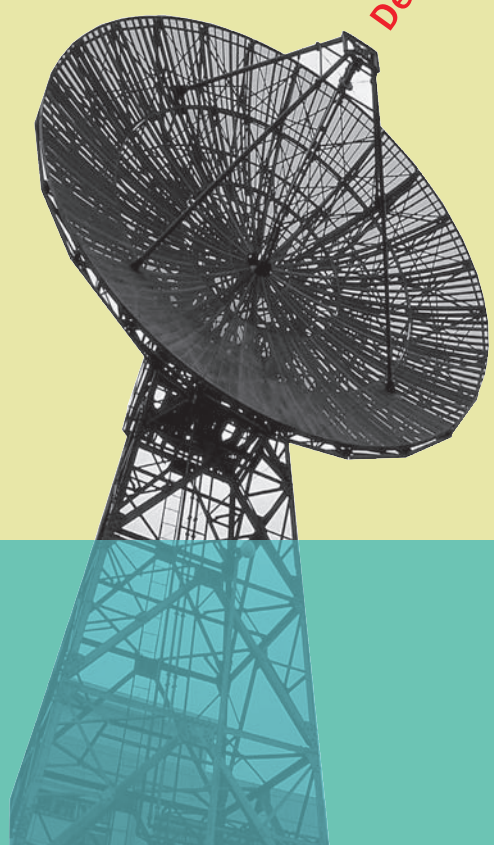
MEDIA SUSTAINABILITY INDEX 2003

Development of Sustainable Independent Media in Europe and Eurasia



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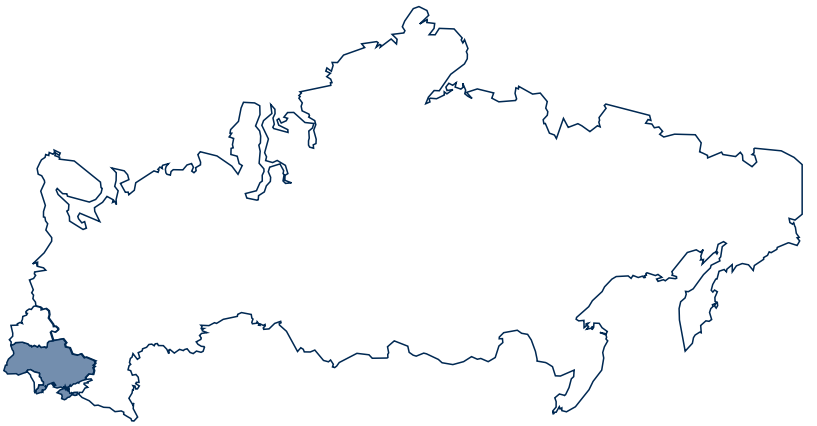
Ukraine



Introduction

The media situation in Ukraine is a contradictory one. The advertising market is developing rapidly, with revenues doubling during 2003 and the outlook optimistic. In most regions of the country, there are stable, profitable newspapers that operate as media businesses, making their money through advertising and circulation. But at the same time, most newspapers continue to be subsidized by politicians, governmental bodies, or both. In the broadcast sector, government and political forces keep all national channels and many regional channels under tight rein.

Journalistic and ethical standards remain relatively low at most mass-media outlets, and the outlook for freedom of expression protections is dire. It is in editorial practices, more so than in their business performance, that most media outlets fall short. But panelists noted that the strong—and, some said, increasing—control of the media by business and political interests has created problems on the business side as well for some outlets. And even when media outlets are privately owned, the government and political powers are able to exercise significant influence over their operations. Panelists cited this as a limiting factor in the development of mass media as business enterprises.

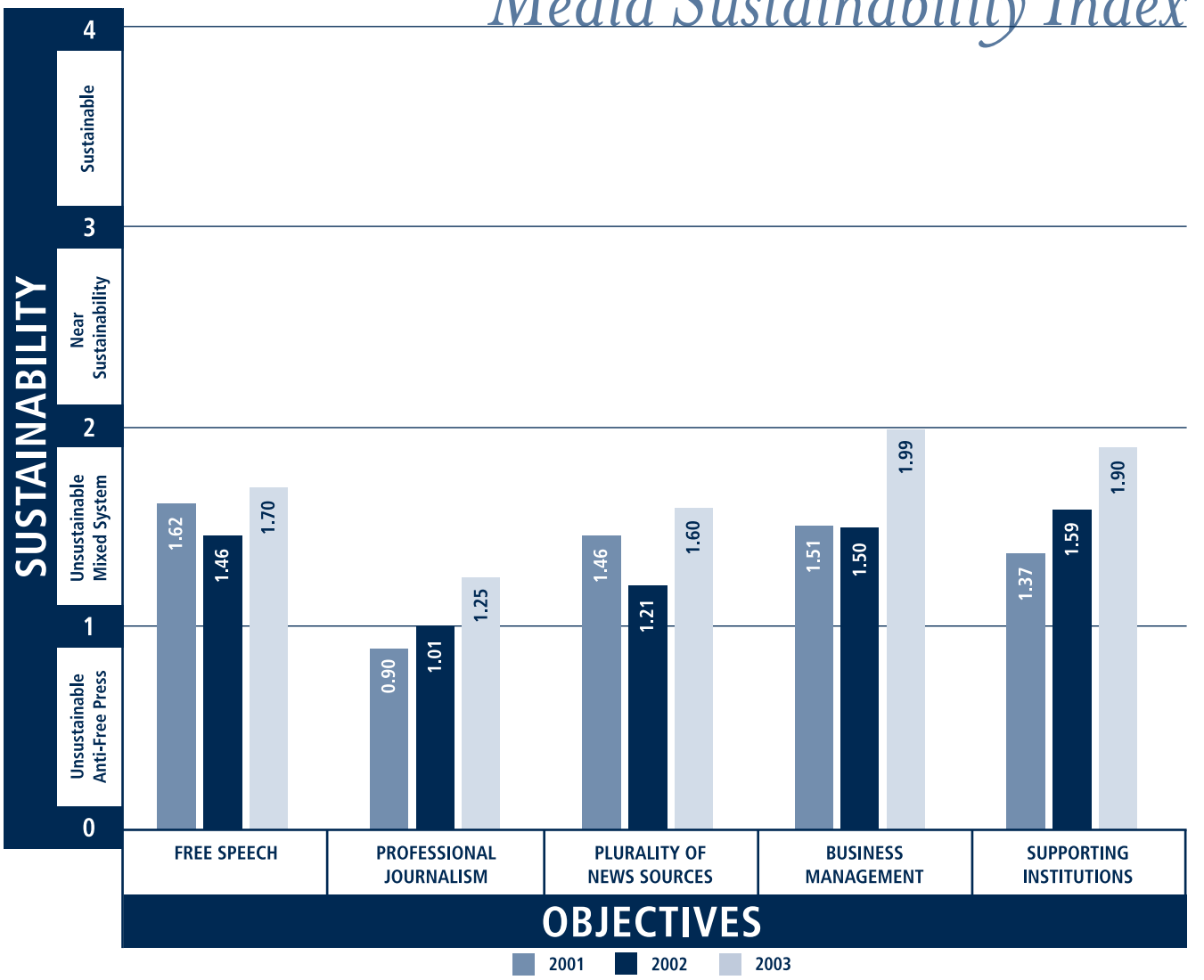
"On the threshold of the [October 2004] presidential election the screws are put on, the loyal people appear on the scene and take up key posts, and in spite of strengthening mass media in the market, it remains politically dependent," said one participant in the 2003 Media Sustainability Index (MSI) panel.

Thus, even the general strengthening of the market for mass media has not meant that the number of independent news outlets has grown or that the independent media have become much stronger.

Still, there are positive developments, such as the maturing of professional associations and media-support nongovernmental organizations (NGOs), and the improvement that comes as a byproduct of a general upswing in Ukraine's economic performance, particularly in urban areas.

Ukraine

Media Sustainability Index



Objective Scoring

The averages of all the indicators are averaged to obtain a single, overall score for each objective. Objective scores are averaged to provide an overall score for the country. IREX interprets the overall scores as follows:

3 and above: Sustainable and free independent media

2–3: Independent media approaching sustainability

1–2: Significant progress remains to be made; society or government is not fully supportive

0–1: Country meets few indicators; government and society actively oppose change

Indicator Scoring

Each indicator is scored using the following system:

0 = Country does not meet indicator; government or social forces may actively oppose its implementation

1 = Country minimally meets aspects of the indicator; forces may not actively oppose its implementation, but business environment may not support it and government or profession do not fully and actively support change

2 = Country has begun to meet many aspects of the indicator, but progress may be too recent to judge or still dependent on current government or political forces

3 = Country meets most aspects of the indicator; implementation of the indicator has occurred over several years and/or through changes in government, indicating likely sustainability

4 = Country meets the aspects of the indicator; implementation has remained intact over multiple changes in government, economic fluctuations, changes in public opinion, and/or changing social conventions

Objective 1: Free Speech

Ukraine Objective Score: 1.70/4.00

On paper, Ukraine's Constitution, laws, and international agreements adequately guarantee freedom of speech and access to information. A law passed in 2003 that outlaws government censorship was cited by panelists as a positive step.

Enforcement of those laws and actual protection of those rights, however, depend on political will, and that is too often lacking in Ukraine. The public and journalists have encountered many obstacles fighting for rights that are, by law, guaranteed to them. In particular, there is no access to the information that, according to the law, should be readily available, and the government does not take seriously violations of journalists' rights or hold anybody accountable.

At the same time, journalists and media outlets are too often lackadaisical in asserting their own rights.

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

Panelists noted that journalists may only be able to protect their rights by filing lawsuits, but that they have little expertise or ambition in this area. Public apathy about the plight of journalists also is widespread, and numerous violations of journalists' rights, though widely publicized, have drawn little public reaction. "Freedom of speech is not valued in our society, and it doesn't cause public outrage" when it is threatened, one panelist said.

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Licensing of broadcasters continues not to be transparent. Panelists agreed that the procedures are competitive but unfair, and that political factors are almost always the most important in determining whether licenses are issued. The process also is tainted by hidden agreements between companies and authorities. For example, broadcasting company TRK Ukraina received a license in an astonishingly short time. But there was little doubt that this was due to the fact that the Cabinet of Ministers, which should have no influence in licensing decisions, had passed resolutions urging that the license be granted. The competition was a mere formality.

One panelist noted that the regional broadcast media outlets often are granted licenses after lobbying the National Council for TV and Radio (NCTVR)—the licensing body—and through the help of corrupt officials. The NCTVR's members are appointed in equal shares by the parliament and the president. While this might seem to be a method for preventing either branch from gaining an upper hand, the reality has been that the council has suffered constant internal turmoil and has not been an effective, or objective, body.

"Good market conditions are actually the only factor that allow mass media to develop," said one panelist. But many media outlets do not, in fact, depend on the market for their survival: their journalists and managers are much more interested in finding political or business sponsors, instead of developing sound business plans and practices, panelists said. This causes very uneven levels of professionalism, on the editorial as well as business sides of newspapers and broadcasters alike.

Media businesses are under the same taxation structure as other businesses in Ukraine. There are no additional taxes, and, in fact, media businesses receive some tax benefits, such as exemption from value-added

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tax (VAT) for imported equipment. However, most of those tax benefits will lapse in 2004.

In response to complaints about politically motivated tax inspections in years past, the government of Ukraine agreed that mass-media businesses would not be subject to surprise inspections. Instead, media companies learn at the beginning of each year whether they are scheduled to be inspected during the year. But one panelist questioned the value of this concession from the tax authorities, which only the media industry receives: "If you carry on a business, you should be prepared for tax inspection. In this situation, the state is saying to media companies, 'We know that not everything is correct in your business and before the elections we are not going to inspect you, but you have to be loyal and remember that.'"

Having only scheduled tax inspections also makes it possible for politically loyal mass media to cheat on tax payments. Thus, while the government can point to its inspection policy as a sign that it supports freedom of the press, some independent media advocates consider it no more than a method for protecting favored media outlets and giving them free rein to practice unethical business policies.

The inspection policy notwithstanding, Ukrainian mass media tend not to criticize or investigate the tax authorities for fear of retaliation. Similarly, once even a scheduled tax inspection does begin, more than one media outlet suddenly has filled its pages or airtime with positive articles and favorable comments about the tax bodies and their leaders.

Crimes against journalists are rare in Ukraine, but certainly not unheard of. Those that have occurred—particularly the beheading of Georgi Gongadze several years ago—created fear among journalists and made them more cautious. "After the Gongadze case, journalists keep their heads up," a panelist said. Some journalists and media organizations are quick to label any crime in which a journalist is victimized as a consequence of professional activity although, as panelists pointed out, the true explanation may be much more mundane.

When crimes against journalists do occur, officials often voice concern but make little progress in solving them. Virtually no case involving an attack on a journalist or media office has been resolved fully. Ukrainian law says that crimes against journalists should be investigated just as those against the police would be. While that should afford some protection to journalists, it also could cause public mistrust of the profession. "Journalism cannot be associated with the police in a democratic society," said one panelist.

There are no reliable statistics on the number of journalists killed because of their professional activities. There have been a number of cases where the media believed that this had occurred and asked for thorough investigations. Invariably, the president announced that the case would be under his personal supervision, as a sign of the cases' importance. But that has made some journalists, and several panelists, uneasy.

"It's not comfortable to live in a country where the investigation of a man's death depends on his profession. If something happened to a yard keeper, then it's not necessary to investigate it, but if he was a journalist, then it is necessary? All of us have the right to life and to defend our lives, but journalists seem to be privileged, and such privilege destroys the journalists' reputation," said one panelist.

By law, government-owned media do not receive any preference in access to information, but in reality the opposite is often true. In getting documents, interviews, and answers to questions at press conferences, state-owned or other "loyal" media often get preferential treatment. "When a journalist gets access to an official source of information, he has to be loyal, or otherwise the access will be denied," said one participant. And there often is little effort to hide the favoritism—or punishment. For example, one journalist, representing STB-TV news as well as Agence France-Presse, was denied access to the summit of the European Council in Yalta after she disregarded the "advice" of the president's press secretary not to ask President Leonid Kuchma a question regarding the Russian-Ukrainian conflict over Tuzla Island.

Panelists also noted that journalists willing to dig for information, or to file freedom-of-information requests, can get access to government information without currying favor. Unfortunately, far too few journalists are willing to make those efforts.

There is no such thing as "public" media in Ukraine. There are many government-owned stations and newspapers, but they do not operate as public media and have no independence. Rather, they are used as tools by the government to maintain control and to disseminate propaganda, and their editorial policies are tightly controlled by the government.

Moreover, government officials or political powers control the editorial policies of many private media. Because so many media outlets are used primarily to further the business or political interests of owners, patrons, or the government, editors or journalists seen as disloyal are fired and replaced. For example, at the privately owned newspaper *Segodnya,* editor Oleg Nepadymka was replaced because the paper was not as strongly pro-presidential as its patrons would have liked. Editors and journalists understand and accept this system, and there is no outcry that such firings are unethical.

Libel is a civil matter in Ukraine, but there have been legislative proposals, most notably by the Communist Party, to resurrect laws concerning criminal libel.

Panelists positively appraised changes in legislation to require politicians or public figures suing the media to prove actual malice. "If in the past filing a suit was an effective way to get even with disagreeable mass media, the mass media have now learned to work within the court system and effectively protect themselves," said one panelist.

However, libel remains a huge problem in Ukraine—not in the courts, but in the form of libelous material in the media. There have been cases in which media were well paid to spread false information deliberately. In such cases, once the political damage was done or another intended effect achieved, the statements were retracted or else damages were paid by the deep-pocket owners or patrons of the media outlet. In 2003, for example, a court ruled that national television channel 1+1 had knowingly spread false information about opposition parties and leaders before the 2002 parliamentary elections. The television channel acknowledged its fault, but only long after the elections.

Access to government information remains problematic. This is partly because of the mindset of local officials, who find it preferable to deny information to the public rather than face any possible consequences for releasing information that may put their superiors or the government in a bad light. But panelists also emphasized that journalists often are unwilling to look for information themselves, instead demanding that government officials and agencies do the research and compile data for them. "The possibility to have access to the information doesn't mean that the officials have to provide the copies of all the materials to everybody who wants them and do the journalist's work," emphasized one participant.

Ukraine does have a law governing state secrets, and journalists, like everyone else, are subject to it. More problematic, though, is that most routine government information is not regularly published or made available to the public. In general, participants estimated, only about 30 percent of the decisions of local government bodies are recorded publicly.

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There is no legal restriction on access to foreign media sources, and foreign newspapers and magazines are available—though expensive—in larger cities. Local cable television usually includes some foreign channels, particularly from Russia, Germany, and Poland. Russian-language versions of Western channels, such as EuroNews and the Discovery Channel, also are available via cable or satellite television. Internet access to foreign sites is not blocked; however, only a small percentage of Ukraine's population has access to these sources because of their cost and because residents do not know languages other than Ukrainian and Russian.

There has been sporadic government opposition to local transmission of foreign broadcasters such as Deutsche Welle, BBC, and Radio Free Liberty/Radio Europe. Early in 2004, after the MSI panel met, there were several disturbing occurrences regarding this. The local FM station in Kyiv that had carried RFE/RL suddenly dropped the broadcasts after new managers took over. Another FM station, long seen as an opposition stronghold, then agreed to pick up RFE/RL and within days had its transmission equipment confiscated, allegedly because of a licensing problem. That station, Radio Continent, also broadcast Deutsche Welle, VOA, and the BBC, all of which then went off the air.

Panelists noted another problem with foreign media—the illegal use of copyrighted material by Ukrainian media. Many journalists believe that as long as they credit a report to its original source, there is no problem in reprinting an entire article or photograph without obtaining permission from the copyright owner.

There are no special restrictions on who can be a journalist. In fact, there are even certain privileges in some cases, particularly for journalists working for state-owned media. Workers for state-owned media, for example, have the same status as other government employees for the purposes of social benefits and pensions, which are often better than the benefits available to non-state

employees. Panelists agreed that such privileges are a way for the government to keep journalists quiescent and dependent on the authorities.

In general, participants agreed that there is no essential difference in legal support of the freedom of the press on national and regional levels. But there is a problem—at all levels—of journalists having poor knowledge of the legislation, their rights, and how to deal with legal issues pertaining to the media.

Objective 2: Professional Journalism

Ukraine Objective Score: 1.25/4.00

The low level of professional and ethical standards—or, in some cases, the complete absence of such standards—remains one of the main problems of Ukrainian journalism. According to the panelists, this problem is most prevalent among broadcast journalists. It is also typical for journalists to express their own opinions in their reporting, rather than provide the range of views of the various participants in an issue or conflict. Journalists also too often do not take the trouble to check the accuracy of information they have received, even when it appears dubious. For example, in the prelude to the war in Iraq, Ukrainian media widely reported that the daughter of U.S. Vice President Dick Cheney had gone to Iraq to join human-shield protesters and that the U.S. government was covering this up. Rather than checking the accuracy of the report before publication, the media outlets had to run corrections later.

"The more flexible the journalist is, the more possibilities he has to cover topics according to the editor's policy," a participant said.

According to one panelist, the editors of smaller, regional newspapers also now understand the need for balance and for including multiple points of view in their stories, but that understanding does not always make the leap from the theoretical to the practical. The participants also noted the difference in approach between the private regional outlets working as media businesses and striving for balance and those newspapers that exist primarily to serve political ends. "The aim of such newspapers is to support the political order, and so they don't need to check the information and keep the balance," said one participant.

The panel noted that respect for ethical standards at any media outlet depends on the publisher or manager and whether this person insists that rules be established and followed. "Kyiv-based journalists not only don't obey rules of ethics," one panelist said, "they don't even obey the laws." According to the panel, journalists justify their lack of professionalism and ethics by referring to the "realities" of life in Ukraine, saying that in the current situation they cannot afford such niceties. "They just are not ready to take the responsibility for their actions," said one participant.

Self-censorship is ubiquitous, most often because journalists and editors fear prosecution or being cut off from official information sources by vengeful government officials. Virtually every newspaper, radio, and television station has its own list of topics to avoid. Most often, the list centers on investigations of or comments upon the work of the legal and judicial systems. It is common for reporters and editors to discuss openly just how far they can go in covering an issue. At some media outlets, a panelist said, journalists' performance evaluations note their ability to identify touchy issues and willingness to steer clear of controversy and trouble. "The more flexible the journalist is, the more possibilities he has to cover topics according to the editor's policy," a participant said.

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

The salaries of journalists in privately owned media outlets are generally higher than those in state-owned media. Salaries for broadcast journalists are higher than those for print journalists, and salaries in Kyiv are much higher than those in the regions. Television reporters make about three times as much as newspaper reporters. According to one panelist, the average Kyiv newspaper reporter is paid $300 to $400 a month, and a section editor receives $500 to $700. At a Kyiv television station, junior reporters earn $500 or more per month, and established, senior television journalists make $1,000 or more.

Compared with the average Ukrainian worker, journalists are well paid, but part of that income almost always comes "under the table." That means that although the additional money is tax free, it also provides a publisher or station manager with an additional hold over staff members. If they quit or are fired, their unemployment settlement is based only on the official, lower salary.

Relatively high salaries do not prevent corruption. At many media outlets, journalists write and shoot stories "ordered" by paying sources. Sometimes the orders are placed through the newspaper or station, in which case the reporter gets only a share of the income; in other cases, the reporter makes a deal directly and keeps the full fee. Such paid stories are commonplace, usually easily recognized by readers, and have contributed to a sharp drop in the level of trust the public has in media.

Some media outlets create strict rules aimed at preventing corruption. These rules prohibit accepting gifts or writing articles for outside pay. One panelist noted that it is not the level of salary that is the prime factor in considering whether corruption among journalists can be prevented, but the likelihood of punishment. Thus, even among media outlets with low pay scales, strict rules against accepting outside money and punishments such as dismissal have been effective.

The balance between informational and entertainment programs differs greatly between Kyiv and outlying areas, panel participants said. In the capital, television stations have been cutting news programs during 2003, removing them from prime time, or shortening their duration, a trend that has not begun at regional outlets. According to one panelist, managers of most channels justify such policy by stating that the news programs cause more trouble than benefit due to the high political risk. Panelists also pointed out that there has been a sharp drop in the number of news or talk shows presented live because of the unpredictability of what might be said on the air to potentially offend powerful figures. Rarely do stations get pressured for running entertainment programming, which also is more profitable—one reason why it is almost impossible to find any news programming on FM radio stations.

"The aim of such newspapers is to support the political order, and so they don't need to check the information and keep the balance," said one participant.

Many media outlets are equipped with modern, often state-of-the-art technical equipment. According to a survey of more than 1,000 journalists in 12 cities conducted by the NGO Journalism Initiative, 91 percent of journalists use computers in their work. Internet and e-mail are available to 70 percent of journalists, and mobile communications to more than 50 percent. State-owned media tend to lag behind, with less-modern equipment. And in some cases, panelists said, media outlets run as political tools or even money-laundering operations, rather than businesses, and have no incentive to provide technical improvements.

Niche journalism is not well developed in most areas, though there are papers that specialize in business and sports news, as well as a plethora of magazines devoted to specific topics of reader interest. But high-quality beat coverage in most newspapers and broadcast stations remains the exception, rather than the norm.

Objective 3: Plurality of News Sources

Ukraine Objective Score: 1.60/4.00

According to data from Ukraine's State Committee on Radio and Television, more than 18,000 periodicals were registered at the beginning of November 2003. Of those, about 56 percent were distributed only in their local area, while the rest have regional, national, or international circulation. The local publications are overwhelmingly newspapers, while those with wider distribution are evenly split between newspapers and magazines. There were 255 periodicals registered as state-owned, and another 1,185 owned by municipal or other local governments.

Both Ukrainian- and Russian-language publications exist in profusion, though Ukrainian has a slight

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

edge in terms of the number of titles published in that language. Hundreds of publications have both Ukrainian and Russian editions, or, more commonly, mix the two languages in one edition. A handful of publications exist in other languages, such as Hungarian, Romanian, Polish, German, Tatar, and English.

"None of the state-owned mass media serve the interests of the society," said one panelist. "The only good thing about it is that the reading audience for these papers is so small."

According to the Chamber of Publications of Ukraine, newspaper circulation in Ukraine is 1,807 copies per 1,000 people, a number that has been climbing steadily in recent years.

According to the NCTVR, Ukraine has 791 broadcasting outlets, with 931 licenses issued. Among them are 28 state-owned outlets, 250 municipal outlets, and 513 commercial outlets. They transmit an aggregate of 8,366 hours of programming a day. Most of the stations are broadcasters, but there also are 380 cable operators. Of those, only 85 have licenses and operate legally.

Ukraine has:

- Three national television networks that are used for broadcasting by the National TV Company of Ukraine (channel UT-1, which covers 96 percent of the territory of Ukraine), Studio 1+1 (channel UT-2, which covers 86 percent of Ukraine), and independent television corporation Inter (channel UT-3, which covers 64 percent of the territory of Ukraine);
- Three national radio networks (UR-1, covering 90 percent of the territory of Ukraine; UR-2, covering 76 percent of Ukraine; and UR-3, covering 62 percent);
- Regional television networks that broadcast television programs to more than two regions of Ukraine (ICTV, Novi Kanal, STB, NBM, TV 1 (OTV), Tonis Center, Ukraina, TET, Tonis South, M-1) and 10 regional radio networks (NBM, NART, Klas, Leader, Nashe Radio, Dovira, Gala-Radio, Radio Rox, Utar, Radio Lux);
- Regional television networks (25 state-owned and four private);
- Regional radio networks (25 state-owned and two private; 328 television channels and 193 radio frequencies that provide local broadcasting and represent 21 percent of all the channels and radio frequencies in operation, but only 6 percent of the total amount of broadcasting).

Panelists noted that virtually all national television channels are under control of government officials or oligarchs aligned with the presidential administration. According to the newspaper *Stolichniye Novosti,* the television channels Inter and 1+1 are controlled by the Social Democratic Party of Ukraine (United) (SDPU(U)), whose leader is Viktor Medvedchuk, head of the presidential administration. The newspaper said ICTV, STB, and Novi Kanal are controlled by Viktor Pinchuk, President Kuchma's son-in-law. As a result, panelists said, the diversity of informational sources on television is significantly limited.

The situation with radio stations is similar. According to *Stolichniye Novosti,* nine of the 25 largest FM stations in Kyiv are controlled by Pinchuk, and six of these nine are networks that also cover other parts of the country. Various presidential allies also control most of the national newspapers, according to the panelists.

Readers in the regions place more trust in local and regional newspapers than in the national editions, and the circulations reflect that. In regional cities, one panelist said, most people can afford to buy and read a privately owned newspaper. In rural areas, however, the widest circulation is for newspapers owned by local governments and sold at very low prices.

There is no access restriction to foreign news, but most people use no foreign news sources other than Russian ones because of the language barrier. In western Ukraine, there is a significant use of media from Poland.

Estimates say that about 8 percent of Ukraine's population uses the Internet regularly, but the number is growing rapidly throughout the country. Most users—and Internet infrastructure—are in cities, with rural areas lagging badly.

Internet access to information has exacerbated one problem: Mass media, almost without exception, illegally reprint articles and other materials from foreign news agencies and outlets. Most Ukrainian papers and broadcasters do not have their own correspondents abroad, so they simply lift material from websites or foreign broadcasts, often presenting it as their own material without acknowledging the source. Newspapers are more likely to acknowledge the source, but still think nothing of reprinting without permission.

The state-owned mass media work as party outlets, receiving tasks from the government and serving the interests of those in power. "None of the state-owned mass media serve the interests of the society," said one panelist. "The only good thing about it is that the reading audience for these papers is so small." It has become routine for broadcasters to bar coverage of opposition political powers completely. The news about them is not slanted; it simply does not exist.

State-owned channels continue to broadcast many hours of programming devoted to cultural and educational issues, though the quality of these programs remains low, as does their viewership.

Regional television and radio stations generally produce their own news programs, but these programs are usually heavily focused on government actions and personalities. The tone of the news on television depends on the owner's attitude toward the power structures.

Today there are several large-scale informational agencies in Ukraine, all of them under the influence of the authorities. One, DINAU, is state-owned; its news is distributed to state-owned outlets, creating unfair competition on the media market. The DINAU reports usually contain official information about the work of the authorities. The other two agencies—privately owned Interfax and UNIAN—also are not always unbiased in presenting information. "There is a mistaken belief that there are many informational agencies in the media market and the market is full," said one panelist. "But if you consider the coverage of what happened to Viktor Yushchenko in Donetsk (when the popular opposition leader's appearance was marred by attacks on his supporters and logistical roadblocks by local authorities), it shows that all the agencies did their work poorly and the way the events were covered was very much oriented in favor of the government."

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It would be impossible for a mass-media outlet to be able to get an objective picture of such politically charged events by relying only on information from one news agency. At the same time, Ukraine has numerous websites that serve as de facto news agencies. They fill information gaps created by the agencies and are much freer from government influence. However, their political sponsors and supporters are rarely made clear, and users of these sites have no guarantee that the information is accurate or fair. Nonetheless, these sites are regularly used, and cited, by regional media—sometimes not because they are better than the paid agencies, but because the information on them is free.

It is virtually impossible to tell who owns a media outlet. The staff of Telekritika, a website supported by international donors that covers media developments in Ukraine, sought information about the owners of television channels from the NCTVR. The request was denied, with the council saying that by law such information can be given only when ordered by a court.

Ukrainian law requires that information about the founders of a media outlet be public, but the founders and the owners are not always the same. In addition, many owners are simply placeholders for powerful interests working behind the scenes. Panelists describe the national mass media in Ukraine as essentially a monopoly, although not through direct ownership. This is less true in the regional mass media, where the owners of most papers and stations are known.

Mass media in minority languages (except Russian) concentrate mostly on issues relevant primarily to their particular ethnic audience. Most such media are owned or supported financially by the government, and the quality tends to be very low.

Russian-language media is the exception. Although it is not an official language—only Ukrainian has that status—panelists pointed out that for Ukraine as a whole, the circulation of newspapers in Russian exceeds that of newspapers published in Ukrainian.

In late 2003, the parliament passed a law saying that all advertising must be published in Ukrainian. After an international outcry, the law was repealed in early 2004, never having been enforced.

Objective 4: Business Management

Ukraine Objective Score: 1.99/4.00

Printing newspapers in Ukraine is a complex business involving hundreds of companies, both private and government-owned. Most papers continue to be printed on state-owned presses. The state is loath to give up control over printing, and during a recent privatization, control over 19 printing plants was given to the state-owned company Ukrizdatpoligrafiya.

According to the State Committee for TV and Radio, Ukrainian printing presses are being used at 42 percent of capacity, mostly to publish papers receiving subsidies from the budgets of different levels of government. This creates a difference in the cost of printing for private and state-owned media. Government officials who control the budgets for the state-owned presses can pressure those printing plants not to work with opposition media.

In recent years, however, the number of high-quality, privately owned presses has climbed dramatically, and they now can be found in Kyiv and in most regions of the country. Newspaper staffs that once had to travel hundreds of kilometers to find a private printer now often have one in their own city—or even under their own ownership. "Ukraine appears to be at the stage where newspapers create their own structures of printing and distribution. That often happens when publishers buy presses and all of them become profitable," said one panelist.

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Two large-scale operators control most newspaper distribution in Ukraine: Ukrposhta, the post office, delivers subscriptions to home mailboxes, and Ukrdruk controls kiosks that handle retail sales of newspapers. Ukrposhta has 15,000 post offices and 50,000 mail carriers, and delivers 15.4 million copies of newspapers—but often not well. Daily newspapers may be delivered a day or two late, and sometimes subscribers receive an entire week's worth of papers at the same time the following week. Newspapers also are unhappy with the prices

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

charged by the monopoly Ukrposhta, and with the post office's unwillingness to share subscriber information with the newspapers. All this has spurred regional newspapers to create their own distribution systems. Many already have developed or are finishing creating such systems, but none has a nationwide reach. "This is one of the reasons why there is no national large-scale and high-quality daily newspaper in Ukraine," said one panelist. Indeed, one of the newspapers with the largest nationwide circulation, *Fakti,* uses several printing plants across the country and relies primarily on street sales.

Privately owned newspapers for the most part get revenue from advertising, subscriptions, and retail sales. Although these private newspapers do not receive subsidies from state budgets, some do receive money when local governments pay them for placement of official information as advertising. State-owned papers generally have relied largely on disbursements from government budgets. Now, however, many local governments have left their newspapers to survive on the market, retaining ownership so that they can exert control in critical periods, such as during election campaigns. A third category of newspapers rely on political or business sponsors and generally are not run primarily as media businesses.

Those media outlets that are run as businesses have much to look forward to. "The outlook for the advertising market is enormous," one panelist said. "According to the experts, there are 2,100 businesses in Kyiv that are advertising in the print media. But there are about 100,000 businesses. That means that only 2.1 percent of businesses are currently advertising in print media."

From 2002 to 2003, the print-media advertising market in Ukraine doubled, from $28 million to $60 million. According to the Ukrainian Advertising Association, it is expected to climb to $80 million in 2004.

Advertising revenue on television increased from $85 million to $130 million from 2002 to 2003. National channels and other large-scale players account for about 75 percent of the advertising revenue on television, while regional outlets receive rather paltry revenues from ads.

Market research and mass media research are developed industries in Ukraine, especially in the largest cities. "It's become standard that all TV advertising is sold on the basis of ratings," one panelist said. However, media managers do not always heed the results of market research when they make editorial and programming decisions.

Regional electronic media are less likely to have a good idea of who their audience is because of the lack of good research. At the same time, more regional newspapers are using research to help them identify audiences and target content appropriately.

Circulation numbers are unreliable. Newspapers self-report their circulations, but virtually all overstate the numbers. There is no audit bureau of circulation or other organization to verify circulation figures. Some media outlets publish weekly or monthly circulation figures, instead of the numbers for each issue, which deceives both readers and advertisers.

Objective 5: Supporting Institutions

Ukraine Objective Score: 1.90/4.00

Associations of independent media companies have been operating in Ukraine for several years and are continuing to expand their activities. Among them are the Ukrainian Newspaper Publishers Association (UNPA), which unites nearly 50 publishers of more than 100 newspapers and magazines with a weekly circulation of more than 5 million copies; the Ukrainian Association of TV Broadcasters, which includes about 120 regional broadcast outlets; and the Union of Cable Broadcasters, which brings together more than 100 cable-television companies.

The panelists noted that the associations effectively serve the interests of their members. But despite the rapid growth of the associations, they represent only

Supporting institutions function in the professional interests of independent media

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

"The publishers are not interested in the idea of trade unions, because if the journalists unite it will raise the questions of signing the collective agreement, developing model agreements, and ending under-the-table salary payments, which would create a financial burden for employers," a panelist said.

a small fraction of the nation's mass media outlets. There also are some local or regional associations of publishers or broadcasters, but their development is in the early stages.

One panel member pointed out that political powers also have started to create associations of publishers and broadcasters from media outlets under their control. Whether that is because they seek to counter the independent association or because they understand the importance and effectiveness of professional associations is an open question.

The relatively new trade union of journalists also has chapters in several areas of Ukraine, as well as a national organization in Kyiv. But it has received little recognition from owners of media outlets, and is not strong enough to effectively represent the interests of all journalists, or even of members. Still, it is an alternative to the Soviet-era Union of Journalists, which tends to best represent journalists at state-owned media outlets and retirees who are much more concerned about their pension rights than about modernizing the mass media.

Panelists said that there had been resistance to the trade union from political powers, as has been the case in recent years for unions in other industries in Ukraine. According to one panelist, the journalists working for successful publications also do not throw their support behind the trade union because they do not see it as necessary to protect them. And publishers are not welcoming the trade union with open arms, either. "The publishers are not interested in the idea of trade unions, because if the journalists unite it will raise the questions of signing the collective agreement, developing model agreements, and ending under-the-table salary payments, which would create a financial burden for employers," a panelist said. "They (publishers) will have to set aside money for pension and social-security funds from their own money."

NGOs supporting media exist in the form of media clubs and monitoring committees, but the panelists dismissed them as largely inconsequential. "They exist as an element of the civil society, but in truth, they exist only because of donors' generosity. It is impossible to buy freedom with other people's money," said one participant. "Besides, these organizations mainly practice petition drives, which means their assistance is limited to protests rather than effective legal or professional help."

There also are several international media-assistance organizations that are active in Ukraine, including IREX, Internews, Reporters Sans Frontières, and BBC World Training Service.

Several resource centers for journalists have developed in Ukraine and mainly provide training, information resources, and legal assistance. They include the European Commission-funded TOP-Media Center in Odessa; the Crimean Press Center, which receives grants from several donors, including IREX; Internews-Ukraine, which is supported by various donors; and others. One of the panelists said that while journalists have not been very supportive of the trade union, the work of these organizations could be very effective. For example, lawyers from Internews-Ukraine helped journalists block an attempt to impose a labor contract that would have seriously infringed upon their rights.

"The mass-media outlets find it disadvantageous to hire and retrain these unqualified graduates," one panelist said. "It's often easier to teach the ones who are not spoiled with a classic journalism education."

All of the panelists deplored the low level of journalism instruction in the universities. They also noted the continuing growth in the number of journalism departments in regional universities and institutes, without any control over quality. Two main problems are a lack of good instructors and a lack of good textbooks. The curriculum in the universities remains largely unchanged since Soviet times, and the university administration objects to any substantive updates. New journalism departments have to accept the existing national curriculum in order to be accredited. There has been a change in the elective courses offered, with those in

public relations and advertising now being very popular. But newspapers and broadcasters are in no hurry to hire graduates of these journalism programs. "The mass-media outlets find it disadvantageous to hire and retrain these unqualified graduates," one panelist said. "It's often easier to teach the ones who are not spoiled with a classic journalism education."

Both local and international NGOs, as well as professional associations, conduct short-term courses that allow both new and seasoned journalists and managers to acquire new skills. There also is a new and growing cadre of Ukrainians who are, on a commercial basis, offering their skills as trainers and consultants. More and more media outlets are finding that it is worth the expense to hire such people to improve the skills of their staff. Media outlets are more interested in training in business and management fields because of the potential to improve their bottom line. But panelists said journalism education workshops also are essential and that having more of them would benefit Ukraine.

Panel Participants

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