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TELEVISION IN THE RUSSIAN FEDERATION: ORGANISATIONAL STRUCTURE, PROGRAMME PRODUCTION AND AUDIENCE

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INTRODUCTION

After 1991, the Russian state television system created in the Soviet era underwent a series of massive changes. Television lived through decentralisation, redistribution of property, information wars, the "era of oligarchs", and finally the transfer of ownership of national commercial channels to government-controlled holdings. The industry developed, the advertising market grew, programming policy changed, and new channels were launched. The monolithic ideological model of Soviet state television is being replaced by another model – commercial entertainment-based TV aimed first and foremost at generating profit.

This report will describe changes in the TV industry in Russia between 2002 and 2005.[1] According to the request of the European Audiovisual Observatory, in conformity with its statute, this report describes the organisation and market evolutions of the Russian television system and does not have the objective of assessing the quality of the Russian news system or the quality of media pluralism in the Russian Federation. In a system where the role of political power is still important in structuring the market, it is however difficult to completely avoid any reference to political elements in the description of the development of this system.

Growth of Registered Media Companies

In 2003, the Ministry for Print and Broadcast Media reported that around 6,000 broadcast licenses had been issued in the five years previous. A report published on 1 March 2006 by the Federal Agency for the Press and Mass Communications[2] (under the Russian Ministry for Culture and Mass Communications) gave figures of 66,931 registered media as of 1 January 2006, of which 14,290 are broadcast media companies. In 2005 alone, the Licensing Regulation Service gave out 529 new licenses for broadcasting. It should be noted that these figures can be misleading, since the Ministry and the Licensing body do not typically annul the licenses of media companies which are no longer

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[1] An overview of the period prior to this can be found in the previous report prepared by Internews for the European Audiovisual Observatory *Television in the Russian Federation: Organisational Structure, Programme Production and Audience*", March 2003. http://www.obs.coe.int/online_publication/reports/internews.pdf

[2] "Means of Mass Information, Book Publishing, Printing: 2005 results and development perspectives, Inter-industry Conference, graphs and diagrams provided by the Federal Agency for the Press and Mass Communications led by M.V. Seslavinsky", Moscow 2006, additional data provided by TNS Gallup.

operating. Nevertheless, it is possible to say that there has been a significant growth in the number of registered media companies in the period 2003 – 2005.

2002-2003 Transformation of Content

A new trend became evident within the TV market in 2003. The new fashion was for apolitical programming. In terms of content, discussions centred around infotainment and the power of ratings; in terms of the industry the focus was on owner-manager-journalist relations; and in terms of politics, to the dangers of reducing media space allocated to criticism. The business rationale in media development at this time became dominant not only because entertainment formats are more profitable, but also because they are less controversial.[3] This business logic was perfectly aligned with the expansion of the government's presence in the media. In June 2003, TVS was shut down and its frequency was turned over to the state-run Sport channel. The State TV and Radio company's CEO Oleg Dobrodeyev described Sport as possessing "a unique therapeutic effect in such a difficult country as Russia, where there is a lot of depression and problems". It was at this time that Russian national television, in terms of its content, had become totally transformed into entertainment and unchallenging information programmes.

2004-2005 Television policy

The administrative reform implemented by the government in 2004 moved new people to the forefront, including within the media industry. At this time, Minister of the Press Mikhail Lesin, who was responsible for a more market-oriented development of the media industry, was transferred to the position of Presidential Advisor.

New civil servants with a background in what Russians call the "power forces" (a term that encompasses police, military, state security services), as well as people with a demonstrated loyalty to the administration, have replaced their market-oriented predecessors in key government positions. Leonid Nadirov was appointed as first deputy of the newly unified Ministry of Culture and Mass

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[3] The Head of the Agency for Press and Mass Communications, Mikhail Seslavinsky notes a stable trend: during bidding for broadcast frequencies in 2003 regional partners of Moscow-based networks were refusing to create programmes with the participation of news broadcasters such as "Echo of Moscow" radio. "Watching TV", *Radio Liberty*, March 22, 2004.

Communications, while Boris Boyarskov was made the new head of the Licensing Regulation Service. Both men were formerly members of the state security services.[4]

The partial collapse of powerful media empires controlled by oligarchs during the previous decade, the emergence of new media groups approved by the president and new elites, and finally the superficially apolitical nature of market processes all signify a new stage of competition in the TV industry. This competition will be less political, and more economic in nature.

Clearly, the Russian media market in the first five years of the 21st century combines several trends. On the one hand, all national channels are now owned by the state, or by industrial groups either controlled by the state or with close connections to the government. On the other hand, competition has intensified, audiences have naturally segmented, new television projects have emerged, and new broadcast technologies have been developed.

1. National television assets have returned to state control. Owners of large media assets, mainly in television, are generally state-appointed or approved, and foreign media ownership is achieved through negotiation with the authorities.

The state-affiliated natural gas monopoly Gazprom has increased the number of its media assets in the period up to 2006.

Shareholders and managers of another primary monopoly – RAO EES (Russia's Unified Energy System) decided to divest themselves of stock in the commercial REN-TV network. As a result, the 70 per cent of REN-TV stock belonging to RAO EES was sold to two companies which are perceived as loyal to the current administration - the Severstal Group[5] and the oil company Surgutneftegaz. The 30 per cent remaining stock belonging to the Lesnevsky family was purchased by the RTL group (part of Germany's Bertelsmann group). Following the change in ownership, the editorial policy of the TV company noticeably altered. REN TV news stories which were critical of the government or those associated with it were removed before broadcast, leading to the departure of two of its most senior

[4] “Face to Face: Leonid Nadirov”, *Radio Liberty*, April 9, 2004 (www.svoboda.org); web-site of the Federal Service for Monitoring Compliance with Legislation on Mass Communications and Protection of Cultural Heritage (www.rosohrancult.ru).

[5] Severstal owner Alexey Mordashov was President Putin's election agent during his 2004 re-election campaign.

news personnel, who complained of internal censorship. Management described their replacement as a question of improving ratings.

Media experts analysed the case of REN TV as providing confirmation that foreign investors are more inclined to develop media interests in Russia with companies which exclude politics and news from their schedules (such as StoryFirst, CTC Media, MTG).

During President Putin's meeting with influential US businessmen in June 2005, media mogul Rupert Murdoch asked whether Russian authorities intend to privatise government media assets. Putin replied that Russian State TV and Radio will not be privatised, but that there were plans to privatise media stock belonging to RAO EES and Gazprom.

It is possible that Rupert Murdoch's meeting with Putin will bring some fruit. Russia's First Channel has been repeatedly trying to enter the US pay TV market and finally found an opening four months after the media mogul's meeting with the Russian president. The state-owned First Channel will launch a four-channel "Russian Project" via DirecTV, which is controlled by Murdoch's NewsCorp. Russian media observers are now speculating as to which Russian TV business Murdoch will be allowed to invest in.

In November 2005, ownership of the St. Petersburg-based Channel 5 TV and Radio Company changed hands. The three new owners are the Severstal Group, the Volna media company and a subsidiary of the Russia Bank in St. Petersburg. Severstal’s connection to the administration is well-known, and press reports suggested that the Russia bank subsidiary and Volna are also headed by associates of the president.[6] Shortly afterwards, the new owners won 41 new frequencies from the Licensing Regulation Service. Their plan is to make St. Petersburg’s Channel 5 a new national network.

2. Representatives of the armed forces (primarily the Defence Ministry) and the Orthodox Church – have become active players in the media sector, hiring loyal and profit-oriented professionals to ensure the success of their projects.

The new state-owned patriotic channel Zvezda (Star) was launched as a joint-stock company in February 2005 and almost immediately began to expand into the regions. The channel’s mission is "to

[6] Anna Pushkarskaya “Oleg Rudnov’s Holding Changes Crisis Manager”, *Kommersant*, No.242, December 27, 2005.

develop in citizens the feeling of patriotism, love for their Motherland, pride in their glorious historical past, faith in the country's future, and to promote a positive image of the Russian Army".[7]

The TV channel Spas (Saviour) was launched by business investors close to the Orthodox church in July 2005. Although the founders created the channel to promote social aims – to inform, educate, and enlighten – the channel will be run as a business, with investments contributed by "Orthodox entrepreneurs”. Spas is a satellite channel with 40 per cent of its content related to Orthodox Church matters. Another Orthodox channel was launched in 2005 in Yekaterinburg, with the participation of the regional diocese.

Russia’s image in the West is to be improved through the launch of a new English-language channel funded by the government called Russia Today TV, which began broadcasting in December 2005. The decision to establish a Russian 24 hour English-language news channel to rival CNN and BBC World was taken in May 2005. The channel is based on cooperation with the RIA-Novosti News Agency and is being supervised by Alexey Gromov, the President's Press Secretary, and Mikhail Lesin, the President's Media Advisor.

3. Media industry on the rise: achievements of media companies can be measured in proper market terms

The period 2002-2005 was marked by an avalanche in domestic TV series production in various genres and of various quality, and by the merging of TV and film businesses. In 2005, three Russian motion pictures with box office returns of around $20 million were released which were co-produced by television companies (*Turkish Gambit*, *9th Company*, and *Night Watch*).

Thanks to TV managers and the quality of Russian television products, films, TV series and new formats have been sold on the world market (previously only possible for Russian art products):

- Several films produced by Russia’s state-owned First Channel were bought by Hollywood film companies;

[7] Sergey Varshavchik “Star” of the State Patriotism. Defence Ministry Channel Starts Broadcasting”, *Nezavisimaya Gazeta*, February 18, 2005.

- “Bednay Nastya” (Poor Nastya) TV series produced by A-Media was sold to broadcasters in 30 countries;
- Russian reality TV show format "Dom 2" (House 2), developed by the TNT network (which Duma deputies tried to take off the air for alleged immorality) was purchased by Sony Pictures.

The RBK media company was the first Russian media company to start trading on a foreign stock exchange. It was valued at $83 million when it was floated in April 2002, but its capitalisation value has risen 11 times since then, to $900 million. Rambler Media Group was floated in March 2005 and valued at $138 million. Since then its value has doubled (in the period up to March 2006). In 2005, the company sold 26 per cent of its stock for $40 million.

The major satellite and cable TV systems in Russia (NTV Plus, Akado, Kosmos TV) offer programme packages that include over 60 domestic and international channels. A new digital television project called Stream TV was launched in May 2005 through ADSL and offers 100 satellite channels, including four in-house channels.

Groups of government lobbyists began promoting digital broadcast transition concepts in 2005. At least two such concepts are under discussion now. One is presented by the Ministry of Culture jointly with the Russian Regional Televisionand Radio Broadcasting Network (RTRS) Unitary State Agency (the state structure that controls most Television/Radio transmitters and towers in the country), and is included in the strategy for industry development up to 2015. Yet another is supported by the Ministry of Information Technology and Communications. The latter differs from the RTRS project in terms of funding sources. Digital television will be launched on an experimental basis in the Udmurtia and Khanty-Mansiisk regions of Russia in 2006.

In 2005, the second largest international advertising agency in the world, WPP, purchased a third of assets in the Video International Group, providing further proof of the growth and attractiveness of Russia's media and advertising markets. In addition to Video International and NTV Media, a third media buyer – Alkasar – appeared in 2005.

4. Further fragmentation of the audience and rising number of niche and specialised channels

From 2005, it is possible to talk about the final delineation of channels in terms of content into general interest terrestrial channels (such as First Channel, Rossia, NTV, STS, TNT, REN TV, Kultura, TVTs, DTV-Viasat) and thematic channels (TV3, MTV, Muz-TV, TV7, Euronews, Rambler TV Network, Sport, Domashnyi).

Discussions about establishing public service television in Russia continued throughout 2005. In response to concerns voiced at the 2005 session of the Parliamentary Assembly of the Council of Europe (PACE) that opposition forces in Russia are denied the opportunity to present their views on television, the head of the Russian delegation in Strasbourg agreed to the idea of creating an independent broadcasting corporation and confirmed that a federal law on transforming state media into public service media is in development. At the end of 2005 the Ministry of Culture and Mass Communications passed a concept paper on public service television, which had been agreed with the Ministry for Economic Development and Trade, to the government for approval. The government plans to consider the legislative act in spring 2006. The creation of public service broadcasting, as expected, is planned on the basis of the restructuring of existing state channels. However, it is unlikely that such a transformation will take place before the Russian parliamentary and presidential elections in 2007 and 2008.

1. INSTITUTIONAL FRAMEWORK

1.1. LEGISLATION

Like any other industry, the Russian broadcast industry is subject to two kinds of regulation – state regulation and self-regulation. Self-regulation of the Russian media industry is still in its infancy. Despite numerous industrial discussions, this process has not yet been institutionalised as of 2005, despite the establishment of an expert council for licensing for dealing with current issues. As before, the state practically remains the industry's sole regulator. The Russian government's new administrative reform has strengthened the state's presence in the media market. The state carries out its regulatory functions using the following instruments:

- Legislation (Civil Code, Law on Mass Media, Law on Advertising, Law on Elections, Law on Copyright, etc.);
- Licensing of electronic media (the right to broadcast is determined on a competitive basis by the the Federal Competition Commission at the Ministry of Culture and Mass Communications and is obligatory for electronic media broadcasting to an audience of over 200,000 people or within the territory of an administrative centre of one of Russia's 89 federal subjects); and
- Pricing policy for signal transmission of national broadcasters.

The state uses both open and hidden forms of subsidies to create a favourable environment for its own media and those private media loyal to it. Open forms of subsidies are delivered via direct funding from the federal or local budgets. Hidden subsidies include preferential pricing for distribution, customs and tax exemptions, and regulation of advertising placement at the regional level.

This section first presents an overview of Russian mass media legislation, followed by an analysis of legislative issues that hinder development of Russian television as a business.

1.1.1. Key Media Legislation and Its Problems

The Russian Constitution was adopted by national referendum on 12 December 1993. Article 29 "On the Rights and Freedoms of the Person and Citizen" establishes the universal right to freedom of thought and opinion, freedom of expression of beliefs and convictions, and freedom to seek, receive, transmit, produce and disseminate information. Article 29 also bans censorship. These rights can be limited only by law and only “in the interests of protecting the Constitution, morality, health, rights and lawful interests of other people, or for the defence of the country and national security” (Article 55 of the Constitution). According to the Constitution, only federal law can limit freedom of speech and establish limits for its expression.

The fundamental piece of media-specific federal legislation is the Law on Mass Media, which was passed on 27 December 1991. For fourteen years, this law has not undergone any significant changes, remaining a sort of “island of stability”. Several attemps were made in the last three years, from 2002 to 2005, to adopt a new media law or introduce limiting amendments (see paragraph on Legislative Changes for more details).

The fundamental law reinforces the freedom of information and unacceptability of censorship. It also contains provisions regulating the founding, ownership and use of mass media, and dissemination of information. The law regulates relations between mass media and citizens and/or organisations, determines the rights and obligations of journalists and establishes responsibility for violations of mass media-related laws. The Law on Mass Media allows private broadcasting and limits the rights of foreign individuals to establish broadcast media in Russia (Article 19.1 of the Law on Mass Media).

Article 18 of the Law on Mass Media states that a media founder does not have the right to intervene in editorial policy. According to the law, relations between media founders and editorial bodies must be regulated by a contract, and owners can intervene only in cases stipulated by the contract. However, fourteen years after the law’s adoption media founders are, as a rule, also the main sponsors of publications, thus this article of the law is often violated. In some cases, the editor-in-chief, (co)founder and major stockholder are one and the same person. Recent events in Tula and Kaliningrad with pressure being put on non-state media falling foul of the local authorities (Plus-12 TV and Kaskad TV respectively) have been discussed in cautious terms by Russian journalists and analysts as politically motivated.[8] This would seem to indicate that there is still a trend in some parts of the country to exert influence over an owner or a founder by administrative and other means to ensure change of editorial policy.

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[8] See Information Agency Regnum.Ru 12 January 2006 on Kaskad and Tulskii Pravozashitnyi Tsentr (Tula Human Rights Centre) 14 March 2006 on Plyus-12.

Despite the fact that Russian mass media are today in a relatively good financial shape, the issues of mass media ownership still fall outside the scope of the Law on Mass Media. The danger in terms of freedom of information is not that mass media can be acquired by private owners, but that the relations with these owners are not duly regulated by Russian legislation.

To characterise the statutes of law devoted to media business regulation, it is necessary to make two significant, interrelated observations that will help in understanding the cause of the hidden conflict in the Law on Mass Media that is now seen in "owner-founder-editorial body" relations.

When the Law on Mass Media was passed in 1991, there was no developed legislative regulation for commercial business in Russia. As a result, the authors were forced to devote many statutes of the law to determining the status of a mass media founder, of an editorial body as an enterprise, and of the scope of authority of founders and/or publishers with regard to the mass media (which would not have been necessary had normal civil legislation already been in place). However, the situation has now changed and the provisions of the Law on Mass Media are sometimes not in accordance with new Russian civil legislation, a factor which leads to certain practical problems.

The second observation relates directly to the essence of those legislative provisions that were made law in 1991.

The developmental level of the Russian media at the time the Law on Mass Media was passed was characterised by their release from the influence of state and Party bodies of the Soviet period and the creation of independent editorial collectives. At the same time, the media were seen not as businesses, but as instruments for achieving non-financial objectives (for propagandising ideas, as a tool of influence, etc.).

Typical features of the regulation of economic relations as established in the Law on Mass Media include:

- A shift of emphasis from organisations handling the technical aspects of media (publishers and broadcasters) to editorial bodies, which are granted (though mostly on paper) protection not only for their professional independence, but also in their economic and managerial relations with founders, publishers and broadcasters. It is indicative that the law contains no definition of the concept of "broadcaster", and refers only to the "license holder" or to the editorial body of television and radio programmes. This unusual position of the lawmaker towards broadcasters leaves their status, rights and responsibilities, including in relation to editorial bodies, undefined, which can be seen as a serious flaw of the law. Furthermore, the management structure of the editorial body is always built in complete autonomy from the managerial bodies of the organisation itself, while the structure frequently lays responsibility for the editorial body's activity with the founder, broadcaster and publisher.

- The "temporary" (in the opinion of the law's authors) appearance of the structure of the "media founder", which was granted (in circumvention of the publisher and broadcaster) rights relating to the determination of the status, rights and obligations of the editorial body, the management processes of the editorial body, the rights of the journalism team, the possibility of suspending or curtailing the media company's activity or changing its subject matter and focus. All these powers fail to consider the opinions of the broadcaster and the publisher, who the existing Law views mostly as hired service providers, which of course increases the risks associated with investment in the industry. Furthermore, the founder has no financial obligations to the editorial body, publisher or broadcaster.

As such, the structure of relations between participants is designed in such a way that, on many issues, one entity has rights, another has obligations, and a third, as a rule, can be liable. And while the law stipulates the possibility of harmonising this complicated structure through contracts, in practice this almost never happens. Thus, we can conclude that the Law on Mass Media, despite all its positive features, is insufficient in and of itself to regulate today's media field.

From 2003 to 2005 a new wave of attempts to amend the law took place. Minister of Culture and Mass Communications Aleksandr Sokolov has made numerous statements to the effect of passing a new media law in the nearest future to replace the outdated law with a new version. Minister Sokolov believes that "the media law has to be complemented with provisions that regulate the newly formed civil relations in the mass communications' market economy".[9]

Pointing to the necessity to amend the media law according to the new realities, public officials frequently use the word "censorship". There was no discussion of proposed media legislation with the media community, although the State Duma held several special sessions on this subject.

[9] Interview with Minister Sokolov on Radio Ekho Moskvy, 24 December 2004

- Key debates between the authorities and the industry during the previous decade addressed two main issues:
    - o The organisation, legislative basis, supervision and financing of the state broadcast companies; and
    - o The structure of state agencies that issue television and radio broadcast licenses, i.e. government permission to broadcast.
- The new wave (2002 -2005) of media legislation debates have focused instead on two content-related issues:
    - o Restricting violence and pornography on television; and
    - o The role of the media in covering terrorist attacks.

Thus all legislative amendments are first of all related to the need to tighten control over the media – primarily over television broadcasting. The 2002 Law on Counter-Extremism led to some changes in the Law on Mass Media. The Law on Counter-Extremism prohibits "dissemination of extremist materials via mass media and their participation in extremist activities" (Article 11). When a breach of these provisions is detected, an authorised body specified in the Law issues a written warning that can be contested in a court of law. If the warning is not contested or the court does not deem it unlawful, and no remedial action is taken during an established period of time, the mass media outlet in question must be closed down. If the extremist activities of the media company in question entail violation of citizens' rights and freedoms, or harm citizens or their health, the environment, or have a detrimental effect on public order, public security, property, the lawful economic interests of individuals and/or legal entities, society or the state, or if these activities *create a real threat of causing* such harm, the court can suspend the distribution of relevant issues of a print periodical or the circulation of a video or audio recording of a programme, or prevent a programme's broadcast.

Article 16 of the Law on Mass Media is complemented by Part 4 stipulating that "activities of a mass medium can be terminated according to procedures and on the grounds stipulated by the Federal Law on Counter-Extremism". Media Law Article 4, Part 1, has also been amended. Now instead of listing such abuses of media freedom as "calls for seizure of power, forceful change of Constitution and integrity of the state, inciting ethnic, class, social, religious intolerance or hatred, propagandising war", the law contains a brief formula regarding "performing extremist activities". The concept of "extremist activities" is defined in the Law on Counter-Extremism and includes a much broader list of activities that are deemed extremist than the previous version of the Law on Mass Media.

After the hostage tragedy in Beslan some attempts were made to amend the 1998 Law on Anti-Terrorism to limit mass media activities. The Law had even passed the first hearing, but instead media executives for the first time took upon themselves an obligation of self-restriction in this area.

At a meeting on 25 November 2002 with leading media editors, the president proposed that journalists should themselves establish rules of conduct during terrorist attacks. A text was issued one month after this presidential recommendation. The authors of the "Anti-Terror Convention" state: "We are sure that the threat of terrorism must not be used as a pretext and justification for introducing restrictions on freedom of opinion and media freedom."[10]

In essence, this document specifies procedures for interaction between journalists and the operational headquarters which according to the Law on Anti-Terrorism is a structure responsible for informing the public about a terrorist attack (Article 15). The media must inform the operational headquarters about their intention to cover the events. Terrorists may be interviewed only upon permission of the headquarters. In addition, a journalist is obligated to relay to the headquarters any information learned during contact with terrorists. This information is restricted and may not be printed or broadcast. Journalists are not permitted to be armed or to "wear [army] fatigues". The Anti-Terror Convention defining rules of conduct for the media in case of terrorist attack or counter-terrorist operation was adopted by the Media Industrial Committee on 8 April 2003 (see Appendix 1), after which the amendments proposed to the Law on Anti-Terrorism were frozen.

Leaders of major Russian print and broadcasting companies comprising the Media Industrial Committee finalised the new draft law on mass media in April 2003. The draft had been developed by Committee experts jointly with the Media Ministry and State Duma deputies.

This draft law proposes to increase the term of broadcasting licenses to 10 years instead of the currently used five year term. This provision will facilitate investment and facilitate work with creditors and investors' funds. The document also contains a number of new provisions regulating the awarding, suspension and termination procedures of broadcasting licenses and regulating the controlling powers of the licensing body.

[10] The Anter-Terror Convention was created by senior media leaders participating in the Media Industrial Committee and approved and adopted by the Committee on 8 April 2003.

The draft law introduces a new concept: that of a mass media owner who can simultaneously function as a publisher, broadcaster, and/or editorial body. The document details the rights and obligations of the owner related to establishing and managing a mass media outlet. According to the draft law, foreign citizens or legal entities may own only less than 50 per cent of the stock of a television or radio channel.

One of the draft law provisions obliges a journalist "to refuse an assignment if its performance entails breach of the law".

The draft law is currently being examined by the Legal Department of the President. It was expected to be introduced to the State Duma by President Putin in 2003. However, after the administrative reform was announced in 2004 and key executives of relevant government agencies were replaced, the development of a new media law was suspended. The Industrial Committee has never met again.

Various observers consider that current media legislation still suffers from old unresolved problems and is incapable of responding to the development of new mass communication technologies. This is especially true of broadcast licensing. In recent years there have been many industry discussions about how long a broadcast license should last, and whether it is rational to operate the "dual" license system (whereby the technical license and the distribution license are issued by two different bodies). In the new circumstances prior to the transition to digital broadcasting, these issues have become more urgent. "The rules for cable network services and terrestrial broadcasting are still under construction", according to Boris Antonyuk, Deputy Minister of Communications.[11] It is not a coincidence that in autum of 2005, the Russian National Association of Television and Radio Broadcasters (NAT) set up two new structures - a Technical Committee and an Expert Council on Licensing.[12]

Regulations on the licensing procedure for electronic media are the primary legal foundation for broadcast operations established in Licensing Regulations dated 7 December 1994. In theory, possession of a license determines a broadcaster's worth on the media market and should be the key stimulus for attracting outside investment. However, receipt of a license does not in and of itself make a company attractive for investment. Legislation requires broadcast license holders to carefully comply with the rules of the license and the letter of the law under threat of annulment. For investors, the

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[11] *Broadcasting Magazine*, No. 1, 2006, p. 10

[12] Eduard Sagalaev, President of NAT, in an article in *Broadcasting Magazine*, No. 8, 2005, p. 26

license conditions (i.e. the channel, transmitter power, coverage) are important, but so equally is a solid guarantee that the license will be held for an extended period. The latter depends not only on the good faith of the license holder, but also on the precision and detail of the law, which should prevent equivocal interpretation on the part of the license holder and the government.

Licensing issues are key for media owners, managers and potential investors and are equally important to channels and networks regardless of their country base. Compliance with license terms is the basis for any media owner or investor's economic and legal security. The main requirement of all regulatory statutes governing broadcast activity (the Civil Code, the Tax Code and the Laws on Mass Media, Advertising and Copyright) is that they be transparent, stable and practically applicable.

In Russia, as in a number of other countries, broadcasters need two licenses: a communications license (which grants the right to use a frequency band for broadcasting) and a broadcasting license (which allows distribution of media programmes over a certain territory using a certain frequency and a transmitter of a certain power). Before applying for a broadcasting license, a mass media outlet needs to be registered.

Broadcasters are subject to the regulations of various state bodies (Federal Service for Monitoring Compliance with Media Legislation and Protection of Cultural Heritage, Federal Anti-Monopoly Service, Federal Tax Service; Interior Ministry, etc.), each of which controls compliance with its own "area" of legislation. However, licensing requirements are set by the Law on Mass Media, and violating just this law can lead to the revocation of a license. In other areas of legislation, media companies must answer to those bodies regulating the specific area of activity in question. Any reform of existing licensing rules and procedures should be carefully analysed by a wide range of industry participants to ensure that broadcast managers' views on practical aspects of such rules be taken into account.

For example, the rule contained in Paragraph 17 of the Licensing Regulations (7 December 1994) stipulating that a broadcast license can be annulled if any aspect of Russian legislation is violated (tax legislation, anti-monopoly policy, advertising legislation, etc.) is subject to broad interpretation, which may be considered as potentially problematic.

On the whole, the fragmented regulation of broadcast licensing at the level of federal laws and the emphasis placed on sub-legislative regulations reduces the level of protection available to broadcasters.

Licensing issues today are regulated by:

- Article 49 of the Civil Code, which stipulates that the right to carry out individual different types of activity is applicable only on the basis of special permission (a license);
- Articles 30-32 of the Law on Mass Media dated 27 December 1991; and
- Regulations on Television and Radio Broadcast Licensing approved by the Government Resolution No. 1359 (7 December 1994) (which regulates broadcast licensing in cities with populations of less than 200,000), and Regulations on the Holding of Tenders for the Right to Terrestrial Television and Broadcasting and for the Development of New Radio Frequencies for Television and Radio Broadcasting approved by the Government Resolution No. 698 (26 June 1999) (which regulates licensing in regional capitals and in cities with populations of over 200,000).

In accordance with acting legislation, a license, which is issued for a period of three to five years, grants the holder the right to distribute products of mass media outlets registered in compliance with the Law on Mass Media. However, there have been complaints that the licensing body uses the absence of clear rules to voluntarily change licensing procedures and in some cases issue licenses for a term of up to seven years. The authorised broadcast licensing body – the Federal Service for Monitoring Compliance with Legislation on Mass Communications and Protection of Cultural Heritage – has never introduced significant changes to the outdated licensing system but has tightened its control over broadcasters' compliance with licensing conditions. It has issued over 80 warnings in 2004-2005 alone, which is more than was issued by the abolished Media Ministry over the entire period of its existence.

There are several problems still with the existing licensing system that require additional statutory regulation:

- There is no established procedure for the renewal of licenses;
- Broadcast companies (radio and television) that win licenses on the basis of competitive tenders do so by submitting an application that includes their “broadcast concept”, which they are then legally proscribed from changing;
- There are unresolved problems with broadcast licensing related to cable and satellite broadcasters;
- The problem of "two licenses" (communications license and broadcast license) is still in existence. The recent administrative reform resulted in bureaucratic delays and miscoordination

that frequently increased the gap between the FCC's decision to issue a license and the actual beginning of broadcasting to as much as two years.

Thus, the procedure for broadcast licensing (that has remained basically intact for the last ten years) needs to be changed substantially to take into account international experience and better reflect the development of the market and the use of new technologies.

The question of how to transform government media into public service media has been under discussion since 2003: there are several versions of a draft law, the Minister of Culture and Mass Communications, as well as the president, have mentioned it more than once; and the subject is included in the government's strategy for broadcasting industry development. After the 2003 Parliamentary elections, the Council of Europe recommended the establishment of a public service broadcasting channel. However, no real steps have been made in this direction yet. Therefore the issue can be discussed only in theory.

As Russia has no public television, the recommended minimum standards for state broadcasting established by Yeltsin's Presidential Decree No.377 of 20 March 1993 "On Information Stability Guarantees and Requirements for Television and Radio Broadcasting" remain only a declaration on paper.[13]

1.1.2. Advertising

Over ten years have passed since the date of enactment of the Federal Law "On Advertising" that has been in effect until recently. During this period it has been possible to analyse its shortcomings and disadvantages, as well as identify the means used to bypass its restrictions. The amount of advertisements has increased, it has become more sophisticated, but at the same time more intrusive and irritating to audiences. New forms of advertising distribution have appeared. Contradictions began to accumulate between the Law "On Advertising" and a law passed later to deal with the advertising of particular goods and services. Law enforcement practice was often unsuccessful and the position of the anti-monopoly body created to control the implementation of media law often came into conflict with one

[13] President Yeltsin's Decree No. 337 recommended as a model for all governmental broadcasters the PACE Resolution 428 that lists principles which provide for media servicing public interests, as well as Recommendation 748 (1975) on the role and management of national broadcasting and Resolution 820 (1984) on relations of national Parliaments with the media

of the arbitration courts. Continuous efforts to patch up the law failed, and as a consequence of the global character of advertising relations, it became necessary to consider international practice in the legal regulation of advertising.

On 10 December 2004, State Duma deputies Yu. Volkov, V. Medinsky, V. Komissarov, V. Draganov, Yu. Medvedev, and A. Karmeyev proposed a new draft Law "On Advertising" for the consideration of the State Duma. In the process of discussions the draft underwent significant changes and was accepted by the Duma on 22 February 2006. On 13 March 2006, the law was signed by the President. It will come into effect on 1 July 2006.[14]

The law is aimed at the development of the goods and services market, based on the principals of fair competition and implementation of consumer rights for fair and reliable advertising. In the Explanatory note to the draft law it is stated that the acceptance of the new Law on advertising will "enable a significant increase in the effectiveness of legal regulation of advertising activities, because (it) considers the specifics and peculiarities of the modern condition of the advertising market; provides effective balance for advertising consumers, advertisers and the state; and contains effective mechanisms to counteract improper advertising".

Public service announcements and sponsorship:

The new law does does not propose important changes in terms of the distribution of public service announcements (PSAs). A definition of public service announcements (PSAs) appears which is almost the same as the previous one.

Although the definition of sponsorship no longer has the previous obligatory condition (that adverts about the sponsor must be disseminated by the sponsor), a new concept of a "sponsor's advertisement" has been added to the law, i.e. advertisements that can only be distributed if they refer to a specific entity as the sponsor. This kind of advertising is not subject to some of the restrictions imposed on other forms of advertising.

[14] The Federal Law “On Advertising” (Federalnyi Zakon “O reklame”) was officially published on 15 March 2006 in *Rossiyskaya Gazeta* daily (http://www.rg.ru/2006/03/15/reklama-dok.html)

The volume of advertising on the air:

In television, the law decreases the total volume of advertising time from 20% to 15% a day (for radio programmes the quota of 20% remains the same as previously). The increased restriction on advertising and telesales is stricter than in other European regulations such as the Convention on Transfrontier Television, where the quota is 20%.

From 1 January 2008, the volume of television advertisements will be limited to 15% per hour (so far the restrictions on the hourly rate are not set). This means that just two years ago it was possible to place an unlimited amount of advertising in prime-time, and, considering the little volume of advertising during other hours, its total volume would not be more than 15% a day. However, starting in 2008, the maximum amount of television advertising will decrease and should not exceed nine minutes per hour. These restrictions also include television shops but do not cover "information about programmes" to be aired on the same channel.

The law also defines the minimum volume of advertising for specialised (i.e., home shopping) radio and television channels as 80% per day.

For the first time, the law specifically mentions “running text” advertising and unambiguously states that in calculating the limited volume of television advertising the "running text" advertising should also be considered.

Restrictions on advertising particular goods:

The law expands the requirements, restrictions and prohibitions of goods advertising "umbrella" or "hidden" advertising, i.e. advertising of manufacturers or sellers of the goods. This concerns, for instance, the advertising of alcoholic beverages in the guise of drinking water, or the advertising of tobacco under the guise of a clothing brand. From now on such advertising is considered unfair and has been banned.

As before, the advertising of alcoholic beverages is prohibited in television and radio programmes. The advertising of beer is allowed only from 10 p.m. to 7 a.m. (local time) on television and from 12 a.m. to 9 a.m, on radio.

The range of requirements for advertising medication, medical equipment, medical goods and services has been significantly increased. In particular, advertising addressing an unlimited range of potential customers should not include images of medical professionals giving recommendations to use the medicine, or create the feeling that it is unnecessary to consult a doctor, or stimulate a desire in healthy people to take this medicine. It should be noted that this restriction has not been expanded to images of veterinaries and medicine for animals.

In addition, advertising of medication, medical services and medical equipment from now on should be accompanied by a warning about the medicine's possible side-effects as well as information regarding the necessity of reading the instructions carefully and consulting a specialist.

For the first time, the law introduces special requirements for the advertising of food supplements and food for infants. Regarding infant food advertising, the law prohibits its presentation as a wholesome substitute for breast-feeding.

The law on advertising confirms the special requirements, set by a 2005 amendment, for advertising lotteries, gambling and betting, as well as the venues and organisers of gambling. It provides more detailed requirements than previously on the advertising of bank, insurance and other financial services,

Relaxations in the Law:
The prohibition on use of images of children in advertising of goods not for children has been eliminated (apart from the advertising of alcohol, tobacco and weapons). Advertisers can now use images of children to sell a wide variety of products.

The new law eliminates a limit imposed on interrupting radio shows and feature films with commercial breaks more often than every 15 minutes (in Europe there is a general prohibition on interrupting feature films more often than once every 45 minutes). Children's and educational programmes lasting longer than 15 minutes can now also be interrupted with a commercial break. The idea is that this will stimulate production and acquisition of such programmes.

The new law eliminates the prohibition on distributing the same advertising of the same good more than twice during a broadcasting hour on the same broadcasting frequency. This question is to be left to self-regulatory policy. A requirement to get special approval from the copyright owners to interrupt radio shows and feature films with a commercial break has also been eliminated.

The restrictions set by the new law on advertising particular types of goods in television programmes do not cover the advertising distributed on pay television channels that are only accessible with the use of technical decoding devices. It may be expected that advertising of alcoholic beverages, tobacco, medication, gambling etc. will appear on cable and satellite television channels.

Reactions to the law

It has been generally recognised that the main merit of the newly signed is the creation of unified advertising regulation in one federal law. However, various observers and professionals consider that its main weakness is that it does not bring Russia's advertising legislation entirely in line with international standards on advertising.

The following criticisms have been formulated on various points of the new law:

- The new law does not represent a step forwards in terms of the definition of public service announcements (PSAs).
- The concept of "sponsor's advertisement" may lead to the "re-qualification" of advertisers as sponsors, in those cases when the advertising is planned, for instance, in religious programmes and programmes that are shorter than 15 minutes. This contradicts the European practice where a sponsor is prohibited from encouraging the sale, purchase or lease of goods or services provided by the sponsor or third parties during sponsored programmes, especially through special references to these goods or services in such programmes. The law does prohibit such references, but only in the area of public service announcements.
- The definition of the minimum of advertising for specialised home shopping channels does not clarify what broadcasters should do if they would like to keep their advertising volume somewhere between 15 and 80%. The law excludes the possibility.
- As "running text" advertisng is traditionally very popular on regional television channels, some consider that this new rule is likely to restrict the commercial potential of local television.
- The new law does not regulate telesales messages (so-called "TV shops"), and does not propose an upper limit on such advertising within the general volume of advertising blocks.

1.1.3. Copyright and Related Rights

The Law on Copyright and Neighbouring Rights was adopted on 9 July 1993. It conforms to international legislation and agreements related to the protection of copyright, although in practice it is often violated.

There are several problems with regulation of copyright and related rights that are in need of legislative solutions.

A serious problem affecting radio broadcasters and, to a lesser extent, television stations, is the issue of royalties. Current legislation does not provide clear guidelines on who is entitled to royalties (those who write the music and lyrics, the composers, the performers, the recording companies, etc.). This gives rise to a situation in which organisations managing property rights on a collective basis can obtain royalties, even when they have no right to them, by making use of gaps in Russian copyright law that allow for collective management of rights without the direct consent of the rights holders.

Another problem is a lack of legislative regulation of the assertion and preservation of the related rights of terrestrial and cable broadcasters re-transmitting programs. This issue is complicated by the fact that, in Russia, retransmission is understood to mean subsequent retransmission of recorded programming via terrestrial broadcasting or cable, rather than a single transmission, as it is understood in other European countries.

New amendments to the Law on Copyright and Neighbouring Rights were introduced on 20 June 2004. Several definitions and provisions were changed. Now any unlawful use of copyright-protected works can be prosecuted under civil, administrative and criminal legislation.

Presently the Law provides for a minimum and a maximum compensation for copyright infringement. The minimum amount is 10 thousand rubles (approximately USD 350), and the maximum is 5 million rubles (approximately USD 175,000). Holders of exclusive rights can demand compensation for each instance of illegal use. Organisations collectively managing property rights are now endowed with the right to file complaints on behalf of their clients, which were previously denied by courts.

Russia also extends the term of copyright protection from 50 to 70 years in order to harmonise its legislation with international law. This means that from now on any Russian author is entitled to the same protection abroad as in his or her home country.

Nevertheless, not all contradictions in the Law on Copyright and Neighbouring Rights have been eliminated.

1.1.4. Other Laws and Regulatory Statutes

The Law on State Secrets, passed by the parliament on 21 July 1993, introduces criminal punishment for revealing state secrets.

The Law on Coverage of the Activities of State Agencies in State Mass Media was passed by the State Duma on 15 December 1994.

The Federal Law on Information, Informatisation and Protection of Information was passed by the State Duma on 25 January 1995, and took effect in February of that year. It regulates, in particular, access by citizens and organisations to information about themselves. According to Article 14 of this law, the owner of documented information about a citizen/citizens must provide it free of charge to the citizen(s) in question. The legislation provides for several limitations on access to such information.

The Federal Law on Commercial Secrets took effect in July 2004. Its provisions extend to information that constitutes a commercial secret regardless of the data medium.

The Law also provides that the holder of information constituting a commercial secret, as well as government agencies that acquire this information, are obliged to submit it upon a request from a court of law, a state prosecutor's office, preliminary investigation bodies, and bodies of inquest for cases on trial.

In addition, other pieces of legislation contain stipulations regulating mass media operations. For example, Article 30 of the Law on Security Forces of the Interior Ministry of the Russian Federation bans "revealing in mass media information the location (relocation) of military units, services and military personnel that are participating in combat against armed criminal groups", and stipulates that "information about one's service duties and combat actions can be provided only with the permission of the commander of one's military unit, the chief of a military organisation or a military school of the given service".

The status and operations of mass media are also regulated by numerous presidential and governmental decrees and sometimes by instructions issued by individual government agencies.

One of the most important documents for Russian broadcasters is Government Decree No. 959 dated 13 August 1998, on the Establishment of Common Tariffs on Services Associated with the Dissemination of Programmes. This decree creates equal economic opportunities for state and private national broadcasters. However, very few broadcasters listed in a Presidential Decree are endowed with national status, so it is too early to speak about a level playing field for all Russia's broadcasters in their relations with communications providers.

The Law on State and Municipal Unitary Agencies was enacted in November 2002. According to this law, state and municipal unitary agencies are defined as commercial organisations having no property rights over assets allocated to it by the owner. Only government and municipal companies can have the legal status of unitary agencies. The owner of a unitary agency's assets is the Russian Federation, an administrative unit of the Russian Federation, or a local municipality. A unitary agency can exercise civil rights and bear responsibilities appropriate to its activities as defined by charter.

The law provides that a unitary agency can be founded by the Russian Federation, an administrative unit of the Russian Federation, or a local municipality.

The Law on State and Municipal Unitary Agencies has concerned the All-Russia State Television and Radio Company (VGTRK). Its 89 regional governmental broadcasting companies were transformed into VGTRK's unincorporated affiliations. A Government Decree passed in February 2004 restructured VGTRK by means of affiliating its subsidiaries, including regional State Television and Radio Companies. This changed the structure of Russia's largest government broadcaster (for more details see the section on National Broadcasters).

1.1.5. Anti-Monopoly Regulation and Foreign Participation

Anti-monopoly regulation in the media industry is currently based on general standards for competition and the restriction of monopolistic activity. The main problem in applying this legislation to the media is that, due to a lack of reliable information on the industry, it is not currently possible to correctly segment the media market, for example, to identify who holds a dominant position.

For quite a long time, lawmakers have been attempting to introduce separate rules to limit concentration in the media industry. Most of these proposals have sought to limit the establishment of numerous media outlets by a single entity (or individual) or group of interconnected entities, or to limit the possibility of one entity or group owning shares of various organisations engaged in media production and distribution.

The question of restricting foreign participation in the media industry became a topic of heated political debate in the summer of 2001, when amendments to the Law on Mass Media limiting foreign investment in the broadcast business were passed.

These restrictions primarily concern the possibility of creating new media organisations. The ban applies to foreign organisations, to Russian organisations that are more than 50% foreign-owned, and to Russian nationals holding dual citizenship (previously, only foreign and stateless citizens not residing continuously in Russia were prohibited from founding media organisations).

The new amendments also prevent foreigners, stateless citizens and Russian legal entities that are more than 50% foreign-owned from founding television companies and owning shares in television broadcasting companies that broadcast to more than half of Russia’s regions or have a potential audience of over half the nation’s population.

1.1.6. The Two-Tiered System of Media Regulation - Centre vs. Regions

Despite the fact that Article 71 of the Russian Constitution puts the majority of media issues under the jurisdiction of the federal government, in reality, a two-tiered legislative structure has taken shape, in which many Russian republics and regions have established their own statutes regulating access to and production and distribution of information. Moreover, in many cases, media from one region are considered “alien” in other regions, where they must receive special permission from the regional administration to be distributed. This situation hinders development of the market, puts up administrative hurdles to distribution of information, and may be considered as a violation of the unity of the economic space of the Russian Federation, which is guaranteed in Article 8 of the Constitution.

In order to preserve the unity of information flow across Russia's territory, Law No. 122 dated 22 August 2004, introduced amendments to the Law on Mass Media. The law stipulates that the issues of establishing general requirements concerning mass information, its distribution, rules for founding media organisations, and restrictions in this area should be regulated solely by the Russian Federation. However it is too early to assess the actual effect of this provision.

1.2. STATE REGULATION

1.2.1. Ministry of Culture and Mass Communications

Prior to the administrative reform of 2003, media policy implementation was the responsibility of the RF Ministry of the Press, Television, Radio and Mass Communications (Ministry of the Press). Mikhail Lesin was the appointed minister. The Ministry of the Press was the federal executive body responsible for the development and implementation of state policy related to the mass media and mass communications, television and radio broadcasting, information exchanges, the Internet, printing and publishing of periodicals and books, and print distribution. It regulated production and distribution of audiovisual material, including registration and licensing in these areas of activity, and coordinated the work of other government agencies in these areas.

The Presidential Decree "On Implementation of Administrative Reform in 2003 and 2004" came out on 23 July 2003. The administrative reform, which has been under implementation for the last two years, has totally restructured the government system, including radical changes in all government agencies in charge of the media. The declared goals of the administrative reform were as follows: limiting government interference in business activities, including elimination of excessive government regulation; elimination of overlapping functions and jurisdictions among government agencies; development of self-regulation bodies in the area of economy; organisational distribution of functions in the area of regulation, control and monitoring of economic activities, state property management, and provision of services to individuals and legal entities by government organisations; finalising distribution of authority among federal government agencies and regional government agencies; and streamlining the operations of territorial offices of federal government agencies.

The main objective of the reform is to create a three-tier system of executive bodies. The first tier is responsible for developing general policy and policy implementation strategies. The second tier is responsible for immediate policy implementation and its funding. The third tier is responsible for monitoring policy implementation, funding, and the activities of the first two tiers.

As part of the reforms, the Ministry of Culture and the Ministry of the Press, Television, Radio and Mass Communications were unified into the Ministry of Culture and Mass Communications. The Ministry includes, among others, the Agency for Press and Mass Communications. Altogether the new Ministry includes three agencies:

1. Federal Agency for Archives
2. Federal Agency for Culture and Film
3. Federal Agency for Press and Mass Communications

There is also a separate Federal Service for Monitoring Compliance with Legislation on Mass Communications and Protection of Cultural Heritage.

Aleksandr Sokolov was appointed Minister of Culture and Mass Communications. Mikhail Seslavinsky heads the Federal Agency for Press and Mass Communications. Boris Boyarskov manages the Federal Service for Monitoring Compliance with Legislation on Mass Communications and Protection of Cultural Heritage.

The Ministry's activity is governed by the *Regulations for the Ministry of Culture and Mass Communications of the Russian Federation*. The "Regulations" specify that the Ministry is a government body that determines state media policy, manages activities of its agencies, and deals with issues within the scope of its authority and of the authority of the agencies it supervises. With regard to mass media, the Ministry is responsible for passing regulations on the federal competition commission for television and radio broadcasting.

The Federal Agency for Press and Mass Communications is a federal executive body that provides government services, manages state property, is responsible for launching and operating mass media outlets, mass communications, television and radio broadcasting, developing mass communications and dissemination of mass media (including information exchanges), generally accessible computer networks, printing and publishing activities. Its scope of authority includes broadcast media audience research, competitions for proposals to create public service television and radio programmes, TV-films and animation and maintaining a national registry of mass media outlets.

The Federal Service for Monitoring Compliance with Legislation on Mass Communications and Protection of Cultural Heritage is the third tier of the executive structure responsible for supervision of state policy implementation and for financial control. Insofar as mass media are concerned, the Federal Service supervises compliance with Russian Federation laws regulating mass communications, copyright and other intellectual property rights as they relate to mass communications, broadcast licensing and compliance with licensing terms and conditions, and maintenance of media-related licenses registry, as well as organising and supervising activities of the Federal Competition Commission and activities related to media outlets' registration.

The Federal Competition Commission for Television and Radio Broadcasting, which is also part of the Ministry, is charged with organising and conducting tenders for the rights to terrestrial television and radio broadcasting in accordance with the requirements of federal legislation and regulatory statutes. Its activities are regulated by the *Regulations on the Federal Competition Commission for Television and Radio Broadcasting* dated 22 July 2004. According to this document, the FCC is responsible for the following:

- Ensuring the unity of the information landscape and the implementation of state policy in developing television and radio broadcasting in the Russian Federation;
- Creating conditions for development of public service programmes and forms of broadcasting;
- Assisting in protection of citizens' constitutional rights to free reception and dissemination of information via television and radio broadcasting; and
- Assisting in the most efficient use of the limited natural resource of frequencies allocated for TV and radio broadcasting;
- Interacting with television and radio broadcasters and their associations.

In reviewing and evaluating broadcast applications along with the applicant's associated financial and technical capability, the FCC considers the following criteria:

- Current accessibility of the proposed type of programming in the given broadcast area;
- The necessity of supporting socially significant television and radio projects;
- Whether priority is given to in-house production;
- The originality and individuality of the proposed programming concepts as compared to formats of similar content;
- Costs of acquiring needed broadcast equipment (studio set-up, transmission equipment, etc.), the source of financing for them, and their payback period;
- The proposed period for setting up equipment and beginning broadcasting;
- Whether the proposal gives priority to use of domestically produced equipment, in the interests of supporting Russian manufacturers; and

- The extent to which the acquired technical equipment complies with environmental standards and requirements and state-established technical standards.

A successful application is confirmed by a majority vote. The FCC's nine permanent members are appointed by a ministerial decree. The Commission's Chair ex-officio is Minister of Culture and Mass Communications or Vice-Minister. In the case of specific competitions for terrestrial television or radio broadcasting in any of Russia's administrative units, the Commission is increased to 12 members to include regional representatives. The FCC membership has changed several times since its inception. Presently the FCC members are:

- Leonid Nadirov, FCC Chairman, Minister of Culture and Mass Communications;
- Mikhail Fedotov, Secretary, Russian Union of Journalists;
- Daniil Dondurey, semiotician, film scholar, Member of the Guild of Documentary Filmmakers, editor-in chief of the Iskusstvo Kino (Film Art) magazine;
- Armen Oganessian, Radio Section Chair, NAT; Chairman, Russian State Radio Company "Golos Rossii" (The Voice of Russia);
- Eduard Sagalayev, President, National Association of Television and Radio Broadcasters;
- Genrich Yuskiavichus, Advisor, UNESCO;
- Mikhail Seslavinsky, Head of the Federal Agency for Press and Mass Communications;
- Boris Boyarskov, Head of the Federal Service for Monitoring Compliance with Legislation on Mass Communications and Protection of Cultural Heritage;
- Aleksandr Romanchenko, Deputy Head of the Federal Agency for Press and Mass Communications.

Any company that intends to broadcast in a city with population of 200,000 or more must receive a license on a competitive basis. The FCC's tenders are fee-based. In Moscow, each frequency that opens up for competition costs 1 million USD. The application fee is 10 per cent of this sum, and the winner pays the remaining 90 per cent before obtaining the license. Regional broadcast fees are, as a rule, lower, and are determined by the Commission based on local conditions.

It should be noted that the administrative reform made the interaction between the media and the government more complicated instead of simplifying it, as intended. It is the Federal Service for Monitoring that deals with broadcasters directly, while the Agency for Press and Mass Communications assumed the functions of regulating publishing and issuing grants. Several attempts were made in the last two years to streamline interaction between these two bodies and clarify their scope of authority, which resulted in mutual recriminations. Thus the progressive idea of dividing authority which prompted the administrative reform, eventually proved ineffective because of bureaucratic lack of coordination and insufficient competence of the new industry regulators in the field of television and radio broadcasting.

1.2.2. Ministry of IT and Communications

Another relevant regulatory agency is the Ministry of IT and Communications. This Ministry has been created to replace the Ministry of Communications which was abolished during the administrative reform. A Presidential Decree established a new Ministry of Transportation and Communications which is authorized to regulate activities previously governed by the abolished Ministries of Railroads, of Transportation, and of Communications and Information Technology. Subsequently, an exception was made to the reform concept, which established a separate Ministry of IT and Communications.

The Ministry of IT and Communications is a federal government body responsible for establishing and enforcing state policy in the sphere of IT, electronic and postal communications, including the use of IT in forming government information resources and providing access to these resources, in developing radio and television broadcast systems, and in the use and conversion of broadcast frequencies.

The Ministry of IT and Communications is in charge of the Federal Agency for Information Technologies and the Federal Agency for Communications. It also contains the Federal Service for Monitoring Communications.

The Ministry's key functions are:

- Development and implementation of state policy in the area of electronic communications and postal communications and the promulgation of communication technologies;
- Regulation of the use of radio frequencies and the orbit positions of civil communication satellites, except when such frequencies and orbit positions are used for television and radio broadcasting and media development; and
- Government oversight of communications and new technologies.

1.2.3. The Russian Satellite Communications Company (RSCC)

In February 1968, the USSR Ministry of Communications created “Union Hub No. 9 for Radio Broadcasting and Radio Communications”, which eventually became the Russian Satellite Communications Company (www.rscc.ru), the main state operator of communications satellites. On April 19, 2001, the RSCC was granted the status of a federal unitary agency. The RSCC, an arm of the Ministry of Communications, is the leading Russian satellite communications operator. It is the Russian operator for the international satellite communications systems Intelsat, Eutelsat and Intersputnik, cooperating with these organisations and handling international account settlements.

The RSCC works in partnerships with such well-known communications product and service providers as AT&T and British Telecom. While the RSCC does offer services in other parts of the world, the focus of the business is creating satellite communications networks in Russia and the CIS.

The RSCC has Russia’s largest orbiting group of stationary communication and broadcast satellites, comprised of 10 satellites and a widely deployed terrestrial infrastructure of teleports/relays and fiber-optic lines. It is able to provide modern telecom services throughout much of the world, including television and radio broadcasting, telephony, high-speed data transmission and Internet connectivity, videoconferencing and corporate networking.

1.2.4. State Duma Committee for Information Policy and Communications

The State Duma Committee for Information Policy and Communications is charged by the legislative branch with supervision of the broadcasting industry. The Committee develops mass media-related draft laws, and provides expert analysis of laws submitted by other Duma committees regarding their compliance with current media law. The committee chairman currently is Valery Komissarov, a deputy from the "Unified Russia" party; members are elected by the Duma.

1.2.5. Federation Council Committee for Information Policy

Along with the State Duma Committee, this body is charged with adopting legislative framework for mass media activities. Prior to being submitted to the President every draft law is examined by a specialised committee or commission of the Federation Council (the Upper Chamber of the Federal Assembly). Federation Council votes on proposed draft law. In case of its rejection, both Chambers appoint a Conciliatory Commission. The Chairman of the Federation Council Committee for Information Policy is Dmitry Mezentzev.

1.2.6. Public Chamber

The Public Chamber, established by the President and comprising representatives of various social groups, is an entirely new body. The French “Conseil économique et social” served as its model. The Chamber shall begin its activity in 2006. In December 2005, its membership and institutional framework were finalised.

The Chamber is created outside the framework of the government, which makes it eligible for being called a self-regulation body whose creation has been initiated by the government. By law the Chamber has a very wide scope of authority in various areas, including the media. Thus, the *Federal Law "On the Public Chamber of the Russian Federation"* enacted 1 July 2005, provides that the Chamber should ensure interaction between citizens and federal and regional governments in order to protect citizen's rights and freedoms and public associations' rights in formulating and implementing state policies. Its other function is to ensure public monitoring of federal and regional governments and self-governments.

A separate law specifies the Public Chamber's functions in monitoring compliance with freedom of expression. This document provides that the Public Chamber can:

- Involve citizens, public associations and media representatives in discussing issues related to protection of freedom of expression in the media;
- Ensure citizens' rights to disseminate information by legal means;
- Provide guarantees of freedom of expression and freedom of mass information;
- Develop recommendations in the above areas; and
- Present opinions on cases of violating freedom of expression in the media which can be submitted to appropriate organs.

The Public Chamber's decisions which can take form of opinions, proposals and addresses, are recommendatory in nature.

Upon the initiative of Russian NGOs and public associations, the Judicial Chamber for Information Disputes, disbanded by President Yeltsin in 2000, was replaced in 2005 by the Public Board for Press Complaints created on the initiative of public organisations (see the chapter on Self-Regulation).

1.2.7. Industrial Strategy to 2015

For the first time in 25 years, and five years after the Media Industry report was presented by media professionals to the All-Russia Media Industry Conference, in 2005 the government formulated a long-term strategy of television and radio broadcasting industry development to 2015.

The Concept for Television and Radio Broadcasting Industry Development in 2006-2015 addresses key government policies related to broadcasting, programming policy of government television, and issues of non-government and international broadcasting.

The majority of the concept paper deals with upgrading the government broadcasting infrastructure (this part of the project is submitted by the RTRS) and with development support for television and radio in Russia.

The concept paper addresses possible changes on the broadcasting market due to new technologies, in particular digitalisation. The document mentions such possible changes as broadening the market of traditional and new services and simultaneous increase in profitability of broadcast infrastructure and networks.

The document also presents a step-by-step plan for digital transition in Russia. For more details see the chapter on Technical Capabilities.

The broadcast licensing policy described in the concept paper deserves a separate mention. This policy is aimed first of all at solving organisational and economic problems. Revenues generated by communication licenses are supposed to create economic incentives for improved efficiency in using broadcast frequencies. Pricing of licenses as a lump-sum fee paid by a successful bidder should reflect the interests of the state, the producer and the service provider. Licensing should be scaled according to regional economy levels and various types of broadcasters in order to ensure better satisfaction of viewers' social needs in television programmes. The entire period of state policy implementation is divided into three stages for gradual reform and improving broadcast services.

The Ministry of Communications proposed a strategy for upgrading the communications infrastructure in 2003. The *Concept for Development of Communication Services in the Area of Television and Radio*

Broadcasting in the Russian Federation up to 2010 was presented as a component of state broadcasting policy. The document offers a comprehensive analysis of the broadcasting market and infrastructure. According to the Concept, the main policy goals in this area are: improving quality, accessibility and variety of services; lowering market entry barriers; increasing market volume and balance; providing a level playing field for all market players; increasing competitiveness and investment appeal of broadcasters; increasing the share of high-tech products; broadcasting technology development.

Both documents represent the first attempt to rationalise government policy in the area of broadcasting. However, various shortcomings have been stressed by professional circles: the strategies are considered to be insufficiently detailed; they were never discussed with broadcasters; there was no inter-departmental coordination on the key issue of digital transition (despite the fact that the interdepartmental task force began this work in 2005). Today both Strategies have the status of working papers.

1.3. SELF-REGULATION

"Self-regulation" in the Russian media market can be defined as compliance by all market participants with jointly developed and explicitly or implicitly established rules of conduct with respect to each other, to other markets, and to the government.

Self-regulation, being an integral part of civil society, which is itself still in its infancy in Russia, is also far from being mature yet. Russian media market players have thus far failed to demonstrate any commitment to corporate cooperation and coordination. As a result, the state is trying to fill the vacuum created by a lack of self-regulation with new laws, often lobbied by the stronger market players. Also problematic is the government's presence in the market not only as a regulatory body, but also as one of the key players, controlling major national television channels and numerous regional print periodicals.

The foundation and often the main mechanism of media self-regulation around the world is provided by strong industrial associations that unite the majority of market players in setting rules for the industry, and also acting as a buffer in dealings with the government. Where necessary, such associations can also arbitrate industrial disputes. They perform several other important functions, such as providing technical, legal and educational support for media, lobbying for industry interests, and defending individual media outlets.

There are currently quite a few associations operating on the Russian media market. The majority of them have very similar goals, including:

- Promoting conditions conducive to the development of the publishing and broadcast markets in Russia;
- Working on legislation to promote press freedom and further reinforcement of the legal framework for operations of all participants in the media business;
- Taking part in the creation of the conditions necessary for the functioning of the media in Russia, for strengthening the financial base of the media, and for ensuring their professional and creative independence;
- Promoting development of a unified national tariff agreement;
- Promoting the formation of professional ethics for journalists and implementing public monitoring of compliance with them;
- Holding seminars for specialists at the national and regional level to raise their professional and creative level;
- Organising consultative support for media companies;
- Defending journalists' rights and freedoms, economic and professional interests, copyright, honour and dignity; and
- Working with Russian, foreign and international media and professional journalistic associations and organisations.

Some associations also list lobbying industry interests before government agencies at the national and regional level and monitoring tax legislation among their goals. However, these associations generally act independently and do not coordinate their efforts. The media community has not yet been able to develop common rules for all market players.

The Public Board for Press Complaints established in June 2005 became an entirely new type of self-regulating body. Its establishment was initiated by the Grand Jury of the Russian Union of Journalists. The Board comprises two equal chambers: the Media Community Chamber and the Media Audience Chamber, each with 25 seats. According to its charter, the Board should examine complaints filed by readers, listeners and viewers, regarding breach of professional ethics and standards of conduct, and resolve specific information disputes. Its declared goals include:

- developing a culture of professional and honest journalism;
- restoring and strengthening public confidence in the media; and
- advocating freedom of the press in the Russian Federation.

The unified standards could have become the foundation for self-regulation of the media market in Russia, especially considering that the State Duma is currently discussing a law on self-regulatory organisations, and the Ministry of Culture and Mass Communications has established a Media Advisory Board of public officials, leaders of media associations, media executives, academics, and media experts.

According to several associations, at least 40% of active Russian media organisations survive solely thanks to direct or indirect state subsidies. This means that a significant portion of the players on the Russian market simply have no vested interest in creating effective self-regulation structures.

- There is no coordination between existing associations and guilds.
- Objectives are improperly set. Instead of creating conditions for further development of the industry as a whole, many associations and guilds have concentrated on specific lobbying objectives or on protective functions. Some have basically turned into weak labour unions.
- Average members have little trust in the managing bodies of professional associations and little faith in the associations' ability to achieve tangible results.
- With rare exception, industry associations are badly managed.
- Most associations are underfinanced. Very few of them collect enough membership dues to pursue their stated objectives.
- There is not enough statistical data confirming that associations' initiatives in resolving the industry's problems are in fact serving the interests of the entire industry, rather than of specific groups. There is no inventory of existing databases and the media market remains non-transparent.

According to representatives of some associations, the potential for consolidating the professional community on the basis of technological developments, sharing experience, and lobbying for common interests does in fact exist. However, the same representatives also insist that an extremely important issue is that of *who* will come forward with such an initiative. It will have to be a figure or organisation that the entire professional community will consider “neutral”.

2. ORGANISATIONAL STRUCTURE

2.1. LEADING STATE AND PRIVATE TELEVISION COMPANIES

According to the Federal Service of Monitoring Compliance with Legislation in Mass Communications' data (December 2005) there are 3,818 broadcast licenses issued in Russia, 2,302 for television amd 1516 for radio broadcasting. However, those figures do not reflect the number of media that are actually operating. In experts' estimates, the number of television and radio stations that actually broadcast is not in excess of 1,500. Roughly 1,000 of these are independent from the state from the point of view of ownership.

Russian television companies can be classified according to several criteria:

- the range of their signal (national broadcasters First Channel, Rossia and CTC reach over 80% of the national territory; NTV, REN-TV and TNT - over 70% of the national territory; and regional, district and local stations cover their own areas and perhaps some outlying areas);
- their form of ownership (state, private and mixed);
- how their broadcasting schedule is organised (channels that broadcast their full scope of programming across the nation, like First Channel, Rossia, NTV, and Kultura; networks with 150 - 300 regional partners, such as REN-TV, TNT, CTC, TV Centre, AST, DTV, and specialised channels such as MTV, TV3, 7TV, and Rambler TV);
- the form of their signal distribution (terrestrial, cable, satellite television).

Television stations can be divided into three main groups according to ownership structure: state stations, private stations, and mixed-ownership stations. State and quasi-state stations declare their devotion to state and public interests, but act primarily according to the logic of the market, making money on advertising while still enjoying state budgetary financing, various tax and other exemptions and long-term state loans.

Some critical observers argue that the imbalance of the Russian market in favour of state channels not only distorts market laws by restricting the development of the private television sector, but also constricts the market of ideas and freedom of choice of information. In contemporary conditions, there is not a single country with a developed economy that has a "pure" model for the TV industry. In many countries, commercial television exists alongside public service television. However, even in those few countries where public television existed in its pure state, financed by licence fees, sponsorship and partial advertising have been allowed in recent years. Public service broadcasters in France, Germany and Poland are now moving toward mixed forms of financing; public service television in Spain and Portugal are mainly financed through advertising; and sponsorship is growing on public service TV in the US.

It seems that the mixed model is taking hold in Russia. The idea of public service broadcasting has been discussed in Russia since the early 1990s. A draft law on the reorganisation of the All-Russia State Television and Radio Company (VGTRK) into a public service broadcaster was submitted to the previous State Duma but rejected. In 2005 the issue of public service broadcasting appeared in the Industry Development Concept for the period up to 2015. The Ministry for Economic Development and Trade introduced a provision for state-owned media "transformation" into public service media in a draft of its medium-term economic development programme for 2005-2008. In early December 2005, the Ministry of Culture circulated a revised concept of the draft law. The Ministry for Economic Development and Trade also approved it.

Few details are known about this bill prior to its formal submission to the government, but it is clear from official comments that:

- the plan is to establish public service television and radio companies at the federal and regional level;
- their activities will be controlled by a Broadcasting Board that will include representatives of civil society institutions;
- the Broadcasting Board will appoint the General Director.

It is not clear from the concept paper how public service broadcasting should be financed. It only states that the activities of a public service television and radio company cannot serve commercial interests. The concept paper does not provide for any subscription fee. However, the main issue is not about where the money will come from (whether from the budget or sponsors), but about how to guarantee its independence from the state. The Law on Public Service Broadcasting will be submitted to the State Duma in spring 2006.

This section pays particular attention to the following television companies:

- The three national channels (First Channel, Rossia, and NTV);

- Kultura;
- Television networks (REN-TV, CTC, TNT, TV-Centre, Rambler, DTV, RBK);
- Specialisation channels: MTV, Muz TV, TV3, 7TV
- New channels: niche channels like Domashny (terrestrial signal distribution); the Orthodox church channel Spas (satellite); the army channel Zvezda (national network); the new 24-hour English language news channel Russia Today (satellite-cable);
- NTS syndicated network (national TV network)

Ratings of Russian Television Channels, 7am – 2am

Channels	2004		2005 (01/01/05-30/11/05)	
	Rating %	Share%	Rating %	Share%
First Channel	3.8	25.7	3.4	22.9
Rossia	2.9	20.0	3.4	22.6
NTV	1.8	11.9	1.7	11.2
CTC	1.4	9.8	1.5	10.3
TV Center (TVZ)	0.4	2.6	0.4	2.6
Kultura	0.3	2.3	0.4	2.5
REN TV	0.8	5.2	0.7	5.0
TNT	1.0	6.6	1.0	6.7
MTV	0.2	1.4	0.2	1.1
Muz TV	0.2	1.2	0.2	1.0
TV-3	0.3	1.9	0.3	1.9
7TV	0.1	0.5	0.1	0.3
Euronews	0.0	0.2	0.0	0.2
Rambler	0.0	0.1	0.1	0.3
DTV Viasat	0.2	1.3	0.2	1.5
Sport	0.1	0.9	0.3	1.8
Domashny	0.0	0.0	0.2	1.0
Local TV company (cumulative)	2.0	13.8	1.8	12.3

Source: TNS Gallup Media, published in Kommersant, 12 December 2005

2.1.1. National Channels and Networks

First Channel

In November 1994, a presidential decree transformed Ostankino TV Company into a closed joint-stock company, changing the name to ORT (which stood for *Obshchestvennoe Rossiyskoye Televidenie* or Public Service Russian Television). The stated goal of this transaction was to create a channel with effective management that would still be under state control. The shares were distributed between state agencies (51%) and non-state organisations, including a banking consortium (49%) .

In 1998, ORT broadcast 18 hours a day in all time zones and reached 98% of the Russian population (if all CIS countries are included, its audience was about 210 million people). Contrary to its name, the company did not become a public service broadcaster.

Following the 1998 financial collapse, the channel obtained a government loan of USD100 million from state-controlled bank Vneshekonombank. The channel, according to its managers, is still repaying the loan in 2005, but the bank has not attempted to claim the 11.5% stake in the channel posted as collateral for the loan. Moreover, in 1998, the closed joint stock company was transformed into an open stock company. However, controlling votes on the board of directors remained in the hands of structures linked to then-Kremlin-connected businessman Boris Berezovsky. Thanks to this state of affairs, Berezovsky was able to preserve control over the channel's cash flows as well as over its editorial line until 2002.

Support for the presidential campaign of Vladimir Putin was the main project of ORT in 2000. The electoral campaign included a new cycle of televised "information wars". After Putin's election, Berezovsky joined the opposition to the Kremlin and control over the main Russian television channel was at the centre of a harsh political conflict. When Berezovsky had to leave Russia in 2001, it was widely reported that 49% of the shares of ORT that were controlled by Berezovsky's structures and by a consortium of banks had been sold to structures controlled by another Kremlin-connected Russian businessman – Roman Abramovich. In less than a decade, ORT, a state-controlled company, had been transformed into a semi-private company.

In 2002, the channel's management decided that the name ORT did not reflect the real status of the company and was creating confusion. The channel was renamed "First Channel", the popular way of referring to it by Russian people. The First Channel has the biggest share of television advertising on the Russian market and its programmes enjoy great popularity among the Russian viewership.

The First Channel is still an active participant in the government's major information campaigns (e.g. pro-government Russian election coverage in 2003 and 2004, and negative coverage of the rejection of the Russian government's preferred presidential candidate in Ukraine in 2004).

Programming is diverse: there is news reporting and analysis, entertainment, education and science programmes, music, sports, films, etc. The channel's main daily news programme is *Vremya* ("Time") shown at 9 p.m. *Nochnoye Vremya* ("Night Time") is an information and analysis programme covering the day's main events and offering commentary from experts on topical issues. In the mornings, there is an information and entertainment programme called *Dobroye Utro* ("Good Morning"). Investigative documentaries are intended to attract youth and male audiences, while popular scientific programmes enjoy stable viewer support.

Its feature films and made-for-TV series consistently achieve the highest ratings in the country, filling 40% of the channel's airtime. Since 2000, the channel has been giving priority to Russian-produced series, which have become very popular in recent years. This tendency has continued in 2005.

In August 2005, Sergei Naryshkin, Head of the Cabinet Office, was elected Chairman of the Board.

The main film event of the year in Russia, *Nochnoi Dozor (Night Watch)*, a feature film produced and promoted by the First Channel, was a worldwide success. In 2005, a re-make of *Night Watch* was filmed in the United States.

Since 1 December 2005, a package of the Russian language programmes of First Channel was included in the DirecTV system in the United States (*Dom Kino* or Cinema House, First Channel Music, *Vremya* or Time – nostalgic Soviet-era re-runs).

Rossia TV Company, the main television channel within the All-Russian State Television and Radio Company (VGTRK)

Rossia is a division of the major state media holding VGTRK (All-Russian State Television and Radio Company), which also includes national Kultura and Sport television channels, 89 regional state-owned television stations, RTR-Planeta worldwide satellite service, several national radio stations (Radio Rossii, Mayak, Mayak-24, Radio Kultura, Radio Yunost), information portals Strana.ru and CMI.ru and the national television and radio archive Gosteleradiofond.

In 2000, VGTRK became one of the leading members of the Euronews pool and organised the Russian service of this organisation. In 2002, VGTRK acquired a share in Euronews' stock (at present it owns 32%). Euronews currently occupies the seven hours night time window on Kultura channel, and its round-the-clock version is on satellite and has terrestrial partners in some regions, and is in many cable systems.

Kanal Rossia (Rossia Channel) is the main state-controlled national channel, broadcasting all over Russia and reaching 99% of the population. Another 50 million people watch Rossia in the CIS and Baltic countries. The channel can also be seen in Western Europe, the Middle East and North Africa and plans to start broadcasting soon in the United States.

Rossia (formerly RTR) was founded in 1990 as the main media company supporting Boris Yeltsin, then President of the Russian Soviet Federation, in his battle for power with Soviet Union President Mikhail Gorbachev. During its first years of existence, the main competitor of RTR was Ostankino (now First Channel).

Rossia is 100% state-owned. In its 15 years of existence, the channel has been reorganised many times and its state-appointed management has changed several times. Up to 1999, the national channel was plagued by broadcasting problems resulting from its dependence on its local state affiliates (GTRKs) for retransmission of its signal. GTRKs had no incentive to consistently broadcast only federal programming on their local frequencies and would often mix in programming they had produced themselves or acquired from other sources, thus hampering the national channel's ability to control its own programming schedule at the regional level. The first step leading to the solution of this problem was the creation of the state holding company VGTRK, which united 89 state-owned regional studios under the aegis of the Moscow-based Channel 2.

In February 2004, the Russian government issued a decree on the reorganisation of VGTRK through affiliation of subsidiaries, including regional GTRK companies. By the end of 2004, the scale of the reorganisation became obvious. Local news programmes were organised on network principles and local companies turned into "re-transmitters" of the Moscow-produced content: VGTRK management had decided to cut all types of broadcasting in the regions, except news. This decision caused an inevitable reduction of GTRK broadcasting volume from 900 - 1,200 to 590 hours, the closure of whole subdivisions and departments and the dismissal of hundreds of employees in each of the 89 companies. GTRK outlets traditionally employed about 300-450 people each, and were extremely inefficient considering the scarce financing from the budget, high production costs and their inability to earn money.

Accordingly, cultural, children’s and educational programming was cut, especially in regions with local language broadcasting. The quality of this programming has always been a subject for criticism, even in the Soviet era, but for many national minorities, especially in countryside districts of the Volga Region and industrialised parts of the North Caucasus and Urals, these programmes were important for preserving their native language culture and traditions.

VGTRK management has never formally stated the goals of this reorganisation, except the need to comply with the *Law On Restructuring Federal State Unitary Agencies* and optimise company activities. Market-oriented broadcasters and managers unofficially explain the essence of the reorganisation as part of the need to “get rid of ballast”, as most of dismissed employees were people nearing retirement age – an older generation described as unable to adapt to new broadcasting standards.

Moreover, VGTRK management also declared during informal conversations that it is ready to partially get rid of VGTRK property under federal control and to sign it away to local budgets. Meanwhile, managers of regional companies are advised to maintain other types of broadcasting if they find sponsors and advertisers. Other types of broadcasting cannot be banned, according to the VGTRK broadcasting concept, which will be valid until the re-registration of its license. Perhaps, due to a certain complexity of the transition process, VGTRK management is not keen to make any official statements yet, and in any case these informal recommendations do not have any legal status.

After a request sent to the State Duma, at a meeting in February 2005 of GTRK Chairmen and VTRK management with the participation of Oleg Dobrodeyev and the President’s representative Dmitry Kozak, several companies (especially republic wide channels like Kalmyk GTRK) were allowed to increase the volume of their broadcasting, and agreements on the more rational use of the second channel were reached. However, a clear strategy of further GTRK regional development was not announced.

The State Concept of Television and Radio Broadcasting Development up to 2015 states in general terms the need for the establishment of public service television in the regions. It also contains statements on the need to have a children's channel and a 24-hour news channel. Possibly, VGTRK "affiliates" and "second" channels will participate in one of these projects. The issue of adequate broadcasting for local communities, i.e. socially oriented television for minorities, has yet to be addressed.

At the beginning of 2003, Rossia's management announced that the channel would be able to survive without state financial subsidies and planned to rely only on advertising revenues. A portion of Rossia's advertising revenues is redirected to support the operation of the Kultura Channel.

Since 2000, with the appointment of former NTV General Director Oleg Dobrodeyev as chairman, the quality of Rossia's news broadcasts has been strengthened and the channel has reinforced its pro-presidential stance. Unlike other national broadcasters, its programming has less "aggressive" criminal and distinctly "yellow" (tabloid-style) programmes.

Rossia shows information programmes, made-for-television series and films, political programmes, talk and game shows, comedies, feature films, documentaries, and sports. The channel's trademark news programme is *Vesti* ("News").

Films fill about 40 % of Rossia's airtime. The channel collaborates with 30 major film production and distribution companies, and is proud of its series based on Russian classic literature. The broadcasting of two feature films - *Idiot* (based on Dostoevsky's novel) and *Master and Margarita* (based on Bulgakov's novel) - were national television and cultural events.

NTV

The commercial company NTV was created in October 1993 with financial support from the Most and Stolichny Banks. Initially, it shared VHF channel 4 with VGTRK's Rossiyskie Universitety ("Russian Universities") channel. At that time, the state channel aired its programming during the day, and NTV began its broadcasts at 6 pm. Although many supported the creation of a private national broadcaster, critics pointed out that NTV gained its license not through a competitive tender, but by presidential decree.

For the first three years of its existence, NTV broadcast during prime time and quickly gained popularity. In November 1996, following the re-election of President Boris Yeltsin, another presidential decree helped NTV gain control over all airtime on channel 4. During the 1996 presidential campaign, Media-Most-owned outlets, including NTV, had vigorously supported incumbent Boris Yeltsin, whose popularity rating had dropped to single digits. As such, the decision to give NTV full control over the channel 4 frequency was seen by most as a reward for supporting the sitting president in the elections.

In January 1997, NTV founder Vladimir Gusinsky officially quit his post as chairman of Most Bank, which he had founded in 1992, to become the general director of Media-Most, a holding company created to oversee the media holdings. The majority stake in Media Most belonged not to Most Bank or to its affiliated financial-industrial group, but to Gusinsky personally. Among the company's shareholders were also three of NTV's founders: Igor Malashenko, Yevgeny Kiselyov and Oleg Dobrodeyev.

Gusinsky's media empire developed rapidly. At the time of Media-Most's creation, NTV's audience had already topped 100 million viewers.

On 1 September 1996 NTV began paid satellite broadcasting offering a variety of thematic channels (sports, music, Russian films, foreign films) under the NTV-Plus brand. NTV Plus was part of the Media-Most holding company.

The regional television network TNT, also part of Media-Most, began broadcasting in January 1998. The official initial cost of the project was $100 million. More than 70 commercial television stations in some of Russia's key cities (for instance Yekaterinburg, Novosibirsk, Tomsk, Krasnoyarsk) initially signed partnership agreements with TNT. (Pease see TNT in Networks section)

In the run-up to the parliamentary and presidential elections in 1999 and 2000, Gusinsky was judged to be giving preferential treatment to the party of Moscow Mayor YuriLuzhkov and former Prime Minister Evgeny Primakov, as well as giving air time to other parties positioning themselves in opposition to the government, like Yabloko. Media-Most once again became involved in an "information war" with other Russian media. Following the election of Vladimir Putin, it was clear that Media MOST and its founder had lost the Kremlin's support. Therefore, pre-electoral threats concerning hundreds of million dollars of debt that the holding company had contracted with gas giant Gazprom became reality. The saga of Media-Most's fight with Gazprom lasted two years, from the spring of 1999 through 2001, and included a fierce battle inside and outside the courts over the total debt owed by the holding company to the gas giant ($1.2 billion, according to Gazprom).

The authorities consistently argued that the wrangle was of an exclusively economic nature. Meanwhile, Gusinsky, who was briefly jailed during these developments before finally leaving the country, argued that the attack was blatantly political in nature, carrying infringements on the right to freedom of expression.

The authorities eventually agreed that political reasons had played an important role in the fight. In the spring of 2001, Gazprom-Media took full control over the activities of Media MOST and a restructuring of the holding began. In September 2002, Gazprom struck a deal with state-connected bank Evrofinans, to restructure Gazprom-Media into a new holding company, in which Gazprom would own a 51 % stake and the bank the remaining 49 %.

In 2002, NTV came under Kremlin's fire for its coverage of the North-Ost Theatre siege. This became the main reason for the dismissal of Russian American Boris Jordan, the head of NTV, at the beginning of 2003, despite the successful development of NTV and Gasprom-Media.

The appointment of Nikolai Senkevich as head of NTV was a source of some controversy, because he had no previous television management experience (he was a doctor). A year later – in 2004 – following the dismissal, of the top NTV journalist Leonid Parfenov, Senkevich was promoted to chairman of Gazprom-Media. In July 2004, Vladimir Kulistikov, former VGTRK Deputy Chairman, became the General Director of NTV and closed down the *Svoboda Slova* (Freedom of Expression) talk-show and several others programmes that were critical of the authorities.

Currently, NTV is moving towards tabloid journalism. Criminal and scandalous programmes receive the highest ratings on the channel. However, even this fight for ratings did not help NTV. In this competition it often loses to more positive entertainment CTC channel.

The transaction between Gazprom-Media and Evrofinans Bank that had been discussed for three years was never completed. The Evrofinans Bank split off from Gazprom's business. In 2005, the key event in NTV's life was the transfer of Gazprom-Media's media assets management to the Gazprombank, an affiliate of JSC Gazprom. At the end of 2005, Aleksey Miller, the head of Gazprom, once again began talking about the selling of low profile media assets of the company.

TV Centre (TVC)

TVC started broadcasting in May 1997, when Moscow Channel MTK was transformed into TVC. The Moscow City Administration holds the controlling stake. Despite being a very ambitious project, the TV Centre Consortium, which controlled TV Centre, a pool of Moscow networks under the umbrella of cable network TV Centre Stolitsa, and a satellite cable project, Meteor TV, never managed to achieve first-tier status. As a result, TV Centre became neither the influential nor the nationwide channel it was intended to be.

Viewers in half of all Russian regions, some CIS countries and the Baltic states can receive TV Centre programmes. Its potential audience is approximately 75 million viewers in Russia. The average daily broadcast time on TVC is 18 hours.

TVC is distinguished by its close affiliation with Moscow. Since the reorganisation of the Moscow Channel in 1997 and change of its name to TVC, the channel has been perceived as the vehicle for the political ambitions of Moscow Mayor Yuri Luzhkov. The 1999 parliamentary elections put an end to Luzhkov's presidential ambitions and his political defeat also represented a powerful blow for his television channel.

Currently, TVC broadcasts in 79 regions of Russia. Its potential audience comprises 57% of Russia's population. Its highly chaotic programming includes a range of ideologically varied broadcasts, a number of cultural series, and educational programmes and campaigns such as Solnechny Krug (Sun Circle) that are considered unique on Russian television.

When in December 2005, Oleg Poptsov, the head of TVC (in recent years the abbreviation stands for Television of Eternal Values – *Televidenie Vechnykh Tsennostei*), left the channel, the media said thr reason for his dismissal were continuing operational losses and its inefficiency as a television company of the capital city.

REN-TV Network

REN-TV was established in 1997 on the basis of the REN-TV Production Company (its founders and owners until 2005 were Irena and Dmitri Lesnevsky), which had been producing programming for Russia's major national channels since 1991 (in six years its shareholders changed three times, with the Moscow Government, LUKoil Corporation, and RAO EES). Its programming includes news and analytical programmes, documentaries, entertainment and music programmes, sports news and major sporting events, popular foreign series and Hollywood movies. REN-TV produces a large amount of its own programming and has a potential audience of 110 million people, the network has 410 affiliatess (in Russia and CIS countries): 197 broadcasting stations, 31 partners in the CIS and Baltic states, 182 cable operators. REN-TV Media Holding owns television stations in Yekaterinburg, Rostov-on-Don, Bryansk, Chelyabinsk, Magnitogorsk, and Volgograd. It broadcasts for 20 hours a day.

At the end of 2005, the owners of REN-TV (Russia's Unified Energy System RAO EES with 70% and the Lesnevsky's with 30%) sold 70% of their stock in the company to the pro-government Severstal and Surgutneftegaz companies and the remaining 30% to the RTL Group (part of Germany's Bertelsmann group). REN-TV's daily news programme, which had previously been assessed as frequently critical towards the government, became noticeably more neutral.The General Director is Alexander Ordzhonikidze.

The channel is targeted at a young and middle aged urban working viewer. Age category: from 18 to 45. REN-TV programmes and staff have won 13 national TEFI (Russian Television Academy) awards.

TNT TV Network (THT)

TNT has a strong focus on "infotainment" broadcasting and produces many of its own programmes, including entertainment and talk shows. The channel has a potential audience of 76 million.

Year Established: 1998
Owned and Operated Stations: 15, including stations in Saint-Petersburg, Nizhnyi Novgorod, Novosibirsk, Kazan, Yekaterinburg, etc.
Affiliates: 330 broadcasting companies, 151 cable operators.
Daily Broadcast Hours: 22

In 2003-2004, TNT increased its audience by over 50%. TNT is a channel for young and active viewers. Its programming is focused on production of reality-shows (six daily formats). General Director: Roman Petrenko, who significantly increased the channel's share on the market.

CTC[15]

CTC is the fastest-growing national television network in Russia. It focuses exclusively on entertainment programming (it has no news or information programmes), airing Hollywood movies, game shows, Western and Russian series, and cartoons from all over the world. The channel has a potential audience of 86 million people.

Year Established : 1996
Owned and Operated Stations: 8
Network Affiliates: 330 regional partners
Daily Broadcast Hours: 21

Foreign programmes comprise 60% of broadcasting while Russian programmes make up 40%. The channel's philosophy is based on a re-evaluation of the Soviet idea of entertainment as an idle occupation. CTC Media redefined the concept, with "entertainment" as its signature brand, symbolising youthfulness, dynamism, and positivity.

CTC programming during prime time is taken up with sitcoms, series, and talk-shows. In 2003, CTC broadcast a long soap opera *Bednaya Nastya* – Poor Nastya (over 100 episodes) produced by A-Media Company in collaboration with Sony Pictures (then bought by many international broadcasters, including in Latin America), and in 2004 – the first Russian sitcom *Moya Prekrasnaya Nanya* – "My Fair Nanny". Actually, CTC brought TV series back into fashion among Russian broadcasters. After broadcasting on CTC, "Poor Natsya" was broadcast on the Rossia Channel. In 2005, CTC ratings started to overtake those of the NTV national television channel. CTC CEO: Aleksandr Rodnyansky

Domashny Channel was launched in 2005 as part of CTC-Media, to legitimise the idea of niche channels and serve as a basis for a new network (see Domashny in New and Niche Channels).

MTV Russia

MTV Russia is a Russian-language free-to-air service. Targeting 14-34 year-olds, the advertiser-supported network features a mixture of music videos from Russian and international artists

[15] CTC Media is a Russian company which would normally be transliterated as "STS" in English, however the company uses "CTC" as its official English name, see http://www.ctcmedia.ru/pageaa.php?path=/eng/president/.

programmed locally from its Moscow production base. VJs cover the Russian music scene and introduce locally relevant programming..

Year Established: 1998

Owned and Operated Stations: 13

Affiliates: 120

Daily Broadcast Hours: 24

General Director: Leonid Jurgelas

Muz-TV

Muz-TV format is comprised of music videos, and music-based programming, including interviews with figures in both the Russian and foreign music industries. The channel has a potential audience of 75 million.

Year Established: 1995

Owned and Operated Stations: 18

Network Affiliates: 151, the channel is seen in 450 cities and tows across Russia and CIS

Daily Broadcast Hours: 24

General Director: Natalia Komarova

7TV

7 TV is a specialised channel airing sporting events and sports and health related programmes. The channel has a potential audience of 40 million.

Year Established: 2001

Owned and Operated Stations: 30

Affiliates: 140

Daily Broadcast Hours: 18

General Director: Ruben Oganesov

TV 3 Russia

TV 3’s programming is dominated by feature films from Russia, the USA, the UK, Italy, France and elsewhere. TV3 Russia functioned as a group of nine stations until 2001, when it began broadcasting a network programmme service throughout Russia, adding select affiliates in major cities.

Year Established: 1994

Owned and Operated Stations: 9

Affiliates: 10

Daily Broadcast Hours: 18

General Director Timothy MacDonald

DTV

DTV is a leisure channel for an adult audience from 18 to 54. The company's policy is to offer viewers the chance to turn away from everyday concerns, to relax, and at the same time to learn something new and interesting.

DTV clearly positions itself as a non-political channel. Shareholders in the channel are mainly concerned with the growth of the channel as a commercial enterprise, rather than using air time to gain political muscle or support any political forces. Informative broadcasts are all on cultural or educational themes. One of DTV's shareholders – the international media-holding MTG – has been successfully bringing this programming concept to life in other European markets for 15 years.

At the moment DTV is licensed for broadcasting in 22 cities of Russian Federation with 56 network partners. DTV's total potential audience is 95,224,335 people.

Year Established: 2002

Daily Broadcast Hours: 18

General Director: Vilma Martsulevitchute

2.2. NEW CHANNELS

2.2.1. New and Niche Channels created after 2002

After 2002, specialised "niche" channels started to appear. The reasons for the creation of such channels varied from the political (e.g. the closure of TVS and the appearance of Sport), to corporate and ideological (Zvezda), or purely commercial (Domashny).

When the creation of new channel was dictated by the idea of business development, it was launched as a packaged project, with a carefully thought-through brand, a logical programming grid and a clear distribution system. So when CTC Media bought Moscow Channel M1 they first repositioned it, and then re-launched it in 2005 with the new brand (Domashny, i.e. Home Channel) with 20 hours of balanced programming a day. By that time a network of 105 regional partner stations had been established, allowing the new channel to reach 50 million people in 350 cities and towns of Russia.

The new channels (RBK, Spas, Zvezda, Sport) carry their signal to the viewer by a variety of means – via affiliated regional broadcasters, cable operators and premium satellite packages.

Rambler

Rambler Teleset' was established in January 2003 and is trying to promote itself as an information and entertainment channel. It is a part of Rambler-Media Company (Internet, mobile content, and television).

Its programming grid is mostly filled with documentaries and popular science programmes, as well as films on travel. Since 2004 they have also been showing feature films and television series. Rambler Teleset' network combines different types of signal dissemination: terrestrial partner stations in many regions, local cable operators in other cities, finally, and broadband Internet. Rambler is energetically involved in interactive forms of television.

Target audience – socially active educated sections of the population in the age group 20 to 55 The channel has potential audience of 40 million viewers.
Daily Broadcast Hours: 24
Rambler broadcasts in 167 cities and to over 400 smaller areas[16]

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[16] In Russian the concept is described as "points of low population", the designation refers to areas with tiny populations.

General Director: Irina Hoffman

Sport

Sport (which is a division of state-owned VGTRK holding) was launched in Spring 2003, first replacing Euronews on the UHF Channel 25 in Moscow, and soon after that was switched to the VHF frequency that was previously owned by TV6 and TVS, thus inheriting the multitude of regional partner broadcasters that previously re-transmitted TVS. Sport is a typical niche channel, airing various sports events, sports news and more recently adding documentaries on sports and sports people. In comparison with its "general audience" predecessor TVS, Sport's audience is small, but reliable. It is difficult, however, to attract a larger audience, since the most popular sporting events are aired by major federal channels and premium satellite channels of NTV Plus.

General Director: Vassily Kiknadze

Zvezda

The channel, launched in February 2005 is part of the Zvezda Media Group which includes, in addition to a federal television channel, a radio station (Zvezda-FM), an Internet portal, a television and radio broadcasting studio, as well as an advertising agency. The media group was registered in 2005 as the Federal State Unitary Agency "The Unified Television and Radio Broadcasting System of the Armed Forces of the Russian Federtation".

Zvezda broadcasts on the UHF channel 57 in Moscow, and is re-transmitted by the Yamal satellite to cable systems in the regions. The declared mission of the new channel is to "support the state and patriotism". Its programming schedule is filled with news shows, old Soviet and Russian feature films and documentaries, programmes on the Soviet and Russian army, physical culture and sports.

The Ministry of Defense's funding only covers the costs of the actives it owns; while development costs are covered by attracting credits and loans. Military advertising experts have signed an agreement with Almaz-Antei (a major weapons manufacturer), and Rosoboronexport (the only weapons exporter in the country). In other words, the Ministry of Defense intends to promote its television activity and treat it as a commercial entity.

51% of the Zvezda Media Group is owned by the Ministry of Defense, 49% belongs to undisclosed investors (media sources believe they are state banks and military industrial corporations).

Today, Zvezda can be received in 54 regions of Russia. In the near future, the channel intends to create affiliates in every military district and on all four fleets. Russian government Vice Premier and Minister of Defense Sergei Ivanov chairs the Public Board of the company, and Sergei Savushkin is the General Director.

Domashny

Domashny (the Home Channel) is the "second" CTC channel, established on the Moscow UHF Channel M1, which was acquired by CTC Media holding in the autumn 2004. It was launched in March 2005, and the network of its affiliate stations is growing fast. Programming is aimed at a primarily female audience, focusing on health, home care, cooking programmes, interspersed with local news, movies and television series, both domestic and foreign.

Domashny states its aim is to reach family audiences, not limited to housewives, but every one who cherishes family values and private life.

Domashny is new in the sense that it creates a space of permanent live communication. The channel has revived live programmes, and throughout the day, presenters are on the air live, talking to guests, interacting with viewers, announcing coming attractions, stories, series, talk shows. In less than a year after its launch Domashny has become a serious player on the Russian television market.
General Director Yuri Shklyar

2.2.2. New Niche Cable and Satellite Channels

RBK-TV

Satellite channel RBK-TV was launched by the RossBiznesKonsalting (Russian Business Consulting) Agency in September 2003. The signal from Eutelsat is retransmitted by local cable operators. The schedule includes business news and analysis, overviews of Russian and international economic events etc.
General director Arsen Inyutin

TDK-TV

Satellite-based TDK (Television Ladies Club) was launched by RIKOR company in the summer of 2003. Its target audience is women in the age group 25 to 50. Programming consists of news, talk shows, feature films and music videos.

NST

NST (Nastoyascheye Smeshoye Televidenie – Really Funny Television) was launched by ArtMedia company in 2004. It specialises in short formats (stand-up comedians, funny sketches, excerpts from movies and television programmes, "TV bloopers"). NST is retransmitted by NTV Plus.

Nostalgia-TV

Nostalgia produces several original talk shows and runs old films, TV shows and music programmes. It is included in the NTV premium package.

Russia Today

Satellite channel Russia Today, a round-the-clock English language information channel was created in June 2005 and started broadcasting in December 2005. Its owner is the TV-Novosti company, which is affiliated with state-owned RIA Novosty news agency. In Russia the signal is included in NTV Plus package, it is retransmitted by EchoStar in Europe and DirecTV in the USA. The mission of the channel is to "help create a positive image of modern Russia in the world". The schedule is filled with news, information shows and overviews, and short documentaries.

Spas

Spas (The Saviour), "The Public Russian Orthodox Channel" was launched in July 2005. Spas is on the air 12 hours a day with several original programmes and talk shows. The schedule also includes domestic documentaries, not necessarily of a religious nature. Spas is carried by NTV Plus and Stream TV subscription platforms.

New niche channels of NTV Plus

The restructuring of Gazprom-Media in 2005 allowed the satellite-based subscription platform NTV Plus to make a serious technical improvement (switching to Dolby Digital 5.1 sound) and augment its already impressive selection of niche channels with three new channels:

- Nashe novoe kino (Our New Movies) is a channel showing solely Russian motion pictures (i.e. those produced since 1992)
- Kinosoyuz (Movie-Union) is a nostalgic channel of Soviet (i.e pre-1992) films
- 24.doc. All types of non-fiction, including old newsreels and blocks of archive footage. Seven thematic banners: Our Society, Our Geography, Our Science, Our Culture, Our Archives, Our Documentaries, Us in the Eyes of the World).

Niche Channels of Stream TV

Among roughly a hundred channels launched in 2005 by Stream TV (owned by Sistema-Multumedia) there are several original niche channels:

- Okhota i rybalka (Hunting and Fishing)
- Zdorovoe TV (Healthy TV)
- Drive – a channel for motorists
- Retro TV – old Soviet TV programmes
- Humour TV – old TV comedy, variety and stand-up sketches
- Russky Illuzion (Russian Illusion) – premium channel of Soviet movies
- Russkoe kino (Russian Cinema) – premium channel of modern Russian movies

For the list of channels that are available in Moscow through all four subscription services providers in December 2005 (see Appendix 3).

2.2.2. Regional Television Companies

Various estimates put the number of regional television stations operating in Russia at about 1,500. The majority produce local news and analytical programming, have full operating staffs and have an established client base ensuring them a steady advertising income. However, making the move from a small, surviving commercial enterprise to the next step is difficult.

Each of the 89 federal territories has a state television and radio company affiliated to VGTRK. These stations incorporate their programmes into the programming schedule of the second state channel Rossia (for details see VGTRK). State regional television companies also include companies founded by different regional authorities. State television channels in the Russian regions are closely connected to regional administrations, although the degree of interference and pressure by the latter varies greatly by region.

By some estimates, each major city now has five to ten private stations. The audiences of these broadcasters vary broadly. Channels are usually affiliated with local political and economic groups. Some are owned by Moscow companies, but the majority are part of one of the national networks disseminating programmes via satellite (TNT, CTC, REN TV, etc.). This allows stations to broadcast licensed programmes, something they could scarcely afford otherwise.

Having travelled the difficult path from formation at the beginning of the nineties, through the period of explosive growth and financial crisis of 1998, by 2005 regional stations have entered a period of stable financial development.

However, many of the old problems still remain unresolved despite rapid growth. These can be summarised as the following:

- Low professionalism;
- Constant "talent drain" – local work force migrating to Moscow;
- Intricate relationships in the structure of ownership;
- Lack of tools to attract investments.

Despite these problems the years 2002-2005 can be categorised as a period of growing interest of big national networks and corporations towards buying regional stations.

This process could however be stalled by the new syndication project National Television Syndicate (NTS).

In spring 2005, a number of regional television companies initiated the creation of the NTS with the goal to centralise the purchase and distribution of content (films, series and programmes) for regional broadcasters striving for independence and in need of their own programming. The Syndicate buys programming products from copyright owners and transmits them to regional stations via satellite. NTS provides regional television companies with 8-10 hours of programming daily. Currently, the work of the Syndicate is financed through barter: regional companies do not pay for the products but instead transfer to NTS part of their advertising sales revenues received from the products. Four minutes from twelve minutes of advertising per hour belong to NTS and are used by the largest agency Video International-Trend, and the remaining eight minutes are left to the broadcaster's advertising. This is significantly more than that recived through their cooperation with federal networks. NTS now includes 15 broadcasters and has a potential audience of 14.8 million people.

The creation of NTS is considered an important and positive step in the development of regional television because regional broadcasters can streamline their own programming policy, better satisfy the interests of their local audiences, and maintain strong regional television brands.

The following conclusions can be drawn regarding the current state of the regional television market:

- The market is undergoing segmentation and the gap between stations of different sizes is widening;
- The regional advertising markets cannot support such a large number of stations, and barriers to entry for new stations are growing;
- Stations are striving to diversify and enter new, more profitable markets – both geographically and in terms of different types of media;
- As the business becomes more complicated and holding companies are formed, the effectiveness of management is beginning to play a key role – a situation for which the majority of regional managers are not prepared.

2.3. FINANCIAL ANALYSIS (STATE SUPPORT, ADVERTISING)

2.3.1. State support

Currently, state support of television on the statutory level is being implemented in two main forms: in the form of direct financing of television stations that belong, fully or partially (or report) to the state, and in the form of financial support on a competitive basis of socially significant projects in the sphere of television and radio broadcasting and the Internet.

Financing of television channels and financial backing of the programme sector

According to the Federal Agency of Press and Mass Communications, in 2005 the financing of Russian state-owned television has been 12,246 million rubles (USD 425.2 million). Financial backing of the programme sector of television and radio broadcasting is carried out on a competitive basis and the volume of this backing continues to increase.

Table 1: Financial support of socially significant projects

	Number of projects taking part in the competition	Number of supported projects	Volume of annual financing (in million US dollars)
2000	170	85	9.23
2001	333	126	9.47
2002	357	134	10.00
2003	403	163	15.67
2004	391	156	15.13
2005	360	209	16.43
Total:	2014	873	75.93

Source/ Federal Agency for Press and Mass Communications, December 2005

Budget financing of programmes has nearly doubled in five years. Regarding content, more than half of all supported projects (116 out of 209 in 2005) are education and/or cultural programmes, followed by social and public projects and then by projects for youth and children's audiences. However it should be noted that the notion of "social and public project" is not legally defined yet, which opens up the Ministry, and now the Agency for Press and Mass Communication, to charges of partiality during project selection. That is why the resolution of the Federal Agency collegium dated 28 November 2005 involves a requirement to develop criteria and standards for social significance.

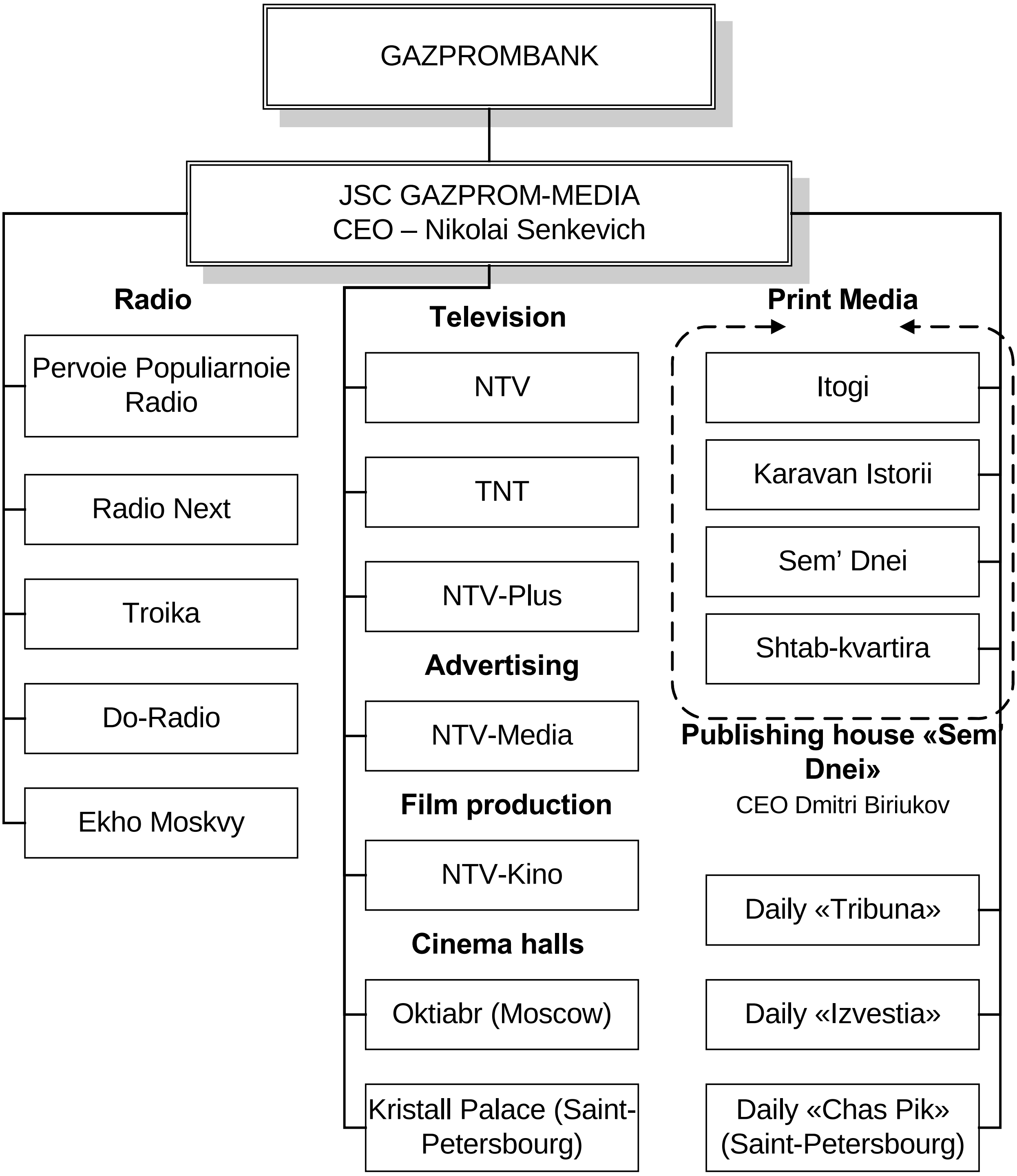
Subsidies from State Monopolies

Russia's main state monopolies, such as the natural gas giant Gazprom and energy company Unified Energy Systems (UES), have also consistently financed television companies that have been considered independent from state control.

Gazprom created a new subsidiary, Gazprom-Media, on 27 December 1997, to manage and oversee its extensive media assets. In 1998-99, the activity of Gazprom-Media was minimal. In June 2000, however, Gazprom-Media was suddenly reanimated and former Russian State Property Committee head Alfred Kokh became the new general director of the holding company. Later he was replaced by Boris Jordan. Gazprom-Media, merged into Gazprombank, is now headed by Nikolay Senkevich (who is also a Vice-President of Gazprombank).

Since its inception, Gazprom-Media has also held a number of media assets traditionally linked to the gas industry. Among these were the Moscow-based television and radio network Prometei, the satellite network AST (Russia's fifth largest after CTC, TNT, Ren-TV, and the former TV-6; ceased its existence in 2002), radio stations, and two specialised magazines, *Gas Industry* and *Faktor*, both produced by the publishing house Gazprom-Press in cooperation with the German gas giant Ruhrgas. Gazprom also finances two Moscow-based dailies and dozens of regional publications. In recent years, Gazprom has become the controlling stockholder of the newspaper *Izvestia* and the St-Petersburg-based newspaper *Chas Pik.*

Gazprom's media business[17]



As with the television stations owned by the state energy monopolies – often dubbed "pipeline stations" by specialists – profitability was never a priority. According to most specialists, Gazprom's regional television projects would have developed with or without the appearance of Gazprom-Media.

[17] *Novosti SMI* No. 24 (196), December 2005, "Russian Media Market: 2005 Events", Maxim Alekseenko, Anna Kuzina, Ekaterina Shuster, p. 41

In the Soviet era, Gazprom already had its own 20-city high-tech corporate communications system based on a series of receiving-broadcasting centres created to fill the needs of the oil- and-gas sector. In the 1990s, the centres were developed to become technically well-equipped television stations capable of broadcasting their own programmes. Gazprom controlled some 30 corporate television stations in various Russian regions. The audience for those stations can be considered quantitatively negligible. Furthermore, the quality of the stations' production is considered not very high. However, these “energy sector television stations” do not have financial problems.

Gazprom has also invested in the development of Russia's national communications system. The gas giant financed the construction of four new-generation satellites that are of critical importance for Russia, not just for Gazprom, because they are the functioning base for the transmission of broadcasts by all national television networks across the Russian Federation.

2.3.2. Advertising market

In terms of the total volume of the Russian media advertising market, television has remained the traditional leader, and lately the gap between it and other media became even more significant. Since its very inception – in the early 1990s – the advertising market in the country developed more slowly in comparison to the general level of the economy, i.e. it has always been trying to "catch up". This understated beginning meant a high rate of growth at the stage of market formation, followed by attenuation as it began to draw level with the general pace of economic development.

In 2004, television advertising was predicted to rise by 26%, but the actual growth of the national television advertising market was 37%. This meant that the market went through qualitative changes, mainly because of the change in its size. If in 2000 the total Russian media advertising market hardly exceeded 1 billion US dollars, in 2004 it came close to 4 billion. So deviations that went unnoticed earlier because of the insignificant size of the market, started to become obvious by 2004, and qualitative changes turned into quantitative ones.

Table 1: Advertising market in 2002-2004

Media type	Media subtype	2002	2003	2004	2002	2003	2004	2003	2004
		$ millions			Share, %			Growth, %	
Television*		920	1 240	1 700	41,6	42,9	44,1	35	37
Radio*		115	155	200	5,2	5,4	5,2	35	29
Press*		755	935	1 200	34,2	32,4	31,1	24	28
	Newspapers	165	195	250	7,5	6,7	6,5	18	28
	Magazines	260	350	470	11,8	12,1	12,2	35	34
	Advertising publications	330	390	480	14,9	13,5	12,5	18	23
Outdoor advertising		400	530	710	18,1	18,3	18,4	33	34
Internet**		11	18	30	0,5	0,6	0,8	64	67
Movie theatre advertising		9	12	15	0,4	0,4	0,4	33	25
TOTAL		2 210	2 890	3 855	100,0	100,0	100,0	31	33

Source: Association of Communications Agencies of Russia (AKAR), December 2005

The growth of any market depends on a balanced growth of effective demand and supply. The advertising market it is formed under the influence of advertisers' expansion alongside growing capacities in terms of advertising space.

An analysis of the main factor affecting advertising, namely the dynamics of the commodity market of the country, shows that that Russia's current consumer boom, compared to the growth rates of the economy as a whole, is mainly related to the fact that it is calculated in US dollars. This means that its impressive growth (over 25% in 2003-2004) is closely connected to sustained dollar inflation at the same time. Since traditionally markets (including advertising markets) are estimated in US dollars, it is possible to see such high growth rates, outpacing predictions.

Meanwhile, even in 2003-2004 (again in dollar estimation), the television market could not "digest" all the money that advertisers had planned to spend on television advertising, i.e. the segment's growth could have been even bigger. Television channels could have provided such growth by increasing the physical volume of ads (and, not by a mere increase in number of minutes, but by growth in GRP[18] volume) and by raising the prices.

It is doubtful that it will be possible to significantly increase the physical volume of advertising in the future. The main television channels (First Channel, Rossia, NTV, CTC, REN TV and TNT, that between them practically monopolise the national television advertising market), have hardly any remaining reserves for the physical increase of advertising volume. In the interval between 7am and 1am the average advertising volume in television air time in 2004 was 17.8%. In prime time (from 7pm to midnight), the volume of advertising is higher than during the day as a whole, and it reaches 18.5% and on some channels exceeds 21-22%. Meanwhile, apart from the television channels' concern about overloading the audience with advertising and therefore causing a fall-off in ratings, there are also no economic reasons for increasing advertising volumes. All the air time that advertisers are interested in is already filled with advertising. The opportunities remain only in night time or some parts of the daytime air, which have very small audiences and, therefore delivers very few GRP. Besides, because of the diminishing effect of advertising time in off-prime (the number of GRP on the time unit decreases) and lower income from each point of GRP in off-prime, the opportunities for increasing the volume of GRP are severely limited and economically ineffective.

On the other hand, if the growth of GRP volume is limited, the whole growth of supply from the television channels is possible only by raising the prices. That became obvious in October 2005, when NTV-Media (Russia's second largest media-seller) published its price-list for 2006, where the price for placing an advert increased by at least 37%, which went beyond most "optimistic" prognoses of price growth (around 25-30%). This strategy might work - providing that advertisers are ready to accept these prices (which is likely to be true only of the largest companies). This also means that such price rises could lead to structural changes in the television advertisers' contingent in future.

At the same time, the market growth may be based not only on extensive resources, but also on the further economic, technological and organisational development of the television market itself.

For now, the possibilities for such development rest with regional television and radio stations, where the rate of advertising income growth is a little higher than on national ones.

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[18] Gross Ratings Points

Meanwhile, the data on regional advertising looks like the following:

Table 2. Media advertising market, regional segment

Media	2002	2003	2004	2002	2003	2004	2003	2004
	Budgets (in million USD			Share (in %)			Growth (in %)	
Television*	210	290	400	36.2	36.7	37.4	38	38
Radio*	35	55	80	6.0	7.0	7.5	57	45
Press*	160	210	270	27.6	26.6	25.2	31	29
Outdoor	175	235	320	30.2	29.7	29.9	34	36
TOTAL	580	790	1,070	100.0	100.0	100.0	36	35

Source: Association of Communications Agencies of Russia (AKAR), December 2005

As the table indicates, the growth in the regional segment outruns the general national level (though this difference is not that significant in television).

Table 3. Regional advertising share 2002-2004 (in %)

Media	2002	2003	2004
Television	23	23	24
Radio	30	35	40
Press	21	22	23
Outdoor	44	44	45
TOTAL	26	27	28

Source: Association of Communications Agencies of Russia (AKAR), December 2005

In the period from 2002 to 2004 the key players on the television advertising market were the companies Video International (VI, some 60% of the market) and NTV-Media (16-18% of the market). Among the other sales houses one can mention CTC (5%), advertising agency Alkasar that sells advertising opportunities of TV Centre (2%), and TV-3 (1%).

At the same time, it should be noted that the structure of advertising opportunities sales on federal television stations differs from one on regional stations. For instance, above mentioned Video International sells federal advertising opportunities of REN-TV channel, while Moscow ad blocks are sold by REN-TV itself. At the same time NTV-Media that sells federal opportunities of the stations NTV and TNT, up to the end of 2005 hasn't influenced the sales in regions.

In 2005, the pace of the advertising market growth continued. Most remarkably this trend manifested itself in the television advertising segment (33%).

Table 4. Russian media advertising volume in first three quarters of 2005

Advertising distribution means	Volume (in million USD)	Growth (in %)
Television	1450-1500	33
Radio	170-180	28
Print media	940-970	14
Including newspapers	210-220	23
Magazines	405-415	25
Advertising publications	325-335	-2
Outdoor	570-580	26
Other	50	55
Including Internet	35	65
TOTAL	3180-3280	26

Source: Association of Communications Agencies of Russia (ACAR), December 2005

The year of 2005 brought a number of surprises.

At the beginning of the year the VGTRK holding (channels Rossia, Kultura, Sport) announced that in 2006 it would reject cooperation with Video International, and the market rushed to call it the most significant event in the last five years. In their interviews to media, managers of Video International, the First Channel, and VGTRK holding claimed that by around the beginning of 2006, a three-pole system would be created, whereby advertising opportunities of each of the national channels would be sold by different sales organisations. The ratio may look like the following:

1. VI group of companies: First Channel, CTC, and REN-TV (more than 40% share);
2. NTV-Media: NTV and TNT (18% share);
3. VGTRK's own advertising agency: channels Rossia and Sport (about 20% share).

These changes would have perfectly reflected the spirit of the times, namely that under civilised market conditions, advertising space from two major channels should not be sold by one hand. However, later VGTRK gave up these plans and Video International still has control over all key sales.

A tender for receiving a consolidated industry contract for television measurement, that took place in 2004, announced a controversial winner – a representative of the Italian company AGB-Television. However, the arguments that emerged during the tender procedure between leading channels and advertisers practically paralysed the activity of the single contractor (the non-commercial partnership

Media Committee), and prevented the signing of a contract with the winner. As a result, AGB-Television left the Russian market before carrying out any television measurements. This left only the previous monopolist and "media-currency"setter, TNS Gallup Media group, although the process had at least forced it to take serious measures to increase service quality.

From 2006, changes are also expected in regional TV markets. Market leader Video International announced serious changes in regional advertising sales practice. Instead of sales based on a fixed price per minute, a new practice will be introduced, namely sales based on GRP (website www.grp.ru). Also, on 16 December 2005, Video International and CTC-Media signed an agreement under which Video International will sell the regional opportunities of the channels CTC and Domashny, in the Moscow and Russian regions. Both these factors will further strengthen the quasi-monopolist position of Video International on the television advertising market.

After WPP made a series of purchase of stocks and shares in full-cycle agencies that are parts of Video International, market players began speculating that Video International's business would be restructured, since it would be wrong to have the largest television advertising seller and communications group under one roof. It is therefore considered likely that Video International's share in advertising turnover will lessen, and the agency will focus on its main business, sales of advertising opportunities.

The breakdown of advertising budgets between federal and regional advertising vehicles is also facing serious changes. As a result of the increase in the value of rating points on federal channels, many brands are likely to revise their distribution scheme from national to regional spot advertising campaigns.

The trend of an increase in the share of regional television advertising will continue, due to the following factors:

- Price rise on federal television advertising;
- Limited advertising volume on federal stations;
- Regional programme ratings are commensurable to federal channels' prorgramme ratings;
- Regional placement makes sure that the advert will more effectively reach the consumer;
- Opportunity to shape brand perception as regional and locally available;
- Test market opportunity for primary trial run of a new brand, or for repositioning a brand in one or several regions.

Prognoses up to 2010

In December 2005, the Association of Communication Agencies of Russia (ACAR) published its prognosis of advertising market development up to 2010. It is important to mention that not all market players unanimously acknowledged the veracity of its conclusions, nevertheless, ACAR experts' opinions are outlined in the tables below:

Table 5. Media advertising budgets (in million USD)

Media segments	2003	2004	2005	2006	2007	2008	2009	2010
Television	1 240	1 700	2 300	2 950	3 700	4 500	5 200	5 850
Radio	155	200	250	300	350	390	430	460
Press	935	1 200	1 370	1 535	1 665	1 805	1 895	2 000
including newspapers	*195*	*250*	*300*	*345*	*370*	*395*	*420*	*445*
magazines	*350*	*470*	*590*	*705*	*805*	*915*	*980*	*1 055*
advertising publications	*390*	*480*	*480*	*485*	*490*	*495*	*495*	*500*
Outdoors	530	710	925	1 100	1 200	1 300	1 350	1 390
Internet*	18	30	50	85	140	235	340	500
Other	12	15	20	30	45	70	85	100
TOTAL on the market	2 890	3 855	4 915	6 000	7 100	8 300	9 300	10 300

Source: Association of Communications Agencies of Russia (ACAR), December 2005

Table 6. Media segments advertising budgets growth rates, percentage

Media segments	2003	2004	2005	2006	2007	2008	2009	2010
Television	34,8	37,1	35,3	28,3	25,4	21,6	15,6	12,5
Radio	34,8	29	25	20	16,7	11,4	10,3	7
Press	23,8	28,3	14,2	12	8,5	8,4	5	5,5
including newspapers	*18,2*	*28,2*	*20*	*15*	*7,2*	*6,8*	*6,3*	*6*
magazines	*34,6*	*34,3*	*25,5*	*19,5*	*14,2*	*13,7*	*7,1*	*7,7*
advertising publications	*18,2*	*23,1*	*0*	*1*	*1*	*1*	*0*	*1*
Outdoors	32,5	34	30,3	18,9	9,1	8,3	3,8	3
Internet**	63,6	66,7	66,7	70	64,7	67,9	44,7	47,1
Other	33,3	25	33,3	50	50	55,6	21,4	17,6
TOTAL on the market	30,8	33,4	27,5	22,1	18,3	16,9	12	10,8

Source: Association of Communications Agencies of Russia (ACAR), December 2005

Table 7. Media segments' share in advertising budgets, percent

Media segments	2003	2004	2005	2006	2007	2008	2009	2010
Television	42,9	44,1	46,8	49,2	52,1	54,2	55,9	56,8
Radio	5,4	5,2	5,1	5	4,9	4,7	4,6	4,5
Press	32,4	31,1	27,9	25,6	23,5	21,7	20,4	19,4
including newspapers	*6,7*	*6,5*	*6,1*	*5,8*	*5,2*	*4,8*	*4,5*	*4,3*
magazines	*12,1*	*12,2*	*12*	*11,8*	*11,3*	*11*	*10,5*	*10,2*
advertising publications	*13,5*	*12,5*	*9,8*	*8,1*	*6,9*	*6*	*5,3*	*4,9*
Outdoors	18,3	18,4	18,8	18,3	16,9	15,7	14,5	13,5
Internet	0,6	0,8	1	1,4	2	2,8	3,7	4,9
Other	0,4	0,4	0,4	0,5	0,6	0,8	0,9	1
TOTAL on the market	100	100	100	100	100	100	100	100

Source: Association of Communications Agencies of Russia (ACAR), December 2005

2.4. TECHNICAL FACILITIES

2.4.1. Household Equipment

According to TNS Gallup Media data, the structure of the Russian population has substantially changed in the last three years. At present 65.3 million people live in cities of more than 100,000 (i.e. in the most important centres of television viewing). One should stress that city populations are aging, and that this is another factor influencing television viewing modes). The percentage of families with children under 16 has diminished by more than 10% in the last decade (38.1% in 1993 and 28.3% in 2003) Simultaneously the education level of the urban population between 20 and 35 is increasing (approximately 30% of the category have higher education or are in the process of obtaining one).

In the last years the percentage of families with two or more TV sets in the household has steadily grown, from 27.2% in 2003 to 31.5% in 2004. The number of households with one set has declining accordingly – from 69.9% in 2003 to 59.3% in 2004. The number of VCR and DVD owners has also grown (51.1% of households in 2003 to 56.3% in 2004, the average figure for Moscow is 64%). If we look specifically at DVD players, 6% of Russian households have one. The percentage of households owning a TV set with remote control grew from 82% in 2003 to 87.4% in 2004. Nine per cent of all TV households have black and white sets. Seven per cent of households own a video camera (in Moscow the figure is much higher at 17%), 3% own a digital video camera. 11% of households state that they are connected to cable..

Other statistics indicate that 28% own a radio set or car radio, 9% own a radio alarm clock, 7% own a Hi Fi audio system. Also, most portable music centres have radios. This means that radios of various kinds are owned by more than 50% of households.

Further, 44% of households have telephones, 84.5% own mobile phones and 11% have a computer at home (the Moscow figure is again much higher at 27%).

2.4.2. Technical Infrastructure of Terrestrial Broadcasting

At the Board meeting of the Federal Agency for Press and Mass Communications on 24 March 2005, it was noted that: “Television and radio broadcasting facilities in the Russian Federation that have been operating for a long time without serious technological renovation are close to the end of their working life, they are outdated both physically and in terms of their usefulness, and do not meet the standards of modern telecommunication and networking equipment. A further delay in renovation is endangering the distribution of state television and radio programmes." In the report of the General Director of the Federal State Unitary Agency RTRS (Russian Television and Radio Broadcasting Network) it is noted that the amount of funds received by the agency from the federal budget covers only 10 per cent of the funds needed to support the working condition of the network and the modernisation of technical equipment. In the agency estimates, technical inspection and repair of transmission towers alone will require 3.5 billion rubles (or USD 122.2 million at the December 2005 exchange rate), and modernisation of the television and radio broadcasting structure in the country will require an investment of 40 billion rubles (USD 1.38 billion).

The technical infrastructure of television broadcasting in Russia needs speedy renovation, since the present system, inherited from Soviet times, is starting to break down. In 2003, the transponders of Gorizont-44 and Express-A satellites were switched off, which led to a break in the satellite distribution of the analogue signal for several programmes, and necessitated the transfer of the signal to the relay of ground transmitting stations. At present the situation in zone B (regions of Siberia and Far East) is critical, since the Ekran satellite serving the region and the whole network of downlinking ground stations is using 100 per cent of its work life resources. Emergency repair will require (at a preliminary estimate) 458 million rubles (USD 16 million).

The core of broadcast media signal distribution are the tele-radio broadcasting centres, built mainly in the 1970s and long outgrown their channel capacity. The only exception are the few private television companies which were able to build their own transmission centres. Within the quasi-monopolist RTRS structure, modern digital television transmitters account only for 1,2%.

The number of television channels available to 50 per cent of the population continues to grow. Two years ago half of Russian television viewers could only receive five channels, now they can watch nine.

In Russia the portion of state-owned technical equipment in the broadcast sector remains the same. RTRS was created in mid-2001 and amalgamated all the regional broadcast centres of the country. While chronically underfinanced, it controls practically all the television broadcasting infrastructure in Russia – 78 regional television and radio broadcasting centres, 10,500 television transmitters (86% of the whole number) and 2,176 radio transmitters (95% of the whole number), 8,251 satellite downlinking stations and more than 5,100 antennas and transmission towers.

Out of 8,500 television transmitters that re-broadcast the national channels' signal, more than 5,000 (58,8%) have used more than 80% of their life expectancy. Also, 15% of antennae and tower equipment has already passed their 40-year operating term.

At present, roughly 900 television companies and 500 radio stations rent out RTRS services, 70 to 80 per cent are private broadcasters.

Around 60 per cent of the Agency's income (the yearly turnover is 15,743 million rubles, i.e. USD 550 million) comes from tariffs set by the state. These tariffs cannot fully cover the Agency's operational expenses, and they are rarely updated by the state. So as the electricity tariffs constantly rise, RTRS is always short for floating assets. Also, the tariffs for RTRS services are often set without taking into account the variety of situations in different regions and thus can slow the progress of regional media development down.

In Spring 2005, RTRS announced a plan of major modernisation of the whole television and radio broadcasting system in the country. The project calls for investments in the amount of 20.522 million rubles (USD 716.5 million). It includes replacement of old worn-out transmitters and buying new ones that could be fit for digital in the future, and refurbishing all satellite downlinking for digital technologies.

It is difficult to evaluate how successful this plan will be, since even though it was approved by the Federal Agency for Press and Mass Communications, it is unlikely that it will receive full funding from the state budget. This means that instead of modernisation the financing will only be sufficient to cover operational expenses.

2.4.3. Cable and Satellite Television

The Cable TV market has been actively developing over the last two years. The number of subscribers in large cities (in Moscow in particular) is consistently growing, while large investors buying telecommunication assets in various regions are entering this market for the first time. One example is the AFK Sistema company that invested $150 million in 2005 into the creation of interactive cable TV in Moscow. The Cable TV landscape in Moscow has changed significantly – a new pay TV project Stream-TV was launched through ADSL, and one of the earlier players – Versatel company – has virtually disappeared from the market.

Even so, the underdeveloped cable infrastructure and the fact that viewers are accustomed to free TV, remain major hindering factors in the development of Cable TV channels. In large cities, this infrastructure mainly consists of old systems designed for collective (apartment building) reception of two to five terrestrial channels and frequently controlled by a local monopolist (usually a state-run communications provider). Since the populace is accustomed to free-of-charge television and there is so little diversity of content, cable network owners cannot generate enough revenue to build new broadband networks capable of offering various packages and services, including television Internet and telephony. Pay TV finds subscribers only in those regions where the population's level of income is high.

Another hindering factor for cable TV development is the absence of a solid statutory framework regulating the industry (there is still no law on cable television), and a large number of gaps and contradictions in the existing legislation.

According to the Russian Cable Television Association, the cable industry had a total subscriber capacity of 30 million at the end of 2002, but the number of subscribers (i.e. real users of this service) was about 61% of total capacity or 18 million subscribers. However the majority of these subscribers view regular terrestrial channels via cable networks virtually free of charge. Regarding pay TV subscribers (i.e. those who pay for a specific package of channels), their number according to the ASM-Consulting estimate, is 1.1 million. The share of subscribers per 1,000 of the population is 43.6 (compare this to Poland's 94.0 subscribers or Hungary's 190.7 subscribers). The average monthly cable subscription fee is approximately $1, while about 30% of subscribers are entitled to discounts.

According to the ASM-Consulting estimates, the overall pay TV market volume in Russia is $150 million, and Moscow accounts for 30% of that amount. For comparison, in 2001 cable providers collected about $900 million revenue in Poland, $285 million in Turkey, and $54 million in Hungary.

According to the RF Ministry of Communications, only 10% of the existing cable infrastructure has the technical capacity to provide broadband Internet access or such services as interactive television and video on demand, while 50% of all cable networks are outdated and allow the transmission of no more than five channels. The majority of the cable market consists of cable operators providing analogue access to traditional television channels. According to the Formen Consulting company, the total number of cable TV operators in Russia is 1,000. Only 72 of this number are capable of providing interactive television services. Almost half of these 1,000 operators service less than 1,000 subscribers each.

It should be noted that modern cable networks are developing very unevenly across Russia's territory. The largest number of these networks is located in the Central Federal District and in the Volga Regional District (22 operators in each). The North-Western Federal District also stands out with 17 operators mainly based in St.Petersburg. Other regions display more modest numbers: there are seven operators in the Siberian Federal District and four operators in the Southern Federal District. The Far-Eastern Federal District does not have a single cable network that could be characterised as interactive.

The Moscow cable market is basically a monopoly, since the technical cable TV infrastructure is owned by the joint-stock company Mostelekom created by the Moscow government. Mostelekom's subscriber base covers over 3 million households in Moscow (80% of all city apartments). In 2005, Mostelekom acquired a strategic investor, the Nafta-Moskva oil company which purchased 74% of the cable operator shares and intends to invest $180 million into company development at the first stage. This investment is designated to increase cable network capacity and reequip them for digital transmission.

Cable infrastructure owned by Mostelekom is used for a virtually free transmission of the so-called "social package" that includes traditional UHF and VHF TV channels as well as some municipal cable channels. Mostelekom is basically retransmitting VHF signal from collective antennae installed on apartment buildings' roofs to the subscribers' apartments.

Several commercial broadcasters on the Moscow market lease Mostelekom communication channels and offer subscribers access to pay TV. Two major broadcasters in this area are Kosmos-TV and Komkor-TV.

After re-branding in 2005, Komkor-TV's new name is Akado. The company also attracted a strategic investor, which is a US-based investment fund owned by Viktor Vekselberg. The Fund invested $52 million in developing cable TV in Moscow. The Akado network reaches 220,000 apartments in Moscow's Central and Southern administrative districts; but only 70,000 subscribers are using the company's services, that is about one third of connected apartments. The company's strategy for the next three years is to increase the network capacity to reach one million subscribers.

Another significant development on the pay TV market in 2005 is the commercial launch of the interactive television packager Stream-TV, which offers subscribers access to 100 digital channels, video on demand, and other interactive services via regular phone lines and ADSL technology. Stream-TV is the first example of substantial investment in the non-satellite pay TV market in Russia. The project was launched by the Russian company AFK Sistema, which invested $150 million. Its co-investors were the French company Alcatel and the largest Internet-provider Tochka.Ru, which introduced the first ADSL access package under the Stream brand. It must be mentioned that the Stream-TV project has good potential for growth since its owner, the AFK Sistema, also owns the majority stock in the Joint-Stock Company "Moskovskaya Telefonnaya Set" (Moscow Telephone Network) which grants it access to every city apartment. Besides, the AFK Sistema displays interest in many other regional cable projects, and therefore it is possible to speak of the emergence of another large player on the pay TV market, which could prompt the concentration and consolidation of existing cable operators.

At the same time as there has been significant investment and activity in the pay TV sector in Moscow, the operations of one large cable operator – Versatel company (Divo-TV brand) – have virtually ended. The main reason was that the company executed a flawed business plan. Versatel was using the infrastructure of its shareholder Mostelekom (that owned 10% of the company stock) for transmission, but managed to attract one hundred times less subscribers than initially planned. As a result, the Divo-TV package started losing TV channels gradually in the spring of 2005 because the company could not pay the rights holders. According to some estimates, Divo-TV had 25 thousand subscribers.

Pay TV Channels in Moscow (2005)

Broadcaster	Subscribers	Annual turnover in mln USD	Initial equipment and connection cost in USD	Monthly subscription fee for least/most expensive package in USD
NTV-Plus	120,000 (400,000 over Russia)	29.4	312.5	19.2/54.12
Kosmos-TV	50,000	11,3	230.0	20.4/37.6
Komkor-TV	70,000	1.4	83.7	8.37/36.66
Stream-TV	30,000 (estimate)	-	155	9.95/49

Source : Internews compiled table from data published by ostankino.ru, ntv-plus.ru, ACM Consulting, akado.com, stream-tv.net, kosmos-tv.ru 2005

Thus, approximately 270,000 Muscovites subscribe to pay TV. This constitutes about 2.7% of Moscow's 10 million residents (in 2004 this number was 2%) or 7.2% of all Moscow households. Despite the rather slow growth rate of the subscriber base, the volume of Russian pay TV market is growing faster: USD 150 million this year compared to USD 50 to 80 million last year.

The regional cable TV market includes two major participants – "Obedinennye Kabelnye Seti" company (United Cable Networks – UCN) and "Natsionalnye Kabelnye Sety" (National Cable Networks – NKS). The first covers 16 regions (network capacity is about 250,000 subscribers), and the second covers seven regions (the network capacity is 1.6 million subscribers mainly at the expense of St.Petersburg's market). The NKS turnover in 2004 equaled $17.8 million. Both UCN and NKS continue to acquire regional cable operators and develop MMDS networks which is establishing the technological infrastructure for pay interactive TV market development in the Russian regions.

The main change in the satellite TV segment is the commercial launch in November 2005 of the satellite broadcasting project Tricolor-TV. This project sells a satellite channel's package without charging a subscription fee. Thus, a subscriber's main contribution is purchasing the connection, which costs approximately $200. The main goal of this project is to broadcast over the entire European part of Russia (usually considered to be west of the Urals) a package of 15 Russian channels. Presently the majority of the Russian population can receive quality transmission of only two UFH channels, especially in rural areas. Tricolor-TV broadcasts through Eutelsat. Its signal can be received by 60 million potential subscribers across Russia. The "Natsionalnaya Sputnikovaya Kompania" (National Satellite Company) that is carrying out the commercialisation of this project had invested $15 million in Tricolor-TV.

There are several reasons for the absence of mass demand for pay television in Russia that are cited by industry experts. The first reason is the price of the set-top-box, which is approximately $150-200.

The situation with regard to television content is apparently improving. Two years ago the second reason cited for the pay TV lag was the absence of exclusive content that would give an advantage to any single broadcaster, but presently operators are emerging which broadcast only specific channel packages (e.g. Akado broadcasts only NTV+ channels). Additionally, the amount of in-house channels has also increased.

It would be a positive step if the government were to promote the implementation of digital broadcast and telecom technologies and provide financial incentives for companies to adopt such technologies, to allow for more effective use of cable networks. The steady growth of the satellite industry's market share since 1998 is evidence of the effectiveness of introducing digital technologies.

Many see a need to support the creation of a system of satellites intended purely for television and radio broadcasting for mass consumption, usable from one or a maximum of two orbital positions. Such a system is already in use by NTV Plus. Such a system is capable of quickly resolving the problem of multi-channel broadcasting and additional data transmission over the entire Russian territory. An example is the European Hot Bird system, in which five satellites located at a single orbital position broadcast about 500 channels with various owners in both open and encoded formats.

Government support on the level of anti-trust structures is required for another extremely important process of demonopolising cable operators in major regions such as Moscow and separating cable infrastructure ownership from content production. This will create a normal competitive environment for further development of pay TV and increased spectrum of supplied of services.

At the same time, regional cable operators must be encouraged to consolidate into successful companies that can attract investment, develop and upgrade their infrastructure.

The government currently provides no economic stimuli for updating and developing the technical infrastructure of the cable industry, which is negatively impacting on the quality of services and the product itself. The most rational way to stimulate technical improvements in the sector might be to offer companies a choice of alternative methods for amortising technical equipment under appropriate control and offering lower profit tax rates for those companies that acquire new equipment for their primary operations.

3. TELEVISION PROGRAMMING MARKET

3.1. MARKET DESCRIPTION

The content of Russian television programmes has stemmed naturally from the changes in the country's economic and social life. In the first years of "glasnost and perestroika", the media set the agenda and subjected the country to what was called then an "information shock". In the next 15 years many factors, political, economic and cultural, have influenced media content. The most important trends of the last five years are:

- The commercialisation of media continued to increase, and as a result there has been a growth in entertainment programming, and more series produced.
- Programming policy is now dictated by ratings, shares, reach and other factors that did not exist before.
- The role of programmes of a social and political nature, so important in the first "post-perestroika" decade, has gradually diminished; the amount of information programming has decreased and their content has become less diversified.
- Foreign movies, documentaries, series and entertainment programmes have been gradually replaced by locally produced programmes.
- Specialised "niche"channels have started to appear.

3.1.1. Television Broadcasters in Russia

Patterns of television viewing in Russia are illustrated by the table below, representing national weekly reach (reach is the percentage of viewers who tuned in to a given channel for at least one minute within a given segment of time) for a week in December 2005, compared to a week in December 2001:

Weekly reach, national free terrestrial channels and networks (in%=		
Channel	2001	2005
ORT (now First Channel)	85	90.5
RTR (now Rossia)	82	89.2
NTV	72	78.2
REN TV	56	61.9
TV-6 (now Sport)	54	30.9
CTC	53	72.5
TNT	45	65.1
TVC	35	49.0
Kultura	32	49.9
TV3	28	39.2
MTV Russia	24	32.0
Muz TV	19	30.1
7TV	16	17.4
Daryal (now DTV-Viasat)	10	32.3

Source: table compiled by Internews from TNS Gallup Reports – annual report 2001 and 2005 database

While it is true that one quarter of the population living in rural areas receives only two national channels (First Channel and Rossia), the majority of Russians can receive from six free terrestrial channels in small towns to 16 in large cities, where free or premium cable systems add another 20 to 80 channels. Roughly 75 per cent of the population watch television on a regular basis.

The development of programming content in the Russian television market can be clearly divided into two stages. During the first (1992-2000) foreign programming dominated the market, while professionals were only just acquiring knowledge and experience of content management; the second (since 2001) is marked by the dominance of new locally produced programmes and the channels' evolution towards more conscious and precise positioning within a chosen niche.

For understandable reasons over the first ten years the attention of television managers was focused on questions of financial and corporate management, advertising and marketing, and problems of audience measurement. The problems of content were solved with only the short-term perspective in mind – more movies, more series, more sensational news – and more immediate results.

The first and most apparent result of this lack of attention to content was lack of diversity in programming. The majority of Russian channels even look alike today. The structure of programming on every channel is based on the same model – "news and entertainment for the whole family". This means that programming is targeted at everyone, and therefore at no-one in particular.

Except for two specialised music channels, MTV-Russia and Muz-TV, and the recently launched sports-oriented 7TV and Sport, other national channels and networks are aiming for the same audience with the same weapons. Niche programming is starting to develop, but not at any great pace, and a significant portion of the potential television audience is alienated. Many TV genres are therefore under- or over-represented on the Russian market.

"Concept", "brand", "target audience", "specifics of TV viewing" are notions that remain largely abstract, used by management in general discussions, but only recently employed in practice. The Russian professional community is only now learning to formulate the content problems that face channels and find practical steps to resolve them.

To a large extent, the lack of diversity among channels is the result of the specifics of the advertising market, which is aimed at mass audiences rather than targeted ones. Until recently there was a rather primitive understanding of ratings in the industry, and managers and producers as a rule did not glance beyond the latest "numbers". The fact that the advertising market generally uses only one sales method (GRP) from among many, also encourages "omnivorousness" on the part of television channels. Thus the broadcasting process is transformed into a closed cycle that is sufficient in and of itself, and in which the needs and interests of the audience are taken into account only minimally. Economic reality demands immediate results at any cost, regardless of how this may fit in with the broadcaster's long-term plans. Only recently several general interest channels began to re-evaluate their positioning. Thus, TNT network, for years a general interest channel, is now projecting a new image, targeting young urban audiences. This process will gain momentum in the near future.

3.1.2. Types of Television Programming

Following the tumultuous early years of independent television in Russia, when new types of programming started to reach screens for the first time (independent news, non-censored live political debates, Western films and series, music videos – all of which did not exist on Soviet television before 1988), the programming landscape began to stabilise by the late 1990s. Today Russian television feeds its viewers the same diet as in any other country; only the proportions differ. In statistical terms, the percentage of airtime devoted to various types of programming in one week in 2002 and 2005 broke down as follows:

Types of programming (in %)		
	2002	2005
Films	26	22
TV series (drama, soaps, sitcoms)	17	15
Light entertainment	16	22
News and informational programmes	16	8
Games and quiz shows	16	13
Sports	4	8
Cultural and educational	3	9
Children	3	3

Source: Recompilation based on TNS Gallup Media data; Figures for 2002 are for the top six national broadcasters; figures for 2005 are for 16 national terrestrial broadcasters.

3.1.3. Films

Broadcasters buy licenses from Russian film studios and international or Russian distributors.

The number of feature films shown by national channels and networks had stabilised by 1996 at roughly 5,000 titles a year. In other words, viewers in smaller towns have a selection of 15 feature films a day, and those in large cities can choose from 30 movies a day. There is no other country in the world where free terrestrial broadcasters can allow themselves the luxury of airing such a huge number of films – it remains the privilege of specialised premium cable channels. Slow development of cable TV (added to the fact that the country itself is so large) is the additional factor pushing broadcast channels towards the simple model of filling their air time with films – a strategy that produces a reasonable and immediate result in terms of attracting audiences, but does nothing in terms of developing television itself.

However, while the number of titles remains stable, there are several trends reflecting the changing preferences of the television audience. The table below shows the number of titles aired by six major broadcasters each year and their countries of origin:

Number of titles aired by six major broadcasters									
Countries of origin	1997	1998	1999	2000	2001	2002	2003	2004	2005
USSR/Russia	1838	1917	1802	1612	1805	2289	2228	2439	2290
USA	1425	1736	1699	1712	1380	1098	2210	2605	2605
Europe	909	1059	877	787	752	695	900	948	902
Other	170	241	202	187	194	80	108	153	167

Source: Internews compilation based on Double D data from 2005 (monitoring agency for film material)

By 2001 the newer Russian films started to win out over old Soviet favourites, while the percentage of foreign films on major channels started to fall. European films were almost totally squeezed out from prime time, and even the Hollywood "A" grade blockbusters get only half of the audiences they were reaching just a few years ago. On the whole, while the number of feature films on television remains stable, the slots they are now getting tend to move further into the night, and more and more prime time slots are being taken over by series and entertainment shows.

Another significant recent trend is the rapprochement of the television and motion picture industries. In 2001, the First Channel, followed by Rossia, CTC, REN-TV and NTV started producing feature films intended primarily for theatrical release. The practice was a resounding success. While as recently as 2003 the list of motion picture box-office champions in Russia included only US films like *Lord of the Rings*, *Harry Potter*, *Star Wars* etc., by 2005 all the top spots were occupied by Russian films: *9th Company* (and other films produced by CTC Network), *Turkish Gambit*, *Night Watch* (and other films produced by First Channel), etc. REN-TV had a lot of success in the art house field, producing, among others, the award-winning *The Return*, directed by Andrei Zviagintsev.

This expansion of television channels into the motion picture production market gave a solid push to an already booming film industry. It was the marketing and promotional experience gained by First Channel and CTC while working with films on television that allowed them to cleverly respond to the expectations of the young modern movie-going public and set new theatrical box office records.

Russian films' theatrical grosses (USD mln)		
First 6 months, 2003	First 6 months, 2004	First 6 months, 2005
5	16	48

Source: Kino Business Segodnya (Film Business Today), 6 August 2005

While the activities of leading television broadcasters and motion picture companies are becoming closer, these two markets are having a greater and greater influence on each other. One typical example in terms of Russian film and television business is the evolution of Central Partnership, a company founded in 1992 primarily for television distribution of imported films. Since then the company turned into one of the major producers, first, of TV series, second, of motion pictures both for cinemas and television, third, a major player on home video market, and finally, by expanding into theatrical distribution and even exhibition. It is clear that a diversified company like this is now in a position to influence the programming decisions of the TV channels it is working with.

In the last decade films retained their share of air time and the affection of television audiences (even in 2002, films held 30 positions in the list of Top 100 best programmes). However, a dramatic increase in the number of specialised premium satellite and cable channels, the rapid growth of theatrical distribution and home video and the equally impressive growth of TV series production are already beginning to impact on the success and pole position motion picture films have enjoyed up to now on TV in Russia.

3.1.4. Television Series

Television series filled a large percentage of air time thought the 1990s. In the last five years this type of programming has undergone dramatic changes. Previously, the largest part of this market was held by soap operas from Brazil, Venezuela, Mexico, Europe and the United States. Of domestic products, 90% of air time was filled with re-runs of old Soviet series, like *17 Moments of Spring*. New Russian series of the mid-90's were shot on low budgets, poorly written and under-produced. From 1997 on, leading channels began gradually replacing foreign soaps with high-budget (in Russian terms at the time) domestic criminal dramas.

TV series, mini-series and soap operas on Russian TV

	1997	1998	1999	2000	2001	2002	2003	2004	2005
USSR/Russia	103	111	116	139	175	292	361	447	538
Europe	111	132	144	120	134	115	86	106	101
USA	87	99	130	82	92	130	204	172	153
Others	38	39	46	38	45	56	19	22	7

Source: Internews compilation based on Double D data, 2005

By 2002, there were 25 series in the Top 100 programmes of the year, all of them recently produced Russian series. 2002 saw a symbolic event – Rossia channel dropping its long-running US flagship series *Santa Barbara* to clear air time for domestic product.

Most popular series or mini-series			
	Title	Rating	Share
2001	*The Killing Force*	21	53
2002	*Special Forces 2*	20.5	58
2003	*The Beat*	21	48
2004	*Saboteur*	21	59
2005	*Master and Margarita*	21.6	45.4

Source: TNS Gallup Media 2005

By 2005, foreign series had disappeared from the prime time of major national channels and moved into the grids of the smaller networks (like DTV), or migrated to late night slots (*X Files* aired on First Channel at 2:30 am, and *Stargate* on NTV at 4:00 am).

Practically all popular Russian series of the first wave were criminal dramas – gangster sagas, police investigation reports or period "whodunits". The most refined example of the genre was *Brigada* (*The Team*, 2002, produced by Avatar-Films), the subject of heated discussions in the media and even the State Duma (parliament). However, since 2003 there has been a diversification of thematic content and a dramatic increase in the quality of Russian-made series, due mostly to better financing, newly acquired experience and willingness to learn the specifics of the genre. Among the best were series based on classical works of Russian literature (*Idiot*, produced by 2-B-2, *Master and Margarita*, produced by Rossia channel and Central Partnership), as well as melodramas, contemporary and period dramas, situation comedies, etc, etc.

The budgets of series were never officially disclosed, but reliable sources within the industry estimate that the average cost of an episode rose from USD 50,000 in 1997 to USD 200,000 in 2005, coming up to USD 650,000 (this is the cost announced for production of one episode of the 2005 *Master and Margarita* series) in some special cases.

Newcomers to the production market, like Amedia and Phoenix Films, produce a combination of original series and Russian clones of Western series (like the sitcoms *My Beautiful Nanny* – *The Nanny* and *Don't Be Born Pretty - Falling in Love in New York* and *Who's the Boss*).

3.1.5. Producers of Television Series

In terms of types of programming, in Russia, like elsewhere in the world, producers tend to specialise, as each genre requires its own production technology. Thus, for example, the two oldest and largest production companies, VID and ATV mostly produce talk shows, games, and reality shows, while studios like Rekun-Kino or Avatar specialise in television series.

Out of several hundred small, often tiny production companies, many of which only produced one or two titles and then vanished, several strong production units have emerged and they are becoming major players in this segment of the market.

Many production companies were closely affiliated with a particular broadcaster, which commissioned and financed the production. The arrival of strong new modern production houses like Amedia changed that situation and created the conditions for the emergence in Russia of a normal television programming market, where programmes are not tied to a specific broadcaster. In turn, it allowed the introduction in 2004 of the practice of programme syndication, which is seldom used in Europe but has been widespread in the North American market for a long time.

The growth of the number of series produced and production budgets has been accompanied by a rapid growth of production facilities. While several years ago Russian television producers had to rent sound stages at film studios in Minsk (Belarus), Baku (Azerbaijan) or Kyiv and Odesa (Ukraine), by 2005 Amedia was able to ease up the shortage of shooting stages in Moscow, even before all 17 sound stages of their newly constructed studios were operational. New construction goes hand in hand with changes in shooting and post-production equipment, as numerous “old” studios are switching to High Definition.

Regional broadcasters are also acquiring experience in television series production. For example, Yugra TV in Khanty-Mansiisk, Western Siberia, has been producing series and mini-series since 2001.

3.1.6. Reality and Game Shows

Since 1999, reality and game shows have enjoyed huge success, and more and more international formats from Endemol, Strix etc. are being introduced in Russia. The highlights so far have included *Big*

Brother (which was cloned twice), *Who Wants to Be a Millionaire* (again, with two clones), *The Weakest Link* and *Pop Star*. Typically, locally produced formats are of very high quality. For example, new seasons of *Posledny Geroy* (*The Last Hero*), based on *Survivor* and produced by VID, far surpasses the original show. Old Soviet formats like *What? Where? When?* or *KVN* still enjoy their traditional popularity. Several new domestic formats, like Dom and Dom-2 on TNT are also hugely successful.

3.1.7. News

Almost all major Russian channels (except for niche channels) produce news programmes (the only experiment with outsourcing took place in 1996-97, when TV-6 commissioned news from TSN, an independent production company. On average, news programmes account for two to eight per cent of a channel's air time, but they are augmented by morning information shows, news analysis, and several talk shows or debates built around recent news events.

In interpreting facts, the prevailing majority of Russian journalists tend to rely solely upon their own personal opinions or on that proscribed by their company. Commonly, when phrases such as "observers believe" or "experts consider" are employed, they usually do not signify that the journalist in fact received an expert opinion – most often it is just a rhetorical device. Unnamed sources of information are the rule rather than the exception, and few channels require that their journalists stick to the rule of two independent sources. The result of this is a lack of trust in certain television channels and in media in general (more so since the existence of "hidden advertising" is a well-known phenomenon). Only a handful of Russian media will choose to safeguard their reputation by *not* reporting news received from unreliable source. The overwhelming majority believe that it is their duty to report sensational material, regardless of the reliability of the source. In these circumstances, it is only natural that sources often manipulate journalists for their own purposes. Fact-checking is a rarity in Russian broadcast and print media.

In 2004-2005 several shows dealing with news and political journalism were closed down - Leonid Parfionov's *Namedni* (*Lately*), Savik Schuster's *Svoboda Slova* (*Freedom of Speech*), both on NTV. The remaining current affairs talk shows are aired in a pre-recorded format, the topics and lists of invited guests are approved by editorial staff and top producers. There are unofficial lists of "unwanted" topics and guests. Cases of cutting news reports out of the programme are now more frequent (self-censorship on the part of channel management was mentioned when the head of the news department and the popular news presenter were dismissed by REN-TV). Often, undesirable information is simply not reported by state channels (there was a considerable delay in reporting the pensioners' protests in early 2005, and later information was carefully measured out).

During informal talks, journalists say they are governed by self-censorship, when even without consulting their immediate supervisor, the reporter can be sure that a specific topic is better left untouched, and some possible guests best left uninvited.

In 2003-2005 crime reporting flourished in Russia to the point that it began to top the ratings charts, replacing traditional entertainment genres. Russian sociologists have sounded a note of warning regarding the unhealthy nature of the growing interest in this kind of programming.

Unfortunately, investigative journalism did not flourish. Investigative journalism tended to rely on leaks and planted information originating from various private interests or state special services. As a result, investigation is one of the most discredited genres of journalism in Russia. After the publication of this kind of material, its content is rarely evaluated as to reliability – instead, the reader or the viewer tries to guess who ordered the leak, who provided the documentary evidence and for how much money.

Audiences tend to treating such programmes as exciting entertainment, while interest in news shows having dropped after 2002, remains low.

3.1.8. Sports

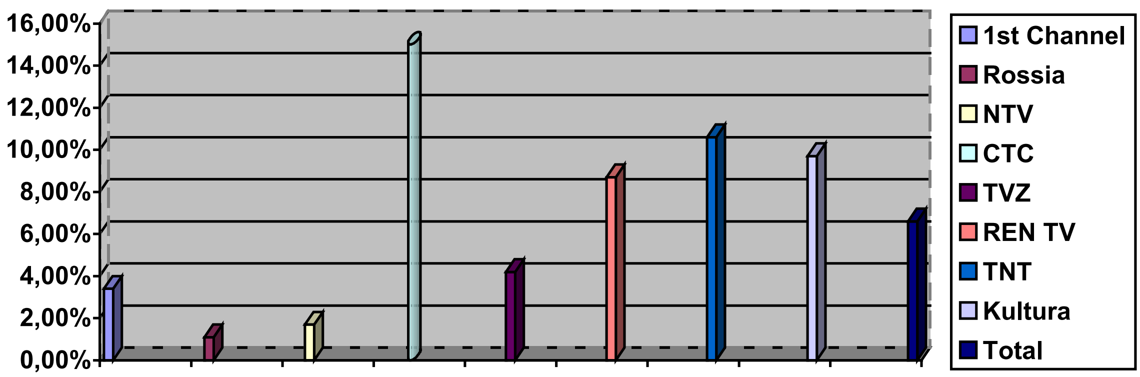
Sports is not an important part of free terrestrial television programming, although broadcasts of football, ice hockey, figure skating, boxing, tennis and Formula One are scattered among various channels. The arrival in 2002 of two free specialised sports channels (Sport replacing TV-6/TVS's network, and 7TV) has proved that they cannot attract a really wide audience. As a result, in December 2005 there were talks that 7TV might be sold and re-launched with a different type of programming.

On the other hand, premium sport channels in the NTV Plus and Stream TV packages are constantly gaining in popularity, and the number of such services continues to grow. Stream TV and Kosmos TV even included in their packages such "super niche" channels as Manchester United and Chelsea fan club channels.

3.1.9. *Children's Programmes*

The share of children's programming on Russian television remains stable (a little more than three per cent), and did not grow until very recently – largely due to the ban on advertising in such programmes. The channels saw it rather as an obligation they had to fulfill, and were not willing to invest in the production of new original children's programming. Instead, they filled the slots with animated cartoons, mostly from the vaults of Soyuzmultfilm Studio, and old Soviet children's films. Recently, however, the share started to grow as more and more game and quiz shows aimed at high school students gained success. The diagram below is based on data provided by the Ministry of Culture's Federal Agency for Press and Mass Communications:

Share of Children's programming in programming schedules, top eight channels, 2005



Source: Federal Agency for Press and Mass Communications, 2005

According to this data, it appears that the largest amount of children's programming is broadcast not by the state-owned channels (which have a mission to air socially important and non-profit programmes, including those intended for children), but by the private networks, led by CTC, TNT and REN-TV.

3.1.10. *Documentary, Cultural and Educational Programmes*

One of the most significant trends in the last five years is the sharp rise in the amount of television documentaries. In 1996, documentaries accounted for les than 0.5 per cent of air time. This figure passed five per cent by 2005, with an additional three per cent going to "cultural and educational", which again mainly consists of non-fiction films.

In 2002 all major channels introduced documentary slots – at first in late night hours, but as non-fiction gained in popularity they were moved into better time slots. By 2005 TV programmers got used to the fact that documentaries and “grand reportages” often topped the charts of most popular programmes of the week.

This trend is most visible on the First Channel, Rossia and REN-TV. Kultura also shows a lot of non-fiction films. These four channels are also the main commissioners of documentaries, which typically are produced by independent studios with the broadcaster providing full financing.

While there has been an explosive growth in the number of documentaries produced and the rating points they amass, the quality of the films leaves a lot to be desired. Most often they are mass-produced “quickies” using the same template of non-stop narration over archive footage, depicting so-called “mysteries” of the private lives of Communist leaders of old and popular film stars of the Soviet era in the worst tradition of yellow journalism, or sensation-seeking reports from contemporary Russia. However, it would be unfair not to acknowledge the more serious documentaries of excellent quality that started to appear in 2005, like *Bratstvo Bomby (The Brotherhood of the Bomb),* produced by Civilizatsia Studio. This recent trend gives high hopes for the future of non-fiction on Russian Television.

3.2. PROFILES OF LEADING PRODUCTION COMPANIES

3.2.1. VID

VID is one of the two (with ATV) major production companies that stemmed from Ostankino during the glasnost and perestroika period. VID was started by journalists at Ostankino State TV Youth Department. The company made its name with the political talk show *Vzglyad* (*Outlook*), first aired in 1987, and epitomised the revolutionary changes in Soviet electronic media. Soon Vzglyad was transformed into the current VID company and became the first private business unit at Ostankino. Over the years VID has produced thousands of hours of programmes for various channels, though its main broadcasting partners are First Channel and CTC. Among other things VID produces large-scale reality shows, including six seasons of *Posledny Geroy* (*The Last Hero*, Russian version of *Survivor*) and *Zhdi Menya* (Wait for Me), game shows (*Field of Wonders*), educational programmes (*Silver Ball*). VID programmes have won many TV awards.

3.2.2. ATV

ATV (Avtorskoye Televidenie, "author television'), created in 1988, is headed by its founders Anatoly Malkin and Kira Proshutinskaya. Since then the company has produced over 130 daily, weekly and monthly programmes, numerous documentaries, TV theatre and many other types of programming. ATV products are aired mainly on TV-Centre, Rossia and Kultura channels. Among the most successful shows in various periods were *Press Club, Esli (If), Staraya Kvartira (Old Apartment), Vremechko (Petty Times) and Nochnoy Polyot (Night Flight).* ATV has won several TEFIs and other awards.

3.2.3. Amedia

Amedia was founded in 2002 by Alexander Akopov, previously General Producer of Rossia channel. The company soon became the largest producer of TV series and soap operas in the country. In 2005 its yearly output exceeded 800 hours. Among Amedia's most successful projects are the first Russian period soap opera *Bednaya Nastya (Poor Nastya*, sold to 30 countries), *Ad'utanty Lubvi (Love's Aide-de-Camps),* the first really successful Russian sitcom *Moya Prekrasnaya Niania* (*My Beautiful Nanny*), *Deti, Lyuba i Zavod* (*Children, Lyuba and the Factory*), *Ne Rodis Krasivoy* (*Don't Be Born Pretty*) and others. Amedia works closely with Hollywood majors Sony Pictures, NBC-Universal and Warner Brothers and major Russian broadcasters (First Channel, CTC, etc). Amedia owns large production facilities and plans to operate 17 modern sound stages when the present rebuilding is completed.

3.2.4. Phoenix Film

Phoenix Film was created in 2001 and has since produced more than 20 series of various genres. The most successful were criminal dramas *Po Imeni Baron* (*Alias Baron*) and *Opera. Khroniki Uboynogo Otdela* (*Investigators. Chronicles of Murder Department*), comedy thriller *Agentstvo NLS* (*The NLS Agency*) and melodrama *Primadonna*.

3.2.5. Tsivilizatsiya

Tsivilizatsiya (Civilization) Production Company is one of the oldest in the country (it was started in the early 1990s) and the largest producer of non-fiction. On commission from the First Channel they produce films for two prominent strands - *Genii i Zlodei Ukhodiashchey Epokhi* (*Genius and Villains of the Passing Era*) and *Iskateli* (*The Searchers*), weekly scientific programmes for Kultura (*Chiornye Dyry, Belye Piatna – Black Holes and White Spots*) and Rossia (*Bolshaya Peremena – The Main Break*) as well as numerous one-off documentaries and series that regularly win awards in Russia and abroad. The creative director of the company, Lev Nikolayev, was one of the originators of modern educational television and has an impressive production background.

3.2.6. Rekun-Kino

Rekun-Kino is a large and successful theatrical film producer (Pavel Todorovsky's *The Lover*, 2002) that also produces several popular television series, including six seasons of *Kamenskaya* (based on Alexandra Marinina's bestselling detective books), *Zakon* (*The Law*), *Taiga*, *Kursanty* (*The Cadets*), etc.

3.2.7. Novy Russky Serial

Novy Russky Serial produces three or four television series every year. Among the most successful are criminal dramas *Ulitsy Razbitych Fonarey* (*Streets of Broken Lanterns*) and *Agent Natsionalnoy Bezopasnosti* (*The National Security Agent*) – both were hailed as the landmarks in Russian television history, and later *Tainy Sledstvia* (*Secrets of Investigation*), *Avanturistka* (*The Adventurer*) and *Deti Arbata* (*Children of Arbat*, 2004, from Anatoly Rybakov's famous anti-Stalinist novel).

3.2.8. Dixi

Dixi Film Company was founded in 1993 and is headed by Efim Lubinsky. They began with television commercials and soon progressed into many other types of programmes for NTV, First Channel, Rossia and other broadcasters – starting with the health show *Bez Retsepta* (*No Prescription Needed*) to the Russian version of *Sesame Street*. However, *Kukly* (*Puppets*, a weekly political satire loosely based on the BBC's *Spitting Image*) that aired on NTV from 1995 to 2001 still remains Dixi's most famous product and, in the eyes of many, its highest creative achievement.

APPENDICES

Appendix 1:

Anti-terrorist Convention, that defines rules of conduct of the mass media in the cases of terrorist attacks and counter-terrorist operation, was adopted by the Mass Media Industrial Committee on 8 April, 2003.*

With a view of providing society with reliable information the mass media have the right and are obliged to assist an open discussion of the problem of terrorism, to inform society about course of counter-terrorist operation, to carry out investigations, to convey information about real problems and conflicts to people.

We can say with certainty that the threat of terrorism must not be a reason or justification for the introduction of restrictions upon the freedom of information and mass media.

At the same time being fully aware of the danger entailed by terrorism as well as the responsibility of working with information under existing conditions, we regard as necessary according to our free will to enact the following rules of conduct of the mass media and bind ourselves to be guided by these rules in our work:

1. The mass media workers shall realize that during a terrorist attack and counter-terrorist operation the rescue of people and the right to live are primary regarding to any other rights and freedoms.
2. In case of receiving of information about preparation of a terrorist attack or in case of its' beginning a journalist as a preliminary shall inform the management of his (her) mass medium.
3. Journalists are obliged to have with them and to show at the first request the editorial identity card or any other document identifying person as well as his (her) belonging to the journalist profession.
4. Management of the mass media is obliged to hand over without delay to the Operational Staff or official agencies information that may be used for the purpose of saving of human lives.
5. Proceeding from the fact that the access to the mass media for the purpose of expression of their views in most cases is one of the primary goals of terrorists the mass media shall not:
   - interview terrorists on their own initiative during a terrorist attack except for interview to be carried out by request or sanction of the Operational Staff;
   - provide terrorists with access to live broadcasting programs without preliminary consultations with the Operational Staff;

- assume on their own role of mediator (except actions upon request or sanction of the Operational Staff); if a mass media representative is found among mediators he (she) must refrain from publication of personal materials until resolution of crisis;
- take weapon and put on camouflage or other kinds of uniform; understand that as soon as mass media worker takes weapon he (she) ceases to be such;
- suggest to terrorists, hostages, or any other involved in conflict persons to undertake any actions in order to make well turned video- or photoshots;
- insult and humiliate terrorists controlling the lives of hostages.

6. Mass media shall:
    - remember that live broadcasting programs may be used by terrorists for the transmission of encoded signs to their accomplices in other places;
    - refrain from the detailed descriptions of activities of professionals involved in life-saving operation;
    - be tactful and thoughtful of feelings relatives and intimates of terrorism victims; show special delicacy to eye-witnesses serving as the sources of information;
    - refrain from unnecessary naturalism when showing scene of incident and its participators, respect moral, national and religious feelings of the audience;
    - be careful of using terms while covering the events; it is inadmissible to be led by terrorists using favorable for them self-names;
    - realize that hostages vastly depend on the situation, and at a certain moment they may become the instrument of pressure on the public opinion;
    - avoid the identification of relatives and friends of hostages and potential victims without their consent.
7. While covering terrorist attacks and counter-terrorist operations the mass media also need to:
    - remember about the duty to inform public, rather than spread panic; to look after both content and tone of reports;
    - remember that the mass media reports are accessible for all, including those who wilfully produce the critical situation;
    - take in consideration that international community denies a link of terrorism with a concrete religion, race or nationality;
    - realize that information messages shall not include information that may provide the amplification of terrorist positions, for instance, speeches supporting conditions of terrorists. Such rigorous requirements may be applicable to the situations concerned with the direct

threat to people's lives and may not expand to the events of political, economic or social struggle taking place in the legal field of the Constitution.

8. The mass media are free to inform the audience that a part of information is closed by the Operational Staff for the duration of the counter-terrorist operation for security reasons in order to protect human lives.

Translated by the Moscow Media Law and Policy Institute, 2005.

*The exemptions to these rules are possible only for the sake of saving people's lives as agreed with the Operational Staff

Appendix 2: Daily average share of federal channels (Russia, December 2005)

1. Channel 1	22.8
2. Rossia	21.1
3. NTV	12.8
4. CTC	11.4
5. TNT	5.2
6. REN TV	4.9
7. Kultura	2.7
8. TV-3	2.4
9. TV Centre	2.0
10. DTV-Viasat	1.9
11. Sport	1.5
12. Domashny	1.4
13. Muz TV	1.0
14. MTV Russia	0.9
15. Rambler	0.4
16 .7TV	0.3

Source: TNS Gallup Media

Appendix 3: Subscription channels by platforms, Moscow (December 2005)

	Kosmos TV	NTV Plus	Akado (Comcor)	Stream TV
1st Channel	Yes	Yes	Yes	Yes
Rossia	Yes	Yes	Yes	Yes
TVZ	Yes	Yes	Yes	Yes
NTV	Yes	Yes	Yes	Yes
Kultura	Yes	Yes	Yes	Yes
Sport	Yes	Yes	Yes	Yes
REN TV	Yes	Yes	Yes	Yes
CTC	Yes	Yes	Yes	Yes
TNT	Yes	Yes	Yes	Yes
Stolitsa			Yes	
Domashny	Yes		Yes	Yes
MTV Russia	Yes	Yes	Yes	Yes
Muz TV	Yes	Yes	Yes	Yes
TV3	Yes		Yes	Yes
DTV-Viasat	Yes		Yes	Yes
Rambler Teleset		Yes	Yes	Yes
7TV	Yes		Yes	Yes
Zvezda			Yes	Yes
RBK-TV		Yes	Yes	Yes
Russia Today		Yes		
TDK		Yes	Yes	
Spas		Yes		Yes
Nostalgia		Yes	Yes	
BBC World	Yes	Yes	Yes	Yes
BBC Prime	Yes			Yes
SKY News	Yes			
CNN International	Yes	Yes	Yes	Yes
Euronews	Yes	Yes	Yes	Yes
Deutsche Welle	Yes		Yes	Yes
RTL World	Yes			
TV5	Yes	Yes	Yes	Yes
CNBC	Yes		Yes	
Bloomberg	Yes	Yes	Yes	Yes
Al Arabiyah	Yes			
Arirang TV	Yes			
JSTV	Yes			
Eurosport	Yes	Yes	Yes	Yes
Eurosport 2	Yes			Yes
Eurosport News				Yes
PRO7	Yes			
RAI Uno	Yes			

	Kosmos TV	NTV Plus	Akado (Comcor)	Stream TV
TVE	Yes			
Discovery Channel	Yes	Yes	Yes	Yes
Animal Planet	Yes	Yes	Yes	Yes
Discovery Civilisation	Yes	Yes	Yes	Yes
Discovery Science	Yes	Yes	Yes	Yes
Discovery Travel and Living	Yes	Yes	Yes	Yes
Travel Channel	Yes		Yes	Yes
National Geographic	Yes	Yes	Yes	Yes
AB Moteurs	Yes	Yes	Yes	
Motors	Yes			
Reality TV	Yes	Yes	Yes	Yes
Viasat Explorer			Yes	Yes
Viasat History				Yes
Sony Entertainment Asia	Yes			
Zee TV India	Yes			
Sailing Channel				Yes
CMM Hunt and Fishing				Yes
CMM Healthy TV				Yes
CMM Drive				Yes
Wine TV				Yes
World Made Channel				Yes
DSF	Yes			
ESPN Classic	Yes	Yes		Yes
Extreme	Yes	Yes	Yes	Yes
NBA TV		Yes		
Manchester United	Yes			Yes
Chelsea	Yes			Yes
NTV Plus-Sports	Yes		Yes	
NTV Plus-Football	Yes		Yes	
NTV Plus Sport-Online	Yes		Yes	
Mezzo	Yes	Yes	Yes	Yes
MCM	Yes	Yes	Yes	Yes
VH1	Yes	Yes		Yes
VH1 Classic			Yes	Yes
MTV Hits	Yes			Yes
MTV-2				Yes
MTV Base		Yes		Yes
Trace TV				Yes
Music Box.ru			Yes	Yes

	Kosmos TV	NTV Plus	Akado (Comcor)	Stream TV
Music Box.tv		Yes	Yes	Yes
O2			Yes	
A-One			Yes	Yes
Neo Music			Yes	
Fashion TV	Yes	Yes	Yes	Yes
Style			Yes	Yes
World Fashion Channel			Yes	Yes
TCM	8 hrs	8 hrs	24 hrs	8 hrs
MGM	Yes	Yes		
Hallmark	Yes	Yes	Yes	
TV 1000	Yes		Yes	Yes
TV 1000 Russian Cinema				Yes
TV XXI	Yes			Yes
Romantica	Yes	Yes	Yes	
Retro TV (Kosmos)	Yes			
Retro TV (Stream)				Yes
Teleclub	Yes	Yes		Yes
Children's World	Yes	Yes	Yes	Yes
Kinoclub		Yes	Yes	
Premiere		Yes	Yes	
KinoHit		Yes	Yes	
Nashe Kino (Our Cinema)		Yes	Yes	
Nashe Novoe Kono (Our New Cinema)		Yes		
KinoSoyuz		Yes		
24.doc		Yes		
Russian Illusion				Yes
Cartoon Network	Yes	Yes	Yes	Yes
Jetix	Yes	Yes	Yes	Yes
Jetix Play		Yes		Yes
Nichelodeon	Yes	Yes	Yes	Yes
Shkolnik TV	Yes			
Humour TV			Yes	Yes
NST		Yes		
Inter-Azerbaijan	Yes			

	Kosmos TV	NTV Plus	Akado (Comcor)	Stream TV
Lider TV-Azerbaijan				Yes
Novy Vek-Tatarstan				Yes
Belarus-TV				Yes
Inter Plus - Ukraine				Yes

Source: Internews Survey, December 2005

INFORMATION SOURCES

1. DESCRIPTION AND EVALUATION OF INFORMATION SOURCES USED BY RUSSIAN PROFESSIONALS

1.1. Basic Information Resources

Andrei Maximov. *Maximov's Companion to TV, Radio & Print in Russia*. In Russian and English. Edition 4, Issue 4, 2004. Moscow: Maximov's Publications.

A series of Radio Free Europe/Radio Liberty articles on Russian media empires by Floriana Fossato and Anna Kachkaeva can be found at the RFERL website:
http://www.rferl.org/nca/special/rumedia/

1.2. Professional Magazines

1. Teleforum
http://www.eatr.ru/ru/journal_teleforum/
This revue is adressed to Eurasian Academy of television and radio, managers of TV-stations and for organisations working on integration in CIS. Diffused quorterely.
Editor-in-Chief Valerii Ruzin
+7 495 615 8710
teleforum@eatr.ru magazine@eatr.ru

2. Zhurnalist
http://www.journalist-virt.ru/
A monthly covering all aspects of the Russian mass media.
Editor-in-Chief Gennadii Maltsev
+7 495 152 8871

3. Broadcasting. Televidenie i Radioveshchanie
http://www.broadcasting.ru/bc-about.php
This publication about new developments in radio and television technologies is addressed to broadcast industry managers. Comes out 8 times a year since July 1999.

Editor-in-Chief Irina Ushakova.

4. Vitrina Chitayushchey Rossii

http://www.witrina.ru/witrina/home

Covers all aspects of the Russian media market. Has print and electronic versions.

5. 625. A Technical Information Magazine

http://www.625-net.ru

The magazine about media technologies comes out 10 times a year.

Editor-in-Chief Mikhail Zhitomirskii

magazine@625-net.ru

6. Advertology.ru (Internet-issue)

http://www.advertology.ru/news_companies.html

A daily covering Russian marketing communications and mass media.

7. Novosti SMI

An analytical bulletin covering electronic and print media, regional issues, and marketing. Comes out every 3 weeks.

8. Teleskop: Novosti Telekanalov i Telekompanii

http://www.teleskop.ru/

A weekly bulletin with news and announcements from the television industry.

Editor-in-Chief Alexander Nakhalov

teleskop@teleskop.ru

9. Vestnik Media

http://www.mediarama.ru/vm/index.htm

A weekly newsletter about mass media and the advertising market.

10. Izvestia Media

http://www.izvestia.ru/projects/rekl_izv.media.html

A monthly supplement (comes out on the last Monday of every month) of the Izvestia newspaper reporting on the Russian media market and addressed to media professionals and the reading public at large.

11. Bulleten "Zakonodatelstvo i Praktika Mass-Media" (Mass Media Laws and Practice)
http://www.medialaw.ru/zip.html
A monthly newsletter focusing on mass media legislation in Russia and other CIS countries. Edited and published by the Moscow Media Law and Policy Institute headed by Andrei Rikhter.
Tel. + 7 495 203 6571/ 203 9388, 737 3371; e-mail: zip@medialaw.ru

12. Iskusstvo Kino
http://www.kinoart.ru/
An illustrated monthly presenting analyses of Russian and international cinema, television and virtual art.
Tel. + 7 495 151 5651 / 151-37-79; fax + 7 495 151 0272; e-mail: filmfilm@mtu-net.ru

1.3. News Weeklies Regularly Discussing TV Issues

1. Itogi
http://www.itogi.ru/index.nsf/index/index.html
A weekly magazine.
Tel. +7 495 753 4131 / 753 4133 fax: +7 495 943 0541; e-mail: itogi@7days.ru

2. Russkii Newsweek
http://www.runewsweek.ru/
A weekly magazine.
Tel. + 7 495 980 5252, fax: +7 495 980 5255; e-mail: info@axelspringer.ru

3. BusinessWeek
http://www.idr.ru/ru/
A weekly business magazine.
Tel. +7 495 745 8401 / 678 5205

4. Vlast

http://www.kommersant.ru/k-vlast/

An analytical weekly magazine.

Tel. + 7 495 943 9742 / 943 9714, e-mail: vlast@kommersant.ru

5. Novoe Vremia

http://www.newtimes.ru/

Tel. + 7 495 980 8721, e-mail: contact@newtimes.ru

6. Bolshaya politika

A monthly newsmagazine.

Tel. + 7 495 194 9221 / 641 2456, 641 2457; e-mail: bp-referent@dompress.net

7. Expert.

http://www.expert.ru/

A weekly magazine.

Tel. + 7 495 789 4465, fax: + 7 495 250 5209; e-mail: ask@expert.ru

1.4. Academic Sources

1. Vestnik MGU (the journalism series)

Edited by Moscow State University it's mainly prepared by researchers from Journalism Department

2. Newsletters and Conference Materials of Other Universities

Departments of journalism at several major Russian universities regularly publish newsletters and materials of conferences devoted to journalism.

1.5. Daily Newspapers

Approximately 20 Russian daily newspapers publish regular supplements or occasional specials reporting on mass media, usually, television.

2. LIST OF CONTACTS

2.1. Regulatory Agencies

RF Ministry for Culture and Mass Communication

Ministerstvo Kulturi i massovih kommunikatsii RF

Mailing Address: Kitaigorodskii proezd 7, Moscow, 109074

Tel./Fax: + 7 495 925 11 95

URL: http://www.mkmk.ru/

Minister: Alexander Sokolov

Deputy Minister: Leonid Nadirov

Federal Agency for Press and Mass Communication

Federalnoye Agentstvo po pechati i massovim kommunikatsiyam

Mailing Address: Strastnoi Blvd. 5, Moscow, 127994

Tel./Fax: + 7 495 200 1171, 200 2281

URL: http://www.fapmc.ru/

Chief : Mikhail Seslavinsky

Federal Competition Commission for Television and Radio Broadcasting (FCC)

Federalnaya konkursnaya komissiya (FKK)

Mailing Address: Kitaigorodskii proezd 7, Moscow, 109074

Tel./Fax: + 7 495 925 11 95

URL: http://www.mkmk.ru/

Chairman: Alexander Sokolov

Federal Agency for Archives

Federalnoye Arhivnoye agentstvo

Mailing Address: Ilyinka Street 12, Moscow, 103132

Tel./Fax: + 7 495 206 3531

URL: http://www.rusarchives.ru

Chief: Vladimir Kozlov

Federal Agency for Culture and Film

Federalnoye Agentstvo po Kulture I Kinematografii

Mailing Address: Malii Gnezdnikovskii Side Street 7, Moscow, 125009

Tel./Fax + 7 495 629 70 55

URL: http://www.roskultura.ru/

Chief: Mikhail Shvidkoi

RF Ministry for Information Technologies and Communications

Ministerstvo informastionnih tehnologii i svyazi Rossiyskoy Federatsii

Mailing Address: Tverskaya Street 7, Moscow, 125375

Tel./Fax: + 7 495 771 8100, 771 8718

URL: http://www.minsvyaz.ru/

Minister: Leonid Reyman

Federal Agency for Information Technologies

Federalnoye Agentstvo po informatsionnim tehnologiyam

Tel./Fax: + 7 495 771 8394

URL: http://www.minsvyaz.ru/site.shtml?id=2751

Chief: Vladimir Matyuhin

Federal Agency for Communications

Federalnoye Agentstvo svyazi

Tel./Fax: + 7 495 771 8052, 771 8702

URL: http://www.minsvyaz.ru/site.shtml?id=2980

Chief : Andrey Beskorovaynii

Federal Service for Monitoring Communications
Federalnoye Sluzhba po nadzoru v sfere svyazi
Tel./Fax: + 7 495 771 8603
URL: http://www.minsvyaz.ru/site.shtml?id=2740

Chief : Valerii Bugaenko

Federal Service for Monitoring Compliance with Legislation on Mass Communication and Protection of Cultural Heritage
Federalnoye Sluzhba po nadzoru za soblyudeniem zakonodatelstva v sfere massovih kommunikatsii I ohrane kulturnogo naslediya.
Mailing Address: Malaya Nikitskaya 12, Moscow, 127994
Tel./Fax: + 7 495 290 2979
URL: http://www.rosohrancult.ru

Chief : Boris Boyarskov

2.2. Professional Associations

National Association of TV and Radio Broadcasters of Russia (NAT)
Natsionalnaya assotsiatsiya teleradioveshchatelei Rossii (NAT)
Mailing Address: Myasnitskaya Street 13/4, Moscow, 101000
Tel.: + 7 495 925 5180
Fax: + 7 495 923 4644
URL: http://www.nat.ru/

President: Eduard Sagalaev

Eurasian Television Academy
Yevraziyskaya Televizionnaya Akademiya
Mailing Address: O. Dundicha Street 25, Bldg. 1, Moscow, 129515
Tel.: + 7 495 215 9101
Fax: + 7 495 217 3346
URL: http://www.eata.ru/

President: Oleg Poptsov

Russian Cable Television Association

Assotsiatsiya kabelnogo televidenia Rossii (AKTR)

Mailing Address: 2nd Spasonalivkovsky Lane 6, Room 210, Moscow, 119991

Tel.: + 7 495 748-3178

Fax: + 7 495 748-3177

E-mail: info@aktr.ru

URL: http://www.aktr.ru/

General Director: Yuri Pripachkin

Russian Union of Journalists

Soyuz zhurnalistov Rossii

Mailing Address: Zubovsky Blvd. 4, Moscow, 119021

Tel.: + 7 495 201 5101 / 201 2395

Fax: + 7 495 201 3547

URL: http://www.ruj.ru/

E-mail: ruj@ruj.ru

Secretary General: Igor Yakovenko

CEO: Vsevolod Bogdanov

Internews, Autonomous Non-Commercial Organization

Avtonomnaya Nekommercheskaya Organizatsiya Internews

Mailing Address: Nikitsky Blvd. 8a, Moscow, 119019

Tel.: + 7 495 956 2248

Fax: + 7 495 234 3998

URL: http://www.internews.ru

General Director: Manana Aslamazyan

Mediasoyuz

Mailing Address: Pr. Mira 95, 17 floor, Mediasoyus, Moscow, 129085

Tel.: + 7 495 217 2328

Fax : + 7 495 216 9418

URL: http://www.mediasoyuz.ru

President: Alexander Lyubimov

Mass Media Industrial Committee

Industrialny komitet SMI

Mailing Address: Novy Arbat Street 21, 22nd floor, Room 2211, Moscow, 119019

Tel./Fax: + 7 095 291 4861 / 291 5572

URL: www.presslab.ru

Executive Director: Pavel Popov

Russian Television Academy Foundation

Fond “Akademiya Rossiyskogo Televidenia”

Mailing Address: Pyatnitskaya Street 25, Bldg. 1, 3rd floor, Rooms 334-339, Mosow, 115326

Tel.: + 7 495 950 6161

Fax: + 7 495 951 8002

URL: http://www.tefi.ru/ru

President: Vladimir Pozner

Media Committee

Media Komitet

Mailing Address: Pyatnitskaya Street 25, Bldg. 1, Moscow, 115326

Tel./Fax: + 7 495 953 9030 / 953 9032 / 953 6212

URL: http://www.mediakomitet.ru/

E-mail: info@mediakomitet.ru

Director: Olga Yermolayeva

Association of Russian Communication Agencies (ACAR)
Assotsiatsia Kommunikatsionnih agentstv Rossii (AKAR)
Mailing Address: Sushchovskii val 9, Bldg 1, Moscow, 127018
Tel.: + 7 495 788 4999
Fax: + 7 495 788 4998
URL: http://www.akarussia.ru/

President : Igor Yankovskii

Alliance of Regional Media Managers
Alyans rukovoditelei regionalnih SMI Rossii
Mailing Address: Leninskii Prospekt 15, Moscow, 119071
Tel.: + 7 495 955 0538
Fax : + 7 495 955 0248
E-mail: sbdjourn@mtu-net.ru
URL: http://www.arspress.ru

President : Sofya Dubinskaya

Regional Advertising Association
Reklamnaya Federatsia Regionov
Mailing Address: Chasovaya Street 30, Moscow
Tel.: + 7 495 737 3404
Fax : + 7 495 969 2017
E-mail: info@rfr.ru
URL: http://www.rfr.ru

President : Elena Pinegina
Executive Director: Valeriya Severina

2.3. Television Broadcast Companies

First Channel
Pervy Kanal

Mailing Address: Akademika Koroleva Street 12, Moscow, 127000

Tel.: + 7 495 217 7387

URL: http://www.1tv.ru/

General Director: Konstantin Ernst

First Deputy General Director: Alexander Lyubimov

All-Russian State Television and Radio Broadcasting Company

Vserossiyskaya Gosudarstvennaya Televizionnaya i Radioveshchatelnaya Kompaniya, VGTRK

Mailing Address: 5th Yamskogo Polya Street 19/21, Moscow, 125040

Tel.: + 7 495 924 6374

Fax: + 7 495 250 0506

URL: http://www.vgtrk.com

Chairman: Oleg Dobrodeyev

Rossia TV Channel, State TV and Radio Company, VGTRK's Subsidiary

Telekanal Rossia

Mailing Address: Shabolovka Street 37, Moscow, 113162

Tel.: + 7 495 924 6374

Fax: + 7 495 234 8771

URL: http://www.rutv.ru

General Director: Anton Zlatopolsky

Kultura, State TV and Radio Company, VGTRK's Subsidiary

Telekanal Kultura

Mailing Address: Malaya Nikitskaya Street 24, Moscow, 123995

Tel./Fax: + 7 495 290 0421

URL: http://www.tvkultura.ru

General Director: Alexander Ponomaryov

NTV TV Company

Telekompania NTV

Mailing Address: Akademika Koroleva Street 12, Moscow, 127427

Tel.: + 7 495 725 5401

Fax: + 7 495 725 5402

URL: http://www.ntvtv.ru

General Director: Vladimir Kulistikov

TV Center

TV-Tsentr

Mailing Address: Bolshaya Tatarskaya Street 33, Bldg. 1, Moscow, 115184

Tel.: +7 495 959 3900

Fax: + 7 495 959 3966

URL: http://www.tvc.ru

President: Oleg Poptsov

REN TV

Mailing Address: Zubovsky Blvd. 17, Bldg. 1, Moscow, 119847

Tel.: +7 495 246 5933

Fax: +7 495 246 0655

URL: http://www.ren-tv.com

General Director: Alexander Ordzhonikidze

Deputy Director: Ralf Zibenaler

TNT Network

TNT-Teleset

Mailing Address: Akademika Koroleva Street 19, Moscow, 127427

Tel.: +7 495 783 3013

Fax: +7 495 748 1490

URL: http://www.tnt-tv.ru

General Director: Roman Petrenko

CTC Network

CTC, Set Televizionnykh Stantsii

Mailing Address: 3rd Khoroshevskaya Street 12, Moscow, 123298

Tel.: +7 495 797 4100

Fax: +7 495 797 4101

E-mail: ctc@ctc-tv.ru

URL: http://www.ctc-tv.ru

General Director: Alexander Rodnyansky

MTV Russia

Mailing Address: 1st Shchipkovsky Lane 1, 4th floor, Moscow, 113093

Tel.: +7 495 974 1946

Fax: +7 495 974 1947

Email: info@mtv.ru

URL: http://www.mtv.ru

General Director: Leonid Yurgelas

Muz TV

Mailing Address: Akademika Koroleva Street 19, Postbox 39, Moscow, 127427

Tel.: +7 495 217 9931

Fax: +7 495 217 9132

E-mail: muz-ofc@muztv.ru

URL: http://www.muz-tv.ru

General Director: Nalalia Komarova

TV3 Russia

Mailing Address: Akademika Koroleva Street 4/4, Moscow, 129515

Tel.: + 7 495 937 4039

Fax: +7 495 215 8874

URL: http://www.tv3russia.ru

General Director: Timothy McDonald

7 TV Sports Channel

7 TV Sportivny Kanal

Mailing Address: Akademika Koroleva Street 19, Room 517, Moscow, 127427

Tel: +7 495 217 9940

Fax: +7 495 217 8306

Email: referent@7tv.ru

URL: http://www.7tv.ru

Director: Ruben Oganesov

DTV-Viasat

Mailing Address: Akademika Koroleva Street 4/4, 5th floor, Moscow, 129515

Tel.: + 7 495 789 3814

Fax:

E-mail: info@dtv.ru

URL: http://www.dtv.ru

General Director: Vilma Martsulevitchute

RBK-TV

Mailing Address: Profsoyuznaia Street 78, Moscow, 117393

Tel.: +7 495 363 1111

Fax: +7 495 363 0328

URL: http://www.rbc.ru

General Director: Artem Inyutin

2.4. Production Companies

VID Television Company

Telekompania VID

Mailing Address: Akademika Koroleva Street 12, Moscow, 127000

Tel.: + 7 495 215 1115

Fax: + 7 495 217 9869

E-mail: vid@vid.ru

URL: http://www.vid.ru

General Director: Larisa Sinelshchikova

General Producer: Andrei Razbash

ATV Television Company

Telekompania ATV (Avtorskoye Televidenie)

Mailing Address: 2nd Kazachy Lane 11, Bldg. 1, Moscow, 109180

Tel.: + 7 495 959 1280 / 959 1283

Fax: + 7 495 953 5937

E-mail: atv@atv.ru

URL: http://www.atv.ru

General Director: Anatoly Malkin

Editor-in-Chief: Kira Proshutinskaya

New Russian Series

Novy Russky Serial

Mailing Address: Bolshoy Palashevsky Lane 5/1, Moscow, 103104

Tel.: + 7 495 969 2393

Fax: + 7 495 933 7412

General Director: Andrei Kamorin

Dixi Film Company

Kinokompania Dixi

Mailing Address: Lubyansky Drive 19, Bldg. 2, Moscow, 101000,

Tel.: + 7 495 921 6156

Fax: + 7 495 928 3716

E-mail: jana@dixi.mail.ru

General Director: Yefim Lyubinsky

Deputy General Director: Yana Kostylyova

Rekun Film Company

Kinokompania Rekun

Mailing Address: Mosfilmovskaya Street 1, Room 318, Moscow, 119285

Tel.: + 7 495 939 9424 / 143 9199

Fax: + 7 495 939 9424

E-mail: racoonfilm@mosfilm.ru

Director: Ilya Neretin

Pro-Cinema Production

Mailing Address: Mosfilmovskaya Street 1, Room 455, Moscow, 119992

Tel./Fax: + 7 495 143 9537 / 143 9322

Director: Dmitry Sidorov

TriTe Studio

Mailing Address: Maly Kozikhinsky Lane 11, Moscow, 103001

Tel.: + 7 495 299 3102 / 299 5071

Fax: + 7 495 299 0901

E-mail: trite@co.ru

General Director: Leonid Vereshchagin

Phoenix Film Company

Kompania Feniks Film

Mailing Address: Vyborgskaya Street, 16, Bldg. 16th floor, Moscow, 125212

Tel./Fax: + 7 495 150 9934/ 150 9852

E-mail: ildard@starnet.ru

General Director: Sergey Skvortsov

Interactive Television

Interaktivnoye Televidenie

A-Media Group

Mailing Address: Novoostapovskaya Street, 5, blg.3, Moscow, 115088

Tel.: +7 495 744 1717

President: Alexander Akopov

2B2

Mailing Address: Karavannaya Street, 12, St-Petersburg, 191011

Tel.: +7 812 108 1419

Fax: +7 812 232 8881

Creative Director Vladimir Bortko

Central Partnership

Mailing Address: 1st Zachatyevsky Lane 15, Moscow, 119034

Tel.: + 7 495 777 4961

URL: http://centpart.ru

President: Ruben Dishdishian

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