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INTERNEWS RUSSIA

TELEVISION IN THE RUSSIAN FEDERATION: ORGANISATIONAL STRUCTURE, PROGRAMME PRODUCTION AND AUDIENCE

A Report for the European Audiovisual Observatory

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1. INTRODUCTION

In 1991, the Soviet era Gosteleradio state system included four national television channels, 52 stations in the former Soviet republics and 78 regional stations in the Russian Federation. Today, Russia has nine television channels seen by more than 50 % of the population. These include four national channels (Channel One, Rossia, NTV, Kultura,) five national networks (TNT, CTC, Ren TV, TVS, TV Centre,) and two satellite systems (NTV Plus and Kosmos TV) offering packages that include dozens of international channels. The country also has over a thousand regional television companies, of which about 600 are independent of the state. In 1991, the term "advertising market" was virtually unknown, while ten years later the Russian ad market had grown to $1.73 billion, according to the Russian Association of Advertising Agencies (RARA). The relatively new Russian advertising sector now employs thousands of people.

Despite more than ten years of these "revolutionary" developments, important issues such as media ownership and the rights and responsibilities of journalists and media managers in a developing democracy are still topics of discussion in the media community. As this report was written (2002/2003), the Russian television system was entering a new transitional phase that may or may not lead to the creation of a real media industry and of a real media market in Russia.

Current problems in the Russian media industry do not bear a specific connection to Russian managers, owners and journalists, although mass media management practices and journalistic professionalism have ample space for improvement. Rather, the unpredictable nature of the new Russian economy provides a poor basis for the independent operation of the commercial mass media market.

Another significant factor influencing media industry development has been the 1991 mass media legislation and the emergence of a new culture for its implementation. Like all laws, especially those with few precedents, mass media laws are open to broad interpretation. When state authorities find it expedient to interfere, they have several levers of influence (ownership rights, the ability to grant subsidies, distribution of transmitters and signal).

One of the main objectives of this report is to attempt to provide a description of the state of the industry through 2001. The report is also an attempt to examine and understand the changes that have taken place in the Russian media over the past decade.

After ten years of development, a distorted media market has taken shape in Russia. For ten years, the attention of political and business circles has been concentrated largely on TV, which is considered the most effective means of influence among all media. This is precisely why the TV market is even more distorted than the other segments of the media market, where the commercial climate turned out to be healthier and foreign investors have begun to operate successfully.

The political culture of the ruling class dominated by emergent economic interests has demonstrated on numerous occasions that the ruling elite remains firmly convinced that control over mass media equals control over public opinion. From time to time, there has been open interference in mass media activities, with the purpose of reaching tactical political goals rather than returning investments.

The television industry suffers from two main problems:

- On the electronic media market, the state remains the leading player both in audience reach and in commercial power and also acts as the market regulator. On the regional print market, the state uses a system of subsidies as a tool of influence.
- Privately owned media have limited opportunities to develop as businesses due to low volume on the advertising market, the low level of corporate management, lack of unity in the industry, and a dearth of effective mechanisms for lobbying the interests of the industry as a whole.

In describing the changes and processes taking place in the industry, the authors of this report ran into disparate, unclear, inaccurate and often conflicting data. To avoid misleading anyone, the authors have thus refrained from using an excessive number of quantitative indicators for the industry.

A thorough discussion of the Russian television industry must be predicated upon an understanding of the basic viewing and media consumption habits of the Russian audience. The following data and survey results are excerpted from the study “Television through the Eyes of the TV Viewer – 2001”, conducted in December of 2001 by Viktor Kolomiets of the Video International advertising agency.

How often do you…

	Daily	Never
Watch TV	91	1
Listen to the radio	68	23
Read the newspaper	24	18
Read literature	20	44
Watch videos	7	60
Use a computer	6	88
Read magazines	4	53

In 1999 and 2000, Russians watched an average of three hours of television per day.

Do you believe that television…

Expands one’s knowledge	79%
Influences the political situation in the country	79%
Helps make the most of leisure time	66%
Facilitates interaction	55%
Strengthens moral standards	53%
Is manipulated by power elites	59%
Manipulates people’s consciousness	46%

What do you believe would happen if television disappeared for a month?

People would lose something of vital importance	66%
People would only benefit	20%

Sociological research demonstrates that Soviet-era stereotypes about the social role and functions of television are alive and well. The perception that TV’s function is first to inform, to enlighten and to educate the masses, and only second to satisfy people's entertainment needs, has proven to be extremely strong despite the fact that in the last 10 years Russian television has been largely oriented toward entertainment. Seventy percent of respondents in a survey reported that they watch the news at least 1-2 times per day.

In comparison with Soviet television, how do you like contemporary Russian television?

I like it more	64%
I like it less	26%
Can't say	11%

In what respects do you find Russian TV better than that of the Soviet era?

It offers greater variety and choice of programmes	56%
Programmes are frank and closer to real life	42%

What dissatisfies and irritates you about contemporary television?

Amount of advertising	91%
Blood and violence, American action movies	51%

Survey responses to questions regarding contemporary Russian television as compared to Soviet-era TV indicate that current television programming appeals primarily to a young, educated audience, and particularly to males in this group. In contrast, women are more inclined to have either a negative or reserved attitude toward contemporary television as compared to that of the Soviet era. In particular, elderly women fault contemporary programming for presenting an unfamiliar picture of the world, whereas educated women find it tasteless and primitive.

2. INSTITUTIONAL FRAMEWORK

2.1. LEGISLATION

Like any other industry, the Russian broadcast industry is subject to two kinds of regulation – state regulation and self-regulation. Self-regulation of the Russian media industry is still in its infancy. As such, the state is basically the industry's sole regulator. It carries out its regulatory functions using the following tools:

- Legislation (Law on Mass Media; Law on Advertising; Law on Licensing, etc.);
- Licensing of electronic media (the right to broadcast is determined by federal licensing; for electronic media broadcasting to an audience of over 200,000 people, the Federal Competition Commission awards licenses on a competitive basis); and
- Pricing for signal transmission.

In addition to being the main regulator, the state is also one of the country's main media owners, holding about 70 percent of all electronic media, 20 percent of national print media and 80 percent of regional print media.

The state uses both open and hidden forms of subsidies to create a favourable environment for its own media and those private media loyal to it. Hidden subsidies include preferred pricing for distribution, customs and tax exemptions.

The legislative regulation of media operations in Russia over the years has become fairly comprehensive. In addition to media-specific legislation, various provisions of civil, criminal and administrative legislation also apply to the media, and most provisions of civil legislation regulating business issues do not put media into a special category.

This section first presents an overview of Russian mass media legislation, followed by an analysis of legislative issues that hinder development of Russian television as a business.

Key Media Legislation and Its Problems

The Russian Constitution was adopted by national referendum on December 12, 1993. Article 29 “On the Rights and Freedoms of the Person and Citizen” establishes the universal right to freedom of thought and opinion, freedom of expression of beliefs and convictions, and freedom to seek, receive, transmit, produce and disseminate information. This right can be limited only by law and only “in the interests of protecting the Constitution, morality, health, rights and lawful interests of other persons, or for the defence of the country and national security”. According to the Constitution, only the law can limit freedom of speech and establish limits for its expression.

The fundamental piece of media-specific federal legislation is the Law on Mass Media, which was passed on December 27, 1991. For ten years, this law has not undergone any significant changes, remaining a sort of “island of stability”. At first glance, this may seem a positive characteristic, but it has not always been so, as economic conditions and the civil legislation establishing the legal framework for business activity have changed drastically in regard to certain issues affecting the media.

The Law on Mass Media was adopted by the Supreme Soviet of the Russian Federation on December 27, 1991, and took effect on February 13, 1992. The law reinforces the freedom of information and unacceptability of censorship. It also contains provisions regulating the founding, ownership and use of mass media, and dissemination of information. The law regulates relations between mass media and citizens and/or organisations, determines the rights and obligations of journalists and establishes responsibility for violations of mass media-related laws. The Law on Mass Media allows private broadcasting and limits the rights of foreign individuals to found mass media in Russia (although the ban does not extend to foreign companies).

Article 18 of the Law on Mass Media states that a media founder does not have the right to intervene in editorial policy. According to the law, relations between media founders and editorial bodies must be regulated by a contract, and owners can intervene only in cases stipulated by the contract. However, ten years after the law’s adoption media founders are, as a rule, also the main sponsors of publications and electronic media companies, thus this article of the law is often violated. In some cases, the editor-in-chief, (co)founder and major stockholder are one and the same person.

In other cases, media companies are so dependent on sponsors that editorial independence seems an unattainable dream. Finally, the state actively interferes in the activities of mass media founded or co-founded by state agencies, especially as far as regional press, television and radio are concerned. In other words, the Law on Mass Media, despite all its worthy qualities, does not cover all the issues related to regulation of this area. In the last several years, financial crises became key factors determining mass media operations. However, the issues of mass media ownership fall outside the scope of the Law on Mass Media. The danger in terms of freedom of information is not that mass media can be acquired by private owners, but that the relations with these owners are not duly regulated by Russian legislation.

Due to several historical factors, when the Law on Mass Media was written, it included several provisions regulating the activity of media as a business in which the main participants were defined as “media founders”, “editorial bodies”, “publishers” and “distributors”.

To characterise the statutes of law devoted to media regulation, it is necessary to make two significant, interrelated observations that will help in understanding the cause of the hidden conflict in the Law on Mass Media that is now seen in “owner-founder-editorial body” relations.

When the Law on Mass Media was passed in 1991, there was no developed legislative regulation of commercial business in Russia. As a result, the authors were forced to devote many statutes of the law to determining the status of an editorial body as an enterprise (which would not have been necessary had normal civil legislation already been in place). However, the situation has now changed and the provisions of the Law on Mass Media sometimes do not accord with new Russian civil legislation.

The second observation relates directly to the essence of those legislative provisions that were made law in 1991.

The developmental level of the Russian media at the time the Law on Mass Media was passed was characterised by their release from the influence of state and party bodies of the Soviet period and the creation of independent editorial collectives. At the same time, media was seen not as a business, but as an instrument for achieving non-financial objectives (for propagandising ideas, as a tool of influence, etc.).

Typical features of the regulation of economic relations as established in the Law on Mass Media include:

- A shift of emphasis from organisations handling the technical aspects of media (publishers and broadcasters) to editorial bodies, which are granted (though mostly on paper) protection not only for their professional independence, but also in their economic and managerial relations with founders, publishers and broadcasters. It is indicative that the law contains no definition of the concept of “broadcaster”, and refers only to the “license holder” or to the editorial body of TV and radio companies. Furthermore, the management structure of the editorial body is always built in complete autonomy from the managerial bodies of the organisation itself, and the structure lays responsibility for the editorial body’s activity with the founder, broadcaster and publisher.
- The “temporary” (in the opinion of the law’s authors) appearance of the structure of the “media founder”, which was granted (in circumvention of the publisher and broadcaster) rights relating to the determination of the status, rights and obligations of the editorial body, the management processes of the editorial body, the rights of the journalism team, the possibility of suspending or curtailing the media’s activity or changing its subject matter and focus. All these powers fail to consider the opinions of the broadcaster and the publisher, who the Law views mostly as hired service providers, which of course increases the risk associated with investment in the industry. Furthermore, the founder has no financial obligations to the editorial body, publisher or broadcaster.

As such, the structure of relations between participants is designed in such a way that, on many issues, one entity has rights, another has obligations, and a third has responsibilities. And while the law stipulates the possibility of harmonising this bizarre structure through contracts, in practice this almost never happens.

In an attempt to resolve this problem, it has been proposed that the concept of "media owner" be introduced to the Law. However, this will not resolve the fundamental problems of the structures currently outlined in the law, but will most likely deepen them. In place of one entity that enjoyed significant rights in determining the operations of the business, there will be two.

Possibly the best way out of the situation would be to eliminate all statutes regulating business activity from media-specific legislation. Then the Law on Mass Media could be focused on relevant professional guarantees, in particular, legislative reinforcement of an editor's right to decide on what material is included in a publication or broadcast and on his responsibility for violations of law contained in the information his publication or broadcast channel disseminates.

Another feature of Russian media legislation is the lack of a separate law on TV and radio broadcasting, despite the fact that the Law on Mass Media makes reference to a future law on TV and radio broadcasting and work on it began at the end of 1990. No such law was ever passed, although several bills were prepared and put before the State Duma (lower house of the Russian parliament). The original bill, or the Draft Law on Television and Radio Broadcasting, validated the existence and operations of broadcasters representing different forms of ownership (state-owned, non-profit and commercial), with different organisational and legal structures. It determined the licensing procedure and operations of state and commercial television and radio broadcasters, and set separate rules for special types of broadcasting (e.g. broadcasting without a license, emergency broadcasting, broadcasting for children and youth, etc.). In addition, it developed and reinforced the freedom of broadcasting and established responsibility for violations of the law. The bill also took into account Russia's participation in international agreements by obliging broadcasters not to reveal results of preliminary investigations, not to disseminate information violating the presumption of innocence, and not to reveal personal information without consent. According to the bill, broadcasters could not radically change the character and volume of broadcasting without first informing television and radio audiences. It also imposed upon broadcasters further rules to protect civil rights and freedoms.

The State Duma undertook several attempts to pass versions of this law in 1995 and 1996, but the draft law was first rejected by the Federation Council and then by the President. (The Federation Council is the upper house of the Russian parliament, which in its entirety is called the Federal Assembly). In essence, the conflict was between the legislative branch, which wanted to gain a certain degree of control over electronic media, and the executive branch, which did not want to release its hold over it. The most important battles between political forces participating in the conflict concerned the following issues:

- The organisation, legislative basis, supervision and financing of the state broadcast companies; and
- The structure of state agencies that issue television and radio broadcast licenses.

The State Duma insisted on establishing councils (representing owners of state TV and radio companies) and broadcast supervisory boards. The latter could include representatives from political parties and the public, who would exercise supervision over state companies and develop programming policies. The draft law also called for the founding of a separate state agency, the Federal Committee on Television and Radio Broadcasting. The idea was that this agency would equally represent the presidential administration, the Federal Assembly, and nongovernmental organisations. According to the Duma draft, the Federal Committee would have offices in each region of Russia financed from the federal budget. The Federal Committee's primary responsibility would be to issue, suspend and annul broadcast licenses. The problem, however, was that all newly created state agencies must be expressly written into the Russian Constitution. Since the Federal Committee, in the form that was proposed, was not in the Constitution, political agreement would be needed from all sides before the appropriate amendments could be introduced into the Constitution. The executive branch's position on this issue was very rigid.

A new version of the Law on Television and Radio Broadcasting was passed by the State Duma in the first reading on September 3, 1997. However, the draft, having been approved by the State Duma and by the Federation Council, was later vetoed by President Boris Yeltsin. All drafts presented for parliamentary discussion were extremely politicised, which made it impossible to reach a compromise agreement among politicians, Kremlin authorities and the powerful businessmen affiliated with them. The issue of passing the Law on Television and Radio Broadcasting has now been put off indefinitely.

In the absence of specific legislation, broadcasting in Russia is currently regulated by the provisions of the Law on Mass Media, which cover only the broadest broadcast rules, and on the basis of sub-legislative statutes, and governmental and presidential decrees and orders. This is how heads of the first and second national channels are appointed, as well as heads of state-controlled regional TV and radio companies (in coordination with local administrations). Together with parliament, these statutes also determine the amount of financing for these companies.

Two issues in particular hindered the passage of the law on TV and radio broadcasting:

- The status, obligations and management of state television in Russia; and
- Licensing procedures.

The latter issue should be examined in depth. Regulations on the licensing procedure for electronic media are the primary legal foundation for broadcast operations. In theory, possession of a license determines a broadcaster's worth on the media market and should be the key stimulus for attracting outside investment. However, receipt of a license does not in and of itself make a company attractive for investment. Legislation requires broadcast license holders to carefully comply with the rules of the license and the letter of the law under threat of annulment. For investors, not only the license is important, but it is also a guarantee that the license will be held for an extended period. The latter depends not only on the good faith of the license holder, but also on the precision and detail of the law, which should prevent equivocal interpretation on the part of the license holder and the government.

Licensing issues are key for media owners, managers and potential investors and are as important to large national channels and networks as they are to small local stations, regardless of their location, financial condition, ownership and other variables. Compliance with license terms is the basis for any media owner or investor’s economic and legal security. The main requirement of all regulatory statutes governing broadcast activity (the Civil Code, the Tax Code and the Laws on Mass Media, Advertising and Copyright) is that they be transparent, stable and practically applicable.

Broadcasters are subject to the regulations of various state bodies (Ministry for Print and Broadcast Media, Ministry of Anti-Monopoly Policy, Ministry of Internal Affairs, etc.), each of which controls its own “area” of legislation. However, licensing requirements are set by the Law on Mass Media, and violating just this law can lead to revocation of a license. In other areas of legislation, media companies must answer to those bodies regulating the specific area of activity in question. Any reform of existing licensing rules and procedures should be carefully analysed by a wide range of industry participants to ensure that broadcast managers’ views on practical aspects of such rules be taken into account. This should apply to all media-related legislation.

For example, the rule contained in Point 17 of the Law on Licensing stipulating that a broadcast license can be annulled if any aspect of Russian legislation is violated (tax legislation, anti-monopoly policy, advertising legislation) is subject to broad interpretation.

Due to the specificity of the broadcast industry, licensing of TV and radio broadcasting is not subject to the provisions of the Law on Licensing of Individual Types of Activity, passed on February 11, 2002. This exclusion has a positive side: the previous Law on Licensing of Individual Types of Activity applied general licensing rules to TV and radio broadcasting, which in practice led to significant problems with the legitimacy of the competitive tender procedure for issuance of broadcast licenses. At the same time, in being excluded from the jurisdiction of this law, broadcast license holders are deprived of a wide range of guarantees of stability that licensees in other spheres of activity enjoy. On the whole, the fragmented regulation of broadcast licensing at the level of federal laws and the emphasis placed on sub-legislative statutes reduces the level of protection available to broadcasters.

Licensing issues are regulated by:

- Article 49 of the Civil Code, which stipulates that the right to carry out different types of activity is applicable only on the basis of special permission (a license);
- Articles 30-32 of the Law on Mass Media; and
- Government Resolution No. 1359 (December, 1994) on TV and Radio Broadcast Licensing (which regulates broadcast licensing in cities with populations of less than 200,000), and Government Resolution No. 698 (June, 1999) on the holding of tenders for the right to terrestrial TV and broadcasting and for the development of new radio frequencies for TV and radio broadcasting (which regulates licensing in regional capitals and in cities with populations of over 200,000).

In accordance with acting legislation, a license, which is issued for a period of 3-5 years, grants the holder the right to distribute a media product registered in compliance with the Law on Mass Media, on the condition of observance of the license terms and requirements. The authorised licensing agency for TV and radio broadcasting is the Ministry for Print and Broadcast Media.

There are several problems with the existing licensing system that require additional statutory regulation:

- There is no established procedure for the renewal of licenses.
- Broadcast companies (radio and TV) that win licenses on the basis of competitive tenders do so by submitting an application that includes their "broadcast concept", which they are then legally proscribed from changing. This puts them at a disadvantage vis-à-vis those broadcasters that received their licenses on a non-competitive basis, who are free to change their programming format as they like.
- There are significant problems with broadcast licensing related to cable and satellite broadcasters. Cable and satellite companies have the technical capability to broadcast dozens of channels over a single territory along with accompanying telecommunications services (telephony, Internet, etc.). However, Point 13 of Resolution No. 1359 stipulates that no single legal entity can receive a license for TV and/or radio broadcasting over more than two broadcast channels in a single territory, if the service areas overlap completely

or by more than two-thirds. This standard, originally adopted to prevent monopolisation in the terrestrial broadcast market, is now hindering the development of progressive broadcast systems (cable, satellite, MMDS, etc.).

- In accordance with the federal Law on Communications (passed by the State Duma on January 20, 1995), which determines the electronic media licensing procedure, communications (transmission) licenses for the purpose of TV and radio broadcasting must be issued by the Ministry of Communications on a non-competitive basis to entities that have already received broadcast licenses. However, this rule is often violated and communications licenses are issued even to those that do not have broadcast licenses. The holder of a communications license for the purpose of broadcasting can either be a broadcaster or any other entity that owns, uses and controls means of communication.

As such, the procedure for broadcast licensing needs to be changed to take into account international experience and better reflect the development of the market and the use of new technologies. The existing licensing procedure (with a few amendments intended to reflect technical progress), which is at present acceptable to the majority of market participants, could be made into a separate law. This would provide more stability to licensing rules and new guarantees to license holders, officially establish the status, makeup and activities of the Federal Competition Commission, and resolve other issues involved in broadcast licensing.

The issue of state broadcasting is more complicated. Russia currently lacks the kind of public television system found in Germany and several other countries. As such, this issue can only be discussed on a hypothetical level. While the idea has been brought up by the media community several times, the state has found it much easier to regulate the issue of state and so-called public television by presidential decree.

As regards the content requirements for TV and radio programmes, it should be noted that several European countries have clearly defined standards for public broadcasting and public oversight boards regulate compliance with these standards.

Because Russia has no public television, the recommended minimum standards for state broadcasting established by Yeltsin's presidential decree in 1993, which set forth state broadcasters' responsibility to inform the citizenry remain only a declaration on paper.

Legislation of Related Industries

Advertising

The Federal Law on Advertising was passed by the State Duma on June 14, 1995, and took effect in July of that year (the ban on television advertising of alcohol and tobacco products took effect on January 1st, 1996). The law contains a definition of advertising and regulates activities of economic entities in this area, paying particular attention to the notions of "trustworthiness", "diligence" and "decency". The law defines distinctive attributes of different types of advertising and provides instruments for state and public supervision over advertising.

Advertising legislation contains several problems that need to be resolved:

- The current trend toward tightening restrictions on advertising has a negative influence on the development of the ad market, and thus threatens the survival of independent media. One of the most notable recent examples of this tendency was the amendment of the Law on Advertising at the end of 2001 to count "running line"[1] TV advertising in the overall advertising time permitted each hour. This change dealt a significant blow to the finances of regional TV stations.
- Advertising legislation presently comprises several statutes that are often in conflict with one another. This not only makes compliance with them more difficult, but also gives state agencies an instrument for selective application of legislation to individual market participants. The main law regulating the ad market is the Law on Advertising. Meanwhile, advertising of medicines and medical services is regulated by the Law on Medicines, which establishes completely different rules for advertisements of said products and services, dividing them into "advertising" and "information on medicines." Besides the Law on Advertising, ads for alcohol are regulated by Article 17 of the law on State Regulation of the Production and Sale of Spirits and Alcoholic Products," whose provisions contradict the Law on Advertising.

[1] "Running line" (also known as "crawl") ads are essentially classified advertisements that run in a crawl across the bottom of the screen. Popular with individuals and small businesses, these ads may account for 50% or even more of the revenues of local TV stations.

- The media's liabilities are disproportionate to their rights in controlling the content of advertising. The Law on Advertising structures relations between advertisers and media so that the latter is deprived of any real control over the content of advertising. As such, the Law rightly places responsibility for compliance with advertising legislation with the advertiser. However, from the standpoint of legislation on protection of honour, dignity and business reputation (legislation on libel and slander) and legislation on copyright and related rights, the media are completely unprotected against potential claims concerning the distribution of false or damaging information in advertisements or the distribution of advertising that unlawfully makes use of images or other products protected by laws on intellectual property.
- The situation with advertising becomes particularly complicated in the case of political advertising. Certain publications do not have the right to refuse such advertisements or the right to control their content, but at the same time they are held fully responsible for violations of honour, dignity and business reputation (Article 152 of the Civil Code).
- The overly broad definition of advertising provided in Article 2 of the Law on Advertising allows almost any information mentioning people, goods, ideas and initiatives to be considered advertising. This can apply to news, the results of product testing among consumers, etc., and can be used by the state to deprive publications of the tax advantages established by legislation.
- Legislation does not distinguish between state advertising [government-sponsored ads, such as reminders about paying taxes or participating in the national census] and public service announcements (PSA), for which there should be different distribution rules. At the same time, media are required to carry public service announcements, and in fulfilling this obligation, they may end up exceeding the legal ration of advertising to non-advertising information. To eliminate this danger, PSAs should not be counted when calculating total advertising volume.
- Legislation does not distinguish between sponsorship and advertising. As a result, sponsorship in Russia is not developing, including sponsorship of socially significant projects.

Copyright and Related Rights

The Law on Copyright and Related Rights was adopted on July 9, 1993. It conforms to international legislation and agreements related to the protection of copyright, although in practice it is often violated.

There are several problems with regulation of copyright and related rights that are in need of legislative solutions.

A serious problem affecting radio broadcasters and, to a lesser extent, TV stations, is the issue of royalties. Current legislation does not provide clear guidelines on who is entitled to royalties (the composers, the performers, the production companies, etc.). This gives rise to a situation in which organisations managing property rights on a collective basis can obtain royalties, even when they have no right to them, by making use of gaps in Russian copyright law that allow for collective management of rights without the direct consent of the rights holders.

Another problem is a lack of legislative regulation of the assertion and preservation of the related rights of terrestrial and cable broadcasters re-transmitting programs. This issue is complicated by the fact that, in Russia, retransmission is understood to mean subsequent retransmission of recorded programming, rather than immediate transmission, as it is understood in Europe.

The final problem for all media, but particularly for the broadcast sector, is the possible retroactive protection for a large amount of production material (films, radio plays, etc.) that is currently part of the “public domain” (Article 28 of the Law on Copyright and Related Rights).

Other Laws and Regulatory Statutes

The Law on State Secrets, passed by the parliament on July 21, 1993, introduces criminal punishment for revealing state secrets.

The Law on Coverage of the Activities of State Agencies in State Mass Media was passed by the State Duma on November 23, 1994. It requires compulsory storage of copies of media production for a certain period of time.

The Federal Law on Information and Protection of Information was passed by the State Duma on January 25, 1995, and took effect in February of that year. It regulates, in particular, access by citizens and organisations to information about themselves. According to Article 14 of this law, the owner of documented information about a citizen/citizens must provide it free of charge to the citizen(s) in question. The legislation provides for several limitations on access to such information.

The Federal Law on State Support for Mass Media and Book Publishing in the Russian Federation was passed by the State Duma on October 18, 1995, and took effect on January 1, 1996. It was a temporary piece of legislation. On January 1, 2002, this law expired. Meanwhile, the Tax Code was amended and print media received tax exemptions of several kinds. Amendments to the law provide for tax and other benefits for mass media, state- and privately owned alike. In the summer of 1998 the State Duma adopted the Law on Amendments to the Federal Law on State Support for Mass Media and Book Publishing in the Russian Federation, providing for the introduction of amendments into taxation and customs legislation. The Federation Council rejected this law. The Duma succeeded in overcoming the Federation Council's veto, but only regarding tax benefits, while customs benefits for mass media were not restored.

In addition, other pieces of legislation contain stipulations regulating mass media operations. For example, Article 29 of the Law on Security Forces of the Ministry of Interior of the Russian Federation bans "revealing in mass media information about the location of military units, services and military personnel that participate in combat against armed criminal groups", and stipulates that "information about one's service duties and combat actions can be provided only with the permission of the commander of one's military unit, the chief of a military organisation or a military school of the given service". The status and operations of mass media are also regulated by numerous presidential and governmental decrees and sometimes by instructions issued by individual agencies.

One of the most important documents for Russian broadcasters is Governmental Decree No. 959 from August 13, 1998, on the Establishment of Common Tariffs on Services Associated with the Dissemination of Programmes. This decree creates equal economic opportunities for state and private broadcast companies in their relations with communications companies.

Anti-Monopoly Regulation and Foreign Participation

Anti-monopoly regulation in the media industry is currently based on general standards for competition and restriction of monopolistic activity. The main problem in applying this legislation to the media is that, due to a lack of reliable information on the industry, it is not currently possible to correctly segment the media market, for example, to identify who has a dominant position.

For quite a long time, lawmakers have been attempting to introduce separate rules to limit concentration in the media industry. Most of these proposals have sought to limit the establishment of many media outlets by a single entity (or individual) or group of interconnected entities, or to limit the possibility of one entity or group owning shares of various organisations engaged in media production and distribution.

The question of foreign participation in the media industry became a topic of heated political debate in the summer of 2001, when amendments to the Law on Mass Media limiting foreign investment in the broadcast business were passed.

These limits primarily concern the possibility of creating new media organisations. This ban applies to foreign organisations, Russian organisations that are more than 50% foreign-owned, and to Russian citizens holding dual citizenship (previously, only foreign and stateless citizens not residing continuously in Russia were prohibited from founding media organisations).

The new amendments also prevent foreigners, stateless citizens and Russian legal entities that are more than 50% foreign-owned from founding television companies and owning shares in TV broadcasting companies that broadcast to more than half of Russia’s regions or have a potential audience of over half the nation’s population.

At the same time, the federal law passed in August of 2001 establishing the above-mentioned restrictions is retroactive and applies to ownership structures that existed before the law was passed. The possibility of retroactive application of the law has been discussed with regard to the need for legal certainty, in particular as for investments in the print and electronic media market. President Putin originally vetoed the foreign ownership bill, but the upper house of Parliament then overrode the veto.

The Two-Tiered System of Media Regulation - Centre vs. Regions

Despite the fact that Article 71 of the Russian Constitution puts the majority of media issues under the jurisdiction of the federal government, in reality, a two-tiered legislative structure has taken shape, in which many Russian republics and regions have established their own statutes regulating access to and production and distribution of information. Moreover, in many cases, media from one region are considered “foreign” in other regions, where they must receive special permission from the regional administration to be distributed. This situation hinders development of the market, puts up administrative hurdles to distribution of information, and violates the unity of the Russian Federation’s economy, which is guaranteed in Article 8 of the Constitution.

2.2. STATE REGULATION

Ministry for Print and Broadcast Media and Federal Competition Commission

In addition to lawmaking, the state's other main regulatory function in the sphere of broadcast media is licensing. The two main state bodies regulating broadcast media are the Ministry of Print and Broadcast Media and the Federal Competition Commission for Television and Radio Broadcasting. Both were established in 1999.

Until the summer of 1999, the implementation of state mass media policy and regulation was the jurisdiction of two agencies: the State Committee for Print Media (Goskompechat) and the Federal Service for Television and Radio Broadcasting (FSTR). Their authority was allocated as follows: Goskompechat registered mass media (initially all mass media, and after January 27, 1996, only print media), issued licenses for print and typographic operations, and oversaw legal compliance by print media.

The FSTR regulated electronic media. It issued broadcast licenses in coordination with the State Communications Committee (Goskomsvyaz) or, in special cases (such as issuing licensing for foreign broadcasting), in coordination with the Ministry of Foreign Affairs. If two companies applied for the same time slot or the same channel (or frequency), or in cases of disputes between applicants, the FSTR made decisions in consultation with the Central Broadcast Commission (convened by the FSTR and Goskomsvyaz, according to Article 7 of The Procedures for Television and Radio Licensing in the Russian Federation). Members of the Central Broadcast Commission were chosen from among representatives of the professional, legal and artistic communities. Initially it included 27 members, later 21. In 1996, the FSTR created regional broadcast committees, which presented recommendations on licensing in the regions. As these committees consisted primarily of people appointed by regional administrations, they set a dangerous trend where decisions about new independent TV and radio companies were dependent on the sympathies and antipathies of the local authorities.

The FSTR underwent significant structural changes after the appearance of Government Resolution No. 698 (June 26, 1999), which contained a provision on competitions for rights to terrestrial television broadcasting and to the development and use of new frequencies for television broadcasting.

According to the competition clause, the FSTR was supposed to form the Federal Competition Commission for Television and Radio Broadcasting (FCC), select its members, create its regulatory framework and support its work. To implement this decision, Mikhail Seslavinsky, then head of the FSTR's, issued Order No. 101, according to which several new departments were to be created at the FSTR, enabling it to conduct tenders.

However, the restructured FSTR did not hold a single FCC meeting before Presidential Decree No. 885 "On Improving the State Management of Mass Media and Mass Communications" came out on July 6, 1999. The decree created the new Russian Federation Ministry of Print and Broadcast Media and abolished both Goskompechat and the FSTR. Mikhail Lesin was appointed minister.

The Ministry for Print and Broadcast Media is responsible for the development and implementation of state law and policy, and regulation of the newspaper and broadcast industries, information exchanges, the Internet, printing and publishing of periodicals and books, and print distribution. It regulates production and distribution of audiovisual material, including registration and licensing in these areas of activity, and coordinates the work of other government agencies in these areas. The Ministry's largest division is the Department of Registration and Licensing, which is comprised of eight sub-departments handling registration of all media, news, and advertising agencies; licensing of TV, radio and other broadcasting; licensing of print and publishing activity; production/numeration of official forms; and production and distribution of audiovisual material.

The same decree (Presidential Decree N. 855, "On Improving the State Management of Mass Media and Mass Communications" came out on July 6, 1999) obliged the new ministry to develop by March 1, 2000, rules for national tenders for television and radio broadcast licenses. Minister Mikhail Lesin developed the rules for the FCC by September 1999, and in December of that year, approved the Commission's rules of activity.

The FCC was charged with organising and conducting tenders for the rights to terrestrial TV and radio broadcasting in accordance with the requirements of federal legislation and regulatory statutes. In reviewing and evaluating broadcast applications along with the applicant's associated financial and technical capability, the FCC considers the following criteria:

- Current accessibility of the proposed type of programming in the given broadcast area;
- The necessity of supporting socially significant TV and radio projects;
- Whether priority is given to in-house production;
- The originality and individuality of the proposed programming concepts as compared to formats of similar content;
- Costs of acquiring needed broadcast equipment (studio set-up, transmission equipment, etc.), the source of financing for them, and their payback period;
- The proposed period for setting up equipment and beginning broadcasting;
- Whether the proposal gives priority to use of domestically produced equipment, in the interest of supporting Russian manufacturers; and
- The extent to which the acquired technical equipment complies with environmental standards and requirements and state-established technical standards.

A successful application is confirmed by a majority vote. The FCC's nine permanent members are appointed by a ministerial decree. The FCC's original members were:

- Mikhail Lesin, FCC Chairman, Minister for Print and Broadcast Media;
- Mark Krivosheyev, Principal Researcher, Radio Research Institute;
- Sergei Nikanorov, Director, Production-Technical Department, Ministry for Print and Broadcast Media ;
- Vladimir Pozner, President of the Russian Television Academy;
- Leonid Reiman, Minister for Communications;
- Aleksandr Romanchenko, Deputy Minister for Print and Broadcast Media;
- Mikhail Seslavinsky, State Secretary, First Deputy Minister for Print and Broadcast Media;
- Vsevolod Vilchek, Director, Social Analysis Service, NTV Television Company; and
- Yassen Zassoursky, Journalism Department Dean, Moscow State University.[2]

[2] Zassursky also used to head the FCC's precursor, the Central Broadcast Commission.

The departure of Yassen Zassoursky has been the only change at the FCC since 1999. Manana Aslamazyan, general director of the autonomous non-profit organisation Internews, replaced Zassoursky.

In the case of specific competitions for terrestrial television broadcasting in any one of 89 Russia's administrative units, the Commission is increased to 12 members to include regional representatives.

A license is obligatory for any company that intends to broadcast in a city with population of 200,000 or more. The FCC's tenders are fee-based. In Moscow, each frequency that opens up for competition costs 1 million USD. The application fee is 10 percent of this sum, and the winner pays the remaining 90 percent before obtaining the license. Regional broadcast fees are, as a rule, lower, and are determined by the Commission based on local conditions.

By early 2002, the FCC had held 23 competitions in which 167 applicants competed for 110 television frequencies.

Ministry of Communications

Another relevant regulatory agency is the Ministry of Communications. In days of the FSTR, in order to obtain a broadcast license, a company had to get approval from Gossvyaznadzor, FSTR and Goskomsvyazi, which means that one had to obtain both a communications license and a broadcast license in order to be able to broadcast. The communications license was even considered more important. Following the creation of the FCC, the broadcast license became more important. Now, once a company has a broadcast license, it automatically receives a communications license.

The Ministry of Communications is responsible for establishing and enforcing state policy in the sphere of electronic and postal communications, for promulgating the development and introduction of new information and communication technologies, and for coordinating the work of other state agencies in this area. The Ministry's key functions are:

- Development and implementation of state policy in the area of electronic communications and postal communications and promulgation of communication technologies;
- Regulation of the use of radio frequencies and the orbital positions of civil communication satellites, except when such frequencies and orbital positions are used for TV and radio broadcasting and media development;
- Governmental oversight of communications and new technologies; and
- Facilitating the work of the State Commissions on Electronic Communications, Radio Frequencies and Promulgation of Information Technologies.

The Russian Satellite Communications Company (RSCC)

In February 1968, the USSR Ministry of Communications created "Union Hub No. 9 for Radio Broadcasting and Radio Communications", which eventually became the Russian Satellite Communications Company (www.rscc.ru), the main state operator of communications satellites. On April 19, 2001, the RSCC was granted the status of a federal unitary enterprise. The RSCC, an arm of the Ministry of Communications, is the leading Russian satellite communications operator. It is the Russian operator for the international satellite communications systems Intelsat, Eutelsat and Intersputnik, cooperating with these organisations and handling international account settlements.

The RSCC works in partnerships with such well-known communications product and service providers as AT&T and British Telecom. While the RSCC does offer services in other parts of the world, the focus of the business is creating satellite communications networks in Russia and the CIS.

The RSCC has Russia's largest orbiting group of stationary communication and broadcast satellites, comprised of 10 satellites and a widely deployed terrestrial infrastructure of teleports/relays and fiber-optic lines. It is able to provide modern telecom services throughout much of the world, including TV and radio broadcasting, telephony, high-speed data transmission and Internet connectivity.

State Duma Committee for Information Policy and Communications

The State Duma Committee for Information Policy and Communications is charged by the legislative branch with supervision of the broadcasting industry. The Committee develops mass media-related draft laws, and provides expert analysis of laws submitted by other Duma committees regarding their compliance with current media law. The committee chairman (currently Konstantin Vetrov, a deputy from the Liberal-Democratic Party of Russia) and members are elected by the Duma.

Judicial Chamber for Information Disputes

The Judicial Chamber for Information Disputes was founded by presidential decree in December 31, 1993. Its chairperson and members were also appointed by the president. The Chamber cooperated with the president in the implementation of information policy by monitoring mass media, preparing reports and resolving disputes arising in the media industry. For example, in late 1998 the Chamber reviewed a complaint about the Nizhny Novgorod Regional Administration, which had refused to submit information requested by the media in accordance with stipulated procedures. Correspondents of the NN Network TV station had been prevented from entering the Administration building. The Judicial Chamber for Information Disputes took up the case and concluded that the Nizhny Novgorod Administration's actions were in violation of Russian legislation and that those responsible were to bear administrative liability. The local authorities ignored this decision.

Though published in official government publication *Rossiyskaya Gazeta*, the Judicial Chamber's decisions did not have legal force and were thus often ignored. The Chamber could also make rulings transferring cases to the criminal court system if, in the Chamber's opinion, laws had been violated. For a number of years there were discussions about the Chamber's ineffectiveness; however, all sides agreed that it should not be given punitive functions because its proximity to the presidential administration would render it vulnerable to interference and influence.

The Chamber was disbanded by the Russian president in 2000.

2.3. SELF-REGULATION

“Self-regulation” in the Russian media market can be defined as compliance by all market participants with jointly developed and explicit or implicit existing rules of behaviour in their relations with one another, with other markets, and with the government.

Self-regulation is an integral part of civil society, which is still in its infancy in Russia. Participants on the Russian media market have thus far largely failed to demonstrate a real commitment to corporate cooperation and coordination. As a result, the state is trying to fill the vacuum of self-regulation with new laws, often those lobbied for by the stronger market players. Also problematic is the government’s presence on the market not only as a regulatory body, but also as one of the key players, controlling the major national TV channels and numerous regional print media.

The foundation and main mechanism of self-regulation are strong industry associations and unions uniting the majority of market participants and setting rules for the industry, and also acting as a buffer in relations with the government. Where necessary, such associations can also play the role of arbiters in industry disputes. They perform several other important functions, such as providing technical, legal and educational support for media, lobbying for industry interests, and defending individual media outlets.

There are currently a rather large number of associations operating on the Russian media market. The majority of them have very similar goals, including:

- Promoting conditions conducive to development of the publishing and broadcast markets in Russia;
- Working on legislation to promote press freedom and further reinforcement of the legal base for operations of all participants in the media business;
- Taking part in the creation of the conditions necessary for the functioning of the media in Russia, for strengthening the media’s financial base, and for ensuring their professional and creative independence;
- Promoting development of a unified national tariff agreement;

- Promoting formation of professional ethics for journalists and implementing public monitoring of compliance therewith;
- Holding seminars for specialists at the national and regional level to raise their professional and creative level;
- Organising consultative support for media companies;
- Defending journalists' rights and freedoms, economic and professional interests, copyright, honour and dignity; and
- Working with Russian, foreign and international media and professional journalistic associations and organisations.

Some associations also list lobbying industry interests before government agencies at the national and regional level and monitoring tax legislation among their goals. However, these associations generally act independently and do not coordinate their efforts. The media community has not yet been able to develop common rules for all market participants.

These universal rules of behaviour would act as the foundation for self-regulating relations on the Russian media market.

There are several causes hindering the development of such relations:

According to several associations, at least 40% of active Russian media exist purely thanks to direct or indirect state subsidies. This means that a significant portion of the players on the Russian market simply have no vested interest in the creation of effective bodies for self-regulation of the market.

- There is no coordination between existing associations and unions.
- Objectives are improperly set. Instead of creating conditions for further development of the industry as a whole, many associations and unions have concentrated on specific lobbying objectives or on protective functions. Some have basically turned into powerless labour unions.
- Average members have little trust in the managing bodies of professional associations and little faith in the associations' ability to achieve tangible results.
- With rare exception, industry associations are badly managed.

- Most associations suffer from under-financing. Only a small few collect enough membership dues to pursue their stated objectives.
- There is a lack of statistical information necessary to prove that associations' proposals for resolution of industry problems in fact reflect the interests of the industry as a whole, rather than of specific groups. There is no inventory of existing databases and the media market remains non-transparent.

According to representatives of some associations, the potential for consolidation of the professional community on the basis of technological development, exchange of experience, and lobbying of common interests does in fact exist. However, the same representatives also insist that an extremely important issue is that of WHO will come forward with such an initiative. It will have to be a figure or organisation that the entire professional community will view as "neutral."

3. ORGANISATIONAL STRUCTURE

3.1. LEADING STATE AND PRIVATE TV COMPANIES

During the last five years, the Russian authorities have issued some 6,000 broadcast licenses to television and radio companies. According to data provided in 2003 by the Ministry for Print and Broadcast Media, some 3,200 television and radio companies exist in Russia at the moment. About 1,000 are independent from the state in terms of ownership.

Russian television companies can be classified according to several parameters:

- the range of their signal (national stations reach over 70% of the national territory, like Channel One, Rossia and NTV; regional networks reach up to 70% of the national territory; and regional, district and local stations cover their own areas and perhaps some outlying localities;
- their form of ownership (state, private and mixed);
- the organisation of their broadcast process (channels that broadcast their full programming schedule across the nation, like Channel One, Rossia, NTV, and Kultura; networks, which have from 150 to 300 regional partners, such as RenTV, TNT, CTC, TVS, TV Centre, Muz TV, AST, DTV; and specialised channels such as MTV, TV3, Shkolnik TV, and 7TV; and
- the form of signal distribution (terrestrial, cable, satellite).

According to data provided by the State Statistics Committee in 2002, over 98% of the Russian population has access to at least one TV channel. TV is the only segment of the media market on which the state continues to hold a dominant position (50% of TV viewing, 70% of advertising revenue).

TV stations can be divided into three main groups according to ownership structure: state stations, private stations, and mixed-ownership stations (“private media with state participation”). State and quasi-state stations declare their devotion to state and public interests, but act primarily according to the logic of the market, making money on advertising while still enjoying state budgetary financing, various tax and other exemptions and long-term state loans.

The disproportion of the Russian market in favour of state channels not only distorts the economic market by restricting the development of private sector TV, but also constricts the market of ideas and freedom of choice of information.

In contemporary conditions, there is not a single country with a developed economy that has a “pure” model for the TV industry. In the majority of countries, commercial television exists alongside public television. In those few countries where public television existed in its pure state, financed by subscription fees, sponsorship and some advertising have been allowed in recent years. Public broadcasters in France, Germany and Poland are now moving toward mixed forms of financing; public television in Spain and Portugal is fully financed through advertising; and sponsorship is growing on public TV in the US.

It seems that the mixed model is also taking hold in Russia, with the only difference being that it isn’t yet clear whether Russia really needs public broadcasting and how it should be financed if it does. This is why the question of how to define “public television” in law is such a disputed issue, as is the question of how to define the term “television network”, an already existing and successfully developing segment of the market.

Structure of Channels' Loyal Audiences

		Ch. 1/ORT	Rossia/RTR	NTV	TV-6	TNT	CTC	Sample
		%	%	%	%	%	%	%
Sex	men	44	42	49	49	54	45	46
	women	56	58	51	51	46	55	54
Age	15-24	17	15	19	22	32	40	18
	25-39	28	28	32	35	36	35	29
	40-54	25	25	26	23	18	19	24
	55+	30	32	23	20	14	6	28
Education	less than secondary	35	36	30	32	33	22	34
	secondary	28	26	27	27	32	33	28
	vocational-secondary	21	21	24	25	20	21	22
	more than secondary	16	16	19	16	15	24	17
Total		100	100	100	100	100	100	100

Ratings of Russian TV Channels, 7 am – 2 am

Month	Ch. 1/ORT	Rossia/RTR	NTV	TV-6	TVC	CTC	Ren TV	TNT
Average for 1999	4.8	2.7	2.8	0.7	0.6	0.7	0.6	0.5
Average for 2000	4.5	2.9	3.1	0.9	0.5	0.6	0.6	0.6
Average for 2001	4.4	3.1	2.1	1.1	0.4	0.8	0.7	0.5

In 1997 in Russian regional centres, the popularity of the main national TV channels and networks looked as follows:

- 97.9% of respondents watched ORT
- 91.1% of respondents watched RTR
- 76.4% of respondents watched NTV
- 23% of respondents watched TV-6
- 7.1% of respondents watched AST
- 5.3% of respondents watched CTC
- 3.2% of respondents watched Ren-TV

This section gives particular attention to the following television companies:

- The three national channels (Channel One, Rossia, and NTV);
- The Kultura Channel;
- Five major television networks (TVS, Ren-TV, CTC, TNT, TV-Centre); and
- Specialised channels: MTV, Muz TV, TV-3, 7TV.

National Channels and Networks

Channel One

In November 1994, a controversial presidential decree transformed Ostankino into a closed joint-stock company, ORT (which stood for *Obshchestvennoe Rossiyskoye Televidenie* or Public Russian Television). Fifty-one percent of ORT's shares were held by the state. The stated goal of this transaction was to create a channel with effective management that would still be under state control. The shares were distributed between state agencies and non-state organisations, including a banking consortium.

By the end of 1996, private companies had become major shareholders. The Stolichny, Menatep, Obyedinenny and Alfa Banks together held 38 percent of shares, the company Logovaz held 8 percent and Gazprom held 3 percent.

In 1998, ORT broadcast 18 hours a day in all time zones and reached 98 percent of the Russian population (if all CIS countries are included, its audience was about 210 million people). Contrary to its name, the company did not become a public broadcaster. In essence, it remained a closed joint stock company. Moreover, the government continued to make explicit attempts to exert influence on the channel.

Following the 1998 financial collapse, the channel obtained a government loan of $100 million from state-controlled bank Vheshekonombank. As of 2003, the loan has not been repaid, nor has the bank attempted to claim the 11.5 percent stake the channel posted as collateral for the loan. Also in 1998, the closed joint stock company was transformed into an open stock company. However, controlling votes on the board of directors remained in the hands of structures linked to then-Kremlin-connected businessman Boris Berezovsky. Thanks to this state of affairs, Berezovsky was able to preserve control over the channel's cash flows as well as over its editorial line until the year 2000.

Support for the presidential campaign of Vladimir Putin was the main project of ORT in 2000. The electoral campaign included a new cycle of televised "information wars". Following Putin's election, Berezovsky joined the Kremlin opposition and control over the main Russian television channel was at the centre of harsh political conflicts. When Berezovsky was obliged to leave Russia in 2001, it became known that 49 percent of the shares of ORT, that were controlled by Berezovsky's structures and by a consortium of banks, but not directly by Berezovsky, had been sold to structures controlled by another Kremlin-connected Russian businessman. According to Russian media reports, the businessman was Roman Abramovich. During less than a decade, ORT, formally a state-controlled company, had first become a quasi-private company and later a quasi-state-controlled company, always with the compliance of politically-connected business structures.

In 2002, the channel's management decided that the name ORT did not reflect the current state of affairs and assumed once again the name of Channel One, a name that remains close to the hearts of the Russian viewing public. Channel One has the biggest share of television advertising on the Russian market, as its programmes enjoy great popularity among the Russian viewership.

Channel One airs many kinds of programs: news reporting and analysis, entertainment, education and science programs, music, sports, movie and industry award ceremonies, etc. The channel's main daily news program is *Vremya* ("Time") shown at 9 pm. *Nochnoye Vremya* ("Night Time") is an information and analysis program covering the day's main events and offering commentary from experts on the topical issues. In the mornings, there is an information and entertainment program *Dobroye Utro* ("Good Morning"). Investigative documentary programs are intended to attract youth and male audiences, while popular scientific programs enjoy stable viewer support.

Feature films and made-for-TV series consistently receive the highest ratings, filling 40 percent of the channel's airtime. Since 2000, the channel has been giving priority to Russian-made series, which have become very popular in recent years.

Rossia, the main company within VGTRK (All Russian State Television and Radio Company)

Rossia is one of the two state-controlled national channels, broadcasting across all of Russia and reaching 98.5 percent of the population. Another 50 million people watch Rossia in the CIS and Baltic countries. The channel can also be watched in Western Europe, the Middle East and North Africa and plans to start broadcasting in the United States.

Rossia was founded in 1990 as the main media company supporting Boris Yeltsin, then President of the (Soviet) Russian republic, in his battle for power with Soviet President Mikhail Gorbachev. During its first years of existence, the main competitor of Rossia was Ostankino.

Rossia is 100 percent state-owned. In its ten years of existence, the channel has been reorganised several times and its state-appointed management has changed four times. Until 1999, the national channel was plagued by broadcasting problems resulting from its dependence on local GTRKs for retransmission of its signal. GTRKs had no incentive to consistently broadcast only federal programming on their local frequencies and would often mix in programming they had acquired from other sources, thus hampering the national channel's ability to control its own programming schedule at the regional level. The first step leading to the solution of this problem was the creation of the state holding company VGTRK, which united 89 state-owned regional studios under the aegis of Moscow-based Channel 2.

Two state radio companies (Mayak and Rossia) and the Kultura channel, created in 1997 by presidential decree, are also part of VGTRK. Kultura's board of trustees includes prominent artists, scholars and television personalities. Its broadcast schedule is comprised of cultural and educational programming, feature films, theatre, ballet and classical music. Commercial advertising is prohibited on *Kultura* by decision of the board of trustees. The current Russian Minister of Culture, Mikhail Shvydkoy, headed Kultura in 1997-1998. When Kultura was founded, it was hoped that the channel would fill the void in cultural programming left by the 1996 closure of the VGTRK-owned Russian Universities channel.

In 2002, the regional state television companies (GTRKs) were reorganised. They lost the status of independent juridical bodies and became affiliated channels of the federal VGTRK. At the beginning of 2003, Rossia's management has said that the channel will be able to survive without state financial subsidies and will rely only on advertising revenues. These steps have led analysts to conclude that the state channel is preparing another restructuring that will likely lead to privatisation of some of its assets.

In 2000 VGTRK, became one of the leading members of Euronews and the founder of the Russian service of this pan-European news organisation.[3] In 2002 VGTRK acquired a 16 percent stake in Euronews. Euronews programmes in Russian are broadcast seven hours per day on Kultura.

Since 2000, with the appointment of former NTV General Director Oleg Dobrodeyev as chairman, the quality of Rossia's news broadcasts has been strengthened and the channel has reinforced its pro-presidential stance.

Rossia shows information programs, made-for-television series and films, political programmes, talk and game shows, comedies, feature films, documentaries, and sports. The channel's trademark program is *Vesti* ("News").

Films fill about 35 percent of Rossia's airtime. The channel collaborates with 30 major film production and distribution companies. In addition to acquiring film rights, the channel was one of the first Russian broadcasters to attempt its own large-scale television film production.

NTV

The commercial company NTV was created in October 1993 with financial support from the Most and Stolichny Banks. Initially, it shared VHF channel 4 with VGTRK's Rossiyskie Universitety ("Russian Universities") channel. At that time, the state channel aired its programming during the day, and NTV began its broadcasts at 6 pm. Although many supported the creation of a private national broadcaster, critics

[3] VGTRK and Channel One have been members of the European Broadcast Union since 1993.

pointed out that NTV gained its license not through a competitive tender, but by presidential decree.

For the first three years of its existence, NTV broadcast during prime time and quickly gained popularity. In November 1996, following the re-election of President Boris Yeltsin, another presidential decree helped NTV gain control over all airtime on channel 4. During the 1996 presidential campaign, Media-Most-owned outlets, including NTV, had vigorously supported incumbent Boris Yeltsin, whose popularity rating had dropped to single digits. As such, the decision to give NTV full control over the channel 4 frequency was seen by most as a reward for supporting the sitting president in the elections.

Initially, NTV broadcast only in Western Russia. Later, the channel signed agreements with local television stations for retransmission of its broadcasts. In addition, NTV began to broadcast in the CIS countries, Western Europe, the Middle East, and North America.

In January 1997, NTV founder Vladimir Gusinsky officially quit his post as chairman of Most Bank, which he had founded in 1992, to become the general director of Media-Most", a holding company created to oversee the media holdings controlled by the Most financial group.

The majority stake in Media Most belonged not to Most Bank or to its affiliated financial-industrial group, but to Gusinsky personally. Among the company's shareholders were also three NTV's founders: Igor Malashenko, Yevgeny Kiselyov and Oleg Dobrodeyev.

Gusinsky's media empire developed rapidly. At the time of Media-Most's creation, NTV's audience had already topped 100 million viewers.

On September 1, 1996, NTV began encoded satellite broadcasting offering a variety of thematic channels (sports, music, Russian films, foreign films) under the NTV-Plus brand. NTV Plus was part of the Media-Most holding company. By the end of 1996, NTV-Plus had 17,000 subscribers. The number grew to 180,000 by the end of 1998, 250,000 by the end of 2001, and 300,000 by September 2002. The monthly fee for the standard package, including some 40 channels, is $19.

The regional television network TNT, also part of Media-Most, began broadcasting in January 1998. The official initial cost of the project was $100 million, because Media-Most was purchasing large stakes in the regional stations with which it was signing re-broadcasting agreements. More than 70 commercial television stations in some of Russia's key cities (for instance Yekaterinburg, Novosibirsk, Tomsk, Krasnoyarsk) initially signed partnership agreements with TNT. By 2002, the number of regional partners had grown to more than 200. In 2002, the network had an audience of 76 million.

In the run-up to the 2000 presidential election, Gusinsky chose to support Moscow Mayor Yuri Luzhkov's candidacy. Media-Most once again became involved in a vitriolic "information war" with other Russian media. Following the election of Luzhkov's main competitor Vladimir Putin, it was clear that Media MOST and its founder had lost the Kremlin's support. Therefore, pre-electoral threats concerning hundreds of million dollars in debt that the holding company had contracted with gas giant Gazprom became reality. The saga between Media-Most and Gazprom lasted two years, from the spring of 1999 through 2001, and included a fierce battle inside and outside the courts over the total debt owed by the holding company to the gas giant ($1.2 billion, according to Gazprom).

The authorities consistently argued that the battle was of an exclusively economic nature. Meanwhile, Gusinsky, who was briefly jailed during the developments before finally leaving the country, focused on its blatant political aspects associated with infringement on the principle of freedom of expression.

The authorities eventually agreed that political reasons had played an important role in the fight. In the spring of 2001, Gazprom-Media took full control over the actives of Media MOST and a restructuring of the holding began. In September 2002, Gazprom struck a deal with state-connected bank Evrofinans, to restructure Gazprom-Media into a new holding company, in which Gazprom would own a 51 percent stake and the bank the remaining 49 percent.

TV Centre (TVC)

TVC started broadcasting in May 1997, when Moscow Channel MTK was transformed into TVC. The Moscow City Administration holds the controlling stake. Despite being a very ambitious project, the TV Centre Consortium, which controlled TV Centre, a pool of Moscow networks under the umbrella of cable network TV Centre Stolitsa, and a satellite cable project, Meteor TV, never managed to achieve first-tier status. . As a result, TV Centre became neither the influential nor the nationwide channel it was intended to be.

Viewers in half of all Russian regions, some CIS countries and the Baltic states can receive TV Centre programmes. Its potential audience is approximately 75 million viewers in Russia. The average daily broadcast time on TVC is 18 hours.

TVC is distinguished by its close affiliation with Moscow. Since its creation in 1997, TVC has been perceived as the vehicle for the political ambitions of Moscow Mayor Yuri Luzhkov. The 1999-2000 parliamentary season put an end to Luzhkov's presidential ambitions and his political defeat also represented a powerful blow for his television channel.

REN TV Network

REN TV was established in 1997 on the base of the REN TV Production Company, which had been producing programming for Russia’s major national channels since 1991. Its programming includes news and analytical programs, documentaries, entertainment and music programs, sports news and major sporting events, popular foreign series and Hollywood movies. REN TV produces a large amount of its own programming and has a potential audience of 110 million people, being one of the major national networks disseminating programmes via satellite.

Network Affiliates: 311

Daily Broadcast Hours: 20

TNT TV Network (THT)

TNT has a strong focus on domestically produced programming and produces many of its own programs, including entertainment, talk shows, documentaries and educational programs, news magazine programs and children's programming. The channel has a potential audience of 76 million.

Year Established: 1998
Owned and Operated Stations: 14
Affiliates: 265
Daily Broadcast Hours: 22

CTC

CTC is the fastest-growing national television network in Russia. It focuses exclusively on entertainment programming, airing Hollywood movies, some original programs, game shows, Western and Russian series, and cartoons from all over the world. The channel has a potential audience of 86 million people. It was established in 1996.

Owned and Operated Stations: 8
Network Affiliates: 165
Daily Broadcast Hours: 21

TV6 (Information valid Until January 2002 when the network changed ownership and name, becoming TVS)

In April of 2000, following the fight between Gazprom media and Media MOST founder Vladimir Gusinsky (NTV section above,) a large portion of the former journalism staff of NTV (those loyal to Gusinsky,) led by general director Yevgeny Kiselev, moved to TV6, putting strong focus on news, commentary and current affairs programming. The network also airs both Russian and foreign films, game shows, "reality" shows and talk shows.

Year Established: 1991 (first broadcasting – 1993)
Owned and Operated Stations: 28
Affiliates: 172
Daily Broadcast Hours: 18

MTV Russia

MTV Russia is a Russian-language free-to-air service. Targeting 14-34 year-olds, the advertiser-supported network features a mixture of music videos from Russian and international artists programmed locally from its Moscow production base. VJs cover the Russian music scene and introduce locally relevant programming.

Year Established: 1998

Owned and Operated Stations: 13

Affiliates: 120

Daily Broadcast Hours: 24

Muz-TV

Muz-TV is Russia's only 24-hour TV channel. Its format is comprised of music videos, and music-based programming, including interviews with figures in both the Russian and foreign music industries. The channel has a potential audience of 75 million.

Year Established: 1995

Owned and Operated Stations: 18

Network Affiliates: 151

Daily Broadcast Hours: 24

7TV

7 TV is a specialised channel airing sporting events and sports and health related programs. The channel has a potential audience of 40 million.

Year Established: 2001

Owned and Operated Stations: 30

Affiliates: 140

Daily Broadcast Hours: 18

TV 3 Russia

TV 3's programming is dominated by feature films from Russia, America, England, Italy, France and elsewhere. TV3 Russia functioned as an owned and operated group of nine stations until 2002, when it began broadcasting a network program service throughout Russia, adding select affiliates in economically important cities.

Year Established: 1994

Owned and Operated Stations: 9

Affiliates: 10

Daily Broadcast Hours: 18

Regional Television Companies

Various estimates put the number of regional TV stations operating in Russia at about 1000. The majority of them produce local news and analytical programming, have full operating staffs and have an established client base ensuring them a steady ad income. However, making the move from a small, surviving commercial enterprise to the next step is difficult.

Each of the 89 federal territories has a state television and radio company, affiliated to VGTRK. These stations incorporate their programmes into the programming schedule of the second state channel (Rossia). State regional television companies also include companies founded by different regional authorities and by presidential representatives. State TV channels in the Russian regions are closely connected to regional administrations, although the degree of interference and pressure by the latter varies greatly by region.

By some estimates, each major city now has three or more broadcasters owned independently from the state. The audiences of these broadcasters vary broadly. Channels are usually affiliated with local political and economic groups. Some are owned by Moscow companies, but the majority are part of one of the national networks disseminating programmes via satellite (TNT, , CTC, Ren-TV, etc.). This allows stations to broadcast licensed programs, something they could scarcely afford otherwise.

The profit margin for regional stations depends on their size, and reaches up to 25 percent for large stations. This indicates the formation of a barrier on the market – small stations find it harder and harder to maintain their position amid a high pace of development and technical updating.

Having travelled the difficult path from formation at the beginning of the nineties, through the period of explosive growth, the financial crisis of 1998 and the relatively stable period of 2000-2001, regional stations have now begun to put their internal operations in order.

Ownership is a very complicated issue, as the very concept of the media founder in the Russian legislation is rather flexible. For example, many media companies have been founded by their journalists' collectives, however conversations with employees show that real founders are individuals, who prefer that their names remain unpublicised. It is still extremely difficult to find a media company in Russia where one can freely disclose who the owners are.

A key trend on the regional television market during the 1990s has been the expansion of Moscow media holdings to regional markets and the competition among the networks. TV-6 Network (currently TVS) was successful for a number of years, but has been squeezed out by younger networks: CTC, Ren-TV, TV-Centre, TNT. TNT's partners, for instance, are major stations that have their own broadcasting in cities with populations of over one million. They broadcast, as a rule, not only in the regional centre but also reach into several smaller regional cities and sometimes into neighbouring regions. For instance, Channel 4 in Yekaterinburg, a leader in the Ural commercial television market, broadcasts in 12 cities of the Sverdlovsk Region with a potential audience of nearly 3 million viewers. The independent Krasnoyarsk company Afontovo broadcasts in seven cities with a regional audience of 2 million.

Another important key trend on today's TV market is the intensification and expansion of companies' operations to include the establishment of affiliated businesses: advertising agencies, radio stations, and production companies. Yet the relations within these corporations are very tangled – there are no contracts or agreements governing interaction, there are very few holding companies to manage the operations, and the overall result is chaotic. The difficulty of managing a TV station at this stage of development results from the fact that station directors find themselves managing various aspects of station activity, all entangled in a snarl of interrelationships between legal entities, shareholders, and management.

The vast majority of regional TV stations are part of media groups or holding companies, whether they openly admit it or not. The absence of mechanisms for attracting investment and stations' lack of preparedness to set up debt or equity financing schemes makes the search for capital that much more difficult.

Insufficient legal protection for both fixed and intangible assets also has a negative effect on regional TV stations' attractiveness for investment (brand management is particularly problematic).

The following conclusions can be drawn regarding the current state of the regional TV market:

- The market is undergoing segmentation and the gap between stations of different sizes is widening;
- The regional consumer markets cannot support such a large number of stations, and barriers to entry for new stations are growing;
- Stations are striving to diversify and enter new, more profitable markets – both geographically and in terms of different types of media; and
- As the business becomes more complicated and holding companies are formed, the effectiveness of management is beginning to play a key role – a situation for which the majority of regional managers are not prepared.

3.2. Financial Analysis (State Support, Advertising, Subscription)

State Support

Until the middle of the 1980s, Russia's national television reflected the authoritarian ideology of the state and existed in the form of a state monopoly, fully financed from the state budget and with a vertical administration. In no way was the functioning of the state television channels influenced by the needs of their audiences and, as there was no advertising market whatsoever in the country, the media market was also non-existent.

The process of de-centralisation of the administrative system in the Soviet media began at the end of the 1980s and was completed by 1994, when the main channel of Soviet, and later Russian, television, Ostankino Channel One, de-facto ceased to serve its ideological function. Steady state financial support, as well as state oversight over financial matters, simply ceased. The chaotic process that accompanied this major change marked the beginning of the contradictory developments that would take place over the course of the next decade.

Mammoth-sized state radio and television companies were not ready to compete with the smaller, but increasing mobile and dynamic commercial channels that were being established at the time. The situation for state broadcasters was made worse by what experts have described as "feudal relations" among local administrations and state television companies in many regions. The total dependence of regional television and radio companies on local administrations often meant that patron-client relations existed among state media officials and individual bureaucrats. Amidst the economic confusion of the post-Soviet period, all too often employees at different levels of state media companies were able, with the consent of their political patrons, to create new private companies using the equipment and other resources of state media companies.

During the period from 1990 through 1993, the development of the media market was subject to the same key problem that was afflicting the Russian economy as a whole: cash-flows were completely uncontrolled and lacking in transparency. Typical features of the period included: barter-based advertising, where television companies were paying for programmes with advertising time at ever-changing rates; dumping schemes of various kinds; and disregard for licensing regulations and custom rules concerning the import of Western productions. It was thanks to this unregulated situation that many independent producers and advertising agencies were able to begin their successful activity.

By 1994, de-centralisation could be considered complete. The first divvying up of the media market took place in the same period and benefited first and foremost those businessmen who had been quick to assess the importance that control over media companies could bring in the chaotic Russian political environment.

The Soviet-era Channel 1 was renamed ORT (Public Russian Television) as a result of its quasi-privatisation in 1994, when it became a closed joint stock company. However, the change in name did not reflect structural changes. The channel did not take on a public broadcasting mission as the concept is understood in Europe (in Germany or Great Britain for instance). Meanwhile, the former Channel 2 of Soviet television remained under 100% state control, but that in no way meant that it continued to be 100% financed by the state. The budget of both channels after 1994 depended heavily upon advertising cash flows. The television market remains the only segment of the Russian media market in which the state still retains the dominant share of advertising revenues. In 2001, the state still controlled 70% of ad revenue in the national TV market and 80% in regional television.

Following ORT's quasi-privatisation in 1994, the state retained a 51 percent stake in the channel, but private stakeholders, primarily Boris Berezovsky, controlled its cash flow. Financing of ORT, however, was not included in the state budget, and the government allowed ORT to broadcast without paying fees for the transmission signal that is one of the main expenses in private TV companies' budgets.

Meanwhile, only some 40% of the budget of Channel 2 (also known as VGTRK) was covered by the state, even while the company remained fully under state control. In lieu of direct financial subsidies, the state provided Channel 2 other indirect subsidies. In 1998, loans to the channel totalling more than $1 million were written off, all its debts were restructured and all its debts for signal transmission were cancelled, as all the transmission centres and 98 regional companies became part of the a new unified structure (state holding). Also in 1998, the state allowed the company to postpone payment of other debts to the federal budget for an additional three years, and gave it a five-year grace period to pay taxes and customs duties and a seven-year grace period to pay fines for overdue debts. Furthermore, VGTRK was included in the state programme of international debt, which allowed it to obtain a loan worth millions of dollars.

Following the financial collapse of August 17, 1998, both ORT and VGTRK received indirect government loans. ORT became an open joint stock company, its founding documents were registered anew and state-controlled Vneshneconombank extended the company a $100 million credit, guaranteed by a stake in the company that has yet to be repaid (2003). The state-controlled bank has not attempted to obtain control over the stake, nor has it attempted to claim payment of fines for the failed repayment. (In 2002 ORT was again reregistered under the previous name Channel One. Some analysts believe that one main reason for this development could be an attempt to obtain new, clean documentation, ahead of a new state loan).

Meanwhile, VGTRK also received an unsecured multi-million dollar loan from the state. Before 1998, some regional divisions of VGTRK (known as GTRK) that, as part of the state media holding, were also state-owned companies, claimed in their charter documents the status of "executive organs with the right to conduct commercial activities". This status was cancelled in 2002.

In conclusion, during the period covered by this report, ORT has neither become a public broadcaster, nor formally transformed into a private company. It formally remains a state-controlled channel and has maintained a "mixed" form of ownership. Meanwhile, RTR on VHF channel 2 (renamed Rossia in 2002) has continued to be the main vehicle of state propaganda. In economic terms, however, the channel is also a media market player, because it continues sell advertising time while still relying on state subsidies.

VGTRK Chairman Oleg Dobrodeyev said in 2002 that, beginning the next year, the holding will not rely on state subsidies for its activities, as it estimates that advertising revenues will be sufficient to fully finance the functioning of the company. At the same time, the state budget has included direct subsidies to the main federal television and radio companies in 2003, (11.5 billion roubles, over $350 million). State financing for broadcast, including radio, was $186 million in 2001.

A peculiar situation surrounds financing at the regional level. It is impossible to describe in detail which media companies have been created with the assistance of subsidies from regional administrations, municipalities or state property committees and/or continue to receive such subsidies. Experts and media managers speak of indirect subsidies being used to influence media content. Legal experts add that in some cases state bodies are included in company charters (even of companies that had started out independent). However, statistical evidence proving these claims is unavailable. Indirect subsidies are allocated to media that are not considered state-controlled in all Russian regions. In most regions, at least one television company (besides the regional GTRK) and 2-3 publications are financed by a local state structure. In several regions (e.g. Krasnoyarsk and Rostov-on-Don) the managers of media companies officially subsidised by local budgets have expressed their resentment at this situation, saying that in their view it favours companies considered independent, rather than those officially recognised as state companies.

The state uses both direct and hidden forms of subsidies to create a favourable environment for its own media and for private media loyal to it. Hidden subsidies include preferential rates for distribution as well as customs and tax exemptions.

Regional indirect subsidies can take various forms:

- budget subsidies covering salaries and debt-return; preferential tariffs on energy, communications and rental of premises (openly acknowledged by authorities in the regions of Voronezh, Vladivostok and Novosibirsk);
- preferential treatment in extension of loans from state financial organisations; and
- “compulsory” advertising, in which local advertising agencies are pressured to place the majority of their advertising with media companies subsidised by regional authorities.

Subsidies from State Monopolies

Russia's main state monopolies, such as natural gas giant Gazprom and energy company Unified Energy Systems (UES), have also consistently financed television companies that have been considered independent from state control.

Gazprom created a new subsidiary, Gazprom-Media, on 27 December 1997, to manage and oversee its extensive media assets. In 1998-99, the activity of Gazprom-Media was minimal. In June 2000, however, Gazprom-Media was suddenly reanimated and former Russian State Property Committee head Alfred Kokh became the new general director of the holding company.

Following the 1996 presidential campaign, when the Russian media overwhelmingly supported incumbent Boris Yeltsin and helped increase his popularity from single digits to ultimate success in the election, many leading Russian businessmen began believing that television technologies have an almost "magical" power in influencing public opinion. Some of Russia's so-called "oligarchs" resolved to also become media magnates.

Announcing the creation of Gazprom-Media in 1997, Viktor Ilyushin, the former top aide to then-President Yeltsin who had been appointed chairman of the holding, said that Gazprom wanted to "legitimise the marriage-like relationship it has with a number of media". Ilyushin said he would manage the new holding "in the interests of Gazprom's shareholders, the main one being the state".

When Gazprom-Media was created in 1997, Gazprom already held a three percent stake in ORT and Ilyushin became a member of ORT's board of directors. In 1999, the three percent stake was reportedly sold to ORT private shareholder Boris Berezovsky. Gazprom also held a 30 percent stake in Russia's main private television channel, NTV. The shares were managed by NTV parent company Media-Most until the arrest of Media-Most and NTV owner Vladimir Gusinsky in June of 2000. Following the battle between Gazprom and Gusinsky in 2001, the shares of all Media-Most companies were managed by Gazprom-Media directly.

Since its inception, Gazprom-Media has also held a number of media assets traditionally linked to the gas industry. The main ones were the Moscow-based television and radio network Prometei, the satellite network AST (Russia's fifth largest after CTC, TNT, Ren TV, and the former TV-6), radio stations, and two specialised magazines, *Gas Industry* and *Faktor*, both produced by the publishing house Gazprom-Press in cooperation with the German gas giant Ruhrgas. Gazprom also financed two Moscow-based dailies and dozens of regional publications.

As with the TV stations owned by the state energy monopolies – often dubbed "pipeline stations" by specialists – profitability was never a priority. According to most specialists, Gazprom's regional television projects would have developed with or without the appearance of Gazprom-Media.

In the Soviet era, Gazprom already had its own 20-city high-tech corporate communications system based a series of receiving-broadcasting centres created to fill the needs of the oil- and-gas sector. In the 1990s, the centres were developed to become technically well-equipped television stations capable of broadcasting their own programmes. Gazprom controlled some 30 corporate television stations in various Russian regions. The audience for those stations can be considered quantitatively negligible. Furthermore, the quality of the stations' production is considered not very high. However, these "energy sector television stations" do not have financial problems.

Gazprom has also invested in the development of Russia's national communications system. The gas giant financed the construction of four new-generation satellites that are of critical importance for Russia, not just for Gazprom, because they are the functioning base for the transmission of broadcasts by all national television networks across the Russian Federation.

Advertising

According to the Russian Association of Advertising Agencies (RARA), in 1998 the advertising market broke down as follows:

Media	**Volume (USD)**
Television	470-490 million
Print	610-630 million
Radio	70-80 million
Street advertising	160-180 million
Direct marketing	60-70 million
Other advertising	340-360 million
Total	1700-1800 million

Before 1997, the television ad market was divided between two main companies: Video International and Premier SV. After the financial collapse of 1998, Video International (founded by current Media Minister Mikhail Lesin) became the undisputed monopolist of the Russian advertising market. VI sells advertising for the two main state television channels and on all other national channels. The company has regional branches and is also a quasi-monopolist of advertising sales at the regional level.

The Russian advertising market saw significant growth in 2001, rising 57% from $1.1 billion the previous year to $1.73 billion, according to RARA (the average growth rate for all market segments was 54%). Other estimates put the total value of the market at only $1.2 billion.

Russian Advertising Market Volume – 2001

Media Type	Volume ($millions)	Growth over 2000 (%)	Share of National Market (%)
Television	480	78	37.5
Radio	55	13	12.5
Newspapers	310	29	24.2
Magazines	160	60	4.3
Outdoor advertising	275	67	21.5
Subtotal	*1,280*	*55*	*100%*
Other Advertising Spending:			
Direct marketing	110	57	
Misc. incl. ad production	332	48	
Internet	4	67	
Movie theatre advertising	4	75	
Grand Total	1,730	54	

This high rate of growth does not correspond with any overall economic indicators for the year, but is explained by the fact that the ad market is returning to its pre-1998 financial crisis level. The ad market is undervalued in relation to the development and size of the overall national economy. Growth on the ad market is taking place on the background of a corresponding growth in unit advertising prices:

Media Type	2001	2002/01
Television	+25-30%	+50-60%
Press	+10%	+10%
Outdoor	+25%	+30%

Major growth in the advertising market in 2001 resulted in:

- A shortage of advertising opportunities;
- A rise in advertising costs;
- A rise in the market share of below-the-line, Internet advertising, advertising in movie theatres and commercial PR;
- Changes to advertisers' budget structures; and
- Changes in client base.

The advertising market is undergoing an extensive redistribution between multinational and Russian clients (this refers to Russian brands and Russian capital, as opposed to the country of ad production). The proportion of international advertisers on the TV ad market is generally quite high, but the proportion of Russian advertisers in other media is growing significantly. Another factor influencing the overall stability of the market and its growth is the rising number of mid-level and high level clients.

Regional Market

The regional advertising market is estimated at about $385 million (22 percent of the total market). Of this, a total of $305 million goes to traditional media, with $70 million going to TV advertising, $100 million to newspaper advertising, $15 million to magazine advertising, $110 million to outdoor advertising and about $10 million to radio advertising.

Breakdown of National and Regional Market Share:

Media Type	National Market Volume ($millions)	Share of National Market (%)	Regional Market Volume ($millions)	Share of Regional Market (%)
Television	480	37.5	70	23.0
Magazines	160	12.5	15	4.9
Newspapers	310	24.2	100	32.8
Radio	55	4.3	10	3.3
Outdoor	275	21.5	110	36.1
Total	1,280	100%	305	100%

A survey of advertising departments of regional media conducted by research firm GfK in 2000 for Internews Russia estimated an average annual volume of $6.5 million to $15 million for markets of about 1 million population.

At present, several changes are taking place throughout the regional ad market:

- Advertising of local brands accounts for only about 50% of all TV advertising.
- Regional markets are becoming more important in the marketing and advertising plans of major national advertisers.
- Interest in regional markets is growing among mid-sized clients for whom regional stations represent an alternative to expensive national channels.
- The growth of national advertising costs (50-70%) is spurring a search for alternative ad mediums.

Geographical Growth Areas

The regional advertising market is expected to grow primarily on the strength of major population centres with high levels of consumer demand. This expectation is supported by the fact that the 20 largest regional markets (not including Moscow and the Moscow Region) account for:

- 46% of the Russian population;
- 43% of Russian income; and
- 40% of retail goods turnover.

Objectives for the Regional TV Market

Popular regional TV stations are still taking in less money from advertising than their viewer share justifies. One of the ways to remedy this will be to increase the amount of regular, trusted research available for individual regional markets. But aggressive courting of national and cross-regional advertisers will also be key to achieving this. To make these figures more indicative of reality, it is necessary to create a unified audience measurement standard on the regional level that would be recognised by all regional market players, including advertisers, ad agencies and the media themselves. Ideally, regional media would jointly agree to finance research that would be recognised by all as reliable.

According to VGTRK research covering 60 local markets, at present:

- Standard, ongoing media measurement covers 24% of local markets;
- Standardised diary research (at least once per year) covers 8% of local markets; and
- Non-standardised measurement is carried out at least once per year in 43% of local markets.

Despite the significant growth in print advertising over the past 2-3 years, the pace of this growth is almost two times slower than in the media market as a whole. The TV ad market is growing much faster than the print ad market, though the number of new channels and overall amount of airtime is not growing as fast as the number and size of print publications. In other words, new advertising money coming onto the market is being distributed in favour of broadcast and other media, while print media are actually losing ad market share.

ORT: A Case Study on the Birth of the Advertising Market

At the end of the 1980s, news stories began to appear on Central Television vaunting the products and services of cooperatives, stores, restaurants, etc. These were the first seeds of the phenomenon that later came to be known as "Dzhinsa" (a reference to the jeans that were traded on the black market in Soviet times). "Dzhinsa" on television refers to when state-owned airtime is sold "on order," and those who do it, usually during working hours and using the studio's equipment, get their salary from the company they work for and an additional payment "under the table" from the ones ordering the programming.[4]

At the beginning of the 90s, when corporations and the banking business began to grow, the first TV commercials began to appear. In contrast to the usual laudatory stories that appeared during programmes and didn't reveal their commercial function, these commercials were placed between programmes and carried the clear signs of advertising (names of companies, bright video images, logos, slogans). However, these commercials made it to air according to the same laws of "Dzhinsa" – always with an extra payment. At that time, Ostankino still had no commercial department, and nobody knew how much a minute of advertising time was worth, who could sell it, and whether it could really be sold at all. It was during this period that the flow of advertising revenue in the TV industry was not controlled by anyone and was not organised in any way. As during the "gold fever", if you found a lode (an advertising customer), you milked it. There were no contracts, nor were there any obligations before the advertiser. This was the time of prospectors – individual "black marketeers". It was a relatively short period, inasmuch as the process of creation of commercial structures soon gave rise to advertising agencies and the first "independent" production studios.

By the beginning of the 1990s, editorial offices were transformed into studios or creative collectives. There were only 12 of them. Several of these creative collectives gained the status of legal entities, which allowed them to have their own commercial divisions. The airtime of Channel One was divided up among these 12 studios. Almost all the directors of the Ostankino studios simultaneously became owners and

[4] This part is based on Anna Kachkaeva article "The Taming of the 'Dzhinsa': A Short Financial History of Television Channel One", *Zhurnalist*, No. 10, 1997, pp. 33-37.

founders of commercial firms that were created on the base of the Ostankino creative collectives. For example, the director of one of the studios became the director of the firm Avtorskoye Televidenie (ATV), and the director of another was one of the founders of the production company VID. Both are currently two of the most important production companies in Russia.

Why was the parallel existence of state and “independent” production studios profitable?

Primarily because the commercial production studios didn’t spend money paying for state airtime and production capacity. They got all of that from joint production contracts with one of the 12 Ostankino studios. Often it worked out that the “independent” director of an Ostankino studio (who was also the owner of a commercial firm) bought a programme from himself. As a rule, the same people were working at both the state-controlled Ostankino creative collectives and at commercial firms. And they were paid in both places – the state enterprise and the commercial firm. Finally, the price at which an “independent” producer sold his programme to Channel One was several times higher than the actual market value. The more “expensive” the programme turned out to be, the more advertising the producer demanded in order to justify his expenditures. Today it is clear that independent producers simply used the situation at hand to their advantage. Enterprising TV executives would not have become successful businessmen if they hadn’t taken advantage of the prevailing economic conditions, the powerlessness of the state and the dearth of statutory regulation.

In 1991, Ostankino encountered its first problems with state financing. The government was paying for signal transmission, but cash for programme production was in short supply. This is why the channel began seeking the opportunity to produce programmes outside the confines of state financing. This sparse budget was divided among non-profit collectives within the state company, and they began to pay the Ostankino state-private production companies in advertising time that was exchanged either for programmes or films. This is how the so-called Russian-style barter system came to Ostankino.

All interested parties initially agreed to a per-minute price for advertising and to a minimum percentage rate that each programme producer would pay to the company for airtime. The per-minute commercial time was still being determined as a general estimate, rather than by any rational calculation. So, the programme producer or intermediary would by a minute of advertising time at a price of, for example, two thousand dollars. To justify his expenditures and make a little more on top, he could then sell the time for five or ten thousand dollars. But the percentage that he paid to the TV channel for airtime within his own programmes was still calculated based on the minimal sum he paid Ostankino per minute of ad time. Thus, "independent" producers laid the foundation for their future well-being.

Another means of "earning" money was to re-sell airtime. As a rule, there were always free minutes left in a programme, which the producer used at his own discretion, without paying anything to the TV company. The producer would sell these minutes at a higher price, and all the profits from such sales would be his. If there was little demand for leftover advertising minutes, it was sold to anyone – small agencies, other producers, intermediaries – at dumping prices (e.g. $500 instead of $2000 per minute). These buyers also built a small business, and this barter system operated at the beginning of the 1990s.

Barter flourished at all levels of the television hierarchy: between Channel One management and programme producers, between programme producers and advertising agencies.

Purchasing of films for Channel One also worked on the barter system. In fairness, it should be said that the revenues generated through bartering commercial time allowed programming producers and agencies to successfully develop private business, purchasing expensive equipment, building their own studios and hiring bankable TV stars. Programme producers became truly independent, with their highly rated programmes attracting an ever-higher number of advertisers.

During the boom of Russian-style barter, the concentration of advertising on television surpassed all allowable limits: up to 13-15 minutes of commercial time per hour.

Basically, anyone with access to airtime, from the head of a creative collective to an on-air director, could trade in this state-owned property. They retained the rights to this airtime through various means, including the use of political connections.

The best venue for “Dzhinsa” advertising (again, hidden advertising within programmes) was of course information programming. According to estimates, there were between three and ten “paid” stories each week on the news programmes *Novosti* and *Vremya*. The minimum price for placing a story on *Vremya* was between five and ten thousand dollars. The maximum reached fifty thousand.

Igor Podzigun, director of the Ostankino commercial department at the time, admitted that the appearance of enterprising producers led to a concentration of advertising revenues in the hands of the few major producers that controlled airtime and the advertising agencies that were trying to work with specific producers

“Dzhinsa” was still around, but the ongoing concentration of the market was making it increasingly difficult for individual “Dzhinsa” practitioners to trade in airtime. In short, barter became the next step in the commercial reorganisation of Channel One. However, it quickly became clear that, having quelled the “gold fever”, the barter mechanism in the form it took at Ostankino began to noticeably slow the future development of the market process. Programme producers, intermediaries and advertising agencies were taking in excess profits by controlling state-owned airtime, while the state TV company was getting almost nothing from these transactions.

In the spring of 1994, Ostankino crated a company called Reklama-Holding (“Advertising Holding”). For the first time, this division offered a rational system for measuring the value of programmes, and the purchasing committee created at the channel began to base its decisions on concrete value indicators. The question of copyright and broadcast rights was resolved and the notion of sponsorship was first put into practice. In the first year of existence of Reklama-Holding, Ostankino took in over $100 million. Before the holding company was created, advertising between programmes generated only $1.5 million per year. Reklama-Holding was comprised of seven well-known advertising agencies that had controlled airtime on Channel One for almost three years. Thirty percent of the holding company’s shares went to the Ostankino advertising agency; Premier SV, Video International and Intervid each held a 15% stake; the Maxima agency held a 12% stake; and Logovaz-Press and Oster each owned 6.5%.

According to estimates, the advertising agencies that founded the holding company made between $60 million and $100 million in profits over the course of its existence. Of course, these agencies took a risk by purchasing the channel's advertising time wholesale three months in advance, and often the holding company wasn't able to fill all the time. In those cases, the time was doled out to other agencies, with the holding company's founding agencies using their discounts to re-sell the pre-paid time at a profit. As such, the biggest profits were made not by selling Ostankino's advertising services and time to advertisers, but by re-selling the advertising time to other agencies.

Nevertheless, with the appearance of Reklama-Holding, the process of selling advertising between programmes was normalised. However, the situation with advertising time within programmes was still complicated. The channel was buying programmes from producers using money they received from advertising agencies. But the producers were opposed to having commercials placed during their programmes. This was in part because they wanted to engage in their own "Dzhinsa" practices. In 1994, the advertising agencies were in constant conflict with the commercial department of Ostankino. Often the situation came to mutual threats.

The creation of Reklama-Holding was a sort of culmination of capitalist reorganisation at Channel One. The holding – a purely market structure that they tried to adapt to the misshapen ownership and management model of Ostankino – ended up exploding the model itself. The status of the channel had to be changed. This led to the creation of ORT.

Four possibilities for the sale of commercial time were discussed. The first was to sell the time independently, eliminating ad agencies from the re-sale process. The second was to create a consortium analogous to Reklama-Holding and controlled by ORT shareholders. The third was to transfer the rights to the sale of advertising time to one of the major agencies. The fourth option was to change the list of advertising agencies the channel worked with and work out a mechanism by which ORT could control their activity.

In February 1995, ORT announced that, as of April 1, it would not be airing any advertising. During the moratorium, a new organisational model began to take shape at ORT. Following the example of the private channel NTV, ORT separated its broadcast and production functions. Sixty-eight programmes were shut down and the channel's staff was cut from 4000 to 1000.

Following this, ORT created the subsidiary ORT-Reklama, in which 100% of the shares were owned by the channel itself. ORT-Reklama brought together a collective of four or five advertising agencies, which could be replaced at an annual tender. An official document was circulated, stipulating that ORT-Reklama received a percentage (some 5 %) of any transaction.

At the end of 1996, the participants in the battle over Channel One finally worked out the rules of the game. Producers at independent production companies that make programmes for ORT said that after 1996 ORT's management started establishing order to some extent and that serious fines could be imposed for "Dzhinsa." However, the practice of "Dzhinsa," while it may have been reined in, did not disappeared completely, including in newscasts.

It took ten years for the country's main TV channel to adapt itself to the new economic reality. Openly "paid for" news stories are a thing of the past. Commercial advertising has become the main factor in TV production. Today, the channel is capable of implementing a reasonable advertising policy, and advertising is becoming one of the most effective means of winning over the regional market. In fact, regional agencies are now signing contracts with ORT for the right to broadcast local advertising during the most popular ORT programmes.

Subscription

For detailed information on the pay TV market in Russia, please see the Technical Capabilities section below.

3.3. Technical Capabilities

Technical Infrastructure

This is how Mikhail Seslavinsky, first deputy minister of print and broadcast media, described the state of Russia's broadcast infrastructure in 2000: "The main technical facilities for television broadcasting and support infrastructure are in critical condition. Nearly half of all television transmitters have been in use for over 20 years". He cited an estimate that it would take about $36 million to modernise terrestrial stations in all broadcast zones.

In other words, the state understands that an important factor in development of the industry is improvement of its technical infrastructure. In 2001, the government allocated 1.937 billion roubles (about $68 million) for construction and technical refitting of 26 print and broadcast facilities.

Together with VGTRK, the government restored and reactivated 23 re-transmitters in 15 population centres, allowing for broadcast of ORT (now Channel One), RTR (now Rossia), NTV and GTRK Chechnya. However, the majority of towers, masts and re-transmitters are in bad condition and the signal distribution infrastructure remains of primary importance for the broadcast industry.

Household Ownership of Equipment

According to the results of a survey based on a nationally representative sample conducted by the Russian research organisation Monitoring.ru in February 2001, 96 percent of Russians own at least one TV set (66% own 1 TV set, 26% own 2, 4% own 3 or more TV sets) and 4 percent report owning none. Of those with at least one TV set, 91 percent own a colour set, and 9 percent own a black-and-white set. At least 43 percent of households with TVs own foreign-made sets. The survey also finds that 49 percent of Russian households own a VCR, 12 percent have access to cable television, and 4 percent report owning a satellite dish.

TV Broadcasting

According to the Ministry of Print and Broadcast Media, as of April 2002, the following numbers of active broadcast licenses were registered in Russia:

Terrestrial TV – 1,276

Terrestrial Radio – 1,002

Cable TV – 258

Satellite TV – 18

Terrestrial-cable TV – 20

There are currently four main means of signal distribution for the broadcast industry:

- Terrestrial broadcasting;
- Cable TV;
- Satellite broadcasting; and
- Internet broadcasting.

The basis for terrestrial broadcasting are the TV broadcasting centres built in the 1970s, most of which are in disrepair. Exceptions are the few private broadcasters that have managed to build their own broadcast towers.

The government controls about 70% of the working TV and radio transmitters in Russia. At present, no more than 50% of the Russian population has the capability of receiving more than five TV channels.[5] The fees charged by state transmission

[5] In 1999-2000, the National Association of Television and Radio Broadcasters (NAT) organised a survey of 20 European regions of Russia. It was found that as far as terrestrial television is concerned: 75% of Russians receive no more than 5 channels; 15% receive 5-7 channels; 6% receive 10-20 channels; and 4% receive over 20 channels.

NAT's experts concluded that these findings can be explained by the Russian population's low income levels and the Soviet Union's technical legacy. Even though television antennas allow viewers to receive all available channels, which in today's Russia means between 6 and 15, in practice, most people do not even own antennas which allow UHF reception and thus have access to no more than 4 channels.

The Soviet approach was as follows: Muscovites were supposed to receive 5 channels, oblast centres 3 channels, and all the other towns and villages only 2. The collective television reception networks were, as a rule, designed to carry no more than 2 VHF channels.

In most cases, television signal is provided by terrestrial transmitters of the VGTRK affiliates. The number of these transmitters has been growing in the last 10 years, with no discernible effect on how many channels viewers can receive because the technical capacity remains the same and, in addition, has outlived its planned service life.

centres are determined without consideration for local conditions and are one of the factors hindering development of regional media.

The state enterprise Russian Television and Radio Broadcasting Network, founded in August 2001, unites all regional transmission centres and is supposed to deal with all the problems currently facing broadcasters. The state enterprise incorporates over 90 regional transmission centres, about 15,000 television transmitters and a wide network of stations for satellite signal reception and retransmission.

In taking on the role of the main signal operator for terrestrial broadcasting and being the owner of the majority of transmission centres, the state enterprise could become a monopoly. This in turn will lead to:

- Unchecked price increases;
- The possibility of control over all broadcasting;
- A desire to take over all modern privately owned transmission facilities.

Private broadcasters of all sizes are rightly concerned about the development prospects for this sphere of the industry. The continued development of terrestrial TV networks on the traditional model will require enormous investment and expenditure. Together with the government, the industry must understand the practicality of such expenditures and think about alternative means of technological development.

Cable and Satellite TV

Underdeveloped cable infrastructure is a major hindering factor in the development of TV channels. In large cities, this infrastructure consists of old systems designed for collective (apartment building) reception of 2-5 terrestrial channels. They were later updated using their owners' meagre funds and can now handle about 15 channels through analogue reception. Because the populace is accustomed to free-of-charge television and there is so little diversity of content, cable network owners cannot earn enough revenue to build new broadband networks capable of offering various packages and services, including TV, Internet and telephony.

According to the Russian Cable Television Association, the cable industry had a total subscriber base of 20 million in 2001, but the real number was closer to 12 million.

Average subscriber fees for cable TV go up to about one dollar per month, but even that cannot always be collected in the regions, meaning that total subscription revenue for the industry last year was probably not more than $75 million. In Poland for the same period, these revenues reached $900 million, in Turkey $285 million, and in Hungary $54 million.

The cable industry's potential for large-scale service provision and the low cost to consumers should provide an impulse for improving the electronic media industry, thus bringing new revenues to private stations. However, the absence of a solid statutory framework regulating the industry and the fact that viewers are accustomed to "free" TV hinders both investment and development potential.

According to a recent article in *Kommersant* daily newspaper reviewing the current state and prospects of pay television in Russia,[6] in 2002, after several years of stagnation, Russian broadcasters started talking about an increase of the audience for pay television, sales growth and emerging competition. But the general situation on the pay television market is still far from booming – Russian viewers continue to refuse to pay for television. According to the industry's own estimates, the situation is not likely to change for the better in the near future.

It is not simple to calculate the number of pay television subscribers, as different studies use different monitoring techniques. Moreover, the majority of Russian broadcasters conceal their precise subscription figures. According to a Kagan World Media and Merrill Lynch study commissioned by NTV Plus in 2000, over 8 million Russian households (about 12 percent of the country's television homes) will be able to use pay television in 2003, as they will have been equipped with a cable connection or satellite dish. But even where pay television operators take advantage of this capacity, this is not the same as pay broadcasting as it exists in the United States and Western Europe.

Full-fledged multi-channel television with 20-40 channels and high subscription fees (the average monthly subscription fee of NTV Plus, the largest Russian pay television

[6] Valery Kodachigov, "Platnoye Televidenie Ne Prodaetsya" (Pay Television Is Not Selling), *Kommersant*, 20 November 2002, No. 210, p. 20.

operator, is $25) exists only in Moscow. According to NTV Plus's data, no more than one percent of Russian television viewers use multi-channel pay television (although in the aforementioned survey by Monitoring.ru, four percent of households reported owning a satellite dish). In Moscow the situation is slightly better: by various estimates, 150,000-200,000 Muscovites subscribe to four metropolitan pay television providers:

NTV Plus	about 120,000 subscribers
Kosmos TV	between 30,000 and 80,000 subscribers
Komkor TV	about 4,000 subscribers
DIVO TV	number of subscribers unknown

This constitutes about 2 percent of Moscow's 10 million residents, a number negligible even by Eastern European standards: the pay television audience in other formerly socialist countries comprises 20-70 percent of all viewers.

In terms of subscriptions, the Russian pay television market is extremely small. By some estimates, the annual market turnover of pay television and set-top equipment in Moscow is $50-80 million. Most experts find it difficult to make estimates about large regional markets. What is clear is that numbers there are much lower.

There are several reasons for the absence of mass demand for pay television in Russia that are cited by all industry participants. The first reason is the price of the set-top-box, which makes possible reception of dozens of digitised television and radio channels. At $150-200, it remains prohibitively expensive for most Russians. The second reason is the absence on Russian pay television of exclusive content that would give advantage to any single broadcaster. According to NTV Plus representatives, the situation is complicated by the availability of numerous free channels airing large numbers of films and sports programs, which constitute the bread and butter of fee-based television operators everywhere else in the world.

Nevertheless, the pay television market is growing, by some estimates, by as much 25-40 percent a year, though this would represent only tens of thousands or at most several hundred thousand new subscribers a year. Despite all these difficulties, the market is becoming more attractive for large investors.

Commercial firms aren’t the only ones trying to make money on the pay television market. In Moscow, for instance, the city government intends to become a major player on this market. In the near future its subsidiary, open joint stock company Mostelekom, which services the city’s metropolitan television transmission infrastructure, will launch a project called The Last Mile. This project will involve laying cable suitable for television transmission and telephone and Internet communications to every Moscow apartment. The estimated cost of the project is 600 million USD. The company’s top managers expect The Last Mile will start paying for itself very quickly due to fee-based services.

In 2002, Internet provider MTU-Intel announced its intention to enter the pay television market by launching an Internet-based interactive television broadcast system. The services will be made available to users of the broadband ADSL access marketed by the company under the Tochka.Ru brand. Other Russian telecommunications operators are also showing interest in pay television. For instance, in the summer of 2002, Telemedium, a subsidiary of the St. Petersburg Telekominvest holding company, began fee-based commercial digital broadcasting in the DVB-T format and has already invested $3 million. For the moment, however, the profitability of all these endeavours is far lower than that of Internet access provision or cellular communications sales.

The government should promote and undertake the introduction of digital broadcast technologies and provide incentives for companies to adopt such technologies, which allow for more effective use of broadcast networks. The steady growth of the satellite industry’s market share since 1998 is evidence of the effectiveness of introducing digital technologies.

The introduction of digital satellite transmission allowed satellite TV providers to lower their costs for distributing one channel by 4-6 times, while preserving image quality. Satellite systems are the most effective and economical means for distributing programming. If the Russian Ministry of Communications’ “Development Plan for National Satellite Communications and Broadcasting through 2010” is successfully implemented, by 2005 Russia will have a satellite network with the capacity to satisfy the needs of existing broadcasters and to become the driving force behind the rapid development of new media, particularly the popular Cu-band frequencies which allows for the use of small VSAT stations with antennae of 1.2-1.4 meters for organisation of satellite broadcasting networks.

Many see a need to support the creation of a system of satellites intended purely for TV and radio broadcasting, usable from one or a maximum of two orbital positions. Such a system is already in use by NTV Plus. Another example is the European Hot Bird system, in which five satellites located at a single orbital position broadcast about 500 channels in both open and encoded formats.

The state currently provides no economic stimuli for updating and developing the technical infrastructure of the broadcast industry. Because much of the equipment necessary for such improvements is not produced in Russia, a case can be made for the state to introduce favourable customs duties for import of such equipment. However, the history of targeted tax breaks in Russia has long been associated with abuses, and there are fears that such an exemption could harm those companies that already legitimately import and service such equipment.

The most rational way to stimulate technical improvements in the sector might be to offer companies a choice of alternative methods for amortising technical equipment and offering lower profit tax rates for those companies that acquire new equipment.

4. TV PROGRAMMING MARKET

4.1. MARKET DESCRIPTION

Content is what attracts viewers and listeners to television and radio, and readers to newspapers and journals. It is precisely this content that allows the media to exercise such a huge influence on the thinking of society as a whole and its individual members. The question of content is like a tangled web made up of many different factors and complicated inter-connected issues: finances and ethics, production and aesthetic processes, forecasting and psychology.

The somewhat chaotic content of the current Russian media has stemmed naturally from the transformations occurring in the country's economic and social life. In the first years of perestroika, the media set the agenda and subjected the country to a form of "informational shock". In the past 10 years, many factors – political and cultural, as well as economic – have influenced media content:

- There has been an increase in the commercialisation of media and, as a result, there is a greater amount of entertainment programming.
- For the most part, this trend was in line with audience expectations, although this inescapable commercialisation led to a situation in which the media began to satisfy desires for sensationalism, rather than intellectual curiosity.
- The human-interest factor began to predominate over that of social interest; citizens began to turn into consumers who weren't trying to influence anything.
- Political opposition came to influence media content and publications were divided into "ours" and "theirs." This seriously distorted coverage of political/democratic processes and resulted in "media wars" that led to a decline in public trust of the media.
- For a long time, journalists were oriented toward "elites," rather than average consumers.
- "Paid" journalism (PR and paid advertising that pass as reporting) also exercised a negative influence on media content.

TV Broadcasters in Russia

Patterns of television viewing in Russia are best illustrated in table 1, representing national (cities of more that 100 000 inhabitants) weekly reach* [*reach is the percentage of viewers who tuned in to a given channel for at least one minute within a given segment of time] for a week in December 2001:

85 % ORT (now Channel One)
82 % RTR (now Rossia)
72 % NTV
56 % REN TV
54 % TV-6 (now TVS)
53 % CTC
45 % TNT
35 % TVC
32 % Kultura
28 % TV3
24 % MTV Russia
19 % Muz TV
16 % 7TV
10 % Daryal TV (now DTV)

While it's true that one quarter of the population living in rural areas receive only 2 national channels, the majority of Russians can receive from six free terrestrial channels in small towns to 15 channels in large metropolitan areas. Roughly 75 percent of the population watch TV on a regular basis.

For understandable reasons, over the past decade the attention of television managers has been directed primarily to questions of financial and corporate management, advertising and marketing, and problems of audience measurement. The problems of content were solved with only the short-term perspective in mind – more films, more series, more sensational news, more entertainment, and more immediate results.

The first and most apparent result of this inattention to content is the lack of diversity in programming. The majority of Russian channels look exactly alike. The structure of broadcasting on every channel is based on the same model – "news and entertainment for the whole family". This means that programming is targeted at everyone, and therefore at no one in particular.

Except for two specialised music channels, MTV-Russia and Muz TV, and the recently launched sport-oriented 7TV, all other "national" channels and networks are fighting for the same audience with the same weapons. Niche programming is undeveloped and a significant portion of the potential TV audience is alienated. Many TV genres are therefore under- or over-represented on the Russian market.

"Concept", "brand", "target audience", and "traits specific to TV viewing" are notions that remain largely abstract, used by managers in general discussions but rarely employed in practice. The Russian professional community has not yet learned to formulate the content problems that face channels and to come up with a practical way to carry out remedial measures.

To a large extent, the lack of diversity among channels has arisen as a result of the specifics of the advertising market, which is aimed at mass audiences rather than targeted ones. Thus far, there is only a primitive understanding of ratings in the industry and managers and producers as a rule don't glance beyond the latest "numbers". The harsh economic reality demands quick results at any costs, regardless of how this may fit in with the broadcaster's long-term plans. The fact that the advertising market generally uses only one sales method (GRP) from among all the existing methods also encourages "omnivorousness" on the part of TV channels. The broadcasting process is transformed into a closed cycle that is sufficient in and of itself, and in which the needs of audiences are only minimally taken into account.

Another problem of Russian programming is the insufficient professional level of those who produce it – a general problem for the industry. The disappearance of the state monopoly on TV and radio broadcasting at the beginning of the 1990s led to an explosion in the number of channels, networks and stations. The people who ran these new media – from top managers to assistant directors – didn't have any specialised training or skills. The absence of education and re-training means that the majority of Russia's broadcast industry professionals are not prepared to participate in co-production with foreign companies, although this is a major resource for minimising programming expenses.

4.2. Types Of Television Programming

Following the very tumultuous early years of independent television broadcasting in Russia, when new types of programming started to reach the screen for the first time (independent news, live political discussions, films and drama series from the West, rock music videos – all of which did not exist on Russian TV prior to 1988), the programming landscape began to stabilise by 1997. Today Russian television feeds its viewers the same diet as in any other country; only the proportions differ. In statistical terms, the percentage of airtime devoted to various types of programming by the top six national broadcasters in one week in April 2002 broke down as follows:

26 % - films (theatrical motion pictures)
17 % - TV series (drama, sitcoms, soaps)
16 % - light entertainment
16 % - news and informational programmes
16 % - games and quiz shows
4 % - sports
3 % - cultural and educational
3 % - children

If the next eight smaller broadcasters are added, the proportion of airtime devoted to films, TV series and light entertainment increases even more.

Films

Channels buy film licenses from international producers and distributors or from Russian film studios.

The number of feature films shown by major Russian broadcasters had stabilised by 1996 at roughly 4500 titles a year. In other words, viewers in smaller towns have a selection of 15 feature films every day, and those who live in large cities can choose among 30 motion pictures every day. There is no other country in the world where broadcasters can allow themselves the luxury of showing such a huge number of films – it remains the privilege of specialised premium cable channels. The underdevelopment of cable TV in Russia as a whole is an additional factor pushing broadcast channels towards the simple model of filling their airtime with films – a strategy which produces a reasonable result in terms of attracting audiences, but which does nothing in terms of developing television itself.

However, while the number of film titles remains stable, there are several trends reflecting the changing preferences of the television audience. The following table shows the number of titles aired by six major broadcasters each year and their countries of origin:

Countries of Origin	**1997**	**1998**	**1999**	**2000**	**2001**
USSR/Russia	1838	1917	1802	1612	1805
USA	1425	1736	1699	1712	1380
Europe	909	1059	877	787	752
Other	170	241	202	187	194

In the last four years, Russian features have started to win out over old Soviet favourites.
If one compares the percentages of old Soviet and new Russian films shown during prime time, the trend is well pronounced.

Countries	**1999**	**2000**	**2001**
USSR	28	20	18
Russia	10	12	19

As recently produced Russian films draw Russian television audiences away from old Soviet favourites, another new and hopeful development can be observed: attempts by Channel One, Rossia and NTV to participate in financing and production of feature films intended primarily for theatrical release. However, this process has more to do with the development of Russian film production, distribution and exhibition and is outside the scope of the present report.

In the near future, films are likely to retain their share of airtime and popularity with audiences (in 2002, feature films accounted for 30 percent of the Top 100 programmes), but gains in premium satellite/cable service, the growth of theatrical distribution and the hi-tech home video market, and especially the formidable progress in the area of TV series, will slowly erode the exceptional position they hold today.

Television Series

Television series filled a large percentage of airtime throughout the 1990s. But this is also the type of programming which has undergone the most dramatic change over the past five years. Even in 1997, a large percentage of the series airing on Russian television were foreign soap operas from Brazil, Venezuela, Mexico, Europe and the United States. Of the domestic product, 90 percent were old Soviet series of the 1970s and 1980s, like “17 Moments of Spring”. Russian series were shot on low budgets, badly written and under-produced. Since 1997, however, the number of foreign soap operas on Russian TV has shrunk dramatically. The leading channels replaced them with high-budget (in Russian terms) Russian-made criminal drama series.

The next table shows the number of titles aired by Top 6 broadcasters in the last five years.

Region	1997	1998	1999	2000	2001
Europe	111	132	144	120	134
USSR/Russia	103	111	116	139	175
USA	87	99	130	82	92
Others	38	39	46	38	45

While in 1999, the proportion of airtime devoted to European, Soviet, Russian and US series during prime time was **28-20-10-41**, two years later, in 2001, it had changed drastically (**21 – 0.5 – 46 – 17**), reflecting a sharp increase in the popularity of new Russian series. The next year the trend became even more pronounced. Among the Top 100 programmes of 2002, 25 were series, all of them recently produced Russian series. Compare this with 1996, when all top five series (“Columbo”, “Babylon 5”, etc.) were imported. In 2002, Rossia even dropped its long running flagship series “Santa Barbara” to clear airtime for domestic product. Today, Russian-made television series enjoy the highest demand at all the channels.

Almost the entire output of Russian series is criminal drama, whether gangster sagas, police investigation reports or period “whodunits”. Of late, however, one can also observe a growing thematic diversity and improvement in the quality of Russian-made series, due mostly to better financing, newly acquired experience and willingness to learn. Two new production companies, A-Media and Phoenix Films (both created in 2002), are actively developing Russian-made versions of Western series.

Producers of Television Series

In terms of types of programming, in Russia, like everywhere else in the world, there is specialisation among producers, as each genre requires its own production technology. Thus, for example, Russia’s two oldest and largest production companies, VID and ATV, mostly produce talk, game and reality shows, while films studios, like Rekun Kino and Avatar, specialise in television films.

Out of many hundreds of small, often tiny production companies, many of which only produced one or two titles and then vanished, several strong production units have emerged, which have a good chance of becoming major players in this segment of the market. As a rule, Russian production companies produce drama series on commission from or in co-production with a particular broadcaster, and therefore remain strongly affiliated with particular channels. Lately, the industry is witnessing the emergence of a trend toward the separation of producers from broadcasters, primarily in the realms of game show and television series production. Still, studios like ProCinema, Svarog and TriTe work mostly with the Channel One; Avatar, 2B2, Rekun-Kino and Interaktivnoye Televidenie with Rossia; Novy Russky Serial and various NTV-Profit spin-offs with NTV; Protel with CTC; and United Multimedia Projects and Telefilm Studio with TVS. Of the major broadcasting networks, only REN TV has a film production studio, REN Film, within its corporate structure.

The emergence since 2000 of the Russian television series as the most sought-after genre has exhausted Moscow’s production capacity, and new production is increasingly taking place outside of the capital. Production facilities are used at full capacity in St. Petersburg, Minsk, and Yekaterinburg. Content for Russian television is also produced under commission from or co-produced with Ukrainian and Azerbaijani studios.

Regional broadcast companies are also beginning to produce television series both for themselves and for sale. For example, in 2001-2002, the Yugra district television company in Khanty-Mansiisk, Western Siberia, produced four series for the Rossia and NTV channels.

Reality and Game Shows

Since 1999, reality shows and game shows have enjoyed huge success, and an increasing range of international formats from Endemol, Strix et al., is gaining presence on Russian television. Highlights so far have included “Big Brother” (*Za Steklom* or “Behind the Glass”), “Who Wants to Be a Millionaire”, which was cloned twice, “The Weakest Link” and “Pop Star”. In some cases, locally produced formats are of very high quality. For example, the second season of *Posledny Geroy* (“Last Hero”), the Russian clone of “Survivor” produced by VID, far surpasses the original show as well as its other national clones. Old domestic formats, like “What? Where? When?” or “KVN”, still enjoy their traditional popularity.

News

All main Russian broadcast channels (without counting specialises channels) have their own in-house news services. (The only experiment with outside news production was in 1996-1997, when TV-6 channel ordered news production from an outside company, TSN). On average, news shows proper take up between two and eight percent of airtime on Russian television, but there are also a number of general information morning shows, news commentary and analysis programmes, as well as several talk shows centred around news items.

In interpreting facts, the vast majority of Russian journalists rely upon their own personal opinions or on the general editorial line. The phrases “observers believe” or “experts consider” generally do not mean that the journalist in fact received any commentary from experts. More often they are used as a rhetorical device. Unnamed sources are the rule, rather than the exception, and there are few news services that require their journalists to adhere to the rule of using two independent sources. The result of this is a lack of trust toward certain stations and toward the media as a whole (especially when the existence of "hidden advertising" is a well-known phenomenon). Only a handful of Russian media will choose *not* to report or publish news received from an unreliable source, believing that their reputation is more important. The overwhelming majority of them think that sensational material is more important (regardless of how unreliable the source is). It follows naturally that sources use journalists for their own purposes. Fact-checkers are a rarity in Russian broadcast and print media.

Criminal reporting is flourishing in Russia, but despite this, investigative journalism as such has not flourished. The role of investigative journalism is occupied by a massive process of leaks and planted information originating with a variety of private and state special services. Investigative work is one of the most discredited forms of journalism in Russia. Following the publication of such articles, its content is rarely evaluated. Rather everyone tries to determine who ordered it, who provided the documentary evidence, and for how much.

Sports

Sports programming is not an important part of free television programming, although broadcasts of football, ice hockey, tennis, boxing and Formula 1 racing are scattered among various channels. Only one small niche channel devoted exclusively to sports appeared recently.

Children's Programmes

The share of children's programming on Russian television is not significant, largely due to a ban on advertising during the airing of children programmes. Children's programming is treated by all channels as an obligation they have to take on and mainly consists of animated cartoons, both domestic and international, and old Soviet children's films.

Cultural and Educational

Another trend of the period is an increase of the share of documentaries. In 1996 Russian-made documentaries accounted for less than 0.5 percent of airtime. This figure has now grown to about four percent. In 2002, special "educational" slots started to appear on every major channel, though their airtime is usually in the late night hours and the quality of programmes these slots offer are far from satisfactory.

4.3. Profiles of Leading Production Companies

VID

VID is one of the two (with ATV) major production companies that originated from Ostankino over 10 years ago. VID was started by journalists at Ostankino's Youth Broadcasting Department, including the company's current chairman Alexander Lyubimov and its general producer Andrey Razbash. The company made its name with the political talk show *Vzgliad* ("Outlook"), which first aired in 1987 and was revolutionary for Soviet television. In 1990, the small business venture *Vzgliad* was transformed into the current VID television company, and became the first private business entity at Ostankino. Over the years, VID has produced many types of programmes for various channels. At present, it mainly works with Channel One and CTC, specialising in large-scale reality shows, including *Posledny Geroy* ("Last Hero", the Russian version of "Survivor"), and *Ishchu Tebya* ("Looking for You"). Its programmes have won numerous television awards.

ATV

ATV (which stands for Avtorskoye Televidenie, or "author television"), established in 1988, is headed by its founders Anatoly Malkin and Kira Proshutinskaya. The company has produced over 40 daily, weekly, and monthly programmes for the country's leading channels and about 100 documentary films, as well as television theatre and other programmes. Today the company produces several talk shows for Rossia, TVC and Kultura. Its best-known shows are *Esli* ("If"), Press Club, *Staraya Kvartira* ("Old Apartment") and *Muzhchina i Zhenshina* ("Man and Woman"). Its programmes have won numerous Russian TEFI awards as well as many international awards.

NTV Profit

NTV-Profit was a subsidiary of the Media-Most holding company. Other subsidiaries include NTV-Kino, which produces television films and series, and KinoMOST, which created a movie theatre network and a motion-picture studio. In 1995, the NTV television company and Igor Tolstunov's production firm Profit formed the joint company NTV-Profit. Until 1998, NTV-Profit produced films and distributed domestic and foreign films and videos. Among NTV-Profit's most successful film projects is "The Thief", directed by Pavel Chukhrai. The film earned an Academy Award nomination in 1997 and a host of Russian and international awards.

Now NTV-Profit specialises exclusively on film production. It is an independent motion-picture studio with the largest number of films in production in Russia. In 1995-2000, the studio produced 17 full-length feature films and one television series. In 2000, it had five full-length films and two television series in production. NTV-Profit's latest projects feature a fantasy film, comedies, criminal dramas and an action movie.

Rekun Kino

Rekun Kino is a film production company that produced several hit television series in recent seasons, including *Kamenskaya* (based on the novels of Russia's best selling detective writer Aleksandra Marinina), *Zakon* ("Law") and *Taiga*. Having produced 120 hours in 2002, Rekun Kino is already becoming a major producer. Its theatrical movie "The Lover", directed by Rekun's Pavel Todorovsky, won important international awards in 2002.

Novy Russky Serial

Novy Russky Serial, headed by Olga Maneyeva until 2002, was established in October 1999 to produce television series. At present the company has 10 series in production, including new projects and sequels to such hits as "Streets of Broken Lanterns" and "National Security Agent".

Ren TV

Ren TV, founded and headed by Irena Lesnevskaya and her son Dmitry Lesnevsky, started as a production company in 1991, becoming a broadcasting company as well in 1997. In 2000, Ren TV created Ren Film, a film and television series production company. In addition to dramatic television series, Ren TV also produces documentaries, animation series, and entertainment programmes.

Dixi Film Company

Established in 1993, this film production company is led by Yefim Lyubinsky. Its operations began with a television commercial for Moven, the Moscow fan-manufacturing factory, and it has since produced over 80 commercials. The company has also produced numerous programmes for ORT (now Channel One), RTR (now Rossia), Ren TV and NTV. Its best-known show is *Kukly* (“Puppets”), a weekly political satire akin to the British show “Spitting Image”, that ran on NTV from 1995 until 2001.

5. STRATEGIC ISSUES

All Russian media professionals are familiar with the dictum that economic independence guarantees editorial independence. However, "non-economic" factors have played a decisive role in the formation of the media sphere in post-Soviet Russia. While the media tried to position themselves as the "fourth estate" during the *perestroika* years, today such efforts are no longer in fashion. The power of the government over the media is growing stronger, while the level of trust of audiences for the journalistic profession has decreased dramatically over the last 10 years.

The media community and the state should address a number of strategic issues, if they really intend to develop a vibrant and economically viable media market in Russia. Some of these issues are:

- The role of the state in the electronic media market should decrease .The state, being the market regulator, should not be at the same time the leading player both in audience reach and in commercial power.

- Federal and regional legislators should address shortcomings in legislation that lend legitimacy to procedures aimed at restricting access to information, or granting preferential access to information to state-owned or state-loyal media.

- There have been few major lenders on the electronic media market over the past ten years besides the government, regional authorities and state-connected businesses, as Gazprom for instance. The majority of media received loans from state sources, often mixing their credit lines with their core business income. Surrendering to the temptation to accept such a state of affairs, a big part of the media community has de facto recognized the possibility that the government may demand that certain businesses pay back their loans when needed for political reasons, while restructuring or forgiving the debt of others. The media community should recognise the extent of its responsibility vis-à-vis audiences.

- Privately owned media have limited opportunities to develop as businesses and increase their editorial independence due to the low volume on the advertising market, the low level of corporate management, the lack of unity in the industry, and a dearth of effective mechanisms for lobbying the interests of the industry as a whole. Urgent measures should be taken to solve these issues, including the de-monopolization of the advertising market and the improvement of corporate management effectiveness. Russian media owners that have emerged during the last ten years still tend to approach their media outlets mainly as vehicles to promote political interests, or their other business interest. Corporations having media as their profile business should emerge in Russia.

- In the regions, most journalists admit that the government supports “its own” media. But “its own” doesn’t mean only those “founded by the government”. In addition to government funding stipulated in official federal and local budgets, dependent media also receive other forms of non-budgetary support, including preferential pricing for electricity and utilities, loans not subject to repayment, and mandatory subscription by regional government agencies to “necessary” publications. The state should cease allocation of subsidies to all media, both state and private.

6. INFORMATION SOURCES

6.1. DESCRIPTION AND EVALUATION OF INFORMATION SOURCES

Basic Information Resources

Andrei Maximov. *Maximov's Companion to TV, Radio, Print and Online Media in Russia*. In Russian and English. Edition 3, Issue 3, 2002-2003. Moscow: Maximov's Publications.

A series of Radio Free Europe/Radio Liberty articles on Russian media empires by Floriana Fossato and Anna Kachkaeva can be found at the RFERL website:
http://www.rferl.org/nca/special/rumedia/

Professional Magazines

1. *Sreda: A Russian-European Media Magazine*
http://www.sreda-mag.ru/
A monthly for media professionals. Many of its materials are put on the website.

2. *Teleforum*
http://www.nat.ru/comp/teleforum/index.php3
An illustrated monthly covering television. Many of its materials are put on the website.

3. *Zhurnalist*
A monthly covering all aspects of the Russian mass media.

4. *Professia - Zhurnalist*
A monthly covering all aspects of the Russian mass media. Publication stopped at the end of 2002. The magazine will soon come out again under a new name.

5. *Broadcasting. Televidenie i Radioveshchanie*
http://www.telenews.ru/rus/groteck/izd_bc.html

This publication about new developments in radio and television technologies is addressed to broadcast industry managers. Comes out 8 times a year since July 1999.

6. ***Vitrina Chitayushchei Rossii***

http://www.witrina.ru/

Covers all aspects of the Russian media market. Has print and electronic versions.

7. ***625. A Technical Information Magazine***

The magazine about media technologies comes out 10 times a year.

8. ***Reklamny Zhurnal***

http://www.advmag.ru/pages/journal.phtml

A monthly covering Russian marketing communications and mass media.

9. ***Novosti SMI***

An analytical bulletin covering electronic and print media, regional issues, and marketing. Comes out every 3 weeks.

10a. ***Teleskop TV-Pressa: Pechatnye SMI o TV za Nedelyu***

A weekly digest of news and analytical clippings the major Russian newspapers covering television issues.

10b. ***Teleskop: Novosti Telekanalov i Telekompanii***

A weekly bulletin with news and announcements from the television industry.

11. ***Vestnik Media***

http://www.mediarama.ru/vm/index.htm

A weekly newsletter about mass media and the advertising market.

12. ***Izvestia Media***

http://www.izvestia.ru/projects/rekl_izv.html

A monthly supplement (comes out on the last Monday of every month) of the Izvestia newspaper reporting on the Russian media market and addressed to media professionals and the reading public at large.

13. ***Bulleten "Zakonodatelstvo i Praktika Mass-Media" (Mass Media Laws and Practice)***
http://www.medialaw.ru/zip.html
A monthly newsletter focusing on mass media legislation in Russia and other CIS countries. Edited and published by the Moscow Media Law and Policy Institute headed by Andrei Rikhter.

14. ***Iskusstvo Kino***
http://www.kinoart.ru/main.html
An illustrated monthly presenting analyses of Russian and international cinema, television and virtual art.

News Weeklies Regularly Discussing TV Issues
1. ***Itogi***
http://www.itogi.ru/index.nsf/index/index.html

2. ***Ezhenedelny Zhurnal***
http://www.ej.ru/

3. ***Politburo***

4. ***Vlast***
http://www.kommersant.ru/k-vlast/

5. ***Novoe Vremia***
http://www.newtimes.ru/newtimes/

Academic Sources
Departments of journalism at several major Russian universities regularly publish newsletters and materials of conferences devoted to journalism.

1. *Vestnik MGU* (Moscow State University's Bulletin, journalism series)

2. Newsletters and Conference Materials of Other Universities

Daily Newspapers

Approximately 20 Russian daily newspapers publish regular supplements or occasional specials reporting on mass media, usually, television.

6.2. List Of Contacts

Regulatory Agencies

Ministry for Print and Broadcast Media

Ministerstvo Rossiyskoy Federatsii po Delam Pechati, Teleradioveshania i Sredstv Massovoi Kommunikatsii (MPTR)

Mailing Address: Strastnoi Blvd. 5, Moscow, 101409

Tel./Fax: + 7 095 229 9359

URL: http://www.mptr.ru/

Minister: Mikhail Lesin

First Deputy Minister: Mikhail Seslavinsky

Federal Competition Commission for Television and Radio Broadcasting (FCC)

Federalnaya konkursnaya komissiya (FKK)

Mailing Address: Strastnoi Blvd. 5, Moscow, 101409

Tel./Fax: + 7 095 229 9359

URL: http://www.mptr.ru/

Chairman: Minister Mikhail Lesin

Russian Satellite Communications Company (RSCC)

Federalnoye unitarnoye gosudarstvennoye predpriyatie "Kosmicheskaya svyaz"

Mailing Address: Kursovoi Lane 12/5, Bld. 7, Moscow, 119034

Tel.: + 7 095 730 0450

Fax: + 7 095 730 0383

URL: http://www.rscc.ru

Commercial Department

Tel.: + 7 095 730 0456

E-mail: market@rscc.ru

General Director (Acting): A. Duka

Ministry for Communications (MinSvyazi)

Ministerstvo Rossiyskoi Federatsii po svyazi i informatizatsii

Mailing Address: Tverskaya Street 7, Moscow, 125375

Tel.: + 7 095 771 8121 / 771 8117

URL: http://www.minsvyaz.ru/

Radio, Television and Satellite Communications Department

Tel.: + 7 095 771 8471

E-mail: radiotv@ptti.gov.ru

Minister: Leonid Reiman

Professional Associations

National Association of TV and Radio Broadcasters of Russia (NAT)

Natsionalnaya assotsiatsia teleradioveshchatelei Rossii (NAT)

Mailing Address: Myasnitskaya Street 13/4, Moscow, 101000

Tel.: + 7 095 924 2438

Fax: + 7 095 923 2318

URL: http://www.nat.ru/

President: Eduard Sagalaev

Eurasian Television Academy

Yevraziyskaya Televizionnaya Akademia

Mailing Address: O. Dundicha Street 25, Bldg. 1, Moscow, 129515

Tel.: + 7 095 215 9101

Fax: + 7 095 217 3346

E-mail: tv@eata.ru

President: Anatoly Lysenko

Russian Cable Television Association

Assotsiatsia kabelnogo televidenia Rossii (AKTR)

Mailing Address: 2nd Spasonalivkovsky Lane 6, Room 210, Moscow, 119991

Tel.: + 7 095 748-3178

Fax: + 7 095 748-3177

E-mail: info@aktr.ru

URL: http://www.aktr.ru/

General Director: Yuri Pripachkin

Executive Director: Vladimir Makoveyev

Russian Union of Journalists

Soyuz zhurnalistov Rossii

Mailing Address: Zubovsky Blvd. 4, Moscow, 119021

Tel.: + 7 095 201 5101 / 201 2395

Fax: + 7 095 201 3547 / 201 4431

URL: http://www.internews.ru

E-mail: unijournal@mtu-net.ru

Secretary General: Igor Yakovenko

Internews, Autonomous Nongovernmental Organisation

Mailing Address: Nikitsky Blvd. 8a, Moscow, 119019

Tel.: + 7 095 956 2248

Fax: + 7 095 234 3998

URL: http://www.internews.ru

General Director: Manana Aslamazyan

Mediasoyuz

Mailing Address: 2nd Smolensky Lane 1/4, Moscow, 103006

Tel.: + 7 095 241 6094

E-mail: info@ms.ru

URL: http://www.ms.ru

President: Alexander Lyubimov

Mass Media Industrial Committee

Industrialny komitet SMI

Mailing Address: Novy Arbat Street 21, 22nd floor, Room 2211, Moscow, 119019

Tel./Fax: + 7 095 291 4861 / 291 5572

URL: www.presslab.ru

Executive Director: Pavel Popov

Russian Television Academy Foundation

Fond "Akademia Rossiyskogo Televidenia"

Mailing Address: Pyatnitskaya Street 25, Bldg. 1, 3rd floor, Rooms 334-339, Mosow, 115326

Tel.: + 7 095 950 6161

Fax: + 7 095 951 8002

URL: http://www.tefi-online.ru/

President: Vladimir Pozner

General Director: Raisa Bespechnaya

Media Committee

Media Komitet

Mailing Address: Pyatnitskaya Street 25, Bldg. 1, Moscow, 115326

Tel./Fax: + 7 095 953 9030 / 953 9032 / 953 6212

URL: http://www.mediakomitet.ru/

E-mail: info@mediakomitet.ru

Director: Olga Yermolayeva

Russian Association of Advertising Agencies

Rossiyskaya assotsiatsia reklamnykh agentstv (RARA)

Mailing Address: Novoslobodskaya Street 73/68, Moscow, 103055

Tel.: + 7 095 285 5954

Fax: + 7 095 285 2783

E-mail: rara@aha.ru

URL: http://www.rara.ru/

Executive Director: Valeria Lukayeva

Association of Advertisers

Assotsiatsia reklamodatelei

Tel.: + 7 095 290 4018

URL:

General Director: Vadim Zhelnin

Advertising Federation of the Regions

Reklamnaya Federatsia Regionov

Mailing Address: Komsomolsky Prospect 9A, Room 426, Moscow, 119146

Tel.: + 7 095 245 1857

E-mail: cimf-msc@cityline.ru

URL: http://www.rfr.ru

Executive Director: Lyudmila Yelkina

Television Broadcast Companies

Channel One

Pervy Kanal

Mailing Address: Akademika Koroleva Street 12, Moscow, 127000

Tel.: + 7 095 217 7387

URL: **http://www.1tv.ru/**

General Director: Konstantin Ernst

First Deputy General Director: Alexander Lyubimov

All-Russian State Television and Radio Broadcasting Company

Vserossiyskaya Gosudarstvennaya Televizionnaya i Radioveshchatelnaya Kompaniya, VGTRK

Mailing Address: 5th Yamskogo Polya Street 19/21, Moscow, 125040

Tel.: + 7 095 924 6374

Tel.:/Fax: + 7 095 250 0506

URL: http://www.vgtrk.com

Chairman: Oleg Dobrodeyev

First Deputy Chairman, General Director of the Rossia Channel: Anton Zlatopolsky

Rossia Television Channel, State TV and Radio Company, VGTRK's Subsidiary

Telekanal Rossia

Mailing Address: Shabolovka Street 37, Moscow, 113162

Tel.: + 7 095 234 8650

Fax: + 7 095 954 1816

URL: http://www.rutv.ru

General Director: Anton Zlatopolsky

Kultura, State TV and Radio Company, VGTRK's Subsidiary

Telekanal Kultura

Mailing Address: Nikitskaya Street 24, Moscow, 123995

Tel./Fax: + 7 095 290 0421

URL: http://www.rutv.ru

General Director: Alexander Ponomaryov

NTV Television Company

Telekompania NTV

Mailing Address: Akademika Koroleva Street 12, Moscow, 127427

Tel.: + 7 095 725 5103

Fax: + 7 095 725 5111

URL: http://www.ntvtv.ru

Acting General Director: Nikolai Senkevich

NTV Plus

Mailing Address: Varshavskoye Shosse 25, Bldg. 1, Moscow, 113545

Tel.: + 7 095 725 5017

URL: http://www.ntvplus.ru

General Director: Anton Kudryashov

TV Centre

TV-Tsentr

Mailing Address: Bolshaya Tatarskaya Street 33, Bldg. 1, Moscow, 113184

Tel.: +7 095 959 3900

Fax: + 7 095 959 3966

URL: http://www.tvc.ru

President: Oleg Poptsov

Director: Pavel Kasparov

TVS, Channel 6 Television Company

TVS, Telekompania Shestoi Kanal

Mailing Address: Staraya Ploshchad 10/4, Moscow, 103070

Tel.: +7 095 923 1885

General Director: Alexander Levin

Press Secretary: Tatyana Blinova

Ren TV

Mailing Address: Zubovsky Blvd. 17, Bldg. 1, Moscow, 119847

Tel.: +7 095 246 5933

Fax: +7 095 246 0655

E-mail: press@rentv.dol.ru

URL: http://www.ren-tv.com
President: Irena Lesnevskaya
General Director: Dmitry Lesnevsky

Ren TV Network
Teleset Ren-TV
Mailing Address: Zubovsky Blvd. 17, Moscow, 119843
Tel.: +7 095 246 5026 / 246 5027
Fax: +7 095 245 0998
E-mail: network@rentv.dol.ru
URL: http://www.ren-tv.com
Executive Director: Sergei Isakov

TNT Network
TNT-Teleset
Mailing Address: Akademika Koroleva Street 19, Moscow, 127427
Tel.: +7 095 217 8188
Fax: +7 095 748 1490
General Director: Roman Petrenko

CTC Network
CTC Set Televizionnykh Stantsii
Mailing Address: 3rd Khoroshevskaya Street 12, Moscow, 123298
Tel.: +7 095 797 4100
Fax: +7 095 797 4101
E-mail: ctc@ctc-tv.ru
URL: http://www.ctc-tv.ru
General Director: Alexander Rodnyansky

MTV-Russia
Mailing Address: 1st Shchipkovsky Lane 1, 4th floor, Moscow, 113093
Tel.: +7 095 974 1946
Fax: +7 095 974 1947
Email: info@mtv.ru
URL: http://www.mtv.ru

President: Linda Jensen

General Director: Sergei Slipchenko

Muz TV

Mailing Address: Akademika Koroleva Street 19, Postbox 39, Moscow, 127427

Tel./Fax: +7 095 217 8937 / 217 9132

E-mail: muz-ofc@muztv.ru

URL: http://www.muz-tv.ru

General Director: Ruben Oganesov

TV 3-Russia

Mailing Address: Akademika Koroleva Street 4/4, Moscow, 129515

Tel.: + 7 095 937 4039

Fax: +7 095 215 8874

URL: http://www.tv3russia.ru

General Director: Timothy McDonald

7TV Sports Channel (Children Project)

7TV Sportivny Kanal (Detsky Proyekt)

Mailing Address: Akademika Koroleva Street 19, Room 338, Moscow, 127427

Tel: +7 095 217 9940

Fax: +7 095 217 8306

Email: referent@7tv.ru

URL: http://www.7tv.ru

Director: Oleg Aksyonov

DTV, TV Daryal

Mailing Address: Akademika Koroleva Street 4/4, 5th floor, Moscow, 129515

Tel.: + 7 095 215 4643 / 215 4538

Fax: + 7 095 215 8356

E-mail: info@dtv.ru

URL: http://www.dtv.ru

General Director: Mark Luik

Production Companies

VID Television Company

Telekompania VID

Mailing Address: Akademika Koroleva Street 12, Moscow, 127000

Tel.: + 7 095 215 1115

Fax: + 7 095 217 9869

E-mail: vid@vid.ru

URL: http://www.vid.ru/eng/home.htm

General Director: Larisa Sinelshchikova

General Producer: Andrei Razbash

ATV Television Company

Telekompania ATV (Avtorskoye Televidenie)

Mailing Address: 2nd Kazachy Lane 11, Bldg. 1, Moscow, 109180

Tel.: + 7 095 959 1280 / 959 1283

Fax: + 7 095 953 5937

E-mail: atv@atv.ru

URL: http://www.atv.ru

General Director: Anatoly Malkin

Editor-in-Chief: Kira Proshutinskaya

New Russian Series

Novy Russky Serial

Mailing Address: Bolshoy Palashevsky Lane 5/1, Moscow, 103104

Tel.: + 7 095 969 2393

Fax: + 7 095 933 7412

General Director: Andrei Kamorin

Dixi Film Company

Kinokompania Dixi

Mailing Address: Lubyansky Drive 19, Bldg. 2, Moscow, 101000

Tel.: + 7 095 921 6156

Fax: + 7 095 928 3716

E-mail: jana@dixi.mail.ru

General Director: Yefim Lyubinsky

Deputy General Director: Yana Kostylyova

Rekun Film Company

Kinokompania Rekun

Mailing Address: Mosfilmovskaya Street 1, Room 318, Moscow, 119285

Tel.: + 7 095 939 9424 / 143 9199

Fax: + 7 095 939 9424

E-mail: racoonfilm@mosfilm.ru

Director: Ilya Neretin

Pro-Cinema Production

Mailing Address: Mosfilmovskaya Street 1, Room 455, Moscow, 119992

Tel./Fax: + 7 095 143 9537 / 143 9322

Director: Dmitry Sidorov

TriTe Studio

Mailing Address: Maly Kozikhinsky Lane 11, Moscow, 103001

Tel.: + 7 095 299 3102 / 299 5071

Fax: + 7 095 299 0901

E-mail: trite@co.ru

General Director: Leonid Vereshchagin

Phoenix Film Company

Kompania Feniks Film

Mailing Address: Zoologicheskaya Street 26, Bldg. 2, Moscow, 123056

Tel./Fax: + 7 095 363 6249 / 254 5732

General Director, Sergei Skvortsov

Central Partnership

Mailing Address: 55/25 Pyatnitskaya Street 55/25, Moscow

Tel.: + 7 095 777 4961

URL: http://centpart.grc.ru/

President: Rouben Dishdishian

A-Media Group

Mailing Address: Gasheka Street 7, Moscow, 123056

Tel.: + 7 095 725 8177

Fax: + 7 095 725 8178

URL: www.amediagroup.ru

President: Alexander Akopov

2-B-2

Mailing Adress: Karavannaya Street 12, St.Petersburg, 191011

Tel.: + 7 812 108 1419

Fax: + 7 812 232 8881

Creative Director: Vladimir Bortko

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RAMED. 2002b. *Russian Media Industry Report*. In English. Moscow: Russian-American Media Entrepreneurship Dialogue.

RAMED. 2002c. *Television in Russia: Economic Analysis.* In English. Moscow: Russian-American Media Entrepreneurship Dialogue.

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Vinokurov, G.V., Rikhter, A.G. 2001. *Pravo na informatsiu: Rossiiskoie zakononotvorchestvo o SMI v 1999-2000 gg. v kontekste zapadnoevrjpeiskikh snandartov svobody slova / The Right for Information: Russian Mass Media Legislation in 1999-2000 in Comparison to Western European Standards for Freedom of Speech*. Moscow: Media Law and Policy Institute. In Russian.

Vinokurov, G.V., Rikhter, A.G., Chernyshov, V.V. 2000. *Pravovoye regulirovanie kontsentratsii i prozrachnosti SMI / Legal Regulation of Media Concentration and Transparency*. Moscow: Media Law and Policy Institute. In Russian.