

# Market and media trends





# The Romanian media market: Juridical and economic aspects



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ABSTRACT: Media market has suffered a radical transformation since 2004 and the effects of the investments are seen as a subject of controversy. The first unwanted consequence is the influence that the media moguls have on public opinion by means of the press empires they own, while the second unwanted consequence is one of global type that refers to the limitation of the pluralism of expression by means of “trustization” and “tabloidization.”

Not interfering with ideology, the concentration of media property reduces the cultural differences and the political opinions that are present in the spectrum of the means of information. Mass media in Romania has gone through radical changes of property and editorial direction since 2004.

The most controversial aspect remains the insurance of a balance between pluralism and competition. All relevant domains for transparency refer, in the majority of cases, to the national regulations and do not involve European Union, except at the formal level.

KEYWORDS: media market, trustization, political influences, property, EU rules



## INTRODUCTION

Romanian media market has often been characterized as fragmented and crowded, with insufficient advertising resources. Throughout this paper we will try to present the effects of the process of concentration of media property that has been observed during the past few years. These become “products” that spread a kind of globalism and vague corporatism when they do not abandon the social and ideological debate in favour of easy topics, of entertainment. In the following pages we will analyze the present state of the concentration of media property, in Romania, as a result of the massive investment of important Romanian owners, but also of some international groups such as Ringier, Edipresse-AS, Sanoma, SBS Broadcasting, Lagardère or Liberis Publications.

Media market has suffered a radical transformation since 2004 and the effects of the investments are seen as a subject of controversy. The first unwanted consequence is the influence that the media moguls have on public opinion by means of the press empires they own, while the second unwanted consequence is one of global type

that refers to the limitation of the pluralism of expression by means of “trustization” and “tabloidization.” Not interfering with ideology, the concentration of media property reduces the cultural differences and the political opinions that are present in the spectrum of the means of information.

The most severe conditionings of the freedom of journalists were observed in the area of political press and, especially in the “home” press, owned by persons or groups interested rather in their own representation. This means that we can say that newspapers are autonomous and independent of the government, but this cannot be said about individuals, groups or organizations that own them. Press is autonomous, but at the same time is subordinated to the economic, social, political, ethnic, religious and cultural interests of the owners.

Romanian written press does not have a specific law. For this reason, the democratic principles referring to the pluralism of expression and the competitive climate are guaranteed only by Romanian Constitution and the Law of competition (21/1996).

In what concerns radio and television, the competitive conditions are strictly fixed through the Law of audio-visual no. 504/ 2002, which puts the National Council of Audio-Visual in charge of ensuring the observance of the pluralism of opinion, of the pluralism of the information resources and to encourage free competition (Art. 10). Article 44 of the same law clearly stipulates the conditions of a radio broadcaster in order to own a dominant position within the formation of public opinion. In the case of national covering, we can speak of a market quota of over 30 percent. A natural or legal person cannot own more than two licenses in the same area and cannot own exclusiveness in the same geographical area. Furthermore, if it is a majority share-holder at a company of audio-visual communication, it cannot own more than 20% of the social capital of a second company.

The transparency of the sources of finance in mass media field has a direct impact on pluralism in a democratic society, a fundamental right mentioned in Art. 11 of the Document of the Fundamental Rights, adopted on 7<sup>th</sup> of December 2000 in Nice, by the European Council. Pluralism in mass media field implies the plurality of the sources of information and the diversity of media owners.

Moreover, because of the fact that some political speeches are widely presented while others are put aside, groups of political, economic or other kinds of interests may profit from their dominant position in media and may exercise an abuse of power.

The most controversial aspect remains the insurance of a balance between pluralism and competition. All relevant domains for transparency refer, in the majority of cases, to the national regulations and do not involve European Union, except at the formal level.

Since the 1990s, the European Commission launched a public debate regarding the necessity of protecting pluralism and transparency in the European state media.

Discussions have focused on adopting some unique regulations at the level of the European Union. The debates still continue nowadays, but the difference between the systems of protection of the member states made it possible for the European Executive to leave in the attributions of the UE states, the regulation of this domain.

Regarding the transparency, the European Commission still focuses on analyses and the comparative study of protection systems of mass media from the Member States. The most difficult aspect is achieving a correct balance between competition and transparency.

A company may own at the most 30% of the national market of audiovisual, measured in audience quotas (market share). A superior quota of this limit is considered to be a “dominant position,” which is illegal. A citizen or a Romanian or foreign company may own at the most two licenses of broadcasting of the same kind on the same territorial-administrative unit, but will not be permitted to have a monopoly position.

There are no restrictions imposed on foreign property. Any person or company may own a license of broadcasting, irrespective of the origin of the capital. This regulation entered into force no sooner than 2002. Before this date, for more than 12 years, foreign property was limited so that only native persons or companies could control broadcasting licenses.

The effects of the concentration of media property are of two types: one that is strictly connected to the freedom of expression and the other one that is connected to business climate. The first type of effect can be divided into presumed attempts to influence public opinion and the limitation of pluralism of opinion and information.

## THE RECENT HISTORY OF MEDIA MARKET IN ROMANIA

Mass media in Romania has gone through radical changes of property and editorial direction since 2004. From among the thirteen daily papers that sent their sales figures in 2006 to the Romanian Audit Office of Printing, including the sports magazines and the only economic audited daily paper in Romania, three belong to Ringier, two to Adrian Sârbu, two to the Voiculescu family, two to Dinu Patriciu, one to Sorin Ovidiu Vîntu, and about another (*Ziua*) there are unofficial information regarding the same owner. In 2004, Vîntu did not own any of the titles – if we disregard the information concerning the *Ziua* newspaper – and neither did Dinu Patriciu, and Adrian Sârbu owned only the *Ziarul financiar*. In other words, the number of newspapers that had other owners than the so-called “the great five” on the media market decreased in the list mentioned, from eight to three. The same situation can be observed in other markets, such as niche TV or economic publications. The so-called moguls or oligarchs have started to get more involved since the change of political power in December 2004. The controversial owners of me-

dia of nowadays have invoked the increasing rate of profit when talking about the massive campaigns of acquisitions, but the idea of power that helped Traian Băsescu win the presidential elections in 2004 – the fight against corruption – aimed at the present important media owners and preceded the changes in the market.

The Romanian president stated several times that the reason that the controversial multi-millionaires of the 1990s built press trusts was to have the influence they wanted, given the problems they had with the law. The concentration of media property would have, from this point of view, the effect of a control lever by which the *moguls* or *oligarchs* can control the public opinion.

At the same time, the existent groups – Voiculescu, Sârbu and Ringier – had a notable expansion that could be seen in the turnovers, with new acquisitions and/or launchings. The prosperity of the business called press has also, in their own cases, as a counterpart, threatenings against the pluralism of expression. At this moment, Romanian mass media is divided between five important players, four Romanians and the Swiss trust already mentioned. A powerful influence have also Edipresse-AS, Sanoma and Burda in what concerns the magazines, SBS Broadcasting in audio-visual and Lagardère in radio. A research regarding the concentration of media property can only refer to “the great five”.

From a theoretical perspective one can consider that Romanian press has suddenly abandoned the totalitarianist model and aims at that of the society based on democratic principles and values: free access to information, freedom of expressing opinions, free circulation of ideas. The transition implies a sequence of transformations, not only in the political and economic life, but also in what concerns the mentalities, the customs, the expectations of individuals from the inside but also from the outside of the mediatic system. Recognizing the democratic rights, as some analysts state, does not imply the full exercise of these in the political or social life and not even in the mediatic reality. The dependence of the mediatic system on the political power, the various economic pressures exercised on it, the requirements of professional formation of journalists, and the necessity of a deontological code to be observed by these ones, the legislative aspects regarding the access and use of information of public interest, the existence of a Unique Collective Labour Agreement at the level of mass media branch, etc., are critical problems that Romanian press has to face nowadays.

In a short period of time Romanian press has gone through a series of changes that the western and American media have gone through in a longer period of time. These changes have resulted from the connection of three phenomena: fragmentation, conglomeration and globalization. These phenomena can be found in different stages of development of Romanian press: if at the beginning we noticed that the chaotic appearance of an increasing number of mediatic channels emerged from the interest of the market to get to narrow segments of the public, the present tendency of Romanian mass media at organizational level is that of creating some multimedia

concerns, with local or foreign capital (The PRO Press Trust, The ANTENA Press Trust, The REALITATEA Press Trust, etc.). Also, the international press trusts control a part of Romanian press, for example the International House of RINGIER Publishing, the majority share-holder of some newspapers and different magazines, with different public. Furthermore, the globalization in press refers to the expansion of the phenomena of fragmentation and conglomeration beyond the national frontiers. Having appeared as a critical concept, at the end of the 1980s, in relation to the debates about international culture, globalization is defined as an increase and acceleration of the economic and cultural networks that operate on international scale and on international basis. The phenomenon of globalization has had as a consequence in the Romanian mass media, among others, the standardization of mediatic forms and contents through which the characteristics of national cultures grow dim. Finally, less originality and creativity is invested in mediatic products, both in the information and in the entertainment field.

This standardization can be observed, for example, in the exercise of the entertainment function of the mass media. All commercial TV channels, even the public one, have imported programs of entertainment produced by international media companies, which can be found on German, Italian, French, Dutch, Spanish, etc., commercial channels. Another important format is the talk-show which stresses on political, social or economic topics. If we add to these ones the constant broadcasting of series and action movies produced by Hollywood, the South American soap operas, we could speak of a “culture of mediatic entertainment” on a global scale.

Entertainment is present also in the commercial radio stations, local or national, except for the public radio. In radio communication, the tendency to combine information with entertainment, the so-called *infotainment*, is performed through the dynamic alternation of information and music. The musical genres and stars that are promoted are almost the same on every radio station.

The critical points of view regarding the function of entertainment of mass media refer, on the one hand, to its share in proportion to other functions – informative, forming of opinions, platform for debate, transmission of culture – and, on the other hand, the value and cultural quality of this kind of productions.

Another characteristic of nowadays Romanian television seems to be the tabloidization and trivialization of news programs that have become fewer and fewer less orientated towards political news. This tendency was aggravated by the new electoral legislation adopted before the elections of 2004, which stipulated that TV channels were forbidden to spread news about the Parliament and presidency candidates outside the election programs. During the news programs, the TV channels were allowed to transmit only news that was connected to the elections and, besides these, only news that did not concern the candidates for Parliament and presidency. The political debates were transmitted only if they respected a complicated calcula-

tion of time distribution between political parties. As a result, in the process of trying to avoid the pressure created by the large amount of parties, many regional stations have chosen not to transmit anything about the electoral campaign and about the political issues. The same law forced public television to permit all political parties in order to transmit their electoral messages, based on a formula of calculation established by a parliamentary commission. This provision transformed public television into a platform of politicians. Neither the radio broadcasters nor the National Committee of Audio-Visual, the organism that is duly empowered to regulate in audio-visual, were consulted by the Parliament when the electoral law was adopted.

This change of registry happened in a very short period of time (in proportion to the analogue evolution from other moments of the press history) and it comprised all mass media components and was performed through amalgamation of styles, genres and formats. The tabloid way of making press did not get to represent a certain type of journalistic product and speech, independent of others (with which it coexists in the global system) and became an important ingredient that can be found in all types of media and all kinds of journalistic speech. Cheap sensational is also searched by serious newspapers, whose directors or chief editors consider themselves as “leaders of opinions” and want to be seen as voices of authority. The mixture between the commerce with morbid news and the will of mediatic prestige is also a sign of disorder in what concerns the main principles, a sign that our society has not escaped from moral primitivism. This phenomenon of mixing the genres and the registries has led to an inevitable crisis of identity of the Romanian press.

The victory of the tabloid style has led to the generalization of a solely type of journalistic speech: for many years now, the public has been bombed with minor subjects, presented as reality, important events or processes, while major facts or tendencies with which people deal every day are ignored, minimalized or reduced to scandalous notes. “Sensationalizing” every day life leads to stereotypy; excesses arouse an anecdotic interest and weaken the idea and also the need for information. There is a relevant “hysterical” character of some of the Romanian press that exaggerates some subjects with minor social impact, and that ignores the themes of interest of the major public. The tabloid cutting out and the spectacular style places the press in the position of providing entertainment and the journalists in the position of people who are paid to entertain. In these conditions, the slow decreasing of audience of the central press shows the collapse of a model, generalized and repeated in an absurd manner, but also the incapacity of those that run newspapers to offer an alternative model.

Tabloidization has become a major characteristic of television. It is obvious at the level of entertainment programs, through the favouring of easy programs and formats, popular and sensational, but also at the level of the informational programs. In this last case we can distinguish two kinds of strategies:

- informational programs that only refer to normal events, but also programs that imitate the informational format, but that exclusively and programmatically have contents of sensationalistic type;
- TV prime time news whose structure has been modified in order to make room for the tabloid type news and even to put them in a privileged position.

## **POLITICAL INFLUENCES AND PRESSURES**

Unfortunately, some journalists work in a “mechanical” way, placing themselves at the disposal of the parties or political alliances that come to power and afterwards acting as “independent” or getting to identify themselves with the political parties. Although autonomous towards the state, a part of the press is “subordinated” and, again, not to the structure of power in general, but to some political forces within this structure. Without the autonomization of mass media proportional to the parties and other political entities, society will not be served by these ones.

If the exercise of liberty of the press is proportional to the means of communication at the disposal of the public, then the public authority is morally obligated to eliminate any obstacle, as a first necessary condition, but not sufficient, in order to satisfy the need for communication. It is not sufficient because in order to ensure an effective pluralism in what concerns the mass communication a “positive interventionism” is required from the state in order to support the existing media and to create a new one, especially for groups that do not have available funds. The Romanian state showed itself conservative enough in what concerns the free market of media through its maintaining of exclusiveness on the resources of raw materials, of the national network of broadcasting, but also through its politics of tax and duties, not at all stimulating.

The most severe conditionings of the freedom of journalists were observed in the area of political press and, especially in the “home” press, owned by persons or groups interested rather in their own representation. This means that we can say that newspapers are autonomous and independent of the Government, but this cannot be said about individuals, groups or organizations that own them. Press is autonomous, but in the same time is subordinated to the economic, social, political, ethnic, religious and cultural interests of the owners.

## **LEGISLATIVE ENVIRONMENT**

Romanian written press does not have a specific law. For this reason, the democratic principles referring to the pluralism of expression and the competitive climate are guaranteed only by Romanian Constitution and the Law of competition (21/1996). In Articles 10–15, the second one establishes the conditions of economic concentration, “that, having as an effect the creation or consolidation of a dominant



Nice, by the European Council. Pluralism in mass media field implies the plurality of the sources of information and the diversity of media owners.

When one talks about the transparency of mass media one must take into consideration the aspects besides the transparency of the share-holders of the press trusts, such as:

- the mass media concentration,
- the distinction public-private for radio and television channels,
- the editorial freedom,
- the financial situation of the journalists.

Concentrating mass media in the hands of a small category of persons may lead to the alteration of public speech and to the elimination of different points of view. Moreover, because of the fact that some political speeches are widely presented while others are put aside, groups of political, economic or other kinds of interests may profit from their dominant position in media and may exercise an abuse of power (Commission..., 2007). On the other hand, even if the concentration is limited that does not mean that the mass media pluralism is ensured. And the contra-example is valid. A larger concentration in small countries does not automatically mean the lack of pluralism, in cases when only few stations of radio and television (The European Institute..., 2006) exist.

The most controversial aspect remains the insurance of a balance between pluralism and competition. All relevant domains for transparency refer, in the majority of cases, to the national regulations and do not involve European Union, except at the formal level.

## THE EUROPEAN UNION APPROACH

Since the 1990s, the European Commission launched a public debate regarding the necessity of protecting pluralism and transparency in the European state media. Discussions have focused on adopting some unique regulations at the level of the European Union. The debates still continue nowadays, but the difference between the systems of protection of the member states made it possible for the European Executive to leave in the attributions of the UE states the regulation of this domain. Still, there are two norms concerning the **competition** that may be relevant for transparency: the **Norm 2004/17** and the **Norm 2004/18**. These require that the member states must ensure the **transparency** of public offers, of costs and benefits of different companies that have profited from subventions. It is also required that the national authorities do not discriminate between state companies and private ones. Another regulation concerns the prevention of creating a dominant position. The disposals only have an indirect connection to the mass media transparency, regarding the competition on the unique European market.

Regarding the transparency, the European Commission still focuses on analyses and the comparative study of protection systems of mass media from the member

states. The most difficult aspect is achieving a correct balance between competition and transparency.

Mediatic channels are due to observe the same fiscal regulations as any private company. The absence of any fiscal facility or any other kind of stimulants makes it possible for Romanian press to be vulnerable in front of economic or political interests. The Media Sustainability Index study made in 2003 by IREX notes that “press business in Romania is not always profitable; in a crowded market with a reduced purchasing power public; media companies fight to survive” (IREX, *MSI 2003*, p. 12). According to the same source, media owners that have other business use the profit obtained in these other businesses in order to financially support their press companies. This thing is mostly applied in local television channels. The majority of the 140 local stations retransmit the programs of national stations, broadcasting only few hours of their own shows, especially live talk-shows which can be produced with low costs, and also local news bulletins. In many cases, behind these channels there are politicians.

Suffering from lack of resources, local televisions have accepted all kinds of compromises which finally affect their editorial independence. A local television in Cluj became famous for asking money from its guests at talk-shows. Therefore, in many cases, these channels are at the discretion of local authorities. There are cases when programs broadcasted by different local stations have been eliminated at the request of local managers.

On the other hand, despite the fact that there are numerous mediatic channels, the increasing number of mergers led to the growth of concentration of crossed property. In its annual report regarding the process of adhesion of Romania, the European Commission stated that: “The number of mediatic channels really independent is limited and the property is strongly concentrated, which led to a certain level of auto-censorship” (European Commission, 2003, p. 26). One year later, the Commission has stated more serious concerns: “Many media organizations are not viable, economically speaking, and their future existence depends on the sustaining of political or commercial interests. External studies have shown that the journalists’ accounts may be influenced by financial constraints, leading to auto-censorship.” (European Commission, 2004, p. 25).

Many television channels in the market were launched with the purpose of getting influence in politics or business domain. Only few of them have a solid business plan. Sometimes, journalists have to fight the restrictions or the censorship imposed by management and with the small incomes of the payment of the copyright. The small wages of journalists contribute to the general instability of the press and to its lack of independence. Unlike other entertainment stars that can earn up to 150,000 euro a year, a news reporter works for an annual wage of 3,000 euro. Furthermore, a part of the staff does not have legal labor agreements because their employers want to avoid paying taxes and legal leaves. Although Labor Code protects the employee, it does not have the same role for the people who work in televi-

sion, as long as the great part of them does not have labor agreements and prefer to work on the basis of signed agreements with their own “small enterprises,” created for this purpose.

## **RESTRICTIONS REGARDING PROPERTY**

The in force audiovisual legislation aims at limiting property on horizontal level, but permits the concentration on vertical level of the property, namely the integration of property and the capital in different phases in the production chain of programs (for example, the integration of media companies and of production and distribution markets associated with them).

A company may own at the most 30% of the national market of audiovisual, measured in audience quotas (market share). A superior quota of this limit is considered to be a “dominant position,” which is illegal. A person or a company that directly or indirectly becomes an investor or a majority share-holder in a radio or TV company, may own at the most 20% of the capital in other companies with the same profile, according to the Law of Audiovisual. A citizen or a Romanian or foreign company may own at the most two licenses of broadcasting of the same kind on the same territorial-administrative unit, but will not be permitted to have a monopoly position.

There are not any restrictions imposed on foreign property. Any person or company may own a license of broadcasting, irrespective of the origin of the capital. This regulation entered into force no sooner than 2002. Before this date, for more than 12 years, foreign property was limited so that only native persons or companies could control broadcasting licenses. Foreign people were only permitted to own the majority of the capital in the companies that operated the stations. Romanian managers and owners benefited from this provision and they have consolidated their positions within the television stations, the majority having been operated by foreign companies.

The case of the American investor Central European Media Enterprises (CME) is a very good example in this case. Until 2002, CME had controlled the companies that operated television and radio stations, such as Pro TV and Pro FM. The company that owned the broadcasting license of the stations was controlled by two Romanian businessmen, Adrian Sârbu (who was also the executive manager) and Ion Țiriac. After the changes in legislation in 2002 that permitted foreigners to own the license and also the radio or TV operator, CME raised its participation in the company that owned the license of the Pro TV station (named nowadays Pro TV SA, and back then Media Pro International), from 44 to 66%, then to 80%, with the option of completely owning the share package until the end of 2009. Furthermore, CME owns 70% of the votes and of the profit participation quota in the company Media Vision, specialized in production and subtitles. Because of the restrictions imposed on the concentration of horizontal property, CME had to sell 24% from its

radio holdings, Pro FM and Pro AM, in order to observe the threshold mentioned before. The majority owner of the radio holdings of CME is still Adrian Sârbu, who also occupies the position of executive manager of Pro TV.

Foreign investors in mass media were obliged, for a period of more than a decade, to operate under the umbrella of local companies. According to the annual report on 2003 of CME, this obligation created “the risk of incorrect treatment from regulation authorities or from local courts in the case of a dispute with local shareholders.” According to Audiovisual Law, the transfer of property in the companies of audiovisual field is permitted only with the approval of the regulation authority (CNA).

### THE EFFECTS OF THE CONCENTRATION OF MEDIA PROPERTY

The effects of the concentration of media property are of two types: one that is strictly connected to the freedom of expression and the other one that is connected to business climate. The first type of effect can be divided into presumed attempts to influence public opinion and the limitation of pluralism of opinion and information.

The script “Vintu, Patriciu and Voiculescu invest money into press in order to influence public opinion” is very familiar to everybody. Many journalists and leaders of opinion have repeated it and they have suggested it to the Romanian President who, in February 2007, requested that the three men “stop controlling the politics of the country” (interview given to the radio station Radio Romania News). After a few months, in Cluj, in the campaign for referendum, Vintu disappeared from the list of oligarchs of the president.

All five large groups of media include means of mass information with political summary. A detailed analysis of the way the “fight against corruption” of the new political power was reflected by these means of information is not the point of this study. However, empirically, we can bring to your attention the following observations:

1. Television stations and newspapers with wide circulation controlled by Adrian Sârbu and the Voiculescu family (Pro TV, Acasă TV, Antena 1, the National Journal), but also top titles of Ringier, give a little attention to the political environment.

2. *Cotidianul* and Realitatea TV (Vintu) were less critical towards president Băsescu at the suspension moment and also at other times. Nevertheless, Realitatea TV gave a lot of broadcasting space to Dinu Patriciu, but also to Dan Voiculescu when these had problems with the law and CNSAS. *Cotidianul* has a famous editorialist, declared supporter of president Băsescu, Traian Ungureanu.

3. Without being favorable to president Băsescu, as it was the case for *Cotidianul* and Realitatea TV, the orientation of the daily paper *Adevărul* is not a categorical one.

4. Antena 3, the *National Journal*, Antena 2 (new) and other means of information with political summary controlled by the Voiculescu family present a large

amount of positive news about the activity of the Conservative Party, whose leader is Dan Voiculescu. The collaboration with poet Dorin Tudoran was interrupted after a critical article against Dan Voiculescu – after all, a fair action considering the uncivilized manner it was written. At the same time, the columnists and the moderators from the area “Journal-Antena” have a critical attitude towards president Băsescu, with who the president of PC is in dispute. One of the close collaborators of the Voiculescu family, Sorin Oancea, admitted that Dan Voiculescu makes political telephone calls to his television stations or to those controlled by his daughters: “We mostly received telephone calls of reproach. Many times we avoided presenting news about PUR so that they will not be considered as a campaign for PUR. He would argue that what we did was not fair” (*Evenimentul Zilei*, 25<sup>th</sup> of June 2005).

5. Many business publications from these five press groups have, as it was expected, a liberal and consumer ideology (not in a supportive way) that has a positive tone.

6. Consumer magazines in Romania present reality in a less critical way than its external homologues. Concerns of ecological or spiritual kind are less present than in their equivalents from abroad.

7. The two tabloids of wide circulation in Romania, belonging to Ringier and to Dinu Patriciu, have in general a critical attitude towards power, of any kind, which is absolutely normal for the “penny press” approach.

All these empirical observations will be verified and modulated through analytical methods. On the other hand, if there is an opposition between Ringier and the “great” Romanian four, we cannot talk about an opposition between Adrian Sârbu (never mentioned in “lists of moguls”) and the other “great” three, Vîntu, Voiculescu and Patriciu, another than the fact that Sârbu does not own business outside communication. Having been excluded from the list of oligarchs of president Băsescu, Sorin Ovidiu Vîntu does not have any past, any business style that could clearly differentiate him from Dinu Patriciu or Dan Voiculescu. The only difference is the positive reflection (seen comparatively) of the deeds of president Băsescu and of his supporters in the media structure he owns.

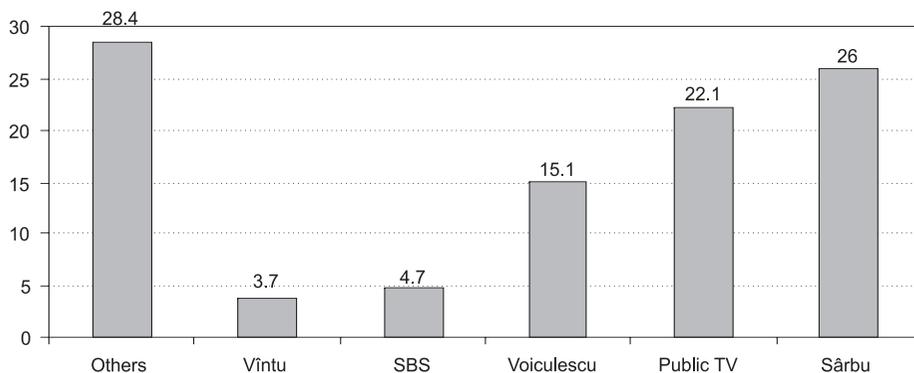


Figure 1. Distribution of the media market in Romania considering the owner

Source: (Report..., 2007).

From the point of view of the pluralism of opinion and information, Romanian mass media is the victim of the same tendencies of globalization and trustization that occur in the whole world. The recent Romanian investors have started to adopt the Western business style, under the influence of managers that came from Ringier and MediaPro. Infotainment and tabloid approach are already present from the past decade in the Romanian market and they continue to bring profit to their owners: the daily press market has decreased in 2006, compared to 2005, only because quality titles like *Adevărul* or *Ziua* had started having problems. The number of tabloids increased. Therefore, the Romanian listener and reader will be overwhelmed by consumer bombing and entertainment. The good news is that this approach appears late enough in Romania, exactly after the Web 2.0 explosion, which means that the same reader or television viewer has content alternatives and so she/he can enjoy the constitutional right to free information. Romanian internet has doubled its turnover in 2006, compared to 2005, from 2.4 to 5.5 million euro net incomes from advertising. In 2007, a new increase was estimated, until 8.5–9 million. The example of *Revistapresei.ro*, which became in 2004 *HotNews.ro*, was followed by other independent sites of generalistic information with a public comparable to that of printed newspapers, of 50 000 unique daily visitors.

In the past two years and a half about 50 weblogs have appeared in Romania, whose traffic can be estimated at over 500 unique visitors a day for each weblog. The most read weblogs have a daily traffic equal to the number of buyers of a small paper, 5–7000 visitors. The large amount of “personal journals” does not obtain any revenue, and some of them are written without the intention of obtaining it. In other words, they are independent tribunes of expression, which are available to anyone, less professional, but not influenced by the source of income.

None of the active media markets in Romania does show significant signs of monopoly. At the level of non-confirmed information, we can talk about conditioning in the distribution of the written press and in the cable networks. In the first case, it is about the groups with a large number of titles, which try to promote a new publication by distributing it “at package” with those marketable. In the cable networks, the stations launched by media companies with greater power take the place of other stations, belonging to smaller radio broadcasters. Only a phenomenon that takes place between markets was proved, relating to the incorrect way the group controlled by the Voiculescu family sometimes promoted their print titles in Antena 1. Programs such as “The Financial Week” of Gabriela Firea or “Marius Tucă Show” were warned by CNA for the way they presented homonym economic publication or the *National Journal*. The situation had repeated itself for various times and drew complaints from other press editors, such as Ringier Romania. Cross promotion has been practiced on a large scale, in a legal way, after it was introduced in Romania by MediaPro during the 1990s. It is one of the favorable effects of the agglutination of titles of written press and of television stations in groups of media. Another positive effect is the minimization of administrative costs by means

of merging in the same centre of auxiliary service departments that work for several publications. Last but not least, a group of media means greater investment force, because the profile of the profitable titles, radios and televisions may be reinvested in new launches or in the already existing units, less performant. The market of glossy magazines, that of commercial televisions and that of TV guides profited from property concentration in which they were included at a certain time. As a rule, these meant foreign know-how, the increase of the quality of the content, promotion, long term strategies (a few years) and, of course, profitability. It only remains that the great groups prove their valuation on new-launched serious publications, especially in the economic area, or on the acquisitions of political daily papers type.

For the time being, only two of the five great owners of media in Romania have made public their turnovers. Ringier declared a growth of 60% of the profit and of 19% of the turnover, of the year 2006 compared to 2005, in the case when the printing of *Evenimentul zilei* and *Capital* is easily decreasing and the performances are reached by the tabloid segment. The turnover of CME, the owner of Pro TV and other stations controlled by Adrian Sârbu, has increased by 43.8% in the same interval and the incomes of CME in Romania for the first trimester were 39.3 million of dollars, with an EBITDA profit (gross profit, before interests, taxes, expenses of devaluation and redemption) of 15.1 million, increasing with 38.5% compared with the last year. In other words, a gross profit margin of 38.4%, in the case when the accusations regarding the poor quality of the programs broadcasted by Pro TV are of a notoriety domain. All these seem to show a greater care for money than for the public interest and for the education function of mass media.

In a society where the political system and the business environment are deeply affected by an extremely spread corruption, the independent mediatic channels may hardly survive and are forced to accept all kinds of compromises in order to function. None of the private televisions does obtain profit functioning in a market where advertising incomes are small and the social-economic environment is not very stable. Investors are afraid of the sudden changes of state politics. Legislative and regulation systems, for example, may be easily influenced by state politics. All these factors increase the general level of business risk.

A major problem remains the transparency in what concerns the capital behind television channels. None of the commercial televisions does hand in an annual financial report. The only available turnovers are those included in the accounting balances transmitted to the fiscal authorities, but these do not give much information about the sources of financing. Two years ago, the information referring to the debts owed to the state by television channels were considered a tabu subject. Finally, the Ministry of Finances published this information. However, there is not a system that could permit the verification of the sources of cash of the stations. Quite often, the origin of money with which television function may be identified by following the accounts of foreign investors.

The formats of specialized television that address a certain niche of audience have many more chances to survive, but their development depends on the way their owners will create real conditions of growth, based on some pragmatic strategies on a long term. Until now, niche channels have not obtained any solid success. For example, the television with complete news format, Realitatea TV, hardly reached an audience of 3% in the urban areas and of 2% throughout the country.

Another winning bet on the market of televisions, in the near future, is represented by local televisions which now suffer from an acute lack of funds and professional staff. However, in the coming years, local television may become a good option of investment.

The pressure of the advertising incomes has a negative effect on editorial independence. Moreover, advertising from state companies and institutions towards media is another instrument that strengthens the dependence of mediatic channels on economic and political interests.

The growth of advertising market and of greater investments in media will consolidate the financial situation of radio broadcasters. The more stable and healthy the economy, the more interested the companies in Romania will be in objective news and journalism of investigation. But a healthy economy cannot exist without a strong and credible fight against corruption. Building a solid democracy in Romania should start from the mass media sector. Televisions should intensify their efforts in becoming transparent and credible, but this could turn into a difficult challenge: setting up on screens a profound and objective journalism. Although hard to be obtained, this objective may be the only way to help mass media play the part of a watchdog, a role that it should normally have in a democratic society.

All these efforts will not be enough without a transparent data referring to the property on means of information and on their sources of income. The growth of independent production could also lead to the increase of public's trust in press. Supporting freelance journalism is an important question. Poorly paid journalists may accept any kind of compromise and could be censured through different confidentiality clauses.

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