

MAPPING DIGITAL MEDIA: LATVIA



Mapping Digital Media: Latvia

A REPORT BY THE OPEN SOCIETY FOUNDATIONS

WRITTEN BY

Jānis Juzefovičs (reporter)

EDITED BY

Marius Dragomir and Mark Thompson (Open Society Media Program editors)

Magda Walter (Regional Editor)

EDITORIAL COMMISSION

Yuen-Ying Chan, Christian S. Nissen, Dušan Reljić, Russell Southwood,
Michael Starks, Damian Tambini

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OPEN SOCIETY MEDIA PROGRAM TEAM

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Miguel Castro, special projects manager; and Gordana Jankovic, director

OPEN SOCIETY INFORMATION PROGRAM TEAM

Vera Franz, senior program manager; Darius Cuplinskas, director

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Mapping Digital Media

The values that underpin good journalism, the need of citizens for reliable and abundant information, and the importance of such information for a healthy society and a robust democracy: these are perennial, and provide compass-bearings for anyone trying to make sense of current changes across the media landscape.

The standards in the profession are in the process of being set. Most of the effects on journalism imposed by new technology are shaped in the most developed societies, but these changes are equally influencing the media in less developed societies.

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

The Media Program of the Open Society Foundations has seen how changes and continuity affect the media in different places, redefining the way they can operate sustainably while staying true to values of pluralism and diversity, transparency and accountability, editorial independence, freedom of expression and information, public service, and high professional standards.

The Mapping Digital Media project assesses, in the light of these values, the global opportunities and risks that are created for media by the following developments:

- the switch-over from analog broadcasting to digital broadcasting;
- growth of new media platforms as sources of news;
- convergence of traditional broadcasting with telecommunications.

Covering 60 countries, the project examines how these changes affect the core democratic service that any media system should provide—news about political, economic and social affairs.

The **Mapping Digital Media** reports are produced by local researchers and partner organizations in each country. Cumulatively, these reports will provide a much-needed resource on the democratic role of digital media.

In addition to the country reports, the Open Society Media Program has commissioned research papers on a range of topics related to digital media. These papers are published as the **MDM Reference Series**.

Mapping Digital Media: Latvia

Executive Summary

Latvia ended analog terrestrial broadcasting on 1 June 2010, following a flawed process of spectrum allocation, minimal public consultation, and without ensuring that the public understood the process or that the most vulnerable members of society were assured of access to the digital signal.

The digital switchover followed a period of simulcasting which began in July 2009 across Riga and its suburbs, and extended to the rest of the country in February 2010. Even after 1 June 2010, local and regional channels were allowed to continue analog broadcasting till the end of 2013.

The rights to operate digital multiplexes were awarded by tender in 2009, when they were won by the majority state-owned telecoms company Lattelecom, which was granted exclusive operating rights until December 2013.¹ This also gives Lattelecom effective gatekeeper privileges over the digital terrestrial platform, as well as control over program packaging.

Even though the regulator, the Electronic Media Council, grants broadcasting rights and permits, the latter can only be implemented by broadcasters once re-transmission terms are agreed with Lattelecom. This allows the operator to charge what national broadcasters claim are unreasonably high tariffs, stifling competition and affecting rates paid by the end users—the viewers. As this also affects the quality of the content, it can be said that the public interest was neglected in the spectrum allocation process.

The transparency of the tender was questioned by a State Audit Report in late 2010, suggesting Lattelecom had received preferential treatment in winning the bid. It also charged that tender rules spelled out in the policy document were not followed. This added significantly to the costs of the switchover as Lattelecom also used the infrastructure of private network transmission operator Hannu Digital instead of the state transmission network operator, the Latvian Radio and Television Center (LRTC).

1. Broadcasting rights are part of a two-step process—the other being broadcasting permits—which in Latvia adds up to the equivalent of a broadcast license

A parliamentary working group on the future of public service broadcasting placed the responsibility for failure to act in the public interest on the Electronic Media Council, which in turn blames the Ministry of Transport, which oversaw the switchover, for not involving it in the tender process. The parliamentary group also found insufficient public debate on the switch-over, with the Ministry only consulting industry bodies.

The Latvian Competition Council has also criticized the handling of the switchover and the use of an intermediary commercial provider, while Lattelecom's competitor, Baltcom, filed a complaint with the EU Directorate for Competition.

Lattelecom replied that the LRTC infrastructure was not ready in time and that the short license term increased the costs. In reply, the government announced that when the Lattelecom license expires, the bidding procedures will be restructured.

Despite the initial government strategy for switchover calling for measures to help low-income households obtaining receiving equipment, no subsidies have been provided. In 2010, 30,000 households still lacked access to any national channels; they either didn't watch at all or watched analog channels from neighboring countries, mainly Russia.

The number of terrestrial television channels has increased with digitization, providing an alternative to cable and satellite, which so far was the only choice in less populated areas. Experts indicate, however, that switch-over has not raised the quality of television content. With viewers' purchasing power limited, free-to-air TV and low-cost channels along with Russian television programs are offered instead of high-quality foreign content.

Digitization has not led to better quality journalism, nor has it increased the volume of original news content. News portals focus on aggregating tabloid-style content rather than generating fresh quality material. Relying heavily on PR and wire service output, these portals generally follow a news agenda set by other, traditional news outlets. At the same time online platforms of traditional media, especially print, have been slow to embrace the internet as more than a means for distributing offline content.

Marginalized groups have gained a public forum on digital platforms, especially on social networks. But there is no evidence that digitization helps to improve the media coverage of those groups.

Digitization has offered many tools and opportunities for improved investigative journalism but they are seldom used. Journalists lack the skills to conduct data-based journalism despite the online availability of many resources, especially public records. When data are used, they are often republished with little accompanying analysis. Blogs most often provide leads for journalistic investigations by others, rather than producing and publishing them directly. On the positive side, whistleblowing has become easier, especially thanks to social networks.

Political coverage and debate have been significantly broadened through digital channels such as blogs and Twitter. These channels also allow politicians to communicate directly with the public, bypassing media gatekeepers. Citizen participation in the political process has been aided by interactive tools which appeared shortly before the 2010 parliamentary elections, which encouraged citizens to get involved in political activities such as questioning politicians or checking their records. Yet, some media analysts see minimal impact on public debate which continues to be dominated by legacy media. And there is no evidence that public interest and involvement in politics has increased in recent years.

Signs of innovative and creative uses of digital media and social networks suggest that digital channels may yet provide a powerful voice for civic activism. But that will require further maturing of civil society.

The years 2009—2010 saw foreign owners leave the Latvian media market and new, domestic owners emerge—business groups affiliated with political interests, particularly with the political movement *Par Labu Latviju*—and a new Electronic Media Law enacted, but none of these developments can be directly linked to digitization.

Exceptions to the foreign exodus were the acquisition of the news portal TVNET by the Norwegian media company Schibsted, and the acquisition of the Apollo news portal by the Finnish media company Sanoma.

In 2010, an OSCE report found media affiliations with political forces and business groups to be a threat to the neutrality of reporting and editorial independence, a sentiment echoed in the downgrading of Latvia's standing in several international press freedom rankings. Linked to this, the lack of media ownership transparency is a long-standing problem. Amendments in the Press Law require the disclosure of ultimate beneficial owners of media companies, however the effectiveness of these amendments remains to be seen. Digitization has neither helped nor hindered this state of affairs.

Media digitization in general has had a moderate impact on the advertising market. In the years 2005—2010, all media saw strong growth in advertising sales until 2007, which then slowed (television, radio, internet) or started falling in 2008 (print), and declined dramatically in 2009/10. The drops for internet advertising, however, were far less pronounced than for other media. Internet media also grew their overall share of the advertising spend: from 3 percent in 2005 to 13 percent in 2010.

However with their costs already low, online publications had little room for cost-cutting so the crisis was much more severe in absolute terms for this segment of the industry.

Print media companies which had placed free content on their web pages began setting up pay-walls to recoup some of the losses through paid online content. This did not generate sufficient income, as users were not willing to pay for online content. The small size of the Latvian market offers little scope to expand onto new digital and mobile platforms, so publishers still see traditional print formats as their first business priority.

The introduction of digital terrestrial broadcasting and a declining advertising market have reshaped the picture of television revenue. The most significant change was the increased volume and proportion of subscription payments.

Since switch-over, all national television channels have lost their dominant position to channels that were previously available only to cable and satellite subscribers, but are now part of the pay-TV service of digital terrestrial television. The revenues from pay-TV have risen dramatically, compensating in part the lost advertising revenues; in 2010 they represented some 45 percent of the total private funding of the media and some 40 percent of all spending on the media (private plus the state subsidy to public radio and TV).

Broadcasting regulators have not changed since switch-over, but the legal framework they follow has been amended by the Electronic Media Law. This has not substantially strengthened the independence of the Electronic Media Council, vis-a-vis political and economic pressures. Experts also point out that the new framework will soon need to be rewritten as the rapid development of media technologies is reshaping media practices, and the current legal framework only partly reflects the actual media landscape. All legal liability for internet content and copyright compliance rests with the author or poster, not with the intermediary service provider. Legislative attempts to shift responsibility for content onto the providers, including small, non-news portals, was abandoned in 2010. However, efforts are now underway to legislate the protection of individual reputations and privacy online. The proposed legislation would ease civil action by mandating the disclosure of details of individuals who have been found to post defamatory content. (Certain kinds of defamation were decriminalized in Latvia in 2010.)

Industry experts and journalists interviewed for this report do not see the current legal framework covering news portals or the pending proposals as restricting journalistic independence.

A universal self-regulatory mechanism has eluded Latvian journalists for decades and digitization has done little to improve this. However, online news portals have developed codes of conduct, most importantly in suggested guidelines for user generated content. Furthermore, news portals, NGOs and some state agencies signed a declaration which seeks to curb intolerance and hate-speech, while balancing this with freedom of expression. This demonstrates the recognition of the need for accountability but has not necessarily led to immediate improvements in online discourse, as wider cultural shifts will need to take place.

The report finds the current legal framework for allocating digital spectrum to be non-transparent and unfair. It recommends its revision and the elimination of the private intermediary provider of free-to-air digital terrestrial services, suggesting that those be delivered instead by the Latvian Radio and Television Center. It also assesses that the current legal provisions ensuring transparency of media ownership are insufficient.

The report also finds that the financial position of the national commercial channels has been weakened by the economic downturn and digital switch-over, which puts local production of original content at risk. A portion of the funding for public service content provision should be allocated to these channels, but not at the expense of public service channels.

Context

Following the collapse of the USSR in 1991, Latvia regained its independence after half a century of Soviet occupation. The years that followed brought rapid transformations in all spheres of life, including a shift from a command to a free-market economy. The enthusiasm of the “Awakening” years soon waned, however, as it became clear that life in independent Latvia brought harsh realities. A high mortality rate combined with a low birth rate inevitably led to steadily decreasing population figures and over the last 15 years the number of inhabitants has gone down from 2.5 to 2.2 million. According to the preliminary results of the 2011 population census, the population has dropped even further to 1.9 million (official results are expected at the end of 2011). Many have left home looking for better living conditions outside Latvia.

The large Russian minority in Latvia constitutes nearly 30 percent of the population. Though Latvians and non-Latvians hold opposing views on ethnic policy, ethnic conflicts do not occur and the current state of ethnic relations in Latvia can be characterized as peaceful coexistence. Aggressive discourses on language and citizenship policy are more likely to take place at the political and media levels. Although the number of non-citizens of Latvia has been falling steadily, around 326,000 individuals or around 14 percent of the population still had the status of non-citizen in 2010. In Riga, Latvians comprise only 42 percent of all inhabitants. With a population of around 700,000, Riga is the largest capital in the Baltics.

The symbolic return to Europe culminated in 2004 when Latvia joined both the European Union and NATO. For the next few years, Latvia experienced brisk economic growth. On the eve of 2006 in his new year’s address to the nation, the then prime minister, Aigars Kalvītis, predicted that the next seven years would be prosperous. “Years of plenty, if we remember the story about Joseph,” he said. The economy grew rapidly, the GDP figure skyrocketed along with its more sobering side-effect of a soaring inflation rate. Despite an increase in living standards and overall euphoria about the pace of growth, economists started to ring bells warning of imminent risks.

The boom years or “years of plenty,” as they are now known, faltered at the end of 2008 when the global economic downturn shook the Latvian economy. In 2009 economic indicators shrank and the unemployment rate climbed. The takeover by the state of Parex Bank, which was on the brink of collapse, made the situation more complicated since the rescue required an injection of government funds. So the government was forced

to accept the conditions of a €7.5 billion bailout package from the EU and the International Monetary Fund (IMF) and the country is now going through a period of severe austerity measures, painful public sector reforms and widespread public frustration. The economy is expected to stabilize in the coming years, and Latvia aims to introduce the euro in 2014.

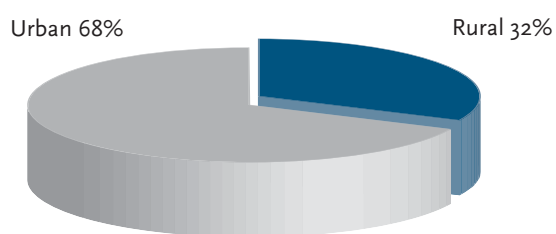
Social Indicators

Population (number of inhabitants): 2.2 million

Number of households: 888,600

Figure 1.

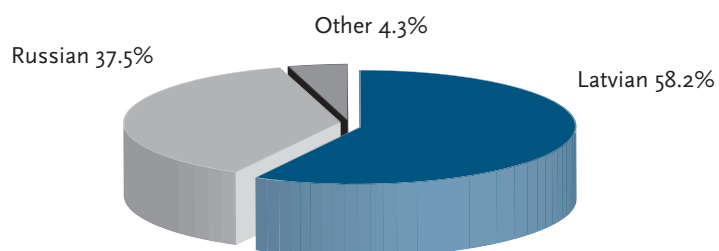
Rural/urban breakdown (% of total population)



Source: Source: Central Statistical Bureau of Latvia.

Figure 2.

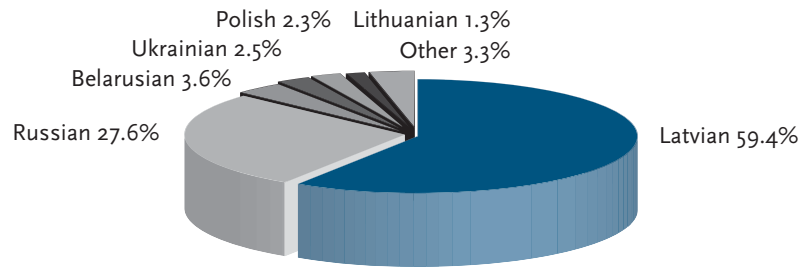
Linguistic composition (% of total population)



Source: Central Statistical Bureau of Latvia.

Figure 3.

Ethnic composition (% of total population)

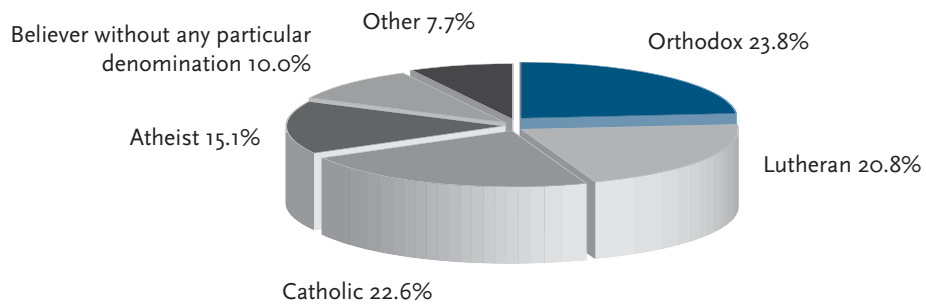


Note: "Other" includes Jews, Roma, Germans, Estonians, and smaller ethnic groups not isolated.

Source: Central Statistical Bureau of Latvia.

Figure 4.

Religious composition (% of total population)



Note: "Other" includes the following categories: old-believer, Baptist, Jewish, Adventist, "Hard to say/No answer."

Source: SKDS Research Center.

Economic Indicators

Table 1.
Economic indicators

	2005	2006	2007	2008	2009	2010	2011f	2012f
GDP (current prices, US\$ billion)	16.04	19.94	28.79	33.86	25.92	24.04	26.14	27.44
GDP per head (current prices, US\$)	6,955	8,689	12,622	14,912	11,465	10,694	11,661	12,281
Gross National Income (GNI), per head, (current US\$)	12,880	14,550	16,580	17,800	17,400	16,360	n/a	n/a
Unemployment (% of total labor force)	8.8	6.9	6.2	7.8	17.3	18.9	17.1	15.5
Inflation (average annual rate in % against previous year)	6.8	6.5	10.0	15.2	3.2	-1.2	3.0	1.6

Notes: n/a = Not available; f: forecast.

Sources: International Monetary Fund (IMF); World Bank (GNI).

1. Media Consumption: The Digital Factor

1.1 Digital Take-up

1.1.1 Digital Equipment and Literacy

It would be hard to find a Latvian household without at least one television set, and more than half of all households have access to the internet and to a personal computer. According to media consumption surveys, almost all young people use the internet today, but among the elderly internet usage is an exception rather than the rule. However, statistics of recent years also show new internet users among the 50–59 age group, suggesting changes in internet usage patterns among the older generations. Today the internet is more widely accessed at home, compared with the early years following its introduction when access was mainly at work and school. In addition, the digital divide between Riga and other cities is gradually narrowing, although internet usage in rural areas is still less widespread.

Table 2.
Households owning equipment, 2005–2010

	2005		2006		2007		2008		2009		2010	
	No. of HH ('000) ²	% of HH ³	No. of HH ('000)	% of HH	No. of HH ('000)	% of HH	No. of HH ('000)	% of HH	No. of HH ('000)	% of HH	No. of HH ('000)	% of HH
TV sets	887.5	98.0	884.7	97.8	881.4	98.0	883.0	98.2	879.7	97.9	864.6	97.3
Radio sets	570.5	63.0	560.8	62.0	557.5	62.0	575.4	64.0	539.1	60.0	n/a	99.0
PCs	n/a	344	41.0	438	52.2	479	57.1	536	64.0	544	65.0	n/a

Note: HH = Households; n/a = not available.

Sources: TNS Latvia; figures for radio are editor's calculations based on data from the National Statistical Office (Household Budget Survey (HBS)).

2. Total number of households owning the equipment.

3. Percentage of total number of households in the country.

1.1.2 Platforms

While cable remains the dominant television reception platform of which digital constitutes only a small proportion, nearly half of Latvian households today already receive their television signal in digital format. The popularity of satellite television has grown rapidly over the last five years, and the recent years have also seen the growth of IPTV.

Following digital switch-over, terrestrial reception has significantly decreased (by 9 percent) while the popularity of IPTV (increase of 3.5 percent) and cable (increase of 2.7 percent) has grown. This suggests that the majority of those who gave up terrestrial reception following analog switch-off have switched to IPTV or cable, and that satellite operators have benefited less from redrawing the market (only 0.5 percent increase).

According to estimates by TNS Latvia, in 2010 there were still 30,000 households with a TV set that had no access to any of the national channels; the majority of these did not use TV at all, while the rest viewed analog channels of neighboring countries, including Russia.⁴ Data from the third and fourth quarters of 2010 show that after digital switch-over, 1 percent of households were still using an analog terrestrial signal.

Table 3.
Platform for the main TV reception and digital take-up, 2005–2009⁵

	2005		2006		2007		2008		2009		2010	
	No. of HH ('000) ⁶	% of TVHH ⁷	No. of HH ('000)	% of TVHH	No. of HH ('000)	% of TVHH	No. of HH ('000)	% of TVHH	No. of HH ('000)	% of TVHH	No. of HH ('000)	% of TVHH
Terrestrial reception	376.3	42.4	354.8	40.1	362.3	41.1	293.2	33.2	298.2	33.9	215.3	24.9
– of which digital	n/a	n/a	n/a	n/a	2.6	0.3	8.8	1.0	16.7	1.9	147.8	17.1
Cable reception	450.9	50.8	483.0	54.6	475.1	53.9	493.6	55.9	467.1	53.1	482.4	55.8
– of which digital	n/a	n/a	n/a	n/a	10.6	1.2	22.1	2.5	33.4	3.8	67.4	7.8
Satellite reception	63.9	7.2	68.1	7.7	90.8	10.3	134.2	15.2	145.2	16.5	147.0	17.0
– of which digital	n/a	n/a	n/a	n/a	90.8	10.3	134.2	15.2	145.2	16.5	147.0	17.0
IPTV	n/a	n/a	n/a	n/a	n/a	n/a	11.5	1.3	25.5	2.9	55.3	6.4
Total HH with TV	887.5	100.4	884.7	102.4	881.4	105.3	883.0	104.3	879.7	106.4	864.6	104.1
– of which digital	n/a	n/a	n/a	n/a	104.0	11.8	176.6	20.0	220.8	25.1	386.5	44.7

Note: HH = Households; n/a = not available.

Source: TNS Latvia.

4. TNS press release, "Joprojām 30 000 mājsaimniecību neredz nacionālos Latvijas kanālus" (30,000 households are still not able to see national channels), www.tns.lv, 23 September 2010, available at <http://www.tns.lv/?lang=lv&fullarticle=true&category=showuid&cid=3242> (accessed 2 March 2011).

5. The figures refer to the all TV sets in the multi-TV households.

6. Total number of households owning the equipment.

7. Percentage of total number of TV households (TVHH) in the country.

(The total percentages of HH are over 100 percent since there are households with different platforms of reception. For example, one household could have satellite digital reception in the living room and terrestrial digital television in the bedroom, which are both considered main means of reception. TVHH in '000 calculated on the basis of Central Statistical Bureau 2006–2010 data of total number of households.)

During the last five years internet penetration has grown rapidly and the number of households with a connection has doubled. With connections growing at an average of 7 percent year-on-year, today more than half the households has an internet connection, a majority of which is through broadband. Recently the speed of internet expansion has slowed down since younger users are already on the internet and older groups (45+) do not join up with the internet at the same rate as the younger groups before them. The gap between users and non-users is still wide; around 40 percent of Latvian households are excluded from the opportunities offered by internet technologies.⁸ Only a fraction of the population has no mobile, according to mobile penetration figures, and, according to information provided by mobile operators, 3G penetration continues to expand.

Table 4.

Internet penetration (% of total number of households) and mobile penetration (% of inhabitants aged 15–74 using a mobile phone), 2005–2010

	2005	2006	2007	2008	2009	2010
Internet	n/a	29.7	42.9	49.7	56.3	60.1
of which broadband	n/a	76.4	80.2	83.3	87.1	92.0
Mobile telephony	73.5	80.3	86.7	87.7	91.9	92.5
of which 3G	n/a	n/a	n/a	n/a	n/a	n/a

Note: n/a = not available.

Source: TNS Latvia.

The 3G net covers major parts of the country. The next generation, 4G, is implemented in some metropolitan regions, and the plan is to develop the net throughout the country in the future.

1.2 Media Preferences

1.2.1 Main Shifts in News Consumption

Despite the rapid internet growth in recent years and almost an omnipresence of various web news platforms, audience surveys indicate that television is still the most common source of news, with radio in second place and only after that the internet and, finally, print media. In a 2008 study, 87.5 percent admitted that they turn to television for new information, a significantly higher rate compared with other media. Besides,

8. As Gemius has indicated in its report “Do you CEE? Interactive Overview of Central and Eastern Europe Markets 2009,” the Latvian internet is still rather an elite medium. The apparent domination by highly educated people with prestigious jobs and living in the big cities stresses the fact that until now the internet has not been easily accessible to all socio-economic groups.

television is the medium that appeals to most age groups, as opposed to newspapers and the internet where generation gaps are clear.⁹

A 2007 TNS Latvia survey indicated that the average media user spends three and a half hours each weekday watching television, two and a half hours listening to the radio, one hour and 20 minutes browsing the internet, and only 40 minutes reading newspapers and 30 minutes magazines. The time spent in front of the television has continued to grow, and in 2011 it has reached five hours per day. The time spent reading newspapers has dropped: in 2011, around 45 percent of the entire newspaper readership spends less than 15 minutes reading per weekday. Furthermore, in 2011, 31 percent of the population had not read any newspaper title during the week before the survey. The introduction of digital terrestrial broadcasting, giving viewers more choices, is likely to increase further the overall time spent watching television.

The amount of time spent watching cable and satellite channels has increased steadily, paring down the share of mainstream national television channels, and the introduction of digital terrestrial broadcasting has accelerated audience fragmentation. In 2010, all national free-to-air television channels experienced significant falls in their audience share and it has become increasingly challenging to attract large mass audiences. If the year's most watched programs, namely the Eurovision Song Contest and the Ice Hockey World Championships, attracted 400,000–500,000 viewers in 2005, in 2010 the top three programs were able to bring together audiences totaling only 300,000.¹⁰

Digital migration has also sharply hit daily newspapers as readers look increasingly for free news feeds on news portals instead of buying morning papers. While women's, celebrity, and lifestyle magazines continue to attract large audiences, readership of daily newspapers during the last five years has dropped dramatically, and for many reading a morning paper as part of their everyday routine has disappeared. This is not to say that the glory days of the entire print media industry are gone, as the magazine sector demonstrates stability and in some cases even growth. In 2010, the women's weekly magazine *Ieva*, as along with the weekly celebrity magazines *Privātā Dzīve* and *Kas Jauns*, led the list of most read print publications in Latvian.

The daily *Diena* which traditionally boasted a loyal readership saw a huge fall in circulation (from 55,476 per one copy on average in 2005 to 31,000 in 2010),¹¹ as well as subscription figures (from 39,145 subscribers in February 2005 to 20,434 in February 2011) in the last five years.¹² However, *Diena* is not alone, since no daily in Latvia has been immune from changes in audience behavior as readers increasingly switch to

9. J. Rozenvalds and I. Ijabs (eds), *Latvia Human Development Report 2008/2009. Accountability and Responsibility*, Advanced Social and Political Research Institute, 2009, pp. 184–185, available at <http://szf.lu.lv/files/petnieciba/publikacijas/TAP/TAP-angliski2009.pdf> (accessed 25 February 2011) (hereafter Rozenvalds and Ijabs, *Latvia Human Development Report 2008/2009*).

10. Over the last years the ratings leaders have been: a national soap opera "*Neprāta cena*" (Price of Folly) (later "*UgunsGrēks*" (FireSin)), local adaptations of celebrity and talent shows, as well as traditional media events gathering a significant part of the nation together (Eurovision, Hockey Championship, Contest of young singers "*Jaunais vilnis*" (New Wave), special coverage of national holiday events).

11. The figure indicates total circulation, including both paid and unpaid. This figure is calculated by adding up the total circulation of all copies during the year and then dividing this figure by the number of copies published during the year.

12. Circulation figures from the National Library of Latvia, Department of Press Statistics. Subscription figures from Dienas Mediji.

online platforms for a variety of reasons. Only regional newspapers have managed to escape dramatic losses, although regional publishers have also experienced declines in audience figures, though more gradual.

Not surprisingly, as audience surveys have shown, more young people abandon newspapers and are the most passionate internet users. Younger age groups are also better at multitasking, mixing digital platforms (news portals, social networking sites) and traditional television watching as their dominant sources of news. A 2008 poll indicates that television is even slightly more popular as a source of news among those aged 18–24, with news portals only in second place.¹³

1.2.2 Availability of a Diverse Range of News Sources

The expansion of internet media and the introduction of digital terrestrial television have provided a greater choice of news channels; however, the shift to digital platforms has not led automatically to a more diverse media landscape.

Newspapers, the traditional agenda-setters and sources of diverse viewpoints, have lost their status as leading news provider as a result of a complex set of reasons. They have given way to online news sites where the journalistic output often lacks originality since it consists mostly of press releases and news agency output, neglecting original analysis and commentary. User-generated content (UGC) can only partly replace journalistic content.

Content analysis in 2007 showed that television is not good at providing diverse journalistic output: news producers mostly rely on an agenda set by the public relations industry or the political elite. As a result, the same topics, the same news sources, and even the same angles make up daily evening TV newscasts.¹⁴

1.3. News Providers

1.3.1 Leading Sources of News

1.3.1.1 Print

The most read daily newspapers in Latvia are *Latvijas Avīze* (Latvian), a high-quality paper, *Vesti Segodnya* (Russian), and *Diena* (Latvian). Recent changes in ownership and editorial management in *Diena* have chased away a significant part of its loyal readership and in 2010 *Diena* lost its status as the most popular Latvian-language daily. However, all national dailies during the last five years have suffered dramatic losses in audience figures. Today weekly magazines offering practical information and gossip are leaders in the print media market.

13. The survey on accountability in Latvia was conducted in November 2008 by the public opinion research centre SKDS for the purposes of the report by Rozenvalds and Ijabs, *Latvia Human Development Report 2008/2009*.

14. S. Kruk, J. Juzefovičs, E. Kikuste and G. Kikusts, *Ziņas Latvijas televīzijās. LTV1, LTV7, TV3, LNT, TV5 un PBK ziņu raidījumu satūra analīze 2007. gada 16.-27. aprīlis* (Television News in Latvia. Content Analysis of News programs of LTV1, LTV7, TV3, LNT, TV5 and PBK, 2007, 16–27 April), National Radio and Television Council, Riga, 2007.

Table 5.

Readership of national dailies (average number of readers per copy, '000), ranked by 2010 readership, 2005–2010

Title	2010	2009	2008	2007	2006	2005
<i>Latvijas Avīze</i>	125	138	155	167	188	210
<i>Vesti Segodnya</i> (Russian)	125	135	141	166	177	178
<i>Diena</i>	125	157	161	207	226	273
<i>Chas</i> (Russian)	70	69	90	98	117	117
<i>Neatkarīgā Rīta Avīze</i>	64	62	66	91	93	100
<i>Dienas Bizness</i>	32	40	38	41	48	51
<i>Telegraf</i> (Russian)	31	34	33	39	34	37
<i>Biznes@Baltija</i> (Russian)	27	29	33	35	40	45

Sources: TNS Latvia.

Table 6.

Newspaper circulation (average circulation per copy, ranked by 2010 circulation), 2005–2010

Title	2010	2009	2008	2007	2006	2005
<i>Latvijas Avīze</i>	32,100	37,000	42,700	49,630	57,700	58,000
<i>Vesti Segodnya</i> (Russian)	18,810	23,900	25,000	26,418	35,000	30,731
<i>Diena</i>	31,000	34,181	43,484	48,800	51,530	55,476
<i>Chas</i> (Russian)	10,600	14,500	14,600	13,000	20,800	20,600
<i>Neatkarīgā Rīta Avīze</i>	25,000	47,249	29,000	35,000	32,000	33,500
<i>Dienas Bizness</i>	8,000	8,826	12,200	11,500	10,500	10,200
<i>Telegraf</i> (Russian)	9,500	10,000	9,700	10,000	8,500	10,500
<i>Biznes@Baltija</i> (Russian)	12,000	12,000	12,000	12,000	12,000	12,000

Sources: National Library of Latvia, Department of Press Statistics.

A few years ago, reading the free daily *5min* that was published both in Latvian and Russian and distributed on public transportation in Riga had become an essential part of the morning commuting ritual for many. In 2006–2008, with an average readership of 280,000, *5min* was the most read Latvian daily. It ceased publishing in 2010 as a result of the collapse of the advertising market.

Despite the depression in the print media market, in 2010 former editors and journalists of *Diena* launched a new weekly magazine *Ir* which aims to mix analysis and investigation with lighter content. Their readership still significantly falls behind mainstream magazines offering entertainment and practical content. In February 2011 *Ir* had nearly 5,000 subscribers and a circulation of around 16,000 copies, compared with subscription figures of 10,000–20,000 and average circulation of 30,000–40,000 copies for the big sellers. The case of *Ir* proves how difficult entering a small print media market is for a new hard journalism player.

1.3.1.2 Online

The most popular online news providers are Delfi.lv, TVNET.lv, and Apollo.lv (all three not affiliated with traditional media outlets), with web versions of newspapers lagging far behind. Print media entered the online media market belatedly, and as a result they have trouble competing with established news portals and struggle to condition their readers to access a paper or magazine online. To date, only the gossip site Kasjauns.lv (affiliated with the celebrity magazine *Kas Jauns*) and Diena.lv (the online version of the daily *Diena*) have a substantial number of visitors; the rest of traditional media organizations' internet projects (Tv3.lv, Nra.lv, Db.lv, Liepajniekiem.lv, Times.lv) have had modest success in offering their content online.

Table 7.

Local media websites, by annual unique users, 2007–2010

2007		2008		2009		2010	
TVNET.lv	378,693	Delfi.lv	566,691	Delfi.lv	677,238	Delfi.lv	655,750
Apollo.lv	317,042	TVNET.lv	411,107	Apollo.lv	376,794	TVNET.lv	466,299
Financenet.lv	87,674	Apollo.lv	362,347	Kasjauns.lv	212,849	Apollo.lv	426,180
Tv3.lv	85,034	Financenet.lv	119,870	Diena.lv	198,239	Kasjauns.lv	230,028
Times.lv	83,263	Db.lv	94,533	Financenet.lv	160,547	Diena.lv	175,552
Db.lv	65,911	Novonews.lv	93,962	Tv3.lv	125,085	Financenet.lv	161,033
Diena.lv	64,044	Tv3.lv	90,046	Sportacentrs.com	121,024	Sportacentrs.com	124,485
Esports.lv (Sportacentrs.com)	51,157	Esports.lv (Sportacentrs.com)	86,114	Db.lv	105,103	Tv3.lv	121,016
Politika.lv	39,933	Liepajniekiem.lv	80,121	Nra.lv	104,819	Nra.lv	120,787
Postfactum.lv	24,064	Times.lv	64,043	Novonews.lv	104,750	Novonews.lv	105,040

Source: Gemius Latvia.

1.3.1.3 Radio

Radio Latvia (*Latvijas Radio*, LR), the public service broadcaster, has a strong market position and has been able to maintain its audience share in recent years. This, however, is mostly due to the success of its second program, LR2, which offers popular Latvian *schlager* music attracting large audiences, mainly in rural areas.¹⁵ Its speech channels, LR1 and the Russian-language service LR4, also have sizeable and consistent audiences.

Because commercial radio stations, unlike television, do not try to compete with public service broadcasting in the provision of news, LR enjoys a monopoly position in the provision of news and current affairs. The emergence of private 24/7 news or talk show radio formats may challenge the position of LR, but it is an unlikely scenario given the limited scope of the Latvian media market.

15. Latvian *schlager* music, according to the Radio Latvia 2 music journalist Daiga Mazvērsīte, is similar to German *schlager*, catchy and lyrical songs usually dealing with relationships and everyday matters.

The leaders among commercial radio channels are Skonto, SWH, and the Russian-language Krievijas Hiti (or Russkoe Radio in Russian). However, their news provision usually does not go beyond hourly 5-minute news bulletins.

Table 8.
Most popular radio stations, reach per week, 2011 (spring)

	Reach ('000)	Reach (%)
LR2	470	25.9
Radio Skonto	272	15.0
LR1	254	14.0
Krievijas Hiti (Russkoe Radio)	219	12.1
Radio SWH	217	11.9
Star FM	205	11.3
European Hit Radio	202	11.1
LR4	137	7.6
SWH+	113	6.2
Latviešu Radio	112	6.2

Source: TNS Latvia.

During the last five years the list of the three most popular radio stations in Latvia has changed only slightly. The leaders up until 2010 were the first and second program of Latvian public radio (LR1 and LR2), plus the commercial station Radio SWH which in 2010 and 2011 was outrivalled by another commercial station Radio Skonto. It could be assumed that Radio SWH has lost some of its listenership since in June, 2010 a number of its leading star-DJs left the station to launch a new station, Radio 101. It is also worth noting that during the last five years the number of radio stations in the country, broadcasting both in Latvian and Russian, has increased. This has made the radio market even more competitive and, consequently, the number of listeners per station has gone down. Thus, for instance, if in the autumn 2005/winter 2006 survey the most listened radio station in the country LR2 had a 33.1 percent reach, in the study carried out in autumn 2010/winter 2011 this figure had dropped to 25 percent.

1.3.1.4 Television

Commercial players overwhelmingly dominate the Latvian television market, and the main rivals in the ratings battle for the most watched channel status are terrestrial free-to-air commercial channels LNT and TV3, edging out public service television. While those commercial players are also losing their dominance in the market, the position of public television is very weak. Overall the audience share of both public service channels in 2010 added up to 13.6 percent, compared with the joint share of 27.5 percent for LNT and TV3.

Table 9.

Mainstream Latvian- and Russian-language TV channels, by average annual audience share (%), 2005–2010

	2005	2006	2007	2008	2009	2010
LTV1	12.5	11.1	11.4	10.7	10.1	8.8
LTV7	4.9	5.3	3.9	4.6	4.5	4.8
LNT	21.1	20.4	19.0	19.3	16.8	14.0
TV3	18.5	18.4	18.0	15.4	15.4	13.5
PBK (Russian)	9.7	10.1	10.4	10.7	11.2	10.1
TV5Rīga (Russian)	2.9	2.8	2.2	3.3	3.9	4.4

Source: TNS Latvia.

While even before the digital switchover the viewership of mainstream channels steadily declined, digitization has accelerated the process and viewers increasingly migrate from public service television and national commercial channels to niche channels available on cable and satellite platforms, and starting with 2010 some of these channels are also distributed via terrestrial digital broadcasting. So, the choice for viewers has expanded significantly. If in the analog era the only option for many households was the five national channels, today they have access to a range of foreign channels and, according to audience statistics, viewers exercise this choice.

The loyal following of Latvian Television (*Latvijas Televīzija*, LTV) and Radio Latvia (*Latvijas Radio*, LR) is ageing; these public broadcasters are struggling to attract young and economically active audiences (15-45 age groups). Ratings data show some viewers' only experience with public service television is regular coverage of ice hockey championships or the annual Eurovision song contest.

Audience figures for weekday evening newscasts of LNT and TV3 are significantly higher than audience numbers for “*Panorāma*”, the LTV long-running flagship news program. Commercial channels have also successfully delivered current affairs programming—traditionally considered the strong point of public broadcasters. During the 2010 general election campaign audiences abandoned LTV and its election debates, turning to the more attractive debate format offered by LNT. TV3's successful weekly investigative program “*Nekā personīga*” (Nothing Personal) often attracts larger audiences than its rival program on LTV, “*De facto*.”

Table 10.
Current affairs programs' average annual audience, 2010

Title	Format	Channel	Rating (%)	Viewership in '000	Share (%)
<i>Nekā personīga (Nothing Personal)</i>	Analysis/investigation	TV3	9.1	196.8	22.1
<i>LNT ziņu "Top 10" (LNT News "Top 10")</i>	Analysis/investigation	LNT	7.3	157.3	18.3
<i>De facto</i>	Analysis/investigation	LTV1	6.4	138.6	14.7
<i>Preses klubs (Press Club)</i>	Political debate	LTV1	5.1	111.0	13.3
<i>Kas notiek Latvijā? (What is Happening in Latvia?)</i>	Political debate	LTV1	4.9	106.6	13.2
<i>Atklātā ceturtdiena (Open Thursday)</i>	Social debate	LTV1	4.2	89.8	10.4
<i>Skats no malas (View From the Distance)</i>	Political debate	LTV1	4.1	87.7	10.7
<i>Jauna nedēļa (New Week)</i>	Domestic and international affairs	LTV1	3.9	83.5	9.6
<i>Dienas jautājums (Question of the Day)</i>	Domestic affairs	LNT	3.5	75.5	11.7
<i>Sarkanā līnija (Red Line)</i>	Economic debate	LTV1	3.2	68.5	7.6

Source: TNS Latvia.

1.3.2 Television News Programs

The evening news programs produced by the two commercial channels TV3 and LNT attract the largest audiences, almost twice the size of the audience of LTV's "*Panorāma*". During the last five years, the "*Panorāma*" audience share has declined by a third or 200,000 viewers. However, LTV1 has grown the audience for its 6 p.m. newscast which today attracts even slightly more viewers than "*Panorāma*". Among Russian-language providers of national news the leader is PBK,¹⁶ well ahead of alternative newscasts on public service LTV7 and the national commercial channel TV5 Rīga.

Table 11.
Weekday evening primetime newscasts by audience share, annual average, 2010

Title	Channel	Rating (%)	Viewership ('000)	Share (%)
<i>TV3 ziņas (TV3 News)</i>	TV3	8.8	190.8	23.5
<i>LNT ziņas (LNT News)</i>	LNT	8.2	177.3	21.2
<i>Panorāma (Panorama)</i>	LTV1	5.4	117.1	13.1
<i>Latvijas laiks (Russian) (Time of Latvia)</i>	PBK	5.2	111.5	12.3
<i>Ziņas (Russian) (News)</i>	LTV7	2.3	49.5	7.4
<i>Ziņu vakars (Russian) (News Evening)</i>	TV5 Rīga	2.5	53.8	7.0

Source: TNS Latvia.

16. While PBK, owned by the Baltic Media Alliance, provides a locally produced national news service, most of its programming is based on retransmissions of the popular Russian state channel *Perviy kanal* (First Channel).

Table 12.

LTV1, LNT and TV3 weekday evening newscasts, by audience share, annual average, 2005–2010

Year	Title	Channel	Rating (%)	Viewership in '000	Share (%)
2005	<i>Panorāma</i>	LTV1	14.5	324.2	34.1
2006	<i>Panorāma</i>	LTV1	10.6	237.0	25.7
2007	<i>Panorāma</i>	LTV1	10.0	221.4	24.3
2008	<i>Panorāma</i>	LTV1	9.2	202.9	22.1
2009	<i>Panorāma</i>	LTV1	6.9	151.7	16.1
2010	<i>Panorāma</i>	LTV1	5.4	117.1	13.1
2005	<i>LNT ziņas</i>	LNT	11.4	254.5	28.5
2006	<i>LNT ziņas</i>	LNT	10.1	225.9	25.9
2007	<i>LNT ziņas</i>	LNT	9.0	198.7	23.1
2008	<i>LNT ziņas</i>	LNT	8.6	188.5	21.6
2009	<i>LNT ziņas</i>	LNT	9.8	214.1	24.3
2010	<i>LNT ziņas</i>	LNT	8.2	177.3	21.2
2005	<i>TV3 ziņas</i>	TV3	9	201.9	23.4
2006	<i>TV3 ziņas</i>	TV3	7.5	167.0	21.3
2007	<i>TV3 ziņas</i>	TV3	8.5	187.1	22.6
2008	<i>TV3 ziņas</i>	TV3	8.1	178.6	21.1
2009	<i>TV3 ziņas</i>	TV3	9.2	200.3	23.3
2010	<i>TV3 ziņas</i>	TV3	8.8	190.8	23.5

Source: TNS Latvia.

Until a few years ago, watching “*Panorāma*” was seen by many Latvians as a family evening ritual, not to be missed. The loyalty of its audience seemed so strong that the commercial players publicly expressed their frustration in trying to change television news watching habits, and “*Panorāma*” enjoyed the status of undisputed market leader.

LTV has attributed the failure to maintain its leading position in the evening news slot mainly to external factors, such as entertainment programming by the commercial channels at the same time as “*Panorāma*”. The main rival of “*Panorāma*” is the popular national soap opera, “*UgunsGrēks*” (FireSin), initially produced by LTV under a different title, but later moved to TV3. It is now scheduled during the time when “*Panorāma*” is on air.¹⁷

17. Due to the budget cuts brought on by financial problems in 2009, LTV cancelled the production of a high-cost national soap opera “*Neprāta cena*” (Price of Folly). Later TV3 announced that it would take over the production of the soap opera with the new title “*UgunsGrēks*” (FireSin), but with the same plot and main characters. To win audiences back, in March 2011 LTV1 launched its own new national soap opera “*Būt mīlētai*” (To be Loved) that was broadcasted before *Panorāma*. Nevertheless, it was not successful in attracting sizeable audiences and the new season of the program has been canceled.

Although research has indicated that during the breaks in the “*UgunsGrēks*” seasons, some viewers return to “*Panorāma*”, media experts have argued that the weakness of “*Panorāma*” content should also be taken into account. During a recent debate about the journalistic performance of public service television, media expert Ainārs Dimants pointed out that “*Panorāma*” lacks incisiveness and critical stance in its political coverage and its overall tone is “lethargic.”¹⁸

To understand the demise of “*Panorāma*”, it should also be noted that in 2007 following a conflict with the management of LTV, a number of leading “*Panorāma*” journalists were forced to leave public television and (some of them moved to commercial TV3, see section 6) were replaced with less experienced staff, thus inevitably the quality of the news content dropped. Media experts have argued that the banishment of first-class journalists from LTV was politically motivated, although the management of LTV has denied it.

1.3.3 Impact of Digital Media on Good-quality News

Though digitization has added channels of news dissemination, especially the many news portals, the quality of news has not improved and, according to media experts and journalists, has actually deteriorated. The decline in the quality of news is discussed more extensively in section 4.

1.4 Assessments

The purchasing power of media audiences and the responsiveness of media organizations to the needs and interests of audiences are probably the main driving forces when audiences make their choices of news providers.

Purchasing power plays a crucial role in Latvia, where a significant number of households are struggling to make ends meet, and this factor partly explains the popularity of television news and internet portals offering free news content. Nonetheless, the ability of the media to meet the needs and interests of audiences should not be downplayed.

Changing media consumption habits introduced by the rapid expansion of internet platforms were clear by the middle of the last decade. But Latvian daily newspapers ignored the changes. Soon after Latvia joined the EU in 2004, the country’s economy was flourishing and media advertising revenues skyrocketed; morning papers even had to cut editorial content to make room for advertising. Against the backdrop of increasing profits, publishers of daily newspapers belatedly introduced digital platforms and reluctantly adapted the print journalism formats to the new medium, failing to respond to the new needs and interests of their audiences.

18. G. Lēmainis, “Diskusija: kā uzlabot žurnālistu darba kvalitāti LTV?” (Debate: how to improve journalistic quality of LTV?), www.diena.lv, 17 February 2011, available at <http://www.diena.lv/lat/multimediji/dienatv/politika/video-tiesraide-diskusija-ka-uzlabot-zurnalisti-darba-kvalitati> (accessed 25 February 2011).

Of all the print products, the national morning papers have been hardest hit as their content appeared to be most easily replaced. Internet news portals offering breaking news stories 24/7 have proven more successful in providing news content. The online presence of dailies long remained marginal. That is why today online projects of daily papers are not among the most popular web news platforms. This ignorance of changing media usage patterns played a crucial role in the deterioration of national morning papers. Even though by now dailies have more enthusiastically embraced adapting their output to the digital environment, it will be hard to win audiences back.

Magazines and regional newspapers still enjoy relatively stable and sizeable audiences as they have been better at satisfying audiences' needs and interests. However, there is no evidence that because the audiences expected only analysis and investigative content from print journalism, and since these expectations have not been met, readers rejected morning papers. Nellija Ločmele, former chief editor of the publishing house Dienas Mediji recalled a 2008 readership survey suggesting that audiences still expect to receive both the latest headlines (news) and analysis from the newspaper.¹⁹ These findings suggest more complex reasons standing behind the decline of the daily press.

The lack of journalistic quality and engaging forms of reaching audiences has been a significant factor in the losing battle of *Panorāma* with the programming of the commercial channels. Although LTV producers claim it is human nature to prefer entertainment on other channels in the same slot as the serious journalism of *Panorāma*, the newscast has lost audiences to a large extent because of a lack of first-class journalism.

The popularity of internet media has significantly increased the choice of available news channels, but paradoxically, the diversity of journalistic output has decreased. The arrival of internet news portals, social networks, and UGC platforms has not led to a more diverse news mix. Mainstream news portals mostly republish content delivered by news agencies and traditional media outlets, offering a small volume of original journalism. As a result, the news agenda offered on the main news portals is largely the same.

As budgets are squeezed, high-quality journalism is also suffering at the established media organizations. Daily newspapers have revised their editorial agendas, moving on from being a chronicle of events to providing added value in the form of more enterprising reporting and analysis. But in the end they seldom go beyond the scope of news reporting, copying content from news portals and wire services.

Public service broadcasters in Latvia are weak on all fronts; they are not able to offer outstanding journalism, as one would expect, and this is especially true in the case of LTV. Digital switch-over has further eroded the audience share of public service television which had already suffered massive audience losses in the pre-digital era, with much of the migration going toward the niche channels, as mentioned earlier. In recent years commercial channels have moved into public service television's realm of news and current affairs programming, and have often become more successful at attracting audiences.

19. Email interview with Nellija Ločmele, editor-in-chief of weekly magazine *Jr*, Riga, 25 July 2011.

2. Digital Media and Public or State-Administered Broadcasters

2.1 Public Service and State Institutions

2.1.1 Overview of Public Service Media; News and Current Affairs Output

The public service broadcasting system in Latvia comprises Latvian Television (LTV) and Radio Latvia (LR), offering two television channels and four radio channels, plus each broadcaster has its own internet platform. News and current affairs content is mainly distributed through LTV1, LR1 and the Russian-language service LR4, with other channels positioning themselves as music programs or sports and entertainment providers.²⁰ For this reason, the output of LTV1, LR1, and LR4 will be discussed in detail here.

The LTV1 program plan for 2011 envisaged producing 1,604 hours of news and current affairs content, making up 25 percent of the overall planned programming output or 6,400 hours. LR1 has planned to broadcast 4,701 hours of news and current affairs content, amounting to 53 percent of the overall programming (8,760 hours). The overall volume of news and current affairs programming for LR4 is 2,750 hours or 31 percent of total output. Thus, on average news and current affairs account for 36 percent of the entire output of LTV1, LR1, and LR4.

Commercial radio and TV channels provide significantly smaller amounts of news and current affairs programming. Commercial radio channels usually limit themselves to five-minute hourly news bulletins (and usually they are offered only on weekdays). Commercial television offers daily news programs and a weekly investigative/analytical program, plus some special current affairs programming prior to general elections. So, public radio and TV offer a significantly higher amount of news and current affairs output. However, in the TV market, some of the news and current affairs content on commercial channels are more popular than the ones on public service TV.

20. LTV1: news and current affairs content, arts programs, children's programs. LTV7: entertainment and sports programming, plus Russian-language news bulletins. LR1: news and current affairs, phone-ins, talk shows, arts programs, children's programs, drama and readings. LR2: popular Latvian music (*schlager*). LR3: classical and jazz music, plus some arts programs. LR4: Russian-language service, offering a wide range of programs, including news and current affairs, talk shows, music shows.

Over the last few years, program-makers have increased the delivery of news and current affairs programming across LTV and LR, driven by their perception of the changing needs and expectations of audiences during a period of economic hardship. The public broadcasters have clearly stated in their public remit documents the belief that the public needs a greater volume of material in order to help them understand the dynamics of the economic crisis.²¹

Table 13.

Broadcasting hours: news and current affairs output, of LTV1, hours per year, 2005–2011

	2005	2006	2007	2008	2009	2010	2011 (projected)
News	427	415	453	564	581	652	616
Current affairs	1,110	1,202	1,066	947	1,162	1,205	988
Total per year	6,136	6,284	6,350	6,391	6,202	6,438	6,400

Source: National Radio and Television Council.

Table 14.

Broadcasting hours: news and current affairs output of LR1, hours per year, 2005–2011

	2005	2006	2007	2008	2009	2010	2011 (projected)
News	1,752	1,748	1,707	1,652	1,510	1,869	2,041
Current affairs	1,892	1,623	1,463	1,590	1,702	2,447	2,660
Total per year	8,760	8,760	8,760	8,784	8,760	8,760	8,760

Source: National Radio and Television Council.

Table 15.

Broadcasting hours: news and current affairs output of LR4, hours per year, 2005–2011

	2005	2006	2007	2008	2009	2010	2011 (projected)
News	315	664	702	707	543	575	580
Current affairs	1,752	1,457	1,390	1,386	1,211	2,101	2,170
Total per year	8,760	8,760	8,760	8,784	8,085	8,760	8,760

Source: National Radio and Television Council.

LTV has also explained that cost-cutting has led to an increase in live interview and discussion formats, compared with the expensive production of documentaries or other field-based formats.²² However, although news and current affairs output has increased, the overall quality has gone down (uniform genres, limited scope of topics covered and voices included, lack of in-depth analysis and proactive investigation, insufficient audience involvement, etc.). This has also been reflected in poor audience figures.

21. Radio Latvia, *Latvijas Radio Nacionālais pasūtījums 2010.gadam* (National Remit of Radio Latvia, 2010), Riga, 2009. Latvian Television, *Latvijas Televīzijas Nacionālais pasūtījums 2010.gadam* (National Remit of Latvian Television, 2010), Riga, 2009.

22. J.Juzefovičs and D.Arāja, *Mūsu sāpju bērns* (Our child of sorrow), *www.politika.lv*, 2 February, 2010, available at http://www.politika.lv/temas/mediju_kritika/musu_sapju_berns/ (accessed 25 February 2011).

In 2011 several top journalists left Latvian Television for a number of different reasons, directly leading to a reduction in public service television's current affairs offer. After the dismissal of Kārlis Streips, the presenter of the debate show "*Skats no malas*" (View from the Distance), the program ceased to exist;²³ the influential weekly discussion program "*Kas notiek Latvijā?*" (What is Happening in Latvia?) also disappeared from LTV after the host of the program, Jānis Domburs, and television management failed to agree on the future conditions of their collaboration; and, finally, investigative reporter Ilze Nagla and the head of the news department Mareks Gailītis have moved from journalism to public relations.

In the last few years, the news and current affairs output on all Latvian television has increased slightly (from 5.6 percent of total programming in 2005 to 6.6 percent in 2010). At the same time, nearly all leading current affairs programs have experienced falls in audience figures. The tendency has also affected established current affairs titles of LTV, such as the current affairs program "*De Facto*" and "*Kas notiek Latvijā?*", known for its robust questioning of political figures. In its public remit document, LTV reports that the audience figures of LTV1 fell dramatically in 2010, especially during prime time when most of the factual content is offered: a 16 percent prime-time audience share in 2006 for LTV1 fell to 10 percent in 2010 (first nine months).²⁴ In 2011, LTV had to axe its weekday discussion program "*100.pants*" (Article 100) because of poor ratings which had been declining since it replaced a soap opera in a peak time slot.

LR1 and LR4 have been more successful in attracting audiences, and some of their news and current affairs output is highly popular.²⁵ However, as in the case of public television, the range of current affairs formats on LR is limited; live interview-based programs are offered most often. Investigative reporting and documentary production are the weakest link of current LR factual programming, in terms both of scope and of journalistic quality.

2.1.2 Digitization and Services

The expansion of internet media and the introduction of digital terrestrial broadcasting have not led public service radio and television to alter the number of services they provide. New channels, targeting niche audiences, have not been launched, nor has the public service content become more available on demand via the internet.

According to its development strategy documents, LTV plans to expand its portfolio to three channels, launching LTV Kultūra focused on culture and arts programming.²⁶ Initially, it planned to start operations of

23. While the formal reason for sacking the popular journalist was the supposedly insulting language he used in a live broadcast discussing the actions of one of the local political parties, some believe that this incident served as a pretext and the decision of LTV's management to fire the journalist was more likely politically motivated.

24. Latvian Television, *Latvijas Televīzijas Sabiedriskais pasūtījums 2011.gadam* (Public Remit of Latvian Television, 2011), Riga, 2010, pp. 6–7, available at <http://www.ltv.lv/lv/ltv/mes/698/> (accessed 25 February 2011).

25. Among the top five LR1 broadcasts, attracting the largest audiences, three are news and current affairs programs: *Labrīt!* (Good Morning; morning news program, mixing journalistic output with music breaks), *Pusdiēna* (Midday; noontime round-up of latest news), and *Krustpunktā* (At the Crossroads; weekdays show of political debates and analysis).

26. LTV has plans to offer its third channel as a part of Lattelecom IPTV.

the channel in a testing regime as early as 2009, but spending cuts led to a postponement of the launch of the project. LTV's general director, Edgars Kots, says that, given the small media market, LTV has no reason to expand its portfolio to more than three channels.²⁷ Commercial players—LNT and TV3—have also adopted a wait-and-see approach and so far have not announced plans to expand their presence in the market.²⁸ LR has previously experimented with new digital services, launching an internet jazz radio channel in 2008, however, it was closed a year later because of lack of funding. Currently LR does not provide any web-only radio channels and has no plans for them in the foreseeable future.

In recent years, public broadcasters have done little to expand their internet presence, and their online engagement remains weak. While some LTV and LR journalists have been enthusiastically engaged with their audiences via Twitter and other social media, these channels' overall presence on social media platforms is sporadic, without any apparent strategy or editorial policy.

LTV provides only news and a limited number of current affairs and cultural programs on the internet, spread across a number of different internet sites, and only a limited number of programs have been simulcast on the internet. Previously LTV offered all of its content online charging a small fee, but the service has not been able to attract a significant number of customers and LTV was forced to close it. Even LR, which provides all of its content online and free-of-charge, including simulcast, and even runs a web-camera in the LR1 studio, as well as access to archive programs dating back to 2008, has hardly exhausted all of the unique possibilities—such as podcasts—of the online platform.

Both public radio and television have so far developed their online platforms as simply another channel for the distribution of broadcasting content, without adding features unique to the web, such as blogs, news updates or user comment. Neither LTV nor LR currently provides regular services via mobile internet (for instance, through mobile applications).

2.1.3 Government Support

During the switch-over LTV did not receive any financial or any other kind of support from the government. However, LTV—unlike its commercial rivals—has gained financially from digitization, since today LTV pays smaller transmission fees: from LVL2.4 million (US\$4.8 million) in 2009 (both channels), the tariffs have decreased to LVL1.58 million (US\$3.2 million) in 2011. The territorial coverage of both LTV channels after the digital switch-over has not expanded to the same extent as it has for commercial channels, and that is why for TV3 and LNT digitization has meant an increase in tariff payments, which they see as unreasonably high.

27. J. Juzefovičs, "Saturis no ārpusēs, reklāma—viētēja" (Content imported, advertising—local), *Kapitāls*, March 2010, pp. 82–84, available at <http://www.kapitals.lv/zurnala/kapitals-032010> (accessed 25 February 2011) (hereafter Juzefovičs, "Saturis no ārpusēs, reklāma—viētēja").

28. Juzefovičs, "Saturis no ārpusēs, reklāma—viētēja."

2.1.4 Public Service Media and Digital Switch-over

Following the digital switch-over in 2010 the territorial coverage of LTV programs has slightly expanded. However, public service television and its commercial rivals have experienced a decline in audience share stimulated by digitization. Thus, the audience share of LTV1 dropped from 10.1 percent in 2009 to 8.8 percent in 2010. The position of LTV7 has remained stable mainly thanks to the coverage of the Continental Hockey League games, which attract large audiences (4.5 percent in 2009 and 4.8 percent in 2010).

2.2 Public Service Provision

2.2.1 Perception of Public Service Media

Television and radio usage patterns have been reflected in the perception of public broadcasters in society. Thus, the annual rankings of the most popular brands in Latvia, published by the advertising agency DDB, indicate the poor image of public service television compared with commercial market players.²⁹

In public opinion surveys, radio and television have been among the most trusted media, compared with print institutions. In a 2008 poll, respondents considered public service radio and television as more trustworthy than their commercial rivals.³⁰ Thus, 76.3 percent indicated that they trusted public service television, compared with 63.4 percent expressing trust in commercial television channels, and 63.1 percent expressed trust in public service radio, compared with 49.3 percent for commercial radio stations.

The highest number of respondents with trust in public radio and television was among those aged over 55, ethnic Latvians, those living outside Riga and less well-off, which is consistent with the general socio-demographic profile of a dedicated public service media audience. A typical loyal audience member of the LTV1 channel is female, Latvian, in the over 55 age group, living outside the capital (except for the Latgale region with a high proportion of Russian-speakers) and with a low socio-economic status.³¹

Public debates on the future of public service broadcasting have clearly indicated a lack of knowledge and understanding among the political elite of the public service concept, its mission, and obligations to society. This lack of understanding was widely seen as the reason why it took several years for Parliament to adopt new legislative framework; only in 2010 was the 1995 Radio and Television Law replaced with a new Electronic Mass Media Law (hereafter Electronic Media Law).

Having control over the funding of public broadcasters (all attempts to introduce license-fee payments have failed), politicians have from time to time attempted indirectly to influence editorial decisions and still often perceive public broadcasting as a part of the state apparatus, as it was during the Soviet period. During the

29. See the full Latvia's Most Loved Brands Chart, available at <http://www.zimolutops.lv/tops/top50/> (accessed 30 July 2011).

30. Rozenvalds and Ijabs, *Latvia Human Development Report 2008/2009*.

31. See the full report on TV audiences in Latvia by the Baltic Institute of Social Sciences, commissioned by the National Electronic Mass Media Council, available at <http://nrtp.lv/lv/padome/aktualitates/petijumi/1299-petijums> (accessed 27 July 2011).

meetings of a parliamentary working group on the future development of public service broadcasting in 2009 and 2010, members of parliament demonstrated a lack of understanding of the role public broadcasting plays in a democratic society.

Politicians frequently argue that public television and radio should serve as a communication channel for the government to inform and explain their decisions to the public. They still often see public broadcasters as paternalistic organizations with the main purpose of educating citizens. In general, the political elite often still defines public broadcasters as any other state institution, with serving the interests of the state apparatus as its main purpose, instead of serving public interest.

Leading political figures have often criticized LTV for not representing the official political agenda or for a favorable representation of opposition political forces. The debate over the neutrality of LTV and attempts to interfere with its editorial autonomy entered the public domain once more prior to the 2010 general elections.³²

2.2.2 Public Service Provision in Commercial Media

The Electronic Media Law requires all broadcasters to respect the diversity of opinions and support the values of Latvia's sovereignty, democracy, and rule of law, to respect human rights, and operate in the public interest. Radio and television organizations are to ensure that facts and events are fairly, objectively reflected, promoting the exchange of opinions, and must comply with the generally accepted principles of journalism and ethics. The law also lists a range of program production requirements.

The Law allows the National Electronic Mass Media Council (hereafter Electronic Media Council) to assign up to 15 percent of the funding granted for the implementation of the public remit to free-to-air commercial television channels. Even though a portion of current programming of national commercial channels qualifies as public service provision (for instance, investigative and current affairs programs, documentaries), commercial players have so far not received any state subsidies. To date, only regional television channels have been granted state funding to provide regional news reports for inclusion in LTV's news bulletins.

Commercial television channels have long criticized the Council for bias in favor of public service broadcasters, leaving commercial channels without any state support. These channels argue that given the economic climate and with no state support they have no choice but to abandon free-to-air broadcasting and continue as pay-TV channels. Neither the Council nor parliament has been responsive to this warning. During a meeting with representatives of the commercial television sector in February 2011, Ingrīda Circene, the chair of the

32. Shortly before the elections a former news reporter of LTV anonymously accused Mareks Gailitis, the head of the news department, of attempting to influence news content by showing the bloc For a Good Latvia (*Par Labu Latviju*), one of the election rivals, in a favorable light. In media reports Dagnija Neimane, a long-standing producer of the flagship news program *Panorāma*, confirmed these allegations. As she put it, Mr Gailitis repeatedly urged coverage of the activities of Ainārs Šlesers, one of the leaders of For a Good Latvia, even when the event lacked news value. Mr Gailitis, while admitting ties with For a Good Latvia, has denied any bias in news content and has made his own allegations about undue pressures regarding coverage from politicians.

parliamentary Human Rights and Public Affairs Committee, argued that the allocation of state subsidies to commercial channels would happen at the expense of the budgets of public service radio and television, which see even their current level of subsidies as insufficient.³³

2.3 Assessments

The digital switch-over of terrestrial platforms has slightly expanded the coverage of both public service television channels and at present most households have access to public channels. In the post-analog era, LTV pays smaller broadcasting tariffs, improving its financial position. Commercial channels now pay higher transmission fees, since their territorial coverage in digital broadcasting has expanded significantly.

However, there are audience losses resulting from digitization. The audience share of LTV channels has shrunk, as it has for all free-to-air terrestrial channels; this has further weakened LTV's fragile position in the media landscape. LTV has plans to expand its portfolio; however, the economic downturn has forced it to postpone the introduction of its third channel.

Despite the rise of new media, public service television and radio have failed to develop their internet services, not to mention developing content provision on mobile platforms which seems to have been completely absent from the agenda of public broadcasters' management. The failure to exploit online platforms to a great extent explains public broadcasters' inability to reach younger age groups whose media habits tend to be more focused on non-linear and multi-tasking. A greater presence on web platforms would not only attract young people, but would also force public service organizations to be more in step with the times. Today LTV and LR mostly focus their operations on their loyal audiences: older users, ethnic Latvians, the rural population, and the less affluent. They have made scant efforts to appeal to younger and more affluent audiences, as well as to ethnic minorities. Opinion surveys point to paradoxical conclusions: even though public service television is more trusted than its commercial rivals, it is not the most widely watched. Public service radio is more successful at attracting sizeable audiences.

Despite an increase in news and current affairs output on LTV and LR in recent years, the quality has not improved. In the case of LTV, it has even deteriorated since a number of high-profile journalists withdrew from LTV in 2007 following a conflict with management, and moved to the private TV3, and a new exodus of well-known journalists occurred in 2011. The defections have further hurt the overall quality of news and current affairs on LTV.

Although the weekly discussion program "*Kas notiek Latvijā?*" offered hard-talk style political debate until 2011, and excellent investigative reporting still can be found from time to time on the weekly current affairs

33. LETA (a news agency), *Elektronisko plašsaziņas līdzekļu likums pagaidām netiks grozīts* (Electronic Media Law will not be amended for now), www.diena.lv, 9 February 2011, available at <http://www.diena.lv/lat/politics/hot/elektronisko-plassazinas-lidzeklu-likums-pagaidam-netiks-grozits> (accessed 25 February 2011).

show “*De facto*”, the overall performance of LTV’s news and current affairs programming is mediocre. One of the main reasons for the weakness is LTV’s poor journalistic resources: in the last five years a number of experienced journalists have been replaced with less experienced ones whose professional capacity is insufficient to provide robust and incisive news and current affairs content. Media experts have speculated that the exodus of LTV’s journalistic staff was politically motivated; however, there is no hard evidence for direct political pressure on LTV’s management to let go journalists who cause headaches for the political elite.

Public broadcasters have explained the increased volumes of news and current affairs output during the last few years with an assumption that during a period of economic downturn audience needs have changed and there is greater demand for that kind of programming. The proliferation of talking-head formats has been justified by program-makers by the reduction of public broadcaster budgets, which has forced them to produce lower-cost formats. Smaller budgets force them to rely on live studio programs at the expense of other formats, including documentaries and investigative reporting. As a result, both LTV and LR offer significant volumes of news and current affairs output, but their journalistic value is dubious and the audience share often low.

Due to complex reasons, public service broadcasters are not producing cutting-edge news and current affairs journalism or setting standards for commercial players. In fact, the commercial players have often proved to be more successful in producing high-quality journalism and attracting sizeable audiences. However, the market logic according to which commercial channels operate restricts the volume of news and current affairs and, in some cases, their political affiliations stand in the way of politically neutral reporting. For these reasons the commercial sector is not a replacement for public broadcasting, even if the latter is struggling to provide journalistic excellence and to appeal to a wide range of audiences.

3. Digital Media and Society

3.1 User-Generated Content (UGC)

3.1.1 UGC Overview

The most common internet activities in Latvia are the use of search engines, email services, social networking sites, as well as reading news portals. According to TNS Latvia and Gemius Latvia, several websites have consistently topped the list of most popular sites in the past five years: the global search engine Google; the entertainment site Inbox.lv, offering email service, dating, games, file hosting, etc; local social networking site Draugiem.lv; and the news site Delfi.lv. The online classifieds services SS.lv, ZIP.lv, and Reklama.lv, the news sites TVNET.lv and Apollo.lv, the information services 1188.lv and ZL.lv, the local social network One.lv, and the home pages of the mobile operators TELE2.lv and LMT.lv, have also attracted large audiences. The popularity of the video hosting site YouTube has also grown. And, along with the rapid growth of internet penetration, the number of users for all mainstream internet platforms has increased sharply.

Table 16.

The 10 largest internet websites by daily audience, '000, 2005–2010

2005	2006	2007	2008	2009	2010						
Delfi.lv	181	Draugiem.lv	283	Inbox.lv	436	Google.com	526	Google.com	647	Google.com	709
Inbox.lv	156	Google.com	281	Google.com	418	Inbox.lv	459	Inbox.lv	521	Inbox.lv	586
Google.com	148	Inbox.lv	267	Draugiem.lv	332	Draugiem.lv	400	Draugiem.lv	454	Draugiem.lv	468
Draugiem.lv	139	Delfi.lv	234	Delfi.lv	322	Delfi.lv	310	Delfi.lv	377	Delfi.lv	387
One.lv	107	One.lv	168	One.lv	164	SS.lv	231	SS.lv	260	SS.lv	280
TVNET.lv	80	TVNET.lv	124	SS.lv	141	TVNET.lv	205	TVNET.lv	248	Youtube.com	277
TELE2.lv	67	SS.lv	115	TVNET.lv	117	One.lv	182	Youtube.com	228	TVNET.lv	263
LMT.lv	56	TELE2.lv	79	1188.lv	108	Youtube.com	149	One.lv	182	One.lv	170
Apollo.lv	55	1188.lv	76	Apollo.lv	87	1188.lv	105	Apollo.lv	109	Apollo.lv	154
SS.lv	47	LMT.lv	73	TELE2.lv	60	Apollo.lv	92	1188.lv	99	1188.lv	97

Source: TNS Latvia.

Table 17.

The 10 most popular local internet sites, real users, annual average, 2007–2010

2007		2008		2009		2010	
Inbox.lv	651,190	Inbox.lv	728,356	Inbox.lv	776,885	Inbox.lv	799,835
Draugiem.lv	565,336	Draugiem.lv	611,393	Draugiem.lv	674,176	Draugiem.lv	750,807
SS.lv	451,368	Delfi.lv	566,691	Delfi.lv	647,239	Delfi.lv	655,720
One.lv	381,545	SS.lv	513,411	SS.lv	579,370	SS.lv	615,003
TVNET.lv	378,693	TVNET.lv	411,108	TVNET.lv	440,565	TVNET.lv	466,299
1188.lv	317,249	One.lv	391,535	Apollo.lv	376,794	Apollo.lv	426,180
Apollo.lv	317,042	Apollo.lv	362,347	One.lv	362,687	One.lv	326,574
Baltgames.lv	317,042	1188.lv	317,110	ZIP.lv	291,551	1188.lv	318,322
Reklama.lv	196,594	ZIP.lv	251,748	Kasjauns.lv	212,849	ZIP.lv	283,955
Videogaga.lv	184,913	Reklama.lv	213,808	ZL.lv	212,542	Mail.ru ³⁴	243,858

Source: Gemius Latvia.

Even though established media sites such as news portals and some online versions of print media attract large audiences, the UGC portions of those sites are of less interest to users than traditional journalism. Analysis of the audience statistics of the Delfi.lv site provides an example. In January 2011 Delfi.lv's national news content generated 5.8 million pageviews, compared with the *Aculiecinieks* section (citizen journalism material), which generated 1.2 million pageviews and 1.4 million pageviews for *Forums* (platform for debates). Ingus Bērziņš, chief editor of Delfi.lv, noted that only a small minority of Delfi visitors add their comments to news articles and among those expressing their viewpoint around 60 percent leave only one comment during the evolution of a news story and only a handful of users engage in further debate.³⁵

Independent UGC sites as a rule have significantly fewer visitors compared with established media platforms. Only those focussing on entertainment, useful tools for file sharing and practical information have been able to attract sizeable audiences. The most popular local UGC site is the Russian-language site *Irc.lv*, offering a wide range of entertainment-oriented content, including video and photo sharing, blogging, and an online classifieds service. Video and photo sharing websites (*Fotki.lv*, *Videogaga.lv*, *Bildites.lv*), the virtual cookbook *Receptes.lv*, and the blogging platform *Klab.lv* are also among widely used UGC platforms. Under the ironic slogan “A million reasons why Latvia is the best country in the world,” the site *Miljons.com* invites its users to submit photos reflecting everyday life in Latvia. Often UGC platforms are targeted at youth, combined with social networking, dating services, and games (for instance, *Oho*, *Krabjiem*, and *Baltgames*).

34. Per Gemius: mail.ru, a Russian website is used in Latvia and sells advertising aimed at Latvian audiences, therefore it is included in the list of local sites.

35. Email interview with Ingus Bērziņš, chief editor of news portal Delfi.lv, Riga, 28 February 2011.

Table 18.

Number of visitors to local UGC sites, real users, annual average, 2010

Irc.lv	149,232
Fotki.lv	114,946
Receptes.lv	93,666
Ideogaga.lv	76,664
Miljons.com	74,144
Bildites.lv	50,442
Klab.lv	43,379

Source: Gemius Latvia.

3.1.2 Social Networks

The most common social network in Latvia is the local service Draugiem.lv with active users of around 800,000 per month, which significantly outpaces the global networking site Facebook. Draugiem.lv was launched in 2004, and today more than half of the population has a profile on Draugiem.lv. According to Socialbakers.com and Soon.lv measurements, in February 2011 the number of Latvians using Facebook had reached 260,000 and only 40,000 were involved in Twitter, though both have attracted more and more new users.³⁶ According to Gemius data, other popular local social networking sites are One.lv, Boomtime.lv, Orb.lv, Amigos.lv and Face.lv, however all have significantly lower visitor numbers than the key player Draugiem.lv.

Table 19.

Number of visitors to local social networking sites, real users, annual average, 2010

Draugiem.lv	750,806
One.lv	326,573
Boomtime.lv	173,405
Orb.lv	94,139
Amigos.lv	65,567
Face.lv	63,026
Klab.lv	43,379

Source: Gemius Latvia.

3.1.3 News in Social Media

Blogging is not a widespread internet activity and the number of those writing blogs is marginal. A 2008 survey of internet behavior showed that only 6.7 percent of respondents blog, compared with other content-generation activities. For instance, 25 percent of users upload photos and video content, 23.1 percent chat, and 14.9 percent comment on articles posted on the internet, but a slight majority (55 percent) does not

36. See <http://televizors.soon.lv/> and <http://www.socialbakers.com/facebook-statistics/latvia>.

participate in content production or does not use other interactivity tools at all. A closer look at the socio-demographic data reveals that the most active bloggers are male students and managers aged 18–24.³⁷

News consumption is not among the most popular activities on Draugiem.lv; the majority prefers to use the social network for personal communication. The most common activities among Draugiem.lv users are reading and sending mail, as well as uploading photos and viewing photos of others.³⁸

Although the number of Twitter users in Latvia is still small compared with social networking sites such as Draugiem.lv and Facebook, for many Twitter has become one of the main news sources. This to large extent can be explained by the fact that media organizations are among the most active on the Twitter platform. Among the most influential brands on Twitter are the weekly magazine *Ir*, the news site *Delfi.lv* and *Radio 101*. The Twitter account of LTV's news program "*Panorāma*" has also had good results.³⁹

Twitter statistics indicate a rise in the number of tweets when the news breaks, including activities on the political scene. Thus, on 28 May when the then president of Latvia, Valdis Zatlers, made an announcement on television initiating a referendum to dissolve parliament the number of tweets mentioning his surname "zatlers" skyrocketed. If in the previous five days before 28 May an average 78 tweets mentioning "zatlers" were posted per day, on 28 May the number reached 1,842 tweets.⁴⁰ This suggests that during periods of political controversy Twitter provides a platform for political debate. Many journalists, as well as politicians and their advisers, are active Twitter users, providing behind-the-scenes information and often engaging in lively debate. While Twitter plays a role in reflecting public sentiments, its role in the overall public sphere should not be overestimated given the small number of Twitter users in Latvia.

3.2 Digital Activism

3.2.1 Digital Platforms and Civil Society Activism

Civil society organizations use digital platforms for maintaining their everyday communication with supporters and other activists, as well as for engaging the general public in their activities, mostly organizing public awareness campaigns. Researchers believe the third sector makes insufficient use of digital platforms.⁴¹

Non-governmental organizations (NGOs) in Latvia rely mostly on traditional home pages and only a small number of activist groups launch special internet campaigns; two such examples are *Tautvaldiba.lv* (a platform for proposing draft laws and electronic sign-in) and *Kreisie.lv* (a site promoting social democratic ideas).

37. Rozenvalds and Ijabs, *Latvia Human Development Report 2008/2009*, p.187.

38. All data provided by Draugiem.lv.

39. The list of most influential brands on Twitter are regularly published by the advertising agency DDB in Latvia. Influence is measured taking into account the following criteria: number of retweets, number of followers, and number of mentions of the brand in others' tweets, available at <http://www.zimolutops.lv/>.

40. See <http://radio.soon.lv/>.

41. Email interview with Iveta Kažoka, policy analyst at the Centre for Public Policy Providus, Riga, 21 February 2011.

Digital platforms have offered convenient and cost-free tools for expressing viewpoints and organizing collective actions, including the signing of digital petitions and organizing flashmobs. In general, the use of digital platforms for organizing protests in Latvia is sporadic and lacks organization.⁴²

Many of the petitions are in protest against politicians and their actions. In 2003, a group of activists, among them well-known musicians, actors, journalists, and advertising professionals, launched the site *Esparmieru.lv* with a call for signatures on a virtual petition protesting against the impending war in Iraq. The action collected thousands of signatures. The second phase of this campaign took place during the 2005 visit of the U.S. president, George W. Bush, to Latvia.

In recent years, with the growing popularity of social networking and social media platforms, internet petitions have become commonplace as a form of protest, covering a wide range of topics and forms of expression.

Digital Activism Campaigns

In 2010, the Marta Resource Centre for Women launched a mock call-girl internet site, *Meitenes24.lv*.⁴³ The site resembled a typical internet page offering prostitution services. The aim of the project was to draw public attention to the negative effects of prostitution. The police blocked the site soon after the launch, arguing that the site promoted prostitution. According to media reports, *Meitenes24.lv* has relocated to a foreign domain and is now open to visitors.⁴⁴ The scandal allowed the organization Marta to raise its profile in the media.

The 2009 blockade of bridges over the Mēmele River and Mūsa River in the city of Bauska is seen as one of the most remarkable examples of internet-initiated citizen mobilization. Protests against plans to limit the services of a local hospital were organized via the forum section of a local newspaper website, *Bauskasdzive.lv*, and later news spread by word of mouth. The events in Bauska developed spontaneously, they were rarely planned or carefully organized.

In 2010, Guntis Ulmanis and Vaira Vīķe-Freiberga, two former presidents of Latvia, initiated an internet petition of support for the then prosecutor general, Jānis Maizītis, as the end of his term in office approached. The former presidents criticized Parliament for initially promising support to Mr Maizītis, only to reverse its position later.

In 2008, a satirical internet petition was launched to appeal to Sweden to occupy Latvia. The authors of the petition claimed that the misconduct of politicians challenged independent Latvia's right to exist.

In 2010, the then minister of finance, Einars Repše, drew public ridicule by attending official meetings wearing a bizarre leather suit. An internet petition was launched calling on Mr Repše "to stop embarrassing our country and abandon the leather business suit." A counter-petition showing support for Mr Repše's wardrobe also appeared.

42. Email interview with Andrejs Berdņikovs, researcher at the Advanced Social and Political Research Institute, University of Latvia, Riga, 1 March 2011.

43. Email interview with Jānis Buholcs, internet media expert, Riga, 15 February 2011.

44. A. Āboliņa, "Policijai šādi 'joki' nepatīk (The police are not happy about this kind of "joke")", *www.diena.lv*, 7 July 2010, available at <http://www.diena.lv/lv/laikraksts/741234-policijai-sadi-joki-nepatik> (accessed 25 February 2011).

An innovative online initiative called ManaBalss.lv was launched in June 2011 allowing individuals to sign petitions electronically, using their internet banking accounts for identity authentication. Once 10,000 signatures are collected, the initiator of the proposal submits it to Parliament. To date, two initiatives have gained the necessary support: one proposing the disclosure of the real owners of offshore companies and the other calling for the direct inclusion of electronically signed petitions in the parliamentary agenda. While the former initiative was accepted in Parliament and the law has now been amended, the latter proposal is currently being debated in Parliament's Legal Affairs Committee.

Ahead of the 2010 general elections, several NGOs launched campaigns providing analysis of political events and political participation tools (see section 4).

A number of recent charity campaigns have recently been organized on digital platforms. One of the most visible examples of digital civic activism in Latvia was the "Adults for the Children's Hospital" (*Lielie Bērnu slimnīcai*) campaign, which began with a single Twitter feed in 2009. A father who had brought his child to the Children's Hospital in Riga noticed that parents of children in the hospital had to buy their own thermometers and tweeted about this, calling for donations for the purchase of thermometers.⁴⁵ His Twitter followers launched a movement of support for the Children's Hospital. Soon, the movement launched its internet page, initiated action to clean up the hospital grounds, raised money for the reconstruction of the hospital's parents' house, and organized a number of other activities.

3.2.2 The Importance of Digital Mobilizations

The success of the Children's Hospital campaign in being picked up by mainstream media can largely be attributed to the fact that many PR specialists, advertising professionals, and journalists were among its supporters. This campaign resulted in attracting supporters and gaining media attention through a combination of enthusiasm and good media management.⁴⁶ But this case is not a typical example of a civic movement in Latvia but more of an exception. Other internet-based charity campaigns had been organized, usually getting some media attention during the Christmas period, but then forgotten for the rest of the year.

The internet-based civic protest campaigns described here were driven by journalists or advertising experts. Ordinary citizens, with little experience and knowledge of media practices, have less chance to access the public domain through traditional media channels. This is why a number of digital activism initiatives have gone unnoticed by the general public and were known only to a very small number of internet users. A small number of people use the internet to search for information on politics, so reaching the general public without getting on the mainstream media agenda is not likely.⁴⁷

45. S. Jemberga, "Gaismas salas" (Islands of light), [www.citadiena.lv](http://citadiena.lv), 17 November 2009, available at <http://citadiena.lv/2009/11/17/gaismas-salas/> (accessed 25 February 2011).

46. Email interview with Jānis Buholcs, internet media expert, Riga, 15 February 2011.

47. Email interview with Iveta Kažoka, policy analyst at the Centre for Public Policy Providus, Riga, 21 February 2011.

Experts point out that digital petitions have in most cases a marginal impact on the political agenda. Even a petition initiated by ex-presidents whose high profile should guarantee media attention had little impact; a different candidate was chosen as the next prosecutor general. Hence, digital activism appears fairly powerless to shape the decisions of political elites.⁴⁸ The 2007 protest against government plans to dismiss the Director of the Bureau for the Prevention and Combating of Corruption was a rare example of a protest action having real impact.⁴⁹ Yet even in this case, along with internet communications, the mainstream media and the support of the cultural elite played a significant role in mobilizing citizens.⁵⁰

3.3 Assessments

The role of digital media channels in shaping the overall news offer should not be overstated. First, mainstream news portals do not offer much original content, mostly using news agency and traditional media materials. Second, audience statistics indicate that despite various UGC offerings, most internet users are still interested in a news agenda set by editorial teams of established media organizations, rather than that of citizen journalism. UGC areas in mainstream news portals are significantly less visited compared with journalistic output, and only a small number of independent user-generated platforms have attracted sizeable audiences. User-generated sites offering entertainment, tools for uploading photos and videos or sharing experiences on everyday life with the user in the role of consumer, rather than of citizen, have been more successful. Blogging on social and political issues has been a marginal activity, especially since blogging itself is not widespread among internet users.

This low level of blogging cannot be explained by any hard data based on research. The internet media expert Janis Buholcs believes that blogging appeared on the Latvian internet media scene late (when mainstream media started to offer blogging platforms) and was only in its formative years when social networking sites boomed, and later blogging was overtaken by Twitter.⁵¹ Other experts suggest that as technological development in Latvia lags behind developed countries, so do internet usage patterns.

Internet media have offered opportunities for civil and political activism, and, as experience shows, have been used to mobilize citizens for political protest actions (internet petitions, flashmobs organized via the internet), organize charity activities or launch public awareness campaigns. However, the impact of the majority of digital actions on the political agenda and their ability to appeal to the general public has been minimal.

48. Email interview with Jānis Buholcs, internet media expert, Riga, 15 February 2011.

49. Email interview with Andrejs Berdņikovs, researcher at the Advanced Social and Political Research Institute, University of Latvia, Riga, 1 March 2011.

50. On 18 October 2007, thousands of people gathered in front of the Parliament building despite the heavy rain to show support to Aleksejs Loskutovs, then head of the Bureau for the Prevention and Combating of Corruption, and for this reason the following chain of protests has been named the Umbrella Revolution (*Lietussargu revolūcija*). Reacting to the growing public anger, the government withdrew its plans.

51. Email interview with Jānis Buholcs, internet media expert, Riga, 19 July 2011.

The most successful examples of digital activism appear to be those where journalists and PR and advertising professionals, with their various skills in managing news, are involved. This suggests that digital activism is not very effective without mainstream media support. Even forms of political protest involving high-profile individuals have failed to influence decision-makers.

One reason for the low impact of digital activism is the absence of an engaged citizenry. According to experts, even NGOs, key players in civil society, are not active in appealing to ordinary people and engaging them in civic activities through digital platforms. In their digital activities NGOs usually do not go beyond launching a home page and organizing some sporadic web-based projects.

4. Digital Media and Journalism

4.1 Impact on Journalists and Newsrooms

4.1.1 Journalists

The expansion of internet news portals during the past five years has not produced a greater volume of original news content. As a rule, the output of news portals is homogeneous, as online journalism mostly functions by aggregating information, not producing it, besides focussing more on tabloid content than on hard news.

The typical daily news cycle starts with the news agencies during the day producing a huge amount of news items, a large number of them based on information delivered by PR professionals, which are later repackaged by internet news portals. Often internet sites pick up a news story from a news agency or another media outlet—radio, television, print or another website—and disseminate it further, with little or no added value. According to accounts of media professionals, very few internet media sites provide original content, generally limiting themselves to a copy-paste approach. Often the only added value is the replacement of a news agency headline with a more colorful one and the addition of a picture.⁵² News portals are also highly dependent on the content created by traditional media. Diena.lv typically starts its morning operations by checking the content of daily newspapers and morning radio and television news programs.⁵³

While internet news sites provide mostly hard news, in recent years the leading ones (Delfi.lv, TVNET.lv, Apollo.lv) have recruited experienced journalists and editors aiming to offer more non-news journalism (long-form reportage, interviews, investigative materials, and features). In this way, online media aim to fulfill the information needs of users previously loyal to print and who have switched to online platforms.⁵⁴

The financial crisis has forced traditional media organizations to cut staff costs and experienced journalists have been replaced with less qualified newcomers; this has inevitably hit the overall quality of output. The

52. Email interview with Arta Ģiga, producer of investigative TV3 program *Nekā personīga* (Nothing Personal), Riga, 20 December 2010.

53. Email interview with Barbara Ālīte, former news editor of news portal Diena.lv, currently news editor of news agency BNS—Latvija, Riga, 20 December 2010.

54. Email interview with Ingus Bērziņš, chief editor of news portal Delfi.lv, Riga, 22 December 2010.

volume of original materials has decreased as news is increasingly gathered rather than sought. Besides, news reports often lack background information, context, and assessment.

In the past, republishing agency news was considered shoddy journalism at *Diena* daily, while today agency material is regularly reprinted in the paper without any rewriting.⁵⁵ The weakening of conventional media organizations has inevitably affected the performance of online journalism whose main business so far has been the recycling of original content provided by print, radio, and television. With their main suppliers of original news stories struggling to offer the same volumes of original journalism as before the financial downturn, the news portals lack the journalistic resources to make up this shortage.

The 24/7 news cycle and delivery of huge volumes of information by internet news portals has resulted in information overload, and this in turn has led to newcomers offering alternatives entering the market. Thus, *Ir.lv* (produced by *Cits Medijs*, the company that publishes the weekly magazine *Ir*) has introduced the concept of a news portal offering only the 12 most significant news articles of the day. Another example is the *Pietiek.com* site; instead of producing extensive news content, it aims to provide its readers with original stories, thus often setting the agenda for mainstream outlets.

Newsroom convergence has typically been problematic, as journalists working on conventional platforms initially were reluctant to combine traditional and online news production, so that the online platforms of traditional media organizations often retain the status of neglected stepchildren. Traditional media organizations perceive the internet as a new channel for content distribution, not as a new medium offering distinctive content. Internet journalism has been seen as a less prestigious and demanding form of journalism where anyone, even with no qualifications, can be employed or journalism students tried out. Internet journalists have also been paid less. All these factors have affected the output of internet media.⁵⁶

The experience of traditional media organizations expanding their operations to internet platforms has shown that changing the mindset of journalists and editors is more of a challenge than the limited financial resources or availability of digital technology. So, for example, editors of the daily *Diena* have shown little interest in cooperating with their counterparts from the online desk and have even resented print journalists reporting for *Diena.lv*.⁵⁷ Moreover, high-quality materials are usually saved for the newspaper.⁵⁸ These accounts illustrate the typical division of labor in joint newsrooms: as a rule, original content and the bulk of staff resources are dedicated to the traditional platform. For instance, LR and LTV each have only one staff member working exclusively for its online news platform.⁵⁹

55. Email interview with Māra Miķelsone, former news editor of news portal *Diena.lv* and *Diena* daily, Riga, 22 December 2010.

56. Email interview with Anda Rožukalne, PhD, head of the Communication Studies Department at Faculty of Communication, Riga Stradins University, Riga, 7 January 2011.

57. Email interview with Māra Miķelsone, former news editor of news portal *Diena.lv* and *Diena* daily, Riga, 22 December 2010.

58. Email interview with Barbara Ālīte, former news editor of news portal *Diena.lv*, currently news editor of news agency BNS—Latvija, Riga, 20 December 2010.

59. Data provided by Radio Latvia and Latvian Television.

Consequently, the performance of print media on digital platforms is poor and none of the news sites operated by daily newspapers is among the most visited, which is not the case in Estonia and Lithuania. Publishers were for years afraid to develop online products due to concern about cannibalizing their base product, that is, the print editions.⁶⁰ The same can be said about the presence of radio and television companies on the internet, including public broadcasters.

The need to ensure a constant flow of information and the necessity to attract audiences have led to increasing volumes of poorly sourced and sensational news items. Internet media have no time and space limits and therefore are more willing to accept PR information, commercial materials, and rumors.⁶¹

As mentioned, Pietiek.com is seen as one of a few internet portals providing original content, often generating news exclusives. However, this site too has been criticized for providing scandalous information that is poorly sourced, mostly based on anonymous sources, not always presenting both sides of a dispute, and mixing subjective blogging with factual reporting. Pietiek.com has focused more on sensations than on in-depth analysis.⁶²

Media organizations have in general become more dependent on PR and marketing-driven information. One striking example dates back to October 2009, when the media reported that a meteorite had come down near the provincial town of Mazsalaca. Eventually, the story of Mazsalaca's meteorite turned out to be a marketing spoof by the telecommunications company Tele 2. Tele 2 had dug a hole in the middle of a meadow, called the fire brigade and even produced fake eyewitness video; all of this ended up in the media which turned out to be easily manipulated by a hoax created for marketing purposes. Despite the contradictory and incomplete information, the media initially reported the story of a fallen meteorite as fact.

Internet portals have welcomed UGC, introducing new voices and sources which previously had difficulty bypassing the mainstream media gatekeepers. News editors follow their users on different social media platforms, and the micro-blogging site Twitter has perhaps become most popular as a source for information leaks and leads that later can be developed as news. All major news portals have special platforms for publishing UGC.

Increased interaction with audiences may also have negative effects. Internet news portals have direct and immediate feedback from users. This often forces internet news providers to please their audiences by sacrificing hard news content. Trivial stories concerning citizens' everyday lives have been among the most read, leading editors to concentrate on such stories with the goal of growing the numbers of visitors, key to attracting advertisers.⁶³ The introduction of UGC has refocused media content overall from an official and political agenda to social and human-interest stories.⁶⁴

60. Email interview with Ingus Bērziņš, chief editor of news portal Delfi.lv, Riga, 22 December 2010.

61. Email interview with Arta Čīga, producer of investigative TV3 program *Nekā personīga* (Nothing Personal), Riga, 20 December 2010.

62. Email interview with Ilze Šulmane, researcher at the Advanced Social and Political Research Institute, University of Latvia, Riga, 28 December 2010.

63. Email interview with Barbara Ālīte, former news editor of news portal Diena.lv, currently news editor of news agency BNS—Latvija, Riga, 20 December 2010.

64. Email interview with Māra Miķelsons, former news editor of news portal Diena.lv and *Diena* daily, Riga, 22 December 2010.

From one angle, this shift converges with self-censorship. Some media organizations prefer reporting on social issues instead of politics, since scrutinizing politicians' actions is seen as more sensitive. In order to avoid possible conflict with the owner or a certain political grouping, editors will choose to sidetrack an issue. Officially, editors have argued that their editorial preferences have been reframed reflecting their audiences' greater interest in social issues than political reporting. Guntis Bojārs, chief editor of the publishing house Dienas Mediji, argues that media in Latvia are overpoliticized and should report less on political matters, except during election campaigns.⁶⁵

Technological development has enabled the ordinary person to enter the public domain, but at the same time citizen journalism has not significantly improved the diversity of media content. Users usually submit uniform reports, mostly complaining about the quality of public services.⁶⁶ The value of citizen journalism has been more pronounced in the reporting on accidents or natural disasters. Besides, as discussed in section 3, internet users themselves have paid little attention to user-generated materials.

4.1.2 Ethics

Digitization has not brought any serious consequences for the ethical behavior of journalists. However, as described above, journalists and editors often perceive internet media as less important and therefore breaches of ethical standards are also seen as more acceptable on internet platforms. Media professionals have admitted that editorial control on digital platforms is not as strong as on traditional media platforms.

Internet media face greater pressures for immediacy and this has negative effects on quality. Besides, as some media professionals have argued, the internet has also created a race among traditional media outlets. The high speed of information on internet media has led traditional media to focus on scoops as their main goal without assessing the real significance of the information.⁶⁷

Media professionals have pointed out that the current gray area is the usage of visual materials on internet portals. Current practice in some cases verges on breaching legal or ethical norms. Some news sites do not provide the source (author) of the picture, raising doubts that the visual material has simply been "Googled" and copied in breach of fundamental copyright laws. Media professionals have also pointed to a lack of regulation on the use of visual material taken from social networking sites.

65. BNS, "Bojārs centīsies *Dienu* padarīt ne tik politisku" (Bojārs will aim to make "Diena" less political), www.apollo.lv, 15 June 2010, available at <http://www.apollo.lv/portal/panorama/articles/206197> (accessed 19 July 2011).

66. Email interview with Ingus Bērziņš, chief editor of news portal Delfi.lv, Riga, 22 December 2010.

67. Email interview with Arta Ģiga, producer of investigative TV3 program *Nekā personīga* (Nothing Personal), Riga, 20 December 2010.

4.2 Investigative Journalism

4.2.1 Opportunities

Online data bases, search engines, information provision on internet platforms by governmental institutions, social networking sites permitting crowdsourcing techniques, and UGC have been recognized as tools created by digitization that improve the work of investigative journalists. However, journalists do not take full advantage of these opportunities, computer-assisted reporting has not evolved, and even crowdsourcing tools are rarely applied.⁶⁸ Today a significant number of data are publicly available on the home pages of public institutions, but journalists do not have the knowledge to use them and seem reluctant to develop those skills for the purposes of investigative reporting.

In 2010, Ilmārs Poikāns, a researcher at the Institute of Mathematics and Computers Science in the University of Latvia, accidentally discovered a security hole in the electronic declaration system of the State Revenue Service. He downloaded huge volumes of information on the salaries of employees of state institutions and of state and municipal enterprises from the service's database. Initially, using the nickname Neo, he leaked information to Ilze Nagla, a journalist of the LTV investigative program *De facto*, but later published the leaked materials on an openly available internet platform and communicated with the public through his Twitter account. Media experts have argued that the leaked information did not encourage journalists to conduct investigations; instead the data were simply summarized providing little or no analysis.⁶⁹ Mr Poikāns himself has pointed out in press interviews that he had expected journalists to be more interested in examining the data he provided.

Reporters have also observed that modern technologies and internet communications have not only allowed new information providers to emerge, as in the Neo case, but have also encouraged insiders from government and business to report to the media anonymously on wrongdoings in their organizations. Social networks also allow the publishing of information by insiders who would otherwise probably have not had access to the media.⁷⁰ Finally, organizations more often use internet facilities for internal communications, making it easier for information to be leaked to the media.

4.2.2 Threats

Investigative journalists point out one drawback of digitization: extensive reliance on the internet has encouraged complacency in investigative reporting, as journalists too often perceive internet content as reliable, without checking it.⁷¹ Other digitization-driven threats to journalistic performance are described above in the section dealing with media ethics.

68. Email interview with Inga Sprīņģe, former investigative reporter of daily *Diena*, currently Fellow of the H. Humphrey Fellowship program, Washington, 21 December 2010.

69. Email interview with Dita Arāja, chief editor of public policy portal *Politika.lv*, Riga, 3 January 2011.

70. Email interview with Agnese Margēviča, former political reporter of daily *Neatkarīgā Rīta Avīze* and business daily *Dienas Bizness*, currently journalist of the internet project *Pietiek.com*, Riga, 10 January 2011.

71. Email interviews with Ilze Nagla, investigative reporter of Latvian Television program *De facto*, Riga, 23 January 2011.

However, serious threats such as data theft, blocked content, and other forms of pressures or censorship as a result of digitization have not been observed or identified by media professionals.

Media experts believe that investigative journalism material simply disappears in the large volume of information, and often its findings remain unnoticed. Media professionals also concede that investigative reporting, just like other genres of journalism, has started to focus more on exclusive and sensational content, neglecting substantial analysis. The highly competitive media environment forces investigative journalists to publish their stories half-done, out of fear that rivals could win the race to publish the same material first.⁷² The economic downturn has also influenced the move away from investigative reporting, as media have lost the capacity to produce investigative materials. Consequently, the dissemination and, therefore, the impact of investigative journalism have declined.

Having said that, some experts point out that even during the years of economic development investigative journalism was patchy. Media organizations have never had the economic resources needed to run investigative projects for several months and, in a media market as small as Latvia, true investigative journalism is unlikely to thrive.⁷³ Recently new models of funding investigative reporting have been searched for, and the non-governmental sector has provided support for innovative internet-based projects offering investigation and analysis; however, the viability of these attempts is still unknown.

Some of the journalists interviewed say that their colleagues rarely investigate a story independently and usually follow leads provided by disgruntled insiders or rivals of those targeted by the reports. Because their financial constraints are greater, they more frequently rely on leaks than their Western colleagues. With resources scarce as a result of budget cuts, investigative reporters end up building their stories on the basis of delivered materials that create the risk of serving someone's interests or being involved in the manipulation of opinions.⁷⁴ Ms Ločmele has observed that the press willingly disseminate compromising materials, but independent research faces the problem of collecting substantial evidence, since sources are often not keen to speak with journalists, even anonymously.⁷⁵

4.2.3 New Platforms

If there are any blogs offering investigative journalism, they are not seen as making a substantial contribution. Investigative reporters admit that some blogs are useful, though they do not provide investigative content. Some bloggers produce content that can be seen as investigative reporting, but the output seldom has a significant impact on public life. The blogosphere often provides niche journalism and opinions, but it is rarely investigative reporting, which requires expertise and resources.⁷⁶

72. Email interviews with Ilze Nagla, investigative reporter of Latvian Television program *De facto*, Riga, 23 January 2011.

73. Email interview with Dita Arāja, chief editor of public policy portal *Politika.lv*, Riga, 3 January 2011.

74. Email interviews with Ilze Nagla, investigative reporter of Latvian Television program *De facto*, Riga, 30 November 2010.

75. Email interview with Nellija Ločmele, chief editor of weekly magazine *Ir*, Riga, 11 December 2010.

76. Email interview with Sanita Jemberga, former investigative reporter of daily *Diena*, currently journalist of weekly magazine *Ir*, Riga, 19 January 2011.

New entrants, professionals or non-professionals, providing investigative reporting have not been identified. Pietiek.com could be considered as the sole new entrant providing investigative journalism, but its journalists are veterans of investigative reporting.

4.3 Social and Cultural Diversity

4.3.1 Sensitive Issues

Sociological inquiries on discrimination and content analysis of media coverage on minority groups indicate that the most sensitive issues arising out of social and cultural diversity in Latvia are intolerance towards ethnic and sexual minorities and social insecurity.

According to a 2008 survey, individuals have most frequently faced unfair or abusive treatment on the basis of their language (14 percent, the majority Russian-speakers) and their age (12 percent).⁷⁷ Almost a tenth (8–9 percent) thought they were treated unfairly or abused because of their social background, property status (9 percent), ethnic background or race (8 percent, again, mostly Russian-speakers), and state of health (8 percent). Discrimination based on sex (3 percent), political opinion (3 percent), religion (2 percent), and sexual orientation (0.3 percent) has rarely been reported.

Just over a quarter or 27 percent of respondents reported that in the previous two years their rights were violated or they were discriminated against, mostly in employment relationships (12 percent), health care (6 percent), and social security (5 percent). Respondents saw the right to health care, social security (social benefits, pensions), work, fair and good working conditions, and education as the most important human rights.

According to the Electronic Media Law, broadcasts must not contain “incitement to hatred or discrimination against a person or group of persons on the grounds of sex, race or ethnic origin, nationality, religious affiliation or faith, disability, age or other circumstances.”⁷⁸

Public service broadcasters have special programming requirements: they should “take into account the diversity of society in Latvia in social, economic, regional, educational, cultural and religious.” Their programs should “promote integration and social cohesion on the basis of the Latvian language”; they should “facilitate participation of representatives of different groups of society in the production of programs and broadcasts, envisage broadcasts for minority groups and individuals with special needs, [and] envisage access to certain broadcasts for people with impaired vision and hearing.”

Public service broadcasters provide special programs for disabled people and ethnic minority groups, however not in sufficient quantity according to these target groups. However, public broadcasters do not do regular

77. Research Center SKDS, “Informētība par cilvēktiesību aizsardzību Latvijā. Latvijas iedzīvotāju aptauja. 2008.gada novembris (Awareness of human rights protection in Latvia. Survey of Latvia inhabitants. November 2008.), Riga, pp. 8–20, available at http://www.tiesibsargs.lv/lat/tiesibsargs/majas_lapas_jaunumi/?doc=445 (accessed 27 December 2010).

78. Electronic Mass Media Law, *Latvijas Vēstnesis*, 118 (4310), 28 July 2010, came into effect on 11 August 2010, arts 5, 12, and 13, available in English at http://www.vvc.gov.lv/export/sites/default/docs/LRTA/Likumi/Electronic_Mass_Media_Law.doc (accessed 24 May 2011).

audience studies, and qualitative information is not available from the National Electronic Media Council (hereafter Electronic Media Council) to validate these claims.

LTV provides a 26-minute Russian-language news bulletin on weekdays, but it is not offered on weekends and no other regular current affairs programs are produced in Russian. LR provides a wider range of Russian-language programming: a 24-hour Russian-language service is provided on its fourth channel, with a mix of talk radio and music programming. LR4 also provides a 30-minute slot three times a week for ethnic-minority cultural organizations (Belarussians, Ukrainians, Poles, Lithuanians, et.). It also offers a program for the residents of the Latgale region in the Latgalian dialect.

During the first (January 2011) meeting of the Public Advisory Council,⁷⁹ Inese Immure, a representative of the Latvian Association of the Deaf, argued that the accessibility of LTV programs for deaf people is inadequate and that subtitling should be increased. Organizations representing the interests of disabled people have also called for more inclusive programming strategies. LTV currently offers only a regular *surdo* (sign-language) translation for its 6 p.m. news and a program aimed at disabled people, *Kopā* (Together). Additionally, LTV provides sign language or subtitles for special religious services, special sessions of Parliament, and addresses to the nation by the president and prime minister. LTV argues that financial restrictions do not allow it to increase the volume of programs subtitled or translated in sign language.⁸⁰

A study of minority groups and print media in 2005 by Šulmane and Kruk showed that media reported on minorities mostly in a neutral tone, and press discourse appeared to be neither explicitly inclusive nor negative.⁸¹ A more positive slant was given to stories about Roma people, but a more negative attitude appeared in articles on Muslims and Chechens. Minorities are usually covered in the context of cultural activities and their social, economic, and political problems are rarely discussed.

Šulmane and Kruk's study found that Russian-speakers have been portrayed negatively in the media more often than ethnic and sexual minorities, or disabled people. Language fostering negative attitudes and intolerance was used in articles on history, language policy, and education reform. But in its 2007 report the Centre for Public Policy Providus concluded that the groups most often targeted by intolerant articles and delegitimizing rhetoric in the Latvian print media were sexual minorities, followed by non-Latvians/Russians.⁸² In its 2008 report the same two minority groups—sexual minorities and Russian-speakers—were

79. The Public Advisory Council has been established by the National Electronic Mass Media Council to ensure the participation of the public in the process of elaboration of the public remit and the National Strategy for the Development of the Electronic Mass Media Sector. The institution includes representatives of associations, foundations, professional institutions and other organizations in the fields of mass media, education, culture, science, and human rights.

80. Email interview with Ievīna Ancena, representative of LTV, Riga, 21 January 2011.

81. I. Šulmane and S. Kruk, "Neiecietības izpausmes un iecietības veicināšana Latvijā" (Intolerance manifestations and promotion of tolerance in Latvia), Riga, 2006, pp. 4–88, available at <http://www.politika.lv/index.php?id=9563> (accessed 22 January 2011).

82. Centre for Public Policy Providus, "Shrinking Citizenship: Analytical Report on the Monitoring of Printed Media, Parliamentary Debates and Legislative Initiative concerning Civic Participation in Latvia," Riga, 2007, pp. 5–7, available at <http://www.providus.lv/public/27124.html> (accessed 20 July 2011) (hereafter Providus, "Shrinking Citizenship").

identified as subject to intolerant coverage more than others.⁸³ In addition to the traditional ethnic and sexual minorities, the report identified two more groups against which discrimination in the media existed: NGO activists, refugees, and new immigrants.

The Gay Pride celebration in 2005 and successive years focussed media attention on sexual minorities, mainly because of the controversies and conflicts it generated, including assaults on the participants of the march; however, media representations of gays and lesbians have been predictably supportive or negative, and rational debate has often been replaced by emotive and sensational discourse. The media portrayal of these groups has been event-driven: conflicting views on Gay Pride events were extensively reported, but analysis and debate on the wider context (e.g. everyday experiences of homosexuals, the lack of a legal framework regulating homosexual partnerships) were rarely provided.

The overall portrayal of other minority groups has also been sporadic. Crimes, odd news, cultural events, seminars, and conferences have usually served as the basis for media stories, but analysis is rare.

It is worth noting that the 2007 Providus report concluded that editors and journalists are the primary source of intolerant content in Latvian media. To quote the report, “in 2007, journalists and editors were responsible for 149 articles containing rhetoric undermining the legitimacy of minority groups, leaving politicians far behind with ‘only’ 57 cases.”⁸⁴

4.3.2 Coverage of Sensitive Issues

Digital media in general have in principle enlarged the space for public expression, including for minority groups. Social media sites in particular have offered a platform for voices, often marginalized within mainstream media, to enter the public sphere. However, the reality described here does not show the potential being fulfilled, and there is currently no substantial evidence to judge the role played by digital media in the coverage of minorities.

4.4 Political Diversity

4.4.1 Elections and Political Coverage

There have been significant changes to provisions on the media coverage of elections in the last five years; some of them have been prompted by digitization. A number of new norms have been introduced regulating election coverage on traditional media platforms, but they have also been applied to internet media. Media organizations, including internet portals, must send the price lists for broadcasting time or placement of pre-election campaign materials to the Electronic Media Council or the Bureau for Preventing and Combating

83. Centre for Public Policy Providus and Open Society Institute, “Izaicinājums pilsoniskajai līdzdalībai. 2008.gada gala ziņojums” (Challenge to civic involvement. Final report for 2008), Riga, 2008, p. 60, available at http://www.politika.lv/temas/politikas_kvalitate/17057/ (accessed 20 July 2011).

84. Providus, “Shrinking Citizenship,” p. 6.

Corruption no later than 150 days before election day. Placement of pre-election campaign materials in the media, including the internet, is prohibited on election day, as well as one day prior to the elections.

A new measure prohibiting hidden election campaign materials is a significant improvement to the legislative framework of election coverage. According to the Law on the Pre-election Campaign Before the *Saeima* Elections and Elections to the European Parliament (hereafter Election Campaign Law), if the party paying for a campaign is not disclosed, the campaign material is considered hidden. Two measures regulating the coverage of elections have now been extended from public service radio and television to all broadcasters.⁸⁵

4.4.2 Digital Political Communications

The above changes in the regulatory framework of election coverage have not affected the overall diversity of political communication. However, according to experts, the expansion of digital media has facilitated a more diverse coverage of political issues.⁸⁶

Blogs, including the micro-blogging site Twitter, serve as a platform for debates on political issues that are not adequately covered by mainstream media, and allow direct access to the views of politicians, bypassing media gatekeepers.⁸⁷ The 2010 general elections showed that internet media can function successfully as an alternative to traditional media channels, diminishing the impact of mainstream media and their chances to manipulate the electorate. Others argue that mass media continue to play a significant gatekeeping role and that usually bloggers and Twitter activists have little impact on the mass media public sphere, and that society would benefit from a greater interaction between the blogosphere and mainstream mass media.⁸⁸

Internet media outlets, including those of NGOs, have provided special communication platforms and databases before parliamentary elections, such as in 2010: Delfi.lv, Ir.lv, Kandidatiuzdelnas.lv, Gudrasgalvas.lv, Scenariji.lv, and Politika.lv. Private satirical blogs such as Cieti.lv offered parodies of election campaigns.

Only a limited number of political parties actively used internet communication tools to interact with the electorate during the 2010 parliamentary elections.⁸⁹ Similarly, only a few politicians who use social media make full use of their potential for maintaining a dialogue with society (one-way communication dominates). As a rule, political actors lose interest in social media shortly after elections.

85. According to the Law on the Pre-election Campaign Before the *Saeima* Elections and Elections to the European Parliament, persons who have been nominated as deputy candidates or who before the elections have made a public announcement regarding their participation in activities of any political organization or association of political organizations do not have the right to run programmes on radio and television, prepare comments, interviews and reports beginning with the 60th day prior to the election day. It is also prohibited to include the results of public opinion polls regarding popularity of political organizations, associations of political organizations or individual deputy candidates in programmes of broadcasting organizations on the election day until 10 o'clock in the evening

86. Email interview with Iveta Kažoka, policy analyst at the Centre for Public Policy Providus, Riga, 27 December 2010; email interview with Visvaldis Valtenbergs, PhD, assistant professor in the Faculty of Social Sciences, Vidzeme University of Applied Sciences, Valmiera, 19 January 2011.

87. Email interview with Iveta Kažoka, policy analyst at the Centre for Public Policy Providus, Riga, 27 December 2010.

88. Email interview with Visvaldis Valtenbergs, PhD, assistant professor in the Faculty of Social Sciences, Vidzeme University of Applied Sciences, Valmiera, 19 January 2011.

89. Email interview with Iveta Kažoka, policy analyst at the Centre for Public Policy Providus, Riga, 27 December 2010.

Internet platforms have changed the number and types of actors in political life, but not significantly. So, a marginal political actor, The Last Party (*Pēdējā partija*), which appeared on the political scene shortly before the 2010 parliamentary elections, was not able to start its activities without the organizing power of Twitter. Analysts point out that the internet has been used by activist groups to mobilize their members and as a result enter the political space; however, their presence is often short-lived.

There is insufficient evidence to judge whether digital media have significantly strengthened the public's interest in politics. The public in general has little interest in the political process or willingness to participate in it, so it is unlikely that internet media alone would strengthen the public's engagement in politics. Public demand for digital platforms aimed at political mobilization and participation will appear only when there is increased interest in politics.⁹⁰

4.5 Assessments

The expansion of internet media has had negative effects on output. The volume and speed of information have become the driving forces of online journalism, which also has put its foot on traditional forms of journalism. Journalists admit that accuracy is often sacrificed for the sake of immediacy. Internet journalism, particularly in newsrooms in traditional media organizations, has often been seen as less important or serious. As a result, journalistic standards have been lowered, leading online media gatekeepers to allow the publication of unverified information and single-source stories.

Although internet media have provided platforms for UGC, increasing the diversity of voices reaching the public domain, news content on internet portals remains homogenous. News sites usually offer all the same news items copied from traditional media, news agencies or press releases. Media professionals and experts consider the lack of original content to be the most acute shortcoming of online journalism. Internet journalism practices have also adversely affected other forms of journalism and contributed to increasingly high levels of sensationalism and tabloidization, replacing analysis and investigation.

However, not all the factors affecting journalism are solely related to digitization; some are exacerbated by the economic crisis. Cuts in staff and funding are the more vivid examples of the negative impact the economic crisis has on the media industry and that inevitably shapes journalistic performance. Journalists are overwrought and often do not have enough time to carry out proper research. The combination of such working conditions and the demands of online journalism for high volumes of news output and high speed of information delivery lead to the deterioration of journalism standards (for instance, lack of original content, reliance on PR materials, sensationalism and tabloidization, poorly sourced news, etc.).

90. Email interview with Visvaldis Valtenbergs, PhD, assistant professor in the Faculty of Social Sciences, Vidzeme University of Applied Sciences, Valmiera, 19 January 2011.

For a long time traditional media organizations have seen their online activities as a threat to their core business, be it print or broadcasting, and online platforms often continue to be perceived as only a byproduct of traditional content. Such is the case with public service broadcasters whose online performance is weak. Not surprisingly, newsroom convergence has seldom been smooth. Journalists have reported tensions and rivalry between print and broadcasting reporters and their counterparts working on online platforms.

Digitization has provided journalists with a number of valuable instruments for gathering and analyzing data. Online databases, search engines, social networking sites, and UGC have been identified as the most useful tools for investigative reports brought in by digitization. However, some experts have indicated that journalists do not make enough use of these innovations. Besides, media organizations continue to lack the necessary financial resources to fund investigative journalism, and the economic downturn has made the situation even more challenging.

Digitization has offered marginalized groups and new political actors the tools for mobilization and communication both within a group and with the broader public, allowing a greater diversity of voices in the public space. But it should be noted that the internet public sphere does not usually overlap with the public sphere offered by mainstream media, and often the marginalized voices remain unheard in conventional media outlets. The blogosphere is perceived as having little impact on mainstream journalism.

Deaf people's insufficient access to LTV programs continues to remain a significant obstacle to the integration of disabled people. LTV also provides poor news and current affairs programming for Russian-language speakers, who end up relying on channels broadcast from Moscow. Digital broadcasting has not brought any significant improvement in these respects.

Changes in the regulation of election coverage have had little impact on the diversity of political communication. Digital platforms have, however, provided new forms of communication between the political elite and the public. Shortly before the most recent elections, several new internet projects offered interactive tools, encouraging citizens to participate in political activities. However, not all political parties have been active in using internet communication tools for interacting with the electorate.

5. Digital Media and Technology

5.1 Spectrum

5.1.1 Spectrum Allocation Policy

In February 2009, the Ministry of Transport held a tender for the operation of digital multiplexes. It was won by the telecommunications company Lattelecom, whose main shareholder is the Latvian state, which was thus granted exclusive rights to use the radio frequencies necessary for digital terrestrial broadcasting until 31 December 2013.⁹¹

In November 2009, the State Audit Office published a critical report of the broadcasting spectrum allocation and implied that Lattelecom had received favorable treatment given, the report asserts, that digitization had been made more expensive than necessary. According to leaks from the Audit Office, the costs of terrestrial digital television broadcasting were inflated by an estimated LVL 3.8 million (US\$ 7.6 million).⁹² This figure is cited by media reports, but cannot be found in the actual State Audit Office document; it is the only hard number available and the original projected costs are not known.

The auditors believe the higher costs of digital switch-over result from Lattelecom using the infrastructure of a private company, Hannu Digital, to provide digital broadcasting in Riga and the surrounding region. According to the report, the participation of Hannu Digital violates the conditions of the initial policy document and the tender, which stipulated the use of the infrastructure of the Latvian State Radio and Television Center (hereafter, the Center). The Audit Office concludes that using Hannu Digital infrastructure

91. According to the Electronic Media Law, the government shall develop and submit to Parliament by 31 December 2012 a draft law which sets conditions according to which the electronic mass media shall either choose a merchant that will ensure distribution of their programs, or will provide terrestrial broadcasting of their programs in digital format by themselves starting from 1 January 2014. Most likely there is going to be a new tender. Should Lattelecom lose it, starting from 2014, it will no longer provide digital terrestrial broadcasting. The government's contract with Lattelecom expires at the end of 2013 and starting from January 2014 this contract can be either extended or a new operator can be selected.

92. S. Jemberga, "VK vērsiesies prokuratūrā par digitalizācijas konkursu" (Regarding digitization tender the State Audit Office will go to the Prosecutor's Office), [www.citadiena.lv](http://citadiena.lv), 1 December 2009, available at <http://citadiena.lv/2009/12/01/vk-par-digitalo-televiziju-parmaksati-38-miljoni> (accessed 6 February 2011) (hereafter Jemberga, "VK vērsiesies prokuratūrā par digitalizācijas konkursu").

increased the costs of terrestrial digital television broadcasting, leading in turn to further increases in tariffs to broadcasting organizations and the end users, the viewers.⁹³

Lattecom has rejected the auditors' criticism justifying usage of Hannu Digital services by the fact that the company was the first—as early as March, 2009 when Lattelecom's contract with the government came into force—to have the necessary broadcasting transmission infrastructure to provide terrestrial digital television across Riga and its region while the Center only started to establish the infrastructure at that time. Lattelecom also explains that the proposal of Hannu Digital was the most beneficial in terms of the price.⁹⁴

Lattecom offers terrestrial digital pay-television channels along with the free-to-air channels (free-to-air channels are distributed via one dedicated multiplex while the rest of the multiplexes are used for the purposes of broadcasting pay-TV channels). Lattelecom's rivals, cable and satellite operators, believe that combining the free and pay-TV services has also increased the costs of the entire project.

Other operators believe that Lattelecom offers its pay-TV services below product cost and uses the income from tariff payments obtained from free TV channels to cross-subsidize its digital terrestrial pay-TV services. Cable operators and the satellite operator Viasat say that this way they lose their customers, who switch to Lattelecom's low-price offer.⁹⁵ Lattelecom receives payments from public service television and national commercial TV channels to distribute national terrestrial channels and, using the same infrastructure and broadcasting spectrum, offers pay-TV services that put other operators at a disadvantage.⁹⁶ Lattelecom rejects these allegations, arguing that the costs of broadcasting free-to-air channels and pay-TV services are separated.

Kaspars Ozoliņš, CEO of the free television and radio properties in the Baltics of the Swedish media company Modern Times Group (MTG), argues that Latvia should have followed the Lithuanian and Estonian model in which terrestrial digital broadcasting of free channels is provided without an intermediary provider.⁹⁷ Mr Ozoliņš believes this is why the Latvian national channels are forced to pay higher broadcasting tariffs than their counterparts in the other Baltic countries.⁹⁸

This view is shared by the Latvian Competition Council which has also scrutinized the implementation of digital terrestrial broadcasting. Ieva Jaunzeme, chair of the council, speaking to journalists, admitted that the

93. State Audit Office, "Audit Report. Lawfulness of Revenue Utilisation of the State Joint Stock Company Latvijas Valsts radio un televīzijas centrs and Compliance Thereof with the Activity Objectives of the State Joint Stock Company Latvijas Valsts radio un televīzijas centrs," Riga, 2009, pp. 4–8, available at http://www.lrvk.gov.lv/upload/zinojums9Nov2009_ENG.pdf (accessed 6 February 2011) (hereafter State Audit Office, "Audit Report").

94. Email interview with Linda Štokmane, head of Lattelecom Public Relations Department, Riga, 22 July 2011.

95. Email interview with Ilmārs Muuls, head of board of Latvian Electronic Communications Association, Riga, 25 January 2011.

96. Email interview with Lauris Kļaviņš, Baltkom press secretary, Riga, 7 February 2011.

97. Email interview with Kaspars Ozoliņš, CEO of MTG free television and radio in the Baltics, Riga, 28 January 2011.

98. K.Ozoliņš holds the view that in the Latvian case national channels should have signed a contract with the infrastructure operator, the Center, instead of Lattelecom.

introduction of an intermediary provider has raised the costs of the digitization project.⁹⁹ She believes the government has implemented digital broadcasting at the expense of television channels.¹⁰⁰

Lattelecom has argued that the costs of project have been significantly inflated as a result of the short license term, since one-off investments cannot be amortized over a longer period. Although formally Lattelecom has received the rights to use the broadcasting spectrum for four years and nine months,¹⁰¹ the de facto license term is even shorter since the digital switch-over has been completed later than originally planned. The cable operator Baltkom, the rival of Lattelecom in the tender, agrees that the period for which broadcasting spectrum has been allocated has increased the costs of project.

Lattelecom has been granted the rights to use the frequency spectrum (174–230 MHz and 470–862 MHz), including the 790–862 MHz band which is freed up by the switch-over from the analog to digital signal, known as the “digital dividend.” Lattelecom currently employs the digital dividend for the purposes of digital terrestrial broadcasting and has no rights to use it for other purposes.

As the Ministry of Transport explains, according to the international agreements, analog broadcasting in Russia and Belarus, both sharing a border with Latvia, should be switched off by June 2015, and only after that it will be possible to use the digital dividend for other purposes than digital terrestrial broadcasting. The Lattelecom contract expires on 31 December 2013.

According to media reports, the ministry plans to distribute the digital dividend by auction. The allocation criteria and the conditions for usage of the digital dividend have not, however, yet been set out, so it is hard to assess at this stage whether this allocation is in line with public interest.

The Ministry of Transport refers in its policy document to the position of the EU, according to which the digital dividend should be used to develop and expand the terrestrial digital television network (HD television, interactive services, video on demand, mobile television, etc), as well as for developing broadband internet services.¹⁰² During the implementation of the digital television project, government officials argued

99. The Competition Council has declared, in its “Report of Activities. 2006-2010,” that after the expiry of the Lattelecom license an intermediary provider should be excluded or a neutral intermediary should be chosen. Despite the fact that Lattelecom utilizes the infrastructure of the Latvian State Radio and Television Center, Lattelecom has the status of official provider of terrestrial digital television, albeit, according to the initial government policy documents, digital broadcasting was to be implemented by the Center in cooperation with a private partner. As the State Audit Office indicates in its Audit Report, the Center has lost its leading role in the implementation of DTT.

100. A. Brauna, “No āboliem uztaisīt bumbierus” (To make pears out of apples), www.ir.lv, 28 January 2011, available at <http://www.ir.lv/2011/1/28/no-aboliem-uztaisit-bumbierus> (accessed 6 February 2011).

101. The government approved Lattelecom as an implementer of terrestrial digital television in February 2009 and the decision came into effect in March 2009.

102. Ministry of Transport, “Latvijas Republikas elektronisko sakaru nozares politikas pamatnostādnes 2011.-2016. Gadam” (Main policy statements of the Republic of Latvia in the sector of electronic communications, years 2011–2016), Riga, 2010, pp. 16–40, available at http://www.sam.gov.lv/images/modules/items/PDF/item_2826_Elektronisko_sakaru_nozares_politikas_pamatnostadnes_2011-16_gadam_projekts.pdf (accessed 6 February 2011).

that abandoning analog broadcasting will clear the way for the application of the digital dividend for provision of modern mobile broadband internet services.¹⁰³

As for unoccupied radio waves, also called “white spaces,” the Ministry of Transport points out that the debate on how to use white spaces is still to come and at this stage the government has no specific plans. Lattelecom also indicates that it is still too early to discuss distribution of these unused channels as this technology is still only in the research phase.¹⁰⁴

5.1.2 Transparency

In its audit of the introduction of digital terrestrial television (DTT), the Audit Office concluded that the regulatory framework developed by the Ministry of Transport did not comply with EU and Latvian requirements on transparency and equal treatment. According to the report, the Tender Commission, established by the ministry, did not observe the rules of fair competition and implemented a non-transparent and non-traceable evaluation of the tender. The Audit Office says that the Tender Commission did not ensure the selection of a proposal which was most financially attractive and offered the highest technical quality.

The Audit Office concluded that the auditors have grounds to believe that had traceable, transparent and professional rules for the tender been established, the results of the tender might have been different. Ingūna Sudraba, the auditor general, is quoted in media reports as saying the digitization tender was riddled with unlawful and unethical features.¹⁰⁵ In addition, there have been media reports that the Office of the Prosecutor General, following the critical audit report, initiated a criminal investigation by the Corruption Prevention and Combating Bureau.¹⁰⁶ Ministry officials have denied any impropriety.

Arguing that the tender has been unlawful, Baltkom has complained to the European Commission. Baltkom hopes that the Commission will cancel the outcome of the tender.¹⁰⁷ The EU Directorate for Competition has not yet finished investigating Baltkom’s complaint.

103. With the aim of developing 4G services, the government has also planned to auction the rights to use the 2500–2690 Mhz frequency band, starting from 1 January 2014. Currently, the rights to use this band have been allocated to Baltkom which utilizes this frequencies spectrum for the distribution of television programs via MMDS technology.

104. Email interview with Toms Meisītis, business support department manager, Riga, 2 February 2011.

105. Jemberga, “VK vērsīsies prokuratūrā par digitalizācijas konkursu.”

106. TV3, TV investigative program *Nekā personīga* (Nothing Personal), 9 May 2010, available at <http://www.tv3play.lv/play/229174/> (accessed 6 February 2011).

107. LTV, TV discussion program *Kas notiek Latvijā?* (What is Happening in Latvia?), 9 December 2009, available at <http://www.knl.lv/video/960/> (accessed 6 February 2011).

The audit report suggests a link between the 2009 tender and the scandalous first attempt to implement digital terrestrial broadcasting during the early 2000s.¹⁰⁸ Ilze Jaunalksne, a journalist who investigated that first attempt to implement digital television, points out that the fact that digitization is associated with two criminal processes speaks for itself: the project is far from being transparent, financially sound, and in the public interest, not to mention being compliant with principles of fairness and the rule of law.¹⁰⁹

5.1.3 Competition for Spectrum

Terrestrial digital broadcasting has been implemented by one provider, in compliance with the government decision. Therefore, the provider enjoys monopoly rights in terrestrial digital broadcasting. Following Lattelecom's success in the tender, the broadcasting spectrum was allocated to Lattelecom; other market players, be they television channels or other operators, have no right to use digital terrestrial broadcasting without Lattelecom's consent.¹¹⁰ While the Electronic Media Council continues to issue broadcasting rights,¹¹¹ a TV channel is required to agree de facto on broadcasting conditions with Lattelecom before starting to broadcast via terrestrial digital platform. If Lattelecom rejects the proposal, implementation of the broadcasting rights is difficult if not impossible.

Initially, in early 2010, Electronic Media Council officials told journalists that a tender would be organized to issue re-transmission permits for terrestrial digital pay-TV channels, thus signaling that Lattelecom would not be the exclusive "landlord" of the broadcasting spectrum.¹¹² However, later the council changed its position and re-transmission permits were issued solely to Lattelecom. So other operators have no access to the digital terrestrial broadcasting network.¹¹³

108. In line with the report, the Tender Commission included in the tender regulation an evaluation condition on implementation time periods for digital broadcasting in Riga and the surrounding region, which provided significant advantage to a bidder with a functioning technical platform for broadcasting in these territories. As auditors have found out, such equipment at the time of the proposal submission was only in the possession of Hannu Digital, which had previously tested digital broadcasting, utilizing the equipment purchased by the company Kempmayer Media Latvia. As S. Kruk has reported, during the first attempt to implement the digitization project in 2002, Kempmayer Media Latvia became the main contractor for the installation of the terrestrial digital broadcasting network. However, in 2003 the project was suspended as the new government declared that the agreement with Kempmayer was fraudulent. Later law enforcement bodies brought a suit against several public officials and managers of Kempmayer. To date, the trial of this digital television criminal case has not been finished and 20 persons are accused of fraud and laundering of the proceeds from crime or failure to act by a state official, many of them well-known public figures and some of them having close ties with the local political elite. See S. Kruk, "Latvia," in "Television across Europe: regulation, policy and independence," Open Society Institute, 2005, available at http://www.soros.org/initiatives/media/articles_publications/publications/eurotv_20051011 (accessed 19 December 2010) (hereafter Kruk, "Latvia").

109. Email interview with Ilze Jaunalksne, journalist with the TV3 investigative program *Nekā personīga* (Nothing Personal), Riga, 26 January 2011.

110. The only exception is free-to-air national television channels, the broadcasting of which is mandatory for Lattelecom.

111. Broadcasting rights are part of a two-step process which in Latvia leads to the equivalent of a broadcast license in other countries. The second step is obtaining a broadcast permit. The law states: broadcasting rights are the rights to produce and distribute a program at a specified transmission time, geographic territory and form. A broadcasting permit shall certify the right of an electronic mass media to produce and distribute programs and determine the rights and obligations thereof. A broadcasting permit shall be issued by the National Electronic Mass Media Council. A broadcasting permit shall be issued for 10 years.

112. B. Ālīte, "Lattelecom tiesības retranslēt kanālus digitālajā tv ir tikai uz laiku; būs konkurss" (Lattelecom has only temporary re-transmission rights of television channels on digital television, a tender is to be organized), www.diena.lv, 23 February 2010, available at <http://diena.lv/lat/politics/hot/deputati-aicina-prokuraturu-verte-nrtp-darbibu> (accessed 8 February 2011).

113. Email interview with Lauris Kļaviņš, Baltkom press secretary, Riga, 7 February 2011.

The Competition Council has concluded that the allocation of broadcasting spectrum to only one operator, Lattelecom, has reduced the possibility of expanding the pay-TV market via a terrestrial platform, and has reduced competition among operators providing services in rural areas where cable networks are not available.¹¹⁴ The negative effects of Lattelecom's monopoly, as seen by other market players, are discussed below.

Having gained the rights to use the broadcasting spectrum, Lattelecom also received control over the packaging of programs.¹¹⁵ Generally, program bundling is based on the analysis of public demand (viewer surveys). Lattelecom has to obtain the approval of the council for its proposed list of pay-TV channels to be re-transmitted. But industry experts suspect that the council, which is supposed to safeguard public interest, will inevitably be forced to conform to the business interests of Lattelecom, which could clash with the ethos of public service provision.¹¹⁶

5.2 Digital Gatekeeping

5.2.1 Technical Standards

Digital terrestrial broadcasting has been implemented using the DVB-T broadcast standard and the data compression technology MPEG-4. Currently, the Center runs six multiplexes or distribution networks operating in Latvia.¹¹⁷

Industry experts do not believe that any market players could have benefited from the technical standard that has been adopted. Some, representing the interests of cable networks, say the adoption of technical standards has not been politically motivated, but rather may have been a result of the lack of technical expertise.¹¹⁸

The Ministry of Transport argues that consultations with NGOs of the electronic communications industry were carried out in 2006 during the policy debate on developing digital terrestrial broadcasting. However, lively public and media debates about the actual technical standards to be adopted emerged only shortly prior to switch-over.

Adoption of these standards highlighted the gap in the public's knowledge about digital switch-over. Public awareness campaigns, launched by LTV, the council and Lattelecom, were delayed and scarce. Viewers lacked

114. Competition Council, "Ziņojums par maksas televīzijas tirgus uzraudzību" (Report on the control over the pay television market), Riga, 2010, pp.14–15, available at http://www.kp.gov.lv/uploaded_files/KPPP080MaksasTelevizijasUzraudziba.pdf (accessed 7 February 2011).

115. To date, Lattelecom provides four free-TV channels (both public service channels LTV1 and LTV7, plus national commercial channels LNT and TV3) and 40 pay-TV channels.

116. D. Buceniece, vice-chair of the National Electronic Media Council, points out that the council issues re-transmission permits for the purposes of Lattelecom digital terrestrial pay-TV channels on the same basis as to cable operators (that is, the operator presents all the required documentation to re-transmit certain television channels and the council simply checks whether all legal procedures have been considered), although Lattelecom, contrary to cable operators, uses public property, the broadcasting spectrum.

117. According to the Ministry of Transport, in compliance with the frequency plan for the European region, approved during the Regional Radio communication Conference (RRC-06), in Latvia it is possible to launch seven or eight multiplexes in total.

118. Email interview with Ilmārs Muuls, head of board of Latvian Electronic Communications Association, Riga, 25 January 2011.

practical guidelines on how the switch from analog to digital broadcasting would affect their households, and what actions they should take to be able to receive digital television, and, consequently, several myths began circulating about the digital switch-over.¹¹⁹

Weeks before the analog signal switch-off, the media reported on several cases when viewers complained about a poor digital signal, or technical performance of the brand-new digital TV set-top boxes, or the incompatibility of the household's television set or aerial with the MPEG-4 compression. Frustrated viewers even complained about the Lattelecom service to Parliament's Human Rights and Public Affairs Committee. Juris Gulbis, the board chairman of *Lattelecom*, told the committee that the overall number of customers who reported on technical difficulties in receiving the digital signal was insignificant.¹²⁰

The choice of the MPEG-4 video signal compression format instead of MPEG-2 is poorly justified as a significant number of viewers will still be forced to obtain new set-top boxes during the upcoming years to be able to receive HD television. Currently along with more expensive offers, Lattelecom promotes low-cost MPEG-4 set-top boxes that do not provide reception of HD television programs. But, it should be noted that in the near future most television channels will continue to operate in SDTV (standard), instead of HD, so viewers of terrestrial television will not be forced to change their set-top boxes immediately.

Lattelecom's main argument for MPEG-4 is that it is the latest data compression technology offering the possibility to broadcast a greater number of channels, compared with MPEG-2. Lattelecom also justifies preferring MPEG-4 by pointing out that only this standard is used for the provision of HD broadcasting in other European countries.¹²¹

According to the Ministry of Transport, the DVB-T (terrestrial) platform, instead of the DVB-C (cable) or DVB-S (satellite) platform, was prioritized for two reasons. First, the State Radio and Television Center had experience in as well as the necessary infrastructure for terrestrial broadcasting. Second, the Center had already made investments in the development of terrestrial digital broadcasting.

5.2.2 Gatekeepers

Lattelecom has faced severe criticism from national commercial TV channels which insist that digital terrestrial broadcasting tariffs offered by Lattelecom are unreasonably high.¹²² TV3 even proposed continuing analog broadcasting on 1 June 2010. However, eventually TV3 was forced by the state authorities to switch to digital broadcasting along with other channels.

119. To provide an example, one of the popular myths was that a digital set-top box had to be bought in addition to a new TV set.

120. LTV, *Panorāma* news program, 11 March 2010, available at <http://www.ltvzinas.lv/?n=video&cid=1200> (accessed 8 February 2011).

121. Email interview with Toms Meišītis, Lattelecom business support department manager, Riga, 10 February 2011.

122. According to the information of Latvian Broadcasters Association, the current tariff constitutes LVL650,000 (US\$1.3 million) per year; in Estonia and Lithuania it is reported to be LVL200,000 (US\$400,801).

High broadcasting tariffs are seen as having a negative impact on the competitiveness of national commercial channels with their foreign rivals with much higher budgets. Executives of the national channels say they are forced to spend significant resources to cover distribution costs instead of investing in content development. In addition, national commercial TV channels are currently operating under severe economic constraints following the deterioration of the advertising market.

Industry experts have also pointed out the less than favorable conditions that digitization has offered local and regional TV stations which lack resources to pay the transmission fee. Following the protests, local and regional broadcasters are now allowed to continue analog terrestrial broadcasting until 1 December 2011. Starting from 1 February 2011, local and regional television companies were offered air time (three 45-minute slots per 24 hours on weekdays and an additional 30 minutes on Saturday evenings) on the second channel of public service television. Some of them along, with the LTV7 program, continue their broadcasts in analog format or via local cable networks.¹²³

The Audit Office in its report has pointed out that although terrestrial digital television broadcasting costs are more efficient than analog broadcasting, it increases tariffs to broadcasting organizations.

Since the entire spectrum necessary for terrestrial digital broadcasting was allocated to one provider, Lattelecom, the company obtained control over program packaging and broadcasting tariffs policy. The regulator, the Electronic Media Council, has no impact on establishing tariffs and it has had what is considered a minimal role in approving program packages. As a result, Lattelecom enjoys a monopoly in the terrestrial broadcasting sector and a high level of independence from the regulatory body of the radio and television market.

The parties involved cited a number of reasons for the high costs of digitization. To begin with, Lattelecom purchased the broadcasting service from a private company Hannu Digital, instead of relying in full on the technical resources of the State Radio and Television Center. Second, Lattelecom transmits both free-to-air and pay-TV digital terrestrial channels, and the free national channels are forced to sign a contract with Lattelecom, the intermediary provider, instead of a direct agreement with the infrastructure operator, the State Radio and Television Center. Finally, Lattelecom had been restricted in its business plan by the short license term.

The working group on the future development of public service broadcasting has also reported on the lack of transparency in tariff calculation. As the working group has pointed out, it remains unclear why the costs of digital broadcasting in neighboring Estonia are significantly lower.¹²⁴

Reacting to the criticism, parliament has agreed that starting from 2014, when the contract with Lattelecom expires, the government will determine both the calculation methodology and the payment procedure.¹²⁵

123. Email interview with Dace Buceniece, vice-chair of the National Electronic Media Council, Riga, 27 January 2011.

124. Working Group on the Future Development of Public Service Broadcasting, *Report*, Riga, 2010, p. 16.

125. Electronic Media Law, *Latvijas Vēstnesis*, 118 (4310), 28 July 2010, came into effect on 11 August 2010, arts 14, para. 72(5), available in English at http://www.vvc.gov.lv/export/sites/default/docs/LRTA/Likumi/Electronic_Mass_Media_Law.doc (accessed 10 May 2011)

Lattecom argues that payments are based not only on the costs of broadcasting itself, but also represent the costs of ensuring provision of set-top boxes, customer service and free help lines, and information campaigns on digital switch-over, etc. The company emphasizes that tariffs in digital broadcasting are 30 percent lower compared with the analog era, but television companies are now paying more since digital broadcasting covers larger parts of the country.¹²⁶ It has proposed to lower tariffs by up to 25 percent for broadcasters whose programs are available free-of-charge (LTV1, LTV7, TV3, LNT) if Lattelecom's contract with the government is extended till 2018.¹²⁷

The market players have reported ongoing strained relations among operators (cable, satellite, and terrestrial networks) and content providers (TV channels), which heightened during the digitization process, when a new powerful player, Lattelecom, entered the pay-TV market.

MTG has had conflicts with operators on the conditions of the distribution of its free-to-air as well as pay-TV channels.¹²⁸ Only a limited number of cable operators transmit Viasat satellite channels, but conflicts have emerged over transmission of TV3 (which resulted in its short-term disappearance from Baltkom and Lattelecom IPTV networks), as well as Competition Council sanctions for TV3 and Viasat. In most cases, the conflict between operators and TV3 escalated following TV3's demands for payment for its distribution on their networks.

The main argument of operators is that TV3 is available free-of-charge via terrestrial broadcasting and therefore should not charge for its distribution on other platforms. Unlike the 1996 Radio and Television Law, the Electronic Media Law prohibits the collection of such payments. Therefore, TV3 now attempts to include a clause in its contracts with operators that states that should TV3 abandon its transmission via free-of-charge terrestrial broadcasting and turn into a pay-TV channel, operators will start to pay TV3 for distribution.¹²⁹ Operators have rejected this TV3 proposal, as well.

5.2.3 Transmission Networks

Terrestrial broadcasting transmission networks belong to the state and the transmission network administrator is a state joint-stock company, the State Radio and Television Center. Only the Center has the technical capacity to provide terrestrial broadcasting, placing it in a monopoly position. However, the Center has not been involved in decisions on spectrum allocation. The Audit Office report also does not provide any evidence that the ownership of transmission networks has affected the distribution of spectrum resources.¹³⁰

126. The coverage of free-of-charge television channels in the digital era is 99.6 percent of the territory of Latvia, compared with around 50 percent of LNT and TV3 and around 90 percent of LTV coverage in analog broadcasting.

127. Email interview with Inga Alike, head of television business division, Lattelecom, Riga, 4 November 2010.

128. MTG has business on both platforms in Latvia: content production (TV3 and pay-TV channels 3+, TV6, plus *Viasat* film, sports and science channels) and distribution (satellite operator *Viasat*).

129. Email interview with Kaspars Ozoliņš, CEO of MTG free TV and radio in Baltics, Riga, 28 January 2011.

130. However, according to the report, the fact that Lattelecom uses Hannu Digital infrastructure which previously belonged to the tainted Kemp-mayer had led to Lattelecom's victory in the tender.

5.3 Telecommunications

5.3.1 Telecoms and News

Terrestrial digital broadcasting has been implemented by Lattelecom, which offers not only free-to-air and pay-TV terrestrial digital channels, but also operates an IPTV pay service, Interactive TV.¹³¹ Digital television is also provided on cable and satellite platforms, and the major players are Baltkom (cable and MMDS), IZZI (cable), and Viasat (satellite).¹³²

In 2010, Baltkom and IZZI announced plans for a merger and even got the green light from the Competition Council,¹³³ but they canceled the merger in 2011, due to a disagreement. Now they have separate plans for development.¹³⁴ According to media reports, Baltkom had initially justified the merger with the need to create viable competition for Lattelecom. Lattelecom objected to it, arguing that the merged company will gain a dominant position in the market, with a negative impact on competition. TV3 had also raised concerns pointing out that the consolidation of Baltkom and IZZI would be a threat for national commercial television channels in their relations with operators.¹³⁵

From time to time consumers have suffered as a result of tensions among providers. When an operator could not agree with a TV channel on its conditions of distribution, the service would be temporarily suspended. However, this kind of highly competitive environment has its benefits. The race for subscribers has forced operators to improve the quality of their service (content in HD quality, interactive services, including program recording, video on demand) and provide consumer-friendly price policies. Digitization has increased the number of television channels available via terrestrial broadcasting and has offered an alternative to cable and satellite operators, the latter so far being the only choice for those in less populated areas. Industry experts, however, indicate that switch-over has not raised the quality of television content. With viewers' purchasing power limited, free-TV and low-cost channels along with Russian television programs are offered instead of high-quality foreign content.¹³⁶

Along with modernization of technologies (internet speed has increased, smartphones have become more available), mobile operators have seen growing demand for mobile internet from their customers. Latvijas Mobilais Telefons reports a more than threefold increase in the number of customers using the internet on

131. Lattelecom offers a wide range of services, including landline telephone, terrestrial and IP television, and internet.

132. Baltkom and IZZI also offer landline and mobile telephone, as well as internet services.

133. See the full Report of the Competition Council at http://www.kp.gov.lv/uploaded_files/2010/A083_1311.pdf (accessed 6 February 2011).

134. According to media reports, IZZI is interested in buying 100 percent of the shares of Baltkom, instead of a merger. Baltkom has announced that it already has another investor.

135. As Mr Ozoliņš puts it, the operators act like a cartel. In 2009 when TV3 demanded payments from operators, they warned that if TV3 insisted on charging, operators collectively will switch off TV3 from their networks. Juris Kaža, telecommunications editor of news agency LETA/Nozare.lv, points out that since cable television continues to be the dominant player in the pay-TV market, cable operators, instead of Lattelecom, stand in more powerful positions when negotiating cooperation with TV channels.

136. Besides, complicated economic conditions have put the brakes on the plans of national television channels to extend their presence in the market by introducing new channels providing local content, although digitization has offered technical possibilities to broadcast a greater number of channels.

mobile phones in 2010,¹³⁷ while Tele2 says its customers increasingly look for mobile phones offering mobile web surfing.¹³⁸ The leading mobile operators Latvijas Mobilais Telefons, Tele2 and Bite are locked into a fierce competitive race which has resulted in a significant decrease in mobile internet rates.

Mobile operators say that at this stage content production for mobile platforms is not among their priorities. However, they do work closely with content providers to promote the mobile internet. In 2010, Latvijas Mobilais Telefons, in cooperation with television channels LNT and TV5 and the news TVNET.lv, launched the project Mobile Reporter of Latvia (*Latvijas Mobilais Reportieris*) which encourages UGC. Mobile phone users are asked to submit videos and pictures which get a chance to be published in mainstream media and receive awards.

Industry experts have pointed out that the presence of mobile operators on news content platforms, including mobile television, will grow once 4G technologies are implemented. That should happen when the radio frequencies spectrum is freed up. In 2010, Latvijas Mobilais Telefons offered its customers the opportunity to test 4G technologies. Meanwhile, mobile operators offer broadband internet via 3G networks. The popularity of the mobile internet is growing and mobile operators are improving the coverage of 3G services and developing plans for the introduction of 4G.¹³⁹

Cable operators are obliged by law to distribute free-to-air TV channels without charging for them. Vice versa, these TV channels are not allowed to charge cable carriers for the distribution of their content on cable platforms. However, this applies only to cable television providers. There are no specific must-carry rules for telecom companies.

5.3.2 Pressure of Telecoms on News Providers

The previous sections have provided evidence on controversial cases where cable and telecom operators have exerted pressure on content providers, the television channels.

5.4 Assessments

The Audit Office has seriously questioned the spectrum allocation process. The evidence to which auditors refer raises deep concerns about the legality and fairness of the introduction of DTT in Latvia. Auditors have concluded that the costs of the project had been unreasonably inflated by LVL 3.8 million (US\$ 7.6 million).

The high-priced digitization project has put national television channels at a competitive disadvantage which ultimately negatively affects the quality of content. This in turn is a disservice to television viewers. It is

137. Email interview with Elīna Līdere, press secretary of Latvijas Mobilais Telefons, Riga, 3 February 2011.

138. Email interview with Egita Māliņa, Tele2 PR consultant, Riga, 9 February 2011.

139. Email interview with Sanita Igaune, telecommunications and IT journalist of business daily *Dienas Bizness*, Riga, 1 February 2011.

therefore safe to say that decision-makers involved in the spectrum allocation process appear to have failed to carefully consider the public interest.

The Electronic Media Law adopted in 2010 should provide more transparent procedures for tariff policy, since from 2014 the government will determine the calculation methodology and payment procedure.

The Competition Council, as well as Lattelecom's rivals, have repeatedly pointed to the negative aspects of Lattelecom's dominant position. Television channels point out that they are forced to accept broadcasting tariffs proposed by Lattelecom as there is no alternative in terrestrial broadcasting (under the current legal framework other operators have no access to the terrestrial digital network), while cable and satellite operators argue that Lattelecom is, in effect, dumping by cross-subsidizing its pay-TV services through the income from broadcasting tariffs. However, the entrance of Lattelecom has made the pay-TV market highly competitive and has provided customers with attractive prices.

The allocation and regulation of white spaces and the digital dividend is in its very early stages; for the time being, it is hard to judge to what extent public interest has been served. The current policy documents indicate that distribution of the digital dividend will be organized on the basis of an auction, without going into details on allocation criteria. It is expected that discussions on the digital dividend will enter the public domain more vigorously in 2012 and beyond, since analog broadcasting in Russia and Belarus is to be switched off by 2015, which will allow the distribution of the digital dividend in Latvia.

6. Digital Business

6.1 Ownership

6.1.1 Legal Developments in Media Ownership

Different aspects of media ownership are regulated by several laws:

- the 1991 Law On the Press and Other Mass Media (hereafter the 1991 Press Law);
- the 1995 Radio and Television Law, amended in 2010 to become the Electronic Media Law (hereafter the 2010 Electronic Media Law);
- the Competition Law.

The 1991 Press Law prohibits monopolization of the press and other mass media. However, it does not clearly define what level of ownership concentration is considered a violation of this norm. The 1991 Press Law does not mention the term “dominant position.”

The 2010 Electronic Media Law has brought in changes in the legal regulation of media ownership; however, these changes are not related to digitization. For the changes in legislation on the transparency of media ownership see section 6.1.5.

Unlike the earlier 1995 Radio and Television Law, the 2010 Electronic Media Law does not limit the number of media companies that one person can own.¹⁴⁰ Instead, the abuse of a dominant position of an electronic mass medium is not permissible. A dominant position is defined as the market share of an electronic mass media company in a particular market exceeding 35 percent. However, it is still unclear how market share is to be calculated and whether it may include not only advertising revenues, but also TV ratings or any other financial indicators.¹⁴¹

140. The Radio and Television Law stated that a natural person who is the sole founder of a broadcasting organization or whose investment in a broadcasting organization ensures control of it, or the spouse of such a person, may not own more than 25 percent of shares (capital share) in other broadcasting organizations. However, as Nagla and Kehre have reported (see note 141), this provision could be easily circumvented; for instance, through the establishment of an offshore company.

141. Email interview with Andris Mellakauls, former member of the Electronic Media Council and consultant to the council, currently chairman of the Council of Europe Steering Committee on the Media and New Communications Services, Riga, 25 November 2010.

Finally the Competition Law, which does not include special provisions for media companies,¹⁴² provides a different definition of “dominant position.” Here, a dominant position is defined as “an economic (commercial) position in a relevant market of a market participant or several market participants if such a participant or such participants have the capacity to significantly hinder, restrict or distort competition in any relevant market for a sufficient period of time by acting with full or partial independence from competitors, clients, suppliers or consumers.”¹⁴³

6.1.2 New Entrants in the News Market

In 2009 and 2010 two foreign media investors, the Swedish media group Bonnier and Rupert Murdoch’s News Corporation, withdrew from the Latvian market. News Corporation left Central and Eastern Europe, selling its companies in several countries across the region. Bonnier management argued that the sale of its assets in Latvia would enable it to strengthen its business in its prioritized markets in other countries. Most likely Bonnier’s departure was related to the deteriorating print media market in Latvia.

This allowed the entry of new players, local businessmen with close ties to the political elite. The only exceptions to the apparent exodus of foreign investors were the takeovers of the popular news sites Apollo.lv and TVNET.lv. In September 2011 Finnish media company Sanoma gained control of Apollo.lv whose previous owner was the telecommunications company Latt telecom.¹⁴⁴ In March 2011, another Scandinavian media company Norwegian Schibsted announced that it had acquired 100 percent of the shares in TVNET.lv, its first investment in Latvia.¹⁴⁵ Commentators speculated that Schibsted might be planning to grow its media portfolio in the country. According to media reports, the previous owners of TVNET.lv had been hiding behind a company registered in the British Virgin Islands.

In June 2009, Bonnier suddenly sold one of the largest and most influential Latvian dailies, *Diena*. *Diena* was launched in the early 1990s as a Western-style morning paper, with pledges of editorial independence and ownership transparency. Therefore, the murky sale of *Diena* came as a shock to its management and editorial staff. Only in August 2010, after a year of secrecy and speculation over which political figures stood behind this deal, Viesturs Koziols, friend and business partner of Ainārs Šlesers, a local tycoon and one of the leaders of the political bloc For a Good Latvia, declared he was the owner of the publishing house. Two PR executives also linked to For a Good Latvia joined the *Diena* team after the election, appointed to senior posts, one of them on the editorial side. This has led to speculation that political forces associated with this bloc also stand behind the purchase of *Diena*, although no hard evidence for that has been presented.

142. I. Nagla and A. Kehre, “Latvia Chapter,” in Brankica Petkovic (ed.), *Media Ownership and Its Impact on Media Independence and Pluralism*, Peace Institute and SEENPM, 2004, p. 252, available at http://www.mirovni-institut.si/media_ownership/latvia.htm (accessed 19 December 2010) (hereafter Nagla and Kehre, “Latvia Chapter”).

143. Competition Law, *Latvijas Vēstnesis*, 151 (2538), 23 October 2001, came into effect 1 January 2002, art. 1, para. 1, available in English at http://www.vvc.gov.lv/export/sites/default/docs/LRTA/Likumii/Competition_Law.doc (accessed 30 July 2011)

144. See Sanoma’s press release at <http://www.sanoma.com/about-us/sanoma-news/news/sanoma-news-acquires-apollo-the-second-largest-online-news-service-in-latvia> (accessed September 16 2011)

145. See Schibsted’s press release at <http://www.schibsted.com/en/Press-Room/News-archive/2011/Schibsted-acquired-internet-news-site-TVNETlv-in-Latvia/> (accessed March 16 2011)

The television company LNT was owned by News Corporation till March 2010 and after that, through the company Neatkarīgie Nacionālie Mediji, was returned to its previous owner, the director general Andrejs Ēķis, who also supported the political For a Good Latvia bloc during the 2010 election campaign and engaged his TV channel in the political battle.

As the presence of foreign investment in the media market declined, the distance between the media owners and the content producers also shrank, with the potential to harm editorial independence.¹⁴⁶ Given Bonnier's reputation of high standards of editorial independence, media experts have seen the withdrawal of the Swedish media giant as a loss for the Latvian media industry.

In 2010 and 2011 a shift in media ownership also occurred in the Russian-language print media sector. As is described in section 6.1.5, in 2010 the daily *Telegraf* was sold to a publicly unknown new owner. A year later, in June 2011, the media reported that Aleksei Sheinin, the only owner of the publishing house Petits, had sold his business to the Ukrainian bank Legbank. Petits' portfolio contains several newspaper and magazine titles, including the influential daily *Chas*. According to Mr Sheinin's statements to the media, Legbank has made a pledge to respect the principles of editorial autonomy.¹⁴⁷ Contrary to the *Telegraf*, there have been no reports of changes in the editorial management of Petits' outlets.

6.1.3 Ownership Consolidation

The changes in ownership of *Diena* and LNT were seen as a consolidation of media power in the hands of one political bloc, For a Good Latvia, shortly before the 2010 general elections, although there was no direct evidence. An Organization for Security and Cooperation in Europe (OSCE) report found the alleged affiliations of some commercial broadcasters with businessmen and politicians and the lack of transparency in media ownership problematic from the perspective of the independence and neutrality of reporting.¹⁴⁸

The decline of the political and economic environment in which media organizations operate in Latvia has also been noted in Freedom House's annual Freedom of the Press Index. In 2010, Latvia dropped to 55th place next to Ghana and Tuvalu. It remained within the group of "free media" countries, but placed at the bottom of that category, on the border with the "partly free" group. According to Freedom House, a drop in advertising revenues as well as the non-transparent sale of *Diena* contributed to Latvia's score falling.¹⁴⁹ Latvia's rating in the Press Freedom Index, published by Reporters Without Borders, also dropped from 13 in 2009 to 30 in 2010.¹⁵⁰

146. Email interview with Ilze Nagla, investigative reporter at Latvian Television who has previously researched media ownership in Latvia, Riga, 30 November 2010.

147. Diena.lv, "Izdevējs: Petits pārdošana neietekmēs redakcionālo neatkarību" (Publisher: sale of Petits will not affect editorial autonomy), Diena.lv, 3 June 2011, available at <http://www.diena.lv/sabiedriba/zinas/izdevejs-petits-pardosana-neietekmes-redakcionalo-neatkaribu-13886999> (accessed 30 July 2011).

148. OSCE, "Statement on Preliminary Findings and Conclusions," Riga, p. 6, available at http://www.osce.org/documents/odihr/2010/09/46664_en.pdf (accessed 19 December 2010).

149. Freedom House, "Freedom of the Press. 2010 Edition. Full Report," 2010, p. 29, available at <http://www.freedomhouse.org/uploads/pfs/371.pdf> (accessed 19 December 2010).

150. Reporters Without Borders, "Press Freedom Index," 2010, available at http://en.rsf.org/spip.php?page=classement&cid_rubrique=1034 (accessed 19 December 2010).

Over the past five years another trend has appeared: following changes in media ownership or disagreements with management, journalists have been leaving media companies and launching their own outlets. In 2007, several investigative journalists left LTV and established Red Dot Media, a company that now produces a weekly investigative program for TV3, *Nekā personīga* (Nothing Personal). Following the murky change in ownership of *Diena* in October 2009, a number of high-profile journalists, including editors-in-chief and an entire team of columnists, resigned in protest, and some later started new media projects, a weekly analytical magazine *Ir* (established in April 2010) and the news site Pietiek.com (launched in September 2010). In June 2010, a new radio station, Radio 101, began operations shortly after a number of leading DJs left their previous employer, Radio SWH, as a result of differences with management on the development of the station.

6.1.4 Telecoms Business and the Media

The most significant business involvement of the telecoms industry in the media sector was the entrance of the national telecommunications company Lattelecom into the digital television market (see section 5).

6.1.5 Transparency of Media Ownership

The lack of media ownership transparency has already been identified as highly problematic in past reports on the media business environment in Latvia.¹⁵¹ The President's Commission on Constitutional Law has also highlighted the need to introduce a legal framework guaranteeing editorial independence and transparency of media ownership.¹⁵²

The last five years have not brought significant improvements. It continues to be unclear who the ultimate owners of a number of media institutions are. There is widespread public speculation about the local oligarchs and political economic groups controlling media outlets. Media experts and executives also note that a recently adopted new legal framework for the radio and television market does not substantially improve the situation.¹⁵³

Unlike the previous legal framework for the broadcasting sector, the 1995 Radio and Television Law, the Electronic Media Law states that in order to receive a broadcasting permit, information about the owners should be attached to the submission to the Electronic Media Council.¹⁵⁴ However, the introduction of

151. Nagla and Kehre, "Latvia Chapter"; Kruk, "Latvia."

152. President's Commission on Constitutional Law, "Viedoklis par sabiedrisko elektronisko plašsaziņas līdzekļu tiesisko regulējumu demokrātiskās valsts iekārtā" (The opinion on the legal framework of public service broadcasters in a democratic society), Riga, pp. 8–21, available at [http://www.president.lv/images/modules/items/Viedoklis_KTK_sab_mediji_240510\(1\).pdf](http://www.president.lv/images/modules/items/Viedoklis_KTK_sab_mediji_240510(1).pdf) (accessed 6 May 2011).

153. Email interviews with Andris Mellakauls, former member of the Electronic Electronic Media Council and consultant to the council, currently chairman of the Council of Europe Steering Committee on the Media and New Communications Services, Riga, 25 November 2010; Ilze Nagla, investigative reporter at Latvian Television who has previously researched on media ownership in Latvia, Riga, 30 November 2010; Nellija Ločmele, editor-in-chief of weekly magazine *Ir*, Riga, 11 December, 2010; and Ainārs Dimants, PhD, associate professor in Mass Communication Theory, head of Department of Communication Sciences, director of doctoral study program on Communication Management, School of Business Administration Turība (Turība University), Riga, 20 December 2010.

154. Information on the program's format and language and a plan for the development and documents which attest the possible sources of financing for at least the first year of operation should also be provided.

the new norm is unlikely to lead to greater transparency since the law does not define how detailed the information regarding the owners should be. Information on the ultimate beneficial owner is not required and, therefore, the new legal framework still does not ensure media ownership transparency.

Media experts and professionals have repeatedly called for the introduction of regulations ensuring transparency of media ownership. The most recent appeal comes from the Latvian Journalists' Association, reacting to the changes in ownership of the Russian-language daily *Telegraf*. In November 2010, following changes in its ownership, Aleksandr Krasnitsky, editor-in-chief of *Telegraf*, was forced out of his post. Differences of opinion on the paper's mission between Mr Krasnitsky and the new owner were given as the official reason.¹⁵⁵ It continues to be unclear who the current owner of the paper is. In early December 2010, an unnamed journalist of *Telegraf* was quoted as saying, "We do not understand who owns us and what is the reason for the purchase."¹⁵⁶ The official owner of the paper continues to be a Cyprus-based offshore company which, according to media reports, has previously been associated with Oleg Stepanov, a local businessman and an influential figure in political circles. In December 2010, the media speculated that the new owner might have unspecified close ties with the Russian bank magnate Vladimir Antonov.

The Journalists' Association has called for an amendment to the Press Law requiring that the real owners of mass media be disclosed down to the level of beneficial owners. The parliamentary group For Fatherland and Freedom/LNNK (*Tēvzemei un Brīvībai/LNNK*) has responded to the appeal and has proposed amendments to the law that in September 2011 have been passed by the parliament at the final reading. Thus, media companies (limited liability companies and stock companies) now are obliged to report the ultimate beneficial owner of the company to the Register of Enterprises. Nevertheless, the implementation of the rule can be difficult and the current legal framework, albeit improved, still can fail to ensure transparency of media ownership in practice. Arta Ģiga, board member of the Journalists' Association and producer of the investigative TV3 program *Nekā personīga* (Nothing Personal), believes that now the legislator should take the next step and additional regulations should be introduced: when the new media company is established or a take-over occurs the owner should prove that the money was obtained legally.¹⁵⁷

6.2 Media Funding

6.2.1 Public and Private Funding

Since the end of 2008, Latvia has been going through a crippling economic crash that has changed the economic situation in which media organizations operate. The crisis has left a massive hole in the budgets of media companies. Not only did public service media face significant cuts in their annual state subsidies, but

155. In media interviews Mr Krasnitsky has outlined his position, according to which *Telegraf* should serve as a watchdog monitoring actions of those in power, but the owners, as Mr Krasnitsky has put it, have presented their vision of the paper as promoting a positive outlook in society.

156. V. Dreijere and D. Petrenko, "Telegraf pārdošanas shēma varētu būt jāmaina," (Details of the *Telegraf* sale may need to be changed) www.mansmed-ijs.lv, 1 December 2010, available at <http://www.mansmedijs.lv/saturs/telegraf-pardosanas-shema-varetu-jamaina> (accessed 19 December 2010).

157. E-mail interview with Arta Ģiga, board member of the Journalists' Association and producer of investigative TV3 program *Nekā personīga* (Nothing Personal), Riga, October 2 2011.

private media companies (and publishers of national daily newspapers particularly) were forced to reconsider their business models as advertising revenue figures dropped sharply.

During the years of economic prosperity, public service broadcasters experienced increases in their budgets, including state budget allocations. In 2009 and 2010, state subsidies were cut significantly, and with advertising revenue figures falling sharply, the 2009 income of LTV and LR dropped to the levels of 2006 and 2007. The government has promised not to implement any further austerity measures in public service broadcasting in 2011.

Table 20.
Latvian Television's budget, 2005–2011

	2005	2006	2007	2008	2009	2010	2011 (forecast)
State subsidy (€ '000)	7,435	9,279	11,895	13,702	11,891	10,144	9,988
Commercial income total (€ '000)	7,806	7,668	6,874	8,035	5,362	5,698	5,000
Total income (€ '000)	15,241	16,947	18,769	21,737	17,253	15,842	14,988

Source: Latvian Television.

Table 21.
Radio Latvia's budget, 2005–2011

	2005	2006	2007	2008	2009	2010	2011 (forecast)
State aid (€ '000)	4,584	5,594	6,564	6,513	6,840	5,414	5,414
Commercial income total (€ '000)	1,859	2,026	2,272	2,791	1,823	1,653	1,497
Total income, (€ '000)	6,443	7,620	8,836	9,304	8,663	7,067	6,911

Source: Radio Latvia.

Between 2005 and 2007, the media advertising market experienced impressive growth. Each year it increased on average by 24 percent year-on-year: from LVL 59.01 million (US\$ 118.97) in 2005, to LVL 76.01 million (US\$ 153.24 in 2006, and LVL 93.94 million (US\$ 189.39) in 2007. The first effects of the economic crisis on the media advertising market were seen in 2008 when the increases slowed down to only 3 percent and a total advertising market of LVL 97.1 million (US\$194.59). Print media were the first to suffer: down 15 percent for the newspaper advertising market and 4 percent for magazines already in 2008, when radio, television and internet were still growing, albeit slowly, their advertising income.

All types of media saw dramatic losses in their advertising revenue in 2009; the entire advertising market fell by 46 percent and made only LVL 52.9 million (US\$ 106.7 in total. The year 2010 brought some stability in the industry, although the figures are still negative: the market shrank by 13 percent and comprised LVL 45.9 million (US\$ 92.6) in total.

As Table 22 shows, print media suffered the most. The advertising market net figures indicate a dramatic plunge both in newspapers and magazines. Print media also lost a significant market share over the last five years, especially newspapers: from 30 percent in 2005 to 11 percent in 2010. Electronic and digital media have also experienced significant drops, but not as dramatic as in print.

Table 22.
Advertising market volumes in media groups (net LVL)

Media/Year	2005	2006	2007	2008	2009	2010
Newspapers	17,440,200	18,927,000	20,669,000	17,654,000	7,542,000	5,154,000
Magazines	7,815,942	11,189,000	16,264,000	15,557,000	5,809,000	4,078,000
TV	20,641,005	27,112,000	32,783,000	34,684,000	20,752,000	20,536,000
Radio	6,788,447	8,531,000	9,764,000	10,606,000	6,520,000	5,294,000
Internet	1,686,386	3,263,000	5,889,000	8,491,000	6,019,000	5,906,000
Cinema	175,350	453,000	494,000	635,000	355,000	317,000
Outdoor	4,464,218	6,535,000	8,076,000	9,470,000	5,881,000	4,607,000
Total	59,011,549	76,010,000	93,939,000	97,097,000	52,878,000	45,892,000

Source: Latvian Advertising Association.

The internet advertising market experienced less dramatic changes during the economic crisis. In 2008, when the print media advertising market had already declined and other media grew less than before, internet media advertising still had a significant growth of 44 percent year-on-year. In 2009, advertising on the internet fell by 38 percent year-on-year, two-thirds of the drop in print media. Internet advertising also significantly grew its share of the entire media advertising spend during the last few years: from 3 percent in 2005 to 13 percent in 2010. However, unlike traditional media, online publications did not have much room for maneuver over cutting costs, since their costs were already low, putting internet media in an even worse situation than print outlets.¹⁵⁸

Not surprisingly, against the backdrop of a severe economic slowdown, the media business performed poorly in the two years of the downturn: most media companies showed losses and reduced turnover during this period. According to media reports, in 2009 of all publishers, the Diena publishing house (owner of daily *Diena* and a number of regional newspapers and magazines) suffered most: turnover dropped by 35.34 percent compared with 2008, and the losses reached LVL 2,422.02 (US\$ 4,666.70) million in total, most of them for the daily newspaper *Diena*. In the television sector both main commercial players, LNT and TV3, ended 2009 with losses of LVL 1,120.40 million (US\$ 2,158.76) and LVL 1,419.66 million (US\$ 2,735.37), respectively.¹⁵⁹

158. R. Rudaša, "Latvia Country Report," in *Footprint of Financial Crisis in the Media*, Open Society Institute, 2009, p. 3, available at http://www.soros.org/initiatives/media/articles_publications/publications/financial-crisis-media-20091201 (accessed 19 December 2010) (hereafter Rudaša, "Latvia Country Report").

159. S. Igaune and D. Skreija, "Pagaidām vietējās televīzijas ar finansēm nevar lepoties" (So far nothing to be proud of in local TV finances) *Dienas Bizness*, 10 January 2011, pp. 4–5; *Dienas Bizness*, "Top 500. Latvijas lielākie uzņēmumi" (Top 500. Greatest Latvian companies), Riga, p. 115.

Table 23.

Key financial data, selected media companies, 2005–2009

Company	Net turnover, LVL (in '000)					Net profit, LVL (in '000)				
	2009	2008	2007	2006	2005	2009	2008	2007	2006	2005
Latvian Television	11,310,821	14,649,576	13,801,609	12,285,029	10,236,318	-57,071	-94,238	1,097,085	779,148	3,414
Radio Latvia	5,838,980	6,352,656	6,128,867	5,299,077	4,251,805	829,812	-800,950	-138,266	409,463	45,104
LNT	8,146,785	11,021,654	9,971,892	9,158,396	7,262,137	-1,120,397	154,939	-1,461,931	466,383	269,479
TV3 Latvia	6,897,856	10,929,232	10,144,815	8,255,898	6,265,155	-1,419,664	2,350,098	2,461,116	1,780,407	1,026,691
Radio SWH	1,917,773	3,994,417	3,221,967	2,767,559	2,321,835	-427,101	537,237	300,341	270,145	148,981
Dienas Mediji	5,446,682	8,159,079	9,591,390	7,129,293	n/a	-2,240,192	-1,430,594	129,502	247,091	n/a
Žurnāls Santa	5,777,469	8,511,590	8,132,940	6,903,981	6,004,781	-85,563	1,049,353	1,532,148	1,222,118	1,302,368
Delfi	1,235,765	2,105,064	2,011,720	1,485,358	992,173	-161,637	500,988	750,214	635,023	264,615

Note: n/a: not available.

Source: Lursoft, Latvian Television.

The newspaper business in Latvia has long been characterized as politically driven, not following market rules: owners of papers, in a number of cases shielding their identities behind offshore fronts, cover their newspapers' losses to keep them viable as a political instrument. It is hard to find any business rationale for running a newspaper that generates huge losses year after year.

6.2.2 Other Sources of Funding

The unprecedented shrinkage of the advertising market has not only put the media under severe market pressure, but also has made media institutions vulnerable to political interference, with resulting negative effects on editorial independence and the diversity of media output.

New forms of advertising have not appeared. However, the decrease in advertising revenues has made media companies more receptive to accepting hidden advertising and product placement offers in place of traditional advertising, sacrificing some of their editorial independence. As Ms Ločmele put it,

We regularly experience situations when businessmen (and there have also been cases with politicians) ask us whether they need to pay for the publication, and advertisers reject traditional, honest advertising proposals as they expect that along with a traditional ad they will get a hidden advertising article. Such proposals—paid content that is not identified as advertising—has become a common practice in Latvian media.¹⁶⁰

160. Email interview with Nellija Ločmele, editor-in-chief of weekly magazine *Jr*, Riga, 11 December 2010.

The Latvian Advertising Association has also noted a significant increase in the volume of paid-for journalistic content.¹⁶¹

During the pre-election period in 2010, the MTG-owned TV3 rejected offers from political parties who wanted to buy traditional advertising space in exchange for favorable coverage. With their offers rejected, politicians lost interest in placing their advertising on TV3.¹⁶² Instead, TV3's rival LNT produced several pseudo-journalistic discussions on "*Latvija, mēs tevi dzirdam!*" (Latvia, we hear you!) which were presented as legitimate editorial products, although their content explicitly reflected the messages of the election campaign of For a Good Latvia. Mr Ēķis admitted that the program had been funded (to the tune of LVL30,000) by an NGO called For a Good Latvia, which he chairs and which was launched shortly before the elections with the goal of supporting the political force of the same name.¹⁶³

Reacting to the deterioration of the advertising market, print media companies that previously provided content to the web platforms free of charge started setting up pay-walls with the aim of augmenting their deflated budgets with income from online paid content.¹⁶⁴ However, these projects have not generated significant income as media users are not willing to pay for the same journalistic content that is available in a print format and later copied on to a web platform.¹⁶⁵ Publishers admit that the Latvian market is too small to expand their presence on new digital and mobile platforms and therefore traditional print media formats continue to be seen as their main business priority.¹⁶⁶

The introduction of digital terrestrial broadcasting and a declining advertising market have reshaped the overall picture of television revenue. The most significant changes that the volume of subscription payments has gone up.

Following financial difficulties, several media organizations have called on their loyal audiences to contribute to their budgets with donations, among them public service radio and television which both appealed for contributions early in 2009. While LR called for financial help to cover everyday program-making costs, LTV asked for money to support further production of the soap opera "*Neprāta cena*" (Price of Folly). Niche internet projects such as the news site Pietiek.com and the site for literature and philosophy 1/4 Satori.lv, have also called for donations.

161. Email interview with Ģirts Ozols, president of the Latvian Advertising Association and director of MMS Communications Latvia, Riga, 26 November 2010.

162. Interview with Baiba Zūzena, CEO of Free TV Latvia (TV3, TV6, 3+) and CEO of Star FM Latvia, MTG, Riga, 9 December 2010. As another reason, Ms Zūzena named slightly higher advertising rates on TV3 at that time compared with its main competitor, LNT.

163. "30 tūkstošus LNT Tautas deklarācijai iedeva kustība 'Par labu Latviju'" (LNT's 'People's declaration' gets 30 000 LVL from the 'Par labu Latviju' movement), Rekurzeme.lv, 14 June 2010, available at http://www.rekurzeme.lv/events/event.html?xml_id=22762 (accessed 20 December 2010).

164. In 2009 magazine publisher Žurnāls Santa introduced the internet platform *manizurnali.lv*; in the same year *Telegraf* started to collect payments for its articles on the web, and a year later Diena launched a new e-subscriptions service.

165. J. Juzefovičs, "Atslēga priekšā" (Under lock and key), *Kapitāls*, April 2010, pp. 68–71, available at <http://www.kapitals.lv/zurnala/kapitals-0410> (accessed 19 December 2010).

166. Interview with Ivars Zariņš, president of Latvian Association of Press Publishers and head of the board of Žurnāls Santa, Riga, 2 December 2010.

6.3 Media Business Models

6.3.1 Changes in Media Business Models

After digitization, both public service and commercial national television channels lost their dominant positions in the market, and are now forced to share the advertising market with new entrants: channels that previously have been available only to those subscribing to cable and satellite programs, but have now been included as a pay-TV service of terrestrial digital television.

The Latvian Broadcasters Association estimates that the pay-TV market grew from LVL 15 million (US\$ 30 million) in 2008 to LVL 21 million (US\$ 42 million) in 2010.¹⁶⁷ Therefore, revenues from the pay-TV services (subscription payments) are seen by broadcasters as an alternative source of funding. The pay-TV market in 2010 represented some 45 percent of the total private funding (consolidated ad spending) in the media and some 40 percent of all spending in the media (private plus public, which is the state subsidy to public radio and TV). These revenues partly replace decreasing advertising revenues, improving the financial sustainability of the national commercial television sector.¹⁶⁸ National commercial television companies have called on the government to change regulations and allow them to obtain a portion of revenues from subscription fees that is now collected by providers of pay-TV services (like Lattelecom and others).¹⁶⁹

The national commercial television channels, LNT and TV3, have argued that if the government will not take significant steps to improve the financial conditions under which commercial players are operating,¹⁷⁰ both channels will opt out of their status of national channel and therefore will not be available free-to-air, as is the case today.¹⁷¹

In print media, one important trend is clear: advertising revenue is no longer the main source of income as it was during the economic boom. Now, the proportion of subscription payments and retail sales revenues in their income structure has increased; however, this does not translate into revenue growth. So, monthly magazines have been more vulnerable than weeklies in the economic downturn since their production costs are higher and advertising revenues have been their main source of income.¹⁷²

167. Estimate based on the assumption that in 2008 around 500,000 households used pay-TV services and in 2010, following the introduction of digital terrestrial broadcasting, this figure went up to 700,000 households. The Latvian Broadcasters Association assumes that one household pays on average no less than LVL 2.5 (US\$ 4.8) per month or LVL 30 (US\$ 57.8) per year for per pay-TV services.

168. Interview with Baiba Zūzena, CEO of Free TV Latvia (TV3, TV6, 3+) and CEO of Star FM Latvia, MTG, Riga, 9 December 2010.

169. According to the law, national commercial television companies are not allowed to collect a fee from the operator for re-transmitting its programs. Thus, TV3 and LNT do not obtain part of the subscription fee for those channels that are included in a pack of free-of-charge channels. In the case of TV3, the company gets subscription fee revenues only for the youth-oriented channel TV6 and the Russian-language channel 3+ that are both available only as pay-TV channels, but for its mainstream TV channel, TV3, the company does not get subscription income as this channel is also available free-to-air.

170. Reduction of tariffs of digital broadcasting, introduction of state subsidies for commercial TV channels, public service television gradually leaving the advertising market and change of regulations on allocation of revenues from pay-TV service are among the proposals of national commercial TV channels.

171. TV3 has calculated that in the case of entering the status of pay-TV service, the channel will not experience significant audience losses and consequently advertising revenues. However, it will be able to obtain part of a subscription fee collected by pay-TV service providers.

172. Interview with Ivars Zariņš, president of the Latvian Association of Press Publishers and head of the board of Žurnāls Santa, Riga, 2 December 2010.

Reacting to a crisis in the advertising market and the overall economic downturn that has shaped consumers' purchasing power, media companies have been reconsidering their production costs. Jobs, wages, and marketing budgets have been cut. Publishers have reduced page numbers and circulation volumes, but not drastically.¹⁷³ Some editions have been closed¹⁷⁴ or have reduced frequency of publication.¹⁷⁵ In the broadcasting sector, television companies have slightly increased the number of repeats of imported programs (films, series) and cut down on local (original) products.¹⁷⁶

Not all the financial details are publicly available. Media executives have been reluctant to disclose them in interviews, referring only to general trends. For instance, media executives admit that both cuts in staff and production costs have been made, without giving further details or indicating that the volume of advertising income has come down, subscription and retail income has become more significant, while not increasing dramatically, etc.

6.4 Assessments

Digitization has affected the dominant position of the national commercial television channels, LNT and TV3, which are now forced to share the market with new entrants. The introduction of terrestrial digital broadcasting has made pay-TV services available to a greater number of viewers, expanding the reach of television channels previously available only on cable and satellite platforms.

Transparency of media ownership in the past five years has not increased. Foreign media investors—Bonnier and News Corporation—have left Latvia, contributing to the deterioration of the already problematic state of media ownership transparency and editorial independence, most visible in the sale of Diena. One positive sign is the entry of Scandinavian media groups Schibsted and Sanoma; however, with control over only a few internet outlets, their impact on the media landscape is limited.

The withdrawal of two foreign media companies has not created a significant threat to media pluralism as different media continue to present different viewpoints. The diversity of output within individual media outlets is more problematic. Still, the declining purchasing power of media consumers has made the access to multiple sources of information less likely as many of them are forced to limit the number of media outlets to be consumed on an everyday basis.

173. To illustrate the trend, an example of a popular weekly celebrity magazine is useful: its paid circulation from around 45,000 copies in the third quarter of 2009 went down to 44,000 copies in the third quarter of 2010.

174. Niche products whose main source of income was advertising (instead of subscription and retail revenues) have most often been closed. For instance, the travel magazine *Ķemodāns* ceased to exist.

175. For example, the daily *Latvijas Avīze* is now published five times a week, instead of six, and the former monthly design, interior and architecture magazine *Deko* is now published once in two months.

176. Some shows have been canceled or the number of episodes reduced (for instance, the popular national soap opera "*UgunsGrēks*" (FireSin) on TV3 changed to four times in a week, instead of five).

Adoption of the new Electronic Media Law has not improved the legislative framework of media ownership. Although a new norm has been introduced requiring new entrants in the radio and television market (though not existing companies) to provide the Electronic Media Council with information about their owners, in practice the status quo has remained, as the new law still does not require the disclosure of the ultimate beneficial owners.

In September 2011 the Parliament has accepted the amendments to the Press Law initiated by the Journalists' Association. However, it is hard to assess to what extent it will improve the transparency of media ownership since some media experts have already indicated that media organizations can still easily evade the new rule.)

The economic recession of 2009–2010 dramatically affected the volumes of media advertising revenues and hit media consumers' purchasing power. This, in turn, forced media companies to cut their budgets and search for new sources of income. Inevitably, the quality of journalistic output sank. The tabloidization of news media and commercialization of television stations, including the public service broadcaster, reduced the diversity of opinions, increasing reliance on PR products and unconfirmed reports on the internet. A resulting dire lack of analysis and context in the media has been identified as having negative effects on journalistic output and quality.¹⁷⁷

The most worrying trend is the growing presence of hidden advertising, when paid-for content is presented as journalistic material. The crisis-hit media companies have become more willing to accept hidden advertising offers that are in conflict with journalistic ethics. This trend peaked before the 2010 general elections.

New sustainable media financing models have not emerged. However, according to executives, there will be a greater role for direct payments by media consumers, in the form of a subscription fee or retail price in case of print media, or via pay-TV.

177. Ruduša, "Latvia Country Report," pp. 3–5.

7. Policies, Laws, and Regulators

7.1 Policies and Laws

7.1.1 Digital Switch-over of Terrestrial Transmission

7.1.1.1 Access and Affordability

The government regulation on procedures by which digital broadcasting shall be implemented, approved in September 2008, states that the company providing digital terrestrial broadcasting should guarantee the possibility to access some volume of programs free of charge and the list of those programs should be decided by the Electronic Media Council. The government regulation, adopted a year later, has been supplemented with the obligation to provide coverage of public service television programs for 99 percent of the territory.

In its National Strategy for the Development of the Electronic Mass Media Sector for 2009–2011, the council has also declared that after digital switch-over a minimum program package must be accessible to all citizens free of charge. In line with the strategy, the citizens should be informed three months before the analog signal is switched off.

Simulcasting began in July 2009 across Riga and its suburbs, and started covering the rest of Latvia from February 2010. On 1 June 2010, analog broadcasting in Latvia ended, except for local and regional channels that are allowed to continue on analog till the end of 2013.

7.1.1.2 Subsidies for Equipment

Digital reception equipment is not subsidized for those who cannot afford set-top boxes or digital TV sets. This is in conflict with the initial policy documents, which required a scheme which helps low-income households. The only guarantee consumers have under the current legal framework is the availability of reception equipment for purchase and the capacity to receive public television and national commercial television channels without charge.

In line with the Electronic Media Law, a company providing terrestrial broadcasting of television programs in digital format is required to enable customers to obtain a device necessary for the reception of digital television. The law does not discuss access to programs on digital platforms in any further detail.

However, the initial policy document, the Strategy for Development of Terrestrial Digital Television Broadcasting in Latvia (hereafter the Digital Strategy), which was approved by the government in October 2006, proposed a different scenario on how digital broadcasting should be implemented. According to this document, the Ministry of Transport should cooperate with other government institutions to collect statistical data on low-income households. The Latvian State Radio and Television Center (the Center) would then develop an action plan for subsidizing set-top boxes to low-income households.

In 2008, however, the Digital Strategy was ignored by the government-approved regulation on how to implement digital broadcasting. This backward step has been reported by the Audit Office in its report on the implementation of terrestrial digital broadcasting, published in November 2009, in which it concluded that the digital switch-over process, overseen by the Ministry of Transport, did not comply with the Digital Strategy.

The Audit Office report states that the Ministry of Transport has not solved

the issue regarding provision of national television programs to low-income residents in the situation, when it is possible to apply support mechanisms, which do not have an impact on technological neutrality, thus denying possible support to the low-income part of the society ... creating a risk that the majority of low-income residents after switching off the analog television, due to lack of financial resources for purchase of decoders, will be deprived of access to national television programs.¹⁷⁸

This means that initial plans to provide support for low-income households exist only on paper. The Ministry of Transport argues that subsidizing set-top boxes through the state budget was not possible due to legal reasons and refers to the EU's legal actions against Germany and Italy. The ministry's stance is that financial assistance for low-income households could be provided by local governments as part of a social benefits scheme.¹⁷⁹ Municipalities have previously ruled out their involvement, arguing insufficient funding.

Lattelecom, winner of the government's 2009 tender for rights to provide DTT (see section 5), has announced its willingness to provide low-income households with set-top boxes free of charge if its contract is renewed.¹⁸⁰ Lattelecom argues that the government has ignored its proposal without providing any alternative.¹⁸¹

178. State Audit Office, "Audit Report," p. 6.

179. Email interview with Edmunds Beļskis, director of Communications Department, Ministry of Transport, Riga, 15 November 2010.

180. The current contract ends on 31 December 2013 and Lattelecom has proposed extending it to 31 December 2018.

181. Email interview with Inga Alika, head of television business division, Lattelecom, Riga, 4 November 2010.

Lattecom has offered customers the option to hire a set-top box for a monthly payment (LVL 1.98 or US\$ 4.04 per month, full price LVL 39 or US\$ 79.59). It has also installed set-top boxes in more than 150 homes for the elderly and 17 hospitals at no charge.

7.1.1.3 Legal Provisions on Public Interest

The Audit Office has seriously questioned the overall legal framework under which digital broadcasting has been implemented, including the organization of the tender to select a company to provide DTT. The auditors suggest that the outcome of the tender could have been different if it had been more professional and transparent.

A parliamentary working group on the future of public service broadcasting, set up in October 2009 and consisting of members of parliament, representatives of the Council, managers of public service broadcasters, as well as media experts, concluded in its February 2010 report that the Electronic Media Council has not represented the public interest in the digital switch-over process. For its part, the council argues that the Ministry of Transport ignored the council's own proposals for regulating the tender to select the digital terrestrial broadcasting provider and excluded the council from the tender commission.

7.1.1.4 Public Consultation

In the process of digital switch-over, the Ministry of Transport consulted the NGOs representing the interests of the radio and television industries. However, there was no extensive public debate. Lattelecom, the council and LTV have each organized their own public information campaigns on switch-over. The media have reported that the information provided promoted Lattelecom services instead of explaining the overall switch-over process and the options for receiving digital television on different platforms.¹⁸² Cable and satellite operators have launched promotional activities to protect their market shares. Lattelecom has carried out public opinion surveys to gauge viewers' interest in paid programming.¹⁸³ The council has not been able to commission independent audience surveys due to its budget limitations.

7.1.2 The Internet

7.1.2.1 Regulation of News on the Internet

Although the current legal framework only recently (starting from September, 2011 with the amendments in the Press Law) recognizes internet news portals and other journalism on the internet as mass media channels, these platforms have already before been de facto recognized and perceived as media institutions.¹⁸⁴ Besides, some internet news providers have already been officially registered by the Register of Enterprises as mass

182. V. Dreijere, "LTV vienpusigi skaidro digitalizāciju" (LTV provides one-sided reports on digitization), *Diena*, 26 February 2010, available at <http://diena.lv/lv/laikraksts/720800-ltv-vienpusigi-skaidro-digitalizaciju> (accessed 27 January 2011).

183. Email interview with Inga Alikā, head of television business division, Lattelecom, Riga, 4 November 2010.

184. Email interview with Jānis Buholcs, internet media expert, Riga, 9 November 2010.

media.¹⁸⁵ The Register of Enterprises explains its practice arguing that a number of internet portals function de facto as mass media and are perceived as such by the public.¹⁸⁶

In line with the 1991 Press Law, the press and other mass media are newspapers, magazines, newsletters and other periodicals (published at least once every three months, with a one-time print run exceeding 100 copies), as well as television and radio broadcasts, newsreels, information agency announcements, audiovisual recordings, and programs intended for public dissemination.¹⁸⁷

The Electronic Media Law identifies the internet, along with terrestrial broadcasting, satellite and cable, as a channel for distributing radio and television. The law regulates the distribution of audiovisual programs of the electronic mass media in the internet environment, if the relevant program is distributed therein in unchanged form without using technical recording devices. Provisions of this law do not apply to other audiovisual material which is posted on the internet. The Electronic Media Law does not recognize the mobile phone as a channel for media content distribution.

7.1.2.2 Legal Liability for Internet Content

Legal liability for internet content rests with the author or poster. According to the Law on Information Society Services, an intermediary service provider does not have a duty to supervise the information, which the provider transmits or stores, or to actively search for the facts and conditions which indicate possible violations of the law.¹⁸⁸ All major news portals in their terms of use sections make the user responsible for the content created. This also includes compliance with copyright protection regulation.

Although internet news providers de jure have not been qualified as mass media before 2011, this does not mean that content published on the internet is not subject to any regulatory oversight.¹⁸⁹ The general rule applies that whatever is prohibited in the real world is not allowed in a virtual one. The liability applies whether the breach of law has taken place in the real world or on the internet.

185. News portals already registered as mass media include Telegraf.lv, Kriminal.lv, Pok.lv, Videogaga.lv, and Latvijasreitingi.lv.

186. Email interview with Līga Brice, press secretary of the Register of Enterprises, Riga, 23 November 2010.

187. Law on the Press and Other Mass Media, *Ziņotājs*, 5, 14 February 1991, last amended on 26 March 2009, came into effect on 22 April 2009, art. 1, para. 2, available in English at <http://www.likumi.lv/doc.php?id=64879> (accessed 27 January 2011).

188. Law on Information Society Services, *Latvijas Vēstnesis*, 183 (3131), 17 November 2004, as last amended on 12 June 2009, came into effect on 1 July 2009, art. 11, para 2, available in English at <http://www.likumi.lv/doc.php?id=96619> (accessed 27 January 2011).

189. A number of laws and regulations specify restrictions on information distribution on the internet, including the Copyright Law, the Law on Information Society Services, the Personal Data Protection Law, the Law on Pornography Restrictions, and the Protection of the Rights of the Child Law. A list of content which is prohibited includes child pornography, information that harms an individual's honor and dignity, information that discriminates, state secrets, propaganda of violence and war, etc. Source: Report by the Ministry of Regional Development and Local Government (Ministry of Regional Development and Local Government, "Informatīvais ziņojums 'Par tiesiski nepieļaujams informācijas aprites ierobežošanu virtuālajā vidē'" (On the restriction of circulation of unlawful information in the virtual environment), Riga, 2010, pp. 4–5, available at <http://www.mk.gov.lv/lv/mk/tap/?pid=40152197&mode=mk&date=2010-04-06> (accessed 27 January 2011).)

The Pietiek case

In November 2010, Pietiek.com, which has a reputation for breaking many news stories, disclosed a secret document: a report on the reorganization of the Bureau for the Prevention and Combating of Corruption. The Constitution Protection Bureau, which is the top national security agency in Latvia, announced that the disclosure of information with the status of “Information for Internal Use” constitutes a criminal offense. The case is now being considered by the Security Police.¹⁹⁰

Pietiek.com, launched in September 2010, is registered in Iceland as the journalists believed that working under the journalist-friendly Icelandic legal framework would guarantee greater independence and protection from Latvian state interference. As one of the journalists said, “We need to be sure that the Security Police or some other institution cannot one day come and close us down.”¹⁹¹

However, the industry and media experts interviewed for this report have not described the legal framework covering news portals as restricting independent journalism. The case of Pietiek is seen more as an attempt to shield the journalists’ reporting on sensitive issues against possible legal proceedings, thus following the example of WikiLeaks. The decision to register the portal outside Latvia can also be seen as a reaction to the case of the LTV investigative journalist Ilze Nagla, whose home was searched by police in May 2010 during the inquiry into the so-called Neo case, leading to the confiscation of her personal computer, thus risking the disclosure of her sources (see section 4).¹⁹²

In 2009, the Ministry of Regional Development and Local Government (hereafter Regional Ministry), which is responsible for developing and coordinating e-government, the information society and information technology policy, introduced amendments to the Press Law that would define information distribution channels on the internet as mass media. In line with this proposal, the editor of a news portal would not be considered accountable for a user-generated publication containing unlawful information, if the editor reported it to law enforcement institutions. It would be the editor’s responsibility to contact such authorities immediately.

The Regional Ministry argued that the proposed amendments would strengthen the independence of internet news providers as they would obtain the same status as print media, radio, and television, and therefore have the same responsibilities and rights to gather and disseminate information.¹⁹³ However, the proposal was restrictive at the same time, since different types of online media are not distinguished. Under the proposal not only news portals, but also other, smaller online media platforms aimed at niche audiences, as well as social media channels, would be considered as mass media.¹⁹⁴

190. BNS, “National security agency calls for probe into disclosure of report on reorganization of Latvian anti-corruption office,” 9 November 2010.

191. Email interview with Baiba Rulle, journalist of internet site Pietiek.com, Riga, 8 November 2010.

192. Email interviews with Jānis Buholcs, internet media expert, Riga, 9 November, 2010, and Ingus Bērziņš, chief editor of internet portal Delfi.lv, Riga, 11 November 2010.

193. R. Bierande, “Interneta vietnes varēs iegūt medija status” (Internet sites will be able to obtain the status of mass media), LV.lv, 25 June, 2009, available at <http://lv.lv/?menu=doc&cid=193626> (accessed 27 January 2011).

194. Email interview with Jānis Buholcs, internet media expert, Riga, 9 November 2010.

Following consultations with the industry and NGOs in 2010, the Regional Ministry changed its stance. In its report, it concluded that the Press Law was already applicable to the information operations in the virtual environment and the registration of all online media outlets was not necessary.

The government has now announced plans to replace the proposed changes in the Press Law by amendments to the Electronic Communications Law.¹⁹⁵ The main aim of the proposal is to enhance an individual's rights to protect one's honor and dignity, and to prevent the invasion of privacy on the internet. The Regional Ministry stated in its report that the current mechanism for the protection of an individual's rights is not effective.

Anonymous online comments, often containing offensive language, published by ordinary citizens alongside news content on the mainstream news portals, have raised a number of heated debates on the subject of the internet communication culture.

In 2010 colleagues of Ainārs Platacis, a prominent lawyer who went missing while working on a number of scandalous cases, asked leading internet news portals to disclose the Internet Protocol addresses of authors who published comments on the news story of the lawyer's disappearance.¹⁹⁶ Mr Platacis's colleagues argued that the comments contained absurd rumors which damaged the lawyer's reputation and obstructed the investigation. The portals responded that, in accordance with the law, the IP addresses would be disclosed only in the event of an official police enquiry.¹⁹⁷

Changes in the Criminal Law which came into force in February 2010 eliminated criminal liability for defamation. Bringing a civil action is now the only legal mechanism for defending one's reputation.¹⁹⁸ However, under current regulations it is hard to file a civil suit as a claim must include the personal data of the person accused, which frequently in the case of internet content is either difficult or impossible to obtain since contentious content is seldom signed with the author's real full name.

The Ministry of Justice has initiated amendments of the Electronic Communications Law proposing to ease the procedure: if the court classifies the claim as reasonable, it will have rights to demand from internet portals the disclosure of the IP addresses and subsequently the owners of the IP address in question.¹⁹⁹ According to the Electronic Communications Law, the electronic communications merchant (internet provider) is

195. Email interview with Justīne Plūmiņa, spokesperson of the Ministry of Regional Development and Local Government, Riga, 8 November 2010.

196. The Latvian state police continue to investigate the case of the disappearance of Mr Platacis and, according to the media reports, the police believe that his disappearance is connected either with his professional duties or with his private life. Mr Platacis has been missing since May 2010.

197. E. Zalāne, "Lūgumu portāliem atklāt Platača pazūšanu komentējušo cilvēku IP adreses vērtē kā uzbrukumu vārda brīvībai" (Request to portals disclose IP addresses of people commenting on the disappearance of Platacis is seen as an attack on freedom of speech), *Diena.lv*, 26 May 2010, available at <http://diena.lv/lat/politics/hot/lugumu-portaliem-atklat-ip-adreses-cilvekiem-kas-komente-plataca-pazusanu-verte-ka-uzbrukumu-var-da-brivibai> (accessed 27 January 2011).

198. However, criminal liability for the separate category under Latvian law of "bringing into disrepute" has remained.

199. A. Lazdiņš, "Internētā aizskartos vispirms sūtīs uz tiesu" (Those offended on the internet need to seek redress in court first), *Diena.lv*, 8 October 2010, available at <http://diena.lv/lat/politics/hot/interneta-aizskartos-vispirms-sutis-uz-tiesu-2010-10-08-1> (accessed 27 January 2011).

required to store data that identifies internet users for 18 months. Amendments to the law were accepted by the government in April 2011 and will now be debated in Parliament.

The proposal has not been interpreted as threatening the independence of internet media.²⁰⁰ The industry has welcomed the proposal as a potential deterrent to future offensive comment.²⁰¹

7.2 Regulators

7.2.1 Changes in Content Regulation

Digital switch-over has not brought significant changes in broadcasting regulation. Digital broadcasting is regulated by the Electronic Media Council, the same institution that supervised analog radio and television. However, the legal framework has changed since the regulatory body is now acting in line with the Electronic Media Law that was approved in July 2010 and has replaced the long outdated Radio and Television Law.²⁰²

The new law has not been written with the aim of addressing digital broadcasting or the emergence of new technologies in general. Rather, its adoption has been stimulated by the need to implement the European Commission directive on audiovisual media services.²⁰³ Media experts have already pointed out that the new legal framework will need to be rewritten soon as the rapid development of media technologies is reshaping media practices, and the current legal framework only partly reflects the actual media landscape.

7.2.2 Regulatory Independence

On paper, the Council is an independent, fully autonomous institution. However, its independence in practice has been seriously questioned. Several Electronic Media Council members have admitted over the years that they have encountered both political pressure and pressure from other interest groups. They have also said that Council votes are sometimes influenced by the positions taken by political parties.²⁰⁴

The Electronic Media Law has not strengthened regulatory independence in a substantial way. The mechanism of recruitment of members of the Council has been modified, introducing consultations with NGOs and specifying the qualifications of the potential members of the regulatory body.²⁰⁵ However, media experts still

200. Email interview with Jānis Buholcs, internet media expert, Riga, 9 November 2010.

201. Email interview with Ingus Bērziņš, chief editor of internet portal Delfi.lv, Riga, 11 November 2010.

202. The Radio and Television Law was approved for the first time in 1995 and has not experienced fundamental changes since then.

203. I. Brikše, "Public service broadcasting in Latvia: Old images, new user needs and market pressure," *Central European Journal of Communication*, 3, 1(4) (Spring 2010), p. 74.

204. I. Brikše, "Public service broadcasting in Latvia: Old images, new user needs and market pressure," *Central European Journal of Communication*, 3, 1(4) (Spring 2010), p. 74.

205. In line with the Radio and Television Law, the Council shall be established by Parliament and a member of the Council may be nominated by no fewer than five members of Parliament. The Electronic Media Law has provided more detailed procedures: the Commission for Human Rights and Public Affairs of Parliament shall nominate candidates for members of the Council upon consultation with associations and foundations acting in the fields of mass media, education, culture, science and human rights. The new law has also introduced additional requirements for a candidate to be nominated. Candidates are asked to have a university degree, and at least five years' professional or academic experience in mass media, education, culture, science or human rights, and to be of good repute.

raise doubts whether the new recruitment procedures will guarantee greater independence of the Council since the key role in recruitment is still played by Parliament, not the non-governmental sector. It has also been noted that agreements on candidates continue to be made during politicians' meetings behind the scenes.²⁰⁶

7.2.3 Digital Licensing

Regulatory independence has not changed significantly with the switch from analog to digital broadcasting. However, after the switch-over, the role the Electronic Media Council played in the licensing process has diminished as a considerable part of the decision-making process has now been allocated to Lattelecom. Industry insiders say that the rules of the game are now dictated by Lattelecom.²⁰⁷

Although the Council managed spectrum use during the analog era, the rights to use spectrum for DTT have been granted to Lattelecom. For the same reason, broadcasting licenses are now granted solely on the basis of submission—as long as they conform to the Electronic Media Law—instead of through public tender, as in the analog era.²⁰⁸ The Council's main argument is that there is sufficient spectrum for digital broadcasting; therefore there is no need to organize public tenders. The licensing system for radio broadcasters has remained unchanged.

While spectrum use has been granted to Lattelecom which now operates the digital multiplexes, broadcasting permits are still issued to the TV stations by the Electronic Media Council, but in order to be able to start their operations in the digital terrestrial broadcasting TV stations should get the acceptance from Lattelecom. The only exceptions are two public TV channels (LTV1, LTV7) and two national commercial channels (TV3, LNT) that Lattelecom is required to distribute.

Broadcasting permits continue to be issued by the Council, but the implementation of the rights largely depends on the decision taken by Lattelecom. Having received broadcasting rights, the media company is asked to agree terms of broadcasting (regarding tariffs and footprint) with Lattelecom.²⁰⁹ Lattelecom is required to broadcast only the channels that the Council decides should be available free-to-air: both the public service channels LTV1 and LTV7, national commercial channels LNT and TV3, as well as local and regional broadcasters, which are private companies, but often receive funding from local government.²¹⁰

Under the Electronic Media Law, broadcasting rights are granted in accordance with the National Strategy for the Development of the Electronic Mass Media Sector. Declared compliance with the general provisions

206. Email interview with Vita Dreijere, media reporter of *Diena*, Riga, 8 November 2010.

207. Email interview with Gunta Lidaka, executive director of the Latvian Association of Broadcasters, Riga, 9 November 2010.

208. Email interview with Dace Buceniece, vice-chair of the National Electronic Media Council, Riga, 8 November 2010.

209. Email interview with Dace Buceniece, vice-chair of the National Electronic Media Council, Riga, 8 November 2010.

210. For the programs being re-transmitted Lattelecom would also have to obtain a permit. Lattelecom has carried out a survey examining viewers' interests and based on the results has proposed a list of programs to be re-transmitted via terrestrial digital broadcasting (not free of charge). The list has been approved by the Council.

for the production of programs (including language requirements and volume of advertising) is applied by the Council as criteria when decisions are made on issuing broadcasting rights.²¹¹

7.2.4 Role of Self-regulatory Mechanisms

Over two decades, journalists in Latvia have been unsuccessful in establishing an authoritative and universally respected system of self-regulation and the new digitized environment has not changed this.²¹² However, online media institutions have signaled their willingness to act responsibly. All major news portals have their own codes of conduct that are publicly available and include the responsibilities of the user. Special attention has been given to the guidelines for posting comments: users are asked to be tolerant, observe decency, avoid strong language, and not to publish information that could injure reputations, etc. In case of violations of the rules, portals have reserved the right to delete the post or even deny access to the portal.

In addition, in 2006 a number of leading news portals together with NGOs and state authorities signed a “Declaration on Respect, Tolerance, and Cooperation on the Internet.” Stakeholders pledged to reduce and control instances of intolerance and hate on the internet, balancing this with the desire not to restrict the freedom of expression.²¹³

Following the declaration, the main news portals established a new post in their newsrooms of an editor who monitors UGC. Portals have also introduced an option that allows users to inform the editor about comments that violate the rules.²¹⁴ As the editor of Delfi.lv has pointed out, it is in the business interest of portals to maintain a good reputation by deleting indecent comments and reacting to users’ calls to remove abusive content.²¹⁵

Some news portals encourage their users to create their own profiles, as well as to register and leave comments signed with their real names, not nicknames: this is seen as a self-regulatory practice. The experts interviewed for this report noted that in portals that require users’ registration, even when they are not asked to provide a real name, the comments are more restrained. However, the practice is not widespread as registration decreases the number of users visiting the site and therefore portals may consider registration as unprofitable.²¹⁶

211. Email interview with Dace Buceniece, vice-chair of the National Electronic Media Council, Riga, 8 November 2010.

212. The Latvian Union of Journalists acts only formally and has not proven itself to be a powerful advocate for the rights of journalists or a watchdog of journalistic practices. There have been some attempts to reform the organization, unsuccessful, however, and it has been admitted that the introduction of new self-regulatory institution could be a more effective mechanism. In 2007, news and current affairs journalists of LR and LTV established a new ad hoc trade union. At that time the management of LTV attempted to reorganize the news department in what journalists perceived as a politically motivated attempt to weaken its journalism. The new trade union was seen as a protection mechanism in a dispute with the managers. In November 2010, the Latvian Journalists’ Association was established and it aims to become powerful self-regulatory institution. An ethics committee was established within the new organization. So far, the most effective tools of self-regulation appear to be the in-house codes of conduct that journalists are asked to sign along with their contracts.

213. See the full text of the Declaration on Respect, Tolerance, and Cooperation on the Internet, available at http://www.dialogi.lv/article_new.php?&cid=2487&cla=3&lang=2 (accessed 27 January 2011).

214. Email interview with Viesturs Šeļmanovs-Plešs, executive director of the Latvian Internet Association, Riga, 11 November 2010.

215. Email interview with Ingus Bērziņš, editor-in-chief of internet portal Delfi.lv, Riga, 11 November, 2010.

216. Email interview with Jānis Buholcs, internet media expert, Riga, 9 November, 2010.

The need for further information campaigns on the rules of virtual communication (for example, informing users about the limits of anonymity in the virtual environment) has also been identified as a self-regulatory activity to be implemented.²¹⁷ One example already applied is the Latvian Safer Internet Centre project, launched in 2006 by the Secretariat of the Special Assignments Minister for Electronic Government Affairs in cooperation with the Latvian Internet Association. The project aims to educate children about potential threats on the internet and allows the public to report crimes detected on the internet to a designated website.

Traditional media institutions have made their first attempts to rewrite their ethical guidelines to cover digital media platforms. In November 2010, Mareks Gailītis, head of the LTV News Department, announced plans to change the news desk's code of ethics, introducing the regulation of journalists' conduct on social media platforms. He explained that LTV is planning to pay more attention to its presence on social media, so some guidelines should be introduced to prevent business secrets being made public. He has denied that this is an attempt to silence the journalists of public service television.²¹⁸ However, it is not clear whether the proposal is motivated by the need to improve journalistic performance or rather to silence journalists who were critical of LTV management.

7.3 Government Interference

7.3.1 The Market

The nature and degree of interference by state authorities has not changed significantly over the past five years. Media pluralism and diversity have been influenced more by the global financial crisis than by direct or indirect government pressure (see section 6). The government's decision to raise value-added tax rate for print media is one negative factor. Media organizations, hit by a massive decline in advertising revenues, have appeared to be more vulnerable to political influence. This became apparent during the 2010 election campaign.

Since Lattelecom is a majority state-owned company, its actions in setting broadcasting tariffs could be seen as an indirect state interference in the media market. (See section 5.) However, Lattelecom has always presented itself as a purely commercial entity with no political agenda.

7.3.2 The Regulator

As the result of the over-politicized selection and appointment of the members of the Electronic Media Council, decisions of the Council often seen in the circles of media industry as politically motivated and members of the Council are perceived as political placemen. More detailed account on the regulator's independence is included in section 7.2.2.

217. Email interview with Viesturs Šeļmanovs-Plešs, executive director of Latvian Internet Association, Riga, 11 November 2010.

218. LETA, "Plāno izmaiņas LTV žurnālistu ētikas kodeksā, lai regulētu komunikāciju sociālajos medijos" (Changes in the Ethical Code of Conduct of LTV journalists are planned in order to regulate communication in the social media), www.7guru.lv, 1 November 2010, available at <http://www.7guru.lv/news/nozareszinat/article.php?id=71162> (accessed 23 September 2011)

7.3.3 Other Forms of Interference

No extra-legal pressures by state authorities during the introduction of digital terrestrial broadcasting were identified.

7.4 Assessments

The nature and degree of interference by state authorities has not changed significantly over the past five years. While the overall process of digitization has been led by and implemented by state authorities and the partly state-owned company Lattelecom and has a significant impact on television sector, there is no evidence of direct state interference in editorial and content issues.

Given that there has been serious criticism of the implementation of digital broadcasting, including the severe allegations by the Audit Office, the argument can be made that the overall framework of policy and law regulating implementation of digital terrestrial television has failed to guarantee principles of fairness and transparency and that public interest was not sufficiently taken into account during switch-over.

The state authorities have failed to implement the support mechanisms for low-income citizens, thus putting a significant segment of society at risk of not having access to public service television and national commercial television channels. According to media reports, people in border areas have been left with no choice but to watch television programs transmitted from Russia and Belarus which continue to be broadcast in analog.

The Electronic Media Council has been unable to take on the role of effective regulator and has played a marginal role during switch-over, mainly as a result of insufficient authority and competence. The Ministry of Transport led the process of the digital switch-over, while the regulatory body was ignored and left behind, incapable of representing the public interest during the introduction of digital broadcasting.

The legal framework has also weakened the position of the regulator in the period following switch-over. The Council lost its dominant role during the licensing process: television licenses are no longer awarded on the basis of public tender and merely on the basis of correct submission. Besides, broadcasting rights granted by the Council can be implemented only with the consent of the merchant providing digital broadcasting.

The Ministry of Transport consulted the industry's NGOs during the process of policy-making and shortly before the analog signal was switched off, and Lattelecom, the Electronic Media Council and LTV carried out some public information campaigns. But it cannot be said that the level of public consultation on new media technologies has increased, compared with the analog era.

According to industry and media experts, the legal framework under which the online media are operating is satisfactory and nonrestrictive in terms of media independence and plurality. Following heated debates on the internet communication culture, the state authorities have proposed to take significant steps to

strengthen individuals' rights of protection of reputation and privacy on online platforms. The industry itself has expressed an interest in improving the quality of debate on internet sites, introducing a number of self-regulatory measures. The need to raise public awareness of personal responsibility for actions taken in the virtual environment has been identified as further steps in improving the internet communication culture.

8. Conclusions

8.1 Media Today

While the flourishing of internet media and the introduction of digital terrestrial broadcasting has significantly expanded the scope of available news channels, digitization has not automatically led to more diverse and pluralistic content. The economic recession has weakened the financial situation of traditional media organizations. This inevitably has left its mark on their performance, but internet media platforms have appeared to be a feeble substitute for established media institutions in providing original journalism.

The spread of social media has empowered individuals to set their own news agenda separate from that of mainstream news providers, and established media organizations have welcomed UGC. But the ordinary person as a news source has become only slightly more vocal in conventional media content. News organizations still mostly rely on established news sources such as the political elite and the PR industry, and user-created materials receive prominent treatment only in rare instances. This trend suggests that the democratization of media content production may have been overstated. The number of user-generated platforms has increased, but their impact on the public agenda is fairly marginal. Only a very limited number of user-generated platforms are among the widely used internet sites, and the overwhelming market leaders are established news portals and social networking sites.

The rise of news portals that today top the list of most common online journalism platforms has not led to more diverse and pluralistic output. As a rule, news portals aggregate news materials from traditional media organizations, news agencies, and PR materials, and generate only a small proportion of original content. News portals are overloaded with the content that qualifies more as “churnalism,” a term coined by British journalists to describe news that makes extensive use of press releases. Thus, the PR industry has increased its impact on news production. As a result of budget cutbacks, conventional media organizations often fail to provide original output that would serve as an alternative to massive, homogenized flows of online “churnalism,” and traditional media themselves have become dependent on ready-made news stories offered by PR businesses.

Digitization has played a positive role in facilitating access to information about public institutions; it has also offered new digital instruments in the information gathering process. It has been reported that journalists often lack the know-how on applying online news gathering tools to their everyday routines and are often reluctant to use innovative news gathering techniques (such as crowdsourcing). In addition, online journalism within traditional media organizations has often been seen as an inferior activity and therefore editors often turn a blind eye on breaches of the code of conduct in online reporting.

The termination of analog broadcasting has had a mixed effect on the Latvian television landscape. On the one hand, digital broadcasting has offered the customer a greater choice of television channels, and it has forced service providers—cable and satellite operators—to scale down the price of the service. On the other hand, digital terrestrial broadcasting has accelerated audience fragmentation and viewers more actively migrate from mainstream channels to newly available digital niche channels. Consequently, the audience share of mainstream national channels has shrunk significantly. The national commercial channels, LNT and TV3, have been heavily hit by the economic downturn, as advertising revenues have decreased sharply. The commercial channels have also argued that tariffs for terrestrial broadcasting are unjustifiably high and that this has also had a negative effect on their budgets.

Further economic deterioration of the national commercial channels could have a negative impact on the production of local journalistic output since commercial players today have a significant role in the provision of local news and current affairs programming. They have often been more successful in engaging audiences in investigative reporting and political debates, compared with the performance of public service television. Lacking sufficient funds and with journalistic resources stretched, LTV struggles to provide first-class journalism. Even during the pre-digital era, it faced dramatic audience losses, and digitization has further undermined its position in the market and accelerated the alienation of audiences.

The current legislative framework does not guarantee transparency of media ownership and it is often not clear who actually stands behind the editorial decisions in several media organizations, although their content provides clues. Therefore, it is hard to provide substantial evidence to determine whether recent transformations in media ownership have concentrated the market and whether diversity and plurality have been seriously jeopardized. The editorial independence of *Diena* and *Telegraf* dailies and LNT television has been questioned following opaque shifts in their ownership and in some cases also in editorial management. A rigorous longitudinal content analysis, however, would be needed to judge whether their association with particular political forces is supported by empirical evidence.

The withdrawal of foreign media investors, especially Bonnier, will likely have negative effects on media independence. As a rule, the local owners who take over tend to have close links with the political elite. They are often seen by the public as fronts serving the interests of hidden ultimate beneficial owners, thus casting a shadow on editorial independence. Therefore, the entry of the Norwegian media group Schibsted and its purchase of TVNET.lv as well as arrival of Finnish media group Sanoma and its acquire of Apollo.lv have been welcomed by media experts.

During the last few years, consumption figures of morning papers have gone down sharply. However, there is no substantial evidence to argue that this can be attributed to the lack of transparency in ownership. Instead, newspapers have failed to respond adequately to changing media habits and the needs and interests of their audiences. Consequently, daily papers have lost their dominant role in shaping the public and political agenda. Radio, television, and online outlets have not, however, succeeded in taking over the traditional role of the press in setting the tone of political coverage.

8.2 Media Tomorrow

In light of the continuing audience fragmentation and further migration to digital channels, public service television and national commercial channels will most likely experience further declines in audience share and will be forced to reconsider their business models. This could mean a shift from advertising as a key source of income to a more diverse income mix, including subscription payments. LNT and TV3 have already expressed interest in receiving a portion of the subscription payments now paid by customers to television operators, warning that otherwise both will give up their free-to-air status and will move to pay-TV platforms.

The disruption of traditional media business models has already led some owners to sell up. This has led to the often disputed adjustments in ownership of several media companies during the last few years. Given the fact that not all media companies are recovering from the economic downturn, further ownership realignments are highly likely. There have already been reports about specific media properties being on the market.

Amendments in the Press Law requiring disclosure of ultimate beneficial owners of media companies could also shape the media market. Some industry experts, however, have already raised doubts whether the new regulations will really ensure ownership transparency and whether real owners will not find new ways to conceal their influence on editorial decisions.

LTV is expected to expand its portfolio in the near future, launching a new digital channel focusing on arts and culture, which may lift its ratings somewhat. However, the most likely scenario is that new commercial entrants to the television market will offer imported productions adapted to the local environment and with local advertising breaks, instead of producing original content.

Internet use will continue to grow, however most likely not as rapidly as during the last five years. A significant portion of new internet users is in the over-50 age group, and perhaps older generations will join the online community in greater numbers in the coming years. However, no evidence suggests that the status of television as the most common source of news is under threat. Daily newspapers will be able to hold their loyal readership and perhaps win some audiences back only by providing value-added journalism such as analysis, investigations, and commentaries. Regardless of whether reading the morning paper in its print version will remain solely the activity of elite audiences or not, the regeneration of the print industry will depend on how successful publishers will be in establishing and growing their digital presence.

The enthusiasm with which mobile phone users switch to smartphones, along with government plans to use the digital dividend to develop high-speed mobile internet across the country, will likely increase media presence on mobile internet platforms, including the introduction of iPhone and iPad applications. However, given the small size of the market, the development of mobile content is unlikely to be rapid, and the majority of media organizations will probably continue to wait and see.

List of Abbreviations, Figures, Tables, Companies

Abbreviations

3G	third generation
4G	fourth generation
DTT	digital terrestrial television
EU	European Union
EUR	Euro
IMF	International Monetary Fund
IPTV	Internet Protocol Television
LNT	Latvian Independent Television (<i>Latvijas Neatkarīgā Televīzija</i>)
LR	Radio Latvia (<i>Latvijas Radio</i>)
LTV	Latvian Television (<i>Latvijas Televīzija</i>)
LVL	Latvian lats
NGO	non-governmental organization
OSCE	Organization for Security and Cooperation in Europe
PBK	First Baltic Channel (<i>Pirmais Baltijas kanāls</i>)
TB/LNNK	For Fatherland and Freedom/LNNK (<i>Tēvzemei un Brīvībai/LNNK</i>)
UGC	user-generated content

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Companies

Baltic Media Alliance

Baltkom

Bite

Bonnier

Cits Medijs

DBB

Dienas Mediji

Draugiem.lv

Hannu Digital

IZZI

Kempnayer Media Latvia

Lattelecom

Latvian Television

Latvijas Mobilais Telefons

Legbank

LNT

Modern Times Group (MTG)

Neatkarīgie Nacionālie Mediji

News Corporation

Parex Bank

Petits

Pirmais Baltijas Kanāls
Radio Latvia
Radio SWH
Red Dot Media
Sanoma
Schibsted

State Radio and Television Center
Tele2
Viasat
Žurnāls Santa

Mapping Digital Media: Country Reports

1. Romania
2. Thailand
3. Mexico
4. Morocco
5. United Kingdom
6. Sweden
7. Russia
8. Lithuania
9. Italy
10. Germany
11. United States

Mapping Digital Media is a project of the **Open Society Media Program** and the **Open Society Information Program**.

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The Media Program works globally to support independent and professional media as crucial players for informing citizens and allowing for their democratic participation in debate. The program provides operational and developmental support to independent media outlets and networks around the world, proposes engaging media policies, and engages in efforts towards improving media laws and creating an enabling legal environment for good, brave and enterprising journalism to flourish. In order to promote transparency and accountability, and tackle issues of organized crime and corruption the Program also fosters quality investigative journalism.

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The Open Society Information Program works to increase public access to knowledge, facilitate civil society communication, and protect civil liberties and the freedom to communicate in the digital environment. The Program pays particular attention to the information needs of disadvantaged groups and people in less developed parts of the world. The Program also uses new tools and techniques to empower civil society groups in their various international, national, and local efforts to promote open society.

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For more information:

Open Society Media Program
Open Society Foundations

4th Floor Cambridge House, 100 Cambridge Grove
London, W6 0LE, United Kingdom

mappingdigitalmedia@osf-eu.org
www.mappingdigitalmedia.org
www.soros.org/initiatives/media

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