euro POLIS

Journal of Political Analysis and Theory

Issue 3 July 2008

Work in Progress

The Concentration of Media Ownership in Romania: Supporting or Challenging Pluralism and Media Freedom?

Adina Baya

ISSN: 1582-4969
Edited and published by the:
Centre for Political Analysis
Department of Political Science
Babes-Bolyai University

revista.europolis@yahoo.com
http://www.polito.ubbcluj.ro/cpa/rev/europolis.html

The Concentration of Media Ownership in Romania: Supporting or Challenging Pluralism and Media Freedom?

Adina Baya
West University of Timisoara, Romania*

Abstract
Increased debate has been developed in recent years on how the reconfiguration of media ownership affects media content, and especially on whether the concentration of ownership supports or challenges pluralism and media freedom. The current paper aims to analyze this topic in the particular case of Romania, one of EU's newest members and a market where consolidation of media ownership is currently an ongoing process. My undertaking starts from the framing of general arguments used in the debate pro and against consolidation of ownership in the media field. It then proceeds to an extensive analysis of the Romanian media market, its regulations and regional specificities, for the purpose of assessing the ongoing consolidation trends. Finally, it makes extensive use of the empirical insights offered by a set of interviews with Romanian media analysts, with the aim of drawing conclusions pertaining to the main research question: Does the concentration of ownership support or challenge media freedom and pluralism in Romania? Findings will indicate that concentration of media ownership is not a negative tendency in itself, but corroborated with regional specificities –such as lack of transparency in ownership and funding, poor implementation of the legislative framework and the unclear division between editorial and business policies inside media outlets – which might become a source of concern.

The Consolidation of the Media Market: A Problem or Not?

Debates about the concentration of media ownership and a possible means of regulating it have been for some time now on the EU agenda. The Green Paper on media concentration and pluralism (EC 1992) and the two draft proposals for a Media Pluralism and then a Media Ownership Directive were subjects for debate throughout the 1990s. In addition, extensive literature has been written by scholars worldwide about the topic, different authors taking sides concerning the impact of concentration on democracy, conducting active discussions such as the ones on the online forum hosted by OpenDemocracy.com

* The current article is part of a larger research project started by the author during a one-year postgraduate program at the Central European University in Budapest.

(OpenDemocracy ND). Generally speaking, coming to a definite conclusion as far as media ownership regulation is concerned proved to be a difficult task.

Why Is the Media Market Different from Others? Sector Specificities and Subsequent Hardships in Regulation

In discussing the regulation of media markets, an active debate is conducted between advocates of policies who rely mostly on competition law for the prevention or sanctioning of anti-competitive practices, and supporters of a more complex approach to media regulation. The latter concept starts from the assumption that treating media as just another economic sector is not enough to ensure a successful protection of pluralism and diversity. *Why does a perfectly competitive media market not guarantee that the public has access to diverse information?*

First, an argument often used in this concern is the "Hotelling effect", a phenomenon that defines the tendency of a limited number of companies on a specific market to opt for uniformity in the range of provided services, with the purpose of targeting a similar middle ground and maximizing sales (Craufurd-Smith 2004). In media terms, this is equivalent to a convergence of programming content, best illustrated by cases such as the simultaneous broadcasting of the O.J. Simpson trial on seven different channels in the United States (Collins & Murroni 1996). However, this example might be regarded as biased because it focuses on the single example of headline news and not on overall analyses of programming content. In addition, it does not explain the emergence and strong performance of niche channels.

Second, one aspect usually regarded as an indicator of good competition is substitutability. In other words, the consumer needs to have access to products that can be substituted for one another and are thus engaged in competition. However, the same logic is not easily applicable to the media market. As opposed to other markets, which can be regulated without difficulties by competition law due to their homogeneity, media markets are heterogeneous and therefore require a different approach. Moreover, whereas in other markets consumers can be served by close substitutes when a provider goes out of business, media consumers might not find acceptable substitutes in case a newspaper or a television channel they value goes out of the market (Collins & Murroni 1996). However, dividing markets into homogeneous and heterogeneous is always a difficult task and it might be argued that there are other markets which show a lot of diversity too.

Third, there is simply no clear correlation between the number of owners in a media market and the diversity of content. In addition, it is sometimes argued that pluralism in terms of content is more likely to be accomplished in cases of concentration rather than the fragmentation of ownership, mostly because such media companies can afford the risk of niche channels from the profit they get from other popular services (Craufurd-Smith 2004).

All in all, what remains a fact is that, unlike what is the case in other markets, the media affects in a decisive manner the way society is perceived by its citizens and determines their level of civic participation (extensive research on that has been done by Peter Dahlgren, Robert Putnam and Pippa Norris). For this reason, many argue that the competition law is helpful but not sufficient for the regulation of media markets (Collins & Murroni 1996; Craufurd-Smith 2004; Doyle 1997; McQuail & Siune 1997).

The conflicting views on what type of provisions should complement the competition laws raise difficulties in the regulation of ownership in the media market. In what follows I look at some of the hardships encountered by the EU in its attempt to adopt such regulations. I chose this example and not others, such as the US for instance, starting from the assumption that the EU legal framework generally functions as a regulatory guide for its members, including Romania.

At the current moment, the EU legal framework lacks specific stipulations regarding media ownership. Existing debates indicate that the subject is on the agenda, but no binding document has been issued in this respect. However, a few steps were made in this direction.

The Green Paper on media concentration and pluralism was the first policy document to assess the phenomenon of concentration at the EU-level and to suggest two possible measures: one implied no action at European level, and the other involved specific actions at EU level, either through an increase in the level of ownership transparency or through the harmonization of laws by means of a regulation or directive (EC 1992). It seems that the first option has prevailed because the Green Paper did not lead to the issuing of any binding document. That was mainly due to the conflicting views across Europe about what the aims and substance of a supranational policy on media ownership should be (Doyle 1997).

Furthermore, two draft proposals attempting to tackle the issue were published: one for a Media Pluralism Directive in 1996, and another for a Media Ownership Directive in 1997. The former proposed a clear upper limit of 30% for monomedia ownership in radio and television and a 10% upper limit for total media ownership on the overall market in which an outlet is operating (TV, radio and print). Although these limits did not seem "unreasonable" (Doyle 1997, p.7), there were some problems related to their implementation on a pan-European basis, mostly due to different-sized markets supporting different levels of diversity in terms of ownership. In Finland, for example, the market was already split between two broadcasters, each with more than 30% share (Doyle 1997).

The revised version of the first draft published in 1997 as a proposal for a Media Ownership Directive introduced a "flexibility clause", leaving national markets more discretion in dealing with ownership cases exceeding the initial upper limits, and allowing them to apply other "appropriate measures" for the protection of pluralism (Doyle 1997). In other words, the new draft moved away from a common set of rules to be applied on all markets and thereby made the whole point of harmonization seem rather futile.

The failure of these EU initiatives has been attributed by some to "pressure from private interests that were against any policy that was potentially more restricting than that which was within the competition law" (Sarikakis 2004, p.155) or to "increased politicization and the loss of support of large industry as a result" (Harcourt 2005, p.115). A more complex set of reasons is analyzed by Craufurd-Smith (2005) as residing in 1) a lack of political will, resulting from conflicting opinions as to whether this should be a matter of domestic or European resolution, 2) the complexity of addressing media ownership at a supranational level, considering the diversity of national markets and 3) the divergent views inside the Community institutions themselves as to whether action is indeed required.

In the absence of any regulation or directive on media ownership, the legal instruments that are frequently used instead at EU level are related to the ones of the competition law: 1) Articles 81, 82 and 86 from the EC Treaty, prohibiting anti-competitive activities and dominant positions, and 2) the Merger Regulation, establishing, *inter alia*, thresholds in the combined turnover of merging companies and their consequent obligation to notify the DG Competition (Harcourt 2005).

Media Concentration: A Problem or Not? A Review of Arguments Used in the Scholarly Literature

Following the analysis of attempts to regulate media ownership on the EU market, I will now turn to the more general debate that has developed on the subject of media concentration, thus going back to the alleged link between ownership structure and media pluralism, and analyzing the arguments behind regulations.

Briefly put, researchers are divided into two sides; one supporting and the other opposing the benefits of media ownership concentration. Scholarly authors have appeared as radical defenders in both parts. On the one hand, Robert McChesney (2002; 2002a; 2003) views the nature of current global media market policies as anti-democratic because they allow oligopolistic dominance and, in addition, are elaborated through a corrupt and non-transparent mechanism allegedly meant to accomplish the will of multinational corporations. Similar views are adopted by, among others, Noam Chomsky and Ben Bagdikian (1997).

On the other hand, Benjamin Compaine (2002; 2005) not only refutes McChesney's arguments, but he also establishes a full demonstration leading to the conclusion that concentration does not even exist as a trend in global media because the past years have seen both some large corporations rising and some other falling out of the market, thus maintaining a healthy balance. A comparable approach in demolishing the media monopoly myth is taken by David Elstein (2002) who looks at cases of unsuccessful extension of media groups outside national borders, thus refuting theories of global dominance.

As both of the arguments presented above show radical extremes in the debate, many analysts are skeptical about adopting either of them and situate themselves on more neutral grounds, observing and adding less polarized opinions to the discussion. In what follows, I will establish a list of arguments used by both sides on the debate (concisely summarized by Meier & Trappel in McQuail & Siune 1998, p. 43-45). Here are the lines of reasoning that often come up in the literature that focuses on the benefits of having a monopolistic or oligopolistic media market:

- The logic behind the economies of scale and scope is for the media companies to keep on developing. Therefore, growth is a measure of success and a monopoly or oligopoly is a natural tendency in capitalistic economic systems.
- The consolidation of production leads to the minimization of costs and prices (by sharing resources), and therefore it benefits consumers.
- Consolidated media groups have the financial power to support technological innovation and are more likely to afford the promotion of quality journalism, when compared with smaller companies. In addition, financial power allows them to better protect their independence and autonomy from political or economic pressure. Thus, they can afford to promote bolder reporting without the fear of pressure from local authorities.

- A concentrated national market can face global competition better. This applies particularly in the case of EU's efforts to be in line with the goals established through the Lisbon agenda.

- A number of economic advantages are gained by entrepreneurs who seek to consolidate their market positions: taking over a company is easier than building a new one; large companies enjoy preferential treatment in terms of loans, several financial benefits, as well as better placement for tenders in public procurement; large companies survive better in times of economic recession.

On the other side of the debate, the advocates of competitive, non-monopolistic markets often use the following set of reasons:

- The number of sources of information shrinks and there is greater uniformity of content on concentrated markets.

- Competition ensures editors their independence from political pressure, and makes them more accountable and responsive, thus working toward the public interest. Competition also increases the overall quality and coverage of news.

- Less competition or cross-media ownership means less quality and less quantity of news.

- There is no evidence that monopolistic markets bring any economic benefits to the consumers. On the contrary, they often pay higher prices for media products.

- Dominant media companies can use cross-subsidies as a means for cutting prices and throwing competitors out of the market.

A few common arguments are paradoxically adopted by both sides in the debate, resulting from the two lists above. Both claim that pluralism and independence are connected with changes in ownership configuration. The advocates of concentration maintain the idea that only consolidated media groups can afford to be independent and do non-partisan journalism, whereas the supporters of fragmented media markets claim that only in an environment abounding in media outlets is there an incentive for the quality of journalism to increase and it is more difficult to apply overall censorship.

The contradictory statements stem from a large gap that exists in the research dealing with the impact of media ownership on media content. The fact is that no clear general effects of ownership changes on content have been established up to now (McQuail 1992). In other words, there is "no immediate link between content quality and the competitive situation of the market" (McQuail & Siune 1998, p. 55). Extensive content analysis undertaken on the United States media using a variety of research designs –like before and after an outlet loses a competitor, before and after it is acquired by a larger group or on outlets in monopolistic markets vs. outlets in competitive markets– has brought "little conclusive evidence of effect from ownership conditions" (McQuail 1992, p.116). A reason for this might be the use of the rules which apply in professional journalism and that are responsible for the suppression of any potential effects from ownership structure (McQuail 1992).

However, this argument may operate in the case of a media with well-established journalistic practices, such as the American one, but in the case of Romania things should be reconsidered. As observed by many regional analysts (Gross 1996; Sukosd & Bajomi-Lazar 2003; Hrvatin & Petkovic 2004; Jakubowicz 2007), the quality of journalistic schools founded in post-communist countries from Central and Eastern Europe, and consequently the professional standards applied by journalists, are still lagging well behind the Western ones. As illustrated in the case of the TV station *Antena 3*, where in May 2007 the owner Dan Voiculescu phoned in during a live TV show and intervened to defend himself because the invited speaker –former Ministry of Justice Monica Macovei– made damaging remarks regarding his person (see Tuca interview,) owners often overlook professional standards and actively intervene in the creation of media content. Unfortunately, except for separate cases such as Voiculescu's, there are no overall studies measuring the length of this phenomenon in the whole Romanian media.

Therefore, without any hard evidence of media concentration affecting media content and consequently the opinions of the audience, is there any reason to keep an on-going debate about concentration? James Curran (2002) combines the approaches established by McQuail & Siune (1998) for the analysis of concentration and says yes, there is. The author claims that, on the one hand, the debate is important because the concentration of power does lead to a distortion of the democratic process and this is clearly illustrated by how the success of Silvio Berlusconi was backed by his media empire. On the other hand, Curran also claims the importance of the debate because large media group owners tend to use their power to promote their own interests or views. The author gives the example of Rupert Murdoch who founded the conservative Fox News in the United States, a TV station whose programming policy is impacted by the owner's political views. Curran's last argument is that concentration does stifle competition and erects high market barriers, like in the case of the British print market, whose oligopolistic structure has made it impossible for any new independent newspaper to be launched and to stay independent for the past 70 years (2002).

Additional Arguments Applying to the Post-communist Region

Most of the arguments mentioned above focus generally on the Western media market. Below are a few additional specificities that should be taken into consideration when discussing post-communist media markets in Central and Eastern Europe (Hrvatin & Petkovic 2004; Jakubowicz 2007; Sukosd & Bajomi-Lazar 2003), as well as how they are reproduced in the case of Romania:

- Media markets are small and fragmented, and this can be brought as an argument pro concentration.
- Due to small revenues from advertising, media institutions are not thriving, so they can rarely support financially the practice of quality journalism. Media analysts discuss the often low professional performance of journalists, their lack of professional standards and the fact that their contracts offer little editorial independence (see Martin 2005), which can result in a non-confrontational compliance

with the owner's instructions, as well as the practice of self-censorship.

- There is a lack of legal provisions on media concentration, or even when such laws exist, their implementation mechanisms are sometimes ineffective. In addition, real ownership can often be undisclosed, which makes the task of evaluating the exact size of his media group very difficult.

- Local markets are particularly weak, which makes monopolies a rule rather than an exception in these cases. Cases illustrating the biased reporting that results from monopolies in local media are presented by several reports on the Romanian media market (see RWB 2004, MMA 2006).

- There is a frequently unclear division between business and editorial management and the contracts of journalists are not always conceived so as to protect their independence.

Starting from the theoretical aspects presented above, I will now turn analyze how they apply in the particular case of the Romanian media market.

The Romanian Media Market: Who Are the Main Players?

This section provides a description of the main media groups that are currently active on the market, as well as their ensuing market shares. The overview will be divided by the three sectors under scrutiny: print, radio and television. The market share data will be presented for the purpose of drawing a set of more general inferences related to market concentration, both from a single and from a cross-sector perspective. The figures employed are based on statistics from 2006 provided for individual media outlets by the Romanian Bureau of Auditing Print Runs (BRAT – Biroul Roman de Audit al Tirajelor), the Association for Radio Audiences (ARA – Asociatia pentru Radio Audienta) and the Romanian Association of Measuring TV Audiences (ARMA – Asociatia Romana de Masurare a Audientelor). These institutions are in charge of a sector-based analysis of each market and hence they proved insufficient for the analytical purposes of this research.

Therefore, I chose to use the average results compiled by media analyst Comanescu from the official data and published on a well-known industry website: Romanian Media Explained (www.comanescu.ro) and included in several other press articles. The figures resulting from his analysis are corroborated with the ownership data supplied by the National Council of Audiovisual (NCA), which functions as an industry regulator, and by MediaIndex, an online database established by an NGO called Media Monitoring Agency (www.mediaindex.ro).
After an overview of the main media groups and their market shares, I will also discuss the limitations of this study due to issues of transparency in terms of ownership and funding of media institutions.

Main Groups

1. MediaPro Group was built around the first commercial television to reach Romanians nationwide, *ProTV,* which was launched in 1994 by the multinational company Central European Media Enterprises (CME). Because foreign ownership was forbidden in Romania at the time, the local film director and businessman Adrian Sarbu became the official licensee (EUMAP 2005, p.1281). In time, the legislation changed and CME, a company that also owns a number of other television companies in Croatia, Slovakia, Slovenia, Ukraine and the Czech Republic, managed to hold more and more shares. By 2007, it ended up having a majority of 95% from the total amount of shares (Financial Daily, 2007), the rest still being the property of Adrian Sarbu, who also manages the group.

During the past 12 years, CME built a strong group around *ProTV*, which now includes four other television stations, each targeting niche audiences (*ProTV International, Acasa TV*, *Pro Cinema* and *TV Sport*), two national radio stations (*Info Pro* and *ProFM*), the most influential news agency in Romania (*Mediafax*), as well as several other national newspapers and magazines, part of which are national editions of international press (*Gandul, Ziarul Financiar, Business Magazin, Maxim, Promotor, Playboy, Ce se intampla doctore?, Descopera, Go4it*), plus a number of local dailies. In addition, the group also has its own publishing company (*Publimedia*), owns a music production (*MediaPro*

Music) and a film production company (*MediaPro Pictures*) and a news website (*Infopolitic.ro*).

Although seemingly thriving across numerous media sectors, the Media Pro Group has often been accused of generating its rapid growth by accumulating a huge debt towards the Romanian government. The implications of this have attracted the criticism of the EC, which defined *ProTV* as "dependent on the goodwill of the Romanian authorities" in the 2002 Regular Report on Romania's Progress toward Accession (EUMAP 2005).

2. **Intact Group** has developed around the TV station *Antena 1,* established in 1993 and representing the main competitor of *ProTv* on the national market. Its majority of shares are owned by the family of businessman and Senator Dan Voiculescu, the founder and leader of the Conservative Party. Although it is an organization with small political power (it received less than 5% of the votes at the elections of 2004), this party was regarded as a key coalition partner by both the opposition and the governing party during the elections campaign. In addition to *Antena 1*, Intact Group includes four other televisions targeting niche audiences (*Antena International, Antena 3, Antena 2* and *Euforia TV*), one radio station with a mostly urban coverage (*Radio Romantic*), a news agency (*Amos News*) and several printed periodicals (*Jurnalul National, Saptamana Financiara, Gazeta Sporturilor, Tango, Top Gear, Good Food*). The group also has its own publishing house (*Tipografia Intact*) and production house (*Intact Production*).

3. Realitatea Media is one of the most spectacular new-comers on the market. Unlike the previous examples, whose business models are based on a gradual growth and the reproduction of media channels, this group extended following a series of mergers and acquisitions (MediaSind 2006.) The starting point was the all-news television station *Realitatea TV*, around which an important group gradually developed. The main official shareholder, according to data on the industry regulator's website, is a virtually unknown character in the Romanian public life: Vitalie Dobanda. In the past year alone, the Realitatea Media group merged with another large print press group called *Catavencu*, which included several well-known dailies, weeklies and niche magazines (*Cotidianul, Academia Catavencu, Tabu, 24 Fun, Superbebe, Bucataria pentru toti, Aventuri la pescuit, Idei in dialog, I&P*), and a radio station with a mostly urban coverage (*Radio Guerilla.*) The group also acquired a news agency (*NewsIn*) and founded a new television station (*The Money Channel.*)

4. **Ringier Romania** was established in 1992 as part of the Swiss-based multinational media network owned by businessman Michael Ringier's family, with branches in 5 European and 3 Asian countries. Its development started with the acquisition of the economic weekly *Capital* and continued with almost yearly launches and acquisitions of new print media outlets (www.ringier.ro). The company now has the most impressive portfolio in this particular sector, covering a large numbers of genres and niche audiences, including the best-sold newspaper in Romania –the tabloid *Libertatea*– one of the most famous generalist dailies (*Evenimentul Zilei*) and sports magazines (*Pro Sport*), a free newspaper (*Compact*), several women's magazines (*Bolero, Lumea Femeilor, Unica*), youth magazines (*Bravo* and *Bravo Girl*), and TV guides (*TV Mania* and *TV Satelit.*) Although until 2007 the Romanian branch of the multinational group Ringier had developed only on the print media market, starting with this year a cross-sector development seems to have been adopted as a business approach. A press release published on the company's website in January 2007 (Ringier 2007) announced that Ringier Romania is joining forces with Dogan Media International, which is the local branch of the Turkish media mogul Dogan Yayin Holding AS, to establish a new television station with national coverage in Romania, called *Kanal D*. Ringier is to own 25% of this new outlet.

5. **Satiricon** is another company with a stunning expansion on the Romanian media market, as in the last year alone it acquired one of the most popular national dailies (*Adevarul*) and a tabloid (formerly known as *Averea*, now named *Click.*) In addition, Satiricon is also now behind three cultural periodicals –*Dilema veche, Romania literara* and *Plai cu boi*– the first of which, although not reaching spectacular print runs, is particularly known for its popularity among intellectual expats. The majority of shares in the Satiricon group are owned by Dinu Patriciu, a businessman and Liberal Party politician.

6. The **Prima Broadcasting Group** started from the founding of the *Prima TV* station in the late 1990s by an American businessman of Romanian origin, Cristian Burci, who later entered in association with SBS Broadcasting Media. The latter is an important player on the European media market, owning a network of TV stations in Sweden, Denmark, the Netherlands, Belgium, Norway, Finland, Bulgaria and Hungary. SBS Broadcasting started investing more and more into *Prima TV* and had increased its ownership to 100% by 2005 (www.sbsbroadcasting.com.) It now holds the license for both *Prima TV* and the niche station *Kiss TV*, as well as for two radio stations, mostly targeting urban audiences (*Kiss FM* and *Magic FM*.)

7. **Lagardere** is a French-based multinational group with operations in more than 40 countries around the world and an important presence on the Romanian radio market. Up to now, its development has been solely sector-oriented, with the founding of 2 radio stations with national coverage (*Europa FM* and *Radio 21*), but starting with 2007 it seems that the business model will be diversified. Two broadcast licenses for television were acquired by the Romanian branch of Lagardere and are scheduled to be the basis of two new television stations (*Europa 1* and *Europa 2*) starting with the summer of 2007 (Hotnews 2007.)

8. **Centrul National Media (CNM)** is the group with the smallest weight on the cross-media market. It started in 2003 as an investment of Ioan and Viorel Micula, two businessmen who own a large company of alcoholic and soft beverages, called European Drinks, as well as a number of other networks of hotels, banks and food manufacturers. The group now owns three national TV channels (*National TV, N24* and *Favorit TV*), two networks of local radios (*National FM* and *Favorit FM*), one national daily (*Realitatea Romaneasca*), as well as shares in various other local media outlets. Following the fact that none of the Miculas' media investments, though well-funded, managed to gather significant market shares but still continue to function, reports speculate that they only decided to go into the media business to have a cross-media set of outlets that would advertise their alternative fields of business inexpensively (EUMAP 2005.) This assumption is based on the fact that most advertising space buyers for the CNM outlets are companies also owned by the Miculas.

9. **Public Service Broadcasters (PSB)** include the *RTV* network (*RTV 1, RTV 2, RTV International and RTV Culture)*, and the *RR* network, with its local branches in all Romanian major cities, plus several specialized radio stations (*RR Music, RR News, RR Culture, RR Rural.)* Although both PSB networks decreased in audience shares following the rise of commercial broadcasters in the mid 1990s and early 2000s, the following section will show they still own significant market shares in both cases.

Group Market Shares

The following tables show the position of each of the above media groups in terms of their sector-based market share. They are a result of the aggregate analysis of a source compiling data from national institutions in charge of auditing print runs and measuring audiovisual audiences (Comanescu 2006, 2006a, 2007,) and two other sources showing official ownership data in the media industry (www.mediaindex.ro, NCA 2007.) All three provide information about the market in 2006. Unfortunately, no consistent data regarding market shares from the late 1990s or early 2000s is available for all the three sectors chosen for this study, and therefore a cross-tabular analysis is not possible. This is mostly due to the fact that only starting in January 2004 did the national regulator in the audiovisual sector adopt a coherent approach for measuring audiences in radio and TV, by organizing an official tender for the project of national media monitoring with the assistance of ARMA (NCA 2003, p. 26.) Until then this had been generally done individually by media outlets or advertising agencies, lacking a common scheme of evaluation for the entire market. As for the case of the print media, although BRAT, according to information on their official website www.brat.ro, started monitoring print runs in 1998, no overall data in terms of market shares is available.

Table 1. The print market in terms of ownership

Media Group	Market share (%)
Ringier	56

Media Pro	5
Satiricon	5
Intact	15
Others (including Realitatea)	19

Source: Adapted from Comanescu 2006a (based on data provided by BRAT – the Romanian Bureau of Auditing Print Runs) and ownership data from MediaIndex (www.mediaindex.ro)

Table 2. The urban radio market in terms of ownership

Media Group	Market share (%)
Lagardere	30
SBS Broadcasting	21
RR (News, Musical, Cultural, Local radios)	20
MediaPro	9
Intact	2
CNM	1
Others (including Realitatea)	17

Source: Adapted from Comanescu 2006 (based on data provided by ARA – the Association for Radio Audiences) and ownership data from NCA 2007 and MediaIndex (www.mediaindex.ro)

Table 3. The TV market in terms of ownership

Media Group	Market share (%)
Media Pro	26
Intact	15
SBS	4
Centrul National Media	4
Realitatea Media	4
PSB/Romanian Television	22
Others (local and small stations)	25

Source: Adapted from Comanescu 2007 (based on data provided by ARMA – the Romanian Association of Measuring TV Audiences) and ownership data from NCA 2007 and Media Index (www.mediaindex.ro)

Accuracy Issues: Transparency in Ownership and Funding

All the data presented above is based on the official declarations of the owners and gathered by the NCA and by the initiators of the MediaIndex database. However, recent developments from 2006 have shown that this data is not necessarily accurate. Although the Audiovisual Law requires the disclosing of ownership, no effective implementation strategies were undertaken by the NCA in cases where there was an obvious disparity between the official data provided to the Registry of Commerce and the actual groups exercising control over a specific media outlet. One scheme used by some audiovisual media companies to hide their real ownership is registering in foreign tax havens, where shareholding anonymity is allowed by law, such as Cyprus, the Netherlands, the Antilles, the Virgin Islands or the Bahamas (Martin 2005.)

Therefore, before starting to analyze the ownership structures across the three media sectors, some additional information should be taken into consideration. In an article published in February 2006 (EurActiv 2006), the Romanian version of the online EU journal *EurActiv* announced that the key owner of the Realitatea Media group is Sorin Ovidiu Vantu. This contradicted official data available on the NCA website, where the license owner for all the Realitatea Media's audiovisual outlets is the Cyprus-based company Bluelink Communicazione, whose unique shareholder is the businessman Vitalie Dobanda. Well known due to his involvement in one of the biggest financial bankruptcies in the Romanian post-communist era, and still under police investigation, S.O. Vantu publicly admitted that he is the owner of *Realitatea TV*, although the ownership data still published by NCA (NCA 2007) and by the official index of Romanian media owners and journalists, MediaIndex, makes no mention whatsoever of his name. Furthermore, in an appearance on a *Realitatea TV* talk-show that followed his revealing press release (EurActiv 2006), S. O. Vantu admitted that he has been controlling the majority shares for this television station since 2004.

A similar case is the one of *Mediafax*, the news agency used most frequently by the Romanian media as a resource. Widely known as being part of the MediaPro group, *Mediafax* is officially registered as having Mediapro BV from Amsterdam as its main shareholder.

However, investigation at the Chamber of Commerce in Amsterdam has shown that behind this company there is another single company, Treadolo Investment NV, registered in the Dutch Antilles. Both Mediapro BV and Treadolo Investment NV are managed by a unit of the Dutch group ING that specializes in trustee services and that refuses to give any ownership information, invoking confidentiality (Preoteasa 2004.) According to the media analyst who conducted this investigation, the lack of ownership transparency in the case of the most popular news agency in Romania "may call into question the credibility of thousands of pieces of information spread daily countrywide" through national media (Preoteasa 2004, p. 420.)

Another case that revealed disparities between official ownership data and real sponsors was the scandal involving one of the best-selling newspapers in 2005, *Adevarul* (now part of the Satiricon group). Following the death of the main shareholder, Dumitru Tinu, his legal inheritor decided to make changes in the Administrative Board by removing four members, who were also the main political columnists and were largely regarded as influential opinion formers in the Romanian media. As a result, the four resigned from *Adevarul* and established a new daily called *Gandul* (now part of the MediaPro group). This case is particularly interesting for the current study because subsequent to their resignation, the journalists started revealing that the editorial policy of *Adevarul* was practically dictated by the governing party from 2001 to 2004. Concrete evidence was released about how a high-profile politician from the then government, Viorel Hrebenciuc, influenced editorial content and allegedly acquired the majority of shares from *Adevarul* in exchange for 1.7 million dollars in 2002 (MMA 2006, p.9.) Needless to say, his name did not appear in any of the official ownership data regarding *Adevarul*.

The Names Behind the Companies: How Does Ownership Link with Editorial Content?

A regional project undertaken in 2005 by the South East European Network for Professionalization of the Media investigated the business practices and corporate governance carried out in prominent media institutions throughout 11 countries in this part of Europe. The results for Romania (Martin 2005) showed that less than half of the outlets under investigation have a specific policy for the separation of the editorial management from the business one. Martin's research showed that most existing employment contracts do not allow the editorial managers independence, and for this reason several of them "admitted making editorial decisions based on business reasons" (2005, p. 185.)

Although one might argue that the occurrence of owners' influence is frequent in the shaping of editorial policies in many other countries as well, including established democracies, a few recent cases in the Romanian media show interference has gone well beyond just shaping editorial policies. Such cases are 1) taking the show of a local television from Galati off the air because it debated issues that put the owners in an unfavorable light (see Candea interview,) and 2) the firing of journalist Catalin Avramescu from the *Cotidianul* daily and of journalist Victor Roncea from the *Ziua* daily, allegedly due to their political views (see Pacuraru and Preoteasa interview,) as well as 3) owner Voiculescu's radical and offensive intervention during a live show hosted by one of his television stations, in which a guest speaker attacked some of his actions (see Tuca interview.)

The current situation leads to the establishment of a symbiotic relationship between the interests of the owners and the editorial orientation of a media outlet (see Ghinea and Candea interviews.) Evidence from the past few years shows that "media owners often used their outlets for political and economical gains" (MMA 2006, p.7.) In addition, research shows that many of the media companies were not created for profit, but "to exercise influence, to protect business and to attack economic and political adversaries" (Preoteasa 2004, p. 420.) For this reason, according to Avadani (2007,) an emergent question that journalists in Romania should pose when deciding on a job is not "*where* do I want to work?" but "*who* do I want to work for?" Starting with these facts, the next section will look at the names behind the dominating media groups.

The "Big Five" on the Romanian Media Market: Their Controversial Political and Economic Ties

Several reports and articles by media analysts (see Comanescu 2006a, MMA 2006, Avadani 2007, as well as most of the attached interviews) acknowledge the existence of five media owners who have consolidated strong media groups in recent years and announce their intentions to continue the process in the near future. Here is an overview of each of them, along with a short description of the main controversies that surround them (aggregate data from MMA 2006, RWB 2004, EUMAP 2005 and Avadani 2007.)

- **Adrian Sarbu**, the manager of the **MediaPro** group, has managed to build the biggest cross-sector media group in Romania, enjoying the biggest market share on the TV market and the third place in the top of group market shares in both the urban radio and the print media market. Although he is without any obvious political ties, he has been accused of promoting favorable reporting for the governing party during the 2004 elections. A report by the Reporters Without Borders organization highlighted the mysterious way in which the huge debt of unpaid taxes and other state levies of MediaPro group (estimated at 5.7 million euros) was rescheduled again and again. Although other television stations were in somewhat similar situations, MediaPro's situation was particularly prominent, because its debt was approximately 5 times bigger than any others and, unlike the case of the SBS-owned *Prima TV*, there were no collection proceedings scheduled for 2004. In addition, a study carried out by the Media Monitoring Agency, a Romanian NGO, during the election campaign of January 2004 revealed that *Pro TV* and the public service broadcaster, *Romanian Television (RTV)* were primarily presenting news about the ruling party, giving 62% more airtime to the government than to the opposition (RWB 2004, p. 11.) This contradicted data gathered from the monitoring of the rest of the media that showed a more balanced covering of both political sides.

- **Dan Voiculescu**, who owns the **Intact** group together with his family, is the founding leader of the Conservative Party. Before the elections of 2004, his political organization, then called the Humanist

Party, joined the ruling left-wing party, PSD (Social-Democrat Party) as an ally during the campaign. Consequently, Voiculescu's most influential media outlet, the TV station *Antena 1*, adopted what was widely recognized as favorable reporting for the PSD during the campaign. However, following the loss of PSD in the elections, Voiculescu's party changed sides and joined the former opposition: a center-right coalition. Additional debate about Voiculescu relates to his presumable collaboration with the former secret police during the period of communism– a rather sensitive issue in most Eastern European countries (Avadani 2007.)

- **Sorin Ovidiu Vantu**, the real owner of **Realitatea Media** (according to Vantu's personal statements and despite official data available from NCA and MediaIndex,) was for many years under investigation related to an important bank fraud that he participated in the mid 1990s and has been sentenced to two years in prison for forgery. Although the appeal is underway, his reputation is still suffering, especially following the lack of ownership transparency in the case of his media group. With the relatively recent acquisition of the *Catavencu* media group, made up of several niche magazines and the satirical weekly *Academia Catavencu,* which reaches a considerable national audience, as well as the *Guerilla Radio* station (which had not been yet extended in all major urban areas at the time of the above monitoring,) it is still difficult to estimate the exact size of the group. Official market share data (Table 3) shows only 4% from the national TV market. This is not a significant figure in itself but, according to media analyst Manuela Preoteasa (see attached interview,) it becomes significant because *Realitatea TV* is an all-news station regarded as a reliable source of information by many other media outlets, thus having an important role in agenda-setting. In addition, S.O. Vantu's group certainly has an important part of the "Others" category, in both the urban radio and the print market (Table 2 and Table 1,) though it is hard to estimate its exact size.

- **Dinu Patriciu** is the main shareholder of the group **Satiricon,** which is a fairly new presence on the media market. He is a long-term and prominent member of the Liberal Party, as well as the key owner of the top oil company Rompetrol. In the past years he has been involved in several investigations for alleged corruption and illegal business activities, among which the most prominent was his involvement in the "oil-for-food" international program (Financial Daily 2005.) Patriciu's recent media acquisitions did not target so much profitable outlets (perhaps with the exception of *Adevarul* and *Averea/Click*,) but rather prestigious ones, mostly practicing cultural reporting and political analysis for an educated audience.

- **Michael Ringier**, key owner of **Ringier**, is leading a media group with by far the most evidently dominant position on a sector-based market. Starting with the acquisition of the *Libertatea* newspaper (now the best-selling tabloid) and the women's magazine *Lumea Femeilor* weekly in 1994, Ringier continued to extend exponentially by buying and launching several other titles and finally capturing more than half of the print media market. Controversies surrounded the business in 2004, when the group was already dominating what looked like an oligopolistic market but wanted to extend more by buying the popular national daily *Evenimentul Zilei*. Though the Competition Council opposed the acquisition at first, after alleged discussions between Michael Ringier and the then social-democrat prime-minister Adrian Nastase, Ringier was allowed to buy the newspaper. Avoiding non-favorable reporting of the government was allegedly the bargaining chip used by Ringier (Avadani 2007.)

Other players also have important roles in sector-based markets, such as the French group Lagardere with its network of radio stations, or even across several media sectors, such as the Miculas' CNM. In addition, the public service radio with its many branches (*Radio Romania News*, *Cultural*, *Local radios* etc.) and the public service television (*Romanian TV*) still have major presences in the urban radio and television market. However, most reports and analyses of the market agree that the "big five" are the most prominent figures in terms of influence on the market, and observing them is particularly relevant because of their political and economic ties.

Assessing Concentration

Concentration is a term often used by international reports analyzing the Romanian media market (see section 2.2.) However, none of these documents presents concentration as a proven fact, but rather as an ongoing development. A look at the group market shares presented in the previous subsection does not show extreme signs of concentration. The exception would be the print media market, where Ringier is in an obviously dominant position (see Table 1.) Nevertheless, the 56% market share represents an overall figure, whereas in the niche markets (e.g. news media, generalist media, women's magazines etc.) Ringier does not pose any threats to competition, according to the CC (Comanescu 2006a.) The other two markets –television and radio (Table 2 and Table 3) – seem to have a fairly healthy competitive environment, with no actors having more than 30% in terms of market share.

However, all figures assessing market shares are rather vulnerable when confronted with the lack of transparency in ownership and funding. As shown in section 3.1.3, there were several cases of undisclosed real owners. In addition, several mergers and acquisitions produced significant changes in the market configuration in the past two years alone (see 3.2. and Avadani 2007,) and several other similar undertakings are announced for the near future. This confirms the international reports' statements on concentration as an ongoing trend and makes the case for already discussing potential interventions. Finally, if we look across the sectors, we notice actors that have cross-sectors consolidated positions, allowing them to continue consolidation by means of cross-funding and cross-promotion. Whether these positions do pose a threat to pluralism will be a question debated further.

Bibliography

Avadani, I., 2007. Spectacular mergers and acquisitions on the Romanian media market (Asocieri si achizitii spectaculoase pe piata media din Romania). *Le Monde Diplomatique (Romanian edition)*, February 2007, p. 22.

Bagdikian, B. H, 1997. *The media monopoly (5th edition)*. Boston : Beacon Press

Becker, J., 2003. Keeping track of press freedom. In: *European Journal of Communication,* Vol. 18 (1), p. 107-112.

Carey, H.F. (ed.), 2004. *Romania since 1989: politics, economics, and society*. Lanham: Lexington Books

Collins, R. & Murroni, C., 1996. *New Media, New Policies.* Cambridge: Blackwell Publishers Inc.

Comanescu, I., 2006. *Romanian radio stations market shares.* [Online] Romanian Media Explained. Available from: http://www.comanescu.ro/2006/12/09/romanian-radio-stations-market-shares/ [Accessed 15 June 2007]

Comanescu, I., 2006a. *The Big 5 on the Romanian media market.* [Online] Romanian Media Explained. Available from: http://www.comanescu.ro/2006/12/23/the-big-5-on-the-romanian-media-market/#more-137 [Accessed 15 June 2007]

Comanescu, I., 2007. *Romanian television market shares in 2006.* [Online] Romanian Media Explained. Available from: http://www.comanescu.ro/2007/02/21/romanian-televisions-market-shares-in-2006/#more-148 [Accessed 15 June 2007]

Comanescu, I., 2007a. *Romanian internet users: only 3.5 million.* [Online] Romanian Media Explained. Available from: http://www.comanescu.ro/2007/03/09/romanian-internet-users-only-35-million/ [Accessed 25 June 2007]

Compaine, B., 2002. *A world without absolutes* [Online] Open Democracy - Free thinking for the world. Available from: http://www.opendemocracy.net/media-globalmediaownership/article_36.jsp [Accessed 8 June 2007]

Compaine, B., 2005. *The media monopoly myth* [Online] New Millennium Research. Available from: http://www.newmillenniumresearch.org/archive/Final_Compaine_Paper_050205.pdf [Accessed 8 June 2007]

Craufurd Smith, R., 2004. Rethinking European Union competence in the field of media ownership: The internal market, fundamental rights and European citizenship. In: *European Law Review*. Vol. 29, No. 5: 652-673

Craufurd Smith, R., 2005. Preserving and Promoting Media Pluralism and Diversity in Europe: The Role of the European Union. In: Brogi, E., Vodinelic, V. and Gajin, S. (eds.) *Developing a Harmonized Information and Communication Law in Europe*. Centre for Advanced Legal Studies Belgrade, p. 89-116

Curran, J., 2002. *Global media concentration: shifting the argument* [Online] Open Democracy - Free thinking for the world. Available from: http://www.opendemocracy.net/media-globalmediaownership/article_37.jsp [Accessed 8 June 2007]

Doyle, G., 1997. From “Pluralism” to “Ownership”: Europe’s emergent policy on Media Concentrations navigates the doldrums. In: *Journal of Information, Law and Technology,* no. 3, [Online] Available from: http://www2.warwick.ac.uk/fac/soc/law/elj/jilt/1997_3/doyle/ [Accessed 8 June 2007]

EC (European Commission), 1992. *Pluralism and media concentration in the internal market. Commission Green Paper*. Brussels: EC (Com (92) 480)

Elstein D., 2002. *Stumbling Goliaths, dithering Davids: unpicking the mythology of the media mogul* [Online] Open Democracy - Free thinking for the world. Available from: http://www.opendemocracy.net/media-globalmediaownership/article_124.jsp [Accessed 20 June 2007]

EUMAP (EU Monitoring and Advocacy Program), 2005. *Television Across Europe: regulation, policy and independence. Romania.* [Online]. Open Society Institute. Available from http://www.eumap.org/topics/media/television_europe/national/romania/media_rom1.pdf [Accessed 24 November 2006]

EurActiv, 2006. *Sorin Ovidiu Vantu admits he owns Realitatea TV (Sorin Ovidiu Vantu recunoaste ca detine Realitatea TV).* [Online]. EurActiv, 6 February 2006. Available from http://www.euractiv.ro/content/section|readStory/stID_11/pT_stiri/pID_1068/cautareStr_vintu/Sorin-Ovidiu-Vintu-recunoaste-ca-detine-Realitatea-TV.html [Accessed 15 June 2007]

Europa FM, ND. *Europa FM.* [Online]. Available from http://www.europafm.ro/europa-fm/ [Accessed 26 June 2007]

Financial Daily (Ziarul Financiar), 2005. *Scandal in the "oil-for-food" affair (Scandal in dosarul "Petrol contra hrana")*. [Online]. ZF. 31 October 2005. Available from http://www.zf.ro/articol_73679/scandal_in_dosarul__petrol_contra_hrana_.html [Accessed 15 June 2007]

Financial Daily (Ziarul Financiar), 2007. *CME buys 5% from ProTV for 49.8 million dollars (CME cumpara 5% din ProTV pentru 49,8 milioane de dolari)*. [Online]. ZF. 8 June 2007. Available from http://www.zf.ro/print_127927.html [Accessed 15 June 2007]

Freedom House, 2006. *Nations in Transit 2006. Romania.* [Online]. Freedom House. Available at

www.freedomhouse.hu/nitransit/2006/romania2006.pdf [Accessed 24 November 2006]

Harcourt, A., 2005. *The European Union and the regulation of media markets*. New York: Manchester University Press.

Hotnews, 2007. *The Lagardere media group is extending its business in Romania (Grupul media Lagardere se extinde in Romania).* [Online] Hotnews. Non-stop news. Available from: http://www.hotnews.ro/articol_74545-Grupul-de-media-Lagardere-se-extinde-in-Romania.htm [Accessed 15 June 2007]

Hotnews, 2007a. *The Romanian advertising market reached a total value of 320 million euro (Publicitatea romaneasca a atins 320 de milioane de euro).* [Online] Hotnews. Non-stop news. Available from: http://www.hotnews.ro/articol_75541-Publicitatea-romaneasca-a-atins-320-de-milioane-de-euro.htm#plecare [Accessed 15 June 2007]

Hrvatin, S.B. & Petkovic, B., 2004. Regional overview. *In*: SEENPM Peace Institute, *Media Ownership and its Impact on Media Independence and Pluralism.* Ljubljana: SEENPM, 10-38.

Jakubowicz, K., 2006. *Rude awakening: social and media change in Central and Eastern Europe.* Cresskill, N.J. : Hampton Press.

Martin, R., 2005. Romania. *In:* SEENPM & CJI (Center for Independent Journalism, Bucharest), *The Business of Ethics, the Ethics of Business.* Published within SEENPM (South East European Network for Professionalization of the Media). [Online] Availablewww.seenpm.org/index.php?nav=ut.php&p=9 [Accessed 10 June 2007]

McChesney, R., 2002. *It's a wrap? Why media matters to democracy* [Online] Open Democracy - Free thinking for the world. Available from: http://www.opendemocracy.net/media-globalmediaownership/article_61.jsp [Accessed 8 June 2007]

McChesney, R., 2002a. *Our media, not theirs: the democratic struggle against corporate media.* New York: Seven Stories

McChesney, R., 2003. Theses on media deregulation. In: *Media, Culture and Society.*Vol. 25: 125-133. London: Sage

McQuail, D., 1993. *Media Performance: Mass Communications and the Public Interest.* London: Sage.

McQuail, D. & Siune, K., 1998. *Media Policy. Convergence, Concentration & Commerce.* London: Sage.

MediaSind, 2006. *The freedom and independence of the Romanian Press* [Online] MediaSind, member of International Federation of Journalists. Available from: http://www.ifj.org/default.asp?index=4256&Language=EN [Accessed 15 June 2007]

MMA (Media Monitoring Agency), 2006. *Freedom of the press in Romania, 2005 (Libertatea presei in Romania, 2005).* [Online]. MMA. Available from http://www.mma.ro/Comunicate%20de%20presa/Raport_Anual_FreeEx_2005.pdf [Accessed 15 June 2007]

NCA (National Council of Audiovisual), ND. *Role and mission (Rol si misiune).* [Online] NCA. Available from: http://www.cna.ro/desprecna/rolsimisiune.html [Accessed 19 June 2007]

NCA (National Council of Audiovisual), 2003. *Annual report for 2003 (Raport anual 2003.).* [Online] NCA. Available from: http://www.cna.ro/activitate/rapanual/raport_cna_2003.pdf [Accessed 15 June 2007]

NCA (National Council of Audiovisual), 2007. *The owners of radio and TV stations in Romania (Proprietarii posturilor radio-TV din Romania).* [Online] NCA. Available from: http://www.cna.ro/licente/informatiilicente.html [Accessed 15 June 2007]

OpenDemocracy, ND. *Global Media Ownership*. [Online] Open Democracy - Free thinking for the world. Available from: http://www.opendemocracy.net/media-globalmediaownership/debate.jsp [Accessed 10 June 2007]

OSI (Open Society Institute), 2006. *Annual opinion poll (Barometrul de opinie publica)*. [Online] OSI. The Gallup Organization. Available from: http://www.osf.ro/ro/publicatii.php?id_cat=2 [Accessed 10 June 2007]

Preoteasa, M., 2004, Romania. *In*: SEENPM Peace Institute, *Media Ownership and its Impact on Media Independence and Pluralism.* Ljubljana: SEENPM, 404-424.

Ringier, 2006. *Ringier AG and Dogan Yayin Holding AS join forces and invest together (…) (Ringier AG si Dogan Yayin Holding AS isi unesc fortele si investesc impreuna (…))* [Online]. Ringier. Available from http://www.ringier.ro/index.php?req=media&id=23 [Accessed 19 June 2007]

Romanian Competition Council, ND. *Role. Structure. Attributions* [Online]. Competition Council. Available from http://www.competition.ro/en/index1.asp?lang=en# [Accessed 19 June 2007]

Romanian Competition Council, 2005. *The most important economic sectors in Romania seen from the perspective of competition. (Lista sectoarelor esentiale pentru economia romaneasca din punct de vedere concurential).* [Online]. Competition Council. Available from http://www.competition.ro/Publicatii/Sectoare%20esentiale%20ROMOD.pdf [Accessed 24 November 2006]

Romanian Competition Council, 2006. *Decision no.221 from 20.11.2006 regarding the economic concentration by which Realitatea Media will achieve the sole control over the Catavencu group of undertakings.* [Online]. Competition Council. Available from http://www.competition.ro/en/decizii/2006/221.pdf [Accessed 19 June 2007]

RP (Romanian Parliament). 1996. *Competition Law (Law no. 21 / 10 April 1996)* [Online]. Romanian Parliament. Available from http://www.competition.ro/en/Diverse/l21_1996_mod.pdf [Accessed 19 June 2007]

RP (Romanian Parliament). 2002. *Audiovisual Law (Law no. 504 / 11 July 2002)* [Online]. Romanian Parliament. Available from http://www.cna.ro/legislatie.html [Accessed 19 June 2007]

RWB (Reporters Without Borders), 2004. *Caught Between Old Habits and Democratic Strides: Romanian Press at a Crossroads.* [Online]. RWB. Available from http://www.rsf.org/article.php3?id_article=10092 [Accessed 15 June 2007]

Sarikakis, K., 2004. *Powers in media policy: the challenge of the European Parliament*. New York: Peter Lang

Sukosd, M. & Bajomi-Lazar, P., 2003. *Reinventing media : media policy reform in East-Central Europe*, Budapest: CEU Press.