

Development of Digital TV in Bulgaria: Opportunities and Problems

ELZA IBROSCHEVA

Southern Illinois University

MARIA RAICHEVA-STOVER

Washburn University

This study aims to provide an in-depth overview of the state of digital conversion in the European Union, using Bulgaria as a case study. By examining the latest switchover developments in Bulgaria, the study illuminates the challenges facing new EU member states. The study concludes that while the technical aspects of the digital switchover seem to be largely synchronized with EU regulations, the process of the digital conversion in Bulgaria is, for the most part, defined by lack of transparency and politicization of capital.

Introduction

As the transition from analog to digital broadcasting is about to become a reality in the United States, the attention of scholars is naturally turning to how European states compare in this area. European Union member states have been formally examining the viability of what they call the "switchover," or the transition from analog to digital broadcasting, for almost 20 years.¹ Brown and Picard (2005) point out that since European nations have been ahead of other nations across the globe in planning and implementing new technologies for the digital switchover, their experiences can serve as valuable case studies for others who anticipate the transition in the coming years. In addition, according to Iosifidis (2007), television accounts for the largest segment of the European audiovisual sector and in

Elza Ibroscheva: eibrosc@siue.edu

Maria Raicheva-Stover: maria.raicheva@washburn.edu

Date submitted: 2008-09-05

¹ See Council Decision 89/337/EEC of 27 April 1989 on high-definition television at: <http://eur-lex.europa.eu>

2006, "there were more than 4,100 TV channels which constituted the primary source of information for most people" (p. 5). More important, European Union member states are further uniquely situated as a case study of policy planning and implementation because of the diverse, and often, difficult to reconcile, national policies of protecting local cultures within the boundaries of each nation. The matter is further complicated by the recent enlargement of the EU, when Hungary, Poland, the Czech Republic, Slovenia, Latvia, Estonia, Lithuania, Slovakia, Cyprus, Malta, and most recently, Bulgaria and Romania, joined the exclusive club, increasing the population of the EU to more than 500 million, easily surpassing that of the American Free Trade Area. The new member states, however, contribute less than 5% of EU's gross domestic product and bring to the table a plethora of political and cultural traditions, which are often difficult to reconcile with the EU core policies and regulations.

This challenge is made evident in the field of media policy, where the EU is already faced with a web of complex structural and legislative procedures, inherent in the organization of the Union. In this connection, media policy harmonization among all member states becomes a matter of careful balancing between governmental autonomy, commercial viability and consumer interest, which is further complicated by the omnipresent trends of global media conglomeration. It would not be an overstatement to argue that in the process of transition to digital broadcasting, Europe has been both a success and failure as it continues to revise and rethink its audiovisual policy to address past problems and foresee future obstacles. In either case, it is important to point out that the advent of full digital broadcasting is expected to further emphasize the role of television as the "window to the world," and therefore, continue to occupy both the attention of media consumers as well as that of policy makers and industry players alike (Iosifidis, 2006).

Obstacles are indeed expected to pave the way toward universal switchover, particularly among new EU member states. Bulgaria, which joined the European Union in the last wave of access January 1, 2007, presents an important case study to examine how the forces of media regulation, as instituted by government and EU standards, measure up to the forces of the indigenous market in this post-communist Balkan state. As EU documents point out, the effects of the switchover go well beyond the technical aspects. The switchover has complex social, political and economic implications since it impacts "all segments of the broadcasting value-chain, namely: content production, transmission and reception" (Commission of the European Communities, 2003, p. 6).

This study provides an in-depth overview of the state of the digital conversion in the European Union, using Bulgaria as a case study. By examining the latest developments in the digital switchover in Bulgaria, this study illuminates the challenges that this new EU member faces. The discussion of such media trends is critical as it demonstrates the complex processes that nations in transition like Bulgaria undergo in assessing their success in building Western-type democracy. Moreover, an in-depth media analysis of the current trends and players in the process of digital conversion in Bulgaria might reveal the obstacles and challenges that other transitional democracies might face, when media developments are caught amidst the tension of two distinctly common international communication dilemmas — at the global level, the growth of media conglomeration and concentration of media ownership; and at the local

level, the escalating tension between market-driven, commercialized programming and public-oriented media content.

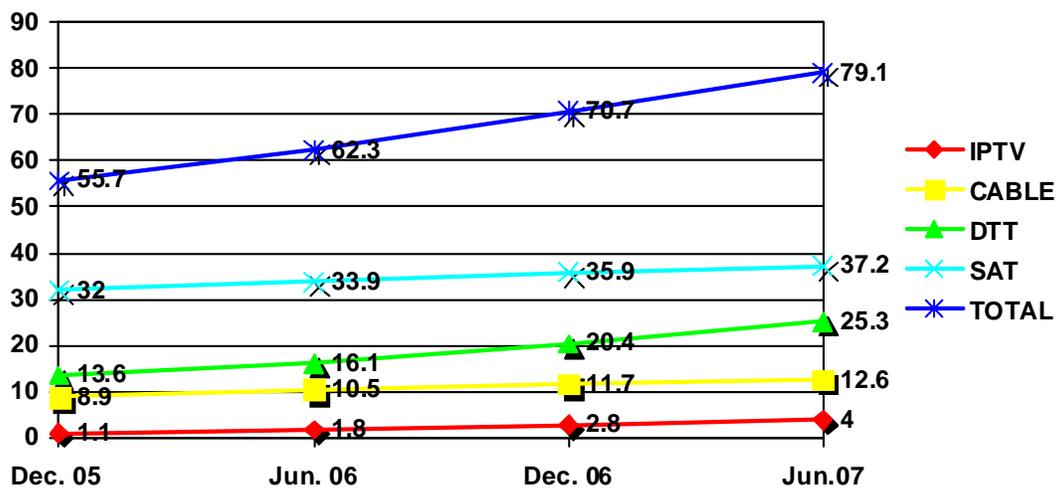
The first part of the study offers a discussion of the state of digital television in the European Union. The study next presents an overview of the historical developments in Bulgarian broadcasting. The officially commissioned strategies for developing digital broadcasting in Bulgaria are then discussed within the specific economic, political and cultural conditions of the Bulgarian mediascape and the larger context of EU regulations. The last part offers an in-depth examination of the problems Bulgaria faces in its digital switchover. The study ends with concluding remarks regarding the process of digitalization.

Implementing Digital TV in Europe

Overview of the market

Digital TV was first introduced in Europe in 1996. At first it encompassed satellite transmission only, but it soon included cable and terrestrial networks (Commission of the European Communities, 2003). The digitalization of the satellite and cable industries in Europe was largely market-driven, while digital terrestrial TV (DTT) has had a relatively slow penetration. Figure 1 below shows the penetration of different platforms in Western Europe and indicates that digital satellite remains the market leader.

Figure 1. Digital TV households (in millions) per platform in Western Europe for the period 2005-2007. Source: e-Media Institute.



The United Kingdom was the first EU country to introduce DTT in late 1998 with the digital pay-TV service named ITV Digital (Marsden & Arino, 2005; Iosifidis, 2006, 2007). Spain followed UK's lead by introducing a paid DTT operator named Quiero TV in 1999 (Iosifidis, 2006). However, both ITV Digital and Quiero TV had to close within the next two to three years because of a combination of factors, the biggest being their inability to withstand the competition of rival satellite services (Iosifidis, 2006). The failure of the British venture urged a general shift in policy in which DTT later emerged in 2002 as a largely free-to-view platform and started gaining market share (see Figure 1). Table 1 represents the leaders in total DTV penetration (all four platforms) in Western Europe as of June 2007.

Table 1. *Western European Leaders in DTV Penetration (in percentages) as of June 2007.*

Country	DTV Penetration Rate (%)
UK	84
Finland	70
Ireland	59
Iceland	57
Norway	54
Sweden	53
France	48
Spain	46
Italy	45

Source: e-Media Institute²

EU Initiatives

The binding regulatory framework for EU member states is the 'Television without Frontiers' Directive first adopted in October of 1989 (89/552/EEC) and then amended on several occasions. In April 1989, the Council of the European Communities adopted a decision to develop a global strategy for the introduction of high-definition television services in Europe (89/337/EEC). By 2002, the European Parliament issued a call to the member states to make the development and the availability of digital television to the public a top priority on the political agenda.³ EU member states were required to create and publish their intentions regarding the digital switchover by December 2003 (Commission of the

² Latest statistics are compiled from data available at http://www.e-mediainstitute.com/en/e-mediainstitute/top10digitaltelevisioncountries_en.content

³ See point 1 of European Parliament Resolution B5-0488/2002.

European Communities, 2005). The first detailed report on the switchover, published in 2003, outlined several crucial guidelines regarding member switchover policies (Commission of the European Communities, 2003). In particular, the report stated that:

Successful switchover will be facilitated by coordinated [sic] action from the numerous players involved — broadcasters, equipment manufacturers, retailers, government and others.

Member State policy interventions should also be non-discriminatory and technologically neutral. Differential treatment of market players must be justified. Digital switchover should be an inclusive process encompassing various networks, business models and services, including free-to air TV, better picture quality or data and interactive services. (Commission of the European Communities, 2003, p. 4)

In line with EU guidelines, each member state's digital switchover policy would be monitored by the EU, yet states were given the freedom to decide on "the appropriate, but coordinated, timing" (Commission of the European Communities, 2003, p. 5). By 2005, the EU issued a second Communication that pushed 2012 as the final switch off date for all EU members, and thus encouraged early DTV adoption. In response, EU member states were divided in two groups — those that planned to switch off their analog terrestrial broadcasting by 2010, and those that planned to do so by 2012 (Commission of the European Communities, 2003). The overall goal was to have the switchover process well underway by the beginning of 2010 and to complete the switch off in all member states by 2012. As Vivian Reding, the Information Society and Media Commissioner explained, "by recommending 2012 as EU deadline for the analogue switch off, I would like to give a political signal to market participants and customers alike that digital TV will soon be a reality" (European Commission, 2005).

In fact, according to the latest data, Luxembourg and the Netherlands have already accomplished the analog terrestrial TV switch off. New member states like Poland and Bulgaria have proposed switch off for 2014 and 2015 respectively. Two member states, Ireland and Portugal, have not established their plans (European Commission, 2007). Table 2 presents the dates for the launching of digital TV and planned switch off of analog terrestrial TV in all 27 EU member states.

Table 2. *Launching of Digital TV and Switch off of Terrestrial TV in EU Member States (2007).*

Member State	Launch of Digital TV	Switch Off of Analog
Austria	2006	2010
Belgium	2003-2004 in Flanders	2010 in Flanders
Bulgaria	2003	2015
Cyprus	2010	2012
Czech Republic	2005	2012
Denmark	2006	2009
Germany	2002	2008
Estonia	2004	2012
Finland	2001-2002	2007
Greece	2005	2010*
Spain	2000	2010
France	2005	2011
Hungary	2007	2012
Ireland	Not launched yet	No decision yet
Italy	2003	2012
Lithuania	2006	2012
Luxembourg	2006	2006
Latvia	2007 expected	2012
Malta	Commercial operations started	2010
Netherlands	2003	2006
Poland	2006-2007	2014
Portugal	2007	No decision yet
Romania	Not launched yet	2012
Slovenia	2006-2012	2012
Slovakia	2007-2008	2012
Sweden	1999-2000	2012
United Kingdom	1998	2012

In spite of the sizable discrepancies in the degree of progress among member states, the European Commission, in 2007, passed a new resolution, renaming the Television without Frontiers Directive (TWFD), into the Audiovisual Media Services Directive (2007/65/EC) meant to modernize and update existing media regulation of EU member states.⁴ While the Directive introduces a number of important measures concerning the cultural and social aspects of broadcasting, of interest to this study are the rules impacting the technological developments of emerging media, including digital TV. Among those rules, two are particularly relevant to analyzing the challenges to implementing digital TV in Europe, and specifically, in the new member states. The first measure is expressed in Article 3a, which explicitly calls for all audiovisual media service providers to indicate “all relevant data needed to ensure that whoever makes editorial decisions can be held liable,” therefore, calling for structural transparency (European Commission, Directive 2007/65/EC). The second measure expressed in Article 3(7) makes specific recommendations on how to actually regulate the audiovisual sector at the national level — namely, that local governments should encourage self-regulation, and sometimes, combine it with governmental intervention, where the legal systems allow. While this section factors in the complexity of the multi-state regulatory system of the EU, it also leaves a rather large space for speculation on the part of local governments and media regulatory bodies, whose structure and vested interests might be caught in an unstable and often, unhealthy relationship, as is the case in the new post-communist member states.

Challenges to the Implementation of Digital TV in Europe

According to Marsden and Arino (2005), broadcasters in Europe face three major challenges in the digital switchover. The first, and perhaps most costly, challenge is the upgrade of the existing infrastructure. Only a small percentage of European households own or use equipment that allows them to receive an all-digital signal — the majority of TV viewers continue to use analog TV sets. In order to receive a digital signal, households must be equipped with a special converter or set-top box, which becomes the very gateway into all digital TV households. As Marsden and Arino (2005) point out, this device is regulated as a “bottleneck facility” (p. 11). Similarly, Iosifidis (2007) argues that “left entirely to the market, switchover may never happen, partly because not all households can affordably receive digital TV, and partly because some do not see the need to convert their equipment to receive digital TV” (p. 7). Similarly, Klein et al. (2004) argue that most people are reluctant to embrace the digital switchover because it seems to incur a significant financial investment that they are not simply willing to make. In addition, because it is classified as a telecommunications system, it must be regulated by Member States under EU Directive 95/4, which was amended in 2003, adding to the complexity of regulating TV signals across cultural and geographical boundaries that span the EU member states.

⁴ The Audiovisual Media Services Directive is to be transposed in national law by the end of 2009.

The second sizable challenge to the implementation of digital television in Europe is the entrance of new players, mainly platform operators, which has led to a considerable transformation of both strategic approaches and organization thinking. As Marsden and Arino (2005) pointedly contend, "the DTV industry has been shaped around complex vertically integrated structures where propriety systems prevail" (p. 11). This introduces an immense challenge to local and national broadcasters, who are forced to rethink their business models in order to adapt to multi-channel environments that allow new players to be added to the media landscape. In some instances, national governments seem eager to proceed with the digital transition only to be able to reclaim, then auction off the old analog frequencies (Reinhardt, 2005).

The third, most subtle, yet potentially dangerous challenge is that the increased quality of viewing experience and channel availability have boosted demand for television programs. As Marsden and Arino (2005) argue, "delivery costs decrease and are no longer an issue; instead, what we have is a greater number of retail outlets competing for relatively scarce content" (p. 12). The situation is further complicated by the fact that with increasing demand for national language programming within the boundaries of EU member states, countries run the risk of a negative trade balance in terms of cultural production exchange with the United States. Inextricably, a demand for quality programming is connected to a higher cost of production, which results in an increase in the fixed cost for broadcasters who now need to consider the growing need to acquire appealing TV content. This, in turn, as Motta and Polo (1997) point out, leads to a persistent levels of concentration of media ownership which is only expected to continue in the near future, leading to an additional plethora of criticisms concerning the diversity of programming, the politics of media control and the future of pluralistic, public-oriented media content.

The digital switchover becomes a challenge for smaller nations in the European Union whose media markets might be less developed and mostly unregulated. As Papathanassopoulos (2007) stated, this is particularly true for countries like Greece, where the development of the larger media markets in the EU cannot be replicated because of significant difference in terms of power sharing, resources and sheer market size. What is more, smaller countries, which already suffer from sizable political and economic struggles, tend to face further hardship in implementing EU policies, often because of inadequate national policy or failure to reach a general consensus on how to implement those on the national level. Ultimately, this puts smaller European nations at a disadvantage because, as Papathanassopoulos (2005) argued, globalization, and specifically, the integrative actions of the EU eventually promote marginalization of both the media production and cultural industries of smaller countries.

While these challenges remain to be addressed in a uniform fashion by EU member states, the digital switchover across a culturally diverse entity such as the EU, is further complicated by the very essence of the unique cultural experiment exemplified by the idea of the Union itself. The European states have historically been strong supporters of the "public service" aspect of broadcasting, which remains a powerful principle in the transition to digital television (Marsden & Arino, 2005; Iosifidis, 2006, 2007; Padovani, 2007). And while the EU has clearly weighed its favor in the interest of public television to the exclusion of foreign commercial influences, the problems described so far will certainly lead to future

challenges to the implementation of digital TV. To truly demonstrate how essential this debate is to the core of cultural production in the European Union, we need to examine the 1997 Treaty of Amsterdam addition to the European Constitution to include a Protocol on Public Service Broadcasting designed to protect the sector from normal competition rules (Marsden & Arino, 2005). Specificities of how each individual country defines the relationship between public television and the government vary. Yet there appears to be undying support for the non-commercial broadcasting sector at the heart of EU regulations and treaties overseeing the analog to digital conversion. How these challenges translate in the specific media environment of Bulgaria could only be understood within the larger historical context of the changing face of Bulgarian television, which is the focus of our discussion next.

Bulgarian Television History: Communism and Beyond

The *Bulgarian National Television* (BNT) was the sole source of news and entertainment for the Bulgarian people for more than four decades. Created in 1959, BNT Channel 1 started by transmitting three hours of programming twice a week but moved to transmitting 80 hours of programming weekly and had a reach of more than 90% of the Bulgarian population in the 1980s.⁵ As one of only three available TV channels during communist times, Channel 1 functioned as an official voice of the government and a sole carrier of informational and educational programming.

After the fall of the Berlin Wall in 1989, BNT became a national public service broadcaster, yet remained tightly controlled (and financed) by the government (IREX 2001, 2002, 2003). From 1989 to 1993, the head of BNT was replaced each time a new party came to power and journalists were fired for criticizing the government openly (Bakardjieva, 1995; Schweitzer, 2003). The paralysis of the broadcasting system led to the mushrooming of a number of semi-legal cable operators.⁶ Every single city in Bulgaria has its own cable operator that not only transmits signals, but is also responsible for producing original programming.⁷ None of those operators, however, had national coverage or could challenge BNT's dominance in the period 1989-2000.

BNT's supremacy was challenged at the beginning of the new millennium when *Balkan Television* (*bTV*) became the first private commercial broadcaster in Bulgaria. The monumental transition happened amidst heated debate about the licensing procedure (Ibroscheva & Raicheva-Stover, 2007). After much media attention and public concern, *bTV*, owned and operated by Balkan News Corporation, won a 10-year broadcasting license and a 15-year programming license to create the first private national channel.⁸ *bTV*'s Web site says that the broadcaster is 100% owned by Murdoch's News Corporation. The very first broadcast was delivered June 1, 2000, and featured Harrison Ford in *Blade Runner*. On October 1, 2000,

⁵ See Country Profile *1997 Cultural Policy Database-Bulgaria* at <http://www.culturelink.org/culpol/bg.html>

⁶ There are close to 40 operators in 30 cities broadcasting with temporary licenses.

⁷ As of December 2003, there were one million cable subscribers (see Open Society Institute, 2005).

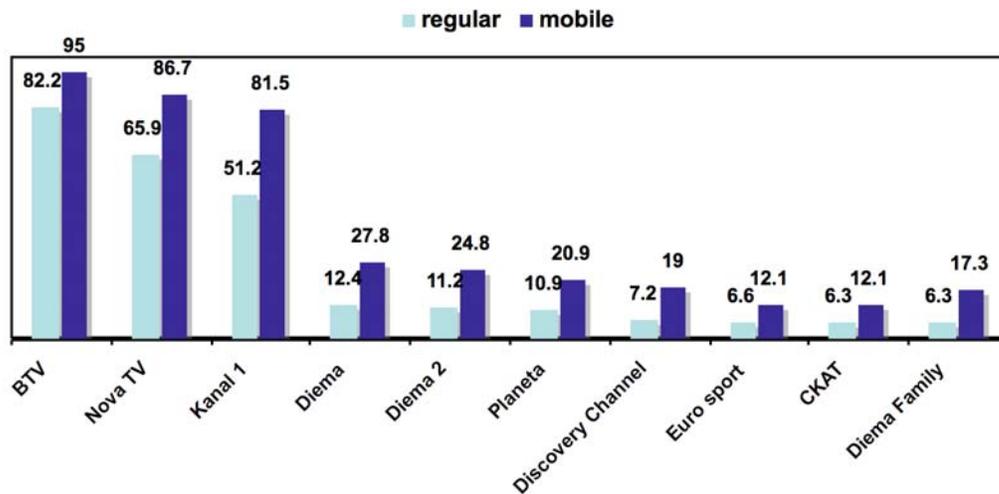
⁸ See Country Updates 2002, *International Journalists' Network* at:
http://www.ijnet.org/FE_Article/home.asp

bTV started 18-hour programming, which eventually increased to 24-hour programming. Within a year, *bTV* became the most popular channel among Bulgarian audiences, dominating the national air (Ibroscheva & Raicheva-Stover, 2007).

In July of 2003, after a series of legal battles, *Nova TV* (New Television) was granted a national broadcasting license, thus becoming the second private national broadcaster. *Nova TV* has an interesting history. It was established in 1994 as the first private TV station in Bulgaria, originally covering only the capital. Allegedly owned by Serbian Darko Timinjc, *Nova TV* had an unclear structure of ownership (Popova, 2004). In August 2000, the Greek Antenna Group, owned by Greek businessman Minos Kiriaku, bought 100% of *Nova TV*. In November 2000, *Nova TV* won a license for national broadcasting, but it was quickly revoked by the Supreme Administrative Court after it was revealed that the State Telecommunications Commission had violated the licensing procedure (IREX, 2001; EFJ Report, 2003). In the second round of the licensing contest, *Nova TV* emerged as the undisputed winner and became the third key player in Bulgarian broadcasting industry. Figure 2 presents the ratings of the leading Bulgarian broadcasters for January 2008.

Figure 2. Ratings for leading TV channels (in percentages) for January 2008.

Source: Alpha Research, http://aresearch.org/major_tv_channels.html



In general, Bulgaria has a well-developed transmission network and a vibrant broadcasting industry. Almost all Bulgarian households (98%) own a television set; there are a total of 203 licensed TV operators (Spasov, 2008). This number includes 196 cable or satellite operators and seven terrestrial operators, with only three of them licensed for national coverage (BNT, *bTV* and *Nova TV*). Close to 65%

of Bulgarian households use cable and only 8-9% percent use satellite services (Spasov, 2008; Popova, 2004).

The Bulgarian Mediascape

The regulatory and programming vacuum of the early transitional years have caused significant changes in other mass media outlets — newspapers and radio stations in particular. The media landscape in Bulgaria, or as Appadurai (1990) called it, the mediascape, had a rather peculiar configuration. Under the classic division of the mediascape, television serves to inform, newspapers comment and radio entertains. In Bulgaria, however, the lack of professional TV journalism distorted, to a great extent, this division of roles. Over the last 10 years, newspapers and radio stations informed, whereas television usually campaigned in favor of governmental interests. For the longest time, television in Bulgaria was regarded, on the one hand, as a power factor for exercising political influence, and on the other hand, as power economic factor when distributing, directing and consuming advertising budgets (Cholakov, 2003). The emergence of private national channels was expected to offset this peculiar configuration of the mediascape and lead to depoliticization of the broadcasting market. This, in turn, was seen as the most practical, market-driven solution to restore both political neutrality as well as professional norms in the field of broadcast journalism.

A critical aspect of the media environment in Bulgaria, which is unique to the post-communist transition, is the role of private business interests in media and the emergence of advertising as a major source of revenue for the TV channels. In fact, Jakubowicz (2007a) argued that the problem faced by most Central and Eastern European nations in defining the broadcasting field in the post-communist transition, could be condensed to two questions: “who owns and who controls?” In this vein, one of the hottest issues of contention regarding Bulgarian television has been the role of advertising guru Krasimir Gergov — founder and owner of *Kres*, the first major advertising agency in Bulgaria and currently, President of the Association of Advertising Agencies in Bulgaria. Officially, Gergov was presented as a consultant to *bTV*'s executive director, Albert Parson, yet two of his close associates were hired as *bTV*'s station manager and advertising director. Unofficially, Gergov's name has been associated with the ownership of *bTV* and other dummy legal entities involved in a staged bid for a second private channel meant to delay or impede the licensing of such private competitors to *bTV* like *Nova TV* (Popova, 2004; Yaneva, 2002). Although unproven, there are lingering speculations that *bTV*'s top advertising revenues were a direct result of the close relationship between its owners and Gergov.

It appears therefore that Bulgaria has a long line of attempts to obscure the ownership of media outlets or use “dirty money” as part of the deals (Yaneva, 2002). A 2002 survey revealed that Bulgarians felt uneasy about the origin of foreign investments coming into the country and believed that the owners and the origin of the money invested should be clearly identified (Yaneva, 2002). Although the transparency of ownership is embedded in existing media laws, the public remains unaware as to who the owners of media outlets really are (IREX, 2003).

The Bulgaria Legal Environment

A number of commentators have observed that Bulgaria has a flawed regulatory framework, both in design and implementation (Cholakov, 2003; Popova, 2004; Open Society Institute, 2005; Spassov, 2008). To illustrate this point, it is worth mentioning that it took the country almost 10 years to adopt a workable radio and television legislation. The first act, the Law on Radio and Television of 1996, was met with sharp criticism and political stand-offs. Two years later, the Law on Radio and Television of 1998 was adopted, only to be amended numerous times (Open Society Institute, 2005). The law regulates the public and private operations of Bulgarian broadcasters, controls their programming content as well as outlines the licensing procedures for new broadcasters. According to this law, all broadcasters need two types of licenses — a programme⁹ and a telecommunications license. The law therefore called for the establishment of a regulatory body, the Council for Electronic Media (CEM), to handle the programming licenses. The Telecommunications Law of 1998, on the other hand, established the Communications Regulation Commission (CRC), which is responsible for overseeing the telecommunications licenses. The Telecommunications Law of 1998 was replaced by an Electronic Communications Act, adopted by the Bulgarian National Assembly in May 2007.

Under the provisions of the Law on Radio and Television of 1998, five members of the CEM are appointed from a parliamentary quota and four members are appointed by the head of state for a term of six years. The CEM's primary task is to evaluate offers submitted by qualifying bidders for the available TV frequencies and award licenses for the use of these frequencies through a highly competitive procedure. However, it is important to note that since 2002, the granting of licenses has been suspended, and the Law on Radio and Television of 1998 has been amended with a provision requiring CEM to elaborate a National Strategy for Media Development before any new television and radio licenses are issued (IREX, 2004). In 2005, the National Assembly adopted a Strategy for Development of Radio and Television Broadcasting by Terrestrial Transmitter, which, among other important items, identified as an objective the "introduction of digital technologies, based on clear and predictable regulatory frame."¹⁰ The strategy called for the launching of a pilot digital television project in one or several regions on the territory of the country, "developing a national plan for digital television" for a terrestrial transmitter and "providing conditions for access to digital broadcasting for the national public television — BNT." Although a step in the right direction, the strategy fell short of providing any specific recommendations as to how the process of digitalization should be carried out.

As a member of the EU, Bulgaria has officially ratified the provisions of the European Convention on Transborder Television as well as the two major directives in the EU audiovisual sector — 89/55/EU Directive from October 3, 1989 regarding the harmonization of the legislative, administrative and regulatory positions of the EU countries in the field of television broadcasting as well as 97/36/EU

⁹ Programme license is a "license for the realisation [sic] of radio and television activity," while telecommunications license is a "license for telecommunications activity."

¹⁰ See *Strategy for Development of Radio and Television Broadcasting by Terrestrial Transmitter* (2005), sections 6.2.1, 6.2.2, 6.2.4, at <http://www.cem.bg>

Directive from June 30, 1997 — commonly known as “Television Without Frontiers.”¹¹ Both pieces of legislation serve as the main framework for regulating the establishment and development of a common European audiovisual environment and guide Bulgaria’s digital switchover. Pursuant to EU legislation, Bulgaria had to adjust its original switchover plans (see Table 2), and ensure that the digital transition be implemented by 2012.

Crafting the Bulgarian digital media law, however, continues to be trapped in a swirl of political and economic interests. As Jakubowicz (2007b) contended, “if it were not for EU accession, any important changes in broadcasting legislation including that of the digital switchover, would not be possible as long as the level of political compromise achieved in the existing statutes satisfied the interested political parties and authorities” (p. 22). What is even more troubling, as Antonova (2008a) pointed out, is the fact that the process of developing a solid legal framework to guide the transition from analog to digital is taking place “in the dark,” without a public discussion and a transparent mechanism of considering the input of the media entities which will be involved in carrying out the transition process. Additionally, while a number of proposed amendments to the current text of the law seem to be contested by different players in the regulatory arena, one of the most significant challenges that has intensified these discussions has been the proposed amendment to the current language of the law, which allows only one company to own the so-called “multiplexes” — a group of digital TV channels transmitted on the same frequency. In addition, one multiplex will be able to transmit up to six channels simultaneously, replacing the current capacity of transmitting only one analog. This proposed amendment, which was introduced and supported by the government, clearly creates a climate favorable to establishing monopoly in the digital broadcasting field. It also clashes directly with the legal policies of the EU adopted in the latest Directive 2007/65/EC, which outlaw any condition under which exclusive rights can be granted to any one media entity to establish or distribute electronic communication networks (Antonova, 2008a). And while the Bulgarian government argued that such an amendment would guarantee that switchover plans are carried according to schedule, the legal loophole created by such an interpretation of the right to transmit on the national air creates a chilling effect on the diversity of voices in the public broadcasting sphere.

State of the Digital Switchover in Bulgaria

Bulgaria took its first steps toward digital switchover in October 2000 when the BNT got a contract for acquiring digital video equipment and a facility for non-linear editing in the capital city of Sofia (Spasov, 2008). The next year, more than 30 BNT employees were trained to use the new equipment. In June 2001, the State Telecommunications Commission granted a 12-year license to the Bulgarian Telecommunication Company (BTC), the state’s telecommunications operator, to establish a network for experimental digital terrestrial broadcasting (Stefanova, 2001). According to data submitted to the EU, digital broadcasting started May 26, 2003 in the capital city of Sofia, using one multiplex with a capability of carrying six channels (European Commission, 2007). At the International Telecommunication Union’s conference in June 2006, Bulgaria signed an agreement for the utilization of the 174-230 MHz and 470-

¹¹ The Law on Radio and Television was amended in October of 2000 to ensure full compliance of Bulgaria’s domestic legislation with EU’s “Television Without Frontiers.”

862 MHz frequency bands for digital terrestrial broadcasting, amidst other proposals related to the planning of the network parameters (Open Society Institute, 2005). Under the agreement, by 2012, Bulgaria would be able to establish: 1) 10 digital terrestrial networks with national coverage; 2) 34 digital terrestrial networks with regional coverage; 3) and five digital terrestrial networks with local coverage (three of them reserved for the capital) (Open Society Institute, 2005).

Although the technical aspects of the digital switchover seem to be largely synchronized with EU regulations, there remains the question of how well the Bulgarian government is implementing the binding EU objectives for making the digital switchover an "inclusive process." In particular, it seems that the regulatory bodies remain largely ambiguous regarding the entire digital switchover procedure. As of late 2008, no recommendations have been issued about the role and obligations of current commercial and private broadcasters or how the government plans to tackle the equipment, platform and content-production problems inherent to the switchover process. The government has largely been mum on the cost of the digital switchover or when and how it plans to auction the freed analog frequencies.

Given the tight deadline, it is surprising that any public discussion about the digital switchover remains nonexistent. Recent media reports simply list the switch off date as 2012 and report that the licensing procedure for digital operators will start in the middle of 2008 (Borissova, 2008). Although Bulgaria's obligations in this area have been known since 2005 (Antonova, 2008b; 2008c), the government has been very slow in adopting a coordinated digital strategy. A media report in a leading Bulgarian daily announced that the Council of Ministers adopted a National Plan for Digitalization on January 31, 2008, yet the details of this plan remain unclear (Borissova, 2008).

Challenges to the Digital Switchover in Bulgaria

The current TV market in Bulgaria seems to have reached a firm status quo (Alpha Research, 2007). The two commercial channels with national coverage, *bTV* and *Nova TV*, have gained the largest share of viewing audiences along with the largest amount of advertising revenues (see Figure 2). BNT, now the equivalent of public television in Bulgaria, although third in ranking, fell prey to its political subordination to the government and its history of unstable leadership. Spassov (2008) points out that because of those limitations, the digital switchover of the public broadcaster might be "reduced to the solution of a mainly technical problem and to a refusal to use this as an opportunity to encourage the pluralism and independence of public-service programming" (p. 18).

In this somewhat monopolistic climate, the small cable operators and the regional TV channels they run have to find ways to tap into whatever local and peripheral audiences the 'big three' have not yet tapped into. This trend, on the other hand, divides the TV market into two very discernable portions — the commercial national channels that compete against each other with a growing number of reality TV shows, unconventional TV newscasts, and growing advertising revenues, and the local cable and terrestrial channels, who are simply fighting for survival (Alpha Research, 2007). Although largely recognized by media monitoring agencies and governmental regulatory bodies, the trend is setting a dangerously narrow status quo, which clearly will benefit only the two major commercial players in the upcoming digitalization of the TV market in Bulgaria.

The need to level the playing field for both public and commercial broadcasters becomes evident in the latest developments in the issuing of national broadcast licenses. After *Nova TV* received its national license, the procedure was postponed several times until June 13, 2006, when the Communications Regulation Commission decided to discontinue the process altogether, arguing that a sufficient frequency capacity should be saved for the forthcoming digitalization of TV signals (Alpha Research, 2007). What's more, using the same exact argument, CEM cancelled a March 11, 2008, competition for analog TV frequencies in the three largest Bulgarian cities — Sofia, Plovdiv and Varna, while at the same time allowed operators with temporarily TV licenses to continue to operate (Antonova, 2008b).¹² CEM also stated that the competition has been cancelled in order to avoid any procedural complications in the upcoming licensing of digital broadcasters, citing EU media digitalization policy regulations.

However, two broadcasters, namely TV2, associated with advertising tycoon Krasimir Gergov, and GTV, owned by the Balkan News Corporation, were allowed to remain on air with the argument that they were already operating out of the Sofia TV market. The decision to leave Gergov's TV2 and *bTV*'s offshoot GTV on the air was welcomed by the big players on the TV market, but was met with contempt by the smaller, struggling broadcast operators, including the private cable operator TV7, owned by the well-known Bulgarian journalist Dilyana Grozdanova, who announced that TV7 will appeal CEM's decision to the Supreme Administrative Court. Grozdanova argued that if indeed CEM was trying to ease down the digitalization process, they should not allow any broadcasters, local or national, to receive a license and tap frequencies, which can be used for digital broadcast in the near future.¹³

It is also interesting to trace the origin of the two stations that were allowed to retain their current licenses in spite of the upcoming digitalization. GTV, otherwise known as "Gotinata Televisia" (The Cool TV), is owned by Rupert Murdoch's Balkan News Corporation and offers a medley of mostly comedic and entertainment content, providing limited, if any, public service programming. TV2, which media outlets speculated is connected to, but never formally associated with, Krasimir Gergov, was launched on November 25, 2007, as a local broadcast network out of Sofia. Interestingly, TV2 is currently the only "local" network which operates as a national broadcaster without breaking the law. This is possible because it bypasses the national license requirement by holding 27 regional broadcast licenses, the origin of none of which has been discussed openly in the media ("Fourth Bulgarian Broadcast TV Channel," 2007). Furthermore, TV2 also owns an independent programming license which it received in 2000 — the year *bTV* was established — and remains valid until 2010, expiring two years prior to the scheduled digital switchover. The broadcaster is currently focusing exclusively on entertainment shows, with a slew of reality TV formats, including reruns of Donald Trump's *The Apprentice*, as well as a primetime talk show, hosted by the infamous Bulgarian transvestite pop folk star Azis, while providing only minimal news content as required by licensing procedure. In addition, TV2 has recently entered a plea to CEM asking for a change in the commissioned by license arrangement mix of news, entertainment and educational

¹² See Report by the *Bulgarian Helsinki Committee*, "The BHC will refer the non-observance of the license by three radios to the CEM" (April 11, 2007) at <http://www.bghelsinki.org/index.php?module=news&lg=en&id=584>

¹³ *Ibid.*

programming, arguing that the programming requirements from 2000, when TV2 first acquired its license, are now outdated and prevent the network from becoming competitive in the highly segmented and specialized media market in Bulgaria.¹⁴

While it becomes evident that only a few major players with access to large audiences and significant advertising revenues will be able to withstand the financial cost of the digital conversion, only those very same TV networks also have the large budgets required to create attractive and competitive programming, leading experts to conclude that “this regulative rigidity of the TV market is an important factor for the long-term lack of new capital outside the leading trio of the national televisions” (Alpha Research, 2007, np).

However, an even bigger problem looms on the horizon of the digital switchover and is directly connected to a critical area of the national strategy for digitalization of Bulgarian broadcasting — the transparency of capital. While the Bulgarian and EU regulatory media monitoring organizations have emphasized on several occasions the importance of transparent capital investment in the media and the need for an independent media regulatory body that functions efficiently and independently from big business (Popova, 2004; Open Society Institute, 2005), the Bulgarian TV market remains largely removed from these goals. In fact, the issue of clearly naming and identifying the business interests behind the numerous TV ventures that frequent the Bulgarian air has remained a painful topic of discussion. So much so, that only a few reports in the media have addressed the fact that most Bulgarian audience members are unaware that Rupert Murdoch’s BNC also owns bTV, FoxLife, FoxCrime, FoxKids, GTV, as well as four radio stations, several cable operators and a prominent media rating and people meter company, which supplies primetime ratings to media outlets, which in turn use these very same ratings for fixing advertising rates.¹⁵ Several journalists in the Bulgarian press have also pointed out that everyone in the media world knows that Gergov is behind Balkan News Corporation, but no one has proven it in practicality since the corporation is registered as an offshore business, which is outside the jurisdiction of the Bulgarian legal system.

In a similar vein, a number of Bulgarian non-profit organizations, including the Bulgarian Helsinki Committee and the Bulgarian Media Coalition, have called attention to the Bulgarian government’s systematic failure to scrutinize the origin of media capital as well as to the alarming trend of media concentration, which stifles diversity and eliminates competition in the TV market. As Svilen Ovcharov, attorney with the Bulgarian Helsinki Committee stated, “there is a threat of an emerging conglomerate, which is dominating the market in several spheres — TV, advertising and radio. We have found bad business practices on the market with the development of the most monstrous forms of concentration of capital and electronic media, smothering small radio and TV outlets . . . depriving citizens of pluralism of

¹⁴ See “Open Letter to CEM” from TV2 at http://www.tv2.bg/tv2_to_cem.pdf

¹⁵ Suspicions of who is behind the capital of *bTV* have been growing in public forum discussions. See for example, ‘Who owns *bTV*?’ (April 17, 2007) at: www.mediapool.bg

expression and a real public debate.”¹⁶ As civil rights advocate Edvin Sugarev pointed out, “the advertising tycoons are brokers and their actions have brought the end of the so-called fourth power.”¹⁷

What is even more troubling is the fact that the entire media world in Bulgaria, journalists and activists alike, are reluctant to investigate Gergov’s growing media clout. As journalist Ekaterina Boncheva from now defunct radio New Europe¹⁸ stated, “Everyone here is afraid to mention the name of Krasimir Gergov and speaks about some conglomerates in abstract terms.”¹⁹ Boncheva also directly implicated Gergov with the demise of New Europe, the successor of Radio free Europe, calling him ‘the executor’ of radio New Europe.

Conclusion

Despite the seeming synchronization with EU regulations, no practical measures have been implemented in Bulgaria to prevent potential manipulation of the digital switchover process. This situation is not unique to Bulgaria, however, and as Jakubowicz (2007b) pointed out, it reflects the general trend of a slow and overdrawn development of digital switchover strategies on the national level for the majority of post-communist countries. “In Central and Eastern Europe, digital switchover will not be an easy or smooth and trouble-free operation” (p. 36). Poland, for example, came close to launching its first tender for digital multiplexes in 2005, when the center-right party returned to power in a general election. The new government was not pleased with the majority of members of the National Broadcasting Council — the regulatory body in charge of deciding the outcome of the tender — asking for new, politically appointed members, virtually bringing the process to a legal halt.

In Bulgaria, violations of licensing procedures remain commonplace and largely ignored by regulatory bodies, raising suspicion among media critics about the very idea of a successful switchover and the ability to successfully regulate it. The newly proposed amendments to the law governing the digital switchover are already exhibiting notable biases and legal loopholes that can potentially create an atmosphere of monopoly in the media market which will, in turn, have a chilling effect on both creativity and diversity of public voices heard over the air. In the words of one of the MPs representing the ultra-nationalist political party Ataka, “the changes in the Radio and TV law concerning the digital switchover are all written to serve one person, and that person is Krasimir Gergov” (Antonova, 2008a). It seems that in the process of digital switchover in Bulgaria, differential treatment of market players does not have to be justified. As Spassov (2008) aptly points out:

¹⁶ See note 11.

¹⁷ *Ibid.*

¹⁸ The station was shut down after failing to secure enough financial support to operate as a public radio station and was quickly replaced by music radio Z-Rock, which ironically was also licensed as a public radio despite the fact that it exclusively airs musical content.

¹⁹ See note 11.

The lack of clarity (sometimes deliberate) about the rules of the game in the context of digitalisation [sic] privileges some players on the market: by rule, the biggest commercial broadcasters The politicization practically means that important decisions about digital broadcasting can result from lobbying rather than from a strict abidance to the logic of the law. (p. 10)

While many other challenges surrounding the digital switchover such as cost, accessibility, and state-subsidy for media consumers remain to be resolved, it appears that in Bulgaria, the biggest issue that continues to plague the implementation of sound legal rules and policy adherence stems from the locus of political and business interests. As Jakubowicz (2007b) has pointed out, practically everywhere, digital switchover is a top-down operation imposed by government policy, responding to decisions taken by the European Union. In Bulgaria, this top-down operation also links directly to a very powerful group of media business entities, whose political and economic clout is powerful enough to sway political and regulatory decisions in their favor. These trends are even more alarming in view of the fact that a large degree of media ownership concentration, which inevitably leads to the elimination of pluralism of opinions, leads not only to a civil society that lacks diverse public fora, but also results in the hyper-commercialization of TV programming, where profit overtakes public interest, and where only a few players will make it to the finish line of the digital conversion marathon.

References

- Alpha Research. (2007, May 2). Development of the TV market: accessed March 12, 2008 online: http://aresearch.org/media_and_internet_monitoring/1270.html
- Antonova, V. (2008a, September 26). Murky digital future: The changes in the media law are heating up the TV market. *Kapital*, accessed Oct. 21, 2008 online at www.capital.bg
- Antonova, V. (2008b, January 18). Matter of digits. *Kaptial*; accessed March 12, 2008 online at www.capital.bg
- Antonova, V. (2008c, February 8). 576 for CEM. *Kaptial*; accessed March 12, 2008 online at www.capital.bg
- Appadurai, A. (1990). Disjuncture and difference in the global cultural economy. *Public Culture, the University Museum* (2): 1-24.
- Bakardjieva, M. (1995, January 1). "The new media landscape in Bulgaria. *Canadian Journal of Communication* 20, 1, accessed Oct. 30, 2003 online at <http://www.cjc-online.ca/index.php/journal/article/view/845/751>

Borissova, A. (2008 March 11). The status quo of the market will be kept until the digitalization. *Dnevnik*: accessed online March 12, 2008 at <http://www.dnevnik.com.mk>

Brown, A. & Picard, R. (Eds.). (2005). *Digital terrestrial TV in Europe*. Mahwa, New Jersey: Lawrence Erlbaum Associates.

"Bulgarian media watchdog scraps competition for analogue TV frequencies" (2008, March 12). *See News: The Corporate Wire*: accessed March 12, 2008 online at www.seeenews.com/news/latestnews/bulgarianmediawatchdogscrapscompetitionforanaloguetvfrequencies-182022

Cholakov, R. (2003). The hard birth of the new Bulgarian broadcasting law. *Media Online*: accessed Sept. 12, 2004 online at <http://www.tol.cz/>

Commission of the European Communities. (2003). "Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: on the Transition from Analogue to Digital Broadcasting" (COM(2003) 541 final): accessed Jan. 20, 2008 online at <http://ec.europa.eu/>

Commission of the European Communities. (2005). "Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: on Accelerating the Transition from Analogue to Digital Broadcasting" (COM(2005) 204 final): accessed Jan. 20, 2008 online at <http://ec.europa.eu/>

European Commission. (2005, May 24). "Commission Expects Most Broadcasting in the EU to be Digital by 2010" (IP/05/595) accessed Jan. 20, 2008 online at <http://ec.europa.eu/>

European Commission. (April 2007). "Communications Committee Working Document" (COCOM07-06 REV 1): accessed Jan. 20, 2008 online at <http://ec.europa.eu>

European Federation of Journalists. (2003, June 20). *Foreign Ownership in Central and Eastern European Media: Ownership, Policy Issues and Strategies*: accessed Aug. 2, 2005 online at <http://www.ifj-europe.org/default.asp?index=1690&Language=EN>

Ibroscheva, E., & Raicheva-Stover, M. (2007). "First green is always gold: An examination of the first private national channel in Bulgaria." In Blankson, I., & Murphy, P. (Eds.), *Negotiating Democracy* (219-239). SUNY: New York.

International Research & Exchange Board (IREX). (2001). *Media Sustainability Index 2001: The Development of Sustainable Media in Europe and Eurasia*: accessed Aug. 5, 2005 online at <http://www.irex.org/msi/index.asp>

- International Research & Exchange Board (IREX). (2002). *Media Sustainability Index 2002: The Development of Sustainable Media in Europe and Eurasia*: accessed Aug. 5, 2005 online at <http://www.irex.org/msi/index.asp>
- International Research & Exchange Board (IREX). (2003). *Media Sustainability Index 2003: The Development of Sustainable Media in Europe and Eurasia*: accessed Aug. 5, 2005 online at <http://www.irex.org/msi/index.asp>
- International Research & Exchange Board (IREX). (2004). *Media Sustainability Index 2004: The Development of Sustainable Media in Europe and Eurasia*: accessed Aug. 5, 2005 online at <http://www.irex.org/msi/index.asp>
- Iosifidis, P. (2006). "Digital switchover in Europe." *The International Communication Gazette*, 68, 3, 249-268.
- Iosifidis, P. (2007). "Digital TV, digital switchover and public broadcasting in Europe." *Javnost-the Public*, 14, 1, 5—20.
- Iosifidis, P., Steemers, J., & Wheeler, M. (2005). *European television industries*. London: British Film Institute.
- Jakubowicz, K. (2007a). *Rude awakening: Social and media change in Central and Eastern Europe*. Cresskill, N.J.: Hampton Press.
- Jakubowicz, K. (2007b). "Digital switchover in Central and Eastern Europe: Premature or badly needed?" *Javnost-the Public*, 14, 1, 21—38.
- Klein, J., Karger, S., & Sinclair, K. (2004, March 30). Attitudes to digital switchover: The impact of digital switchover on consumer adoption of digital television. *Cambridge: The Generics Group in Association with Ipsos UK*.
- Marsden, C., & Arino, M. (2005). "From analog to digital." In A. Brown & R. Picard (Eds.), *Digital Terrestrial TV in Europe* (3-37). Mahwah, New Jersey: Lawrence Erlbaum Associates.
- Motta, M., & Polo, M. (1997). "Concentration and public policies in the broadcasting industry: The future of TV." *Economic Policy*, 25, 295—334.
- Open Society Institute. (2005). Television across Europe: Regulation, policy and independence: Bulgaria. Accessed Sept. 17, 2007 online at http://www.eumap.org/topics/media/television_europe
- Padovani, C. (2007). "Digital television in Italy: From duopoly to duality." *Javnost-the Public*, 14, 1, 57—76.

- Papathanassopoulos, S. (2005). "Europe: An exemplary landscape for comprehending globalization." *Global Media and Communication*, 1, 1, 46—50.
- Papathanassopoulos, S. (2007). "The development of digital television in Greece." *Javnost-the Public*, 14, 1, 93-108.
- Popova, V. (2004). *Bulgaria*. In "Media ownership and its impact on media independence and pluralism" (pp. 94-116): accessed Sept. 21, 2005 online at http://www.mirovni-institut.si/media_ownership/bulgaria.htm
- Reinhardt, A. (2005, April 11). The TV revolution sweeping Europe. *BusinessWeek*: accessed Feb. 1, 2007 online at <http://www.businessweek.com>
- Schweitzer, J. C. (2003). "Advertising in Bulgaria: Prospects and challenges in this struggling democracy." Paper presented at the Association for Education in Journalism and Mass Communication Annual Convention, Kansas City, MO.
- Spassov, O. (2008). "Public service broadcasting in Bulgaria at the end of the analog age." In S. Miklos & A. Isanovic (Eds.) *Public service television in the digital age*. Mediacenter Srajevo: Author.
- Stefanova, M. (2001). Digital Audio Broadcasting (DAB) in Bulgaria: Present and future. *Media Online*: accessed Feb. 1, 2008 online at <http://www.mediaonline.ba/en>
- Sturgeon, W. (2006, March 20). "Digital TV boom-time coming to Europe." Accessed March 14, 2008 online at <http://networks.silicon.com/webwatch/0,39024667,39157401,00.htm>
- Yaneva, M. (2002). Foreign capital in Bulgarian media: Are Bulgarian media Bulgarian? *Media Online*: accessed Oct. 28, 2003 online at <http://www.tol.cz>