
“The Ukrainian press has become fully independent: today nothing depends on it,” read a January 2007 opinion piece by Aleksandr Paskhover in the Korrespondent. “Press freedom in Ukraine is just a tick in the president’s report, an agenda item for the next round-table on Journalists’ Day ...



UKRAINE

Whatever was dug up by journalists, whichever issue they pried open, not one official has been sent to the unemployment line, let alone into prison. By no means has the press influenced the behavior of the domestic bureaucracy.”

The media sector in Ukraine continues to mature, but in a period of political turmoil and confrontation, journalists also became pawns in the struggles. The media proved their popularity as a political instrument for those competing for power, and too often their worth through the publishing of paid-for articles. The media also were deemed of little interest to those in power, and their watchdog role had little influence. Overall, by the measure of the Media Sustainability Index (MSI) panel, 2006 was more a year of unfulfilled promises in the media sector than gains or losses.

The authority of President Viktor Yuschenko, hero of the Orange Revolution, was under constant pressure from Viktor Yanukovich, who came back from defeat in 2004 with his Party of the Regions to become head of the Cabinet of Ministers in August 2006. The parliamentary election campaign early in the year was generally considered free and fair but marred by media's succumbing to paid-for editorial positions. Later, as coalitions of "Orange" parties formed and fragmented and their opponents came to the fore and took positions of power, media reform and development took a backseat.

"The Ukrainian press has become fully independent: today nothing depends on it," read a January 2007 opinion piece by Aleksandr Paskhover in the *Korrespondent*. "Press freedom in Ukraine is just a tick in the president's report, an agenda item for the next round-table on Journalists' Day ... Whatever was dug up by journalists, whichever issue they pried open, not one official has been sent to the unemployment line, let alone into prison. By no means has the press influenced the behavior of the domestic bureaucracy."

MSI panelists called 2006 a "gray year" for the media without particular changes. Some saw this as a stagnation, a disappointment for those with greater expectations. Others saw a pause before the opportunities of the post-election period, with disappointment in the lack of change reflecting the greater expectations that Ukrainians have developed during the post-revolution period. Overall, Ukraine's MSI ranking was 2.28, little changed from 2005's score of 2.23. Scores for all the objectives advanced marginally year to year, except that for free speech, which registered a decrease from 2.37 to 2.25.

UKRAINE AT A GLANCE

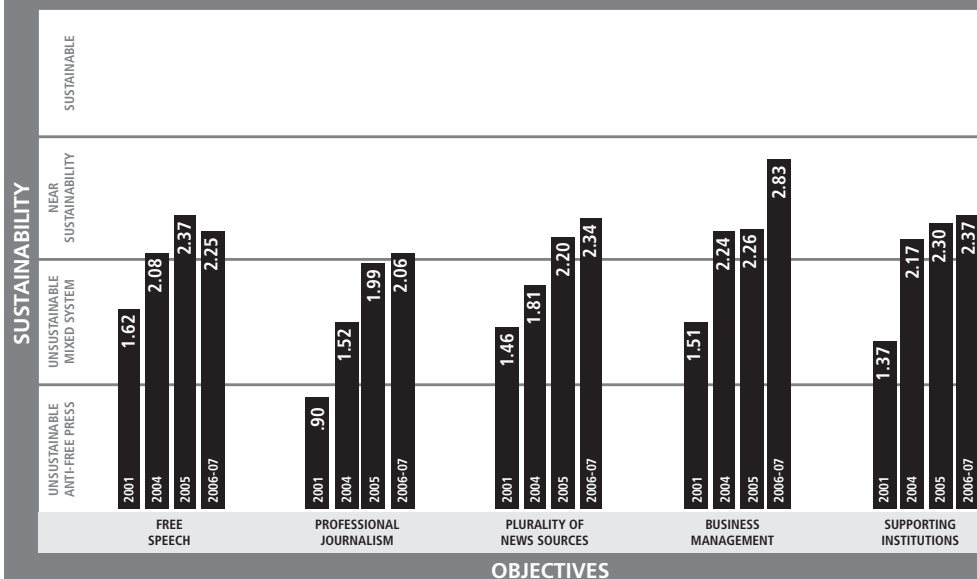
GENERAL

- > **Population:** 46,710,816 (July 2006 est., *CIA World Factbook*)
- > **Capital city:** Kiev
- > **Ethnic groups (% of population):** Ukrainian 77.8%, Russian 17.3%, Belarusian 0.6%, Moldovan 0.5%, Crimean Tatar 0.5%, Bulgarian 0.4%, Hungarian 0.3%, Romanian 0.3%, Polish 0.3%, Jewish 0.2%, other 1.8% (2001 census, *CIA World Factbook*)
- > **Religions (% of population):** Ukrainian Orthodox – Kyiv Patriarchate 19%, Orthodox (no particular jurisdiction) 16%, Ukrainian Orthodox – Moscow Patriarchate 9%, Ukrainian Greek Catholic 6%, Ukrainian Autocephalous Orthodox 1.7%, Protestant, Jewish, none 38% (2004 est., *CIA World Factbook*)
- > **Languages (% of population):** Ukrainian (official) 67%, Russian 24%, small Romanian-, Polish-, and Hungarian-speaking minorities
- > **GNI (2006-Atlas):** \$90.62 billion (World Bank Development Indicators, 2007)
- > **GNI per capita (2006-PPP):** \$7,510 (World Bank Development Indicators, 2007)
- > **Literacy rate:** 99.7% (male 99.8%, female 99.6%) (2003 est., *CIA World Factbook*)
- > **President or top authority:** Prime Minister Viktor Yuschenko (Viktor Yanukovich since August 4, 2006, preceded by Yuriy Yekhanurov.)

MEDIA-SPECIFIC

- > **Number of active print outlets, radio stations, television stations:** 1,268 registered television and radio outlets (647 television, 524 radio, balance both television and radio), about 25,000 newspapers and magazines (as of November 2006 – report at the government portal (www.kmu.gov.ua)). Among them, about 750 newspapers and 31 television and radio companies are state-owned; the rest (96%) of broadcasting space is not state-owned. (State Committee on Television and Radio website)
- > **Newspaper circulation statistics:** top two by circulation: *Fakty*: 761,000, *Silski Visti* (triweekly): 433,000 (Ukrainska pravda)
- > **Broadcast ratings:** highest-rated television outlets: Inter, 1+1, Novyi Kanal, ICTV (bigmir.net rating, other open sources)
- > **News agencies:** Interfax (private), UNIAN (private), Ukrainski Novyny (private), DINAU (state-owned)
- > **Annual advertising revenue in media sector:** television: \$457 million, print: \$176.8 million, outdoor: \$151 million, radio: \$26.5 million, Internet: \$6 million (All-Ukrainian Advertising Coalition report)
- > **Internet usage:** 20% of population, (Kiev International Institute of Sociology), 5,278,100 users (2005, *CIA World Factbook*)

MEDIA SUSTAINABILITY INDEX: UKRAINE



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

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

Unsustainable Mixed System (1-2):

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

Near Sustainability (2-3):

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

Sustainable (3-4):

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

OBJECTIVE 1: FREE SPEECH

Ukraine Objective Score 2.25/4.00

Having developed a legal framework protecting free speech and the media, Ukraine still encounters problems with enforcement in certain areas, especially access to information.

Journalists are not sufficiently protected, MSI panelists said. They noted troubling cases inadequately addressed by government and law enforcement, including journalists from STB channel who were prevented from carrying out their work by a parliament member, those from 5 Kanal who were blocked by clergy in Kiev-Pecherska Lavra, and actions against journalists by Kiev Mayor Leonid Chernovetskiy.

In other indicators of free speech, panelists noted that state-owned and municipal media are dependent on governmental sponsors and that editorial independence is not guaranteed in either state-owned or private media. According to panelist Konstantin Kvurt, executive director of the media-development organization Internews-Ukraine, "the government effectively protects itself from transparency and influence of the public. Society doesn't value free speech at a sufficient level."

The country's media-freedom provisions have been harmonized with international human-rights and freedom-of-expression provisions for several years, and legal protection tools are sufficient. Ukraine has among the most developed

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media legislation of the former Soviet states. Still, MSI panelists said, serious problems with enforcement and outlawed behavior by state officials and businesses remain.

Although there was little shift in the panel's rating of Ukraine for this objective, panelists had differing views. Kvurt said: "Society is not ready for freedom of speech, nor are governmental institutions ready to protect it. With such a message being transferred to journalists, they are also not ready to stand for it." Others referred to how the conflict between parliament member Oleg Kalashnikov and STB channel crew resonated not only in the media but society as well, and that parliament voted by a large majority to recognize the situation as a violation of journalists' rights. However, there was agreement that at the regional level, the situation regarding lack of enforcement of free-speech protections is more acute, and that corruption in the courts also remains a huge obstacle.

Broadcast licensing is controlled by the National Council on TV and Radio (NCTVR), governed by law adopted in March 2005. There were no serious licensing controversies during the year. Andriy Shevchenko, head of the parliament Committee on Freedom of Speech and Mass Media, said: "The situation is much better than two years ago, but the number of claims increased in 2006, mostly for commercial reasons. There is a high risk of changing NCTVR membership ... and it is very likely it will become a politically engaged council."

Market entry and commercial regulations for the media are the same as for other businesses. High levels of taxation and many tax-administering complications still contribute to shadow transactions in business. Publishers enjoy exemption from the value-added tax (VAT) for sales and subscription of print publications. There is a VAT-free privilege for newsprint from the only Ukrainian producer, Zhydachev factory, but that satisfies barely 10 percent of the market demand and is of inferior quality, panelists said. There are also reduced custom duties for import of printing equipment and newsprint that are not produced in Ukraine.

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

FREE-SPEECH INDICATORS:

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

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State-owned and municipal media receive subsidies from the state budgets and sometimes enjoy lower prices for using state-owned printers, transmitters, offices, and other services. Generally under-funded, governmental media enter the market and, by dumping their products and low prices, compete in unfair conditions with private media.

Official statistics have shown a downward trend in crimes against journalists during the past two years. The investigation of the murder of journalist Georgy Gongadze continued for the sixth year. Court hearings were partly closed for the media and the journalist’s widow, Myroslava, which asserts that the proceedings and the investigation are unlikely to reveal the truth soon.

Editorial independence is not provided for by law. The National Television and Radio has not succeeded in adopting measures to provide for public oversight and ensure that it meets a public-service mandate. According to the law adopted in 2005, a Civic Council was to be established within the NTRCU, yet it has not been formed. According to Andriy Shevchenko, “the attempt to establish a Civic Council within the National Television and Radio Company, being likely, failed due to the lack of political will.”

The appointment and dismissal of government media’s top managers are political issues, and MSI panelists noted that there was a wave of dismissals among the heads of many state-owned and municipal outlets after the elections in 2006.

Government journalists have the status of civil servants and receive relevant increases in pensions and salaries. These pay levels are not competitive with those of the most successful private media in the biggest cities but can be a significant benefit at the regional level. This is also a cause for resistance to privatization among employees of overstuffed government media.

Panelist Taras Shevchenko, director of the Media Law Institute, noted that libel has not been a criminal offense since 2001 and that “the sums claimed for damages are not millions of dollars as they were before.” A provision regarding cases involving the honor and dignity of governmental officials, political parties, and the electoral bloc specifies that moral damages could be found only if malice is

proved. Public figures are not generally treated specially, but corruption and corporate solidarity among the judges exists, especially at the local level.

There are legal provisions that make access to information equal for all media and journalists. However, panelists said that society generally does not value access to information and that the coordinated practices of officials focuses on how to better keep information from the public. Officials are not afraid to ignore information requests, and they formalize information access as much as possible, requiring written requests, delaying up to the legal deadline, and providing very formal answers. They are hardly ever penalized for this, panelists said.

According to panelist Oleg Khomenok, print media advisor for IREX’s media-development program in Ukraine, there are also regional peculiarities. He sent requests to local governmental bodies asking about their shares in municipal media and the budget allocation for state-owned media in their region. Eastern regions of Ukraine generally ignored the requests or found formal reasons to refuse, including claiming that the data were a commercial secret, while Western Ukrainian governments mainly sent detailed reviews with packages of resolutions and documents.

Irina Prokopyuk, editor and publisher of *Kafa* newspaper in Crimea, continues to fight the mayor’s refusal to provide the requested data on average salaries of local government employees. In its third year, the case went before the Supreme Court.

From another perspective, panelists said this problem is closely linked with the persistence and professionalism of journalists and their skills in searching for information. According to Sergei Guz, head of the Independent Media Trade Union, journalists often complain that officials refused to comment on an issue but that they rarely request specific documents.

There are no restrictions on access to international news and news sources. Media are allowed to reprint and rebroadcast foreign news. The panelists mentioned language barriers and the high prices of the best news agencies for small media. On the other hand, violation of copyright is frequent in Ukraine, with content that is restricted soon freely published on the Internet and used by other media.

According to the Kiev International Institute of Sociology, Internet users in Ukraine make up 20 percent of the population, with usage at 7 percent in villages, 9 percent in small towns, and 28 percent in the cities. Among users, 44 percent are ages 18 to 29, 21.5 percent are 30 to 44 years old, and 13.3 percent are 45 to 59 years old. The largest group, 44

percent, have attained a higher degree of education and earn mid-level incomes. Other sources put usage at 24 percent, with up to 7 million users. Internet services also have become more affordable.

Entry into the journalism profession is not limited by law or by government practices. Some panelists even thought entry processes were too liberal. However, officials are able to apply different formulations and excuses to deny certain journalists accreditation for their events. In one example cited, they might reject the staff of papers that they say they do not consider serious. At the end of 2006, the secretariat of the president introduced accreditation rules for the secretariat under which all reporters have to prove journalism education, showing documents. These clauses raised indignation, and panelists said they were unlikely to be used.

OBJECTIVE 2: PROFESSIONAL JOURNALISM

Ukraine Objective Score 2.06/4.00

Ukrainian media consumers may well be confused about whether what they are reading or viewing is journalism or paid-for content. MSI panelists said that non-transparent paid-for copy, known as *jeansa*, overwhelmed the media for commercial as well as political reasons. They said this reflected both the cynicism of media owners and journalists and the low professional level and poor education of most journalists.

In other measures of professionalism, the MSI assessment found self-censorship slightly decreased, and journalists'

JOURNALISM MEETS PROFESSIONAL STANDARDS OF QUALITY.

PROFESSIONAL JOURNALISM INDICATORS:

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

"The market has not yet developed to the degree when competing players introduce norms and standards in order to protect themselves from lack of professionalism," Aleksei Pogorelov said. "Market leaders are more professional and follow their standards, while smaller ones fight for survival."

salaries were partly hidden from taxation. Overall, Ukraine was ranked at 2.06 for the objective, up minimally from 1.99 in 2005.

According to Aleksei Pogorelov, general director of the Ukrainian Association of Press Publishers, the market is divided among professional and balanced reporting, paid-for *jeansa*, and material that is unprofessionally produced due to lack of skills. "The market has not yet developed to the degree when competing players introduce norms and standards in order to protect themselves from lack of professionalism," he said. "Market leaders are more professional and follow their standards, while smaller ones fight for survival."

Prokopyuk, editor and publisher of *Kafa* newspaper in Crimea, stressed that it is often unclear to the reader whether material is a fair article or a paid-for story. Valeriy Ivanov, president of the Academy of Ukrainian Press, said no comfort should be taken from the fact that *jeansa* now dominates for commercial considerations rather than political.

There are at least three national ethical codes that reflect internationally recognized standards, two of them emanating from the Union of Journalists of Ukraine and the Committee of Journalism Ethics. But regarding compliance, panelists were unanimous in their low rating of this indicator.

Andriy Shevchenko, head of the parliament Committee on Freedom of Speech and Mass Media, suggested that self-censorship had decreased. But panelists said this might be just the decision of a media outlet to publish paid-for stories, feeling that these are the accepted rules of the game rather than fearing some consequences.

Khomenok, print media advisor for IREX, said that increases in the advertising market shifted the censorship focus from political risks to those of losing certain advertisers. However, if the media outlet's management is able to run advertising sales professionally, then dependence on particular advertisers is rather low, panelists said. Overall, self-censorship is much

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stronger at state-owned and municipal media, where fear of dismissal is greater.

Key events and issues seem to be covered—but often not equally—in various types of media, and investigative stories are still rare.

A major share of salaries at private outlets is still in the shadow economy, hidden from taxation. At the regional level, government budget-financed media pay salaries that are both official and higher than at independent media. At the leading media in the largest cities, the salaries at private outlets are much higher than at the state-owned media. To make up for salary gaps, journalists do not leave the profession but rather sell their services, getting an extra \$200 to \$300 USD for paid content. The panelists were not sure, however, that the corruption was due solely to the level of salaries.

People are able to choose between numerous sources of news and entertainment, and there are at least three all-day news channels. However, panelists noted a threatening trend toward increased infotainment and “yellowing” of the newspapers. People tend to look for news on the Internet, but many are tired of politics and social problems and prefer to be entertained, particularly by programming from Russia and the United States, they said.

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Panelists noted positive trends, especially in the boom of business-focused press. However, they said, too many paid-for materials in this sphere still curb its development. In general, niche reporting is superficial. In the regions, the situation remains mainly the same: small teams of journalists work on a broad range of issues, which results in lower quality.

OBJECTIVE 3: PLURALITY OF NEWS SOURCES

Ukraine Objective Score 2.34/4.00

A wide variety of news sources are available for Ukrainians, and the MSI panel rated Ukraine's progress for this objective at 2.34, compared with 2.20 in 2005.

Areas remain in need of further progress, however. Panelists agree that television remains the main source of news and that the range of media choices still constricts in the countryside. Numerous state-owned and municipal media continue to service governmental interests, with ownership of private media still not transparent.

Private media cover local as well as national news, with regional television companies focused on local news. Most people can afford to buy newspapers, and they do. Low circulations of many newspapers are connected with their poor quality and lack of useful content, panelists said. The main vehicles of newspaper distribution are still the government-controlled post office Ukrposhta, which handles most subscriptions, and Soyuzdruk, which deals with retail sales in kiosks. Economics restricts development of private distribution networks.

In areas with populations below 50,000, residents can get most national and some regional newspapers only by subscription through the post office, which may mean only twice-weekly postal delivery even for dailies. Several television channels are available throughout Ukraine. Cable

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.

television is not accessible in small towns and villages, but Internet access is spreading there.

The following television channels have the largest technical coverage in Ukraine: First National (98.4 percent), Inter (99.1 percent), 1+1 (98.7 percent), Novyi Kanal (95.8 percent), ICTV (94.8 percent), STB (94 percent), Ukraina (91.5 percent), TET (90.3 percent), 5 Kanal (86.4 percent), and NTN (85.8 percent). But the potential reach of stations, by population is a bit lower: First National (98 percent), Inter (85 percent), 1+1 (94 percent), Novyi Kanal (65 percent), ICTV (63 percent), STB (55 percent), Ukraina (65 percent), TET (63 percent), 5 Kanal (50 percent), and NTN (60 percent).

In March 2006, the National Council of Ukraine for Television and Radio Broadcasting adopted the concept of transferring to digital television by 2015. According to research firm GfK, digital television users may increase to 10 percent by 2012.

Access to domestic and international media is not restricted. Foreign press is not widely represented in Ukraine, probably due to the lack of demand, language barriers, and cost. Distribution of Russian publications is significant compared with other foreign media, especially in eastern regions.

There are no true public media. The attempts to establish public broadcasting have not succeeded, although panelists said that news programming at the UT-1 channel of the National Television Company of Ukraine is rather balanced and totally different from what was presented before 2004.

“Most state-owned and municipal media financed from government budgets focus on the political interests of relevant state bodies and do not care about areas such as culture and education. The situation has been aggravated with the ascent of the new government, which has taken more steps to direct editorial policy,” said Khomechok. However, Vice Premier Dmytro Tabachnyk has said that privatization of state-owned media would start in the second half of 2007 and be completed by the end of 2009.

The major nationwide wire services are DINAU, Interfax-Ukraine, UNIAN, and Ukrainski Novyny. The state-owned agency DINAU-Ukrinform is financed from the state budget. Regional media are able to use local agencies that exist, although too often the quality of their reports is low and it is necessary to verify their news. The panelists also emphasized the availability of more than a half-dozen news websites that can be used as news sources by other media. The stories are reprinted without payment, although the source is referenced, panelists said.

Most private broadcast media produce their own news. In some regions, these newscasts are of higher quality and more relevant to audience concerns than local state-owned television

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stations, which mostly glorify local authorities. Other stations produce short and rare newscasts. Radio stations tend to copy news from other sources, panelists said.

There is a lack of transparency in media ownership. Civil-society organizations have dug up who owns major media resources. Most experts have an idea of who is the suspected owner, but documental proof is not available, and it is not so vivid for the general public. Sometimes it is even impossible to identify the owner when media trade unions attempt to negotiate with them. Due to broad use of offshore entities and figureheads, it was easy for a few oligarchs and political players to amass media holdings, panelists said.

Taras Shevchenko mentioned that the Media Law Institute he directs traced multiple levels of ownership at the Inter channel. The Internet resource Ukrainska Pravda published a long story with a list of owners of media assets.

The majority of large nationwide newspapers are published in Russian. Some publications publish two editions—in Ukrainian and Russian—while others mix both languages in one edition. There also are publications in Crimean Tatar, Bulgarian, and Hungarian, and ones that cater to Roma and Jewish communities, but in all cases the circulations are small.

OBJECTIVE 4: BUSINESS MANAGEMENT

Ukraine Objective Score 2.83/4.00

Private media operating as profit-seeking business increasingly apply sound business practices, and the advertising market is growing rapidly. For these reasons, MSI panelists produced a more significant increase in progress toward this objective, rating Ukraine at 2.83, compared with 2.26 in 2005.

More private media outlets are becoming more efficient and profitable due to the growth of advertising and other revenues, as well as professional competition. However, media markets are rather fragmented, with numerous small and handicapped players, many of which rely on state subsidies or business and political sponsors.

On the negative side, the distribution system is as a rule state-owned or municipal and is considered too regulated. Use of market surveys expands, but newspapers resist showing true circulation figures.

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Several private printing presses were opened in recent years, some with the aid of international institutions such as the Media Development Loan Fund. The growth of competition has forced the weaker printing houses to offer better services, and the level of profitability for printers is said to be 30–50 percent.

Distribution is monopolized mostly by Ukrposhta and Soyuzdruk, which are profitable but not efficient for

publishers they serve. Their pricing and activities are still considerably less than transparent, they do not provide information to the publishers on actual retail and subscription sales, and they delay payments and neglect contractual obligations, according to panelists. Pogorelov, general director of the Ukrainian Newspaper Publishers Association, said Soyuzdruk started to charge extra fees for delivery to kiosks, and publishers cannot control the number of copies delivered to each point or check availability of their publications without a Soyuzdruk representative. It is hard to enter the network without tipping or extra pressure, according to Prokopyuk, editor and publisher of *Kafa* newspaper in Crimea.

Ukrposhta service is declining steadily, panelists said. It is not interested in subscriptions, preferring to sell detergents and deliver pensions, and cannot provide timely delivery. The newspapers either “employ” existing postmen or establish their own courier deliveries. To establish a newspaper kiosk, Andriy Shevchenko noted, it is necessary to obtain up to 28 permits and update them annually. Publishers are inventive to avoid that burden, sometimes establishing mobile kiosks on wheels, for example.

Strong competitive nationwide distribution networks have not yet been established, and in some areas, especially rural regions with low population density, it has not become economically viable to do so.

Revenue from various sources grows in both print and broadcast media, and professional managers are making more outlets able to diversify their revenues, panelists said. They did note, however, that there is significant disparity in this regard among Kiev, other large cities and smaller towns and rural media.

Some regional publishers diversify their businesses by running several publications, including advertising and niche newspapers, which largely support their general-interest ones. They also may run supporting advertising agencies, distribution and delivery bureaus, and printing facilities.

The advertising market is rapidly growing, and those who professionally operate in the sector are able to earn significant sums. The following figures from the All-Ukrainian Advertising Coalition show growth rates for the advertising and media markets in 2006:

- The total media advertising market totaled \$855.8 million for 2006, up 67.3 percent from 2005.
- The television advertising market reached \$390 million, up 59 percent from 2005. Because of Ukrainian peculiarities, the experts also included the television sponsorship market,

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

BUSINESS MANAGEMENT INDICATORS:

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

which totaled \$67 million and increased 68 percent from 2005.

- Press revenues increased by 35 percent, totaling \$176.8 million. The major portion (\$112.8 million) went to magazines, and the rest to newspapers.
- Radio advertising grew to \$26.5 million, up 33 percent from 2005.
- The Internet advertising market grew by 150 percent, totaling \$6 million.

Further steady increases in all media are forecast. Television advertising is getting more expensive while viewers watch fewer commercials, forcing smaller advertisers to leave television, panelists noted.

In press, the main business trends in 2006 included establishment of new media holdings and sales houses, launching of new projects and international brand titles, introduction of state-of-the-art publishing technologies, geographic expansion, and further growth of regional press due to regional expansion of advertisers. It is predicted that the press is likely to increase its share of the advertising pie.

The Internet is the fastest-growing segment of the advertising market, although it still has a rather small share in absolute figures. The Internet audience in Ukraine is said to be up to 5 million users, and advertisers mostly value the qualities of this audience rather than its size.

Prokopyuk, whose newspaper is in Crimea, said that large advertising agencies work with media cities whose populations exceed 1 million and with the oblast centers, rarely coming to smaller cities. If the local advertising market in her region grew by 45 percent, the increment for nationwide advertisers was just 5 percent, she said.

Independent media do not receive state subsidies. Panelists mentioned another form of cooperation with local governments in which newspapers sign agreements with them to provide, for example, a separate, appropriately marked page for official information from the local authorities.

Most regional media cannot afford to conduct high-quality market research or valid opinion polls, and thus most do not have an accurate picture of their own audiences and their interests. Prokopyuk said she conducted several workshops about low-cost, in-house readership research but that just a handful of publishers conducted such surveys; others were not motivated to do so. Regional television companies also generally cannot afford professional surveys.

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Most newspapers in Ukraine claim inflated circulation figures, and they add up figures of different editions and then pretend that weekly or monthly circulation is that of a single one. According to Pogorelov, the market is not ready to introduce circulation audit bureaus as a self-regulating lever, with neither large advertisers nor advertising agencies ready to support such initiatives.

A reliable rating system exists for nationwide television channels. GfK-USM won a tender for a television panel in 2002 and signed a contract with the Industrial Television Committee through 2007. At the end of 2006, GfK-USM also won a tender at the Industrial Television Committee for 2008–2012 and started to launch expanded panels, including for towns with populations less than 50,000, and also increased the number of PeopleMeters at households to better represent the Ukrainian population.

OBJECTIVE 5: SUPPORTING INSTITUTIONS

Ukraine Objective Score 2.37/4.00

Associations of media owners advocate for industry interests, render noticeable assistance to members, and protect outlets together with media-related nongovernmental organizations (NGOs). Unions of individual journalists are not so well developed, however. Panelists said the National Union of Journalists of Ukraine, a Soviet-era holdover, does not fulfill its functions. Journalism education lacks practical experience, appropriate programs, and instructors. Short-term training sessions are in demand, and their market is developing. Modern printing facilities are available, but the field of distribution is more problematic for the industry with two state-owned monopoly players. Overall, the MSI panel found the situation for this objective little changed at 2.37, up from 2.30 in 2005.

The Ukrainian Association of Press Publishers (UAPP) provides legal, information, and training support to its members, develops and lobbies for draft laws in support of the industry, analyzes current laws, and supports its members

at different institutions. Now collecting membership fees reliably, UAPP has started to shift its revenue base away from grants and toward an increase in fee services. Its membership is nearing 115 publishers of several hundreds print titles, with total circulation of several million copies. One of the brightest events in 2006 was the board meeting of the World Association of Newspapers, to which UAPP belongs, that was held in Kiev. UAPP also contributes in changing the law on advertising, working with the Association of Distributors, and launching additional syndicated audience surveys.

The Association of Independent Regional Publishers of Ukraine defends the interests of major regional players and provides training opportunities to them. The total circulation of its member papers is more than 1 million.

The Independent Association of Broadcasters is also known for its legal services in the media and commercial law areas. It contributes to lobbying for the industry regarding public-television issues. The Industrial Television Committee submitted a new edition of the Law on Broadcasting, but no new law has been considered.

The Association of Network Broadcasters and the Internet Association of Ukraine also have existed for several years. All trade associations have their representatives at the Civic Council to the Parliamentary Committee of Free Speech and Media.

According to Guz, head of the Independent Media Trade Union, the journalists' associations exist but do not solve major problems between journalists and managers and owners of media outlets or issues of legalization of salaries and employment. The existing unions of journalists do not unite substantial numbers of the approximate 40,000 journalists in Ukraine. The Independent Media Trade Union offers legal, training, and organizational support to the

SUPPORTING INSTITUTIONS FUNCTION IN THE PROFESSIONAL INTERESTS OF INDEPENDENT MEDIA.

SUPPORTING INSTITUTIONS INDICATORS:

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

unions of journalists in different media, but its membership is about 1,500 members. The National Union of Journalists of Ukraine (NUJU) is the old Soviet entity that unites retired journalists or employees of the state-owned media. It has 14,000 members, and most of its top positions are occupied by media outlet managers. NUJU is conducting a pilot project on privatization of state-owned newspapers, which includes about 45 titles.

There are many capital and regional NGOs related to media, including the Institute of Mass Information, the Academy of Ukrainian Press, the Media Reform Centre, the Regional Press Development Institute, the Association of Journalists of South Ukraine "Pivden" in Kherson, the Journalisms Initiative in Kharkiv, the Poltava Media Club, the Information and Press Center in Simferopol, TOP Media in Odessa, the Association of Free Journalists in Crimea, the Media Law Institute, the Association of Media Lawyers, the Guild of Vinnichina Editors, and others. They monitor violations, defend free speech, petition the government for changes in laws, and provide training. Almost all of them rely on financial support from international donors.

Panelists evaluated the quality of journalism education as extremely low. Among 36 existing journalism departments, only two were mentioned as more or less adequate—the Kyiv Mohyla Academy and the Kiev Institute of Journalism.

Generally, curricula do not correspond to modern reality and demands, panelists said. Professors rarely have practical experience in media, and there are few up-to-date materials. As a result, graduates are not acquainted with practical skills and international standards, panelists agreed. Meanwhile, opportunities to receive journalism education abroad are narrowing. Some positive developments were noted within the JORNA project at the Kiev Uzhgorod and Simferopol departments, funded by the BBC World Service Trust under an EU project.

The number and variety of training programs are increasing, conducted by international as well as domestic organizations with funds from donors and sometimes media outlets. Panelists said that willingness to pay fees for training workshops is increasing, but the field remains rather narrow with only a few dozen media outlets able to afford such programs and the presence of donor-funded free programs undermining the market somewhat.

Regional publishers have established their own training centers in Rivne, Poltava, and Melitopol, which work for their own employees as well as external audiences.

Media infrastructure is being developed, with more publishers setting up their own presses and independently buying newsprint. Development and availability is not even, with more privately owned printing houses in western Ukraine compared with the east, where communal and state-owned media prevail. In such areas, local authorities are still able to pressure printers to prevent some publications and business practices, and equipment is often outdated.

Distribution is more problematic. The state-owned post office is the main operator of subscriptions, and retail sales are controlled by kiosk networks owned by municipal bodies. Both are able to refuse to distribute certain titles. Private alternative systems seem to be more developed in eastern Ukraine rather than in the western regions.

In broadcasting, all transmitting equipment is private, but antennas, regional transmitter towers, and Ukrchastotnaglyad—the organization that controls frequency resources and issues permits for private transmitters—are state monopolies and dictate their conditions and prices.

Internet access is becoming more available and cheaper in the regions.

Panel Participants

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