

**MEDIA**

**SUSTAINABILITY**

**INDEX**

**2004**



**IREX**

"AFTER THE INFORMATIONAL BREAKTHROUGH, PEOPLE FROM EASTERN UKRAINE WERE SURPRISED TO KNOW THAT THERE IS ANOTHER REALITY WHICH HAD NOT BEEN SPOKEN OF BY NEWSPAPERS AND TELEVISION CHANNELS CONTROLLED BY THE GOVERNMENT," NOTED MEDIA-TRAINING SPECIALIST OLEG KHOMENOK.



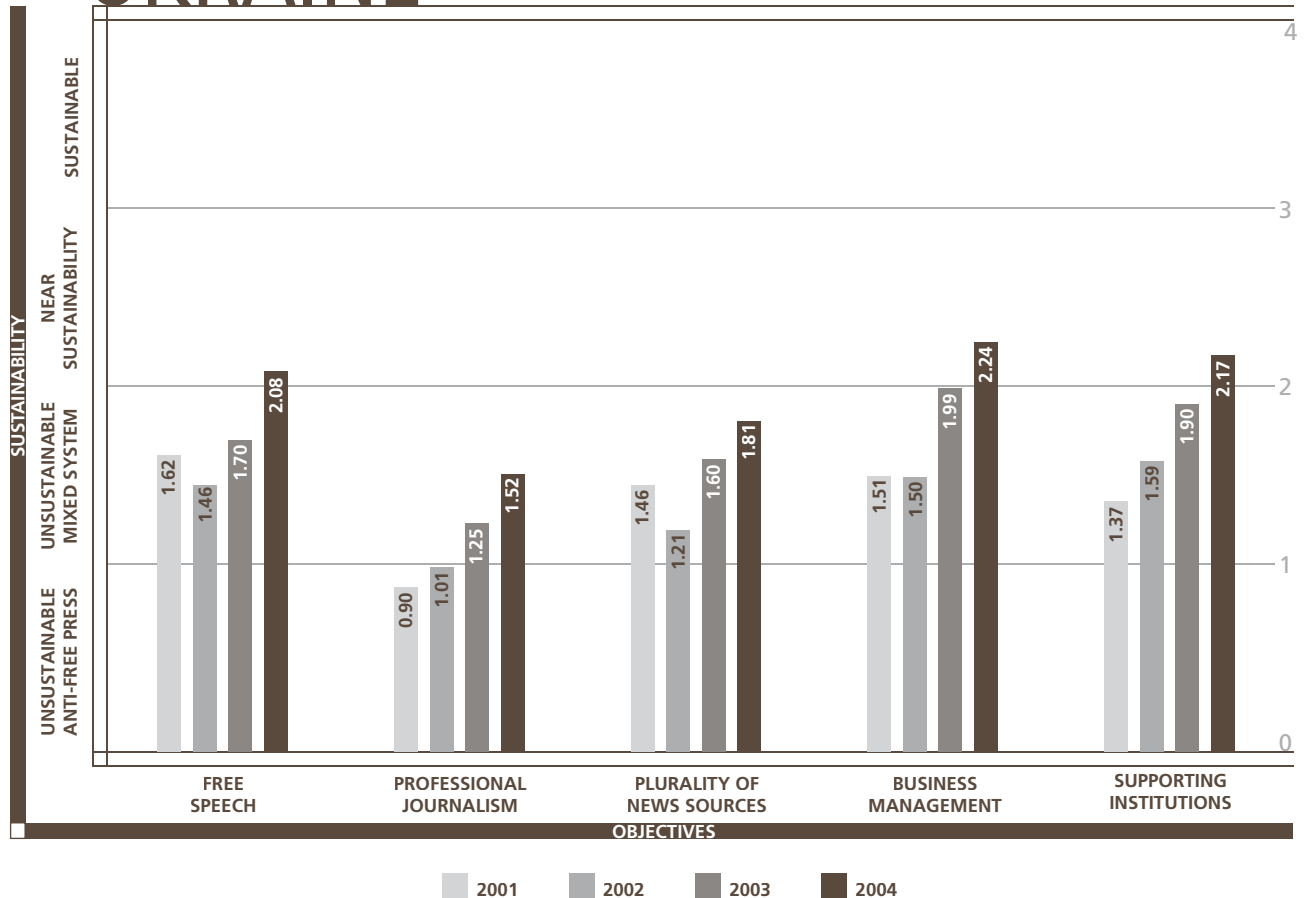
**F**or Ukrainian mass media, 2004 was a year of presidential edicts inhibiting coverage followed by presidential elections that transformed the coverage. Although the Orange Revolution of November and December raised hopes for sustained development of independent media in Ukraine, most of the year was characterized by heavy-handed control of media outlets and lackluster journalism. There was continuing improvement in the performance and profitability of regional media, but the presidential election campaign was the underlying theme of virtually everything to do with the media in Ukraine in 2004.

The run-up to the first round of voting on October 31 saw mass violations of journalists' rights and tremendous pressure on mass media from the administration of President Leonid Kuchma and Prime Minister (and presidential candidate) Viktor Yanukovich, as well as by local government officials and wealthy oligarchs in the president's camp. There was little professional, quality coverage of the campaign or the candidates. Until after the second round of elections in mid-November, the opposition candidate (and eventual winner) Viktor Yushchenko received little news coverage, and what he did get was overwhelmingly negative and often untruthful. Virtually all national television channels, including UT-1, 1+1, STB, ICTV, and several others, as well as many newspapers abided by "*temniki*"—unofficial, semi-secret but very demanding instructions that dictated even minute elements of what events and persons should or should not be covered, and how that came from the presidential administration and local and regional government officials. Only Channel 5, TV Era, and some regional television companies provided non-prejudicial coverage to Yushchenko.

The protests after the fraud-ridden second round of elections led to major changes in the behavior of journalists and their ability to report as they saw fit. Many journalists protested the pressure being applied by politicians and owners loyal to the government and, by and large, saw them give in and allow more balanced coverage. The *temniki* ceased to hold sway as journalists refused to follow them, ruining the power structure's system of propaganda and manipulation.

## MEDIA SUSTAINABILITY INDEX

# UKRAINE



**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.

This almost certainly changed the perception of Yushchenko among the electorate. "After the informational breakthrough, people from eastern Ukraine were surprised to know that there is another reality which had not been spoken of by newspapers and television channels controlled by the government," noted media-training specialist Oleg Khomenok, moderator of the 2004 Media Sustainability Index (MSI) panel.

It is too early to say whether these changes will be permanent, however, and there are some signs that journalists have merely switched their allegiance to the new president without committing to fair and objective reporting. The ownership of national media also makes the triumph of independent journalism less than certain. Most national, private television channels and newspapers are controlled by oligarchs and politicians, and historically have served the interests of power. Such outlets were used as tools of propaganda, rather than providing unbiased and accurate information to the public. Some among them, such as television channels Inter and 1+1, are profitable and control the lion's share of the advertising market. In the state-owned media, national and regional outlets generally are unprofitable, deliver little in terms of professional journalism, and depend on government funds for their operating costs. The state media depend on government organs for their operating funds, and during elections and other periods seen as politically critical, they are subject to being even more tightly controlled for propaganda purposes.

Among the private regional media there are several dozen successful newspapers and broadcasters that have distinguished themselves through their business development and journalism practices. The professionalism of these outlets has been growing along with their audiences, but their number has been too small to lead to a general breakthrough in the quality of media.

Nonetheless, several MSI panel participants said that although the long-term effects are yet to be seen, the Orange Revolution raised their optimism about the media industry in Ukraine. "My scores are higher because we have had November and December 2004 in our lives, when we felt what freedom was like," said Natalya Ligachova, director and chief editor of *Telekritika* in Kiev.

**OBJECTIVE 1: FREE SPEECH**

**Ukraine Objective Score: 2.08 / 4.00**

Ukraine's Constitution and many elements of its legislation guarantee freedom of speech. However, all MSI panelists noted that enforcement of those

**Legal and social norms protect and promote free speech and access to public information.**

**FREE-SPEECH INDICATORS:**

- > Legal/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 the offended party 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.

guarantees is at a low level, with legislation defending freedom of speech hardly used. Legal defense is still often very problematic because of judges' dependence on authorities and political powers. Also, the public gives little support and takes negligible interest in most efforts in support of freedom of speech.

Sergei Guz, head of the Independent Trade Union of Journalists in Kiev, noted that problems in protecting legislated media rights stem in part from the generally low level of media-law expertise among lawyers. Several media-support organizations, including IREX, Internews, the Association of Broadcasters, and the Ukrainian Newspaper Publishers Association, do have experienced media lawyers available to outlets and journalists, often free of charge.

Licensing of broadcasting is conducted by the National Council on TV and Radio, created by the Constitution with half its members named by the president and half by the parliament. However, licensing has very much been dependent on political considerations rather than on the merit of a particular applicant. Panelists noted two factors that limit the independence of the council: The law allows the president to replace his nominees at

will, making incumbents inclined to follow his political wishes; second, each member has veto power over decisions of the council. This veto power has been used repeatedly by political factions on the council to, for example, counter the wishes of a majority of members to appeal media-related court decisions. In 2004, Ukraine's parliament, the Verkhovna Rada, voted to change those

***“Society does not trust the media and does not defend journalists, because people think that they are venal,” said Taras Shevchenko.***

two problematic elements of the law governing the council, but President Kuchma vetoed the changes. MSI panelists stressed that there were positive trends in

the work of the National Council during 2004, noting that the head of the council seemed to exert less undue influence than in past years. In all, the National Council has issued about 1,500 licenses.

Another problem that appeared in 2004, very much related to electoral politics, was the practice of bypassing the council and having the courts issue broadcast licenses. For example, the television company TET applied to the court directly for a frequency license, without approaching the council first, and was awarded a permit with no competition and no ruling from the council. The head of the council accepted this ruling, even though it contravened the law requiring that licenses be competed and be issued by the council. Similarly, the television company NTN, controlled by the Donetsk clan (one of Ukraine's three major, geographically based economic groups), received frequencies for which the council had not even announced a competition. And the television company Kievskia Rus, also owned by the Donetsk clan, received licenses through the court. The court issued its rulings without holding detailed hearings on the merits that could be viewed as legitimate by the broader media industry.

Business conditions in the media sphere are not much different from those in other industries from the regulatory perspective. Media companies even have some advantages, such as exemption from payment of the value-added tax (VAT). All other taxes are the same as for any other business. But despite promises of equal treatment for media, tax inspectors and tax police are often used as instruments of political pressure, with politically motivated tax inspections common.

The level of crimes against journalists is significant, and threats of murder, blackmail, and physical violence

are even more common. Few, if any, serious crimes against journalists are successfully investigated and prosecuted. Prosecutors generally refuse to investigate claims by journalists that government officials have obstructed their work illegally or have committed crimes against journalists.

The Independent Trade Union of Journalists conducted monitoring of media-rights violations in 2004 and noted 456 cases of what it said were illegal actions against journalists in Ukraine. Those included the deaths of four journalists and more than 30 assaults. But some panel participants said the actual numbers were lower. “Assaults often do not have any connection with professional activity,” said Sergei Guz.

The international Committee to Protect Journalists noted only one death of a Ukrainian journalist in 2004. That death, in a car accident, is suspicious but not confirmed as an intentional killing related to professional activities of the victim, Heorhiy Chechyk, director of a local radio station in the Poltava oblast. The fatal crash occurred as Chechyk was on his way to Kiev to discuss adding the Radio Free Europe/Radio Liberty Ukrainian service to his station's lineup during a government crackdown on RFE/RL broadcasts. The incident was of particular concern because Ukraine has a history of suspicious road accidents in which journalists, opposition politicians, and others have died—but not a very high rate of fatal road accidents overall.

Whatever the actual number of crimes against them, journalists do not feel secure. However, there is little or no public reaction to crime and threats against them. “Society does not trust the media and does not defend journalists, because people think that they are venal,” said Taras Shevchenko, a media lawyer.

Government-owned media outlets and the journalists working for them have advantages over those in the private sector. Government journalists have the status of civil servants and the rights to the same increases in pensions and salaries as other government employees. But this security net is also used by the government as an instrument of control and to put pressure on news outlets or journalists seen as deviating from the editorial policy desired by the government.

The appointment (or dismissal) of top managers and editors of government-owned media outlets is, practically without exception, a political concern. Government media also get financial breaks, including free or reduced-price rent, newsprint, printing, and subscriptions to government-owned news agencies. Many also receive direct funding from government budgets to cover operating costs. The cost of a

broadcast license for a privately owned station is 50 times higher than what a government-owned broadcaster pays—\$10,000 for a private FM 100-watt transmitter in comparison with \$200 for a state-owned one. MSI participants also noted that the government often tries to influence advertisers to patronize or ignore certain outlets.

Freedom from the constraints of needing to meet costs and show profits in the open market allows government-owned newspapers to compete unfairly with private papers by offering cut-rate prices for the publications or advertising. In the broadcasting sphere, government television-radio companies get such large subsidies from state budgets that it is difficult or impossible for new private channels to enter the market. Government television is considered a strategic pillar of the local power structure, and municipal television companies receive direct and detailed instructions from government administrators on what news stories to run and those it must avoid—such as any critique of the delivery of local services.

Libel is not currently a criminal offense in Ukraine, though there was an unsuccessful legislative effort in 2004 to reinstate such liability. The large number of libel lawsuits filed does, however, remain a problem for media outlets. The suits do not necessarily amount to harassment of the media but may indicate the prevalence of actual libel and weaknesses in the professionalism and ethical standards among journalists.

Legislation gives many guarantees to journalists, but the new civil code that came into effect in January 2004 opened many questions about how the cases on honor and dignity defense should be examined. The new code presumes, for example, that all negative information is false. It makes little provision for truth as a defense, and it is unclear how the courts will decide this issue.

Corruption among judges exists, especially on the local level. Many judges also are not well educated or professional in their dealings. There have been numerous cases in which judges have issued rulings in which they or fellow jurists were involved.

Important public information is under state control and frequently difficult or impossible for journalists or the public to access, even though it should by law be available. Similarly, government meetings that should be open to the public are often closed. The government also has used the pool system, under which a few journalists observe restricted events and share their coverage with the rest of the press corps, as a means of limiting access. By ensuring that only loyal journalists are in the pool, the government also can exclude any

critical coverage or unwelcome questions.

Media often get baseless refusals in response to access-to-information requests. Monitoring conducted by the Independent Trade Union of Journalists noted five to 10 refusals a month. On average, according to Sergei Guz, officials answer only two-thirds of the requests they get, and those answers frequently do not include the information requested. On the other hand, panelists ranked Ukraine's journalists as often woefully unskilled at seeking out information, either from government or alternative sources. They usually are not very persistent in their searches and requests, and may expect government officials to do their research for them.

Journalists have started to protest the government's penchant for secrecy, with mixed results. In 2004, representatives of three Sumy newspapers (*Dankor*,

*Panorama*, and *Vash Shans*) were excluded from meetings in the city mayor's office. But a show of solidarity among journalists, along with pressure from the public, forced the city government to reverse its illegal stance.

In Kerch in the Crimea, however, the mayor has fought successfully in both trial and appellate courts to prevent the newspaper *Kafa* from obtaining information about salaries of city employees.

Panelists also pointed out that government officials often have double standards for access. For example, when foreign delegations or observers are visiting, the doors are thrown open to the media to demonstrate to the visitors how democratic the country is. But when the visitors are gone, the doors slam shut and vital decisions on public issues are taken in secret.

Access to international news and to the Internet is not limited by law. According to surveys, about 12.5 percent of Ukrainians use the Internet. The highest percentage of users is in Kiev, where 30 percent of the population is online. But most international news on the Internet is in foreign languages unknown to the broader Ukrainian population, and the government's *temniki*, or secret coverage instructions, often extend to how international events should be portrayed. The result is that Ukrainians cannot always access unfiltered coverage of world events, even if it is available.

***“Assaults often do not have any connection with professional activity,” said Sergei Guz.***

Entrance to the profession of journalism is not limited by law or government practices. However, a variety of laws contain criteria for determining whether someone should be considered a professional journalist, and these are used selectively by officials to deny accreditation or impose other roadblocks for journalists they view as critical. This is especially directed at freelancers and reporters for Internet publications because accreditation is frequently based on a journalist's affiliation with a registered media outlet.

**OBJECTIVE 2: PROFESSIONAL JOURNALISM**

**Ukraine Objective Score: 1.52 / 4.00**

Ukrainian journalists frequently publish inaccurate information, including unverified allegations and opinions masquerading as facts. News reports, both print and broadcast, may be based on a single, often slanted or unidentified, source of information. The quality and general tone of articles may depend on the journalist's attitude toward the issue at hand, and MSI panelists note that many journalists seem to prefer this system. "Regional television reporters do not see the difference between talk shows and news programs," said Alexander Makarnko, production director for Internews-Ukraine.

Journalists very often receive prepared materials from their publishers or editors and do not have the option of checking the material for authenticity before

publication.

Many editors and publishers, said MSI panel moderator Oleg Khomenok, do not see the need to verify information, nor do they

differentiate between an opinion expressed by a qualified expert on a topic and one expressed by the journalist writing an article. Very often news coverage is skewed in favor of political forces backed by those who control the outlets.

Paid coverage, also known as hidden advertising, is rife in both broadcasting and print media. A few publications do identify paid material as such, but usually in tiny letters or by use of a special symbol that readers do not understand. Panelists said that on many regional television stations, news coverage is composed almost entirely of reports on the activities

**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).

of government officials—that is, government PR—and paid reports that glorify commercial enterprises and their products. Generally, readers and viewers can easily tell the difference between real news reports and those items published in exchange for money or other considerations.

All the panelists noted remarkable changes in news preparation during the November and December election protests, when many television channels and newspapers started to cover events in a balanced and unbiased way, using a wider range of sources. However, the MSI panel members also noted that there is nothing to guarantee that the positive changes will survive in the long run.

There are a few dozen successful, private regional newspapers offering quality news content and adhering to professional standards, including *MIG* (Zaporozhye), *Kafa* (Feodosia), *Molody Bukovynets* (Chernivtsy), *OGO* (Rivne), *Hrivna* (Kherson), *Vechirney Cherkassy* and *MV* (Melitopol), and the RIA Corp. newspapers in Vinnitsa, Ternopil, Khmelnytsky, Lviv, and Zhytomyr. As a rule, these also are among the most popular of the publications in their communities. One panelist credited them with sustaining Yushchenko and his campaign in the face of a concerted coverage blackout by national and state-owned media. "The regional newspapers, due to their balanced covering of events, made the Orange Revolution," said Alexander Chovgan, president of RIA



Corp., which publishes 16 regional newspapers and magazines. “Although Yushchenko did not have access to national and regional television channels, he was given coverage by regional newspapers that have 55 percent of the audience.”

Codes of ethics receive lip service, but little more, from most journalists. There are two national codes as well as a Committee on Journalistic Ethics with a membership including respected journalists. But the committee’s work is inconsequential, panelists said. In the second half of 2004, despite the much skewed coverage of the presidential election campaign, the committee made no comments or findings of any kind. Nor did the committee issue any evaluation of the general situation, despite the very obvious violations of even the most minimal ethical norms. The panelists said this was not too surprising, as most journalists see ethics as situational. When there is no pressure, and it is easy to behave ethically, they often do. But during periods such as election campaigns, concerns about money and job security easily trump ethics. Many media outlets do not have written ethical standards. Those that do have standards do not enforce them, or journalists say they are not aware of them. Many media outlets are operated not as information sources but to further the business or political interests of the owners, and those owners have little interest in enforcing standards of ethical journalistic behavior.

There are no reliable tools to fight bribery of journalists. Most media-industry salaries are modest. There is widespread paying of additional sums under the table to avoid taxation, but even that can be used as a tool against journalists because if a reporter balks at reporting unethically and quits, unemployment benefits are based only on the small official salary. At Kiev television stations, said Natalya Ligachova, the under-the-table payments to journalists were as high as \$2,000 a month. In any case, salaries are not sufficient to protect against corruption. Tatyana Lebedeva cited an example of a regional journalist who prepared a series of programs about a politician in exchange for a pair of new boots.

To make more money, journalists may moonlight as consultants or public-relations agents for political parties or big commercial firms. At regional news outlets, managers encourage such second jobs, as it helps their journalists earn more money and it is therefore very difficult to guard against journalists abusing their reporting jobs for the benefit of their other employers. Journalists also tend to move from smaller towns to bigger cities, especially Kiev, and leave journalism

altogether for careers in advertising or public relations.

At the end of 2004, the coverage of elections and the protests by journalists against censorship and manipulation led to an active discussion of ethics. Some journalists quit the leading national television channels in protest. On Channel 1+1, a popular national channel controlled by then President Kuchma’s chief of staff, all of the reporters and anchors refused to appear on the air, and the news service head, Vyacheslav Pikhovshyk, was left to broadcast the news alone until the administration of the channel fired him and announced that it would no longer exert control—or allow political forces to exert control—over news reports on the channel.

Journalists routinely practice self-censorship. There are sacred cows for virtually every

publication or station, and even without formal notice not to cover these topics, journalists will steer clear of them because they do not want to cause friction with advertisers, political forces, or business interests that are either close to the owners or powerful enough to be dangerous enemies. At state-owned media, self-censorship plays a key role in the process of preparing materials about the activities of government bodies.

Panelists noted that current President Yushchenko’s candidacy and the autumn protests sparked another kind of self-censorship in which reporters avoided anything that could be negative for his opposition camp. Natalya Ligachova quoted the director of an opposition-oriented radio station as saying, “We don’t have time to be balanced. To balance the negative information regarding Yushchenko coming from the other channels, we have to be one-sided.” During the period of protests, many television journalists appeared on camera wearing orange clothing—the color of the opposition—or even Yushchenko campaign badges.

Investigative reporting on corruption in politics and government is done poorly, when done at all. Looking into the origins of the fortunes amassed by businessmen and government officials also is a task most journalists refuse to tackle. There have been threats, violence, trumped-up criminal charges, and firings of journalists who even expressed a desire to start a sensitive investigation. And with the government’s penchant for secrecy, some investigations cannot get off the ground simply because it is impossible to unearth information.

***Natalya Petrova said, “We have opposition media and pro-government media, but there are no objective media.”***

Panelists reported that at least two television reporters lost their jobs in 2004 because they had published controversial reports. Some panelists said that the list of topics that reporters at state-owned media cannot cover is longer than the list of topics that are open for coverage. But they also said that opposition-oriented outlets have their own lists of sensitive subjects. "I am not sure that journalists from opposition media have no restrictions," Natalya Petrova said. "We have opposition media and pro-government media, but there are no objective media."

Many television companies broadcast more than five hours of news per week. News materials also predominate in newspapers. Regional radio stations are, more and more, adding news shows to their programming. Panelists highlighted this as a positive tendency, indicating that audience interest in news has grown over the past year. The regional television companies are ready to invest in creating their own news services.

Private regional television stations also have begun to invest more money in technical support and equipment. Several years ago, Alexander Makarenko said, news programs on regional television were supported under the budget principle of "you get what's left over," but now the owners are spending serious amounts of money on technology. The situation is the same in successful regional newspapers. Seven years ago, it was rare to see a provincial newsroom with more than two computers. Now, it is unusual to see one without a network of computers for the entire staff. State-owned media in the regions are poorly equipped. Panelists agreed that newsrooms have the budgeted funds to be as well-equipped as their competitors, but very often the money is diverted to other uses—sometimes legally, sometimes not.

Specialization in regional press is beginning to develop, but it is still in the early stages. As noted, investigative journalism is especially weak, and panelists disagreed on whether such specialization is needed. Some said quality beat coverage is impossible at a newspaper that might have only three or four reporters. But others said that without such coverage and the in-depth development of sources it entails, those newspapers will never be able to cover important topics thoroughly for their readers.

### OBJECTIVE 3: PLURALITY OF NEWS SOURCES

Ukraine Objective Score: 1.81 / 4.00

Ukrainians have more opportunities to access different sources of information, especially in Kiev and other large cities, than they did in previous years. With the economy improving, people can afford to buy newspapers—and they do. Therefore, the continuing low circulations of many newspapers should be blamed not on a weak economy, but on the poor quality of those papers.

Internet access is still expensive for most Ukrainians, but the number of users has continued to rise significantly. A summer 2004 survey in 15 cities showed that of those who use the Internet, nearly half do so at work, 25 percent at home, and 20 percent in a public place, such as an Internet café or library.

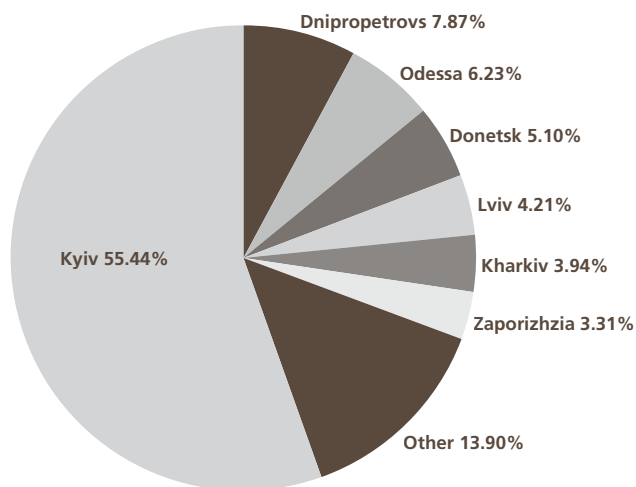
Access to newspapers in the regions is sometimes limited. The main vehicles for newspaper distribution are two entities controlled by the government: The post office, Ukrposhta, handles subscription deliveries; Soyuzdruk, which operates newsstands, handles most retail sales. But they also have discretion concerning

#### 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.

## Ukrainian Internet Audience



Source: Sputnikmedia.net

which titles to carry, and during times of tension, such as the election campaign, some publications reported difficulty in getting their papers out to the public because of the actions of Ukrposhta and Soyuzdruk.

Most national and sometimes even regional publications are not available for retail sale in smaller towns and rural areas, although they generally are available by subscription. Thus, a rural reader wanting a wider scope of news than that presented in the local, usually government-owned, newspaper would have to subscribe for a period of months. But with the publications unavailable for initial single-copy purchases, potential subscribers are not able to see what is on the market and thus are unlikely to subscribe.

Cable television and Internet are often unavailable in smaller towns and rural areas, or else they are prohibitively expensive. The boom that lifted Ukraine's economy recently has bypassed the rural areas and smaller towns. Tatyana Lebedeva noted that even Ukraine's national television channels do not reach all parts of the country: "There is no broadcasting of national channels to a sizeable part of the Volyn region (in northwestern Ukraine). There are only Belarussian and Polish channels there. And in the Odessa region, there is an area where the national channels have been replaced by Moldovan and Romanian channels."

MSI panelists also noted that there is a growing tendency by oligarchs to buy newspapers and to try to monopolize the print media market, both in Kiev and in regional cities.

In 2004, there were attempts to deny access to foreign news. As a result of government pressure, the broadcasting of Radio Free Europe/Radio Liberty (RFE/RL) ceased when the radio station Dovira ended

its agreement on relaying the broadcasting. Panelists evaluated this as an act of censorship, and noted that the same thing occurred in the regions. Under government pressure, companies refused to sign agreements to relay foreign news broadcasters such as RFE/RL, BBC World Service, and Deutsche Welle. There also were legislative attempts to require licensing of foreign news relays, but they were unsuccessful.

Access to foreign media is limited primarily by the lack of language skills, and also by the expense of foreign periodicals that can be obtained in Ukraine. Western media are expensive; sometimes the cost of a foreign newspaper can be 100 times the cost of a Ukrainian periodical.

Panelists said that when information from foreign media outlets is picked up by Ukrainian media, it is sometimes changed significantly in translation, or is given a decidedly different spin.

Many Russian newspapers such as *Argumenti & Fakti* and others are imported illegally into Ukraine and sold at retail. The distribution of Russian media is large

in comparison with other foreign media in eastern Ukraine. In areas of western Ukraine that border other countries, media from those countries (Poland, Romania, Hungary) are more readily available and are sought after by members of those ethnic groups and people who understand those languages.

In 2004, Ukraine's state-owned media worked to consolidate the power of government officials and favored political forces and parties. "Until November 25, 2004, the main directorate of informational politics of the presidential administration directly presided over the newsrooms on state television," said Natalya Ligachova. Monitoring of election coverage on national television channels showed the lack of balanced coverage. Most national channels, state and

***Tatyana Lebedeva noted that even Ukraine's national television channels do not reach all parts of the country: "There is no broadcasting of national channels to a sizeable part of the Volyn region (in northwestern Ukraine). There are only Belarussian and Polish channels there. And in the Odessa region, there is an area where the national channels have been replaced by Moldovan and Romanian channels."***

private, broadcast news from the position of those who controlled them. "In 2004, the board of (national state-owned television channel) UT-1 got rid of its own news service and contracted out the news program production to the studio Visti. Visti had previously worked for television channel TET and is under control of the Social Democratic United party," said Tatyana Lebedeva. In other words, the news programs on state television were given away to a private studio controlled by a political party allied with President Kuchma. Regional state-owned media also served the interests of local officials and were mobilized to provide massive coverage of Yanukovich, the presidential candidate supported by the government.

Panelists noted that even when newspapers do publish a wider range of points of view, as the parliamentary newspaper *Holos Ukrainy* did, the contents still are not particularly informative or useful to everyday readers. Panelists called this "a substitute for pluralism."

The number of politically independent media is very limited, composed mostly of regional newspapers and broadcasters. They produce most of their own news

articles and programming and do not face—or succumb to—as much political pressure. But panelists warned that the independence of any given news outlet cannot be taken for granted because in some cases there is

***"Until November 25, 2004, the main directorate of informational politics of the presidential administration directly presided over the newsrooms on state television," said Natalya Ligachova.***

hidden control not readily apparent to observers. In other cases, new ownership or forms of pressure can very quickly turn an independent voice into a mouthpiece.

National newspapers and channels were under control of their owners or government and political powers. For example, the leaders of the United Social Democratic party controlled several privately owned national channels: Inter and Channel 1+1 were reputedly owned and controlled by President Kuchma's chief of staff and a leader of the United Social Democratic party, Viktor Medvedchuk. And Kuchma's son-in-law, the wealthy oligarch Viktor Pinchuk, owned television channels STB, Novyy Canal, and ICTV.

Panelists noted the expansion of news programming on privately owned local television stations, but that is

not always a good thing, as a station's affiliation with political or business groups can simply mean that an expanded newshole gives viewers even more slanted and inaccurate news to digest.

There are news agencies in both Kiev and in the regions. For most of 2004, however, none of the major wire services—DINAU, Interfax-Ukraine, UNIAN, and Ukrainski Novyny—were independent. Such agencies were either state-owned or subject to government pressure. The protests of November and December decreased or eliminated pressure on some, but whether the change will last cannot be foretold. The state-owned agency DINAU-Ukrinform is financed from the government budget and is an official mouthpiece. Its output is provided free of charge to state-owned media outlets, thus giving them an advantage over privately owned competitors.

Regional media outlets often cannot afford to subscribe to the larger, national news agencies. Panelists also pointed out, however, that the price charged by a news service does not necessarily correspond to the quality of its information. In the regions there are both state and privately owned news agencies, but the market for their products is limited and the quality of their news reports not very high.

Many regional newspapers make generous use of Internet websites, which have their own correspondents or which republish the bulletins of commercial news agencies. These regional publishers feel that they are within their rights to do this, so long as they credit the original source—even when they are not paying that source. A significant problem with the Internet-based news sites, which increasingly serve as de facto news agencies, is that their ownership and sources of financing are usually unknown. On some sites, there are no telephone numbers, physical addresses, or identities of key personnel.

It is difficult, even impossible, for the public to learn who actually owns publications or broadcast stations. Even journalists often do not know just who it is they are working for. The widespread use of offshore companies or figureheads has made it possible for a few oligarchs or political players to amass huge media holdings, creating effective monopolies. A government anti-monopoly committee tried to investigate the issue of station ownership but did not get very far while Kuchma was president. While such monopolization has been the case in Kiev for years, the practice is spreading to other cities where government officials and political and business factions are creating local media monopolies.

One urgent topic in Ukrainian media circles has been the privatization of state newspapers and broadcasters, including both national and local outlets. Several panelists said they feared a massive sell-off would play into the hands of oligarchs and political powers by allowing them to pick up many more outlets, down to the very local level.

Most major national papers publish in Russian, rather than Ukrainian. There are no ideological differences between those in each language, however, and some papers publish two editions while others mix both languages in one edition.

News coverage of minority groups is generally limited. In those areas of Ukraine that have significant minority populations, there is more extensive coverage, and it is not always accurate or fair. In Crimea and a few other regions, panelists said, tension sometimes occurs over the tenor of coverage of ethnic minorities and conflicts. For example, *Krymsakaya Pravda* published a news story headlined “Crimean Tatar Mejlis member killed a pregnant woman.” However, the facts showed that the woman died in a collision involving a car owned by the politician—but he was not in it.

#### OBJECTIVE 4: BUSINESS MANAGEMENT

Ukraine Objective Score: 2.24 / 4.00

In recent years, increasing numbers of private media outlets in Ukraine have worked along the same business lines as their colleagues in more developed countries. But there are many factors inhibiting the maturing of media as businesses in Ukraine. In addition to the very important influence of politics, low profitability also has been a hurdle, especially in the publication of general-interest newspapers. In general, the Ukrainian media field is very sensitive to fluctuations in the advertising market, which until recently was in recession, and to the price of newsprint, which has risen considerably in recent years in Ukraine.

Conditions for the print media—including the availability of high-quality color presses and alternative means of distribution—are changing constantly. More newspapers are becoming profitable, based on their revenues from circulation and advertising, but others continue to rely on subsidies from government or business or political “sponsors.”

Several private printing presses have opened in recent years, although the number is not sufficient to meet demand. The printing houses in many regions are still state-owned. Irina Prokopiuk, editor and publisher of

#### 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.

*Kafa* newspaper, also complained that the newer printing presses are not always receptive to the needs of customers, such as overnight service. Many state-owned presses are technically outmoded. This prevents newspapers, some of which have no recourse to other printing houses, from producing high-quality publications that look attractive to readers and advertisers.

Because of high interest rates, the cost of financing new presses through a bank loan can be prohibitive. While some newspapers have taken that route, others have found other ways.

A publisher in Melitopol used a loan from an international donor organization,

the Media Development Loan Fund, to buy a Swedish printing press. And the newspaper Berdyansk Delovoi, which had made contacts through previous training and development activities, received a used press as a gift from the *Omaha World-Herald* newspaper in the United States.

***“Before placing my advertisements on local television, I had to conduct a survey myself to find out the comparative ratings of the (local) channels,” Irina Prokopyuk said.***

Ukrposhta and Soyuzdruk, which control most newspaper distribution, are virtual monopolies, and their pricing and activities are considerably less than transparent. Publishers have difficulty getting information about actual retail and subscription sales of their publications. In addition, panelists said, the two companies frequently break contractual obligations and delay payments to newspapers.

In recent years, several nationwide, private subscription networks have appeared, generally under the umbrella of large national media holdings. Thus, the company Blitz-Inform, which publishes the *Business* weekly

and women's magazine *Natali*, has set up its own distribution system. Publications in the regions also are establishing systems that allow them to

***"I conduct market research, and I know 10 other (regional) newspapers in Ukraine that also do this," said Alexander Chovgan.***

bypass the post office or the Soyuzdruk retail system. In many towns, private networks of retail newsstands now successfully compete with Soyuzdruk. While many distributors work on a prepayment system, Soyuzdruk uses commissions: It returns and pays nothing for unsold copies, and thus has little incentive to aggressively sell any given publication.

Even private distribution networks are not always receptive to new publications on the market. Panelists noted that last year in Kiev, some wholesale distributors refused to deal with new newspapers because the distribution companies are arms of publishing companies, which are not interested in greeting new competitors.

State-owned media receive significant amounts of aid from the government. As a rule, panelists said, state budget subsidies cover from 50 to 90 percent of the costs of state-owned media. In 2004, for example, the national television company of Ukraine received 45 million UAH (\$8.5 million) from the state budget, while bringing in 41 million UAH from advertising.

Getting an accurate accounting of the finances of a media company, be it state-owned or private, is almost impossible. Most media companies conceal part of their revenues, especially money coming from hidden advertisements and prepaid articles and financial support for conducting political and PR campaigns.

An underdeveloped advertising market and weak management make the independence of regional

newspapers very precarious in many cases. "If a newspaper has only five real advertisers, it's difficult to be independent, because the loss of any one advertiser means the loss of 20 percent of the budget," said Alexander Chovgan. Participants also noted that a significant number of media companies are not oriented toward having advertising be a stable source of revenue. In several Kiev papers, including some with huge circulation and readership numbers, advertising is notable primarily by its absence.

The advertising market is growing, however, due largely to Ukraine's booming economy, which in 2004 was among the fastest growing in Europe. Companies are leaving the "shadow economy," competition in various sectors is heating up, and businesses are developing a better appreciation of the value of advertising. Panelists said there was a very noticeable increase in radio advertising in 2004. At the same time, great disparities remain between the amount of advertising in Kiev and other large cities, on the one hand, and the smaller towns and rural areas, where there is much less activity. There also is a significant disparity between different types of media, with electronic media receiving a vastly larger share of the advertising expenditures than do media.

Audience measurement is a weak point in Ukraine, inhibiting the growth of advertising.

National brands do relatively little advertising on regional television because they have no way to evaluate its effectiveness or reach. The same is true for regional newspapers, which also generally do not have verifiable circulation numbers. In addition, the plethora of titles in most cities means that it is difficult for any one paper to secure a large circulation, making them less attractive to big advertisers.

Only one agency in Kiev handles television ratings. This agency is viewed by some MSI panelists as influenced and financially supported by two of the national television channels. They said the two stations were able to manipulate ratings by including small towns, where those are the only two national channels available, in the areas covered. Panelists also pointed out that the agency lacks sufficient numbers of meters to get a true sample.

There are no ratings of local television stations in the regions, where there are only a few managers who understand what ratings are and how to use them to improve programming, increase advertising, and differentiate one station from its competitors. For advertisers, the rule is caveat emptor: "Before placing my advertisements on local television, I had to conduct

a survey myself to find out the comparative ratings of the (local) channels,” Irina Prokopyuk said.

Few newspapers have audited, verified circulation numbers available. Instead, most papers claim inflated circulations so that they can charge higher prices for advertising. But big advertisers, and the national ad agencies that represent them, are not fooled by this tactic. Instead, they simply do not place advertisements with local newspapers.

There is a tendency of media companies that own several media outlets in the regions to create their own advertising agencies, which then sell advertising space or time in both their own as well as other media outlets.

Panelists noted the problem of monopolization in the television advertising market in Kiev. While in past years there were several major players selling ad time on various channels, by 2004 only Inter Reklama was left. It sold time for all the national television channels and controlled more than 60 percent of the television advertising market in Ukraine. Because of its position, it also is able to influence the allocation of advertising and therefore the budgets of television channels.

Market research has become increasingly important to independent media outlets, and is especially prevalent in Kiev. How effectively it is used to recast newspapers and stations to address the wishes of readers is an open question. Many journalists remain entirely unaware of the results of such research conducted by their own employers.

Most regional media cannot afford to conduct high-quality market research or scientifically valid opinion polls, and most do not have an accurate picture of their own audiences and their interests. “I conduct market research, and I know 10 other (regional) newspapers in Ukraine that also do this,” said Alexander Chovgan. “But they are, most likely, the exceptions to the rule.” To the extent market research is done, there has been a tendency toward having it conducted by qualified professionals using scientifically valid procedures, rather than amateur surveys produce results of questionable value.

#### **OBJECTIVE 5: SUPPORTING INSTITUTIONS**

**Ukraine Objective Score: 2.17 / 4.00**

There are active professional and trade associations in the media sphere in Ukraine, but they are still young and developing. They were formed with the assistance of international development programs, and most still rely on partial funding from such programs, though

they do have systems of dues and fees in place to make themselves sustainable. In general, their activities include legal assistance to members, training, and representing the interests of their members in dealings with the government at various levels.

Self-regulation and lobbying are nascent, and are not at all as well developed as the activities of the associations. The membership of the associations also is too small to represent the media industry as a whole.

There also are conflicts, at times, between organizations that claim to represent the same groups.

The Union of Journalists of Ukraine is the old Soviet trade-union, and while it still claims to represent the journalists of Ukraine, most of its members are actually retired or in the employ of state-owned media. “The Union of Journalists of Ukraine has never once, in 13 years, invited any of my journalists to become members,” said Alexander Chovgan, one publisher on the MSI panel.

The newer Independent Trade Union of Journalists has a very small membership and little or no leverage to negotiate with media owners, and it primarily provides legal advice to its members. One panelist said such unions exist primarily to get grants from foreign-assistance organizations.

The National Association of Broadcasters and the Ukrainian Newspaper Publishers Association are the main trade groups representing independent media outlets, but membership is only a small percentage of the total number of broadcasters and publishers in the country.

Ukraine has numerous nongovernmental organizations (NGOs) that work effectively and tirelessly on issues related to the media. There are both national and local organizations, including some national groups based in cities other than the capital, including Journalists Initiative (Kharkiv), Information and Press Center (Simferopol), and the Association of Journalists of South Ukraine (Kherson). These NGOs actively defend freedom of expression, monitor violations of journalists’ rights, petition the government for changes in laws, and provide training and education for media workers. But while some are well-respected, others

***Lilya Molodetskaya said,  
“Graduates do not know that articles shouldn’t be full of their own opinions, and they don’t have any idea how to work with sources and gather information—after five years of study!”***

are not well-known or their motives are not trusted by either journalists or the public. Virtually all of these organizations rely on financial support from donors, especially foreign donors. Some, but not all, were started by foreign organizations and spun off, some more completely than others, into local entities.

The education system for journalists is dreadful and in need of major reform. The curricula in university journalism departments are archaic and not in accordance with current needs and practices in journalism. Many instructors have limited, if

any, practical experience as journalists. Some have not been working journalists since long before Ukraine became independent of the Soviet Union. At the same time, journalism is a

***“The Union of Journalists of Ukraine has never once, in 13 years, invited any of my journalists to become members,” said Alexander Chovgan, one publisher on the MSI panel.***

popular field of study, and the number of journalism departments at universities and institutes is growing year by year. Editors, however, remain unimpressed with the graduates. “Journalism departments produce people with no education,” said Lilya Molodetskaya. “Graduates do not know that articles shouldn’t be full of their own opinions, and they don’t have any idea how to work with sources and gather information—after five years of study!” Journalism departments tend to be poorly equipped. They have few, if any, modern textbooks, and most schools have very old and insufficient technical facilities, especially for those studying television and radio.

Short-term training programs exist, offered by both Ukrainian and international organizations, but there are not enough of them, panelists said. Nor is there any system of formally increasing the qualifications of journalists. For most journalists, practice or internship in foreign media is not accessible. The organizations that offer trainings primarily depend on funding from donors. But the training topics proposed by international organizations are limited and not always in accordance with the needs of Ukrainian media. Correspondingly, the results of those trainings can be less effective. Panelists stressed the need for development and publication of handbooks and other teaching materials useful and relevant to Ukraine, in local languages.

There is a growing appreciation by journalists, editors, managers, and media owners of the value of professional training. Increasingly, employers are willing to pay for their employees’ participation in trainings. That could well be because, said Alexander Chovgan, a series of short-term trainings can give a journalist more valuable instruction than five or six years of study in a university journalism department.

**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 private, apolitical, and unrestricted.
- > Channels of media distribution (kiosks, transmitters, Internet) are private, apolitical, and unrestricted.





## Panel Participants

**Oleg Khomenok**, media trainer, IREX U-Media program, Kiev and Simferopol

**Yuri Artemenko**, Rada member, deputy chair of committee on freedom of speech, vice president of publishers association, former publisher of *Mig* newspaper, Zaporizhiye and Kiev

**Brent Byers**, press attaché, U.S. Embassy, Kiev

**Alexander Chovgan**, president, RIA Corp., which publishes 16 newspapers and magazines in six western and central oblasts, Vinnitsa

**Sue Folger**, chief of party, Internews' Network U-Media program, Kiev

**Sergei Guz**, head of Trade Union of Journalists, Kiev

**Vadim Kovalyuk**, Public Affairs Section, U.S. Embassy, Kiev

**Tatyana Lebedeva**, head of association of independent broadcasters, Kiev

**Natalya Ligachova**, director and chief editor, Telekritika, Kiev

**Alexander Makarenko**, production director, Internews-Ukraine, Kiev

**Victoria Marchenko**, USAID, CTO for U-Media program, Kiev

**Liliya Molodetskaya**, executive director, Ukrainian Newspaper Publishers Association, Kiev

**Tim O'Connor**, head of IREX office, U-Media program, Kiev

**Natalya Petrova**, media lawyer, TOP-Media program, Odessa and Kiev

**Irina Prokopyuk**, editor and publisher, *Kafa* newspaper, Feodosia, Crimea

**Taras Shevchenko**, media lawyer, Internews Network, Kiev

## Moderator

**Oleg Khomenok**, media trainer, IREX U-Media program, Kiev and Simferopol

## Observer

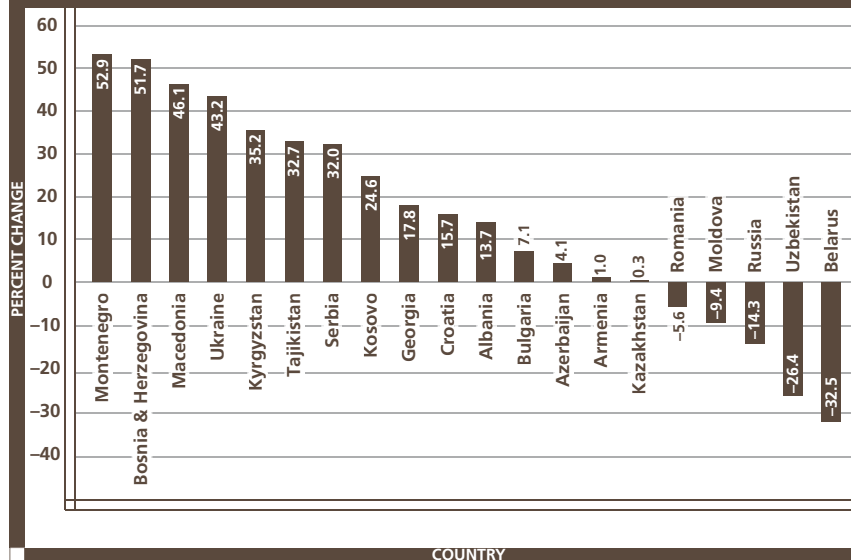
**Svitlana Buko**, IREX, coordinator of Ukraine Media Partnership Program, Kiev

# UKRAINE AT A GLANCE

## GENERAL

- **Population:** 47,700,000
- **Capital city:** Kiev
- **Ethnic groups (% of population):**  
Ukrainians 77.8%, Russians 17.3%,  
Belarussians 0.6%, Crimean Tatars  
0.5%, Moldovans 0.5%
- **Religions (% of population):**  
Ukrainian Orthodox – Kiev  
Patriarchate 19%; Ukrainian  
Orthodox – Moscow Patriarchate  
9%; Ukrainian Greek Catholic 6%;  
Ukrainian Autocephalous Orthodox  
1.7%; Protestant, Jewish, none  
38%
- **Languages (% of population):**  
Ukrainian, Russian, Crimean Tatar  
Romanian, Polish, Hungarian
- **GDP:** 324 billion UAH (about  
US\$62 billion) *State Committee of  
Statistics of Ukraine for 2004*
- **GDP/GNI per capita:** 6,800 UAH  
(about US\$1,300) *State Committee  
of Statistics of Ukraine for 2004*
- **Literacy rate (% of population):**  
99.7%
- **President or top authority:**  
President Victor Yuschenko, Prime  
Minister Yulia Timoshenko
- **Next scheduled elections:**  
Parliamentary March 2006

## MSI AVERAGE SCORES—PERCENT CHANGE 2001–2004



## MEDIA-SPECIFIC

- **Newspaper circulation statistics (total circulation and largest paper):** 1,900 copies per 1,000 people are produced. The largest newspaper is *Silski visti*, with a circulation of 526,868.
- **Broadcast ratings (top three ranked stations):** Inter, 1+1, ICTV
- **Number of print outlets, radio stations, television stations:** There are more than 19,000 print outlets and about 800 television and radio stations. *State Committee on Information, TV and Broadcasting, National Council on TV and Broadcasting*
- **Annual advertising revenue in media sector:** US\$260.5 million *Ukrainian Advertising Coalition*
- **Number of Internet users:** 4 million people use the Internet. *Bigmir.net*
- **Names of news agencies:** DINAU-Ukrinform, Interfax-Ukraine, UNIAN, Ukrainian News

## MEDIA SUSTAINABILITY INDEX: UKRAINE

