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This country report was prepared as part of a series of monitoring reports titled “Television across Europe: Follow-up Reports 2008”. The series presents an update of the situation in nine of the original twenty countries covered in the 2005 reports series “Television across Europe: regulation, policy and independence”. The countries included in the 2008 series are: Albania, Bulgaria, Czech Republic, Italy, Lithuania, Macedonia, Poland, Romania and Slovakia.

Both series of reports have been prepared by the EU Monitoring and Advocacy Program (EUMAP) of the Open Society Institute and by the Network Media Program (NMP) of the Open Society Foundation, in cooperation with local experts. EUMAP and NMP would like to acknowledge the primary role of the following individuals in researching and drafting this country report.

Final responsibility for the content of the reports rests with the Programs.

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Preface

Television across Europe: Follow-up Reports 2008 is a monitoring project of EUMAP (EU Monitoring and Advocacy Program) at the Open Society Institute and of the Network Media Program at the Open Society Foundation. The project updates and builds on the outcome of the original *Television across Europe: regulation, policy and independence* monitoring reports released in October 2005, which covered 20 countries.

The 2005 reports concluded that the pivotal role of television in supporting democracy in Europe was under threat. It showed that public service broadcasters were being forced to compromise quality to compete with commercial channels, and that many of them depended on Governments or political parties. Moreover, ever-larger concentrations were developing in the commercial sector, often with clear political affiliations. These developments jeopardised broadcasting pluralism and diversity, with the new democracies of Central and Eastern Europe most acutely at risk.

The original *Television across Europe* project and its linked advocacy activities ended in June 2006. Since then, the Network Media Program has funded a number of follow-up projects, carried out by partner organisations in selected countries, aimed at promoting and building on the reports' findings and conclusions.

There have been significant developments in many of the countries covered in the 2005 reports, with respect to many of the areas monitored. Launched in London in March 2008, *Television across Europe: Follow-up Reports 2008* monitors these developments in 9 of the 20 countries that were originally monitored: Albania; Bulgaria; the Czech Republic; Italy; Lithuania; Poland; the Republic of Macedonia; Romania and Slovakia. These countries were selected because of the continuing significant changes in their broadcasting landscape.

Television across Europe: Follow-up Reports 2008 maps the main changes in broadcasting legislation, policy and market over the past three years and assesses the progress – or lack of – that these countries have made in improving the independence and pluralism of their broadcasting.

As with the original 2005 reports, these updates are addressed to policy makers, civil society activists and academics alike, as a contribution to bringing about change where it is needed.

The 9 country reports were drafted by local experts with the support of partner NGOs. All country reports are based on the same methodology, thus allowing for a comparative analysis. OSI and OSF assume final responsibility for their content.

About EUMAP

EUMAP, the EU Monitoring and Advocacy Program of the Open Society Institute, monitors the development of selected human rights and rule of law issues in both the European Union and in its candidate and potential candidate countries.

EUMAP works with national experts and nongovernmental organizations (NGOs) to compile reports that are distributed widely throughout Europe and internationally. The reports are designed to encourage broader participation in the process of articulating the EU's common democratic values as well as in ongoing monitoring of compliance with human rights standards throughout the Union.

In addition to these monitoring reports on Televisions across Europe, EUMAP is currently focusing on access to Education for Roma and on the situation of Muslims in selected EU Cities.

Previous EUMAP reports include the 2005 Television across Europe series as well as reports on minority protection, the rights of people with intellectual disabilities, judicial independence, judicial capacity, corruption and anticorruption policy and equal opportunities for women and men.

All EUMAP reports as well as further information on the program are available at www.eumap.org.

About NMP

The Network Media Program seeks to promote independent, professional, and viable media and quality journalism, primarily in countries undergoing a process of democratization and building functioning media markets.

The Media Program supports initiatives aimed at helping media-related legislation conform to international democratic standards, increasing professionalism of journalists and media managers, strengthening associations of media professionals, and establishing mechanisms of media self-regulation. The Media Program also supports media outlets that stand for the values of open society, as well as efforts aimed at monitoring and countering infringements on press freedom, and promoting changes in media policy that ensure pluralism in media ownership and diversity of opinion in media.

Although traditionally the Media Program has focused on Central, Eastern, and South Eastern Europe, CIS, and Mongolia, during the past several years it has expanded to Western and Southern Africa, Southeast Asia, and Latin America.

Television across Europe:
Follow-up Reports 2008

Lithuania

By Artūras Račas

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List of Abbreviations

| | |
|-------|---|
| BNS | Baltic News Service |
| LRT | Lithuanian National Radio and Television, <i>Lietuvos nacionalinis radijas ir televizija</i> |
| LRTK | Lithuanian Radio and Television Commission, <i>Lietuvos radijo ir televizijos komisija</i> |
| LRTT | Council of Lithuanian Radio and Television, <i>Lietuvos radijo ir televizijos taryba</i> |
| LTV | Lithuanian Television, <i>Lietuvos televizija</i> |
| LŽLEK | Lithuanian Ethics Commission of Journalists and Publishers, <i>Lietuvos žurnalistų ir leidėjų etikos komisija</i> |
| LŽS | Lithuanian Journalist Union, <i>Lietuvos žurnalistų sąjunga</i> |
| NVTAT | National Consumer Rights Protection Board, <i>Nacionalinė vartotojų teisių apsaugos taryba</i> |
| VVKT | State Medicines Control Agency, <i>Valstybinė vaistų kontrolės tarnyba</i> |

A. Executive Summary

Television in Lithuania has not experienced any major shocks or transformations over the past three years. In spite of the launch of a new channel in 2006, the key market players have remained the same. Their ownership structures have remained unchanged, but the concentration of the media market has continued, with television channels swallowed by larger media holdings, due to the lack of regulation of cross-ownership.

New powers of monitoring and enforcement were granted to the key regulatory body, the Lithuanian Radio and Television Commission (LRTK), such as monitoring the regulations on protection of minors and hidden advertising. Ironically, the number of violations on TV programmes has been rising.

Legal sanctions against broadcasters continue to be too soft and therefore decisions by the industry's main regulatory body and other regulators are sometimes compromises. Moreover, they are imposed on the management and not on the company. The sanctioning powers are too dispersed among too many regulatory bodies. Besides the LTRK, a number of other state agencies and boards are involved in regulating broadcasting.

The content of all television stations has deteriorated over the past two years. There has been a considerable shift from original production to foreign-made programmes, and from culture, science and debate towards music, entertainment and reality shows. The public service broadcaster is no exception. On the contrary, it has shown clear political bias and affiliation with some commercial media, thus failing to fulfil its public service role.

Lithuanian legislation related to broadcasting has seen few important changes. Some of them have had an immediate impact on the market and others are expected to bring changes in the future. First of all, the status and health of Lithuanian National Radio and Television (LRT) have seen major changes. A provision on the introduction of the licence fee to finance LRT was dropped from the Law on LRT, leaving the station completely dependent on State subsidies. At the same time, there have been no amendments aimed at ensuring a stable and transparent system for State subsidies and an effective control of the costs and spending of a public service broadcaster in relation to its content. In December 2006, the Lithuanian Constitutional Court also ruled that State subsidies for LRT did not conflict with the station's right to take commercial advertising.

The failure to introduce the licence fee was contrary to the recommendations in the first OSI report, which called for "reform of the system for financing LRT in order to ensure its stability and the independence of the public broadcaster", and stressed that this goal may be achieved "either by introducing licence fees as the main source of

financing, or by introducing a longer-term system of State subsidies, for example on a three- to five-year basis”¹.

Similarly, the Constitutional Court’s ruling to allow the public service broadcaster to jockey for advertising money was also against the report’s recommendation, which called for “banning or restricting advertising on LRT in order to ensure that public service broadcaster is de-commercialised and its mission can be pursued fully”.² This ruling fostered LRT’s “commercial” identity, negatively impacting on external pluralism in the Lithuanian media sector.

¹ “Lithuania” in Open Society Institute, *Television across Europe: regulation, policy and independence*, Budapest, 2005 (hereafter OSI/Lithuania), p 1,067 (recommendation no. 4/9.3 Public broadcasting).

² OSI/Lithuania, p. 1,067 (recommendation no. 5/9.3 Public broadcasting)

B. Recommendations

1. ORIGINAL RECOMMENDATIONS FROM THE 2005 REPORT³

Except for the adoption of a legislative framework for digital television and the monitoring of the broadcasting sector, none of the recommendations from the 2005 report have been fulfilled.

1.1 Media policy

| <i>Digitalisation</i> | |
|--|---|
| 1. Parliament and the Government should develop and formulate a legislative framework and strategy for digital television. | This recommendation has been fulfilled. The process of digitalisation has started and has a concrete timeframe. |

1.2 Regulatory authorities

| <i>Monitoring</i> | |
|--|--|
| 2. The Lithuanian Radio and Television Commission (LRTK) should continue with more detailed monitoring of the broadcasting sector, and make its monitoring data available to the public. | This recommendation has not been fulfilled to any great extent. The LRTK should monitor more accurately the obligations of broadcasters and make these data available to the public. |

³ OSI/Lithuania, pp. 1,066–1,067.

1.3 Public broadcasting

| | |
|---|--|
| <i>Funding</i> | |
| <p>4. The Government should initiate reform of the system for financing Lithuanian Radio and Television (LRT) in order to ensure its stability and the independence of the public broadcaster. This could be achieved either by introducing licence fees as the main source of financing, or by introducing a longer-term system of State subsidies – for example, on a three- to five-year basis.</p> <p>5. Parliament and the Government should, after the introduction of an alternative model of financing for LRT, consider banning or restricting advertising on LRT in order to ensure that the public service broadcaster is decriminalised and its mission can be pursued fully.</p> | <p>None of the recommendations on the funding of public service broadcasting have been fulfilled. On the contrary, Parliament and the Constitutional Court acted against them. A provision on the introduction of a licence fee to finance LRT was dropped from the Law on LRT, leaving the station completely dependent on State subsidies. Moreover, Parliament did not adopt amendments to ensure a stable and transparent system for State subsidies. On top of that, a decision by the Lithuanian Constitutional Court ruling that State subsidies for LRT should not conflict with the station's right to take commercial advertising led to the commercialisation of LRT.</p> |

1.4 Commercial broadcasting

| | |
|--|--|
| <i>Professional ethics</i> | |
| <p>6. Commercial broadcasters should consider the adoption of codes of ethics to give the independence of journalists from internal and external pressures a stronger basis.</p> | <p>This recommendation has not been fulfilled. Commercial broadcasters still have no codes of ethics in place.</p> |
| <i>Media diversity</i> | |
| <p>3. Parliament, in consultation with the Lithuanian Radio and Television Commission (LRTK), should introduce limitations on ownership concentration and media cross-ownership.</p> | <p>This recommendation has not been fulfilled and remains pertinent. Parliament has not passed any legal amendments introducing special provisions on media concentration. The sector comes under the more general competition law, which forbids dominant positions, meaning over 40 per cent of a market. The legislation also lacks restrictions on cross-ownership. Parliament should introduce restrictions based on audience size, in order to prevent dominant positions in the sector.</p> |

2. NEW RECOMMENDATIONS BASED ON THE 2008 REPORT

2.1 Public service broadcasting

Funding

1. The Government and Parliament should put in place a transparent system of financing Lithuanian Television (LTV), ensuring that funds would be allocated on a long-term basis. This could be done by introducing a licence fee or by guaranteeing concrete State subsidies, for example as a share of the State budget. At the same time, they should ensure more effective control over public funds in LRT, recognising the separation between its public functions and commercial activities.
2. Parliament should consider imposing a ban or tighter restrictions on advertising on LTV as this would restrain public service broadcaster from “tabloidising” its programmes.

Governing structures

3. Parliament should reform LTV’s governance structures, with more powers given to the Council of Lithuanian Radio and Television (LRTT) so that it can ensure effective control of the station’s duties, including the requirement to reflect a diversity of opinions.
4. Parliament should introduce restrictions on LRTT membership to avoid conflict of interests. It should also consider reforming the structure of the LRTT to include representatives of the viewers.

2.2 Regulatory authorities

Governing structures

5. Parliament should amend legislation to concentrate the broadcasting regulatory powers in the hands of a single regulator.
6. Parliament should initiate amendments to legislation to build the LRTK based on fair representation and professionalism. Parliament should also introduce legislation on conflicts of interests for the position of the LTRK’s director.

Funding

7. Parliament should introduce legal provisions to change the system of financing the LRTK to release the regulator from its dependence on the broadcasters’ commercial revenues.

2.3 Commercial broadcasting

8. The LRTK should impose harsher sanctions for violations of broadcast legislation, especially provisions related to advertising. These sanctions should apply not only to the stations' management, but also to the companies operating the broadcasters.
9. The LRTK should adopt secondary legislation to impose certain restrictions on the volume of self-promotional content aired by the TV stations.

C. Main Findings of the Follow-up Monitoring

1. GENERAL BROADCASTING ENVIRONMENT

1.1 Key developments in legislation and policy

Lithuanian legislation on broadcasting has seen some changes over the past few years. The Law on Lithuanian Radio and Television⁴ was amended, scrapping the possibility to finance the public service broadcaster from the licence fee (*See section 3.3*). The Mass Media Law⁵ also saw some important amendments aimed at instituting a clearer distribution of responsibilities among the various regulators (*See section 2*). Changes to other laws relevant for the broadcasting sector have taken place including, for example, the introduction of a ban on alcohol advertising on electronic media between 6 a.m. and 11 p.m. from 1 January 2008. (*See section 4.3*)

1.2 EU legal provisions

There have been no major changes in legislation or policy inspired by EU legislation or practices. The Mass Media Law had been amended three times between 2000 and 2004 to incorporate requirements of the Television Without Frontiers (TVWF)⁶ Directive in respect of unrestricted reception, broadcasting of major events, quotas for European audiovisual works, quotas for independent producers, the right of reply, protection of minors and advertising rules.⁷

1.3 Broadcasting market

The Lithuanian broadcasting sector has been stable over recent years. Cable penetration has remained steady at some 42 per cent of the total population. In 2006, over 57 per cent of television households were watching TV only via the analogue terrestrial broadcasting platform.⁸

⁴ Law on Lithuanian Radio and Television, *Official Gazette*, 2005, 153-5639 (hereafter Law on LRT).

⁵ Law on Provision of Information to the Public, *Official Gazette*, 2007, 82-3254 (hereafter Mass Media Law)

⁶ Directive 2007/65/EC of the European Parliament and of the Council of 11 December 2007 amending Council Directive 89/552/EEC on the co-ordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities, *Official Journal of the European Union*, L 332/27, 18 December 2007.

⁷ OSI/Lithuania, pp. 1,062–1,063.

⁸ The source of these data is TNS Gallup.

No new major players have entered the market since 2004. Over the past three years, the two largest commercial broadcasters, LNK and TV3, have maintained their key positions in the market while the public service broadcaster slightly increased its audience share, after making considerable changes to its programme framework. Despite these improvements, LNK's audience is half the audience of each of the two largest commercial stations in the country.

**Table 1. Nationwide television audience share
(as percentage of total viewing time)**

| Station | 2003 | 2004 | 2005 | 2006 |
|---------|------|------|------|------|
| TV3 | 25.2 | 27.5 | 25.7 | 24.5 |
| LNK | 28.3 | 26.2 | 24.8 | 23.4 |
| LTV | 11.8 | 12.5 | 13.0 | 14.8 |
| BTV | 10.7 | 8.8 | 9.8 | 9.2 |

Source: TNS Gallup⁹

**Table 2. Daily reach of nationwide TV channels
(as percentage of all TV viewers)**

| Station | 2004 | 2005 | 2006 |
|---------|------|------|------|
| TV3 | 59.2 | 56.2 | 53 |
| LNK | 59.5 | 56.9 | 53.5 |
| LTV | 48.5 | 46.7 | 45.6 |
| BTV | 41.5 | 41.5 | 38.7 |

Source: TNS Gallup¹⁰

The four major broadcasters account for some 84 per cent of the entire TV viewing time in rural areas, for about 76 per cent in smaller cities of up to 100,000 inhabitants and for around 59 per cent in larger cities.¹¹ Mass media, including television, were among the most trusted institutions in Lithuania for many years after the country regained its independence in 1991. However, trust in the media has steadily eroded

⁹ TNS-Gallup, "Annual report of media surveys 2005", Vilnius, 2006; "Annual report of media surveys 2006", Vilnius, 2007 (available at <http://www.tns-gallup.lt>, accessed 22 October 2007).

¹⁰ *Ibid.*

¹¹ *Ibid.*

over the past decade from more than 60 per cent in 1996 to 42 per cent in July 2007.¹² Television may have contributed to the deterioration of the media's trustworthiness, too. A survey by Transparency International Lithuania conducted in February and March 2007 showed that local businessmen see television as one of the most corrupt media.

**Table 3. Corruption perception of Lithuanian media
(as percentage of respondents)**

| Media | Not corrupted at all | Not corrupted | Corrupted | Very corrupted | No answer |
|-------------------------|----------------------|---------------|-----------|----------------|-----------|
| National newspapers | 2.2 | 18.9 | 65.9 | 7.8 | 5.2 |
| Regional newspapers | 2 | 25.7 | 52.2 | 8 | 12.2 |
| National television | 3.8 | 40.2 | 47.2 | 4 | 4.8 |
| Regional television | 3.2 | 40.2 | 35.3 | 4 | 17.3 |
| National radio stations | 7.8 | 52.6 | 22.9 | 2.2 | 14.5 |
| Regional radio stations | 7.6 | 46 | 22.6 | 2.6 | 21.3 |
| Internet sites | 12.4 | 51.8 | 21.1 | 3.4 | 11.4 |
| News agencies | 11.2 | 54 | 18.7 | 2 | 14.1 |

Source: Transparency International Lithuania¹³

It is difficult to say whether some of the developments in the media pushed viewers away from TV screens. Individual viewing time has been shrinking since 2004. In 2004, this time was 213 minutes, but it diminished to 199 minutes in 2005 and then 192 minutes in 2006.¹⁴

¹² Vilmorus, "Survey of Lithuania's public institutions 1994–2004, and 2005–2006, Vilnius", available at <http://www.vilmorus.lt> (accessed 16 January 2008).

¹³ Transparency International, "Towards transparent media", Vilnius, 2007 p. 15, available at <http://www.transparency.lt> (accessed 18 June 2007).

¹⁴ TNS-Gallup "Annual report of media surveys 2006", Vilnius, *op. cit.*, p. 11.

2. REGULATION AND LICENSING OF THE TELEVISION SECTOR

2.1 Regulatory authorities and framework

Basic regulation and licensing of public and private broadcasters is concentrated primarily in two public institutions: the Lithuanian Radio and Television Commission (LRTK) and the Council of Lithuanian Radio and Television (LRTT). But several other bodies are also involved in the regulation of broadcasting. Some regulatory functions in the area of advertising are attributed to the National Consumer Rights Protection Board (NVTAT), the Competition Council (*Konkurencijos taryba*) and the State Medicines Control Agency (VVKT).¹⁵ The Journalists' Ethics Inspector and the Ethics Commission of Journalists and Publishers (LŽLEK) perform self-regulatory functions and monitor compliance with ethical standards, including protection of privacy and the rights of minors.¹⁶ With the exception of the LRTK, which was granted slightly more rights for control and imposing sanctions on broadcasters, the regulation and licensing system did not see major changes during recent years.

The main regulator of commercial broadcasters is the LRTK. Its 13 members are appointed as follows: one by the President, three by Parliament and eight by non-governmental organisations (NGOs). The legitimacy of the NGOs in delegating representatives to the LRTK has been questioned because of their lack of representativeness. For example, the Lithuanian Journalists' Union (LŽS), which has the right to promote representatives to this body, has a total membership of up to only 50 members and is not seen as representing the community of Lithuanian journalism.¹⁷ Another example of questionable representativeness is the Lithuanian Congregation of Bishops, which is the only NGO with representatives in both the LRTK and LRTT. The Congregation is also the only religion that has been granted the right to nominate their representatives to the regulators.

The LRTK's managing director plays a key regulatory role, with responsibility for organising the monitoring of broadcasters' programmes, implementing the LRTK's decisions, and drafting the institution's budget.¹⁸ The incumbent, Nerijus Maliukevičius, has been in office since 2002.

The LRTK is responsible for organising tenders for broadcasting and re-broadcasting licences, granting licences and setting fees for them. It also supervises whether

¹⁵ Mass Media Law, Art. 39 (13).

¹⁶ Mass Media Law, Articles 46, 49 and 50.

¹⁷ Interview with Dainius Radzevičius, chairman of Lithuanian Journalists' Union (LŽS), Vilnius, 5 June 2007.

¹⁸ LRTK, "Regulation of Radio and Television Commission", 27 September 2006, available at <http://www.rtk.lt> (accessed 22 October 2007).

broadcasters fulfil their licence conditions and whether they follow the requirements of the Mass Media Law.

Amendments to the Mass Media Law, which came into force on 1 September 2006, granted more powers to the LRTK for supervising how broadcasters comply with their legal requirements. The LRTK was, for example, authorised to monitor whether broadcasters follow the regulations on protection of minors – a function earlier assigned to the Journalists’ Ethics Inspector – and regulations on hidden advertising, a task which was earlier fulfilled by the National Consumer Rights Protection Board.¹⁹

The LRTK is financed from a charge of 0.8 per cent of the total income of commercial broadcasters. According to some experts, this financing model forces the LRTK to take a soft and sometimes even compromising position towards commercial broadcasters, especially over compliance with advertising rules because its interest is to help commercial broadcasters attract a higher income.²⁰ The LRTK admitted that it was not quick in applying financial sanctions against commercial broadcasters, but claimed that it first tries to advise and warn them.²¹

Table 4. Sanctions against commercial broadcasters imposed by the LRTK in 2004–2006

| Sanctions | 2004 | 2005 | 2006 |
|----------------------------------|------|-------|-------|
| Warnings issued | 4 | 10 | 3 |
| Financial sanctions | 3 | 4 | 5 |
| Financial sanctions (total in €) | 724 | 3,041 | 2,751 |

Source: LRTK²²

The size of financial sanctions is enshrined in the Code on violations of administrative law, which provides for fines from LTL 1,000 (Litas), or €289, to LTL 10,000 (€2,896) for violations of advertising regulations and rules related to protection of minors.²³ The LRTK may impose financial sanctions only on individuals, for example, directors of television channels, but not on companies. At the same time, the LRTK is

¹⁹ Law on Mass Media, Art. 48.

²⁰ Interview with Rytis Juozapavičius, director of Transparency International, Vilnius, 2 July 2007.

²¹ Interview with Nerijus Maliukevičius.

²² LRTK, “Lietuvos radijo ir televizijos komisijos 2005-ųjų metų ataskaita Lietuvos Respublikos Seimui” (hereafter LRTT Annual Report 2005); LRTK, “Lietuvos radijo ir televizijos komisijos 2006-ųjų metų ataskaita Lietuvos Respublikos Seimui” (hereafter LRTT Annual Report 2006).

²³ Lithuanian Code on violations of administrative law, Art. 214 (19, 20, 21, 22).

entitled to warn companies about such violations and withdraw their broadcast licence in cases of major and repeated violations.

These financial sanctions are inadequate compared to the advertising rates charged by TV stations. For example, the price of one minute of advertising in primetime ranges from LTL 15,000 (€4,344) to LTL 25,000 (€7,240).

Another problem of the regulatory system is the separation of powers among regulators. While the LRTK can impose sanctions for violation of rules related to protection of minors and some advertising rules, it does not have powers to punish violations of alcohol and medicine advertising or misleading advertising.

The National Consumer Rights Protection Board is responsible for overseeing the regulations on alcohol advertising and hidden advertising. As of September 2006, the Competition Council has been in charge of supervising deceptive and comparative advertising, which was within the realm of the consumer board. The consumer rights body twice imposed sanctions on broadcasters for violations of alcohol advertising rules during 2006–2007.²⁴ Although the Board in 2005 said that its surveys found cases of hidden advertising on all four nationwide channels, no sanctions were enforced.²⁵ They did not say why they failed to impose sanctions. The LRTK also claims that it sent numerous letters, at least one every month, to the consumers body with the request for sanctions against broadcasters during 2005–2006, but they did not take any measures. The Competition Council, which is responsible for monitoring misleading advertising, has been much more active, but it usually imposes fines on companies that advertise their products, and not on broadcasters that air this advertising. All decisions by regulators on sanctions against broadcasters are published on their websites and available to the public.

Under current legislation, the public service broadcaster is also monitored by the same regulators involved in monitoring the commercial broadcasting sector. In addition to that, the public service broadcaster is supervised by the LRTT, which is in charge of formulating the station's strategy and monitoring its public functions. (*See section 3.2*)

Self-regulation, which is carried out by the Journalists' Ethic Inspector and the Ethics Commission of Journalists and Publishers, is also part of the overall regulation system. There have been no major changes in the functioning of both institutions in the past two years.

All regulatory authorities are theoretically independent from the Government. Most of them are obliged by law to present their annual report to Parliament. Two controversial decisions by the LRTK in the past two years showed the regulator coming under political pressure. On 29 March 2006, the LRTK banned all cable TV operators

²⁴ Decisions by National Consumer Rights Protection Board, available at <http://www.vartotojoteises.lt> (accessed 30 October 2007).

²⁵ Source: Baltic News Service (BNS), 24 May 2005.

from re-broadcasting Belarus television programmes.²⁶ The decision came after reports aired by the first national channel, claiming that riots in Minsk in the aftermath of the country's presidential elections were organised at the behest of the European Union, including the then Lithuanian Foreign Minister, Antanas Valionis.²⁷ The LRTK argued that it made this decision based on the Mass Media Law prohibiting disinformation and incitement to hatred.²⁸ The LRTK also said that it took into account a resolution by the Lithuanian Parliament at the time, which did not recognise the results of the presidential elections in neighbouring Belarus. Cable television operators appealed the decision in court. A Vilnius administrative court rejected the appeal on 22 September 2006.²⁹

Another controversial decision by Lithuanian regulators was related to the animation series "Pope Town", which was broadcast by MTV Lithuania. On 22 March 2007, the LRTK imposed a LTL 3,000 (€868) fine on the channel's director Marius Veselis, accusing the channel of airing "controversial" cartoons about Catholic clergy and the Pope.³⁰ The LRTK's decision was based on the conclusions of the Journalists' Ethics Inspector, who found that the cartoons portrayed the clergy as "destructive", since they incited to religious discrimination. However, the Vilnius Court in December 2006 rejected the request of the Lithuanian Catholic Church to ban the broadcasting of the series.³¹ MTV's representatives said that they were surprised by the LRTK's decision, stressing that broadcasting the series in Latvia and Estonia had not provoked the same reactions as in Lithuania where 80 per cent of population declare themselves Catholics.³²

2.2 Licensing system

The general licensing rules are defined in the amended Mass Media Law, while the LRTK's Rules on Licensing of Broadcasting and Re-Broadcasting Activities provide a more specific description of the licensing system.³³

²⁶ LRTK decision no. 35 "On re-broadcasting of Belarus state television in the territory of republic of Lithuania", 29 March 2006.

²⁷ Source: BNS, 26 March 2006.

²⁸ Mass Media Law, Art. 19.

²⁹ Source: BNS, 22 September 2006.

³⁰ Statement by LRTK, 22 March 2007, available at <http://www.rt.lt> (accessed 30 October 2007).

³¹ Source: BNS, 3 January 2007.

³² Lithuanian Department of Statistics, "Population and Housing Census 2001", available at <http://www.stat.gov.lt> (accessed 16 January 2008).

³³ LRTK decision no. 112, 12 December 2006, available at <http://www.rtk.lt>. (accessed 30 October 2007).

Licensing procedures are generally clear and transparent. The LRTK's decisions can be appealed in court. The LRTK monitors how broadcasters fulfil their commitments under the licence conditions, but in reality no data are available on the outcome of their monitoring process (*See section 5.3*). The Lithuanian licensing system does not present any major deficiencies.³⁴

The only new element in the system since 2007 is an amendment to the Mass Media Law, authorising licences to be issued without a tender for "broadcasting and/or re-broadcasting programmes by electronic communications networks, the main purpose of which is not the broadcasting and/or re-broadcasting of programmes".³⁵ In brief, that means that broadcast licences can be awarded without a tender to companies that do not specialise in broadcasting, such as the telecommunications company Teo, which has plans to broadcast programmes digitally.

3. REGULATION AND MANAGEMENT OF PUBLIC SERVICE TELEVISION BROADCASTING (PSB)

3.1 PSB legislation and policy

The legislation regulating public service broadcasting has seen one major amendment in the past two years. This was the elimination of the licence fee as a source of financing LRT in 2005. The station fought for a licence fee-based funding system, but it lost the battle. Therefore, with no clear funding system, LRT is trapped between its duties as a public service broadcaster on one side, and the struggle to generate more money on the other. This in turn has had a considerable impact on programming and the station's policy as a whole. LRT has always been politically much more sensitive and at times more biased than commercial broadcasters. The LRT's governance structure does not ensure effective control over editorial policy.

Another important decision with implications for LRT was a ruling by the Constitutional Court on 21 December 2006, stating that provisions of the Law on LRT permitting advertising on the PSB programmes and allowing the station to carry other commercial activities do not violate the Lithuanian Constitution.³⁶

These two developments had a major impact on LRT policy. At the end of 2006, the station's management reviewed the programme framework with the aim of increasing the station's ratings and pulling in more advertising. Most of the core public service programmes were crammed into the LRT2 channel, which has a small audience compared to LRT's main channel, which is now focusing more on entertainment and

³⁴ Interviews with representatives of commercial television stations interviewed for this report.

³⁵ Mass Media Law, Art. 31 (11, 3).

³⁶ Decision by Constitutional Court, *Official Gazette*, 141-5430, December 2006.

movies. The final result of LRT's transformation is not yet clear. The ratings increased slightly, and it saw its advertising income rise healthily. However, LRT still ended 2006 in the red (*See section 3.3*). Data for 2007 will be released at the end of May.

3.2 PSB governance structure

LRT's governance structure has not changed. The main governance body is the Council of Lithuanian Radio and Television (LRTT), which appoints the Director General, formulates policy and oversees its implementation.

The LRTT is composed of 12 members appointed for a six-year term. Two thirds of the appointments are "political", with four members appointed by the President and another four by Parliament, including two nominated by the opposition parties. The remaining four members are delegated by NGOs.³⁷ Although it is designed to ensure the LRTT's independence and a balance between various interests inside the LRTT, the composition shows signs of apathy with too many members serving for long periods and no fresh blood. Four members have been serving since 2000; their term is due to expire in 2008. Three members were appointed by the President for a second term in April 2006 and are to serve for a total of 12 years. However, one of these has since resigned. (*See section 5.3*)

The appointment of LRTT members by Parliament has always provoked political bickering. This was the case with the appointment of Edmundas Ganusauskas in October 2005, when lawmakers got enmeshed in a debate over who was the "real" opposition in Parliament. The winner was the Liberal Democratic Party, which managed to push its candidate to the LRTT, edging out the competition from the other opposition parties, the Lithuanian Conservative Party and the Liberal Centre Union. Chaired by the impeached President Rolandas Paksas,³⁸ the Liberal Democratic Party had only nine MPs.³⁹ It was only one example of how political rather than professional criteria have guided the appointments to the LRTT.

One of the LRTT members appointed by the President, Rimvydas Valatka, also stirred controversy. Valatka, who has served on the LRTT since 2000, is the deputy editor of the largest Lithuanian daily *Lietuvos Rytas*, which is part of a media group that also owns the TV production company Spaudos Televizija. The company sells its productions to broadcasters including LTV. Valatka and other journalists working with *Lietuvos Rytas* have been the most frequent guests on Spaudos Televizija's talk shows, including "Forumas" (Forum) moderated since 2006 by the station's Editor-in-

³⁷ OSI/Lithuania, p 1,045.

³⁸ President Rolandas Paksas was impeached in April 2004. He was accused of violating the Lithuanian Constitution when he granted Lithuanian citizenship to the Russian businessman Jurij Borisov in exchange for the financial support during presidential election campaign.

³⁹ Source: BNS, 5 October 2005.

Chief Edmundas Jakilaitis, and on LTV shows such as “Spaudos Klubas” (Media Club) (See sections 4.2 and 5.1). The LRTT is entitled to make decisions on programmes, having a strong say in the adoption of the programming framework. That was clearly demonstrated during a conflict between LRT Director General, Kęstutis Petrauskis, and the LRTT over the airing of an entertainment programme (See section 5.3). Some observers believe that Spaudos Televizija production lacks internal pluralism, serving mainly the interests of *Lietuvos Rytas* owner, Gedvydas Vainauskas.⁴⁰

The LRTT is entitled by law to monitor both the adoption of LTV’s broadcasting strategy and also to monitor the programmes, but no data are available on how they fulfil this function.⁴¹ The LRTT’s lack of control was confirmed by an audit by the National Audit Office of Lithuania (*Lietuvos Respublikos valstybės kontrolė*).⁴² The report stated that the LRTT had not exercised its legal duties and “did not establish the output and structure of the broadcast programmes”. It also stressed that LTV’s programmes in 2005 were not planned in line with the station’s goals and tasks, and that it was not clear what public services, which had been financed from State budget money, LTV should offer, adding that there was no possibility of assessing to what extent these funds were, in fact, used for public services.

In its 2006 Annual Report to Parliament, the LRTT wrote that it had drafted a text on the output and structure of LTV programmes in mid-2006. However, this document was never made public.⁴³ The report provided no data on how the planned output and structure of LTV programmes were carried out in practice.

3.3 PSB funding

LTV is financed from the State budget and commercial revenues, including advertising.⁴⁴ State subsidies constitute the bulk of LRT’s budget. However, the share of commercial revenues has slightly increased during recent years, with the year 2006 witnessing a growth in both subsidies and commercial revenues. No detailed data are available on LTV’s budget. All reports provide data only for LRT as a whole. However, according to estimates from the National Audit Office, the rate of costs and expenditures for TV programming against radio programmes was 4.8 to 1 in 2005,

⁴⁰ Written comments from Rytis Juozapavičius, director of Transparency International Lithuania, formerly journalist with LRT.

⁴¹ Law on LRT, Art. 10.

⁴² National Audit Office of Lithuania. “VšĮ Lietuvos nacionalinio radijo ir televizijos finansavimas ir lėšų panaudojimas” (Financing and use of funds in Lithuanian Television and Radio), 19 July 2006, available at <http://www.vkontrolė.lt> (accessed 31 October 2007).

⁴³ LRT, Annual Report 2006. p. 50.

⁴⁴ Law on LRT, Art. 15.

which means that television accounts for roughly four-fifths of the total LRT budget. There are no fresher data as the audit is only conducted every several years.

Table 5. LRT revenues (in LTL million)

| Year | State budget | Percentage of total | Commercial revenues | Percentage of total |
|------|--------------|---------------------|---------------------|---------------------|
| 2003 | 37.3 | 71.5 | 14.9 | 28.5 |
| 2004 | 38.2 | 65.7 | 19.9 | 34.3 |
| 2005 | 39.5 | 66.3 | 20.1 | 33.7 |
| 2006 | 42.3 | 62.9 | 24.9 | 37.1 |

Source: National Audit Office of Lithuania,⁴⁵ LRTT 2006 Annual Report

A provision on the licence fee was introduced in the Law on LRT in 2000 and foresaw the introduction of the fee in 2001. But for five years, Parliament postponed the introduction of the fee and in December 2005 decided to scrap it completely from the Law on LRT.⁴⁶

Due to a considerable increase in advertising revenue, LRT's ad income grew in 2006 by 31.2 per cent from LTL 16.1 million (€4.66 million) in the previous year to LTL 21.1 million (€6.11 million).⁴⁷ With the prospects of the introduction of the licence fee severely dented, and the ruling of the Constitutional Court ensuring LRT's right to carry advertising, the income from ad sales is likely to go up. At the same time, the fight for ad revenue is likely to prompt LRT to seek higher ratings, which is expected to have a negative impact on its function as a public service broadcaster.

Despite the growth in commercial revenues, LRT stayed in the red for many years. In 2005 and 2006, LRT posted losses of LTL 1.51 million (€437,000) and LTL 1.25 million (€362,000), respectively.⁴⁸ But the National Audit Office of Lithuania noted that the negative financial results were related not only to poor financing but also to mismanagement. The report pointed at an imperfect system of salaries in LRT, with too high salaries in the ad sales department where the monthly income of its head, bonuses included, was reaching €5,300 – double the salary of LRT's Director General, and more than ten times the national average salary. Salaries of employees in the

⁴⁵ National Audit Office of Lithuania, "Financing and use of funds in Lithuanian Television and Radio", cit.

⁴⁶ Law on LRT, Art. 15.1. (Note: When the Law was amended on 22 December 2005, the part "income obtained from State taxes for the services provided to the public by LRT" was dropped.)

⁴⁷ LRTT Annual Report 2005, LRTT Annual report 2006, pp. 28–29.

⁴⁸ *Ibid.*

advertising department also topped by a considerable margin the average salaries of the station.⁴⁹

The National Audit Office also found that the public service broadcaster mismanaged funds in the purchase of programmes and concluded contracts on its property that were financially detrimental to the station. The report stated that it was not clear whether State money was used in LRT's commercial activities as it was not clear exactly what public functions LTV should provide with State subsidies.

3.4 Editorial standards

The main regulatory tool for editorial policy in LRT is the Code of Ethics for Journalists and Publishers, approved by the Lithuanian Journalists Union in 2005.⁵⁰ The Code sets basic requirements for news reporting, ethical standards, and protection of individual privacy. It also speaks about the relations between journalists and owners, and among journalists themselves. The station's News Department also has internal rules of its own, similar to the Code's basic principles. These rules are based on a similar code used by BBC journalists. However, unlike the Code of Ethics for Journalists and Publishers, the journalists in the News Department are not obliged to sign the department's own code.⁵¹

There is no evidence of any serious violation of basic ethical standards in LRT. There have been no major attempts by the station's management to influence the content of the news. However, the public service broadcaster's management tried sometimes to promote in its morning information programmes the interests of certain groups, mainly associated with culture, music, theatre or other arts. The management's representatives, however, said that they did not try to influence the content of the main evening newscast.

4. COMMERCIAL BROADCASTING

4.1 Regulation and management

Commercial broadcasters are subject to regulations enshrined in the Mass Media Law. The main regulatory bodies are the LRTK, the Journalists' Ethics Inspector and the

⁴⁹ National Audit Office of Lithuania, "Financing and use of funds in Lithuanian Television and Radio", *op. cit.*

⁵⁰ Available on the Lithuanian Journalist Union website (<http://www.lzs.lt>, accessed 31 October 2007).

⁵¹ Interview with Audrius Lelkaitis, former head of LTV News Department, today freelance journalist and lecturer at Vilnius University, Vilnius, 12 July 2007.

Lithuanian Ethics Commission of Journalists and Publishers. There has been no noticeable change in the regulation of commercial broadcasting.

Nationwide terrestrial television stations LNK and TV3 remained the sector's leaders, with a combined audience of nearly 50 per cent. Television revenues continued to grow at an annual rate of some 20 per cent between 2004 and 2006, with television taking some 40 per cent of total ad spending in the country. The four largest TV broadcasters accounted for about 95 per cent of all TV advertising revenues.⁵² The increase in advertising income of commercial TV stations varied widely, with only TV3 enjoying steady growth.

The only significant new player on the market was MTV, which started broadcasting in September 2006. The regional channel 5 kanalas and the channels Tango TV and TV1 increased their reach and audience share, and may aim to turn into national TV channels in the future.

The legislation regulating the operations of commercial broadcasters have not seen major changes either over recent years. The only change concerns the amendments to the Mass Media Law, which granted greater rights to the LRTK in supervising all broadcasters⁵³ and liberalised the licensing rules for broadband broadcasting based on Internet Protocol.⁵⁴

New legislation forbidding alcohol advertising by all broadcasters was adopted by Parliament in June 2007 and was to come into force on 1 January 2008.⁵⁵ However, with resistance to this legislation from television stations and alcohol producers, Parliament reviewed the legislation in January 2008 and rejected the industry's proposal to accept advertising on weaker alcohol drinks (including beer, cider and wine). Parliament announced that they would debate this issue again this year.

4.2 Ownership and cross-ownership

There have been no major changes in the ownership of commercial broadcasters over recent years. Two of the three nationwide commercial broadcasters are owned by local businesses: LNK is owned by MG Baltic and BTV by Achema Group. Sweden's Modern Times Group owns TV3. The Swedes also own Tango TV, which can be viewed terrestrially in the largest cities and via cable in smaller towns.⁵⁶ Tango TV claims it reaches some 70 per cent of the country's population.⁵⁷ The largest regional

⁵² Interview with Nerijus Maliukevičius, director of LRTK's administration, Vilnius, 14 June 2007.

⁵³ Mass Media Law, Art. 48.

⁵⁴ Mass Media Law, Art. 31(11).

⁵⁵ Law on Alcohol Control, *Official Gazette*, July 2007, n. 77-3041, Art. 29.

⁵⁶ LRTK, Annual Report 2006, *op. cit.*

⁵⁷ Source: Report by Tango TV, available online at <http://www.tangotv.lt> (11 February 2008).

commercial broadcaster 5 kanalas, which claims that it reaches two thirds of the country’s population (or some 2.2 million viewers), was owned by domestic company Rubicon Group, which in October 2007 sold 51 per cent of the station to the Lietuvos Rytas media group.⁵⁸

Lithuanian legislation does not restrict foreign ownership of broadcasters, except that owners of broadcasting companies must be registered in Lithuania. At the same time, legislation contains no special provisions on media concentration. The sector comes under the more general competition law, which forbids dominant positions, meaning over 40 per cent of a market.⁵⁹ The lack of special restrictions on cross-ownership has paved the way for a consolidation of the media markets in recent years.

Table 6. Media holdings formed by owners of commercial broadcasters

| | | |
|--------------------|-----|--|
| MG Baltic | LNK | Internet portal Alfa, publishing houses Neo-press and UPG Baltic |
| Modern Times Group | TV3 | Tango TV, the radio station Power Hit Radio |
| Achema Group | BTV | Radio stations Radiocentras, RC2, Zip FM, Russkoje Radio Baltija, the daily <i>Lietuvos žinios</i> , the regional newspaper <i>Naujienos</i> , printing houses Titnagas and Ausra, and advertising agency Tango reklama. |

Other large media groups are the Lietuvos Rytas Group, the owner of Lithuania’s biggest daily and a few other journals, and of Spaudos televizija company, which has already secured a licence for digital broadcasting. Spaudos televizija currently produces TV programmes for nationwide TV channels.

No sanctions have ever been imposed in Lithuania for abuse of dominant positions by owners of more media in pursuing their personal or business interests. There are some indications that cross-ownership has a negative impact on broadcasters’ editorial policy. LNK, for example, gave special attention to the scandal related to the former Vilnius mayor Artūras Zuokas, who was suspected of pursuing the business interests of Rubicon Group, seen as a direct competitor to LNK’s owners.⁶⁰ Also, political talk shows on LTV tend to support the position taken by the daily *Lietuvos Rytas*, which is under the same ownership as LTV. The Journalists’ Ethics Inspector publicly criticised LTV for not ensuring diversity of opinions in its shows by repeatedly inviting the same guests to its talk shows.⁶¹

⁵⁸ Baltic News Service (BNS), 8 October 2007.

⁵⁹ Law on Competition, *Official Gazette*, 63-2244, Art. 3, April 2004.

⁶⁰ Interview with Rytis Juozapavičius, director of Transparency International Lithuania, Vilnius, 2 July 2007.

⁶¹ Parliament’s stenograph, 22 May 2007.

Commercial broadcasters that are part of media holdings owned by domestic businesses are considered to be less transparent than the foreign-owned broadcasters and the public service broadcaster.⁶²

Table 7. Evaluation of media transparency

| TV channel | Evaluation (as percentage) | | |
|------------|----------------------------|-----------------|-------------|
| | Transparent | Not transparent | Do not know |
| TV3 | 61.6 | 28.2 | 10.3 |
| LTV | 74 | 14.0 | 12.0 |
| LNK | 47.1 | 45.1 | 7.8 |
| BTV | 40.9 | 37.5 | 22.7 |

Source: Transparency International Lithuania

A smaller-scale, informal survey by the author of this report among journalists from various media, excluding television and public relations experts, revealed the same tendencies. The respondents were asked to evaluate the objectivity and relevance of the newscasts and political talk shows on various channels.

Table 8. Average scores for objectivity and relevance of newscasts

| | LTV score | TV3 score | LNK score |
|---|-----------|-----------|-----------|
| Objectivity and impartiality of newscasts | 7.5 | 6.1 | 5.2 |
| Actuality of news programmes | 8.1 | 6.8 | 7.0 |

Source: EUMAP survey⁶³

⁶² Transparency International, “Towards transparent media”, *op. cit.*

⁶³ The survey used a scale from 1 to 10 where 1 was the least objective, most biased and least relevant, and 10 the most objective, unbiased and relevant. The survey was conducted among 98 randomly selected journalists. Results for BTV news were not included in the table as more than half the respondents (53) said that they did not watch it.

Table 9. Average scores for objectivity and relevance of talk shows

| Talk show | Score |
|--|-------|
| “Spaudos klubas” (Media Club) (LTV) | 5.4 |
| “Forumas” (Forum) (LTV) | 5.2 |
| “Sąmokslų teorija” (Conspiracy theory) (5 kanalas) | 3.7 |

Source: EUMAP survey⁶⁴

4.3 Advertising market

The advertising market has grown steadily since 2004. TV advertising has been growing at the same pace as the entire market and faster than print media and radio advertising. The total advertising market in 2006 was worth LTL 430.1 million (€124.57 million) net, which was an increase of about 18 per cent over the previous year.

Table 10. Advertising market in Lithuania in 2004–2006 (in LTL million)

| Media | 2004 | 2005 | Change 04/05 (as percentage) | 2006 | Change 05/06 (as percentage) |
|------------|-------|-------|---------------------------------|-------|---------------------------------|
| TV | 146 | 155 | + 6.2 | 187 | + 20.6 |
| Newspapers | 100 | 106 | + 6.0 | 120 | + 13.2 |
| Magazines | 38 | 44 | + 15.8 | 53 | + 20.5 |
| Radio | 25 | 25.5 | + 2.0 | 28 | + 9.8 |
| Outdoor | 21 | 25 | + 19 | 29.8 | + 18.4 |
| Internet | 4.6 | 8 | + 73.9 | 12 | + 50 |
| Total | 334.8 | 363.6 | + 8.6 | 430.1 | +18.3 |

Source: LRTK annual reports, TNS Gallup surveys.⁶⁵

The LRTK used to publish the share of advertising revenues for every TV channel, but stopped this practice following a request from broadcasters in 2004.⁶⁶ The public service broadcaster pulled in net ad revenues worth LTL 21 million (€6.08 million) in

⁶⁴ The score for “Sąmokslų teorija” talk show was calculated based on answers from 56 respondents.

⁶⁵ Some minor categories such as cinema advertising were not included.

⁶⁶ Interview with Nerijus Maliukevičius.

2006.⁶⁷ The total net revenues of all commercial broadcasters accounted for some LTL 165 million (€47.78 million) in the same year. TV 3 and LNK together command almost 80 per cent of the ad spending in the market. The growth of TV advertising market between 2004 and 2006 was, in fact, accompanied by a considerable increase in the total ad sales of TV3 and LRT. The combined share of ad revenues of the three largest channels dropped from some 90 per cent in 2004 to about 85 per cent in 2006.

Table 11. Share of TV advertising revenue (gross figures) 2004–2006

| TV station | Share (as percentage) | | |
|---------------|-----------------------|------|------|
| | 2004 | 2005 | 2006 |
| TV 3 | 43.1 | 42.1 | 46.2 |
| LNK | 37.1 | 40.0 | 33.2 |
| BTV | 10.3 | 7.4 | 6.3 |
| LTV | 4.6 | 3.2 | 4.6 |
| 1 Baltyjskij | 2.4 | 3.7 | 4.6 |
| TV 1 | 0.1 | 1.1 | 1.8 |
| Tango TV | 1.6 | 1.6 | 1.3 |
| MTV Lithuania | n.a. | n.a. | 1.0 |
| 5 Kanalas | 0.8 | 0.9 | 1.0 |

Source: IP International Marketing Committee⁶⁸

Legal requirements on TV advertising are monitored and enforced by the LRTK in co-operation with some other institutions. The LRTK states that nationwide TV channels in general do not infringe these requirements.⁶⁹ Fines for violating the advertising rules are very small compared to the cost of advertising, which encourages violations. The LRTK and the nationwide channels got enmeshed in 2006–2007 in legal disputes over advertising during TV newscasts. The LRTK decided in 2006 that TV newscasts including political, economic, crime-related and other news, as well as sports and weather forecast, could not be interrupted by advertising.⁷⁰ All national channels appealed against the decision, but the Vilnius county administrative court rejected the

⁶⁷ LRTT Annual Report 2006.

⁶⁸ IP International Marketing Committee, *Television 2007. International Key Facts*, October 2007, p. 256; IP International Marketing Committee, *Television 2006. International Key Facts*, October 2007, p. 254.

⁶⁹ LRTK Annual report 2005, pp. 6–7, LRTK report 2006, pp. 5–6.

⁷⁰ LRTK decision no. 95, 20 September 2006.

appeal.⁷¹ The LRTK later softened its position and announced in August 2007 that the insertion of advertising spots before sports, culture news and weather forecasts would be permitted.⁷²

These LRTK rules, the first ever regulation on advertising, included concrete provisions on advertising during TV films. They basically repeated the general provisions on advertising from the Mass Media Law and the Television Without Frontiers (TVWF) Directive,⁷³ but also regulated the frequency of commercials.

Table 12. Allowed frequency of advertising clips in TV films

| Length of TV film | Number of advertising clips allowed |
|-------------------|-------------------------------------|
| Up to 45 minutes | 0 |
| 46–89 minutes | 1 |
| 90–109 minutes | 2 |
| 110–135 minutes | 3 |
| 136–180 minutes | 4 |
| 181–225 minutes | 5 |

Source: LRTK

There are no rules limiting the time a station devotes to promoting its own programmes in Lithuania. These breaks often exceed the quantity of commercials. The LRTK admits this is becoming a problem and plans to survey the self-promotional spots on television, and prepare a regulation based on the findings. No timeframe for this plan has been announced.

Another major change in the regulation of TV advertising was the amendment to the Law on Alcohol Control adopted in June 2007, which prohibits advertising of all alcoholic drinks between 6 a.m. and 11 p.m.⁷⁴ Some experts expected the new provision to hit the TV advertising sales when it came into force on 1 January 2008. The previous Law of Alcohol Control prohibited the advertising of strong alcohol (beverages with the ethyl alcohol strength exceeding 22 per cent) from 3 p.m. to 10.30 p.m. on weekdays and from 8 a.m. to 10.30 p.m. on Sundays, Saturdays and school

⁷¹ Source: BNS, 26 January 2007.

⁷² LRTK decision no. 90, 1 August 2007.

⁷³ Directive 2007/65/EC of the European Parliament and of the Council of 11 December 2007 amending Council Directive 89/552/EEC on the co-ordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities, *Official Journal of the European Union*, L 332/27, 18 December 2007.

⁷⁴ Law on Alcohol Control, Art. 29, *Official Gazette*, 77-3041, July 2007.

holidays. Advertising weaker alcohol drinks (including beer, cider and wine) was allowed both on commercial and public service channels.

The new legislation stirred heated debate. Opponents claimed that advertising did not increase consumption and warned that it could have negative effects on sports financing. For example, the breweries Švyturys-Utenos alus, Gubernija and Kalnapilis are the major sponsors of Lithuanian basketball teams in a country where basketball is extremely popular. The alcohol lobbyists urged the President to veto the bill, but he signed it into law. The row resumed at the end of 2007, when TV3 announced that it would not air the Euroleague's basketball games as it feared sanctions for violating the new provisions on alcohol advertising, for alcohol brands are advertised in the sports hall and on the players' strip.⁷⁵

TV3 did not broadcast the Euroleague matches in the first week of January 2008. Its decision was backed by public service LTV, which cancelled its planned live broadcasts of the Baltic Basketball League and Lithuanian Basketball League games. TV3's decision was seen by some observers as a tool of pressure on MPs who were to convene on 11 January 2008. The station hoped Parliament would amend the legislation, softening the restrictions on alcohol advertising. But Parliament did not change the law, instead it established a special commission in charge of preparing amendments to the Law on Alcohol Control by 31 March 2008. TV3 and LTV again started to air live broadcasts of sports following signals from regulators that alcohol brands in sports halls or players' clothing would not be treated as advertising. Regulators have not yet imposed fines on any of the stations.

4.4 Editorial standards and independence

Basic editorial standards are defined in the Mass Media Law and are legally binding on all commercial broadcasters. The law prohibits any pressure on journalists to air false or biased information.⁷⁶ It obliges stations to protect individual rights, human dignity and privacy.⁷⁷ The law also provides for general principles on how information should be presented to the public, including requirements for unbiased, accurate information, diversity of opinions and so forth.⁷⁸

The law requires producers of public information programmes to have their own internal codes of ethics, which “must set the journalist's rights, duties, responsibility, employments relations, as well as the journalist's protection against restriction of his rights”.⁷⁹ It pins down the journalists' duties including the duty “to refuse an

⁷⁵ Baltic News Service (BNS), 27 December 2007.

⁷⁶ Mass Media Law, Art. 7.

⁷⁷ Mass Media Law, Arts. 13–14.

⁷⁸ Mass Media Law, Art. 22.

⁷⁹ Mass Media Law, Art. 23.

assignment by the producer, the disseminator of public information, their representative or a responsible person appointed by them, if this assignment compels [the journalist] to violate the laws or the Code of Ethics of Lithuanian Journalists and Publishers”.⁸⁰ This Code is, in fact, part of the Mass Media Law.⁸¹ The Code was also amended in April 2005 to include provisions on transparency of information, hidden advertising and the rights of private individuals and minors. However, this hardly changed the real situation in the Lithuanian media. Most of the decisions by the Journalists’ Ethics Inspector in recent years were primarily related to violation of privacy and protection of minors.

The requirement for an internal code of ethics is implemented only formally. Many journalists working with commercial broadcasters admit that they do not know the content of the code, and some have not even seen it. Real editorial independence could hardly be ensured by commercial broadcasters as none of them had signed collective agreements with journalists. So, in fact, there is no legally binding commitment to ensure editorial independence.

However, the majority of journalists say they are independent in choosing their topics and feel no pressure from the owners. At the same time, they would not in most cases produce a negative report on the owners of their station. There is no censorship in commercial broadcasters, but a degree of self-censorship exists. The owners of two commercial channels are large domestic companies with interests in many different industries. Although there is not yet any proven grounds for concern, this raises questions regarding their real editorial independence. (*See also section 4.2*)

4.5 Regional and local broadcasting

Regional and local broadcasting do not play a major role in Lithuanian broadcasting. However, the audience share and reach of local and regional TV channels has slowly increased over recent years. In 2006, this market included one regional broadcaster and 27 local commercial TV stations. The country was served at the time by 57 cable operators and four Multichannel Multipoint Distributed Service (MMDS) operators.⁸² The number of regional, local broadcasters and cable operators has been stable.

According to the Mass Media Law, a regional broadcaster shows terrestrial programming to a territory inhabited by less than 60 per cent of Lithuania’s population. Local broadcasting is defined as programming aired by one radio or television station, regardless of its reach and penetration.⁸³

⁸⁰ Mass Media Law, Art. 41.

⁸¹ Mass Media Law, Art. 43.

⁸² Data provided by the LRTK.

⁸³ Mass Media Law, Art. 2.

However, because some channels are transmitted via more platforms, including terrestrial, satellite or cable television networks, there is some confusion in the classification of broadcasters. Some local TV channels claim that they are regional broadcasters as the area of their broadcasting, covering from 50 to 150 kilometres, spreads beyond the town from where they operate.⁸⁴

On the other hand, TV channels owned by nationwide broadcasters, such as Tango TV (controlled by Modern Times Group), TV1 (owned by LNK), LTV2 (LRT's second channel) and Pervij Baltijskij Kanal (broadcast from Latvia) are not classified as regional broadcasters although they cover a large part of the Lithuanian territory and achieve at least 1 per cent of the nationwide audience, reaching daily 10 per cent or more of the audience.

**Table 13. Regional and local television audience share
(as percentage of total audience)**

| Channel | 2005 | 2006 |
|----------------|------|------|
| PBK | 4.7 | 5.2 |
| Tango TV | 1.6 | 1.7 |
| TV1 | 1.7 | 1.7 |
| 5 kanalas | 1.5 | 1.3 |
| LTV2 | 0.6 | 0.9 |
| Other channels | 15.7 | 16 |

Source: TNS Gallup⁸⁵

⁸⁴ A number of 12 such broadcasters are grouped in their own association of regional stations.

⁸⁵ TNS Gallup, "Annual report of mass media surveys", 2005, p. 11; TNS Gallup, "Annual report of mass media surveys", 2006, p. 10.

**Table 14. Daily reach of regional and local TV channels
(as percentage of all TV viewers)**

| Channel | 2004 | 2005 | 2006 |
|----------------|------|------|------|
| Tango TV | 15.1 | 14.8 | 15.3 |
| TV1 | 12.8 | 14.8 | 13.8 |
| PBK | 12.7 | 13.4 | 13.3 |
| 5 kanalas | 9.8 | 12.3 | 12.4 |
| LTV2 | 7.6 | 9.3 | 11.1 |
| Other channels | 38.5 | 37.7 | 36.6 |

Source: TNS Gallup⁸⁶

Tango TV and 5 kanalas claim that they are available to more than two thirds of the country's viewers, which means more than 2 million. However, only 5 kanalas is recognised as a regional broadcaster. Rules on licensing regional and local broadcasters are the same as for nationwide broadcasters. The LRTK says in its annual reports that regional and local broadcasters are monitored on a regular basis. Sanctions against them were exceptionally rare: once in 2005 and three times in 2006.⁸⁷ No comprehensive data on this monitoring are publicly available.

5. PROGRAMMING

5.1 Output

Recent years have seen a clear shift from information, culture and education programmes to entertainment on the public service and, particularly, commercial channels.

⁸⁶ Annual report of mass media surveys, 2005, Annual report of mass media surveys, 2006.

⁸⁷ LRTK, Annual report 2005; LRTK, Annual report 2006.

Table 15. Output of public service broadcaster (LTV) by genre 2005–2006

| Genres | Output (hours) | |
|-------------------------------|----------------|-------|
| | 2005 | 2006 |
| Information programmes | 1,234 | 1,098 |
| News (including sports) | 427 | 447 |
| Other information programmes | 807 | 651 |
| Education | 0 | 0 |
| Culture | 350 | 248 |
| Religion | 76 | 47 |
| Entertainment | 1,970 | 2,103 |
| Movies, soap | 1,082 | 2,830 |
| Music | 350 | 119 |
| Sports, excluding sports news | 184 | 219 |
| Other entertainment | 355 | 261 |
| Other unclassified programmes | 1,215 | 1,319 |
| Advertising | 91 | 402 |
| Total | 8,141 | 9,744 |

Source: Lithuanian Department of Statistics⁸⁸

⁸⁸ Lithuanian Department of Statistics, “Culture, press and sports 2005”, pp. 40–41 and “Culture press and sports 2006”, pp. 42–43.

Table 16. Output of Lithuania’s commercial broadcasters by genre 2005–2006

| Genres | Output (hours) | |
|--------------------------------|----------------|---------|
| | 2005 | 2006 |
| Information programmes | 16,855 | 8,227 |
| News (including sports) | 14,922 | 4,161 |
| Other information programmes | 1,933 | 4,065 |
| Education | 805 | 1,409 |
| Culture | 1,617 | 3,592 |
| Religion | 79 | 146 |
| Entertainment | 31,256 | 20,226 |
| Movies, soap | 6,260 | 31,491 |
| Music | 2,410 | 3,591 |
| Sports (excluding sports news) | 850 | 1,135 |
| Other entertainment | 12,926 | 12,028 |
| Other unclassified programmes | 10,205 | 12,116 |
| Advertising | 4,123 | 5,402 |
| Total | 104,241 | 107,589 |

Source: Lithuanian Department of Statistics⁸⁹

The shift to entertainment and movies has continued in 2007, with TV reality shows, game, dances and singing competitions filling primetime on LNK and TV3, and also on LTV. At the same time, serious talk shows have been steadily disappearing from the screen. Their number dropped from ten in 2004 to four in early 2007. Three of them cover political and economic issues and the fourth deals mainly with social and gender issues. Two of them are broadcast by LRT, one by 5 kanalas and one by LNK. The talk shows on LTV, “Spaudos klubas” and “Forumas”, however, are criticised for bias by some experts and viewers. In the presentation of his 2006 Annual Report in Parliament on 22 May 2007, the Journalists’ Ethics Inspector Romas Gudaitis urged the hosts of LTV’s talk shows to offer a wider choice of experts and commentators and to “ensure the diversity of opinions and expressions”.⁹⁰

⁸⁹ *Ibid.*

⁹⁰ Parliament’s stenograph, 22 May 2007.

5.2 General provisions on news

The Mass Media Law requires all media outlets to present information in a fair, accurate and unbiased manner.⁹¹ To ensure freedom of information, the law also prohibits any kind of pressure on the programme producer, the disseminators of public information, their representatives or journalists, compelling them to present false and biased information.⁹² The restrictions on collecting and publishing information are mainly aimed at protecting individual rights and human dignity.⁹³ The Journalists' Ethics Inspector and the Lithuanian Ethics Commission of Journalists and Publishers are the main instruments of control over implementation of these legal provisions.

According to the law, the LRTK has to focus on violations of professional ethical standards by journalists and on the relations between journalists and producers or publishers. The Journalists' Ethics Inspector is mainly responsible for investigating complaints submitted by private individuals on violations of their honour, dignity and privacy.

5.3 General programme production guidelines

The Mass Media Law contains general guidelines on programming that apply to all broadcasters. They include the requirement to air unbiased information, with as many opinions as possible on controversial issues related to politics, economic and social issues. Journalists are obliged by law to protect and respect the right to privacy in the event of death or disease. They must not mention personal data when covering suicides or suicide attempts and must not propagate or depict attractively smoking, drinking or the use of narcotics. Such topics can be covered only when needed for the realistic presentation of various issues.⁹⁴

Commercial broadcasters are also obliged by their licence contract with the regulator to air a certain proportion of generic programming every week. The LRTK's representatives say that they monitor periodically how commercial broadcasters fulfil these obligations. However, no data are available.

⁹¹ Mass Media Law, Art. 3.

⁹² Mass Media Law, Art. 7.

⁹³ Mass Media Law, Art. 13.

⁹⁴ Mass Media Law, Art. 22.

**Table 17. Programming obligations on commercial broadcasters
(minimum weekly length of broadcast by genres)**

| Genres | Number of hours | | |
|--|-----------------|-------|-------|
| | TV3 | LNK | BTV |
| News | 3:00 | 3:21 | 2:00 |
| Information programmes | | | 3:00 |
| Sports | 2:30 | 0:39 | |
| Reportages | 2:00 | | 2:00 |
| Animation | 4:00 | 4:12 | 2:00 |
| Soap | 30:00 | 33:21 | 16:00 |
| Culture and arts programmes | | 1:00 | |
| Education and science programmes | | 2:18 | |
| Documentaries | | 1:18 | 1:00 |
| Movies | 24:00 | 12:12 | 15:00 |
| Music | | 0:18 | |
| Children's programmes | | 1:48 | |
| Entertainment programmes, games, lotteries | 28:00 | | 6:00 |
| Total mandatory hours of programming | 126 | 126 | 126 |

Source: Licence contracts of TV3, LNK, BTV⁹⁵

The Law on LRT also sets general principles for content broadcast by LRT. However, they are similar to the provisions from the Mass Media Law.⁹⁶ The Law on LRT also stipulates specific requirements for programmes with the aim of ensuring a “diversity of topics and genres,” obliging broadcasters to cover diverse social layers and “people of all ages, diverse nationalities and convictions”. The law also requires that “biased political views should not be allowed to predominate in the programmes,” and that information and commentaries on TV screens must be balanced and reflect diverse political views. The law states that opinions by journalists and commentators must be clearly labelled as such, while factual news must be substantiated and comprehensive.

⁹⁵ LRTK, Licence N. T064st, issued 13 April 2005-LRTK decision N. 50 (TV3); Licence N. T191t, issued 30 March 2005-LRTK decision N. 45 (BTV); Licence N. T027st, issued 18 May 2005-LRTK decision N. 59 (LNK).

⁹⁶ Law on LRT, Art. 3.

The law also obliges the public service broadcaster to give priority to national culture and broadcasts on information, world cultures, journalistic investigation, analytical, educational and art broadcasts.⁹⁷

The public service broadcaster is not obliged to comply with any rules on a minimum length of programmes by genre. It is the responsibility of the LRTT to make decisions on LTV's content and to monitor its programmes. However, there are no data available on monitoring LTV programmes. The LRTT is also responsible for putting together a State strategy on programming of the public service broadcaster.⁹⁸ The Journalists' Ethics Inspector and the Lithuanian Ethics Commission of Journalists and Publishers carry the same duties in relation to the content on both the public service and commercial broadcasters.

However, practice showed that the key decisions on programming are not made by the LRTT, but by the station management. In March 2007, for example, the LRTT did not approve the music show "Lietuvos dainų dešimtukas" (Lithuania's Top Ten Songs), but the programme was still broadcast following the orders of LRT Director General Kęstutis Petrauskis.⁹⁹ As a result, the LRTT later called for a no-confidence vote for Petrauskis, but this was not successful. The non-confidence vote is one of the ways to remove LRT's director general. Petrauskis received a warning and the show went on. In a sign of protest, Diana Vilytė, a member of the LRTT appointed by the President later resigned.¹⁰⁰ It is not known why Petrauskis staked so much on this. His main argument was that the show was popular.

5.4 Quotas

Lithuanian legislation on broadcasting does not include any special quotas for language and minority groups, or quotas for specific programmes for commercial broadcasters. Specific guidelines for programming in relation to the TVWF Directive were incorporated in the Lithuanian legislation in 2000. They include the provisions on European works and the quota on independent producers. However, as the law states that these requirements should be put in place "where practicable", broadcasters have room for interpreting this law as they wish.¹⁰¹ The same requirements are imposed on LTV. Recent practice shows that two major commercial broadcasters do not follow the European requirements. At the same time, the share of European works has decreased dramatically during the past three years on LTV.

⁹⁷ Law on LRT, art. 4.

⁹⁸ Law on LRT, art. 10.

⁹⁹ Report by BNS, 13 March 2007.

¹⁰⁰ Report by BNS, 27 March 2007.

¹⁰¹ Law on Mass Media, art. 38.

**Table 18. European works on Lithuanian broadcasters 2004–2006
(as a proportion of entire programming)**

| Station | European works (as percentage) | | |
|---------|-----------------------------------|------|------|
| | 2004 | 2005 | 2006 |
| LTV | 81.8 | 71.2 | 58.9 |
| TV3 | 47 | 48.7 | 36 |
| LNK | 33 | 41 | 42 |
| BTV | 52 | 53 | 51 |

Source: LRTK¹⁰²

**Table 19. Independent production as a proportion of total programming in
Lithuanian broadcasters 2004–2006**

| Station | Independent production (as percentage) | | |
|---------|--|------|------|
| | 2004 | 2005 | 2006 |
| LTV | 63.2 | 43.7 | 26.6 |
| TV3 | 20 | 19 | 21 |
| LNK | 15 | 9 | 7 |
| BTV | 38 | 31 | 38 |

Source: LRTK¹⁰³

The LRTK is aware of these tendencies, but according to its head, it has no instruments to force broadcasters to increase their proportion of European works and independent production. The Lithuanian Code on Administrative Violations provides for financial sanctions between LTL 500 (€144) and LTL 7,000 (€2,027) for not complying with the European quotas.¹⁰⁴ No broadcaster has been ever fined for non-compliance with these requirements.

¹⁰² LRTK, Annual Report 2005; LRTK, Annual Report 2006.

¹⁰³ *Ibid.*

¹⁰⁴ Lithuanian Code on violations of administrative law, Art. 214 (21).

5.5 Obligations on PSB

The Law on LRT also does not set specific quotas, but includes some specific requirements for LTV. It obliges LTV to allot time for Lithuania's traditional and State-recognized religious communities to broadcast religious services in accordance with the conditions and procedure stipulated in bilateral agreements between the public broadcaster and various religious communities.¹⁰⁵ The legal amendments that came into force on 31 December 2005 added requirements on broadcasters to air programmes for national minorities and people with sight and hearing disabilities.

LTV generally follows the legal requirements and offers five programmes for national minorities, including "Vilniaus albumas" (Vilnius Album) in Polish, "Rusu gatvė" (Russian Street) in Russian, and "Trembita"¹⁰⁶ in Ukrainian. The station also airs programmes such as "Menora" on the Jewish community in Lithuania and "Labas" (Hello) on the culture, traditions and religion of other nations. The station also used to air a 10-minute daily newscast in Russian, but following recommendations from LTV management, the LRTT decided to end the programme in the autumn of 2007.¹⁰⁷ The reason was that by airing a newscast only in Russian, the station was discriminating against other minorities.¹⁰⁸

Lithuania is in general an ethnically homogenous country. Lithuanians in 2007 accounted for 84.6 per cent of the country's entire population, with none of the national minorities topping the 10 per cent threshold. The largest minority in Lithuania is Polish, 6.3 per cent, followed by Russians (5.1 per cent) and Belarussians (1.1 per cent). Other minorities account for less than 1 per cent of the population.¹⁰⁹

LTV also airs three weekly programmes for religious communities: "Šventadienio mintys" (Holiday Thoughts) for Catholics, "Kelias" (A way) for the Evangelical community and "Krikščionio žodis" (Christian Word) for the Christian Orthodox community. It also airs masses during the most important Catholic religious events. Roman Catholics in Lithuania comprise a majority. There are 2.7 million Catholics in a country of 3.4 million, according to the last census in 2001. None of the other religious confessions account for more than one per cent of the population. The other largest religious communities include Christian Orthodox with over 141,000 believers and the Evangelical community (Lutherans and Reformists) with 26,000.

¹⁰⁵ Law on LRT, Art. 5 (7).

¹⁰⁶ "Trembita" is a traditional Ukrainian musical instrument similar to a guitar.

¹⁰⁷ Source: BNS, 4 July 2007.

¹⁰⁸ Sarūnas Kalinauskas, Director of LTV, Baltic News Service, 4 July 2007.

¹⁰⁹ Lithuanian Department of Statistics.

In 2006, programming for national minorities accounted for 1 per cent and 2 per cent of LTV1's and LTV2's broadcasting time, respectively, while religious programmes accounted for 0.8 per cent and 1 per cent of LTV1's and LTV2's broadcasting time.¹¹⁰

Table 20. Programmes in languages other than Lithuanian

| Television programmes | Broadcasted (hours) | | |
|-----------------------|---------------------|-------|-------|
| | 2004 | 2005 | 2006 |
| Russian language | 60 | 60 | 65 |
| Polish language | 10 | 10 | 13 |
| Other languages | 21 | 28 | 30 |
| Lithuanian language | 3,886 | 4,936 | 5,217 |

Source: Lithuanian Department of Statistics¹¹¹

5.6 Obligations on commercial broadcasters

Legislation imposes no specific programme requirements on commercial broadcasters. They only have to air state announcements quickly and free of charge in the event of natural disasters and calamities, major accidents or epidemics, war or martial law.¹¹² Commercial broadcasters are only required to comply with their licence conditions (*See section 5.3*).

6. CONCLUSIONS

A strong commercial broadcasting sector has developed in Lithuania since 1991. Commercial revenues have grown at a constant pace for several recent years. However, the new restrictions on advertising alcohol are likely to hit the broadcasters' pockets in the coming years.

On the other hand, financial health did not necessarily translate into qualitative, diverse programming. The standard of programme on offer has been going down during recent years with a massive shift from information programming towards entertainment and movies.

¹¹⁰ LRTT, Annual Report 2006. p. 11.

¹¹¹ Culture Press and Sports 2005, Culture Press and Sports 2006

¹¹² Law on Mass media, Art. 21.

Broadcast regulation has generally been transparent, but the regulatory powers are too dispersed among many regulators, sometimes impacting negatively on the regulation and supervision of the sector. Regulators themselves often make compromises. On top of this, financial sanctions for violating the legal requirements in the broadcasting market, mainly those related to advertising, are too lenient and do not serve as an effective measure of enforcement.

Not regulated by legislation, cross-ownership and media concentration have shown the first signs of negative influence on the stations' content and could become a serious problem in the future.

Although the public service broadcaster is expected to fill the gap in quality programming left by commercial players, it does not yet make a difference. LTV does not have a clear and transparent funding system, continuing to be dependent on the goodwill of the politicians in power. At the same time, it was proved that the station's funds have been used improperly.

Parliament's failure to introduce a licence fee and the court decision in favour of advertising on the public service broadcaster have led to a significant increase in the volume of advertising during LTV's programmes, which have swung perceptibly towards entertainment.

With the advent of digitalisation, the top priorities in Lithuanian broadcasting are to strengthen the regulatory framework so the regulator can carry out its duties more effectively, and to reform the public service broadcasting system.

ANNEX 1. LEGISLATION CITED IN THIS REPORT

Directive 2007/65/EC of the European Parliament and of the Council of 11 December 2007 amending Council Directive 89/552/EEC on the co-ordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities, *Official Journal of the European Union*, L 332/27, 18 December 2007.

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