and platforms.

## 3. EFFECTIVE REGULATION

- The problems of the analog environment are replicated in the digital one. Trends in spectrum management and allocation, where spectrum is sold to the highest bidders, empower incumbent actors and reduce the opportunities and prospects for local and community media.
- The granting of portions of the digital dividend to telecoms operators can be seen as ensuring access to (mobile) broadband internet for different demographic groups, regardless of whether they live in urban or rural environments.
- In the context of digital switch-over, gatekeeping problems most often concern the *economic* aim of incumbent actors to gain a competitive advantage; or the *political* aim of privileging a technical standard, often connected with wider national interests.

## CHAPTER SEVEN

## Distributing the Digital Dividend

## 1. REGULATION

- In most countries where digital switch-over has been completed, it has improved competition among terrestrial broadcasters by providing space for more television channels and digital add-on services.
- Yet many of the new digital terrestrial distribution channels make marginal contributions to overall content diversity. Only a few countries, mostly those with strong public service media, have factored the public interest of channel diversity into licensing policy.
- The chief regulatory issue in digital switch-over has been to what extent the allocation of bandwidth reserved for digital television ensures transmission efficiency, fairness for the parties involved, and transparency in the process.

## 2. POLICY

- Outside North-Western Europe, governments control the distribution of new digital television channels to secure obedient coverage. New channels are often given to well-established incumbents with close ties to specific political and economic interests. The prospects for countries still preparing a tender are no better.
- The legal framework for regulating digital switch-over usually includes rules to secure an open and fair process. In very few countries are these rules followed.
- The best hope for a strong public interest policy for using the digital dividend may lie in the engagement of civil society groups, helped by international institutions and non-governmental organizations.

## 3. CHOICE

- Broadband wireless services (mobile telephony and internet), used daily by practically all citizens, serve social purposes no less than broadcasting does.

## CHAPTER EIGHT

## Business and Ownership of the Media in Digital Times

### 1. FUNDING JOURNALISM / REVENUE

- Traditional business models for print journalism face severe pressure. Some governments have pushed their funding beyond the traditional domain of public broadcasting. In a few countries the question has arisen whether the state should intervene to safeguard the civic functions of media, e.g. with special funds for journalists.
- Many countries report rising income from pay-TV, but it remains unclear how much of this supports journalism.
- Websites, blogs, and local community platforms have been launched in nearly all countries. These pure online players have difficulty becoming sustainable.
- The increase in available content does not necessarily lead to differentiation among dominant content providers.

### 2. OWNERSHIP AND INFLUENCE

- Ownership consolidation is a worldwide trend, often associated with a decrease in media plurality. But a few smaller countries report that media concentration in larger companies has had a positive effect.
- Although channels have multiplied since switch-over, the number of owners has not.
- The influence on media content of media barons and their political or business allies is not always traceable or provable. However, in a range of countries there is ample evidence of owners trying to influence journalists.
- It is not clear whether trends in foreign and cross-national ownership have implications for independent journalism. However, foreign media companies often import standardized formats and foreign programs at the cost of more local coverage.

### 3. ADVERTISING

- While net advertising spend has not grown in most countries, the portion represented by online advertising has risen significantly, though not everywhere. Most of this money goes to content aggregators, search engines, and social networks.
- In some countries, rising pressure in the advertising market has boosted the editorial influence of advertisers and media funders, as well as product placement and advertorials.



## CHAPTER NINE

# Digital Media in the European Union

### 1. MONETIZATION

- The struggle to monetize news audiences has harmed the provision of good-quality public interest news and journalism.
- Most publishers offer online news for free. Some high-profile news organizations charge for part of the content.
- An emergent third sector of journalism exploits hybrid models of foundation funding, cross-subsidies, crowdfunding, and commissions.

### 2. DIGITAL POLICY

- Digital switch-over of television is complete in all 19 EU member states in the Mapping Digital Media project. Digitization of radio has, by contrast, largely failed or stalled.
- Broadband coverage reached nearly universal levels in almost all EU members by 2011. But digital divides in Eastern and Southern Europe are significant.
- Digitization has little impact on dominant market positions or mergers.

### 3. NEWS AND JOURNALISM

- Television remains by far the most widely used source for news and information, although online and mobile news services, particularly from established news brands, are increasingly important, especially through referrals from social media
- News increasingly targets individual preferences and niche audiences. Online consumption is increasingly structured around personalization and aggregation.

## CHAPTER TEN

## Digital Media in the EU Enlargement Countries

## 1. POLITICIZATION

- Digital switch-over of television has suffered from bureaucratic delays and political obstacles. The legal and regulatory frameworks lack clarity, and coordination between responsible agencies is often poor.
- The independent performance of media is under threat from endemic politicization (regardless of digitization), increased reliance on state aid, and worsening labor conditions.

## 2. PLURALISM GOOD AND BAD

- Except in Turkey, newspapers have lost substantial influence—although newspaper content online reaches more people than ever. Differences in circulation loss can be traced to performance online.
- The emergence of online news services fosters plurality in the overall news landscape but has not usually led to a more diverse or higher-quality news offer.
- In most countries minority expression in the news has expanded—to the benefit of sexual and ethnic minorities.

## 3. QUALITY

- Digitization has prompted public broadcasters and commercial incumbents to invest in new services online—with mixed results.
- Broadband internet coupled with IPTV and other modes of digital television already enhance access to plural news sources. Yet the gains are offset by tabloidization and declining standards of journalism.
- New providers of online news are few in number, but they make a significant contribution to the news offer and agenda in several countries.

## CHAPTER ELEVEN

# Digital Media in the Former Soviet Union

### 1. ACCESS

- Internet users in this region are among the most active in the world. Yet vast segments of society still lack access to the internet.
- Digital switch-over is expected to make media more accessible to more communities, but not necessarily to improve the plurality of news sources or content. (Russia and Kazakhstan have not opened up the abundance of frequencies to new players.)
- Urban populations select among dozens of satellite and terrestrial channels, and broadband internet, while rural communities have access to a handful of channels and slow, if any, internet connections.

### 2. FUNDING

- With the financial crisis, the state gained prominence as an advertiser and source of funding, and the preferential allocation of advertising—already common practice—became even more widespread, putting extra pressure on cash-starved independent media outlets across the region.

### 3. INDEPENDENCE OF THE MEDIA

- The internet offers a tangible and fast-growing alternative to state-controlled media channels, and investigative journalism units are beginning to emerge.

## CHAPTER TWELVE

## Digital Media in Latin America

## 1. POWER

- Established groups in the television market can transition smoothly into digital television and replicate their dominance in the new environment—especially when regulation privileges incumbents.
- Digital divides are numerous and broad, reflecting age, wealth, education, and the urban/rural split. Except for a few initiatives—such as Uruguay’s Ceibal plan—little has been done to narrow these divides and improve digital literacy.
- Public service media either function as state media or are indistinguishable from private media. Digitization creates opportunities for rethinking and strengthening the role of public media, and also of community media.

## 2. MONETIZATION

- There are no successfully replicable business models to sustain online journalism. News websites mostly replicate offline outlets owned by dominant groups; and journalists seem increasingly vulnerable to pressure in various forms.
- The shortage of credible and current data on equipment ownership, audience, and news consumption predates digitization. It has become more acute as media markets and media consumption grow more complex.

## 3. NEWS ONLINE

- The leading incumbent media outlets, particularly newspapers, have become leading news sources on the internet.
- Online communication is, however, a significant and growing force. The internet has cut the fixed costs of launching new media outlets. New voices produce and distribute high-quality journalism, including investigative journalism, in a number of countries.

## CHAPTER THIRTEEN

# Digital Media in South-East Asia

### 1. MOBILE

- Television is still the dominant medium and primary source of news in Indonesia, Malaysia, Singapore, and Thailand. But audiences are going online and connecting via mobile at an astounding pace.
- Singapore was authoritarian before digital technology and is more open today because of it. The government and its media establishment show willingness to widen the parameters of acceptable debate. Singaporeans move seamlessly from offline to online and mobile, while still reading in print and watching television and movies on mobile devices and sharing news in a variety of forms.

### 2. JOURNALISM

- Most countries in the region have significant ethnic/religious divides, and digital media have provided new and prolific opportunities for these to be exploited through hate speech and extremist content.
- Journalism has suffered from a lack of critical and independent professionalism. The news agenda is set by politicians, officials, and the PR industry. There is very little “added value” reporting in the form of background, context, analysis, balance, or multiple sourcing. Digitization has made this bad situation even worse.

### 3. INDEPENDENT REGULATION

- None of these countries has a truly independent broadcast and/or telecoms regulator.

## CHAPTER FOURTEEN

## Digital Media in Asia: India and Pakistan

## 1. COMMERCIALIZATION

- Rapid economic growth has driven remarkable growth of digital media consumption. Expanding pay-TV and mobile telephony contrasts sharply with strikingly low rates of internet usage.
- The state has largely left the development of media technology to business. This has delayed progress towards digital switch-over.
- Spectrum allocation and regulation focus on pricing logic and commercial potential (maximizing government rents), not on public interest considerations and institutional independence.
- Aggressive commercial goals color every aspect of the new media landscape, pushing up ratings and circulations while dragging down journalistic standards and ethics.

## 2. POLITICIZATION

- Blatant corruption aside, India's fragmented policy apparatus creates fertile ground for politicization and favoritism in decisions on resource allocation, technology choice, licensing criteria, and ownership.
- The nominally public broadcasters have further degenerated into government mouthpieces.

## 3. PLURALISM

- India and Pakistan have traditions of robust public discourse. Digital media have multiplied the voices and audiences that can participate. Marginalized groups express their own vision online and air issues of importance to them, even though little filters through to the national conversation.
- Digital media make a significant contribution to political and civil campaigns.
- Big media companies have subsumed much of the critical blogosphere, providing platforms for leading commentators, co-opting the more independent voices.

## CHAPTER FIFTEEN

## Digital Media in the Arab World

## 1. ACCESS

- Media consumers have more choice than ever before. Personal computer ownership is rising steadily and mobile telephony boosts the provision of digital content and news. Yet television still reigns as the media platform of choice.
- Lack of affordability and access impede digitization. Most households are not equipped to access digital content, and internet use is largely limited to urban areas and educated segments of the population—and predominantly to men.
- If illiteracy and poverty impede the spread of the benefits of digitization in Egypt and Morocco, relatively high levels of education and literacy in Jordan and Lebanon present great opportunities.
- The Arab Spring showed how social media uptake has intensified political activism and debate. Since 2011, a culture of protest has taken hold amid fast-growing access to digital media. The media reform movement is now embedded in the wider struggle for political change.

## 2. JOURNALISM AND SUSTAINABILITY

- The impact of the internet on professional ethics is mostly negative, with less fact-checking and more sensationalism.
- There is no viable business model for online news media.
- Digitization has had little or no effect on the media market, ownership, economics, or independence. The incestuous relationship between commercial media interests and political elites remains strong.

## 3. INDEPENDENT REGULATION

- The benefits that digitization should bring for strengthening free speech have been hampered by a hostile regulatory environment, where independent voices are suppressed and political and commercial interests are protected.

## CHAPTER SIXTEEN

## Digital Media in Africa: Kenya, Nigeria, South Africa

## 1. ACCESS

- The digital divide is in many ways an access-to-electricity divide.
- Internet use remains largely urban, forming a significant part of middle-class news consumption and debate. However, it continues to ripple outwards to smaller towns and some rural areas.
- Citizens have access to an ever wider range of sources and news materials, most notably foreign news—especially about their own countries.

## 2. NEWS AND MOBILEY

- Local news sites are among the 20 most used websites in all three countries.
- Given the high level of mobile internet use for news and information, it is notable that all media output to mobile phones is a cut-down version of other output or the internet version seen on a small screen. Dedicated news products for mobile handsets are keenly awaited.

## 3. ENTRENCHED INFLUENCES

- Digital switch-over has proved particularly challenging across Sub-Saharan Africa as it requires government resources plus the ability to work with a stakeholder group that includes private broadcasters.
- Public broadcasting is state-run with the partial exception of South Africa. Viewers in Nigeria and Kenya have little trust in their state broadcasters. Nevertheless, the state broadcasters in Nigeria and South Africa are powerful players with significant resources.
- Relationships between politicians and the media, and between government as one of the largest advertisers and the media, are usually opaque. Politicians lurk in the shadows but there is no way of knowing who the beneficial owners of particular companies are.
- Lack of market data makes it impossible to know whether government advertising decisions are objectively grounded or reflect political and economic interests.





# Themes



# Public Interest and Commercial Media: Digital Trends

Carlos Cortés

## Introduction

Public service broadcasters face an ambiguous situation in both the course and the aftermath of digitization.<sup>1</sup> While digitization opens an opportunity for them to broaden and strengthen their public mission by expanding content, adding new services, and boosting penetration, it also threatens their very existence: it is likely to increase and dramatically enhance the commercial offer, reinforcing the case against using taxpayers' money to produce information via public service broadcasters. Digitization requires, moreover, substantial investments (infrastructure, equipment, training), which, in the case of public service broadcasters, means more public funding—an unpopular cause to advocate.

For commercial media, meanwhile, digitization has accelerated consolidation, cross-ownership deals, and vertical integration. Far from being an opportunity for increased diversity and plurality, digitization seems to reinforce traditional problems in media markets.

This chapter explores developments in four main areas. First, it explores how public interest provisions are present in digital switch-over policy. While there is no single definition of the public interest, several countries have addressed the concept in various ways. Second, it analyzes how regulation ensures a role for public service broadcasters in the digital era. This was achieved in some countries by securing frequencies for public

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1. Digitization has also challenged the term “public service broadcaster,” and the term “public service media” is now often used. This chapter uses both terms, though “public service broadcasting” is preferred, depending on context.

media in digital multiplexes and introducing must-carry provisions for commercial transmission operators, or by requiring commercial media to produce and disseminate public service content. Although the latter provisions are common, they are mostly unrelated to digitization.

Third, the chapter describes the changes that commercial media have undergone in the digital transition. A number of countries have introduced reforms (again, not always related to digital switch-over) to address issues such as ownership limits, market share, foreign investment, and transparency. On the other hand, in the area of licensing and operation of digital multiplexes, the automatic renewal of licenses for incumbent commercial broadcasters and the automatic award of digital licenses to certain commercial operators have had a negative impact on media diversity.

Finally, the chapter maps models of regulation of news online, which takes the form of general or specific regulation. Most of the general laws in this area are related to crimes like defamation, discrimination, or incitement, while some other laws apply both offline and online to publishers and news editors. In addition, special legislation for the internet addresses intermediary liability, net neutrality, and content dissemination.

## 1. Public Interest

The notion of public interest in democratic societies relates to the collective goals that the state should pursue on behalf of its citizens. An issue of public interest affects all of society or a part of it, rather than specific individuals. In media and communications, policy concerned with public interest seeks to ensure that publishing, broadcasting, and telecommunications systems deliver political, social, and economic welfare. Values such as freedom of expression, cultural diversity, and innovation underpin this objective.<sup>2</sup>

Beyond this theoretical common ground, public interest is a contextual concept that varies widely among national regulatory frameworks, as the Mapping Digital Media (MDM) research shows. There is no common definition of public interest in the digital switch-over process across the 56 countries in this project.

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2. See Jan Van Cuilenberg and Denis McQuail, "Media Policy Paradigm Shifts: Towards a New Communications Policy Paradigm," *European Journal of Communications* 18 (2003), p. 181.

In some countries, the public interest concept is not identified as such, yet policies and legislation still refer to it in various ways. In France, the National Audiovisual Council (*Conseil supérieur de l'audiovisuel*, CSA) has to take into account “the interest of each project for the public,” safeguarding pluralism, different socio-cultural expressions, and the diversity of operators.<sup>3</sup> Similarly, the 2008 Digital Switch-over Strategy in Montenegro seeks to “ensure the preservation, protection and promotion of national heritage and cultural diversity; create and promote possibilities to satisfy the needs of people with disabilities and of vulnerable groups among the Montenegrin population.”<sup>4</sup>

The 1977 Broadcasting Law of Uruguay states that broadcasting services are of public interest, yet the relevant provisions were only developed in the 2007 Community Broadcasting Law. Article 3 establishes three principles under which the state shall award broadcasting frequencies: plurality, promotion, and diversity; non-discrimination; and transparency and publicity.

Brazilian digital television is also guided by several public interest goals. Inter alia, this system is required to promote social inclusion and cultural diversity, encourage research and development of Brazil’s information and technology sectors, and foster the entry of new companies to the sector.<sup>5</sup> Finally, the public interest in digital broadcasting policy in South Africa comes in the form of provisions to grant access to content for people with disabilities and through requirements for broadcasters to disseminate local content in the country’s 11 official languages. Furthermore, in the process of licensing new digital channels, the South African policy says, the public interest is invoked through a public value test run by the Independent Communications Authority of South Africa.

Other countries have not drafted broad public interest principles, but have included related provisions in the general digital switch-over regulation. For example, the Armenian Ministry of the Economy drafted in 2009 a Concept Paper on digital switch-over that called for at least one must-carry social package to be included in each multiplex. Likewise, the broadcasting law of Kazakhstan has must-carry provisions on “socially significant information” that ensure “the right to information, free speech, freedom of expression and foster pluralism of voices.”<sup>6</sup> The Russian Government Commission on Development of Television and Radio Broadcasting introduced must-

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3. Law on Freedom of Communication, Article 29. This law has been modified by Law No. 2004-669 of 2004.

4. Broadcasting Agency of Montenegro, Digital Switch-over Strategy, Chapters 1 and 2.

5. See Decree No. 4,901 of 2003.

6. Statute on Television and Radio Broadcasting, Article 12.

carry provisions on “an all-Russia information channel that covers the main events that take place in our country and abroad,” and several other channels on entertainment, cultural life, sports, and public affairs.<sup>7</sup>

The “all-Russia information” must-carry provisions package became a platform for the government to advance its political agenda. This situation illustrates the aversion to public interest legislation in many countries, where the public interest is invoked in media and communications policy as a cloak for state interference and domination. In China, this kind of regulation serves the objective of regime control of the broadcasting sector. In October 2011, the State Administration for Radio, Film, and Television issued the notice “On Going a Step Further to Strengthen the Management of Satellite Television Programs,” ordering satellite television channels to air more cultural, education, and technology news and programs, along with a requirement to broadcast a “morality show” that “promotes traditional Chinese moral virtues and core socialist values.”

In other countries, the very concept of public interest is controversial and associated in the public mind with the interests of political power. In others again, it is extremely underdeveloped. Argentina, for example, has no general public interest safeguard in its digital switch-over policy. Public interest provisions are totally absent from digital switch-over policies in many of the MDM countries, including Bulgaria, Egypt, Guatemala, India, Indonesia, Japan, Jordan, Lithuania, Mexico, Morocco, Nicaragua, Pakistan, and Spain, among others.

It is striking that the existence of clear public interest provisions does not necessarily mean that a country had a robust policy consultation process with civil society. In other words, there is no direct correlation between public consultation and public interest regulation. The examples discussed below show various kinds of correlation between consultation and regulation. Some countries held open and vigorous consultations that did not result in regulation guided by public interest, while others skipped consultations altogether, yet included public interest provisions in the policy.

According to France’s 2007 Law on the Modernization of Audiovisual Broadcasting, the prime minister would approve the digital switch-over scheme only after the CSA had carried out a public consultation. The CSA received 80 contributions from different stakeholders, ranging from nongovernmental organizations (NGOs) to

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7. “Concept of Development of TV and Radio Broadcasting in Russian Federation in 2008–2015,” Collection of Laws of the Russian Federation, No. 49, 2007.

local authorities, which were used afterwards by the prime minister's office. In the end, public interest provisions formed part of the law. In Uruguay, another country with public interest provisions in its digital switch-over policy, the Community Broadcasting Law was adopted following input from citizens. Article 14 of this law requires the government to establish mechanisms for ongoing public participation in the implementation of public policies for the community broadcasting sector.<sup>8</sup> Along the same lines, public consultations on the digital migration policy in South Africa took place before its adoption in 2008 and also before its amendment in 2012. A similar consultation process was launched at the end of 2013 in Uruguay to introduce new changes.<sup>9</sup>

Brazil, on the other hand, did not experience similar public participation. Although Decree No. 5820 of 2006 did provide for the creation of a forum to discuss the Brazilian digital broadcasting standard, it restricted participation to the industry and the technical and scientific community. There were similar restrictions on civil society involvement in developing digital media policy in Kazakhstan.

There are also cases of countries with public participation that did not necessarily result in public interest provisions in digital switch-over policy. In the United Kingdom, the 2003 television switch-over policy was preceded by a public consultation by the Department for Culture, Media and Sport and the Department of Trade and Industry. Contributions were submitted by 42 organizations and five individuals, but their impact on the policy decisions that followed is not clear.

In the United States, the President's Advisory Committee on the Public Interest Obligations of Digital Broadcasters included representatives from organizations such as the American Enterprise Institute, Media Access Project, Native American Public Telecommunications, Action for Children's Television, and the National Parent Teacher Association. However, the differences between these groups and the industry representatives were insurmountable, which prevented the committee's report from having an impact on policy.

In some other countries consultations were bogus. Hungary is perhaps the most relevant case. In 2006, the prime minister's office carried out a consultation to gather input for the digital switch-over strategy. Further on, in 2010, the Ministry of National

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8. For the last five years the government has been conducting consultations on a bill known as the Law on Audio-visual Communication Services (LCSA). Last December the House passed the bill, and at this time of writing it faces debate in the Senate.

9. Government Notice, Department of Communications, No. 954, 6 December 2013.

Development held another consultation, this time on the digital renewal action plan. But the gathered feedback was not used at all. The Executive apparently lobbied some members of parliament to push the plan through quietly without including any feedback from the consultation.

Something similar happened in Armenia, where an initial Concept Paper was drafted by an interdepartmental commission under the minister of the economy and approved by the government in 2009. The same body also oversaw draft amendments to the Law on Television and Radio in 2010. The Concept Paper was adopted without consultation and, to make matters worse, it only became publicly available after government approval. Facing strong criticism from NGOs, the National Assembly held parliamentary hearings on the proposed amendments to the law. However, most of the input was dismissed.

Setting aside these differences, most countries in the MDM project have in common a lack of civil society participation in the policy process. Whether because the topic was too technical and uninteresting for general audiences, because government did not raise awareness, or because the industry was able to keep the policy discussion inside closed circles (or for a mix of these reasons), civil society did not have a say in digital switch-over policymaking in countries such as Albania, Bulgaria, China, Colombia, Czech Republic, Lebanon, Malaysia, Mexico, Moldova, Montenegro, Peru, Poland, Russia, and Spain.

It is difficult to assess the precise extent to which public interest provisions in digital switch-over policy were the outcome of civil society participation. First, as mentioned above, there is no correlation between one and the other. Second, even where consultations took place—in 15 out of the 56 countries—their impact was questionable.<sup>10</sup>

Furthermore, public interest provisions in digital switch-over policy, when present, did not always influence policymaking down the road. In other words, they were not a guarantee of public interest safeguards in legislation. When it comes to the public interest concept in digital media policymaking, the devil—as we will see—is in the details.

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10. The following MDM country reports refer to public consultation: Bosnia and Herzegovina, Brazil, Croatia, Finland, France, Indonesia, Moldova, Serbia, Singapore, Slovakia, South Africa, Sweden, United Kingdom, United States, and Uruguay.



**Table 1.**

Public interest provision in digital switch-over-related legislation, and public consultation in digital policymaking

Country	Public interest provisions	Public consultation
Albania	No	Limited
Argentina	No	Limited
Armenia	Yes	No <sup>1</sup>
Bosnia and Herzegovina	Limited	Yes
Brazil	Limited	Limited <sup>2</sup>
Bulgaria	No	Limited
Canada	n/a	Limited <sup>3</sup>
Chile	No	Yes <sup>4</sup>
China	No	Yes <sup>4</sup>
Colombia	Yes	Limited <sup>5</sup>
Croatia	Yes	Yes
Czech Republic	No	Limited
Egypt <sup>6</sup>	Not applicable	Not applicable
Estonia	No	No
Finland	No	Limited
France	Yes	Yes
Georgia	No	Limited
Germany	Yes	Limited
Guatemala	No	No
Hungary	No	Yes
India	No	Limited
Indonesia	Yes	Yes
Italy	n/a	Limited
Japan	No	Yes
Jordan	Not applicable	No
Kazakhstan	No	Limited
Kenya	No	n/a
Latvia	No	Limited
Lebanon	No	No
Lithuania	No	No
Macedonia	No	Limited
Malaysia	No	Yes
Mexico	No	Limited

Country	Public interest provisions	Public consultation
Moldova	No	Limited
Montenegro	No	No
Morocco <sup>6</sup>	Not applicable	No
Netherlands	Not applicable	No
Nicaragua <sup>6</sup>	No	No
Nigeria <sup>6</sup>	Not applicable	No
Pakistan <sup>6</sup>	No	No
Peru	No	No
Poland	No	Limited
Romania	Yes	Limited
Russia	No	Limited <sup>7</sup>
Serbia	Yes	Yes <sup>4</sup>
Singapore	No	Limited
Slovakia	No	No <sup>8</sup>
Slovenia	No	Limited
South Africa	Yes	Limited
Spain	No	No
Sweden	No	Yes
Thailand <sup>6</sup>	Not applicable	n/a
Turkey	No	No
United Kingdom	Yes	Yes
United States	Yes	Yes
Uruguay	Yes	Yes

*Notes:* n/a: not assessed; (1) civil society exerted pressure and organized a number of public events; (2) consultation mainly involved industry although civil society has made numerous attempts to be part of it; (3) the process was opened and led by industry; (4) there was no guarantee that civil society input would be taken into consideration; (5) there are signs that public participation has been growing recently; (6) no policy has yet been adopted; (7) civil society showed no interest in the debate; (8) the debate was open to civil society

*Source:* Mapping Digital Media reports

## 2. Public Service Media

In countries where digital switch-over has been completed or is underway, digitization laws tend to reflect the legitimacy, role, and importance of public service broadcasters. Indeed, these laws do not so much create a legal framework for digital switch-over in general as much as they equip public service media for the digital age. As Petros Iosifidis puts it, “new communications technology is not inherently pro-democratic; it can be just as effective at sustaining propaganda and authoritarian regimes. New forms of citizenship and public life are simultaneously enabled by new technology and restricted by market power and surveillance. What is certain is that media are not the public sphere *per se*; they are a vehicle through which such a space can be created.”<sup>11</sup>

The most common form of state support for public service media in the digitization process has been financial. In Germany, the funding needed by the public service broadcaster for costs related to switch-over were included in the license fee; in Latvia, the public service broadcaster saw its transmission fees reduced after the completion of switch-over, and in Slovakia, the public service broadcaster was entitled to compensation for simulcasting in 2011. Similarly, official financial support was granted to public service broadcasters in Estonia, Kenya, Montenegro, Romania, Singapore, and Slovenia. Singapore is a special case as the main player on the broadcast market is MediaCorp, a conglomerate of state-owned media companies.

Other mechanisms of state support took the form of legal provisions allowing broadcasters to create alliances and networks between public service broadcasters to better distribute and manage programs. The Brazil Communications Company (BCC), for example, was awarded the task of switching over the existing public channels. BCC was also authorized to establish partnerships with other public broadcasters in a move to build a National Network for Terrestrial Digital Public TV (*Rede Nacional de TV Pública Digital Terrestre*). The objective of this network was to secure a shared infrastructure and common platform for all public service broadcasters.<sup>12</sup>

Another form of support for public broadcasters involved content creation. Facing the difficulty of supplying enough content to meet the appetite of the digital realm, some

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11. P. Iosifidis, *Digital Television, the Public Interest, and European Regulation*, Mapping Digital Media Reference Series No. 17 (2012), p. 11, at <http://www.opensocietyfoundations.org/sites/default/files/mapping-digital-media-digital-television-public-interest-and-european-regulation-20120312.pdf>.

12. Law No. 11,652 of 2008 on principles and goals of public broadcasting services.

states have worked on building content databases and networks for both national and local public media. In Argentina, the Advisory Council for Digital Terrestrial Television (DTT), comprising representatives of different ministries, designed a strategy that became known as the National Contents Base. Similarly, the Local and Digital Content Development Strategy for South Africa included the creation of “content generation hubs.” The United States has supported the creation of digital content with grants and other kinds of funding, though not in a systematic or permanent fashion. Similarly, local media in Croatia are encouraged to produce public interest content with money from the Electronic Media Fund, and the Law on Electronic Media in Montenegro requires the state to fund programs about citizens’ rights, antidiscrimination, disability, development, culture, and science.

These provisions are certainly useful for public broadcasters. Digital technologies encourage economies of scale (reducing the cost of producing more of the same) and economies of scope (reducing the cost of additional products).<sup>13</sup> It follows that public media outlets need—especially where they are small and numerous—to coordinate operations in order to be viable, efficient, and relevant for the public. Content hubs or databases are a good solution, so it is surprising that only a couple of countries in the MDM project included them in their switch-over strategy. At the same time, the centralization and syndication of content may result in a net reduction of diversity and pluralism.

## 2.1 Frequency Allocation, Digital Licensing, and Must-carry Provisions

In many countries that have commenced switch-over, both public service and commercial incumbent media have been granted digital frequencies, without contest. In Brazil, Decree No. 5,820 of 2006 stipulated that each existing channel would receive six MHz “to enable the transition to digital technology without interrupting the transmission of analog signals.”<sup>14</sup> In Japan, as well, public and private broadcasters received digital frequencies automatically, and no new entries were allowed at that stage.

Similar but more problematic was the case of Italy, where regulation protected the duopolistic incumbents RAI (the public service broadcaster) and Mediaset (a private group owned by the former prime minister, Silvio Berlusconi). Initially, the law

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13. A. Graham, “It’s the Ecology, Stupid,” in *Can the Market Deliver? Funding Public Service in the Digital Age*, John Libbey Publishing, New Barnet, 2005.

14. Decree No. 5,820 of 2006, Article 7. (Unofficial translation.)

provided that until the digital switch-over process was complete, those companies alone were allowed to undertake digital broadcasting.<sup>15</sup> The situation triggered widespread criticism from NGOs and a subsequent investigation by the European Commission for infringing competition law. The process was suspended in 2009 when Italy's communications regulator, AGCOM (Authority for Communications Guarantees, *Autorità per le Garanzie nelle Comunicazioni*), issued new criteria for digital broadcast licensing in line with the Commission's recommendations.<sup>16</sup>

In some countries, broadcasters with a public service role were prioritized in the allocation of frequencies. According to the Dutch Telecommunications Act, amended in 2012, although public service broadcasters must apply for digital licenses along with commercial broadcasters, those licenses for "vital government functions" and public media duties (included in the Media Act of 2008) were deemed to be a priority.<sup>17</sup> Similarly, the French Law on Freedom of Communication, amended in 2007, established that the public service channels France Télévisions, Audiovisuel Extérieur de la France (ARTE), and the Parliamentary Channel had a priority right to use DTT frequencies.

Public service media were also secured a place in the digital landscape through multiplexes. Here are some examples of the ways in which this was done:

- In Bosnia and Herzegovina, the digital switch-over strategy reserved one of the four multiplexes available in the country to the national public broadcasters.<sup>18</sup>
- In Armenia, the Law on Television and Radio provided that the public channels had their place in the state-operated multiplex without competition.
- The Law on Croatian Radio and Television (known as the HRT Act) granted the public television network HTV two specialized channels in one of the multiplexes without requiring them to participate in licensing bids.<sup>19</sup>

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15. Law 66 of 2001. The regulation was incorporated with some changes in the Consolidated Broadcasting Act No. 117/2005.

16. Among other matters, AGCOM established that while incumbents' digital frequencies would be guaranteed to protect their investments, the freed frequencies should be used for new entrants. (Decision No. 181/09/CONS [2009].)

17. Dutch Telecommunications Act, Article 3.3.2.

18. After some delays, the Draft Action Plan on Switch-over was approved in 2012. Switch-over is expected to be completed in 2015.

19. Similar to the automatic renewal examples, the HRT also granted specialized channels to other incumbents.

- In the Czech Republic, both Czech TV and Czech Radio were granted the Public Service Multiplex to operate.<sup>20</sup> Commercial broadcasters, meanwhile, had to go through a long process to get a digital license.
- In Poland, the 2011 Act on DTT gave Telewizja Polska control over the operation of Multiplex I.
- In Slovakia, the 2007 Digital Broadcasting Act granted Slovak Television (afterwards merged into a single radio and television broadcaster, RTVS) a digital multiplex.
- Likewise, the 2011 Lithuanian Law on National Radio and Television was amended to allocate a digital network to the public broadcaster.
- In Spain, the government allocated two digital multiplexes to RTVE while a 2010 Royal Decree set aside two multiplexes for each Autonomous Community and, in each municipality, at least one channel in each multiplex for public service broadcasting.<sup>21</sup>
- At an early stage of Slovenia's digital switch-over, in 2005, the public broadcaster was granted radio frequencies preferentially to develop the first nationwide DTT network. (Instead of using them all, the public service broadcaster rented out some of the channels in the multiplex.)

Finally, regulation in many countries includes must-carry provisions to secure a place for public service broadcasters on private digital platforms. Must-carry provisions are by no means new in broadcasting policy. In the European context, for example, the Universal Service Directive of 2002 provides that:

Member States may impose reasonable “must carry” obligations, for the transmission of specified radio and television broadcast channels and services, on undertakings under their jurisdiction providing electronic communications networks used for the distribution of radio or television broadcasts to the public where a significant number of end-users of such networks use them as their principal means to receive radio and television broadcasts. Such obligations shall only be imposed where they are necessary to meet clearly defined general interest objectives and shall be proportionate and transparent. The obligations shall be subject to periodical review.<sup>22</sup>

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20. Electronic Communications Act, 2005, amended in 2011, on issues related to networks and services of electronic communications.

21. Royal Decree No. 365/2010 regulating the assignment of digital terrestrial television multiplexes after the end of analog terrestrial television broadcast.

22. 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 (Universal Service Directive), Article 31.

Sweden, for example, did not award any multiplex to public service broadcasters because the country already had strong must-carry provisions for private transmission operators, which have been reconfirmed in the digital era to cover all platforms. According to Sweden's 2010 Radio and Television Act, "any natural or legal person owning or otherwise controlling an electronic communication network used to relay television casts by cable to the general public shall ... ensure that residents in the households that are connected can receive television broadcasts" from operators financed by public fees.<sup>23</sup>

In the same way, Lithuanian law provides that every distributor of television programs must rebroadcast at least one program from the public service broadcaster (LRT) along with all unencrypted terrestrial television programs from commercial broadcasters.<sup>24</sup> In Kazakhstan, once every three years the Commission for Development of Broadcasting determines the list of must-carry channels for each multiplex.<sup>25</sup>

In South Africa, pay-TV companies delivering 30 channels or more must carry the signal of the public South African Broadcasting Corporation (SABC), a rule that is expected to remain in place after switch-over is completed.<sup>26</sup> Various forms of must-carry obligations can be found in France, Germany, Lithuania, the Netherlands, Poland, and the United Kingdom.

The underlying objective of all these provisions is to secure the public media's place once the digital switch-over process is finished. However, this does not mean that they necessarily help public service broadcasters to better fulfill their role through the digital switch-over process and beyond. Several of the pioneering countries faced crises at some point, characterized by a stalled market, bankrupt broadcasters or postponed switch-off timetables. "Switch-over has proved neither commercially nor politically simple," argue García and Starks.<sup>27</sup>

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23. Radio and Television Act, at <http://www.radioochtv.se/Documents/Styrdokument/Radio%20and%20Television%20Act.pdf>.

24. Law on Public Provision of Information to the Public of 1996 (amended in 2006).

25. Statute on Television and Radio Broadcasting of 2012.

26. Broadcasting Digital Migration Policy for South Africa (amending Electronic Communications Act No. 36 of 2005). Amended in 2012: see *Government Gazette* Nos. 35,014 and 35,051.

27. M. García and M. Starks, "Digital switchover across the globe: the emergence of complex regional patterns," *Media Culture Society* 31 (2009), p. 787.

Adding this to the fact that switch-over took off prematurely in some countries, the road ahead for many public service broadcasters was by no means easy.<sup>28</sup> Depending on the strength of the public service broadcaster and the overall health of the communications market in a given country, some of the regulation, such as awarding whole multiplexes or several channels, can turn out to be more of a burden than a support for the broadcasters.

## 2.2 Public Service Obligations on Commercial Media

Legal provisions on commercial media to produce and disseminate public service content are present in only a quarter of the MDM countries, and in many cases they are unrelated to digitization. Rather, they are long-standing provisions or even part of recent communications reforms outside the switch-over process. Besides this, there are a few examples of countries that have just a few such provisions, or none at all.

Several countries have established program quality obligations among other provisions. In France, both private and public broadcasters have to sign a convention with the CSA about programming standards and obligations. Among other elements, broadcasters cannot encourage delinquent behavior; must respect political, cultural, and religious differences; cannot broadcast opinions that are discriminatory in terms of race, gender, religion, or nationality; must promote national integration and values of solidarity, and must take into consideration the diversity of the origins and cultures of society.<sup>29</sup>

Along the same lines, Latvia's Electronic Media Law requires all broadcasters to respect the diversity of opinions and support values such as the country's sovereignty, democracy, human rights, and rule of law. Moreover, radio and television organizations must ensure that facts and events are fairly and objectively reflected, promote the exchange of opinions, and comply with the generally accepted principles of journalism and ethics. In Japan, broadcasters are required by law to secure maximum availability and benefits to the public; ensure freedom of expression, impartiality, integrity, and autonomy, and "contribute to the development of a healthy democracy by clarifying the responsibility of those people engaged in broadcasting." Similar obligations can be found in countries ranging from Armenia to Colombia, Germany, and Hungary.

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28. K. Jakubowicz, "Digital Switchover in Central and Eastern Europe: Premature or Badly Needed?," *Digital Switchover in Europe* 14 (1) (2007), pp. 21–28.

29. For example, the Convention for the TF1 Channel.



**Table 2.**

## Specific public service content-related obligations on commercial media

Country	Public service content obligations imposed on commercial broadcasters	Public service obligations imposed on commercial broadcasters as part of digital switch-over
Albania	No	No
Argentina	No	No
Armenia	No	No
Bosnia and Herzegovina	License conditions include obligations to air specific public interest programs	No
Brazil	Obligations on educational content and news (which are ignored)	No
Bulgaria	General provisions applying to all stations (license conditions are confidential)	No
Canada	Specific obligations on all broadcasters	No
Chile	Provisions on fair political representation, cultural programming	No
China	No	No
Colombia	Quotas for programs for children; obligation to receive feedback from audience; obligation to give space to consumer organizations	No
Croatia	No	No
Czech Republic	No	No
Egypt	No	No
Estonia	Quotas for news and original programming; obligation to carry messages in emergency situations	No
Finland	Obligation to carry emergency announcements	No
France	General provisions applying to all stations	No
Georgia	No	No
Germany <sup>1</sup>	News content should convey plurality of opinion; equal opportunity for expression for political and social groups; respect for minority views	No
Guatemala	No	No
Hungary	Obligation to provide news content	No
India	No	No
Indonesia	No	No
Italy	Broadcast a daily news bulletin (1990); provide balanced and proportionate airtime to all political parties before elections (2000)	No
Japan	No	No
Jordan	No	No

Country	Public service content obligations imposed on commercial broadcasters	Public service obligations imposed on commercial broadcasters as part of digital switch-over
Kazakhstan	No	No
Kenya	No	No
Latvia	No	No
Lebanon	Broadcast free-of-charge government announcements on national guidance, education, health awareness, principles on political programs	No
Lithuania	No	No
Macedonia	No	No
Malaysia	Quotas for local content	No
Mexico	No	No
Moldova	No	No
Montenegro	No	No
Morocco	No	No
Netherlands	No	No
Nicaragua	No	No
Nigeria	No	No
Pakistan	Obligation to carry public interest programs at the request of the government	No
Peru	No	No
Poland	No (eliminated)	No
Romania	No	No
Russia	No	No
Serbia	No	No
Singapore	All commercial stations come under the ambit of MediaCorp	No
Slovakia	No	No
Slovenia	Quotas on local content	No
South Africa	Quotas for children's programming, drama, documentary, "knowledge-building" programs, and current affairs	No
Spain	No	No
Sweden	No <sup>2</sup>	No
Thailand	Access for disabled to programs; quotas for news programs and regional news programs	No
Tunisia	No	No
Turkey	No	No
United Kingdom	Broad sets of PSB obligations	Demand from private players to cut down on such obligations

Country	Public service content obligations imposed on commercial broadcasters	Public service obligations imposed on commercial broadcasters as part of digital switch-over
United States	Three hours of children’s educational content; limited advertising during these programs; guaranteed political advertising at a specified fee; obligation to keep track of public service programs	No
Uruguay	Obligation to provide space for public service campaigns, promote national contents, and provide access for individuals with visual and hearing impairments	Yes

*Notes:* (1) All public service obligations apply to generalist stations; (2) an exception was TV4, a hybrid commercial-public channel, which ceased its public service function in 2007

*Source:* Mapping Digital Media reports

Quotas are another tool to ensure that commercial media produce and disseminate public service content. These quotas are usually imposed on broadcast production or programming. Examples include the following:

- Pay-TV operators in Brazil are required to produce and distribute content that complies with three types of quotas:
  1. certain channels have to transmit at least 3.5 hours of regional and national programs in primetime per week;
  2. a third of the channels in each pay-TV package must be Brazilian production; and
  3. pay-TV packages consisting of channels that air journalistic content must include at least a second news channel to ensure plurality of voices in the news offering.<sup>30</sup>
- In Slovenia, 20 percent of commercial broadcasters’ daily output must be in-house, at least 60 minutes of which must be broadcast between 6 p.m. and 10 p.m. All television channels, except local ones, are required to air material that originated in the European Union (EU) in the majority of their programming (excluding sports, events, and teleshopping). Since 2006, commercial channels have not been required to broadcast news or current affairs.

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30. Law 12,485 of 2011, Chapter V.

- In Estonia, 5 percent of all radio and television programming must be news (except for thematic channels). Commercial television channels must also air original productions in 10 percent of the entire broadcast time and half of that must be shown during primetime (again except for thematic channels).<sup>31</sup>
- In Colombia, 70 percent of the output during primetime has to be national production;<sup>32</sup> in Peru, the 2004 Radio and Television Law foresees a quota of 30 percent of locally produced content for broadcasters, aired between 5 a.m. and midnight; and in Argentina, the Audiovisual Communication Services Law obliges public and private media to increase original and independent production, establishes quotas for screen-time of national productions, and also defines diversity and plurality obligations. (None of the examples from Latin America is related to digitization.)
- In contrast, Hungary removed public service provisions for commercial media in 2010. Nowadays, commercial broadcasters are only obliged to specify the amount of public service content they are planning to broadcast when they apply for a frequency.
- In the United Kingdom, four commercial terrestrial television broadcasters and more than 300 commercial radio stations are subject to public service obligations, enforced by the regulator Ofcom (Office of Communications). The latter range from advertising and news provision quotas to rules on providing access for the hearing-impaired population. There are also general obligations in terms of impartiality and balance applied to all broadcasters.
- The Federal Communications Commission (FCC) in the United States requires three hours per week of educational content for children, and restricts advertising during this period to no more than 12 minutes per hour. In addition, terrestrial broadcasters are required to maintain a public file that keeps track of programming that is deemed to be in the public interest.

Several countries have legal provisions requiring commercial media to broadcast presidential statements or important public announcements, which some local experts and policymakers see as a type of public service obligation. Such is the case in the Czech Republic, where broadcasters must provide airtime to authorities for those purposes;<sup>33</sup> likewise in Estonia, where Parliament can also make announcements via commercial broadcasters.<sup>34</sup>

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31. Media Services Act of 2010.

32. Law 680 of 2001.

33. Radio and Television Broadcasting Act of 2001.

34. Media Services Act of 2010.

In Colombia this provision is more limited: the president can address the nation through private channels at any time and for a reasonable amount of time as long as it is the president in person and the intervention is related to issues of public interest.<sup>35</sup> Lithuania and Slovakia, among other countries, have similar provisions; whether related to emergencies, disaster, or war, broadcasters must transmit official messages.<sup>36</sup> In Uruguay, the Digital Television Act of 2012 requires both private and public channels to give official institutions up to 15 minutes daily for public interest campaigns related to health, children, and safety.<sup>37</sup> In Guatemala, by contrast, the government has to purchase airtime from broadcasters to be able to communicate messages to the public.

Content and production obligations for commercial media are quite common in legislation around the world. Most of these provisions predate digitization or are unrelated to it. This indicates that the digital switch-over did not trigger more or specific regulations of this type. At the same time, there are very few cases (the United Kingdom being one) where digitization pressures have been adduced as reasons to weaken or remove such provisions.

## 3. Commercial Media

### 3.1 News Media Ownership

The argument for media consolidation has gained considerable traction in the digital era. To remain viable, the argument goes, traditional media need to consolidate their operations under one roof to take advantage of the efficiencies afforded by merged newsrooms, platforms, and equipment. A similar rationale underpins arguments in favor of cross-media ownership to encourage consolidation across different sectors. For the market as a whole to be able to produce a sufficient quantity, quality, and diversity of media services, so the argument goes, proprietors should be allowed to diversify their assets across platforms.

Although pressure keeps mounting on parliaments and governments to follow this path, digitization in many countries did not lead to immediate changes in ownership rules for the media (which does not mean that the media markets are not becoming

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35. Law 182 of 1995.

36. Lithuania: Law on Public Provision of Information to the Public of 1996 (amended in 2006); Slovakia: Broadcasting and Retransmission Law No. 308 of 2000.

37. The communications bill currently under discussion (known as the Law on Audiovisual Communication Services) includes as well quotas of national production.

more concentrated). Some reports—from France, India, Mexico, Serbia, the United Kingdom, and the United States, among others—state specifically that no reforms have occurred in this area in the last five years. Despite the lack of legal change, policy debates on media ownership have taken place. In Serbia, several attempts to reform the regulatory framework on media ownership have failed. The latest was in 2013 when there was an attempt to divest the state from media ownership.

In the United Kingdom, proposals to deregulate ownership are undoubtedly tied to digitization, but “have been met by strong opposition from campaigners who argue that economic pressures (emanating in part from digitization) are being used as a mask to cover what is, in reality, a continuation of a decades-long, ideologically-driven policy paradigm.” Similarly, proposals by the FCC in the United States to relax cross-ownership rules have stalled. The FCC’s review on the subject is long overdue.

Other countries lack rules on media ownership. Malaysia has no prohibitions against the formation of media monopoly or cross-ownership. The sole provision in this area is the regulator’s scope to intervene in cases of possible anti-competitive conduct. Peru, Romania, and Sweden are other countries with no laws on cross-ownership. In Sweden, “there has been a long political debate about the necessity of such a law, but a majority in Parliament has rejected the idea, arguing that a law would be impossible to control and could be bypassed with unscrupulous business methods.”

On the other hand, a number of countries have experienced reforms in media ownership during the last seven years, though these changes are not necessarily related to switch-over. New provisions in this area are related to ownership and concentration, foreign ownership, definition of market share, and the obligation to disclose information about ownership of the media.

In Hungary, regulation before 2010 established that the owner of a national broadcaster could not have a controlling stake in a national newspaper, and vice versa. However, the Media Services and Mass Media Act of 2010 lifted this restriction. The reform took place during switch-over. In Italy, the 2004 Gasparri Law loosened rules on media ownership, allowing broadcasters operating more than one nationwide channel to acquire shares in newspaper publishers.<sup>38</sup> Likewise, in Moldova, a 2010 amendment to the Broadcasting Code relaxed ownership rules by allowing individuals and companies to own up to five broadcasting licenses in a single region.<sup>39</sup>

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38. Law No. 112 of 2004.

39. The 2006 Broadcasting Code was last amended in 2012.

In contrast, several countries seem to have tightened restrictions on media ownership concentration or introduced new restrictions:

- Although Chile has not changed media ownership regulation over the past five years, a bill on digitization maintains a prohibition on controlling more than one media franchise in the same zone.<sup>40</sup>
- Albania's Law on Broadcasting of 2007 changed ownership regulation as part of the legal provisions on digital switch-over: a legal entity could not thus have more than one digital terrestrial network license. However, during the digital transition, holders of analog licenses could both keep their license and have another as network operators or broadcasters.<sup>41</sup>
- The 2010 Law on Electronic Media in Montenegro specifies that if a company broadcasts simultaneously on radio and television or also publishes a daily newspaper, or if it has more than one broadcast license, it cannot own shares in another broadcaster, publishing company, or news agency.
- The Electronic Communications Act in South Africa ensures that no person controlling a newspaper can hold more than 20 percent of the shares in any broadcasting licensee in the same area. The act also establishes that a person controlling a newspaper cannot control financially any broadcasting licensee.
- According to the 2010 General Law on Audiovisual Communication in Spain, an individual or company holding more than 5 percent of the capital or voting rights of a broadcasting licensee cannot hold "significant" shares in any other broadcaster in the same coverage area. There are certain exceptions for national broadcasters in case of a merger. The degree of "significance" is determined according to commercial regulation, which takes into account both quantitative and qualitative criteria such as the number of shares and the possibility to exert influence. However, the term "significant" is not clearly defined in law.
- The 2009 Electronic Media Act in Croatia prohibits cross-media ownership between state-level television or radio broadcasters and regional or national ones when either party controls more than 25 percent of the capital of another outlet.

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40. The bill has been in Congress since 2008. In January 2014, it was under discussion in the Transport and Communications of the Senate. See [http://www.camara.cl/pley/pley\\_detalle.aspx?prmID=6579](http://www.camara.cl/pley/pley_detalle.aspx?prmID=6579).

41. The MDM report for Albania states: "After numerous debates, the Law on Digital Broadcasting was adopted in 2007. The Strategy for Digital Switch-over, with different stakeholders already consulted, has yet to be approved. With this in mind and, in view of the fact that the Law on Radio and Television is undergoing comprehensive revision, the Law on Digital Broadcasting is also likely to change, without being implemented." In fact, the 2013 Law on Audiovisual Media postponed digital switch-off until 2015 and introduced several changes. It remains unclear if this provision changed as well.

The failure to enforce these provisions prompted proposals to amend the Electronic Media Act that are still under debate.

- A 2006 Broadcasting Act amendment in the Czech Republic prohibits cross-ownership between the operator of an electronic communications network and a broadcasting licensee, in order to prevent content discrimination on digital multiplexes. This law also established that a single entity cannot hold more than one license for a nationwide terrestrial television or radio station.
- The Audiovisual Communications Services Law in Argentina (2009) introduced several changes aimed at pluralizing the media market. Among other restrictions, operators can have only one satellite television license for the entire country, and possession of such a license prevents them from operating any other broadcasting service. Also, companies can have up to 10 licenses for television and radio broadcasting services (there are no nationwide coverage licenses). Unrelated to digitization, these changes resulted from a long political struggle over media pluralism.

Some countries have introduced reforms in the past five years to limit the presence of state and public officials in the media. In Armenia, the 2010 Law on Television and the Radio extended the prohibition on ownership of private television and radio companies to include the president of the country, members of the government, National Assembly members and judges. (The list already included state governors and local self-governance agencies, and members of the regulation sector and political parties, among others.) In Turkey, as of 2011, political parties, unions, cooperatives, foundations, and local government bodies can no longer have a broadcasting license. This prohibition includes intermediaries and companies partially owned by them.

Regulation has also addressed the issue of foreign capital. Armenia limits foreign capital in television and radio companies to 50 percent of voting shares. In Japan, foreign investment in terrestrial broadcasting cannot exceed 20 percent. In Poland, the Broadcasting Act, amended in 2004 to comply with EU requirements, sets a maximum of 49 percent on non-EU owners. In Russia, transactions that give a foreign investor 50 percent or more shares in a media outlet, as well as those that give foreigners the right to appoint the management of a strategically important company, require prior permission from a government agency.

In South Africa, the Electronic Communications Act limits the foreign capital allowed in media companies to 20 percent. The act also states that “no person may control more than one commercial television channel or more than two FM or two



AM commercial radio stations.” And in Turkey, the 2011 Law on the Establishment of Radio and Television Enterprises and their Media Services increased the limit on foreign participation in Turkish media from 25 percent to 50 percent.

A second set of rules introduced in the past five years has to do with market share. Once again, most of these rules were not triggered by or directly related to digitization:

- In Germany, rules on ownership of news media are framed in terms of audience market share. Any given broadcaster can have a maximum of 30 percent of the broadcasting market. A lower quota of 25 percent is imposed “if a company dominates a media-relevant related market (like newspapers, journals or internet services) or if the company’s overall influence on the broadcasting market and media-relevant related markets can be compared to an audience market share of 30 percent.”
- In Hungary, linear media service operators (i.e. broadcasters) with more than a 35 percent average audience share per year cannot create a new similar media operation or hold a stake in a company providing media content.<sup>42</sup>
- The Law on Competition in Lithuania does not have specific provisions on media ownership; however, its provisions apply to the media, according to which a company holds a dominant position if it has 40 percent of market share (in terms of revenue) by itself, or if three or fewer companies owned by a group hold jointly 70 percent of the market.<sup>43</sup>
- In Russia, television and radio companies reaching more than half of the population are included in a list of strategically important companies. Any foreign investor acquiring more than 4 percent of the stock in such companies must report it to the Federal Antimonopoly Service.
- In Slovakia, the Digital Broadcasting Act allows nationwide broadcasters to own thematic channels in addition to general interest channels. In practice, the two dominant private broadcasters include their thematic channels in the only available commercial multiplex, in a format that absorbs much of the transmission capacity, which in turn affects diversity.
- Competition law in the Czech Republic prohibits the abuse of a dominant position, defined as a market share of 40 percent or more. All mass media are considered to constitute a single market, which means such a position is not easy to achieve.<sup>44</sup>

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42. Act CLXXXV of 2010, on Media Services and Mass Media.

43. Law on Competition No. VIII-1099 of 1999.

44. Consolidated Act on the Protection of Competition of 2001 (amended last in 2007).

## 3.2 Transparency and Disclosure of Information

Several countries have legal obligations relating to the transparency and disclosure of information, but these obligations are widely regarded as inefficient. Information about ownership is not detailed or it is out of date; figureheads are used to disguise the real beneficiaries behind nominal owners; legal provisions on transparency are often not enforced. These problems are particularly grave when provisions concerning information disclosure are the only regulation on media ownership in place.

Some of these rules were promoted by civil society, as in Georgia where the Broadcasting Law was amended in 2011—to require print media to publish ownership information on their website—after a group of NGOs drafted a reform proposal. Print media have the same obligation in Kazakhstan where ownership information has to be included in each publication. Television programs, in contrast, only have to display the official logo of their outlet, and broadcast media must announce their name on-air at least four times a day.<sup>45</sup>

In other cases, companies have to submit ownership information when applying for a broadcasting license. In Slovakia, electronic media companies must disclose their ownership structure at that initial moment and subsequently report any changes in ownership to the regulator. In Latvia, likewise, the Electronic Mass Media Law requires ownership information when companies bid for a broadcast license. The provision does not specify how detailed this information should be.

The Mass Media Act in Slovenia requires all media to register information in the *Official Gazette* about shareholders with more than 5 percent of the shares or of voting rights. Similarly, in Montenegro all audiovisual media must publish the information about any person or company holding more than 10 percent of the shares in that outlet.<sup>46</sup> The same rules are in place in Lithuania where, in contrast to most MDM countries, transparency provisions have grown in importance and effectiveness.<sup>47</sup>

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45. Law on Mass Media of 1999 No. 451-I (amended last in 2012).

46. Law on Electronic Media, 2010.

47. Law on Public Provision of Information to the Public of 1996 (amended in 2006).

**Table 3.**

## Transparency of media ownership

Country	What is the estimated level of transparency of media ownership?	Has it improved since 2010?
Albania	Reasonable	Yes
Argentina	n/a	n/a
Armenia	Low	No
Bosnia and Herzegovina	Moderate	Worsened
Brazil	Low	No
Bulgaria	Low	Worsened
Canada	n/a	n/a
Chile	Low	No
China	State owns everything	No
Colombia	Low <sup>1</sup>	No
Croatia	Low <sup>2,3</sup>	No
Czech Republic	Reasonable	No
Egypt	Low	No
Estonia	High	No
Finland	High	No
France	Low	No
Georgia	High	Yes
Germany	High	Maintained
Guatemala	Low	No
Hungary	Reasonable	No
India	Low <sup>3</sup>	No
Indonesia	High <sup>4</sup>	No
Italy	Moderate	No
Japan	High <sup>4</sup>	Maintained
Jordan	High	Maintained
Kazakhstan	Low	No
Kenya	Low	n/a
Latvia	Low	No
Lebanon	Low	No
Lithuania	High	Maintained
Macedonia	Low	No
Malaysia	Reasonable	Maintained
Mexico	Reasonable	No
Moldova	Low	No
Montenegro	Reasonable	Yes
Morocco	Low	No

Country	What is the estimated level of transparency of media ownership?	Has it improved since 2010?
Netherlands	Reasonable	No
Nicaragua	Low	No
Nigeria	Low	No
Pakistan	High	Maintained
Peru	n/a	n/a
Poland	Reasonable	No
Romania	Reasonable	Yes
Russia	Low	No
Serbia	Low	No
Singapore	High	Maintained
Slovakia	Reasonable	Yes
Slovenia	Reasonable	Yes
South Africa	Reasonable	No
Spain	Reasonable <sup>4</sup>	Yes
Sweden	Moderate	No
Thailand	Reasonable	No
Turkey	Low	No
United Kingdom	Reasonable	No <sup>5</sup>
United States	Moderate	Improved
Uruguay	Reasonable <sup>6</sup>	Maintained

*Notes:* The estimates in this table reflect the assessments in the MDM country reports. Each evaluative term (Low, Reasonable, etc.) covers a wide range of context and circumstances, and should not be taken as implying a direct or detailed equivalence between countries with the same estimate; n/a – not assessed; (1) no culture of accountability; (2) particularly when it comes to online outlets; (3) there is no culture of accountability and there are no specific rules compelling media companies to disclose their ownership structures. Company information can be found on government websites, such as that of the Trade Registry, in an accessible manner and for a fee, but broad use of proxies hides ownership and not all news media companies comply with the request to send ownership information to government; (4) stock exchange rules forcing companies to be transparent helps improve transparency of ownership; (5) there are no specific rules compelling media companies to disclose their ownership structures and no publicly available databases; (6) use of figureheads is allegedly widespread

*Source:* Mapping Digital Media reports

### 3.3 Licensing and Digital Gatekeepers

The discretionary power enjoyed by governments or regulators in awarding or renewing broadcast licenses remains a salient issue for media diversity in the digital age. Mexico renewed all analog broadcast licenses, arguing that it wanted to encourage incumbents to invest in digitization. In Estonia, fees payable by licensees for digital television were

waived on the grounds—as the MDM report explains—that “digital programming can be disseminated by cable, Internet Protocol Television (IPTV), and satellite—without employing terrestrial networks.” In Kazakhstan, the regulator granted digital licenses to incumbents only during the transition stage. In Spain, state-wide analog broadcasters were automatically granted a digital license by law; these licenses have since been renewed. And in the United States, following apparently meager debate, all incumbents received digital broadcast licenses without having to hand in their analog ones.

Where the fee for digital licenses was waived for private broadcasters, this was justified by three considerations. First, the migration to digital would already impose major costs on broadcasters. Second, during the digital transition, broadcasters have to simulcast for a certain period until they can ensure that digital broadcasting is fully operational, and this period also involves extra costs for broadcasters. Third, if digital programming was already available through other non-terrestrial, license-free platforms, it did not make sense to charge broadcasters for using a digital license for terrestrial networks. (This third argument was most forcibly postulated in Estonia.) Overall, the arguments for not imposing fees for digital licenses on private broadcasters were chiefly linked with the need to incentivize broadcasters to invest in digitization at a time when broadcast businesses face a string of significant new costs.

### 3.4 Bottlenecks

Various regulations have led to bottlenecks being created in commercial media by a number of gatekeeping players. Private operators can form such bottlenecks at various points in the digital chain: in content creation, program wholesale and retail, distribution, transmission and access, and equipment for customers.<sup>48</sup> Gatekeeping problems have appeared to date to be mostly related to transmission and access.

Digital gatekeeping problems are the exception rather than the rule in the MDM countries. In Serbia, where the Broadcasting Equipment Company carries out transmission network management and distribution, there have been no such issues. In Russia, licensing was awarded to privately-owned local digital multiplexes and the government, but there was a lack of interest from broadcasters, which considered that the digital television projects were not profitable due to the small audience.

In Sweden, few problems were reported, and those present were limited to controversies between gatekeepers and specific companies. Digital gatekeeping issues in the United

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48. M. Cave and K. Nakamura, *Digital Broadcasting: Policy and Practice in the Americas, Europe and Japan*, Edward Elgar, Cheltenham, 2006.

Kingdom have in general been dealt with adequately by the converged regulator Ofcom, which has updated and implemented regulations in regard to Subscription Management Systems (SMS) and must-carry obligations applied to SMS operators and Electronic Programming Guide (EPG) populators. “Carrier gatekeeping has not been a significant issue in the development of UK digital broadcasting,” the MDM report concludes.

The situations in Poland and Slovenia looked alike: in the former, must-carry obligations were imposed on all digital multiplexes, ranging from 21 to 35 channels, and no gatekeeping issues emerged. The latter faced a diminished content offer (such as in Russia). No gatekeeping problems are reported in Armenia either, where digital broadcasting is scheduled to start in January 2015 with a free package of programs distributed through four state multiplexes.

In Germany, managers of EPGs were expected to become digital television gatekeepers, but by 2011 no issues of concern had appeared. By the same token, there was concern in the Netherlands about access to content because of the EPGs. According to the MDM report, “local broadcasters find themselves in a difficult position and risk losing large numbers of viewers that have already switched to digital reception but can no longer easily find the analog channels on their television sets.” India has also had problems with EPG, stemming mostly from compatibility setbacks in the language display standards and channel bundling for distribution in multiplexes.

In Singapore there is no risk of private gatekeepers emerging in digital broadcasting, because the state controls and owns the whole process. However, the state-owned MediaCorp—as the national broadcaster and only free-to-air operator—is obliged to grant free access to all its content to the population. In short, according to the MDM report, “there are no commercial or other separate interests between the digital gatekeeper, broadcaster, and content producers because they are all part of the state-monopoly structure set up to avoid conflict.”

Something similar occurs in Latvia, where the entire spectrum for digital broadcasting was awarded to the former state-owned Lattelecom, giving it total control over program packaging. The company had, in the words of the MDM report, “a monopoly in the terrestrial broadcasting sector and a high level of independence from the regulatory body of the radio and television market.” The license was due to expire in December 2013, but the company was the only bidder in the new tender and won it in June 2013.<sup>49</sup>

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49. See “Electronic communications company Lattelecom is the only bidder for terrestrial digital TV broadcasting in Latvia from January 1, 2014,” *The Baltic Course*, 29 May 2013, at <http://www.baltic-course.com/eng/Technology/?doc=75482>.

Czech broadcasting went through deep changes in the digital licensing process. In 2007, tenders were replaced by a short application process. Having an agreement with the multiplex to carry its programs, an interested party can apply for a license, which will be assessed on financial, technical, and organizational grounds. According to the MDM report, “there will be no need for powerful lobbying to gain a license. The multiplex operators will have a rather hard time filling dozens of channels available in four multiplexes and will chase such opportunities. A much harder task for the newcomers will be their ability to survive in what is to become an overly saturated market.”

In Japan, must-carry obligations can be imposed on cable operators in difficult-to-watch areas, for example where there is technical interference or insufficient coverage. Beyond these areas, cable companies need permission to rebroadcast terrestrial television signals. In some Japanese cities, terrestrial operators are stronger in terms of financial power and penetration than cable companies—a situation different from the United States, for example.

Many of the gatekeeping situations described in the MDM reports pose risks for broadcasting diversity in structural terms. If a company has the possibility to determine which players can reach audiences, it will probably favor those that will not compete or affect its business. According to Des Freedman, “a digital broadcast environment dominated by existing voices and organized along commercial lines is likely to serve unequal consumers and reproduce well-established patterns of concentration and influence.”<sup>50</sup>

Regulation that grants free-of-charge digital frequencies or automatic renewals to both private and public incumbents has come under critical scrutiny.<sup>51</sup> Although it is arguably an incentive for private investment—as mentioned—and a form of support for public broadcasters, such provisions also did little to diversify the communications markets. At the same time, newly adopted digital switch-over regulation did not always solve the market difficulties. While it is too early in the transition process to see serial bankruptcies among digital television stations (including Quiero TV in Spain and Z1 in the Czech Republic), many countries—such as Russia, Spain, and most of the Latin American countries—have suffered from investors’ lack of interest in this area.

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50. D. Freedman, *The Politics of Media Policy*, Polity Press, Cambridge, 2008, p. 178.

51. See, among others, Estonia, Kazakhstan, Mexico, and the United States.

## 4. News Online

The MDM reports show that online news is no longer an unregulated frontier, and that a range of general (and in some cases specific) laws and regulatory rules have been adopted. Again, the nature and extent of such laws and rules vary considerably; not all of them threaten internet freedom. Specific laws can serve positive purposes in terms of freedom of expression and access, or inhibit the online environment altogether. The same is true for general laws and regulation, which nonetheless carry the inherent risk of being disproportionate and applied out of context.

Most general norms on activities online are related to defamation, discrimination, or incitement to violence, discrimination or hatred. They have led to legal proceedings against authors of online content in many of the MDM countries.

Bosnia and Herzegovina, to start with, does not have specific regulations for the internet; yet the law on defamation applies online as well. According to this law, “the author, editor, and the person in charge of checking the content where libel has been found could be held responsible for that.”<sup>52</sup> Similarly, in Bulgaria, which does not have specific regulation of the internet either, online editors can be criminally liable for “incitement to various types of discrimination, in addition to violence and hatred on ‘electronic information systems’ based on race, nationality, ethnic group, and religion.” The Law on Freedom of Opinion and Expression in Georgia provides that these rights may be suspended for the sake of state security, public safety, or crime prevention. Colombia, India, Japan, the Netherlands, Mexico, Pakistan, and France<sup>53</sup> have similar provisions, ranging from defamation to anti-terrorism and national security.

Other laws apply to publishers and media specifically, without distinguishing between offline and online platforms. Lithuania’s Information Law establishes that liability for content rests with the editor-in-chief (instead of the author, as would be expected) or any other person in the outlet responsible for the disputed content. A blogger, as the sole creator and responsible for the content published online, is the sole liable entity.<sup>54</sup> In Malaysia, the 1998 Communications and Multimedia Act criminalized the publication of “obscene, indecent, false, menacing or offensive in character with intent to annoy, abuse, threaten or harass another person,” which also extends to the internet.

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52. Law on Protection Against Defamation, 2001.

53. The Law on Confidence in the Digital Economy of 2004 extended specifically the application of penal offenses, such as insults, racist or sexist comments, to the online realm.

54. Law on Public Provision of Information to the Public of 1996.



An original provision on online news media is the right to reply as defined in French legislation. The 2004 Law on Confidence in the Digital Economy (developed by Decree 249 of 2007) establishes that “every person named or indicated in an online communications service has a right of reply.” Having a comment section is not enough to comply; people who read the first piece have to access the reply in the same manner and under the same terms. When the original content is no longer available to the public, the online service has to include the standalone reply with a short reference. The reply shall be available at least for a day.

On the whole, specific internet regulation tends to address issues like intermediary liability, net neutrality, and content dissemination. While many pieces of legislation on the internet may be inconvenient, the Chinese provisions stand out as a most stringent framework for online news outlets and general content dissemination. In 2002, the News Office of the State Council and Ministry of Information Industry issued “Interim Provisions on the Administration of Internet Publishing,” which provided that no person or organization can undertake publishing activities without prior approval from the General Administration of Press and Publication. Furthermore, the 2005 “Provisions on the Administration of Internet News Information Services” commissioned the State Council Information Office to examine online news content.

Somehow related to such rules, but quite distant nonetheless, some countries have registration requirements for online media outlets. According to the 2009 Electronic Media Act in Croatia, electronic publications—portals or websites with publicly available information—have to join the Register of Electronic Publications Providers prior to launching. Online newspapers and content providers in Singapore also have to register with the Media Development Authority.<sup>55</sup> In Kenya, anyone seeking to disseminate news on any platform needs a license from the Communications Commission.

Another set of provisions on online news content pertains specifically to the liability of online intermediaries. The underlying idea is to protect those who transmit and publish information while promoting the diversity of online speakers. The EU Electronic Commerce Directive (2000) is the source for its members:

1. Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, or the provision of access to a communication network, Member States shall ensure

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55. Broadcasting Act, amended last in 2012.

that the service provider is not liable for the information transmitted, on condition that the provider:

- (a) does not initiate the transmission;
- (b) does not select the receiver of the transmission; and
- (c) does not select or modify the information contained in the transmission.

The Information Society Services Act in Estonia (2004), the Telemedia Act in Germany (2007), the Law of Information Society Services and Electronic Communication in Spain (2002), the Law on Information Society Services in Latvia (2004), and the Electronic Commerce Regulations in the United Kingdom (2002), among others, all implement this EU directive. This provision mirrors Section 230 of the U.S. Communications Decency Act, which establishes that “no provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.”

Some countries have taken different approaches to liability regulation. According to the Computer-related Crime Act in Thailand, authors, posters, webmasters, and bloggers can be liable for content published online. Eventually, even internet service providers (ISPs) can be liable. In Turkey, access providers must take down illegal content posted by their customers should the Telecommunication Board require them to. And in Morocco, both authors and ISPs can be liable for online content; besides, ISPs are required to screen and filter content in line with the Anti-Terrorism Law provisions.

Many countries have specific legislation for online copyright enforcement. Such laws have tighter safe-harbor rules for media outlets and online intermediaries in general, obliging them in some cases to remove supposedly infringing content upon notification. The U.S. Digital Millennium Copyright Act is the most prominent and influential piece of legislation in this respect. Countries with similar regulation include Moldova<sup>56</sup> and Chile,<sup>57</sup> the latter implementing a provision in the Free Trade Agreement with the United States. The Chilean case, however, only allows takedowns on the basis of a judicial order, balancing better copyright and freedom of expression. Likewise, EU countries such as Estonia, Latvia, Spain, and the United Kingdom have similar regulations based on the Copyright Directive of the European Union.

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56. Law No. 139 on Copyright and Neighboring Rights of 2010.

57. Law No. 20,435 of 2010.

A batch of laws on the net neutrality principle has been adopted in a number of countries. According to the Dynamic Coalition on Network Neutrality, net neutrality is “the principle according to which internet traffic shall be treated equally, without discrimination, restriction or interference regardless of its sender, recipient, type or content, so that internet users’ freedom of choice is not restricted by favoring or disfavoring the transmission of internet traffic associated with particular content, services, applications, or devices.”<sup>58</sup> Chile was the first country to incorporate this principle in law,<sup>59</sup> followed by the Netherlands<sup>60</sup> and Slovenia.<sup>61</sup>

There is no silver bullet regulation for online news media, and regulation may have a positive or negative impact on content output. In general terms, an overreaching application of general provisions can chill online debate and information dissemination. It cannot be dismissed, however, on those grounds alone. Registration provisions for media, on the other hand, affect mostly independent initiatives and citizen-based projects, while blocking and filtering pose the biggest threat to the free flow of content. Intermediary liability is a double-edged sword: the safe-harbor provisions are crucial for news outlets, social networks, and ISPs, but copyright regulations—especially those with removal mechanisms—have in many cases proven to be arbitrary and unbalanced vis-à-vis freedom of expression and the widest dissemination of information.

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58. Model Framework on Network Neutrality (initiated by the Council of Europe and developed by the Dynamic Coalition on Network Neutrality), at <http://networkneutrality.info/sources.html>.

59. Law 20,435 of 2010.

60. Dutch Telecommunications Act of 2012.

61. Electronic Communications Act of 2012.



# Public Media and Digitization: Seven Theses

Damian Tambini<sup>1</sup>

## 1. Introduction

### 1.1 Public, State, and Private: A Crossroads for National Media Systems

The rise of broadcasting in the twentieth century established new relationships among the state, the public, and the media.

Alongside private commercial media, some countries established broadcasters with a closer relationship with the state, and a non-market model of accountability to the public. The relationships between these institutions and governments and other centers of power became key challenges in the governance of open societies.

A unique set of institutional arrangements for broadcasting evolved in each national setting. Some set out a clear constitutional legal framework of fundamental duties for all broadcasters. In others, ownership and operation remained in private hands, with duties left legally undefined. In some countries the market share of publicly owned broadcasters was small, while in others they were, and in many cases still are, dominant. In all countries, allocation of broadcasting frequencies has rested with agencies of the state. Governance of the broadcasting institutions that generate the meanings and narratives that frame reality for citizens has been a source of ongoing conflict that resurfaces at times of change.

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1. The author is grateful for comments from Sally Broughton-Micova, Marius Dragomir, Natalie Fenton, Ruth Garland, Natali Helberger, David Levy, Christian Nissen, Manuel Puppis, and Mark Thompson.

State-administered and public service broadcasters all over the world face challenges as they come to terms with the new realities of digital media. A major structural shift is underway, with the outcome uncertain. Some broadcasters have been able to parry the challenges of new competitors and declining audiences, and grasp the opportunities afforded by new services and delivery platforms. Others, due to political and regulatory constraints, or to a lack of demand, have been less able to respond and have seen their audiences dwindle. How this adjustment plays out in each national context, and the extent to which new global and regional norms of governance emerge, will play a key role in the evolving structure of democratic communication systems for some time to come.

In the long term, the key question is how long state-administered or public service media institutions will survive in the digital age. Public service broadcasters have been created from scratch, even quite recently in Thailand and Taiwan, but the invention of large new public service media organizations is rare. It is the evolution of existing media institutions that will shape the future. This is why focusing on the policy settlement for state/public media is important: the extent to which these organizations are able to flourish in the digital era is likely to have a profound impact on the future balance between state, commercial, and public media.

After more than a decade of debate about how broadcasting governance *should* respond to digitization, this paper examines the evidence about how it *is* responding. There is no shortage of theories about what is happening; some claim that the fundamental economic models of state and public service broadcasters are broken due to long-term decline in audiences and funding, while others argue that new funding models, as well as digitization-related reductions in costs, are offsetting these challenges, leading to a new golden age of public media. There are claims that broadcasters' remits are being watered down and commercialized amid a radical restructuring of the basic regulatory compact that underpins broadcasting.<sup>2</sup> And while some commentators argue that digitization leads to pressure for more independence of broadcasters from government, others are skeptical, claiming that media policy reform has been subsumed into an opaque politics that serves only political incumbents and undermines trust in democracy. This paper examines each of these claims in the light of evidence from Mapping Digital Media (MDM), the largest international study of media policy ever conducted.

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2. Use of the scarce public resource of electromagnetic spectrum often entails obligations to meet public interest requirements. This is only a part of the regulatory deal struck between states and broadcasters. Also relevant are laws and regulations that govern other distribution networks such as broadband, the competition framework, and fiscal policy as it impacts broadcasters. Each regime can be used to implement public interest regulation.

## 1.2 State and Public Media around the World

The globe can be divided into four basic “ideal types” of system as regards the historic role of state-administered/public service broadcasting:

1. media systems with established *public broadcasters* and a mixed system that balances public and commercial funding. Broadly, this refers to Europe, some former colonies of Britain, and several countries (such as Japan, Taiwan, Thailand, South Korea, and Chile) that have developed independent—albeit small—public service broadcasters;
2. countries with *state-administered broadcasters* such as CCTV in China in which the broadcaster is the voice of the party and plays a propaganda role for the government;
3. purely *commercial broadcasting systems* with only a small role, if any, for state or public service media. Much of North and South America (with the exception of Canada and Chile and some other cases) belongs in this group; and
4. *hybrid and transitional systems*, for example those with former state broadcasters of questionable independence. It is notable that the rising BRICS powers (with the partial exceptions of South Africa and India) are not generally classified as having independent public service media.<sup>3</sup>

### 1.2.1 Defining Terms

This overview of MDM findings focuses on “state-administered and public service broadcasters” (SA/PSBs). This is a broad category, comprising institutions from the independent Dutch Public Service broadcasters that form NPO, to China’s state-run China Central Television.

It is of course important to respect the distinction between media controlled by the state and independent public service broadcasters. In this article, the generic term state-administered/public service broadcasters (SA/PSBs) refers to the common group, while the sub-categories of state-administered (SA) and public service broadcasters (PSBs) are used as appropriate. The term public service media (PSM) is used to underline that public service organizations are providing services on non-broadcast platforms. The question of how digitization impacts on the balance between SA and PSBs is addressed in the concluding section.

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3. The BRICS countries are Brazil, Russia, India, China, and South Africa.

The Mapping Digital Media project has focused on the dynamics and tensions faced by publicly owned broadcasters (both state and public service) that enjoy state-granted funding and/or distribution privileges that have historically guaranteed huge audiences, but also brought the danger of political interference. Non-market ownership and control is the common defining feature of “state-administered/public service broadcasters.”

The reason why the MDM research combined such diverse broadcasters in a single category is that it let us compare and contrast the fortunes of both PSBs and state broadcasters. It also avoids the problems that would arise from creating a category of “pure” PSBs, which would be disputed by those claiming that this or that broadcaster has been captured by state power.

### 1.2.2 SA/PSBs and the Digital Transition

There has been a sustained effort on the part of media reform campaigners and non-governmental organizations (NGOs) to use the reform opportunities triggered by digitization to encourage the transformation of state-administered broadcasters into genuinely independent PSBs. Many of those involved saw the digital transition as an opportunity to open up markets and transition state-controlled broadcasters into independent PSBs.<sup>4</sup> Where PSBs were firmly established prior to the introduction of digital media, civil society campaigns have focused on renewal: the transformation of public service broadcasting into “public service communications,”<sup>5</sup> or “public service media.”<sup>6</sup>

While public service enthusiasts tend to focus on the opportunities of digital for developing independent PSM, there are other possibilities. The digital environment may be one in which state broadcasters rather than independent public broadcasters tend to thrive, or one in which purely commercial media are becoming more dominant.

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4. See, for example, E. Smith, *A Road Map to Public Service Broadcasting*, Asia Pacific Broadcasting Union/UNESCO, Kuala Lumpur, Malaysia, 2012; and T. Mendel, *Public Service Broadcasting: A Comparative Legal Survey*, UNESCO, Paris, 2011.

5. D. Tambini and J. Cowling, *From Public Service Broadcasting to Public Service Communications*, IPPR, London, 2004 (hereafter, Tambini and Cowling, 2004).

6. P. Iosifidis, *Public Television in the Digital Era: Technological Challenges and New Strategies for Europe*, Palgrave Macmillan, Basingstoke, 2007 (hereafter, Iosifidis, 2007); P. Iosifidis, *Global Media and Communication Policy*, Palgrave Macmillan, Basingstoke, 2011 (hereafter, Iosifidis, 2011); K. Jakubowicz in B. Klimkiewicz (ed.), *Media Freedom and Pluralism: Media Policy Challenges in the Enlarged Europe*, CEU, Budapest, 2010. See also Council of Europe, Committee of Ministers CM/Rec (2007) 3 on the Remit of Public Service Media in the Information Society, and G.F. Lowe and J. Steemers (eds), *Regaining the Initiative for Public Service Media*, Nordicom, Gothenburg, 2012.



And the current period may be one in which the major and rising powers lack any form of sustainable public service media, or one in which public service broadcasting gradually replaces the state broadcasters in China, Brazil, and Russia, and underscores the independence of South African and Indian public service broadcasters. Thus, the analysis of current reforms, conflicts, and the direction of institutional change is crucial.

## 2. Seven Theses on SA/PSB and Digitization

### 2.1 The Audience for State-administered/Public Service Media is in Decline

Many argue that as broadcasting channel choice and access to on-demand services expand, state-administered and public service media inevitably suffer rapid decline in audience. However, an examination of available data shows us that recent years have not featured a simple, linear decline in SA/PSM audiences. In broadcasting there is a range of experiences and many complicating factors other than the process of digitization.

International comparative research confirms that viewing of publicly funded channels has declined as a proportion of total television viewing between 2009 and 2011 in the United Kingdom, France, Germany, Italy, Spain, Russia, and India.<sup>7</sup> Some MDM reports that focus on the period 2005–2010, such as Slovakia, identify the rise of new digital channels in competition with PSBs as directly responsible for audience decline.

MDM data indicate that SA/PSB audiences did not decline everywhere between 2005 and 2010; the exceptions include Canada, Australia, and Sweden. There were some countries where SA/PSM have experienced audience growth in recent years. Argentina's Canal 7 has increased its audience from a very low bottom, in the 1–2 percent range. (Growth is due to that channel's acquisition of soccer rights rather than the sudden popularity of public service journalism.) In Armenia, the state-administered broadcaster H1 maintained and to an extent increased its audience in the last decade. In China (where television ownership and audiences are rising), all five of the top rating television news programs and indeed all major national television channels are broadcast by the state-administered China Central TV, which remains the only national broadcaster in the country.

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7. Ofcom, International Communications Market Report, London, 2012, Fig. 3.38 (hereafter, Ofcom, ICMR 2012).

That having been said, MDM reports do show in most countries some decline of audience share and reach on broadcast platforms for SA/PSBs. A limited exception is found in countries where access to television broadcasting is still rapidly expanding such as Morocco, though even here audiences for the PSB have declined as a proportion of total television audience (MDM Morocco; 25). It should also be mentioned that even where PSB channels are in decline relative to other broadcasters, the rise in television viewing per viewer per day in most countries means that more PSB television is being viewed in absolute terms. This applies to most European markets, though multi-tasking (simultaneous use of several media)<sup>8</sup> does need to be taken into account.

The data do not permit us to attribute audience decline solely to digitization. In Turkey, for example, digitization coincided with the end of SA/PSB monopoly. This led to a rapid decline of audience share for the ad-funded SA/PSB between 2005 and 2010. The precipitous decline in SA/PSB audiences in Turkey and Bosnia and Herzegovina, however, contrasts with a gradual decline in most other countries with significant PSBs.

There is ample evidence that a well-run, trusted PSB can thrive even during periods of audience fragmentation. MDM Estonia reports that ETV has managed to maintain audience shares of around 15 percent and improve audiences in some demographic groups such as the more educated. In the longer term, audiences have declined somewhat with increasing competition since the 1990s, as ETV dropped more populist programming such as game shows in order to focus on public service programming. Conversely, where the PSB is less trusted and perceived as a government propaganda mouthpiece, as with RTM in Malaysia, audience declines have been seen as an opportunity for commercial competitors who are trying to improve their audience trust.

Even where audiences for PSBs remain high, viewers may be watching less public interest content, as this is traditionally defined. It was observed a decade ago that audiences were migrating away from PSB “remit programming”<sup>9</sup> as channel choice expanded during the digital transition.

In some cases, SA/PSBs have large audiences on new platforms. The MDM reports show that there is a divide between those PSBs able to mitigate audience decline on their main channels by launching new digital services, and those still reliant on

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8. Ofcom, Communications Market Report, London, August 2013, p. 33.

9. Remit programming is programming that clearly and unambiguously fulfills the public service remit.

traditional platforms. While individual channel audiences are declining, the launch of new channels (many of which have less onerous PSB obligations) compensates. France Television, for example, has not launched new channels for digital terrestrial television (DTT). But it has made France 5 a 24-hour channel and launched a new information service using DTT. In general, audience declines are much less pronounced in radio thus far, although radio switch-over may change this.

In some of those cases where SA/PSB numbers are down, audiences have compensated by consuming public service media on new platforms such as mobile, online, catch up, and on-demand. There appears to be one group (many European countries, such as the United Kingdom) where online services are compensating—rising in proportion to PSB losses—and another group where PSBs are not able to launch new services in digital media. NHK in Japan, for example, has been tightly constrained to broadcasting and broadcasting-related services and has a limited online offering.

## 2.2 PSM Funding is in Decline

It is widely assumed that as a consequence of declining audiences, the revenue of PSB channels has been in decline around the world. Some commentators have seen the end of receiver license fees as an inevitable result of audience decline and digitization: “the principal funding source for public service broadcasters—the license fee—will not survive for long unless it is radically rethought.”<sup>10</sup>

The picture revealed as digitization progresses is more complex. Expressed as a proportion of overall television revenue, the role of public funding varies extremely widely: from zero in China (where funding is not transparent, but state-controlled CCTV is 100 percent funded by advertising) to Japan which raises US\$8–9 billion in license fee revenue per year.<sup>11</sup>

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10. OSF, “Television Across Europe,” *Regulation, Policy and Independence* (Vol. 1, Report Summary), Open Society Institute, New York, 2005, p. 41.

11. See also MDM country reports, section 6; Ofcom, ICMR 2012, Fig. 3.1, Fig. 3.18.

**Figure 1.**

Public service media total funding in the European Broadcasting Union (EBU) area (€ million), 2006–2011<sup>12</sup>

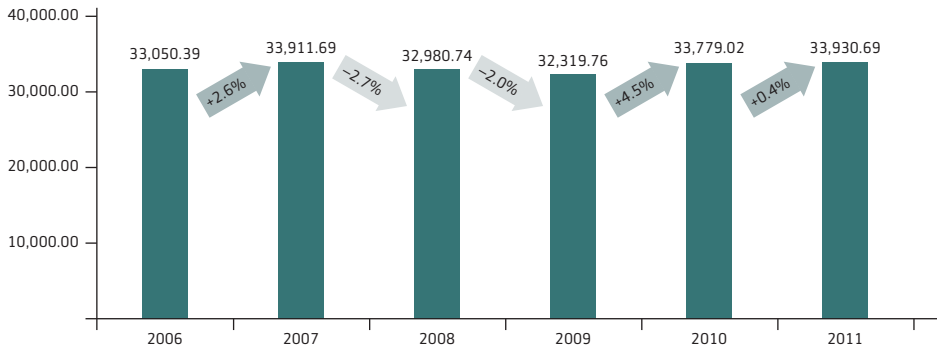
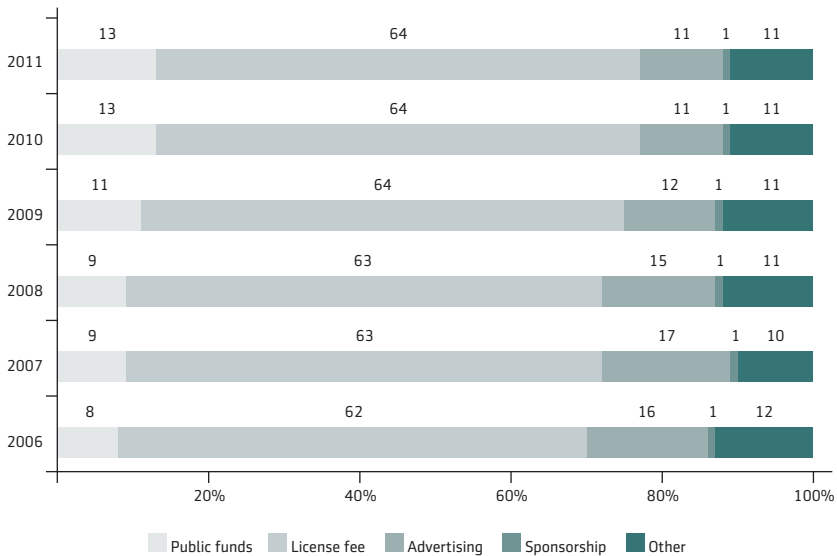


Figure 1 shows the overall level of PSB revenue in the 39 member countries of the European Broadcasting Union, and shows that the overall funding level of PSBs has not declined, but remained more or less static over the period 2006–2011.

**Figure 2.**

Public service media funding mix in the EBU area (2006–2011)



Source: EBU Media Intelligence Service, 2013

12. EBU data are from the presentation by Dr Roberto Suárez Candel of the EBU at the EBU Euroradio Assembly, 1–3 May 2013 (not published).

While overall revenues have been static, the balance of revenue types has changed. The EBU research shows a slight shift of PSB funding from advertising to license fee and other public funds. In part, this reflects the removal of advertising funding from public service broadcasting in France, and in part it reflects the crisis of advertising funding, which is more sensitive to audience losses and the overall economic environment. Advertising funding for PSBs is vulnerable. In general, the digital transition has increased the volatility of PSB funding.<sup>13</sup>

Declining audiences and weak revenues matter a great deal in the competition for talent and programming. According to Runar Woldt and colleagues, writing about European PSB in 1998,

the varying conditions governing public service broadcasters in individual countries create very different situations with regard to the flexibility available to them in facing up to the challenges of new technology and stiffer competition. A country's or public service broadcaster's ... financial clout ... allows broadcasters to maintain or enhance traditional levels of quality programming, while at the same time allowing them to make the necessary leap to new technology. Also many countries have legal and political barriers which make it difficult for public service broadcasters to get the most out of the technical and programming options currently available.<sup>14</sup>

PSBs in smaller and poorer markets—such as Moldova, Macedonia, Montenegro, and even Slovenia—have always faced particular challenges because of the challenges in maintaining the high per capita revenues necessary to fund quality services. Even with smaller markets, however, the story is not one of universal decline. SA/PSBs in Moldova and Bosnia and Herzegovina have gained in both audience share and funding in recent years.

A combination of austerity and an aversion to state funding programs creates new risks for some funding models. In Africa, in particular where state and public broadcasters have relied heavily on direct government grants and other forms of direct funding, “the adoption of new economic policies, which favor reduction or the elimination of

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13. See Ofcom, ICMR 2012, Fig. 3.18; R. Kleis Nielsen and G. Linnebank, “Public support for the media: A six-country overview,” Reuters Institute for the Study of Journalism, Oxford, 2011.

14. R. Woldt, J. Dries, A. Gerber, and B. Konert, “Perspectives of public service television in Europe,” Media Monograph 24, European Institute for the Media, Düsseldorf, Germany, 1998, pp. 129–130.

subsidies to state linked enterprises mean that state grants will no longer be necessarily available.”<sup>15</sup> This political and ideological opposition to state-aided broadcasting comes alongside the impact of the economic crisis and pressure on public spending, but the data just reviewed suggest that commercial advertising models have suffered more than taxation or license fee funding. According to Stylianos Papathanassopoulos and Ralph Negrine, “As a result of the economic downturn we may be entering a period when the British duopoly model triumphs: a strong public sector and a strong(ish) commercial sector.”<sup>16</sup>

The funding of public media is part of a wider settlement including tax exemptions and spectrum pricing. Other privileges that increase the audience for PSM might also be taken into account (for example through regulation of electronic program guides, must-carry rules, and net neutrality rules), and a wider perspective would include publicly owned and funded news agencies, and the legal framework which governs the PSB’s commercial activities. In assessing the transition as a whole, these must be taken into account. The evidence gathered by MDM shows that the relationship between audience and public funding is not straightforward. Whereas purely advertiser-funded revenues go down proportionately with audience share, a PSB may be funded to do more when its broadcast audiences are in decline, but if audiences decline beyond a certain level, political support for subsidies may collapse.

The need for transitional funding for PSBs to invest during the transition is key, and the U.S. and European experience suggests that given the political will, it is likely that public sources (rather than capital markets or donations from viewers, for example) are most likely to provide such funding. Given pressures on the license fee, a number of countries are experimenting with new forms of license fees. The EBU, the representative body for PSM in Europe, is actively seeking alternative models.

MDM reports show no overall pattern in the ratios of public to private media funding and revenue levels between 2005 and 2010. It is not appropriate to pool these data because of data-gathering discrepancies between countries (e.g. some include state advertising), but it gives a useful indication of change over time. In many cases, public funding has fallen in absolute terms during this period of spending cuts, and in others it has remained constant. And commercial broadcasters have in many cases also

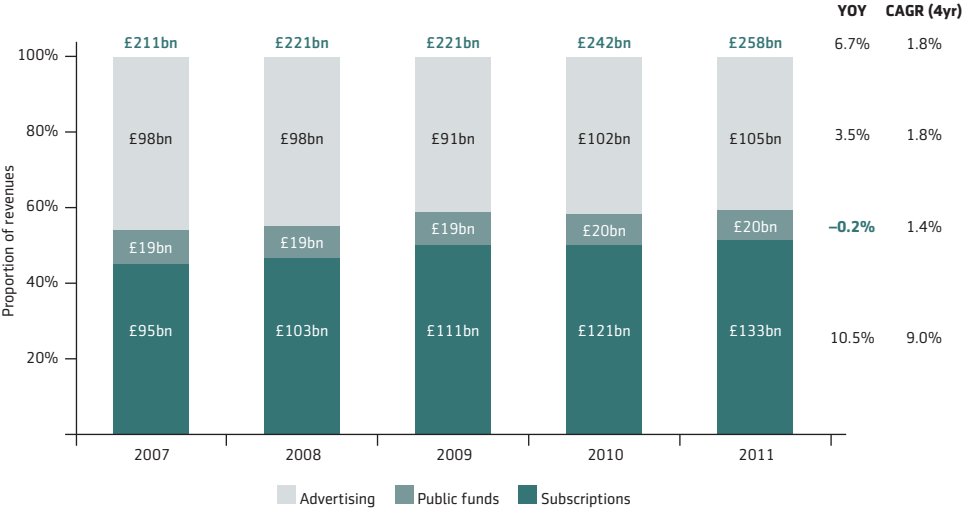
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15. E.A. Mbaine, “Viability and sustainability of public service broadcasting,” in Article XIX, *Broadcasting Policy and Practice in Africa*, London, 2003, p. 157 (hereafter, Mbaine, “Viability and sustainability”).

16. S. Papathanassopoulos and R.M. Negrine, *Communications Policy: Theories and Issues*, Palgrave Macmillan, Basingstoke, 2010, p. 144 (hereafter, Papathanassopoulos and Negrine, 2010).

experienced revenue declines, particularly in advertising-funded services. The Ofcom data in Figure 3 therefore mask considerable country-level variation.

**Figure 3.**  
TV industry revenues, by source



*Notes:* Net TV advertising revenues for Russia have been calculated by discounting 15% of TV advertising spending to remove agency fees and production costs. Interpretation and manipulation of data are solely Ofcom’s responsibility. Ofcom has used an exchange rate of USD1.604 to the GBP, representing the IMF average for 2011.

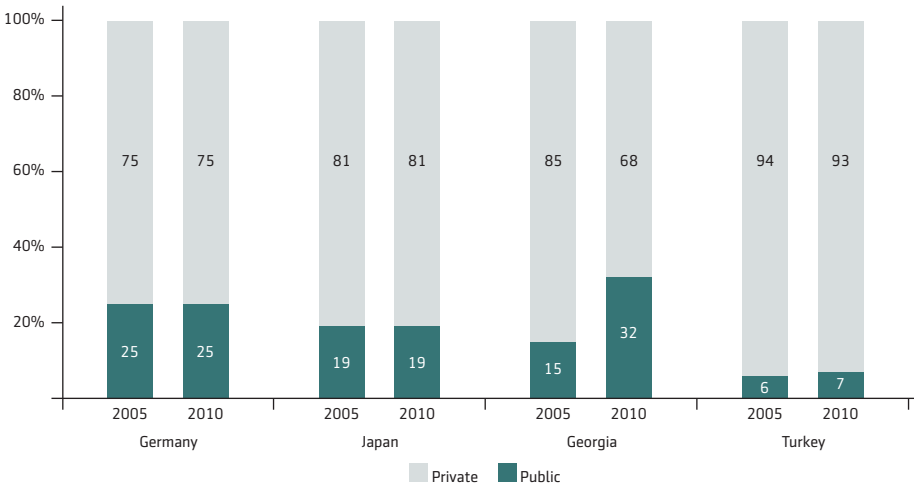
*Source:* Ofcom, International Communications Market Report (ICMR) 2012

While global figures suggest continuity in ratios of public (license fee + taxation) and commercial (advertising + subscription) revenues, there have been some countries where more radical shifts have taken place. In South Africa, public funding shifted from 39 percent of the total funding in 2005 to 51 percent in 2010, whereas in Georgia it shifted from 15 percent to 32 percent, and it also increased in Russia. In Moldova, in contrast, it decreased from 19 percent to 13 percent over the same period.

These jumps in funding may be explained by one-off payments to enable PSBs to cope with extra expenditure, together with advertising revenue losses due to digitization, rather than by any long-term shift in commitment to public funding. It may also be the case that flows of funding to broadcasters increase for political reasons when elections are approaching.

**Figure 4.**

Evolution of the public/private ratio of funding in selected countries, 2005–2010



*Note:* Public funding includes license fees, allocations from the state budget, and all forms of funding channeled from public sources such as underwriting. Private funding includes all forms of commercial income, mainly advertising revenues and sponsorship

*Source:* Calculations based on data in Mapping Digital Media reports

In summary, while there may be a slight relative decline in the funding of PSM, and some MDM reports even reported a PSB funding crisis (for example Slovakia, South Africa, Poland, among others), public funding does appear in absolute terms to be a relatively robust funding source, fluctuating less markedly than advertising. Public service media funding as a whole has been relatively stable, but is based mainly on advertising and license fees, both of which have been questioned in terms of their long-term viability.

The funding settlement is more complex than these direct forms of revenue, however, and a longer term assessment should take account of tax policy and the distribution settlement as indirect support. MDM researchers were asked to report on the overall balance of public and private funding and trends and innovation in new funding models, including public funding. The following non-exhaustive table indicates some of the new directions in media funding, including experimenting with alternatives to public service license fees.



**Table 4.****The search for new public funding models**

New funding source	Country
Subscription (TV)	Bosnia and Herzegovina, Germany, Latvia
Sponsorship	Hungary
New forms of advertising	Thailand (multi-platform advertising)
Online pay per view	Latvia
Donations/crowd-funding	US, Moldova, Netherlands
E-commerce/converged models	Nigeria
Public-private partnerships	Nigeria, South Africa
New taxation models	Thailand (the “sin tax”), France (newspaper subsidy, levies on telecoms/internet companies)
Receiver subsidies (during switch-over)	UK, US

Source: Mapping Digital Media, various reports/the author

SA/PSB funding reform inevitably raises questions about independence. A general shift of funding from license fees to direct government subsidy (Germany, Netherlands, and Spain) may be seen as a threat to independence. But public perceptions of independence do not seem to be impacted by funding structures alone, and the shift to direct government funding does not lead directly to threats to independence.

Broadcaster independence can be questioned even where funding is provided via a license fee. Recent crises at several European PSBs, such as the Greek PSB and the Valencia PSB,<sup>17</sup> illustrate the potential for funding crises and reform to undermine independence and the difficulty of executing reforms without threatening independence. New forms of licensing (e.g. levies on telecoms companies and direct grants from government) could create more problems for PSM independence than traditional viewer license fees and advertising, but they may be the only option if the goal is to secure public service alternatives to commercial media.

### 2.3 Digitization Reduces PSM Costs

Efficiency is a key rationale for digitization, and if digitization reduces costs for PSBs, this may mitigate the challenges of declining audiences and funding. However, the long-term efficiency benefits of the digital transition only become available after very significant new investments, investments that could take 15 years to recoup, and spectrum re-planning may mean that not all efficiency benefits accrue to the

17. See C. Crustafon, at <http://blogs.lse.ac.uk/mediapolicyproject/2013/11/21/the-shutdown-of-the-public-regional-television-in-valencia-the-first-step-towards-the-end-of-regional-public-service-broadcasting-in-spain>, 2013.

broadcaster. Given these conditions, it is clear that significant transition costs will need to be taken into account before the benefits of cost reduction are enjoyed.

The public service broadcaster in Uruguay reported that digitization of transmission was likely to improve geographic coverage, and in other countries where the transmitter network has yet to achieve universality, similar gains are likely to be made with the digitization of transmission equipment and re-allocation of spectrum. But these benefits come at the price of significant increases in distribution costs and transitional costs. The benefits emerge only toward the end of the process, perhaps after institutional, political, and reputational damage has been done.

Many PSBs around the world face large transitional costs, in terms of the capital investment needed to upgrade both production and facilities, and to retrain staff. In cases where transitional funding cannot be accessed, this is resulting in the closure of PSB services. In the United States, transitional funds have been accessed at both federal and state levels and this has enabled public television and radio stations to launch new services and access new audiences. In a range of other countries, including the United Kingdom, above-inflation funding increases have been provided to allow the PSB to meet the costs of digital transition. While efficiency gains have been slow, “opportunities to share programming at low cost are only beginning to emerge, and innovative approaches have yet to take root except in the most forward-looking stations” (MDM USA). In the long term, new digital technologies introduce efficiencies and cost reductions—for example, in terms of the necessity of maintaining transmitters—but the transitional period of multiple distribution platforms including Internet Protocol Television (IPTV), mobile platforms, and on-demand is expensive.

Are there any other regulatory assets that will be drawn in, or may be drawn in in the future, to reduce costs for PSM? There is a long-established approach of applying must-carry rules to ensure that PSM are carried on all platforms, even where audiences are small (as in Brazil).

Similar questions arise in the IPTV world. For example, if network owners and operators are permitted to discriminate in terms of the quality of distribution provided to various content operators, might network neutrality principles or specific regulations prohibit discrimination against public service media?

The key transitional question is whether PSBs should enjoy continued and new distribution privileges, and how these might be conditional on performing a particular social function. Central to this is the question of allocating multiplex slots on the new

digital terrestrial television platform, launched in most MDM countries. Broadcasters that meet public interest standards generally enjoy preferential treatment in analog—paying zero or non-market prices for use of the sought after UHF spectrum. As distribution on other platforms becomes more important, policy debate focuses on how distribution privileges are allocated in the new order and whether a genuine commitment to serve the public—and not state or political interests—is the *quid pro quo*. Central to this question is what the responsibilities of public service media are, and who decides if they are being met.

In summary, any general claims that PSBs are more efficient in the digital era beg questions about what the objectives are, and what “efficiency” means in an environment where audiences are harder to reach. While in some cases there will be benefits such as universal coverage and reduced costs, these may accrue only after significant transitional costs have been met.

## 2.4 The “Remit” for State and Public Media is Increasingly Contested, and Standards are Under Threat

MDM reports show that while there is a very wide variety of PSB remits, there are common themes, and there appears to be some global convergence of PSB remits.

PSB remits fall into three groups:

- Those based on defined genres of content, such as impartial news, information, educational programming (e.g. Thailand).
- Those based on social functions of the broadcaster(s) such as serving citizenship (e.g. Peru, Egypt, Germany).
- Those based on general values and/or fundamental rights (e.g. Romania).

Most are hybrids of these types and all face challenges in terms of measurement in a regulatory context. With lack of clarity comes political discretion and challenges to independence.

MDM reports confirm the following pressures and trends:

- (i) Commercialization increases pressure to meet audience demand rather than pursue cultural or educational objectives.
- (ii) Digital innovation undermines remit definitions that are based on broadcasting technologies and raises questions about whether public service has a role in new media.

(iii) These and other trends call into question the institutions responsible for monitoring and enforcing the remit.

In contrast to PSBs, state broadcasters do not tend to have a public statement of remit and responsibilities. They are, however, subject to lines of authority and accountability to political power. Historically, both state-administered and public service broadcasters pursued ideological goals rather than market demands and did so to a captive audience. With digitization and increased channel choice, they found it increasingly necessary to provide more attractive content in order to secure an audience.

This leads to a “Catch 22” situation: SA/PSM increasingly need to compete with commercial media. As a result they are accused of populism—providing content that is indistinguishable from that of commercial competitors and watering down their propaganda or public service remit. This is not a viable long-term strategy, however, at least for public broadcasters, because providing commercial content undermines their claim to make a distinctive contribution to public service and receive public benefits in order to do so. If, on the other hand, SA/PSBs remain closer to their propaganda, cultural, or educational remit, they may well be perceived as dull and old-fashioned, further compounding the audience crisis.

This section focuses on public service, rather than state-administered broadcasters because the “remit Catch 22” is more serious for them. According to Charlie Beckett, “There is a danger that public service journalism will effectively become a rump financed by the world’s more welfarist governments, like the railways in post-war Britain or the postal service in Italy—dull, inefficient, out of touch with the latest technological developments, and servicing an ageing sector of the public.”<sup>18</sup>

This prospect has led other experts to ask: “in a system characterized by market competition and audience fragmentation, what is the distinctive contribution of the public service provider?”<sup>19</sup> This question was identified as key as long ago as 1999, when a report commissioned by the BBC analyzed how different PSBs around the world were choosing between distinctiveness on the one hand and market share on the other.<sup>20</sup>

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18. C. Beckett, *Supermedia: Saving Journalism so it Can Save the World*, Blackwell-Wiley, Malden, Massachusetts, 2008, p. 37.

19. R. Kuhn, in P. Iosifidis (ed.), *Reinventing Public Service Communication: European Broadcasters and Beyond*, Palgrave Macmillan, Basingstoke, 2010, p. 168 (hereafter, Iosifidis, 2010).

20. McKinsey, “Comparative review of content regulation,” McKinsey Report for the Independent Television Commission, 1999, pp. 4, 22.

A 2013 reiteration of the study found that PSBs create a “race to the top” by setting a benchmark and raise the quality threshold for the market as a whole.<sup>21</sup>

Competitive pressure on established broadcasters is not limited to the established public service systems. In 2003, E.A Mbaine summarized the situation in Africa as follows:

The opening up of the airwaves has been a good step in the right direction, as it has broken the monopoly of the state on information within the broadcast media. However, opening the airwaves does not necessarily lead to a plural and diverse broadcasting landscape. [It] has also brought forth a flurry of competition in which national broadcasters have had to wake up and provide better services, if only to survive.<sup>22</sup>

In response to this, the PSBs described in MDM country reports often perform a balancing act, observing the remit while attempting to be attractive to audiences. Success in striking the balance appears to be limited: a focus group study in Thailand in 2010 found that some viewers struggled to distinguish the output of the independent PSBs from that of the state broadcaster. Elsewhere, as in Italy, commentators have criticized PSBs for output indistinguishable from that of commercial broadcasters.

Digital innovation also poses the question of whether the remit of public service media should extend beyond broadcasting. Many commentators have argued that digitization should lead to an evolution from public service *broadcasting* to public service *media* or even to public service *communications*.<sup>23</sup> However, Nanne Priebis (2004) found that restrictive remits and regulations in Germany and Japan limited public service activities to broadcasting and related services, and acted as a restraint on the launch of new digital services by the PSBs. According to Brevini (2010),<sup>24</sup> the Italian PSB RAI spent only 0.2 percent of its total budget on online services, in comparison to the BBC spend of around 5 percent during the same period.

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21. J. Simon, “Public and private broadcasters across the world—the race to the top,” BBC, London, 2013 (hereafter, Simon, 2013).

22. Mbaine, “Viability and sustainability,” pp. 160–161.

23. Tambini and Cowling, 2004; N. Priebis, “Learning from abroad: Regulating public service broadcasting in Japan and Germany,” 2003, in Tambini and Cowling, 2004; Iosifidis, 2007, 2010, 2011; K. Jakubowicz, “Rude awakening. Social and media change in Central and Eastern Europe,” *Javnost. The Public*, 8(4) (2001), 59–80 (hereafter, Jakubowicz, 2001).

24. B. Brevini, “Towards PSB 2.0,” *European Journal of Communication*, 25(4), 348–365.

In many MDM countries, the debate about PSB remits in the digital age is ongoing and there is no consensus about new roles and rationales in the online space. Mark Thompson as Director General of the BBC, and previously, had advocated a niche, rather than a universal approach to PSB whereby the PSB should seek to serve sub-audiences as the “new tribes” of PSM users, and do so on all potential new platforms as “Martini Media” (anytime, anyplace, anywhere).<sup>25</sup> Others see the transition as spelling the end of the possibility of regulating for universal access and use of PSM services, the end of the PSB as a “nation builder” or provider of “social cohesion.”<sup>26</sup> But other PSBs, particularly in smaller markets such as Estonia, have retrenched to their core mission and the defense of smaller national identities in the face of globalization.

MDM reports show that a growing number of countries apply some general public service obligations to all broadcasters (e.g. Italy, Brazil), but these general requirements have not been effectively enforced. In most cases, they do not apply to new channels and online services, and there is often a lack of clarity regarding how public service obligations apply to DTT services. In many markets, all licensed broadcasters must ensure that news is impartial, but the extent to which these obligations apply to digital platforms is yet to be resolved in most countries. As an example, the public service broadcasters such as Channel Four and ITV in the United Kingdom should under the Communications Act 2003 also seek to promote public service principles through their services. However, the shift to digital has involved an ongoing loosening of these obligations in negotiations with the regulator over license terms.

In Chile, the “Law of Correct Operation” of broadcasters in theory applies a set of public service principles to all broadcasters. The regulator has the responsibility to ensure that television broadcasters ensure respect for “the Nation’s moral and cultural values, dignity of persons and protection of the family, for pluralism; for democracy; for peace; for the protection of the environment; and for the spiritual and intellectual formation of children and the youth within the said value framework.” In general, this form of principle-based regulation has not been successful. Vague aspirational principles are difficult to enforce, and if they were enforced it would be likely to be regarded as an attack on broadcasting freedom.

The reports confirm that the PSB Catch 22 undermines innovation and new services in the public service space. For example, surveys of perception of the public service

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25. M. Thompson, 1999, cited in M. Price and M. Raboy (eds), *Public Service Broadcasting: A Documentary Reader*, Kluwer Law International, The Hague, Netherlands, 2003 (hereafter, Price and Raboy, 2003).

26. See, for example, Jakubowicz, 2001.

broadcaster in Thailand and Germany indicate that they are perceived as somewhat dull and old fashioned. Most PSBs are experiencing difficulty reaching younger listeners. There is a need for a policy decision if this is the case: if the view is that a mixed broadcasting system of PSBs and other commercial channels is a long-term goal, then it may be necessary to relax genre-based remits to create more popular broadcasters.

It is thus possible to identify a limited number of possible courses of action as regards the PSB remit:

- Focus on core remit. One response to digitization is for the PSB to focus on core PSB programming such as news, education, and culture, and to move away from the mixed broadcasting schedule addressing a mass audience which the market now provides. Few have chosen this route, though some such as Estonia have adopted a more “pure” PSB approach.
- Dilute the remit—and risk undermining PSB privileges such as the license fee in the long term. Most PSBs have been accused of this, but MDM data suggest that in the main they have avoided the populist route. There is some evidence that there is less news provided as part of the remit in Sweden and Egypt, for example. (Quality public service news is one of the most expensive genres to produce.) In the context of a funding squeeze, quality journalism faces challenges, and several MDM reports highlighted the rise of “cut and paste news” as a cost-cutting approach.
- Develop a new remit—for example updating it to permit the launch of new online, mobile, and on-demand services, and developing an innovative approach to what public service means in the new environment. In many cases, the policy debate about the public service role and innovation in the new world has been dominated by discussion of “crowding out” of commercial by publicly funded services rather than a discussion of what the public interest demands in the new digital environment.<sup>27</sup> New, updated remits have been outlined in many European countries, and even in Germany and Japan—where new services were constrained in the early years of digital—a remit more conducive to public service innovation has been agreed, often influenced by the BBC’s approach to public value.<sup>28</sup>
- Change the enforcement and monitoring framework, including who is subject. There are several instances of advertising-funded public service broadcasters exiting

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27. Simon, 2013; Patrick Barwise and Robert Picard, “What if there Were No BBC?”, Reuters Institute for the Study of Journalism (RISJ), Oxford, February 2014, at [https://reutersinstitute.politics.ox.ac.uk/fileadmin/documents/Publications/Other\\_publications/Barwise\\_and\\_Picard\\_FINAL.pdf](https://reutersinstitute.politics.ox.ac.uk/fileadmin/documents/Publications/Other_publications/Barwise_and_Picard_FINAL.pdf).

28. See, for example, MDM Sweden, p. 26.

the public service system. (Sweden's TV4 is one such.) In the European Union, state aid regulation increasingly requires a clear and consistently applied remit.<sup>29</sup>

A number of these options have been pursued in countries with greater consensus over the desirability of a managed transition to post-broadcasting PSM. The Swedish commercial PSB TV4 has effectively ceased to be a public service broadcaster, but the main PSB was permitted to launch new online services after a government commission concluded in 2010 that “public service internet activities were legitimate and should aim at reaching as many people as possible.”

In cases where established PSBs have been able to develop a compelling PSM offer on new platforms, the PSM provider is among the very biggest providers of news. In the United Kingdom, for example, the BBC leads on some platforms, and in Spain RTVE is the second most visited site. In others, including Japan and to a certain extent Germany, regulation has prevented the development of public service on new platforms.

Despite this, there is some evidence of policy learning between countries and the emergence of global norms regarding the remit of PSB/PSM. For example where the PSB mission is codified in law or regulation, there is a family resemblance among the mission statements, with the list of principles of the broadcasting service in Peru bearing a strong resemblance to similar principles in Germany and the United Kingdom. More research would be needed to ascertain if an international convergence with regard to the PSB mission was taking place, and whether these apply to all media or only to broadcasting.

## 2.5 Digitization Undermines the Traditional “Regulatory Toolkit” for SA/PSM

State-administered and public service media respond not primarily to consumers, shareholders, and the laws of supply and demand, but rather to institutionalized accountability relationships to the public and to the state. These relationships, summarized in Table 5 below, have always been debated and contested, but technological and market changes have led to new pressures for change.

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29. D.A.L. Levy, “Negotiating Europeanization: State aid guidelines, public broadcasting and new services in three major member states,” OXPO (Oxford—Sciences Po Research group) Working Papers 2011–12, Oxford, January 2013, at [http://oxpo.politics.ox.ac.uk/publications/working\\_papers/wp\\_11-12/OXPO\\_11\\_12e\\_Levy1.pdf](http://oxpo.politics.ox.ac.uk/publications/working_papers/wp_11-12/OXPO_11_12e_Levy1.pdf).



Digitization has led in many cases to the beginning of a fundamental rethink of how SA/PSM should be funded and regulated. In France and Spain we have seen important legal changes, with PSBs (e.g. RTVE) not being permitted to carry advertising. Elsewhere, as in Sweden, public service obligations on some broadcasters have been relaxed. Despite some attempts at standardization,<sup>30</sup> there is no universally accepted definition of public service broadcasting. The following table outlines the range of institutions and structures in the MDM reports as ideal types.

**Table 5.**  
The public service media compact<sup>31</sup>

Framework type	Content accountable to	Rights	Duties	Broadcaster (e.g.)
State	<ul style="list-style-type: none"> <li>• Government</li> </ul>	<ul style="list-style-type: none"> <li>• Funding</li> <li>• Access to distribution</li> <li>• Must-carry rules</li> <li>• EPG prominence</li> <li>• Monopoly</li> <li>• Access</li> </ul>	<ul style="list-style-type: none"> <li>• Propaganda</li> <li>• Universal availability</li> <li>• Fundamental rights</li> <li>• Protection of minors</li> </ul>	CCTV China
Public service (PSB)	<ul style="list-style-type: none"> <li>• Public as citizens</li> <li>• Parliament</li> </ul>	<ul style="list-style-type: none"> <li>• Funding</li> <li>• Access to distribution</li> <li>• Must-carry rules</li> <li>• EPG prominence</li> </ul>	<ul style="list-style-type: none"> <li>• “Public service remit”</li> <li>• Universal availability</li> <li>• Fundamental rights</li> <li>• protection of minors</li> </ul>	STV Sweden

30. International organizations including UNESCO, the Council of Europe, the EC, and the UN Development Programme have each developed numerous declarations and principles on public service broadcasting. See especially Council of Europe, 4th European Ministerial Conference on Mass Media Policy Prague (Czech Republic), 7–8 December 1994. *The Media in a Democratic Society*; also, Communication from the European Commission on the application of State aid rules to public service broadcasting (Official Journal C 257 of 27 October 2009); also, the list of resources noted in: United Nations Development Programme; Bureau for Development Policy; Democratic Governance Group Supporting Public Service Broadcasting; Learning from Bosnia and Herzegovina’s experience, at [http://www.undp.org/content/dam/aplaws/publication/en/publications/democratic-governance/dg-publications-for-website/supporting-public-service-broadcasting/A2I\\_Pub\\_PublicService-Broadcasting.pdf](http://www.undp.org/content/dam/aplaws/publication/en/publications/democratic-governance/dg-publications-for-website/supporting-public-service-broadcasting/A2I_Pub_PublicService-Broadcasting.pdf). See also the UNESCO Media Development Indicators (2008), according to which “PSB is broadcasting made, financed and controlled by the public, for the public. (...) It is free from political interference and pressure from commercial forces.” There is also an ISO standard applicable to public service broadcasters, ISO 9001, which has been used to accredit a small number of broadcasters, at <http://www.iso.org/iso/livelihoodgetfile-isocs?nodeId=15354090>.

31. This chart presents, in a simplified way, some of the key elements of the institutional relationship between broadcasters and the state.

Framework type	Content accountable to	Rights	Duties	Broadcaster (e.g.)
Commercial PSB	<ul style="list-style-type: none"> <li>• Consumers</li> <li>• Shareholders</li> <li>• Regulators</li> </ul>	<ul style="list-style-type: none"> <li>• Funding</li> <li>• Access to distribution (on terrestrial)</li> <li>• Must-carry rules</li> <li>• EPG prominence</li> </ul>	<ul style="list-style-type: none"> <li>• “Public service remit”</li> <li>• Universal availability</li> <li>• Fundamental rights</li> <li>• Protection of minors</li> </ul>	ITV UK
Commercial	<ul style="list-style-type: none"> <li>• Consumers</li> <li>• Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Basic speech rights</li> <li>• Fair competition</li> <li>• Access to distribution (at commercial price)</li> </ul>	<ul style="list-style-type: none"> <li>• Fundamental rights</li> <li>• Protection of minors</li> </ul>	TV Globo Brazil
Other (e.g. public news agency, subsidized press/media)	<ul style="list-style-type: none"> <li>• Consumers</li> <li>• Regulators</li> <li>• Self/co-regulation councils/shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Funding</li> <li>• Oligopoly/monopoly/access to news</li> <li>• Funding</li> </ul>	<ul style="list-style-type: none"> <li>• Obey law</li> <li>• Self-regulate</li> </ul>	Agerpres/Romania Mediafax Romania Schibsted/Aftonbladet Sweden

Source: The author, based on Mapping Digital Media, 2013

The precise arrangements for these key institutional relationships, and their relative importance in the power relationships between governments/parties and broadcasters are subject to volatility and redefinition during the digital transition. In particular:

- Broadcast/spectrum licensing may become less important as services move online and on-demand.
- Broader regulation of PSB, such as decisions on whether the PSB should be permitted to launch new services, becomes more important to the long-term survival of the PSB.
- Competition rules and their application to the PSB are more contested, and increasingly impact on questions of PSB remit.
- There may be new forms of intervention, such as net neutrality rules, access requirements, must-carry rules that can be provided in support of public service.

In 2003, Syvertson remarked that digitization of television “continues to decimate the array of privileges that governments have at their disposal to grant to selected broadcasters.”<sup>32</sup> In the analog broadcasting environment, where states control market

32. T. Syvertsen, “Challenges to public television in the era of convergence and commercialization,” *Television and New Media*, 4(2) (2003), 155–175; p. 160, cited in Papathanassopoulos and Negrine, 2010, p. 137.

entry and the number of players is strictly limited by frequencies available, spectrum licensing can be a very effective vehicle to apply PSB requirements to all broadcasters. Whereas SA/PSBs enjoyed privileged access to consumers in the form of monopolies and privileged spectrum access, they have weaker distribution privileges in the new digital environment and have to compete with commercial media. Commentators have argued that the commercial PSB sector has been particularly vulnerable during the process of digital switch-over.<sup>33</sup>

The value of spectrum as an informal subsidy of public service activity should theoretically decline with the value of broadcasting licenses. With the rise of alternatives to terrestrial broadcasting the value of these licenses declines, but there is a huge uncertainty about rates of decline. All the country reporters were asked to consider the level of public service obligations on commercial operators. While the MDM reporters reported few formal public service obligations on broadcasters, there are a number of countries such as Brazil where the constitution categorizes some or all broadcasters as services of public interest rather than as purely private organizations. These legal requirements, which in some cases include obligations to broadcast public information in emergencies, are often seen as endangering the independence of PSBs and can be a source of tension and mistrust. This was often the case in the Latin American context, for example in Brazil and Guatemala.

One interesting finding is that whereas public service requirements attach to analog terrestrial licenses in a significant number of cases, such obligations are either weaker or absent on new platforms including digital terrestrial. Broadcast licenses for terrestrial television frequencies are the main vehicle of the spectrum-for-service deal. In many cases, these licensing obligations are not adequately enforced and the potential for leveraging funding for PSBs in this way is clearly in decline.

The remit dispute in Europe has led to the creation of the so-called “public value” framework, whereby PSBs must prove that new services deliver in the public interest before they can be funded in accordance with EU competition law. Several reports expressed concern that public value tests may undermine PSM in the long term (e.g. Sweden), may not be effective (Germany) or objective, and may be very costly to implement (United Kingdom before 2006). While a transparent framework that sets

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33. R. Collins and C. Murrone, *New Media, New Policies: Media and Communications Strategies for the Future*, Blackwell, Cambridge, Massachusetts, 1996; R. Collins and J. Purnell, *Commerce, Competition and Governance: The Future of the BBC*, Institute for Public Policy Research (IPPR), London, 1995; Ofcom, *The First Review of Public Service Broadcasting Television*, Ofcom, London, 2004, at <http://stakeholders.ofcom.org.uk/broadcasting/reviews-investigations/public-service-broadcasting>.

out the evidence base for a decision to grant or refuse permission for an independent broadcaster to launch a new service is in principle good for PSB independence, in practice public value tests are not objective and will always involve an element of judgment.

The complex balances of regulatory assets applied to public service media do not apply to state media in the same way. The MDM reports show that state-controlled broadcasters are more likely to be free to launch new services (e.g. Nigeria, Kazakhstan), whereas independent broadcasters face controls and restrictions such as public value tests.

## 2.6 The Digital Transition has Become a Battlefield in Ongoing “Media Wars” that are a Feature of all Democratization Processes

Because of the size and influence of PSBs, policy debates become “Media Wars,” where once settled policy balances (such as funding, the relationship with commercial competitors, and new services) are contested.<sup>34</sup> What is the evidence surrounding the battles that are being fought over SA/PSM? Is civil society involved? And to what extent are the subtle balances between government, political parties, public media, and private media being altered by the processes of digitization?

Technological and market change may in this case lead to maneuvers (for example the removal of advertising from PSB services in France by the Sarkozy administration),<sup>35</sup> which might under stable circumstances have been seen as an attack on media freedom. Katrin Voltmer argues that conflicts between governments and PSBs follow a pattern:

At the center of the ongoing conflicts over public service broadcasting in the region are attempts by governments to compromise the independence of the broadcast organization by manipulating the regulatory and administrative bodies. The issue of who controls these bodies has been contested right from the start of media transformation in Eastern Europe.<sup>36</sup>

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34. Jakubowicz, 2001, p. 70; K. Voltmer, *The Media in Transitional Democracies*, Polity Press, Cambridge, 2013, pp. 151–157 (hereafter, Voltmer, 2013); Price and Raboy, 2003, p. 226.

35. See R. Kuhn in Iosifidis, 2010, p. 162; also MDM France, p. 35.

36. Voltmer, 2013, p. 156.

In the United States, policy debates about the (very small) subsidies provided to PSM are conducted with reference to a politicized set of assumptions about perceived state interference and liberal bias of PSM.<sup>37</sup>

The “media wars” thesis casts doubt on optimistic views that digitization and the consequent increase in the openness of markets improves the transparency of media-state relationships and contributes to the breakup of opaque media-state relationships and other forms of “political parallelism.”<sup>38</sup>

Some theorists offer a more optimistic view of the political and policy process and the role of ideas in policymaking processes. Kunzler argues that a pragmatic discussion about ideas for change is the crucial variable in determining the degree to which structural shifts (such as digitization and other forms of technological and market change) are linked to outcomes (such as media liberalization or the decline of PSBs).<sup>39</sup> His analysis suggests that policy outcomes are not the direct result of technological changes but are mediated by ideas about the role of broadcasting in society.

In the light of the MDM reports, it is important to acknowledge the role of power and institutions in most cases. The key constituencies in PSB debate are as follows:

- Government (or political parties), which can control access to key resources and ultimately influence the institutional and regulatory framework by dominating the legislature and influencing public opinion.
- Competing media, which may want access to resources such as spectrum, but may also want to keep control of advertising markets. They also have very important influences and resources in terms of influence over politicians.
- SA/PSBs themselves, which have key resources such as lobbying/access, control over news agendas and framing, and clear institutional interests.

In summary, the MDM reports suggest that policymaking with regard to PSBs is particularly contested and opaque because policy issues are very technical and because the PSB is a key gatekeeper of framing reality, with a huge sway over the political and cultural life of the nation. Thus, the relationships among state/government/political

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37. Analysis of policy processes in relation to PSBs includes D. Freedman, *The Politics of Media Policy*, Polity Press, Cambridge, 2008, and comparative analysis includes N. Just and M. Puppis (eds), *Trends in Communications Policy Research*, Intellect, Bristol, 2012 (hereafter, Just and Puppis, 2012). See also Iosifidis, 2007.

38. D. Hallin and P. Mancini, *Comparing Media Systems. Three Models of Media and Politics*, Cambridge University Press, Cambridge, 2004.

39. M. Kunzler, “It’s the idea, stupid! How ideas challenge broadcasting liberalisation,” in Just and Puppis, 2012.

parties and the SA/PSB remain a constant source of conflict and contest. There is no unifying pattern among the countries studied for MDM. The MDM reports offer little evidence to support the view that commercial media are inherently more transparent and less captured than publicly owned media. Both are subject to political pressures on independence.

The future of SA/PSBs is not being decided in a rational process of evidence-based policy debate about long-term priorities and the public interest. While policy can occasionally spill over into popular consciousness—and even into street protests, as in Georgia in 2008—policy discussion on the role of both state and public service broadcasters tends to be limited to a very small clique of interested parties’ input into technical issues (e.g. technical standards, distribution costs, spectrum planning, and competition policy) which determine the long-term viability of public service media.

The results are not promising. As the reporter in Bosnia put it: “PSBs in Bosnia-Herzegovina are still not capable of fulfilling their public role (...) The influence of politics in the media and the heritage of the past are still very strong.” Pressures brought to bear on broadcasters are not transparent. Even the role of Parliament in most cases is limited, in the subtle obscure reciprocities according to which broadcasters’ power is allocated and regulated.

## **2.7 State-administered Broadcasters are Undermined by Digital Transition, Creating Demand for Independent PSBs**

Media reform activists like to tell a digital fairytale. Once upon a time, a state broadcaster suffered audience collapse in the face of rising digital competition. This inevitably led to more diverse, independent news and an irresistible groundswell of pressure either to reform the state broadcaster into an independent public service provider or to create a new PSB.

Unfortunately, the MDM reports provide little evidence to support this. The fairytale assumes that viewers will actively seek out new sources of independent, public service content. However, the private broadcasters are themselves likely to be captured by private interests. Secondly, audiences may stick with a state broadcaster even when there are other choices. Thirdly, even when the audience does decline, there is no guarantee that the state broadcaster will “respond, in its organization, management structures and relations with civil society, to the rise of networked, non-hierarchical forms of multi-stakeholder governance.”<sup>40</sup>

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40. K. Jakubowicz, in Iosifidis, 2010.

The MDM reports are not universally pessimistic, however. Although there is no direct causal relation between digitization and PSB independence, the introduction of commercial competition has apparently led viewers and listeners in some countries to become less trusting of PSB and state broadcasters, because they are exposed to a wider range of views, opinions, and professional standards. In Jordan, audiences for the state-controlled JTV news have dipped below 50 percent of the television news audience since 2008 with the rise of satellite television. In Estonia and Thailand, increased demand for public service material was reported, but such demand is weak and may not lead to financial sustainability for PSM. Citizens may continue to mistrust information provided by public broadcasters if they have a history of a lack of independence, or view “remit” programs as boring or worthy.

Many claim that digital choice will lead audiences away from state-controlled media. However, of 43 of the MDM countries studies where reliable data could be found, 32 of the SA/PSM providers appeared in the top five most used sources of news. Even in cases where the PSM providers were state controlled,<sup>41</sup> they remained among the most used news providers. Of 19 countries where data were available and the broadcaster was clearly state controlled, 14 were among the five most popular sources of news, and there were only five instances in which the PSM were clearly state controlled but failed to appear among the list of most used news sources.

It seems apparent that states have not lost control of distribution to the extent that users are moving decisively away from state broadcasters to more independent sources of news. It is also likely that sport and premium content, rather than quality, independent news, drives audience, and in some cases internet filtering and blocking may hinder competition in new services.<sup>42</sup> The independence of the PSBs seems to have made little difference. In the 14 countries where PSM were identified as clearly independent, they were more likely to appear in the list of most used news sources (12 countries) than not (two countries).

Outside the PSB heartlands of Europe—in Kazakhstan, for instance—public service broadcasting is simply not understood as a concept, and digitization has brought no pressure for reform.<sup>43</sup> Africa contains a number of rapidly developing media markets

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41. A researcher was asked to code the reports according to whether country reporters gave a clear indication of whether the public sector broadcaster was categorized as (1) state-administered, (2) independent public service, or (3) hybrid or transitional. This was checked against main NGO reports such as those produced by Freedom House and Reporters Without Frontiers.

42. R. Diebert, J. Palfrey, R. Rohozinski, and J. Zittrain (eds), *Access Controlled. The Shaping of Power, Rights and Rule in Cyberspace*, MIT Press, Cambridge, Massachusetts, 2010.

43. See also the report by the PANOS institute, “Public service broadcasting in the MENA region,” May 2012, at <http://iwsaw.lau.edu.lb/publications/documents/PSB-Book.pdf>.

that tend to have state-administered media of limited independence from the state, and a high proportion of foreign public funding. In Nigeria, the federal broadcaster is involved in a joint venture with Chinese state media. The South African PSB is relatively independent, in contrast with most other African countries surveyed. The continent also contains the countries with the lowest gross domestic product (GDP) per capita, with the lowest television and radio penetration, and the most distant digital transitions. The SA/PSB in the Democratic Republic of Congo, for example, is poorly funded and is not available over the whole territory of the country.<sup>44</sup>

If there is no fairytale of digitally driven media reform, there are pressures and opportunities for change. In almost all the markets studied, large numbers of consumers have gained access to large numbers of new services in the last decade due to digitization. Only in a few cases (such as Kazakhstan and Pakistan) have regulators successfully excluded new broadcasting channels from terrestrial spectrum during the digital transition. Even in Pakistan, new broadcasting entrants on other platforms have put pressure on the dominant state broadcaster. This is not an isolated case: new entrants in Malaysia and Kenya are generating significant pressure for reform of state-administered broadcasters.

MDM reports thus show that while digitization has not broken state broadcasters, it may in some cases have undermined them. In particular:

- Where state broadcasters are captured by political interests, audiences in many cases tend to decline as digitization makes alternative sources more available.
- In an environment of intense competition for audience (from the internet and mobile telephony as well as television), PSBs and state broadcasters both tend to lose audience (with some exceptions, such as Chile and Argentina).
- If there is rapid audience decline, the PSB can become a pressure group for editorial independence, particularly if it is suffering a revenue decline and job losses.

Public broadcasters face uncertainty and a need for political agreement on a renewed statement of purpose and transitional funding if they are to survive the digital transition. There is a need for a clear, publicly debated restatement of the desirability of the mixed system and the necessity of public service media in the digital age. In most countries, such a debate has not taken place outside narrow technical circles.

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44. See the Afrimap Report of the Open Society Foundations, “Public broadcasting in Africa. An overview,” 2013, at [http://www.afrimap.org/english/images/report/AfriMAP\\_PBA\\_Overview\\_Nov2013.pdf](http://www.afrimap.org/english/images/report/AfriMAP_PBA_Overview_Nov2013.pdf).



The proven ability of state broadcasters to (1) maintain broadcasting share and (2) transition dominant positions into the online environment show that independence is not the only or even the most effective way to guarantee audience. More analysis would be needed to understand the detail of audience shifts during the transition, but if state broadcasters are in a position to monopolize talent and premium content such as sports rights, they may be able to use this to maintain news dominance.

Where there is widespread public awareness that broadcasting content may be captured by political interests, digitization and choice may increase pressure on PSBs to become more impartial. In Italy, Romania, Malaysia, Georgia, Kenya, and to some extent Japan (where NHK has legally been independent since 1950), broadcasters face pressures to become more impartial.

This, however, depends on wider pressure from civil society to ensure that bodies using valuable public resources (license fees, spectrum) do serve a wider public interest and not a narrow political interest, and provide a significant level of transparency and understanding regarding the potential for state capture. In Thailand, Germany, the United Kingdom, and Canada, where the perception of PSB independence and impartiality is greater, there is less pressure for change. However, PSBs may be vulnerable to political pressure if they do not have “patrons” in power who are committed to the principles of independence.

In some cases, state-administered broadcasters are not under genuine pressure from new commercial competition, and remain tightly controlled by the state. They are being permitted to launch new services to the exclusion of potential competitors. The state broadcaster in Kazakhstan has been permitted to launch a large number of new digital niche channels, which benefit from must-carry rules and have the effect of excluding new entrants from the market. Similarly in China, CCTV has been permitted to launch new channels to the exclusion of new entrants on the dominant terrestrial platforms. Consequently, there is new competition in the form of regional and municipal channels, but CCTV has been able to maintain a national broadcasting monopoly by launching new services in competition with its own existing channels.

In sum, digitization and increased choice do not make the decline of state-controlled broadcasters inevitable. It is likely that considerations other than public service values (considerations such as control of sports rights, production budgets, and access to talent and celebrities) determine demand for a broadcast service. Only where there is widespread awareness of the value of PSB independence and trust among audiences will state capture influence audience choice to a greater extent.

The central question for national PSM is whether they can be successful in maintaining a position in a mixed communications ecology of commercial and publicly owned media. The MDM reports indicate that most national governments have offered very little long-term vision and policy direction in answering the question of whether PSM are fundamentally a phenomenon of the century of analog broadcasting or whether they should be able to flourish in the new digital communications cornucopia. The MDM data offer only a limited indication of their ability to develop in the web environment. Only in a few countries (including the United Kingdom and the Netherlands) do the PSM appear among the most visited websites. Regulatory and political constraints have clearly hindered the development of state and public service media in the web space.

### 3. Conclusions: PSM and the Digital Transition: Virtuous Circle or Death Spiral?

Audiences of state-administered and public service broadcasters are declining almost everywhere. But this masks a more complex picture. On one hand, channel audience declines may be accompanied by a move away from state propaganda, or from public service programming genres, as SA/PSBs offer more commercial programming. On the other hand, while the share of television audiences of core broadcast channels declines, SA/PSBs in some countries have been able to launch a large number of new services on new platforms.

The future of both state and public service media around the world remains uncertain. While there are many examples of successful innovation in public service and of potential pressures for increased levels of independence, state broadcasting is well adapted to survive the digital transition.

There are some cases where audience decline, a tightening of the remit, and funding reductions combine to create a self-reinforcing spiral of decline. In other cases, innovation and new services create a virtuous circle of reform. MDM reports yield both types. Sweden could be cited as an example of virtuous reform, where a clear policy commitment has permitted public service innovation and the PSM enjoys both independence and high levels of public support. In Turkey, on the other hand, rapid audience decline and a funding squeeze are difficult to reverse amid rising public criticism. And this will not lead inevitably to more broadcaster independence. Where public support is weak, PSBs may become more reliant on political support.

Only in Europe are public service media institutions in a strong position. In Europe the norm of the “mixed broadcasting system” may be becoming more prevalent with

the incorporation of formerly state-administered broadcasters from Central and Eastern Europe into the conventional PSM model, and regulatory changes such as the European Commission's Communication on the Application of State Aid Rules to Public Service Broadcasting (2009). In the Middle East and North Africa there are numerous challenges to PSB independence, in particular senior appointments and funding. The notable absence of the model in the rising powers of Brazil, Russia, and China underlines the importance of PSBs in India and South Africa in global terms.<sup>45</sup>

The reports confirm that the policy process is characterized by strong and opaque links between political interests and broadcasters. In public service broadcasting this may take the form of "dividing the spoils" among governing interests. The public broadcasters in Russia are divided between the ruling tandem (president and prime minister), while in Italy there is an established if informal procedure known as "*lottizzazione*" for dividing PSB channels among parties in the ruling coalition.

This amounts to a picture of huge pressure for reform, but no overall direction of change. Acknowledging the contested nature of PSB policy should inform how to think about advocacy in this field. The notion of advocacy presupposes a political environment of rational-critical debate in which the force of the better argument (based on principle and the public interest) prevails.<sup>46</sup> This is not the case with the reform of state or politically dependent broadcasters. A strategic approach that seeks allies with self-interest in undermining state broadcasters (such as commercial broadcasters) might be more effective. Lazy assumptions that audiences will migrate to independent PSBs are wrong. Audiences tend to follow commercial content such as sports rather than PSM "remit" programming.

There is evidence to support all seven of the theses but no outcomes are pre-determined, and there are exceptions and qualifications in each case. SA/PSB audiences do tend to decline, but what this means for audience revenue and costs or a watered down remit varies from country to country and no overall pattern emerges on the implications for broadcaster independence. The transition to digital does open up for discussion every aspect of the fundamental social contract upon which SA/PSM is based. On the basis of the evidence in the MDM reports, however, it is rare to hold an open and transparent debate about the public interest in the long-term evolution of the relationships among state, public, and media.

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45. See MDM country reports; and Ofcom, 2012, Tables 3.16–3.17.

46. See P. Lunt and S. Livingstone, *Media Regulation. Governance and the Interests of Citizens and Consumers*, Sage, London, 2012, p. 77. These authors outline a Habermasian approach to understanding regulatory policymaking by Ofcom in the UK.



# Journalism and Digital Times: Between Wider Reach and Sloppy Reporting

Ying Chan

## Introduction

Digitization is one of the primary driving forces behind recent changes in journalism, including news values, professional ethics, workflows, working conditions, and newsroom management. The Mapping Digital Media study shows that digital media have not only changed journalism practices in developed countries but have also significantly shaped the way journalists work in emerging markets. Digital media bring opportunities, risks, and challenges to journalism. While digitization facilitates news gathering and dissemination, it does not necessarily foster better journalism. Plagiarism, lack of verification, and other unethical journalistic practices have increased alarmingly in many countries.

Specifically, when it comes to investigative journalism, digitization has created new publishing platforms and dissemination channels for professional journalists and aspiring citizen reporters alike, but in the majority of countries investigative reports do not seem to be having an increased social impact. Some MDM country reports claim that digitization has wrought havoc on investigative journalism.

While digitization provides opportunities for citizen journalists and independent media to conduct their own research and investigation and in turn publish and distribute their reports, in many countries the accountability of such original content created by citizen journalists is questionable.

The emergence of digital media has enabled minority groups to have a voice in the public arena, but it has not shifted the traditional media's practice of covering sensitive issues in a restricted, biased, or sensational manner.

Almost all candidates in general elections use social media platforms to communicate with voters, but the emergence of new political actors *because* of digitization is something that has occurred in only a few countries. Digital media have, however, remarkably increased the volume of political discussion and raised the political interest of the general public.

## 1. Risks and Opportunities for Good-quality Journalism

Digitization brings new opportunities to journalists in three notable respects: faster news delivery, better access to sources and information, and more interaction with readers. Nearly two-thirds of the 56 countries in the study noted that digitization had quickened news production and delivery cycles, trends that are most remarkable in countries in Asia and in North and South America. In about half of the countries, most of which are emerging economies such as China, Brazil, India, and South Africa, digital media have provided more sources and information to journalists. In almost all the countries digital media enhanced the interaction between the editorial team and readers, making it easier for reporters to learn about customers' reading habits and interests.

In Germany, for example, digital technology has not only given journalists the possibility of reaching more sources but it also has let them dig into the details of a story to improve their copy. In Canada, meanwhile, digitization has enabled the creation of large databases and archives that allow journalists to retrieve background information much faster than was the case in the analog world. Building stronger relationships with readers and viewers has been one of the biggest benefits that digitization has brought to journalists:

Digital transformations in the newsroom and in use out in the field have enabled journalists to exploit digital media tools to their advantage. By enhancing their ability to retrieve information through search engines and smartphones, locating sources and building relationships with new and old audiences through j-blogs and social networking sites

and democratizing the former role of the copy taster, journalists are able to widen their source base and improve their interview questions when under pressure.

Similar trends are found in Singapore where “the internet has become an important source for news stories, a crucial platform for distributing news, as well as receiving instant feedback from readers.”

However, digitization has also posed challenges and risks to journalistic standards as the news cycle shrinks, and the internet has made it more convenient for journalists to commit plagiarism. In more than half the countries, reporters pay less attention to verifying the facts and sources for their stories. The prevalent use of published materials and rumors in news stories has posed “the most pervasive threats” that digitization has brought to journalism.

In developed countries such as the United States, the United Kingdom, and Finland, as well as developing countries like China, South Africa, Brazil, India, and Egypt, there were declines in original content and increasing copy-and-paste journalism in the news media. An equal number of emerging and developed economies reports noted practices like prevalent plagiarism, violation of copyright law, or quoting without attribution. Such practices span a broad spectrum of countries, ranging from the United States and Canada in North America, and Egypt, Kenya and South Africa in Africa, to Asian countries like China, Japan, India, and Indonesia.

Time pressures and fast-paced journalism have made journalists more prone to mistakes. In Brazil, “the quality of news has been compromised by an editorial workflow that privileges speed over accuracy. The race to deliver news as fast as possible can lead to deficient revision practices and inconsistent fact checking, along with a tendency to reproduce content as it is received—in the format of, for example, press releases—as opposed to properly finding and checking sources.”

In Malaysia, newspaper editors said that plagiarism was very easy online using the copy-and-paste function. According to Yong Soo Heong, editor-in-chief of Bernama, Malaysia’s state-owned news agency: “Previously, some news editors would say ‘Do not read the Bernama ticker tape,’ and come up with an original story first. But we can’t do that now because everyone can read online and search Wikipedia or Google.”

Digitization has also posed a threat in terms of data security and individual privacy. In almost a fifth of the countries, digitization has made the theft of information and the

illegal interception of conversations easier. Countries experiencing this include largely Eurasian countries such as Russia, China, and India, and those African countries where there is greater connectivity, such as Kenya and Morocco. In the United States, potential leaks of information pose a bigger threat to good journalism than plagiarism. The United States report cited the State Department cables released by WikiLeaks and observed that “it is clear that the possibilities of involuntary institutional transparency are considerable, and this has forced the journalism profession in the United States to examine how to engage with sources that hold massive caches of data.”

The working conditions for journalists have generally worsened as a result of digitization. As news production has become faster with higher information volumes being generated, journalists are increasingly expected to work longer hours and possess diverse digital skills. Journalists in the digital age not only write articles but also shoot and edit images and videos, and manage social media, all of which increases their workload. In the context of tightening financial resources and increasing competition, journalists’ working conditions have been deteriorating as they are required to work extra hours and assume new roles to accommodate demands that derive from digital news delivery.

Perhaps the biggest role that digitalization plays in journalism lies in news gathering and dissemination rather than in news quality. In France,

The expansion of online news has not substantially enlarged the volume of valuable information, as most content is still based on the same sources as before digitization: press agencies, press conferences, or internal sources of information. It is rather a system of dissemination of the news (the hypermedia system) that has changed, as similar content is now delivered on the main websites, commented on by blogs, and promoted on Twitter and Facebook.

Digitization has become a watershed for good and average journalism. One journalist, Bernard Poulet, said that “digitization has the same effects on journalism that globalization has on the middle class,” comparing digitization with the death of the middle class of journalists. Mr Poulet projected that the profession of journalism will split into two distinct groups: a majority of “blue-collar” underpaid journalists, performing routine tasks and “feeding the machine,” and a few high-ranking journalists with great expertise and a unique personal style, whose names might even become brands.



Digital media are likely to trigger changes in media structure in countries where news remains heavily censored. In China, in the last few years

many media have been transformed from tools for party propaganda into semi-autonomous, market-oriented media. During this change, the party line has weakened while market influences have been strengthened, solemn news reporting has decreased while human interest stories, entertainment news, and tabloid journalism have abruptly increased. These changes have profoundly influenced the public's news demands, the media's news offer, and the role of journalists.

## 2. Watchdog Journalism

Digital media have created unprecedented opportunities for investigative journalists, with new publishing platforms and distribution channels. More than 60 percent of the countries have seen a surge in new publishing platforms such as blogs, independent websites, and email groups for investigative journalism. The encouraging trends span the spectrum of countries from emerging economies such as China, India, Kenya, Egypt, Morocco, and Brazil to developed economies such as the United States and France.

However, less than one-third of the countries noted that digital media have helped to expand the social impact of investigative reports. In Asian countries such as China, India, Pakistan, Malaysia, and Thailand, digitization facilitated the production and dissemination of investigative reports and helped them enlarge their social impact. In some European countries, such as Russia and Germany, the impact of investigative journalism in the digital age has been increasing due to digital platforms. In contrast, in several Latin American and Western European countries, the impact of investigative reports on the digital side was limited. These countries include the Netherlands and Spain, and Mexico, Peru, and Argentina.

In India, there are several digital media platforms that publish investigative reports, such as [Indiareport.com](http://Indiareport.com), [Youthcurry.blogspot.com](http://Youthcurry.blogspot.com), and [Churumuri.wordpress.com](http://Churumuri.wordpress.com). The impact of the investigative reports published on these platforms is amplified by television news channels and social media networks and has resulted in the resignation or arrest of senior government officials and high-profile politicians and corporate executives.

In Pakistan, the proliferation of media outlets has helped to increase the audiences and reach of investigative stories. Thanks also to cross-media ownership, media groups have been able to promote their investigative work across platforms. At the same time, the internet has become the main publication alternative for content that is not published or broadcast by mainstream media outlets owing to pressure from the state, advertisers, and political parties. The reach of these stories is further amplified by social media such as Twitter and Facebook that are widely used by media groups to promote news content. Other online platforms such as YouTube give journalistic content a longer shelf life. Investigative journalism has had a social impact in Pakistan, even though there is a blurring line between leaks, whistleblowing, and real investigative reporting:

Anonymous contributions featuring violent incidents or documenting abuses of power via internet have led to judicial inquiries and prosecutions. In particular, the blog of Malala has drawn the world's attention to the threat posed by militancy to girls' education. The attack she survived from Taliban militants led to national and international condemnation and has sparked a global activist movement on behalf of girls' education.

In Jordan, there has been a “big response by society and the government to investigative journalists' video evidence.” An investigative piece by the Arab Reporters for Investigative Journalism (ARIJ)<sup>1</sup> was picked up by local news websites and subsequently tweeted, re-tweeted, and posted on Facebook. This triggered a flood of intense commentary and helped spark a public debate, which in the end inspired competitors to run their own investigations. For example, the investigation of abuses at private centers for the handicapped spurred public outrage, prompting the king himself to visit the centers and demand punishment for those responsible.

Similar trends are found in Japan where the “internet is a useful information source and study tool for investigative journalists.” In Armenia, as well, where investigative reporting has traditionally been rare, digitization has multiplied the readers of investigative reports. In Argentina, mobile phones have played a remarkable role in disseminating investigative reports: “Digitization, including mobile phones, cameras and the internet, has saved the cost of journalist enquiry.” The positive impact on investigative journalism is also noted in Brazil where “digitization improved the dissemination and effectiveness of investigative reports.”

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1. The Amman-based Arab Reporters for Investigative Journalism was formed in early 2005 to support independent high-quality professional journalism.

Even in China, where the government imposes tight control on news media and journalists, investigative reporting is being revamped in the age of the internet:

Social media have become a vanguard for breaking censorship and creating space for traditional media to report stories they could not years ago. More importantly, they are making investigative reporting into a process rather than a product. Twitter-like microblogging as well as conventional blogging have added further possibilities that allow journalists not only to publish what has been investigated, but to turn the investigation into a public conversation and ask for tips.

A particular phenomenon in China is microblogging and its massive impact on journalism: “It breaks the boundaries of news organizations, and investigative reporters, even if they are competitors, tend to form a temporary community on microblogs for information-gathering to meet their various needs ... The image of the investigative reporter as a lone wolf is no longer correct.”

Digitization has made possible big data and data journalism, which is another approach to promoting government transparency and accountability. In almost all the MDM countries, the internet makes it easier for journalists today to access and compare data. Increasingly digital platforms have been boosting data-driven journalism. Digitization was very often mentioned by journalists interviewed for this project as a driving force behind the creation and use of databases. Data-driven journalism has been developing fast in Western Europe and North America, with Eastern Europe coming up fast behind.

For investigative journalism, the biggest, most unequivocal gain from digitization by far has been the extended access to sources, information, and data. This has happened in approximately 80 percent of the countries in the project.

Meanwhile, digital media have posed new challenges for investigative journalism. The most common problems include hacking websites; reporters and sources being followed, monitored, and threatened; prosecution; the theft of information; difficulties in reaching sources; and the interception of information by the government.

In addition, the fast and huge flow of news has adversely affected investigative journalism. In countries as varied as Japan, Russia, Slovakia, Estonia, and India multiple forms of digital media, increasing numbers of media outlets, fierce media competition, and journalists’ pressure to break news have led to the inclusion of erroneous, misleading, and misinterpreted information in the news. There is unverified or biased coverage

even in investigative reports. In Malaysia, journalists' exaggerated reliance on user-generated content such as Wikipedia led to misreporting. In Moldova there have also been more misleading and misinterpreted data in journalistic stories.

In Canada, although the ways in which digitization has improved or hindered investigative journalism are still unclear, new opportunities are being made available through digital media tools for sources to contact journalists and for journalists to discover new sources. The digitization of huge volumes of information has improved access, particularly access to government documents. Yet digitization has also increased the demand for immediacy in news delivery: the drive to be there, live, on location. Investigative journalism suffers in this context as the news content suffers in quality. The negative impact of time pressure on journalists' output has been also noted in India:

The frenetic pace, partially set by digitization and partly by competition, has led to mistakes, even blunders. In addition, round-the-clock schedules leave reporters and editors with less time to pursue serious, long-term, in-depth investigations. Apart from a few print publications, mainstream television channels and websites have been unable to pursue investigative journalism seriously. Even though access to information has become easier, few journalists have been trained or take the time to wade through the enormous amount of data available online.

A phenomenon that has not been spawned by digitization and that survives in many countries, badly affecting the editorial output and the journalistic profession, is self-censorship. Countries as varied as Nigeria, Nicaragua, Guatemala, and China have continued to experience the bad effects of self-censorship on investigative reporting in particular. In China above all, there have been numerous threats to investigative journalism:

In the digital age, investigative journalism still encountered obstacles from the government, social organizations, and individuals, in the form of state supervision systems and the self-censorship practices of both media and individuals. Professional journalists who publish sensitive stories still face punishment such as loss of status, reduced wages, being fired, or permanent expulsion from the media community. Also, the government has not allowed websites to be set up to host investigations into specialized subjects or themes, such as corruption, human rights, energy and the environment, health and safety.

In Japan, “investigative reporting by mainstream mass media still has the most influence and gains the most public attention.” Although there has also been some investigative reporting by independent and eminent individuals, most of them “have reached an advanced age and rarely publish on the internet.”

The findings of the MDM reports are supported by leading journalists and experts. Dick Tofel, president of the American-based nonprofit news organization ProPublica, says that big data along with new ways to tell stories are two key trends shaping the future of investigative journalism. “Investigative journalists can cover new and different kinds of stories using big data sets and digital storytelling. Using data to let people localize national stories is just one important way that investigative journalism is changing for the better.”<sup>2</sup>

Aron Phihofer, associate managing editor of digital strategy at *The New York Times*, and Francesca Panetta, audio producer at *The Guardian*, have also noted that “digital doesn’t mean the death of investigative and long form journalism,” citing award-winning projects such as “Snow Fall” and “Firestorm.”<sup>3</sup> Barry Sussman, editor of the Nieman Watchdog Project, agrees that websites have created new multimedia platforms for news organizations to display their investigative pieces. Nonprofit entities and individuals are also given the chance to publish their own investigative work. However, few investigative assignments will be or should be completed online. It is still important to work with actual sources. “Databases, and the computer tools we have to work with, are a terrific resource,” he said, “but there still need to be stories about real people and real people’s lives.”<sup>4</sup>

### 3. Citizen Journalism and Free Content

Citizen reporters have played a notable role in journalism in developed countries such as France and the United States, and emerging markets such as China, India, Jordan, Estonia, and Nicaragua. Citizen reporters are using the internet, video, mobiles, and other digital tools to gather information, interview people, watch events, seek comments from experts, and publish their stories via blogs, videos, Wikipedia, and other platforms. Facebook, Twitter, microblogs, and other social media help citizen

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2. Susan Gunelius, “The Future is Bright for Non-Profit Investigative Journalism,” at <http://newstex.com/2014/01/15/the-future-is-bright-for-non-profit-investigative-journalism>.

3. “Investigative Journalism: the Future’s Digital,” at <http://www.tcij.org/resources/investigative-journalism-futures-digital>.

4. Barry Sussman, “Digital Journalism: Will It Work for Investigative Journalism?,” at <http://www.nieman.harvard.edu/reports/article/100073/Digital-Journalism-Will-It-Work-for-Investigative-Journalism.aspx>.

reporters disseminate their work. Social media have facilitated citizen journalism in news production, distribution, and consumption.

Citizen reporters also help monitor traditional news media, correcting errors and contributing to news coverage. In Egypt, the rapid spread of news on the internet and the lack of information verification make citizen reporters effective supervisory bodies that can identify inaccuracies or bias in the news coverage:

With readers becoming more interactive and watchful, mistakes and flaws are easier to uncover. The resulting increased public scrutiny has pushed media outlets to perform better. Citizen reporters also upload images, videos or files to the internet, waiting for professional reporters to use for their investigative reporting. But on the other hand, online activism and citizen reporting have also improved readers' tolerance towards inaccurate news.

In Germany, blogs have had an impact on journalistic investigations as a source of inspiration for citizen journalists as well as becoming a means to identify the most covered topics and monitor reactions to such reports. The blog that contributes most to journalism, in the view of German editors-in-chief, is the media-watch blog [Bildblog.de](http://Bildblog.de).

In many countries, civil groups conduct independent investigations, tackle important policy issues, and become valuable alternative sources of information. Yet independent investigators or bloggers often face prosecution, intimidation, or threats from special interest groups. The effectiveness and impartiality of their work have also been questioned. For instance, in Malaysia, one renowned blogger, RPK, who became known for many exposés of the government and political parties, had published official-looking documents to lend credibility to his articles. He was detained without trial and charged by the government with criminal defamation. He exiled himself to London and then returned to Malaysia, sparking criticism that he had sold out to the Barisan National (BN) government. Even in China, where the party-state has maintained strict control over the news media, there has been an increase in the number of “citizen journalists, non-professional journalists who use the internet, video, mobile phones, and other digital tools to gather information, interview people affected by events, and seek out specialists' opinions.”

There are still countries where citizen journalism is in its infancy. In Japan, it has not taken root; several organizations set up in the early 2000s had limited success.

For example, JANJAN was established in 2003 and OhmyNews Japan in 2006. Both aimed to host reports and comments from ordinary citizens on events and issues relevant to their lives and communities. However, page views on OhmyNews Japan fell from 200,000 a day in 2006 to 70,000 just a year later.

The role of social media in news consumption is notable in China where there have been several major cases of news stories or packages, such as the 2008 Sichuan earthquake, being disseminated via blogs and microblogs. The 7.8-magnitude earthquake was first covered by Twitter-like microblogs, instant messages, and forum websites such as QQ.com and Tianya.com. News about the earthquake quickly spread across the world way ahead of traditional mainstream media. Also, microblogs have become a formidable tool for grassroots reporting and social or political activism in China. Twitter and domestic microblogs often distribute information not reported by traditional media, creating an alternative network of news challenging established media. Educated citizens, especially journalists and academics, regularly use proxy servers to access blocked sites, in defiance of government policy:

Microbloggers break news; they link a vast network of educated Chinese in real time to the events and issues of the moment; they expose wrongdoing and corruption; and they campaign for the victims of arbitrary power, sometimes in person. In doing so, their reports remain beyond the reach of editor-censors as they are forwarded instantly across cyberspace. Digital media have helped reporters and citizens alike to realize a more authentic China, rather than the idealistic image that is propagated by official media sources. These trends bring with them the promise of further development of an independent and vibrant Chinese civil society.

User-generated content (UGC) websites have achieved massive popularity in a considerable number of countries. Of the top 10 most popular visited sites in Malaysia, five are UGC sites, that is, Facebook, Wikimedia, WordPress, Mudah.my, and 4shared.com. The local site Mudah.my is similar to eBay, and 4shared.com is a file-sharing site. These UGC platforms are also increasingly used by politicians and companies in their attempt to connect with ordinary Malaysians. For example, the prime minister, Najib Razak, has his own website, blog, Twitter account, Facebook site, YouTube page, and Flickr photo site. Many established traditional media in Malaysia have also expanded their presence online, establishing their presence on UGC sites. National newspapers including *The Star* have set up Facebook and Twitter accounts.

In the United States, by contrast, UGC is not well received by news organizations:

News employers and platforms pay little to nothing for UGC, which often has high traffic potential. The local news institutions and newspapers most under threat from the collapse of traditional journalistic business models have been the least likely to embrace pioneering forms of networked, collaborative reporting. Research suggests that while many online news sources are embracing the notion of participatory journalism, they do so with some reluctance, and certainly not to the full extent that technology allows. That said, new platforms such as The Huffington Post and Townhall.com have achieved considerable reach for more progressive writers and for conservative writers and comment-makers.

In Germany, although the relationship between professional and participatory media is widely discussed and researched, little evidence has emerged that blogs and other forms of participatory media are replacing traditional journalism. The types of UGC provided on popular websites include comments on news articles, message and discussion boards, social networking, and photo/music/video/document sharing. “While the potential offered by the internet to establish a genuine two-way conversation between producers and users still seems to be at an experimental stage, most journalists have understood that they can no longer assume an attitude of passivity on the part of their audience. Over 50 percent of the journalists stated that social media have a high or very high relevance for journalistic work.”

Professional journalists’ attitudes toward UGC vary from country to country. Journalists in Japan are not much influenced by opinions posted on the internet, with under 10 percent of journalists feeling “a little influence” on their reporting from the internet. Less than 15 percent expressed worries about being targeted by critics for their stories on the web, while more than half (51.1 percent) say they felt no such concern.

## 4. Social, Cultural, and Political Diversity

The most recurrent sensitive issues covered in the media include religious groups, ethnic minorities, women, child labor, domestic violence victims, migrants, and sexual minorities. The emergence of digital media has given a voice to minority groups and has helped expand the coverage of certain problematic issues. However, digital media have not changed the restricted, biased, or sensational coverage of such issues by traditional media.



In Brazil, freedom of expression, sexual minorities, privacy and copyright, abortion, and racial and ethnic issues are all sensitive topics. The groups affected either do not have much space to express themselves on traditional media or are victims of biased coverage. The internet has provided these communities with a technology that enables them to cogently express their concerns and to better assert their rights:

The *Voz da Comunidade* case is the emblematic example in Brazil of the changes brought about by digitization. As the Complexo do Alemão favela was being invaded by the police and the army in November 2010, *Voz da Comunidade* transcended its reach as a community newspaper through the use of Twitter, with constant updates of the invasion going out to a wider readership. The coverage provided by *Voz da Comunidade* was very different in tone from that of the major newspapers and television; it was a live account of the invasion created by actual members of the community.

In South Africa, digital media have improved and enlarged the space for debate on sensitive topics that have little exposure in the mainstream media. These include class frustrations, racial tensions, gender-based discrimination, and violence. There are South African blogs that cover minority sexualities, including links to other sites and gay communities. Other sites are personal blogs about living as a homosexual in South Africa.

In Singapore, race, religion, sexual minorities, and bilateral relations with Malaysia and Indonesia all belong to the category of sensitive topics, according to the report. Stringent legal guidelines govern coverage of matters pertaining to race and religion. Coverage of the gay community reflects the official standpoint, and information on practices such as homosexuality, lesbianism, and incest is treated with the utmost caution to ensure that they are not promoted, justified, or glamorized.

In neighboring countries, the mainstream media tend to follow very closely the official policy promoting friendship with other nations. But the online forums of these same media have taken a more defiant position, in particular in Malaysia where the media occasionally attack Singapore: “As with so many other areas, the online world in Singapore allows considerably more room for the expression of stronger and more controversial views than are tolerated in the offline world.”

Similar difficulties over covering minority issues are found in Pakistan, where new media outlets have provided much greater coverage of marginalized groups than the state-owned channels of the pre-digitization era. But the coverage is neither even nor

consistent: “Religious minorities, residents of Balochistan and other remote parts of Pakistan, and non-mainstream or little-known political actors have yet to find a voice on the broadcast media.”

**Table 6.**

Sensitive issues in the media and impact of digital media on coverage

Country	Issue	Media coverage	Impact of digital media
Albania	<ul style="list-style-type: none"> <li>• Religious minorities</li> <li>• Ethnic minorities</li> <li>• Sexual minorities</li> </ul>	Limited (sexual minorities)	E (sexual minorities)
Argentina	<ul style="list-style-type: none"> <li>• Indigenous population</li> <li>• Migrants</li> <li>• Sexual minorities</li> <li>• Disabled</li> <li>• Child labor</li> </ul>	Biased Sensationalistic	E
Armenia	<ul style="list-style-type: none"> <li>• Sexual minorities</li> <li>• Religious minorities</li> </ul>	Biased Unprofessional	E
Bosnia and Herzegovina	<ul style="list-style-type: none"> <li>• Ethnic divisions</li> <li>• Ethnic minorities (Roma)</li> <li>• Sexual minorities</li> </ul>	Biased	R <sup>1</sup>
Brazil	<ul style="list-style-type: none"> <li>• Freedom of expression in traditional media</li> <li>• Sexual minorities</li> <li>• Piracy and copyright</li> <li>• Abortion</li> <li>• Racial and ethnic issues</li> <li>• Housing development</li> <li>• Drug-trafficking</li> <li>• Corruption</li> <li>• Gender discrimination</li> <li>• Communications policy</li> </ul>	Usually biased: television promotes gender discrimination and disrespect of minorities (sexual minorities were usually treated better)	E
Bulgaria	<ul style="list-style-type: none"> <li>• People with psychiatric problems</li> <li>• Domestic violence</li> <li>• Roma minority</li> <li>• Sexual minorities</li> </ul>	Unbalanced, stereotypical (improvements in coverage of Roma)	E
Canada	<ul style="list-style-type: none"> <li>• The English-French divide</li> <li>• Aboriginal issues</li> <li>• Race</li> <li>• Sexual minorities</li> <li>• Economic inequality</li> <li>• Immigration and refugees</li> <li>• Reproductive rights</li> </ul>	n/a	E

Country	Issue	Media coverage	Impact of digital media
Chile	<ul style="list-style-type: none"> <li>• Neighbors and migrants</li> <li>• Women</li> <li>• Indigenous people</li> <li>• Poverty</li> <li>• Sexual minorities</li> <li>• Environment</li> </ul>	Unbalanced	E
China	<ul style="list-style-type: none"> <li>• Authority of the communist party</li> <li>• Ethnic minorities</li> <li>• Sexual minorities</li> <li>• Religion</li> <li>• Marches and demonstrations</li> </ul>	Scarce and censored	E
Colombia	<ul style="list-style-type: none"> <li>• Media</li> <li>• Social and economic disparities</li> <li>• Land</li> <li>• War</li> <li>• Ethnic minorities</li> </ul>	Marginal (ethnic minorities) Biased (other)	E
Croatia	<ul style="list-style-type: none"> <li>• Minority rights</li> <li>• Tolerance and multiculturalism</li> </ul>	Biased or marginal	E
Czech Republic	<ul style="list-style-type: none"> <li>• Roma minority</li> <li>• Foreigners and migrants</li> </ul>	Biased, marginal, and stereotypical	E <sup>1</sup>
Egypt	<ul style="list-style-type: none"> <li>• Religious minorities</li> <li>• Ethnic minorities</li> <li>• Sexual minorities</li> </ul>	Biased and stereotypical	E
Estonia	<ul style="list-style-type: none"> <li>• Nationality</li> <li>• Sexual minorities</li> <li>• Ethnic minorities</li> </ul>	Intolerant <sup>2</sup>	N
Finland	<ul style="list-style-type: none"> <li>• Immigration and immigrants</li> <li>• Ethnicity</li> <li>• Religious minorities</li> </ul>	Somewhat objective, but fundamental issues tend to be neglected	E <sup>3</sup>
France	<ul style="list-style-type: none"> <li>• French identity</li> <li>• Immigration</li> <li>• Muslim customs</li> <li>• Unemployment</li> </ul>	Poor	E
Georgia	<ul style="list-style-type: none"> <li>• Ethnic minorities</li> <li>• Religion</li> <li>• Sexual minorities</li> <li>• Breakaway republics</li> </ul>	Biased (sexual minorities) Good coverage public service broadcaster (ethnic minorities) Marginal (breakaway republics)	E (ethnic and sexual minorities)
Germany	<ul style="list-style-type: none"> <li>• Immigration and immigrants</li> </ul>	Stereotypical	E

Country	Issue	Media coverage	Impact of digital media
Guatemala	<ul style="list-style-type: none"> <li>• Racism and social discrimination</li> <li>• Extractive industries</li> <li>• Drug-related violence</li> <li>• Religion</li> <li>• Sexual minorities</li> </ul>	Marginal (indigenous populations) Biased	E
Hungary	<ul style="list-style-type: none"> <li>• Roma minority</li> <li>• Sexual minorities</li> <li>• Poor people</li> </ul>	Biased	E (Roma)
India	<ul style="list-style-type: none"> <li>• Territorial, ethnic and religious divisions</li> <li>• Social biases based on caste, gender, sexual orientation</li> <li>• Natural resources</li> </ul>	Varied <sup>4</sup>	E
Indonesia	<ul style="list-style-type: none"> <li>• Religious and sexual minorities</li> <li>• Ethnic minorities</li> </ul>	Biased	E
Italy	<ul style="list-style-type: none"> <li>• Immigration</li> <li>• Religion</li> </ul>	Biased	E
Japan	<ul style="list-style-type: none"> <li>• Foreign residents</li> <li>• Ethnic minorities</li> <li>• Gender matters</li> </ul>	Marginalized	E and R
Jordan	<ul style="list-style-type: none"> <li>• Child abuse</li> <li>• King</li> <li>• National security</li> <li>• Religion</li> </ul>	Marginalized (with the exception of English media)	E
Kazakhstan	<ul style="list-style-type: none"> <li>• Ethnic minorities</li> <li>• Sexual minorities</li> </ul>	Generally neutral (ethnic minorities); biased or marginal (sexual minorities)	E
Kenya	<ul style="list-style-type: none"> <li>• Ethnicity</li> <li>• Women</li> <li>• Religion</li> <li>• Sexual minorities</li> </ul>	Biased	E
Latvia	<ul style="list-style-type: none"> <li>• Ethnic minorities</li> <li>• Sexual minorities</li> <li>• Disabled</li> </ul>	Biased (Russians) Polarized (sexual minorities)	E
Lebanon	<ul style="list-style-type: none"> <li>• Sexual minorities</li> <li>• Immigrant workers</li> </ul>	Marginal (sexual minorities) Poor (immigrants)	E
Lithuania	<ul style="list-style-type: none"> <li>• Sexual minorities</li> </ul>	Objective but marginal	E
Macedonia	<ul style="list-style-type: none"> <li>• Ethnic tensions</li> <li>• Dispute with Greece</li> <li>• Sexual minorities</li> </ul>	Biased	E and R
Malaysia	<ul style="list-style-type: none"> <li>• Race</li> <li>• Religion</li> <li>• Traditional Malay rulers</li> <li>• Indigenous groups</li> <li>• Sexual minorities</li> </ul>	Marginal and biased	E

Country	Issue	Media coverage	Impact of digital media
Mexico	<ul style="list-style-type: none"> <li>• Migration to the US</li> <li>• Drug-trafficking</li> <li>• Abortion</li> <li>• Same-sex marriages</li> </ul>	Objective (migration) Superficial (crime)	E (migration) N (crime)
Moldova	<ul style="list-style-type: none"> <li>• Sexual minorities</li> <li>• Homeless people</li> <li>• HIV</li> <li>• Former prisoners</li> <li>• Roma</li> <li>• Conflict in Transnistria</li> </ul>	Negative Nationalistic (Transnistria issue)	E <sup>1</sup>
Montenegro	<ul style="list-style-type: none"> <li>• Ethnic minorities</li> <li>• Women</li> <li>• Children</li> <li>• Sexual minorities</li> <li>• Corruption</li> <li>• Relation with Serbia</li> </ul>	Objective Biased (ethnic minorities and relation with Serbia)	E
Morocco	<ul style="list-style-type: none"> <li>• Language</li> <li>• Ethnicity</li> <li>• Gender</li> </ul>	Biased (improving)	E
Netherlands	<ul style="list-style-type: none"> <li>• Cultural minorities</li> <li>• Religious minorities (particularly Muslims)</li> </ul>	Marginal (in mainstream media)	E
Nicaragua	<ul style="list-style-type: none"> <li>• Sexuality</li> <li>• Gender rights</li> <li>• Homosexuality</li> </ul>	Biased <sup>5</sup>	E
Nigeria	<ul style="list-style-type: none"> <li>• Ethnic, linguistic, and religious distinctions</li> <li>• Sexual minorities</li> </ul>	Biased	E
Pakistan	<ul style="list-style-type: none"> <li>• Religious identity</li> <li>• Religious minorities</li> <li>• Sexual minorities</li> <li>• Military</li> </ul>	Marginal <sup>6</sup>	E
Peru	<ul style="list-style-type: none"> <li>• Social conflicts</li> </ul>	Objective (biased stories are an exception)	E
Poland	<ul style="list-style-type: none"> <li>• Anti-Semitism</li> <li>• Jewish-Polish relations</li> <li>• Relations with Russia and Germany</li> <li>• Abortion</li> <li>• Sexual abuse (incest)</li> <li>• Sexual minorities</li> </ul>	n/a	E
Romania	<ul style="list-style-type: none"> <li>• Roma</li> </ul>	Biased (improving)	E
Russia	<ul style="list-style-type: none"> <li>• Ethnicity (particularly in Moscow)</li> <li>• Sexual minorities</li> </ul>	n/a	E

Country	Issue	Media coverage	Impact of digital media
Serbia	<ul style="list-style-type: none"> <li>• Ethnic minorities</li> <li>• Religious minorities</li> <li>• Sexual minorities</li> <li>• Abuse of children and women</li> </ul>	Biased and unethical	E <sup>1</sup>
Singapore	<ul style="list-style-type: none"> <li>• Race</li> <li>• Religion</li> <li>• Sexual minorities</li> <li>• Relations with Malaysia and Indonesia</li> </ul>	Marginal (reserved tone)	E
Slovakia	<ul style="list-style-type: none"> <li>• Ethnic minorities</li> <li>• Immigrants</li> <li>• Social minorities</li> <li>• Sexual minorities</li> <li>• Gender stereotypes</li> </ul>	Biased (improving)	E <sup>1</sup>
Slovenia	<ul style="list-style-type: none"> <li>• Ethnic minorities</li> <li>• Religious minorities</li> <li>• Sexual minorities</li> <li>• Immigrants (particularly other former Yugoslavs)</li> </ul>	Biased	n/a
South Africa	<ul style="list-style-type: none"> <li>• Class clashes</li> <li>• Racial tensions</li> <li>• Gender discrimination</li> <li>• Language rights</li> <li>• Sexual minorities</li> <li>• Immigration</li> </ul>	Marginal and biased	E
Spain	<ul style="list-style-type: none"> <li>• Terrorism</li> <li>• Language</li> <li>• Religion</li> <li>• Language issue</li> <li>• Immigration</li> </ul>	Relatively objective	E
Sweden	<ul style="list-style-type: none"> <li>• Immigration</li> <li>• Ethnicity</li> </ul>	Marginal	E
Thailand	<ul style="list-style-type: none"> <li>• Monarchy</li> <li>• Ethnic conflict</li> <li>• Sexual minorities</li> </ul>	Biased (improving)	E
Turkey	<ul style="list-style-type: none"> <li>• Ethnic minorities</li> <li>• Religious minorities</li> <li>• Sexual minorities</li> <li>• Armenian genocide</li> <li>• EU accession</li> </ul>	Marginal	E
United Kingdom	<ul style="list-style-type: none"> <li>• Multiculturalism</li> </ul>	Objective on broadcasting, biased in some print media <sup>7</sup>	E
United States	<ul style="list-style-type: none"> <li>• Immigration</li> <li>• Race</li> <li>• Sexual minorities</li> <li>• Muslims/Arabs</li> <li>• Economic inequality</li> <li>• Reproductive policies</li> </ul>	Biased	E

Country	Issue	Media coverage	Impact of digital media
Uruguay	<ul style="list-style-type: none"> <li>• Minorities</li> <li>• Domestic and gender violence</li> <li>• Children and young people</li> <li>• Sexual minorities</li> </ul>	Biased	E

*Notes:* n/a – not assessed; E – enlarged or improved the space for public expression of these groups, the coverage of these issues, and the content targeted at these groups; N – didn't change anything; R – reduced or deteriorated space for public expression of these groups, the coverage of these issues, and the content targeted at these groups; (1) space for racist and xenophobic discourse has also widened; (2) in opinion articles; (3) space for hate speech has also increased, particularly on social media; (4) with variations between regions, media outlets, and type of press. Better coverage was identified in the English press in Bangalore, and better reporting was also found in regional media. Overall, problems related to selectivity, superficiality and sensationalism remain in coverage of these topics; (5) better coverage only of women's rights; (6) these are taboo topics, rarely covered; (7) negative portrayal of Islam—related to similar portrayal of immigrants and asylum-seekers—in some print media

*Source:* Mapping Digital Media reports

Political parties in almost all the country reports use digital media to deliver their messages during election campaigns. A rare exception was Bosnia and Herzegovina where political parties have not yet fully adopted digital media in their communications. In Finland, “both incumbent parties and state authorities have made use of new digital channels to disseminate their messages, but in general they have not exploited opportunities to engage in dialog with citizens.” Small parties are generally not covered in the mainstream media, but they managed to find a platform to make their voices heard online. The Finnish government has increasingly used social media as part of its communication strategy, more as a one-way channel for disseminating government messages than as a means of engaging citizens in dialog.

However, digital media have not played a significant role in bringing to life new political actors. In less than one-third of the countries, the rise of digital media has given minority political groups, activists, and independent candidates the opportunity to participate in politics, but they are generally ignored by the mainstream media. Pakistan, China, and Finland experienced the greatest emergence of new political actors. In Eastern European countries, such as Poland, there were no changes in political actors due to digitization. In France, on the other hand, digitization has not made it possible for smaller political candidates to bypass the gatekeeping role held by traditional media, because their more prominent counterparts make better use of the internet's opportunities.

The emergence of new political actors is most noticeable in China where the digital media have instilled a new sense of political dynamism into the political scene: “In 2011 and 2012, individuals announced their candidacy for seats at the town- and county-level people’s congresses at various local districts throughout China. Those independent candidates have run their campaigns primarily by using microblogging sites Sina Weibo or Tencent Weibo.”

In Egypt, digital media, particularly social media, have given voice to many political entities that were otherwise ignored by the traditional media:

From blogs to Facebook pages to Twitter accounts to YouTube videos to online radio stations, many entities have managed to establish themselves and have a following, particularly among young people. With the introduction and popularity of blogs and social networking sites, Egyptian bloggers emerged as a leading authority in the Arab world on publishing political content and pioneering political activism through online means. Facebook and Twitter in particular have been very popular in Egypt, especially since the 25 January 2011 revolution. Many people joined Facebook looking for news about the revolution and subsequent political and social activism.

Digital media do not necessarily facilitate discussion or increase citizen interest in politics. In less than half of the MDM countries, digital media have raised public interest in politics. These include emerging economies such as Brazil, China, Thailand, Indonesia, Pakistan, Egypt, and Kenya and developed countries such as Canada, the United States, Germany, Finland, and Sweden. In China, digitization has increased public knowledge about those holding power and made engagement in political activism livelier. Before, Chinese people had overwhelmingly ignored the possibility of directly participating in elections and did not care about the results. However, nowadays information about candidates in provincial or national elections can be more easily found on the internet.

Interest in politics in many Western countries has not grown massively because of digitization. In France, there is no evidence of obvious growth in online political engagement, which has remained rather stable, with some increases (such as during the 2007 and 2012 presidential elections) and decreases during the less politically interesting periods.

Independent websites, blogs, and other digital media platforms have given minority political parties and civic groups more opportunity to monitor elections and political events. Nicaragua 2.0, the Autonomous Women’s Movement, and the Movement for



Nicaragua organized a system to register irregularities with a civil society information center by phone and via the web. This system allowed videos and photographs to be uploaded to a website and published on social networks, making it possible to aggregate the irregularities and report them to a national election observer. It was hoped that the voters in the 2011 election would register as many multimedia grievances as possible. However, the government counterattacked by saturating all the available communication outlets, many of them under its control, with its own messages and ignoring all the irregularities reported by the voters: “The government made concerted efforts to hinder citizens from filming or photographing what occurred in the voting centers and to stop opposition party observers obtaining copies of official documents.”



# News Choice and Offer in the Digital Transition

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## Introduction

The move to digitization has not led automatically to a more diverse media landscape. Content providers offer old information on new platforms. The main benefit is that online platforms allow constant updating of content and access to this content at any time, not only when broadcasters schedule it. In addition, digitization has allowed more interaction with consumers in the form of user comments and easy ways of surveying the public.

According to the International Telecommunication Union (ITU), more than half of the households in the Americas, the Arab States, and Europe which received television signals at the end of 2012 were doing so through digital technologies. (In the Arab world, this proportion was due to the prevalence of satellite receivers.) This compared with only 30 percent in 2008. However, there is a huge disproportion between the so-called developed world, in which over 80 percent of households are digitally equipped, and the developing world where only 42 percent of television households can receive a digital signal—which is, even so, almost three times more than in 2008.<sup>1</sup>

Despite these figures, there are states such as Pakistan or those in South-East Asia where there is no plan for digital switch-off. A new digital divide is apparent in broadcasting between those who gain access to a healthy digital free-to-air offering of television programs and those who are stuck with a few analog channels.

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1. International Telecommunication Union, “Measuring the Information Society 2013,” at <http://www.itu.int/en/ITU-D/Statistics/Pages/publications/mis2013.aspx>.

The cessation of print in favor of wholesale transfer online has not yet been seen in too many countries. The same goes for television. Although radio listenership is declining in many countries in the MDM project, this trend has been bucked in Africa and some Asian countries. Elsewhere, too, radio has sought and sometimes found ways to remain via new digital platforms. There are only a few examples of online-only media that have managed to build a significant audience. Generally, people tend to consume the traditional media they trust, but in new, more convenient, and more easily accessible forms.

A serious digital divide has opened up between generations. While younger people tend to rely more on new digital platforms when searching for news, older generations still stick to traditional media, particularly terrestrial television and radio. Nevertheless, in many countries, the number of senior users accepting digital technologies has been increasing. Another divide that digitization has created is between urban and rural areas, with the former having access to much poorer sources of information.

## 1. News Sources: Multiplication and Uniformity

Digitization has not significantly affected the diversity of the total news offer. For example, the digital switch-over in broadcasting has not opened the television market to new channels. There is no case in the MDM countries where a new television entrant has become the leading media outlet by audience. Also, there is no pure-player (online only) media outlet in any country that is the most popular outlet by audience, beating the biggest television, radio, and press outlets.

In most of the MDM countries, television remains the most popular medium by audience size, followed by radio. However, in countries such as Kenya, radio has the highest audience, but it is mostly accessed via new digital platforms such as cell phones, car radio, and various mobile devices. In yet others, such as Argentina or Brazil, although television remains the most popular medium, radio continues to have high popularity, attracting young people who listen to radio via computer or mobile phone.

The audience generally still relies on trusted channels, mostly public media, when it comes to news. Also, although people in all the MDM countries have more access to the internet now than in 2005, not many online news providers have taken the leading role in providing news. Still, the most trusted and visited websites among news providers belong to the traditional media. Newspaper websites usually offer regular updates during the day, allowing users to leave comments or take part in surveys. The

same goes for television and radio station websites. The main benefit for these stations is that they can offer their program on demand or turn video and audio content into text that is available at any time to consumers.

The main change triggered by digitization is in citizens' attitude to the news offer. Citizens nowadays use several platforms to acquire news and do not wait for it to arrive on television or radio as before. They are more active in obtaining news through various channels of communication, such as PCs, cell phones, car radios, and portable computers.

News consumption continued to account for the lowest audience share in the total television production. Factual programming, which includes news, documentaries, political and religious factual programming, accounted in 2012 for 21 percent of the total consumed television output. Fiction and entertainment accounted for the remainder. Generally, news consumption remains stable. In contrast, entertainment saw its share go up in 2012 by 2 percentage points to 37 percent.

Digitization has also led to changes in the profile of the news audiences. Younger generations tend to use newer platforms to access news while older generations remain more oriented to traditional media. There are exceptions to this. In Estonia, people aged over 60 with higher education are mostly oriented towards traditional media. Younger generations in almost all the countries tend to use social media, such as Facebook and Twitter, to obtain news and information.

## 1.1 Print Media

Newspaper circulations have experienced a rapid drop in most MDM countries. There are exceptions such as China, India, and Brazil where newspapers are still the most popular source for news consumption by audience. In Kenya, some newspapers such as *The Star*, launched in 2007, have continued to grow their circulation figures.<sup>2</sup>

In contrast, there are countries with very low newspaper readership such as Pakistan, where only 4 percent of the population reads newspapers. In a separate example, Mexico does not have an authentic nationwide press due to the difficult geographical coverage and socio-economic factors.

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2. Interviews with editors of *The Star* indicated that the newspaper was selling some 15,000–20,000 copies a day in 2010 compared with 5,000–8,000 when it was launched.

The main change brought about by digitization is the migration of newspaper content to online platforms where it has become one of the most important sources of information, boosting press outlets' presence online while draining the revenue from print circulation.

In many countries, it is still not possible to get accurate information about newspaper circulation. This is usually due to state control over newspapers or editors who want to hide the real numbers for political or economic reasons, such as not scaring off advertisers who might withdraw if they learned the real circulation data.

## 1.2 Television

Television is still the most popular source of news and information and the medium with the highest reach in most MDM countries. In 2013, the worldwide average television viewership time was 3 hours and 14 minutes a day, according to Eurodata TV Worldwide. This was the highest viewing time for television ever recorded. The most avid consumers of television in 2013 were in North America where the viewing time stood at 4 hours and 46 minutes. They were followed closely by Middle Eastern populations where the daily viewing time stood in 2013 at 4 hours and 39 minutes. The lowest viewing time was recorded in 2013 in Asia-Pacific (2 hours and 41 minutes a day).

However, it is questionable whether digitization has contributed to increasing the diversity of news offering in television. Very few digital channels offer news programs. Newly established digital terrestrial channels, especially those with higher audiences, mainly offer sports or entertainment programs.

On the other hand, cable and free-to-air satellite stations have contributed more than digital terrestrial television to the diversity of the news offer. In Bosnia and Herzegovina, digitization has helped cable operators to increase the reach of local and regional stations across the entire country. In Jordan, large swathes of audiences moved from terrestrial to free-to-air satellite channels broadcasting news programs with regional political analysis. Between 2005 and 2010, the penetration of these stations almost doubled to nearly 97 percent.

The biggest drop in cable television take-up happened in the Netherlands. Although traditionally known as a “cable country” where only 1.5 percent of households were dependent on the terrestrial signal at the time of the digital switch-off in 2006, four years later 11.7 percent of households were using the digital terrestrial signal. The reason for this is that digital terrestrial reception is a much cheaper option than digital cable.

Commercial television stations and entertainment programs still command large audiences in most MDM countries. Nevertheless, audiences in a number of countries still prefer to access the public television service and other traditional media to acquire news. For example, in Bosnia and Herzegovina, Montenegro, and Serbia there is a high degree of trust in the public service broadcasters. In Russia, 74 percent of the population over 18 prefers television news, a poll from 2011 shows. In the United Kingdom, television remains the most important news platform. There is an interesting situation in Slovakia where polls show that the public STV news is most trusted, although the program's ratings have fallen steadily.

### 1.3 Radio

In many countries outside Europe and North America, radio has burgeoned in recent years. It is the most valuable source of news and information in Pakistan, Nigeria, and Kenya, where people listen not only via radio sets but also via cheap mobile phones. Latin America also maintains a healthy level of radio listenership. In Peru, radio was the most trusted medium in 2005 and remained so until 2009, when approximately 72 percent of listeners rated radio news as good or very good. In some Latin American countries, including Chile, radio has a high audience but offers mostly music and entertainment shows, except during disasters, such as the earthquake in February 2010 when it played an important role in informing citizens.

Radio is also healthy in Jordan, where the industry experienced a major shift in the type of technology used to access radio programs. The ownership of radio sets in households has dropped by half from 71 percent in 2005 to a bit over 34 percent in 2010. This fall could be explained by new platforms that Jordanians use to access radio output: in cars, via internet or mobile phones.

### 1.4 Online

Online media are still struggling for a piece of the media audiences. The most popular media online are still the websites of traditional outlets that offer the same information as in their print edition along with user-generated content such as comments, popular blogs, and surveys.

The most visited public service broadcasting website in the world belongs to the BBC, which has invested heavily in its online newsroom and become the only online news provider in the top 10 in the world that is subject to public service regulation.

The number of countries that have experienced growth in news consumption via social networks is rising daily. It especially applies to the younger generation who simply click

to links that either media post on social networks (with Facebook and Twitter as the most popular) or follow the news recommended by their friends on these networks.

Social networks have played an important role in recent events throughout the world. Facebook was used in Egypt and Tunisia during the 2010 “Arab Spring,” often to give an accurate picture of real developments on the street in contrast to news from traditional media. Japan is also a good example of a country with a significant use of social network services. For example, the number of Twitter users in Japan had increased three times in only six months from 2.57 million in September 2009 to 7.52 million in March 2010. However, social networking has not been used massively for digital activism. Countries with high levels of digital activism include the United Kingdom, the Netherlands, and Latvia in Europe, Canada and the United States in North America, Brazil in Latin America, and China in Asia.

## 2. Public Service Goes Digital

Digitization seems to have made life for public service broadcasters more difficult, because they now have to compete with more commercial channels and often they have lost audience share. They also have to share increasing proportions of their advertising revenue with commercial operators.

In some countries, mostly within the European Union, public service broadcasters have launched new thematic digital terrestrial channels and increased their reach by offering their content online. Specialized channels launched by public service broadcasters are usually reserved for sports, entertainment, children’s programs, and in some countries—including Slovenia, Hungary, Macedonia, and Turkey—also for parliamentary sessions. In Poland, PTV Parliament was planned to be launched 2009, but then suspended for lack of funds. In the United Kingdom, the running of the BBC Parliament channel is outsourced, with the BBC providing journalistic and editorial support.

An example of a successful venture into digital business is France Télévisions’ website, praised for being well structured and offering the entire broadcast output by channel or type of program. The website offers written content, pictures, and video-streaming of the network’s programs. It also allows viewers to get involved in forums and discussions about programs, leave comments, or visit blogs about various programs. In addition, the website has accounts on social networks in a move to attract younger audiences. It also offers Really Simple Syndication (RSS) feeds and applications for cell phones. Online live-streaming was introduced in 2012.



The second positive example of the successful launch of a good-quality news operation by a public service broadcaster is Spain's RTVE. Their recipe is to bring experienced digital editors from commercial media to lead the website from more or less an online program schedule to a full online television and radio programming portal, offering streaming and podcasts as well as a comprehensive digital archive. In addition, the RTVE hosts several online communities, boasts the largest number of blogs a media outlet has in Europe, and has many Facebook and Twitter accounts and profiles. Finally, it also runs a channel on YouTube and La Villa (the first sports social network in Spain) and offers applications for Google Android, Apple's iPhone, and Sony's PlayStation. The achievements of the website were a total average visitor time of 37 minutes a day and second position among top broadcast internet portals with over 11.1 million unique visitors in June 2012.

**Table 7.**

New services launched by public service broadcasters during digital migration

Country	Outlet	Service	Quality	Relevance	Popularity
Armenia	TV and radio	Website	n/a	n/a	Low
Bosnia and Herzegovina	TV and radio	Websites	Low	Low	Low
	TV	Website	Decent	Low	Low
Bulgaria	TV and radio	Website	n/a	High	n/a
Canada	TV and radio	Websites	High	High	High
Chile	TV	Digital satellite operations	n/a	n/a	High
China	TV	Video website	High	High	High
	Radio	Digital channels	n/a	n/a	n/a
Colombia	TV and radio	Website	High	High	n/a
Croatia	TV and radio	Website/new channels (2012)	High	High	High
Czech Republic	TV and radio	Website/new channels	High	High	High
Egypt	Not applicable				
Estonia	TV and radio	New programs (children)/ Website	High	High	High
Finland	TV and radio	Web-TV service	High	High	High
France	TV and radio	Websites	High	High	High
Georgia	TV	Website	Low	Low	Low
Germany	TV and radio	Website (streaming)	High	High	High*
India	TV	DTH channels, HD broadcasts (tests), mobile broadcast services (pilot)	Decent	Decent	Low
	TV	Websites	Low	Low	Low
Japan	TV	HDTV	High	High	High
	TV	Mobile broadcasting	High	High	High

Country	Outlet	Service	Quality	Relevance	Popularity
Jordan	TV	Websites	n/a	n/a	n/a
Kazakhstan	TV	Website	Varies from outlet to outlet (there are numerous state-owned TV outlets)		
	TV and radio	Website	Low	Low	Low
Lithuania	TV and radio	Integrated portal	n/a	High	High
Macedonia	TV and radio	Website	High	High	n/a
Moldova	TV and radio	Websites	Low	Low	Low
Montenegro	TV and radio	Integrated portal	High	Decent	Decent
Morocco	TV	Website	High	n/a	n/a
	Radio	Website	High	n/a	n/a
Netherlands	TV	On-Demand service	High	High	n/a
	TV	Thematic channels	n/a	n/a	n/a
	Radio	Studio web stream	High	High	n/a
	TV and radio	Networked websites	High	High	n/a
Peru	TV and radio	Websites	Low	Low	Low
Poland	TV	New channels	High	Decent	Decent
Romania	TV, radio	Website	Low	Low	n/a
	DTH, HD channels	Website	Low	Low	n/a
Serbia	TV	Website	Decent	Decent	n/a
Singapore	TV	Website	High	High	Moderate to High
		New channels	High	High	Moderate to High
Slovakia	TV and radio	Websites	Low	Low	Low
	TV	New channel	Closed after a short time		
Slovenia	TV and radio	Website	n/a	High	High
South Africa	TV and radio	Websites	High	n/a	n/a
Spain	TV and radio	Websites	High	High	High
Sweden	TV	Website	High	High	High
	Radio	Website	High	High	High
Thailand	None				
Tunisia					
Turkey	TV and radio	Websites	n/a	High	n/a
United Kingdom	TV	Additional channels	High	High	Decent
	TV	Website	High	High	n/a
United States	None				
Uruguay	TV	Digital channels	n/a	High	n/a

Notes: n/a – not assessed or no information available; \* based on more recent data from ZDF

Source: Mapping Digital Media report

## 3. Consumer Migrations

### 3.1 Europe and North America

In most European countries, television remains the most accessed news platform and the main source of information. In Bosnia and Herzegovina, 98 percent of the population watches television on a regular basis and television is considered the most credible news provider. Macedonia ranks second in the world in terms of average time spent watching television. Even the young generation still relies on television news as a main source of information, as a poll in Latvia shows, although they prefer multitasking between digital platforms.

Television is still watched overall as scheduled broadcasting. However, there has been a slight rise in on-demand viewership. Digitization of broadcasting has not triggered any massive changes in news consumption patterns. The shifts have been linked to technology and platforms. Newly licensed digital channels have not significantly changed the viewership markets anywhere, although in some countries they have slowly eaten into the audience shares of established broadcasters. In France, for example, new digital television channels gained 5 percent of the total combined audience while analog channels lost viewers. In countries where the digital switch-off has not happened or has occurred only recently, there have been no changes in the news consumption audiences.

Regarding newspapers, the main change is linked to how news is consumed. Although newspaper circulations have dropped in almost all European countries, access to online content of print media has increased and the content from print media remains an important source of information for news websites. Most of the newspapers' online platforms introduced additional features from the print edition such as regular news updates, comments, opinion surveys, RSS feeds, videos, audio content, and links to news content from other sources. Generally, newspapers in many countries have reached a much bigger readership online than in hard copy.

Exceptions to this include the Czech Republic, where 72 percent of the population still read newspapers regularly and this has been the same for a long time. In parallel with this, the most popular internet news providers in the Czech Republic are run by television channels: three-quarters of all internet users in the country follow television news on the internet at least once a day.

Radio listenership has dropped enormously in most European countries. Radio has apparently ceased to be a news provider, and is now an entertainment and music

medium. Many radio stations across the continent launched internet streaming in a move to survive competition from web-based radio services.

Access to news on the internet is mostly free. For young generations, visiting news portals through links on social media (chiefly via Facebook) has become the most popular way to acquire news. Older people who surf the internet prefer traditional media content on websites.

In the United States, it is hard if not impossible to find a television station with neutral political views. The audience has also become politically homogeneous; for example, Fox News is viewed primarily by Republicans while Democrats watch Current. The most dramatic change on the American news landscape involves the newspapers, however; their audience fell by more than 30 percent between 2003 and 2009. The most diverse television offer comes from cable operators who include in their basic packages at least six domestic 24-hour news channels, while there are many more available from abroad. While ethnic minorities in the United States have grown in size, the number of television stations catering to them has dropped.

### 3.2 Northern Africa

Although television is still the most influential medium in northern Africa (93 percent of the population in Egypt watches television), online media use has grown significantly in these countries since the Arab Spring in 2011. Television remains the main source of news and information, also because of low internet penetration and high illiteracy. However, in broadband-connected households, the internet takes people away from television, especially in primetime (after 9 p.m.).

Contrary to European trends, newspaper circulation has been rising steadily in this part of the world. In Egypt, it was expected to reach 4.686 million copies in 2013, up from 3.627 million in 2007. Newspapers remain a principal source of news consumption in these countries, although younger people tend to read newspapers online. In Morocco, new digital platforms are used by media outlets only for audio- and video-streaming while other opportunities created by the internet, such as comments, sharing content via social networks, blogs, and other forms of user-generated content are not offered at all. Northern Africa demonstrates a significant digital divide between urban and rural areas as rural populations lack access to the internet or are not internet-literate.

### 3.3 Sub-Saharan Africa

Despite major developments in the media sector, radio remains the main source of news and information in many sub-Saharan African countries. For Kenyans, radio is the main source of news, followed by television. The same is true in Nigeria. Radio sets are cheap, which is a major trigger for the high radio listenership. Even the remotest rural areas are covered by radio signals. Also, even the cheapest mobile phones in Africa allow access to radio programs, making this device a perfect choice for young people. As a result, the number of national and local radio stations has soared in the last 20 years. It is worth noting that the web radio most listened to in Nigeria is foreign: the BBC in the local language.

An exception that stands out is South Africa. Although radio has the most stable audience in South Africa, television has shown the highest growth in consumption over the past five years, followed by the internet: online traffic has doubled during the period. Newspapers have been stable, showing only a mild increase in readership. Digital satellite has also shown a significant growth, doubling its number of viewers during the past five years, although this was from a much lower base.

Newspaper readership is extremely low. The reason is poverty. In Nigeria, more than 50 percent of the population lives below the poverty line and cannot afford to buy newspapers. In the last few years, however, mobile phones have started to challenge radio, especially in urban areas where people can access the internet regardless of their location.

The embrace of mobile platforms has not had an impact on news quality. As in Europe, the change triggered by digitization has been more technical (involving devices and platforms) than substantive. The news offer on mobile phones replicates that in traditional media.

In countries where traditional media are still controlled by the government or by powerful families, their owners try to extend their control on the internet as well by filtering or blocking websites.

### 3.4 Former Soviet Union

Television remains the main medium for news consumption in Armenia, Kazakhstan, and Georgia. A poll from 2011 showed that 90 percent of Armenian citizens receive news from television, and only 7 percent from the internet, 2 percent from radio, and 1 percent from newspapers. Some 36 percent of internet users accessed the internet for reading news. Similarly, in Georgia only 2 percent of the population named

newspapers or magazines as their main source of news, and only 1 percent listened to the radio for news.

Use of the internet for news consumption in Georgia rose from 3 percent to 5 percent of the total preferences for news platform from 2007 to 2009. Traditional media, although they have static news online platforms, have gained more audience by inviting prominent experts to blog on their websites or by sharing news via social networks.

However, internet penetration is still low in the former Soviet Union and it remains reserved for those living in urban areas. Although it emerged as an alternative source of news, the internet has faced numerous challenges in this region as governments increasingly clamped down on critical voices online. In Kazakhstan, the government closed several critical print and broadcast media in 2012. A number of critical websites are also blocked, filtered, or denied service. Cable television is used on a large scale in the region to access news from abroad, mainly from Russia.

### 3.5 Middle East

In Lebanon and Jordan, television remains the main source of news and information. In Lebanon, international news satellite programs do not feature among the preferred top 10 channels; citizens still prefer local channels. Interestingly, there is a very popular new digital service in Lebanon that was established as a response to the unstable security situation in the country. Almost all media (online, radio, television) deliver breaking news via text messages for a US\$10 monthly subscription fee. In Jordan, the household ownership of radio sets fell by half as a result of new ways of accessing radio programs, chiefly in cars, via mobile phones, or the internet.

The quality of news has not seen major improvements. The media scene in Lebanon, for example, is polarized; most media outlets are supported by a political party or support a political agenda. It can be argued that this situation ensures media pluralism because of the variety of opinions on the political communication market. This trend is valid for both traditional and new online media. Online readership of print media exceeds hard copy readership in Lebanon.

### 3.6 Asia

Asian trends in media consumption vary broadly from region to region and even country to country. In China, the broadcasting system is decentralized and falls into four categories, in line with the “Four-level development policy for broadcasting industry” introduced in the 1980s: central, regional, municipal, and local. That resulted in more

than 3,000 television stations that operate in China. CCTV is the dominant broadcaster on the news market, under strict government control. It has defended its leading position in terms of audience despite competition from satellite operators. Its dominance has, however, declined: its audience share fell from 22.9 percent in 2005 to 13.3 percent in 2009. Radio airs mostly music and traffic news, rather than news bulletins as such.

On the other hand, China has been the leading market in the world by newspaper circulation for 10 consecutive years. All print media are state-owned. There are two types of management: “official papers” are managed by local party committees and recipients of government subsidies, while “city papers” are founded by “official papers” but have a more market- and consumer-oriented approach. They also publish occasional investigative reports, giving them a distinctive character compared with official papers.

Although both television and print media remain the main source of news in China, specialized news websites are eroding their dominance. News websites can be grouped into commercial portals and websites of traditional media. Internet portals have also given harbor to a range of human rights activists, advocates, and whistle-blowers. Japan joins China among the countries with high circulations of newspapers and magazines.

In India, the main factor in shaping news consumption patterns is the dispersion of languages across media platforms. The country has a variety of both state-owned and commercial media outlets. However, it is notable that the interest in news on political issues in Hindi and English fell from 23.1 percent to 10.9 percent in only three years, from 2005 to 2007. In contrast, the interest in non-factual content such as sports and entertainment grew from 27.9 percent to 53.1 percent in the same period. In 2010, the English television channels devoted more than 50 percent of their news output to crime and sports combined, followed by political/government (19.1 percent) and entertainment news (12.6 percent). On the other hand, crime, law, and order (26 percent) dominate on leading Hindi television channels, while sport news, entertainment news, and political or government news almost have the same proportion of news themes (16 percent, 14 percent, and 13 percent respectively).

Television and radio are still the main sources of news in Malaysia, Singapore, and Thailand. In Malaysia, paid satellite television increased its penetration from 24.9 percent to 40.1 percent between 2006 and 2012, while free-to-air television penetration dropped from 75.1 percent to 59.9 percent over the same period. In addition, there has been a greater news offer on satellite, including local all-news channels, sport channels, and international news channels. In Thailand too, consumers have been abandoning terrestrial television for satellite and cable.

Radio holds a steady position in South-East Asia, reaching more than 90 percent of the population in Malaysia and Singapore. However, Malaysian teenagers have lost interest in radio over recent years as a result of the growing entertainment offer and the lack of radio stations which target their age group.

As print media in Malaysia require prior permission to operate and are mainly established by the ruling parties, the internet has become an alternative source for news and information that cover issues not addressed by traditional media.

For Malaysians, social networks have become a source of news as well as of user-generated content. Much of the content on these networks clarifies or contradicts the official news in traditional media. In Thailand, Twitter is a favored platform and has become widely used by politicians for communicating with citizens as well as for spreading news.

In Pakistan, radio represents the main source of information for rural areas and undeveloped provinces. The reason is that almost half the population has limited access to news from the state-owned PTV broadcaster that airs terrestrially. On the other hand, citizens of major towns benefit from the massive growth of cable and satellite television in urban areas over the past five years. This has helped to increase diversity in the news offer by allowing access to local and foreign news programs, not interfered with by the state.

Interestingly, news content on the radio is strictly regulated and local radio stations are not allowed to broadcast news of their choice according to the law, but can rebroadcast news bulletins produced by the state-owned Radio Pakistan and the BBC Urdu Service. They are also allowed to broadcast local news programs such as weather forecasts and traffic news. Print media in Pakistan reached only 4 percent of the population in 2008, which was one of the lowest newspaper reaches in the MDM project. However, print media companies in Pakistan are optimistic, seeing massive potential in the growth of this sector. By 2010, some 25 percent of the population said that they were newspaper readers, according to a survey by InterMedia.

### 3.7 Latin America

Traditional television and radio programs are still the main source of information in most of Latin America. Nearly 97 percent of Brazilians watched television frequently in 2010. Of those, 83.5 percent watched free-to-air television. Radio retains a steady second place in preferred platforms; in 2010, over 80 percent of Brazilians listened to radio.



In Colombia too, television is dominant. News was the second-most popular use of television in 2010 with 86.3 percent, just behind entertainment, up by 5 percentage points from 2005. Colombia has a very low internet penetration. Internet subscription in Colombia and Peru stood at 10 percent of the population in 2011.

Low internet penetration is a main reason why traditional media hang on to their dominant position in the news market. Most online news portals are versions of traditional media: newspapers, television channels, and radio stations.

As a consequence of the increase in pay-TV in Colombia, the international channels have gained audience, growing from 41.8 percent in 2005 to 55.8 percent in 2010. International channels are rapidly fueling the expansion of news sources, at least in television, although news channels are not the most viewed cable channels.

Despite these developments, terrestrial television has an undisputed dominance in Latin America. In Guatemala, the primary source for news is still television (46 percent), followed by radio (28.1 percent), newspapers (16.2 percent), cable television (6.7 percent), and the internet (with less than 3 percent). Most people watch news in Guatemala on free-to-air television on a daily basis. Nevertheless, urban dwellers, younger people, and the middle class increasingly consume news on digital media, and this growth is somewhat spurred by the increase of mobile services. Interestingly, the number of internet cafés in rural areas has increased in Guatemala, but this was prompted by the need to communicate with friends and relatives who live in the United States and neighboring countries rather than the need for news content.

Terrestrial free-to-air television is still the most dominant news source in Mexico as well, despite a slight fall from 77 percent in penetration in 2005 to 70 percent in 2009. On this platform, public service television reaches only 47 percent of all households, much less than private broadcasters that reach 98 percent of households. Regarding technologies, only 13.6 percent of television households had a digital set, of which only 46.6 percent (6 percent of the total population) could receive digital television free-to-air programs.

In the Peruvian capital city of Lima, free-to-air television was the main news source for 94 percent of citizens in 2009. It was followed by print media (82 percent), radio (72 percent), and the internet (47 percent). Despite its third position in media consumption, radio was the most trusted medium for news, followed by the internet and television, with newspapers trusted least. User-generated content has had a notable impact on shaping regular news, with consumers using mobile platforms on a large

scale to contribute to the news offer by, for example, sending self-produced videos to traditional media. Bloggers in Peru have also contributed to boosting the diversity of the media offer and have become an alternative source of news, revealing corruption or criminal cases. Surveys indicate that 57 percent of internet users in Lima visited blogs in 2010.

Overall, despite the dominance of television in Latin America, the internet has risen slowly but steadily in the preferences for news sources. The speed of this growth apparently reflects the low internet penetration. In Mexico, for example, internet users make the internet their main source of news as soon as they start using this technology. Mobile phones are also used increasingly for news consumption in Mexico, another indication of the popular appetite for new platforms to access news.

# Telecoms and News

**Iulian Comanescu**

## Introduction

The most essential fact about media convergence is that it helps to spread news and entertainment content. Over recent years, the availability of new platforms for video and text distribution has increased everywhere, bringing obvious benefits in terms of the reach of news content.

The most common form of convergence of content is the bundled services package that started to be offered by cable, telecommunications, and mobile providers. In many countries, the differences between such companies have tended to disappear, as cable operators, for example, became powerful internet service providers (ISPs) and landline telephony companies added mobile voice and internet services to their offer.

Because landline telephony is the first-born among such services, telecoms companies are or were state-owned. Most of them added television carrying services to their offer, usually direct-to-home (DTH). In some cases, they became capable of exerting pressure on broadcasters on behalf of the authorities. Such situations exist in developing countries or countries undergoing democratization.

The direct involvement of telecoms companies, cable television companies, and mobile operators in content production (i.e. television channels or news websites) is more dispersed across the MDM countries. The model of involvement differs from market to market, with the only common characteristic seeming to be the inclination of telecoms or mobile companies to invest in alternative video or text distribution methods, such as video-on-demand (VoD) platforms, news portals, or SMS news services.

# 1. Telecoms, Cable, and News Distribution

Cable has been used to distribute television signals since the 1950s. Since the 1990s, traditional media brands such as newspapers and television channels have been among the first to spin off their content online. Both these phenomena can be considered as evidence of media convergence, which has become a pervasive trend in most of the world's media markets.

In the past decade, the two main perspectives on media convergence have been ownership (meaning media groups entering market sectors other than the one they originally operated in, i.e. television companies buying news portals) and technology (meaning different platforms performing tasks similar to traditional media outlets, i.e. online portals acting as virtual newspapers).

## 1.1 Consequences of Convergence

During the last 20 years, the differences between cable, mobile, and telecoms companies have become blurred. The process was related less to actual concentration of ownership (mergers and acquisitions) than to the launch of various services that complemented, or even competed with, other companies' areas of expertise. In most countries worldwide, most telecoms and cable companies provide similar services, consisting of bundled offers of television, landline telephony, and landline internet. Tagged commercially as triple play, this offer is often supplemented with mobile telephony and mobile internet, closing the gap between cable-telecoms companies and mobile.

The development of the German market is typical from this point of view. Deutsche Telekom, which was set up in 1996 by privatizing the communications division of Deutsche Bundespost, still holds a dominant market position, with 60 percent of the landline connections in 2013. Three of its subsidiaries, T-Home (formerly T-Com, telephone and fixed network carrier), T-Mobile (mobile provider), and T-Online (internet provider) provide fixed telephony, mobile, and internet access.

However, cable television in Germany, where the dominant carrier had almost 40 percent of total households in 2013, is operated by unrelated or only partly related companies such as Kabel Deutschland. Previously a subsidiary of Deutsche Telekom, Kabel Deutschland was taken over in 2003 by Providence Equity Partners, an international investor group which holds the majority. In autumn 2013, Vodafone purchased Kabel Deutschland in a deal worth €7.7 billion (US\$10 billion).

The MDM report on the United Kingdom finds that the U.K. market is also typical of this development. Virgin Media, for example, is among the leading providers of quadruple-play services, consisting of landline telephony, mobile, television, and internet broadband, and competes with the former state company British Telecom. Such services are described in other countries as quintuple, because mobile also includes 3G (mobile internet).

The ownership structure in developing countries is, unsurprisingly, more scattered, because of the smaller size of the companies. In Kenya, cable exists only in affluent areas of Nairobi, while broadband is only offered in four cities. According to the MDM report on Kenya, only one internet service provider, Wananchi Group, has started offering IPTV.

Virtually all the cable and telecom companies providing television content also have a significant role in distributing content, including news or other programs with political relevance, especially in markets with a weak penetration of terrestrial television, such as Lebanon, Argentina, Latvia, Hungary, and the Netherlands. In countries with high terrestrial coverage, cable or direct-to-home (DTH) distribution is less necessary and theoretically less financially viable, so private players have lower penetration rates for this kind of distribution.

The structure of a typical offer of cable plus satellite services is a basic package, consisting of 20–60 domestic and international channels, with various add-on or premium packages, commonly referred to as pay-TV. Such packages are bundles of specialized channels such as documentary/factual entertainment, sports, lifestyle, children, movies, adult, ethnic programming, and others. Some of the markets in federations or former federations, such as the Commonwealth of Independent States (CIS) or the former Yugoslavia, include channels from neighboring countries, more developed both economically and in terms of television production.

If cable companies in countries such as Macedonia or Montenegro broadcast Serbian or Croatian channels, or Armenian and Kazakh providers include Russian television channels in their offer, Moldova is a more interesting example. In addition to Russian channels, several important Romanian channels are broadcast by cable companies, because the Romanian language, which is similar to Moldovan, is understood in the country.

Such situations have cultural as well as political implications, similar to the global presence of English-, German-, and French-language all-news or public channels

on cable and DTH. While the ubiquity of channels such as BBC News Worldwide means spreading the universal values of journalism and democracy, the domination by Russian channels in CIS countries is more ideological and related to the momentary needs of propaganda. In the case of Moldova, the television landscape is a metaphor for the country's complex status as both a member of the CIS and an aspirant to membership of the EU.

As an alternative to terrestrial, cable and DTH have been boosting the dissemination of news by the inclusion of all-news channels in their offer. Following the example of Cable News Network (CNN), such stations have preferred cable and satellite as a cheaper distribution alternative, compared with the old expensive terrestrial analog relays.

In countries dominated by cable reception, such as Romania, all the private broadcasters achieved quasi-national coverage by aggregating local licenses, because of conservative regulation that prevented commercial companies from acquiring national licenses. Whenever it exists, the terrestrial license is nominal and the channels are viewed almost exclusively by cable or DTH.

## 1.2 Technological Convergence

Convergence in terms of ownership is complemented by technological convergence, meaning the dissemination of news on similar, or partly similar, platforms. Cable television has been around since the beginning of the 1990s in most of the MDM countries. In terms of television reception, the relative novelties of the last decade are DTH and Internet Protocol Television (IPTV).

DTH, mostly digital, entered countries as different as Bulgaria and India in 2008, where—the MDM reports say—they proved to be a valid alternative to cable distribution, especially for rural or dispersed residential areas very difficult to reach by cable networks. Their offer from the end-user viewpoint is similar to digital cable offering (television content and Electronic Programming Guide, EPG). Therefore, to a certain extent DTH has been competing with cable or terrestrial television only on geographical grounds. After a certain point, however, differentiation of the offer in terms of channels became an incentive to purchase DTH services. DTH providers, overwhelmingly telecoms, started to attack cable providers in their own backyard with similar programming offers. Differentiation was achieved by launching channels of their own.

IPTV had a different life. Possible only on broadband internet and most of the time associated with an assortment of supplemental facilities such as time-shift (reruns), video-on-demand (VoD), or personal video recording (PVR), IPTV arrived—according to the MDM reports—slightly later than DTH, for example, in 2008 in Italy, in 2009 in Bosnia and Herzegovina, and in 2010 in China. Still, IPTV adoption is usually very low-level. Only four of the MDM countries exceed the 10 percent mark in take-up, namely Slovenia, France, Montenegro, and Croatia.

Another alternative carrying method, so-called mobile television, is present as such in countries like Pakistan, Singapore, or Japan. The term is very wide, however, and can refer to any type of television reception on a mobile device, from the pervasive over-the-top to one-seg, a standard based on digital terrestrial that includes error correction. In Japan, one-seg users accounted for 21 percent of all mobile users in 2010.

Obviously, mobile internet does much more than offer video. Its increasing popularity has had similar implications for the spread of written (online) news. Although it is traditionally associated with urban areas and higher education or income the internet is a useful distribution channel everywhere, especially in an economic crisis that led to the closure of various print media outlets. Such titles often survive on the internet: *Newsweek*, the international print news magazine absorbed by [TheDailyBeast.com](http://TheDailyBeast.com), being the best-known case of online survival, noted in the MDM report on the United States.

Regarding written news, the Middle East and North Africa region has an interesting characteristic. In the context of poor internet adoption rates, mobile carriers started to provide popular news services by SMS. In Jordan, where 3G was only implemented in 2010, mobile operators provided updates with content from Al Arabiya, BBC, and Al Jazeera. In March 2013, Info2Cell, a local mobile provider, also announced it would offer updates of social media feeds twice a week, by SMS texts. Such news updates are offered in Lebanon and Egypt, but also elsewhere in countries such as Singapore, Thailand, and Poland.

One common characteristic of all the developments in technological convergence described above is the increased spread of entertainment, which is both the most popular type of content among young, connected users, and also safe from a political point of view, which can be an important issue for both content distributors and providers.

## 2. Telecoms, Mobile and Cable Companies: How Much Pressure on Broadcasters

### 2.1 Political Pressure

Most of the MDM researchers reported no pressures on broadcasters by telecoms, cable, or mobile companies. Other researchers discussed the fees required by these operators to carry a certain channel, or the attempt to prohibit a station’s broadcast on rival distribution networks.

**Table 8.**  
Pressures of telecoms and cable providers on news providers

Are telecoms and cable companies putting pressure on news providers?	
Yes	No
Argentina, Canada, <sup>1</sup> India, <sup>2</sup> Jordan, Latvia, Nicaragua, Pakistan, <sup>3</sup> Poland, Thailand	Armenia, Bosnia and Herzegovina, Bulgaria, Brazil, Chile, China, Colombia, Croatia, Czech Republic, Egypt, <sup>4</sup> Estonia, Finland, France, Georgia, Germany, Guatemala, Hungary, Indonesia, Italy, Japan, Kazakhstan, Kenya, Lebanon, Lithuania, Macedonia, Malaysia, Mexico, Moldova, Montenegro, Morocco, Netherlands, Nigeria, Peru, Romania, Russia, Serbia, Singapore, <sup>5</sup> Slovakia, Slovenia, South Africa, Spain, Sweden, Turkey, <sup>6</sup> United Kingdom, United States, <sup>7</sup> Uruguay

*Notes:* n/a – not assessed or no information available; (1) ISPs and mobile operators blocking content; (2) cable operators blocking channels; (Egypt) it is the government that usually puts pressure on telcos; (4) proxies for government intervention and pressure; (5) state owns everything; (6) an exception was the refusal by Turkcell to advertise in Dogan media; (7) rarely

*Source:* Mapping Digital Media reports

However, some of the pressures on news providers in countries with less developed markets, outside Western Europe and North America, are connected to politics.



**Cases of politically related pressures involving telecoms, cablecoms, and mobile operator companies (from MDM reports):**

- **Bosnia and Herzegovina:** the public television signal was switched off by cable operators during the broadcast of certain programs and the interruption was interpreted as an attempt at censorship by local commentators.
- **Argentina:** the alliance between telecoms companies and certain political forces led to discrimination against broadcasters with a different perspective. Cablevision (Grupo Clarin) refused to include in its offer, at a certain point, two pro-government news stations, CN23 and Telesur.
- **Egypt:** the telecoms and internet providers were used by the government to exert pressure on 28 January 2011, known as “the Friday of Anger.” Mobile telephony and text messages were cut off for a day, while online access was interrupted for another four days.
- **Georgia:** Silk TV, a cable operator, refused to include Maestro TV, a channel critical of the government, in its offer. One of Maestro TV’s hosts organized a protest in front of Silknet’s office.
- In **India**, cable operators in the Telangana region blacked out some Andhra TV channels after they criticized a campaign for a separate Telangana region.
- In **Kazakhstan**, a television broadcast of “*Borat*,” Sasha Baron Cohen’s movie, was banned, following the Ministry of Foreign Affairs’ suggestion that distributors should “responsibly refrain” from bringing the “insulting film” to Kazakhstan.
- In **Lebanon**, illegal cable providers have modified their channels’ offer according to financial incentives from television broadcasters or in line with political interests. A satirical program on 1 June 2006, which mocked Hassan Nasrallah, Hezbollah’s Secretary General, led some illegal providers in areas controlled by Hezbollah to ban LBC, the program’s broadcaster. LBC was reincluded in the offer after things calmed down.
- In **Pakistan**, the Pakistan Electronic Media Regulatory Authority routinely relies on cable operators to block the transmission of certain types of content. In August 2010, the regulator ordered providers to block Geo TV and ARY TV after they aired a story about a protestor throwing a shoe at President Asif Zardari during the latter’s visit to Birmingham in the UK.
- In **Russia**, the opposition news channel RTVi, founded in 2002 by Vladimir Gusinski, is not included in the packages of the most important operators.

## 2.2 Advertising Budgets

Mobile companies are among the biggest advertising spenders everywhere. In 2012, according to a Nielsen study, telecoms occupied seventh place in top global ad spending, with a steep increase of 7 percent year on year.<sup>1</sup> In Albania, in 2010, mobile operators accounted for 60–70 percent of the total television ad spending, while in Nigeria, in 2009, they accounted for up to 16 percent of the above-the-line spend.<sup>2</sup>

However, in spite of their high budgets, there is little factual evidence that mobile operators have attempted to influence broadcasters' editorial policy. One exception was an incident in Turkey in 2008, when—as the MDM report recounts—Turkcell, Turkey's leading mobile operator by revenue, decided not to advertise on Dogan Media Group's stations, blaming the high price of advertising. Dogan Media officials claimed Turkcell wanted to avoid upsetting members of the Islamist government, who were often criticized by Dogan's stations.

Although there is little evidence that telecoms or mobile telephony companies put pressure on broadcasters, their high advertising budgets ensure that they are strongly placed to exert such pressure on content producers should they wish to do so.

## 3. Telecoms, Cable, and Mobile Companies in News Production

While media convergence is a widespread phenomenon in terms of ownership and the diversification of carrying services, it has occurred less frequently in news production, with little or no involvement of telecoms, cable, and mobile companies in content production. Although telecoms companies are financially much stronger than broadcasters or digital publishers, the acquisition or launching of television or digital content brands on their part is contingent and depends on the local market specificities.

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1. "Unsigned – Ad Spend by Sector: Consumer Goods and Telecom Take the Cake in 2012," Nielsen.com, 25 April 2013, at <http://www.nielsen.com/us/en/newswire/2013/ad-spend-by-sector--consumer-goods-and-telecom-take-the-cake-in-.html>.

2. The term "above-the-line" refers to classic television advertising campaigns, as opposed to less conventional means. In such campaigns, most of the expenses are related to media costs (fees to the stations for including the spots in their ad breaks). In the total of advertising expenditures, most industries have a one-digit share, so 16 percent is a high percentage.

### 3.1 Carriers and Broadcasters: Ownership Links

In Western Europe and global markets, the acquisition of content businesses by carriers or common ownership structures among telecoms, cable or mobile and content providers appears to follow plain investor logic and largely predates the latest wave of technological convergence.

In France, the Bouygues group owns both Bouygues Telecom and three television channels (TF1, NT1, TMC). SFR, another telecoms company, is part of Vivendi, also the owner of Canal+, Direct Star, and D8. Such common ownership structures are often found in businesses operating globally. The Stenbeck family owns both the Modern Times Group (MTG) (a big broadcast group in northern Europe and also the parent company of Viasat) and Tele2, a mobile operator with activities in 11 markets. Both groups started in Sweden.

A similar evolution was followed by Central European Media Enterprises (CME), a television group founded by the U.S. billionaire Ronald S. Lauder in 1994, which now operates in six Eastern European countries (Bulgaria, Croatia, Czech Republic, Romania, Slovakia, and Slovenia). In 2009, Time-Warner, an entertainment conglomerate that owned Time-Warner Cable at that time, acquired 31 percent of CME and has since increased its stake to almost 50 percent.<sup>3</sup>

Such ownership structures usually operate on a global or regional level, and are formed traditionally through takeover of content providers by conglomerates or telecoms carriers that are financially powerful. However, in Mexico, the originally broadcast companies, Grupo Televisa and Television Azteca (Grupo Salinas), became the most powerful entertainment conglomerates and extended their control to the cable, satellite, and telecoms market by means of subsidiaries or related companies. The MDM reports have not identified evidence that telecoms companies influence the editorial agenda of media outlets owned by the same group.

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3. Central European Media Enterprises press releases, at <http://www.cetv-net.com/en/press-center/news/index.shtml>.

**Table 9.**

Telecoms ownership in the media outlets

Country	Outlet	Sector	Telecoms owner	Change since 2010
Albania	No			
Argentina	Eight free-to-air TV stations	Television	Telefónica	No
Armenia	No			
Bosnia and Herzegovina	No			
Brazil	Terra (portal)	Online	Telefónica	No
	iG	Online	Oi	Likely to sell out
Bulgaria	No			
Canada	Bell telco, CTV, <i>The Globe and Mail</i> newspaper	Internet/television/print	Same owner (BCE)	No
	City Television	Television	Rogers (cable and ISP)	No
	Global Television	Television	Shaw Communications (cable and ISP)	No
	Sun Media	Print	Quebecor (owner of cable and ISP)	No
Chile	No (media bought telecoms)			
China	No			
Colombia	No			
Croatia	Tportal	Online	T-Mobil/VIP	Launched in 2005
Czech Republic	No			
Egypt	No			
Estonia	No			
Finland	No			
France	Not direct, but media are part of giant state-owned utilities that also run telcos			
Georgia	No			
Germany	No			
Guatemala	No			
Hungary	No			
India	Several media outlets	TV, film production	Conglomerate Reliance Capital	Purchase of outlets
Indonesia	TelkomVision, YesTV, GrooviaTV	TV	PT Telkom	No
	ANTV, TVOne	TV	Bakrie Telecom	No
Italy	La7	Broadcast	Telecom Italia	No
	MTV Italia	Broadcast	Telecom Italia	No

Country	Outlet	Sector	Telecoms owner	Change since 2010
Japan	No			
Jordan	No			
Kazakhstan	No			
Kenya	No			
Latvia	No			
Lebanon	No (state owns, however, many outlets in both telecoms and media sectors)			
Lithuania	Zebra.lt	Online	Teo LT	No
Macedonia	No			
Malaysia	No			
Mexico	TV Azteca	Broadcast	Grupo Salinas (owner of Iusacell and Unefon telcos)	Telmex trying to enter media sector
Moldova	No			
Montenegro	No			
Morocco	Medi1 TV	Broadcast	Maroc Telecom	Deal in 2008
Netherlands	No			
Nicaragua	No			
Nigeria	No			
Pakistan	No			
Peru	No			
Poland	No			
Romania	No			
Russia	No			
Serbia	No			
Singapore	No			
Slovakia	No			
Slovenia	Siol.net	Online	Telekom Slovenia	No
South Africa	No			
Spain	No			
Sweden	MTG/Tele2	Broadcast	Stenbeck	No
Thailand	TrueVisions channels	Broadcast	True Corporation	No
Turkey	No			
United Kingdom	No			
United States	Comcast/NBC	Broadcast	Comcast	No
Uruguay	No			

*Note:* The table includes significant involvement of telcos in media content providers until the date the respective Mapping Digital Media reports were published

*Source:* Mapping Digital Media reports

### 3.2 Telecoms and Cable Companies in Mainstream and All-news Television

The extent of involvement by telecoms and cable companies in the ownership of mainstream and all-news television stations is dwarfed by their involvement in niche, thematic channels such as sports or movies offered in bundled packages. Also, there is no evidence that telecoms companies which enter or launch their own news or mainstream television operations use these channels for political influence. This is the case in Romania and Italy where there are such operations and no political influence has been detected. There are, however, exceptions. In Thailand, the history of the iTV news channel bristles with examples of political and corruption-related scandals. The station's founder has eventually become the country's prime minister.

In several markets, cable, telecoms, and mobile providers started to have a significant stake in important television channels. After taking over Tele Monte Carlo and rebranding it as La7 in 2001, Telecom Italia launched a new channel in 2011 called La 7d, focused on movies and light entertainment. Telecom Italia Media also has a stake of 51 percent in MTV Italia.

Cable and telecoms companies' involvement in all-news channels is also significant in a number of countries. While achieving lower ratings, such channels have a considerable democratic relevance. In Chile, VTR, the dominant telecoms company, launched CNN-Chile in 2009 as a joint venture with Turner Broadcasting from the United States. Cable and mobile companies in the United States have started various television channels, such as Verizon's FiOS1 or Time Warner Cable's NY1.

A similar development affected the Romanian market. On 1 March 2012, RCS & RDS, which originated at the beginning of the 1990s as a cable company and became a provider of bundled services in eight countries, launched Digi24, an all-news station provided exclusively to its subscribers. With high production values, a good-quality high-definition (HD) signal and a team of respected journalists, Digi24 achieved in several months the reputation of an alternative station very different from the numerous all-news channels on the Romanian market, which have often—and convincingly—been accused of political bias.

In an interview, George Orbean, the project manager of Digi24, explained the station's different editorial strategy:

In the morning, Mr. X says something on live TV. At lunch, we have Mr. Y's answer, and in the afternoon, Mrs. Z's reaction, everything in

breaking news, on all stations. This is politicians' craft. We've looked for more facts, relied more upon action and less on emotions. I think this is the difference. Ah, and by the way: I've fulfilled a dream at Digi: I've killed the breaking news! ... It's something that I've told people from the first day: Whoever says "breaking news" dies! It's disgusting; one can see all kinds of nonsense transformed into breaking news. The others are monitoring you and here they go too.<sup>4</sup>

In spite of some allegations connecting RCS & RDS and Digi24 to President Traian Băsescu or political forces supporting him, commentators and ordinary viewers remarked on Digi24's neutral tone of voice and different agenda.

In Thailand, telecoms companies' involvement in news production was apparently related to corruption. In 2000, Thaksin Shinawatra, a business tycoon and politician, acquired iTV, a news channel launched in 1992 as an independent station, by means of Shin Corporation, a telecoms company controlled by his family. A total of 23 of iTV's news staff protested against the takeover, but they were sacked and Mr Shinawatra duly won the elections in 2001 with his newly-formed Thai Rak Thai party, and became prime minister until he was overthrown in 2006 by a military junta, the Council for National Security. Mr Thaksin had sold his stake in Shin Corporation several months earlier to Temasek Holdings, an investment company owned by the government of Singapore. iTV was subsequently nationalized and became Thai PBS (public service broadcaster) in January 2008.

### 3.3 Digital Publishing, Mobile Television, Online Video-on-Demand

The relative lack of revenue-generating capacity in the online content market has prompted some telecoms and mobile companies to make major investments in this field. In Croatia, the MDM report says that two major telecoms, T-Mobile and VIP, launched their news portals, Tportal.hr and VIP.hr. Tportal.hr was the third most popular news site in the country in 2011. Lithuania's Teo LT had launched a similar portal in 1998, Takas.lt, rebranded as Zebra.lt, while Telekom Slovenia is also involved in the online business with Siol.net (news), Nadji.si (search engine), and Dajmedol.si (adult).

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4. Interview in writing with George Orbean, Project Manager at Digi24, answer to the author's questions, Bucharest, 7 August 2013. Also published on Comanescu.ro, on 9 August 2013, at <http://www.comanescu.ro/george-orbean-digi24-mi-am-indeplinit-un-vis-am-ucis-breaking-news-ul.html>.

In Bulgaria, Spectrum Net, one of the large internet service providers by number of subscribers, took over a stake of 49 percent of Economedia, the largest business media group, in 2010. The new entrant boosted Economedia's transition to digital through the launch of Kindle editions of its publications or through setting up paywalls on Economedia's websites.

In Japan, similar developments have taken place in online video-on-demand. Usen Corporation and NTT both launched their own movie-viewing services, Gyao and Hikari TV. In 2011, Indonesia's PT Telekom launched Groovia TV, an IPTV broadcasting service, accessible only by subscribers.

In other markets, online content delivery has been achieved by alliances between mobile companies and content producers. One such example are the information services launched by Plus GSM in Poland. Also in Poland, Orange launched in 2008 its own Orange Sport Info, available on satellite and IPTV. Other alliances have been forged by the largest Russian mobile operator, MTS, and the RIA Novosti news agency, to launch the MTS News service, or by Serbia's B92 broadcast group and state-owned Telekom Srbija to implement an interactive podcasts portal.

In competitive markets, such alliances are usually built on commercial content (i.e. entertainment and sports), which can be monetized easily or be a strong marketing tool for telecoms companies. Serious, public interest news content is not the main priority for such carriers because it is less attractive to young mobile users. If content consumption on such platforms is to increase in future, a shift in terms of offering good-quality news content is likely.



# Access to Spectrum: Winners and Losers

**Marko Milosavljević and Tanja Kerševan Smokvina**

## Introduction

Digital terrestrial television (DTT) is often the most strictly regulated of all media platforms because it uses a limited natural resource and because of its history; for decades it was the only platform for television distribution and therefore in many countries it remained under strict state monopoly control. Due to the policies of allocation and licensing, DTT is still a platform which favors certain interests—sometimes political, sometimes economic, and very often a combination of both. The current trends in spectrum management and allocation, where spectrum is sold to the highest bidders, are increasing the dominance of incumbent actors and reducing the opportunities and prospects for local and community media

The consequences of digital switch-over (DSO) in economically less strong countries mostly remain to be seen. Even the Mapping Digital Media (MDM) reports from smaller countries (in terms of population and gross domestic product) in an otherwise economically strong Europe indicate that many factors limit the potential benefits of digital broadcasting. Specifically, there seems to be a lack of new entrants in digital broadcasting and of more diversified content. In many cases we are faced with the multiplication and replication of the same content on different channels and platforms. In most of the MDM countries that have completed DSO, the incumbent media seem to have strengthened their position.

Moreover, the strength of the telecoms and cable sectors—not just in terms of distribution and gatekeeping—has increased at the same time, leading to the concentration of digital media. The need to address problems of gatekeeping and regulation so as to prevent bottlenecks and enhance the plurality of media offers therefore appears to be even more urgent.

It was forecast at the end of the 1990s that digital television would “replace the traditional forms of public service broadcasting by markets in which consumers are sovereign and content regulation will become no more important than it has been in relation to the content of phone calls.”<sup>1</sup> The experience of many countries that have completed DSO (particularly smaller ones) suggests that such claims were rash.

## 1. Extension of Dominant Positions and Controls

Historically, terrestrial broadcasting used an interval of the ultra-high frequency range (UHF) and a part of the very high frequency range (VHF). Before the introduction of digital technologies, the UHF (470–862 MHz) and VHF (173–230 MHz) bands were used for broadcasting one television service per frequency channel, mostly via high power transmitters, and therefore consumed a lot of spectrum capacity.

When digital transmission standards with efficient coding systems are used together with statistical multiplexing, they enable far more economical use of the spectrum and help to improve the position of the terrestrial platform in comparison with other content delivery platforms, which have already been transmitting significantly larger numbers of television services for years.

The transition from analog to digital transmission and reception over the airwaves is a very complex process that requires good preparation and coordination. One of the major influences on the process is the high cost of digital transition as this falls on broadcasters and television viewers, but also on state budgets, especially if consumer subsidies are provided. It should come as no surprise that DSO has been completed in more developed countries, where the saturation of analog radio spectrum (used by television) was most evident, and terrestrial television suffered a steady loss of market share due to its limited possibilities for competing with other, technically more advanced platforms.

As the frequency bands that broadcasters used ensure better territorial coverage at a lower cost than other segments of the spectrum, an important incentive for fast and complete digital switch-over was also the interest of the telecommunications industry (strongly supported by governments, multinational companies, and international organizations) to acquire part of the released spectrum for mobile broadband services.

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1. David Goldberg, Tony Prossner, and Stefaan Verhulst, *EC Media Law and Policy*, Longman, London, 1998, p. 5.

The digital dividend (spectrum freed thanks to digitization) was even sometimes presented as a promising means to fight the digital divide between urban and rural areas, but the digital divide is too complex to be overcome by repurposing the released spectrum.<sup>2</sup> Across the span of MDM countries, the digital divide among countries is more than evident, but it can also be observed between different demographic groups in each country. The most evident differences are between urban and rural areas, as well as those related to age, gender, income, and education. The gap can be expressed in terms of access to information and communication technology, and in terms of information competency and media literacy. Even the most developed countries are not exempt from the so-called “knowledge divide” that affects mainly the older and less educated segments of the population, as the MDM report on the United States makes clear.

By 2010, many countries, especially in Europe, had switched off analog television broadcasting or at least initiated the transition to DTT through policymaking or the adoption of laws. The currently available information<sup>3</sup> complementing the figures provided by the MDM reports shows that most countries of the European Union (EU), as well as Japan, have switched off the analog terrestrial transmitters completely, while the United States has kept some low power analog transmitters in operation. Other parts of the world are progressing at different speeds, with many countries—especially in Africa, the Middle East, Asia, and Latin America—not even having started digital transmissions yet. The situations in these countries are also quite varied, as some have not taken even the basic initial decisions, while others have already adapted their legislation, but for various reasons without concrete outcomes as yet.

There are also some examples of good practices, as for instance in Tanzania (not included in the MDM project), which was the first country in Africa to switch off its analog television in the most important cities. Tanzania will most probably be followed by Mauritius; some progress can be noted also in Nigeria, Ghana, Malawi, and Kenya. In Egypt, on the other hand,

the efforts to upgrade the network have been sporadic and disjointed, and there are doubts as to whether Egypt will meet its international commitment to switch off analog signals by 2015. On the consumer

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2. A detailed survey of possibilities for exploiting the digital dividend was prepared by the SEE Digi.TV project, co-financed by the EU and aimed at harmonizing digital switch-over activities in South-East Europe. The study is available at [http://www.see-digi.tv/shared\\_files/wp5/survey\\_on\\_digital\\_dividend\\_exploitation\\_possibilities\\_a10.pdf](http://www.see-digi.tv/shared_files/wp5/survey_on_digital_dividend_exploitation_possibilities_a10.pdf).

3. Detailed information on the roll-out of DTT can be found at <http://www.itu.int/en/ITU-R/Pages/default.aspx>; <http://www3.ebu.ch/cms/en/home>; <http://www.dvb.org/news/worldwide>, and at <http://www.digitag.org>.

side, there is little incentive and no assistance to purchase set-top boxes (STBs), given the absence of any offer of new services from state broadcasters (which retain an exclusive monopoly over terrestrial television) or subsidy from the government.

Progress is also slow in Latin America. Mexico was one of the first countries in this area to start the DSO and completed the first regional analog switch-off in Tijuana in June 2013. The final switch-off date is foreseen to be the end of 2015. Brazil launched DTT in São Paulo in 2007 and is progressing region by region. Analog switch-off is expected in June 2016. Peru started with its first DTT services in 2010 and is to switch off analog television broadcasts by July 2020. Argentina introduced DTT in Buenos Aires in 2008, and complete switch-off is anticipated by September 2019.

In some countries the transition to digital television has been or is being implemented in phases, region by region, as for example in Austria, Croatia, France, Germany, Italy, Spain, Sweden, the United Kingdom, and India. In others, the whole country switched off the analog transmitters simultaneously—for example in Finland, the Netherlands, Slovenia, and the United States. The latter approach is usually considered fairer to the viewers and other stakeholders, since all of them are treated equally, but it is far riskier than the former, which gives the institutions involved a chance to adapt along the way if anything goes wrong. There is ample evidence that in such a complex process many things can go wrong, even in developed countries such as the United States or Italy where analog switch-off was postponed for various reasons, above all because of forecasts that substantial portions of the population would remain without a television signal (i.e. 6.5 million in the United States) if switch-off had been carried out according to the initial plans.

A number of characteristics and factors influence the course of the transition: the size and the structure of the television market in a certain country; the extent of popular dependence on terrestrial television; the specifics of the relevant legislation; technical development; geomorphology (mountainous terrain is difficult to cover completely; diverse terrain requires more transmitters); climatic conditions (long winters affect the possibility of installing transmitters); demography (the relationship between the urban and rural population, the share of the elderly population or people living in single and low-income households, general literacy, technical and media literacy), to list but a few.

A prompt and comprehensive information campaign and the inclusion of all stakeholders and segments of society in the decision-making process have been more the exception than the rule. In Argentina, the decision on the digital broadcasting

standard “was not the result of democratic debate but of strong business lobbies, and the defense of corporate interests.” A similar case was reported in Slovakia, where—as Justin Schlosberg explains elsewhere in this volume—the dominant terrestrial broadcasters “have been seen as highly influential in determining the compression standard for DTT. This effectively closed off the space for new entrants into the DTT market.”

The award of digital frequencies in Argentina was strongly criticized by media groups for being granted directly and without public competition, and because many licenses are granted to cable operators that had no analog license but are now obtaining a digital one without either due procedure or competition having taken place.

Some steps toward the digitization of terrestrial platforms were made also in Colombia, where switch-off is predicted for 2018, and although civil society is often left out of the decision-making process (e.g. in relation to technical standards or content issues), a public information campaign is now underway.

In a number of countries, the launch of DTT or the digital switch-over in general is or was seen by many as an opportunity to build up new competition and break up incumbent monopolies, duopolies, or other dominant positions. However, there are concerns in a number of countries (including Italy) that the ongoing process of digitization will make it virtually impossible for new operators to enter the broadcast market and therefore perpetuate the old market positions.

Despite the numerous opportunities offered by digitization, the problems of the analog environment are therefore very often replicated in the digital one. Many countries have failed to take the opportunity to tackle dominant positions and refresh the market more transparently and equitably. As a consequence, the previous power relations have been preserved.

## **1.1 Selling Off the Radio Spectrum: Weaken the Weak, Strengthen the Strong**

For Europe, Africa, the Middle East, Mongolia, and the territory of the former Soviet Union, the international planning of channels for digital terrestrial broadcasting took place at the Regional Radio-communication Conference (RRC-06) under the auspices of the International Telecommunication Union (ITU) in Geneva in 2006. RRC-06 resulted in the new agreement and frequency plan GE06, which replaced the outdated frequency plan ST61, designed in Stockholm in 1961. It was agreed that the entire

radio spectrum used for analog television should be dedicated to digital television, and 119 countries agreed to switch off analog terrestrial television by 17 June 2015 at the latest. However, the EU set the much earlier year of 2012 as a target date for analog switch-off and this objective was met by most member states (Bulgaria, Greece, Hungary, Poland, and Romania are now striving to meet the ITU date).

On the basis of the principle of equitable access, each European country was entitled to seven national Digital Video Broadcasting (DVB) layers for television in the UHF band and one in the VHF band. However, it soon became evident that the upper part of the UHF band (channels 61–69, occupying the interval 790–862 MHz) would need to be freed up for services other than broadcasting. Since the Global Systems for Mobile Communications (GSMs) operate in the 900 MHz band, where there is not enough capacity for efficient broadband coverage of large areas, the telecommunications industry wanted to expand into the 800 MHz band, which extends over similarly low frequencies as the 900 MHz band. After years of international discussions, the World Radio-communication Conference (WRC-07) in 2007 resulted in the approval of the introduction of new types of services in the terrestrial bands traditionally reserved for broadcasting services.

The decision to grant digital dividend to telecoms operators can be seen as a good way of ensuring access to (mobile) broadband internet for different demographic groups, regardless of whether they live in urban or rural environments. On the other hand, it led countries to renounce significant capacities for television broadcasting, despite the lack of clear evidence of the real potential of the digital dividend to reduce the digital divide.

Nevertheless, current developments indicate that the next ITU World Radio-communication Conference (most likely in 2015) will define the second digital dividend in the 700 MHz band (channels 49–60, 694–790 MHz), in which mobile services will be allowed in addition to broadcasting, further shrinking the space for television services. Combined with the introduction of market principles to the allocation of radio frequency spectrum, already practiced for many years in the United States and now in several European countries too, including the United Kingdom, Germany, and Italy, these developments affect the television sector in general, particularly the small broadcasters.

Since pioneering spectrum auctions as the dominant paradigm for frequency assignment, the United States has seen diversity and competition suffer greatly, with plummeting levels of independent carriers and minority and women-owned spectrum licenses and

rising consolidation of spectrum ownership. The auction approach, especially given the prohibitive upfront costs of purchasing exclusive rights to spectrum, disproportionately benefited powerful economic interests, privileged profit-making uses, and contributed to delay the coverage of less populated areas.

Similar developments can be observed in Turkey, where the national regulator, the Radio and Television High Council (*Radyo ve Televizyon Üst Kurulu*, RTUK), awarded 33 national DTT licenses to a range of private broadcasters in the spring of 2013, following an auction, and collected 419 million Turkish liras (approximately €178 million (US\$ 247 million)) in fees. In the case of high-definition (HD) thematic channels, the licenses went to the highest bidders, Al Jazeera Turk, NTV News, and A Haber, which each paid €17 million (US\$ 23.6 million). The licenses for HD general entertainment channels achieved prices of over €20 million (US\$ 27.8 million), so it comes as no surprise that they went to established Turkish television companies (DTV Haber, Samanyolu TV, AKS Televizyon, Isil Televizyon). For the 11 standard definition (SD) general entertainment channels, the successful bidders had to pay a lower sum (€11 million to €12 million (US\$ 15.3–16.7 million)) each. The lowest fee (€450,000 (US\$ 624,767)) was paid for thematic SD channels that were granted the remaining 11 licenses.<sup>4</sup>

The recent expansion of spectrum selling in the EU, where in the time of the economic crisis more and more governments (e.g. the Netherlands, Austria, Belgium, Ireland, Slovenia, Romania)<sup>5</sup> are trying to replenish the state coffers by auctioning the most valuable radio spectrum, has provoked concern in the European Commission (EC), which is about to present draft legislation to give the EC powers to review and even reject the auction plans of national governments.<sup>6</sup>

Hence, the current trends in spectrum management and allocation do not favor more equitable access to spectrum, which—despite the seeming abundance, due to more efficient utilization—remains a scarce, valuable, and therefore expensive resource.

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4. C. Papavassilopoulos, “Turkish regulator awards 33 DTT licenses,” at [http://www.screendigest.com/news/2013\\_04\\_the\\_dtt\\_channel\\_licensing\\_process\\_in\\_turkey\\_has\\_summed\\_178\\_million\\_euros\\_in\\_fees/view.html](http://www.screendigest.com/news/2013_04_the_dtt_channel_licensing_process_in_turkey_has_summed_178_million_euros_in_fees/view.html), 2013.

5. Caroline Gabriel, “European LSE auctions line up,” *Rethink Wireless*, 19 March 2013, at <http://www.rethink-wireless.com/2013/03/19/european-lte-auctions-page1>.

6. Francis Robinson, “EU seeks more power over radio spectrum sales,” *Wall Street Journal*, 17 July 2013, at <http://online.wsj.com/article/SB10001424127887324263404578611961144819552.html>.

## 2. Growing Space for More Media

The better management and use of spectrum is often seen as an opportunity for the additional expansion of television services on the terrestrial platform, which has with regard to the number of services on offer for decades been lagging behind the multi-channel cable platform. With more efficient transmission and coding standards, such as DVB-T2 and MPEG-4 that are being introduced especially in those countries which have started DSO only recently (e.g. Serbia, Russia), the chances for more services and for better picture quality are even higher.

Those countries with a longer DTT history (e.g. the United Kingdom, France, Croatia, Italy) are applying the new standards together with new services, such as high-definition television (HDTV) or pay-TV, but although they are envisaging a gradual transition to DVB-T2 in the future, they are currently keeping the older standards DVB-T and MPEG 2 in operation, since the migration to the new standards will require a similar effort and cost on the part of the viewers as the transition from analog to digital television.

According to the March 2013 report by MAVISE, HD channels—which are increasingly popular, 40 percent of new channels in the EU on all platforms are broadcast in HD—are available on DTT networks in 22 European countries.<sup>7</sup> Due to spectrum limitation, the number of HD channels on DTT is still smaller than on other digital platforms, but the trend toward superior picture quality is obvious. The same is true for pay-TV services, since they are already available in 17 EU and 21 European countries.<sup>8</sup> However, the capacities of the terrestrial platform in this regard are still not comparable with those of the other platforms; the results are steady growth, but at the same time a decrease in market share compared with cable and IPTV.

Despite the trends toward improved picture quality—with ultra-HD even four times sharper than HD—the question remains as to the extent to which the added pixels actually affect the decisions, purchases, and habits of viewers, at least as long as there is little to watch that justifies the purchase of rather expensive equipment. Warnings

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7. Press release on the report “22 of the 27 EU Member States have implemented the 2012 analogue TV switch-off in line with European Union recommendations,” at [http://www.obs.coe.int/about/oea/pr/mavise\\_2013mars\\_dtt\\_so.html](http://www.obs.coe.int/about/oea/pr/mavise_2013mars_dtt_so.html), 2013.

8. Press release on the report “22 of the 27 EU Member States have implemented the 2012 analogue TV switch-off in line with European Union recommendations,” at [http://www.obs.coe.int/about/oea/pr/mavise\\_2013mars\\_dtt\\_so.html](http://www.obs.coe.int/about/oea/pr/mavise_2013mars_dtt_so.html), 2013.



that it is the quality of the content and not the quantity of content or the quality of the picture that really matters were expressed at the start of digitization of broadcasting. “Everybody assumed that increased image quality was the relevant course to pursue. Unfortunately, this is not the case. There is no proof to support the premise that consumers prefer better picture quality rather than better content.”<sup>9</sup>

Contemporary media users, especially those who consume media services on connected devices, care less and less through which content distribution platform or device they receive media content and data. They also do not want to be limited by time or place, as they were in the times of analog media. With the new platforms for content delivery, terrestrial broadcasting has lost its former primacy, especially in countries with developed and proliferated media markets and an advanced offer of electronic communication services. Nevertheless, terrestrial broadcasting remains one of the most important television delivery platforms. In addition, in times of crisis its importance rises further in developed countries, as it is often the only platform offering free-to-air television services and also the only one with universal or near-universal coverage of the national territory.

One of the least disputed outcomes of DSO in relation to the content offer on the terrestrial platform has been the increased territorial coverage by established television channels and the emergence of additional, mostly specialized television services, often launched by established broadcasters, but also telecoms operators and other content providers. Technological development enabled the multiplication of television channels in most countries, but it also led to the fragmentation of markets and thence to smaller revenues, particularly for smaller channels and companies, which in turn prevented the improvement of content quality. The economic crisis also served to reduce television advertising revenues and endangered the chances of new entrants to survive in the market. Several new television channels and other media services have been launched not because of their market potential, but in an attempt by established market players to block competition, or simply to reuse existing content and maximize revenue while minimizing investment.

The question has arisen in larger media landscapes as well as in smaller ones<sup>10</sup>: is the main challenge now facing broadcasting and the media really the quality of the picture

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9. Nicholas Negroponte, *Being Digital*, London, Coronet Books, 1995, p. 38.

10. Marko Milosavljević and Sandra Bašić-Hrvatín, “Who will control the controllers?,” in Tim Lees, Sue Ralph, and Jo Langham Brown (eds.), *Is Regulation still an Option in a Digital Universe?* (Current Debates in Broadcasting, No. 9), University of Luton Press, Luton, 2000, pp. 253–257.

or the number of channels, or is it the quality of the programs? In other words, is it a question of *how* or *what* we are watching?<sup>11</sup> To spell out the obvious, increasing the number of channels does not also mean increasing the quality or diversity of content.<sup>12</sup>

If these questions around content production and quality are not taken sufficiently into account, digital switch-over may result in no significant improvement in the diversity and quality of services, despite the abundance of space on the multiplexes and the technological advantages of digital broadcasting, and also despite the promises of the promoters of DSO.

This is also true in the case of the potential and development of local and community media due to DSO. On the one hand, the development of these outlets is connected to the general development (particularly the economic development) of a country and its society. For example, the Country Ranking of Community Media in Europe for 2012, prepared by the Community Media Forum Europe (CMFE), an international non-profit organization, shows that the so-called “third sector” of media, complementing public service and commercial media, is most advanced in Western Europe, as the first 15 countries on the list of 39 are without exception Western European countries with developed media markets.<sup>13</sup>

Among the MDM countries, the top places were taken by the Netherlands (ranked third on the list, just behind Norway and Denmark), Sweden, Germany, the United Kingdom, and Finland. Both radio and television community media are present in these countries. In other countries that are reported to have community media, radio community outlets were far more numerous than television community outlets; in most of these countries there were only radio community media and no television broadcasters. Such was the case for Poland, the Czech Republic, Hungary, Estonia, Bosnia and Herzegovina, Slovakia, and Macedonia, to list only the MDM countries. In other countries, neither radio nor television community media were present—for instance in Armenia, Georgia, Latvia, Moldova, and Montenegro. One of the ranking

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11. For more on this issue, see Marko Milosavljević, “The consequences of the digital broadcasting for content production,” *Medijska istraživanja*, 15(1) (2009), pp. 43–59, at <http://hrcak.srce.hr/file/58623>.

12. The “Economic survey on the implementation of new services” was commissioned by APEK and prepared by Marko Milosavljević from the Faculty of Social Studies, University of Ljubljana: for the purpose of this section (2) we have reproduced some findings from this study. The complete study can be found at [http://www.see-digi.tv/shared\\_files/wp5/wp5a3\\_apekfinal.pdf](http://www.see-digi.tv/shared_files/wp5/wp5a3_apekfinal.pdf).

13. The CMFE rated the countries according to a number of criteria, including the number of community media in relation to population size and financial situation, regulation properties, public funding, technical infrastructure, and general development trends.

criteria was also the extent to which community media interests were taken into account during switch-over.<sup>14</sup>

On the other hand, insofar as current trends in spectrum management and allocation do not generally favor more equitable access to spectrum, they encourage the dominance of incumbent actors and diminish the opportunities and chances for local and community media, especially since the predominance and/or introduction of market principles in the allocation process. As these principles are particularly present or indeed dominant in a number of economically well developed countries, they have increasingly driven the DSO process in less developed countries, thereby reducing the scope and opportunities for local and community outlets.

**Table 10.**  
Digital migration: incumbents and new players in television

Country	Audience share: most negative performance since 2005	Audience share: most positive performance since 2005	Leading outlet by audience in 2011	Is the leading channel by audience a newly licensed digital channel?
Armenia	Public TV	Commercial TV	Public TV	No
Bosnia and Herzegovina	Public TV	Commercial TV <sup>1</sup>	Commercial TV	No
Brazil	Commercial TV	Commercial TV	Commercial TV	No
Bulgaria	Similar decline for most TV stations	n/a	Commercial TV	No
China	Central state TV	Satellite channels	Central state TV	No
Colombia	n/a	n/a	Commercial TV	No
Croatia	Public TV	Commercial TV (new players)	Commercial TV	No
Czech Republic	Commercial TV	Commercial TV	Commercial TV	No
Egypt	State TV	Satellite channel	Satellite channel	No
Estonia	Commercial TV	Public TV	Commercial TV	No
Finland	Similar decline for most TV stations	Public TV	Public TV	No
France	Similar decline for most TV stations	Commercial TV (new players)	Commercial TV	No
Georgia	Commercial TV	Commercial TV	Commercial TV	No

14. “First Country Ranking of Community Media in Europe,” at [http://www.epra.org/news\\_items/first-country-ranking-of-community-media-in-europe](http://www.epra.org/news_items/first-country-ranking-of-community-media-in-europe).

Country	Audience share: most negative performance since 2005	Audience share: most positive performance since 2005	Leading outlet by audience in 2011	Is the leading channel by audience a newly licensed digital channel?
Germany	No major change <sup>2</sup>	No major change <sup>2</sup>	Commercial TV <sup>3</sup>	No
Hungary	Similar decline for most TV stations	Commercial channels	Commercial TV	No
India	State TV (DD News – bilingual) Commercial TV (NDTV 24/7 – English market)	CNN-IBN and Times Now (English market) Aaj Tak (Hindi market)	Commercial TV (Hindi market) <sup>4</sup>	No
	Markets for languages other than Hindi and English, some of them bigger than the English market: n/a			No
Italy	No major change	No major change: public/private duopoly defended its position	Public station	No
Kazakhstan	n/a	n/a	State-owned channel	No
Latvia	Similar decline for most TV stations	Commercial TV <sup>5</sup>	Commercial TV	No
Lebanon	Commercial TV	Commercial TV	Commercial TV	No
Lithuania	Commercial TV	Commercial TV <sup>5</sup>	Commercial TV	No
Macedonia	Commercial TV	Commercial TV	Commercial TV	No
Malaysia	Commercial TV	n/a	Commercial TV	No
Mexico	n/a	n/a	n/a	No
Moldova	n/a	n/a	Commercial TV	No
Montenegro	No major change	No major change	Commercial TV	No
Morocco	State TV	n/a	State TV	No
Netherlands	No major change	No major change	Public TV	No
Nicaragua	Commercial TV	Government TV	Commercial TV	No
Nigeria	n/a	n/a	n/a	No
Pakistan	State TV	Commercial TV	Commercial TV	No
Peru	n/a	n/a	n/a	No
Poland	Public TV	Commercial TV <sup>6</sup>	Public broadcaster	No
Romania	Public TV	Commercial TV	Commercial TV	No
Russia	n/a	No major change	n/a	No
Serbia	Commercial TV	No major change	Public TV	No
Singapore	n/a			

Country	Audience share: most negative performance since 2005	Audience share: most positive performance since 2005	Leading outlet by audience in 2011	Is the leading channel by audience a newly licensed digital channel?
Slovakia	Public TV	Commercial TV	Commercial TV	No
Slovenia	Commercial TV	Commercial TV	Commercial TV	No
South Africa	No major change	Public TV	Public TV	No
Spain	Similar decline for most TV stations	Commercial TV	Public TV	No
Sweden	Public TV	No major change	Public TV	No
Thailand	Public TV	Commercial TV	Commercial TV	No
Tunisia	n/a	n/a	n/a	No
Turkey	n/a	n/a	n/a	
United Kingdom	No major change	No major change	Public TV	No
United States	n/a	n/a	n/a	No

*Notes:* n/a – not assessed; (1) from Croatia and Serbia; (2) slight increase in the audience of specialized channels; (3) closely followed by public TV; (4) based on comparison between private Hindi and English channels and PSB; (5) Russian; (6) all-news station

*Source:* Mapping Digital Media reports

### 3. Access to Digital Content

The concept of gatekeeping is of course not limited to content distribution. Gatekeeping is the process by which selections are made in media work, especially decisions as to whether or not to admit a story into the news channels by means of a news medium.<sup>15</sup> As such, it is present in all the phases of media production and distribution.<sup>16</sup> In our context, we are particularly interested in the access-related problems related to the DSO that have been caused by digital gatekeepers and the reasons for access restrictions, as well as who benefited from them.

In the context of DSO, the problem of gatekeeping is most often related to economic or political causes. It concerns either the aim of incumbent actors to gain a competitive advantage and prevent or hinder the (potential) competition; or the political aim of privileging a certain standard, often connected with wider national interests (helping

15. See, for example, Denis McQuail, *Mass Communication Theory: An Introduction*, Sage Publications, London, 1994.

16. For a detailed analysis of gatekeeping in digital media, see the report by Peter Olaf Looms, “Mapping Digital Media: Gatekeeping in Digital Media” in the MDM Reference Series, at <http://www.opensocietyfoundations.org/sites/default/files/mapping-digital-media-gatekeeping-20110815.pdf>, 2011.

the production of hardware equipment or establishing the national standard as an international standard, thereby increasing influence and power).

Much of the impetus for the Chinese and Brazilian DSOs, for example, comes from an interest in setting a technological standard internally and among their neighbors, which can provide a market for Chinese and Brazilian products.<sup>17</sup> In 2011, Digital Terrestrial Multimedia Broadcast (DTMB), the official name for Chinese DMB-T/H, became the fourth international digital television standard, following those of the United States, Europe, and Japan, paving the way for its adoption in other countries. The MDM China report says that this phenomenon is best understood in terms of a “neo-techno-nationalism.” Regardless of whether DTMB is widely taken up, its existence shows China’s interest in seeking to control the technical standard (and thus also the potential content and programs on offer) and to exert economic and geopolitical influence by promoting its standard abroad.

New entrants to broadcasting exploit other activities to become important actors in this sector. A number of MDM reports warn about the increasing role of the telecoms companies and their potential power in the very near future due to their gatekeeping role, which is at the same time not efficiently regulated in many countries, as the regulations are either not adequately developed—ignoring the issue of gatekeeping—or are lagging behind the new developments. The report on Macedonia states that telecoms operators will remain extremely important because of their position as the “ultimate gatekeepers.” Especially if this area remains inadequately regulated, they could become a “key factor in determining the success or failure of certain TV service[s].”

In Italy, too, the role of the telecoms operators remains unclear. The main question is this: “Will they limit themselves largely to their traditional practice of providing networks or will they move further into the slippery field of content distribution?” A similar example of the strength and influence of telecoms is also reported in India, where, as demands on spectrum have increased, some users including telecoms operators “have been given priority in spectrum assignment since the government saw them as potentially bringing in higher revenues to the exchequer.”

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17. L.A. Albornoz and M.T. García Leiva, “The political economy of DTT: An international overview,” *International Journal of Digital Television*, 3(3) (2012), pp. 301–319; Marko Milosavljević and Sally Broughton Micova, “Because we have to: Digitalization of terrestrial television in South East Europe,” *International Journal of Digital Television*, 4(3) (2013), pp. 261–277; M.T. García Leiva and M. Starks, “Digital switchover across the globe: The emergence of complex regional patterns,” *Media, Culture and Society*, 31(5) (2009), pp. 787–806.

Considering the MDM findings as a whole, the issue of gatekeeping seems to be inadequately addressed by the national regulators, while new questions and problems develop with new technologies and new developments in many other aspects of digitization (not just DSO and DTT), often gaining more attention or being prioritized by regulators or even non-governmental organizations and civil society (for example, the gatekeeping issues related to aspects of technology such as mobile platforms and apps or social media).

At the same time, in addition to gatekeeping issues and setting standards, the renewal of receiving equipment is another essential aspect of a successful DSO. The availability of digital receiving equipment does not depend solely on purchasing power, but also on timely decisions regarding technical specifications for receivers and on effectively informing suppliers, vendors, and installers about these specifications, as well as on how the equipment is distributed.

Lessons from countries that have successfully completed their DSO also point to the helpfulness of the labeling systems for suitable receivers and the help schemes for the most vulnerable groups in society, but often also for broadcasters and network operators (provided that state aid rules are not infringed). In Slovenia, the help scheme for broadcasters during the simulcasting phase, as well as the provision of free digital decoders for the most vulnerable demographic groups, contributed to a successful switch-over. Not all the network operators and television channels have been able to survive in the digital market, however.





# Distributing the Digital Dividend

**Christian S. Nissen**

## Introduction

New compression technologies make it possible to multiply the capacity of a given analog bandwidth of frequencies by means of the digital switch-over (DSO) of terrestrial transmission networks. This extra capacity is often called the digital dividend. It can be used to make room for more television channels, or for other electronic non-television communication.

According to the plans of the International Telecommunication Union (ITU), confirmed by the findings of the Mapping Digital Media (MDM) project, the present frequency planning of most countries seems to make room for a dramatic rise in the number of television channels. Previous concerns about terrestrial television being squeezed have so far, apparently, proven groundless.

As to whether DSO creates a more diversified television offer for viewers, the MDM reports present a rather clear pattern. In countries where terrestrial distribution accounts for a large market share of television reception, DSO has brought about a considerable expansion of the channels offered for terrestrial-only households. Many of these new channels will, however, only support the overall content diversity marginally, as most of them are—or will be—channels already provided by cable and satellite. Only few countries, mostly those with strong public service media, have made the public interest of channel diversity an element of their channel licensing policy.

This rather pessimistic perspective also applies to how the new digital television spectrum is divided among potential operators. With a few exceptions in north-western Europe, most countries have conducted the processes of frequency licensing in a non-

transparent and much politicized way. The new television channels are often given to well-established incumbent actors with close ties to specific political and economic interests—and the prospects for the countries still preparing a tender are no better.

Finally, it should be stressed that although some general patterns can be observed, significant variations and specific circumstances separate the individual countries in the MDM program.

## 1. Public Interest in the Distribution of Freed Spectrum

The shift from analog to digital technology in the terrestrial transmission of radio and television signals is more than a technological development. Because radio spectrum capacity is a limited resource that can be put to a variety of uses (e.g. radio, television, and different forms of telecommunication), the shift entails a number of economic, commercial, and cultural-political elements of great societal importance.

### 1.1 The Rising Demand for Radio Frequency Bandwidth

Two broadly opposite trends explain this importance. On the one hand, we see a rising demand for transmission capacity caused by the fast growing volume of national and international communication spurred by new technologies and services—a volume of which the growing number of television channels is not the largest fraction. On the other hand, digital technology permits the compression of signals, which in turn enables the expansion of communicative capacity per bandwidth unit.<sup>1</sup>

Besides digital compression, the total transmission capacity has also for a longer period gradually been enlarged, first by analog cable and satellite technology and later by telecommunication networks (Asymmetric Digital Subscriber Line, ADSL) and fiber optic networks, which have not been constrained by the bandwidth limitations of the radio frequencies of analog terrestrial broadcast. At the end of last century, terrestrial broadcast television gradually lost its dominating market position in most countries, exactly because it was unable to accommodate the fast growing number of television channels.

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1. The balance—and compromise—between quality of signal and quantity of services is described by David Wood in “Technical Standards in Terrestrial Television,” Open Society Foundations, Mapping Digital Media, Reference Series No. 9, 2011.

Consequently, in order to catch up with technology and market developments, the actors most dependent on terrestrial transmission—meaning old national television companies (public service and commercial), states in control of the frequencies, and national telecommunications companies operating the spectrum—began to see their interest in expanding the capacity of terrestrial networks by switching to digital and harvesting the fruits of the new compression technology.

Parallel to this, the demand for bandwidth in the ultra-high frequency (UHF) band between 300 MHz and 3 GHz (3,000 MHz), where the 470–862 MHz band has been serving analog television, has increased due to the explosive growth of mobile communication (GSM, 3G, 4G-LTE, and WiFi). It should also be mentioned that terrestrial broadcast transmitted from one transmitter to many receivers (one-to-many) entails the special competitive advantage vis-à-vis one-to-one telecommunication (for instance telephony) of a zero marginal cost when the number of users expands. Broadcast can therefore offer a very cost-effective method to transmit large amounts of data to many receivers also in businesses outside television.

All in all, these combined technological and market-driven developments form the rationale behind the work carried out by the ITU and the decisions by governments to switch over the use of terrestrial frequencies from analog to digital. In countries where DSO has occurred or is planned, there has been a broad consensus on the merits of switch-over itself among the parties involved. The question of the purposes to which the freed spectrum (the “digital dividend”) should be put is, however, another matter.

To get a sense of the size of the dividend, consider that the space used to broadcast a single analog transmission channel of 6 MHz to 8 MHz bandwidth can carry a multiplex of up to 20 digital channels of equivalent quality. In addition, most digital television standards allow the implementation of single frequency networks (SFN), thereby permitting the reuse of the same spectrum over much larger areas and further increasing spectrum efficiency compared to the analog networks.<sup>2</sup>

Because radio frequencies spill over between countries, frequency planning cannot take place solely within national borders. Therefore it is coordinated along with the use of the digital dividend by the ITU in three regional areas: Region 1 (EMEA—Europe, Middle East, Africa), Region 2 (Americas), and Region 3 (APAC—Asia, Pacific).

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2. ITU, “Digital Dividend: Insights for Spectrum Decisions,” 2012, p. 1.

The overall picture of the DSO status worldwide is rather clear. The European part of Region 1 has (or is very close to having) completed the launch of digital transmission and the switch-off of the analog signals (Table 11). Also Japan, Taiwan, and the United States have finalized the transition. It should be mentioned though, that a number of south-eastern and Eastern European countries (Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Romania, Moldova, Montenegro, and Serbia) are at different stages of DSO preparation with target dates set in the period 2015–2020.

Countries in the rest of the world are—with considerable variations—lagging behind. Some are preparing the necessary legislation and/or planning both technical solutions and the licensing of the new frequencies. That is for instance the case with the 10 member countries of the Association of South-East Asian Nations (ASEAN), planning to switch fully to digital broadcasting between 2015 and 2020. In a considerable number of countries in South America and Africa, DSO has not yet become an issue for planning and regulation. Some of these countries with relatively low coverage of terrestrial television broadcast outside large cities might in the coming years give mobile broadband a higher priority than terrestrial broadcast to reach full, nationwide coverage of digital transmission.

**Table 11.**  
Digital switch-over dates in Europe (2012)

Country	Digital switch-over (DSO) launch date	Analog switch-off (ASO) completion
UK*	1998	2012
Sweden*	1999	Completed
Spain*	2000/2005	Completed
Finland*	2001	Completed
Switzerland	2001	Completed
Germany*	2002	Completed
Belgium (Flemish)	2002	Completed
Netherlands*	2003	Completed
Italy*	2004	2012
France*	2005	Completed
Czech Republic*	2005	Completed
Denmark	2006	Completed
Estonia*	2006	Completed
Austria	2006	Completed
Slovenia*	2006	Completed
Norway	2007	Completed

Country	Digital switch-over (DSO) launch date	Analog switch-off (ASO) completion
Lithuania*	2008	2012
Hungary*	2008	Completed
Ukraine	2008	2014
Latvia*	2009	Completed
Portugal	2009	2012
Croatia*	2008	Completed
Poland*	2009	2013
Slovakia	2009	2012
Ireland	2010	2012
Russia*	2009	2015

*Note:* \* Covered by the MDM country reports

*Source:* ITU, “Digital Dividend: Insights for Spectrum Decisions,” pp. 29–30

## 1.2 Digital Dividend

In its simple version, the issue of the use of the digital dividend concerns the uses to which the spectrum freed by compressing the signals previously used for analog television should be put. Should it be for television only (e.g. more channels, HDTV, and a range of add-on services) or should it be used for other communication purposes as well?<sup>3</sup>

This question is sometimes characterized by an underlying value assumption (at least among television people) that the freed spectrum “belongs” to television and that other uses should be seen with some skepticism as market-driven and commercially rather than societally motivated. Going beyond this assumption, the question appears to be more complex, begging a variety of additional interpretations and questions.<sup>4</sup>

- Broadcast television is no longer alone in the area of societal communication playing a central role in political life, culture, and entertainment. Mobile broadband increasingly serves some of the same purposes, both by connecting people one-to-one (voice, short message services (SMS), and e-mail) and by providing wireless infrastructure for the internet carrying television programs and social networks.

3. Analysys Mason Ltd, DotEcon Ltd, Hogan & Hartson LLP, “Report for the European Commission, ‘Exploiting the Digital Dividend’—A European Approach. Final Report,” London, 19 August 2009, pp. 61–99, at [http://ec.europa.eu/digital-agenda/sites/digital-agenda/files/dd\\_finalreport.pdf](http://ec.europa.eu/digital-agenda/sites/digital-agenda/files/dd_finalreport.pdf).

4. G. Pogorel, “The Digital Dividend,” Open Society Foundations, Mapping Digital Media, Reference Series No. 10, 2011 (hereafter, Pogorel, “The Digital Dividend”).

- The societal benefit accruing from the digital dividend also depends on whether it is used to deliver “more of the same” (additional channels not very different from those already in existence) or for a more diversified channel offer, and for enabling digital technology to deliver new add-on services, such as HDTV, mobile reception of terrestrial television channels (DTB-H), and services for disabled users.<sup>5</sup>
- Finally, it is relevant to ask if the digital dividend has been used to secure a more diversified television output in terms of providing space for new actors, i.e. television companies and channel distributors (gatekeepers) in the market, or only to give incumbents the opportunity to expand their channel offer.

Considering the relatively few countries that have completed DSO, and the fact that decisions on how to use the digital dividend are not necessarily synchronized with DSO itself, it is still too early to draw a full picture of how much of the freed spectrum will be used for television and telecommunication purposes respectively.

Following a recommendation of the World Radio Conference (WRC) from 2007, a general pattern seems to have emerged. Many if not most countries within ITU Region 1 and 3 are converging toward the 790–862 MHz allocation of the digital dividend spectrum to wireless broadband (4G) and Region 2 aligns itself in the 700 MHz band. If it is executed in the coming years, this will result in roughly 20 percent to 25 percent of the original broadcast spectrum being transferred to wireless broadband.<sup>6</sup>

This may look like a significant chunk. According to the MDM country reports, however, no cases have apparently been reported where this allocation of spectrum to wireless broadband—or other non-television usages for that matter—has seriously limited the development of digital television, or has been criticized for serving (illegitimate) non-societal purposes. This can probably be explained by three considerations:

- 75 percent to 80 percent of the original broadcast spectrum is considered to be sufficient for the needs of future television in view of the potential for further compression of the signals. In the countries where DSO has been completed, it has opened up bandwidth for a substantial number of additional television channels.
- The prospects of conflict over the use of the digital dividend in the early days of DSO planning may have been influenced by a conception of non-television

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5. P. Looms, “Making Television Accessible. Report,” International Telecommunication Union (ITU) and G3ict, Telecommunication Development Sector, Geneva, Switzerland, December 2011, at [https://www.itu.int/ITU-D/sis/PwDs/Documents/ITU-G3ict%20Making\\_TV\\_Accessible\\_Report\\_November\\_2011.pdf](https://www.itu.int/ITU-D/sis/PwDs/Documents/ITU-G3ict%20Making_TV_Accessible_Report_November_2011.pdf).

6. Pogorel, “The Digital Dividend,” p. 12.

purposes as business-oriented telecommunication estranged from civil society. The subsequent development of broadband wireless services (mobile telephony and internet), used daily by practically all citizens, has changed this understanding.

- It is too early to judge because it is all still at a planning stage and no specific steps have so far been taken to expand (beyond wireless broadband) the usage of the freed spectrum to non-television purposes.

This is not to say that DSO and the way it has been planned and carried out is without conflicts, as will be seen below.

## 2. Diversity and Competition

In many countries television transmission has traditionally been controlled by a single terrestrial operator (a national, private telecom, or the state) in combination with a few satellite and cable operators, often owned by giant international corporations. These companies have *de facto* control over which channels are delivered to viewers. The more effective use of terrestrial transmission capacity after DSO was seen from the beginning by many as a way to change this and increase diversity in the television sector.

DSO could potentially create space for new television companies and more channels and also bring about a more competitive environment for distribution platforms. And indeed, DSO has, in most of the countries where it has been completed, improved competition among terrestrial broadcasters by providing space for more television channels and digital add-on services, both of which were previously only possible for the two competing distribution systems: cable and satellite.

On closer inspection, however, this very visible result of DSO becomes less clear. Differences among national television markets and disparities in government interventions have led to wide variations across the MDM countries in how DSO has affected the diversity of television provision and the gatekeeper oligopoly.

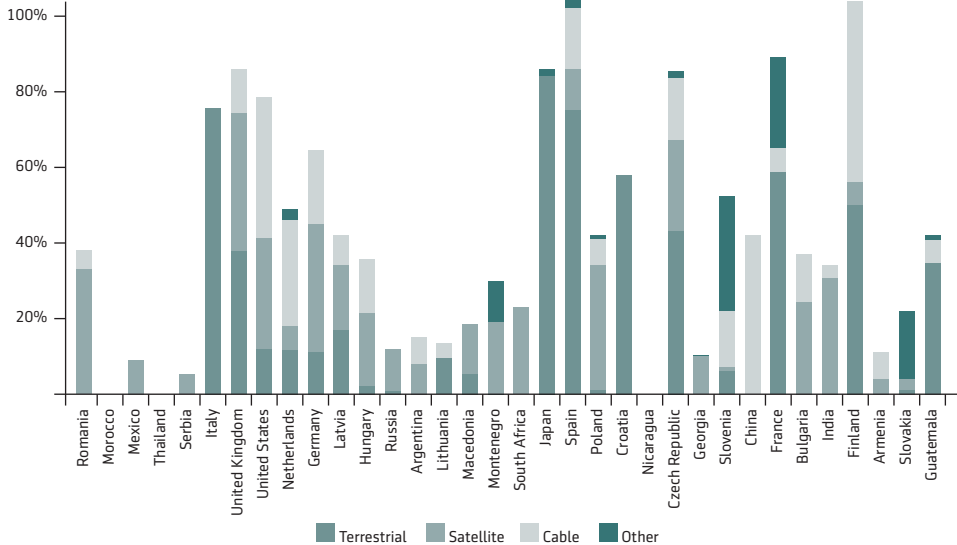
Some general patterns can, however, be seen.

### 2.1 More Diversity in the Television Channel Offer?

Obviously, viewers who were previously only able to receive the relatively few analog terrestrial channels (usually around 10, depending on the topography of the country) have benefited from the DSO as this creates space for many times as many channels.

This has led to a huge expansion of multi-channel reception by citizens in countries such as Italy, the UK, Japan, Spain, Croatia, Czech Republic, France, and Finland where digital terrestrial reception (DTT) is the leading platform with 40 percent to 80 percent of households as users. (See Figure 5.)

**Figure 5.**  
Digital television platforms (% of total households), 2009–2010



Source: MDM reports. Data for 2010 for Netherlands, Latvia, USA (cable), Macedonia (terrestrial and satellite), Croatia, Georgia, and Bulgaria

It is quite another question, however, whether this expansion of the channel offer represents genuinely new channels or the transmission of already existing channels previously only provided via cable and/or satellite.

Here, two very influential factors are important: government regulation and market forces. First of all, governments control the DTT frequencies. As described below, digital frequencies are allocated by governments or by more or less independent public bodies to television companies and/or platform providers (the gatekeepers).

In some countries where digital frequencies have been allocated (especially in Western Europe with strong public service media), the public service media received an extra bundle of channels, one to two digital multiplexes each containing six or more channels in Standard Definition Television format (SDTV). Often this extra capacity is provided on condition that it is used to offer new television channels, typically niche channels



with news, children, cultural content and so forth seldom provided by commercial competitors.

Secondly, market forces have been decisive because the remaining multiplexes in the freed spectrum reserved for television have been licensed to private, commercial television through different tender procedures. Because it is very costly to operate a (new) television channel with dedicated in-house produced programming, commercial companies usually chose a more profitable and less risky way of using the extra frequencies. In many European countries that have implemented DSO, most of the extra capacity is used to transmit existing cable and satellite channels. Genuinely new channels, where they exist, are often characterized by relatively cheap output of a well-tested popular standard type bought from international program producers.

It may be too early to make similar judgments concerning most of the countries outside Europe still preparing for the digital switch-over. However, it also seems reasonable to expect a qualitatively more diverse television offer in countries already enjoying a relative high degree of programming with a societal purpose, whereas the prospects for most other countries is likely to be a proliferation of the already existing types of channels and programs.

## 2.2 More Competition?

The general tendency in most MDM countries is to allocate the digital dividend for new channels to the incumbent television stations and gatekeepers. This outcome is determined by a combination of business and politics.

In both developed and less developed television markets, building a new television station or establishing a new delivery platform business requires heavy investment and great risk due to high entry costs and very uncertain turnover, especially during the last decade's financial crisis and the collapse of conventional media business models.

As most commercial free-to-air channels as well as new channels (especially in smaller countries with rather weak advertising markets) have become pay-TV channels based on subscription, providers have to administer complex and very expensive Subscriber Management Systems (SMS) keeping track of the customers' usage and payments. Economies of scale explain why existing national and international television companies and platform operators have been in the forefront when tenders for new channels have been announced and licenses are awarded.

Further to this, the MDM findings reveal a clear and widespread tendency of government favoritism toward well-established incumbent actors in most countries. Sad to say, outside north-western Europe this often takes place in its most corrupt form, favoring companies with “special relations” to governments or serving personal, economic interests of individual politicians and political parties.

This is, however, not a malpractice specifically related to the distribution of new digital channels. Rather, it perpetuates the way that analog channels previously were licensed by governments, using their power to secure obedient and loyal coverage by dependent television channels. Against this background, there are good reasons why the licensing procedure is such a controversial and contested issue in most countries with less democratic, or authoritarian, political systems.

The concentration of responsibility for operating DTT platforms within a single company or a few companies can certainly be a serious limitation to diversity and competition. On the other hand, there are relevant, technical reasons why this has often been the result of deciding who should operate the digital platform, especially in smaller countries with a few multiplexes. This is because the bandwidth needed for each digital channel in the multiplex depends on the complexity of the picture. (The transmission of a football match, for example, needs a relatively large bandwidth because of fast moving elements and many details in the picture, whereas a quiet conversation between two persons requires less spectrum space.)

By using dynamic (“statistical”) multiplexing, the operator can squeeze in more channels or obtain a better signal quality by compensating one channel’s high demand for bandwidth at a given moment by compressing the signal for other channels which carry simpler signals at that same moment, i.e. pictures with less detail and movement. Concentrating the management of channels to one operator or a few operators is a way to obtain higher bandwidth efficiency.

### 3. Public Regulation of the DSO

The digitization of the media industry has challenged the traditional public (national and international) regulation of media, because different businesses—which used to be regulated separately within each regulatory regime—now overlap and merge. That is the case with the internet carrying a combination of services which used to be either television or telecommunication. The same holds for sectors such as newspapers, music, film, and publishing.

For television, the regulatory question has primarily been whether it is possible to maintain a specific television regulation separate from the transmission via the internet of services of very much the same kind. Or if an all-encompassing regulation of electronic transmitted text, video and audio, regardless of technology, is a better solution. In the light of fundamental principles of freedom of expression, how shall the balance be found between, for instance, the hitherto unregulated content of one-to-one telecommunication (telephony) from which the internet has developed and broadcast television with legal liability toward rules on the coverage of a certain area of (sensitive) issues?<sup>7</sup>

Very generally speaking, some of the MDM reports show a slow but gradual adoption of regulatory frameworks to meet the new situation with merging media and delivery systems. An example on the international level is the European Union's 1989 directive on Television without Frontiers, which was revised in 2007 with a new title, the Audiovisual Media Services Directive,<sup>8</sup> to accommodate some of the regulatory needs caused by linear and non-linear media convergence.

### 3.1 Regulation of Bandwidth Allocation for Digital Television Channels

Focusing on DSO, the chief regulatory issue—apart from planning and implementing the technical switch-over itself, and taking decisions on the allocation of the digital dividend—has been to what extent the allocation of bandwidth reserved for digital television ensures transmission efficiency, fairness for the parties involved, and transparency in the process.

The allocation of digital television channels in the wake of DSO does not differ in essentials from the licensing of analog channels. Each situation involves a publicly owned, limited resource (bandwidth in the terrestrial transmission network), a number of interested potential operators (public and private television, and telecommunication companies), and a public authority (government/parliament or independent institution) setting the conditions, laying out the tender procedures and rules, and eventually choosing which applicants will receive the bandwidth (channels/multiplexes).

Nevertheless, the allocation process following DSO has raised special concerns, for a number of reasons:

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7. C. Wong and J.X. Dempsey, "The Media and Liability for Content on the Internet," Open Society Foundations, Mapping Digital Media, Reference Series No. 12, 2011.
  8. Directive 2010/13/EU of the European Parliament and Council of March 2010, on the coordination of certain provisions laid down by law, regulation, or administrative action in Member States concerning the provision of audiovisual media services.

- In most countries, the original spectrum planning for radio and television transmission concerned a single or a few analog channels operated by a national radio and television station (public service, state, or private). As radio and television expanded, additional channels were allocated by the gradual accommodation of one or a few channels, sometimes only regionally or locally. This was in contrast to DSO, which is a simultaneous revamp of the whole television spectrum, affecting the transmission of both existing and new channels.
- Since the public/state broadcasting monopoly was abandoned in most countries, television has become big business, involving huge economic interests in the telecoms and media industry. Being wiped off the market altogether or seeing a bouquet of channels reduced by losing a tender for the new digital channels can deal a heavy blow to a media company.
- In the many countries with unstable and weak democracies, television is heavily politicized. Running (or controlling) a television channel is usually seen by political parties and groups of economic interests as an instrument to influence political processes and public opinion.

Taken together, these considerations have in many countries raised the level of awareness around the allocation of transmission rights—not only among those directly involved, but also in sections of the public concerned with media freedom and independence from government interference, most especially in countries where those values are not undisputed.

### 3.2 Formal Rules are One Thing, Implementation is Another

The overall picture revealed by the MDM reports is rather disturbing. Most countries that have implemented DSO, or are in the course of doing so, have established some kind of legal framework regulating the process. This framework usually includes rules aimed at securing an open and fair process. In very few countries, however, are these rules followed in practice.

With considerable variations, and disturbing omissions, the following four elements feature in the DSO regulatory regime of many of the MDM countries, and can be taken together to be regarded as a somehow ideal model:

- Part of the spectrum for television (typically one or two multiplexes) is reserved upfront for public service media companies or television channels operated by the state.
- The rest of the television spectrum is offered to commercial television companies and/or platform operators in a tender procedure, as:

- a “beauty contest” where bidders are asked to put forward their plans for what kind of channels and content they intend to broadcast, or
- a purely market-based approach (an “auction”), awarding the channels to the applicants offering the highest bids.
- An independent authority is established to arrange and oversee the bidding, and to decide which applicants get the channels/multiplexes. This authority’s independence from government, as well as from political and economic special interests, is essential to guarantee a fair process.
- Information campaigns and public consultations ensure openness and transparency around the process.

According to the reports, the procedures in almost all the MDM countries are remote from this ideal model. In report after report, the DSO process is described as politicized, controlled by powerful business interests, and lacking in transparency. Some of these countries have certainly established legal frameworks that do not depart much from the model, but rules are often bent, procedures are evaded, and public protests are neglected.

Along with Japan and the United States, the five countries in north-western Europe—Sweden, Germany, Netherlands, Finland, and the United Kingdom (with their neighboring countries)—constitute exceptions to this general and somewhat depressing pattern. This is not because their legal frameworks differ greatly from those of many other countries, but because the spirit of the law is usually respected. In the seven countries mentioned above, civil society involvement has been rather low and public criticism of the process has been negligible.

The question of which method to use for the tender has, however, been controversial in many countries. The auction model has been criticized as purely economic and market-oriented, favoring big business without concern for the public interest or program diversity. Such considerations can be better met by using the “beauty contest,” which is, however, more open to manipulation by special interests. This may explain why critics of tender procedures in countries with politicized and non-transparent practices often argue for auctions as the best alternative.

### 3.3 Can Successful DSO Models Be Replicated?

With many countries still in the process of DSO, it is worth asking if the experiences of relatively successful DSO can help others to prepare.

The Swedish case can be taken as an illustration. In 2010, 35 percent of all Swedish households received terrestrial television with cable and satellite reception accounting for 42 percent and 21 percent of the market, respectively. DSO was launched in 1999 and the analog network has now been switched off. Parliament decided that one multiplex should be given to public service media with the rest of the available television bandwidth later allocated by the Swedish Broadcasting Authority (SBA). Although the SBA is part of the state administration, it has apparently handled the licensing procedures without interference by government, political parties, or special interests. The entire digital television spectrum was allocated to the state-owned telecom Teracom/Boxer, making it the sole terrestrial multiplex operator (gatekeeper).

The present Teracom offer to the Swedish viewers comprises 40 commercial pay-TV channels, half of which are foreign, in a handful of subscription packages and 10 free-to-air channels, of which seven are public service channels. An initial conflict with the Modern Times Group (MTG) over the gatekeeper role has been resolved and there has been practically no public criticism of the way the licensing has been handled. Communication-wise the whole effort was directed toward motivating households to switch to digital receivers (television sets or set-top boxes, STBs) before the closure of the analog network. No public subsidies were given to offset the cost of STBs.

The relative success of the Swedish model can probably be explained by Sweden's political-administrative culture, which is characterized by high accountability, no corruption, and strong public confidence in political authority. The formal rules and procedures of public regulation have probably played a less important role.

Against this background, it seems reasonable to suggest that although the Swedish model and similar models used in north-western Europe can serve as an inspiration, it is more doubtful if their legal framework and the formal procedures would work as well if they are copied and used in countries with less mature political-administrative systems. Here, reference can be made to countries that share some of the characteristics used by Petros Iosifidis in his description of southern, central, and eastern Europe: "lack of accountability of media market players, the influence exerted by commercial operators, the impact of corporate power in setting the political agenda, and limitations of freedom of speech and of participation by citizens in society."<sup>9</sup>

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9. P. Iosifidis, "Digital Television, the Public Interest, and European Regulation," Open Society Foundations, Mapping Digital Media, Reference Series No. 17, 2012, p. 18.

Anybody who has experienced tight state control over media and heavily politicized frequency licensing will probably hesitate to suggest that the role of the state should be as dominant as it has been in the Swedish DSO process. At the least, non-governmental civil society interests should play a more prominent role. Also, people with such unfortunate experiences could regard a large international company—often more independent of local and/or national government interference—as an attractive alternative to local operators in a tender procedure, although the same people might in general be skeptical about transnational corporations entering the domestic market.

## 4. Conclusion

The MDM reports suggest that the frequency planning of the ITU and the follow-up by national governments have indeed reserved the bandwidth needed for digital television to grow. They also suggest that the issues of DSO and the digital dividend have been overshadowed by the parallel development of wireless broadband and the internet, which are capable of serving a broad range of social purposes.

Turning to the important question as to whether DSO will increase diversity in the television offer and boost competition among television providers and platform operators, the outlook is not very good. Outside north-western Europe, most countries have not conducted the frequency licensing process transparently. Partisan politics and corporate interference have dominated over the interests of civil society. Consequently, new television channels and the function of platform operation are often given to incumbent actors with close ties to governments. According to the MDM reports from countries still preparing a tender, the prospects for future tenders are not much better.

A consistent regulatory framework for DSO is a necessary condition for securing transmission efficiency, fairness for the parties involved, the societal interests of the public, and transparency in the process. However, this is not a sufficient condition to ensure a proper DSO process. A political-administrative culture characterized by accountable government institutions and public confidence in political authorities seem to be just as important, if not more so.

In the many countries lacking these elements, the best hope for a strong public interest policy on the digital dividend may be the engagement of civil society groups, assisted by international institutions and non-governmental organizations.





# Business and Ownership of the Media in Digital Times

**Martijn de Waal**

## Introduction

Developments in the digital media business may be summarized thus: the rise of new media means generally more media. Digitization has worldwide led to an enormous increase in available media channels, in both the television business as well as on the internet, a development that in many countries, however, has come at the cost of print media. There is no single global conclusion to draw from this on the development of business models, and whether this development is strengthening or weakening the role of media in a democratic society.

On the upside, especially on the internet, it has become cheaper than ever to start a media venture, and many countries report new voices being able to express themselves thanks to that, be they hyper-local citizen initiatives or nongovernmental organizations (NGOs) or political or religious organizations starting their own media.

On the downside, even though the number of channels has grown, the number of owners has not, which has led to further consolidation of ownership. On top of that, the funds available for all media channels (coming from either users' contributions, advertising, or state coffers) have not kept up with the increase in the number of channels. This means less money for in-depth journalism as well as an increase in competition between channels, often leading to the sensationalization of programming.

Commercial departments of media channels are also becoming more creative in adapting to the needs of advertisers, increasingly allowing product placement and advertorials within the journalistic content.

Finally, although the online production and distribution of journalistic content are cheaper than broadcasting or print, there are only few successful business models for online news platforms. In some countries, the crisis of the old business models has led to the emergence of new ways of thinking about the role of the state in safeguarding the production of independent journalism, for instance by establishing funds to support this important function in democratic societies.

## 1. Cash-flows in the Media

Digitization has led in most countries to an increase in media channels and platforms available to the public. However, in most countries advertising budgets have not grown correspondingly: indeed they are under pressure due to the financial crisis, with the exception of some emerging countries. As advertising is still the main source of income, this means that competition between channels has intensified.

This intensification is accompanied by shifts in the advertising market. First, advertisers have many more options. Online they can make use of specialized advertising platforms such as websites specializing in job search, classifieds, dating, and so forth. Many countries report that as a consequence of these developments good-quality media are under increasing financial pressure.

### 1.1 Print Losses

Printed newspapers in most countries—with the exception, again, of some emerging economies—have suffered more than other media from changes in business models. Their readerships have declined and aged, and advertising income has suffered. This is a structural trend. Classifieds are moving to the online space, and older newspaper readers are less attractive to advertisers.

These declines have been signaled across all kinds of newspapers as well as print magazines, although about half of the European countries in the MDM project report that good-quality media especially have suffered as audiences migrate to free newspapers and online news sites. In general, specialist newspapers (in terms of language, region, or content) find themselves better positioned than the more general newspapers.

There are a few exceptions to this trend. Emerging countries such as Brazil and Malaysia still report strong advertising revenues for newspapers. In Brazil, this is partly due to a diversification in state advertising, beneficial to newspapers and magazines. The

National Association of Newspapers (*Associação Nacional de Jornais*, ANJ) is extremely vocal in raising concerns about the sustainability of revenue streams for newspapers in the long run. In Malaysia, the newspaper sector still retains the largest portion of advertising expenditure, as businesses prefer traditional media for their campaigns, although there are some early signs that this may be changing.

## 1.2 Business Models: Television Managing Quite Well

At first glance, the outlook for television is better. Advertising budgets in many countries have suffered from the crisis, but the decline is not structural as many countries have already started to bounce back. However, as the number of channels has increased, the pie has to be shared among more players. Many countries report rising income from pay-TV, demonstrating that consumers are willing to pay for content. However, it seems that much of this is spent on sports and entertainment channels. It remains unclear how much of the income from pay-TV actually supports journalism.

Budgets for online advertising have grown significantly, although not everywhere. In Lebanon, for example, this still represents only a small percentage of total advertising budgets. At the same time, countries like South Africa and the United States report that up to 30 percent of advertising budgets are now spent online, mostly going to content aggregators, search engines, and social networks. Content providers, particularly of news, have benefited less. In Italy and the Netherlands this has led to controversy, with news providers claiming it is unfair that news publishers make money organizing access to content that they do not produce, while the producers themselves get hardly any income.

Nevertheless, due to the relatively low cost of operating an online publication, the launch of websites, blogs, and local community platforms has been reported in nearly all countries. In many of them, these pure online players have difficulty becoming sustainable. In some countries foreign donors, political groups, or anonymous private backers have stepped in. Valuable as these contributions may be, they encourage dependency among these outlets, increasing the volatility of the online media landscape.

## 1.3 Main Changes in Business Models

The changes in the media landscape have prompted media companies to adopt three main strategies:

- **Income generated by content**

Against the dominant trend of advertising revenue mainly enriching search providers and social networks, online news publications in some countries have been able to operate successfully. In the United States there have been a number of successful online media initiatives such as Politico and The Huffington Post. There is a lot of interest in hyper-local sites such as Patch.com, with successful examples from other countries too, such as the Geen Stijl blog in the Netherlands. The online subsidiaries of *Der Spiegel*, *Rheinische Post*, and *Süddeutsche Zeitung* in Germany have become profit-making by themselves. In Lithuania some publications shifted their print operations to the internet because of lower costs, a strategy also followed by a few newspapers in the United States.

Publishers in a number of countries are experimenting with paywalls, so far with mixed results. In Bosnia and Herzegovina, Spain, Latvia, Slovenia, and Estonia, these paywalls did not attract enough income to sustain the sites. In the United Kingdom, some successes have been reported in the domain of business-to-business and specialist news markets (including the Financial Times Online). However, the paywall experiment at *The Times* has not worked.

In the United States, *The New York Times* blazed the trail with a “freemium” model, in which users can gain access to a number of articles free, but have to pay if they want to consume content beyond a certain threshold. Publishers in Slovakia have set up a “Spotify” model where users pay a single monthly fee for access to a series of publications across the participating publishers’ portfolios.

There is a hope that special apps for tablet and desktop will introduce a new payment or subscription opportunity. Although it is too early to tell, newspapers in a few countries are experiencing an increase in income from these sources. Italy’s *Il Fatto Quotidiano* reports that 20 percent of its subscribers subscribe to the electronic edition. The Japanese *Nikkei Shinbun* has 140,000 paid subscribers to its e-paper, while in Morocco (a country with limited literacy and internet access), *Aujourd’hui Maroc* has 6,000 paying subscribers.

In the Netherlands, news providers and regulatory bodies worry that this trend may lead to news organizations becoming dependent on new intermediaries such as Apple’s App Store to reach their audience and advertisers. Intermediaries often take a large cut of up to 30 percent of the subscription fees to a certain line of content. In Brazil, the ANJ is worried about the role of aggregators such as Google News which guide users to content harvested from various sources. It has recommended its members to withdraw content from Google News. As an alternative, a leading

publisher has set up its own online store (Iba.com.br) targeting tablet users. The store is also open to competing publishers.

Crowd-funding is still a marginal practice, mentioned in a few reports as an alternative way of generating income to support content. New institutional platforms have emerged in the United States and the Netherlands, where an unprecedented campaign raised around €1 million within a few weeks to start a new in-depth online platform for journalism. Hungary's well known Klubrádió reached out directly to its audience, asking listeners to "adopt" minutes of programming.

Funds from donor organizations are mentioned as an important part of the funding mix in the media. The source of these funds varies from wealthy individuals (like those behind ProPublica in the United States), to NGOs or intergovernmental organizations such as the European Union and religious or political organizations. Obviously, these funds reflect the agenda of their sources, ranging from improving democracy to advancing a particular religious belief.

- **Income generated by services**

Where income that is directly generated by content is under threat, publishers have started to experiment with making money through services. In Japan, e-books are a new source of income for media organizations. In Spain, Japan, and the Netherlands newspapers now sell merchandise such as books, DVDs, travel packages, wines, and so forth. *The Guardian* newspaper operates one of the most successful online dating agencies in the United Kingdom. In Georgia, a publisher set up a website aimed at tourists who planned to spend their holidays by the seaside, providing services such as ads and information on accommodation, transport, and restaurants.

In France, websites of media outlets also offer classifieds targeting particular groups (e.g. jobs for managers or real-estate ad sections). The MDM report from Argentina speaks about a shift to "journalism as a service," consisting of classifieds, job searches, and other services crammed on a diverse online portal. In other countries news organizations are also trying to reclaim the online classifieds space that they have lost to non-media companies such as eBay.

In Asia particularly, Chinese publishers have started selling communication and game-like apps as well as virtual goods such as avatars.

- **Cost-cutting**

Another strategy to improve publishers' balance sheets reported in many countries is cost-cutting, resulting among other things in the dismissal of journalists. The MDM report from Japan describes how this has led to a decrease in the quality

of journalism. A related trend is that media companies have steadily reduced their investment in original reporting. Online outlets rely especially on repackaging wire services.

Convergence is another way of cutting costs. Where cross-media newsrooms have been established (in Slovenia, Georgia, France, and elsewhere), a single editorial department produces news for various platforms. Often a single sales force is employed to sell advertisements on all platforms. In Singapore, for instance, MediaCorp worked with Microsoft's MSN to create the online portal Xinmsn.com, which features content created by MSN Singapore as well as MediaCorp's radio and television units.

In the United States, publishers are experimenting with user-generated content, produced by readers rather than paid journalists. Moldova and Montenegro have seen an increase in the purchase of low-cost foreign content by television stations to the detriment of local production as a means to cut costs. Similarly, foreign media owners in Bulgaria and Colombia have started broadcasting international television formats and cutting down on programs addressing local issues.

#### 1.4 Effects on Good-quality Journalism

Increased competition in the media landscape has led to a rise in niche channels, meaning that news is sometimes removed from general interest channels and isolated in special interest channels, begging the question to what extent the general public encounters news in its media diet.

In some countries, reporters have noted a sensationalization of the news, with journalists adding more drama to news stories in order to attract the attention of the audience. This is usually described in negative terms, although it does not have to be negative in practice. Research in the Netherlands has shown that adding drama and personal stories to the news may make it easier for audiences to engage with it.

Increased competition has also led to growing interest in monetizing media productions, often at the cost of creating public value. Slovenia and Georgia report that channels have increased the time allocated to commercials, in the case of the latter even surpassing the legal quota.

Other countries including Russia, Bosnia and Herzegovina, and Mexico report that rising pressure in the advertising market has boosted the influence of advertisers and media funders on the editorial department. Some news organizations run advertorials without labeling them as such, or grant advertisers direct influence on content.

A few reports also mention an increase in product placement. Reporters from Estonia, Chile, and Latvia mention the rise of hidden advertising, where commercial products or ideological points of view are presented as independent journalism. In India, media companies have even taken a vested interest in media companies in exchange for airtime to promote their products, a practice that has become known as “private treaties.” As the MDM report notes: “newspapers have reported that BCCL journalists were advised not to write ‘negative’ stories on private treaty clients.”<sup>1</sup>

Even without direct investment, large companies as well as public-sector advertisers put pressure on Indian media companies. For instance, a major corporate house and advertiser withheld ad spends on three leading mainstream publications after they published a series of unflattering reports about the company. In another case, the top management of the Mumbai-headquartered Tata Group asked the companies part of the group to “reevaluate their engagements” with media that had carried out “biased reporting” to the group’s detriment.<sup>2</sup>

Only a few countries reported that telecommunications operators are increasing their influence on content. However, it should be noted that these operators are one of the largest advertising spenders—if not the single largest spender—in many countries. In Albania, this situation has had a direct impact on critical coverage of these companies. In Spain, Telefónica pressured the newspaper *El País* to spike a critical article by threatening to withdraw its ads from the newspaper. Similar stories have emerged elsewhere; in Peru, mass media refrain from critical reporting about various companies.

## 2. Patrons and Owners

### 2.1 Trends in Ownership

Consolidation of ownership is a worldwide trend, with few exceptions. However, there is no evidence of a clear link between this process and digitization.

In many countries the consolidation of ownership is associated with a decrease in media plurality. The Kenya report notes that large players have set up national networks of radio stations, buying up local stations in the process, forcing them to toe their editorial line.

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1. Bennett, Coleman and Company Ltd (BCCL) is the largest media company in India.
  2. The Tata Group is an Indian giant business conglomerate comprising over 100 companies in a myriad of sectors, from communications to engineering to energy to chemicals.

Perhaps counter-intuitively, one or two countries do report that media concentration in larger companies has had a positive effect. The Peru report notes that larger media companies take a more solid position when confronted with government pressure. However, this effect is only felt when these companies are truly independent, whereas in many countries close ties between media owners, business interests, and politics are still the rule, with grave consequences for critical reporting.

On the positive side, digitization has opened up the media landscape, with an emerging blogosphere or increase in community media in many countries.

## 2.2 Media Barons

It may not be a new story, but it is unsettling nonetheless: close ties exist between media owners, companies, and politicians in many countries, from the oligarchs in Russia to the media tycoon Rupert Murdoch in the UK, from the friendly relations between the former French president Nicolas Sarkozy and the owners of large media companies in France, to the growing interest of Czech businessmen in owning media companies to secure their interests.

Reports about similar links have reached us from countries across the globe, from Pakistan to Macedonia, from Georgia to India, from Moldova to Malaysia, and from Romania to Egypt. The Albania report notes that media operations are allowed to operate at a loss because owners use these outlets to further their business or political aims.

These links are often obscured through opaque ownership schemes, with offshore companies or local “straw men” who operate on behalf of business or political actors. Transparency laws can be helpful; however, they may also be paper tigers when they are not concretely enforced.

The influence on media content of media barons and their allies in politics or business is not always directly traceable or provable. However, in a range of countries there is ample evidence of media owners trying to influence journalists. Significant pressure was put on Egyptian journalists by owners and owners’ allies, as witnessed in the case of the independent daily newspaper *Al Dostour*. Shortly after the paper was acquired by Al Sayed Al Badawi (owner of Al Hayat television stations and chairman of Al Wafd party), the editor-in-chief Ibrahim Eissa was fired for publishing a critical article. In Malaysia, close links between business owners and politicians make it rare to find articles in the traditional print media that openly criticize the prime minister.



In Slovakia a current affairs report covering the dubious financing of the leading political party Smer-SD was cancelled because one of the owners of the media enterprise J&T asked the management of Joj, the second-largest broadcaster in the country by audience, to do so. In Slovenia two free weekly newspapers, *Ekspres* and *Slovenski Tednik*, emerged just before the parliamentary elections in autumn 2008. Only a few issues were published, full of articles with unidentified or pseudonymous authors, mostly attacking left-wing parties and praising right-wing parties.

What makes it even more difficult to disentangle these relationships is another trend, signaled in a few countries, whereby media companies are becoming part of larger conglomerates that also operate in other industries. When this happens, as in Lithuania and India, it makes critical coverage of these companies somewhat problematic.

Even without direct ties in ownership, owners in some countries are closely connected with business and political actors. In Guatemala, ownership of news outlets is heavily concentrated in the hands of a few actors with similar political views, alliances, and interests. This is explained by the fact that their commercial viability depends entirely on the goodwill of a right-wing business elite. Since advertising from the business sector represents 75 percent of the news outlets' total revenues, Guatemalan media cannot afford to lose advertising without endangering their economic viability.

There are a few positive reports as well. In Germany, for example, the influence of media barons is decreasing as many media companies are now owned by shareholders who demand dividends rather than political influence.

### 2.3 Horizontal, Vertical, and Diagonal Mergers

Despite scattered examples, there are no clear worldwide trends of media companies buying each other, or cable or telecoms companies becoming active players in media production.

Having said that, traditional media companies are starting to branch out in the digital domain almost everywhere. In some places, broadcasters have launched integrated newsroom operations or online portals. In Indonesia, for example, Metro TV and TVOne have branched out to online news portals. Worldwide, almost all newspapers now have web editions, making them the dominant online news providers in many countries.

However, the place of traditional newspapers in the online space is far from secure, particularly as proven business models to sustain their online presence are still scarce.

In addition, there are reports of competition from internet-only news providers whose heavy reliance on wire services allows them to operate at reduced cost.

It is notable that vertical integration (e.g. telecoms companies entering content production) is only mentioned in a few countries. Brazilian and Croatian telecoms companies own portals, in Lithuania Teo LT owns the online channel Zebra.lt, and in France, some media are part of large utility behemoths that also run telecoms companies. In Italy, Mexico, Thailand, and the United States there are reports of telecoms companies owning television channels. In Japan, household electronics companies such as Sony are investing in media content and distribution.

## 2.4 Foreign Owners

Foreign investors are reported in a number of countries in South and Central America. International media companies are also eyeing emerging economies. The Huffington Post, *The New York Times*, CNN, and the Chinese media behemoth Xinhua are investing in Brazil. Many companies are also trying to set up a presence in India where limits on foreign ownership make it harder, forcing foreign investors to partner with locally owned channels.

Eastern Europe was a popular investment destination for various European media companies in the 1990s and early years of this century. In some countries, foreign owners still have a large presence; most newspapers in the Czech Republic are owned by foreign companies. However, the financial crisis has also led some foreign investors to divest from countries in Eastern Europe such as Montenegro, Bulgaria, and Latvia. Notable for its international aspirations is Al Jazeera, which has set up a presence in Turkey, India, the Balkans, and the United Kingdom. At the same time, Russian and Chinese news stations such as Xinhua and CCTV are also seeking access to cable platforms in various countries.

However, it is not clear whether the trends in foreign and cross-national ownership have implications for the provision of independent journalism. The Colombia report notes that foreign owners have no local political ties and enough leverage to invest in better services. Such advantages also create vulnerability: when foreign companies divested from Latvia, the gap was filled by local businessmen with close ties to politicians.

Moreover, foreign media companies also import standardized formats and foreign programs without considering local audience preferences, and often at the cost of more local coverage. In Bulgaria, foreign-owned television stations may have undermined the local tradition of analytical and investigative journalism by investing heavily in reality formats and soap operas with mass appeal.

## 2.5 New Players, New Alternatives?

In addition to the increase in the number of television channels in most countries, usually provided by incumbent media companies, the low entry costs of new media publishing have led to the rise of new media platforms in many countries, broadening the representation of minorities, adding marginalized political views, and even helping to circumvent government censorship.

This trend has been signaled from China and Singapore to India, Malaysia, Pakistan, and Jordan, as well as in a number of European countries such as Italy and Hungary where the shortcomings of the mainstream media are analyzed and deconstructed in the blogosphere. Some of these new platforms are commercial initiatives, but often they get funding from other sources ranging from political and religious donors to NGOs. Some are run by citizens and community organizations.

Especially in the United States, some new news providers have become very successful and influential. Often cited examples are non-profit and/or privately funded: ProPublica, the MinnPost, Texas Tribune, California Watch, and the Wisconsin Center for Investigative Journalism. In addition, a number of influential commercial enterprises have sprung up in the blogosphere, such as The Huffington Post and Politico.

These successes are not limited to the United States. The Pozareport.si blog in Slovenia has become an important actor in terms of agenda-setting and influence even though it has been accused of political bias and political links, particularly to left-wing parties. In Latvia, changes in media ownership or disagreements with management have led journalists to leave media companies and launch their own outlets. In Colombia there has been the rise of LaSillaVacía, an independent platform created by journalists. As a local expert notes, only five years ago such a thing would have been impossible without investment by a powerful family or a conglomerate.

A few country reports mention the rise of local and community platforms. In Poland, a new category may be emerging of social or community media that are neither public nor commercial but paid for by donations from audiences and/or stakeholders. Guatemala reports the rise of hyper-local media in rural areas, covering issues that were neglected by traditional media. In Thailand too, community media are on the rise.

Then there is the role of citizen media. Especially in countries with authoritarian regimes, bottom-up initiatives are opening up the public sphere. In Pakistan, citizen media played a part in organizing protests against the emergency rule of General Pervez

Musharraf in 2007. An increase in amateur blogging platforms and the use of social media for peer-to-peer communication are reported in China and Singapore. Some of these blogs aspire to become commercial operations. In other countries, however, the promises of citizen journalism have not materialized. In Japan, for example, most of these initiatives have failed.

In other countries new channels have emerged with the help of foreign donors, varying from religious organizations based in Saudi Arabia to NGOs and European Union funds. In Jordan, NGOs and foreign aid agencies have sometimes contributed to the creation of online media outlets. Not all the news here is positive. Many of the initiatives in the last two categories mentioned depend on donor funding, which can easily be withdrawn, or on the enthusiasm of a small team. In many cases these platforms are too small to grow into commercial viable ventures. As such, they have a hard time institutionalizing and forming a structural addition to the public sphere.

In addition, some countries report a tightening of restrictions on media companies, often after short bursts of liberalization. Following the 25 January 2011 revolution in Egypt, 16 new satellite channels entered the broadcasting market. In September 2011, however, the Egyptian authorities stopped issuing licenses to new channels. Tahrir Channel, a start-up that was considered “the voice of the revolution,” has since been bought by a business tycoon with ties to the old regime.

In other countries, the financial crisis has made it hard for newcomers to succeed. Six new digital channels in the Czech Republic were licensed in 2006, but only one is still in business. The failures included the only digital news channel, Z1.

On a different note, not all new initiatives represent positive contributions to an open and pluralistic public sphere. In Thailand it was noted that because new stakeholder media are not dependent on advertising, some tend to be more radical and politicized. In other countries, including Poland, Pakistan, and Macedonia, there are reports of a rise in hate speech forums because of digitization.

In the end, new platforms can only contribute to plurality if audiences know where to find them. Definite figures are still lacking, but some reports suggest that the increase in available content has not led to much differentiation in terms of the dominant content providers. When we look at news consumption in the Netherlands, seven large companies and institutions are still responsible for 80 percent of news consumption across all media, measured by audience shares. This has prompted worries that audience concentration may be replacing provider concentration as a risk to the public sphere.

The rise of search engines and social networks as new intermediaries may contribute to such a development.

As well as posing a challenge in relation to the plurality of media consumption, this may also have a negative impact on media business models. In a few countries, various actors have criticized how aggregators attract most of the advertising money. This is why, in Brazil, all major news outlets have prohibited Google from featuring so much as a link to their content.

### 3. State Involvement

The state funding of media has always been problematic. Open democratic societies require independent media that fulfill a number of civic functions. When media are left completely to the market, however, the provision of some or all of these functions may suffer. However, if the state steps in to compensate market failure or merely to stimulate media that serve the public interest, the question is whether these media can remain truly independent.

Digitization has further complicated this dilemma. As we have seen, partly because of digitization, traditional business models for print journalism face severe pressure. In a few countries the question has been raised as to whether the state should intervene to safeguard the civic functions of journalism, for example by setting up special funds for journalists.

Related to this discussion is the debate about the future of public broadcasting. Technological convergence has financially empowered public broadcasters to become online news providers as well, a move criticized by commercial publishers who argue that it distorts the online news market, endangering their fragile business models even further.

#### 3.1 Public Broadcasting and License Fees

In a number of countries, digitization has contributed to debates about the funding of public broadcasting. One question is how it can best be funded to safeguard its independence from the state. Direct contributions from the state may jeopardize this. The collection of license fees is an alternative that keeps the state at arm's length, as its only involvement is the introduction of the legal obligation on citizens to pay these license fees.

However, digitization has complicated this approach. The collection of license fees used to be tied to the possession of radio or television sets. This link is no longer workable in today's technological context, as public service media may be consumed on all kinds of devices ranging from phones to gaming consoles.

Countries such as Slovenia and Sweden have been discussing whether or not to abolish the license fee for this reason. In Montenegro, the license fee was abolished and public broadcasting is now funded directly through the state budget. In Macedonia, an effective scheme for collecting the license fee has never materialized, and public broadcasting is funded by the state.

In the UK, the BBC seems to have found a way to make the license fee compatible with the new media era. Liability is now contingent on the use of any form of linear broadcasting within the household, regardless of platform.

In the Netherlands, the license fee was fiscalized more than a decade ago, meaning it is now part of general taxation rather than a separate fee. However, public broadcasting officials have argued to reinstate it. After a number of budget cutbacks, some of them politically motivated, they feel that direct government funding makes public broadcasting much more dependent on the whims of politicians.

Another important discussion in a few countries (including Sweden, Germany, the UK, and the Netherlands) addresses what public broadcasting is allowed to spend its resources on. The free-market argument that expanding public service output on new platforms unfairly distorts national media markets has been strongly made. In Germany, however, despite criticism from commercial publishers, the Constitutional Court has made it clear that the obligation of public service providers to provide basic broadcasting services to the public is not limited to television and radio; it includes the online realm. In Sweden and Germany, public broadcasters have to prove that their online initiatives fulfill a democratic, social, or cultural function. Some criticize this obligation as it can increase bureaucracy and may also hamper innovation in the fulfillment of public media services.

In a number of countries, governments have broadened their funding outside the traditional domain of public broadcasting. France has set up various support measures for the printed press. President Sarkozy pushed through a controversial law in 2009 to protect copyright on the internet; the so-called HADOPI law was replaced in 2013. In Sweden a fund supports print newspapers, but this was criticized by the European Union authorities as constituting unfair competition. In the Netherlands, the National Fund for the Press started a special program to stimulate innovation in journalism.

Broadcasting and print media used to operate in separate domains. With the advent of online platforms and digital distribution, however, the media market has become much more integrated. In response, some countries have adopted a function-centered approach, establishing funds to subsidize media productions that fulfill particular functions such as local news, cultural heritage, education, science, arts, and cultural programming, regardless of platform. In Croatia, the Electronic Media Fund fulfills such a role, and countries such as Estonia, Chile, and Slovakia have implemented such a provision. In a number of these countries, these funds play an important part in sustaining media plurality and journalistic quality.

Although these funds are often small, they seem to have the potential to overcome some of the hurdles that digitization and convergence have raised. First, the function-based approach makes no distinction between various media or providers. In many cases, public and private media companies alike may apply for the funding, and broadcasters, publishers, or independent producers are all eligible, although this differs from country to country. Second, these funds are often held at arm's length from the state itself, which could help prevent direct media influences by the state.

These funds receive their resources from various actors. The audiovisual fund in Slovakia receives its resources from state subsidies as well as from commercial media operators such as cable companies, commercial television stations, and cinemas, which are required to donate a percentage of their income.

Finally, discussion has arisen in a few countries over who should contribute financially to producing media content. A number of countries have considered a levy on (communication) infrastructure such as electricity or internet service provider fees, to fund public-interest journalism. Discussions about this have emerged in the UK and the Netherlands, so far without conclusion. The introduction of a fee on top of internet subscription rates to be used to subsidize publishers has been considered in Italy. In France, lawmakers considered a tax to be levied on search engines that republish content without the authorization of the original content producers. In reaction, Google offered to donate €60 million to stimulate innovation in the press.

### **3.2 Government Interference in the Media Market**

As seen above, state interference in the media market is not always negative for pluralism and good-quality journalism. Those who value the provision of public services above the logic of the free market welcome the ability of governments to correct market failure or stimulate the provision of independent media that fulfill civic functions.

However, the MDM reports show that state intervention in media markets is not always motivated by public-spirited benevolence. On the contrary, such interventions are usually carried out to undermine the independence of media organizations rather than to safeguard it. Most such strategies do not seem directly related to digitization or the financial crisis except in so far as these developments have forced media companies to search for new income streams, making them perhaps more vulnerable to state coercion.

The most common strategy is the use of state advertising. Of all the means that states have to support media, state advertising is arguably the least transparent and thus the most problematic. Across the globe, this resource is misused by states to support friendly media and discriminate against critical journalism. Direct links are not always easy to prove, but countries where suspicions that quid-pro-quo arrangements are rife include Pakistan, Uruguay, Georgia, Argentina, Thailand, South Africa, Colombia, Kenya, Pakistan, Hungary, Moldova, Macedonia, and Spain (mostly at the local level).

At times, even if direct state advertising is absent, politicians may still wield influence through the advertising budgets of state-owned companies. In Slovenia, a number of state-owned or state-controlled companies have shifted their advertising budgets away from particular media in recent years, allegedly due to their editorial policy.

Some countries report that even if direct influence is not always clearly demonstrable, government advertising is considered a risk factor for press freedom and media independence. In Colombia, local media depend for more than half of their income on government advertising.

On the positive side, these practices have led in some countries to discussion and a demand for more transparent funding, as in Brazil. In Peru, state advertising has become regulated by law, which requires publication of the reasons for investing in specific media outlets and the amounts paid. Thanks to this requirement, a possible case where state authorities took advantage of a television channel (RBC Television, with one of the lowest ratings in the free-to-air terrestrial sector) was made public.

There are further strategies to favor friendly media or punish critical ones. In Georgia a program for the debt relief of media companies was carried out in a non-transparent way, allegedly favoring media outlets friendly to the state.

Other countries are suspected of abusing their regulatory framework to sanction critical media companies disproportionately. In Turkey, the company Digitürk was persecuted



for broadcasting the movie “*Kill Bill*” on the charges that the violent scenes in the movie might cause psychological damage to viewers. While the regulator maintains that it was merely upholding current laws and regulations, company officials suspected that the fine was triggered by the broadcaster’s critical coverage of the government. In Albania there have been reports of the increased frequency of the tax authorities’ audits of media outlets that have criticized the government.

**Table 12.**

Direct government financial support to media: advertising, subsidies, and other

Country	Does government support media financially?	Type of support	Is such funding used to manipulate media?	How significant is state funding to media outlets?*	In what form does government fund the media?
Albania	Yes	State subsidy	n/a	Significant <sup>1</sup>	Direct allocation
		State advertising	Yes	Insignificant	Advertising contracts <sup>2</sup>
Argentina	Yes	State advertising	Yes	Significant	Advertising contracts
Armenia	Yes	State subsidy	Yes	Significant	Direct allocation
Bosnia and Herzegovina	Yes	Non-transparent way of support	Yes	Significant and non-transparent	Direct allocation
Bulgaria	Yes	State advertising	Yes	Significant	Non-transparent
	Yes	State subsidy	n/a	Significant	Direct allocation
Brazil	Yes	State advertising	n/a	Significant	Advertising contracts
		State subsidy	n/a	Significant	Direct allocation
China	Yes	Non-transparent	Yes	Non-transparent	Non-transparent
Chile	Yes	Grants	No	Insignificant	Project-based grants
Colombia	Yes	State advertising	Yes	Significant <sup>3</sup>	Advertising contracts
Croatia	Yes	Grants	Yes	Non-transparent	Project-based grants
Czech Republic	No				
Egypt	Yes	State subsidy	Yes	Significant	Direct allocation
Estonia	Yes	State subsidy	No	Significant	Direct allocation
Finland	Yes	State subsidy	No	Insignificant	Direct allocation
France	Yes	State subsidy	No	Significant <sup>4</sup>	Direct allocation
Georgia	Yes	State advertising	Yes	Non-transparent	Direct agreement

Country	Does government support media financially?	Type of support	Is such funding used to manipulate media?	How significant is state funding to media outlets?*	In what form does government fund the media?
Germany	No				
Guatemala	Yes	State advertising	Yes	Significant	Advertising contracts
Hungary	Yes	State subsidy	Yes	Significant	Direct allocation
		State advertising	Yes	Significant	Indirectly <sup>5</sup>
India	Yes	State advertising <sup>6</sup>	Yes	Significant <sup>7</sup>	Advertising contracts
		State subsidy	Yes	Significant	Equity, grant-in-aid, loans
Indonesia	Yes	State subsidy	n/a	Significant	Direct allocation
		State advertising	Yes	Significant	Advertising contracts (non-transparent way of support)
Italy	Yes	Press subsidy	n/a	Significant	Direct allocation <sup>8</sup>
Japan	Yes	State advertising	No	Insignificant	Advertising contracts
Jordan	Yes	Non-transparent	n/a	Non-transparent	Non-transparent
Kazakhstan	Yes	State advertising	Yes	Significant	Public procurement
Kenya	Yes	State advertising	n/a	n/a	Advertising contracts
Latvia	Yes	State subsidy	n/a	Significant	Direct allocation
Lebanon	Yes	State subsidy	Yes	Significant	Direct allocation
Lithuania	Yes	State subsidy	No <sup>9</sup>	Insignificant	Through an independently managed fund
		State subsidy	n/a	Significant	Direct allocation
Macedonia	Yes	State subsidy	n/a	Significant	Direct allocation
		State advertising	Yes	Significant	Advertising contracts <sup>10</sup>
Malaysia	Yes	State subsidy	Yes	Significant	Direct allocation
Mexico	Yes	State advertising	Yes	Significant	Advertising contracts
		State subsidy	n/a	Insignificant	Direct allocation
Moldova	Yes	State subsidy	Yes	Significant	Direct allocation
Montenegro	Yes	State subsidy	Yes	Significant	Direct allocation
		Media aid package	n/a	Significant	Direct allocation <sup>11</sup>
Morocco	Yes	State subsidy	Yes	Significant	Direct allocation
Netherlands	Yes	State subsidy	No	Significant	Direct allocation
		State subsidy	No	Significant <sup>12</sup>	Direct allocation
Nicaragua	Yes	State advertising	Yes	Significant	Non-transparent
Nigeria	Yes	State subsidy	n/a	Significant	Direct allocation

Country	Does government support media financially?	Type of support	Is such funding used to manipulate media?	How significant is state funding to media outlets?*	In what form does government fund the media?
Pakistan	Yes	State advertising	Yes	Significant	Advertising contracts
		Official bribes	Yes	Significant	
Peru	Yes	State advertising	Yes	Significant	Advertising contracts
Poland	Yes	State subsidy	No	Insignificant	Direct allocation
Romania	Yes	State funding	No	Non-transparent	Non-transparent
		State advertising	Yes	Non-transparent	Non-transparent
Russia	Yes	Federal subsidy	No	Significant	Direct allocation
Serbia	Yes	State subsidy	Yes <sup>13</sup>	Significant	Direct allocation
Singapore	Yes	State subsidy	No	Significant	Direct allocation
Slovakia	Yes	State subsidy	Yes	Significant	Direct allocation
Slovenia	Yes	State advertising	Yes	n/a	Advertising contracts
		State subsidy	Yes	n/a	Direct allocation
		Subsidy from municipalities	Yes	n/a	Direct allocation
South Africa	Yes	State advertising	No	Significant	Advertising contracts
		State subsidy	Yes	Insignificant <sup>14</sup>	Direct allocation
Spain	Yes	State subsidy	n/a	Significant	Direct allocation
		State advertising	Yes <sup>15</sup>	Significant <sup>15</sup>	Advertising contracts
Sweden	Yes	Press subsidy	No <sup>16</sup>	Insignificant	Direct allocation
Thailand	Yes	State subsidy <sup>17</sup>	n/a	Significant	Direct allocation
Turkey	No				
UK	Yes	State subsidy	No	Significant <sup>18</sup>	Other <sup>19</sup>
		State advertising	No	Significant <sup>18</sup>	Advertising contracts <sup>20</sup>
United States	Yes	Federal subsidy	No	Insignificant	Federal appropriation
Uruguay	Yes	State advertising	No	n/a	Advertising contracts

*Notes:* n/a – not assessed; \* the significance of funding is assessed in terms of the *amount* and the *share* it represents of the outlet's total budget or the total media market in the country. If the amount of money or its share of the total budget or media market was substantial or the funding was instrumental in helping outlets to stay afloat, we assessed the financial support as "significant". (1) Only to the public broadcaster (almost a quarter of its annual budget); (2) from the Ministry of the Interior, the largest ad spender in 2010, and among the 10 largest spenders in the market; (3) i.e. 50 to 60 percent of the revenues of local media outlets; (4) subsidies for community media are beneficial to diversity, but state subsidies for press and public

broadcasters have been criticized as they were used to salvage certain newspapers rather than invest in innovative projects; (5) through ads for state-owned companies (railways, electricity, post, and gambling provider); (6) this refers to ads by various ministries (as noted in Report) and does not include ads by public sector companies; (7) this varies: it is insignificant for TV news channels, more significant for newspapers and most significant for small/regional newspapers; (8) according to Rasmus Kleis Nielsen with Geert Linnebank, *Public Support for the Media: A six-Country Overview of Direct and Indirect Subsidies*, Reuters Institute for the Study of Journalism, University of Oxford, August 2011; (9) this financial support has been praised as it finances cultural projects; (10) government is one of the largest ad spenders in the country: state advertising accounted in some years for half of the total ad spending in the market. The money is disbursed through central government and publicly owned companies; (11) the package included forms of indirect support such as debt write-offs and lowering of transmission fees; (12) given for specific projects; (13) the allocation process has been more transparent since 2009; (14) crucial in recent years, however, as it helped to bail out the station; (15) at regional and municipal levels; (16) criticized, however, for distorting the market; (17) sin tax for public media; (18) for printed media; (19) VAT exemptions for printed publications; (20) local newspaper advertising

Source: Mapping Digital Media reports

State interference in the media market is not always employed to muzzle criticism. Sometimes, business motives seem to be the most important incentive, although again this is hard to prove. In Italy, many of the new regulations on advertising seemed to work in favor of free-to-air channels, such as those operated by the dominant Mediaset, where the prime minister at the time, Silvio Berlusconi, was also the largest shareholder.

In Mexico, the state has postponed the organization of tenders to license new broadcasters. In this way, the state authorities helped to perpetuate the Televisa-Azteca duopoly in the television market and an oligopoly in the radio market.

Finally, in some countries the state intervenes to stimulate the media market. Singapore has an active policy to promote creative industries. Industry players in the broadcast, animation, film, music, interactive media, games, and publishing sectors are eligible to apply for grants totaling US\$72 million in the first stage of this program.



# Regions



# Digital Media in the European Union

Justin Schlosberg



## Context

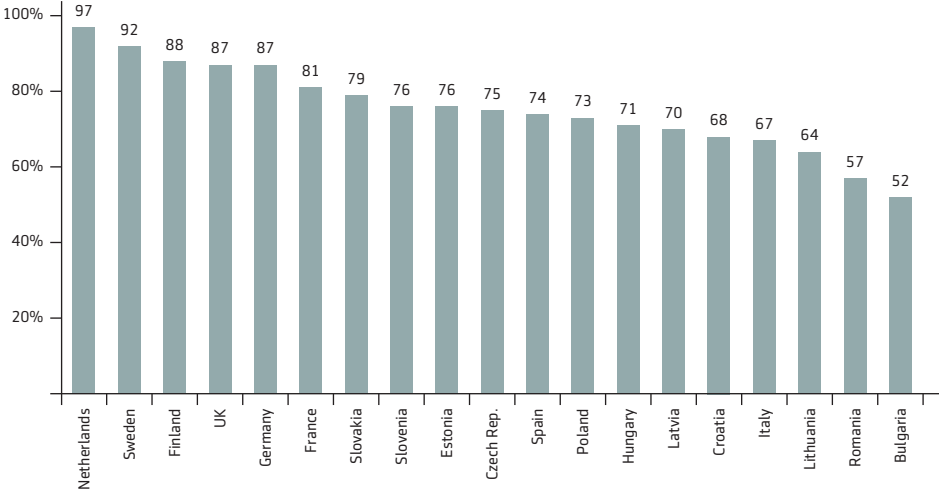
EU member states are predominantly urbanized societies and densely populated, although there are significant regional variations and inequalities. Of the 19 countries surveyed in this chapter, over 70 percent of people and over 80 percent of wealth are concentrated in the “big five”: the United Kingdom, France, Germany, Italy, and Spain.<sup>1</sup> Although secularism prevails culturally and politically, Christianity is the predominant religion across the region.

The EU has high rates of GDP per head, and recovery from the 2008 global economic crash is underway in most countries, albeit to varying degrees. Several member states remain acutely affected by the eurozone currency crisis which developed in the aftermath of the crash.<sup>2</sup> The issue of eurozone reform remains highly political and uncertain,

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1. The 19 member states of the EU included in the MDM project are Bulgaria, Croatia, Czech Republic, Estonia, Finland, France, Germany, Hungary, Italy, Latvia, Lithuania, Netherlands, Poland, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.
  2. All member states of the EU except for Denmark and the UK are obliged to adopt the euro as their currency when they meet the “convergence criteria.” The so-called eurozone currently comprises 18 countries, including 10 in the MDM project: Estonia, Finland, France, Germany, Italy, Latvia, Netherlands, Slovakia, Slovenia, and Spain.

and in virtually all member states, stagnant economic recovery has disproportionately affected youth unemployment.

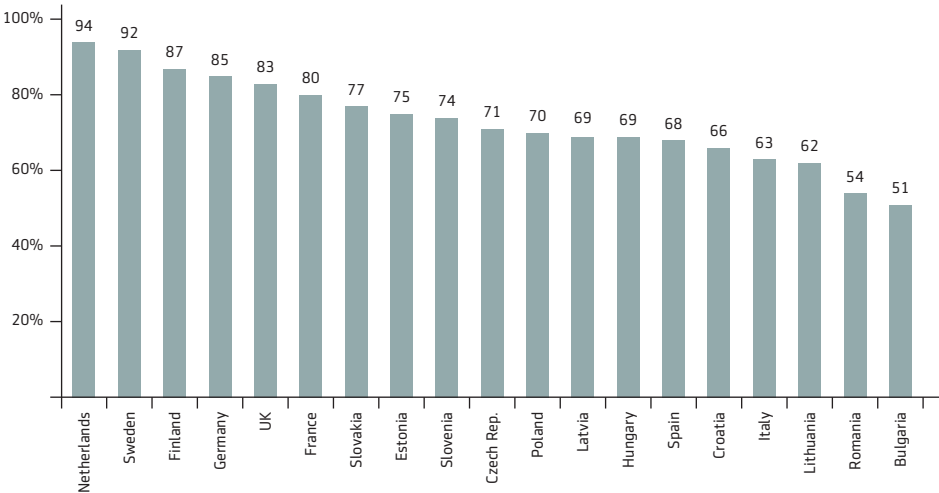
**Figure 6.**  
Percentage of households owning a PC, 2012



*Note:* This figure draws on data from the ITU that may not have been included in the Mapping Digital Media reports, which were published over several years as they were completed

*Source:* ITU, Mapping Digital Media reports

**Figure 7.**  
Internet penetration (% of total households), 2012



*Note:* This figure draws on data from the ITU that may not have been included in the Mapping Digital Media reports, which were published over several years as they were completed

*Source:* ITU, Mapping Digital Media reports



## Introduction

By the end of 2013, digital switch-over of television had been completed in all 19 member states of the EU included in the Mapping Digital Media (MDM) project. However, there is wide variation in content availability and take-up of free-to-air digital terrestrial television. This largely depends on the legacy and strength of competition offered by cable and satellite providers. Internet Protocol Television (IPTV) is also a significant force in several countries, although even in Slovenia (where take-up is highest) it accounts for less than a third of viewing.

As a whole, television remains by far the most popular medium in all countries surveyed, and is the most widely used source for news and information. In most countries viewing time has actually increased in recent years, partly as a result of additional content offers produced by digitization. This has broadly favored thematic and entertainment-based channels. The enduring competitiveness of incumbent broadcasters in the digital environment has been marked by the extent and quality of new services launched.

In contrast to television, digitization of radio has been largely a failed or stalled project throughout the EU. In some countries (such as Bulgaria and Estonia) digital radio broadcasting remains a non-starter, while in Sweden development actually halted in 2006 due in part to low consumer take-up. In most other states, digital radio is progressing at a very slow rate, hampered by lackluster demand from both consumers and broadcasters. Consequently, governments have tended to defer or abandon plans to switch off FM radio signals. Overall, radio audience figures have not suffered more than a marginal decline over recent years. But the nature of listening is evolving, with growing numbers of people listening online and via a plethora of different devices.

Print newspapers have been the hardest hit by digitization and circulation decline has occurred in all the countries surveyed. In some cases, this decline is occurring more or less equally across the board of print media. But in around half of the countries surveyed, it is acutely affecting the high-quality end of the spectrum. In general, the types of newspaper that have fared best over recent years have been those with a specialist focus (in terms of language, region, or content) and free-sheets.

The extent to which the decline in print media circulation is attributable to online migration is not clear. In countries such as the UK and the Netherlands, structural decline in the newspaper industries long predates the internet, while in Lithuania, print media circulation grew steadily in the years running up to the global financial crisis of 2008. In all countries it is difficult to disentangle digital disruption from

the effects of the global economic downturn that followed this. But it is clear that newspaper markets remain gripped in crisis. This is in contrast to television, and to a lesser extent radio advertising, which have largely recovered their losses over the last five years.

Although in many countries the internet has now eclipsed print media as a source of news and information, the latter still account for a dominant share of news consumption in Sweden and Estonia. What is more, major newspaper brands across Europe have firmly established their online presence and are among the most visited online news sites. This is especially true of Western European countries (UK, France, Germany, and Spain), although pure-play news websites are also well established across the region.

Internet accessibility has expanded significantly across the region over the last five years, due in part to the largely successful roll-out of fixed broadband technologies as well as the development of mobile platforms. By 2010, the majority of households in all but two of the countries surveyed owned a PC and, according to the European Commission, broadband coverage based on standard technologies had reached nearly universal levels (over 90 percent) in almost all countries by 2011. The percentage of populations using the internet varied, however, from 44 percent in Romania to over 90 percent in the Netherlands, according to the International Telecommunication Union. The figures suggest that significant digital divides remain, particularly in eastern and southern European countries.

A central finding of the MDM project is that there is a big crisis in the supply of public interest journalism, defined as independent, contextual, and providing accessible reporting of issues arising out of the exercise of citizenship. This is affecting different countries in different ways and degrees. The causes are manifold and not limited to the proliferation of digital media, although digitization has played a role both directly and indirectly in precipitating the crisis. Both the crisis and its effects are especially significant in Europe, where the regional framework of media laws and democratic standards is uniquely well developed, and where policy debates over media plurality have in recent years become intense.

# 1. Opportunities

## 1.1 Enhanced Access to Content

Digitization has increased the overall news offer available to European populations in two primary ways. First, the development of free-to-air digital terrestrial television (DTT) has made multi-channel services the norm and this has had a particular impact in countries where the terrestrial platform is dominant (such as Italy, Spain, and France). In these countries, DTT brought rolling news channels and access to foreign news providers into a majority of households for the first time. Although most new services have tended to focus on entertainment, they have nevertheless expanded the range of factual programming available.

The second area in which news services have expanded and proliferated is online. News-focused services feature in the top 10 most visited websites in all the countries surveyed. Traditional news brands have established a strong online presence and in many cases this has translated into a broader range of content than that offered on conventional platforms. This is particularly the case with regard to public service broadcasters and national newspapers in Western European countries—the UK, Spain, France, Italy, and Germany—where they have established entrenched positions as the leading providers of online news. In Eastern Europe and the Baltic states, pure-play online news services are substantially more prominent and are among the leading news sites in Estonia, Hungary, Latvia, Finland, and Lithuania. (Delfi, an Estonian online news site established in 1999, is now the leading provider of online news in Estonia, Latvia, and Lithuania.)

In addition to widening the space for news, digitization has also enhanced access to different types of news and blurred the boundaries that have traditionally defined journalism. While the blogosphere in Europe is generally personalized, entertainment-focused, and largely dependent on mainstream media as sources, there are particular countries where it has had significant impact in widening access to the news. In Italy and Hungary, for example, there is a strong current of blogs with a media-critical bent offering scrutiny of mainstream news output.

The ease and efficiency of online publishing has made the internet a useful repository for investigative stories. Controversial issues ignored or neglected by traditional media have found refuge in journalist blogs and online-only news sites. This, in turn, has made it easier for traditional media to overcome libel restrictions on the basis that information is already in the public domain.

In this context, online platforms have emerged as potentially significant agenda-setters for the wider media. The depth and quality of reports are also enhanced through interactive features and links to primary source material, enabling users to plug a gap in fact-checking that has emerged in conventional newsrooms.

## 1.2 New Business Models

There is a wide discrepancy across the region in the extent and application of new media business models by traditional news groups. In Romania, Hungary, and Italy, smartphones and tablets are widely perceived as keys to potential revenue growth, with publishers developing ad hoc applications and formats for trial on the market. There is some feeling of resignation among media managers that online outlets may never be able to monetize content in the face of competition for audiences from public service broadcasters, alongside competition for advertisers from search and social media.

In contrast, however, Spanish media businesses, for example, have shown a tendency to shun experiments with mobile applications on the basis that specialist content with in-depth analysis is seen as the key revenue generator in the digital domain. In this respect, several media businesses across Europe have begun to experiment with paywalls either individually or collaboratively.

In Slovakia, for instance, the majority of print publishers participate in a joint paywall which charges users a monthly fee of €2.90. In exchange, users get access to a variety of specific content across the publishers' portfolios. Each subscription payment is distributed between the paywall operator, the website through which payment was accepted, and the participating publishers. Most publishers continue to offer daily online news for free and only restrict more specialized content such as in-depth commentaries. Some offer subscribers access to advertising-free versions of their websites and/or archived and current print editions that are downloadable in full.

Product differentiation has thus become a crucial component of paywall strategies. But it is too early to assess the effectiveness of these strategies and whether paywalls will be sustainable over the long term. The uncertainty is partly due to the reluctance of publishers to divulge financial data which will likely benefit their competitors. In the UK, there is some evidence that paywalls have been successful in business-to-business and specialist news markets (including the Financial Times Online). But Rupert Murdoch's solo experiment with paywalling The Times online has so far not tempted his competitors to follow suit. The BBC's success online, among other free digital news sources, is likely to limit the potential of paywall subscriptions to offset print revenue decline.

In light of this, some publishers are looking at ways to diversify their products, rather than simply differentiate them. Recent survey data from market analysts suggest that product diversification combined with innovative pricing strategies are essential to satisfy consumer demand for tailor-made news packages, particularly locally and regionally. In the Netherlands, high-quality newspapers such as *NRC Handelsblad* now sell books, films, music, wine, travel, and art via their websites, while the *Guardian* newspaper operates one of the UK's most successful online dating agencies.

An alternative means of revenue generation which circumvents online intermediaries is crowd-funding. In 2010, Klubrádió in Hungary launched a “minute-adoption” scheme, inviting listeners to sponsor a minute of particular programs. Between October 2010 and July 2011, the scheme raised over US\$ 650,000 (€470,000). Generally speaking, however, crowd-funding is a very marginal practice that is only likely to achieve success in certain niche outlets with particularly loyal audiences.

What crowd-funding and paywalls share is a reliance on end-users, rather than advertisers, as a source of new revenue. This is not surprising: in countries where online advertising has experienced considerable growth in recent years, the primary beneficiaries have been Google and Facebook rather than publishers or broadcasters. But there have been notable cases where online news outlets have generated profits independently of other platforms. In Germany, several online subsidiaries of legacy media brands—including Spiegel Online, Süddeutsche Zeitung, Rheinische Post, and Berlin Online—were no longer reliant on cross-subsidies as of 2007. Nevertheless, sustainability in this context seems largely contingent on the size of the market. Smaller markets may never have the capacity to support online operations through advertising alone.

### 1.3 Interactivity and Participation

There is a developing culture of user participation in news across the region. But there is some variation in the nature and extent of participation, which can be considered principally in terms of selectivity, production, and dissemination. In regard to selectivity, online news consumption is increasingly structured around seemingly conflicting but actually related trends of personalization and aggregation. News is increasingly targeted at individual preferences and niche, fragmented audiences. This fosters a degree of diversity on one level (content) but reduces diversity in terms of audience exposure.

On the other hand, aggregation, whereby stories are ranked and accorded prominence in line with their popularity, may be having the opposite effect. While this practice has arguably enhanced the democratization of news to the extent that it allows users to influence the selection of headline stories and reduces the gatekeeping power of editors,

it is also widely associated with tabloidization in online news and a constriction of the news agenda to a smaller number of issues (reconfiguring, to some extent, the agenda limits of the pre-digital news era).

User participation in news production consists predominantly of commenting on the news, either directly on news sites or via blogs and social media. There is evidence from some countries that this practice has evolved since the mid-2000s from forum postings to blogging and micro-blogging, mainly via Twitter. But the picture is mixed: while there is a thriving culture of commentary on newspaper articles online in Estonia and the Czech Republic, the practice is on the wane in France. And while blogging is popular and growing in the UK, it appears to have peaked in Germany and Estonia. User-generated content (UGC) is also associated with the proliferation of hate speech online, especially in countries such as Poland, Lithuania, and Latvia.

A clear finding across the board is that user participation in the news occurs primarily in dissemination. In particular, social media platforms have greatly enhanced the sharing of news content. This practice drives traffic predominantly to the websites of established or legacy media, reinforcing their agenda-setting power. Although there is evidence to suggest that social media platforms are themselves becoming increasingly significant as sources, they are not generally perceived as authoritative news outlets in their own right.

## 1.4 Minority Expression

Digitization has helped to broaden opportunities for minority participation and expression in the news. Some important initiatives have emerged which are specifically designed to give voice to underrepresented groups in mainstream outlets. In Hungary, an audiovisual series entitled “Make your voice visible” contains short interviews with Roma people aimed at reaching a wider audience on digital platforms. In Slovakia, the Roma Press Agency strives to leverage minority content on to mainstream platforms. In particular, it produces a documentary series focused on Roma communities for public service broadcasting. And in Poland, the growing presence of ethnic minorities online has been linked to a corresponding increase in their representation on conventional media platforms.

Concerns about a lack of interethnic communication and integration in the digital sphere have not been borne out by recent research. For instance, surveys in Germany and the Netherlands have found that immigrant populations use local language and generalized social media platforms in conjunction with, as well as over and above, community-focused forums.

Digital media have fostered political as well as cultural diversity, and have enhanced the exercise of citizenship and political participation in most countries. Social media in particular have been instrumental in this respect, with Facebook becoming a key tool of engagement and campaigning both within and outside formal political structures.

Although most countries have seen little change to the status quo of political representation in recent years, there are important and noteworthy exceptions. In particular, the potential impact of the internet in reducing barriers to entry in politics was demonstrated in Italy by the rise of the former comedian and blogger Beppe Grillo's anti-corruption movement, and by the liberal party Freedom and Solidarity in Slovakia. Dubbed the "internet party" by journalists, it emerged online in 2008 and rose quickly to become one of the main political parties in the country. It came third in the general elections of 2010 and now participates in the coalition government.

At the same time, the internet has provided space for dissenting political groups and activists who are not represented in mainstream politics. In Spain, among other countries, this has enabled social movements excluded by the politically aligned media to flourish, including those associated with republicanism, anarchism, and separatism. On the other hand, the internet has provided refuge for a growing presence of racist and extremist ideologies and has enabled hate speech to spread faster and more easily.

## 1.5 Transparency

Digitization has enhanced journalistic enquiry in a number of ways. It has improved access to whistleblowers (most notably through online intermediaries such as WikiLeaks), experts, and other alternative sources; it has led to innovative methods of information-gathering such as wikis, social networking, and crowdsourcing; and it has provided new capacities for storing, indexing, and securing the raw material of investigative reports.

The internet has also fostered a culture of openness in most European countries that has been reflected in the increasing accessibility of public data. This is due to proactive disclosure on the part of governments and other public bodies via their own websites; enforced disclosure via freedom of information laws whose usage has been enhanced by online tools; and unauthorized disclosure as a result of online leaks, whistleblowers, or hacking. In Eastern European countries in particular, the internet has greatly enhanced access to public registries covering commercial companies and the courts. Perhaps most important, digitization has vastly increased the speed of access to such information in all countries.

New digital tools for analyzing and presenting data have been vital in overcoming barriers presented by the ever-growing scale of data available. Following the Guardian Datablog in the UK, the Czech news site iHNed.cz recently created a similar platform to help users make sense of public interest data.

Nevertheless, there is a strong sense that the potential of open and data journalism is yet to be realized. In the Netherlands, this is put down to cost, a skills shortage, and the reluctance of some public bodies or state agencies to disclose data. In Germany, rigorous privacy laws have restricted the scope of computer-assisted reporting. In the UK, a culture of excessive secrecy is said to persist in the various branches of the security state. And in all countries, the employment and reach of data journalism remain limited to a few outlets and a small, if growing, audience of active news consumers.

## 1.6 Civil Society and Digital Activism

Digital media—and social media in particular—have provided a strong stimulus for the practice of citizenship and mobilization around issues of public concern. The most effective initiatives have been in the areas of environment, political corruption, and internet freedom. A local initiative started in Estonia in 2008 rapidly developed into a global movement mobilizing 7 million volunteers in 96 countries, for the World Cleanup Action of 2012. Significantly, the campaign used Google imaging software to identify target areas of environmental waste, as well as social media platforms to generate and spread awareness. This demonstrated the potential of digital tools for empowering civil society movements.

However, most country reports testify to the fact that digital mobilizations have had little bearing on policymaking, particularly in respect of economic policy, and that the extent to which campaigns or causes reach the public consciousness still largely depends on take-up by the mainstream media. Without it, the reach of online civil society remains limited to a minority of already engaged citizens. In the UK, there is some evidence that multi-issue mobilizing groups such as Avaaz and 38 Degrees are reaching beyond the usual suspects of digital activism, and the number of online-initiated campaigns in all countries continues to grow in tandem with social media platforms. Even if legacy media retain the keys to the public agenda, the decisive criteria for selecting causes are unclear. In some cases at least, attention generated through social media and other digital platforms may simply become too big to ignore.



## 1.7 New Models of Journalism

There is an emergent third sector of journalism that exploits hybrid models of foundation funding, cross-subsidies, and commissions. Many of these initiatives also adopt a multimedia approach involving both self-publishing online and the production of exclusive content for newspapers or broadcasters. In the UK, the Bureau of Investigative Journalism has operated along such lines since 2010. Established with a £2 million grant from the Potter Foundation, the agency has secured over 34 front-page stories and produced a number of award-winning web, radio, and television reports.

In Italy, Chiarelettere specializes in major journalistic investigations which are published in a series of books. It was founded in 2007 as a multimedia publisher strictly independent of political and business interests. Readers can meet the journalists on its website to discuss the topics of investigations and there are related blogs by both journalists and readers. The website also features documents and materials linked to each journalistic investigation, as well as additional material that cannot be published in book format due to physical space constraints. The publisher has also launched the annual Investigative Journalism Festival, now in its third year, based in Sicily.

In 2001, journalists and editors in Germany founded Network Research (*Netzwerk Recherche*) to foster investigative journalism. Its activities include publications, courses, and training for journalists, as well as conferences and political lobbying.

Similar entities are embryonic in other countries, including Latvia and the Netherlands. But they are still very marginal and their long-term viability hangs in the balance. A secure funding footing remains the elusive prize and the EU has potentially a role to play in assisting the development of this emergent sector. Local and regional support for low-cost start-up models might be especially pertinent given the scale of local newspaper closures, cutbacks, and political clientelism in these markets across Europe.

## 2. Risks

### 2.1 Media Concentration

Overall, digitization has had little impact on dominant market positions or the rate of merger activity within and across media sectors. There has been a general dearth of new entrants in broadcasting and print markets, and where new players have emerged they have tended to be companies dominant in other media markets or other countries.

In some cases, the consolidation of broadcasting ownership has continued on a trajectory unaltered by digitization. In Sweden, the share of viewing time commanded by the top three commercial broadcasters rose from 48 percent to 55 percent between 2004 and 2009. In other countries, ownership structures in broadcasting have remained relatively stable over the last 5–10 years, but there have been significant changes in press ownership. In the UK, accelerated concentration in the provincial news markets since 2005 has resulted in five groups accounting for over 70 percent of local and regional newspaper circulation.

Elsewhere, ownership concentration has diminished somewhat in recent years, due in part to the economic downturn. There has been a fall in concentration levels in Spain in both print and broadcasting, albeit from a high peak around 2005. In Romania, media markets began to fragment in 2009 after a sustained period of consolidation, with the economic crisis prompting dominant media groups to shed assets. But it is worth emphasizing that the sale of media assets has not always benefited plurality. The withdrawal of Newscorp from Latvia, for instance, has opened up a power vacuum which has consolidated links between dominant media outlets and the political coalition, For a Good Latvia.

Entrenched links between media and political elites have been observed in several countries and in various ways. In Slovakia, such links have been manifest in financial dealings between major media groups and dominant political parties. In Romania and the UK, it is manifest in excessive personal contact and meetings between media proprietors and government ministers, both informally and formally. However, the power dynamics of these relationships vary greatly between countries. In Hungary, favored media outlets are thought to be rewarded through the licensing process or official advertising spends in return for supportive coverage. The situation in the UK appears to be the reverse of this; according to many observers, political leaders and parties who adopt compliant policies are duly rewarded by the dominant press groups with supportive coverage. Evidence of such deal-making between media and political elites is largely anecdotal, but the intimacy of relations between them is clear and undermines the health of democracies, old and new alike.

Such links may well be contributing to a further erosion of journalist autonomy, already compromised by austere economic conditions and the growing pressure to deliver news in ever greater quantities and within ever narrower timeframes. A recent survey of journalists in Poland revealed a close association between pressure emanating from politicians, media owners, and advertisers, which is fostering a collapse in ethical standards.

The media's influence on politicians (and vice versa) is further leveraged by opaque ownership structures. Media concentration has enabled some controversial interests to hide behind growing complexities in the make-up of cross-media conglomerates. This is particularly a problem in countries such as Latvia and Slovakia, where authorities only inspect the first level of media ownership. With no scrutiny of parent company shareholdings, proprietors can circumvent transparency and cross-ownership rules applied to the media. In Latvia, this has prompted widespread speculation about the covert involvement of local oligarchs and political elites in the ownership of major media outlets.

In most countries, however, media ownership transparency has improved over recent years, as the result of new rules governing the declaration of proprietary interests or of civil society engagement with the issue. Whether this will have a positive impact on reducing the cross-influence between media and political groups remains to be seen.

Media concentration in the digital age is also related to market decline or saturation. In the United Kingdom, consolidation in local and regional news markets is widely seen as a consequence of classified advertisers flocking to online search and social media. In several countries, the pre-existing dominance of cable and/or satellite platforms has limited the space for a competitive DTT market. This has placed limits on demand for digital frequencies from private broadcasters in countries such as Germany and the Netherlands. In Slovenia, the spectacular rise of IPTV (accounting for just under 40 percent of all television consumption in 2011) has diminished the viewership of DTT among households.

The adoption of less efficient compression standards in some countries (such as MPEG-2 over MPEG-4) has been favored by dominant analog broadcasters seeking to protect their market positions. When the Slovak telecommunications regulator started the tender for the first two multiplexes in 2008, MPEG-4 was established as the compulsory compression standard, a move that did not suit the existing television broadcasters. The head of the telecoms regulator was subsequently removed and the tender was called off. The guidelines for a new tender allowed the operator to choose the compression standard, resulting in the adoption of MPEG-2.

But it is not just technicalities which have led to incumbent analog broadcasters retaining their dominant positions in the DTT market. In Italy, the lobbying power of the public broadcaster on the one hand and the commercial network owned by a three-times serving prime minister on the other have been widely perceived as instrumental in sustaining an effective duopoly. Following an EU infringement procedure in 2006,

the Italian authorities committed to adopt a national plan providing for a total of five national multiplexes, with two reserved for the incumbents (RAI and Mediaset) and the remaining three up for open tender.

Some attenuation of the RAI–Mediaset duopoly in the terrestrial digital television market may also derive from the European Commission’s decision of 20 July 2010 to allow Sky Italia to compete in a forthcoming “beauty contest” for a digital multiplex, on condition that it broadcasts free-to-air programs on the terrestrial platform for five years. But there has been renewed concern since 2011 when Mediaset began merger talks with DMT Towertel, the leading company operating broadcast transmission networks. If the deal goes ahead, the new Mediaset-controlled entity will become the leading operator, owning and hiring the use of transmission towers to its digital broadcasting competitors. The other operator is the RAI-controlled company RAI Way, which leases its infrastructure exclusively to RAI.

## 2.2 Dilution of Free-to-air Television News

Digitization has brought intensified competition for ratings and advertisers in free-to-air terrestrial television markets. Amid this competition, there has been a marked shift away from so-called hard news in favor of more entertainment-friendly topics and formats. In Slovenia, commercialization of public television news has been catalyzed by an intensely saturated market, stirring considerable controversy among both the general public and civil society institutions. In Poland, during 2009 alone the number of serious news topics covered by public service programs fell by 50 percent.

Elsewhere the trend has been more subtle, often reflected in shorter time slots and later scheduling for current affairs programs. Newsroom cuts in countries such as the UK and Latvia have resulted in a marked growth in live interviews and discussion formats at the expense of long-form journalism. This raises important questions for the sustainability of public interest news amid pressures emanating from both the state and the market.

## 2.3 Politicization and Capture

In several countries there have been accusations of political clientelism, expediency, or ideological bias in the allocation of digital spectrum. The problem is particularly acute at the local and regional levels where a democratic deficit has been identified in some countries, with devolved procedures for digital licensing.

Spain still has no nationwide regulatory authority for audiovisual media. The only such authorities exist at the regional level and one of those, the Audiovisual Council

of Navarre, was forced to shut down in 2011 for financial reasons. Other regional authorities are seen as acutely vulnerable to political influence and interference. In 2008, the chair of the Audiovisual Council of Andalusia resigned, claiming that political parties were unwilling to respect the independence of the council. Meanwhile, broadcast licensing and media content regulation at the national level remain exclusively in the control of ministers, and successive governments have been accused of exploiting this vacuum to suit their political convenience.

Hungary has been particularly problematic. In 2009, the frequencies of two commercial radio stations expired and were reallocated to two bidders who had, according to the chair of the licensing authority who subsequently resigned, “unrealistic business plans.” But a Freedom House report noted that one of the bidders had financial links to the governing party while the other was connected to the political opposition, prompting speculation about backroom deals between the two dominant parties.

On other occasions, the regulator has been accused of arbitrary and politically motivated licensing decisions, as when the left-wing regional radio station, Klubrádió, lost its Budapest frequency in December 2011. New legislation in 2010 reasserted government power over media regulation in a range of areas. With regard to broadcast licensing, a regulatory body whose members were nominated and elected by Parliament was replaced with one whose members are appointed exclusively by the government. Government influence is further enhanced by the absence of detailed legal guidelines and definitions in respect of spectrum allocation. The discretionary power afforded to a constitutionally weak regulator enhances the government’s room for maneuver.

The significance of appointments as a lever of government interference was demonstrated in Romania in 2006. The head of the telecoms regulator, the National Authority for Communications of Romania (*Autoritatea Națională pentru Administrare și Reglementare în Comunicații*, ANCOM), was replaced twice within a single year. Both outgoing chairs subsequently won lawsuits over their dismissal but rather than reinstate either of them, the government changed the name of the regulatory body and reorganized the system so as to consolidate its control. The ongoing political manipulation of the regulatory framework drew heavy criticism from the EU in 2010. This emergency eventually prompted the Senate to transfer control over ANCOM appointments from the government to Parliament.

Attempts to depoliticize the appointment and election procedures of regulatory authorities and public broadcasters have been less successful in Poland. A new draft public media law, prepared by a citizens’ committee of television producers and

artists, was eventually rejected by Parliament despite an assurance to the contrary by the governing party in 2010. At the end of 2011, the National Broadcasting Council (*Krajowa Rada Radiofonii i Telewizji*, KRRiT) presented its own draft reforms over the financing of public media and elections of their officials. But the bill was rejected by the Minister of Culture, describing it as “controversial and with legal faults.”

The politicization of media regulation is perhaps nowhere more acute than in Italy. The Authority for Communications Guarantees (*Autorità per le Garanzie nelle Comunicazioni*, AGCOM) is exposed to particularly strong pressures from both the government and major political parties. An episode in 2010 serves as a case in point and led to the resignation of Giancarlo Innocenzi Botti, one of its board members. (Mr Botti was previously an executive for Fininvest, the company owned by the former prime minister, Silvio Berlusconi, and the parent company of Italy’s dominant commercial media conglomerate.) Published wiretaps revealed frequent telephone calls from Mr Berlusconi while in office to his former employee, urging him to intervene and halt a current affairs program produced by the public broadcaster, RAI. A judicial inquiry is seeking to determine, among other things, whether Mr Berlusconi was guilty of duress or threat to a political, administrative, or judicial body. Despite this, in July 2010, Parliament appointed another former Fininvest executive and former MP for Mr Berlusconi’s Forza Italia party as Mr Botti’s successor.<sup>3</sup>

It is not only political pressures which may encroach on independence; the funding of media regulators can also provoke conflicts of interest. In several countries, regulators rely on a levy applied to commercial broadcasters. In Lithuania, this model is seen by some experts as threatening the independence of the Lithuanian Radio and Television Commission (*Lietuvos radijo ir televizijos komisija*, LRTK), inducing it to adopt a soft and sometimes compromising position toward commercial broadcasters, especially over advertising rules. In simple terms, this is because the regulator’s financial interests are consonant with those of the broadcasters it oversees. The LRTK acknowledges that it is not quick to apply financial sanctions against commercial broadcasters, preferring an approach that centers on advice and cautions.

Vulnerability to capture may also depend on the degree of market power wielded by particular players or platforms. In Romania, strong lobbying by cable companies has been seen as instrumental in the delaying of digital switch-over and postponement of

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3. On 31 January 2013, the judge at the preliminary hearing dismissed the accusations against Mr Botti, Mr Berlusconi, and the then director-general of RAI. This dismissal was requested by the public prosecutor on the grounds that “no law had been breached” and “there was no evidence of damage,” because the current affairs program had been broadcast as usual.

DTT licensing tenders. In contrast, dominant terrestrial broadcasters in Slovakia have been seen as highly influential in determining the compression standard for DTT. This, as we have seen, effectively closed off the space for new entrants into the DTT market.

## 2.4 State Aid

State aid to the media in EU member states is critical, in view of a twin assault on media revenues in the last five years. First, the global economic crisis has severely affected commercial media advertising. In the case of newspapers, this has precipitated a perfect storm following long-term declines in readership. As mentioned, this has been exacerbated at least to some extent by consumer and advertising migration to digital platforms. The second assault has stemmed from the convergence of media platforms, which has rendered the traditional license fee for public service broadcasting less effective as a means of financial support and, in some cases, obsolete.

Both of these assaults have left media across the public/private divide more dependent on state aid, which in many cases has compromised their independence. This has compounded some of the problems with political bias in licensing identified above. In some countries, state funds are increasingly used to influence and interfere with the media, as well as other policy levers associated with digitization which have provided a channel for political favoritism.

Arguably the most problematic form of state aid to the media is official advertising, given its inherent opacity. In several EU member states, this form of funding is indirectly used to support politically friendly media and discriminate against those outlets that are less supportive of official positions. In Hungary and Romania, digitization has done little if anything to check long-standing traditions of exercising political influence in this way.

Influence is often wielded not through direct government-funded campaigns but through companies and institutions that are majority or wholly state-owned, and which happen to be some of the largest media advertisers. In Slovenia, a number of instances have been reported in recent years where state-owned or state-controlled companies withdrew advertising from particular outlets, allegedly due to their editorial policy. The fact that such withdrawals coincided with changes in government adds weight to complaints of political favoritism. For instance, the daily newspaper *Dnevnik* claims to have been particularly hard hit under the right-wing government from 2004 to 2008. In 2007 the company reported that it had lost around €800,000 of income due to the withdrawal of ads by state-owned companies (promised under the previous government).

However, in most countries, official advertising of all types has been significantly reduced in recent years, largely as a result of fiscal austerity. But the transparency of state funding through media advertising contracts remains critical. This transparency deficit is often made worse by a lack of interest or engagement from journalists, politicians, and civil society organizations. And it is further exacerbated by the blurring of boundaries between editorial and advertising content in media across different platforms.

A compelling example occurred in Latvia during a pre-election period in 2010. A commercial television channel broadcast several pseudo-journalistic discussions entitled “Latvia, we hear you!” which were presented as legitimate political debates. On closer analysis, the topics appeared to be presented in a manner favorable to the election campaign run by the coalition called For a Good Latvia. The broadcaster subsequently acknowledged that the program had been funded by a nongovernmental organization (NGO) also called For a Good Latvia, launched shortly before the elections with the goal of supporting the political campaign of the same name.

As already mentioned, state funding of public service broadcasting has increased in some countries in response to declines in both license fee and advertising income. In Romania, the state subsidy share of the public broadcaster’s income rose from 19 percent to 31 percent between 2005 and 2009. In Slovenia, attempts to preserve the license fee by linking it to household electricity consumption (rather than ownership of apparatus) were thwarted by the economic downturn, with the result that public broadcasting has been wholly funded by direct subsidies since January 2013.

Several other countries may go the same way in the medium term future, including Sweden, where there is a general belief among politicians and public service executives that the system has to change. In other countries, however, the license fee mechanism has proved adaptable to technological convergence. In the UK, the BBC’s income remains almost exclusively derived from the license fee and this has been relatively stable over recent years. Liability for the fee is now contingent on the use of any form of linear broadcasting within the household, regardless of platform.

Other countries have experienced increases in direct state subsidies over recent years, notably Spain, where a dramatic hike in state support followed the banning of public service broadcasting advertising in 2009. But while banning or reducing advertising on public service broadcasting channels might be considered a legitimate attempt to preserve the vitality of DTT markets, the switch in emphasis to direct subsidies can threaten the viability and independence of public service media, even in countries with strong reputations for public service broadcasting’s independence and credibility.



In the Netherlands, the budget for public broadcasting has been considerably more volatile in recent years and is subject to annual reviews as part of overall government spending decisions. There are concerns that this may lead to excessive monitoring and reporting obligations that will compromise the independence of public broadcasters.

Where direct subsidies have not increased or have been cut in recent years, some public service broadcasters face mounting losses. This is the case in Slovenia, where a reduction in the public service broadcasting advertising quota coincided with the general advertising crunch. In Romania, the increase in state subsidies has not plugged a deficit that is generally attributed to poor management.

In terms of direct subsidies for non-public service media, there have been a number of controversial cases in recent years. In 2011, a parliamentary committee in Slovenia uncovered evidence of financial ties between weekly newspapers, published in the run-up to the last general elections, and the party which won the election. As we saw in the case of digital licensing, interference is often strongest at the local and regional levels. In the Netherlands, decreasing revenues for local media have led to local or provincial governments stepping in to support the sector financially. In some incidental cases this has led to officials expecting positive coverage of local governments in return for financial assistance.

The problem appears to be more widespread in Spain, with each Autonomous Community and municipality managing its own budgets for institutional advertising and press subsidies. These budgets produce relationships of dependence between the regional or local political power and the media. The potential lever of influence is enhanced by the fact that regional and local authorities are afforded wide discretion in allocating the funds, unburdened by oversight authority.

Not all forms of direct subsidy to the media are controversial, however, as we shall see below.

Digitization has also opened new avenues for preferential state support via a range of policy levers beyond funding. This is most obviously the case in regard to digital licensing, but other aspects of media policy have been exploited in recent years for political favoritism and expediency.

In Italy, a case in point is the Decreto Romani, a legal framework for broadcasting adopted in 2010. Specifically, new regulations on advertising appear to have been designed to reduce the number of commercials on Sky Italia, a satellite competitor

to Mr Berlusconi's Mediaset and favor their proliferation on DTT (to the further advantage of Mediaset). Specifically, the new regulations restrict advertising on pay-TV (a sector dominated by Sky Italia) to 12 percent of airtime but raise the threshold for commercial terrestrial broadcasters to 20 percent.

Pay-TV broadcasters also now face a greater burden in terms of regional and national programming quotas as well as an increase in VAT on pay-TV subscriptions. These new regulations have raised serious question marks over the government's impartiality in respect of broadcasting policy. They came on the back of controversial consumer subsidies for set-top boxes, which the European Commission found to be illegal under state aid rules. A report in 2007 accused the government of breaching the principle of technological neutrality among broadcasting systems and unfairly penalizing satellite television.

Finally, there is considerable—albeit circumstantial—evidence to support the view that governments have tailored media ownership policy in favor of particular groups. In the UK, the Leveson inquiry into the ethics and practices of the press exposed improper personal contacts and negotiations between successive governments and Rupert Murdoch's News Corporation (New Corp). Whether this amounted to backroom deals in policymaking remains a matter of dispute. But it serves as a telling reminder of the enduring power and political influence of traditional media conglomerates after digitization.

## 2.5 Audience Fragmentation

Audience fragmentation has presented a balance of opportunities and risks for new business models in the digital environment. While the launch of niche or thematic channels has been a key driver of success in digital television markets, this applies predominantly to entertainment-based formats. Rolling news channels have met with mixed success and there have been several failed or stalled attempts to launch new services, including the recent closure of CNN+ in Spain and the ITV news channel in the UK. There have also been notable cases in which new channels that encompass news have been forced to drop that strand of their program offer. Slovakia's TV Pink launched in 2010 with a mixture of Serbian and Slovakian entertainment programming as well as a newsroom. However, the newsroom was closed and journalists made redundant just weeks after the launch, with the company citing major financial difficulties.

The scale of migration of news audiences away from the traditional main news bulletins has varied across the region. In some cases, the decision to shift news programming away from the main channels in favor of new ones has reduced the audience exposure

to news programs. Investment in niche news services raises particular issues for public service broadcasting, with its traditional mission to foster social cohesion and serve national communities, as opposed to targeted audiences.

Indeed, most public service broadcasters have sought to exploit the emergence of new platforms in a bid to re-engage with minority and younger audiences. But niche programming and audience segmentation have not reversed the aging demographic of public service broadcasting audiences, which is a finding consistent across all countries.

It seems clear that the primary means for public service institutions to engage meaningfully with younger audiences is the internet. To this end, the record to date is very mixed. While the BBC in the UK and RTVE in Spain have developed websites that consistently rank as the most popular nationally, their counterparts in Latvia and Lithuania rarely feature among the top 20. In such countries, public broadcasters have done little to expand their internet presence, and their online engagement remains weak.

## 2.6 Journalism Funding Crisis

The success of some public service broadcasters' online presence is said to have further eroded opportunities for commercial news providers to reach and monetize niche audiences. Some major commercial news initiatives have met with spectacular failure in recent years. In 2009, the Prague-based investment group PPF launched a network of 150 hyper-local weeklies, 900 websites, and 90 news cafés called Naseadresa.cz, with seed funding of US\$ 10.3 million (€7.45 million). The project assumed a growing public hunger for local information, notwithstanding the fall in demand for national and political reporting. After just a year of operations, however, mounting losses forced the business to close.

On a much smaller scale, instability in the blogosphere reflects the difficulties in sustaining niche audiences in the digital environment. Even in countries such as Lithuania, where the blogging community remains a viable source of news, commentary, and analysis, the leading blogs are in a state of constant flux. This is partly to do with the reality that very few if any bloggers are able to make a living from their websites.

The struggle to monetize news audiences has had a significant impact on the provision of good-quality public interest news in several contexts. In the face of an undeveloped and uncertain market online, many news publishers have maintained their focus on traditional platforms in a drive to squeeze more revenue, or at least stem the tide of decline. This has led in some cases to a growing emphasis on advertorials alongside a

general weakening of the divide between editorial and advertising content, particularly in local newspapers.

An example of this kind of closer cooperation between publishers and advertisers is the local Dutch news platform Dichtbij.nl, which openly produces editorial content paid for by businesses and local authorities. For some, this is not necessarily a harmful development from the consumer's perspective, provided that publications are transparent about what they are doing. Others consider it a dangerous precedent which threatens the autonomy of journalists and the reputation of journalism. Nor is the practice restricted to print: Slovakia's Ta3 news channel has been fined on several occasions in recent years for facilitating hidden advertising in its news programs.

Some publishers have concentrated on lobbying to force online aggregators to pay for using their news content. In 2009, German newspaper publishers publicly demanded a new law to ensure that journalists and publishers are compensated for the exploitation of their material by ancillary websites. The proposal received support from the governing coalition but drew criticism on the basis that the measures would restrict the free flow of information online. In Italy, publishers have lodged appeals with both the national Antitrust Authority and the European Commission for similar redress in light of what they consider to be copyright infringements by third parties online.

In 2013, Google announced settlements with news publishers in France and Belgium, based on the creation of a Digital Publishing Innovation Fund in France, and advertising commitments in Belgium. It remains to be seen whether the company is willing to establish similar initiatives elsewhere in Europe or whether such initiatives would be acceptable to publishers.

One adaptation of traditional business models common to broadcasters and publishers alike has been accelerated restructuring, with cost-cutting and resource rationalization. Jobs, wages, and marketing budgets have all been slashed to varying degrees in recent years. Two of Lithuania's leading newspapers reportedly made up to 25 percent of their journalists redundant in 2009 alone. Elsewhere, broadcasters increased the number of repeat and imported programs in their schedules, while publishers reduced page numbers and circulation volumes, closed some titles, and reduced the frequency of others.

These cuts are implicated in the widely observed trends of tabloidization in news, which is occurring to varying degrees in all countries and across all platforms. It is said to be manifest in increasingly homogenized output; recycled and plagiarized content;

a growing emphasis on celebrity and entertainment news over politics, the economy, and foreign affairs; and an increasing emphasis on sensationalism and headlines over in-depth features and analysis.

### 3. Digital Champions<sup>4</sup>

Generally speaking, western and northern member states remain the most progressive and fast-developing digital states in Europe. This is not attributable to the absence of state involvement in the media (through public subsidies, press laws, regulation, and so forth) but rather to the right kind of involvement, which supports rather than constrains media independence. For instance, Finland has routinely topped global press freedom indices in recent years, and it has one of the highest levels of public support for the media per head, stringent laws on privacy and libel, and a broadcast licensing policy that is strongly oriented toward plurality and diversity.

#### 3.1 Regulatory Independence and Transparency

Those countries where authorities are broadly recognized as impartial tend to have explicit licensing criteria enshrined in statute law. Germany has a clear two-step process for digital licensing that involves first deciding whether a given frequency gets allocated to public or private broadcasting. Procedures resulting in mutual consent between broadcasters are allowed for, failing which the regional authority can decide based on statutory provisions for diversity, consideration of local issues, minority interests, and so forth. If the frequency is to be allocated to private broadcasters, the second step involves a “beauty contest” in which applicants compete—again on pre-defined legal criteria—with an effective appeals mechanism in place following the regional authority’s decision.

Fairness, transparency, and accountability are also bolstered in countries where there is a clear separation of powers, limiting the degree to which governments can intervene in regulatory decisions. In the Netherlands, for instance, decisions over which award instrument to use in the allocation of spectrum (by beauty contest or auction) are taken

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4. Given that most EU countries have completed digital switch-over, this section focuses on the emergent policy challenges since digitization. One key area not covered here is the regulation of media ownership. This is because none of the MDM countries appears to have adequate measures in place to deal with the digital challenges to media plurality. Instead, the default response of policymakers has been to deregulate ownership rules or maintain or design cross-media limits that are insufficient for the task. Hence, the focus here is on those areas where member states have made substantive progress toward regulatory independence, transparency, and accountability; and on support for public service and third-sector media.

by Parliament rather than government, while in Sweden constitutional provisions ensure that public administration outside the government structure is highly independent.

An important factor underpinning reputations for transparency is the extent to which authorities hold regular, timely, and relevant public consultation on key decisions, particularly those which are politicized and subject to strong lobbying efforts. In the UK, Ofcom (Office of Communications) holds public consultations on all spectrum license awards over and above its periodic strategy reviews. Full details about the consultations are published on its website, and there is a dedicated department for research enquiries and freedom of information requests.

In countries such as Sweden, constitutional protection provides intrinsic protection for regulatory independence. The Swedish Broadcasting Authority is part of the public administration and traditionally, the political system has made a clear-cut division between legislative, executive, and administrative powers. It seems reasonable to assume that the more entrenched legal protections are in statute law, the greater the bearing they are likely to have on the political culture at large.

There are also more specific legislative provisions which can affect regulatory independence. In Germany, broad representation is guaranteed among state media authorities, which include so-called “pluralistic councils,” composed in the main of civil society representatives with a minority of other members drawn from Parliament, expert fields, and a single representative from government. In addition, each authority has tailored rules for appointment and election procedures designed to minimize political influence and conflicts of interest, along with specific regulations for funding and financial auditing.

In Lithuania, independence is enhanced by the involvement of civil society in the appointment procedures themselves. The majority of appointments to the board of the LRTK are made not by Parliament or the government, but by NGOs. But this has given rise to new controversies concerning their representative legitimacy. For example, the Lithuanian Journalists’ Union has the right to nominate members to the LRTK board, although it is not widely seen as representative of the journalistic community.

What seems certain is that the regular rotation of appointments, as well as explicitly defined criteria and procedures, are important for safeguarding independence, at least in the formal sense.

### 3.2 Support for Public Service and Third-Sector Media

In western and northern European countries, public service broadcasting funding remained relatively stable during the early 2000s. This enabled them to invest heavily in new digital services including niche channels, on-demand, and mobile applications. As a result, they stemmed the tide of audience losses following increased competition in the multi-channel environment. There are also signs that ratings for the main public service broadcasting channels are stabilizing. The United Kingdom, Germany, and Sweden have experienced steadily declining audiences for flagship television news bulletins level off in the last two to three years. In the Netherlands, there has actually been a reversal in fortunes, with public service broadcasting audiences increasing in 2010 for the first time in a decade. This is generally attributed to a new programming model that targets specific socio-demographic groups.

The success of these public service broadcasters is demonstrated in the assessments of their public value. Survey data in 2010 suggested that German audiences saw public broadcasters as more informal, modern, and entertaining compared with 2005, but without losing their reputation for credibility and quality. Similarly in the Netherlands, the move away from hard news has been characterized as a shift in emphasis from the state to the street, and is not generally considered as a dumbing down of news quality.

While some forms of state aid have posed significant risks for the independent performance of news media (as discussed above), others have had the opposite effect, helping to foster a space for news provision immune to both state and market pressures. Some forms of public support have targeted particular areas of provision underserved by the market, including outlets targeting children and facilitating minority expression.

In Lithuania, for instance, subsidies for the media are channeled via an independent body known as the Press, Radio and Television Support Fund (*Spaudos radijo ir televizijos rėmimo fondas*, SRTRF). The fund primarily finances cultural projects and media services aimed at children, allocating funds to a wide variety of applicants. It has also been used to compensate print media following the cancellation of VAT subsidies in 2008. Since then, internet media projects have received around US\$ 350,000 (€250,000) per year, including the news portal Bernardinai.lt. There is no evidence that this support has compromised the independent performance of its beneficiaries.

In the Netherlands there are several funds and temporary projects to support the press. Two of these were implemented following recommendations by the Brinkman Commission in 2009, which examined the challenges for newspaper publishing in the digital age. A €4 million project over two years funded 60 young journalists to work

for newspapers and opinion magazines, and the Press Fund distributed a further €8 million to fund innovation in the press and media. Besides these, the government also supports a permanent fund for Special Journalistic Projects which receives an annual contribution of €450,000 from the Ministry of Education, Culture and Science, including specific support for investigative journalism.

In Sweden, the state has a similarly strong role and tradition in funding various media initiatives. For instance, state subsidies to support second-ranking regional newspapers remain a distinctive feature of the press system. However, this system has been subject to growing scrutiny and debate over recent years. The European Commission has criticized the subsidies, claiming that selective state support to newspapers poses a serious threat to free competition and should be perceived as a substantial market distortion. The government has, as a first step, decided to reduce support to subsidized newspapers in metropolitan areas.



# Digital Media in the EU Enlargement Countries

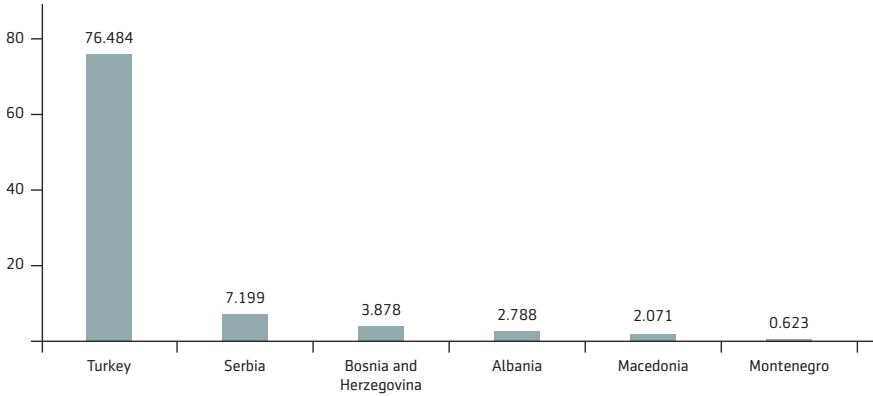


Justin Schlosberg

## Context

This chapter covers six countries in south-eastern Europe: Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Serbia, and Turkey. These countries all aspire to join the European Union. By European average standards, they are characterized by small populations (except Turkey) and high political instability. These factors have influenced and shaped the transition to and spread of digital media. They also reflect the region's recent turbulent past, plagued by ethnic conflict following the collapse of the Soviet Union and the dissolution of Yugoslavia in the early 1990s. Ethnic and regional tensions continue to create insecurity, with occasional outbreaks of violence.

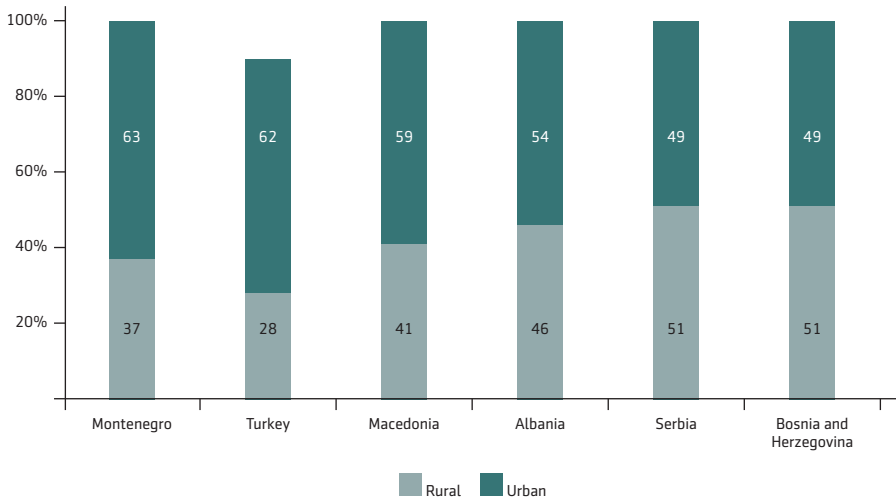
**Figure 8.**  
Population (million inhabitants), 2013



*Note:* This figure draws on data from the IMF that may not have been included in the Mapping Digital Media reports, which were published over several years as they were completed

*Source:* Data from local statistical offices gathered by IMF

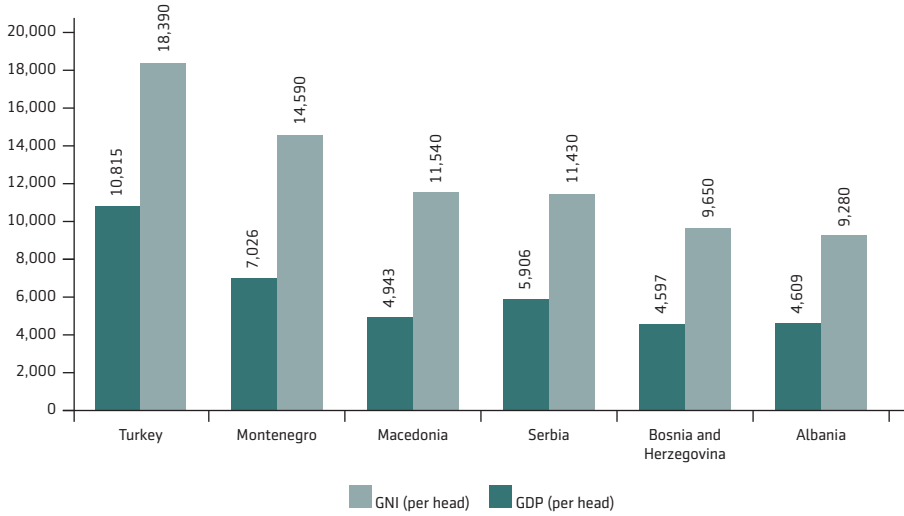
**Figure 9.**  
Rural–urban breakdown (% of population), 2012



*Note:* This figure draws on data from local statistical offices collected by the World Bank. These data may not have been included in the Mapping Digital Media reports, which were published over several years as they were completed

*Source:* World Bank

**Figure 10.**  
GDP (2013) and GNI (2012) in US\$



*Note:* This figure draws on data from the IMF and the World Bank that may not have been included in the Mapping Digital Media reports, which were published over several years as they were completed

*Source:* Data from local statistical offices gathered by the IMF and World Bank

**Figure 11.**  
Unemployment (% of total labor force), 2013



*Note:* This figure draws on data from the IMF that may not have been included in the Mapping Digital Media reports, which were published over several years as they were completed

*Source:* Data from local statistical offices gathered by the IMF

## Introduction

The digital switch-over of television in south-eastern Europe has been beset by bureaucratic delays and political obstacles in all the countries under review, and it is not clear whether current targets are achievable. There is a general lack of adequate preconditions in terms of access and affordability. With regard to the former, Albania and Serbia have set modest access requirements, stipulating that digital signals must reach 80 percent and 90 percent, respectively, of their populations before analog signals can be turned off. Legal provisions concerning the affordability of switch-over for citizens are inadequate in Montenegro, Serbia, and Albania. At the time of writing, only Macedonia has completed the switch-over process. Transitions are in progress in Serbia, Turkey, and Albania, but are yet to commence in Bosnia and Herzegovina, and Montenegro. All five countries yet to complete the switch-over have deadlines in place for 2015.

More generally, there is a lack of clarity in the legal and regulatory frameworks governing digitization. In Montenegro, the transfer of responsibility for digital policy from the Ministry of Transport to the new Ministry of Information Society created uncertainty, leading to confusion over the transmission standard for digital broadcasting; application procedures for the first digital terrestrial multiplex were prepared with no clear vision of the exact number of channels it would carry.

In Serbia, there is much still to be done in order to fully implement the government's Media Strategy (adopted in 2011 in consultation with the European Commission), including new legislation to ensure harmonization with the European Union's Audiovisual Media Services Directive (AVMSD). In Bosnia and Herzegovina, progress towards switch-over has been marred by insufficient funding, institutional inertia, and political divisions. In particular, there is a lack of coordination between the regulator, relevant government ministries, and the various public broadcasters. This was epitomized when one regional public broadcaster (in the entity called Republika Srpska) began autonomous experiments with digital broadcasting in 2009, using different standards from those formally adopted by the country's converged communications regulator.

This episode resulted in considerable confusion and a loss of public confidence, along with enforcement action against the broadcaster. Advances in the rest of Europe have put pressure on the authorities to get their act together, and the new deadline of 2015 for analog television switch-off in Bosnia and Herzegovina may yet be achievable.

There has been notably more success in developing broadband infrastructures and expanding internet use and access. By 2010, more than half of the households in Macedonia and just under half in Serbia owned a PC. This compared with just over 10 percent of households in Albania, where internet penetration is relatively high. The proportion of people regularly using the internet more than doubled in all countries between 2005 and 2009.

Nevertheless, television remains the dominant medium for news and information in all these countries. In Montenegro, the last 5–10 years have seen the previous dominance of terrestrial television eroded amid rapid growth of other platforms, including Internet Protocol Television (IPTV). In all other countries terrestrial television has lost ground to cable, satellite, or IPTV but the overall television platform ecology remains largely unaltered.

The impact of digital media on the reach of newspapers has varied across the region. Historically, print circulations were always low, yet—despite a dearth of credible industry data—there is strong evidence to suggest that most of the countries surveyed have experienced a significant and sustained decline in print news circulation over recent years. The exception is Turkey where print newspapers remain an important source of news, reaching 4.6 million people (predominantly in Istanbul and other urban centers). Circulations and advertising revenues remained relatively stable over the last decade, despite newspapers accounting for a declining share of the advertising market as a whole. This may yet prove to be an ominous sign for the future sustainability of the print news sector. As for the other countries, differences in the rate of decline among newspapers can be traced to the success of their online activities. Only one of the leading news websites in Bosnia and Herzegovina is an established newspaper brand, while newspapers dominate online news traffic in Serbia and Macedonia.

While much of digital media development in the region has been positive from the point of view of pluralism and diversity, the gains have been offset by trends of tabloidization and declining standards of journalism. Above all, the independent performance of media is under threat from the endemic politicization of electronic media, the increased reliance of some outlets on state aid, and a growing precariousness in the journalism workplace.

One regional feature of news provision in south-eastern Europe has been the patterns of political and ethnic polarization, patterns which have shaped the impact of digitization, rather than the other way around. The proliferation of news outlets has fostered diversification to some extent, but often only in line with the particular

lobbying efforts and interests of media owners. In other contexts, digitization appears to have done little to weaken political parallelism among mainstream media brands. Political and ethnic polarization has also undermined the digital public sphere through the spread of hate speech and the continued exclusion or marginalization of some minority groups. Finally, there is broad evidence of polarization in the newsroom, as evidenced by the development of distinct traditional and online cultures of news production.

This polarization in different guises does not detract from the very real opportunities that digital media present for enhancing democratic citizenship, participation, and transparency through the news media.

## 1. Opportunities

### 1.1 Enhanced Access to Content

Although digital switch-over is still in its infancy, the growth of broadband internet coupled with the expansion of IPTV and other digital modes of television reception have enhanced access to plural news sources. In particular, the number of multi-channel television households has grown significantly across the region, increasing access to a wider range of news programming, including foreign news channels. This has been further stimulated by the growth of social media platforms and the culture of linking and sharing news online. In Macedonia, such practices have favored niche and foreign providers and the coverage of issues that are underreported in mainstream outlets.

At the same time, digitization has prompted public broadcasters and commercial incumbents to invest in new services, particularly for building their online presence. These investments have met with mixed results. In Montenegro, they have helped to ensure the relevance of the public broadcaster and the dominant commercial channel as the leading news providers. In Macedonia, by contrast, the public broadcaster has been accused of dragging its heels over investment in new services and there has been no measurable increase in the quality or quantity of news output. While the Serbian public broadcaster's website has achieved high quality, relevance, and popularity, the websites of various public broadcasters in Bosnia and Herzegovina are described as "visually unattractive" with "limited functionality."

There are wider divergences in the progress over news coverage of, for, and by minorities. In Albania, Montenegro, Serbia, and Turkey the space for minority expression in the overall news landscape is judged to have expanded and this has particularly favored

sexual and ethnic minorities. In Bosnia and Herzegovina and in Macedonia, however, the opposite trend has been observed; online platforms for minority expression have to some extent been colonized by hate speech and there has been a perceptible increase in bias against minorities—as well as stereotyping of them—in the mainstream media.

The most consistent positive indicator for enhanced access to news services is evident in the emergence of new entrants, primarily online. Though these are few in number, they have made a significant contribution to the overall news offer. In Montenegro, *Analitika* was launched in 2009 and attracted over a million visits during its first year. The website remains an important alternative news source featuring a mix of multimedia, interactive, and user-generated content as well as in-depth analysis.

In Macedonia and in Bosnia and Herzegovina, new entrants funded by charitable foundations have had a notable impact on the mainstream news agenda, making the most of digital innovation in news provision. This includes not only multimedia and multi-platform strategies of dissemination, but also deep linking to original source material.

## 1.2 Interactivity and Participation

Social networking now dominates online activity in all the countries surveyed, although citizen journalism is underdeveloped. Video and photo sharing as well as comments and forum posts are the most popular forms of user-generated content. There has been an observed decline in the quality and relevance of independent blogging in Macedonia over recent years, leaving a residue of predominantly issue-specific and opinion-led blogs with limited audience reach. This is set against the expanding presence of established news brands online.

In one sense, the growth of established news brands also owes something to new forms of audience participation, particularly in respect of sharing, linking, and selection of news topics via social networks. News items are increasingly selected according to peer recommendations based on shared interests, demographics, political affiliations, and social status. On the one hand, this trend reflects a growing diversity in available news content and wider opportunities for the expression and representation of minority groups. This is especially noted in Montenegro where news sites and forums targeting Bosniak and Croat minorities have emerged and grown significantly, along with those representing religious and sexual minorities. On the other hand, questions remain—in this region as elsewhere—over how much intersection of diverse views the internet is facilitating, and whether diversity in content exacerbates the fragmentation of audiences.

### 1.3 Transparency

Overall, digitization has improved access to public information. In some cases this has proved to be a significant resource for journalists. In Montenegro, two of the most useful websites in this respect are those of the Police Headquarters and the Central Registry of the Commercial Court, which publish extensive and unprecedented volumes of data relating to crime and corporate activity.

But enhanced access to sources has yet to translate into the wider production, dissemination, and impact of investigative journalism. In Serbia, this is partly because some of the most well-resourced media outlets, such as Tanjug news agency and *Politika* newspaper, remain significantly influenced by and dependent on the state. In Macedonia, the growth of publicly available data has failed to stimulate investigative reporting due to a lack of data journalism skills, awareness, and resources. This has left journalists in a somewhat passive position, largely dependent on the research reports of public bodies, corporations, and nongovernmental organizations (NGOs).

Transparency of media ownership is a significant problem, particularly in Serbia, Albania, and Turkey. Recent legislative provisions have improved the situation in Albania over the last four years, although transparency of media funding remains problematic.

### 1.4 Civil Society and Digital Activism

Online civil society is not yet flourishing in south-eastern Europe, but the seeds of digital activism have been sown and civic participation online is expanding rapidly in tandem with social media. Key events in recent years have served as catalysts for this growth; the death of a young activist at the hands of the Serbian special police during the 2011 elections set off not just extensive protest via social networks, but also continuing Facebook campaigns against police brutality. In Turkey, the 2011 imprisonment of online journalists accused of involvement in an alleged terrorist conspiracy triggered widespread public outrage and waves of protest both on- and offline.

The nature and extent of digital activism varies across the region. In Serbia, it has grown through petitions, protest initiatives, and public debates. In Bosnia and Herzegovina, social media have mobilized protests and aided the emergence of new civil society organizations. In Montenegro, civil society activism online is eclipsed by the growth of mainstream political activism as both ruling and opposition parties consolidate and expand their online presence. In Albania, civil society organizations are seen as late adopters of digital tools, particularly in comparison with political parties. Most NGOs



have yet to capitalize on social media as vehicles of mobilization and dissemination. And across south-eastern Europe, political activism online has predominantly taken the form of one-way communication flows with little opportunity for citizens to influence or participate in debate with political actors.

Turkey is again an outlier here, with the strength of digital activism seemingly growing concomitantly with reactionary measures by the government. For instance, the two-year YouTube ban in 2008–2010 prompted activists and academics to create exceptionally influential protest blogs such as the Internet without Censorship Movement (Sansürsüz İnternet, [Sansursuzinternet.org.tr](http://Sansursuzinternet.org.tr)), the Cyber Rights Movement ([Cyber-rights.org.tr](http://Cyber-rights.org.tr)), and the Censoring Censorship Movement ([Sansuresansur.org](http://Sansuresansur.org)).

## 2. Risks

### 2.1 Dilution of Public-interest News

Television remains by far the dominant medium for news and information throughout the region. But the provision of accessible public interest news is threatened by the proliferation of platforms and channels, which has diminished the space for a competitive market in terrestrial free-to-air broadcasting. At the same time, some public service broadcasters face acute financial and political pressures. That public service broadcasting should be enabled to function as a mainstay for serious news and original current affairs programming is all the more important given the instability of broadcasting markets, which probably heralds further ownership consolidation.

This is particularly the case in Montenegro where the decline of terrestrial television has resulted from the growth of internet, cable, and wireless reception. IPTV is now the second most popular television platform, accounting for a third of non-terrestrial viewing. Commercial terrestrial broadcasters face intensifying competition without the security of must-carry rules. Tabloidization has also affected Montenegro's public service broadcaster, and recent reforms and the much-needed stabilization of funding have not translated into recognizable improvements in output. This appears to support concerns that the public broadcaster's increasing reliance on state funding has compromised its independence.

Elsewhere in the region, public broadcasters face an ongoing crisis of both funding and legitimacy. In Macedonia, an acute shortage of funds, broad misunderstanding of its public role, and growing competitive pressures from global media and IPTV threaten the sustainability of public service broadcasting in the digital age. This matters; in

2010, 77 percent of the population still used television as their primary news source, and public service broadcasting's must-carry privileges afford it a central role in news delivery.

In Bosnia and Herzegovina, the provision of public interest news on the terrestrial platform is threatened by a perfect storm of market saturation and decline in public service broadcasting. The many new platforms and channels have favored commercial broadcasters and prompted public broadcasters to commercialize their news content. The financial crisis is reflected in a 74 percent drop in the advertising tariff for public service broadcasting over recent years.

Although the growth of online news services has widened the playing field and fostered a degree of plurality in the overall news landscape, this has not translated into a more diverse or higher-quality news offer. Resource constraints and a lack of professionalism have left online journalism largely dependent on agency sources and recycled content, a phenomenon that has become known as “Google journalism.”

This is especially true of Turkey, where the multiplication of news sources both on television and online has fostered a growth in recycled news content, rather than a genuine increase in diversity. Added to this, financial pressures in newsrooms have left little appetite to invest in analysis and in-depth coverage, leading to a rise in opinion journalism in newspapers mirroring the blogosphere culture.

The roots of these problems are not limited to the pressures of digitization. The financial crisis and withdrawal of international donors and institutional investors from the media have opened the door to preferential and politicized state funding in Bosnia and Herzegovina, for example, with political elites vying for influence and control over the media landscape.

## 2.2 Audience Fragmentation and Digital Divides

Both digital and cyclical pressures have mixed with long-term patterns of audience fragmentation that threaten the viability of an inclusive public sphere in the digital age. The challenge of fostering greater unity among audiences that are highly fragmented along ethnic lines is significant across the region. In Bosnia and Herzegovina, only the national public broadcaster presently commands near-universal technical coverage across the entire country, with the remaining 44 licensed terrestrial broadcasters confined to regional areas.

In multi-ethnic Macedonia, the growth of social networking has been concentrated among the Macedonian-speaking population. Audience diversity in this sense has been more restricted online than in conventional broadcasting, where approximately 20 percent of total output is in minority languages.

However, the break-up of national audiences as a result of digitization should not be overstated. In Serbia, patterns of television viewing have not changed significantly in recent years and the public broadcaster continues to command the highest ratings, particularly for news.

Traditional news brands from both print and broadcasting have also been extending their reach online in all countries surveyed. In many cases, newspapers now reach bigger audiences than ever, thanks to their online editions. Serbia's best-selling daily, *Blic*, has lost some 50,000 sales over recent years, reducing its paid circulation to 150,000. But its website now draws in 1.5 million unique visitors per month.

Progress in bridging access divides has been mixed. In Bosnia and Herzegovina, there is evidence that gender, ethnic, and urban–rural digital divides are being gradually eroded, although internet activity is still heavily concentrated in younger age groups. Serbian society still suffers from an acute digital divide, with rural areas lagging behind cities in computer ownership and internet connections. The expansion of pay-TV services in Montenegro has fostered an access barrier to broader content and services beyond the terrestrial offer, which remains the preserve of the less affluent north of the country.

### 2.3 Difficulties in Monetizing New Platforms

Online migration of news audiences has occurred in varying degrees with varying consequences. In Macedonia, the disruption of media business models by online migration has left newspapers increasingly dependent on state support or cross-subsidies. In 2008, the government became the second-largest media advertiser and has accounted for almost half of commercial media revenues over the last five years. This has created a perceptible shift in editorial policies in favor of the government and deterred major news groups from experimenting with new or alternative business models.

Conventional media in Bosnia and Herzegovina, by contrast, have not been hit by significant migration of advertisers or audiences to online outlets. Economic recovery and industry consolidation are widely seen as antidotes to the present crisis in news funding. This may explain why established media groups have not experimented with

new business models or sought alternative revenue sources. Attempts to erect paywalls around online news have proved unsustainable.

In Turkey, the potential for achieving political influence through the media has meant that many outlets are cross-subsidized and run as loss leaders. A lack of transparency of ownership has obscured funding sources, however, as well as the precise relationships among the political establishment, the Islamic networks, and media conglomerates.

## 2.4 Censorship and Government Interference

Although digitization is not a causal factor in media censorship and government interference, it has done little to curb their prevalence across the region. In some countries, indeed, there are signs that government attempts to control the media are intensifying.

In 2011, the forced closure of Macedonia's A1 conglomerate, which comprised one-half of a cross-media duopoly, raised precisely such suspicions. The closure was ostensibly the result of a tax investigation which led to the sentencing of its proprietor to 13 years' imprisonment, and opened a door to new entrants both on- and offline. But the fact that A1 outlets were generally aligned editorially with the political opposition sharpened concerns about a crackdown on critical media.

The media regulator in Bosnia and Herzegovina, the Communications Regulatory Authority, has faced penalties for what many perceive as its attempts to maintain its autonomy from government. In 2008, the Law on Salaries and Compensations in State Institutions was seen as retribution for the regulator's demonstrable independence, resulting in wage cuts of up to 60 percent for some employees.

In Albania, the problem is more one of self-censorship associated with deteriorating working conditions for journalists. Most journalists continue to work without contracts and with below-average salaries, particularly in rural areas. This has translated into a culture of journalism that reflects the whims and interests of media owners.

In Turkey, digital media have become the site of an intensifying battle over free speech involving the authorities, journalists, and civil society activists. Of particular concern is the power vested in the telecommunications authority to ban websites considered to host inappropriate content without recourse to judicial proceedings.

## 2.5 Crisis of Ethical Legitimacy in Journalism

The development of digital news is associated with a lowering of professional standards across the region. This is particularly cited in relation to plagiarism and misinformation in online journalism. The absence of regulatory frameworks for online journalism has also facilitated the spread of hate speech and slander, which has not been offset by the growing presence of established news brands in the digital sphere.

Some progress has, however, been observed in recent years. In Bosnia and Herzegovina, ethical standards for online journalism are gradually being adopted as proprietors recognize the benefits in terms of credibility and protection from potential legal threats. Thus, 2011 saw the beginnings of a transformation of the self-regulatory Press Council into a Council for the Press and Online Media.

## 3. Digital Champions

The converged media authority in Bosnia and Herzegovina, mentioned above, warrants special attention given the positive precedent it has set for the region. The Communications Regulatory Authority was established in 2001 to govern broadcasting and telecommunications. Its procedures, as codified by the Law on Communications in 2003, granted it considerable authority over both the content and means of broadcasting, hence over the transition to digital terrestrial television as well as over the regulation of media plurality.

For both analog and digital licensing, the authority drew up comprehensive plans based on this law and in line with European Union precedents. In its licensing decisions to date, there are no indications whatsoever that certain users, groups, or institutions have been favored over others. The authority's conduct is generally perceived as fair, efficient, and transparent.

This is in spite of intense political pressure from the outset, much of which has been applied through state levers of funding and appointments. Political pressures have been cited as one possible reason why the authority's enforcement actions have been somewhat lackluster in recent cases. Nevertheless, its commitment to transparency as well as to professional and ethical regulatory standards has won international commendation.

Although no legal obligations require the authority to make its decisions public, it is actively engaged in proactive disclosure via its website and has organized numerous workshops, seminars, and roundtables on digital terrestrial television. These activities are in addition to the regular public consultations it has held in line with legal stipulations.



# Digital Media in the Former Soviet Union

Rita Ruduša

## Context

The fragile democracies of the former Soviet Union, whether oil-rich or lacking in natural resources, were all heavily hit by the financial crisis and subsequent recession.<sup>1</sup> The crisis that followed a period of unparalleled double-digit growth slowed down their economies, dramatically reduced the much-needed funding for the emerging independent media, and in the case of Moldova added to the mass migration of economically active people.

Economic growth has returned in recent years, bringing momentous political change to those countries with a comparatively strong civil society—Moldova and Georgia—while strengthening the hands of the rulers in the bigger ones, Russia and Kazakhstan. Long-standing territorial disputes remain unsolved: over Nagorno-Karabakh between Armenia and Azerbaijan, over South Ossetia and Abkhazia between Georgia and Russia, and over Transnistria between Moldova and Russia.

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1. Five current or former members of the Commonwealth of Independent States (CIS) were included in the MDM research: Armenia, Kazakhstan, Moldova, and Russia. Georgia withdrew from the CIS in 2008.

The years of pre-crisis economic boom contributed to an explosion in equipment ownership: between 2005 and 2010 the number of PCs in Moldovan and Russian households tripled. However, the overall number of PC-equipped households remains comparatively low, particularly in the less affluent countries of the region: in Georgia it stood at 16.9 percent and in Armenia at 21 percent in 2010. The same is true for internet penetration; overall numbers are low, at 9.6 percent in Kazakhstan and 6.4 percent in Moldova in 2010. Only Russia with 60 percent can compare with penetration levels in Western Europe.

The number of active SIM cards, by contrast, is very high and in several countries exceeded the total population several years ago: 125 percent in Armenia (2010) and 163.6 percent in Russia (2009).

**Table 13.**

Internet subscription (% of total population), 2005–2010

	2005	2006	2007	2008	2009	2010
Russia	13.3	17.3	41.7	48.4	62.5	n/a
Kazakhstan	1.9	2.0	4.4	4.5	4.8	9.6
Georgia	3.9	3.6	1.0	2.9	4.0	5.8
Moldova	1.9	2.4	3.0	4.3	5.6	6.4
Armenia	5.2	5.6	6.0	6.2	15.3	37.0

*Note:* n/a – not available

*Source:* Mapping Digital Media reports

Moldova, the poorest of the surveyed countries (GNI per head at US\$ 3,010 in 2009 compared with Russia at US\$ 18,350), made headlines in 2009 with what was later dubbed the “Twitter Revolution,” which finally ended Communist Party rule (see section 2). In Georgia too there was a shift in its political ecosystem, with 2012 marking the end of the virtually unquestioned dominance of President Mikheil Saakashvili and his supporters. Mr Saakashvili, brought to power in 2004 by the “Rose Revolution,” had in recent years started employing the same authoritarian practices that he had once denounced.

In Russia, meanwhile, the power of President Vladimir Putin (who briefly served as the prime minister) has grown more pronounced, as has his government’s hold on the media, particularly broadcasting. The government’s control over media is also increasing in Kazakhstan.



## Introduction

Broadcast television in analog format continues to be the most popular platform for news across the region. Printed press and radio are in decline and, in Moldova and Armenia the internet has already entered the list of top three sources of news. The internet is rapidly gaining prominence in Russia too. Half of all internet users there—more than 20 million people—regularly read news online.

The key platform for television reception remains terrestrial (98 percent in Russia and almost 90 percent in Georgia in 2010), and in the more influential, oil-driven countries of the region, Russia and Kazakhstan, terrestrial invariably means tightly government-controlled because the terrestrial infrastructure is in the hands of the state. Digital switch-over is expected to result in the greater accessibility of media, bringing signal to previously underserved communities, but not necessarily in greater plurality.

Civil society played only a token role in Russia's digital transition, but in Georgia and Armenia it is keeping a close eye on the switch-over, and in Kazakhstan too the outspoken local media freedom nongovernmental organizations and broadcasters' associations make it harder for the government to use digitization to strengthen its control over broadcasting.

The understanding of the role of public service broadcasting remains generally low across the region both among the general public and the politicians, with some partial exceptions (Georgia and Moldova), and none of the countries has a foolproof funding model that would ensure independence of public broadcasters. A direct and variable subsidy is used in all countries, and the regulatory authorities are open to political pressures. The only country in the region with a consistent public discussion on the subject of alternative public service broadcasting funding models is Moldova.

The internet has provided a tangible and fast-growing alternative to state-controlled media channels. It is worth noting that in Russia and the neighboring countries where Russian remains widely spoken, the internet does not automatically mean global English-language sites. The Russian-language internet site known as Runet serves a vast community of users (46 million in Russia alone in 2010), providing access to thousands of online news sources in Russian and to Russia-based social networks, such as VKontakte and Odnoklassniki, which in Russia and Kazakhstan are much more popular than their global counterparts such as Facebook and are among the top social networks elsewhere in the region. Social networks are used increasingly for news consumption and digital mobilization. With the exception of Kazakhstan, where the

approach to online media is increasingly hardline, these countries enjoy a high degree of freedom online.

The gap between rural and urban populations in terms of access to a variety of media remains wide. In Armenia, 83 percent of people in rural regions do not use the internet at all (compared with 57 percent in the capital, Yerevan). Urban-dwellers and rural-dwellers across the region choose from dramatically different news menus: the former can select among dozens of channels, satellite as well as terrestrial, and enjoy broadband internet with a rich selection of resources, including pure-play multimedia news sites, while the latter has access to only a handful of channels and has a slow, less multimedia-friendly internet connection. The spread of broadband (again, mainly in cities) has contributed to the popularity of video-sharing. Having emerged from their largely piratical past, video-sharing websites across the region now offer an increasing variety of services, including live-streaming and archives of the most popular television channels, and thus contribute to news consumption.

## 1. Risks

The shrewd and less plurality-friendly governments of the region, Russia and Kazakhstan, are using digitization to strengthen their grip on the message, mainly via broadcasting. Both states have a long history of using television as an organ of executive power and this trend is set to become more pronounced in the digital era. Neither country has undergone a genuine transition from state to public broadcasting; they both lack the legislative framework for such a transition; and debate on the subject has been sporadic and weak or initiated from top down, and is lacking in true public support.

Governments have numerous ways to influence the public by dominating the airwaves. The first is access, by increasing the reach of the signal that the consumer receives. The government of Russia has set itself the very ambitious target of reaching 100 percent of national territory by the switch-off date in 2015, delivering eight channels of the must-carry package and thus serving the communities that previously had access to two channels or none.

There is, however, a catch. All eight channels are government-controlled and included in the package by a presidential decree, without any competition. Control over these channels is exercised either directly, through state ownership, or via loyal oligarchs and commodity companies. For example, Channel 1, the flagship channel of the joint-stock company Russian Public Television (public only in name), is 51 percent-owned

by Rosimuschestvo (the Federal Agency for State Property Management), while the remainder belongs to private companies owned by the oligarchs Roman Abramovich (24 percent) and Yury Kovalchuk (25 percent). Both men are known to be close friends of President Vladimir Putin.

Kazakhstan decided to start digital transition with satellite; in this vast and sparsely populated country only a third of the population uses terrestrial as the main platform because there are patches of very weak signal. In 2011, the government invested heavily in an expansion of satellite services: a basic 39-channel package provided by a state-owned operator, OTAU-TV, and available to users who have purchased (or been given, in the case of low-income households) an OTAU-TV satellite dish, is now available without a subscription fee in remote regions that have limited or no access to either terrestrial or cable.

In the past, media consumers in these regions mostly consumed television via unlicensed satellite dishes that had no access to local and/or nationwide networks and instead received Russian channels. Local critics point out that, while providing a service to remote populations is a commendable aim, media plurality is not served by this solution, for OTAU-TV gives preference to state media, further entrenching state dominance in broadcasting. The company plans to expand its signal to reach 95 percent of the population by the end of 2014 (currently, it reaches about half of the population). In the process of digitizing terrestrial television, the state-controlled nationwide channels are winners too, at the expense of more independent regional broadcasters.

While it lags behind Russia in terms of limiting media plurality in terrestrial broadcasting, Kazakhstan is ahead of its neighbor in restricting freedom of expression on the internet. In 2009, Kazakhstan introduced a set of restrictive amendments to the legislation on the internet, replacing the definition of the website with the broader term “internet resource,” thereby equating all internet resources, including social networking websites and personal blogs, with mass media. User-generated content became subject to the state regulation applied to mass media, including defamation (which is a criminal offence).

Kazakhstan is a regional champion in silencing independent voices on the internet (and a champion of restricted media freedom in general, for that matter: it ranked at 160 out of 179 countries in the RSF Press Freedom Index for 2013).<sup>2</sup> Kazakhstan commonly

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2. See [http://fr.rsf.org/IMG/pdf/classement\\_2013\\_gb-bd.pdf](http://fr.rsf.org/IMG/pdf/classement_2013_gb-bd.pdf).

uses content-blocking, filtering, and distributed denial-of-service (DDoS) attacks. The attacks have increased since the 2009 adoption of the Law on the Internet and, due to a lack of sophisticated content-blocking technology, they have often resulted in blocking an entire website instead of the particular content deemed unlawful (a recurrent target is the blogging platform LiveJournal).

Another effective method of controlling the message is through media funding. After the financial crisis, the state in most countries of the region gained prominence as an advertiser and source of funding, and preferential allocation of advertising became even more widespread. In Kazakhstan, the practice is pervasive and comes in the form of *goszakaz* or the state procurement of media services. *Goszakaz* has clear editorial strings attached: generous contracts are awarded in exchange for a pro-government editorial line. Having lost other means of income, many outlets have now become dependent on these funds.

In Russia, advertising allocation and direct subsidies are a common practice. The government covers all distribution costs of *Rossiyskaya Gazeta* newspaper and has steadily increased the reach of its distribution. The subsidies enable the newspaper to have a low price, which is nearly half of what a media consumer would have to pay for an independent privately owned publication. Selective application of laws and arbitrary decisions aimed against independent outlets, as well as physical attacks on journalists are other tools of pressure.

The governments of Mr Saakashvili's era in Georgia were known to exercise influence over the media, mainly by means of licensing, selective fines, and the allocation of state advertising. In 2008, more than 80 percent of state television ads appeared on the pro-government channel Rustavi 2, and there were reports of state and municipal officials pressuring private advertisers to steer clear of independent media. At the time of reporting, the popular private television channel Kavkasia, which broadcasts in Tbilisi, has received no municipal advertising. There were no state ads (or business, for that matter) in the quality independent weekly *Liberali*, even after a campaign offering free advertising space, and none on the independent television channel Maestro, even though it launched a similar campaign—offering advertising for the symbolic sum of GEL 1 (less than US\$1).

The ownership concentration that started in the first decade of this century in nearly all countries of the region has increased the influence of politically affiliated owners. The legislative means of restricting concentration are weak or non-existent and ownership transparency is limited (some transparency exists in the broadcast media in Georgia

and Moldova). As a result, the media market is divided between political groups in freer countries or is almost entirely controlled by the ruling ones in those prone to greater authoritarianism.

In Moldova at least half of the market (two out of four leading media groups) is controlled by politically affiliated local owners. The beneficial owners are unknown, but editorial policies suggest that one is Vlad Plahotniuc, a leading figure in Moldova's Democratic Party, and that the other is the still influential Communist Party. In Kazakhstan, one of the leading players in the media market, alongside outlets entirely owned by the state, is Nur Media, a media holding reportedly owned by the government (51 percent) and the ruling party, Nur Otan (49 percent). It has one television station, two radio stations, and eight newspapers with a cumulative weekly circulation of 440,000 copies, as well as magazines. Nur Media has entered the online market and now owns several websites.

Political ownership is also widespread in Georgia and Armenia, where many outlets only exist due to subsidies from their owners. In Armenia, virtually the entire newspaper market relies on subsidies from political patrons (the top dailies publish only 2,000–6,000 copies per day and would not survive in a functioning market). Patrons use the papers to deliver a political message. In Georgia, hugely influential politicians own media: before entering politics and becoming prime minister in October 2012, the billionaire businessman Bidzina Ivanishvili entered the media market with TV9, a television channel.

An additional risk to open society values is that independent outlets across the region are cash-starved and investigative journalism is embryonic. There are a few strong players in the investigative field, such as the investigative weeklies *Hetq* (Armenia) and *Ziarul de Garda* (Moldova), and a few reputable mainstream newspapers are known to have investigated public spending, such as *Kommersant* and *Vedomosti* (Russia); all of them use websites and social networks for dissemination. Overall, however, investigative reporting in the region could be described as feeble. In Russia, investigations are sporadic and those conducting them are mindful of repercussions. There is only one journalist in the whole of Kazakhstan to whom local experts refer as an investigative reporter: Gennady Benditsky, the host of a weekly television show. Given the restrictive laws, the extent of government control, and the grip exercised by powerful pro-government owners, few outlets in Kazakhstan have the desire to investigate controversial or challenging issues, and the changes in internet legislation mean there is little chance for bloggers or other new entrants to take on investigations.

Investigations, although assisted by the availability of online expertise, databases, and the speed of information-gathering, suffer from the same ills as other forms of journalism in the digital era, namely “Google journalism” (where computer searches replace legwork and face-to-face interviews), negligent fact-checking, the use of unverified resources, and a diminished diversity of opinion. These trends, although global, present a particular risk in the new democracies of the former Soviet Union, where government accountability is still far from being a norm.

## 2. Opportunities

Internet users in the surveyed countries of the former Soviet Union are among the most connected and active in the world. The internet has transformed the communicative possibilities for these societies. Russia is known for its gigantic social networks, Georgians are very active users and producers of videos, Armenians have a lively blogging scene, and Moldovans have linked the name of Twitter with historic digital mobilizations. Even in the more restrictive environment of Kazakhstan the internet is a source of fresh air.

As noted above, internet penetration and the spread of PC usage have soared across the region, admittedly from a very low starting point. However, digital development has moved at two dramatically different speeds: one in metropolises, and the other in smaller towns and remote, sparsely populated rural areas. There are vast territories where the internet remains unavailable or comes via a 20th-century connection.

Russia leads the world in time spent on social networking sites: Russians devote about 40 percent of their total time online to social networks (equaling about 10 hours per month). Between 2008 and 2011, social networks in Russia grew at 30 percent a year. In 2010, the combined user base of the five most popular social networks (of which the top three are local) amounted to some 60 million people. The most popular, VKontakte, had twice as many users as Facebook, which came to the Russian-speaking market late.

Although there are no systematic data on news consumption online in general or on social networking sites in particular, Rumetrika statistics suggest that about 46 percent of time spent on the internet is devoted to news consumption (2011). Blogs are another source of information; there were 15 million active blogs as of 2010, and the most popular blogs reach tens of thousands of readers. The statistics for user-generated content activity reveal a phenomenon unique to Runet, namely the prominent role of local search engines in building UGC communities. Unlike the global engine Google, which features mainly the search function and keeps its other services hidden, Yandex.

ru and Mail.ru show such services on their home page, thereby giving equal importance to the search function, news, and UGC. Both resources attracted more than 27 million unique users per month in 2010.

While there is little doubt that the internet has contributed greatly to the freedom of expression in Russia, the conclusions are less clear-cut when it comes to digital activism. Some prominent campaigners have managed the transition from internet to mainstream. The anti-corruption crusader Alexei Navalny is one example; another is Alexey Dymovsky, a police officer whose video exposing corruption in the police force went viral and arguably contributed to police reform. In general, however, mass mobilization by digital means is more likely to happen in Russia over local or environmental issues that are not tied to mainstream politics rather than in relation to more abstract questions around democratic values. Specific, practical issues get a bigger response than a broad sociopolitical agenda.

Such is not the case in Georgia and Moldova where the internet can serve the ends of wholly political activism. Moldovans, like Russians, are keen social network users (Odnoklassniki alone has nearly 1 million users), and that is where the mass protests following the fraudulent April 2009 elections originated. Having originated on Twitter (hence the nickname the Twitter Revolution), the protests spilled into the unwired sectors of the population, eventually bringing an end to the Communist era. Local experts believe the record high voter turnout in the November 2010 parliamentary elections also owes something to the internet.

In Armenia, online activism is mainly environmental. The most successful examples of civic activism online include a campaign against a major mining project in Teghut forest and protests against the demolition of an open-air cinema in Yerevan to make space for the construction of a new church. Blogs, one of the most popular types of UGC in Armenia, frequently serve as platforms for political discussions.

Arguably, Georgia can claim to be a veteran of digital mobilizations in the region. An online forum, Forum.ge, one of the oldest online resources not only in Georgia but in the region, has been a key virtual place for public discussion and political activism for more than a decade (established in 2001). However, it has been overtaken by Facebook as the primary originator of campaigns and protests. One of the most notable—and fastest—mobilizations happened in May 2011, when Facebook was used to mobilize a response to the violent dispersal by police of an opposition demonstration outside the Parliament building in Tbilisi. The police had used excessive force to disperse demonstrators, and some journalists were also among those who suffered violence. The

spontaneous mobilization on Facebook brought at least 3,000 people on to the street just two days after the dispersal.

The most popular type of user-generated content in Georgia is video-sharing. The lack of data prevents us from gaining a thorough picture, but the trend of active video consumption and production is partly illustrated by the prominence of the global network YouTube and the local portal Myvideo among online resources. The popularity of video-sharing has contributed to the rapid development of alternative ways of consuming television content. Myvideo now offers live streaming and video-on-demand from the most popular channels, and also serves as a success story in monetizing content by charging foreign consumers for videos produced by local television stations.

Mobilizations remain rare in the increasingly tightly controlled online environment of Kazakhstan, but it has brought a notable benefit: previously marginalized voices have now acquired a place for expression. In pre-digital Kazakhstan, the lesbian, gay, bisexual, and transgender (LGBT) community was virtually invisible, whereas it now has a vibrant online presence.

In Russia too, where the LGBT community is routinely denied an opportunity to exercise its freedom of assembly and homophobic violence is widespread, the online presence of the LGBT community is significant. It is not only ethnic, religious, and migrant communities who have also acquired new space for public expression across the region. The internet has also opened new opportunities for groups expressing radical views. In Moldova, the Iron Guard, an extreme Romanian right-wing movement that lay dormant during the Soviet period, has resurfaced because of the internet, likewise some Bolshevik and racist groups.

Another opportunity in the region has arisen due to the reform of public broadcasters. Unlike in Kazakhstan and Russia where both the understanding of and the demand for a public service broadcaster remain weak, the former state broadcasters in Moldova and Georgia have undergone reforms and have moved away from being government mouthpieces toward more balanced reporting and greater independence. In Moldova, in the course of a single year under a non-political management (2009–2010), the public broadcaster managed to achieve more objective coverage. The Independent Journalism Center (*Centrul pentru Jurnalism Independent*, CJI) in Chisinau noted during the monitoring of the November 2010 elections that Tele-Radio Moldova had managed to renounce “its habit of beginning news bulletins by reporting on the Government and the ruling parties.” Progress in Armenia is slower.



For a number of years, the Georgian Public Broadcaster (GPB) was criticized for being pro-government. GPB was one of the targets of public discontent during the anti-government protests in 2007–2009. “We fund you and you must serve our interests!” was a slogan used by the protesters. The management of public television has since been changed, introducing a higher proportion of civil society representatives to its board, and GPB is now perceived as the least biased news provider. However, its relevance in society is low, as is its audience.

### 3. Digital Champions

One could argue that Russia is a regional champion in the digitization of broadcasting. Compared with its neighbors, it was quick and disciplined in choosing technical standards and developing a legal framework; the Target Program “Development of television and radio broadcasting in the Russian Federation in 2009–2015” was adopted in 2009. It was also swift in deciding on the composition of programs available free, and in setting targets and deadlines.

However, this efficiency does not tell the whole story. Behind it stands unconcealed favoring of government-controlled channels and a lack of meaningful public discussion about the purpose of the transition and its potential benefits to the consumer. The government chose television channels to include in the first digital multiplex based on the criteria that matched exactly the description of eight government-affiliated nationwide channels. Although these broadcasters had substantial funds at their disposal, the government decided to pay all the transmission costs of the first multiplex. Meanwhile, all other (mostly medium-sized or small companies) television channels will have to pay for transmission services.

When it is complete, the switch-over in Russia will have brought the television signal to previously underserved areas and will have increased access to niche programs (such as sports and children’s television), without having done anything to increase plurality. Moreover, the effect of digital switch-over is likely to be multiplied by processes that will follow. With the distribution costs of broadcasting set to increase sharply after switch-over, a number of regional (and, traditionally, more independent) broadcasters are likely to be forced out of the market altogether or may seek financial support from local authorities. In this way, the influence of political power in the media will go beyond the current nationwide level, with inevitable negative consequences for pluralism, media diversity, and independence.

Russia's leadership in the internet is more straightforward. Runet is a gigantic player in the global internet ecosystem, with its 46 million users at home and several million more in neighboring countries, as well as Russian-speaking communities in Europe and elsewhere. Strikingly, Russia is the only country in the region where the digital gap between rural and urban populations has started shrinking; nearly a third of its internet users live in small towns and villages. The multitude of resources available in Russian contributes greatly to the news menu of Russian-speakers. The growing internet penetration, the spread of constantly evolving handheld devices, and the mushrooming of UGC websites occurred in an unregulated environment, with beneficial consequences for the diversity of online news outlets and news content, and also for the pluralism of voices across the new media. The internet is virtually the only medium where criticism of President Putin and the ruling party can be found.

The prominence of the internet as the source of news is set to keep growing. The average daily audience of the leading news websites on Runet already exceeds the average readership of the top daily newspapers; for example, the monthly audience of Mail.ru/novosti.ru was 10.5 million unique visitors per month in 2010, when Yandex/novosti.ru had 9.8 million, and the readership of the leading daily, *Kommersant*, was under 2 million. The explosion of internet usage is also forcing the media to innovate, search for new ways to reach audiences, and apply new business models. Tablet and mobile apps are becoming commonplace and the leading print outlets have started applying brand extension (360° publishing).

Georgia is another digital leader, albeit of a markedly different kind. Its digital power does not lie in numbers but rather in the creative application of internet tools for strengthening democracy, due to three factors: a vibrant civil society, strong independent outlets, and an internet-savvy population. The internet from its very early days has contributed to public debate in Georgia and, with the ascent of social networks, rapidly became a tool for political activism. Likewise, it has been swiftly incorporated into the activities of independent outlets such as the weekly *Liberalli*; most independent voices and investigative outlets are leaders in digitization. With computer ownership, internet penetration, and even mobile usage still having plenty of room for growth (standing at 16.9 percent, 5.8 percent, and 73 percent of households respectively in 2010), Georgia is likely to increase its standing as a best-practice hub in the former Soviet Union.

# Digital Media in Latin America

Fernando Bermejo

## Context

Most of Latin America is flourishing in both economic and political terms. The financial and economic crisis affecting other regions since 2008 had less impact here than in other regions. After decades in which authoritarian military regimes were the norm, and despite certain local lapses, democracy has spread and consolidated over the past 20 years. Favorable trends have reduced poverty and led to sustained growth of the middle class.

However, there are various differences between blocs of countries in Latin America. The first involves the special situation of most Central American countries, in which democratic processes and state institutions show obvious weaknesses when compared with other countries in the region.

The second refers to the role of the state and its level of intervention in different markets—including the media market. In this respect, the region can be roughly divided into two zones. The first, characterized by a market-friendly approach and limited state intervention, is composed of “Pacific” countries: Chile, Peru, Colombia, and even Mexico and Guatemala. The second zone comprises the countries of the so-called Bolivarian Alliance for the Peoples of Our Americas (*Alianza Bolivariana para los Pueblos de Nuestra America*, ALBA), namely Venezuela, Ecuador, Cuba, Nicaragua, and Bolivia, all ruled by leftist governments with a clearly interventionist approach. Among



these countries, only Nicaragua was part of the Mapping Digital Media (MDM) project. A few countries are more difficult to place: Argentina, which seems to lean toward the ALBA group; Brazil, which has become an obvious regional leader; and Uruguay, which seems to be finding a balance between the two aforementioned zones.

In terms of equipment ownership, television and radio show high penetration rates. Television, particularly free-to-air broadcasting, is the main source of news across the region. Digital broadcasting remains marginal and readiness for analog switch-over is still low. Nonetheless, internet connectivity is growing steadily across the region, as is the use of mobile phones, smartphones, and mobile internet connectivity.

## Introduction

Latin American media systems are being transformed by digitization at two levels. First, most countries are switching from analog to digital television. Second, the internet is becoming a central element in communication systems across the region.

This dual impact represents an obvious opportunity for democratic communication, but it also presents risks and challenges. However, digitization cannot be examined in isolation as an autonomous force transforming the communicative landscape, for it is interwoven with other far-reaching changes in the political, economic, and social environments, generating a fabric that cannot be properly understood and assessed unless it is considered in all its complexity.

In this sense, media systems in Latin America have been shaped over decades by two types of interests: those of economic groups aiming to maximize their influence and profit, and those of political groupings using the media for equally self-interested purposes (often within authoritarian regimes). Although they are different, both these types of interest have often conflated and worked hand in hand. As a result, most large media groups in the region have benefited from the discretionary powers of authoritarian regimes. The consolidation of democratic regimes and the progressive nature of many national governments have made it possible to rupture this dynamic.

Moreover, this political opportunity coincided with the arrival in Latin America of the global process of digital television switch-over. The degree to which governments across the region are now willing and able to break with the symbiotic relationships between political power and large media groups will be tested and revealed by the way this transition is regulated and implemented.

Regarding the impact of the internet, the role of states has so far been limited, partly because the global nature of the internet creates additional complexities for national policy initiatives and regulations, and partly because the highly commercialized environment of the internet seems refractory to any possible state intervention.

However, online communication is currently a significant and growing force in media systems across the region. Any assessment of its impact is bound to be mixed, because some serious problems remain unresolved:

- while internet access is growing, the digital divide—in all its variations—is still clearly present;
- while the internet has reduced the fixed costs of starting new media outlets, there are no successful business models to sustain online journalism in the long run;
- while there are new and interesting voices producing quality journalism, the majority of the most visited news websites replicate established offline outlets belonging to dominant media groups;
- while citizens have been empowered to produce and distribute content online, a growing portion of online activities is conducted through and controlled by global U.S.-based digital platforms;
- while new opportunities have been created to produce and distribute investigative journalism, journalists seem to be increasingly vulnerable—both in terms of violence and pressure, and in terms of work conditions.

## 1. Risks

The ambivalent nature of the internet's impact in the region can be extended to all the issues affecting the transformation of media systems. Every opportunity is a risk, and every risk brings new opportunities. Thus, talking of risks and opportunities often entails looking at the same issues from two different points of view.

Media concentration is a concern in most Latin American countries, where large groups possess a commanding position in the media market: Televisa in Mexico, Globo in Brazil, Clarin in Argentina, El Comercio in Peru—to name but four. There is a tangible risk that digitization will reproduce this status quo in many media systems across the region. These large groups are in a position to reap the benefits of digitization:

- Groups with an established position in the television market can smoothly transition into digital television and replicate their dominant status in the new environment—especially if, as in Peru, the regulation of the digital transition privileges incumbents.
- Over the last decade the leading incumbent media outlets, particularly newspapers, have become leading news sources on the internet.

Given this situation, both aspects of digitization may end up having a limited (or even a negative) effect in generating a more diverse and plural media system. In this sense, the design of the transition to digital television—in terms of allowing for new voices, and reducing the share of voices enjoyed by incumbent groups—and the creation and sustainability of alternative online news sources become key if the opportunities opened up by digitization are not to be wasted.

While the power of these established national media groups cannot be overlooked as a possible threat to the social benefits of digitization, two other groups of powerful actors need to be taken into consideration when analyzing the risks posed by digitization in the region, since they can create a layer of control above and beyond the national media groups: large telecoms, and U.S.-based online platforms.

Regarding telecoms, two companies stand out: America Móvil (owned by Mexican tycoon Carlos Slim) and Telefónica (the former public telecommunications monopoly of Spain). These companies have a presence in most of the national markets in the region, operating mobile networks and providing internet services. Their direct presence in the media market is limited, at least officially, for unofficial stories about middle-men and beneficial ownership abound in the region. Nonetheless, the convergence between media and telecommunications industries means their influence in the regional media systems is unavoidable. And the size and financial muscle of these telecoms firms compared with that of media groups make it clear that they will have the upper hand in the process of convergence.

The second group of actors that need to be seriously considered as possible risks in the digitization process are those online platforms, all U.S.-based, that have become unavoidable entry points to the internet: search engines (particularly Google), social networks (particularly Facebook), and micro-blogging sites (particularly Twitter)—not to mention multi-faceted intermediaries (such as Apple). These have all been growing steadily across the region. Google and Facebook in particular top the ranking of most visited sites in most Latin American countries. While they provide useful services to users, allowing access to different content and communication tools, and while they

attempt to portray themselves as transparent and neutral intermediaries, the truth is that they exert enormous power in regulating public communication. As the recent National Security Agency (NSA) scandal over surveillance has demonstrated, these platforms also pose a risk from a privacy and security point of view, a risk that needs to be taken seriously when assessing the impact of digitization in the region—and beyond.

Regardless of the forms of control exerted by intermediaries in the process of online communication, there is a prerequisite if Latin American citizens are to benefit from the opportunities created by digitization: internet access. Connectivity levels have clearly increased across the region over recent years, such that several countries now have more than half the population using the internet. There are, however, some risks in this growth: digital divides across the region are gaping and certain population groups risk being left on the wrong side. These divides clearly reflect age, wealth, education, and the urban/rural demarcation.

There is a lack of policy initiatives on this issue in Latin America. What is more, researchers point out the need to take a step further and move policy goals beyond mere facilitation of access to technology and toward issues of digital literacy—in terms of production as well as consumption—by teaching citizens how to use new technologies to produce content as well as consume it. Except for a few initiatives—such as the Ceibal plan in Uruguay—little has been done to narrow digital divides and improve digital literacy.

When considering the practice of journalism in the digital environment, certain risks need to be pointed out. Professional journalism in the mass media tradition has its own shortcomings. For instance, it limits the exercise of certain rights to a reduced group of people and it often creates alliances of convenience with economic groups that help sustain the media. In this sense, the openness allowed by online communication, the facilitation of freedom of expression without requiring a complex business and organizational structure, seem positive. However, professional journalism also offers certain advantages that may be lost—some are already being lost in Latin America—when journalism moves online:

- In a region where violence against journalists is not uncommon, especially in countries with long-running violence problems—Mexico, Guatemala, or Colombia—those practicing journalism outside established and professionalized media organizations are even more vulnerable to threats and violence.
- While professional journalists in legacy media have achieved certain working conditions, the process of digitization demands additional skills and additional work, which are often not compensated.

- Latin America's media landscape is characterized by deficient or non-existent self-regulatory mechanisms. This lack of self-regulation is even more pronounced in the digital environment.
- The economic solvency of established media may shield professional journalists from pressure and grant them a certain degree of independence. This independence may easily disappear when no viable business model seems able to sustain online news outlets in the long run, as is the case in the region.

In addition to the aforementioned risks, there is another risk that has to do not so much with any specific area but with the overall ability to study and diagnose media markets and to propose and advocate media policy initiatives in the digital environment: the availability of reliable data about the media. The shortage of data on some key issues, such as equipment ownership (radio ownership in Chile, for instance) and audience size and composition (particularly acute in Central America), predates the advent of digitization, but it has only become worse as digitization increases the complexity of media markets and media consumption. There is, for instance, a lack of reliable information on news consumption through social networks, or about the effect of online news in print circulation, or even about the most visited websites in a specific country. And without those data it is difficult to research, assess, regulate, and understand the consequences of regulation.

## 2. Opportunities

The digital migration of television is an opportunity to promote a more diverse and plural media system. The countries in the region are currently at different stages in the process of transition toward digital terrestrial television. None has reached analog switch-off, but many have taken the first steps in the digital transition by choosing a standard. Most countries have adopted the Japanese (or Japanese-Brazilian) standard ISDB-T; all the Latin American countries in the MDM project have done so, except for Colombia, which adopted the European standard DVB-T (Digital Video Broadcasting-Terrestrial), and Mexico, which adopted the North American standard ATSC (Advanced Television Systems Committee).

The relevant issue, however, is not the selection of a particular technical standard; rather, it is the ways in which the transition will be regulated and managed and the impact it will have on the media systems of these countries. Seven of the nine Latin American countries in the MDM project—all but Nicaragua and Guatemala—have initiated regulatory changes in this regard, or started implementing the technology—



the latest being Chile, where the Senate passed the law on digital television in October 2013, though this is still pending a possible review by the Supreme Court.

In some countries—Peru, Mexico, Brazil—the digital transition of television could become a wasted opportunity because of the focus on technical and commercial issues and the strength of present incumbents. In other countries, such as Argentina and Uruguay, there is a clear interest in including new actors and reducing—or at the least limiting—the power of established media groups. This opening up to new voices coincides with the current process of reassessing the role of public media and recognizing the role of community media in the region.

Public media in the region have been weak or non-existent, and can be considered for the most part as state media—or they are so commercialized, as in Chile, that they are indistinguishable from private media. In recent years, however, interest has grown in reconsidering the meaning of public service media and in devising a model of public media that places them clearly—and legally—at the service of the general interest and distinguishes them from state and commercial media alike. This current interest in public media is manifested in the reserving of a significant portion of the spectrum for public media—as in Argentina and Uruguay—and on new initiatives aimed at developing and strengthening public media in countries as different as Mexico and Uruguay.

The opportunities that digitization has created for rethinking and strengthening the role of public media across the region have also opened the door to a reconsideration of the role of community media. Even though the situation and legal status of community media range from almost prosecution (such as in Guatemala) to recognition and support (such as the 2007 Uruguayan Law on Community Media), the trend is toward increasing legal protection and promotion. Over recent years, these media have been (a) legally recognized in most countries in the region, and (b) included in the plans and regulations regarding spectrum management and the granting of new digital broadcasting licenses.

Regarding new forms of online communication, and despite the risks identified in the previous section, there are some opportunities that should be pointed out. Even though most of the online news outlets that attract large audiences across the region are replicas of established offline media, a series of small online publications that produce high-quality journalism and investigative reporting have blossomed in different countries. This is the case of *La Silla Vacía* in Colombia, *Confidencial* in Nicaragua, *Plaza Pública* in Guatemala, *CIPER* in Chile, *Animal Político* in Mexico, or *IDL-Reporteros* in Peru.

These news outlets take advantage of the reduction in fixed costs allowed by online distribution and their ability to attract skilled reporters to become sources of reference, if not in terms of audience size, at least in terms of quality and influence.

Nonetheless, the issue of long-term sustainability remains. Most of these new players are heavily subsidized by foreign organizations in the media development field. Though some of them are exploring new revenue sources—such as consulting, organizing events, book publishing, or documentary production—they lack at this point clear alternative business models, and this poses a threat to their mid-term survival.

Beyond the issues mentioned here as opportunities created by digitization, the region in recent years has undergone a process of re-regulation, due partly to technological changes and partly to wider political transformations. While some of these new regulatory initiatives are closed—Colombia’s Law 1341 on Information and Communication Technologies of 2009, Argentina’s Law 26.522 on Audiovisual Communication Services of 2009, Brazil’s Law 12.485 on Pay-TV of 2011—a series of regulatory processes is currently in progress.

The most relevant measures in the MDM countries at this point are as follows.

- Mexico’s new regulation derived from the “Pacto por México:” in December 2012, the recently elected president joined with representatives of the main political parties in signing a political, social, and economic agreement to strengthen Mexico’s democracy. Parts of this agreement, known as the “Pacto por Mexico,” dealt with media and telecommunications regulation and markets. As a result of this agreement, changes to the Mexican constitution were approved in June 2013, and these changes will be followed by additional changes to different laws, and new regulation dealing with economic competition and with telecommunications and broadcasting—a first draft of which was sent to Parliament in March 2014.

A series of very relevant issues have been or will be subject to new regulation. These include media monopolies, concentration, and cross-ownership; foreign investment in the media sector; spectrum management and licensing—including licenses to citizens, communities, and indigenous people; public media and public service obligations for private media; journalists’ rights, telecoms users’ rights, and audiences’ rights—including the right to reply; broadcasting content and the promotion of national production; advertising—including issues of false or misleading advertising; management of the fiber optic networks and network neutrality; and regulatory and supervisory bodies.

- Brazil's Marco Civil da Internet: often referred to as Brazil's "Internet Constitution," the Marco Civil became a sort of regulatory poster child for the proponents of a free, diverse, and open internet—both because of the values that frame it and because of its participatory elaboration process. Since 2009, this regulation has gone through ups and downs, from being on the verge of approval in Parliament to being almost defunct. Recent revelations regarding the ramifications in Brazil of the NSA's surveillance programs brought the Marco Civil back to the top of the national political agenda. As a result, the Brazilian Chamber of Deputies finally passed it on 25 March 2014 and sent it to the Senate for its final vote.
- Audiovisual Communication Services Law in Uruguay: this law, being debated at this time of writing in Parliament, where it received a first favorable vote from the Chamber of Deputies in December 2013, aims at regulating and transforming the broadcasting system. Among other issues, it recognizes and reserves spectrum for three types of media (commercial, public, and community), sets limits to concentration and cross-ownership, creates a national public broadcasting system (National Radio and Television of Uruguay System, *Sistema Nacional de Radio y Television de Uruguay*), redesigns the institutional structure of media regulation (creates a new Council for the application and implementation of the law, a consulting body with citizen participation, and an Ombudsman to defend the rights included in the law), and avoids dealing with content-related issues (except in the areas of children's protection, deception and false advertising, and national production quotas).

Beyond the substance of the new media laws being discussed in different countries, the regulatory changes taking place across the region have also brought to the forefront procedural issues that have to do with processes of consultation and citizen participation in media policy formulation and implementation. Experiences such as the elaboration of the 2007 Community Media Law and the 2012 plan for the digital transition of television in Uruguay or the Marco Civil da Internet in Brazil, though exceptional to a large extent, are becoming common points of reference, even models, for civil society involvement in the media's regulatory process.

### 3. Digital Champions

Given the current situation of digitization in Latin America, it is difficult to select a single country as digital champion. Despite obvious national differences in approaching switch-over, there is a certain regional homogeneity linking almost all the countries

covered by the MDM project; for they are in the process of transitioning to digital, while none of them has completed it; and in all countries the internet is increasingly relevant as a communication tool and a source of news, while none has developed comprehensive regulations or policies to address the consequences of this growing prominence.

The difficulty of identifying a digital champion becomes even more complicated because digitization is not a one-dimensional process. It has, at the very least, two clearly differentiated facets and two distinct levels. The two facets of digitization are, on the one hand, the transition of analog legacy media to digital media—in particular, the transition of free-to-air television to digital terrestrial television—and, on the other hand, the realm of online media—digital by birth. The two levels at which these facets can be examined have to do, on the one hand, with the actual implementation of digitization—how significant digitization is in the overall media ecology—and, on the other hand, with the policies and regulations that are being developed to harness this process.

Regarding the first facet of digitization, all the MDM countries in the region—except for Guatemala and Nicaragua—have started the process of transitioning from analog to digital television. Though the technical decisions regarding the selection of the standard and the different stages of implementation and coverage have caused almost no controversy, some other flaws have been pointed out in different countries—such as the encroachment of commercial interests in Mexico and Peru.

In this regard, Uruguay could serve as a positive example. Although it approved a plan for the digital transition only in 2012, making it one of the last countries to initiate this process—or perhaps because it has had a chance to learn from other countries' experiences—Uruguay seems to be moving ahead with transparency and a lack of arbitrariness, and with clear goals to improve diversity and pluralism. The Uruguayan plan requires license applicants to present and defend their project at a public event, and the decision is not made through bidding but by evaluating the project in terms of diversity, employment generation, access for audiences with disabilities, or share of national production, among other criteria.

The plan aims to increase the number of voices in the television market by adding new commercial channels—while restricting the right of present incumbents to receive additional licenses—and reserving a third of the licenses for community media and a third for public media. There has been significant citizen consultation and participation in drafting the plan, implementing it, and monitoring its results. And even though

Uruguay was one of the last countries to start the transition, it will be among the first to finish it: switch-over will take place in 2015.

Regarding the second facet of digitization—the development of the internet in terms of penetration and use—several countries are at the forefront of digitization; according to International Telecommunication Union (ITU) data Chile, Argentina, and Uruguay have more than 10 broadband subscriptions per 100 inhabitants, and more than half of the population uses the internet. However, the actual development and impact of the internet on a particular country is contingent upon a series of variables that often lie outside the scope of media policy and regulation, such as overall economic development, geography, and social structure.

In this sense, data such as internet or broadband penetration statistics do not provide a clear picture of whether countries are handling effectively the opportunities provided by online communication. A series of key issues may provide more accurate guidance to identifying the regional champions in this facet of digitization: issues such as promotion of access, and the regulation of network neutrality and of intermediary liability.

In terms of access to digital technology, Uruguay's Ceibal Plan is perhaps the most significant effort in the region. It started in 2007 with the goal of providing every school child and every teacher with a laptop enabled to connect via Wi-Fi to the internet, and it has already distributed more than one million machines.

Most recently, the inclusion of access to information and communication technologies as a right in Mexico's 2013 constitutional reform is a significant step in the promotion of access, though implementation has yet to happen.

Regarding network neutrality, Chile had a head start in 2010 when it became the first country in the world to regulate this significant and contentious issue by law. However, problems with interpreting and implementing the law on net neutrality seem to have limited and even impeded the application of this pioneer regulatory effort. Other countries in the region—Peru and Colombia—have regulated network neutrality, but the impact of that regulation is still uncertain.

With regard to intermediary liability, the situation seems also to be wide open. Court cases in different countries have involved intermediary liability, but there is no clear framework in the region for dealing with such cases—although it seems clear that the interests of copyright holders and the Free Trade Agreements with the United States are a force to be reckoned with. Since internet regulation covers many different topics, and

no country in the region has tackled them all in a comprehensive way, Brazil's attempt at doing so through the Marco Civil da Internet, approved by the Brazilian Chamber of Deputies in March 2014 and pending a Senate vote at this time of writing, will very likely become a reference point in the region.

# Digital Media in South-East Asia

Graham Watts



## Context

Since the end of the financial crisis that crippled much of emerging Asia, including all of South-East Asia, in 1997–1998, the region has enjoyed sustained economic growth and confidence. Average annual gross domestic product (GDP) growth for the 10 ASEAN (Association of South-East Asian Nations) countries has been around 6 percent during the past decade.<sup>1</sup>

The region as a whole has undergone some momentous political changes during the same period, most notably the fall in 1998 of Suharto, the strongman who ruled Indonesia for three decades, and his replacement by a democratic order that, despite occasional wobbles, has gone from strength to strength.

Thailand, meanwhile, has veered from democratic populism to a military coup and back again, almost without missing a beat in its relentless export-driven economic expansion. While Singapore and Malaysia have remained in thrall to the respective dominant parties that have run them since their founding, both have witnessed pronounced challenges to that dominance in recent elections, prompting promises of more responsive government.

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1. See <http://www.dfat.gov.au/geo/fs/asean.pdf>.

Neighbors of these four countries, notably the Philippines and Myanmar, have also undergone substantial political changes for the better. All of which has added to a sense of purpose and confidence in the run-up to the regional economic integration project known as the ASEAN Economic Community (AEC), due to come into being at the end of 2015, comprising 600 million people. 2015 is also the year that the 10 ASEAN countries have agreed to begin the switch from analog to digital terrestrial broadcasting.

The four countries in this report differ in ways that are important for assessing their experience of digitization. Totally urban, small, rich, educated, and wired to the gills, Singapore is run by a paternalistic authoritarian party that keeps strict control of all media. This puts it very low in global measures of freedom of expression. However, unlike almost all its neighbors, the city-state enjoys a reputation at home and abroad for corruption-free government. It also comes near the top of the class on competitiveness and economic freedom.

Malaysia has similar authoritarian leanings, but is much less rich and is preoccupied with policies regarding the ethnic, religious, and socio-economic divides between the Islamic Malay majority and the relatively large Chinese minority (as well as the smaller Indian minority). It also has a reputation for cronyism, whereby business friends of the ruling coalition win government contracts and other opportunities. Corruption is customary.

Thailand and Indonesia have more in common. Apart from both societies also enduring endemic state and private corruption, the governments of both countries have to keep an eye on their restive politically and commercially influential militaries, while shaping policies that take into account the democratic voting power of much poorer and less educated populations than their neighbors. And Indonesia's far-flung geography (nearly 250 million people spread over 6,000 inhabited islands) makes it a special case.

## Introduction

Television is still overwhelmingly the dominant medium and the primary source of news in all four countries, where terrestrial television penetration is near saturation point; even in far-flung Indonesia, 96 percent of households have a television and they watch it for up to four hours a day.<sup>2</sup>

More important, however, are the alternatives—mainly satellite and cable—and how much these are preferred or supplement television news consumption. There is no

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2. See [http://participatorymedia.lab.asu.edu/files/Lim\\_Media\\_Ford\\_2011.pdf](http://participatorymedia.lab.asu.edu/files/Lim_Media_Ford_2011.pdf).



satellite in Singapore, but half of all households have cable, which allows access to international channels. As many as 30 percent of users name CNN as a source of news, but this trails the local 24-hour cable news operator Channel News Asia (75 percent), the *Straits Times* newspaper (71 percent), and local terrestrial channels (45 percent).<sup>3</sup> In Malaysia, viewers have been switching from the state-owned terrestrial television monopoly to satellite news via the only satellite operator, Astro, but the top terrestrial television news program still commands 10 times more viewers than the top satellite news program.<sup>4</sup>

In Thailand, where data are poor on this, audiences overwhelmingly favor the state- and army-run terrestrial news programs that focus on news about the royal family, entertainment and celebrities, and news “portraying the lives of ordinary people.”<sup>5</sup> Thai PBS, the highly professional and balanced public service broadcaster (PSB), has about 5 percent of the free-to-air news audiences.<sup>6</sup> While Thailand is well served with satellite and—in condominium-rich Bangkok—cable, it seems (in the absence of data) that relatively little news is consumed on these platforms.

The real changes are in online and mobile. Audiences in all four countries are going online and connecting via mobile at an astounding pace, commensurate with the economic growth and confidence referred to above.

**Table 14.**  
Mobile and internet penetration, 2012

Country	Mobile penetration (% of total population)	Of which, smartphones (% of total mobiles)	Internet penetration (% of total population)
Indonesia	92	20	23
Malaysia	124	27	62
Singapore	150	73	184
Thailand	115	n/a	37

*Note:* n/a – not available

*Source:* Mobile Monday market research<sup>7</sup>

3. See <http://www.mediacorp.sg/en/home>.

4. Nielsen, “TV Viewership Report,” proprietary data, not published.

5. See <http://www.nationmultimedia.com/business/ThaiTV3-gains-from-rivals-internal-woes-30178399.html>.

6. See [http://www.mediahubaccess.com/v1\\_0/mag/mar12/original.pdf](http://www.mediahubaccess.com/v1_0/mag/mar12/original.pdf) and [http://mcot.listedcompany.com/misc/analyst\\_briefing/Analyst\\_Briefing\\_21010.pdf](http://mcot.listedcompany.com/misc/analyst_briefing/Analyst_Briefing_21010.pdf).

7. See [http://www.mobilemonday.net/reports/SEA\\_Report\\_2012.pdf](http://www.mobilemonday.net/reports/SEA_Report_2012.pdf).

But this does not mean that audiences are seeking out news and public debate on current affairs. In Thailand and Indonesia, consuming news from alternative sources to the mainstream media is less common than in the other two countries. And social media, blogs, and dissident websites are less of a phenomenon than in Singapore and Malaysia. Only 4 percent of Indonesians say the internet is a main source of news.

There seems to be a law of alternative media consumption in Asia (and perhaps elsewhere): the tighter the controls on freedom of expression, the more audiences turn to independent online and mobile digital sources.

## 1. Risks

### 1.1 Clamping Down on the Internet

Singapore announced at the end of May 2013 that news websites would, with immediate effect, have to apply for licenses (conditions of which include a “performance bond” of the equivalent of US\$ 40,000). The government says this will bring them into line with broadcasting media, which have to observe news content guidelines. These include being required to remove “prohibited content” within 24 hours of being notified by the authorities. However, the regulator said: “An individual publishing views on current affairs and trends on his/her personal website or blog does not amount to news reporting,” so would not be included.<sup>8</sup> This was just the latest of many formal curbs the government has imposed on all media over the years, in spite of what has been going on in practice—a widening of the parameters of debate (what it calls “out of bound” or OB markers).

Singapore was regulating internet content before most other countries had even thought of it. In 1996, internet content providers were subsumed under the Broadcasting Act, which subjected them to various conditions and an Internet Code of Practice covering undesirable and illegal content such as pornography and extreme violence, as well as content regarding religious and political issues.

Established in 2003, Singapore’s Media Development Authority (MDA) is essentially an instrument of the Ministry of Communications and Information, run by government-appointed technocrats. It is an industry promoter, a policy implementer, and a regulator of television, radio, film, video games, digital media, music, and publishing.

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8. See <http://www.asiaone.com/print/News/Latest%2BNews/Singapore/Story/A1Story20130531-426503.html>.

While there is no pretense at being independent from government, it has adopted a light-touch approach to regulation.

In Indonesia, while the reforms introduced after the fall of Suharto have included progressive measures aimed at free expression, there have been some reversals. Three laws raise concerns: the Law on Information and Electronic Transactions and the Pornography Act, both 2008, and the Law on State Intelligence, 2011. The first of these had a widely followed early outing in 2009, when it was used to jail a middle-aged Jakarta housewife who had criticized, in an email to friends, a hospital's diagnosis of her condition.<sup>9</sup>

The Pornography Act goes beyond prohibiting explicit sexual images and is regarded by many, especially non-Muslim minorities, as an attempt to enforce stricter social codes on them, in order to appease militant Islamists. The Law on State Intelligence, meanwhile, broadly authorizes (under Article 6) the State Intelligence Agency to engage in efforts “to prevent and/or to fight any effort, work, intelligence activity, and/or opponents that may be harmful to national interests and national security,” echoing the measures used by the state under Suharto.

There have been few cases of abuse of these laws so far, however, and the greatest constraints on Indonesia's media freedom arise from the ownership of the media themselves: big business and political interests coincide in the media landscape. Journalists practice self-censorship and the media are nakedly used to promote their owners' business and political interests.<sup>10</sup>

While Malaysia's club of ruling coalition and business friends likewise serve as the chief curb on freedom of expression in that country, the state has some effective legal weapons at its disposal. Apart from the all-encompassing Sedition Act, inherited from British rule, an amendment to Malaysia's Evidence Act in 2012 makes website owners, administrators, and editors responsible for content published on their sites, including comments posted by others. If they are to avoid punishment, they must prove they did not publish the content. Meanwhile, the internet is specifically governed by the Communications and Multimedia Act; Section 233 makes it a crime to publish content that is “obscene, indecent, false, menacing or offensive in character with intent to annoy, abuse, threaten or harass another person.” Yes, “annoy.”

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9. See <http://www.insideindonesia.org/feature-editions/facebooking-for-reform>.

10. For example, Visi Media Asia is owned by members of the very politically active Bakri family. One big media group is owned by a government minister. In fact, media moguls with ties to the former ruling Golkar party might well be among those running for president in 2014.

Nonetheless, the government has deployed its legal arsenal with restraint, limiting much of its pressure to “investigations” that serve as warnings rather than actual prosecutions of media organizations of journalists. Print media editors and journalists talk openly about getting “the call” when they publish content that displeases their owners and government heavyweights. Editors of various media have been suspended or resigned shortly after such an event.

The Malaysian Communications and Multimedia Commission (MCMC), the state appointed and directed regulator, has let internet service providers know that it is monitoring their content and that they should adhere to their licensing conditions, including a code of content, under the Communications and Multimedia Act. Potential fines of more than US\$ 30,000, a jail term of up to two years, and suspension or revocation of their licenses tend to concentrate the mind.

A sinister new development has been cyber-attacks on the websites known to be critical of the ruling coalition and which provide more coverage to opposition political groups than is provided by the state-owned media. The MCMC denies responsibility.

At the same time Radio Televisyen Malaysia (RTM), which is state-owned and housed under the broadcasting department within the Ministry of Information, Communications, and Culture, makes little effort to be anything more than a mouthpiece for the ruling coalition. Bernama, the state news agency, is largely a noticeboard for government announcements.

## 1.2 Divisions and Hate Content

Most countries in the region have significant ethnic/religious divides, and digital media have provided new and prolific opportunities for these to be exploited through hate speech and extremist content. While Singapore keeps a tight lid on all forms of communication about these issues (to the extent that the city-state ranks very low on most freedom indices), extremist groups in Indonesia and Malaysia have indulged in online expressions of hate and militancy.

In Thailand, the divide between “reds” (broadly speaking, rural “commoner” followers of the exiled populist Thaksin Shinawatra) and “yellows” (pro-monarchist allies of the military and Bangkok elite) persists with great intensity in highly partisan satellite television channels, notably ASTV and People Channel PTV, and juvenile name-calling on social media sites. Both sides use the country’s strict *lèse majesté* law, which forbids criticism of the king, queen, and crown prince, in order to intimidate and silence the other.

The most negative development in Thailand's embrace of digitization has been the willingness of the authorities to use the Computer-Related Crime Act of 2007 (introduced during the military government that followed the toppling of Thaksin) to prosecute those who post comments or who run websites that contain comments they regard as defamatory or which fall under the *lèse majesté* terms. The webmaster of Prachatai, a fiercely independent news website, Chiranuch Premchaiporn, was recently given a suspended jail term for not taking down content posted on her website quickly enough.

Other notable cases include a man who was sentenced to 20 years in jail for sending SMS messages to an aide of the prime minister that were found to be grossly insulting to the queen.<sup>11</sup> Then there is Daranee Chamchoengsilpakul, the red shirt firebrand known as Da Torpedo, who was sentenced to 18 years in jail for making anti-monarchist speeches during street protests in 2008. (If you search Da Torpedo from inside Thailand, many of the links that come up are blocked.)

During the State of Emergency declared in April 2010 to counter the massive “red shirt” street protests in the center of Bangkok, the government blocked hundreds of websites and thousands of specific URLs. Community radio stations sympathetic to the red shirt movement were raided and closed down, and the transmissions of PTV, the major mouthpiece of the red shirts, were suspended by Thaicom, a satellite operator, under the orders of the Ministry of Information and Communication Technology. Red shirt print media, *Voice of Thaksin*, *Red News*, and *Truth Today*, were also banned.

### 1.3 Regulators: Under the Government Thumb

In not one of the countries is there a truly independent broadcast and telecoms regulator. Thailand comes closest with the long delayed establishment of a National Broadcasting and Telecommunications Commission. Financed by license fees, it is required by law to be independent, with autonomous day-to-day operations. And commissioners may not hold a position in a political party or have been employed in the industry in under a year previous to their appointment. However, they are appointed by the Senate, half of which is itself appointed rather than elected. Perhaps it is little wonder, therefore, that five of the 11 commissioners are former military or police top brass and only one is a woman.

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11. The man, who was in his sixties and said he didn't even know how to send an SMS and didn't know the person to whom he was alleged to have sent the messages, died just a few months into his sentence, apparently from cancer.

In Indonesia, the Broadcasting Act of 2002 established the independent Indonesia Broadcasting Commission (*Komisi Penyiaran Indonesia*, KPI). However, in 2006 new government regulations passed effective control of licensing, regulation of program content, and ownership concentration to the Ministry of Communications and Information. This in effect sidelined the KPI, restricting its role to making recommendations about the ability of an applicant to be a broadcaster.

Malaysia's MCMC was set up by the Communications and Multimedia Act 1998 with “powers to supervise and regulate the communications and multimedia activities in Malaysia.” The information, communications, and culture minister appoints all commissioners, including the chair. The Act explicitly states that the commission is responsible to the minister.

In Singapore's paternalistic system, the idea of giving “independence” to a regulator is a foreign, not to say peculiar, idea. The state directly and indirectly owns all media, sets policies for them, and regulates them. It is by definition a common enterprise. Independence has no place in such a system.

## 1.4 Uncritical Journalism

One last issue should be noted. Journalism in most of East Asia—including this region—has suffered from a lack of critical and independent professionalism. News is still widely regarded as what the newsmakers say—so-called “he-said-she-said” reporting. If a briefing is called, it must be news—and because so many reporters are based in the press rooms of the ministry they cover (very rarely showing up in their own newsrooms), the news agenda is set by politicians, officials, and the PR industry.

To make matters worse, there is very little “added value” reporting in the form of background, context, analysis, balance, or multiple sourcing. Digitization has made this worse. Press releases and official “backgrounders” can be copied and pasted into stories; competitors' stories can be read online soon after news events (some reporters share their stories with their friends from other publications to enable them to skip briefings), making for more homogenized news judgment; and alarming numbers of journalists have subscribed to the unsupported myth that online stories have to be short.

## 2. Opportunities

### 2.1 Social Media Frenzy

South-East Asians are prolific social media junkies. They are tapping away and uploading pictures in their hundreds of millions, mainly on Facebook. While current affairs junkies might discount the progressive significance of billions of bits of trivia, we should not underestimate how important it is for particularly young people in more conformist societies to be able to express their more individualistic selves and to be able to take risks in cultures that place a high premium on “saving face,” or at least not “losing face.”<sup>12</sup> There are about 50 million Facebook users in Indonesia (approaching 20 percent of its far-flung population that has an internet penetration rate of just 23 percent), behind only the more developed United States and two other large population countries, India and Brazil (although some stats say it is second only to the United States, or was until very recently).<sup>13</sup> Much more connected and wealthier Singapore and Malaysia have penetration rates of 54 percent and 46 percent, respectively, while Thailand’s is 26 percent, the same as Brazil’s. This compares with the United States’ 55 percent and South Africa’s 13 percent.<sup>14</sup>

Malaysians enjoy a higher than global median number of Facebook friends in the world (233 each compared with a global median of 200).<sup>15</sup> In Indonesia, Twitter has about 5.6 million users, the most in the region. Thailand has fewer than a million.<sup>16</sup>

Thus, digitization has equipped hundreds of millions of South-East Asians with the means to express themselves freely. If, when, and how they do that is part of that freedom.

Of course, they are already doing so in impressive ways in all four countries. They carry news that would otherwise never be published in the traditional media because of the latter’s closeness to government and business, and they have an excellent record of arranging mass protests. The most recent—and apt illustration of that, given the subject matter—was the homepage of Singapore’s The Online Citizen (TOC) on 8

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12. Paradoxically, the conformist factor might even account for at least a part of the Facebook craze.

13. See <http://www.techinasia.com/india-indonesia-facebook>.

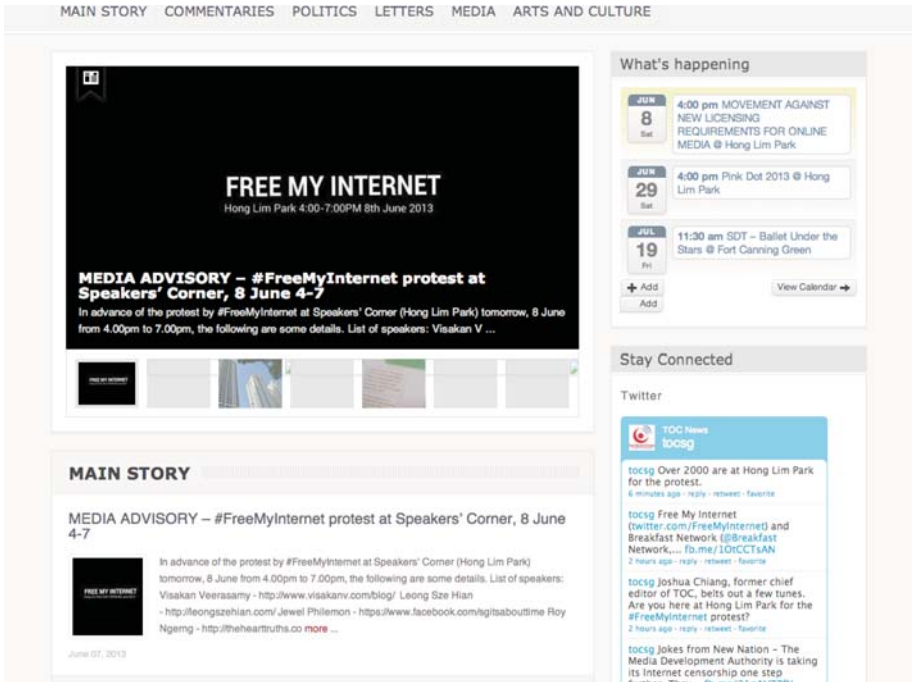
14. See <http://www.internetworldstats.com>.

15. See <http://www.theguardian.com/news/datablog/2014/feb/04/facebook-in-numbers-statistics>.

16. See <http://www.forest-interactive.com/twitter-users>.

June 2013, advertising a protest against the government curbs on online freedom mentioned above:

Figure 12.



## 2.2 Outspoken, Brave Young Media

Apart from TOC, several other independent sites are now part of everyday public life in Singapore. Head north and you will find much the same thing, led by one of the world's first and best known internet interventions, Malaysiakini, brave, outspoken, and—very importantly—financially viable through a combination of subscriptions and advertising. Many other online news sites have sprouted up in the past five years.

The biggest public anti-government protests ever held in Malaysia in the form of the so-called Bersih rallies over the past three or four years were promoted and directed by a full range of digital platforms. (“Bersih” means “clean” in Malay.) Proposed online sedition guidelines and plans to put the online media under the Printing Presses and Publications Act were shelved indefinitely after a sustained online protest campaign. And during the general election on 5 May 2013, both the ruling coalition and opposition candidates put digital media at the heart of their campaigns.<sup>17</sup>

17. See <http://www.digitalnewsasia.com/digital-economy/ge13-a-social-media-election-after-all>.



In Thailand, Prachatai stands out as one of the most active websites for alternative news sources and citizen journalism. Many of its articles are written by professional journalists, scholars, and social activists, and it carries content in both Thai and English. It was shut down in April 2010 during the State of Emergency along with more than 30 other websites.

In Indonesia, online alternatives to the dominant traditional media are less independent. The one that stands out is Detik.com. Founded by two journalists in 1998 as the post-Suharto era began, it is now owned by CT Group, which has interests in other media, including two national television channels, as well as banking, insurance, retail, and entertainment. Other leading online news websites also belong to much bigger media organizations.

Digitization has also brought to the region a range of televisual alternatives to the dull, self-serving offerings of state television that dominated the first generation of the medium. Even though the industry is dominated in Thailand and Indonesia by the sort of low-grade content much beloved of audiences the world over, there are alternatives to these out there, from global to domestic news channels.

### 2.3 Freeing Up Licenses

In this respect, the best digitization-related news to come out of the region was the creation of Thai PBS, a truly independent and professional public broadcaster in Thailand. Never mind that it was set up during military rule after the coup that unseated Thaksin in 2006.<sup>18</sup> While Thai PBS has yet to prove popular in any significant way, it has already provided an important alternative for audiences dissatisfied with the diet offered by mainstream media and the more partisan offerings on satellite. It encourages civic participation, including in primetime news programs that allow ordinary people to report news from their perspective, and in talkshows. It even ran five controversial programs on successive week nights in March 2013, robustly debating the country's *lèse majesté* laws.<sup>19</sup>

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18. The full story has not yet been told, but it appears that some social and media campaigners provided the military government with an opportunity it could not resist. They had seized a TV channel that Thaksin had largely turned into his mouthpiece and weren't sure what to do with it. So the campaigners persuaded them to take it away from him and anyone else like him forever and turn it into a PSB at a very long arm's length from the state.

19. The issue of *lèse majesté* should not be mistaken as an anachronism. The role of the royal family is very much a part of the red–yellow divide in Thai politics. The final program was cancelled at the last minute, presumably when someone must have panicked (there was a protest from royalists outside the station's HQ and the army chief expressed outrage at the program), but it was broadcast on the following Monday despite a clamorous exchange on social media and quotes from the usual suspects in the mainstream media. The deputy minister described the programs as a disgrace and the commander in chief of the police ordered all police stations to be “ready to accept *lèse majesté* complaints from the public.” This was a shining case study of independence and courageous professionalism in a public broadcaster.

Yet Thailand has not been entirely alone in this endeavor. After the fall of Suharto, Indonesia set about freeing up all manner of state institutions. From 1998 to 2002, more than 900 new commercial radio and five new commercial television licenses were issued. The principle of press freedom was enshrined in the new Press Law of 1999. The Broadcasting Act of 2002 stressed media decentralization and emphasized accountability and transparency in licensing procedures for public service and commercial broadcasting licenses. The Indonesian Broadcasting Commission was set up as an independent regulatory body representing the public interest, especially in the licensing processes. The Act also established Televisi Republik Indonesia (TVRI) as a public broadcasting institution with a mandate for neutrality and independence.

One of the most encouraging elements of the post-Suharto era of more open government has been Indonesia's Transparency of Public Information Law (2008), an important example for such a large and diverse country. The law has received mixed reviews, however. While the law offers legal guarantees for public access to information, it also provides for a year-long jail term for anyone who "misuses" that information—with the definition of "misuse" left vague and potentially open to abuse. Other critics point out that the interpretation of exemptions has proved problematic, with government officials taking much the same view of secrecy as before the law was passed.<sup>20</sup>

In Singapore, MediaCorp, the state-owned broadcaster, has widened its remit to something closer to a public service broadcaster, but without the financial and governance independence usually associated with a fully fledged PSB. Its remit is to "inform, educate and entertain," and racial diversity is an important guiding principle for its programming. In July 2012, the government gave US\$ 515 million for what it calls "public service content," up 35 percent on the previous five-year period.

The story is, then, primarily one of access and capacity, even though both are mostly being expended on status updates. In all four countries, however, it has not taken much for the banal to give way to the brave when governments abuse their powers, or indeed when people are asked to choose their governments. The same smartphone that snaps the plate of food you are about to eat in a restaurant has been just as effectively used to record election fraud or an act of police brutality, for the world to see. Little Brother is watching you.

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20. See <http://www.freedominfo.org/2012/03/reports-critically-assess-rti-performance-in-indonesia>.

### 3. Digital Champions

If the measure of a digital champion was freedom of expression alone, Singapore would not be the region's most progressive and fast-developing nation. Perhaps Indonesia would win the title (Thailand and Malaysia would not), but not by a wide margin. Most of the victories on that front in Indonesia are the result of post-Suharto reforms, not the opportunities offered by digital technology, and even some of those have been rolled back. In any case, Singapore was authoritarian *before* digital technology—and it is more open now *because* of it, even if other rich and educated countries are far freer and regard the city-state as an embarrassing laggard. But freedom of expression is not the only measure, and on all the others, Singapore canters home in first place.

How could it not when this research project's comparative tables show Singapore in the top three countries in the world on the most important measures of digital media consumption, internet (in effect 100 percent of households have some sort of high-speed broadband), and mobile penetration (150 percent at the start of 2013)? Eight out of 10 mobile subscribers are on 3G, and 4G coverage at street level is now close to 100 percent.<sup>21</sup> And unlike so many other countries where mobile is so pervasive, all households also have fixed-line telephone links. Close to one in four digital consumers in Singapore (23 percent) now have a tablet computer in the household.<sup>22</sup>

According to the Media Development Authority, the city-state's digital policy executive-cum-regulator, "internet awareness" and "media literacy" are fast approaching 100 percent of the population. The MDA defines these as basic awareness of new media technologies, competence in using media via different platforms, and an ability to use media tools responsibly and safely. The MDA has likened media literacy to a "life skill" that is essential for work, learning, and play in the digital age.<sup>23</sup>

And Singaporeans are working, learning, and playing hard. They move readily and seamlessly from offline to online and mobile, while still reading in print and watching television and movies on mobile devices and sharing news in a variety of forms, from SMS alerts through to full-scale news channels and websites. Three in five adults (60 percent) now go online daily. According to comScore's Media Metrix statistics as of

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21. See <http://www.channelnewsasia.com/news/singapore/singapore-is-closer-to-4g-coverage-islan/649388.html>.

22. See <http://www.blackbox.com.sg/wp/wp-content/uploads/2012/05/Blackbox-YKA-Whitepaper-Smartphones.pdf>.

23. See <http://www.mda.gov.sg/PUBLIC/PUBLICEDUCATION/Pages/MediaLiteracy.aspx>.

April 2012,<sup>24</sup> 94.7 percent of Singapore’s online population aged 15+ engaged in social networking (second only to the Philippines at 96 percent). Another 2012 survey<sup>25</sup> of over 50,000 Singapore users found 68 percent using social media at least once a week. Much of this takes place on the island’s free public WiFi hotspots, which have more than 2 million subscribers making use of it for on average 25 hours a month.<sup>26</sup>

As with so much of Singapore’s success over the past two generations, these leaps and bounds have been planned, engineered, implemented, and policed (not to put too strong a word on it) by the technocratic-paternalistic state and its close—indeed often state-owned—partners in business. It is quite conceivable that a state with so much power and control would be complacent and defensive, disinclined to innovate, slow to take risks, and probably happy to treat digitization more as a rent-seeking opportunity than one to empower its citizens.

By contrast, it has been Singapore’s two media monopolies that have done the most to provide new platforms, helping to deliver a greater diversity of news and debate in what was long a cautious, middle-aged, and middle-of-the-road kind of public sphere. Singapore Press Holdings (SPH), the dominant print group, for example, hosts increasingly popular online editions of its newspapers (claiming more than 270 million page views and 18 million unique visitors every month),<sup>27</sup> as well as iPad and iPhone applications for *The Straits Times* and an Android smartphone application as well as iPad and smartphone apps for *The Business Times*.

Apart from Straitstimes.com, SPH has launched a lively news portal AsiaOne, a citizen journalism site STOMP (Straits Times Online Mobile Print), and a video news channel RazorTV—which collectively had 5.2 million unique visitors in January 2010, and crossed the 80-million mark for the first time. SPH, meanwhile, launched a bilingual (English-Chinese) news and interactive web portal Omy.sg as long ago as 2007. This is not catch-up or keep-up. It’s being first, fast.

The other pillar of Singapore’s state-controlled media monopoly, MediaCorp, has taken its newspaper and magazines online with services such as the “EasyReader” for users to download the news from any internet connection and read it on the go. Its flagship

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24. G. Dale, “State of the global and local internet,” comScore Presentation at AdTech Singapore 2012, at <http://www.slideshare.net/nguyenht/comscore-presentation-adtech-singapore-2012>.

25. Rock Publicity, “The state of social media in Singapore,” 2012, at <http://trainingedgeasia.com/download/2012-RP-SINGAPORE-SOCIAL-MEDIA-STUDY.pdf>.

26. See <http://www.zdnet.com.sg/singapore-looks-to-extend-free-public-wi-fi-7000003495>.

27. See <http://www.sph.com.sg/ourproducts.shtml>.

online product, Channelnewsasia.com, has “my news playlist” for people to pick from a two-week archive of news and lifestyle videos and create their own news video. “*News In Singapore*” on YouTube has news clips from Channel NewsAsia’s nightly “*Singapore Tonight*” bulletin.

MediaCorp is also responsible for Xinmsn,<sup>28</sup> a portal with video services launched in March 2010, bringing together Microsoft and MediaCorp’s services and media platforms. It enjoyed 70 million page views by October 2010—an increase of 94 percent from launch and 192 percent from the same time in 2009 when MSN Singapore and Xin.sg operated independently.<sup>29</sup> The portal’s news, lifestyle, and sports channels received a combined 14 million page views. This early success was partly attributed to the addition of “Catch-Up TV” for free video-on-demand from MediaCorp channels and Hollywood studios such as FOX and Disney. In 2011, it introduced “webisodes,” short episodes typically between four and 15 minutes that air initially as internet television.

All of this without any serious damage to the traditional print sector. Daily readership remains steady, hovering at around three-quarters (77 percent) of the population. According to a global study, 68 percent of Singapore respondents said they trusted “traditional media.”<sup>30</sup>

While the state and its media organizations have led the way with innovation in digital media, independent bloggers and news websites have also joined the game. It has not been easy. Apart from a couple of professionally staffed newsrooms in foreign-owned technology companies (MSN and Yahoo!) with offices in Singapore and a modest operation set up in 2012 by homegrown telecommunications giant Singtel, practically all sources of homegrown alternative media are volunteer run, often relying on online advertising or crowd-funding. Given Singapore’s reputation for political apathy and aversion to dissent, they have nonetheless been courageous and effective, succeeding in forcing sensitive issues more and more onto the mainstream agenda and galvanizing opposition politics.

Meanwhile, various government agencies are collaborating in the development of a “media hub” for the incubation of start-ups as well as testing new forms of interactive

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28. See <http://xin.msn.com>.

29. Report by Channel NewsAsia, “Xinmsn emerges as Singapore’s top online portal,” 23 November 2010, at <http://www.channelnewsasia.com/stories/singaporelocalnews/view/1095090/1/.html>.

30. See <http://www.slideshare.net/EdelmanAPAC/final-presentation-trust-barometer-2013-singapore-31-jan>.

digital media, film, and broadcasting, which they hope will make Singapore a leader in Asia in digital media innovation. And they have already begun trials for so-called “super WiFi” that exploits unused parts of the television spectrum known as white spaces.<sup>31</sup>

It is clear, then, that Singapore has been a remarkably fast-developing digital nation. Many more platforms are now speedily accessible to all. But has this growth been progressive?

We live in a world where many countries have long criminalized holocaust denial and the espousal of Nazi sympathies, and where social media—including Facebook—are showing that they are ready to take down misogynist content. The smell of burning flesh during race riots on the Malay Peninsula in the 1950s and 1960s still haunts many Singaporeans.

Even so and for all its caution, the Singapore government and its media establishment have shown a willingness to widen the parameters of what they deem acceptable debate. In modern Singapore, these parameters are a lot tighter than most progressives would regard as acceptable, but the term “progressive” surely derives some of its meaning from the notion of moving forward. No one in Singapore gets taken out and shot if they break the rules. In fact, there is nothing brutal about the way Singapore does all this, apart from its efficiency. And it does not make sense to say if they put it up they can just as easily take it down again. The same holds true for any government. In sum, the extremely high levels of media literacy that Singapore has attained, and the range of platforms upon which that literacy can be deployed, are very significant achievements.

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31. See <http://blogs.wsj.com/searealtime/2012/09/06/singapore-launches-super-wi-fi-internet-trials>.



# Digital Media in Asia: India and Pakistan

Graham Watts

## Context

Whatever the many differences between India and Pakistan, they have much in common in their experience of digitization. The most important factor has not been the adoption of digital technology itself, but the effects on it of the economic liberalization and deregulation that both countries have pursued, with occasional interruptions, over the past two decades.

The forces unleashed by liberalization (which include market-driven trends of privatization, deregulation, and opening up to global trade and foreign investment) have led to a rapid expansion of the two predominantly rural countries' urban middle class. India's gross domestic product (GDP) per head rose fivefold between 1991 and 2011. By comparison, over the previous 20 years (1971–1991) it increased by less than half. Pakistan's GDP per head rose threefold compared with a mere 50 percent increase in the 20 years from 1971.<sup>1</sup>

This rapid growth in turn laid the groundwork for a remarkable expansion of digital media consumption. In Pakistan, for instance, consumer spending increased by an

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1. See <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>.

average of 26 percent a year between 2010 and 2012, more than three times the rate for Asia as a whole.<sup>2</sup>

With the coming of digitization, therefore, both countries have enjoyed spectacular growth in private sector media and telecoms, in particular cable and satellite television and mobile telephony, which has been further fuelled by the fact that their populations are exceptionally young. Nearly half of India's 1.2 billion people and 55 percent of Pakistan's 190 million are under the age of 25.<sup>3</sup>

India and Pakistan's constitutional commitments to democracy have been undermined by endemic political patronage, corruption, and business favoritism. This has been made worse by the inertia of officialdom, known as the "license raj," which has long infested policymaking, including all matters related to digitization. In Pakistan's case, these things have been complicated by the armed forces' persistent meddling. Ethnic, caste, and religious divides lurk in dark corners of both countries and indeed across their territorial and electronic borders.

## Introduction

The most notable trend has been a voracious appetite for television news in several languages across all regions of both countries, making television by far the primary source of news. It is difficult to know which came first, supply or demand, given the magnetic force of sensational and frenzied 24-hour breaking news. More than a third of Indian households (overwhelmingly in the large urban conurbations) have cable or satellite television, and numbers of mobile subscribers rose from about 15 percent of the population to more than 80 percent in five years.<sup>4</sup> In Pakistan, more than half of households (again, predominantly in the big cities) have cable or satellite television and 70 percent of the population have mobile phones.<sup>5</sup>

The strong growth in pay-TV and mobile telephony contrasts sharply with strikingly low rates of internet usage. Just over 2 percent of India's population have internet

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2. F. Mangi, "Pakistan loving Fat Burger as fast food boom ignores drones," Bloomberg.com, 7 January 2013, at <http://www.bloomberg.com/news/2013-01-07/pakistan-loving-fatburger-as-fast-food-boom-ignores-u-s-drones.html>.

3. See <http://www.indexmundi.com/factbook/compare/india.pakistan/demographics>.

4. See <http://www.opensocietyfoundations.org/reports/mapping-digital-media-india>.

5. Gallup, Pakistan, 2010 proprietary data, unpublished.



subscriptions,<sup>6</sup> and Pakistan's nearly 20 percent, although substantially ahead of India's, is still only half that of China.<sup>7</sup>

Whereas satellite television and, to some extent, FM radio, have brought a wider choice of both language and content to both countries, large numbers of people (in Pakistan, half the population) have no alternative to the terrestrial delivery of (mostly government-serving) programs by the state-owned (nominally public service) broadcasters.

## 1. Risks

In both countries, the state has largely stepped aside and passed the media technology baton to business. The result has been that they are far behind in the digital switch-over stakes (neither has gone beyond broadly outlined intentions) and their nominally public broadcasters have further degenerated into grey government mouthpieces through a paradoxical mix of neglect and protection.

At the same time, nimble and highly competitive private sector media organizations have consolidated their analog era dominance in the broadcast, online, and mobile worlds in which business interests meet political patronage. The absence of adequate cross-media ownership limits—and in the case of Pakistan their relaxation in 2007—has allowed further consolidation of that dominance.

Aggressively pursued commercial goals color every aspect of this new media landscape, pushing up ratings and circulations while dragging down journalistic standards and ethics. The result is often a news agenda in which attracting audiences becomes the driving force behind content, usually a mix of cricket, entertainment, celebrity, and crime, with politics thrown in when it is especially egregious or combative.

Indian media companies have gone farthest through such practices as “paid news” (undeclared advertorials) and “private treaties” (advertise with us and we’ll give you good coverage in exchange for equity in your business). Journalists cannot alienate companies (or governments and local authorities) that advertise a lot, and in any case some media organizations are simply part of a vast business group with interests in

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6. See <http://www.opensocietyfoundations.org/reports/mapping-digital-media-india>.

7. Gallup, Pakistan, 2010 proprietary data, unpublished.

many sectors and find themselves being required to promote and defend those business interests.

Meanwhile, the big media companies have subsumed much of the critical blogosphere by providing platforms for leading commentators, thereby co-opting the more independent voices heard on social media in other countries. Most social media activity is thus limited to social networking and entertainment. Where more serious issues do come up, the newly empowered middle classes tend to talk to themselves about their own problems—such as urban crime, poor services, and corruption that annoys them—highlighting the profound digital divides in both countries.

Spectrum allocation and regulation policies pay more attention to pricing logic and commercial potential (maximizing government rents) rather than public interest considerations and institutional independence, which partly explains why there has been little public consultation on these issues. Competition is good and more competition is best.

Blatant corruption aside, India's fragmented policy apparatus also creates fertile ground for politicization and favoritism in decisions on resource allocation, technology choice, licensing criteria, and ownership. Furthermore, in India, because of the considerable power wielded at the state level by local politicians and their business allies, extra-legal pressures are brought to bear on broadcasters and content makers who produce or distribute critical content.

In Pakistan, violent extremist organizations and militant groups increasingly use social networks and video-sharing platforms to spread hate content and to recruit new members. Journalists get caught up in the deadly divides between various sectarian groups and the security forces. In fact, it is the most dangerous country on earth to be a journalist.

## 2. Opportunities

India and Pakistan have traditions of robust public discourse. Digital media have played a big role in increasing the number of voices involved and the audiences that can hear and see this discourse. In the analog era, an educated urban elite waded through an exchange of views in excruciatingly lengthy newspaper op-eds (occasionally spread over several days) written in stilted Victorian English or its equivalent in the vernacular languages.

To their credit, many of the same media companies took the digital bull by the horns and, among other things, delivered 24-hour news interspersed with live interviews and vigorous talkshows and commentaries that have massively multiplied the numbers of those who follow the news—and also, incidentally, those who produce it.

While in both countries a lot of the journalism that has come with this burgeoning news-consuming culture has been shallow and unprofessional, there has also been much innovation and new opportunities created. For instance, cross-media ownership allows important stories to be given a longer shelf-life across more platforms. And even content that is not published or broadcast by mainstream media outlets because of pressure from the state, advertisers, political parties, or the bias of the media organization itself is increasingly available to the public. This is because some journalists upload their content to blogs and video-sharing sites. In Pakistan, a group of professional journalists manages Saach.tv, a news website that aims to “address the many shortcomings of mainstream television channels,” and “restore basic values of news – objectivity and fairness.”<sup>8</sup>

In India, the so-called “sting” method of exposing corruption has received considerable attention following what is probably the most noteworthy case in 2001, when the website Tehelka.com laid bare a web of bribery in the defense ministry and government through spycams and reporters masquerading as arms dealers. There has been a patchy record of credibility and accuracy related to sting operations over the years, but they have contributed significantly to knowledge about the brazen and extensive nature of official corruption and they have amplified demands by civil society organizations for cleaner government. This is partly to do with the fact that exposés of this kind have forced their way onto the agenda of the more cautious mainstream media in both countries.

Beyond specific investigations, digital media have made a significant contribution to political and civil campaigns. In 2007, a blog that brazenly named itself the Emergency Times coordinated and reported on protests against the imposition of emergency rule by the then military strongman General Pervez Musharraf. It posted photos and videos captured on mobile phone cameras as well as live SMS2blog updates from rallies and other pro-democracy meetings. Since the government had blocked broadcasts of such meetings, this kind of citizen journalism became the only source of information about the campaign. Due to the deployment of other digital media and street protests, the campaigners triumphed when the general stepped down and went into exile a year later.

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8. See <http://www.saach.tv>.

Since then, the emboldened media have exposed official corruption, highlighted poor service delivery and other governance issues in urban centers, and brought attention to human rights violations by militant groups as well as by the army and intelligence agencies. The independent digital news media have also played a vital role in relief efforts during humanitarian crises sparked by natural disasters or the mass displacement of people from north-western Pakistan as a result of clashes between militant groups and the army. News reporting from flood-hit areas in 2010 and 2011, which affected up to 20 million people, helped the government and donor agencies to coordinate relief and reconstruction efforts.

In India, the most significant online activism has been the India Against Corruption (IAC) campaign launched in April 2011 on Facebook, Twitter, and a dedicated campaign website.<sup>9</sup> The IAC marked a watershed not only because of its scale, the campaign also had roots in offline activism. This marked a crucial difference from most middle-class initiatives that germinate online. The struggle continues.

Coverage of the issues that matter most to the many religious and/or regional ethnic and language minorities in both countries has improved because of the proliferation of privately owned vernacular television and FM radio channels. The internet has also provided the space for other marginalized groups to at least express their own vision and air issues of importance to them, even though little filters through into the national conversation and the state broadcasters have largely failed to exploit the opportunities provided by digital media for greater inclusivity.

### 3. Digital Champions

In footballing terms, the match between India and Pakistan is a no-score draw. Both countries have taken such a long time to decide how and when they might seize the opportunities that digital technology offers to improve their tired state broadcasters.

It might be said that India scored first in the most ironic way with the exposure in 2008 of jaw-dropping malfeasance in the allocation of 2G mobile frequencies, a process at the heart of digitization policy. Though the fallout continues in the courts to this day, a judge cancelled 122 mobile telecoms licenses as a result of the revelations that emerged, as it happens, not via digital media, but in two old-fashioned print magazines.

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9. See <http://www.indiaagainstcorruption.com>.

Taped conversations, which implicated journalists among many others, were made by police investigating a tax case, not in some courageous act of digital technology-aided investigative journalism.

Once the story broke, however, it spread everywhere—and digital media played their part. But the biggest thing about it was that it revealed in great detail the byzantine web of intrigue and corruption at the heart of Indian government and business and no one could stop the story coming out. There is something progressive about that.

Pakistan equalized with its “Lawyers’ Movement,” a much less complicated—and equally far-reaching—campaign aided by all forms of digital media that eventually led to the fall of military strongman General Pervez Musharraf.

Both countries, of course, score highly with the proliferation of news content on satellite and cable television, multiplying by millions those who are informed about current events and who follow the debates in their society.

Beyond that, however, there is little that might be described as progressive or fast developing. What possibly gives the game to India in this contest are two initiatives that are designed to address the questions of widening access and narrowing the digital divide.

One is the Universal Service Obligation Fund (USOF) that dates back to 2003 and was initially designed with telegraph and fixed phone line provision in mind. Generated from a portion of private operators’ fees, the fund is intended to help with the expansion of mobile telecoms infrastructure in rural areas, often where this task, shouldered by the public sector telecoms operators, would be deemed commercially non-viable.

It might come as no surprise, however, that the Consumer Online Foundation, a watchdog, said in June 2012, that “the Government has failed to utilize the resources raised for the purpose of developing infrastructure in the telecom sector.”<sup>10</sup>

The second initiative is the roll-out obligation for 3G provision whereby operators are required, for instance, to ensure that within five years (by 31 August 2015) 3G will be offered in at least 50 percent of districts (local administrative divisions), of which at least 15 percent should have a 50 percent rural population.

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10. See <http://www.thehindubusinessline.com/industry-and-economy/info-tech/uso-fund-not-being-utilised-by-govt/article3576363.ece>.

Again, this appears to be making little difference. The Department of Telecommunications still has not drawn up a list of rural districts because it is “undecided about whether to follow the 2001 census or the 2011 census figures to prepare the list.”<sup>11</sup>

This is a pertinent case study of the abject failure of India to do much that is either fast developing or progressive. It would have been nice had Pakistan been any better.

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11. See [http://www.business-standard.com/article/economy-policy/doubts-over-roll-out-obligations-of-3g-spectrum-winners-continue-113052200892\\_1.html](http://www.business-standard.com/article/economy-policy/doubts-over-roll-out-obligations-of-3g-spectrum-winners-continue-113052200892_1.html).

# Digital Media in the Arab World

Aboubakr Jamaï



## Context

In Egypt, Lebanon, Jordan, and Morocco—the four countries in the Middle East and North Africa (MENA) region included in the Mapping Digital Media (MDM) project—the political situation is in flux.<sup>1</sup> If the wave of revolution known as the Arab Spring had its greatest impact on Egypt, it has also affected the other countries in varying degrees.

Jordan and Morocco witnessed months of demonstrations for greater democracy. The power elites in both countries responded with promises of sweeping reform. Three years on, however, the structure of these regimes has not changed much. Freedom of the press in both countries, especially digital media, has witnessed serious setbacks. In Lebanon, the fragile politico-sectarian *modus vivendi* has been further undermined by the civil war in Syria. As for Egypt, freedom of speech and the press have been curtailed as a result of the extreme polarization of the political landscape.

The region faces formidable economic challenges. Not the least of these is youth unemployment. Unemployment in the MENA region is the highest in the world and is largely a youth phenomenon. Some 65 percent of the population in the region is under the age of 30. According to the World Bank, the share of young people (aged 15

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1. Tunisia was also included in the MDM series, but it proved impossible to complete the report. This overview draws on unpublished data and analysis prepared for the Tunisia report.

to 24) in total unemployment at least doubles the total rate. Youth unemployment is 25 percent higher than in any other region in the world.

It is precisely the regimes' failure to create economic opportunities for its young citizens while simultaneously denying them a voice that fueled the protests in 2011. One positive consequence here is the emergence of a culture of protest. Events during the last three years, especially in Tunisia and Egypt, have demonstrated the willingness of young people to challenge authoritarianism. Moreover, this culture of protest has taken hold amid fast-growing access to digital media.

Most of the region is still plagued by gender and urban/rural disparities. These divides manifest themselves in the illiteracy and poverty gap between men and women; and between city dwellers and those living in the rural areas. The MENA region is the bottom-ranking region in the Global Gender Gap Index published by the World Economic Forum. In Egypt, 56 percent of the population lives in the countryside. In Morocco, 37 percent does. These divides have their digital equivalents.

If illiteracy and poverty impede the spread of the benefits of digitization in Egypt and Morocco, the relatively high levels of education and literacy present great opportunities in Jordan and Lebanon.

Television still reigns supreme as the media platform of choice; virtually every household has a television set (as of 2012, ownership varied from 94 percent in Egypt to 98.5 percent in Jordan). Regional satellite television networks have been popular for a long time, thanks to the affordability of satellite television services, toleration of piracy, and the ineptitude of local television content. While the level of personal computer equipment ownership is still low, it is rising steadily. In Jordan, household computer ownership grew from 23 percent in 2005 to 36.3 percent in 2009. Increasing internet connectivity and the rising popularity of social media are making the internet an increasingly popular medium for consuming news. Finally, the ubiquity of mobile telephony is expected to boost the provision of digital content and news across the region in the coming years.

## Introduction

The most discernible and general trend in digital media in the region is the increasing popularity of social media. The Arab Spring showed how social media uptake has broadened civic engagement. Albeit still low in some countries, increasing literacy rates



reinforce this trend. Increasing numbers of citizens can access the internet because they have the skills to do so, but also because they can afford to acquire computers and pay for their internet connections. As a result, media consumers in the region have more choice today than ever before.

Unfortunately, the citizens' expressed yearning for greater transparency and freedom of speech and of the press is stifled by their governments' negative attitude toward free speech and democratization in general. A persistently hostile regulatory environment impedes the development of free expression. Censorship and self-censorship still plague the region, damaging freedom of speech and undermining the emergence of viable business models for independent media. Economic pressure in the guise of government-organized advertising boycotts is much used, as they are difficult to trace back to the regime.

Besides censorship and an unfriendly regulatory framework, the delay of digital switch-over has weakened the positive impact of digitization. None of these four countries has initiated the switch-over process, and it is highly doubtful whether any of them will meet their international commitment to switch off analog signals by 2015. No measures have been taken at this time of writing to offer incentives to consumers or assist them to purchase set-top boxes (STBs).

Journalists are a long way from fully exploiting the vast opportunities offered by digitization. Journalism practices do not seem to have improved. Generally, a digital “de-professionalization” effect is taking place. The impact of the internet on journalists' ethics has been negative. Internet-based journalism has led to less fact-checking and more sensationalism.

Investigative journalism has not exploited the potential for publishing leaked documents and better communication with sources. The absence of a Freedom of Information Act—and the weakness of implementation where such laws do exist, as in Jordan—as well as the costliness of this type of journalism were the main reasons why digitization has not empowered investigative journalism.

## 1. Risks

Given the authoritarian nature of most regimes in the region, the stifling of critical voices in the media presents a major threat to the realization of the libertarian benefits of digitization.

In Morocco, journalists avoid the three taboo subjects: the monarchy, Islam, and territorial integrity (southern Sahara). These taboos are carefully respected by broadcast and print media alike. While commercial radio provides a somewhat more open forum by focusing on local, regional, and national news, it too avoids sensitive political issues.

In Lebanon, in an attempt to eliminate critical content online, government repression has targeted social media activists and bloggers. The government has regularly closed social media forums and tracked down their promoters. In 2010, the public prosecutor accused three citizens of defaming President Michel Suleiman after they posted negative comments on their blogs and in a Facebook group that the president's supporters had created. The *za'im* (Leader) system, a socio-political power structure where a feudal elite dominates public life and represents the interests of the country's religious sects, leaves little room for independent and marginalized voices, or for diversity—unless it be the diversity of this same elite.

The Jordanian authorities led a reactionary crackdown on media freedom in 2011, and on the internet in particular. The newspapers' inability to capture online audiences is as much a consequence of their slow progress in developing multimedia and interactive services as of their lack of independence. Mainstream news outlets continue to avoid criticism of political elites. The influence of the state was felt in 2012 when Josat TV, one of two terrestrial competitors of the state-run channel, lost its license over opinions expressed by a guest during a program. The broadcaster was charged with incitement against the regime and undermining the king's dignity.

In Egypt, the state retains vast legal and administrative latitude to suppress dissent. State censorship targets both traditional and digital media. Key articles of the penal code in place under the former regime have not been abolished and continue to give the authorities broad powers to keep a close eye on communications and detain individuals. One example of the persistent willingness of Egyptian authorities to clamp down on the rising potential of freedom of speech through the internet is the case of the blogger Maikel Nabil Sanad, sentenced to three years in prison in March 2011 following a posting which criticized the military. Broadcast media are also suffering from post-revolutionary repression.

While 16 new television channels started operating after the end of the Mubarak regime and the abolition of the Ministry of Information, the ministry was reinstated in July 2011 and the issuing of licenses for new satellite stations was suspended completely in September. In the same month, police forces raided the offices of Al Jazeera's Mubasher Misr channel, confiscated transmission equipment, and arrested a

technician. Despite a persistently hostile environment, digital media gave voice to a wide range of political groups both before and after January 2011. However, they did not help to generate overall diversity in gender and ethnic representation. During the parliamentary elections in late 2011 and early 2012, women featured in less than 7 percent of the news coverage.

The benefits that digitization is supposed to bring in improving the environment for free speech have also been hampered by a hostile regulatory environment. None of these countries has initiated digital switch-over, and thus none is likely to meet its international commitment to switch off analog signals by 2015. Governments have not adopted any legal provisions to offer incentives or assist consumers to purchase STBs.

In Morocco, the Press Code is a major tool for silencing independent voices. As in most countries in the region where there is no self-regulation in the media sector, the code is a legal instrument imposed on the press. Despite a supposedly liberalizing revision in 2002, the code maintains prison sentences and heavy fines for anybody who publishes information deemed by the government to violate its provisions. In short, the inadequate policy framework for traditional media has simply been extended to digital media.

In Lebanon, the regulatory framework is designed to preserve the interests of the operators and businesses, instead of empowering citizens to access a varied offering of news sources. The same regulations that help perpetuate the sectarian power-sharing in the traditional media sector are applied to the digital media sector. The licensing of internet service providers (ISPs) and the operation of mobile phone services is modeled on the same system that governs the broadcast media, where broadcast licenses are allocated to the dominant political powers.

There is no regulatory independence In Jordan, where the government appoints and controls those in charge of regulation and licensing. The authorities took a step in the right direction in 2007 when Parliament passed a freedom of information law (the first in the Arab world). Since then, unfortunately, public bodies and institutions have been able to ignore this law with impunity. Spectrum liberalization—which began with the Audiovisual Law in 2002—showed its limits in 2012 when Josat TV lost its licenses because of its critical coverage of the regime.

The legal framework of broadcasting in Egypt has not helped to move things ahead. Terrestrial broadcasting is the preserve of the government-financed and controlled broadcaster, the Egyptian Radio and Television Union. Although legislation prohibits

individuals from owning more than a 10 percent stake in any newspaper, the lack of transparency of media ownership makes it impossible to measure and enforce ownership-related legal provisions. As a matter of fact, the media regulatory framework is entirely opaque. There are no formal regulatory bodies for the media: to date, satellite broadcasters have been licensed by the General Authority for Investment (GAFI), which has no other oversight role. Licensing procedures have been run in secrecy and decisions have been massively politicized, with national security agencies significantly influencing the process.

Lack of affordability and access remain major impediments to digitization. Most households in the four countries are not equipped to access content provided by digital media. Personal computers and internet access are beyond the purchasing power of most citizens. Internet access and use are largely limited to urban areas and to educated urban segments of the population—and also, predominantly, to men.

There are also language issues. In Morocco, the public service television stations and, with few exceptions, the printed media use formal Arabic, a language understood by an estimated 40 percent of Moroccans, or formal French, which only 10 percent of Moroccans understand. In Jordan, the limited range of Arabic-language content online prevents very large numbers of Jordanians from going online. In Egypt and Morocco, internet penetration growth has been slowed significantly by high illiteracy and income inequalities.

The impact of digitization on journalism in the region has been no better than mixed. Journalists and scholars interviewed for the MDM reports denounced a digital “de-professionalization” effect in the region. Journalists are a long way from fully exploiting the potential of digitization when it comes to accessing sources, improving the dissemination of their work, increasing the diversity of sources and opinions in their stories, and generally increasing transparency around their activity. The impact of the internet on professional ethics has been mostly negative; fact-checking declined sharply, while sensationalism grew. Patterns of data theft and plagiarism increased.

Newspapers simply post their printed stories online without taking advantage of interactivity. The development of audiovisual content on digital platforms has been hindered by a lack of multimedia skills among journalists. Where new sources are exploited, they often simply replicate the voices expressed through traditional (offline) media. Such plurality as does exist mostly predated digitization.

In Morocco, the low level of popular political engagement is a debilitating factor. In Lebanon, journalists argued that digital media outlets that support citizen journalism in fact use citizens to exacerbate their established partisan bias. Most households prefer local news channels. However, this does not translate into greater plurality of opinions.

Investigative journalism has not reaped any of the benefits brought by digitization. Publication of leaked documents has been rare or non-existent, and communication with sources has not improved. The absence of freedom of information laws—or their poor implementation, as in Jordan—coupled with the high costs that investigative journalism incurs, have been the main barrier to improved investigating reporting.

In terms of the media economy, the region grapples with many sustainability-related woes. There is still no viable business model for online news media in the region. Digitization has had little or no effect on the media market, media ownership, media economics, or media independence. There is an incestuous relationship between commercial media interests and political elites. Commercial success depends more on proximity to political decision-makers than on business acumen or journalistic craft. Particularly in Lebanon, because of its political sectarian model, the main media business model in both traditional and digital realms still relies on partisan and, sometimes, foreign financial support.

Moreover, journalism across the region is under pressure from advertisers. In Jordan, the case of *Al Ghad* is revealing. Established in 2004 as the second independent national newspaper, it rose quickly to become one of the best-selling titles with a healthy online readership. But the owner's attempts to launch a commercial television service foundered in 2007 when the Audiovisual Commission (AVC) unexpectedly suspended its transmission shortly after launch.

## 2. Opportunities

Although the ultimate impact of the internet on the Arab Spring is still not clear, there is no doubt that digitization and social media have enabled an unprecedented level of political activism and debate in the region. Despite many structural limitations, such as illiteracy or affordability, social media uptake has nurtured a culture of socialization and debate that has never been seen before in the region.

In Egypt, there is evidence to suggest that the events of January 2011 were a cause (at least as much as an effect) of internet expansion. Use of social media platforms has

grown sharply in the post-revolution period. Most notably, the number of registered Facebook users more than doubled over just nine months between January and September 2011 to 8.55 million.

Since the January 2011 revolution, bloggers and social media activists have become both regular sources of news and guests on political television shows. In a way, this has helped to cement a bridge between old and new media and to mitigate somewhat the effects of the digital divide. It has also helped to make more voices heard in society. The blogger Sanad, for example, was released in January 2012 after a long struggle by civil society and human rights groups, which demonstrated the capacity for civil society to mobilize effectively against state repression of digital activists. This capacity is probably the foremost legacy of change since January 2011.

The growing culture of citizen journalism also became an effective watchdog that helps to redress inaccuracies and biases emanating from professional news organizations. Efforts in this regard are starting to be noticed, however, despite a very difficult environment for obtaining information.

In Jordan, the inability of traditional media to fulfill their watchdog role vis-à-vis political decision-makers has given the opportunity to social media to take up the task. It became a platform of choice for activists and reformers. In Lebanon, despite the stifling sectarian nature of politics, some emerging voices have managed to carve out a space with blogs and online social networking tools. A growing community of online activists exerts some influence in the socio-political and cultural realms. Social media are also booming in Morocco and are used increasingly for political activism. With an estimated five million users, Morocco has the third largest Facebook community in the Arab world after Egypt and Saudi Arabia.

While social media development bodes well for enhanced political scrutiny, it also gives social activism a tool of choice. Many recent cases illustrate the efficacy of social media in waging successful campaigns. In Jordan, an online petition in 2011 to save over 2,000 trees that had been marked for felling to make way for a new military academy was largely successful: the project was delayed and most of the trees were spared. In Lebanon, the adoption of a comprehensive animal rights law, the banning of honor crimes, the protection of 170 historic buildings slated for demolition, and greater media coverage of issues concerning migrant and domestic workers were all achieved through digital activism. Organizations' official websites and Facebook groups were the most commonly used digital tools, and had the greatest impact.

Media consumers in the region have more choices today, because higher literacy rates allow them to benefit from a somewhat more diversified media landscape, and/or because they can afford to purchase computers and pay for internet connections. If illiteracy and poverty in Egypt and Morocco prevent people there from benefiting from digital opportunities, it is equally true that relatively high levels of education and literacy in Jordan and Lebanon present great opportunities in those countries.

Meanwhile, technological development continues unabated in Egypt and Morocco as well. The proportion of Egyptian households owning a computer rose by 40 percent between 2008 and 2012. As a result, the segment of the population that regularly accesses the internet reached 56 percent in mid-2012. In Morocco, the number of internet users grew by an estimated 60 percent from 2005 to 2010. The internet is now the communication platform preferred by Moroccan youth.

In the television sector, satellite has enlarged viewing choices for the populations in all four countries. It remains a positive development, although not directly related to digitization, because it offers an alternative to state broadcasters. In order to keep up with satellite television competition, terrestrial broadcasters in Jordan extended their coverage of local issues and appealed to viewers outside the capital. Localizing their news offer was the solution to filling the gaps left by foreign networks.

Digitization has provided journalists in the region with new working tools and new distribution channels. Investigative journalists can challenge economic and social taboos, if not (yet) political ones. The Arab Reporters for Investigative Journalism (ARIJ) has actively supported this trend, especially on issues concerning the abuse of vulnerable people in institutions, including children and the disabled.

In Jordan, while the traditional press struggles to maintain its readership, the following for online news has soared and even surpassed that of the print media. Pure-play providers fare better than established local brands and better even than global networks such as Al Jazeera and the BBC. Recent survey data suggest that the appeal of online news lies in its perceived independence and, increasingly, its opportunities for participation via comments. Independent online news services were the only ones that offered sustained and relatively extensive (compared with mainstream print outlets) coverage of Jordan's "Friday demonstrations" in 2011. By and large, the twin impact of digitization and satellite television growth has improved the quality of news in Jordan.

What seems clear is that the media reform movement since 2011 has become embedded in the wider struggle for political change. Inspired by the uprisings in Tunisia and Egypt,

journalists at the government-owned *Al Rai* newspaper in Jordan protested for several weeks in early 2011. Their main demands were for greater freedom, opportunities to enhance professionalism, higher salaries, and an end to editorial interference by the state. In September 2012, online journalists took to the streets with placards declaring, “There can be no reform without press freedom.” There is evidence to suggest that self-censorship among journalists waned in the wake of these movements.

In Lebanon, journalists said that digitization has had some positive effects on their work. One recent positive example of digitization empowering a media outlet to preserve its independence is *Al-Akhabar* newspaper. This Arabic-language daily represents a unique form of independent journalism and an exceptional economic success story, propelled at least partly by advances in online media.

In the MENA region as elsewhere in the developing world, hopes are high that the ubiquity of mobile telephony will boost the provision of digital content and news. In Jordan, the mode of access is shifting toward both fixed home connections and mobile (especially smartphones, since 2010) at the expense of internet cafés.

In Morocco, attempts to use mobile phones to provide news and information have not succeeded. However, mobile penetration is increasing fast, showing the potential to deliver media content to illiterate audiences and help overcome the problem of access to news. The future of the media in Morocco may lie with mobile multimedia platforms.

At the same time, although no case of a viable business model for news media exists in the region, shifts in advertising spending patterns provide hope for the emergence of profitable models. In Jordan, the share of digital advertising is growing rapidly, up from 1 percent in 2009 to over 11 percent in 2013.

### 3. Digital Champions

It is hard to speak of digital champions in a region such as MENA, where advances in the regulation and legislation of digital media have been inadequate and investments remain small.

Perhaps unexpectedly, Tunisia may be the MENA country with the best prospects of making a democratically progressive switch-over to digital media, and then reaping the fruits of digitization. Although it is not technically the most advanced country in



the region, it is the only one to have undertaken a credible democratization process since 2011. In its 2014 report, Freedom House ranks Tunisia as the most democratic country in the Arab world. The report does not even take into account the adoption of the new constitution in January 2014, which has been hailed by many as the first truly democratic Arab constitution. The relative solidity of Tunisian democratization is based on its widely praised inclusiveness.

Prior to the Arab Spring, Tunisia was considered to be one of the most repressive societies in the world. Zine El Abidine Ben Ali's regime stood out as draconian even by the region's standards. For the year 2010, Freedom House ranked Tunisia as *not free* with the worst possible rating (7) for political rights. Reporters without Borders included Tunisia among the infamous "Internet Enemies" group of countries deemed particularly repressive of freedom of expression on the internet. Independent journalists were harshly treated.

However, Ben Ali's repression turned out to have a silver lining. Although the regime relentlessly quashed freedom of speech, it still wanted to present a façade of modernity and international acceptability. It did this by developing a sturdy technological infrastructure. In 2005, the government hosted the World Summit on the Information Society (WSIS) under the aegis of the International Telecommunication Union (ITU). In 2004, it launched a "Family Computer Program" to subsidize the household acquisition of computers. According to the ministry in charge of communications technology, the number of computers per 100 inhabitants doubled from 9.6 in 2008 to 18.3 in 2013, while internet subscriptions per 100 inhabitants almost quadrupled over the same period from 2.7 to 12.8. Internet users multiplied more than fourfold between 2005 and 2012 to over 41 percent.

The 2012 World Economic Forum Arab competitiveness report stated that Tunisia's core competitive strengths bode well for the future. The new constitution voted in January 2014 enshrines freedom of speech and the press. It established an Audiovisual Communication Commission as an independent regulatory body in charge of developing the audiovisual sector and seeking to "guarantee freedom of expression and of the media," and ensure "the existence of pluralistic and fair media." In September 2012, Tunisia became the first and still only Arab country to join the Freedom Online Coalition, an intergovernmental group of 22 countries "committed to advancing internet freedom (free expression, association, assembly, and privacy online) worldwide."

Prior to the revolution, the regime tightly controlled the flow of online information. It did so by forcing all ISPs to route their traffic through the government-controlled

Tunisian Internet Agency (*Agence Tunisienne d'Internet*, ATI). The ATI was in charge of filtering internet traffic and clamping down on information and speech deemed undesirable by Ben Ali's regime. Since the revolution, the ATI no longer filters the internet. Under new leadership, its practices have been made transparent.

These efforts were acknowledged in 2012 with the ATI winning the "Best Public Institution in Tunisia" Prize awarded by OpenGovTN, a non-governmental organization promoting government transparency. In 2013, the government amended the telecommunications regulation so that telecoms operators can bypass the ATI in directing their traffic. According to Freedom House's "2013 Freedom of the Internet report," the amendments to the 2011 Telecommunication Code improved the legal environment of the internet ecosystem. "The amended law has, for instance, put an end to the legal vacuum under which virtual mobile networks and ISPs had to operate," according to the report. The law also introduced a definition of the Internet Exchange Point (IXP), which is important as IXPs are gatekeepers to the international internet.

With this technological infrastructure in place, Tunisia meets the necessary conditions for a successful digitization process. The chances that digitization will be structured to limit the liberties of Tunisians have been vastly reduced. What remains to be seen, however, is whether political support will remain solid.

# Digital Media in Africa: Kenya, Nigeria, South Africa



**Russell Southwood**

## Context

Sub-Saharan Africa is the cockpit for change in terms of the global digital divide; in little over a decade it has gone from being largely unconnected to the internet to having millions of people using it. Because media have been relatively undeveloped—for a host of reasons, including education, income, and lack of access to electricity—the impact of the digital changes has been and may continue to be somewhat more dramatic than in countries where traditional media have been much better established. Data in the reports on which this study is based are from 2009–2011 and much has changed since that date.

The Mapping Digital Media project reported on three Sub-Saharan African countries: Nigeria (with 160 million inhabitants), South Africa (50 million), and Kenya (40.5 million). These countries represent the vanguard of the digital transition. South Africa is the most urbanized (61 percent) and the wealthiest (US\$ 7,521 per capita) of the three, followed by Nigeria with a 48 percent urban population and a per capita GDP of US\$ 1,753, and Kenya with only 33 percent urbanized and a GDP per capita of US\$ 1,049. All three countries have considerable disparities of wealth and for Kenya and Nigeria agriculture is an important component of their economies in terms of employment, although it is mining and oil that give Nigeria and South Africa most of their wealth.

All three countries are ethnically very diverse. Nigeria has three main groups (Hausa, Igbo, and Yoruba) that make up 68 percent of the population, but it also has many smaller communities. South Africa has eight main language groups and many more communities. Kenyans speak at least three languages (English, Kiswahili, and their mother tongue) and five ethnic groups make up 65 percent of the population.

The three countries represent the spectrum of media development in Sub-Saharan Africa. The digital divide is in many ways an access-to-electricity divide: 85 percent have such access in South Africa compared to a mere 20 percent in Kenya.

**Table 15.**

**Main Media Metrics in South Africa, Nigeria, and Kenya, 2010**

Country	TV set ownership (% of total number of households)	Radio set ownership (% of total number of households)	PC ownership (% of total number of households)	Number of internet subscribers	Broadband penetration (% of total number of internet subscribers)
South Africa	82.0	77.2	18.3	1,560,000	29.4
Nigeria	60.0	43.5	5.5	n/a*	n/a
Kenya	30.0	79.0	7.9	6,150,000	35.9

*Notes:* n/a – not available; \* no reliable figures

*Source:* Mapping Digital Media reports

In terms of the transition to digital broadcasting, Nigeria is the most advanced of the three, with between 5 percent and 10 percent of the population having access to digital television. South Africa has not started the process and at the time this report was written, the numbers in Kenya were negligible.

## Introduction

The main trends across the three countries—which to some extent mirror trends in many countries in Sub-Saharan Africa—are as follows:

- There is undoubtedly a wider range of media sources available, particularly online. However, despite much wider access to the internet (largely on mobile) there is still a “media deficit”: people in rural areas have a much narrower choice of media outlets.

- As elsewhere, printed newspaper circulations are falling or stagnating, and the presence of online news 24 hours a day is exerting the same pressures on journalists as found elsewhere.
- The use of internet and social media sites for news consumption and social activism has risen, although South Africa does not seem to have a well-developed digital activist space.
- Given the high level of mobile internet use for news and information, it is surprising that no media platforms designed specifically for mobile phones have yet emerged. Even with mobile internet access, the small screen size and the limits on text reading mean that a complete rethink may be necessary to get effective mobile media.
- All three countries have experienced difficulties in making the digital transition in broadcasting, but only South Africa has put in place a clear policy for dealing with those households which are unable to afford a set-top box.
- There are high levels of political interference in media regulation and law, and in the PSBs, which in reality are state-run, with the partial exception of SABC. Viewers in Nigeria and Kenya have low levels of trust in their state broadcasters. Nevertheless, in both Nigeria and South Africa, the state broadcasters are powerful players with significant resources.

## 1. Risks

There is a significant risk to newspapers from the same kind of pressures that have built up in the developed world. Local news sites in all three countries are among the 20 most used websites. It is less clear what direct impact this has on print readership. It could either be a supplement to print readership or—more likely over the medium term, as internet use grows—a substitute for reading the print version.

In Kenya, for example, the Nation Media Group sells an online subscription that is cheaper than the print version; take-up has been low for a number of reasons, including the presence of a free version online and the lack of credit cards. In South Africa, however, year-on-year figures over the last decade show newspaper circulation is in decline.

While it is not possible to track frequency of use on online news sites in Sub-Saharan Africa, the number of users is often close to the number of print readers. Online

consumption is still secondary to print, but in time it may overtake it. The difficulty for media groups producing newspapers is that most of the income is currently attached to the print sector of their business and it has proved very hard to generate online revenues, despite the growing online readership.

According to journalists in all three countries, the pace of the news cycle and the quantity of potential material available digitally seems to have led to a decline in news quality. The chief complaint is the lack of time available to check stories that are published online in general, and on social media in particular. This causes particular problems when the news published on websites is the same as appears in the print or broadcast versions. Otuma Ongalo, a senior editor in charge of quality at the *Standard* newspaper, put it succinctly: “The online material is not subject to the high standards expected of print or broadcast journalism in Kenya.”

Journalists also rely increasingly on online content and user-generated content (UGC) rather than first-hand reporting. This problem is most acute in Kenya and Nigeria. The country reports also raise the issue of plagiarism where journalists simply cut and paste material from the internet without crediting or paying for it. As the Nigeria report notes, the specialized nature of foreign, business, and sports reports renders them particularly vulnerable to plagiarism. But while there is now, for example, a great deal more government information available on which to base investigative reporting, there is also far more effective surveillance of mobile phones and e-mail.

In terms of the public broadcasters, all three suffer from significant problems. South Africa has the most well developed public broadcasting but it is increasingly challenged by the government. While views about SABC are very varied there is a strong perception that SABC news differs from (the private broadcaster) e.tv news and from community television news; it is seen as including more content about the government, and as taking a sympathetic stance toward the ruling party—even though it does regularly feature opposition party criticisms of the government.

After the 2007 elections in Kenya, the European Union’s Election Monitoring Mission reported that the public broadcaster KBC had failed to fulfill even its minimal legal obligations as a public service broadcaster (set out in the Kenya Broadcasting Corporation Act and the IPPG agreement 1997). KBC Radio’s English and Kiswahili language services showed a high level of bias and granted a combined total of 76 percent of coverage to the PNU coalition partners. This high-profile assessment gives some idea of the kind of coverage that makes viewers trust it less than other news sources.

In Nigeria too, there is a disparity between the letter of the law and the practice of public broadcasting at federal and state levels. Government interference has always undermined broadcasters' ability to operate impartially. According to a 2006 report by the BBC World Service Trust, "there are no public service broadcasters in radio or television, but rather government-owned radio and television outlets directly accountable not to the public but to state officials."

The digital transition in broadcasting has proved particularly challenging for most Sub-Saharan African countries as it involves the need for a mixture of government resources and attention and the ability to work with a wider stakeholder group including private broadcasters. In each of the three countries, the process has been flawed. In Nigeria, where 5 percent to 10 percent of the population has access to digital television, the transition came about through a commercial agreement between the Chinese pay-TV operator Star Times and the federal broadcaster NTA. Government policy—which should ensure a level playing field for all involved—has been slow to catch up with this initial move.

In Kenya, the government decided to move from the DVB-T standard to DVB-T2 and has failed to mount an effective public information campaign. As a result, it is now threatening to switch off the analog signal to an unrealistic timetable, leaving viewers in the dark. In South Africa, the process was meant to be underway by the 2010 World Cup but disagreements between the private stakeholders and with the government have delayed the process. However, South Africa is the only country to have made provision for subsidizing those who are unable to afford the cost of the digital set-top box, which might be as high as US\$40–60.

The legal and regulatory framework for media ownership is very different across all three countries. Ownership and advertising placement in Kenya and Nigeria, as in many other Sub-Saharan African countries, are far from transparent. There is no legislation on cross-media ownership in Kenya and as a result, major media houses are able to own newspapers and television and radio stations. This concentration, according to Daniel Obam of the National Communications Secretariat, is harmful to plurality and diversity of opinion. Almost more damagingly, the decision-making on advertising placement is concentrated in a series of agencies owned by a single company that has over three-quarters of the advertising revenues in the country under its control. This level of cross-media ownership is much less of an issue in Nigeria and South Africa.

Two sets of relationships are usually opaque: the relationship between politicians and the media, and the relationship between government in its role as one of the largest advertisers and the media. Politicians lurk in the shadows but there is no way

of knowing who the beneficial owners of a particular company are. In Nigeria, the broadcast regulator requires licensees to provide information on ownership but is under no obligation to make this information public.

Likewise in the case of advertising placement; the lack of market data in general makes it impossible to know whether the government's advertising decisions are soundly based or simply reflect political support for their friends or media they own.

In the case of Nigeria, the MDM report raises an issue that can be found in many Sub-Saharan African countries: the threat of physical violence against reporters. Although the number of deaths of reporters in Nigeria is relatively small, this form of violence has a knock-on effect. According to the report, civil society activist groups such as the Media Rights Agenda have indicated that physical attacks are on the rise. As a result, many journalists have resorted to self-censorship.

As the news process becomes increasingly digital, there has been an increase in the number of cases of hacked websites and hijacked email and social media accounts belonging to journalists; the Nigeria report argues that these incidents have had a significant impact on journalism and the safety of individual journalists. African media businesses, which are relatively new to digital work processes, are vulnerable when needing to protect both their personnel and technical infrastructure.

The Kenya report highlights a gap in news coverage that may also apply to the other two countries. Television stations dedicate substantial time to local news and current affairs. However, given that they broadcast 24 hours a day, the allocation to local news and current affairs is only a small percentage of the total content. This may change as the new constitution decentralizes budgets to new centers of local government.

## 2. Opportunities

Many of the negative risks of digitization cannot be separated from countervailing positive opportunities. For example, digital multimedia increase the pressure on journalists to do more things but, in turn, there is often far more material available quickly online than when print was the only medium for documents.

An Ipsos-Synovate survey showed that Kenyan internet users spent on average about 70 minutes on the internet per visit. "This level of media usage is close to the average time spent on television daily. We are seeing significant shifts in the way people receive



content, and this could have implications for traditional media going forward,” said Joe Otin of Ipsos-Synovate.

While internet use continues to grow rapidly, it remains a largely urban phenomenon. However, infrastructure and use continue to ripple outwards to include smaller towns and some rural areas. It already forms a significant part of the news consumption and debate for the middle class.

The most notable instance of digital activism in these three countries has been the Occupy Nigeria movement. The South Africa report suggests that online activism could be seriously lagging in terms of reaching mobile internet users and tapping into their UGC. This was underlined by the experience, in July 2009, of U.S. President Barack Obama successfully eliciting more than 200,000 messages when he reached out to MXit users ahead of his visit to Africa. While activist groups say they are seeking to harness digital communications technologies, some opportunities are being missed. The issues of language and mobile customization are often inadequately dealt with by both activists and political players who use digital platforms.

Internet availability in Kenya and Nigeria has given citizens access to a far wider range of sources and news materials, most notably foreign news—especially foreign news about their own countries. However, in Nigeria, in terms of online news there is a preference for local news outlets, with the exception of the BBC Hausa site.

This preference is also seen in the rise of so-called vernacular radio stations (mother tongue and pidgin), which is also a trend across Sub-Saharan Africa. These stations are shifting media consumption patterns. The example of Kenya—where the trend may be most developed—gives some idea of where things may be heading. Ipsos-Synovate research indicates that 70 percent of radio audiences listen to Swahili stations compared with 68 percent and 52 percent to vernacular and English radio stations, respectively. The rise of local-language stations has undoubtedly contributed to the popularity of Royal Media Services, which has eight vernacular stations in addition to its two Swahili and one English stations.

Vernacular television stations have also launched but have been slower to take off because their audiences are to some extent a niche within a niche in the media landscape. The language used in media will become a big issue in the next five to 10 years, with increasing fragmentation of audiences in both of what elsewhere would be described as mass media—radio and television. As with many digital developments, this offers both risks and opportunities.

Media organizations in the three countries and in many other countries across the continent have developed an effective online news presence. Initially, these sites were much used by diaspora communities but in more recent years—as internet access has improved—they have increasingly been used locally. Mobile operators have also played a part in this process by promoting news headline services from local media companies by SMS. Services of this kind have had significant uptake.

The internet has also changed the pattern of newspaper distribution in Nigeria. Previously, copies went out by road across this vast country and companies produced separate editions for Lagos and the West, the east, and the north. The now defunct Concord Press used to produce two editions, for instance, with the Lagos-West edition as the second, more up-to-date edition. Nowadays, three of the leading newspapers use Virtual Private Networks (VPN) to transmit the final copy of editions to printing presses across the country. Nevertheless, each edition has to be regionally tailored to cater for the diverse audiences across the country.

As well as creating a media landscape with far more sources and material, the internet has led to a significant amount of UGC. All three of these African countries are among the biggest users of social media. Social media have many functions for their users, and news is only one of them. According to one study, however, Kenyans are the heaviest users of Twitter in Sub-Saharan Africa and a great deal of tweeting relates to news and political issues.

A blogging culture has developed in Nigeria, with blogs by enthusiastic individuals who have developed strong followings. According to [Nigerianblogawards.com](http://Nigerianblogawards.com), there were at least 885 Nigerian blogs in July 2011. Although often poorly designed, content is becoming richer and the best of them attract lively conversations through comments. Blogs that focus on news have grown in popularity. The same is true of Kenya where they have filled particular niches like technology news: some show signs of turning into businesses that attract advertising.

Most media organizations have sought to get to grips with the arrival of social media by using them as tools for audience engagement and also as channels for encouraging citizen journalism. Community media in Kenya such as Pamoja Radio, Radio Mang'elele, and Ghetto Radio often use digital technologies in their broadcasts. Even though these are small organizations, the combination of social media and mobile phones calling in to talk shows ensures a livelier and arguably deeper engagement with their audiences than before.

This use of social media by media organizations is matched by the increasing use of it by government, the private sector, and NGOs. (In Rwanda, government ministers all have Twitter accounts and post regularly.)

Although this was only highlighted in the Kenya report, the mobile handset continues to increase in influence both as a platform for delivering other media (such as radio and television) and increasingly as a medium in its own right. According to a 2011 Ipsos-Synovate report: “Mobile as a media now rivals radio.”

Market research from a range of Sub-Saharan African countries shows that a significant minority of those sampled used their mobile for news and information in the previous week. This is disproportionately true for those in the 16–34 age range, most of whom are much more comfortable with accessing the internet on their phone. With an increasing proportion of phones (so-called smart and feature phones) having access to the internet, these users will have access to news on a more detailed basis than simply SMS headlines. One of the leading handset manufacturers (producing for all segments of the market) told us that all of its phones would have internet access except for the most basic one.

At present, all media output to mobile phones is either a cut-down version of other output or the internet version seen on a small screen. The tantalizing possibility is that someone will eventually create a news media product specifically designed for consuming and engaging with on a mobile handset. The current magazine-style output of Every1Mobile gives some idea of what might be possible, and the scale of following it might attract.<sup>1</sup>

All three country reports highlight the importance of digital media in allowing a voice to minority groups, whether for gay rights or for smaller ethnic groupings, to make themselves heard—for example, by using SMS to organize rallies and share updates, blogspots, listservs, and existing websites. The listservs constitute a means of information-sharing among subscribers and others who may be interested in their affairs. This has helped to internationalize campaigns at a faster pace than before. The authors of the Nigeria report believe it has also helped to create a global public sphere for Nigerians, enabling issues to be exposed that might otherwise have been suppressed by legal or other constraints. The attraction of online content is that it allows these groups to publish their own content and can act as a reference point for mainstream media.

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1. A. Williams, “Every1Mobile on its African mobile social networks, the most popular of which is SmartSex,” at <http://www.youtube.com/watch?v=YMgi1FL5fzo>.

### 3. Digital Champions

Kenya, Nigeria, and South Africa are among the most advanced and progressive countries in the region. Even so, all three are a work in progress. Other countries of note would include Ghana, Senegal, Tanzania, and Uganda. Making generalizations of this kind is hard, as more general progress with digital media and online access is rarely matched by regulation or law that encourages wider expression.

Until relatively recently, governments in Africa did not take the internet seriously as a media platform; as a result, it is still much less controlled than other platforms or types of media. This will not last. Governments have already sought, usually unsuccessfully, to control access to social media sites like Twitter (in Cameroon) and Facebook (in Uganda). As mobile internet turns phones into a medium in its own right, the endeavors to control what is available on it will undoubtedly increase.

In Kenya, the last president promised that the government would make greater use of the internet to reach out to the people to communicate policy, because this medium has “become an integral part of the modern world.” The current president is equally committed to this approach. The government has invested in an international fiber cable (TEAMS) and built its own national fiber network (operated by Orange). The regulator CCK has also allowed a high level of competition amongst service providers. As a result, retail internet prices have fallen. This has all laid the foundation for a thriving online community of internet and social media users.

Kenya also prides itself on having very liberalized media ownership. Despite the lack of legislation on cross-media ownership, noted above, many radio and television stations are in competition, including in several of the country’s vernacular languages.

Most television stations, including public broadcaster KBC, have devoted significant space since 2005 to discussing key issues such as proposed changes to the constitution and their implications for the country, the government, and citizens. Similarly, the concerns surrounding the post-election violence of 2007–2008 and the attendant consequences have been widely aired. Public broadcaster KBC has devoted one of the new digital broadcasting channels to showing live debates in Parliament. KBC also runs numerous local-language radio stations which broadcast news content to audiences across the country. Some 52 percent of viewing time is spent on news. The country has a not very commercially successful news channel called K24.

Nevertheless, the transition to digital broadcasting has been problematic for a number of reasons and the government has postponed completion until June 2014. More than 60 applicants have applied for licenses to start broadcasting—a number well beyond the existing 20 existing channels. The government has a provision that 40 percent of all content should be locally produced but there has been no attempt to enforce this quota. In news terms, however, there is a range of locally produced news programs and talk shows.

Kenya's Nation Media Group operates one of the most successful online news sites on the continent, both with the diaspora and local users. Kenyans are the second highest tweeters in Africa, much above their population size and there is what is claimed to be the largest blogging community on the continent. Kenya is home to several well-known blogs, and some of the bloggers like the Kenyan Pundit (written by Ory Okelloh), Afromusing, Bankelele, Gathara's World, Joseph Karoki, Mama Junkyard's, Mental Acrobatics, Kumekucha, Thinker's Room, and Mzalendo (Kenya Parliament Watchdog) often carry news commentary. Kumekucha boasts of having published exclusive news that mainstream media won't touch.

There is significant online activity in Kenya. Civil society activists, politicians, and other actors constantly use the internet to campaign for various issues, although its efficacy has yet to be determined. For example, Mzalendo (Kiswahili for "patriot"), a Kenya Parliament Watchdog, has been used particularly during election periods to let citizens know about the performance of their representatives. Mzalendo was particularly useful in revealing the amount of work parliamentarians did and their contributions in the House prior to elections. The referendum on the constitution in Kenya in 2010 was another good example of how mobile telephony and especially SMS can be used to mobilize the people.

Any news provider has to have a license from the regulator CCK to disseminate news, whether on the internet or on mobile phones. The Kenya Broadcasting Corporation (Revised) Act of 2009 and the Kenya Information and Communications (Amendment) Act of 2009 do not fit a converged world and make no mention of online.

The internet in Nigeria reaches 16 percent of the population—a huge number of people—but it remains largely an urban phenomenon. The regulator NCC supported a competitive market for international fiber landing stations, of which the country now has five. But while it now has considerable bandwidth at the coast, it has been far less successful in connecting it to the cities inland. The government has sought to encourage the spread of the internet through laptop purchase schemes for civil

servants, the computerization of passport and car license applications, and the creation of a Universal Service Fund. But it has been far less successful than the much smaller Kenya.

State broadcasting had dominated the media landscape in the country, with both federal and state level radio and television stations. State broadcaster NTA has a total of 95 stations and reaches over 90 million viewers. But there is now a considerable number of private broadcasters, although very few have national reach. In a 2010 survey, over 60 percent of the population cited news as their most popular program, a significant increase over previous years, possibly encouraged by the wider range of private news sources available. The country has a news-only channel called Channels TV. According to the NBC's broadcasting code, its radio stations must have 80 percent local content.

The digital transition in broadcasting had reached 1.8 million people by February 2014—probably the largest number in any country in Sub-Saharan Africa, although this total is still quite small relative to the overall population and to the total number of television households (24 million). This was brought about through a joint venture between a Chinese company Star Time and the state broadcaster NTA. Until relatively recently, no policy was in place governing the whole process.

Five of the top 20 websites in Nigeria are news sites. Like Kenya, Nigeria has a significant blogosphere but the quality varies enormously. According to [Nigerianblogawards.com](http://Nigerianblogawards.com), there were at least 885 Nigerian blogs in July 2011. The majority of the best known and most used sites are not news-oriented.

There have been isolated examples of digital activism, most prominently the Occupy Nigeria movement that fought against the removal of subsidies on fuel.

In 2011, the Freedom of Information Act increased access for investigative journalists. The Act's passage was probably bought about in part by online campaigning. Recent legislation has opened up the airwaves to community radio.

South Africa has extremely high levels of mobile penetration and one of the highest levels of internet penetration in Sub-Saharan Africa; one-third of South Africans have some form of internet access, largely on their mobile phones. However, despite various government policies over the years, the country has not yet been able to get low-cost access to higher speed broadband. There is a significant gap at the local access level in the network. However, this is likely to change quickly over the next two years.

South Africa also has one of the highest levels of broadcast television penetration on the continent, but only a relatively small number of private sector broadcasters compared to Kenya and Nigeria, which is surprising given its size and relative wealth. By contrast, there are 138 radio stations across the country, including community radio stations. The public television broadcaster, SABC, is fairly dominant in the television broadcast field, but a series of political disputes over its management and a lack of resources relative to its ambitions have curtailed its impact. A relatively high proportion of the population (compared to other countries on the continent) access pay-TV by satellite. At the time the MDM report was written, there was no dedicated news channel.

The digital transition in broadcasting was supposed to have taken place for the World Cup in 2010 but it has still not been launched. Delays have been caused by uncertainties, now resolved (about the broadcast standard to be used and with the broadcast sector itself about who gets access to which DTT platform and how). Nevertheless, it is the only country in Sub-Saharan Africa with a clearly stated policy of subsidizing those who cannot afford the set-top box.

Online news sites based on their print counterparts are widely used by the middle class. The internet is likely over time to allow new entrants into the digital space and will be to some extent harder to control than other forms of media.

Social media are extremely widely used among those with internet access, especially Facebook and MXit, a local platform. However, these new media have not become new carriers because there is a fairly well used print and broadcast media, with the former performing an agenda-setting function. The use of digital media for social activism has been limited compared to Kenya and Nigeria.

Although the post-Apartheid government has in place public consultation processes for new policy and law, the long-established ANC Government has sought to try and control the media in various ways, including by independent statutory regulation and also existing press self-regulation structures.







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## Translated reports

Albania	Albanian
Argentina	Spanish
Armenia	Russian/Armenian
Brazil	Portuguese
Bulgaria	Bulgarian
Chile	Spanish
China	Chinese
Colombia	Spanish
Czech Republic	Czech
Egypt	Arabic
France	French
Guatemala	Spanish
Hungary	Hungarian
Indonesia	Bahasa Indonesia
Italy	Italian
Jordan	Arabic
Kazakhstan	Kazakh & Russian
Latvia	Latvian
Mexico	Spanish
Moldova	Moldovan/Romanian
Morocco	French, Arabic
Nicaragua	Spanish
Peru	Spanish
Russia	Russian
Serbia	Serbian
Slovenia	Slovenian
Spain	Spanish
Uruguay	Spanish

## Reference series

Online Media and Defamation | *Toby Mendel*

Digital Media and Investigative Reporting | *Mark Lee Hunter*

Mobile TV: Challenges and Opportunities Beyond 2011 | *Ronan de Renesse*

Digitization and Media Business Models | *Robert G. Picard*

Freedom of Expression Rights in the Digital Age | *Andrew Puddephatt*

Citizen Journalism and the Internet | *Nadine Jurrat*

Gatekeeping in Digital Media | *Peter Olaf Looms*

Net Neutrality and the Media | *Stefaan Verhulst*

Technical Standards in Terrestrial Television | *David Wood*

The Digital Dividend | *Gerard Pogorel*

How Television Went Digital in the Netherlands | *Nico van Eijk & Bart van der Sloot*

The Media and Liability for Content on the Internet | *Cynthia Wong & James X. Dempsey*

German Public Service Broadcasting and Online Activity | *Johannes Weberling*

Online Advertising—Origins, Evolution, and Impact on Privacy | *Fernando Bermejo*

Social Media and News | *Paul Bradshaw*

Digital Media, Conflict and Diasporas in the Horn of Africa | *Iginio Gagliardone & Nicole Stremmlau*

Digital Television, the Public Interest, and European Regulation | *Petros Iosifidis*

On-Demand Services and Media Diversity | *Laure Kaltenbach & Alexandre Joux*

News and New Media in Central Africa—Challenges and Opportunities | *Marie-Soleil Frère*

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Media texts (unless authored by them))

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Stewart Chisholm | associate director

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Darius Cuplinskas | director

## Methodology

Our methodology for assessing the global opportunities and risks is to recruit researchers in each country who will provide answers to the questions contained in the research template set out below. These researchers will be assisted where possible by a partner organization. In some cases, this organization may be the OSF national foundation in that country; in other cases, it will be a civil society organization active in media and information issues.

Researchers are expected to carry out research that will answer the questions in the research template. Not all of the questions will require equally full answers in every country.

Researchers should be guided by our list of opportunities and risks, as they collect data and prepare assessments. However, this list is not exhaustive; the researchers themselves know best which risks and opportunities are most relevant in their countries.

In order to maximize the comparability of findings from different countries, and to limit the subjectivity of the reports, we have separated the questions into three tiers.

- The **purple** questions are intended to produce answers that permit the project managers – and, later, our readers – to draw systematic comparisons.
- For **orange** questions, researchers must follow the guidelines set forth in the

research template. While we cannot always expect comparable data between countries, we specify the sources that reporters should seek to use. (Other sources may also be required.)

- Questions in **blue** are liable to greater subjectivity; for these, we propose that researchers supplement the data from suggested sources with information from other available sources (e.g., expert interviews, published comments, essays, reports in the media), to ensure that we are not just receiving one person's opinion or impression.
- The **Assessments** chapter does not reflect a personal view, but rather convey the range of commentary and opinion – and the main political positions – in your society. Without repeating what has been said in the respective section, or presenting new data and information, they should highlight the main issues and draw key conclusions.

In order to test this Research Template, pilot research was conducted during 2010 in the following countries: **Armenia, Italy, Mexico, Morocco, Nigeria, Romania, Serbia** and **Thailand**. On the basis of this review, and also of discussions with all the country research teams, the Template has been improved and refined and ready for use in all the 52 countries studied in the principal phase of the project. In addition, we commissioned a series of research papers on a range of topics related to digital media and more or less relevant for all countries. In total, 56 country reports were completed in this project.



# Report Structure

## Context

- **Fill in the two sets of indicators below and write a short country background based on these indicators**

### **Social composition indicators**

Population (number of inhabitants)

Number of households

Rural/urban breakdown (in % of total population)

Ethnic, linguistic and religious composition (% of total population)

### **TABLE: Economic indicators (2005–2013)**

GDP (current prices), total in US\$

GDP (current prices), per capita in US\$

Average monthly net income

Unemployment (% of total labour force)

Inflation (average annual rate in % against previous year)

## 1. Media Consumption: The Digital Factor

- Sources:**
- 1.1 Local statistics offices or ITU
  - 1.2 Audience surveys;
  - 1.3 Audience surveys

### 1.1 Digital Take-up

1.1.1 Are households prepared to access content provided by digital media? Which of these devices or platforms are used most often to access news?

- **Fill in the table below using data from national statistical offices, and write an analysis based on these indicators. Add information relevant to the analysis (e.g., internet usage patterns, place of internet usage) from available media consumption surveys.**

**TABLE: Households owning equipment (2005–2013)**

TV set  
Radio  
PC

1.1.2 What is the take-up of platforms that carry news?

- **Fill in the tables below using information from national statistical databases and write an analysis based on these indicators. Pirated access to broadcast platforms, where this represents a major trend, should be mentioned in this section.**

**TABLE: Platform for the main TV reception and digital take-up<sup>1</sup> (2005–2013)**

Terrestrial reception (– of which digital)  
Cable reception (– of which digital)  
Satellite reception (– of which digital)  
IPTV  
Total (– of which digital)

**TABLE: Internet penetration rate (total internet subscriptions as % of the total population) and mobile penetration rate (total active SIM cards as % of total population) (OSF to provide data from ITU that will serve as a basis for calculation of these figures), 2005–2013**

Internet (– of which broadband)  
Mobile telephony (– of which 3G)

## 1.2 Media Preferences

1.2.1 What have been the main changes in news consumption, particularly those which may be linked to digital migration (i.e., audience transferring to digital broadcasters and the internet)?

- **Analyze the patterns of media consumption based on data on aggregate viewership/readership/listenership/online visitorship (2005–2010). Where consumer surveys are available, give the reasons behind consumer choice.**

1.2.2 Have these changes affected the availability of a diverse range of news over the past five years? If yes, how and to what extent?

- **Using data from 1.2.1, analyze news content consumption, with a focus on the diversity of available news sources.**

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1. The figures refer to the main TV set in the households for multi-TV households.



## 1.3 News Providers

1.3.1 What are the most widely-used news providers? How has the ranking of the five most popular sources of news changed over the past five years?

- **Analyze the performance of print and online media over the past five years, based on the following criteria: paid circulation for print media, website visitorship data for online media, audience share for radio and TV broadcasters. The ranking should include up to five news providers. It should be followed by a short description of the media outlets listed, with a focus on how commercially-oriented in terms both of *content* and of *style* ('framing') these outlets are.<sup>2</sup> The section should thus consist of four main rankings with a five-year table of audience data as indicated.**

1.3.2 What have been the most popular news bulletins in the country on analog television over the past five years? Have they lost audiences during this period? If yes, how much, and can these losses be attributed to digital migration?

- **Collect annual average ratings for the main primetime newscasts on the largest commercial and non-commercial TV channels (up to a total of five for both) and write an analysis of the audience dynamics over the period. Where multilingualism and language diversity are significant issues for public policy, including media policy (see also 4.3.1), describe TV news consumption by language.**

1.3.3 Have digital media (both new digital channels and new media) contributed to the quality of news? If yes, how and to what extent?

- **Based on 1.3.1 and 1.3.2, analyze the trends in the news offering focusing on the impact of digital broadcasters and the internet. The analysis should also describe trends in the mass-market versus quality news production.**

## 1.4 Assessments

1.4.1 What has been the impact of digitisation on the news offer and choice?

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2. Commercially-oriented news focuses on sensational political and crime stories, gossip columns, the personal lives of celebrities and sports stars, etc. Another categorization of the two types of news providers is mass-market vs. quality news providers.

## 2. Digital Media and Public or State-Administered Broadcasters<sup>3</sup>

- Sources:**
- Annual reports of public service media (where they exist)
  - Parliament reports on public service media and spending
  - Media reports
  - Interviews with media observers/experts

### 2.1 Public Service and State Institutions

2.1.1 What kind of public service or state media exist, how much news and current affairs content do they produce and distribute, and to what size of audience/user base?

- **Write an analysis based on data on the output of news and current affairs (as a percentage of total programming) and on audience share data. Where qualitative content analyses are available, use them to describe the type of news and current affairs content produced by public service or state media. Trends (such as improvement as a result of commercial competition) should be noted and analyzed.**

2.1.2 Has the process of digitization led the public service or state media to alter the number of services they provide?

- **Describe the changes in the services offered by the public service or state media. Refer to services such as specialized channels, websites, etc.**

2.1.3 Has there been state-level support for the digitization of public service media (through regulation, legislation, financial and/or political support)? If yes, has this support affected their independence and/or the diversity of their output?

- **Using reports in the media, interviews with media experts and observers, information from independent assessments (where available), and/or inside information from the broadcaster(s), write an outline of financial and investment incentives, legal advantages offered to these media, privileged access to digital spectrum, privileged coverage of political or other events, etc.**

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3. Public or public service broadcasters should be independent from both the state and the market, with a mandate to serve society by – in the classic formulation – informing, educating and entertaining. They are usually required to address the whole of society (universal access) with a range of diverse, high-quality content. They should be protected from direct political interference by ‘arm’s length mechanisms’, which may or may not be effective in practice. They are typically funded by a combination of license fee revenue (levied on owners of devices that can receive TV signals), government budget allocation, and advertising. State-administered media operate explicitly under government control. Many nominal public service broadcasters are, in reality, covert state broadcasters. In principle, a broadcaster may be state-administered but still operate as a public service outlet; in practice, however, this does not happen. Other types of non-commercial, not-for-profit broadcasters that are required by law or pledge through their own statute to fulfill a public service mission should be covered in this chapter. They can include, but are not restricted to, community radio broadcasters or outlets operated by non-governmental organizations, including churches.

2.1.4 Has the process of digitizing terrestrial platforms helped or hindered public service or state media to increase their reach and influence, and to engage with their audience?

- **Write an account of the consequences of digitization for these media's territorial coverage, audience reach (including their reach to Diaspora populations, production budgets, etc.**

## 2.2 Public Service Provision

2.2.1 How is public service provision by the media regarded and understood by the public, politicians and journalists?

- **Using reports, surveys and debates on the role of public service media, describe how the public service mission in the media is seen in society, referring, for example, to perceptions of 'public' or 'public service' media as 'state'. Refer too, if appropriate, to rates of payment/non-payment of the license fee as an indicator of public respect for the public service broadcaster.**

2.2.2 Are any specific obligations imposed on, or incentives provided to, commercially-funded media to produce and/or disseminate public service content? Have these changed over the past five years? If yes, have reasons for this change been given, and are these reasons related to digitization?

- **Describe public service provisions on commercial media. Refer to arguments that the end of spectrum scarcity, the emergence of new platforms, and the migration of ad-spend remove any justification for special obligations on commercial broadcasters, etc.**

## 2.3 Assessments

2.3.1 What have been the gains and losses of public service or state media caused by the digital switchover of terrestrial platforms and the rise of new media?

2.3.2 Have public service provisions become more or less significant in recent years, or have they not changed?

# 3. Digital Media and Society

- Sources:**
- 3.1 – Online audience surveys (Alexa.com; whenever possible, local online audience surveys should be used)
  - Consumer surveys on online usage
  - 3.2 – Media reports
  - Interviews with civil society organizations/groups

## 3.1 User-Generated Content (UGC)

3.1.1 What are the most popular types of UGC and the most popular UGC websites in the country, by number of unique visitors? To what extent have websites of established media included UGC?

- **Take the top (up to 10) most popular websites in the country and analyze those websites that qualify as UGC websites. (These may include consumer, campaigning, personal or special interest sites – do not restrict your selection to hard news sites.) Analyze how many of these are run by established media. Based on your own analysis and on available consumer surveys, describe the types of UGC on the most popular websites in the country: online forum/comments on established media websites, independent or media-embedded blogs, wikis, social networks, video and photo sharing websites.**

3.1.2 What are the ten most used social networks? (Refer to international – Facebook, Twitter, etc. – and national, according to the data.)

- **Write an analysis of the popularity of social networks based on the number of active users, as a share of registered users.**

3.1.3 How much of the usage of social networks and blogs, in particular, involves news consumption, and how much personal or other communication?

- **Using available internet consumer surveys, analyze the trends in usage of social networks, i.e., for personal reasons or for news consumption. (Twitter may be included as a social network.)**

## 3.2 Digital Activism

3.2.1 Are any of the digital platforms used for civil society activism?

- **Give a critical account of several recent examples of mobilization involving (a) individuals and (b) groups (e.g., activists cooperating with media via UGC, activists using social networks, political parties/groupings and civil society organizations using digital platforms, etc.) Key indicators of activism's significance may include breakthrough to mainstream media, and impact on official attitudes or public policy. If you are unable to provide examples, please explain why.**

3.2.2 Are these digital mobilizations only interesting to a small minority or are they relevant to mainstream society?

- **Analysis of achievements of such efforts/initiatives; refer to the scale of such mobilizations, actual impact, etc.**

## 3.3 Assessments

3.3.1 How has digitization contributed to the overall news offer?

3.3.2 Are citizens taking the opportunities offered by new media for civil and political activism?

# 4. Digital Media and Journalism

**Sources:** This chapter may be commissioned to local media observers/experts who have followed journalism closely. Available content analysis studies should be used for subsections 4.2 and 4.3. The chapter should be written based on (between 5 and 10) interviews with journalists and editors and answers to questionnaires submitted by country authors to journalists, editors and media activists.

## 4.1 Impact on Journalists and Newsrooms

4.1.1 What are the main changes in the work of journalists over the past five years, and which factors produced these changes? To what extent are these factors digital-related?

- **Analyze the changes in the ratio of original to aggregated news content in major outlets; newsroom convergence; possible increases in unverified information; increase in the number of voices/sources in stories**

4.1.2 Has digitization had any consequences for the ethical behavior of journalists? If yes, what are they?

- **Write an account of any changes in practical respect for ethical standards, as well as in their letter or implementation, breaches of privacy, data theft, etc.**

## 4.2 Investigative Journalism<sup>4</sup>

4.2.1 Has digitization helped investigative journalists to improve their work?

- **Write an account of the means and tools made available by digitization to improve the work of journalists.**

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4. In this report, 'investigative journalism' is understood as a form of journalism that investigates in-depth a topic of public interest. It is characterized by lengthy research and preparation, involving primary sources (legal documents, tax records, government and regulatory reports), analysis of social and legal issues, and a significant number of interviews on and off the record. Key areas for investigative journalism include crime, corporate wrongdoing, political corruption, and public policy of all kinds.

4.2.2 Has digitization affected or created threats to the work carried out by investigative journalists? If yes, how?

- **Write an account of issues such as data theft, blocked content and other forms of censorship, including self-censorship as a result of political pressure or security threats. Give examples and an indication of whether it is possible for investigative journalism to be carried out.**

4.2.3 What sort of, and how much, investigative journalism is done through blogs and other new entrants?

- **Identify the most prominent blogs that publish investigative content and write an analysis of journalistic content in the new media.**

4.2.4 Has digitization helped to improve the dissemination and impact of investigative journalism?

- **Write an analysis of the opportunities to disseminate investigative reporting content created by digitization. Refer to number of platforms, changes at policy level, etc.**

### 4.3 Social and Cultural Diversity

4.3.1 What are the most sensitive issues in terms of social and cultural diversity?

- **Write an account of such issues at the societal level, referring to ethnic, linguistic, or religious minorities, migrants, sexual minorities, etc.**

4.3.2 Is coverage of such issues regulated? How have these issues been reported and discussed in the media? (In particular, how have inter-ethnic tension and conflict – where these occur – impacted on this coverage of these issues by the media?)

- **Describe the existing standards on minority coverage in the media, such as quotas for minority programming or any other requirements on minority coverage. Analyze how these standards have been implemented.**

4.3.3 Have digital media affected (reduced, enlarged or improved) the space for public expression of the groups mentioned at 4.3.1, and the content that targets these groups?

- **Based on available content analyses and interviews with journalists, analyze the role that digital media play in the coverage of minorities.**

## 4.4 Political Diversity

4.4.1 Has digitization triggered any changes in the regulation of media coverage of elections and politics in general? If yes, have these changes affected the overall diversity of political communication?

- **List changes in provisions on media coverage of elections and politics in general over the past five years, and establish which of these were prompted by digitization. List examples of news providers moving from traditional media to new platforms that are less regulated (such as the internet) and describe the main trends in coverage of political issues, with a focus on political diversity.**

4.4.2 What has been the impact of digital media on political communication and on the diversity of voices in political life?

- **Analyze how digital media have affected the diversity of voices in political life, drawing on such factors as (a) new patterns of communication employed by political parties, (b) changing numbers and kinds of actors in the political space, and (c) interest generated in politics through digital media.**

## 4.5 Assessments

4.5.1 Has digitization affected the work of journalists and the quality and accuracy of their reporting? If yes, how?

4.5.2 Has digitization affected coverage of elections and of marginalized groups, and investigative journalism? If yes, how?

# 5. Digital Media and Technology

- Sources:
- 5.1 – Reports of the technical regulatory authority
  - Interviews with policy-makers in telecommunications and spectrum allocation
  - Independent assessments and reports
  - 5.2 – Reports of the technical regulatory authority
  - Interviews with policy-makers in telecommunications and spectrum allocation
  - 5.3 – Telecom annual reports
  - Independent assessments
  - Interviews with IT&C experts
  - Media reports

## 5.1 Broadcasting Spectrum<sup>5</sup>

5.1.1 Are any categories of users/groups/institutions favored by broadcasting spectrum allocation policy? If yes, how?

- Describe who is responsible for allocating broadcasting spectrum and what the basis or principle of the allocation of digital spectrum is. Refer to broadcasters that are disadvantaged vis-à-vis other businesses, low spectrum usage fees, privileges in broadcast licensing, distribution of white spaces and digital dividend. Include a description of the allocation of spectrum for telecom and other services if this process is relevant to the allocation of spectrum for broadcasting.

5.1.2 Is spectrum awarded in a transparent, non-biased way?

- Refer to public tenders on the basis of calculated costs or benefits, selective application of legal provisions in the award of spectrum, etc. Examples should be given.

5.1.3 Have operators tried to reduce broadcasting spectrum availability for potential rivals?

- Refer to efforts to obtain control and management of digital multiplexes, etc. Also refer to any self-interested lobbying by commercial operators for certain technical standards over others (e.g. MPEG-2 over MPEG-4).

## 5.2 Digital Gatekeeping

5.2.1 Are there any debates in public or the media about the adoption of technical standards for platforms that carry news? If yes, have these debates highlighted any problems that the adoption of such standards poses for media reception and consumption?

- Describe the process of adoption of technical standards for digital broadcasting.<sup>6</sup> Specify whether independent experts have indicated any ways in which this process (which is and has to be commercially driven), and also the resulting decisions on standards, fail to take due account of the public interest.

5.2.2 Have been there any problems related to the gatekeepers in digital broadcasting?<sup>7</sup>

- Write an account of access-related problems posed by gatekeepers, such as companies bundling a large number of TV channels and running subscription

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5. By 'broadcasting spectrum', we refer to the radio frequencies or waves in the electromagnetic spectrum, which carry radio (including mobile phone), television and radar signals.

6. They are broadcast standards (such as DVB, ATSC, ISDB, Chinese, DMB) and to codecs such as MPEG-2, MPEG-4.

7. We look in this report at the main gatekeepers in the digital chain, such as multiplex operators (MUX), Electronic Programming Guides (EPGs), Conditional Access (CA) and Subscription Management Systems (SMS).



**management systems (SMS), exclusion of channels from EPGs, digital multiplex charging prohibitive fees for channels, etc. Focus on the main changes in analog broadcast arrangements.**

5.2.3 Have transmission network operators intervened in any way in the distribution of spectrum resources? If yes, how?

- **Analyze cases of spectrum allocation, identifying any instances where the transmission network administrators have intervened to privilege particular groups, companies or individuals.**

## 5.3 Telecoms

5.3.1 What role, if any, do cable and telecom companies (including mobile operators) play in the distribution of media content, and in particular of news, over recent years?

- **Write a short summary of the existing state of affairs on the telecom and cable market in your country. Then, analyze how trends such as increasing offers of bundled services, IPTV deployment, criteria on program packaging, among telecom and cable companies etc., have influenced the availability of news services. Refer, where applicable, to must-carry and must-allow rules.**

5.3.2 Have there been any cases where cable and telecom operators (including mobile operators) have exerted pressure on news providers?

- **Give an account of any cases where such companies have put pressure on news providers through, for example, restrictions of access to services, imposition of high fees, etc. At the same time, examples of such companies offering incentives to news providers should be looked at. Evidence about the purpose of their moves should be provided. Issues affecting net neutrality may be mentioned.**

## 5.4 Assessments

5.4.1 Is the spectrum allocation process politicized? If yes, how and to what extent? Does the regulator take account of the needs of all society when allocating spectrum?

5.4.2 Is spectrum regulation appropriate for the country? (Refer to whether/how it secures a healthy level of competition, accessibility of services, the digital divide, etc.)

5.4.3 What role has public interest played in the allocation and regulation of white spaces and digital dividend? (For example, do laws and policy documents mention the public interest? If yes, do they define it? Have civil society organizations addressed this question with reference to the public interest?)

## 6. Digital Business

- Sources:**
- 6.1
    - Media reports
    - Market reports and assessments (independent consultancies such as PricewaterhouseCoopers, KPMG, or industry organizations such as WAN-IFRA)
    - Annual reports of media companies
    - Interviews with media experts/observers
  - 6.2
    - Media reports
    - Market reports and assessments (independent consultancies such as PricewaterhouseCoopers, KPMG, or industry organizations such as WAN-IFRA)
    - Annual reports of media companies
    - Interviews with media experts/observers
  - 6.3
    - Interviews with editors and media managers

### 6.1 Ownership

6.1.1 Have there been any legal developments on news media ownership over the past five years? If yes, how have these developments affected diversity of ownership?

- **Analyze changes in legislation that affect media ownership over the past five years, and explain which of these are related to digitization. Relevant changes can include relaxation of ceilings on ownership concentration, introduction of cross-ownership rules between online outlets and broadcasters, rules on foreign ownership in the media, etc. Analyze the impact of such changes on the diversity of owners in the media.**

6.1.2 Who are the new entrants in the news market over the past five years?

- **Write an account of the major owners of media companies that started operations in the country over the past five years. These could be foreign owners, intergovernmental organizations, domestic commercial news providers, not-for-profit organizations, etc.**

6.1.3 Among horizontal/vertical mergers and consolidations of ownership, which have been (a) the most helpful and (b) the most detrimental to pluralism and diversity?

- **Write an analysis of how consolidation of ownership has affected and is affecting the pluralism of media and diversity of voices, based on interviews with journalists and independent media experts. This sub-section should include cases of publishers putting pressure on their journalists not to cover certain topics because of the owners' interests, limits on access of various politicians or businessmen to media outlets because of pressures from owners, cases of media that are purchased to be used for gaining political influence, etc.**

6.1.4 What, over the past five years, have been the most significant business involvements of the telecom industry in the media sector that have influenced the independent performance of the media?

- **Write an account of mergers and acquisitions in, or affecting, the media sector, with a focus on telecoms. Refer to telecoms' purchases of media outlets, takeovers of digital multiplexes, etc. If there is information available on the rationale behind these deals, it should be explained here.**

6.1.5 Is media ownership transparent?

- **Write an account of (a) the requirements (legal or otherwise binding) on media organizations or media owners to report ownership information to a media authority or other public body, (b) the level of public access to this information and (c) the level of implementation of requirements on transparency where they exist. Assess whether citizens are able to know, though publicly available information, who controls the media.**

## 6.2 Funding

6.2.1 How have private and public funding developed over the last five years? How are these trends projected to evolve in the near future?

- **Gather data on public (or state) spending: this includes state budget allocations, license fees, state advertising, etc. Gather data on private funding: this includes advertising spend,<sup>8</sup> sponsorship by private companies, financial sources, etc. On the basis of this data, analyze how public and private spending in the media has evolved over the past five years, and the reasons for this evolution. Based on interviews with media experts and on your own judgment, describe which of these developments are seen as (a) the most helpful and (b) the most detrimental to the financial independence and sustainability of the media?**

6.2.2 What other sources of funding have emerged in the media?

- **Write an account of other sources of funding, public or private, that have appeared in the media. These may include new forms of advertising, subscriptions, Diaspora funding,<sup>9</sup> etc. Hybrid forms of funding such as PPP (public-private partnerships) if such have emerged in the media, should also be mentioned. If there is evidence of how such sources contribute to improving the financial sustainability of news media, provide this information here.**

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8. Collect advertising data in net figures. Where data are not available, estimate the advertising spend based on ratecards. (Ratecards are defined in the advertising industry as a list of tariffs for advertising provided by media outlets to interested advertisers.)

9. Funding from abroad.

## 6.3 Business Models

### 6.3.1 Have digitization and (where applicable) the economic crisis prompted any changes to media business models?

- **Based on extensive interviews with CFOs and CEOs of media companies, analyze the changes in cost-expenditure balance, sources of revenues, marketing budgets, etc. over the past five years. Reference to business plans and financial projections released by companies should be made where these are available and are not covered by confidentiality agreements.**

## 6.4 Assessments

6.4.1 Has digitization affected monopolies and dominant positions in the media market and media ownership by politicians? Has transparency of ownership increased in the past five years?

6.4.2 Has the impact of ownership on the performance and independence of the media changed under digitization? If yes, how?

6.4.3 What are the most sustainable financing models for the production of publicly-relevant news content? Which sources of funding are seen as (a) the most *helpful* and (b) the most *detrimental* for media diversity, pluralism and independence? Have any changes to media business models had a positive or negative impact on journalistic output and quality?

## 7. Policies, Laws and Regulators

- Sources:**
- 7.1 – Legislation and policy documents
  - Legal analysis and legal impact assessments
  - Regulatory impact assessments
  - Media reports
  - Interviews with legal activists and journalists defense groups
  - 7.2 – Legal analysis
  - Regulatory impact assessments
  - Media reports
  - 7.3 – Media reports
  - Interviews with editors/regulators

## 7.1 Policies and Laws

### 7.1.1 Digital Switchover of Terrestrial Transmission

7.1.1.1 Are there public provisions that govern access by citizens and provide for affordability? If yes, are they implemented?

- Give an account of the legal and political commitments on access of citizens to programs on digital platforms and of the affordability requirements that must be met before analog signals can be switched off. Describe whether these provisions are fair (as between minority or ethnic groups and the majority, as between the economically disadvantaged and the advantaged, and so forth) and whether they have been, or are being, implemented.

7.1.1.2 Is there a scheme that provides for the payment of subsidies to those who cannot afford set-top boxes or digital TV sets? If yes, how adequate is this scheme?

- Describe any schemes that are provided by law or government decree to subsidize digital reception equipment.

7.1.1.3 Does the legal framework ensure that the digital switchover of terrestrial platforms serves the public interest? If yes, how? Also, if yes, are there transparent criteria to ensure that the public interest is, in fact, served?

- Refer to provisions regarding public interest in policy documents and laws concerning switchover, describing if and how public interest is defined, and what mechanisms are in place to ensure that it is served. Refer also to the transparency (or not) of funding for digital switchover, etc.

7.1.1.4 Have citizens/civil society groups been consulted, or have they been otherwise involved, in decision-making with respect to the policies or provisions you have mentioned in 7.1.1.1?

- Give a critical account of any public consultations, feedback from civil society groups and citizens and their impact on the decision-making process. If there have been no such activities, comment on any relevant proposals or initiatives and assess whether civil society groups are up to speed on these issues.

### 7.1.2 Internet

7.1.2.1 Is news delivery regulated on the internet and mobile platforms? If yes, how?

- Give an account of the most important requirements for content distribution on internet and mobile phones. These include provisions on news aggregation, content regulation, legal relations between various parties on the internet, etc. Explain whether these provisions are implemented.

7.1.2.2 What legal liability exists for internet content? How does that liability affect the performance and independence of news media?

- Describe whether legal liability for internet content rests with the author/poster, the site, or the server. Write an analysis, based on existing cases, of how these provisions affect the independent performance of the media.

## 7.2 Regulators

7.2.1 Has the structure of media content regulators changed over the past five years? If yes, how?

- Give a short account of the regulatory framework in the analog era, and then describe what structures have taken over (or have been created to take over) regulation of digital broadcasting and the internet. Describe the main changes in content regulation, and analyze whether traditional ‘linear’ content regulation has been weakening and internet regulation has been increasing.<sup>10</sup>

7.2.2 Are there mechanisms for ensuring the independence from government and political parties of those regulating the digital environment (including the internet)? If yes, do these mechanisms deliver independence in practice? And have they altered during the past five years?

- Write an analysis of these mechanisms, which include criteria for appointing and dismissing members of the regulator, funding mechanisms, etc. Summarize the state of regulatory independence in the analog era, and then describe the situation in the regulators that took over (or were created to take over) regulation of digital broadcasting and the internet. Cases where regulators become dependent on state-owned companies, particularly telecoms, should also be discussed here.

7.2.3 Is the system of licensing fair?

- Analyze the mechanisms in place to ensure that every application for a license (analog or digital) will be considered independently of the applicant’s political or religious or ethnic affiliation. Write a description of the state of licensing in the analog era and then analyze the process of licensing digital broadcasters, referring to specific cases of unfairness, lack of transparency, etc.<sup>11</sup>

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10. ‘Linear content’ refers to scheduled media content that progresses without any control from the viewers, such as broadcast, scheduled programs. ‘Non-linear content’ refers to content, such as internet content, that allows for user interactivity.

11. The content of this section differs from *5.1 Spectrum*. While in this section we ask you to analyze the system of digital licensing by the content regulators, in *5.1 Spectrum*, we ask you to identify the groups that have been or are being advantaged by the general policy spectrum.

#### 7.2.4 Are there mechanisms of self-regulation? If yes, do they have any influence in the digitized environment?

- Write an account of the existing self-regulatory mechanisms in your country, including press councils, complaint mechanisms, ombudsmen, ethical committees in journalists association. Assess which of these mechanisms (self-regulatory mechanisms of online media, new ethical codes covering online media, etc.) disappeared or emerged as a result of digitization. Where there is no digitized environment, write about other relevant self-regulatory mechanisms.

### 7.3 Interference by State Authorities

#### 7.3.1 Are there any cases of interference by state authorities that distorts the media market?

- This sub-section analyses indirect interference with the media by the state authorities. Summarize any such cases and trends in the pre-digital media market, and then assess whether this pressure has increased or decreased in the digital market. Refer to cases of state authorities awarding preferential state funding in the form of subsidies or advertising to media outlets, cases of governmental decisions to adopt new levies on the media aimed at hurting the financial independence of particular outlets, etc. Establish the link between such moves and their goals.

#### 7.3.2 Are there any cases of digital regulators abusing their powers?

- This sub-section analyzes interference with the media by state authorities through regulatory bodies. Summarize any such cases and trends in the pre-digital media market, and then describe whether this pressure has changed (increased or decreased) in the digital market. Refer to, e.g., cases of licensing media outlets, orders given by regulators for inspections on compliance with tax and other legal provisions.

#### 7.3.3 Are there any cases where the state authorities have exerted extra-legal pressure on digital media?

- This sub-section analyzes the level of overt interference of the state authorities with the media. Summarize any such cases and trends in the pre-digital media market, and then describe whether this pressure has changed (increased or decreased) in the digital market. Refer to direct pressures or threats against editors and owners regarding content, editorial orientation and personnel.

## 7.4 Assessments

- 7.4.1 Is the overall framework of policy, law and regulation responsive to the challenges of digitization? (Refer to mechanisms to ensure transparent licensing process, economic competition, guarantees for free and independent news production and dissemination, etc.) If not, where are the shortcomings? What has been done well?
- 7.4.2 Have the nature and degree of interference by state authorities changed over the past five years? If yes, can the changes be attributed to digitization?
- 7.4.3 Has there been a relative increase in public consultation (in terms of debate and participation) with respect to new media technologies, in comparison with the amount of such consultation in the analog context?
- 7.4.4 Which policies and legal provisions relating to digitization have had an impact, direct or indirect, on pluralism and diversity in digital broadcasting?

## 8. Conclusions

### 8.1 Media Today

Which developments, over the past five years, have most enhanced, and which have threatened or diminished:

- (a) the *independence* of news media
- (b) the *diversity* of news media and news media content
- (c) the *pluralism* of voices across the news media?

Which of these developments are attributable to the process and results of digitization, and which are attributable to other causes?

### 8.2 Media Tomorrow

Over the next five years, what do you expect to be the principal areas of development in your country's media, in the light of digitization?

- **Note that your answers should emerge naturally from the analyses which you have carried out in the preceding chapters. If you find that your answers do not refer to anything you have already mentioned in the report, there is a problem!**



## 9. Recommendations

### Format

**The recommendations should be formatted as following:**

**9.1 Short subtitle:** summing up the recommendation

**9.1.1 Problem** (short description: what the problem is in one or two sentences)

**9.1.2 Recommendation** (e.g., “A certain institution/entity SHOULD DO X TO ACHIEVE Y.”)

- **These recommendations should be practical and achievable, in large part if not entirely.**
- **They should emerge from the analyses provided in the report.**
- **Choose carefully among the potential issues. Do not choose problems for which no viable solution exists, because there is no actor or agent to take the required action.**
- **These recommendations will be the foundation for advocacy in your country.**

### Focus

This is a report focused on digital media. Hence, there are two types of issues that require recommendations:

1. Issues relevant for the analog environment, which are also relevant for digital media
2. Issues relevant only for digital media.

Do not make recommendation on issues that are relevant only for the analog environment, not for digital media.

**Recommendations should fall under the following categories**

*(N.B. The bullet points identify issues and principles that may focus your recommendations. Not all the issues on this check-list will necessarily be relevant in your country.)*

### 1. Policy

#### 1.1 Media Policy

- Legal provisions to boost access to digital media
- Digital broadcast policy to ensure that digital switchover serves the public interest
- Public participation in preparation of media policies
- Provisions barring inappropriate state intervention in media and regulation

## 1.2 Spectrum Policy

- Norms for fair and transparent allocation of spectrum
- Legal norms to prevent problems for access posed by gatekeepers

## 1.3 Telecom Policy

- Legal norms preventing telecommunications and cable companies from exerting pressure on news providers

## 1.4 Internet Policy

- Norms that aim to protect the internet against applications of repressive media laws and measures; and norms that ensure the internet is not subject to any additional excessive registration requirements and controls on content, and other restrictions.
- Legislation to protect intermediaries (ISPs, website hosts, etc.) from liability, particularly for third-party content

## 2. Media Law and Regulation

### 2.1 Media Ownership

- Legal provisions against concentration of media ownership
- Legal provisions ensuring transparency of media ownership
- Legal provisions about cross-ownership

### 2.2 Regulation

- Independence of media regulators
- Fair systems of broadcast licensing
- Self-regulation of content that does not infringe on users' rights to free expression

## 3. Public Service in the Media

- Legislation supporting public service media activity on digital platforms
- Legal provisions and mechanisms ensuring the independence of public media
- Support for public service content in the media by funding or legislation

## 4. Journalism

- Support for investigative journalism
- Support for ethics in journalism
- Legal provisions and incentives for unbiased coverage of sensitive issues
- Norms of fair coverage of elections in digital media

## 5. Digital Media Literacy

- Initiatives to teach the use of digital media and digital platforms, including initiatives of digital activism

*(N.B. It is unlikely, however, that issues of literacy will be such a priority that they require a recommendation.)*



**Mapping Digital Media** is a project of the **Open Society Program on Independent Journalism** and the **Open Society Information Program**.

### Open Society Program on Independent Journalism

The Program on Independent Journalism (formerly the Media Program) works globally to support independent and professional media as crucial players for informing citizens and allowing for their democratic participation in debate. The program provides operational and developmental support to independent media outlets and networks around the world, proposes engaging media policies, and engages in efforts towards improving media laws and creating an enabling legal environment for good, brave and enterprising journalism to flourish. In order to promote transparency and accountability, and tackle issues of organized crime and corruption the Program also fosters quality investigative journalism.

### Open Society Information Program

The Open Society Information Program works to increase public access to knowledge, facilitate civil society communication, and protect civil liberties and the freedom to communicate in the digital environment. The Program pays particular attention to the information needs of disadvantaged groups and people in less developed parts of the world. The Program also uses new tools and techniques to empower civil society groups in their various international, national, and local efforts to promote open society.

### Open Society Foundations

The Open Society Foundations work to build vibrant and tolerant democracies whose governments are accountable to their citizens. Working with local communities in more than 70 countries, the Open Society Foundations support justice and human rights, freedom of expression, and access to public health and education.

For more information:

Open Society Media Program

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