MEDIA OWNERSHIP TRENDS IN LATVIA: POLITICAL PARALLELISM AND CONCENTRATION

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ABSTRACT: This article analyzes the trends of media ownership structure in Latvia since it joined the European Union. Gathering data about various types of media owners, concentration and the diversity of opinion in the Latvian mass media environment is evaluated. Secondly, an essential matter associated with media operations is the transparency of the media ownership structure; therefore context of the judicial and media self-regulation is provided. Thirdly, the article examines several cases of changes in media ownership, reflecting significant processes – the influence of politicians on media, the hiding of the real identities of media owners through use of foreign companies, change of journalism and media culture due to change of ownership. The article analyzes changes in the media system during the economic recession between 2008 and 2011, since during this period several significant changes in the media ownership structure occurred. The article contains data from LR Register of Enterprises, interviews with media owners, and information from other sources.

KEYWORDS: Latvia, media owners, media system, media market, political parallelism, media law
LATVIAN MEDIA ENVIRONMENT: CHANGES IN THE SYSTEM

The development of Latvian media market is connected with the rapid development of both local and global social media, change in audience media use, redefinition of the function of journalism. Along with changes in the habits of audience media use, media system and content was affected by the economic recession, which started at the end of 2008 and lasted until the end of 2011. During this period several significant shifts occurred in media ownership, media regulation and self-regulation, as well as journalist employment market that experienced a decline.

These processes force us to remind ourselves of the origin of Latvian media system and compare it to processes in neighboring countries.

Although the media structure in each of the Baltic States is noticeably different, there exist common trends regarding the development of media structure: the current system originates from the privatization that followed the regaining of independence in 1991, transformation of Soviet media, and the creation of a system based on free market principles. The media system of all three Baltic States formed simultaneously, however all three markets should be considered separately, as each country has several unique features related to the structure of the audience, cultural differences and openness to technological advancements (Balcytiene, 2009).

The transition period of Baltic media system discussed in this article has seen all three countries adopt terrestrial digital television service, which has changed the TV market structure, as well as the audience behavior. Every commercial broadcaster has to compete for a place in the market, as in a climate of limited investment public service broadcasters are losing part of their audience. At the same time, print and broadcasting media firms have developed their Internet platforms and opportunities offered by Internet TV.

Disregarding the fact that the economic structure creates restrictions for media development, liberal legislation and the overall low barriers for breaking in to the market has encouraged development of an extremely diverse media system in the Baltic States, which contains many players, but few media business strategies. In fact, each of the media market segments is filled with media organizations, however, similarly as in other countries, the competition in the media market is predominantly oligopolistic (Albarran, 2002), namely, within each media type exist few influential players which attract the greatest audience, as well as most of the advertising revenue. Media companies primarily develop
their operations within one type of media, therefore Latvian media system is characterized by horizontal integration (Compaine & Gomery, 2000).

Overall, the Baltic media system can be described as “ideas of liberal corporatism” (Balcytiene, 2009: 41-42), because the media ownership and performance regulation are very liberal, but the government has limited ability to interfere in the operation of media. The level of commercialization of the Baltic media and market-oriented logic in Lithuania, Latvia and Estonia (Balcytiene, 2009) has created mass media environment with a weak journalist professional orientation and content creation, which is dependent on commercial interests, not on reflecting the professional interests of journalists.

Although, the idea of irreplaceability of journalism in the development of democracy and the social responsibility (McChesney, 2002; Perse, 2006) is prominent, the research of Baltic media content and practice regularly indicates problems with media responsibility (Brikse, Sulmane & Tjarve, 2002; Rossland, 2005; Balcytiene, 2010) and accountability.

During analysis of media system development, both economic situation and market size are assessed, as well as the “propensity and habits of its inhabitants to consume media” (Doyle, 2002: 14–16). At the start of the economic recession, the economies of the Baltic States rapidly shrank: the GDP, amount of both export and import declined, unemployment increased, advertising waned, and as means of universal economic revival, a firm budget consolidation was used. Media market reacted with a noticeable reduction of production: newspapers were issued less frequently, newspapers and magazines decreased the amount of pages (by 30%-50%), and broadcasting media decreased the amount of original content. Even more severe was the effect on advertising: in 2009, the market, on average, reduced by 46% in Latvia, 32% in Estonia, 35% in Lithuania (Kantar Media, 2012) (see Figure 1).

The Baltic advertising industry is dominated by a handful of international companies, representing global brands and the activities of which are not directly related to economic processes in smaller regions of the world (greatest part of investment in the advertising industry is represented by global telecommunication, hygiene, non-prescription drugs, cosmetics, retail, food, non-alcoholic beverage and entertainment industries) (Vendele, Rumpeters & Krigere, 2012).
Figure 1.

Figure 1.1.

Figure 1.2.

Figure 1.3.
On the other hand, the extent of the audience doesn’t exclusively determine the Baltic media health, for example, Estonia, which has the lowest number of inhabitants of the three Baltic States, comparatively to Latvia and Lithuania, had the least media market decay, as well as having the greatest growth in 2011 – it goes up for 10% (in contrast the average growth of advertising revenue in Baltic States is 6%) (Kantar Media, 2012) (see Figure 2).

The collapse of advertising market forced several media products to exit the market and initiated a decrease in quality of content. The data of the development of media development processes available at the start of 2012 indicates a slow recovery of the Latvian media market – a growth of only 5% (Rumpēters, 2012). Economic instability has made the media system, and the people working within it, vulnerable.

Analyzing the situation of advertising market in Latvia, using the data provided by Latvian Advertising Association, a conclusion can be made that the greatest losses at the lowest point of the economic recession in 2009 were suffered by press publishers – losing between 57% (newspapers) and 63% (magazines) of advertising investment. TV advertising revenue fell by 40%, radio – by 39%, but the amount of advertising in the Internet based media fell by the relatively smallest margin – 32% (see Table 1).
Paradoxically, during the period of economic crisis media recipients maintained their media usage habits, the majority of media retained their audience. However, during the second phase of recession (beginning in 2010), media organizations were forced to work in a situation where the inhabitants of Baltic States received most of their daily informational load from the Internet, thus reducing the significance of newspapers and television. The overall media audience is affected by the reduction of permanent residents due to economic emigration. In addition, fragmentation of audiences is noticeable, as well as creation of niche media on the Internet, however advertisers invest mostly in a handful of the most influential Internet news media providers – those that are able to attract a mass audience. The quality of journalism and the ability to create content responsibly in Internet media reduces since a larger audience is attracted to celebrity-oriented, sensationalized and dramatized content.

Therefore it is valid to consider that the economic recession reduced the quality of media content and the ability to fulfill their function of social responsibility in a democratic society, because Baltic media representatives find it harder to answer the question “Who would pay for good journalism?” (Salovaara & Južefovics, 2012). In a climate of media market orientation, audience can influence quality of journalism only somewhat (Rožukalne, 2009), as media content is predominantly influenced by such factors as competition, advertisers’ and media owners’ interests (Croteau, 2000; Croteau, 2001; Harcup, 2005).

To summarize, for more than a decade, as a result of media commercialization in the media environment of Latvia, media have partially forgotten the ideals they strived for in the 1990’s: free, quality and socially responsible media, as media was the main actor in both regaining of the independence, as well as

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* Neto, LVL, source: Association Latvian Advertisers.

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<tr>
<th>Media Type</th>
<th>2008</th>
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<tr>
<td>Newspapers</td>
<td>17 654 000</td>
<td>7 542 000</td>
<td>-57%</td>
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<tr>
<td>Magazines</td>
<td>15 557 000</td>
<td>5 809 000</td>
<td>-63%</td>
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<td>Television</td>
<td>34 684 000</td>
<td>20 752 000</td>
<td>-40%</td>
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<td>Radio</td>
<td>10 606 000</td>
<td>6 520 000</td>
<td>-39%</td>
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<tr>
<td>Outdoor</td>
<td>9 470 000</td>
<td>5 881 000</td>
<td>-38%</td>
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<tr>
<td>Internet</td>
<td>8 491 000</td>
<td>5 809 000</td>
<td>-32%</td>
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<tr>
<td>Cinema</td>
<td>6 35 000</td>
<td>355 000</td>
<td>-44%</td>
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<tr>
<td><strong>Total</strong></td>
<td>97 097 000</td>
<td>52 668 000</td>
<td>-42%</td>
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Table 1. Amount of advertising revenue by media type in Latvia in 2009 (Briča, Traubergs & Krigere, 2010).
the development of the newly founded countries. Economic recession and the actual media practice asks a question of how the media system has changed, along with understanding of free press, and if it has distanced itself from the ideal model, when freedom can have differing aspects and versions, however it is a “condition, not criteria or a performance” (McQuail, 1992: 193). Recently, the hardship created by the economic recession, forced, on one hand, to review the aforementioned ideals and search for new operational goals, as well as simultaneously seek out new business models that allow existence in an unstable economic situation.

**WHY MEDIA OWNERSHIP MATTERS?**

The question of media ownership has been discussed from various perspectives by researchers of communication and media economics, including both economic analysis and the regulative view of media function. Although it has always been in the center of attention during evaluation of operations of media companies and the influence on media content, and society in general, by its owners. Media ownership research has always asked the question – does ownership really matter? To try to answer that, or how media owners influence the quality of content, you have to examine the media owners’ operational strategy. The goals of their actions and quality criteria determine the work of journalists; therefore the media ownership question is a matter of communication research (Compaine & Gomery, 2000).

Although the information about media business operators is freely available, the question about transparency of media ownership is important. A Register of Enterprises exists in Latvia, and information of its Media Register is available for a fee and is provided by Lursoft online database. A significant nuance concerns joint stock companies that are not required by law to indicate all of its shareholders, offering a choice whether to provide information about them or not. Therefore the question of media owner identification refers not to the judicial system of commerce, in which it is not possible to identify media owners, but reflects a problem when, in isolated cases, it is not possible to find out the real owners of several significant media companies.

Usually, the status of media owners in Latvia is hidden for three reasons: firstly, if the real owner wants to hide the true aim of operation of the media company; secondly, if the owner is in a position or is in business where gaining influence in a media company could create a possibility of conflict of interest; thirdly, media ownership status is hidden behind an off-shore company to optimize taxes,
as well as to avoid social control. In complex cases of “unknown media owners” the three strategies are combined (broader explanation and example see in the chapter “The flourishing of political parallelism”).

There are various media owner concealment methods, but the most popular is the use of trustee identities – using an individual close to the real owners as the official owners. Trusts contracts are used to strengthen the relationship between the registered owner and the real beneficiary. Official owners are often CEOs/Chairpersons of The Board, Executives of the Council. That is the primary way how politicians or State officials choose to hide themselves from media owner status.

In turn, use of off-shore companies is advantageous to conceal media owners and real beneficiaries, as well as ownership of other companies (including media organizations). Most of Latvian off-shore companies are indicated as owners of commercial broadcasters, several news websites and publishers of Russian-language newspapers (see the list of media organizations with off-shore firms as an owners in the Annex, Table 2).

Evaluating the aims of media owners, as well as analyzing media content, several Latvian media ownership behavioral models can be detected. Firstly, similarly to other post-communist countries, co-operation between media and politicians is still significant in Latvian media market (Nagla & Kehre, 2005). Media ownership operations associated with politicians or political interest demonstrates political parallelism, which is explained as a process, when media transforms from mediators between society and politics into political agents (Hallin & Mancini, 2004). There are several significant peculiarities in political influence on the media environment in Latvia. This nature is determined by a trend which has seen several media companies established promote a political party, rather than provide socially responsible and diverse information. However, media, the content of which is determined by the interests of a political party, identify themselves as independent members of the media market, mixing neutrally produced and politically influenced content (Rožukalne, 2011). Analyzing the relationships between media and politics before the parliamentary elections in 2010, it showed that member of five of the leading political powers have influence, as owners or at a level of co-operation projects, have influence on major Latvian and Russian-language media (Rožukalne & Krebs, 2011), thus confirming the severity of political parallelism problems in the Latvian media system.

Secondly, the main aim of a significant part of media owners is to succeed in the media market by attracting as much audience and advertising investment as
possible. These are companies that expand their influence in various directions and offer content which guarantees income from the audience and advertisers. This practice is regarded as a serious problem of the Baltic media system and referred to as “virus named commercialism” by media researcher Aukse Balcyt-iene (2009). The importance of commercial interests is reinforced by the relatively small, linguistically divided, extremely fragmented Latvian media system; the efficiency of it is disputed from the viewpoint of owner business interests in several sectors (especially magazine publishing and development of radio stations).

THE FLOURISHING OF THE POLITICAL PARALLELISM

The principal aim of media created in association with politicians is to create a channel for distributing political views and popularizing political figures in order to maintain political power, which in Latvia often means a possibility to develop a politically influenced business. Several examples indicate that, during the economic recession most of Latvian media, which previously operated independently, agreed to co-operate with politicians, thus receiving financial gain. A significant aspect to this was given by Pirmais Baltijas Kanāls (PBK) operations in the Baltic States (Sprinģe, 2012).

Although, this channel is owned by several individuals, it openly popularizes the interests of the “Russian” parties in the Baltic States. In the years of economic recession, political influence grew in the regional media market, and its unique content traditionally enjoys trustworthiness. Within regional media owners, especially broadcasting media, local politicians and councils are found. Founders of most regional and local broadcasting media are local councils, which use these media to popularize local politicians.

A group of politically influenced media owners is characterized by media associated with the possible influence of Aivars Lembergs, the mayor of Ventspils city, represented by SIA MN Medijī (owner of publishing house – SIA Mediju nams) and regional media Ventas balss, TV Ventspils, Ventspils Radio and Kurzemes radio. For example, in 2011 information came to the public attention, that a Parliamentary MP Silva Bendrāte, through the means of a trust contract received funding from Aivars Lembergs, in order to create A/S Kurzemes radio. Suspicion about similar actions arose with the ownership change of Mediju Nams in 2010, when it left the control of A.Lembergs’ owned companies and was overtaken by two newspaper journalists and the director of Ventspils Development Agency (co-founded by Ventspils Council and several local companies).
As from the viewpoint of society, independent media have a higher status, the real owners and their interests in Latvian media market are usually hidden, in order to preserve the impression of independence, thus politically influenced content is mixed in and combined with neutral content. According to the editorial staff, several employees of newspaper Neatkarīgā create content that reflects the interests of A. Lembergs, while the remaining journalists can work according to their own views of professional work. Therefore the audience cannot always differentiate between independent material and content influenced by the political ambitions of the owner, with the political material often publically interpreted as “the other opinion”, which does not conform to the views of leading media.

Companies influenced by local politicians are found also in the leading Russian-language media group. Publishing house Fenster (now renamed as Logos), the publisher of the influential Russian language daily newspaper Vesti Segodnja, has Andrejs Kozlovs – Member of the Riga council from political party Saskaņas centrs (Harmony Center) as its majority shareholder. The newspaper widely reflects the ideas and politicians of Saskaņas centrs, and it has a significant role in popularising this political party and the attraction of voters. The newspaper’s head of politics and journalism Nikolajs Kabanovs has been an elected SC MP several times. His columns, published in the newspaper, are used to criticize his political opponents. Essentially, for more than 10 years the political content published by the newspaper has been controlled by politicians. The actions of N. Kabanovs clearly demonstrate the perception of a part of media editors regarding media function, namely, being means in a political battle. Political interests are shown as content concentrating on the supported political party (informatively and as opinions), as well as fierce criticism of competing political parties or their members.

In July 2012, unconfirmed information was leaked showing that the publisher of Vesti Segodnja along with two other largest Russian language publishing houses – Petits (publisher of daily newspaper Chas (The Hour) and News Media Group (publisher of daily Telegraf)) – have been overtaken by companies owned by Russian billionaire Andrejs Molčanovs (LNT, 2012). These unconfirmed reports indicate significant changes in the group of Russian language media, as both daily newspapers Chas and Telegraf since their inception have represented independent, professional, journalism developed by national media businessmen in Russian language. During the economic recession in 2010, the publisher of Chas Aleksandrs Šeņins joined political union Par labu Latviju (For Good Latvia) and was a candidate in the 10th parliamentary elections, but Telegraf, which was intended and operated as a representative of Western media principles for the Russian audience in Latvia, changed owners several times.
The new administrators of the newspaper, including several politicians, for example, the council of News Media Group – the newspaper’s publisher – was chaired by the shark of Latvian politics, former Minister of Foreign affairs and a member of Saskaņas centrs Jānis Jurkāns, were hiding the identities and aims of the new owners. These changes initiated a process where the largest Russian language media began to be influenced by politicians (see more in the chapter “International Media Ownership trends in Latvia”).

If in the mid-nineties of the 20th century, when politically influenced media were formed, it was instrumental for the owners to achieve trustworthy and obedient platform for their interests, since the start of the 21st century, political media desires commercial success in the media business. The cause of these ambitions are the losses of politically influenced media as well as the inconsistent income of their owners in other businesses. Secondly, commercial success equals increasing influence of the media company. Therefore, media companies owned, directly or indirectly, by politicians, not only try to act as independent media, but realize independent business strategies by developing media advertising and marketing departments. Owner’s belief that his influence can be either self-evident or easily concealable, with the organization still being a successful business, creates an extremely complex situation for editors and journalists, who have to ensure output of content influenced by the owner, as well as sustain the company businesswise. Notably, media influenced by politicians are not usually successful on the business front, therefore they require regular financial assistance from other companies belonging to the owner or “politically untainted” material, which is able to reach corresponding audience and advertising revenue, is used to supplement the media portfolio. For example, this model is utilized by MN Mediji – the publisher of A. Lembergs influenced newspaper Neatkarīgā – thus are not able to decrease their losses for several years. This company publishes successful and respected, professionally produced niche magazines, such as Sporta Avīze (Sports Newspaper) and Māja (The Home), which have achieved market success. Such publishers Fenster and Petit operate in a similar way, which, however, near the end of the recession, were in extensive financial problems, with several of their business partners requesting the insolvency of these companies in 2011, as they could not fulfill their obligations.

Part of Latvian media producers (especially commercial broadcasters) use offshore companies to conceal real owners. In the Russian-language media environment owners are not hidden that thoroughly; according to the administrators of these media, media content is more important to the audience than the
ownership structure. In addition, part of the Russian-speaking audience accept one-dimensional propaganda of political ideas, since it is perceived as an alternative to the media offering that from, the viewpoint of some of the audience, does not represent the interest of the Russian-speaking people.

However, just as in the Latvian-language media, several independent and professional media organizations operate also in Russian media environment, such as business newspaper Business&Baltija, Mix Media Group, Daugavpils newspaper Nasha Gazeta (Our Newspaper).

As the market success of politically influenced media is limited, it is interesting that the real media owner, both from the viewpoint of the employees and the actual behavior, is the “provider”, not the beneficiary, because the owner has to regularly provide financial support to his own company.

The unstable condition of the company makes the employees extremely dependent on the views of the owner or the representatives, in terms of the strategy of media operations and the decisions to be made.

However, in the group of these hidden media owners and “providers”, individuals, who realize the level of political venality of several media and are standing by to provide investment, to support the operations of other independent and alternative media, are found. As one of the prime examples of this aspect, multi-medial Mix Media Group (consisting of several radio stations, websites, and Internet TV in Russian language: Radio Baltkom Mix FM, Jumor FM, radio Europa Plus, www.mixnews.lv, Mix TV, classifieds website atdodu.lv) has to be mentioned. Although the sole owner of this media group is Andrejs Feldmanis, unconfirmed information indicates, that an investment into this media company has been made by one of Latvia’s richest bankers. Similar strategy is exploited by JSC Lauku Avīze (publisher of the third largest provincial daily newspaper Latvijas Avīze and several magazines), owned by influential businessmen (Olegs Stepanovs, Olafs Berķis), who are branded as opposition to Aivars Lembergs.

These separate examples show that the situation within groups of Latvian and Russian media is not unambiguous. Although basically media business in Latvia is divided between different languages, i.e. there are only a few media organizations that offer products in both Latvian and Russian (those are mainly consumer magazines), it would not be correct to talk about strict differences in “Latvian media owners” and “Russian media owners” strategies, because larger differences become apparent when international media are analyzed.
INTERNATIONAL MEDIA OWNERSHIP TRENDS IN LATVIA

In Latvia, a major part of media is in the hands of nationally based owners. It can be explained by the small market that does not seem very attractive to large international media organizations, as well as powerful competitions amongst local media, which try to protect their positions within the market. However there are some market segments where international media players are very powerful, i.e. media under their control play a very crucial role in innovating new products, development of journalistic quality, and audience attraction. In Latvian media system, international owners can be distinguished by several factors: their representative country, media type, and aims targeted by respective media organizations in this country. Scandinavian countries represent the largest portion of international media organizations in Latvia, but there are also companies from Russia and former Soviet republics (see list of international media owners in Annex, Table 3).

Scandinavian media owners come from major media concerns what have acquired significant experience in media business and who are willing to develop their businesses also in other Baltic States. These media players either acquire already existing powerful local media organizations or establish new ones (a full list with international media owners see in the Annex, Table 3). Historically the longest traditions in Latvia has the Swedish concern Bonnier AB that for 18 years was the owner of the biggest Latvian media organization Diena; this concern also owns the influential news agency Baltic News Service and Alma Media. When under Bonnier, Diena ran many influential media businesses: it published newspapers and magazines, offered printing and logistics services, thus becoming one of the largest media firms whose media strategy included vertical integration, because all the media production process was available by one company.

The main contribution by the Swedish owner was the implementation of Scandinavian press business traditions in Latvia, providing the principles of free media business, strengthening of standards of journalistic qualities and media business development. The impact of this particular international investor on Latvian media system facilitated its faster growth and development. Diena was an enterprise that tried to realize press concentration strategy by acquiring more than 10 regional newspapers (mostly in the regions of Vidzeme and Kurzeme). Swedish know-how helped to create in a very short period of time an organization that not only complied with western press standards, but also set an agenda for other media organizations because these other media tried to copy editorial approaches implemented in Diena.
Diena was one of the newspapers that clearly defined their values and realized a clear editorial politics; in a short period of time, it not only became an opinion leader, but also a trendsetter in media standards. Although Diena has been criticized for their support for certain political powers, it is exactly the media model set by this newspaper and the understanding of editorial independence that dominates many Latvian media organizations and their editorial approaches.

However, very important shifts occurred within Latvian media system when Bonnier AB decided, in 2009, to sell Diena, which was bringing a lot of loss during the economic recession and press business decline, to an unknown investor. In short time this media organization lost their role in Latvian media environment, introducing a decline in the newspapers agenda setting function. It was not surprising that the change of Diena’s owners was dubbed tectonic fluctuations that left an impact on the Latvian media system. This example proved that a powerful international media organization can enhance a quality of media content, but also sharply worsen stability of media system if, under circumstances of negative economic situation, it hastily leaves the market (Salovaara & Juzefovics, 2012). This example testified how important for an international owner is the factor of media organization’s income. Therefore, because the selling of Diena was linked to an influential Latvian politician (though this information still cannot be proven), this deal introduced a period when Latvian media system lost several independent and significant organizations.

One can assume that the powerful Scandinavian press traditions prevented Diena newspaper’s timely and active enrolling in Internet environment. Therefore Latvian newspapers lost their positions, because Latvian Internet news media are the most influential in setting agenda and providing daily news information.

The newest available information is that now Diena is owned by Riga Transport Port Organization (Rulle, 2012) that is linked to the interests of Latvian oligarchs. After three years, during which the information about Diena’s owners, organizations management, and newspaper’s chief editor changed, the certification of RTP’s involvement in the Diena’s ownership has showed that the initial information from 2009 was valid, and influential players have been trying to ‘neutralize’ medium’s impact on process in Latvian political environment. Diena’s principal position and authority on politics and corruption got in oligarchs and other politicians way.

Profit interests have also influenced the behavior of other international media in Latvia. One of the largest media organizations News Corp, who was the own-
er of LNT television from May 2007 until March 2010, also refused to continue their investments, seeing limited possibilities for profit in the small Latvian media market. Just like in Diena’s case, LNT was bought back by their previous owners Neatkarīgie nacionālie mediji, yet during the economic recession their losses were so considerable that they began looking for another investor soon after. After relatively stable beginning of 21st century, international media organizations regained their interest in Latvian market during the second part of economic recession. The second largest Internet news media in Latvia was acquire, in 2011, by Norwegian media group Schibsted, and the third largest news portal Apollo, which was previously owned by state telecommunications company Lattelecom, is now owned by Finnish media concern Sanoma News. In order to develop contents in Russian, in 2012, Tvnet added to their portfolio novonews.lv, a news website formerly owned by Russian banker Valery Belokon; the website is now known as rus.tvnet.lv.

A second way for international investors is to establish a new media organization or a channel. This is how Swedish Modern Times Group came in into Latvian market, by establishing new TV channels TV3 and TV6, as well as developing commercial radio channel Star FM. In 2012, MTG acquired their largest competitor LNT, who also provide a regional TV5 service and youth entertainment channel Kanāls 2). This deal caused wide debates about the concentration risk because both channels’ audiences were more than 30 per cent (Latvian Electronic media act states that single medium’s coverage cannot be over 35 per cent), yet in TV advertising market, the new organization was said to gain even larger audience. Nevertheless Latvian Competition council, setting strict business limitation for the next 5 years, allowed, on March 21, 2012, the merger of TV3 and LNT. In favor of the situation was the fact that both organizations were weakened by economic recession; their losses were considerable which made for a risk that they would not be able to exist separately due to a fact that the market was influenced not only by the economic recession, but also the increased competition, made possible since the digitalization of electronic media system in Latvia, changes in TV viewing habits and the shrinking of advertising market.

The merging of TV3 and LNT, the State’s (Competition council’s) favorable decision, and also support from National electronic media council were factors that helped reevaluate both the attitude towards international media owners and reevaluate media market concentration models in Latvia.

Since the merging channels promised to increase, after merging, the amount of original programming, this turned out to be a significant argument in a situation
where Russian and other foreign channels gain more audience, and while the role of the public broadcaster is on a decline – both its channels can attract less than 20 per cent of entire TV audience. In June, 2012, public television channel audience was as follows: LTV1 – 10.2%, and LTV7 – 5.5% (Briča, 2012). Therefore, the fact that there would be a major commercial TV channel in Latvia would amount to an increase in the development of local programming.

In the context of global media market processes, this merger resembled more an attempt to save local national television development. Also the argument that the merger could influence the amount of various opinions, because this would mean merging both editorial teams (the third national news service provider is the public broadcaster), here became less important in a situation where overall amount of Latvian content was on decline.

Basically, the difficult decision was an attempt save an opportunity for Latvian society to still be able to receive information in Latvian and information created by Latvian media. Because media market concentration usually is understood by media owners’ countries of residence and their borders, the merger of TV3 and LNT as introduced by MTG changed this notion by acknowledging that media market cannot be understood only by geographical terms alone. Although Diena and MTG are very important players in Latvian media system, there are also others media organizations active in this country. Delfi.lv, the first and the leading Internet news website in Latvia, is an example of a stable presence of international investments. Delfi was founded in 1999, and from 2007 it is owned by Estonian media concern Esspressen Group. Delfi is considered to be one of the enterprises that is working independently and is trying to develop a high standard of Internet journalism. At present, it competes with other Scandinavian-owned Internet media tvnet.lv and apollo.lv.

Scandinavian media business is also represented by Danish company Egmont Latvia, which dominates the children magazine market. Other international media enter Latvian marker by offering to local publishers international magazine licensing. These are mostly consumer magazines like Cosmopolitan and FHM, or trade journals (Forbes, Autobild, Top Gear, etc).

Along with Scandinavian investors, another important foreign media owners group is linked to Russia. One part of Russian investors represent Russian TV and radio channels in Latvia, yet another group’s aim is to control the local influential Russian-language newspapers like Chas and Telegraf, who have changed their owners many times during the period between 2010 and 2012.
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The change of ownership at these publishers has gone along with a lack of precise information, sudden changes in editorial staff, creating suspicion about limitations in editorial policies and journalistic independence. Russian-linked owners conceal their identities, however, available information shows connections with a certain bank, as well as an off-shore company as a way to hide the true ownership of media.

Russian media organizations have grown their influence in Latvian media environment especially during the economic recession that left Latvian economy weakened. Russian TV channels have gained popularity due to their attractive and quality programming. The largest Russian media channel Perviy Baltiskiy Kanal (PBK) drew larger audiences than local public stations LTV1 and LTV7, and, in 2012, they managed to attract as large an audience as the powerful TV3 and LNT – PBK viewing figures were 11.2 per cent of all the TV viewers (Vendele, 2012). PBK offers not only cross-border television translations – its owner Baltic Media Alliance maintains a local news department and develops original formats. Baltic Media Alliance is owned by a Latvian citizen Oleg Solodov and a Russian citizen Aleksey Plyusanov; their media and advertising business is widely spread across all the Baltic States (Sprīņģe, 2012), besides their editorial policy is without doubt in favor of local Russian-speaking political powers.

PBK actions make one assume that one of their aims is to support those Latvian political powers that represent Russian-speaking people’s interests, as well as pro-Kremlin politics. One cannot ignore the fact that Nil Ushakov, the most popular politician from the so-called Russian party – “Harmony Center” – and the mayor of Riga, appears in PBK’s news broadcasts rather more often than others. The mayor of Riga, on a regular, basis gets an opportunity to popularize his party’s policies and criticize his opponents in complementary interviews conducted by PBK journalists. N. Ushakov is a former PBK’s employee; he has maintained close contacts with its journalists, and these relationships are widely used to popularize politician’s image. As a proof of his influence of the channel’s agenda, in 2011, a watchdog website kompromat.lv published a leaked correspondence between N. Ushakov and PBK news journalist, in which Ushakov offers publishing certain materials, plans the channel’s content, and discusses certain ideas on publicity that would cover his activities. These proofs of the relationship between this politician and the medium’s content producers question the independence of channel’s editorial staff and its ability to produce diverse and objective content.

The most vivid example of this political bias was seen prior and after the referendum of February 2012 on the status of official language of Latvia (referen-
The initiator’s aim was to install Russian language as a second official language in Latvia. It was one of the major political commotions in Latvia for the last 20 years, and it forced to renegotiate the relationships between ethnical and political groups living in this country. Needless to say, Russian media had a crucial impact on the organization of the referendum. PBK was the channel that in their news broadcasts not only was in favor of the change of the Russian language status, but also produced a clip to agitate their viewers to vote for Russian language as the second official language. Baltic Media Alliance owner O. Solodov, on his part, explained such actions by audience demands, “I would say that with this action we thanked our viewers that they were watching us. Because, if we looked at who [from Russian-speaking population] came to the referendum, then we would see that those were 100% our viewers. We have to understand and listen to them because we are a channel mainly for Russian speakers” (Lagzdinš, 2012).

Audience’s demand for politically influenced content because it represents their interest – this is the main explanation from Russian speaking media when asked to comment criticism that they are providing one-sided and politically biased content. However, looking further at the audience data, it is obvious that PBK’s language is not the main factor of why this channel is so popular. News, major shows, and films attract not only Russian-speaking audience in Latvia, but also other groups who can relate to the offered content because of its language and cultural background.

From 2008 until 2011, broadcasting licenses were acquired by several Russian radio channels. Their working principle consists of retransmitting Russian content including local advertising slots. This business model does not require a lot of investments, as it would be in case of original programming, therefore national radio broadcasters who work in the same market segment but create original content were left with an unfair situation. This trend even more stressed the existing competitive situation and intensified the debates about a disproportionate amount between local and foreign-produced media content. Although the political influence has left a distorting impact on Latvian media environment, it can also be characterized by a high degree of commercialization.

**THE MOST IMPORTANT GOAL: PROFIT**

A major part of Latvian media owners argue that the main force behind their enterprise is to develop a profitable business. This group of owners do not hide their ownership rights, however they still can be divided in two separate groups.
The first group is media owners who see media business as just another business, without really taking into account business peculiarities and a social responsibility principle. The result of this type of business is an increase in clientelism (Balcytiene, 2009; Roudakova, 2008) and secular approaches towards media environment.

From the viewpoint of these businessmen, advertising interests are more important than professional journalism and media responsibility. This model is vividly represented by the former owner of LNT TV channel Andrejs Ėķis when explaining his principles in format production, which sometimes reminds of advertising product creation process. “I can offer a client a ready-made idea that promotes its brand. I don’t need to have a creative advertising agency, I can all do it by myself. Our show ‘Singing families’ recreated Maxima’s, the food retailer, image from a cheap, dirty place, where yesterday’s goods are washed to sell the next day, into a company that protects family values. In the same manner, we produced the talent show. Since there is a pre-paid mobile card called ‘Zelta zīvīņa’ (Golden fish), we created a show called ‘Golden talents’ in order to show that this product supports talented people”. In this media group, a notion about editorial independence is linked to a clear demand to submit to owners profit interests and ‘master’s rights’ to define accents in journalistic content.

Media firms that form this group are responsive to hidden advertising, i.e. paid, but unidentified content in order to promote both political and commercial interests. If an advertiser wishes so, it can easily negotiate paid interviews, news, features in media owned by this group of businessmen, but which will resemble genuine editorial content. In the research interviews, owners of these media present media financial problems as an excuse for avoiding media responsibility principles. At the same time, editors are not able to refuse to attend to advertiser’s interests. According to the interview with the editor-in-chief of a large daily newspaper:

“I very rarely refuse. In such cases I immediately receive a question: do you want to receive your salary. We have large advertisers that are never refused, it is impossible. I rather try to make sure that the editorial reputation is not damaged, because I am embarrassed by these projects. For example, journalists are allowed not to sign news that is about some silly events that are important just to some company”.

1 From an interview with Andrejs Ėķis in October 2011.
A representative of a Russian-language newspaper adds: “In theory, I can refuse to produce it (hidden advertising – ed.), but…no one ever wants to risk their job, especially in the time of the crisis. I am not an exception. And what if I refuse to do it? Tomorrow another person comes and does the job instead of me. At this moment, our young journalists do not bother themselves with moral principles. They follow management’s orders with special diligence. We have journalists on our board who are able to present hidden advertising especially covert. It is a talent of some sorts”.

In these media, journalists and editors always know who are owners’ friends and who are to praise or criticize. Editors and producers understand very well that they are unable to provide various opinions because they have to balance between the principles of professional journalism and owner’s taste or interests.

A second group of media organizations that are business-oriented respect unique journalistic functions and try to succeed in media market with independent and quality journalism. There are the media that try to look after professional journalistic quality, however they link it primarily to market success. This type of media content or product promotion is dominated by quality journalism and successful products, yet what dominates is the logic of profit.

The founder of Izdevniecība “Žurnāls SANTA” is Ivars Zariņš who was the only one among the interviewees, who took part in the research, to emphasize his business’ responsibility: “We want to be leaders; our aim is to be independent from others in our business and respect national values. We have a responsible business – we pay taxes to this country. In our magazines, we realize significant social campaigns”\(^2\). His and also other responsible commercial media managers’ stance on editorial independence is that editor’s responsibility is to provide quality, independent content that can bring success in the commercial market. Editorial independence in this group of responsible media is understood as high professional standards which can lead to success in a media market.

Lithuanian media researcher Aukse Balcytiene characterizes these media development trends as “the virus named commercialization” (2009: 44). She argues that, with an exception of one daily paper in each of the Baltic States, media diet consists of “political scandal, general human interest stories and increasing sensationalism”.

When trying to understand why Latvian media have gradually lost values important to a democratic society, it is necessary to remember the 1990’s and the
logic of development of this media system. First of all, western journalistic principles were absorbed in very short time, without in-depth understanding and debates. The values of free press thus did not become a crucial basis for media organization, because in most cases it was used as bullet-proof excuse to protect media organizations against criticism.

Secondly, the beginning of 1990’s saw a lot of people come into the media business who had no education or experience and who tried then to create their own business rules and models (part of it is so the common hidden advertising), prioritizing commercial success, not quality journalism.

In the beginning of the second decade of the 21st century a similar situation can be observed in the Internet media business when a wave of inexperienced newcomers now are offering a variety of Internet products with pretentions to also produce news and other media formats, hoping to be quickly successful in the on-line business. If in the 90’s new media owners employed professional journalists and editors, then now Internet information production is rather seen as simplified packaging of ready-made information, forgetting about formats, genres, styles or quality of language. Useful information has little importance in Internet media, therefore what can be seen is a huge rise of amateurism in the current Latvian on-line media business.

However, not all media organizations are profit-driven. Latvian regional newspapers have managed to maintain relatively high standards of editorial independence and a lower level of commercialization, because advertising played rather little role in their incomes before the recession. That is why the major part of these newspapers remained stable also during the crisis, but what did left an impact on them was emigration due to economic crisis, and therefore the reducing numbers of readers.

The major part of regional media income comes from subscriptions and personal adverts. These owners can be divided into two groups: many regional newspapers are owned by their journalists, and there are 10 regional papers that are part of Diena company Regionālā preses Diena. “We are the freest media in Latvia because we are dependent only on our education, our energy, and our readers”, this is how the situation was explained by Ivonna Plauze, the chief editor and owner of a regional paper Tukuma Neatkarīgās Ziņas (Independent News of Tukums)³.

³ From an interview with Andrejs Ėkis in October 2011.
The very important problem is that the financial situation of some regional media is enhanced by free informative supplements produced by local councils which, even though they go against Latvian legislation, begin to attract advertising income. Therefore media that are founded by local authorities using taxpayer money, not only gain an extra chance to popularize their politicians, but also distort local media business environment.

A different example, one that confirms attempts to create an independent medium and at the same time prove its necessity to its audience is a weekly Ir (It Is) and its on-line platform www.ir.lv. Its owners are a large group of shareholders that consists of several successful businessmen, as well as journalists and editors. The shareholders of Cits Medijs, the owner of Ir magazine, have been the first in Latvia to sign a shareholder manifesto that reveals all the names of Ir investors and the magazine’s values that include individual rights, freedom of speech, democracy, lawfulness, free market and long-term country’s development principles.

Also several Russian media owners, including PBK’s manager O. Solodov, emphasize the fact that they have only one principle – “just business”. Because most of Latvian media owners are also their managers, media content is determined by a small group of people who, even though don’t control the content on a daily basis, inform their editors of precise and specific guidelines regarding subjects, chosen sources and journalistic accents. The logic of profit influences the structuring of their products, the quality of journalism and the understanding of media audience behavior.

THE VIVID DREAM OF MASS AUDIENCE

The importance of advertising as the main source of income also determines other important media aspects: the perception of media contents and its audiences. Most of media owners see their content receiver from a perspective of their advertisers – as groups distinguished by promoted products and demographic features.

Advertisers’ wish to reach a maximum amount of their products or services by minimum means of investment forces media owners to choose a strategy where each product reaches mass audience. Although media fragmentation and the changes in audience media usage habits provides, for the last ten years, a basis for debates that argue that the age of mass audience is over (McQuail, 2005), the small Latvian media market persuades media owners to see every single product as something to be targeted to a maximally large mass audience.
It creates considerable pressure on editors and producers, because often an audience is perceived as a result of a simple eurhythmic – seeing all members of a certain audience group as their potential consumer. Professional standards and quality of journalism are also among factors that are valued by the numbers of the reached audience.

Of course, most media cannot reach the desired audience figures even if they try copying and filling the market with media formats that have reached high ratings or selling figures. This practice reduces opinion diversity, quality of content, producing one-sided information in the name of commercial aims (McChesney, 2008), when there are many channels, but little freedom. Owners’ view on content are often limited to topics that are most popular among users. This means that from owners’ point of view audience is considered to be quickly reachable, easily manipulated, an audience that can be sold any kind on products provided that enough means are invested in order to promote it.

One of the vivid examples that illustrates a notion that a new audience can be reached by means used in other media groups and by maximally low investment was a magazine Labās ziņas (The Good News), created by Rīgas Viļņi publishing house in 2009. Its content, printed on cheap paper and therefore cheaper than other issues, was created using/reprinting the contents from other magazines by this publisher, mainly celebrity news, practical advices and TV schedules. Therefore all expenses consisted of only paper, printing, and logistics. It was targeted to an audience which, as thought by the publisher, cannot afford more expensive magazines, yet wants to read contents read by other readers. However, this format was not successful, and the magazine was shut in just a few months.

In order to gain profit in difficult circumstances, many of Latvian media formats are simply copied from successful examples, without considering their uniqueness, style, or editorial politics. Only few media are produced using an original media formula (Click & Baird, 1990). It is hard to find original genres, untypical subjects, high-standard journalism, because owners’ wish to reach mass audience with every product creates a situation where it is dominated by very similar formats – similar TV shows, similar consumer magazines, Internet news websites that have the same structure and content and that can reach only a small part of the audience and satisfy only uniform media usage functions.

The impact of commercialization, reduction of opinion diversity, decline in journalistic quality have raised issues about the problems of media responsibility in Latvia. Partly these issues are the obvious impact of Russian media on Latvian population, their level of awareness, and even State security. Fear for in-
formational independence and quality have increased pressure upon legislative institutions, demanding regulations in media ownership in Latvia, especially carefully overseeing international media owners. This is only one of aspects that show the increase of importance of these issues in media regulatory field.

**MEDIA LAW TRANSFORMATION: DEMAND FOR MORE REGULATION**

A regulation of media field is linked to judicial terms that try to overcome contradictions between the laws of capitalism and media consistency with society’s needs. That is why legal acts both secure the principle of freedom of speech and press and regulate the economic aspects and contents of the media system and its development. The low degree of regulation in the Latvian media system is explained by the fact that for more than ten years there have not been new legal acts passed that regulate the media environment. Latvian media legislation was based on “The Law On Press and Mass Media” (1990), “The Advertising Law”, and “The Radio and Television Law”, which was abolished in 2011 when the new “Electronic Mass Media Law” (EMML) was enforced. The main force behind this law was Latvia’s delay in complying with the European Union and European Council’s directive 2010/13/ES (Audiovisual Media Services Directive) which coordinates the providing of audiovisual services in the EU countries.

In the middle of 2011, the electronic mass media law passed by the Latvian parliament ended a long discussion on the regulation of broadcasting media and marked a situation in which there were demands from both society and media environment to define the limits of media activities. The tendencies for these regulations can be explained by rapid development in media technologies, decline in media quality and business figures and professionals’ inability to define their tasks within the current situation. That is why the media system, which previously was very sensitive to various limitations, now encouraged State’s intervention into its affairs and acknowledged the need for additional regulation in certain fields by means of legal acts. Several recently passed amendments to the normative acts regard the development of media technology, regulate the language usage in broadcasting media, operative basis for public media, and the problem of media ownership transparency in Latvian media environment.

Therefore the EMML can be viewed as a compromise between the need to adapt the legislation to current situation and political will to implement these amendments. This law includes the following crucial aspects of media activity:

1) It defines the operation of broadcasting media in national, regional and cross-border terms after digitalization;
2) The law specifies the operational basis for public media, defines the terms of public purchase, providing an opportunity for commercial media to produce some part (15%) of the entire content;

3) It determines the use of language in the content of broadcasting media by specifying the need to translate, subtitle and dub various broadcasting media formats, and protect the rights of Latvian audience to receive information in Latvian language;

4) It states the types of advertising according to new technological possibilities (prolonged advertising, interactive advertising, radio selling, partial screen advertising, virtual advertising, and product placement) that increased possibilities of placing commercial information on radio and TV;

5) It changed the election process into the National Electronic Media Council, stating that candidates are long-listed by Parliamentary Commission for Human Rights and Social Affairs that must consult bodies and foundations that operate in the field of mass media, education, culture, science, and human rights.

The new law provides wider opportunities for public engagement into the process of the public media watchdog’s election; it also facilitates a greater cooperation with public structures because it states that a Public consultative body must be formed (Article 63) that should include members from foundations, professional bodies and other organizations which are active in the field of mass media, education, culture, science, and human rights.

Nevertheless, the law did not solve the prolonged issue of the financing system of public media in Latvia: it is still dependent on political decisions because public media are financed from State budget (although it must be added that next year’s financing must not be less than previous year’s). The second important regulation issued, which has been changed, regards the means by which ownership transparency is achieved.

Latvian Journalists Association was the institution that, at the end of 2010, initiated these changes, acknowledging media dependency on their owners and its influence on the quality of content. The proposed amendments to the “Law On Press and Other Mass Media” obliged media to regularly provide information about their owners and the actual beneficiaries. The proposed amendments did not pass because changes in “The Commercial Law” came into power; it meant...
that the Article 10.2 of the “Law On Press and Other Mass Media” was added with a provision that obliged all organizations to reveal their owners: “Founders and owners of mass media organizations, which are stock companies, are obliged, within the instances and provisions set by The Commercial Law, to inform the registering body of their actual beneficiaries”.

Therefore at the present moment, the status of media ownership is regulated by the act of The Commercial Law that obliges an owner to inform the Register of Enterprises of a situation when at least 25 per cent of shares are possessed by a certain owner (Article 17.1 of The Commercial Law, “Particulars of a Merchant”).

However, taking into account the need to emphasize the freedom of media, in the middle of 2011, Article 16 of the “Law On the Press and Other Mass Media” was supplemented with the following provision: “Editor (Chief editor) is editorially independent upon carrying out its duties”. The reason to include this article was to emphasize the importance of securing the understanding that editorial production of content should not be influenced by medium’s owners. Another essential media regulatory norm was amended in 2012, when cable operators no longer were obliged to follow retranslation or the so called “must carry” principle that prescribed Latvian cable television operators to include national TV channels (LTV1, LTV7, LNT and TV3) in their paid packages free of charge. This situation created a problem where national commercial channels, which, after the implementation of national digitalization project, had to pay its provider, Lattelecom, EUR 900 000 a year, were left in an unequal situation in comparison to cross-border channels which participate in the advertising market, are paid by the cable TV operator, and yet do not themselves pay the broadcasting fee.

In June 2012, the parliament passed the amendments to the EMML that state that the national commercial channels will be able to claim a fee from cable TV operators for the retranslation of their programming. These amendments can create a risk of some cable TV operators, using as an excuse audience’s needs and their solvency, refusing to include LNT and TV3 in to their paid packages, thus reducing diversity of content. At the same time, the abolition of the “must carry” principle for commercial television (it is still liable for public TV channels LTV1 and LTV7) tries to solve the problem where content producers cannot claim any income from viewers, but providers and mediators have guaranteed payments from all clients who are consumers of the free-of-charge content.

At this moment, Latvian media environment experiences active discussion on whether to implement amendments to various normative acts of Latvian legislation in respect to media activity:
(1) Firstly, to specify structures of media ownership, define those enterprises that can establish media organizations, ban political parties, local authorities, advertising agencies, financial operators, and off-shore companies from owning media organizations. (2) Secondly, improve media ownership transparency by making it mandatory to provide information about ownership in media firms if a party has at least 5% of firm’s shares. (3) Thirdly, define the status of Internet media and their features in order to distinguish Internet media from other providers of information and services. Currently, Internet media are often not registered in the Media register under Register of Enterprises of Republic of Latvia, therefore these companies are not regulated by media legislation. (4) Fourthly, create a special media law which would regulate not only public media model of financing and governance, but also their status and content quality. (5) Fifthly, create a register for journalists, because many people who have expressed their opinions in blogosphere and social networks and have faced conflict situations pose themselves as journalists and demand to be protected by same professional rights. A register like this would help distinguish amateurs from professional journalists who follow journalistic principles and whose provided information could be trusted by their audiences.

After the recession, Latvian media juridical process is heading towards a larger state influence, because many financially unstable media companies expect a bigger support from the State – in the form of decisions (the case with the merger of LNT and TV3), and legal acts and financial support (public media). As in other countries, also in Latvia Internet communication regulation problems is very a actual issue, as in regard of such problems as media status, plagiarism and copyrighting.

**SUMMARY**

After the economic recession, Latvian media system experiences an increase in media concentration due to investments by international media organizations. At the same time, there have been changes in ownership of the largest media in all segments. The shifting process is dominated by Scandinavian media companies, as well as media owners that are linked to Russia and whose ownership status and aims are not known. Several small new media firms have developed in these years, who continue the pursuits for new successful media strategies, trying, along the way, to provide responsible and quality journalism. The audience of the financially weakened public media are on slow, yet steady decline, which begs to ask questions about the role of the public media in Latvia, since some commercial media products essentially begin to offer a similar content. The changes in ownership structures have thusly created new trends in quality and values, but the recent transformation of media legislation has not yet brought any considerable results.
It might be an exaggeration to suggest that the global economic recession has ended. However, macroeconomic data indicate a slow, but steady economic growth in the Baltic States. Since during the last four years (2008-2011) Baltic media concentrated on remaining in the market, several structural changes are noticeable at the start of 2012.

Actually, Latvian media has not recovered from the advertising market drop of 46% in 2009, as well as traumatic ownership exchange deals. The greatest problem is the audience, quickly declining and divided by language, as well as the small number of powerful advertisers. Therefore media professionals will greet every offer of investment, including from advertisers that might influence the content, with open arms. The high level of media content commercialization might be one of the most stable trends. It reduces the journalistic quality, forcing to seek new models of funding. Possibly, different from infotainment and entertainment, quality analytic and investigative journalism, cannot attract a greater audience share, that could, up until recently, be criticized for choosing entertainment and seeking the easiest way regarding media consumption. However, it does not mean that the most powerful consumer magazines have to worry – their loyal audience will continue the relationship. Lifestyle and other magazines are the only ones, which will be able to compete with the Internet for the attention of youth audience and its money. (Rožukalne, 2012).

Even executives of mainstream media will be involved with Internet projects. They have not received credible information about income opportunities on the Internet, nevertheless will continue or energetically start investment into Internet projects. It is true that only a handful of Baltic media have found a business model suitable for the Internet. Commercial educating courses about income options of Internet media, from a business perspective, could be more convenient than the creation of virtual media. Therefore, an increase of content quality of internet media cannot be expected – lack of funding, vivid belief of editors, that the Internet is not suited for quality journalism.

Media employment market has recovered, however relationships within it have changed. Media management expect that journalists, in a small time frame, can inexpensively produce a large amount of audience requested content, working for small wages and in an unstable workplace. This situation reduces the level of editorial independence (Salovaara & Južefovičs, 2012). During the economic recession wages of journalists, editors, producers declined by 20% - 40% (by the most in Latvia). Serious journalism in the Baltics will survive on investment by target projects and various foundations in the future.
Russian-language media is not expected to change. Russian media will base their operations on national controversy (Rožukalne, 2010b), as well as by filling functions regarding political parties. Therefore political parallelism will still characterize the Latvian media system. The Russian audience, that has grown weary of it, will consume the information of popular Russian online media outlets and will enjoy content mad overseas. Financially weakened public media cannot efficiently address various audiences, therefore the divide between residents of a single country, who communicate in different languages will not reduce. This divide does not only crumble the media business, but the overall understanding between ethnic groups in the society, since the audience of newspapers has declined they play a smaller role in regulating the public opinion (Rožukalne, 2010a), as this task has been taken over by Internet media.

Consumer magazines have retained their market share, with international formats gaining further significance (such as Playboy, Forbes, Cosmopolitan, Illustrated History etc.) However the interests of magazine readers are changing: fans of consumer and lifestyle magazines, that had made an impression of wanting to receive only entertaining and shopaholism endorsing glamour content in glossy covers, are more and more starting to care about analytic information, offered by a handful of weeklies, playing the role of a local The Economist in the information market.

The discussion about the role of public media and their business models will continue, as unified public media already operates in Estonia and Lithuania, discussions about the concept of a new public media are ongoing in Latvia. However, the most significant will be the discussion about its model of funding.

Various indications show that the proportion of foreign media owners will increase. The market, in this regard, is barely regulated, Baltic media organizations can be purchased by foreign banks, off-shore companies or international corporations. Media organizations, weakened by the economic recession, have been looking for investment for a long time. This process is delayed only by the question of price – not all current owners are ready to sell the companies for the price of the accumulated debt. New media owners, just like during the recession, are expected to come from Scandinavia and Russia. The interest of Eastern neighbors about Latvian media is persistent, media companies are bought like a nice brooch, along with companies from other business areas. This process will ensure that the discussion about the security of the national informational environment in each of the Baltic States will remain topical.
REFERENCES


Media ownership trends in Latvia: Political parallelism and concentration


## ANNEX

<table>
<thead>
<tr>
<th>Name of the company</th>
<th>Type of media</th>
<th>Owner</th>
<th>State of the off-shore company</th>
<th>Amount of the company’s shares</th>
<th>Portfolio of the media products and services</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIA “Rīgas Vīļņi”</td>
<td>Magazine publishing house</td>
<td>SIA “BALTKOM PULS PLUS” owner of company “TEWREX INVESTMENT LIMITED”</td>
<td>Republic of Cyprus</td>
<td>100%</td>
<td>Pastaiga, Pastaiaga, ru, Rīgas Vīļņi, Sirups,100 labi padomi, Patiesā Dzive, Laimīgā Programma, Degpunktā, Kas Jauns, Kasjauns.lv, Oktiro, OK!</td>
</tr>
<tr>
<td>SIA Baltkom radio</td>
<td>Commercial radio channel</td>
<td>MainBurg ImpEx Ltd.</td>
<td>Beliza</td>
<td>100%</td>
<td>Baltkom FM</td>
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<td>SIA AD Serviss</td>
<td>Commercial radio channel</td>
<td>SHORELINE FINANCIAL LIMITED</td>
<td>Great Britain</td>
<td>80%</td>
<td>Gold FM</td>
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<tr>
<td>Izdevniecības nams “Petits”</td>
<td>Newspapers and magazine publishing</td>
<td>LANCHROME LIMITED</td>
<td>Republic of Cyprus</td>
<td>100%</td>
<td>Subbota; Čas, Ļubļu, Teleprogramma s djadjej Milie, Tava programma, Reklāma, Reklama.lv; chas-daily.com; gazeta.lv, Rīgas santīms, 3xkomecc-rasiera # Baimris, VIP Lounge.</td>
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<td>a/s News Media Group</td>
<td>Newspapers publishing house</td>
<td>KINONUS HOLDINGS LIMITED</td>
<td>Republic of Cyprus</td>
<td>100%</td>
<td>Telegraf, telegraf.lv, kriminal.lv, lifenews.lv</td>
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<tr>
<td>SIA Izdevnieciba Telegrāfs</td>
<td>Newspapers publishing house</td>
<td>PROMAIR MANAGEMENT</td>
<td>Great Britain</td>
<td>100%</td>
<td>Telegraf</td>
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<td>Logos/former Fenster</td>
<td>Newspapers publishing house</td>
<td>Sinomax Enterprises Limited.</td>
<td>Unapproved</td>
<td>Vestī, Vesti Segodnja, ves.lv, Delovij Vesti, 7 sekretov, Televizionnaja Programma, Televizijas programma, Latvijas Santims, Platinum, Mājas Dakteris, NedvizimosstAuto, N.A.M.S.</td>
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</tr>
<tr>
<td>SIA AD SERVISS</td>
<td>Commercial radio channel</td>
<td>SHORELINE FINANCIAL LIMITED</td>
<td>Great Britain</td>
<td>80%</td>
<td>Gold FM, also Fit FM, Radio 99,5</td>
</tr>
<tr>
<td>Capital FM Liepāja</td>
<td>Commercial radio (regional) channel</td>
<td>NEW MILLENIUM LTD Owner of company NEW MILLENIUM MEDIA CO.</td>
<td>Republic of Mauritania</td>
<td>100%</td>
<td>(Jāpārbauda, jāpievieno citas kompānija)</td>
</tr>
<tr>
<td>SIA Solergo</td>
<td>Commercial radio</td>
<td>NEW MILLENIUM LTD</td>
<td>Republic of Mauritania</td>
<td>100%</td>
<td>Capital FM Liepāja</td>
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Media ownership trends in Latvia: Political parallelism and concentration
### Table 3.

International media owners in Latvia.

<table>
<thead>
<tr>
<th>Title of the media company</th>
<th>Media Type</th>
<th>State of the Owner</th>
<th>Actual owner</th>
<th>Amount of the company's shares</th>
<th>Portfolio of the media products</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIA &quot;BNS-Latvia&quot;</td>
<td>News agency</td>
<td>Finland</td>
<td>Baltic News Service Ltd. Owner of company</td>
<td>100%</td>
<td>Bns.lv, bbs.bns.lv</td>
</tr>
<tr>
<td>AS Delfi</td>
<td>Internet news portal delfi.lv</td>
<td>Estonia</td>
<td>Ekspress Grupp</td>
<td>100%</td>
<td>Delfi.lv, Rus.delfi.lv</td>
</tr>
<tr>
<td>SIA Tv Net</td>
<td>Internet news portal</td>
<td>Estonia/Norway</td>
<td>Schibsted Baltics AS</td>
<td>100%</td>
<td>Rus.tvnet.lv, Financenet.lv, Sejas.lv</td>
</tr>
<tr>
<td>Sia Sanoma Latvia</td>
<td>Internet news portal</td>
<td>Finland</td>
<td>Sanoma News</td>
<td>100%</td>
<td>Apollo.lv</td>
</tr>
</tbody>
</table>
## Media ownership trends in Latvia: Political parallelism and concentration

<table>
<thead>
<tr>
<th>Company/Group</th>
<th>Type</th>
<th>Country</th>
<th>Owner(s)</th>
<th>Ownership</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Egmont Latvia</strong></td>
<td>Magazine and books publishing house</td>
<td>Denmark</td>
<td><strong>INTERNATIONAL EGMON</strong> HOLDING A/S</td>
<td>100%</td>
<td>Spider-Man, ASvene, Hot Wheels, Vāģi, Princeses, Vinnijs Pūks, Witch, Barbie, Dambo, Donalds Daks, Tom and Jerry</td>
</tr>
<tr>
<td><strong>SIA “Baltijas Mediju Alianse”</strong></td>
<td>Commercial TV channels</td>
<td>Russia</td>
<td>Plyasunov Alexey</td>
<td>50%</td>
<td>Pervij Baltijskij Kanal (PBK); REN-TV Baltija; Baltijas Muzikālas kanāls; NTV Mir Baltic weekly newspapers “MK-Latvija”, “MK-Igaunija”; advertising agency “Baltijas Mediju reklāma”.</td>
</tr>
<tr>
<td><strong>SIA TV 3 Latvia</strong></td>
<td>Commercial television</td>
<td>Sweden</td>
<td>MTG BROADCASTING AB</td>
<td>100%</td>
<td>TV3; TV6; LNT; Kanāls2; TV5</td>
</tr>
<tr>
<td><strong>OE Media</strong></td>
<td>Cross-border TV channel (music, entertainment, Russia)</td>
<td>Ireland</td>
<td>Gosudarev Konstantin – 2% Adamov Alexey – 98%</td>
<td>100%</td>
<td>Channel OE</td>
</tr>
</tbody>
</table>

**OE Media**

Cross-border TV channel (music, entertainment, Russia)  
Gosudarev Konstantin – 2%  
Adamov Alexey – 98%  
Russian Federation  
Channel OE