

Media Ownership Structure in Ukraine: Political Aspect

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The formation of the media ownership structure in independent Ukraine is difficult and longlasting process which has not finished yet. This process can be split into several stages that to some extent overlap with presidencies of Leonid Kravchuk, Leonid Kuchma, and Viktor Yushchenko. First, national social and political media will be mentioned. Since that media are the main actors in the mass media sphere during the periods of political activity through their influence on public opinion. The analysis of the media ownership structure in Ukraine is based on the information from open sources.

So, the first stage – early 90s of 20th century, the period of Leonid Kravchuk presidency

In Soviet times, all Ukrainian (as well as generally Soviet) media were under the control of the state and the Communist Party: the actual founders of print media were different structures of the Communist Party and the Komsomol. And media's funding went through these structures. Radio and television were fully owned by the state and financed from the state budget (Kulyk, 180). Apart from that, quantity of print media and broadcasters was limited. Therefore, in Soviet Ukraine there were only two TV channels and three radio stations. Quantity of central national newspapers also was insignificant. Some media democratization took place during the Mikhail Gorbachev's *Perestroika*. In 1990 there was adopted the law "On press and other media" which proclaimed freedom of speech, prohibited censorship and allowed founding of media not only by the party structures, but also by other organisations, public and private enterprises, and even by separate individuals (Kulyk, 185).

Independent Ukraine has actually inherited the Soviet system of party media. In the meantime other media started to appear. First, some underground publications were being legalized. It was the press that was published clandestinely by Ukrainian dissidents during Soviet (mostly during *Perestroika*) times. For example, in this way there was created a legendary and already popular in the media sphere Lviv Ukrainian newspaper "Post-postup" [Post-progress] edited by Oleksandr Kryvenko (Ukrainian journalist who died in 2003). Also, new media was often founded by various organizations or new Ukrainian parties. For example, Ukrainian Republican Party under the leadership of a former dissident Mykhaylo Horyn' ("Ternystyy Shliakh" [Thorny Path] newspaper, "Samostiyna Ukraina" [Independent Ukraine] newspaper) or People's Movement of Ukraine under the leadership of Vyacheslav Chornovil ("Chas" [Time] newspaper which had long stayed very popular). At the same time some state (i.e. former party) and municipal media came under the ownership of its staff.

In the early 90s Ukrainian parliament adopted a number of laws securing freedom of speech and democratic development of media.

Second stage, mid 90s – beginning of 2000, the period of Leonid Kuchma presidency.

Thus, the transition from planned Soviet economy to free market forced media find alternative sources of funding other than state ones. Mid 90th is the rise time of big owners who raised their capital in different, not always legal, ways. This resulted in the formation of large financial industrial groups that concentrated under their ownership substantial media assets. Then there was the beginning of media resources concentration that continues until now.

During that period there were founded the majority of Ukrainian media that till present keep their influence on the politics and social life. For example, weekly newspaper "Zderkalo Tyzhnia" [The Mirror of the week] (1994), daily newspaper Den' [The Day] (1996), "1+1" (1995) and "Inter" (1996) TV channels, news website Korrespondent.net [Correspondent] (2000) and news magazine "Korrespondent" (2002).

But the advent of private capital into Ukrainian media had its negative aspects. Firstly, the media like other business entities worked according to shady schemes. Often the media were *de jure* owned by the staff, but *de facto* were under the influence of a businessman or a financial industrial group that provided the media with the so-called "sponsorship" assistance. Secondly, large owners who have their own political interests or even the politicians themselves often viewed newspapers and television stations not as a business but rather as a tool of influence on public opinion and a tool of protection from the state's pressure. Experts and analysts call this the beginning of the "clan-ization" or "Oligarchialization" media period (Dutsyk, Pikhovshek, Kulyk) and associate this process first of all with the then-Prime Minister of Ukraine Pavlo Lazarenko (1996-1997), who was subsequently arrested in the U.S. and convicted of corruption. Thirdly, political parties have often started publications (first of all print media) specifically to use in their electoral campaigns, dumping publications' price on the market and artificially inflating circulation for free distribution. It put other media in unequal market conditions and made standard competition impossible. Fourthly, current authorities intensified pressure on Ukrainian media that was often carried out indirectly through pressure on the owners and their businesses.

Third stage, 2005-2010, Viktor Yushchenko presidency

There were expectations that coming of foreign capital that had no political interests in Ukraine and viewed media solely as business would seriously improve the climate in media market. These expectations first and foremost relied on Western investments, since Russian capital had been on the Ukrainian market for long. Russians either have a share in influential publications such as the daily newspaper "Izvestiya v Ukraine" [News in Ukraine] or the weekly newspaper "Argumenty i Fauty v Ukraine" [Arguments and Facts in Ukraine] and "Komsomolskaya Pravda v Ukraine" [Komsomol truth in Ukraine], or are the only owners like in the case of the daily newspaper "Kommersant-Ukraina" (the owner is a Russian businessman Alisher Usmanov).

With Viktor Yushchenko's coming to power Western investors showed interest in Ukraine. Thus, for instance, daily newspaper "Delo" [The Case] was launched in participation of German (Handelsblatt Publishing Group publishing house) and Czech (Economica a.s. publishing house) investments. First issue of "Delo" came out in October of 2005. However, having worked on the Ukrainian market for some time German and Czech investors were forced to sell their share of the asset to Ukrainian partners, particularly, to "Ukrainian investment newspaper" represented by Ihor Liashenko. Corruption, difficult distribution conditions and also political instability were the factors that virtually made it impossible to turn any media into a profitable business. The coming

of the Polish “Agora” to the Ukrainian market of political and social publications also failed to take place (the company was negotiating the sale of one of the most influential Ukrainian political news websites “Ukrainska Pravda” [The Ukrainian Truth]). “Agora” changed its tactics and decided to go into the entertainment niche, launching a number of narrowly specialized game Internet projects. It is important to note that Western investments in Ukraine (Burda, Edipress, Hashette and others) successfully work in the media entertainment sector, particularly, on the market of glossy print media. But the share of Western investments in social, political and informational media is marginal, since this kind of activity is connected with significant both political and economic risks.

Probably the only successful media holding with foreign (American) capital is KP Media (founded in 1995) owned by Jed Sunden. It includes a leading news magazine “Korrespondent” [Correspondent]. This holding managed to stay afloat on the Ukrainian market despite the fact that its owner was pressured by the authorities during Leonid Kuchma presidency. In 2000 Sunden was declared *persona non grata* in Ukraine.

Although under Viktor Yushchenko presidency media and their owners did not experience great pressure from the authorities, the process of redistribution of media and consolidation of media groups which began at the time of Leonid Kuchma continued. During this period two biggest Ukrainian TV stations – “Inter” and “1 +1” changed their owners.

The change of the owner of the “Inter” channel that currently (information as of September, 2010) holds top position in the GfK Ukraine, did not go without a number of scandals. This process which started in 2005 took place with the participation of leading Ukrainian politicians and major Russian businessmen and was only a part of business arrangements related to the redistribution of assets and steel ferroalloy enterprises (**Nayyem and Leshchenko**). As a result of complex and opaque schemes the channel came under the ownership of Valeriy Khoroshkovsky who under President Yanukovich was appointed head of the Security Service of Ukraine. At some point Ukraine’s Prime Minister Yulia Tymoshenko and her faction in parliament demanded the investigation of the circumstances of the change of the owner of the most popular TV channel in the country. Since according to the conclusion of the Justice Ministry expertise the signature of the previous owner of the channel Ihor Pluzhnikov (who at the time of signing the agreement was very sick, stayed in a hospital and later died) could be forged. Even a special parliamentary commission studied the issue. However, Khoroshkovsky kept control of “Inter”. This example proves once again that great media business in Ukraine can not exist outside of politics and is under intense pressure from that sphere.

The owner of the “1+1” (3rd place in the GfK Ukraine rating as of September, 2010) also changed. In April of 2010 American company Central European Media Enterprises Ltd (CME) announced closing of the sale of 100 percent of its Ukrainian assets, including “Studio 1 +1”, “Cinema”, the Harley Trading Limited company, the beneficiary of which is Ihor Kolomoysky. Earlier this businessman bought the “1 +1” shares of Boris Fuksman and Oleksandr Rodniansky who created the channel.

It should be noted that while in the 90s businessmen concealed that they own (or influence) media, in recent years the trend has changed. Most large media owners openly declare their media assets ownership. In addition, on December 10, 2008 the Ministry of Justice of Ukraine opened access to the State Register of print media and news agencies. On the website <http://dzmi.informjust.ua> one can get the following information: registration series and number,

registration date, type of publication, information about the founders. Information about the founders and owners of electronic media (TV and radio) can be found on the website of the National Television and Radio Broadcasting Council of Ukraine at <http://www.nrada.gov.ua/ua/derzhavniyreestr.html>. Guided by the Law “On television and radio broadcasting” National Television and Radio Broadcasting Council of Ukraine is required to provide information about the media owners. Yet, it has only the information on direct founders and participants of broadcasting. This information is not enough to make a complete picture of media owners. Media Law Institute in its report on the status of transparency of media ownership in Ukraine mentioned that the openness of information on Ukrainian participants of broadcasters does not remove the basic problem of transparency. After all in the ownership structure of broadcasters there almost always appear to be foreign companies. “Most often those foreign companies are registered in offshore zones. This means that the legal mechanisms to find out who founded these companies does not exist, because the information closure about founders of offshore companies is one of the principle activities of such companies”, reads the report (Nayyem and Leshchenko).

Generally now there can be singled out seven major media groups in which social and political media of Ukraine is concentrated.

State Media

Media owned by the state	National Television Company of Ukraine (First National Channel) National Radio Company of Ukraine (broadcasting on three channels in Ukraine and on one channel abroad) State Television and Radio Company “World Service “Ukrainian television and radio broadcasting” State Television and Radio Company “Culture” Management of television programs of the Verkhovna Rada of Ukraine Regional (oblast) state television and radio companies “Uriadovy Kuryer” [Government’s Currier] newspaper (Cabinet of Ministers’ publication) “Holos Ukrainy” [Voice of Ukraine] newspaper (Verkhovna Rada’s publication) bulletins of different state institutions
Notes	First National Channel is the only channel in Ukraine that covers 97 percent of the country’s territory. Formally it is subordinated to the Cabinet but in reality remains under the control of the Presidential Administration.
Political preferences	Vice-president of National television and radio broadcasting company Valid Arfush said that the First National channel should cover the authorities only favorably and “should support the authorities and the authorities should to know that the First National channel will always defend them.” (quote from Unian press agency on July 30, 2010)

Valeriy Khoroshkovsky Group. Mediagroup U.A. Inter Media Group Limited (founded in 2005)

Media owned by the group	61 percent share of “Ukrainian independent TV corporation” (“Inter” TV channel)
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Notes

90 percent share of “Kino-TV” (“Enterfilm” TV channel)
90 percent share of “Music-TV” (“Enter music” TV channel), “K1”, “K2”, “Megasport” TV channels
60 percent share of “NTN” TV channel
90 percent share of “Ukrainian News” information agency and other media assets.

Political preferences

“Inter” channel is the most influential private channel and keeps the first place in GfK Ukraine ratings. This channel broadcasts political talk show “Big politics with Yevgeniy Kiselev”.

“Ukrainian News” agency works on the information market of Ukraine since 1993 and firmly keeps its first position among major suppliers of business and political wire news about Ukraine.

As of 2010, most of all “Inter” channel does not hide its likes toward the current authorities, the news give positive coverage of President Yanukovich’s and the Party of Regions’ activities, criticism is almost absent, yet, they is criticism of the opposition.

Viktor Pinchuk Group

Media that belong to the group

“Novy” TV channel
“ICTV” TV channel
“STB” TV channel
“Fakty i komentariyi” [Facts and commentaries] daily newspaper
“Sobytiya i liudi” [Events and the people] weekly newspaper
The controlling share in the “Ekomonica” publication: daily “Delo”, “Invest gazeta” weekly magazine and other niche publications
Part of the share of music channels M1, M2
Part of the share in radio “Russkoe radio” [Russian radio], Hit-FM, Kiss-FM

Notes

“Novy” TV channel, “ICTV”, and “STB” are the second echelon of channels and have equal positions in the top 10 channels, according to the GfK Ukraine ratings.

“ICTV” has political talk show “Freedom of Speech with Andriy Kulykov”

Political preferences

As of 2010 political preferences of Pinchuk’s group of channels are somewhat different. While news on “STB” remain to be the most balanced among the rest of the news and it has some criticism of the authorities, “ICTV” news – on the contrary – are loyal to the authorities. Yet, in the “Freedom of speech” program both the authorities and the opposition enjoys equal presentation of different positions.

Rinat Akhmetov Group

Media that belong to the group

“Ukraina” TV channel (99,93 percent share belongs to System Capital Management company)
“Segodnya” [Today] daily newspaper
Regional newspaper “Salon Dona i Basa”
News website “KID” (<http://zadonbass.org>)

Notes

«Segodnya» daily is one of the most popular newspaper and has the biggest circulation (106 000 copies)

“Ukraina” channel was initially created as a Donetsk-based company that later on grew to become a national one. As of 2010 the channel

Political preferences	<p>holds 5th position in the GfK rating. This channel broadcasts political talk show “Svodoba Savika Shustera” [“Savik Shuster’s Freedom”]</p> <p>The news reporting on the channel is loyal to the authorities. In Savik Shuster’s talk show positions of both the authorities and the opposition are present.</p> <p>Despite general loyalty to the authorities, “Segodnya” can in some points be very critical, does not conceal sharp topics (which are often concealed by TV stations). Yet, it often publishes articles by audious politicians and journalists who criticise the Orange camp, euroatlantic course of Ukraine, some episodes from the history, particularly, OUN-UPA (Ukrainian Insurgent Army).</p>
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Ihor Kolomoysky Group

Media that belong to the group	<p>«1+1» TV channel «2+2» TV channel CITI TV channel TET TV channel «Кіно» TV channel “Gazeta po-kievski” daily newspaper News magazine “Glavred” and a group of websites Glavred.info, VIP.Glavred, Stars.Glavred, Inozmi.Glavred, Sport.Glavred, Stolitsa.Glavred; News magazine “Profil” “Novaya” weekly newspaper “Telekritika” news website Part of the share in the daily “Izvestiya v Ukraine” Also Privat group (owned by Kolomoysky) has a share in some print media in Ukrainian Media Holding, particularly, «Komsomolskaya pravda v Ukraine» (51%).</p>
Notes	<p>The group was consolidated over the last several years. Final agreement of sale of “1+1” channel was completed at the beginning of the year. The channel maintains 3rd place in the GfK Ukraine rating as of September, 2010. Also this year there was reached an agreement on the purchase of a number of print media from Oleksandr Tretyakov. “Glavred” and “Profil” belong to the top 5 major news magazines in Ukraine.</p>
Political preferences	<p>“1+1” channel refused to host political talk shows. Its news are mostly not critical towards the authorities. Most of the print and internet media give opportunity to speak out both for the authrities and the opposition, and let criticism against the authorities.</p>

Vitaliy Hayduk Group and Serhiy Taruta’s «Evolution media»

Media that belong to the groups	<p>«Economicheskoye Izvestia» newspaper «Kommentari» analytical weekly «Kyiv Weekly» magazine</p>
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Political preferences

«Expert-Ukraina» magazine
«ProUa» news website
PHL photo agency

Balanced policy. In all of its projects one can sometimes find stories critical of the authorities.

KP Media (Jed Sunden)

Media that belong to the holding

«Korrespondent » news magazine
Websites: Korrespondent.net; Politorg.net; Novynar.com.ua, Afisha.ua, BigMir.net
Niche publications: «Ideas for home» magazine etc.

Notes

«Korrespondent» is the most influential news magazine which has the biggest circulation in its category.

Portal BigMir.net has the main rating of on-line media in Ukraine.

Political preferences

«Korrespondent» maintains the balance in reporting political news, gives the floor both to the authorities and to the opposition, runs stories critical of the authorities.

Media that require special attention

“Ukrainska pravda” [Ukrainian Truth] news website

The website was founded by Georgi Gongadze. Currently, the owner and the chief editor is Olena Prytula. This is the main Ukrainian internet publication (around 100,000 visitors daily). It is firmly opposed to the authorities. It should be mentioned that “Ukrainska Pravda” was also critical of the members of the orange team.

“Dzerkalo Tyzhnia” [The Mirror of the Week] weekly newspaper

This is an influential newspaper with circulation of around 52,000 copies. Owners – the Mostovy family (father Volodymyr and daughter Yulia). It is very critical of the President Yanukovich and the Party of Regions.

News magazine “Ukrayinsky Tyzhden” [Ukrainian Week]

Owner - ECEM Media gmbh (Switzerland). However, some experts suppose that its real owner is Ukrainian and is hiding behind offshore companies. Circulation – 30,000 copies. It is very radically against current authorities. It is openly sympathetic toward Yulia Tymoshenko.

5 channel

It belongs to Petro Poroshenko. News channel has generated its audience during the Orange revolution by offering alternative information. Both the authorities and the opposition are given the floor at this TV station. However, its commentaries can be critical of the authorities.

As it was stated above, media is not the main business for the mentioned businessmen. As a rule, the majority of large media owners own enterprises in different industrial sectors (refining, chemical, heavy machinery construction etc.) and, therefore, those businessmen are often loyal to the authorities in order to save their own businesses. It impacts editorial policy of the media. Apart from that, over the last several years media were actively resold. This process will continue in the years to come under Viktor Yanukovich presidency. Thus, media ownership structure in Ukraine is not steady, but changes depending on the policies (more democratic or less democratic) of the current authorities of the time and on the abilities of media owners to find a compromise with those at power.

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