LATVIA

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1 INTRODUCTION

Latvian media ownership patterns have evolved in close correlation with general developments in the political, economic and social domains. The collapse of the Soviet regime at the end of the 1980s triggered the multidimensional processes of a post-communist transition. In addition to the transition from a totalitarian to a democratic system, and from a planned to a free market economy, Latvia also experienced the process of decolonisation, or in other words – a break away from the USSR and rebuilding of the Latvian state that had already existed between 1918 and 1940 and was discontinued by the Soviet occupation.

Those three interlinked transition processes produced a number of specific constraints and circumstances and affected the formation of the media system and media ownership structures. For one thing, it brought about a cleavage along ethnic lines – between Latvians, on the one hand, and, on the other, Russians and other non-Latvian residents of Latvia, who had quietly coexisted through all totalitarian regimes. The ethno-linguistic cleavage is mirrored in the existence of two parallel information spaces and two markets for media products. Since Latvia has only 2.34 million residents, this market split has generated extra constraints on the media industry because it has limited the size of the available market. This constraint distinguishes the Latvian media market from those of other post-communist countries, as it is trying to accommodate the communication needs of two linguistic groups, somewhat similar in size.

The present extent of media ownership concentration in Latvia cannot be seen as a threat to pluralism. However, the lack of transparency in the patterns of media ownership in Latvia, in both the Latvian and the Russian media, is rather serious, and the situation has not significantly improved since the period of predominantly grey economy of the early 1990s. A lack of publicly available and updated information about the real owners of different media companies is the main drawback to the Latvian media market.

2 REGULATION AND IMPLEMENTATION

The laws regulating the media and media ownership in particular do not form an elaborate or clear system in Latvia. The first and foremost problem is a lack of transparency about media ownership structures and a lack of regulation to ensure that. In the early 1990s, Brikse, Duze and Sulmane claimed: “It is not only readers, but sometimes journalists themselves do not know who owns a particular publication, who publishes it and what its sources of income are. The question of the availability of such information is very important
for a nation which wants to create a democratic and lawful society in which the mass media are regarded as the ‘fourth estate’.²

At the end of 2003, the situation on the media market remains largely unchanged in terms of the transparency of media ownership structures, although the media system has developed and stabilised. In Latvia, in some cases, it is very difficult to determine the real owners of a media company, even though there is no shortage of rumour and speculation in the media about who owns what. There is still an absence of public information about the various ownership structures because there is no currently available register of media owners. Partial information on the owners of media companies can be obtained from the Company Register, which is also accessible through the on-line database of Lursoft for a certain fee.³ However, the Company Register’s record does not invariably include information about the real media owners. For one thing, the law on the Company Register of the Republic of Latvia (Article 6) does not require mandatory disclosure of shareholders in a joint stock company if a company has its own internal register, which it may choose not to disclose to the public.

In addition, there are different types of corporate interaction that lead to powerful relationships (corporate partnerships, strategic alliances, merchandising arrangements and other forms of synergy) without actually merging businesses.⁴ Such teaming arrangements do not have to be disclosed and do not have to be registered at the Company Register, as they do not produce changes in the formal structure of ownership, meaning that the integrity and formal independence of the relevant media company are preserved.

In Latvia, the secrecy surrounding media ownership structures has been attributed to two major factors — secrecy helps to ensure personal security of the actual owners, and it also prevents accusations of possible conflicts of interest. Yet it is precisely the latter argument about conflict of interest that makes transparency in media ownership structures very important.

The current legal framework regulating the media in Latvia does not include special regulations targeted at insuring better transparency of media ownership structures, neither does it stipulate any institution responsible for the supervision of this process. The current media-related legislation consists of the 1990 Law on the Press and Other Media, the 1995 Law on Radio and Television, the decisions that have been issued by the National Radio and Television Council, plus other general laws such as the Competition Law, the Law on Disclosure of Information, the Law on Copyrights, etc.

The press in Latvia is still regulated by a press law which was adopted in December 1990 and came into force in 1991. It was the first media law passed during Latvia’s post-communist transition. The Press Law officially abolished censorship of the media and prohibited monopolisation of the media. However, it did not address the issue of the level of owner-
ship concentration that is to be regarded as monopolisation. Thus, press owners are restricted only by the general Competition Law, which does not include special provisions for media companies.

The Competition Law specifies that one or more market participants achieve a position of dominance when they take over at least 40 percent of the market share in the relevant market and when they have the capacity to hinder, restrict or distort competition in a significant way. The law prohibits any market participant who is in a dominant position from abusing that dominant position in any way. In general, the law is designed to prevent dominant market positions in the economic sense and to maintain competition, but it does not deal with the social and pluralistic aspects that are part of the mix in the case of media concentration. Under general regulations on concentration, for instance, a merger or acquisition cannot be prevented on the basis of media-related considerations alone. Also, the internal growth of a media company cannot be restricted by law as long as the company does not abuse its dominant position. Another important issue that is not addressed by law is the dominant influence on public opinion that results from internal growth or acquisitions but is not classified as an abuse of a dominant position.

The broadcast media are currently regulated by the 1995 Radio and Television Law, which has been amended several times. In this law, the norms of structural control of media ownership and concentration are mainly stipulated by Article 8, which forbids the networking of regional or local electronic mass media outlets unless such networking is in compliance with the national concept of electronic mass media development. The law also stipulates program development. No broadcasters other than public service broadcasters are allowed to establish more than three broadcasting organisations. Any individual who is a sole founder of a broadcasting organisation, or who holds a controlling stake in one, may not own more than 25 percent of the shares in another broadcasting organisation, and this norm also applies to the respective individual’s spouse. This, it might be added, is a provision that can easily be circumvented, for instance, through the establishment of an offshore company.

Political parties and establishments, including companies that are founded or controlled by political parties, are not allowed to establish electronic mass media outlets (as opposed to press outlets, which can be owned by parties). People who hold elected positions in the administrative structures of parties and who also own, have shares in, or control an electronic media organisation, may not have voting rights on the board of a media organisation. It should be noted that this restriction does not cover all the possible situations, and there have been some visible cases of conflict of interest that, nevertheless fall within the limits of the law.
When it comes to implementation of the media laws, one shortcoming is the powerless-
ness of the National Radio and Television Council, even though "in the course of 2000, the
role of the National Radio and Television Council was enhanced, but its monitoring and
disciplinary authorities need to be further reinforced. Since June 2001, this body has been
able to issue administrative fines. Its administrative capacity needs to be increased."

3 PRIVATISATION

In Latvia privatisation in the press sector was rather chaotic and was carried out at a
very early stage of the transition process. Some media outlets freed themselves from their
former party – affiliated owners as early as 1990. At the same time, privatisation in the
broadcast media sector did not take place at all. The formerly state owned broadcast me-
dia remained state regulated and owned, while new commercial broadcasters were found-
ed and entered the broadcast media market.

The press in Latvia underwent two rounds of privatisation – the so-called "spontane-
ous privatisation" by management and employees, as well as regular privatisation. The first
round of privatisation was very rapid, and some market participants argued that it was not
proper privatisation at all. Many newspapers and magazines were appropriated by their em-
ployees and management, who managed effectively to seize them from their former owners
and treated them as their own property during a period of unregulated privatisation in the
late 1980s and early 1990s. None of these seizures was ever challenged in the courts.

The spontaneous privatisation of the press in Latvia was facilitated by legal confusion
about property rights. The Government claimed legal ownership of all-union enterprises
immediately after the declaration of independence, but in addition to state property, there
was also the property of the Communist Party and its subsidiary organisations. In Latvia,
the Communist Party was collapsing and splitting up, and this complicated the question of
ownership of the party’s property. The print media, which had once belonged to the Com-
munist Party, simply followed their own path, without waiting for the new government to
decide what to do with the property of the party.

The two most visible examples of this spontaneous privatisation were those of Latvia’s
largest newspaper, Lauku Avize, and of a successor to the Latvian Communist Party’s
newspaper, Cina. In both cases the majority of employees walked away from their previ-
ous publishers and started to publish the newspaper on their own. In the case of Lauku
Avize, a new publishing company was founded by all employees, while in the case of Cina,
in 1990, three representatives of the new management took everything into their own
hands and became sole owners of the newspaper.
The second round of privatisation took place after 1992, when the first laws on privatisation were already in place. The most significant case in this round was the denationalisation of the Government daily, Diena. The reason that Diena could not take advantage of the previous spontaneous denationalisation was that it was not owned by the collapsing Communist Party. Rather, in 1990, the new Latvian government had established Diena as the Government’s official mouthpiece. The newspaper was privatised to a joint-venture company with 153 shareholders – employees of the newspaper and Sweden’s daily, Expressen.

The privatisation method of some of these newspapers might be vulnerable to certain legal objections, but the fact is that the process was an important step in the de-sovietisation of the press. Since 1992, all press in Latvia has been in private hands. Some newspapers attained this state through privatisation, while others were founded as private enterprises.

In spite of that, privatisation of the press industry had not been completed by the mid-1990s. The state had withdrawn from production, but it still kept control over paper supply and distribution, as well as the printing industry. The state-run printing facilities were sold much later, when private printing houses were already in full operation. The privatisation of the largest printing facility, Preses Nams, took place only in 1998. Another example of delayed privatisation was the national news agency, LETA, which was privatised only in 1997, when it had lost most of its clients and employees because of bad management and a lack of investment. The delayed privatisation of LETA allowed for the emergence of the pan-Baltic news agency, Baltic News Service (BNS), in the early 1990s. It dominated the news market throughout the 1990s.

The press distribution network was partly privatised in the late 1990s. Subscription services were a monopoly of the state until 1994 and were operated by the country’s post offices. In 1994, the joint stock company, Diena, launched its own subscription centre, and this was seen as a countermeasure to the national postal service’s inability to modernise its operations in response to new market demands – some people cancelled their subscriptions to morning papers after they realised that the papers were being delivered around midday or even later.

The largest newsstand network owner, Preses Apvieniba, was put up for privatisation only in 2000 and was acquired (85 percent) by the Norwegian-owned Narvesen Baltija, LTD. which already had a strong presence in the newsstand market. Thus the distribution stage gradually became more concentrated without ever having been properly de-concentrated.
4 CURRENT MEDIA OWNERSHIP

Latvia’s economic situation has a significant effect on the formation of media ownership patterns, as most media companies are highly sensitive to the ups and downs of the overall economy, because the performance of the economy affects the level of advertising – the primary source of income for most media companies. Also of importance are the amount of disposable income and the level of consumer confidence, which are especially important in the case of the press. The state of the Latvian economy was characterised by uneven growth throughout the 1990s, which pushed many publications to look for outside financial support. This unevenness constrained the development of the media system and shaped media ownership patterns into their current form.

We shall now proceed to give a brief overview of the biggest media outlets in Latvia’s media market and their owners.

4.1. PRINT MEDIA

The three largest dailies in Latvia in terms of circulation at the end of 2003 are Diena (65,000), Latvijas Avize (57,550) and Neatkariga Rita Avize (36,000). The largest daily in Latvian, Diena, is published by JSC Diena, which is owned by the Swedish media company Tidnings AB Marieberg International (83.5 percent), belonging to the Bonnier Group. Other owners are 12 private persons whose identity the management of the company is not willing to disclose. It is interesting that information provided by the company itself differs from data about the structure of shareholders in the Company Register, according to which JSC Diena belongs to the newspaper publisher, Exspressen AB (49 percent), and former and current employees (51 percent). Taking into account the lack of requirements for mandatory disclosure of shareholder structure to the Company Register, the information provided by the company itself is believed to be more accurate.

Until 1 December 2003, the present Latvijas Avize daily was a triweekly newspaper called Lauku Avize. This predecessor of Latvijas Avize used to focus on rural concerns and has managed to keep its market share over the years, mostly by competing with small local newspapers. It seems that Latvijas Avize has inherited both the tone of and subscribers from its predecessor. JSC Lauku Avize, which publishes Latvijas Avize, is owned by a single shareholder, Viesturs Serdans, the Chairman of the newspaper’s managing board. The ownership structure of this company also raises some questions and doubts that will be addressed later in this study.

The third biggest daily, Neatkariga Rita Avize, is published by JSC Mediju Nams, which belongs to the Latvian oil transhipment company, JSC Ventspils Nafta (90.23 percent), and JSC Preses Nams (9.77 percent), which is also owned by Ventspils Nafta. In addition to
these dailies there is also a number of smaller dailies published in Russian. At the end of 2003, there were five dailies in Russian – *Vesti Segodnya, Chas, Komersant Baltic Daily, Telegraf*, and *Bizness&Baltiya*, and only three dailies in Latvian which had higher circulation figures than the Russian ones.

**Table 1** OWNERSHIP OF THREE BIGGEST DAILIES IN LATVIA

<table>
<thead>
<tr>
<th>TITLE</th>
<th>PUBLISHER</th>
<th>OWNER</th>
<th>OWNERSHIP SHARE (%)</th>
<th>CIRCULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIENA</td>
<td>JSC DIENA</td>
<td>TDNINGS AB MARIEBERG INTERNATIONAL (BONNIER GROUP) PRIVATE PERSONS</td>
<td>83.5</td>
<td>65,000</td>
</tr>
<tr>
<td>LATVIJAS AVIZE</td>
<td>JSC LAUKU AVIZE</td>
<td>VIESTURS SERDANS</td>
<td>100</td>
<td>57,550</td>
</tr>
<tr>
<td>NEATKARIGA RITA AVIZE</td>
<td>JSC MEDIJU NAMS</td>
<td>JSC VENTSPILS NAFTA JSC PRESES NAMS</td>
<td>90 10</td>
<td>36,000</td>
</tr>
</tbody>
</table>

*Source: Data gathered by the news agency LETA, Autumn 2003.*

To sum up, in the market of Latvia’s national daily press there are three national dailies in Latvian and five in Russian, a number of evening tabloids in Latvian (*Vakara Avize, Vakara Zinas, Rigas Balss*) and in Russian (*Vechernaya Riga*), as well as business and sports press.

In contrast to the press market in Central and Eastern Europe, the Latvian press market has not attracted major foreign investment, and only one international media concern has appeared on the scene. The reasons why there has been little flow of foreign capital into the Latvian press market, except for the investments of the Swedish Bonnier Group, can be attributed to the rather limited size of the market. Another reason has been put forward by Humphreys, who argues that countries that do not share a language with a large neighbour are somewhat more protected from the entrance of large foreign media concerns.¹¹ Given this context it is somewhat paradoxical that none of the Russian media concerns have made any serious attempt to enter the market of the Russian language press in Latvia.

Concentration in the press market has taken place along the lines of language and spheres of influence. The Latvian national daily press market is concentrated in the hands of two major publishers – the Swedish media concern, Bonnier Group, and companies associated with the Ventspils political economic group. This, of course, makes it difficult for new publications to enter the market and to compete with existing media concerns.

The Swedish media concern, Bonnier Group, directly or indirectly owns a significant share of Latvian media companies – JSC Diena, which publishes the largest Latvian daily and owns one third of all regional newspapers; Diena-Bonnier, LTD. which publishes the only business daily in Latvian; and indirectly (via the Finish media company, Alma Me-
dia), it owns the pan-Baltic news agency, Baltic News Service. Bonnier Group in Latvia is an example of horizontal concentration, having interests in a number of newspapers, as well as vertical concentration, since JSC Diena has printing facilities and a distribution and subscription company.

Another group of big media owners comprises companies associated with a political-economic group called Ventspils Group. Clemens described this group as follows: “First, there was a powerful business clan in Ventspils, headed in the late 1990s by Aivars Lembergs, mayor of the port city. Hungry for Russian oil and oil revenues, it favoured closer ties with Russia than with the EU.”

One of the Group’s companies – the oil transhipment company, Ventspils Nafta, owns Mediju Nams, which publishes the third largest daily in Latvian and a number of smaller evening newspapers and magazines, thus representing an example of horizontal concentration. Horizontal concentration has allowed Mediju Nams to streamline various back-office activities such as accounting, administration, etc. There have even been attempts to consolidate resources by creating a joint unit for research and analysis, one that would produce analytical articles for any of the publisher’s newspapers.

There have also been other concentration developments in the press market, associated with companies believed to belong to the Ventspils political-economic group. According to information based on accessible sources and a number of newspaper reports, it is likely that the change in ownership of JSC Lauku Avize (the publisher of the second largest daily, Latvijas Avize) at the end of 2001, increased the share of companies belonging to the Ventspils political economic group. It seems that JSC Ventbunkers has acquired 100 percent of JSC Lauku Avize, even though the formal holder of the shares is Viesturs Serdans, the former editor of the newspaper that was published by JSC Lauku Avize.
There are no legal documents to prove the acquisition of JSC Lauku Avize by the indirect owners of Mediju Nams, but the owners and managers of competing publications have claimed this.\(^\text{13}\) Also, the amount of dividends received by JSC Ventbunkers in 2002 from an unidentified publishing company coincides precisely with the amount of dividends paid by JSC Lauku Avize to its owners.\(^\text{14}\) This leads one to assume that there is a proprietary relationship between the two, even though the nature of this relationship is not clear. If allegations about the teaming arrangements (see chart above) between the assumed owners of JSC Lauku Avize and the indirect owners of Mediju Nams prove to be correct, then that would mean further horizontal concentration of media outlets that are directly and indirectly owned by companies belonging to the Ventspils political economic group. In such a case, its market share in national newspapers has been increased as it has control of the second and the third largest dailies.

The Russian press market, by contrast, is less stable and less concentrated, and it experiences the emergence of new dailies and bankruptcy of others on a yearly basis. The number of Russian dailies and publishers has increased, which is a trend that is in contrast to the consolidation in the Latvian press.\(^\text{15}\) Along with some smaller publishers of one or two titles, there are also two larger publishing houses, each having a national daily in Russian. One of the publishing companies, Fenster, is owned by Andrey Kozolv and his mother. Fenster publishes the largest daily in Russian, Vesti, as well as the Komersant Baltic daily in Russian and a number of weeklies and magazines. However, according to pub-
licly available information in the Company Register, the assets of Fenster are mortgaged at the Parex bank, thus allowing for speculation about its dependence on the bank, which is regarded as one of the influential players among the Latvian political economic elite having certain political interests. Another large publisher of the mainly Russian press is Petits, owned by its manager, Aleksey Sheinin.

It is interesting that the Latvian and Russian press sectors give a somewhat different picture and that corporate ownership of the Latvian daily press differs from the still diverse and privately owned Russian press. Even though, in terms of diversity of media suppliers, the Russian market seems to be a better example of media pluralism, we must, however, note that economic constraints prevent many of the Russian language dailies from enjoying editorial autonomy. Either they depend on support from a media concern, or they depend on aid from various outside sources, including large corporations and political economic groups.

The two biggest weeklies in terms of circulation are the women’s magazine, Ieva (70,000), and the weekly celebrity tabloid, Privata Dzive (67,000). Both are published by the same media concern - Zurnals Santa, LTD. which is owned by two individuals closely involved in the management of the company – Santa Anca (55 percent) and Ivars Zarins (45 percent). It should be mentioned, however, that in terms of circulation, weekly TV guides tend to exceed the circulation of any daily newspaper or other type of weekly. In general, the magazine market in Latvia can be seen as less concentrated compared to the Latvian daily press market, as the number of media outlets is relatively high, but the fact is that in terms of market share, according to Baltic Media Book 2001, the publishing house, Zurnals Santa, LTD., dominates the market with 712,000 readers and 6 titles. According to subscription data at the end of 2003, of the 15 magazines with the largest number of subscribers, six were published by Zurnals Santa, LTD.¹⁶

4.3 TELEVISION MARKET

The two largest private television stations in Latvia are LNT (25 percent audience share) and TV3 (15 percent audience share). Until mid 2003, the LNT was directly and indirectly owned by the Polish television concern Polsat (60 percent) and by three private individuals – Janis Azis (14 percent), Haralds Apogs and Edvins Inkens, both having indirect ownership via Bete, LTD. (26 percent). In the summer of 2003, there appeared information in the press about possible changes in the structure of LNT shareholders as, according to the information in the Company Register, shares of Bete LTD. were sold to Baltic Media Holdings B.V. (BMH), which is registered in the Netherlands. According to speculation in the press, BMH represents the interests of Rupert Murdoch’s News Corporation.¹⁷ The Russian daily, Telegraf, has even speculated that 33 percent of Polsat (which owns 60 percent of LNT) belongs to News Corporation, which would mean that Murdoch’s share of the Latvian LNT is even bigger.
The second largest private television station, TV 3, is owned by the Swedish media concern, Modern Times Group (100 percent). Thus, both commercial television stations with nation-wide coverage are owned by foreign media conglomerates, the two biggest media owners in the broadcast media market in general.

<table>
<thead>
<tr>
<th>TITLE</th>
<th>OWNER</th>
<th>OWNERSHIP SHARE (%)</th>
<th>AUDIENCE SHARE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LNT</td>
<td>POLSAT</td>
<td>60</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>JANIS AZIS</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bete Ltd. (owned by Baltic Media Holdings B.V.)</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>TV3</td>
<td>MODERN TIMES GROUP (MTG)</td>
<td>100</td>
<td>15</td>
</tr>
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</table>

### 4.4 RADIO MARKET

The three biggest private radio stations in terms of audience share are Radio SWH (9 percent), SWH+ (8 percent) and Star FM (5 percent). The program of the first two is produced by JSC Radio SWH, which is owned by private individuals represented in the company’s management (Zigmars Liepins (35 percent), Guntars Krumins (8.5 percent) and Janis Sipkevics (6.5 percent)) and by the largest Latvian private television station, LNT (50 percent).

The third most popular private radio station, Star FM, belongs to the Swedish media concern, Modern Times Group (100 percent), which also owns TV3. Even though this study does not include the analysis of public broadcasters, it must be mentioned that public service radio also has a very significant share of the radio audience, with Latvian Radio 1 holding 15 percent and Latvian Radio 2 holding 25 percent of the radio audience. This is a unique situation, where public service radio programs have managed to attract and sustain in the long term larger audience shares than private broadcasters.

<table>
<thead>
<tr>
<th>NAME</th>
<th>OWNER</th>
<th>OWNERSHIP SHARE (%)</th>
<th>AUDIENCE SHARE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RADIO SWH</td>
<td>LNT</td>
<td>50</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>ZIGMARS LIEPINS</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td></td>
<td>GUNTARS KRUMINS</td>
<td>8.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>JANIS SIPKEVICS</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>SWH+</td>
<td>LNT</td>
<td>50</td>
<td>8</td>
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<td></td>
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<td>35</td>
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<td></td>
<td>JANIS SIPKEVICS</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>STAR FM</td>
<td>MODERN TIMES GROUP (MTG)</td>
<td>100</td>
<td>5</td>
</tr>
</tbody>
</table>
5 MEDIA PLURALISM

The main political concern linked to the concentration of media ownership is its threat to pluralism. Although the Bonnier Group and Ventspils political-economic group, as media owners, dominate the daily press market, they do not hold as considerable a share in the overall press market, including the daily press in Latvian and Russian. The guidelines of the European Union suggest that a supplier with a market share of more than 30 percent in terms of readership should be seen as a threat against pluralism. In relation to this norm, Latvia’s press market has a very diverse pattern of media suppliers, and there should be no concern about any threat to pluralism.

In the context of evaluating pluralism of the Latvian media, it is also important to consider the consolidation of editorial functions, which can occur irrespective of separate or joint ownership, but can lead to homogeneous output and thus endanger pluralism. Companies in Latvia which are partly, and some also indirectly, owned by the Bonnier Group, such as jsc Diena, regional newspapers, Diena-Bonnier and Baltic News Service, do not share their editorial or any other resources, and in the domestic marketplace they function as completely separate companies. This means that the Bonnier Group’s holdings in Latvia do not represent a threat to pluralism. Mediju Nams, by contrast, consolidates resources and is more likely to limit diversity of output.

Another way to evaluate media pluralism is to analyse the number of media outlets. As can be seen from the table below, Latvia represents a very pluralistic media system, with a high number of different media outlets, especially taking into account that the population of Latvia is 2.34 million.

<table>
<thead>
<tr>
<th>Table 4 NUMBER OF NEWSPAPERS IN LATVIA 1990–1999</th>
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<tr>
<td>TOTAL NUMBER OF NEWSPAPERS</td>
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<tr>
<td>NUMBER OF DAILIES</td>
</tr>
<tr>
<td>NUMBER OF NEWSPAPERS IN LATVIAN</td>
</tr>
<tr>
<td>NUMBER OF NEWSPAPERS IN OTHER LANGUAGES</td>
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</tbody>
</table>


The number of dailies and television programs with national coverage has actually increased at a time when consolidation of publishers has been the major trend in the Latvian press market. Entrance barriers, it must be said, are significantly lower in the Russian press, but the fragmentation of the market for Russian language dailies has made it very difficult
for publishers to achieve financial success. Gillian Doyle has argued that a media industry in which ownership is too fragmented is susceptible to inefficiency.¹⁹ This has clearly been demonstrated by the rather poor financial performance of most Russian press publishers.

However, the proportion between the number of media outlets – an area in which Latvia performs rather well – and the number of autonomous media suppliers which are not associated with any political economic group, is not very comforting, at least in the sector of the national daily press. The politicised nature of some media companies and their affiliation with political economic groups is closely linked to the very nature of the post-communist transition. The transition from a state-regulated economy to a market economy involves politically motivated privatisation. This fosters greater linkage between the political and economic domains, leading to the merger of the political and economic elites. Links between some media companies and the political economic elite, therefore, are a natural by-product of the post-communist transition or, as Colin Sparks puts it, the highly politicised nature of commercial broadcasters and some press outlets is “a function of the nature of the transition.”²⁰

When it comes to state subsidies to different media companies in order to promote pluralism and support certain media outlets, it has to be noted that there is no consistent state policy regarding subsidies to such media outlets in Latvia. On the national press level, there have been scattered instances when a cultural publication has received state aid, but it is no longer the case at the end of 2003. The situation is different in the public broadcasting sector, where public broadcasters receive a state subsidy in addition to advertising income, but those state subsidies do not apply to privately owned broadcasting companies.

6 MEDIA INDEPENDENCE

The situation regarding editorial independence of media outlets has improved in recent years, but during the first half of the 1990s economic constraints forced many media companies and their owners to accept financing from major non-media concerns in exchange for positive publicity, or to become the object of a take-over. Those who did not want to accept, or did not manage to secure, one of these two options, often went bankrupt. Another factor was that most of the newspapers had been denationalised by their employees, which meant no inflow of investment or know-how about newspaper management in the new conditions of a market economy. The undeveloped advertising market could not improve the situation. Until the late 1990s, few media companies managed to survive without giving up their editorial independence under the severe economic constraints that prevailed. As a rule, these were either those newspapers that were the first to appreciate and utilise
the benefits of the emerging advertising market as a source of revenue (*Diena*), or those with very high circulations (the then weekly *Lauku Avize* and the afternoon tabloid *Vakara Zinas*, which quickly reached a circulation of 80,000 in the first half of the 1990s).

But even at the end of 2003, there is much space for various types of influence and breaches of editorial independence. In Latvia, there is neither a collective agreement on the national level between the journalists’ association and media publishers, nor in-house agreements between journalists and publishers. The journalists’ professional organisation, Union of Journalists, is very weak and inactive, which means that there is no mechanism or institution to expose publicly the problems of pressure on journalists and editors based on commercial interests of the owners. This allows media ownership to be the dominant power in the market, since counter institutions are non-existent or too weak (or unwilling) to act. Therefore in Latvia, media owners have a rather large space for manoeuvring and influencing their media, in so far as it does not have a negative effect on their circulation and subsequently financial performance.

In Latvia there has been a variety of public discussions regarding the editorial independence of media and some media analysts view current media outlets as belonging to different competing political economic groups. Such preferences for political and/or economic groups are also characteristic of the Russian language press in Latvia. *Panorama Latvii* (discontinued in 2003), for instance, strongly favoured a left-wing Russian political group and was believed to receive financial support from it. *Telegraf* belongs to Belokon and promotes his economic and political interests. *Vesti Segodnya*, as a result of Fenster’s dependence on the Parex Bank where its assets, according to the information available in the Company Register, are mortgaged, supports the political and economic interests of the Parex group.

Since the broadcast media market is state regulated, it is often more influenced by relationships between the political economic elite and media owners/media outlets, than is the press. Some media owners use their media as a commodity in the market of political influence. Some have personal ambitions, while others represent the political interests of someone else in exchange for political support in such areas as regulation and competition. *Radio swh*, for instance, was accused of supporting the liberal Latvia’s Way political party before the elections, but the station’s co-owner and president, Zigmars Liepins, claims that in his radio station he can “do whatever he wants,” unless it scares away the audience.²¹

The above mentioned example can also be described as hidden advertising. In Latvia this term refers to cases where a political party’s program or views are published during the election campaign without specifying that it is advertising. In 2002, the Soros Foundation and the NGO Delna, which is a local representative of Transparency International, sponsored research in the Latvia’s media in order to determine the level and amount of hidden advertising. The results of this research have been widely disputed, and the authors
have been accused of bias and lobbying for various interests. However, research showed that the problem exists of a rather large amount of hidden political advertising, which became particularly pronounced before the elections.

In addition to ownership and business connections not always revealed in the formal structures of companies, there is also a personal aspect. If we take into account the relatively small size of the Latvian population, we must acknowledge that there are different kinds of family relations, friendships and relations among former colleagues or classmates. The fact that the former head of the broadcasting council was once a very close colleague of one of the shareholders in LNT – a shareholder who was also an MP – and also of one of the shareholders in Radio SWH, is something that may point to a special relationship. This does not necessarily mean preferential treatment for anyone, but it does mean that outsiders – and especially foreigners – may find it difficult to join the ranks of the “media people” in Latvia. The fact that MTG’s TV3 proved unable to ensure sufficient political backing by attracting influential local partners while its competitor LNT obviously had more political credibility, delayed the process of TV3 receiving its national coverage license for two years until February 2001.

When it comes to the strength and development of investigative reporting in Latvia, which can be seen as a sign of media independence, the situation is not reassuring. Investigative journalism is rarely encouraged by media publishers through allocation of special budgets or creation of special units. Throughout the 1990s, there existed an independent media company of freelancers (called N1P Birojs) specialising in investigative journalism and offering its research findings and articles to different media outlets. However, owing to pressure and to financially weak demand for its investigative reports, it was closed down. Since then there have not been systematic and sustained attempts at serious investigative reporting, even though some publications are trying to encourage their journalists to work in this area of journalism.
This article is largely based on Ilze Nagla’s ongoing doctoral research project “Media Ownership in Latvia: Ten Years of the Post-communist Transition, 1991–2001” at the University of Oslo.


3. All data on current and previous media owners in this article are taken from the Company Register. Authors would like to express special thanks to the Company Register and its director Ainārs Brūvelis in particular for granting free access to the on-line data base of the Company Register, which has eased the research process.


5. Here and also in other places in the text authors uses data collected from I. Nagla’s still ongoing research project at the University of Oslo, Media Ownership in Latvia: Ten Years of the Post-communist Transition, 1991–2001.


8. The exception is the official government journal Latvijas Vestnesis, which was launched on 25 February 1993, after the previous government newspaper, Diena, was privatised.


10. All data on circulation of publications and audience of broadcasters in this article are taken from information provided by the national news agency LETA as there is no centralised and official database of circulation and audience data of media outlets.


NOTES


13. E.g., an editorial in Diena (31 July 2002); an interview with Arvils Aseradens, president and shareholder of the fsc Diena done for the ongoing project – I. Nagla, an ongoing doctoral research at the University of Oslo, Media Ownership in Latvia: Ten Years of the Post-communist Transition, 1991–2001.


17. According to the research published by the news agency LETA, 24 February 2004.

18. Draft proposals for an EU media pluralism directive (1996) and an EU media ownership directive (1997) suggested that the market share of a single supplier should not be allowed to exceed 30 percent of the market share as based on audience measurements.


