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**Reform of the Latvian public media in the perspective of developing modern content distribution technologies, evolution of user needs and complicated Latvia–Russia relations**

**KEY WORDS**

Latvia, public media, media policy, new media, Russia

**ABSTRACT**

The article presents an outline of the evolution of the Latvian audiovisual media market (after 1988), the influence of the 2009 market crash on media entities (including those public) and key discussion topics and decisions made as a result of the crisis by Latvian institutions responsible for the media landscape. Detailed attention will be given to the new law on electronic mass media (in force from 2011) and those elements of the public media system reform project (announced in 2013), that are an outcome of the dynamic development of new content distribution technologies and changing user needs and habits, especially in younger age groups. The final part of the work will concern the complicated Latvia–Russia relations and the multi-aspect contribution of mass media in their shaping. The conclusion indicates a broad scope of discussion and analytical works in Latvia concerning the reform of public media, which suggests it will not be abandoned in the following years.

In the beginning of January 2013, the Latvian National Electronic Mass Media Council (NEPL Padome) published a new strategy for the public radio (LR) and television (LTV). It aims to rebuild the position of the public service broadcasters (LSM) after the severe crisis of 2009–2010, which had seriously damaged not only the finances but also the market position of these institutions. In the youngest age groups, these shares are the smallest by far and do not exceed 20 % for the television and 8 % for the radio<sup>1</sup>. Faced with the above, what seems to be most unfavourable from the viewpoint of Latvian *raison d'état* is the power of the market, which grew even stronger during the crisis of Russian-speaking media (including the First Baltic Channel, Rus. *Pervyj Baltijskij Kanal* – PBK). Their objectives include, among other things, supporting numerous institutions of the Russian Federation in various “defamation campaigns against Latvia” and its authorities, as it was worded in the 2011 report of the Constitution Protection Bureau (SAB LR), prepared for the government in Riga<sup>2</sup>.

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<sup>1</sup> Data for the period of Aug–Oct 2012. Compare: *Jauna Latvijas sabiedriskā elektroniskā medija izveides koncepcijas detalizācija*, collective work, NEPL Padome Latvijas Republikas 2013, p. 70–72.

<sup>2</sup> Compare: the passage *Propaganda campaigns against Latvia – examples of activities by the Russian TV broadcasting company TV Centre, Foundation Historical Memory (Istoricheskaya Pamyat) and news agency*

The new strategy, published 8 January 2013 by NEPLP, is meant to restore the public service media supervised by the institutions of the Latvian state to a significant place in the national media landscape, so that they may successfully compete with Russian-speaking stations, such as that peculiar battle for the image of the country, waged both on the air and in online media. Reaching the young audience with the message – or, more broadly, to the recipient of content delivered by electronic media through many distribution channels – is one of the main, far-reaching goals of the reform being introduced.

This paper will outline the evolution of the Latvian audiovisual media market (after 1988), the impact the economic meltdown of 2009 had on media operators, as well as the main themes of the discussion and the decisions which were made by the Latvian institutions responsible for the media order in response to the crisis. A particular attention will be paid to the new Electronic Mass Media Law and these components of the project of reforms which ensue from the dynamic development of modern technologies of content distribution and the changing needs and habits of recipients, especially from the younger age groups. The latter part of the text will handle the difficult and complex subject of Latvian–Russian relations and the multi-faceted participation of mass media in shaping them.

### **The Outline of the evolution of media in the Republic of Latvia (1988–2009)**

From the very beginning, the process of first shaping and then evolution of the public service media system in Latvia was characterized by the occurrence of sudden phenomena and major changes resulting from them. The process in question is traditionally divided into three principal stages:

- Transformation – from the Communist model of mass media focused on propaganda to the model of media strongly involved in the Latvian Awakening, or the national uprising which aimed at the then Soviet republic regaining independence it lost after 1939.
- An attempt to understand what public service media should be in a democratic state, which led to an effort to exclude this institution from direct participation in the ongoing socio-political processes and make it a platform for public debate, as broad as possible, endowed with a particular mission and objectives.

- Commercialization of the audiovisual media market, particularly television, which was also observed in other European countries<sup>3</sup>.

The beginning of the last of the phases mentioned above dates back to 1995 when, following several years of discussion and faced with the constantly deteriorating position of public service media, the first Latvian law was passed, which globally defined the rules governing the operation of electronic media<sup>4</sup>. The passing of this law and creation of a state agency to supervise the radio and TV market did not end the discussion about the place and role of the public service media in the Latvian media system, still very young in comparison to the Western countries and lacking much practical experience which might have facilitated the application of the new law or protected the operators from possible interference by the political classes<sup>5</sup>.

Due to the dynamic growth of the sector of commercial audiovisual media and frequent cues that politicians tried to informally influence the operation of radio and television, just a few years after it was passed, the abovementioned law began to be seen as unfit to the quickly changing market environment and the practical relations which formed between the media and the politics. In 2003, the NRTC began work on drafting new solutions in media law, some of these proposals were even presented to the Latvian Saeima (parliament), yet none of them managed to be carried through the whole legislative process until 2009. Moreover, it is pointed out that unlike the wide-ranging discussions held in the first half of the 1990s about the situation of electronic broadcasters, paradoxically, the attempts at reform initiated in 2003 did not enjoy too much attention of the media themselves; therefore, the public opinion was not invited to take an active part in the debate<sup>6</sup>.

### **The economic collapse of 2009 and the media market in Latvia**

This situation of long and futile discussion underwent a fundamental change in 2009. There was a sudden collapse of Latvian economy: the GNP dropped by 17.7 % (from one year to the next), and the unemployment rate soared from 7.5 % at the end of 2008 to 16.9 % at the end of 2009<sup>7</sup>. These data were immediately reflected in the condition of the national advertising

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<sup>3</sup> Cf. I. Brikše, *Public service broadcasting in Latvia: Old images, new user needs and market pressure*, "Central European Journal of Communication" 1 (2010), p. 71 ff.

<sup>4</sup> The Radio and Television Law. More on this document in: I. Brikše, *Public service broadcasting in Latvia...*, op. cit., p. 72.

<sup>5</sup> More about the main points on which these considerations were focused in: I. Brikše, *Public service broadcasting in Latvia...*, op. cit., p. 73; and A. Rožukalne, *Media ownership trends in Latvia: political parallelism and concentration*, "Media Transformations" 2012, Vol. 6, p. 113–114.

<sup>6</sup> Cf. I. Brikše, *Public service broadcasting in Latvia...*, op. cit., p. 74.

<sup>7</sup> From: <http://www.img.org> [accessed: 11 Mar 2013].

market and, consequently, the media institutions, whose budgets were crucially dependent on the orders of advertisers<sup>8</sup>.

Table 1. Advertising revenues by individual media types during the economic collapse in Latvia<sup>9</sup>

| Sector of the media market | Change between 2008 and 2009 |
|----------------------------|------------------------------|
| daily newspapers           | – 57 %                       |
| magazines                  | – 63 %                       |
| television                 | – 40 %                       |
| radio                      | – 39 %                       |
| Internet                   | – 32 %                       |

The economic problems of Latvia had a twofold effect on the position of Latvian public sector broadcasters. First, the shock reform of public finances, prescribed by Prime Minister Valdis Dombrovskis' government, which assumed reduction of a range of budget expenditures, among others, did not spare the state subsidies for radio and television. Second, these institutions were hurt badly by the meltdown of the advertising market, as roughly 30–40 % of total revenue of the LR and LTV was derived from commercial revenues<sup>10</sup>. It was the real danger of losing financial liquidity which spurred the Latvian decision-makers to undertake more specific action aimed at adapting the 1995 statute to an entirely different environment and conditions in which the Latvian audiovisual broadcasters had to operate. In October 2009, the Saeima set up a working group comprised of experts, scientists, and people with every-day experience in media. The report they prepared contained five key reform proposals, which could effectively meet the challenges posed to the Latvian electronic broadcasters by both the dynamically changing economic situation in the country and the global trends, like the competition from the new online media and the evolution of preferences of (especially young) recipients. In the parliamentary debate, which began at the beginning of 2010, the parliamentary clubs rejected the majority of expert proposals, although some of the regulations postulated by the working group were preserved in the final text of the media law<sup>11</sup>. The final result of several months of work – a certain compromise between the irresistible temptation of the political class, who wanted to retain some of their influence

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<sup>8</sup> See also: A. Rožukalne, *Media ownership trends in Latvia...*, op. cit., p. 111.

<sup>9</sup> Ibidem, p. 113.

<sup>10</sup> Cf.: A. Rožukalne, *From PBS to PSM: The shape of 'new' public media in the Baltic States*, <http://ripeat.org/wp-content/uploads/tdomf/2950/Rozukalne%20paper%202012.pdf>, p. 8–9 [accessed: 3 Mar 2013].

<sup>11</sup> Cf. I. Brikše, *Public service broadcasting in Latvia...*, op. cit., p. 75–76.

in the state institution overseeing the market and in the public service media, and the proposals of the invited experts – was passed on 12 July 2010.

### **The Electronic Mass Media Law (2011)**

The new Electronic Mass Media Law came into force in Latvia 15 years after the passing of the previous law, which marked the beginning of the history of the pluralistic audiovisual sector in the country. The following are the most important solutions stipulated in the act:

- A new state institution responsible for supervising the electronic media market was created: The National Electronic Mass Media Council (Chapter XI).
- The exclusive competence of this organ to supervise the whole electronic media sector was upheld (Art. 57, 58, 60, 62).
- Budget subsidies were upheld as the basic source of financing public service media, and the legislator added a rule that the subsidy in a given budget year cannot be lower than in the preceding year; moreover, public service broadcasters maintained the right to benefit from commercial activities. This stipulation seems to be a temporary compromise in the process of drafting a new, extra-budgetary method of financing these institutions, while guaranteeing them a relatively stable level of funds obtained from public sources (Art. 70).
- The Public Advisory Council was established by the National Council, with the aim to ensure the participation of the “[r]epresentatives of associations, foundations, professional institutions and other organizations active in the field of the mass media, education, culture, science, and human rights” in “the process of elaboration of the public service remit and the national strategy for the development of the electronic mass media sector” (Art. 63).
- 24 items describe the tasks to be realized by mission programmes produced using budget subsidy funds (Art. 71(1)).
- As a rule, the tasks associated with fulfilling the public mission should be performed by the public service electronic media. However, the National council was given the right (but not the obligation) to commission the production of mission programmes from non-public operators (countrywide, regional, and local ones; Art. 27(2–4)).
- Definitions of various types of electronic media (Art. 3–14).
- Concession and registration procedures (Art. 15–21).

### **The reform of public service media in Latvia (2012–2013)**

The visible acceleration of activities associated with the reform of Latvian public service media, seen in the fall of 2009, did not cease with the passing of the new Media Law. Even more so, the relatively rapid and quite successful stabilization of the economic situation in the country<sup>12</sup> (yet not devoid of any negative repercussions for the social and political life of the country) encouraged the political class to carry on the work in the spirit of the postulated presented by the parliamentary working group in 2009, and with the aim to strengthen the public service operators.

In January 2012, as provided by the Media Law, the Saeima initiated the procedure to select the members of the new National Electronic Mass Media Council. In the words of one of Latvian writers, the “process was transparent for the first time, accompanied by widespread discussion and presentation of the eventual members of the council”<sup>13</sup>. Just after the election of members, the Council decided to prepare from scratch a new concept of public service radio and television reform, incorporating the following considerations:

- Sustaining the coherence of national informational space in order to defend the national interests regarding culture, education, integrity of the state, and economic safety. This consideration is directly related to the absolute dominance of foreign capital (Russian and Swedish) on the commercial media market and to the negative evaluation of the operation of some Russian-speaking media by the Latvian services responsible for state security.
- Ensuring that public service media are not dependent on current political and economic factors.
- Implementing professional quality procedures (public value assessment, market impact assessment).
- Creating conditions which ensure continuous radio and television production, and technological accessibility<sup>14</sup>.

Subsequently, in agreement with the government, the National Council set up a commission, which included more than 200 experts from six European countries, tasked with drafting a detailed project of comprehensive changes to the Latvian public service media system

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<sup>12</sup> Suffice it to say that in March 2013 Latvia was one of only four member countries of the EU (with Austria, Luxembourg, and Finland) which met all the economic criteria of nominal convergence of the Maastricht Treaty. See also: A. Aslund, V. Dombrovskis, *How Latvia came through the financial crisis*, Institute of International Economics 2011; K. Dudzińska, *Baltic states' success story in combating the economic crisis: Consequences for regional cooperation within the EU and with Russia*, “Policy Paper” 2013, No. 6 (54).

<sup>13</sup> A. Rožukalne, *From PBS to PSM...*, op. cit., p. 18.

<sup>14</sup> *Ibidem*.

according to the above considerations. The commission was held from August to December 2012, in a total of 45 working sub-groups, and presented the results on 8 January 2013.

It is possible to indicate three basic characteristic features of the Latvian audiovisual media market, which had to be taken into a particular consideration by the authors of the concept of reform. Firstly, the position of the public service radio and television had to be compared with that of numerous commercial operators. The situation of two television channels (LTV 1 and LTV 7) seems to be more difficult, as they have to compete with strong private operators belonging to foreign media companies. The data from 2010–2012 show that the public stations occupied the 4th and 6th place, respectively, in the market share (SHR) of countrywide and regional broadcasters.

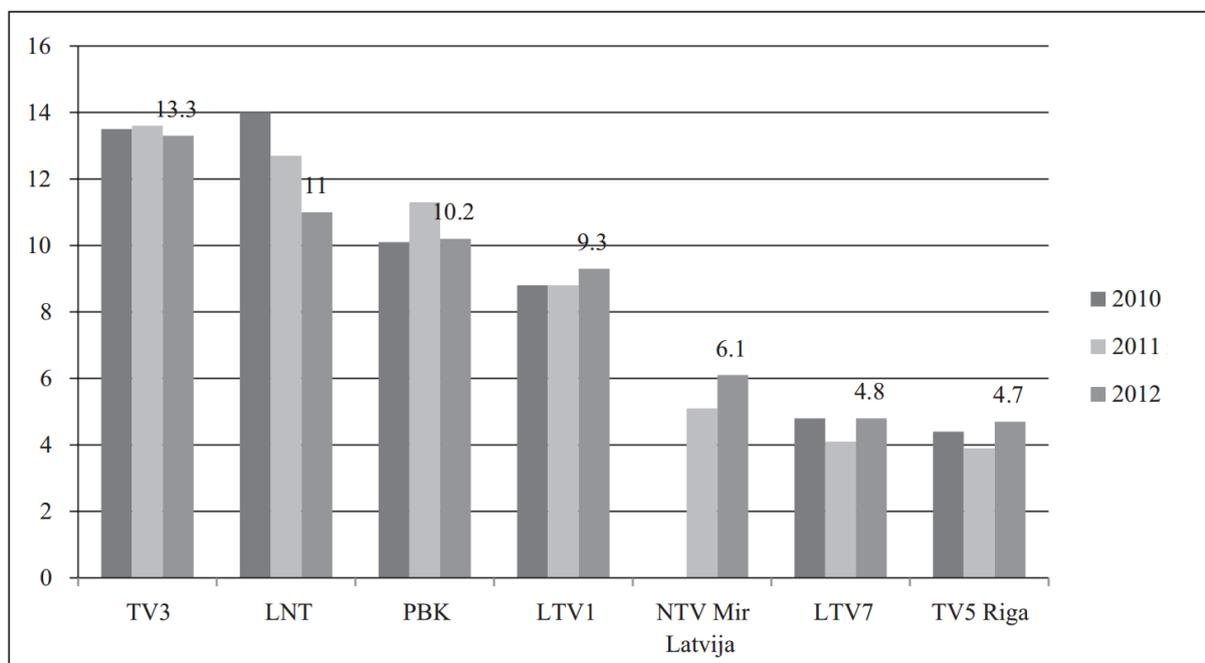


Chart 1. Average percentage market share ratings of the largest television broadcasters in Latvia in 2010–2012<sup>15</sup>

Table 2. Broadcasting language and ownership of the leading broadcasters in Latvia<sup>16</sup>

| Station                      | TV3          | LNT          | PBK          | LTV1           | NTV Mir      | LTV7           | TV5 Riga     |
|------------------------------|--------------|--------------|--------------|----------------|--------------|----------------|--------------|
| <b>Broadcasting language</b> | Latvian      | Latvian      | Russian      | Latvian        | Russian      | Latvian        | Russian      |
| <b>Ownership</b>             | MTG (Sweden) | MTG (Sweden) | BMA (Russia) | state treasury | BMA (Russia) | state treasury | MTG (Sweden) |

<sup>15</sup> Author's own work based on: *Vsia „Latvijas Televizija”. Sabiedriskais pasutijums 2012. gadam projekts*, coll. work, Riga 2011, p. 7; *Vsia „Latvijas Televizija”. Sabiedriskais pasutijums 2013. projekts*, coll. work, Riga 2012, p. 7.

<sup>16</sup> Author's own work based on the official websites of the broadcasters and A. Rožukalne, *Media ownership trends in Latvia...*, op. cit., p. 141–142.

For many years, two commercial operators – TV3 and LNT, belonging to the Swedish media company Modern Times Group Broadcasting AB (MTG) – have been leading on the market<sup>17</sup>. Whereas the 3rd and 5th places belong to the Russian-speaking stations Pervyj Baltijskij Kanal (PBK) and NTV Mir Latvija, which are parts of the Baltic Media Alliance (BMA) conglomerate, operating in all Baltic countries, owned by Oleg Solodov, a Russian with a Latvian passport, and Alexej Plusjanov, a citizen of the Russian Federation<sup>18</sup>.

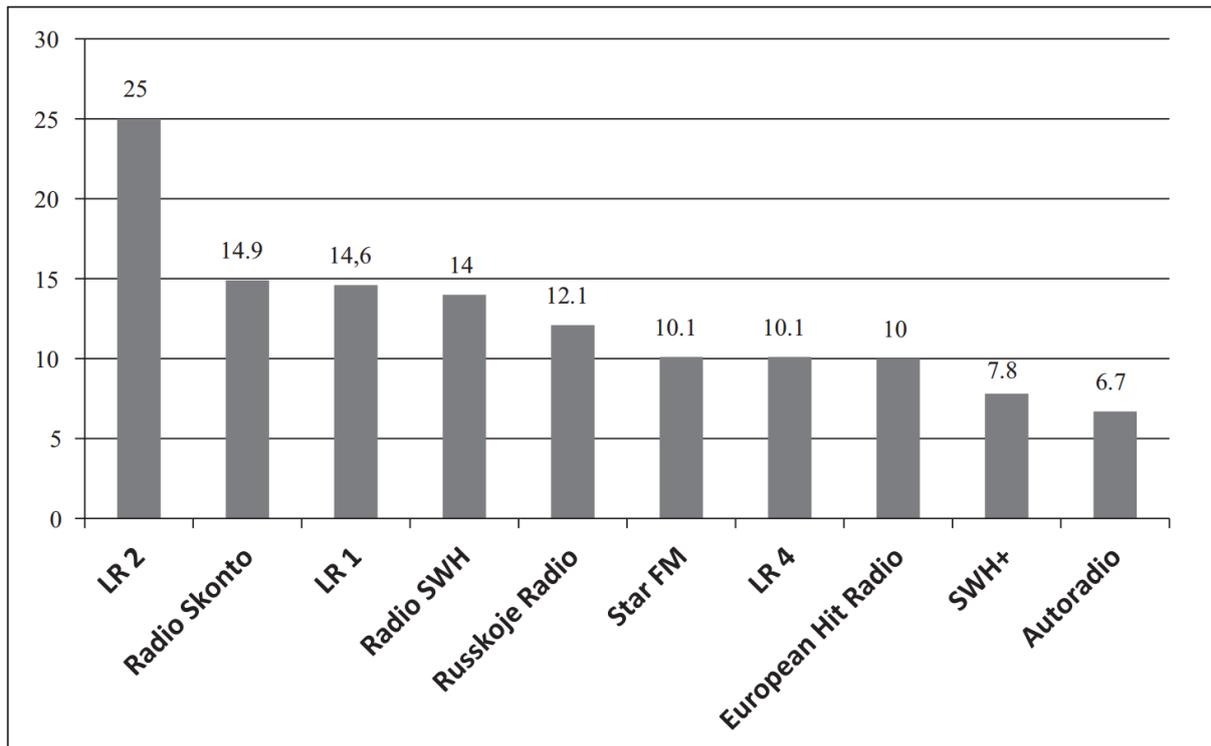


Chart 2. Average listening (percentages) of the most popular radio broadcasters in Latvia, winter 2012<sup>19</sup>

Four radio broadcasters managed by the Latvian Radio (LR) are in a much better situation, which may result from a larger variety of programmes, a smaller concentration of

<sup>17</sup> In 2012, the MTG company, which already owned the TV3 and TV6 stations, bought out its major competitor, the LNT station, which also controls the Russian-speaking regional broadcaster TV5 Riga. This way, the Swedish attained a decisive hegemony on the Latvian television market. This transaction was discussed for a long time both publicly and in the analyses carried out by the local Competition Authority, as the operators combined within the MTG group were verging on the statutory limit of 35 % share in the market. Eventually, the Authority approved this transaction, subject to a plethora of specific conditions, arguing that due to the economic crisis, the advertising market still being weak, the viewers' preferences evolving towards the Internet, and high level of competition made even fiercer by digitalization, both TV3 and LNT were weakened so that they might not be able to continue their current form and scale of operation if they had to compete with each other. See also: A. Rožukalne, *Media ownership trends in Latvia...*, op. cit., p. 122.

<sup>18</sup> The BMA group in Latvia also own a smaller station REN-TV, a couple of weeklies, and a large advertising agency Baltic Media Advertising. More on the controversies related to BMA can be found further in the text.

<sup>19</sup> Source: A. Rožukalne, *From PBS to PSM...*, op. cit., p. 15.

capital among commercial competitors, a greater number of operators competing for listeners, and earlier and broader investment in their own interactive online projects than was the case of the LTV.

The unthreatened leader of the listening market is the Lithuanian Radio 2, offering mostly entertainment programmes and modern popular music. The third place belongs to the public “One”, broadcasting in the “general news” format. It is the only radio station in Latvia with a 24-hour information programme, supplemented with numerous journalistic, analytic, and other productions. The Russian-speaking “Four” comes the 7th, with a 2-digit listening rate. This can be considered a success, especially compared with the weakness of the public service television, which so far has not been able to (or, rather, did not consider this as one of its major objectives) reach the Latvian Russians with its programme<sup>20</sup>. Finally, the last of the LR stations, the cultural “Three” holding the 17th place in the ranking, is a station targeted at those recipients who seek classical and jazz music, historical discussion, quality literature, etc.

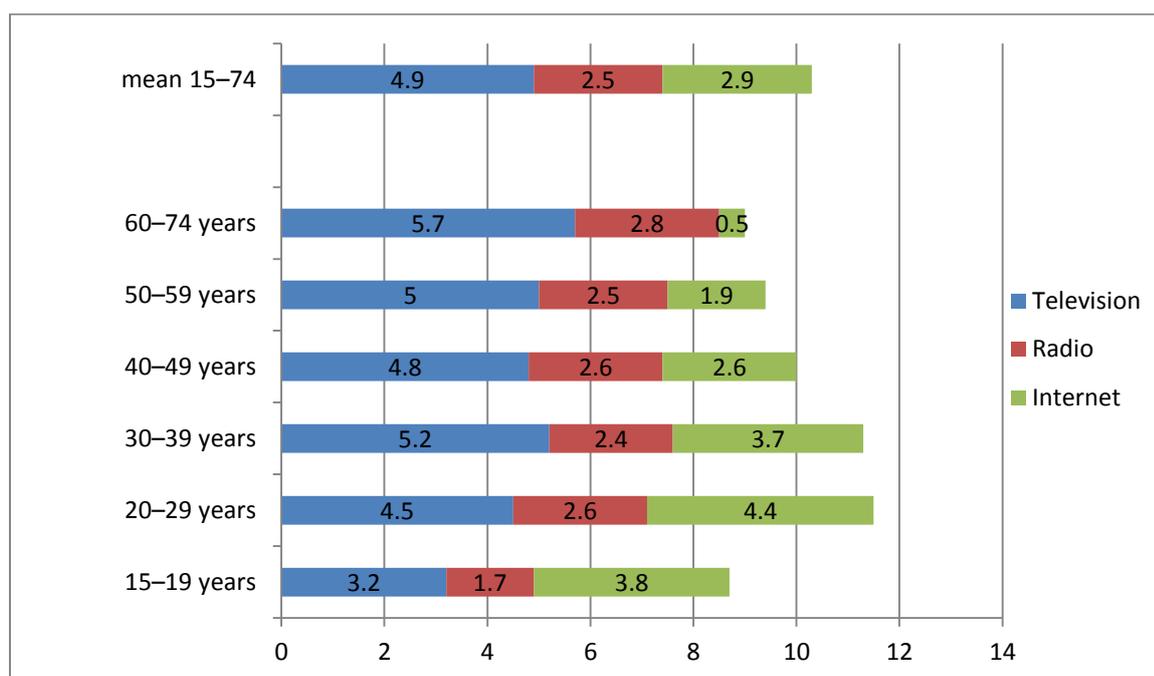


Chart 3. Average time (in hours) spent receiving content from three types of media per individual age groups in the period of February–May 2012<sup>21</sup>

The second preliminary observation which determined the direction of Latvian public service media reform is the constant, progressive loss of viewers and listeners in the youngest age groups. As a rule, the younger the recipients are, the less often they use the offer of LR

<sup>20</sup> Zob. teĶ I. Beitika, *Development of Latvian public service broadcasting: Creation of public value*, <http://ripeat.org/wp-content/uploads/tdomf/2882/Beitika%20paper%202012.pdf>, p. 10 [accessed: 7 Mar 2013].

<sup>21</sup> Author’s own work based on: *Jauna Latvijas sabiedriskā elektroniskā medija...*, op. cit., p. 70–73.

and LTV, while at the same time they do not diverge from the mean (or even surpass it sometimes) regarding the total time spent on the consumption of media content<sup>22</sup>.

The third and final starting point of projected changes, closely related to the data shown in Chart 3., was the observation that the youngest Lithuanians do not turn away from the media offer as such but rather they look for it somewhere else than the older ones do: in the Internet. As the local researchers observed, “[t]he Internet has developed at a breathtaking speed in Latvia – more rapidly than anywhere else in Europe. Between 2000 and 2007, the number of Internet users increased at least 713.3 %”<sup>23</sup>.

Table 3. The number of Internet users in Latvia<sup>24</sup>

| Year      | Number of Internet users | Percentage of the population |
|-----------|--------------------------|------------------------------|
| 2000      | 150,000                  | 6.5                          |
| 2007      | 1,070,800                | 47.0                         |
| 2010      | 1,503,400                | 67.8                         |
| June 2012 | 1,570,925                | 71.7                         |

The above compilation strongly suggests that – in order to overcome the detrimental trend of losing viewers and listeners from the youngest age groups – the reformed public service media need to turn towards the internet and strive to take advantage of all possibilities given by the worldwide web (including the distribution of content through mobile channels, development of applications for individual nonlinear platforms, implementation of interactive projects, promotions, building community networks, and others). The Internet is just where these young recipients wait for the offer dedicated to them. The other reason why this question seems to be important is that so far the public service operators in Latvia have not had any coherent strategy of operation in the virtual space<sup>25</sup>.

After almost half a year of work, the expert commission at the National Electronic Mass Media Council published an extensive report accompanied by a range of detailed documents, which all together form a project of an in-depth reform of Latvian public service media, spread over time until 2018. Out of many suggested solutions, five most important

<sup>22</sup> The only positive (and sole) exception in the offer of the public media is the music and entertainment LR 2 channel, which can successfully contend for younger listeners (12–34 years) with its commercial competitors. See also: A. Rožukalne, *From PBS to PSM...*, op. cit., p. 70–73.

<sup>23</sup> I. Brikše, V. Zelče, *The Latvian media in the new millennium: Trends in development, content and usage and the emergence of a community of media users*, “Informācijas Mokslai” 2008, No. 47, p. 102.

<sup>24</sup> Author’s own work based on: <http://www.internetworldstats.com/eu/lv.htm> and <http://www.internetworldstats.com/stats9.htm> [accessed: 3 May 2013].

<sup>25</sup> Cf.: I. Beitika, *Development of Latvian public service broadcasting...*, op. cit., p. 9.

postulates are presented below, as they are meant to be the pillars of the new operators' structure.

The first postulate deals with the change in the method of financing the public service media, which has been discussed for many years. The much criticized, yearly budgetary subsidy would be replaced by a mechanism which, on the one hand, would make these operators independent from political decisions while, on the other hand, ensuring relatively stable revenues necessary to properly fulfil all the mission tasks stipulated by the act. The simulation works took two possibilities into consideration: either a personal income tax deduction of 0.3–0.4 % in the initial phase of the reform, or an audiovisual fee paid by professionally active natural and legal persons in the subsequent phase. The changes are planned to begin in 2014, and the latter mechanism would be there to stay, especially should it prove efficient in the countries which are now deciding to introduce it (e.g. Finland from 2013 on<sup>26</sup>). Assuming that the economic situation of Latvia is going to gradually improve, the carried out simulation estimates a constant growth of funds obtained from public sources.

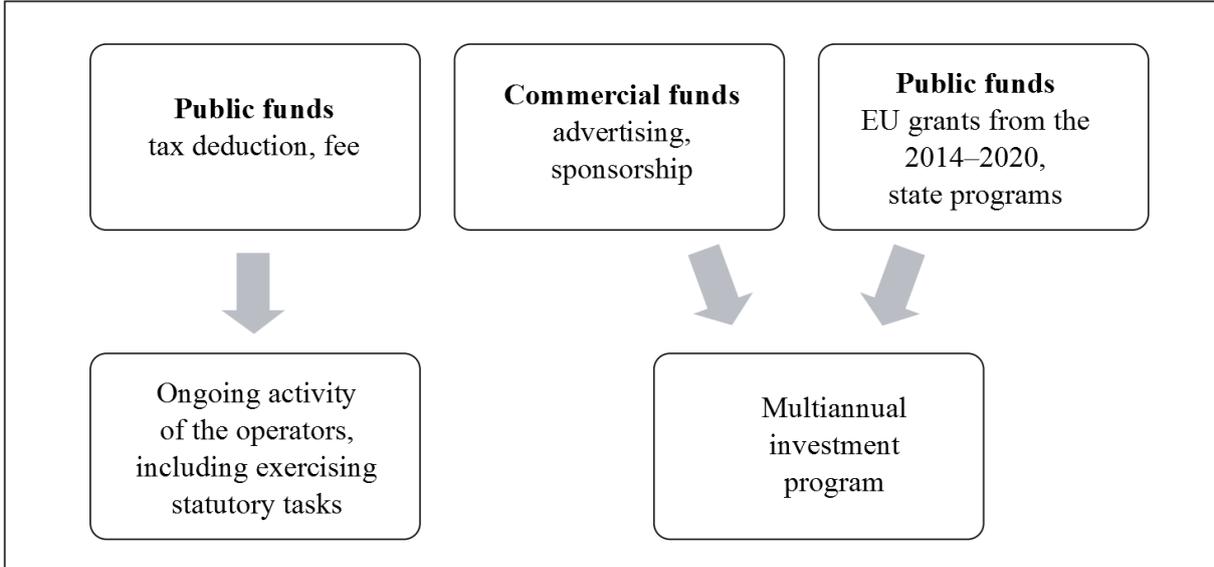


Figure 1. Projected reform of Latvian public service media funding  
Source: Author's own work.

Moreover, each of the variants assumes that the public service broadcasters retain the ability to gather income from commercial activities, as well as to apply for funds from government and European programs for the purpose of several planned technological

<sup>26</sup> More in: M. Ala-Fossi, *Public service and broadcasting in the post-broadcast era. Finnish media policy reform and the challenges of YLE new strategy*, <http://ripeat.org/wp-content/uploads/tdomf/2788/AlaFossi%20paper%202012.pdf> [accessed: 5 Mar 2013].

investments (internet platforms and other activities in the area of innovation). These two elements, roughly on a 50–50 basis, are to contribute to an ambitious investment plan of the LR and LTV, and ensure its successful implementation<sup>27</sup>.

The second postulate entails a fundamental change of how the public service media system is organized, in particular in the light of their mutual relations and taking advantage of convergence. Initially, three potential variants of new operators were discussed:

- A partial convergence between the operators, with the assumption that the Latvian Radio and Latvian Television remain institutionally distinct, however. Both operators would participate in numerous joint projects, which would allow to improve the quality and availability of the prepared content; still, the pace of the necessary reforms would most likely be slower than the observed changes in the tastes of the recipients of the media offering.
- A full convergence of public service operators with completely new institutional framework created for them. This option assumes using the synergy between the resources of the existing LR and LTV, close cooperation in developing multimedia effect, and the development of common modern technological infrastructure. This model would require, by far, the largest financial investment.
- According to the last proposal, the public service media institution would focus on providing universally accessible, multi-channel content, which would be commissioned from independent producers; only information services would be produced based on their own human resources. It is estimated that this option would be the least expensive, while at the same time creating a risk for the realization of long-term statutory public mission objectives<sup>28</sup>.

The Latvian government has already favoured the second option, and this concept was chosen by the expert commission<sup>29</sup>. It emphasized the full convergence of the operators and the creation of a “leading multimedia content provider in the country”, one that would be active on three parallel platforms, radio, television, and the Internet, offering access to the produced content through all popular, technologically advanced devices, both mobile and stationary.

The implementation of the above convergence strategy is to be accompanied by the reorganization of the current structure of public service media, involving, among others:

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<sup>27</sup> The details of the program are explained further in the paper. See also: *Jauna Latvijas sabiedriskā elektroniskā medija...*, op. cit., p. 362.

<sup>28</sup> Cf.: A. Rožukalne, *From PBS to PSM...*, op. cit., p. 19.

<sup>29</sup> *Ibidem*.

- Putting the identification of television channels in order (LTV7 would become LTV2).
- Clearer profiling of both refurbished channels (LTV1 and LTV2)<sup>30</sup>.
- Creating a new radio station LR5, addressed to the youth, based on the existing Radio Naba, a student radio station ran jointly by the Latvian Radio and the University of Latvia in Riga.
- Creating three new internet portals: one central (target group 26+ years), one addressed to the youth (14–25 years), and one addressed to children (1–13 years). Contrary to the model currently in force, these operators will not be connected with specific radio stations and television channels but are rather going to aggregate the content created at the LR and LTV and dedicated to the individual recipient age groups. They will also produce their own material and use the capabilities offered by the Internet to the fullest extent.

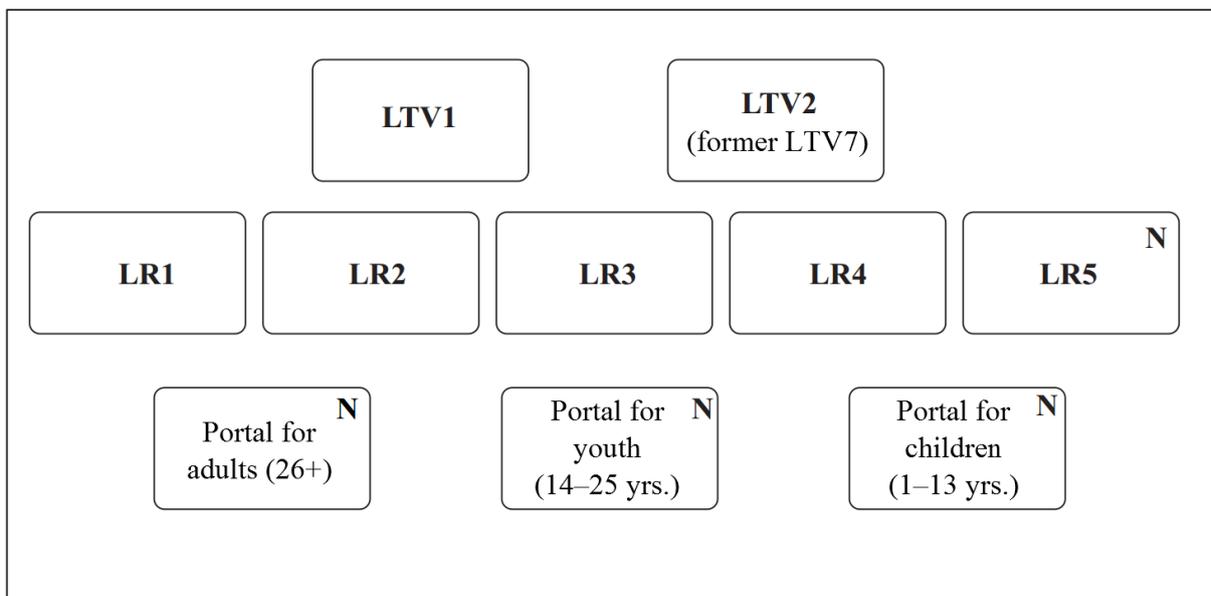


Figure 2. The convergent broadcaster: three platforms, ten operators<sup>31</sup>

The letter “N” marks operators to be built from scratch or undergo thorough reconstruction.

The reorganization of the structure of LR and LTV, better and more precise segmentation of target groups, and advanced multimedia projects using online and mobile platforms are expected to contribute to a yearly increase in the daily coverage of the individual media belonging to the Latvian public service operator<sup>32</sup>. To make such ambitious a goal of developing a multimedia program offer possible will require an appropriately large

<sup>30</sup> See: *Jauna Latvijas sabiedriskā elektroniskā medija...*, op. cit., p. 80–81.

<sup>31</sup> Source: author’s own work based on: *Jauna Latvijas sabiedriskā elektroniskā medija...*, op. cit., p. 78.

<sup>32</sup> *Ibidem*, p. 53.

investment in the production of original quality content. This is the issue which was presented by the expert commission as the third key element of the reform. The project assumes, among other things, a constant increase in the number of hours of premiere programmes broadcast by the LR and LTV, as well as implementing control procedures based on the British *Public Value Test*<sup>33</sup>. The main thematic areas where the public service media should focus, according to the authors, are information and in-depth journalism, education and science, programmes for children and youth, and cultural programmes<sup>34</sup>.

The fourth postulate combines the previous three, to some extent, pointing out the need to implement a multi-annual investment program, actually comprising all the components of the new public service media system in Latvia: from real estate, through technological infrastructure, to employee training. It is assumed that the most important investments will take place in 2014–2018 and take 42 mln LVL. As has already been mentioned, about 47% of the cost of the program will be covered from the broadcaster's own income<sup>35</sup>, and the rest will come from the European Union budget for 2014–2020 and purpose-specific subsidies from the state budget<sup>36</sup>.

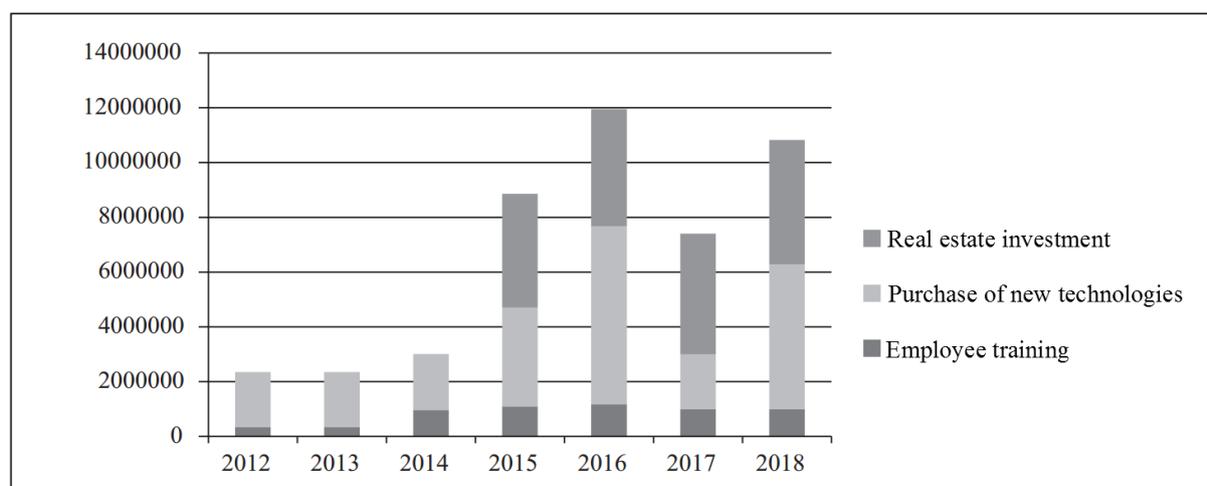


Chart 4. The main investments of the public service media in subsequent years (in LVL)<sup>37</sup>

And finally, the last postulate: the return to the reform, already discussed in 2009 and only partially introduced in the 2010 statute, involving the supervision of the public service media, appointing their executive bodies, and increasing the social factor not only in the

<sup>33</sup> Cf.: A. Rožukalne, *From PBS to PSM...*, op. cit., p. 19.

<sup>34</sup> Cf.: *Jauna Latvijas sabiedriskā elektroniskā medija...*, op. cit., p. 78.

<sup>35</sup> The own income of public service media in 2014–2020 are estimated at almost 20 mln LTL. Cf.: *Jauna Latvijas sabiedriskā elektroniskā medija...*, op. cit., p. 360.

<sup>36</sup> *Ibidem*, p. 362–363.

<sup>37</sup> Author's own work based on: *Jauna Latvijas sabiedriskā elektroniskā medija...*, op. cit., p. 360.

abovementioned processes but also, for instance, in evaluating the program offer of operators<sup>38</sup>. The system change would be the creation of two new institutions: the Public Service Media Council<sup>39</sup>, which would take over all the tasks of the National Electronic Mass Media Council regarding the supervision of public service operators and guiding their development strategy; and the Council of Recipients, an advisory body, serving as a “collegial ombudsman of public interest”<sup>40</sup>. Moreover, a single common executive body of a new broadcasting institution (LSM)<sup>41</sup> would be created, fostering full convergence.

### **The public service media reform and the Latvian-Russian relations**

A careful analysis of the regulations of Art. 71(1) of the Electronic Mass Media Act leads to the conclusion that a very large emphasis in defining the mission tasks was put on the issues related to the integrity of Latvia, strengthening the patriotic attitude, protection and promotion of the Latvian language, etc. Most certainly, some of the reasons behind this media policy are the Latvian-Russian relations, the presence of numerous Russian minorities, and the role played by some of the Russian-speaking operators both in the relations between the two nations and in the country’s internal affairs. This is why, in the press information published in English by the National Electronic Mass Media Council on its website, one of the indicated goals of the new public service media is to be “defending the interests of the society”<sup>42</sup>.

The data of the public census carried out in 2011 show that Russians make up almost 27 % of the Latvian society, and Russian is used at home as the main language by a third of its inhabitants<sup>43</sup>. This situation, compounded to some extent by their troubled common history, determines the creation of a number of tensions in the mutual relations between the Latvians and the Russians. Since the Baltic states regained their independence, the former have been accusing the latter of being more loyal to the Russian Federation than Latvia; meanwhile, the latter complained that, e.g., the Latvians make it difficult for them to gain

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<sup>38</sup> The surveys of the public opinion in Latvia show that the respondents agree with the statement “society cannot influence the content of public media”. On the other hand, they mostly do not align with the argument that “public media are not necessary as commercial media can perform the same functions”. Cf.: I. Beitika, *Development of Latvian public service broadcasting...*, op. cit., p. 21.

<sup>39</sup> Lat. *Sabiedriskā medija padome – SMP*.

<sup>40</sup> The National Electronic Mass Media Council would remain the professional regulator of the audiovisual media market, responsible for concession processes, monitoring ownership changes of media operators, etc.

<sup>41</sup> Latvian Public Service Media (LPSM; Lat. *Latvijas sabiedriskā medija – LSM*). See also: G. Mikelsons, Z. Culkstena, *Jauna Latvijas sabiedriskā elektroniskā medija izveides koncepcijas detalizācija*, NEPL Padome Latvijas Republikas 2013, a multimedia presentation, [http://www.neplpadome.lv/lv/assets/documents/JSEM/SAB\\_MED\\_fi\\_nal\\_WEB.ppt](http://www.neplpadome.lv/lv/assets/documents/JSEM/SAB_MED_fi_nal_WEB.ppt) [accessed: 5 Feb 2013].

<sup>42</sup> Cf.: <http://neplp.lv/en/home/news.html> [accessed: 9 May 2013].

<sup>43</sup> Data of the Latvian Central Statistical Bureau (<http://www.csb.gov.lv/en/>).

citizenship in order to eliminate their influence on the public affairs<sup>44</sup>. Some of the most intensive chords of late in the discussed relationships were the 2011 parliamentary elections<sup>45</sup> and the 2012 constitutional referendum calling for the recognition of the Russian language as equal in status with Latvian<sup>46</sup>.

The contemporary media, being an important tool of conducting policies, also in an international context, often become an active and very useful asset in the hands of their patrons<sup>47</sup>. Their role becomes greater still if they broadcast from the territory of the country targeted by the hostile diplomacy of the country for which these patrons work. Which is exactly the situation in Latvia, according to the Latvian security services and numerous experts. As it was formulated in the 2011 report of the national Constitution Protection Bureau (SAB), the Russian “foreign policy is targeted at undertaking defamation campaigns against Latvia by blaming it for the ‘rebirth of Fascism’, [glorifying SS officers,] ‘overwriting the history’, or presenting Latvia as a ‘failed state’ with special emphasis on special discrimination of the Russian-speaking community. (...) Another significant foreign policy instrument is information policy and targeted propaganda campaigns involving mass media and specially-tasked organizations”<sup>48</sup>.

The opinions of Latvian media scholars concur with this assessment. Anda Rožukalne from the University of Latvia in Riga points out several important phenomena involving the media operators associated with Russia:

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<sup>44</sup> To learn more about the Russian minority in Latvia – “the weakest link among the Baltic states” – in the context of the events in Ukraine (2013–2014), see: *Łotwa następnym celem Putina?* [Is Latvia Putin’s next target?], „Gazeta Wyborcza” 2014, No. 99, 29 Apr 2014, p. 13; M. Czarnecki, *Łotwa to nie Ukraina* [Latvia is not Ukraine], „Gazeta Wyborcza” 2014, No. 90, 17 Apr 2014, p. 10; *Rosja potajemnie przeprowadza sondáže na Łotwie. Pytają o Krym* [Russia carries out secret surveys in Latvia. They ask about Crimea], [http://wyborcza.pl/1,75477,15798261,\\_Rosja\\_potajemnie\\_przeprowadza\\_sondaze\\_na\\_Lotwie\\_.html](http://wyborcza.pl/1,75477,15798261,_Rosja_potajemnie_przeprowadza_sondaze_na_Lotwie_.html) [accessed: 27 Apr 2014].

<sup>45</sup> See also: K. Dudzińska, *Wybory parlamentarne na Łotwie – problemy z powołaniem rządu koalicyjnego* [Parliamentary elections in Latvia – troubles forming a coalition government], “Biuletyn PISM” 2011, No. 92 (841).

<sup>46</sup> See also: K. Dudzińska, *(Nie)rozwiązany problem mniejszości narodowych w państwach bałtyckich* [The (un)solved issue of national minorities in the Baltic states], “Biuletyn PISM” 2012, No. 30 (895).

<sup>47</sup> See e.g.: *Pouzilhac: Dyplomacja się kończy. Polska powinna założyć telewizję po angielsku* [Pouzilhac: End of diplomacy: Poland should found an English-speaking television], [http://forsal.pl/artykuly/528053,pouzilhac\\_dyplomacja\\_sie\\_konczy\\_polska\\_powinna\\_zalozyc\\_telewizje\\_po\\_angielsku.html](http://forsal.pl/artykuly/528053,pouzilhac_dyplomacja_sie_konczy_polska_powinna_zalozyc_telewizje_po_angielsku.html) [accessed: 3 Apr 2013]; W. Lorentz, *Telekalasznikow* [Tele-Kalashnikov], <http://www.rp.pl/artykul/605306.html> [accessed: 4 Apr 2013]

<sup>48</sup> Compare: the passage *Propaganda campaigns against Latvia – examples of activities by the Russian TV broadcasting company TV Centre, Foundation Historical Memory (Istoricheskaya Pamyat) and news agency Regnum*, in: *Annual Report 2011*, collective work, Latvijas Republikas Satversmes Aizsardzības Birojs 2012, <http://www.sab.gov.lv/index.php?lang=en&page=16&sid=&nid=285> [accessed: 19 Jan 2013]. A very similar description of the methods as well as concurrent assessments and conclusions regarding the activities of Russian-speaking media and organizations in Estonia are formulated in the yearly reports of the Estonian Internal Security Service; see: <https://www.kapo.ee/eng/annual-reviews.html> [accessed: 13 Feb 2013].

- The companies and people controlling the Russian-speaking media often try to hide where their capital is located using various off-shore techniques, yet the available data often allow to trace their connection with, for instance, a certain Russian bank.
- Russian televisions increased their influence and market share in Latvia during the economic crisis, attracting viewers with captivating modern programmes and original formats.
- A special place on the market is held by the First Baltic Channel PBK belonging to the Baltic Media Alliance multimedia group. One of its aims is “to support those (...) political powers that represent Russian-speaking people’s interests, as well as proKremlin politics. One cannot ignore the fact that Nil Ushakov, the most popular politician from the so-called Russian party – “Harmony Center” – and the mayor of Riga, appears in PBK’s news broadcasts rather more often than others. (...) N. Ushakov is a former PBK’s employee; he has maintained close contacts with its journalists, and these relationships are widely used to popularize politician’s image. (...) [T]his political bias was seen prior (...) the referendum of February 2012, [which] was one of the major political commotions in Latvia (...) Russian media had a crucial impact on the organization of the referendum. PBK was the channel that in their news broadcasts not only was in favour of the change of the Russian language status, but also produced a clip to agitate their viewers to vote for Russian language as the second official language”<sup>49</sup>.
- The executives of PBK and other media tied to Moscow usually explain, responding to the charges of extreme bias, that it is their Russian audience who expect a specific, politically directed message. However, it does not seem to be entirely reliable, since the viewership surveys show, for example, that the attractive PBK channel (news services, movies, series, shows) attracts many Latvian-speaking viewers as well<sup>50</sup>.

More assertive claims can be found in many publications by Latvian and Estonian investigating journalists, who demonstrated direct connections of Oleg Solodov, Alexei Plusjanov, PBK, and the whole BMA group not only with Nil Ushakov but also many other politicians and officials from all three Baltic countries<sup>51</sup>.

Elsewhere in the investigation series, its authors point out that the abovementioned people form a thick, well-operating network of political, business, and social connections, and

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<sup>49</sup> A. Rožukalne, *Media ownership trends in Latvia...*, op. cit., p. 124–125.

<sup>50</sup> Ibidem.

<sup>51</sup> The full diagram of connections, see: I. Springe, S. Benfelde, M. Salu, *The unknown oligarch*, [http://www.rebaltica.lv/en/investigations/money\\_from\\_russia/a/686/the\\_unknown\\_oligarch.html](http://www.rebaltica.lv/en/investigations/money_from_russia/a/686/the_unknown_oligarch.html) [accessed: 30 Jan 2013].

the nodes of this network, which focus the activities of its members, are the Russian-speaking media operators, advertising agencies, Latvian and Estonian (and, to a lesser extent, Lithuanian<sup>52</sup>) publishing houses managed by the Baltic Media Alliance. According to the reporters as well as Russian journalists quoted in the texts (such as Oleg Samorodni, former journalist of “Komsomolskaya Pravda”), there is no doubt concerning the sources of inspiration and funding of the BMA group projects coming from beyond the Eastern borders of the Baltic states<sup>53</sup>.

In the light of the above data and a range of other cases, described in detailed by the Latvian and Estonian counterintelligence services as well as journalists, it is no doubt that both countries strive, to the extent of their means, to counteract or compensate for the Russian soft power policy and “media assisted influence operations”<sup>54</sup>. Therefore, it is necessary to include this peculiar motivation among the important factors determining the directions of reform and strengthening of the Latvian public service media.

### **Conclusion**

The institutions responsible for the media order in Latvia, supported by Valdis Dombrovskis’s government, made an important decision regarding the reconstruction of the whole public service media system in the country, taking into consideration the current broadly construed trends and technological challenges, recipients’ demographics, and the geopolitical situation of the state. It is difficult to predict at this point whether the projected reform suggested by the expert commission of the National Electronic Mass Media Council will be accepted as a whole or undergo some changes. It is even more difficult to tell if it would be possible to realize the ambitious plans of multidimensional changes in the set time and scope, considering for one thing the economic situation in Europe. These questions are important, yet not more important than the diagnoses which have already been formulated thanks to the half year of work by experts mentioned here and previous discussions. Thus, the Latvian public service media may expect that they will not be forgotten and the reform put away<sup>55</sup>.

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<sup>52</sup> See also: N. Maliukevicius, *Russia’s information policy in Lithuania. The spread of soft power or information geopolitics?*, “Baltic Security & Defence Review” 2007, Vol. 9, p. 150–170.

<sup>53</sup> On the mechanisms at work in the media and political set-up of the BMA, financing sources, etc., see: M. Salu, I. Springe, *Who is the puppet and who is the master?*, [http://www.rebaltica.lv/en/investigations/money\\_from\\_russia/a/688/who\\_is\\_the\\_puppet\\_and\\_who\\_is\\_the\\_master.html](http://www.rebaltica.lv/en/investigations/money_from_russia/a/688/who_is_the_puppet_and_who_is_the_master.html) [accessed: 30 Jan 2013].

<sup>54</sup> Por. *Annual Review 2012*, coll. work, Estonian Internal Security Service 2013, p. 4–10; [http://www.kapo.ee/cms-data/\\_text/138/124/files/kapo-aastaraamat-2012-eng.pdf](http://www.kapo.ee/cms-data/_text/138/124/files/kapo-aastaraamat-2012-eng.pdf) [accessed: 2 May 2013].

<sup>55</sup> See also: G. Lowe, *Developing public service broadcasting in Latvia*, <http://www.neplpadome.lv/lv/assets/documents/JSEM/Gregory%20Lowe.pdf> [accessed: 4 Apr 2013].