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UKRAINE

The year 2008 was another year of wasted opportunities both for Ukraine and its media. There was no remarkable progress in any sphere, due to ongoing political chaos and conflict caused by an alliance of politicians with oligarchs. The international nature of the economic crisis that hit Ukraine in the last quarter of 2008 was compounded by corruption of the state and weakness of the economy. Due to a high level of personal ambition, politicians failed to unite even around tremendous economic challenges. Surveys show a low level of public support for all leading political forces.

With regard to the media, the government was neither interested in reforming state and municipal media nor introducing public broadcasting. The government was not willing to become more transparent by improving access to information and licensing procedures. It also typically did not react or respond to media discussion and criticism of socially important topics.

Part of the responsibility for the permanent political crisis lies with the media. Most media belong to competing political clans and are therefore part of the conflict. They fail to provide in-depth analysis of political and social problems or involve relevant experts, instead focusing on superficial reports about events and persons. Commercialization and yellow journalism increased, especially at the national television channels.

Ukraine is one of the fastest growing media markets in Europe—media advertising showed a 30 percent growth compared to 2007. Still, per capita advertising spending is as low as \$40. In the fall, advertising budgets substantially decreased and printing costs and newsprint prices considerably increased, which put media outlets under threat. All media responded by cutting expenses, staff, salaries, investment projects, etc.

The first quarter of 2009 will be hard, as most advertisers delay making decisions about upcoming budgets, and these decisions will determine which media will survive. On the one hand, the crisis must favor commercially successful outlets and put an end to failing media players. On the other hand, the crisis may serve as an excuse to compromise more and accept money for everything. Media may shift from programs more useful for Ukrainian audiences in favor of more sensationalist ones perceived to be more profitable. With a number of uncertain variables, predicting the specific consequences of this crisis is difficult.

The MSI panelists continued to criticize the media situation and predicted lowering of scores in the future. However, Ukraine's overall score of 2.14 was slightly higher than last year's 2.00, thanks to increases in objectives 4 and 5, business management and supporting institutions. These two also received the highest scores of the five objectives. As it has every year since 2001, Objective 2 (professional journalism) scored the lowest, although it experienced a slight improvement. The other two objectives showed very small gains.

UKRAINE AT A GLANCE

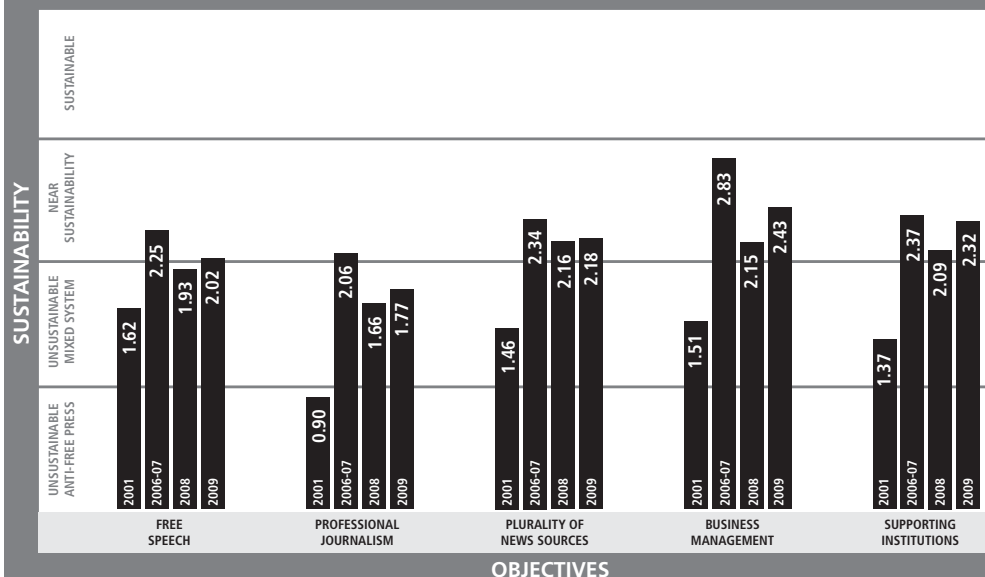
GENERAL

- > **Population:** 45,994,288 (July 2008 est., *CIA World Factbook*)
- > **Capital city:** Kyiv
- > **Ethnic groups (% of population):** Ukrainian 77.8%, Russian 17.3%, Belarusian 0.6%, Moldovan 0.5%, Crimean Tatar 0.5%, Bulgarian 0.4%, Hungarian 0.3%, Romanian 0.3%, Polish 0.3%, Jewish 0.2%, other 1.8% (2001 census, *CIA World Factbook*)
- > **Religions (% of population):** Ukrainian Orthodox - Kyiv Patriarchate 50.4%, Ukrainian Orthodox - Moscow Patriarchate 26.1%, Ukrainian Greek Catholic 8%, Ukrainian Autocephalous Orthodox 7.2%, Roman Catholic 2.2%, Protestant 2.2%, Jewish 0.6%, other 3.2% (2006 est., *CIA World Factbook*)
- > **Languages (% of population):** Ukrainian (official) 67%, Russian 24%, other 9% (includes small Romanian-, Polish-, and Hungarian-speaking minorities) (*CIA World Factbook*)
- > **GNI (2007-Atlas):** \$118.4 billion (World Bank Development Indicators, 2008)
- > **GNI per capita (2007-PPP):** \$6,810 (World Bank Development Indicators, 2008)
- > **Literacy rate:** 99.4% (male 99.7%, female 99.2%) (2001 census, *CIA World Factbook*)
- > **President or top authority:** President Viktor A. Yushchenko (since January 23, 2005)

MEDIA-SPECIFIC

- > **Number of active print outlets, radio stations, television stations:** Print: 30,000 newspapers and magazines, 12 major daily newspapers; Radio: 524; Television Stations: 647, most being local stations (State Committee on Television and Radio, comin.kmu.gov.ua)
- > **Newspaper circulation statistics:** top three: *Fakty i komentarii* (private, circulation 780,000), *Expres* (private, circulation 700,000), *Komsomolskaya Pravda* (private, circulation 300,000)
- > **Broadcast ratings:** top television: Inter, Studio 1+1, Novyi kanal, STB, ICTV, TRK Ukraina (all private); top radio: Radio Shanson, Hit FM, Russkoe radio, Lux FM, Nashe radio, Evropa plus (all private) (PMP report 2008)
- > **News agencies:** Interfax (private), UNIAN (private), Ukrainski Novyny (private), Ligabiznesinform (private), DINAU-Ukrinform (state-owned)
- > **Annual advertising revenue in media sector:** television: \$400 million, print: \$265 million, radio: \$20 million, Internet: \$13 million (All-Ukrainian Advertising Coalition)
- > **Internet usage:** 10,000,000 (2007 est., *CIA World Factbook*)

MEDIA SUSTAINABILITY INDEX: UKRAINE



Annual scores for 2002 through 2005 are available online at http://www.irex.org/programs/MSI_EUR/archive.asp

Unsustainable, Anti-Free Press (0-1):

Country does not meet or only minimally meets objectives. Government and laws actively hinder free media development, professionalism is low, and media-industry activity is minimal.

Unsustainable Mixed System (1-2):

Country minimally meets objectives, with segments of the legal system and government opposed to a free media system. Evident progress in free-press advocacy, increased professionalism, and new media businesses may be too recent to judge sustainability.

Near Sustainability (2-3):

Country has progressed in meeting multiple objectives, with legal norms, professionalism, and the business environment supportive of independent media. Advances have survived changes in government and have been codified in law and practice. However, more time may be needed to ensure that change is enduring and that increased professionalism and the media business environment are sustainable.

Sustainable (3-4):

Country has media that are considered generally professional, free, and sustainable, or to be approaching these objectives. Systems supporting independent media have survived multiple governments, economic fluctuations, and changes in public opinion or social conventions.

OBJECTIVE 1: FREEDOM OF SPEECH

Ukraine Objective Score: 2.02

Ukraine has rather good media legislation that was adopted before 2004, but it is still applied in favor of politicians. Licensing procedures are unclear and depend on political decisions. Introduction of public broadcasting is impeded, and there is no progress in investigation of old high-profile crimes against journalists. State and municipal media subsidized by the state depend on the government for their editorial policies and create unfair competition with private media.

The overall score for the objective is 2.02, up slightly from 1.93 last year but still below the high of 2.37 in 2005. A few indicator scores showed noteworthy changes from last year: Indicator 3, (market entry and tax treatment) fell, while indicators 6 and 7 (libel laws and access to information) increased. Further, several indicator scores deviated significantly from the overall objective score. Indicators 2, 4, and 5—broadcast licensing, crimes against journalists, and preferential legal treatment for state media—received scores more than a half point below the objective score. However, indicators 8 and 9, media access to foreign news sources and free entry into the journalism profession, each received scores well in excess of a point higher.

In spite of Ukraine's rather developed media legislation compared to other the post-Soviet countries, and its harmony with international provisions for many years, problems with enforcement remain. The panelists noted particular obstacles under this indicator: the media community's inactivity in using available legal mechanisms to support its rights, increasing social apathy towards the media, and the problematic nature of issues covered by media. Further, neither corrupt courts nor law enforcement bodies work adequately, and the application of laws is getting worse, panelists agreed.

"Since the Orange Revolution, there have been no changes in the media legislation for the better, as there has not been a capable parliament since president Kuchma's times," said Kostyantyn Kvurt, chair of the board of Internews-Ukraine. "Absence of progress—stagnation—is an obvious regression."

Representatives of the media industry and its supporting associations stated that licensing criteria are not clear and transparent. In the opinion of Natalia Ligachova, chief editor of *Telekritika* magazine, the situation with broadcast licensing substantially worsened this year. It became especially obvious during the very non-transparent bid for digital multiplex broadcasting (MX-4). The rights were won by 10 companies, eight of which are unknown companies established on the eve of the bid. Shortly after the bid, some of the

companies started to offer their newly won rights to the bid losers—well-known channels—for \$20 million. *Telekritika* found links to high-ranking politicians behind the owners of the winning companies.

In addition, the conflict between cable operators and the National Television and Radio Broadcasting Council (NTRBC) to forbid re-broadcasting of certain Russian television channels seemed to have both political and corrupt motivations. Some Russian channels were returned "temporarily" to cable television.

Further, NTRBC closed its eyes to one of the more blatant violations, the so-called "exchange of logos" between K1 and Megaspport channels, both of which belong to the company Inter Group. Megaspport is a terrestrial sports channel for all oblast capitals except one, while K1 is an entertainment channel with a broadcast signal in only 13 cities plus cable broadcasting. The license holders of these channels supposedly exchanged the ownership of channel logos, but in reality they exchanged licenses and frequencies. K1 received wider coverage than Megaspport, but the license was given to Megaspport based on an understanding that it would be the only free-to-air channel for sports coverage. In response to the scandal, an article in *Telekritika* magazine stated, "As far as every channel is violating the law or its license to a certain extent, NTRBC may be a universal tool of influence on television businesses like the tax administration or fire inspectors [government agencies traditionally used to harass businesses]."

Panelist Gennadiy Sergeev, director of TRC Chernivtsi, agreed that the broadcast licensing situation is far from being transparent. Certain groups receive numerous licenses, while new mechanisms are in place to influence and punish broadcasters during possible inspections and re-licensing processes.

He added that a broadcast license term is seven years and now the price has increased tenfold. In July 2008, the Cabinet of Ministers approved a new methodology for calculating license fees based on the scope of territorial coverage, transmitter capacity, and zone of distribution. Previous prices had been valid since 1995. Several media outlets were surprised by this when their licenses came up for renewal shortly after the change. For example, the Automobile Channel's previous fee had been UAH 780,000 for a renewed license, but the fee increased to UAH 3.5 million. NTRBC had to cancel the channel's license based on its refusal to pay.

Representatives of Gala Radio as well said that they applied for re-registration in March 2008 but were put off several times by NTRBC. Now they say that they do not plan to pay UAH 4.7 million, owed under the new methodology—they

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expected UAH 550,000. They said that they have a small coverage area and competing with national radio stations is difficult to begin with, but such an increase will mean several years without profits.

Panelists said that they fear that such unaffordable increases will hurt media plurality, as small stations rely on patrons or else are sold off to large companies.

Market entry for regional broadcasters is impeded by licensing complications. Mikhaylo Kumok, a regional publisher and broadcaster, said that cancellation of preferences for regional broadcasters meant unequal conditions for smaller players. Further, NTRBC increased its regional representatives whose major function is to “detect and destroy”—to find violations and ruin companies, as opposed to serving as a local resource to develop local media.

Market entry and commercial regulations for the media business are the same as for other businesses. Publishers enjoy a VAT exemption for sales and subscriptions of print publications.

In 2008, the Independent Media Trade Union recorded at least five serious cases of violence against journalists. According to Lyudmila Pankratova, vice-president of the Media Lawyers Association (MLA), the number of such crimes increased and the law enforcement bodies hardly categorize cases as crimes—they tend to define them as simple hooliganism. Since 2004, there has been no example of punishment for any violation of journalists’ rights, nor solving of past high-profile crimes against journalists. Only a few criminal cases have ever been successfully closed by the authorities. Oleg Khomenok, print media adviser of Internews Network, stressed that such crimes are cynically ignored, and those who commit crimes against journalists feel untouchable and emboldened by the inaction of courts and law enforcement bodies.

Subsidized state and municipal media create unfair competition for private media, particularly because these outlets are sometimes weak and not otherwise able

to compete with their private counterparts. The state broadcasting company and its regional counterparts receive growing funding from the state budget. In 2008, in spite of the president’s appeal to the government, again there was no transformation made into public television.

Another unfair practice is that government journalists have the status of civil servants and therefore receive related increases in pensions and salaries. While not competitive with the pay levels of most successful private media in the biggest cities, these can be significantly higher at the regional level.

On the other hand, chief editor of the municipal newspaper *Nova Doba* Sergiy Tomilenko said that financing of state-owned print media is decreasing, but they are hostages of the base political needs of those politicians who oversee them, and most often ignore legal provisions of editorial independence. As a result, such state media fail in the market.

Ukraine has legal provisions on editorial independence for all types of broadcast media, but the laws are not exercised. By March 2007, television companies had to adopt editorial statutes that establish provisions for an editorial council and non-interference by publishers into editorial policy. Print media have no such statutes, but some laws declare the importance of editorial policy independence and ban censorship. The general practice is that they are not working in full force to defend editorial independence. The only prominent case related to this dates back to 2007: a criminal case was opened against the head of the local council who

LEGAL AND SOCIAL NORMS PROTECT AND PROMOTE FREE SPEECH AND ACCESS TO PUBLIC INFORMATION.

FREE-SPEECH INDICATORS:

- > Legal and social protections of free speech exist and are enforced.
- > Licensing of broadcast media is fair, competitive, and apolitical.
- > Market entry and tax structure for media are fair and comparable to other industries.
- > Crimes against journalists or media outlets are prosecuted vigorously, but occurrences of such crimes are rare.
- > State or public media do not receive preferential legal treatment, and law guarantees editorial independence.
- > Libel is a civil law issue; public officials are held to higher standards, and offended parties must prove falsity and malice.
- > Public information is easily accessible; right of access to information is equally enforced for all media and journalists.
- > Media outlets have unrestricted access to information; this is equally enforced for all media and journalists.
- > Entry into the journalism profession is free, and government imposes no licensing, restrictions, or special rights for journalists.

read through the small communal newspaper and made “corrections.” This case has yet to be resolved by the court.

Since 2001, libel has been exclusively a civil issue. There is a tradition of defamation claims, and the court practices vary. One of the most notorious examples was the suit filed in November 2007 by the EDAPS consortium, a printer of secure documents such as passports, against the newspaper *Biznes*. The suit sought UAH 46 million in damages for a story that it claimed defamed the company. The court of first instance awarded UAH 27 million of this claim in May 2008. The court of appeals vacated the entire amount, but required proof from the newspaper that the information in the story is true.

According to estimates by the MLA, the most “greedy” plaintiffs are politicians and public officials (48.8 percent of the 738 law suits against media during the last 10 years), followed by individuals (33.9 percent), entrepreneurs (16.2 percent), other journalists (0.79 percent), and NGOs (0.19 percent). Typical damages awarded by the courts to judges or public servants range from UAH 25,000 to UAH 100,000. The president of MLA, Tetyana Kotyuzhynska, believes that officials have plenty of opportunity to refute information, but they prefer law suits to prove that they can punish the media. According to Pankratova, court practice is more or less balanced. Mistakes of the first instance courts are usually corrected by the court of appeal, cases of claims for abnormal sums of damages decrease, and public officials are treated the same way as average citizens. Judges have begun to file lawsuits against media more frequently, however.

Journalists still can be sued for their opinion and judgments. Several landmark Ukrainian cases have been submitted to the European Court of Human Rights (ECHR). Local authorities execute the ruling of ECHR, but the courts in Ukraine do not necessarily follow ECHR precedent when considering media cases.

An interesting case involving Ukrainian media occurred outside the country. The richest Ukrainian oligarch, Rinat Akhmetov, sued the website *Obozrevatel* for \$100,000 at the High Court of Justice in London. Akhmetov’s lawyers used this venue because the story in question was published on the Internet and became known to the Ukrainian community in London, where he claimed his reputation was harmed. In this case, *Obozrevatel* did not have an opportunity to present its case or hire a lawyer, and the web site was forced to pay damages.

Government agencies have not become more open and transparent to the public. Access to public information is still complicated and inefficient. Journalists are not engaged enough to request information or pursue it in courts. According to Ihor Chayka, journalist and the head of *Vartovi*

Mikhailo Kumok, general director of MV media holding from Melitopol, said that as a publisher they regularly complain to the prosecutor’s office in cases of refusal to provide public information.

Democratii project, a reporter is likely to receive some regular data from a request, but if the investigation is regarding a serious matter, such as a large government contract, a reporter will get a formal but empty reply.

Pankratova said that no change has been made to the Law on Information adopted in 1992, which provides for access to information and establishes a term of one month for reply. According to her, existing draft laws may even worsen access as they do not correspond to international standards, and some provide for various definitions of information (such as mass and confidential), which gives officials an opportunity to interpret which type of information they can or cannot give. It is unlikely that the legislation will be harmonized in the near future.

For the most part, journalists are aware of legal provisions, and they tend to request information often. But in the course of regular coverage, when they do not receive a reply in time, their interest dissipates. Pankratova said that she believes that journalists need to request information more actively and go to court in cases of refusal. Access to some information of commercial companies can also be obtained through court orders, if the court decides it is in the public interest and not a commercial secret.

Panelist Sergei Guz, editorial writer for *Ukrainislii Tyzhden* magazine and former leader of the Independent Media Trade Union, told the panel of the union’s survey of journalists in eight oblasts. The results indicated that 75 percent of the journalists had never filed information requests because they do not believe they would get results. However, at least 50 percent of those who did so said that they received the information as expected. Oleksiy Pogorelov, director of the Ukrainian Association of Press Publishers (UAPP), explained that high staff turnover among journalists results in newcomers not being aware of legal tools and professional standards.

Mikhailo Kumok, general director of MV media holding from Melitopol, said that as a publisher they regularly complain to the prosecutor’s office in cases of refusal to provide public information. When a prosecutor’s order is obtained and ignored, they go to court. Such a relationship hinders full answers to their information requests, but also does not let

the government off easy. Two or three media outlets in every oblast exercise similar practices.

Access to foreign news sources is not restricted in any way. Price is not a prohibitive factor, even in the current economic conditions. Acquisition of foreign content is widespread. The Internet is affordable and widely used by media outlets. The only limit is low foreign language proficiency among journalists.

Entry into the journalism profession is free; however, many panelists mentioned that unfortunately, the profession is full of pseudo-journalists lacking basic skills.

OBJECTIVE 2: PROFESSIONAL JOURNALISM

Ukraine Objective Score: 1.77

Professional journalism remains the biggest weakness within the overall media sector. Although this year Objective 2 gained 0.11 compared to last year, it is by far the lowest scoring of the five objectives. Indicators 1 and 2, fair reporting and journalism ethics, both lost ground compared to last year, and Indicator 2 scored about three-quarters of a point lower than the overall score. Indicators 5 and 7, pay levels for journalists and technical equipment, both gained; Indicator 7 scored more than a point higher than the objective score. Other indicators remained relatively static and scored close to the objective score.

The quality of news is decreasing, and pressure by owners and political forces is increasing on the eve of the next presidential elections. The professionalism of the majority of journalists is low, and regression of professionalism is connected with tabloidization of the media. Tabloidization and yellowing of the national broadcasters and print media, as Natalia Ligachova stressed, causes the quality of information to fall and media to not explain the essence of events to the public. Media chase ratings and search for sensationalism. The level of corruption in the media, the quantity of purchased stories, and the number of hidden ads is growing in all types of media. Shadow salaries for journalists and the absence of standard labor agreements remain a lever of influence on them. Coverage of the current economic crisis vividly shows that major media crave fresh and hot facts, exaggerate, and do not explain the essence of events.

"Journalists haven't realized their responsibility to the society," said Vitaliy Portnikov, a journalist with Radio Svoboda, in an interview with *Realnaya Gazeta*, "In recent years, most of them were busy increasing their wealth but not improving professional skills. Few of our colleagues covering economics can challenge the premier and president, who are absolutely not versed on economics, as journalists usually

are not proficient in the issue either. The same relates to journalists covering politics, culture, and international affairs. Broadcasting a talk between a poorly educated official and a poorly educated journalist is very dangerous for society."

Media infrequently consult experts, and when they do, it is the same narrow group of experts who are usually not objective and promote a certain political viewpoint. One may find a formally "balanced" story with the opinions of three experts, but still be misinformed about the issue. Viktoriya Syumar, director of the Institute of Mass Information, said that Ukrainian media lack the databases that many Western media have of contact persons to verify information and ask for comments.

Sergei Tomilenko explained low professionalism of Ukrainian media by its rapid development in recent years: it led to massive entry into the profession of unqualified staff who are "learning by working."

Ethical standards are not complied with in the majority of media. According to Ligachova, in conditions of sincere, large-scale, and industrialized *jeansa* (paid-for hidden advertising) we can not expect ethics from journalists, managers, or media owners. Viktoriya Syumar added that financially secure media are not necessarily ethical and professional: the tremendous profits of national television channels do not stop them from paid-for news. Moreover, they actively encourage such sales to businesses and politicians. For example, during the Kyiv mayoral election campaign in spring 2008, the price for *jeansa* at the major television channels amounted to \$12,000 to \$20,000, with participation in a talk show costing \$30,000. Before the elections the standard price was \$3,000 to \$5,000, and only

JOURNALISM MEETS PROFESSIONAL STANDARDS OF QUALITY.

PROFESSIONAL JOURNALISM INDICATORS:

- > Reporting is fair, objective, and well sourced.
- > Journalists follow recognized and accepted ethical standards.
- > Journalists and editors do not practice self-censorship.
- > Journalists cover key events and issues.
- > Pay levels for journalists and other media professionals are sufficiently high to discourage corruption.
- > Entertainment programming does not eclipse news and information programming.
- > Technical facilities and equipment for gathering, producing, and distributing news are modern and efficient.
- > Quality niche reporting and programming exists (investigative, economics/business, local, political).

\$1,500 if one bought directly from “friendly” journalists. Print stories cost from \$100 to \$5,000.

Oleksiy Pogorelov stated, “In Ukrainian media, nobody thinks about the end user—everything is created for the system. Large channels and publishing houses just use it [*jeansa*] as a technological scheme, a business process. And the audience doesn’t have a choice as 99 percent [of news and information] at each media outlet is *jeansa*.”

As reported last year, a group of journalists began an initiative called “We are not for sale” to combat *jeansa*. While this has not ended the phenomenon, it is an important component of self-regulation among journalists. *Telekritika* and the Institute of Mass Information continue monitoring of *jeansa* and publish regular reports.

Codes of ethics have been developed by the National Union of Journalists and, in 2004, by the Commission on Journalism Ethics. The latter was signed by 600 journalists. However, regional publishers Mykhaylo Kumok and Viktor Danylov emphasized that following ethical standards depends more on management than journalists.

According to Ligachova, self-censorship exists and pressures from management and ownership are increasing. Every journalist knows what to write in order to be published. Syumar added that especially during the economic crisis, self-censorship will be growing due to a fear of losing jobs. The panelists mentioned several examples in 2008 at the leading television channels (Inter and 1+1) when famous, experienced journalists were easily fired due to disloyalty to the new management or were forced to embrace the editorial policy dictated by managers and owners.

For the most part, key events and issues are covered, but not always with sufficient quality or depth. Sound analytical articles are rare. Syumar said that unfortunately, media have turned into simple re-broadcasters, thinking that the main news is disasters and politics. There are numerous essential topics beyond the media’s attention. Pogorelov added that one will hardly find news of companies or their social projects that is published for free. Certain news is simply ignored if it is not paid for.

Generally speaking, salaries for media professionals substantially increased during the last year. On the other hand, the pace of salary increases at state and municipal media was rather high and private regional media could hardly compete. This situation led to unfair competition, as state television companies are overstaffed, journalists are better paid in comparison with their private counterparts, and their workload is less. Still, the level of journalists’ salaries is not high enough, for the most part, to secure minimal needs in cost of living and to prevent them from

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selling editorial materials. In addition, part of their salary is still in the shadows, so the journalists risk earning less in cases of disloyalty.

Disparity of the salaries paid to journalists’ and public relations staff encourages movement of journalists to press departments of government agencies and businesses. Often journalists combine journalism and public relations careers by working as a public relations consultant on the side. Nonetheless, the panelists believe that pay level does not determine integrity of a qualified journalist, but the number of honest journalists is not increasing.

In general, the panelists agreed that balance of news and entertainment still exists, but there is a noticeable trend of tabloidization of national media, especially among the leading television channels. One of the most noteworthy examples is the reformatting of 1+1 into an infotainment tabloid. The economic crisis may accelerate further specialization of channels and deeper market segmentation. The trend shows that in 2009 there will be fewer “intellectual” channels, but entertainment channels will switch to cheaper products. Syumar noted, “Influential and mighty central channels cancel serious programs and their news becomes close to criminal chronicles, when viewers are informed of how many cars crashed and how many corpses found.”

Khomenok explained this from a resource base point of view: Producing high quality entertainment requires huge resources and access to national stars, neither of which are available for regional media. Regional media win with their local news and have more of an informative function, while national media tend toward sensationalism in their news and entertainment.

Quality news production in Ukraine is not affected by problems accessing or funding technical facilities. Syumar said that in the age of information technology, technical facilities are available, they do not equal overly high costs, and only the desire to do so is needed to create modern multimedia newsrooms. On the other hand, costs for television equipment are usually higher in Ukraine. They decreased recently, but they are still twice as high as in the West.

The panelists agreed that plurality of affordable news sources exist, however, technically the access to them varies depending on geography. In rural areas and small towns, people rely mostly on a limited choice of television and radio, rather than on scarce print sources or the otherwise growing and influential high-speed Internet.

Certain progress has been made towards quality niche reporting and programming, and audience demand for it is increasing. Many more investigative pieces appearing on television and in newspapers, but they are not always professional and sometimes too neutral. According to Pankratova, the time has come for the development of niche reporting, but much more needs to be done and it is too early to judge the current results.

Syumar believes that in spite of the growing number of business publications, journalists usually just rewrite statistics and comments by experts without the ability to judge legitimacy for themselves. Underscoring the lack of bona fide experts, editors of certain niche topics have become “experts” about their issues for other media.

OBJECTIVE 3: PLURALITY OF NEWS

Ukraine Objective Score: 2.18

The Orange revolution stopped total control of government over media. However, censorship expresses itself in media outlets that “bravely” criticize the government in general without naming specific persons or transactions and in between carrying paid-for stories. Plurality of news sources now means only the diversity of interests of media owners. In his interview with *Realnaya gazeta*, Portnikov said, “In modern Ukraine, with the disappearance of *temniks* [secret government directives], the interests of owners became much more important than the interests of the state. The owner is not very much concerned about profits from the media business; media often turn into an instrument of manipulation. In these conditions, the risk of returning the state dictate over media remains high, as the development of professional, qualified, and socially conscious journalism is not observed in Ukraine.”

The score for this objective remained essentially the same as last year, rising by just 0.02. Most indicators did not register much change, save Indicator 1 (plurality of news sources), which increased; and Indicator 7 (broad representation of minority and social interests reflected in the media), which declined. Many indicator scores varied significantly from the objective score. Indicators 1 and 2 scored well above the overall score. On the other hand, Indicators 3 and 6, objectivity of state media and transparency of ownership, both scored about a point lower.

In 2008, television channels broadcast expensive shows, increased their own production, bought many premier programs and new series, established new production companies, launched many new niche channels, executed the buyout of highly paid anchors and journalists, and expanded staff. The number and quality of documentaries increased.

The panelists agreed that plurality of affordable news sources exist, however, technically the access to them varies depending on geography. In rural areas and small towns, people rely mostly on a limited choice of television and radio, rather than on scarce print sources or the otherwise growing and influential high-speed Internet. Not all terrestrial national channels have 100 percent availability all over the country. According to GFK Ukraine, more than 30 percent of Ukrainian households (about 16 million people) use cable television. The satellite platform Vision TV–Viasat, the first to receive a license for multi-channel television operation from the NTRBC, was introduced in 2008. Ukraine has 78 satellite channels, with the number of niche channels noticeably increasing, even during the last “crisis” months of the year.

MULTIPLE NEWS SOURCES PROVIDE CITIZENS WITH RELIABLE AND OBJECTIVE NEWS.

PLURALITY OF NEWS SOURCES INDICATORS:

- > A plurality of affordable public and private news sources (e.g., print, broadcast, Internet) exists.
- > Citizens’ access to domestic or international media is not restricted.
- > State or public media reflect the views of the entire political spectrum, are nonpartisan, and serve the public interest.
- > Independent news agencies gather and distribute news for print and broadcast media.
- > Independent broadcast media produce their own news programs.
- > Transparency of media ownership allows consumers to judge objectivity of news; media ownership is not concentrated in a few conglomerates.
- > A broad spectrum of social interests are reflected and represented in the media, including minority-language information sources.

In December 2008, Ukraine finally ratified the European Convention on trans-border television. The president also suspended introduction of digital broadcasting, as without due state support of its social component, it may limit citizen access to information.

Out of 30,000 registered print publications in Ukraine, only 4,200 are regularly published, as estimated by the UAPP in mid-2008. Among them are 2,400 newspapers and 1,700 magazines, with 1,550 having primarily nationwide distribution. There are 53 daily newspapers (printed four times a week and more), and four dailies that are free of charge. The average circulation of a daily paper is about 70,000 copies. About 2,000 publications are weeklies, and there are about 300 monthly newspapers. In the first half of 2008, a half-dozen new publications were registered every day.

The Ukrainian Association of Internet Advertising has ordered regular monitoring of the Ukrainian Internet audience since August 2008. The first results showed that the total number of Internet users is 6.6 million people, while in the 25 to 40 age group, every second person in cities of more than 50,000 inhabitants is an Internet user. The 25-to-34-year-olds spend more time on the Internet than 16-to-24-year-olds. Twelve percent of Ukrainian citizens are active Internet users, and they are generally people with a higher income.

Generally, citizens' access to domestic or international media is not restricted. Among foreign media, Russian-origin sources prevail. In August 2008, Newspaper Direct, a foreign company that distributes about 700 print titles all over the world (such as *The Times*, *Financial Times*, *New York Times*, *Le Monde*, etc.), entered the Ukrainian market to provide foreign newspapers on the day of publication. Before, they were usually delivered from other countries with delays.

On November 1, 2008, the NTRBC enforced existing laws and instructed cable television providers to stop rebroadcasting a number of foreign channels that are not compliant with Ukrainian legal provisions. This was applied primarily to federal Russian channels (REN TV, Pervyi kanal, RTR, TVCI) and related to violations of advertising, copyright, and other provisions. Many cable operators in the east and south of Ukraine ignored NTRBC's resolution. The decision also raised protests among some citizens and created a political debate. Some of these channels, except RTR and TVCI, are already being rebroadcast. On December 25, NTRBC updated the list of permitted foreign channels with 13 more Russian channels, primarily niche and entertainment, which correspond to the requirements of the European convention on trans-border television. The matter has been controversial and handled in a rather non-transparent way. Panelists have said that political or shadowy economic motives are behind this matter.

A significant amount of news and information programming is produced by individual commercial broadcasters. However, the substantial growth of in-house production may stop in 2009 due to economic crisis. Many political programs and shows on the top 10 channels were terminated.

Konstantin Kvurt said that NTRBC did not correctly handle the issue of blocking Russian channels—which, he said, are not media in the true sense but rather an element in a war of information and propaganda. Kvurt echoed the sentiments of many in the media profession: that the abundance of accessible Russian-language programming hinders the development of content within Ukraine.

One more state regulator tried to obtain stronger influence in the media arena in 2008: the National Experts' Commission for Protection of Public Morale, with 90 employees all over Ukraine. It plans to expand monitoring of television to 24 hours daily and to monitor the Internet to fight access to pornography. In 2008, the commission blamed the newspaper *Blik*, published by the Romanian company Adevarul Holding, of threatening public morale, resulting in the cancellation of its registration. In response to this, the World Association of Newspapers and World Editors Forum sent a protest to the prime minister of Ukraine.

Public media does not exist. State and municipal media blindly serve the interests of those in power, not public interests.

Numerous news agencies provide a plurality of information; however, their independence is questionable. Plurality is secured due to the fact that they sell news reports to all parties. Ligachova called it "Pluralism or freedom of *jeansa* as an equal opportunity of corruption for all clients able to pay for it." Guz added that political influence on formally independent news agencies increased over the past year, including "political renting" of agencies during mayoral elections.

Another problematic practice widespread among Ukrainian media is copyright violation, to the disadvantage of news agencies. For example, the UNIAN agency complained to the Journalism Ethics Commission of the National Union of Journalists that a number of media, especially several FM stations and websites, illegally reproduce its news without purchasing it.

A significant amount of news and information programming is produced by individual commercial broadcasters. However,

According to Pogorelov, only 15 percent of media outlets use market research. The largest national media and regional leaders participate in research, as it is a cost-effective way to increase the advantage they have over other media. Market research is unaffordable for the majority of media, especially regional broadcasters.

the substantial growth of in-house production may stop in 2009 due to economic crisis. Many political programs and shows on the top 10 channels were terminated. The most popular political shows are *Svoboda* at Inter and *Shuster Live* and *Svoboda Slova* at ICTV. Panelists called them “political infotainment” rather than an unbiased guide for the public.

Telekritika made note of the increase of depersonalization—elimination of recognized values and spirit in favor of corporatization and branding. The trend was evident at the second largest channel, 1+1. The channel lost the “face” it had formed during the previous 11 years when, in October 2008, it became 100 percent owned by CME. Reorganization of the channel started in March, management staff was replaced, and it announced a number of changes: refusal to air political programs, a new graphic profile and new faces, orientation for a younger audience (18-54), and in-house production of Ukrainian series. In November, many employees of the channel were fired.

Inter and Novyi kanal maintain their leading positions due primarily to Russian products, particularly entertainment and the most popular series. “Ukrainian media are in a disadvantageous position: the low costs of Russian TV productions, which already recouped their costs in the Russian market, undermine production capacity of informational programs by Ukrainian channels,” Syumar said. There were also examples of acquiring the best Western series.

Regional television keeps its ratings positions due to its local news programs. The panelists also mentioned the trend of absorbing local radio and television companies by nationwide networks, which, they said, could possibly threaten local news content.

On December 11, 2008, the Ministry of Justice launched a website to access the state register of print media and information agencies, where everyone can check the publisher of a title. However, Ukrainian legislation does not require naming the actual owners of media outlets. Attempts

to trace ownership of major television channels have led to foreign companies.

The major lobbyists for non-transparency sit in the Parliament. The professional media community may judge the ownership more or less adequately, and rumors about certain national media owners circulate in the community, but the average person cannot judge the objectivity of news. An initiative in 2007 by the Parliamentary Committee on Freedom of Speech and Information to draft a law that would provide more info on ownership ended up failing. With regional-level media, the public better understands the ownership and political affiliations of media outlets.

There is also a trend toward concentration of media ownership. Neither antitrust legislation nor the Executive Body of the Anti-Monopoly Committee are effective. Media monopolies are not regulated. For example, oligarch Viktor Pinchuk, the son-in-law of ex-president Kuchma, owns three large television channels, one of the leading dailies (*Fakty i kommentari*), the publishing house *Ekonomika*, and several radio stations, but has not attracted the attention of the government. Though currently these media are relatively neutral in political debate, it has potential to become an issue of concern.

Ukrainian media cover a wide variety of topics, including ethnic minorities, gender issues, and other specialized segments of society. However, panelists criticized the coverage for lack of in-depth analysis and ignoring many issues of public concern. Minority-language newspapers exist, but more often they are aimed at a very narrow audience and supported by grants.

OBJECTIVE 4: BUSINESS MANAGEMENT

Ukraine Objective Score: 2.43

Problems remain in the distribution and subscription infrastructure, oligopoly in the media market, disproportion of advertising between national and regional media, and the lack of professional market research. Nonetheless, almost all indicators showed at least modest progress and the score for this objective rose from 2.15 last year to 2.43 this year. Only Indicator 7, reliable audience and circulation measurement, did not receive a higher score; it was also the only indicator that did not score near the overall objective score. It fell short by about three-quarters of a point.

The Ukrainian media market continued its successful growth through the beginning of the financial and economic crisis in fall 2008. The panelists said that mainstream private media outlets operate as profit-generating businesses with efficient

management; however, there are lots of media outlets subsidized either by politicians or the state. “The crisis is the second large-scale challenge for all who came to play in the media business,” Pogorelov stated. “When their main business is under threat, there will be no resources and no desire for the toys. Subsidized outlets, lacking a commercial component in their strategy and operating from the accounts of rich owners, will have to seriously reconsider their existence.”

The first half of 2008 was very encouraging for the printed press: new print publications were launched, large foreign investors expressed their intention to enter the market, and Kyiv publications planned to enter the regions and establish national networks. Later, the industry started to count its losses. In June 2008, German company Handelsblatt and Czech company Economia a.s. sold controlling stakes of publishing house Ekonomika to Viktor Pinchuk’s group EastOne. At the same time, the Russian publishing house Rodionov closed its magazine *Der Spiegel Profil*. In November, Dutch publishers Telegraaf Media Group left the Ukrainian market. KP Publications closed its Ukrainian language weekly *Novynar* and two magazines, *Vona* and *Pani*. Media Invest closed regional offices of *Status* magazine and kept only its capital edition. Perekhid Publishing House closed its magazine *Delovoy*, and U.A. Inter Media Group stopped publishing the weekly *Chistaya Pribyl*. Other publishers reduced the frequency of publications, pages, staff, and other expenses. Newspaper 24 is printed three times a week, down from five times a week; and weekly magazines *Dengi* and *Time Out* became bimonthly publications. *Gazeta po-ukrainiski* reduced its regional outlets. Worse news is expected in the first quarter of 2009.

INDEPENDENT MEDIA ARE WELL-MANAGED BUSINESSES, ALLOWING EDITORIAL INDEPENDENCE.

BUSINESS MANAGEMENT INDICATORS:

- > Media outlets and supporting firms operate as efficient, professional, and profit-generating businesses.
- > Media receive revenue from a multitude of sources.
- > Advertising agencies and related industries support an advertising market.
- > Advertising revenue as a percentage of total revenue is in line with accepted standards at commercial outlets.
- > Independent media do not receive government subsidies.
- > Market research is used to formulate strategic plans, enhance advertising revenue, and tailor products to the needs and interests of audiences.
- > Broadcast ratings and circulation figures are reliably and independently produced.

In the regions, leading media use modern business approaches to increase profitability. These outlets are usually independent private newspapers and television channels, and their market advantage over other regional competitors substantially increased during the last year. Regional publishers and broadcasters Kumok and Danylov stressed that to face the coming crisis, independent regional media have to cut costs, reduce pages, publication frequency, some sections or products, staff, and salaries; but they believe that in spite of lowered advertising revenue, these media businesses will survive.

The panelists also expressed high hopes that by cutting expenses, the state and politicians will stop financing weak partisan media. On the other hand, despite the budgetary realities, the state is unlikely to cut back on its tools for propaganda. Kumok stressed that public funds supplied to the state and municipal media are distributed not only in contradiction to morality but also to the law—it is done without any bid procedures. Otherwise successful independent media would be eligible for these funds in the form of agreements with municipalities to cover local government issues. Local authorities give out funds to weak municipal newspapers with low circulation, low quality, and no idea how to run media as a business.

Media receive revenue from a multitude of sources. Among them are hidden business and political advertising that influence editorial policy. And this influence is not transparent, as usually it is paid unofficially in cash. At successful media outlets, the advertising share of revenue is growing faster than other types of revenues.

Kvurt characterized the advertising market as well organized, stable, structured, monopolized, rather non-transparent, and hard for new players to enter. Others agreed that it is “gray” and corrupt. Ukraine has many advertising agencies whose practices vary, but a bribe from media to the agency to encourage it to obtain advertising deals is a common thing. Also, for the most part, the agencies prefer to work with national media and networks rather than the numerous regional media, and they do not publicize data about successful regional media to their clients. They rarely work with small and local publications.

The five leading television channels switched to direct sales of advertising. Channel 1+1 stopped working with Video International Prioritet agency to do so. Pinchuk’s media holdings (channels STB, Novyi kanal, ICTV and M1) signed an agreement with a new agency run by media company Inter Group. Of the leading 10 channels, only Ukraina and Pervyi kanal will work with external companies to sell advertising.

Many advertisers have not decided on their 2009 budgets, which are usually approved in November. In addition, due to changed television sales schemes, the largest advertisers have not made their choices regarding advertising at major television channels and therefore have delayed decisions on advertising at other media outlets. The first quarter of 2009 will be the hardest for survival of many media, due to these delays in decision-making.

One of the sticking points in negotiations between media and advertisers is the denomination of prices in hryvnia, due to uncertain forecasts of the U.S. dollar exchange rate. Television channels are especially resistant to fix prices in hryvnia, as they buy foreign television programs in U.S. dollars.

The competition among all media has increased during the crisis. Advertisers forecast a consolidation of major budgets in favor of the leading five or ten television channels. Small niche channels and regional television are under serious threat due to lack of revenue.

The rapid downfall of the advertising market happened in the last quarter of 2008, due to the economic crisis. Final revenues were therefore lower than forecasted a year before and lower than overall growth rates showed during 2008. Research company Cortex forecasts further shrinkage of the advertising market by 22 percent in 2009 (television by 16 percent, print by 30 percent, and radio by 15 percent, with only the Internet increasing by 25 percent). The All-Ukrainian Advertising Coalition is more optimistic, and other media experts expect a reduction in certain segments of up to 40 percent. Due to fluctuations of the exchange rate from UAH 4.5 per U.S. dollar up to UAH 10 per U.S. dollar, the 2008 advertising market figures were estimated in local currency.

According to the All-Ukrainian Advertising Coalition, the media advertising market (television, radio, print, and Internet) totaled UAH 5.412 billion, up 30 percent from 2007, and will lose 12 percent in 2009. The television advertising market reached UAH 2.7 billion, up 14.4 percent from 2007, with the share of regional television, including so-called advertorial television programs, of just UAH 150 million (six percent lower than 2007). In addition, the television sponsorship market was estimated at UAH 400 million, up 6.7 percent from 2007. In 2008, national television stations might lose 10 percent of advertising revenues, while regional television might lose up to 20 percent. Television channels expect a reduction of new soap opera series and expensive shows, a transition to cheap in-house productions, and staff and salary cuts.

A new law that prohibits alcohol and tobacco advertising and sponsorship on television and outdoors became effective in January 2009, and will restrict such advertising in print media

in 2010. Given the dismal projections above, some MPs are lobbying against the law and to permit television advertising by alcohol sellers; otherwise, television production will have to be reduced.

In 2008, print revenues increased by 30 percent, totaling UAH 2.052 billion. A major portion (UAH 1.035 billion) went to magazines, and the rest (UAH 460 million) to newspapers. For the first time, the UAPP estimated unmarked advertising (*zakazukha*) and inserts, which amounted to approximately UAH 557 million. The average pricelist discount in 2008 was confirmed at 40 percent. UAPP estimated regional press advertising at UAH 240 million, but the Independent Regional Press Publishers Association insisted on UAH 692 million.

Radio advertising decreased by 6 percent to UAH 160 million, and it may lose 19 percent in 2009.

Internet advertising grew by 67 percent to UAH 100 million, with a forecast of 20 percent growth in 2009. This year was better estimated with the inclusion of sales by numerous small websites and foreign websites with Ukrainian traffic. In spring 2008, the largest Internet-holding company Bigmir switched to a dynamic cost-per-mille model of advertising placement on its websites and cancelled a static placement scheme. Experts believe that due to this transfer, the Internet has become more efficient as an advertising option.

Independent commercial media do not receive government subsidies. Ukrainian authorities used to form agreements on coverage with local media in exchange for insignificant amounts of money, but leading regional media are not influenced by this money. In some regions, however, some lesser media became more loyal due to such agreements. Under the umbrella of programs supporting ethnic culture, the government provides funds to some private Crimean-Tatar newspapers in Crimea, but it does not prevent these outlets from publishing critical coverage of the government.

According to Pogorelov, only 15 percent of media outlets use market research. The largest national media and regional leaders participate in research, as it is a cost-effective way to increase the advantage they have over other media. Market research is unaffordable for the majority of media, especially regional broadcasters. For example, \$25,000 is a rather high price for a regional broadcaster to learn its ratings. Others who might be able to afford a small budget to do research on their own usually do not conduct such research. The reason for this is the relatively low professionalism of media managers in advertising, marketing, and public relations.

In 2008, as well as the previous year, the UAPP ordered professional market research of the readership of business publications among 2000 executives and department managers in the six largest cities in Ukraine. TNS Ukraine,

the implementer, conducted presentations on the results for advertising agencies.

This year, the members of the Independent Regional Press Publishers Association contracted TNS Ukraine (now a part of Kantar Group, a research division of the transnational communication holding WPP) to conduct the National Readership Survey Plus. Such a survey had not been conducted since 2005. The new survey was conducted in 20 Ukrainian cities of less than 1 million inhabitants. (Cities with more than one million inhabitants are regularly surveyed within NRS by TNS Ukraine.) The survey was then distributed as a bonus to advertising agencies and other TNS subscribers in order to attract more advertising to the regional media.

However, the benefits of the survey are limited. Market research is closed information and available only to those who pay for it. Even an official press release or clear official instructions on how to interpret the survey data were not available to the public. According to Pogorelov, the survey's objectivity is under question, as TNS does not have enough interviewers in the field: it normally researches cities of more than 100,000 inhabitants and cannot survey narrow audiences. Small media can not afford TNS's research.

According to Kvurt, the system of broadcast rating is independent but corrupt, and serves the interests of the largest channels and advertising agencies.

In 2008, GfK Ukraine introduced a nationwide panel of people-metering in addition to "50,000+ cities," which major television channels have used since 2002. Channels made their decision to use this information for sales efforts after publication of the first results: that numbers improved substantially only for 1+1. However, the Industrial Television Committee (ITC), an association uniting several of the largest television channels, expressed doubts about the representativeness of the nationwide panel and the published international audit results.

In 2009, all members of ITC will continue metering using the 50,000+ panel; only 1+1 will sell according to the nationwide panel. In fact, the leading channel is still Inter. 1+1 lost a significant audience share and is now closer to being in the second echelon (i.e., 11th to 20th place). The next most popular channels are Novyi kanal, STB, and ICTV, which belong to Viktor Pinchuk. Channel Ukraina reinforced its position as a strong player.

In the radio sphere, TNS conducted metering of radio listenership, but the market players were not satisfied with the results. This year, TNS has won a bid for further metering, but under certain strict conditions of control and transparency of results. Radio audiences will be measured in

cities of 50,000 or more using the DAR CATI methodology and will cost \$600,000 per year for the industry.

Most print publications, even the leaders, lie about their circulation figures, since all their competitors lie as well. Nobody calculates true circulation figures. Several past attempts to create an audit bureau of circulation failed. The industry as well as advertisers and advertising agencies are not interested in publishing true figures and incurring the additional costs to do so.

OBJECTIVE 5: SUPPORTING INSTITUTIONS

Ukraine Objective Score: 2.32

The score for this objective increased by 0.23 from last year, and increases in every indicator fueled this modest gain. In particular, Indicator 7, apolitical sources of distribution, showed a strong gain. Indicators 2 and 4, professional associations and academic journalism programs, still showed weaknesses and received scores more than half a point lower than the objective score. Indicator 6, apolitical sources of newsprint and printing, finished well ahead of the overall objective score.

Two major trade associations are the Independent Association of Broadcasters (IAB) and the UAPP. IAB unites about 100 television and radio companies. UAPP unites 90 publishing companies, 35 of which are based in Kyiv, and 55 from 21 different regions. UAPP's members publish more than 310 publications. Mirroring their memberships, both associations are gradually and slowly defining the common interests and priorities of member media. They provide regular services to their members, such as information resources, legal advice, and training workshops.

In June 2008, UAPP conducted an estimate of the number of distribution outlets and the number of print publications regularly published—in contrast to numerous registered titles. It also ordered a survey of business press readership. In December 2008, UAPP expressed the common concerns of the print industry about the outbreak of the economic crisis, appealing for governmental support of the industry. This included credits to publishers for purchase of newsprint, which is rapidly increasing in price, and a VAT exemption for newsprint in 2009. According to UAPP, the most pessimistic scenario in print media would result in a 50 percent reduction of media employees (about 20,000 workers) and losses of UAH 350 million in tax revenues for the state.

Niche television channels are establishing the Association of Satellite Niche Broadcasters. The smaller Independent Regional Press Publishers Association combined efforts to

survey readership of regional publications. The Ukrainian Association of Internet Advertising, founded in October 2007, represents the four largest web sites and three advertising agencies. It has ordered regular monitoring of Ukrainian Internet usage and audience since August 2008.

According to the panelists, many association members are dissatisfied with the lack of obvious progress in their activities, in establishing industry rules, etc. However, some said that the members themselves are to blame. Kvurt noticed that there is also an imbalance towards serving certain members rather than the priorities of all players. The panelists named the Industrial Television Committee as a business project of six founders—the leading television channels—rather than an industry association. Sergeev said that trade associations could hardly achieve their aims in the environment of a lasting parliamentary crisis, a corrupt broadcasting council, and “gray market” advertising agencies.

The panelists noted the lack of solidarity among Ukrainian journalists as well as an unwillingness to stand up for their rights. For example, after numerous staff reductions at 1+1 channel, only famous personalities Ganna Bezulyk, Lyudmyla Dobrovolska, and Oles’ Tereschenko stood up for their rights by taking court action.

Trade union activity slowed down and its influence decreased. One of the reasons for stagnation was the acceptance by the Independent Media Trade Union of numerous quasi-journalists as members. The other key reason is the lack of legal agreements between workers and employees. A large share of salaries is paid illegally, in order to avoid taxes. In his interview, Portnikov stated, “Professional associations could work effectively if there was an honest situation in relations between owners and employees. When more than half of all

employees in this country receive salaries in ‘envelopes,’ do not pay taxes, yet try to protect their rights, it’s just funny. People themselves enter into a conspiracy with company owners.”

The National Union of Journalists (NUJU), the largest Soviet-type organization, acts mostly on behalf of its most active pre-pensioner journalists who worked for decades in state-owned media. Its officials and local leaders are usually editors of state and municipal media. Tomilenko, the Cherkassy oblast head of the NUJU, mentioned that in his region, the union always reacts to any violation of journalists’ rights and local authorities will pay attention to NUJU, whereas in other oblasts, active positions taken by the union are rare. In addition, the main problem of any professional association is passiveness of its members and a lack of understanding of common interests.

Ukraine has many national and regional media-support NGOs, such as Internews Ukraine, the Institute of Mass Information, the Academy of Ukrainian Press, the Regional Press Development Institute, the Media Reform Center, the Association of Journalists of South Ukraine (Kherson), the Journalism Initiative (Kharkiv), the Poltava Media Club, Media Professionals in Cherkassy, the Information and Press Center in Simferopol, the Association of Free Journalists in Crimea, and the Guild of Vinnichina Editors. The Media Law Institute and the Association of Media Lawyers deal with media legislation and legal protection of media and journalists.

Almost all NGOs rely on financial support from international donors. They do not have other sustainable sources of income, partially due to legal restrictions on economic activities of non-profit organizations. Nonetheless the “third sector” in Ukraine is rather developed. In Kumok’s opinion, however, the role of media support NGOs is quite narrow—they hardly influence the Ukrainian media landscape.

The situation with journalism degree programs remains unchanged. Their curricula and professors do not produce graduates that meet the needs of the media market. Panelists feel that most programs are poor in quality. The only respected academic program for journalists is the Journalism School of the Kyiv-Mohyla Academy (NAUKMA). Razvitie Ukrainy (Development of Ukraine), the charitable foundation of Ukraine’s richest oligarch, Rinat Akhmetov, financed a new media course, “the Digital Future of Journalism” at NAUKMA and has plans to contribute to the doctoral program. The foundation of Viktor Pinchuk ordered a feasibility study to determine the prospects for establishing a Western-type journalism school in Ukraine.

The media industry compensates for the lack of professional education with short-term training courses. Some media outlets have established their own in-service programs, and

SUPPORTING INSTITUTIONS FUNCTION IN THE PROFESSIONAL INTERESTS OF INDEPENDENT MEDIA.

SUPPORTING INSTITUTIONS INDICATORS:

- > Trade associations represent the interests of private media owners and provide member services.
- > Professional associations work to protect journalists’ rights.
- > NGOs support free speech and independent media.
- > Quality journalism degree programs that provide substantial practical experience exist.
- > Short-term training and in-service training programs allow journalists to upgrade skills or acquire new skills.
- > Sources of newsprint and printing facilities are in private hands, apolitical, and unrestricted.
- > Channels of media distribution (kiosks, transmitters, Internet) are private, apolitical, and unrestricted.

other media employers pay for their employees to attend outside training courses. The number of courses is not sufficient to satisfy all the industry's needs, however. Many new media outlets have opened in recent years, creating a deficit of journalists and great demand for them; however, journalists have not invested in themselves. These economic crisis conditions call for journalists to be more motivated to improve their professional skills and get ahead, but many media owners will certainly cut expenses for training, and journalists cannot afford to pay to attend on their own.

More and more private printing facilities are available, and access to them is not constrained by political issues. Newsprint brought via special economic zones, which in fact continue to operate due to court decisions, is exempt from certain duties, and printing facilities operating in the zones enjoy lower production costs, while other printing presses can not offer competitive prices compared to them.

The Ukrainian Zhidachiv newsprint factory produces 35,000 tons per year, and more than 100,000 tons are imported from Russia and Poland. Paper for magazines is not produced in Ukraine at all. Since the crisis, the price for newsprint and printing services has risen tremendously, ranging from UAH 7,500 to UAH 10,000 per ton. At the very beginning of the crisis, the government forbade prepayments abroad, and publishers were not able to buy cheaper newsprint in advance.

UAPP estimates found that Ukraine has only 5,800 press sales outlets, amounting to one outlet per 8,000 people. In Europe, the standard is one outlet per 1,000 to 1,500 people; In Kyiv, the density of press stands is one per 3,000 to 4,000 people. In the Kyiv metro, for safety reasons, the press stands were reduced to 25, with one winner of the bid process permitted to sell publications there.

According to Pogorelov, industry lobbying and the absence of legal provisions and self regulation led to a situation in which distribution networks are small, an oligopoly is in place, and bribing is commonplace at the local government level. In Kyiv, the rent of land for press kiosks is higher than for other retail kiosks. Kumok agreed that the system of getting all necessary permissions for press kiosks, which has to be renewed every three to five years, keeps the kiosk owners on a short leash. Owners do behave directly and honestly, instead looking for half-legal methods to obtain permits.

Delivery service Ukrposhta, a state monopoly, increased subscription delivery prices by 27 percent and delivery to its retail outlets by 150 to 225 percent in January 2009. It also applies a complicated price calculation logic that does not allow for market management of price. Last year, panelists reported cases of Ukrposhta refusing to deliver certain critical publications, but no cases of this were reported in 2008.

List of Panel Participants

Sergiy Guz, editorial writer, *Ukrainiskiy Tyzhden* magazine, Kyiv

Oleg Khomenok, print media advisor, Internews' Network U-Media program, Kyiv

Kostyantyn Kvurt, chairman of the board, Internews-Ukraine, Kyiv

Natalya Ligachova-Chornolutska, director and chief editor, *Telekritika* magazine, Kyiv

Oleksiy Pogorelov, general director, Ukrainian Association of Press Publishers, Kyiv

Sergiy Tomilenko, chief editor, *Nova Doba* municipal newspaper, Cherkassy

Viktor Danylov, director, TRC Rivne-1, director, Publishing House OGO, Rivne

Gennadiy Sergejev, director, TRC Chernivtsi, Chernivtsi

Lyudmila Pankratova, vice-president, Media Lawyers Association, Kyiv

Mykhaylo Kumok, general director, MV holding, Melitopol

Ihor Chayka, head, Media Projects Studio Vartovi Demokratii, Kyiv

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Moderator and Author

Kateryna Laba, executive director, Regional Press Development Institute, Kyiv

The panel discussion was convened on November 24, 2008.