



EUROPEAN TELEVISION DIALOGUE 2007 on November 22 in Berlin

Synopsis for the PRESS

Panel I: „EU-accession: The changing media landscapes of Bulgaria and Romania“

„Foreign investors structure the Bulgarian and Romanian media markets“

Moderator:

- Dr. Franz Stark, TV journalist ARD and expert for the Balkans

Panel Guests:

- Ioana Avadani, CEO Centre for Independent Journalism, Romania
- Sevda Shishmanova, Board Member of public TV station BNT, Bulgaria
- Pavel Stantchev, Executive Director of private TV station Nova TV, Bulgaria
- Ognian Zlatev, CEO Media Development Centre, Bulgaria

Discussion:

In his opening speech German Foreign Minister **Frank-Walter Steinmeier** made the pointed remark that we “know more about the back side of the moon than about media landscapes in Eastern Europe”. Dr. Franz Stark additionally quoted sociologist Niklas Luhmann who once said that “the things we know about the whole world are things we know through mass media”.

Sevda **Shishmanova** explained the **situation of the Bulgarian TV market:**

Bulgaria has three terrestrial and more than 340 cable TV stations. There are three main players in the market: BTV which is owned by Murdoch, Nova TV which is owned by the Greek TV chain Antenna and the only public TV station BNT. BNT’s financing is based on government subsidies and advertising revenues. Advertising airtime is regularized: BNT is allowed to air 15 minutes of commercials within 24 hours. Private TV stations are allowed to air 12 minutes per hour.

The Bulgarian TV market is faced to the upcoming three important changes:

- 1) The planned digitalization of radio and television.
- 2) New licensing and registration procedures will be introduced to make the TV landscape more transparent.
- 3) The expansion of the advertising industry. So far co-operations between the media and the advertising industry do not exist due to legal restrictions.

Shismanova criticizes the **imbalance between BNT and private TV stations:** The public channel BNT needs a new financing plan.

Ognian **Zlatev** confirms the need for new broadcasting laws. The planned radio and television funds financed by fees are still not realized. Public television is still financed by government subsidies and can therefore not act independently.

A more balanced relationship between public and private TV stations prevails in **Romania**.

After 1989, the media exploded and “a crowded market with weak players” was the result. Iona Avadani

wonders whether this liberal approach in the nineties was valuable for the Romanian market. Many of the 236 Romanian TV channels nowadays work on a **local level** and are owned by Romanians. Most of these small channels (also known as "bunnies") are local only on the paper though. They joined bigger networks because otherwise they would not have the economic power to survive. For the future, the Romanian media industry should debate how to reform the market strategically. The upcoming digitalization holds the chance of reshaping the Romanian media market. Avadani regrets that although analogue TV is to be shutdown by 2012, nothing has been done so far to set up new structures.

The situation of **freedom of the press in Romania** has not improved since the accession to the European Union early this year. On the contrary, even more laws which restrict journalists have been passed in 2007. Avadani demands "help and assistance and pressure" from the EU in this regard. Also the economic situation of journalists is bad: they are generally employed on a fee basis and payment is very low.

The **freedom of the press** is in a better position **in Bulgaria**. According to **Stantchev** Nova TV resists to pressure in terms of censorship, all in all there is a relatively independent work environment for journalists. Stantchev regrets that in fact there is a system of self-censorship in Bulgaria because journalists fear of getting their employer or publisher into trouble by writing critical articles. Furthermore, the Bulgarian regulatory authority is not independent: five out of nine members are appointed by parliament and the other four are nominated by the president. Zlatev therefore hopes for better regulations in the new broadcasting law.

In regards to transparency and the structure of ownership all panelists welcome the **presence of foreign investors** in their markets. According to Stantchev, these investors bring about financial stability, the necessary know-how and a better political starting position. Avadani stressed that transparency has increased. Shishmanova affirmed that the market had expanded as a result of the foreign presence and thus also European productions experienced distribution in Bulgaria. Zlatev underlined the improved conditions of employment for journalists.

Lastly, the **situation of minorities** in Bulgarian and Romanian media was discussed. The Hungarian minority in Romania and the Turkish minority in Bulgaria are supplied with special media, largely from Hungary and Turkey. In both countries the supply of Romanies with media and thereto related problems are similar: newspaper projects failed due to the high rate of illiteracy among Romanies, TV and radio programs have been stopped because the budget for it had just disappeared. Therefore there is hardly any supply of Romanies with media in practice.

Panel II: „IPTV in Central and Eastern Europe“

„Come to Russia and you will see the digital future of Western Europe“.

Moderator:

- Alexander van Dülmen, CEO of A Company Consulting & Licensing AG, Managing Director of Eastern European Acquisition Pool, Germany

Panel Guests:

- Guido Baumhauer, Director of Distribution Deutsche Welle, Germany
- Elmar Heggen, CFO and Head of the Corporate Centre of RTL Group, Luxemburg
- Ferdinand Kayser, CEO SES Astra, Luxemburg
- Wojciech Kostrzewa, President and CEO of ITI Group, Poland
- Vitaly Shub, Deputy General Director of Sistema Mass Media, Russia
- Michael Westphal, CEO of the IPTV-channel tv1.de, Germany

Discussion:

The discussion started with several **definitions of the term IPTV**. The experts could not agree on a consistent definition. **Westphal** sees IPTV as basically characterized by location-independent use. In his eyes internet is just one of several possible and similar ways of distribution. **Heggen** in contrast states that

mobile TV cannot be equated with IPTV.

Sistema uses the existing telephone infrastructure to distribute IPTV in Russia because distributing via satellite would be too expensive. The huge increases of IPTV offers in Russian metropolitan areas reflect **Shub's** statements. According to **Kayser** most of the households in Central and Eastern Europe are still equipped with analogue TV. When the analogue system will be switched to a digital system presumably in 2012 "all providers have to be well-prepared for all technical ways of transmittal" – the race for the future way of transmittal is still wide open.

Another difference to the classical TV is the decoupling of a linear program flow – everyone will be able to compose his own program. Programs which you would have missed on "normal" television can be watched retrospectively just like on a recorder – but wherever you are. IPTV therefore requires an active and selecting user. According to **Kostrzewa** we are more and more becoming an on-demand-society.

Communication via IPTV is not any longer unidirectional like communication via classical TV. A feedback channel on the user's side enables communication in both directions.

In regards to the **target group of IPTV** the panelists are aware that special age groups will not be reached by IPTV. Moreover, IPTV-contents will not any longer target people in a certain region (like nations) but rather people within a certain language family (which can be scattered all over the world). **Westphal** expects a revolution of the advertising industry caused by IPTV. Advertising campaigns on IPTV can be much more target-oriented and adapted to special communities.

The internet per se is definitely seen as a means of encouraging the dialogue between the East and the West. The high number of different languages is considered as a barrier here. Only few content-providers have the chance like Deutsche Welle to be represented on 40 platforms in the respective national language in Europe (**Baumhauer**). **Westphal** hopes for technological progress regarding automatic speech recognition, so that this obstacle can be overcome in five to ten years. **Heggen** on the other hand is convinced that economic and technological changes are faster than cultural changes. He doubts that a comprehensive program from a foreign country will succeed and believes that TV will stay a country-specific medium. Although IPTV focuses on communities rather than on nationalities, the process of digitalization will not blur the distinctions between different national cultures (**Kostrzewa**).

The question of **how to finance IPTV** has not been resolved yet. Van Dülmen asked how for example Google wants to refinance its investment of USD 1.6 billion in YouTube. Heggen proposed to companies that they should be open-minded and experimental in their approach to the financial aspect.

Public broadcasters' financing is secured by license fees which made it possible for Deutsche Welle to pursue their multi-platform strategy (Baumhauer). One of the main reasons for public broadcasters to provide IPTV-contents is the fear otherwise to be overtaken by private competitors.

Private content providers can refinance their contents by encoding and pay-per-view – a business model which is at present successfully practiced by the ITI Group (**Kostrzewa**).

IPTV is still at the **beginning of a long process of development**. Guido **Baumhauer** describes the current state as a "big trial-and-error phase". **Kayser** highlights the need of clarifying issues like financing, protection of minors and copyrights in this transitional period.

Shub: "Regarding the bridge between East and West: Go East and come to Moscow. Here you will see the future of Western Europe".

Panel III: „Media co-operations between Russia and Western Europe“

„The Russian media market does not need the West“

Moderator:

- Miodrag Soric, Director of the Eastern European editorial department and Editor-in-Chief of sound broadcasting at Deutsche Welle, Germany

Panel Guests:

- Alexander Mackat, CEO of the advertising agency Fritzsich & Mackat, Germany
- Michael Schlicht, CEO 20th Century Fox CIS, Russia
- Vitaly Shub, Deputy General Director of Sistema Mass Media, Russia

Discussion:

Media investments of Western European / German companies in Russia

According to **Soric** only few Western European media companies like Springer and Burda operate in Russia. Many others tried and failed. For this reason and also because of many prejudices and fears Western European companies are hesitant to enter the Russian market.

According to **Shub** the Russian media market is presently experiencing a second boom. Voice-over-IP, videonet and IPTV show the biggest growth rates in this regard. Bigger Russian cities count six to seven providers each. The Russian advertising market is growing by the support of Russian money from Russian companies.

In Russia, there is a noticeable return to Russian products. Michael **Schlicht** states that 70 to 80 percent of all programs shown in prime time are Russian productions. A "big mistake" of many German media companies is the attempt to conquer the Russian market. It is simply not sufficient to translate and show American films to the 148 million inhabitants of Russia. You need to adapt. Schlicht's recipe for success was to buy and to invest in Russian products.

According to Shub the substitution of international content by local content results in the development of more and more local TV offers.

Alexander **Mackat** stresses the importance to adapt an advertising message to the respective culture group in order to market a Western product successfully. The bigger the pressure of globalization, the stronger is the trend to regionalization: A market leading position can only be achieved and maintained by respecting cultural particularities. The arising Russian self-confidence plays a crucial role in this regard.

Media investments of Russian companies in Western Europe / Germany

Investments of Russian companies in Western Europe are seen skeptically by Western Europeans. Vitaly Shub's company acts as a purely commercial entity: If it was profitable for his company, he would consider entering the Western European market.

Schlicht added that "from a capitalist point of view it would be absolute nonsense and insane" for a Russian company to invest in the overregulated German media market.

German consumers disesteem Russian products. Only products which confirm a popular stereotype like luxuries and vodka are successful in Germany. The fact that meanwhile Russia's products are of high quality is not known in Germany.

Proposed solutions to overcome this „loose-loose-situation“

Michael Schlicht thinks the time is not yet ripe for mutual investments. First of all, prejudices in Germany have to be countered and the presence of Russian culture and products has to be intensified. Schlicht calls for public as well as private broadcasting companies to perform this responsible task.

At the end of the discussion the audience posed critical questions regarding the **freedom of the press in Russia**. Alexander Mackat referred to a survey conducted by Gallup: "most of the Russians regard the Western definition of democracy as not transferable to Russia". The Western call for freedom of the press is seen as "a pedantic interpretation of some marginal organizational questions". In Russia prevails the desire for a strong power which guarantees peace, order and stability. Democracy is equated with the chaos and economic downturn of the nineties.

Schlicht said that the West should not always automatically suspect the Russian politics of cutting down freedom of the press, but should also take corruption into consideration.

Panel IV: „Poland in German media and Germany in Polish media“

„Neighbourly Relations between Poland and Germany: Television without Pictures?“

Moderator:

- Grazyna Torbicka, Journalist for the public TV station TVP2, Poland

Panel Guests:

- Boguslaw Chrabota, Editor-in-Chief of the private TV station POLSAT, Poland
- Wolfgang Kenntemich, Editor-in-Chief of the public broadcaster MDR, Germany
- Matthias Matussek, Head of Culture Department for the weekly magazine „Der Spiegel“, Germany
- Adam Michnik, Editor-in-Chief of the daily newspaper „Gazeta Wyborcza“, Poland

Discussion:

Boguslaw **Chrabota** gave some deeper insight into the **Polish TV market** which differs essentially from other countries' TV markets: There are only few foreign investors. Foreign (including German) investors which once were active in the Polish market withdrew from it because they could not handle its particularities.

There are 17 public (including 15 within the "TVP3 Info" group) and 59 private channels.

90 percent of the market is dominated by the three media groups TVP (public), TVN and Polsat (both private).

Public TV ranks first. Information programs are very popular in Poland which is proven by the highest audience ratings.

German topics are hard to be found **in Polish TV** – apart from soccer games and some serials like "Kommissar Rex". Only 0.3 percent of all programs in Polish TV archives cover German topics. Germany is thus nearly outranked by Venezuela on the Polish agenda.

The following topics dealing with Germany attract Polish interest:

- The construction of the "Centre against Displacements". According to Chrabota the project's chairperson Erika Steinbach is "probably more known than Angela Merkel in Poland".
- The Prussian Trust (a German corporation which seeks to claim compensation from Poland and the Czech Republic, among others, for property confiscated from Germans expelled from territories which after World War II became parts of Poland and Czechoslovakia)
- The crisis of caricatures
- The Nord Stream Pipeline (a gas pipeline from Russia to Germany via the Baltic Sea)

Poland-related topics in German TV are also not very widespread, apart from some programs like "Auf gute Nachbarschaft", "Kowalski & Schmidt" and "Weltspiegel". Wolfgang **Kenntemich** stated that in general, Poland is geared to Germany more than Germany to Poland. He admitted that also MDR has done "a sloppy job over the past years" in regards to the coverage of Poland-related topics. He proposed a more intense coverage of this kind of topics.

According to Matussek one reason for the low public presence on both sides could be the need for establishing a sound patriotism in both countries first. He pleaded for more calmness in this regard.

Print media on either side report more about the neighbour than TV does. Matthias **Matussek** pointed out that "Der Spiegel" published numerous articles and also cover stories on Poland this year. Soon there will be a detailed article on Krakow as the birthplace of European culture.

Wolfgang Kenntemich noted that **media were abused for political purposes** in the last couple of years during the Kaczynskis' government. But also the German side reacted in a "very harsh and not always justified way" to Polish statements. The recent election of a new Polish government provides an opportunity to meet each other on a rational level again. It is an appropriate moment now to bring forward

reconciliation between the two countries in the style of France and Germany. Kenntemich proposed to launch a pan-European TV channel together.

Adam Michnik confirmed that the last two years were "a terrible time" in regards to the Polish news coverage on Germany, especially in public media. He was surprised by the fact that above all anti-German and anti-Polish texts could mostly be found in German-based media, namely in Axel-Springer media: BILD and FAKT excelled in the "strongest and most primitive attacks" on the respective neighbouring country. Adam Michnik is worried because of the big potential of intolerance, hatred and animosity which could be awakened apparently anytime on both sides.

Boguslaw Chrabota could give the all-clear at least for the Polish side: A recent survey indicates that the last government did not succeed in manipulating the Polish citizens. Indeed, the Poles assess the relationship to Germany as worse than 2 years ago, but they also think that Poland is to blame more for this situation.

Michnik said that both sides are missing empathy in regard to the events which happened in war times, especially the displacements. Poland's contemporary self-image as a "surrounded fortress" which has to defend itself might be exaggerated. But Poland wants to be treated like a partner who is asked for his opinion about topics like the Baltic Sea pipeline and who is included in decisions like this.

Grazyna Torbicka asked what can be done in the future to **improve the German-Polish relationship**? How can political calculations be avoided in the media?

All the panelists agreed about the need for getting to know the neighbour and his culture better. Many common activities and investments have to be realized. Adam Michnik proposed to expand the European University Viadrina and to launch joint publishing companies. Wolfgang Kenntemich expressed the hope for Poland to invest in the Polish-German youth organization again and for pupils in border regions to learn the neighbour's language.

In regard to media, Poland and Germany could train journalists together or could provide mutual interactive contents (e.g. expand the shared website of MDR and TVP). It always has to be kept in mind that media are not commercial goods but have an educational mission.

END

Berlin, November 24, 2007

Dr. Gerrit Schrader
Press spokesman