

MAPPING DIGITAL MEDIA: HUNGARY



Mapping Digital Media: Hungary

A REPORT BY THE OPEN SOCIETY FOUNDATIONS

WRITTEN BY

Borbála Tóth (lead reporter)

EDITED BY

Marius Dragomir and Mark Thompson (Open Society Media Program editors)

Magda Walter (Regional Editor)

EDITORIAL COMMISSION

Yuen-Ying Chan, Christian S. Nissen, Dušan Reljić, Russell Southwood,
Michael Starks, Damian Tambini

The Editorial Commission is an advisory body. Its members are not responsible for the information or assessments contained in the Mapping Digital Media texts

OPEN SOCIETY MEDIA PROGRAM TEAM

Mejjinder Kaur, program assistant; Morris Lipson, senior legal advisor;
and Gordana Jankovic, director

OPEN SOCIETY INFORMATION PROGRAM TEAM

Vera Franz, senior program manager; Darius Cuplinskas, director

5 January 2012

Contents

Mapping Digital Media.....	4
Executive Summary.....	6
Social Indicators.....	10
Economic Indicators.....	13
1. Media Consumption: The Digital Factor.....	16
1.1 Digital Take-up.....	16
1.2 Media Preferences.....	20
1.3 News Providers.....	23
1.4 Assessments.....	30
2. Digital Media and Public or State-Administered Broadcasters.....	32
2.1 Public Service and State Institutions.....	32
2.2 Public Service Provision.....	37
2.3 Assessments.....	39
3. Digital Media and Society.....	40
3.1 User-Generated Content (UGC).....	40
3.2 Digital Activism.....	45
3.3 Assessments.....	47
4. Digital Media and Journalism.....	48
4.1 Impact on Journalists and Newsrooms.....	48

4.2	Investigative Journalism	50
4.3	Social and Cultural Diversity	52
4.4	Political Diversity	54
4.5	Assessments	56
5.	Digital Media and Technology	57
5.1	Spectrum	57
5.2	Digital Gatekeeping.....	61
5.3	Telecommunications.....	63
5.4	Assessments	64
6.	Digital Business	66
6.1	Ownership.....	66
6.2	Media Funding.....	71
6.3	Media Business Models.....	76
6.4	Assessments	77
7.	Policies, Laws, and Regulators.....	78
7.1	Policies and Laws.....	78
7.2	Regulators	87
7.3	Government Interference.....	93
7.4	Assessments	96
8.	Conclusions.....	97
8.1	Media Today.....	97
8.2	Media Tomorrow.....	98
9.	Recommendations	100
9.1	Policy.....	100
9.2	Media Law and Regulation.....	101
9.3	Public Service in the Media	103
9.4	Journalism	104
	List of Abbreviations, Figures, Tables, and Companies.....	105

Mapping Digital Media

The values that underpin good journalism, the need of citizens for reliable and abundant information, and the importance of such information for a healthy society and a robust democracy: these are perennial, and provide compass-bearings for anyone trying to make sense of current changes across the media landscape.

The standards in the profession are in the process of being set. Most of the effects on journalism imposed by new technology are shaped in the most developed societies, but these changes are equally influencing the media in less developed societies.

The **Mapping Digital Media** project, which examines the changes in-depth, aims to build bridges between researchers and policymakers, activists, academics and standard-setters across the world. It also builds policy capacity in countries where this is less developed, encouraging stakeholders to participate and influence change. At the same time, this research creates a knowledge base, laying foundations for advocacy work, building capacity and enhancing debate.

The Media Program of the Open Society Foundations has seen how changes and continuity affect the media in different places, redefining the way they can operate sustainably while staying true to values of pluralism and diversity, transparency and accountability, editorial independence, freedom of expression and information, public service, and high professional standards.

The Mapping Digital Media project assesses, in the light of these values, the global opportunities and risks that are created for media by the following developments:

- the switch-over from analog broadcasting to digital broadcasting;
- growth of new media platforms as sources of news;
- convergence of traditional broadcasting with telecommunications.

Covering 60 countries, the project examines how these changes affect the core democratic service that any media system should provide—news about political, economic and social affairs.

The **Mapping Digital Media** reports are produced by local researchers and partner organizations in each country. Cumulatively, these reports will provide a much-needed resource on the democratic role of digital media.

In addition to the country reports, the Open Society Media Program has commissioned research papers on a range of topics related to digital media. These papers are published as the **MDM Reference Series**.

Mapping Digital Media: Hungary

Executive Summary

All media debate in Hungary has been dominated since mid 2010 by a new and far reaching package of media laws, referred collectively to as the 2010 media regulation. Ostensibly enacted to bring the country's legal framework into line with the needs of the digital era, these media laws have profound implications for nearly all aspects of this report, ranging from the conditions and timetable for the digital switch-over, to the availability of unbiased and diverse information, to journalists' working practices.

The media regulation has altered the media market conditions by creating a new media authority, the National Media and Infocommunications Authority (NMHH), with far reaching powers across the entire media landscape and whose members are all in effect appointed by the ruling party.

This regulation has introduced a government-controlled news agency monopoly and dramatically changed the regulatory and legal framework, introducing registration of all media, including online outlets. Its content provisions are so broad, arbitrary and vague, and the penalties the new media authority can impose for violations so high, that the overall effect on the media has been a chilling one, leading to self-censorship, excessive restraint, along with uniformity and blandness of content.

Adding to the uncertainty generated by these laws are their frequent modifications; several websites and at least one organization have been created solely for the purpose of monitoring and recording the amendments.

The previous law on radio and television dated back to 1996; the media landscape had fundamentally changed since its passage, due above all to digitization. It was widely acknowledged that the legislative framework needed updating, but a new electronic media law required a two-thirds parliamentary majority. Parties in parliament failed over many years to agree on a common draft until the currently ruling Fidesz party and its coalition ally KNDP won the requisite super-majority in 2010, and promptly passed the package of new media laws, with no significant public consultation.

Yet instead of liberalizing the market, as was to be expected in the context of a wider range of media outlets on offer as a result of digitization, the legislation applied similar—except for media-specific—rules to all media outlets: radio stations, television channels, printed media, and online outlets.

In addition, the government has failed to develop a coherent action plan for digital switchover, changing the date for planned switchover three times over the course of 18 months.

The original Strategy for Digital Switch-over (2007) had set the date for digital switch-over at no later than 31 December 2011. The 2010 media regulation postponed this to 2014, then—in July 2011—brought it forward to 2012, and then—in November 2011—moved it back to 2014, without specifying how poor families would be helped to obtain set-top boxes.

The 800,000 households now receiving their television signal via terrestrial analog transmission are believed to belong to a lower socio-economic section of the population. Without subsidies, these households will not be able to prepare for switchover by acquiring the necessary equipment. A directive to spell out how subsidies will be allocated has been promised—but not yet prepared.

The NMHH is autonomous, not answerable to any agency or institution other than the courts. It has absolute powers, of a scope unprecedented in other European democracies, and far wider than its predecessor's. They include investigation, and accessing data, such as journalists' sources, penalization of media outlets through heavy fines—or even by suspension, in the case of what the new laws call “online written media outlets”. It keeps a registry of online written media outlets. Its powers include spectrum allocation, frequency management, and the execution of government telecommunications policy. Before 2010, spectrum allocation came under the much narrower authority of the previous electronic communications regulator, the ORTT.

Like its predecessor, the new 2010 media law does not specify criteria for a successful frequency application. It leaves the Media Council—part of the NMHH—to organize the tender, define the conditions, and select the winner. With no consistent set of requirements, this creates room for arbitrary and politically motivated decisions, as was—according to many—demonstrated in the widely publicised case of Klubrádio.

Hence, a law intended to tighten and update rules on decisions ensuring electronic media plurality has not only failed to achieve any significant improvement in this area; or through the politicization of the media authority, it has opened the door to greater opacity, or even abuse.

One of the most significant and far-reaching changes introduced by the new regulation is an overhaul of the public broadcasting system. Three separate public broadcasters have been consolidated into a single structure, creating a new supervisory body, the Media Service Support and Asset Management Fund which took over all the broadcasters' assets and most of their staff, and is responsible for producing public service programs. The directors of the broadcasters and of the Fund are appointed by the Media Council.

The Hungarian News Agency, MTI, headed by government loyalist Csaba Belényesi (“a public service media outlet has to be loyal to the government and fair to the opposition”), has become the only source of content for public service broadcasters. This severely damages plurality and balance of content, perspective and presentation of news and current affairs across the entire public broadcasting system. In addition, making MTI’s products available to other media clients at no charge distorted the market, making it virtually impossible for any other news agencies to compete and thereby function at all.

The new media laws have not only changed the governance, structure, management, and editorial oversight of Hungary’s public broadcasters. They have also altered their funding mechanism, since the above-mentioned Media Service Support and Asset Management Fund supervised by the one-party Media Council controls the budget of public service broadcasting.

All forms of expression are threatened by the new regulation’s broadening of all content provisions and applying these to “printed press materials” (including written products of daily print and online news portals), where spectrum scarcity does not exist to justify any content provisions beyond the bare minimum consistent with international norms.

Even areas where regulation has not been explicitly changed, such as the rules governing political and elections coverage, have been altered merely as a result of extending existing media regulations to the internet.

On 19 December 2011, Hungary’s Constitutional Court annulled a handful of the current law’s content provisions, although civic groups found this falling short of their expectations that all content provisions, as well as registration requirements for “written press products” and the one-party media authority be struck down.

The last five years have seen the emergence of online-inspired civic activism on smaller and larger scales. However, in most cases, these campaigns needed to attract the attention of mainstream media, in essence becoming news, before they could generate wider public support beyond the internet-savvy, but fragmented, activist groups. The report’s author predicts that civil activism on the internet could spread as Facebook and other social media participation grows, and especially if other forms of public expression are curtailed.

As in many other countries, the economic crisis and the growth of the internet have led to a decline in newspaper readership, audience migration from all traditional media to online sources of news, and a collapse of advertising. Also, as everywhere else, the media are struggling to develop new business models that will accommodate these changes. In Hungary, however, these trends are exacerbated and distorted by politically motivated government actions, particularly in the area of public broadcasting.

The existence of politically partial government support—in the form of public funds or frequencies—was clearly undesirable, even when all key political forces were represented in the regulatory body. But at least political compromises on priorities were possible. It is an open question how the system will work under the new media regulation, with its structural domination by the ruling party.

The media market is further distorted by indirect public funding of public and commercial media through state advertising. Hungary's politically polarized media benefit from advertising funds of government agencies and state-owned companies. But for years, the bulk of those funds favored media ideologically friendly to the government of the day.

The author of the report recommends the introduction of a new set of media laws, informed by extensive public consultation. At the very least, the laws' content provisions should be abolished entirely or rewritten to eliminate ambiguities that invite self-censorship.

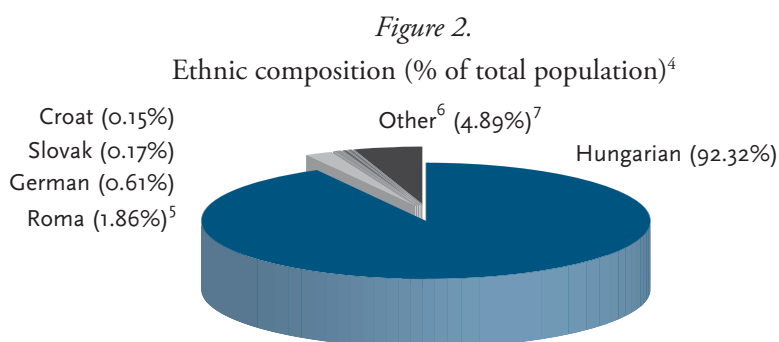
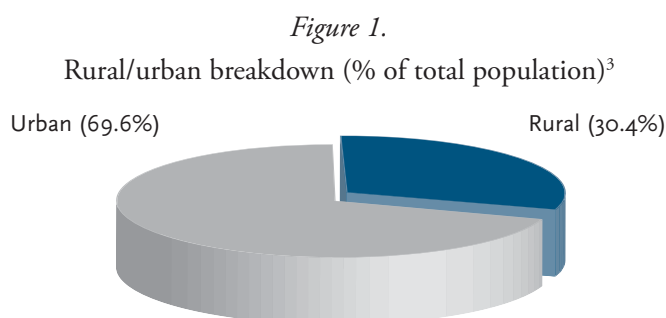
The report also recommends reforming spectrum allocation policy to establish specific and transparent criteria; making the tender applications public; and taking spectrum allocation out of the hands of the media authority. It is also recommended that media service provision fees—which the law requires from all media service providers—should be waived for online-only radio and television stations, as these do not use any frequencies.

Further recommendations include the abolition of the registry of online media outlets introduced by the 2010 law, and a full provision on source protection, significantly broadening the December 2011 ruling by the Constitutional Court.

Social Indicators

Population (number of inhabitants): 9,964,000¹

Number of households: 3,792,024²



1. Hungarian Central Statistical Office (*Központi Statisztikai Hivatal*, KSH), *Population, vital events*, September 2011. See http://portal.ksh.hu/pls/ksh/docs/eng/xstadat/xstadat_infra/e_wdsd001a.html (accessed 30 November 2011).
2. KSH, *Number and average size of households (2000–)*, 2009. See http://portal.ksh.hu/pls/ksh/docs/eng/xstadat/xstadat_annual/i_zhc001.html (accessed 21 October 2011).
3. KSH, *Population by type of settlement, 1 January (1980–)*, 2011. See http://portal.ksh.hu/pls/ksh/docs/eng/xstadat/xstadat_annual/i_wdsd001b.html (accessed 30 November 2011).
4. The data indicated here are from the 2001 census. The latest census was in October 2011, and its findings are not available at this time of writing.
5. The expression Roma includes Romany, Gypsy, and Beá groups.
6. Other ethnic minorities: African, Arabic, Bulgarian, Greek, Chinese, Polish, Modern Hebrew, Jewish, Armenian, Romanian, Ruthene, Serb, Slovene, Wendish, Ukrainian.
7. KSH, *Census 2001, Elements of the national/ethnic affiliation of the population*. See http://www.nepszamlalas2001.hu/eng/volumes/06/00/tabeng/2/load01_12_0.html (accessed 30 November 2011) (hereafter: KSH Census 2001, Elements of the national/ethnic affiliation of the population).

Figure 3.

Linguistic composition (% of total population)

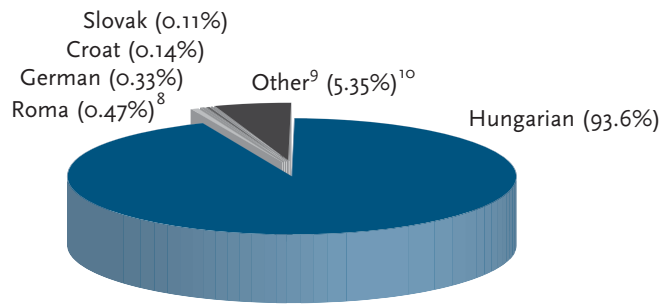
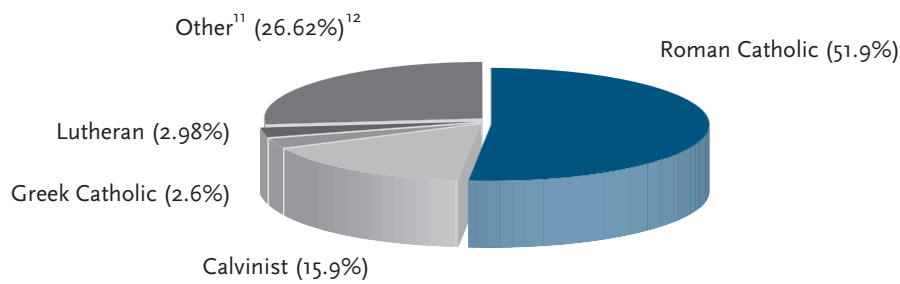


Figure 4.

Religious composition (% of total population)



According to the 2001 census, Hungarian society is relatively homogeneous. (The data from the 2011 census is not available at the time of writing.) However, the accuracy of the findings may be questioned, insofar as they depend on self-definition, and many citizens prefer not to reveal their national and ethnic identity. A person's national or ethnic origin and religious belief are considered "sensitive data," and by law cannot be revealed without written consent.

8. The expression Roma includes Romany, Gypsy, and Beja groups.

9. Other linguistic minorities: African, Arabic, Bulgarian, Greek, Chinese, Polish, Modern Hebrew, Jewish, Armenian, Romanian, Ruthene, Serb, Slovene, Wendish, Ukrainian, and those who did not wish to answer.

10. KSH Census 2001, Elements of the national/ethnic affiliation of the population.

11. Other religions: Russian Orthodox, Serbian Orthodox, Bulgarian Orthodox, Greek Orthodox, other Orthodox, Baptist, Adventist, other Protestant (Methodist, Nazarene, Sabbatarian, Unitarian), other Christian (Anglican), Jewish, religions based on other faiths in God, religions preaching the eternal universal law, religions not listed, did not wish to answer, unknown.

12. KSH, *Census 2001, Population by religion, denomination, main demographic and occupational characteristics*. See http://www.nepszamlalas2001.hu/eng/volumes/06/00/tabeng/2/load01_7_0.html (accessed 30 November 2011) (hereafter KSH, *Census 2001, Population by religion*).

Hungary has 13 legally recognized national and ethnic minority groups. In 2001, the Roma, who numbered 189,984, were the largest minority; Hungary's total population was 10,198,315.¹³ Nevertheless, researchers estimated the actual Roma population then to be around 520,000–650,000.¹⁴

Less than 1 percent of the population spoke a recognized ethnic or national minority language as a mother tongue, according to the 2001 census. The majority of the population listed Hungarian as their native language. Some members of the recognized national minorities spoke their mother tongues, such as the Germans, Croats, Slovaks, and Roma.

Nearly 75 percent of the population reported belonging to a religion. At the time of the census, the majority of Hungarians belonged to the Roman Catholic Church (51.86 percent), but nearly one-sixth was Calvinist, and more than 14 percent reported not belonging to any faith. More than 10 percent of the population did not want to state their religious affiliation.¹⁵

13. KSH, *Census 2001, Population by mother-tongue, nationality and sex*.

14. I. Kemény and B. Janky, *Roma Population of Hungary 1971–2003*, 2003, p. 73. See http://www.mtaki.hu/docs/kemeny_istvan_ed_roma_of_hungary/istvan_kemeny_bela_janky_roma_population_of_hungary_1971_2003.pdf (accessed 22 September 2010).

15. KSH, *Census 2001, Population by religion*.

Economic Indicators

Table 1.
Economic indicators

	2005	2006	2007	2008	2009	2010	2011	2012
GDP (current prices), in US\$ billion	110,173	112,912	138,369	155,478	129,540	132,276	134,316	141,006
GDP (current prices), per capita in US\$	10,910.85	11,205.35	13,746.16	15,477.50	12,914.01	13,210.40	13,434.30	14,124.59
Gross National Income (GNI) (current US\$), per capita ¹⁶	16,060	17,310	17,900	19,090	18,570	n/a	n/a	n/a
Unemployment (% of total labor force) ¹⁷	7.2	7.5	7.4	7.8	10	11.2	n/a	n/a
Inflation (average annual rate in % against previous year)	3.55	3.879	7.935	6.066	4.203	4.67	3.3	3

Note: n/a: not available.

Sources: *World Economic Outlook Database*, International Monetary Fund, October 2010; Hungarian Central Statistical Office; World Bank.

In 2008, the economy suffered as a result of the global financial and economic crisis. The economy started to recover in 2010, in part as a result of a bail-out by the International Monetary Fund (IMF). The government of Gordon Bajnai, who was prime minister from April 2009 to May 2010, succeeded in reducing inflation but unemployment continued to be relatively high. Markets seemed to stabilize after the conservative Hungarian Civic Union party (*Fidesz—Magyar Polgári Szövetség*, Fidesz) and its ally, the Christian Democratic People's Party (*Kereszténydemokrata Néppárt*, KDNP), won a two-thirds majority in the parliamentary elections of 2010. Investors expected that the government of Viktor Orbán, which took office in May 2010, would have sufficient powers to implement the long-awaited structural reforms.¹⁸ By the end of 2011, analysts had

16. World Bank.

17. KSH, *Economic activity of population aged 15–74 by sex*, 2010. See http://portal.ksh.hu/pls/ksh/docs/eng/xtabla/mpiacal/mpal9807_01_01a.html (accessed 16 January 2011).

18. "Orban's Triumph," *The Economist*, 29 April 2010. See <http://www.economist.com/node/16009177> (accessed 3 November 2010).

become more skeptical about the government's measures and the Hungarian economic outlook overall,¹⁹ which continued to worsen into 2012.²⁰

The government's policies have attracted increasing criticism in Hungary and abroad.²¹ With a parliamentary "supermajority," the governing party has been able to make significant changes to the legal framework. For instance, the new parliament passed 43 new laws and amended 107 acts in 2010,²² and added another 213 new laws in 2011.²³ These included: the drafting and approval of a new constitution, the restriction of the powers of the constitutional court in financial matters, the introduction of heavy taxes on multinational companies in several sectors, the nationalization of private pensions funds, and the introduction of a highly controversial new media regulation.

The new media regulatory framework—including Act CLXXXV of 2010 on Media Services and Mass Media (hereafter Act CLXXXV of 2010), and Act CIV of 2010 on the Freedom of the Press and the Fundamental Rules on Media Content (hereafter Act CIV of 2010) (hereafter the two laws together, the 2010 media regulation)—has implications for a whole range of issues covered in this report. The new media regulation has met with widespread criticism both nationally and internationally for its restrictive features.²⁴ The new constitution was passed in spring 2011 without the opposition's involvement²⁵ or any meaningful, transparent public consultation. Although it has triggered national and international criticism,^{26, 27, 28} the new constitution became law on 1 January 2012.

-
19. "This pessimism on Hungary's growth outlook is really surprising—City analysts," *Portfolio.hu*, 27 October 2011. See http://www.portfolio.hu/en/economy/this_pessimism_on_hungarys_growth_outlook_is_really_surprising_city_analysts.23170.html (accessed 27 October 2011).
 20. C. Connaghan, "Forint sinks to fresh record low against euro," 4 January 2012. See <http://blogs.wsj.com/eurocrisis/2012/01/04/hungary-finds-itself-short-of-friends/> (accessed 5 January 2012).
 21. "Orban Out on a Limb," *The Economist*, 5 August 2010. See http://www.economist.com/node/16743945?story_id=16743945 (accessed 3 November 2010). Also "Constituting a Problem," *The Economist*, 18 November 2010. See http://www.economist.com/node/17522466?story_id=17522466&CFID=154383180&CFTOKEN=36415125 (accessed 20 November 2010); and "Hungarian pensions," *Financial Times*, 21 November 2010. See http://www.ft.com/cms/s/9ff8dfd8-f596-11df-99d600144feab49a,Authorised=false.html?_i_location=http://www.ft.com/cms/s/3/9ff8dfd8-f596-11df-99d600144feab49a.html&c_i_referer=http://search.ft.com/search%3FsortBy%3Dgadatettimearticle%26queryText%3Dhungary#axzz160ejXpVw (accessed 22 November 2010).
 22. "63 ülésnap alatt 260 előterjesztést fogadott el az Országgyűlés" (The national assembly passed 260 draft proposals in 63 sitting days), *MTI*, 28 December 2010. See <http://mti.hu/cikk/522278/> (accessed 5 January 2011).
 23. "Törvényhozási rekordot döntött 2011-ben a parlament" (The parliament broke the record of passing laws in 2011), Origo.hu, 1 January 2012. See <http://www.origo.hu/itthon/20120101-torvenyek-rendeletek-statisztika-a-2011ben-elfogadott-jogszabalyokrol.html> (accessed 5 January 2012).
 24. "Hungry for power," *The Economist*, 16 December 2010. See http://www.economist.com/node/17733367?story_id=17733367 (accessed 16 January 2011).
 25. "Opposition involvement in drafting Hungary's constitution uncertain," *Politics.hu*, 12 January 2011. See <http://www.politics.hu/20110112/opposition-involvement-in-drafting-hungarys-constitution-uncertain> (accessed 14 January 2011).
 26. Official English version of the new Hungarian constitution: http://www.kormany.hu/download/2/ab/30000/Alap_angol.pdf (accessed 12 July 2011).
 27. Eötvös Károly Policy Institute, Hungarian Civil Liberties Union, and the Hungarian Helsinki Committee, "The Third Wave—the New Constitution of Hungary," 12 April 2011. See <http://tasz.hu/en/freedom-of-speech/third-wave-new-constitution-hungary> (accessed 12 July 2011).
 28. European Commission for Democracy Through Law (Venice Commission), *Opinion on the New Constitution of Hungary. Adopted by the Venice Commission at its 87th Plenary Session (Venice, 17-18 June 2011) on the basis of comments by Christoph Grabenwarter, Wolfgang Hoffmann-Riem, Hanna Suchocka, Kaarlo Tuori, Jan Velaers*. See [http://www.venice.coe.int/docs/2011/CDL-AD\(2011\)016-e.pdf](http://www.venice.coe.int/docs/2011/CDL-AD(2011)016-e.pdf) (accessed 12 July 2011).

According to the media law, the digital switch-over from terrestrial television and radio broadcasting must be completed by 31 December 2014.²⁹

29. Act LXXIV of 2007 on the Rules of Broadcasting and Digital Switchover, article 38, para 1–2.

1. Media Consumption: The Digital Factor

1.1 Digital Take-up

1.1.1 Digital Equipment

Table 2.
Households owning equipment, 2005–2010

	2005		2006		2007		2008		2009		2010	
	No. of HH ('000) ³⁰	% of THH ³¹	No. of HH ('000)	% of THH	No. of HH ('000)	% of THH	No. of HH ('000)	% of THH	No. of HH ('000)	% of THH	No. of HH ('000)	% of THH
TV set	3,760	98	3,773	99	3,922	99	3,965	100	3,965	100	3,977	100
Radio set	3,280	85,5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PC	1,611	42	1,915	50	2,057	54	2,239	58.8	n/a	62.95	n/a	n/a

Notes: HH = households; THH = total households; PC = personal computer; n/a = not available.

Source: Editor's calculation based on data from the ITU and KSH.

By the middle of the 2000s, practically every household had a television set. By 2008 there were 1.63 television sets per household on average.³²

30. Total number of households owning the equipment.

31. Percentage of total number of households in the country.

32. "Hírközlési és médiafogyasztási szokások, lakossági attitűdök" (Infocommunication and media consumption habits and public attitudes), November 2008, National Infocommunications Authority (*Nemzeti Hírközlési Hatóság*, NHH), p. 28. See <http://nmhh.hu/dokumentum.php?cid=18390> (accessed 3 November 2010) (hereafter NHH 2008).

Personal computers have become widespread, with a steady increase in their number since 2005. According to a media consumption survey in 2007, 78 percent of the population used television as a primary news source; 8 percent used radio, and 6 percent the internet.³³ But in a more recent survey, in November 2011, these proportions changed: television (down to 65 percent) was still the primary news source, but the internet was second (20 percent), with radio in third place (8 percent).³⁴

Hungarians are heavy television viewers: people over the age of four spent nearly four and a half hours per day watching television in 2009. This number has been constant for the past five years.³⁵ The 2011 news consumption survey revealed that among those who use television as a primary news source, women, those older than 60, those having a vocational degree, and those living in a town are overrepresented.³⁶

1.1.2 Platforms

Table 3.

Platforms for the main TV reception and digital take-up³⁷

	2005		2006		2007		2008		2009		2010	
	No of HH ³⁸ ('000)	% of TVHH ³⁹	No of HH ('000)	% of TVHH	No of HH ('000)	% of TVHH	No of HH ('000)	% of TVHH	No of HH ('000)	% of TVHH	No of HH ('000)	% of TVHH
Terrestrial reception	1,321	33.6	1,177	30.2	1,051	26.8	847	21.4	900	22.7	877	22.6
– of which digital	0	0.0	0	0.0	39	1.0	3	0.1	40	1.0	91	2.3
Cable reception	2,293	58.4	2,331	59.8	2,305	58.8	2,450	61.8	2,241	56.5	2,235	56.2
– of which digital	0	0.0	11	0.3	30	0.8	155	3.9	427	10.8	564	14.2
Satellite reception	342	8.7	422	10.8	610	15.6	672	17.0	757	19.1	795	20.0
– of which digital	159	4.0	321	8.2	512	13.1	621	15.7	720	18.2	769	19.3
IPTV	0	0.0	0	0.0	5	0.1	36	0.9	103	2.6	108	2.7
Total	3,927	100.0	3,896	100.0	3,922	100.0	3,965	100.0	3,965	100.0	3,977	100.0
– of which digital	159	4.0	331	8.4	586	15.0	815	21.0	1,296	32.6	1,531	38.4

Sources: Mediametrie/Eurodata TV Worldwide.

33. “A médiafogyasztás jellemzői és a hírműsorok általános megítélése Magyarországon” (The characteristics of media consumption and the general opinion of news bulletins in Hungary), *National Radio and Television Commission (Országos Rádió és Televízió Testület, ORTT)*, January 2007, p. 10. See http://ortt.hu/elemlzesek/21/1175188490mediafogyasztas_jellemzoi_20070329.pdf, (accessed 3 November 2010). (hereafter ORTT, Media consumption, 2007).

34. “Közvélemény-kutatás a magyar lakosság hírfogyasztási szokásairól és a média megítéléséről” (Public opinion survey of the Hungarian population on news consumption habits and opinions about the media), National Media and Infocommunications Authority (*Nemzeti Média- és Hírközlési Hatóság, NMHH*), Budapest, 12 December 2011, pp. 4–5 (hereafter Public opinion survey on news consumption 2011).

35. “Televíziózásra fordított idő napi átlaga” (Daily average time spent on watching television), *AGB-Nielsen Media Research*, 2010. See http://cs.agbnmr.com/Uploads/Hungary/stat_atv_negyedevves_2010.pdf (accessed 3 November 2010).

36. Public opinion survey on news consumption 2011, p. 5.

37. The figures refer to the main TV set in the households for multi-TV households.

38. Total number of households owning the equipment.

39. Percentage of total number of TV households (TVHH) in the country.

The table above reveals the following trends in the platforms of TV reception between 2005 and 2010:

- The majority of households used cable technology to receive television broadcasting. The ratio of terrestrial reception was shrinking, but in 2010 still more than a fifth of households used it. Satellite reception grew over this period, reaching a share of nearly 20 percent by 2010. The use of IPTV is negligible.
- In 2010, more than 1.5 million households received television via digital signal.
- There has been a structural change in the reception of television signals, as the proportion of digital signal receivers has increased in recent years. This process has been slowest in the case of terrestrial digital broadcasting, while the number of households receiving digital signals via cable or satellite has shown a steady increase.
- The number of households with IPTV has grown.

In August 2011 the total number of subscriptions was estimated at 3,157,000. There were 899,724 wireless (satellite or Hello Digital service) subscriptions, and 1,833,016 wired subscriptions (cable or IPTV), of which 635,980 subscriptions provided digital signals via set-top boxes, based on information from the 10 major market players.⁴⁰

Table 4.

Internet penetration rate (total internet subscriptions as percentage of the total population) and mobile penetration rate (total active SIM cards as percentage of total population)

	2005	2006	2007	2008	2009	2010
Internet	9.7	12.8	14.4	17	19	19.8
of which broadband	66.7	92.8	95.6	98.5	98.8	98.9
Mobile telephony	92.4	99.1	109.9	122.0	118.0	120.0
of which 3G	0.4	3.1	7.9	15.5	22.9	n/a

Note: n/a = not available.

Source: Editor's calculation based on data from the ITU and KSH.

Internet penetration increased steadily between 1998 and 2008⁴¹ as the prices of consumer internet services decreased.⁴² The ratio of broadband internet access has been increasing since 2005, and by 2009 the overwhelming majority of subscriptions were for broadband. According to data provided by the National Infocommunications Authority (*Nemzeti Hírközlési Hatóság*, NHH), the number of broadband internet

40. *Flash report on television*, August 2011, NHH. See <http://www.nmhh.hu/dokumentum.php?cid=28385&letolt> (accessed 26 October 2011) (hereafter NHH, *Flash report on television*, August 2011).

41. "Magyar információs társadalom jelentés 1998–2008" (Report on Hungarian Information Society 1998–2008), Budapest University of Technology and Economics—Information Society and Trend Research Institute (Budapesti Műszaki és Gazdaságtudományi Egyetem—Információs Társadalom- és Trendkutató Központ, BME-ITTK), 2007, p. 38. See http://www.ittk.hu/images/stories/bme/evkonyv/ittk_mitj_1998-2008.pdf (accessed 3 November 2010) (hereafter BME-ITTK 2007).

42. BME-ITTK 2007 pp. 46–47.

subscriptions in 2004 was 250,486,⁴³ which increased to 2,006,000 by August 2011.⁴⁴ According to the Central Statistical Office (*Központi Statisztikai Hivatal*, KSH) 2.6 persons on average live in a household,⁴⁵ and so it is safe to assume that more than one person uses a single internet connection.

The first websites with “professional content” appeared in 1997 in Hungary, when only 1 percent of the total population was using the internet, and only 0.7 percent of households had internet access.⁴⁶ By 2000, 7 percent of the population used the internet; this ratio grew to 61.8 percent by 2010.⁴⁷ Researchers counted 3.5 million individual internet users in January 2010.⁴⁸

The World Internet Project (WIP)⁴⁹ shows there was a digital divide in internet use based on location, age, and level of education.⁵⁰ Younger people with at least a high-school education and living in Budapest are over-represented among internet users, compared with older people having a vocational qualification or less, or living in a village. A similar trend was pointed out in a news consumption survey conducted in November 2011, which showed that those who use the internet as a primary news source are more likely to be young (15–29), male, having a degree, living in a city, and earning above the average salary.⁵¹

In 2007, the infrastructure had not yet been developed to provide broadband internet connections in some parts of the country (mainly less populated villages, or 15–20 percent of communities).⁵² Since 2007, the number of mobile internet subscriptions has increased steeply, reaching 635,949 in 2009.⁵³ In recent years, the number of internet users has continued to grow,⁵⁴ which might suggest that this trend will continue for the next couple of years. Nevertheless, some experts forecast a slowing in the growth of internet penetration, as some social groups will remain without the internet, mainly for economic reasons. Others believe internet use will increase among the elderly and rural populations, thereby sustaining overall growth in internet penetration.⁵⁵

43. “Szélessávú internet elérés helyzete Magyarországon 2004 Q2–2009 Q2” (The state of broadband internet access in Hungary 2004 Q2–2009 Q2), *NHH*, 2009, p. 3. See <http://www.nmhh.hu/dokumentum.php?cid=22050> (accessed 3 November 2010) (hereafter NHH, Broadband internet access, 2009).

44. *Flash report on wireline service*, August 2011, *NMHH*. See <http://nmhh.hu/dokumentum.php?cid=28465&letolt> (accessed 26 October 2011).

45. KSH, *Number and average size of households (2000–)*. See http://portal.ksh.hu/pls/ksh/docs/eng/xstadat/xstadat_annual/i_zhc001.html (accessed 3 November 2010).

46. BME-ITTK 2007, pp. 42–43.

47. Internet World Stats, “Internet Growth and Population Statistics.” See <http://www.internetworldstats.com/eu/hu.htm> (accessed 4 November 2010).

48. “Medián webAUDIT: a látogatottság növekedése folytatódik” (Medián webAUDIT: the increase of visitors continues), *Medián*, 27 January 2010. See <http://www.median.hu/object.04bd1782-15bf-4c98-8398-93b8600aee53.ivy> (accessed 9 November 2010) (hereafter Medián webAUDIT 2010).

49. For more information on the World Internet Project please visit: <http://www.worldinternetproject.net/#about> (accessed 12 July 2011).

50. A. Galács (ed.), *A digitális jövő térképe. A magyar társadalom és az internet* (The map of the digital future. The Hungarian society and the internet), 2007, World Internet Project, pp. 17–22. See <http://www.ithaka.hu/index.php?name=OE-DocManager&file=download&cid=2920&keret=N&showheader=N> (accessed 10 November 2010) (hereafter Galács 2007).

51. Public opinion survey on news consumption 2011, p. 5.

52. BME-ITTK 2007, p. 47.

53. NHH, Broadband internet access, 2009, p. 63.

54. M. Pelc, B. Wardziński, M. Dukat, *Do you CEE? Interactive Overview of Central and Eastern Europe Markets, 2009*, Gemius. iab Europe, p. 7 (hereafter Pelc et al. 2009).

55. Medián webAUDIT 2010.

In the past few years, mobile telephone penetration has risen by more than 100 percent. By the end of 2010, there were more than 12 million subscriptions at the three mobile communications companies; the average citizen had 1.2 subscriptions. More than half of all households had two or more active SIM cards, but 17 percent of households had none. Only 3 percent reported using broadband data transmission, though 28 percent had this option via the mobile phone.⁵⁶ By September 2011, mobile subscriptions had decreased: there were 11,668,700 mobile subscriptions, implying that mobile penetration was 117.1 percent.⁵⁷ By early 2011, half a million smart phones had been sold in Hungary.⁵⁸

1.2 Media Preferences

1.2.1 Main Shifts in News Consumption

Recent years have changed the way that news is consumed in Hungary, according to the limited data available on this matter. Traditional media outlets are losing their audiences, while websites have had a steady increase in visitors. However, explanations for this may vary (digital migration, the global financial and economic crisis, expensive subscription fees, an apolitical or apathetic audience, etc.). Recent changes in news consumption include a drastic fall in the sales of quality newspapers, a decrease in the audience share of national television channels, a decrease in audiences for market-leading radio stations, and an increasing number of visitors to online information resources.

Data from the Hungarian Audit Bureau of Circulation (*Magyar Terjesztés-Ellenőrző Szövetség*, MATESZ) shows that all major daily newspapers, with one exception, lost readers between 2005 and 2010, a process that began before the onset of the global financial and economic crisis. *Népszabadság*, a left-wing quality daily newspaper, lost nearly half of its readers, while *Magyar Nemzet*, a right-wing quality daily newspaper, lost one-third. At the same time, the number of visitors to the online versions of these quality newspapers has grown. However, tabloid print dailies have not suffered such huge losses; in one instance, the apolitical tabloid newspaper specializing in celebrity gossip and sex scandals, *Bors*, has doubled its daily paid circulation since 2007 (see Table 5 in section 1.3.1).

There was a decrease in the news audience for the leading national television channels between 2005 and 2010. Data on the average minute ratings (AMR) of the evening news bulletins indicates that all national and quasi-national television channels' audiences have decreased.⁵⁹ As television penetration has been presumably

56. NHH 2009, p. 37.

57. NHH, *Flash report on mobile phone, September 2011*. See <http://nmhh.hu/dokumentum.php?cid=28525&letolt> (accessed 26 October 2011) (hereafter NHH, Flash report on mobile phone, September 2011).

58. "Nem szabad csak az okostelefonokra koncentrálni" (It is not worth concentrating only on smart phones?), *Hvg.hu*, 27 January 2011. See http://hvg.hu/napi_merites/20110126_okostelefonok_media (accessed 18 March 2011) (hereafter HVG 2011).

59. Országos Rádió és Televízió Testület (National Radio and Television Commission, ORTT), *Beszámoló az Országos Rádió és Televízió Testület 2005-ös tevékenységéről* (Report on the activity of National Radio and Television Commission of 2005). See http://www.mediatanacs.hu/uploads/9/13/1168958794ogyb_2005_20060228.pdf (accessed 3 November 2010), p. 285; 2006, p. 426; 2007, p. 450; 2008, p. 550; 2009, p. 94.) See http://ortt.hu/oldal.php?menu_id=80 (accessed 3 November 2010) (hereafter ORTT Reports 2005, 2006 etc). We consider quasi-national television channels those that can be received by more than 70 percent of households, such as the commercial television channels *Hír TV* and *Magyar ATV*. Nemzeti Média- és Hírközlési Hatóság Médiatanács (Media Council of National Media and Infocommunications Authority), *Beszámoló az Országos Rádió és Televízió Testület és az NMHH Médiatanácsa 2010. évi tevékenységéről* (Report on the activity of National Radio and Television Commission and Media Council of National Media and Infocommunications Authority of 2010), pp. 385–386). See http://www.mediatanacs.hu/uploads/9/13/1306765280ogyb_2010.pdf (accessed 12 July 2011) (hereafter ORTT Report 2010).

constant since 2005, these drops in the AMR might be linked to migration to niche channels. The share of the only cable channel for which longitudinal data are available (*Magyar ATV*), and which provides a news bulletin, has increased.⁶⁰ (See Table 11 in section 1.3.2.)

Similar conclusions can be drawn from the viewing figures of the leading national television channels. Between 2005 and 2010, the average daily share of viewers of the three terrestrial television channels fell by 26 percent. All national television channels suffered losses (see Table 9 in section 1.3.1).

There are no separate data on audiences for digital and analog broadcasts.

Representative surveys indicate that the number of radio listeners has fluctuated in recent years. In 2007, 85 percent reported listening to the radio regularly,⁶¹ whereas the following year only 77 percent did so.⁶² Between 2007 and 2011, the audiences of all national commercial market-leading radio stations decreased (see Table 8 in section 1.3.1). Habits related to radio listening have started to change. A report noted that 484,000 people were listening to the radio on the internet in 2007. The following year this number increased to 980,000. In 2009, 8 percent of adults (620,000) were listening to radio on the internet, and two-thirds followed the same radio stations as the one they previously listened to on a traditional radio set.⁶³ However, in the second half of 2009, 82 percent of respondents had still not heard of online radio.

As the number of internet users increased, so did the audience of websites providing news. Amongst the top 10 websites in Hungary, only two provide news—Origo.hu and Index.hu.⁶⁴ Between 2005 and 2011, the top online news resources tripled the number of their visitors on average⁶⁵ (see Table 7 in section 1.3.1). According to the 2011 news consumption survey, 6 percent of the population used social networks as primary news sources; for those younger than 20, it was 16 percent. An additional 30 percent regarded this function of the social networks to be important, which also holds true for those older than 50 years.⁶⁶

60. ORTT Reports 2005–2009. 2005, p. 285; 2006, p. 426; 2007, p. 450; 2008, p. 550; 2009, p. 94. Please note that ORTT has longitudinal data about this cable channel only.

61. “Infokommunikációs eszközök használata és médiafogyasztási szokások” (Use of infocommunication tools and media consumption habits), NHH, July 2007, p. 33. See <http://nmhh.hu/dokumentum.php?cid=12805> (accessed 8 November 2011).

62. NHH 2008, p. 43.

63. “Digitális átállás monitoring összefoglaló 2009” (Digital switch-over monitoring 2009), NHH, pp. 24–25. See <http://www.nmhh.hu/dokumentum.php?cid=22648&letolt> (accessed 3 november 2010).

64. Alexa.com, *Top Sites in Hungary*. See <http://www.alexa.com/topsites/countries/HU> (accessed 30 November 2011) (hereafter Alexa.com, *Top Sites in Hungary*).

65. Based on data derived from Medián webAUDIT. See <http://webaudit.hu/> (accessed 10 November 2010). (hereafter Medián webAUDIT).

66. Public opinion survey on news consumption 2011, p 17.

1.2.2 Availability of a Diverse Range of News Sources

Thanks to the internet, news diversity is greater, but some members of society will not or cannot benefit from this improvement for several reasons, such as the generation gap (internet users tend to be younger) or infrastructure problems (poor internet reception in some villages). Nevertheless, both internet literacy and access are forecast to increase in the future.

In the last five years new media outlets have appeared, such as online news providers and blogs, enriching the choice for news-consuming audiences.⁶⁷ A part of the audience has migrated from traditional media outlets to online media. This phenomenon is perhaps most visible in the case of quality newspapers: the paid circulation of dailies *Népszabadság* and *Magyar Nemzet* fell steeply, while visitors to their online versions grew between 2005 and 2011 (see tables in section 1.3.1).

In response to this migration, traditional media outlets have had to seek new solutions for maintaining financial sustainability and audiences. Some have set up online platforms to retain the migrating audience. What does not seem to change at all is the ratings of public service television, which has consistently had the lowest audience shares over the past five years.

Traditional outlets face an additional challenge: that of the digital generation gap. Older citizens tend to listen to the public service radio station *MR1–Kossuth Rádió* (MR1–Radio Kossuth) and watch the public service television channels *M1*, *M2* and *Duna TV*.⁶⁸ Young people are more likely to use the internet, with some even abandoning traditional media altogether.⁶⁹ If traditional media outlets want to keep both their older consumers and their younger users, they have to pay attention to their traditional platforms as well as their online ones.

67. According to the methodology of Alexa, the site *Blog.hu* was ranked the 6th most popular site in Hungary.

68. ORTT, Media consumption, 2007, pp. 5–6, Public opinion survey on news consumption 2011, p. 10, 13.

69. See the non-representative survey T. Bodoky, *Nincs tévém, nem olvasok papírujságot* (I don't have a TV, I don't read a printed newspaper), *Média-kutató*, summer 2007.

1.3. News Providers

1.3.1 Leading Sources of News

1.3.1.1 Print Media

Table 5.

Daily paid circulation of top 10 newspapers, January to June, 2005–2010⁷⁰

	2005	2006	2007	2008	2009	2010	Change (%) 2005–2010
<i>Metropol (Metro)</i> ⁷¹	349,865	338,731	325,169	320,258	287,789	304,153	–13
<i>Blikk</i>	254,313	245,631	232,901	232,291	209,950	195,590	–23
<i>Bors (Színes Bulvár Lap)</i> ⁷²	40,544	62,479	66,768	76,299	89,108	85,845	+111
<i>Népszabadság</i>	155,567	151,542	128,336	111,938	94,444	78,070	–50
<i>Kisalföld</i>	78,034	77,807	76,792	75,891	73,303	70,122	–10
<i>Nemzeti Sport</i>	81,656	83,284	77,269	78,439	69,204	66,747	–18
<i>Vas Népe</i>	57,629	56,613	55,699	54,033	52,512	49,747	–14
<i>Magyar Nemzet</i>	73,395	72,108	65,779	60,004	52,996	49,734	–32
<i>Zalai Hírlap</i>	56,773	55,644	54,588	52,847	51,800	48,798	–14
<i>Kelet-Magyarország</i>	56,122	n/a	n/a	n/a	n/a	46,726	–17

Note: n/a = not available.

Source: MATESZ⁷³

Table 5 reveals the following trends in newspaper consumption for 2005–2010:

- There have been changes in the ranking of the top 10 daily newspapers between 2005 and 2010, though the two market-leaders (*Metro*, *Blikk*) kept their positions. The tabloid newspaper *Bors* rose from not even ranking among the 10 largest dailies in 2005 to become the third-largest newspaper.
- The overall circulation of the 10 leading daily newspapers fell by 8 percent, but the rate of shrinkage did not accelerate significantly in 2009–2010, after the global financial and economic crisis. The only free newspaper (*Metropol*) was no exception to the general trend of the shrinking print market.
- The circulation of the leading national quality newspapers (*Magyar Nemzet*, *Népszabadság*) shrank by a combined 41 percent.

70. In the table, dailies are ranked from top to bottom, based on the latest data.

71. *Metropol* (formerly *Metro*) is a free daily newspaper, thus the figure in the table refers to the number of copies distributed.

72. The titles *Színes Bulvár Lap* and *Metro* were changed for legal reasons.

73. MATESZ, *Audited circulations—averages per issue—YEAR (2005, 2006, 2007, 2008, 2009, 2010) 1st semester*. See <http://en.matesz.hu/data/> (accessed 10 November 2010).

- The circulation of the leading regional newspapers (*Kelet-Magyarország*, *Kisalföld*, *Vas Népe*, and *Zalai Hírlap*) fell.
- The circulation of the only sports newspaper among the top 10 dailies fell by 18 percent.

Table 6.

Number of daily visits and visitors to the two largest national quality newspapers' websites 2005–2011
(January averages)

	<i>Mno.hu (Magyar Nemzet)</i>		<i>Nol.hu (Népszabadság)</i>	
	Visits	Visitors	Visits	Visitors
2005	37,278	24,200	26,055	20,463
2006	46,002	28,741	38,038	26,833
2007	84,862	51,200	47,116	33,941
2008	76,807	45,658	47,705	34,519
2009	76,813	44,788	62,821	43,240
2010	90,105	56,265	111,421	74,699
2011	91,791	56,539	125,643	87,564
Change (%) 2005–2011	+146	+134	+382	+328

Source: Medián webAUDIT⁷⁴

Tables 5 and 6 show that while the circulation figures of the two leading national quality newspapers declined over 2005–2010, their online versions attracted an increasing number of visitors. This suggests that a segment of the hard news audience has migrated from print to online information resources.

1.3.1.2 Online Media

To identify the top 10 most visited news-providing websites, we use the “Top Sites of Hungary” list from Alexa.com. Alexa’s rankings are based on the combination of average daily visitors and page-views over the previous month.⁷⁵ To analyze visitor trends, we used the data available at Medián webAUDIT.⁷⁶ We calculate the average number of visitors for every January between 2005 and 2011, depending on data availability.

74. Medián webAUDIT. See <http://webaudit.hu/> (accessed 10 November 2010).

75. Alexa.com, “The top 500 sites on the web.” See <http://www.alexa.com/topsites> (accessed 10 November 2010).

76. Medián webAUDIT. When extracting data from the site, we considered domestic visitors only. To reduce data pollution, we list the number of visitors only, not the number of visits. The data may include the number of visitors to other sub-sites of these online sources; however, we believe the trends identified are reliable without requiring further breakdown.

Table 7.

Number of daily visitors to top 10 online news and current affairs providers, 2005–2011
(January averages)⁷⁷

		2005	2006	2007	2008	2009	2010	2011	Change (%) base year–2011 ⁷⁸
<i>Index.hu</i>	News	175,856	283,101	346,297	282,151	516,064	616,148	650,302	+270
<i>Origo.hu</i>	News	n/a	n/a	579,257	625,728	691,842	714,286	716,272	+24
<i>Hir24.hu</i> ⁷⁹	News	n/a	n/a	n/a	n/a	n/a	n/a	187,636	n/a
<i>Portfolio.hu</i>	Economic news	n/a	n/a	n/a	n/a	67,903	76,500	95,707	+41
<i>Hvg.hu</i>	Site of print weekly HVG	n/a	29,756	62,792	112,102	169,921	196,763	294,680 ⁸⁰	+890
<i>Blikk.hu</i>	Site of print daily tabloid Blikk	n/a	n/a	n/a	72,746	109,278	134,609	172,893	+138
<i>Borsonline.hu</i> ⁸¹	Site of print daily tabloid Bors	n/a	n/a	n/a	n/a	58,439	71,832	76,324	+31
<i>Hirkereso.hu</i>	News aggregator	n/a	n/a	54,811	61,680	81,264	93,143	101,723	+86
<i>Kuruc.info</i>	Extreme right-wing	n/a	n/a	n/a	n/a	n/a	n/a ⁸²	67,523	n/a
<i>Nol.hu</i>	Site of print daily quality Népszabadság	20,463	26,833	33,941	34,519	43,240	74,699	87,564	+328

Note: n/a = not available.

Source: Medián webAUDIT⁸³

Even though the available data are fragmentary, Table 7 reveals the following trends in visitor numbers for the 10 most visited news sites:

- All the top 10 online news resources have increased their audiences.
- The list of online news resources is led by two online-only media outlets (*Index.hu*, *Origo.hu*). These two websites have increased the number of their visitors by 147 percent on average.
- Out of the 10 leading online outlets, five are online-only (*Index.hu*, *Origo.hu*, *Hir24*, *Portfolio.hu*, *Hirkereso.hu*, and *Kuruc.info*). The average increase of the four news resources where data are available (*Index.hu*, *Origo.hu*, *Portfolio.hu*, *Hirkereso.hu*) is 105 percent.

77. Based on the Alexa.com methodology, *Index.hu* was 5th, *Origo.hu* 7th, *Hir24.hu* 17th, *Portfolio.hu* 20th, *Hvg.hu* 24th, *Blikk.hu* 29th, *Borsonline.hu* 42th, *Hirkereso.hu* 43rd, *Kuruc.info* 56th, *Nol.hu* 60th. (Data retrieved 30 November 2011.)

78. Base year is the first year when data is available.

79. *Hir24.hu* is a new entrant, see section 6.1.2.

80. HVG took over *Hirszerzo.hu* in May 2010, which may explain the increase. "A HVG veszi át a Hírszerző.hu-t" (HVG takes over *Hirszerzo.hu*), *Hvg.hu*, 19 May 2011. See http://hvg.hu/itthon/20100519_hirszerzo_eladasa_hvg (accessed 12 July 2011). The explanation for the dramatic increase of *Hvg.hu*'s audience could be shared articles between the two websites.

81. In 2007 due to a legal case *Bors* became the new name of the daily tabloid; before that it was called *Színes Bulvár Lap*.

82. The average number of visitors in October 2010 was 54,980. See Medián webAUDIT.

83. Medián webAUDIT. See <http://webaudit.hu/> (accessed 30 November 2011).

Table 8 reveals the following trends in audience reach for the market-leading radio stations for the period 2007–2011:

- In the last four years, there has been a realignment among the top three national radio stations: the public service broadcaster *MR1–Kossuth Rádió* moved to first place, and the national commercial station *Neo FM* (ex-*Sláger Rádió*) lost its primacy, while *Class FM* (formerly *Danubius Rádió*) kept its second position. *Rádió 1 Network* crept up to fourth place as the only commercial radio station that increased its audience in the last year.
- The reach of the two public service radio stations (*MR1–Kossuth Rádió*, *MR2–Petőfi Rádió*) decreased by an average of eight percent.
- The reach of most of the commercial radio stations (*Neo FM*, *Class FM*, *Juventus Rádió*) decreased. Only *Rádió 1 Network* increased its reach.⁹²
- The largest changes were in the case of two frequencies that acquired new owners in 2009. The audience reach of the two ‘new’ radio stations, *Neo FM* and *Class FM*, decreased in this period.

1.3.1.4 Television

The public service television channels had even poorer results. Table 9 displays the average daily audience share of television channels in the last four years.

Table 9.

Average daily audience share (SHR) of television channels for 2007–2010,⁹³ population aged 4+

	2007	2008	2009	2010	Change (%) 2007–2010
<i>RTL Klub</i>	27	27	24	23	–15
<i>TV2</i>	23	21	22	17	–26
<i>M1</i>	13	12	9	8	–38
<i>Viasat</i>	5.8	5	4.2	3.9	–33
<i>Film+</i>	1.3	1.9	2.8	3.5	+169
<i>Duna TV</i> ⁹⁴	2.1	1.8	1.8	1.8	–14
<i>M2</i>	1.8	1.8	1.9	1.7	–6
<i>Magyar ATV</i>	1.3	1.6	1.6	1.7	+31

Source: AGB Nielsen/ORTT Monitoring.^{95,96}

92. *Rádió 1* lost its Budapest frequency, which might affect its listenership in 2012 (see section 6.1.2).

93. In the table, the television channels are ranked from top to bottom, based on the latest data. The table includes the three national public service broadcast television channels (*M1*, *M2*, *Duna TV*) and five commercial television channels (*RTL Klub*, *TV2*, *Viasat*, *Film+*, *Magyar ATV*) with the largest audience share ratio in 2010. In the table, television channels are ranked by audience share. However, ORTT does not have data on *Hír TV*; this commercial television channel is received by more than 70 percent of households and so would likely have a place among the top channels.

94. The role of *Duna TV* is to broadcast programs to the Hungarian diaspora. DUNA Televízió Zártkörűen Működő Részvénytársaság Szervezeti és Működési Szabályzat (Organizational and operational rules of DUNA Television Ltd. June 15, 2007). See www.dunatv.hu/data/cms472152/szmsz_.doc (accessed 26 January 2011).

95. AGB Nielsen/ORTT Monitoring, *Terrestrial broadcasters monthly audience share (SHR%), population above age of 4*, 2007, 2008, 2009, 2010. See <http://adattar.ortt.hu/agb/nezettség/201004> (accessed 10 November 2010).

96. AGB Nielsen/ORTT Monitoring, *Satellite and cable broadcasters monthly audience rating (SHR%), population above age of 4*, 2007, 2008, 2009, 2010. See <http://adattar.ortt.hu/agb/nezettség/201004> (accessed 10 November 2010).

Table 9 reveals the following trends in audience share among market-leading television channels for the period 2007–2010:

- Between 2007 and 2010, the first five rankings remained unchanged, but *Film+* moved up the rankings, while the public service broadcaster television channel *Duna TV* slipped down.
- The two leading national commercial television channels (*RTL Klub*, *TV2*) saw their audience share fall by an average of 20.5 percent.
- All three national public service television channels (*M1*, *M2*, *Duna TV*) saw their audience share fall by an average 19.3 percent. The largest loss was that of *M1*, which lost nearly 40 percent of its audience share in the last four years.
- The three channels which are also broadcast via analog terrestrial and for which we have data (*RTL Klub*, *TV2*, *M1*) suffered an average 26 percent decrease.
- The combined audience share of the private commercial television channels *Magyar ATV* and *Film+* has doubled.

1.3.2 Television News Programs

The French-owned private company Antenna Hungária Zrt. (hereafter AH) provides terrestrial digital television broadcasts. There are only three national analog terrestrial television channels in Hungary: the commercial television channels *RTL Klub* and *TV2*; and the public service television channel *M1*. All other channels are distributed by satellite.⁹⁷ There are four public service television channels: *M1*, *M2*, *Duna TV*, and *Duna World*.⁹⁸

Table 10.
Overview of main television channels

	M1	M2	Duna TV	Duna World	RTL Klub	TV2
Type of broadcaster	Public service	Public service	Public service	Public service	Commercial	Commercial
Distribution method ⁹⁹	Terrestrial	Satellite	Satellite	Satellite	Terrestrial	Terrestrial

97. Országos Rádió és Televízió Testület (National Radio and Television Commission, ORTT), *Beszámoló az Országos Rádió és Televízió Testület 2009-es tevékenységéről* (Report on the activity of National Radio and Television Commission of 2009), pp. 568–570. See http://ortt.hu/ogyb/ogyb_2009.pdf (accessed 3 November 2010) (Hereafter ORTT Report 2009).

98. Prior to 1 January 2012, the channel was called *Duna II Autonómia* (Duna II Autonomy).

99. All these television channels are on the digital multiplex of Antenna Hungária. The public service television channels are broadcast in High Definition format. “Elérhető műsorok” (Accessible programs), *MinDigTV*. See http://www.mindigtrv.hu/Elerheto_musorok.aspx (accessed 8 March 2011).

Table 11.

Yearly averages of share of evening news bulletins of national or quasi-national television channels, 2005–2010 (%)^{100, 101}

	2005	2006	2007	2008	2009	2010	Change (%) 2005–2010
<i>RTL Klub</i> (6.30 p.m.)	37.0	36.4	34.9	35.4	34.6	31.2	–16
<i>TV2</i> (6.30 p.m.)	34.2	35.8	34.1	30.9	31.7	31.1	–9
<i>M1</i> (7.30 p.m.)	17.2	18.5	16.4	13.8	13.5	14.7	–15
<i>Duna TV</i> (6.00 p.m.)	4.6	3.9	2.8	2.2	3.1	3.4	–26
<i>Magyar ATV</i> (7.30 p.m.)	1.8	2.3	2.4	3.0	3.1	3.0	+67

Source: ORTT Reports 2005–2010.

Table 11 reveals the following trends in viewership share among national television channels for the period 2005–2010:

- The rankings of television channels have not changed in the last five years.
- The average share of the evening news bulletins of terrestrial television channels (*RTL Klub*, *TV2*, *M1*) has decreased by 13 percent.
- The change in the share of evening news bulletins of non-terrestrial television channels varies: the share of the public service broadcaster *Duna TV* has decreased by one-quarter, while the share of the commercial news television channel *Magyar ATV* has increased by more than two-thirds.
- The share of the public service television channels (*M1*, *Duna TV*) decreased by an average of 20 percent
- The average share of market-leading national commercial television channels (*RTL Klub*, *TV2*) decreased by an average of just under 13 percent.

1.3.3 Impact of Digital Media on Good-quality News

Data from 2007 and 2011 on news consumption indicate that the internet is becoming more popular, but the most popular news source is still television. The population's news consumption habits changed to a degree, which might be linked to the increase in internet penetration. In general, no longitudinal data on news quality are available. The increased consumption of news online might have had an effect on news quality. The tables in section 1.3.1 and 1.3.2 justify the assumption of audiences' digital migration.

The printed media, in terms of quality daily newspapers, are declining in readership. The growth in the number of visitors to websites of the two national dailies (*Magyar Nemzet* and *Népszabadság*) suggests their readers may have migrated to corresponding online media outlets.

100. *RTL Klub* and *TV2* can be received by 99.2 percent of households, *M1* by 99.7 percent, *Duna TV* by 80 percent, and *Magyar ATV* by 75 percent. However, the commercial television channel *Hír TV* and the public service broadcast television channel *M2* are missing from the data provided by ORTT on yearly shares, although these channels can be received by more than 70 percent of households (*Hír TV* in 74.3 percent, *M2* in 80 percent) (ORTT Report 2010, pp. 385–386).

101. We could not find data on the audience of the evening news bulletins of *M2* and *Duna World*.

All of the online media outlets examined have increased their numbers of daily visitors, which also supports the notion of migrating audiences.

Almost all the radio stations examined lost audiences with the exception of one station that airs mainly pop music. Similarly, nearly all the television channels saw their audience share fall, except *Film+*, which broadcasts movies and series, and *Magyar ATV* (the latter's share was still relatively low).

The declining audiences of radio stations and television channels that provide news bulletins suggest that people are consuming news less via these media outlets, instead turning to online outlets—as the 2011 news consumption survey also indicates.

1.4 Assessments

The growing audience for new media and the shrinking audience for traditional media suggest that part of the public at least, prefers interactivity and immediacy—and/or that increasing internet penetration has had an effect. In news consumption there is a generational divide. Older consumers are more likely to use public service programs to obtain information, while younger ones are more likely to consume news from online news resources.

In some cases it is not demand but supply that determines the patterns of media consumption, meaning that the lack of proper infrastructure (i.e. lack of good internet signal in rural areas) prevents some consumers from becoming users. Despite this, experts forecast further growth of internet penetration.

Competition for audiences is becoming more intense, and media outlets tend to cover lighter stories to attract audiences. This trend is confirmed by the fact that commercially oriented traditional media outlets lead the market. Public service broadcasters, meanwhile, are losing audiences.

The audience of public service television channels, especially *MI*, has been falling since the first commercial television channels appeared in 1997. The audience has become fragmented: the variety of television channels offers more viewing opportunities; and viewer numbers for niche channels are increasing, as in the case of *Film+* and *Magyar ATV*. Since the appearance of the internet, public service broadcasters' websites have failed to reach out to their audience; their websites are not among the top 10 online news resources.

Digital news outlets have changed the media landscape in several respects. However, the benefits are still restricted to the online public and those who access news through mobile devices. These sectors of the public can now choose from a greater supply of media resources. But the pressure of competition from new media outlets has made some traditional media outlets restructure their priorities by focusing on their online platforms and covering lighter stories. Citizen journalism is becoming popular. Hungary's largest blog site, *blog.hu*, averaged 609,794 visitors daily in December 2011.¹⁰²

102. Medián webAUDIT

The appearance of digital news has had both positive and negative effects. An optimist may say that with the abundance of news resources, consumers, or users, have a greater role in selecting their news sources. They may even develop the ability to assess the news critically—which is indicated by the mushrooming number of blogs where dissenters can present their arguments. This also allows in-depth discussion of more specialized fields. In the past, such fields may have been avoided by the traditional media since they may not attract a larger audience. Blogs such as Mandiner.hu, Szuveren.hu, Torokgaborelemez.blog.hu, and other examples of citizen journalism contribute to the political discussion (see also section 3.1.3).

A pessimist would say that the general lack of gatekeepers in online media makes for chaos, where the important news items may get lost. Another problem is when editorial boards of traditional media outlets are biased on account of economic or political pressures. The next chapter examines the biases of public service media. With digital media, citizens have more opportunities to gather information. The decision on what and how to consume is left to the citizen.

2. Digital Media and Public or State-Administered Broadcasters

2.1 Public Service and State Institutions

2.1.1 Overview of Public Service Media—News and Current Affairs Output

The public service broadcasters are:

- Hungarian Radio (*Magyar Rádió*, MR), which has seven radio stations, namely *MR1–Kossuth Rádió*, *MR2–Petöfi Rádió*, *MR3–Bartók Rádió*, *MR4–Nemzetiségi adások* (National Programs), *MR5–Parlamenti adások* (Parliamentary Programs), *MR6–A régió rádiója* (Regional Radio), *MR7–Dalok és dallamok* (Songs and Melodies);
- Hungarian Television (*Magyar Televízió*, MTV), with the channels *M1* (general interest) and *M2* (parliamentary broadcasts and cultural programs);
- Duna Television (*Duna Televízió*), which has the channels *Duna TV* and *Duna World*, available via satellite and aimed at Hungarians abroad.

The Hungarian News Agency (*Magyar Távirati Iroda*, MTI) should be mentioned here since, under the new media regulation, it produces news bulletins for public service broadcasters.¹⁰³ Previously, it functioned as a regular news agency; now it provides all content free of charge for the public broadcasters and any other media outlets or individuals registered on its website.¹⁰⁴ This has raised fears that with free provision from a single source, news content will become uniform and potentially biased.

In April 2010, the average monthly audience share of *M1* for the whole day was around 8 percent, while *M2* and *Duna TV* each had less than 2 percent a day.¹⁰⁵ The average daily reach of *MR1–Kossuth Rádió* was 21.1

103. See Act CLXXXV of 2010 on Media Services and Mass Media, Art. 101, para 4.

104. For details of the registration, see MTI website: <http://mti.hu/mti/Registration.aspx> (accessed 12 July 2011).

105. “Nézettségi statisztikák” (Viewership Statistics), *AGB Nielsen/ORTT Monitoring*. See <http://adattar.ortt.hu/agb/nezettség/201004> (accessed 25 January 2011).

percent, that of *MR2–Petőfi Rádió* was 5.9 percent, and that of *MR3–Bartók Rádió* was 1.1 percent in April 2011.¹⁰⁶

On average, the audience share of the public service news bulletins is modest compared to the news bulletins of *RTL Klub* and *TV2*, the national commercial television channels (see Table 11, section 1.3.2). However, as we have seen, the leading national commercial channels also lost viewers between 2005 and 2010. The news bulletin of *M1* was relatively popular, but still far behind the market-leaders. The only channel in the table that increased its audience was *Magyar ATV*. *Duna TV* had the lowest audience in this period, but the diaspora audience it targets does not appear in the statistics. The popularity of the evening news bulletins of the national commercial channels may be explained by the fact that they cover different topics from the public service broadcasters' bulletins.

Since 2008, the two national commercial television channels' evening news bulletins carried more human interest stories. The largest proportion of reports was related to catastrophes, accidents and crimes (averaging 38 percent of their air time). Those of the two public service broadcasters mostly covered domestic politics (on average 46 percent of air time).¹⁰⁷ The tabloidization of news bulletins is targeted by the new media regulation in place since the start of 2011. It stipulates that the “news content or reports of a criminal nature” on the news bulletins of the “linear audiovisual media service providers with significant powers of influence¹⁰⁸ ... shall not be longer in duration on a yearly average than 20 percent of the duration of the news program.”¹⁰⁹

In general, the national commercial television channels broadcast fewer programs with political content than the public service television channels.

Table 12.

Ratio of news and current affairs programs on the main national television channels on 20 July 2011¹¹⁰

	<i>M1</i>	<i>RTL Klub</i>	<i>TV2</i>	<i>Duna TV</i>
Ratio of news and current affairs (percent)	26	21	25	16
Ratio of news and current affairs with repeats (percent)	36	—	—	18
Total broadcasting time/day in minutes	1,335	1,170	1,285	1,320

Source: Program guide.

106. Ipsos–GFK April 2011.

107. See ORTT Report 2008, pp. 119–120; ORTT Report 2009, p. 102; and ORTT Report 2010, p. 42.

108. “Significant powers of influence” means that the broadcaster has at least 15 percent of audience share per year (Act CLXXXV of 2010 on Media Services and Mass Media, Art. 69, para 1).

109. Act CLXXXV of 2010, Art. 38, para 1.

110. The ratios were calculated based on the news and current affairs programs posted in the program guide. Note that since, based on this information, the length of commercial spots cannot be assessed; the ratios were counted as if in the given periods of air time there were no commercials at all. This method distorts the data, especially in the case of commercial television channels (*RTL Klub* and *TV2*). It should also be noted that news and current affairs on *RTL Klub* and *TV2* include programs dedicated to celebrities and human interest stories.

As Table 12 indicates, news and current affairs programs account for roughly one-quarter of the total air-time of the terrestrial television channels (*M1*, *RTL Klub*, *TV2*). Nevertheless, in the case of commercial television channels *RTL Klub* and *TV2*, these news programs generally mean celebrity news and human interest stories.

Both MTV channels (*M1* and *M2*) broadcast roughly three times as many political programs as the two national commercial television channels (*RTL Klub* and *TV2*). *Duna TV* does not have that many political programs; its principal aim is to disseminate Hungarian culture. The results are not surprising; the commercial media have been largely apolitical.¹¹¹

The content and political voices of the news bulletins of the major public service broadcasters (*M1*, *Duna TV*, *MRI–Kossuth Rádió*) have broadly reflected the political balance of the day. As Table 13 shows, the disparity between the amounts of air-time offered to government and opposition figures has widened in the past two years.

Table 13.
Media use of government coalition/parliamentary opposition voices
in public service broadcasters' news bulletins (%)¹¹²

	2006 ¹¹³	2007 ¹¹⁴	2008 ¹¹⁵	2009 ¹¹⁶	2010 ¹¹⁷	2011 ¹¹⁸
Total appearances (either directly in soundbites and interviews or indirectly in voiceover) ¹¹⁹	63/37	60/40	60/40	59/41	67/33	74/26
MPs interviewed	64/36	63/37	61/39	60/40	70/30	78/22

Source: ORTT.

111. P. Bajomi-Lázár, *Regulation, policy and independence of television in Hungary*, in *Television across Europe: regulation, policy and independence*, Open Society Institute, Budapest, 2005, Vol. 2, p. 839 (hereafter Bajomi-Lázár 2005).

112. Between 2006 and 2009: *M1*: noon and evening news bulletin; *Duna TV*: news bulletin; *MRI–Kossuth Rádió*: morning, noon and evening news bulletins. In 2010 and 2011: *M1*: evening news bulletin; *Duna TV*: news bulletin; *MRI–Kossuth Rádió*: noon news bulletin.

113. Országos Rádió és Televízió Testület (National Radio and Television Commission, ORTT) *Beszámoló az Országos Rádió és Televízió Testület 2006-os tevékenységéről* (Report on the activity of National Radio and Television Commission of 2006) supplement, pp. 417–420. See http://www.mediatanacs.hu/uploads/9/13/1173684994ogyb_2006_20070312.pdf (accessed 13 March 2011).

114. ORTT, *Beszámoló az Országos Rádió és Televízió Testület 2007-es tevékenységéről* (Report on the activity of National Radio and Television Commission of 2007), supplement, pp. 442–445. See http://www.mediatanacs.hu/uploads/9/13/1207053142ogyb_2007.pdf (accessed 13 March 2011).

115. ORTT Report 2008, supplement, pp. 542–545.

116. ORTT Report 2009, pp. 116–119.

117. ORTT Report 2010, pp. 99–100.

118. “Politikai szereplők médiahasználata a főbb hírműsorokban (január 3–április 3)” (Media use of political actors in main news bulletins (3 January–3 April), *Mediatanacs.hu*. See http://www.mediatanacs.hu/uj_stat.php?het=13&ev=2011&tip=kum&nyelv=magyar (accessed 11 April 2011).

119. “The ratio of actors (persons or institutions), whose (verbal or non-verbal) activity generated the events.” ORTT Report, 2010, p. 43.

Public service broadcasters' news bulletins have long been biased toward the governing parties of the day. After the 2010 national elections the bias has become even stronger in favor of the ruling coalition.¹²⁰

2.1.2 Digitization and Services

Digital switch-over has already taken place for Hungarian Television's *M2*, which has been broadcast only in digital format on satellite since 2008. The satellite broadcast of *M2* can be received in Europe, Iraq and Afghanistan—where Hungarian troops are stationed.¹²¹ Both MTV television channels have broadcast in high definition (HD) format since 2008.¹²² Only 10–15 percent of public service programs are produced in HD.¹²³ Experts consider broadcasting in HD in these circumstances to be wasteful as the HD format uses three times more spectrum than the traditional format. And so AH, which operates digital terrestrial television and radio broadcasting, is paid triple the fee for distributing the public service channels.¹²⁴

Duna TV has broadcast via both digital and analog signals in HD since December 2008, while *Duna World* is broadcast in standard definition (SD). The broadcast can be received in five continents, reaching the Hungarian diaspora.¹²⁵ Duna programs, both live and archived, can be accessed on iPhone since April 2010 through an application called *Duna Mobile*.¹²⁶ The radio programs are accessible online for three weeks; *MR1–Kossuth Rádió* provides podcasts. MR broadcasts a program to North-America and Europe on satellite.

The public service broadcasters have broadened the number of their services: they can be followed on social networks (Facebook, Twitter), and their archives are accessible on the websites.

2.1.3 Government Support

The Broadcasting Fund of the former National Radio and Television Commission (Országos Rádió és Televízió Testület, ORTT) used a total of HUF 8.456 billion (US\$ 37.4 million)¹²⁷ to support the development of cable systems and the broadcasting of local and regional radio stations and television channels between 1997 and 2007. This enabled new households to be connected to the system. An additional HUF 8.09 billion

120. The Media Council was petitioned to investigate whether one of the debate programs of *M1 (Az Este)* was biased toward the government in June 2010. The complaint submitted to the media regulatory authority claims that the opinion of the parliamentary opposition was not presented. Nyusztay M, "Íme, a Fidesz-féle kiegyensúlyozott köztévé" (Welcome to balanced public television, Fidesz-style), *Nol.hu*, 23 March 2011. See http://nol.hu/belfold/20110323-_kiralyi_egyensuly_ellenek_nelkul (accessed 11 April 2011).

121. "Az M2 október 3-ától már csak az új műholdon" (M2 only on new satellite from 3 October), *MTV Zrt*, 2 October 2009. See <http://www.mtvzrt.hu/?id=313382> (accessed 27 January 2011).

122. G. Vámosi, "Elindult az M1 és az M2 digitális földi sugárzása" (The digital terrestrial broadcast of M1 and M2 has been launched), *Origo.hu*, 23 December 2008. See <http://www.origo.hu/techbazis/hightech/20081223-elindult-az-m1-es-az-m2-digitalis-foldi-sugarzasa.html> (accessed 27 January 2011).

123. Gergely Ökrös, telecommunications expert, personal interview, 22 February 2011.

124. Z. Szabó, "Megmentették az ATV-t és a Hír TV-t" (ATV and Hír TV was saved), *Index.hu*, 14 October 2008. See <http://index.hu/kultur/media/atv6873/> (accessed 8 March 2011) (hereafter Szabó 2008).

125. "Változik az amerikai kódolási rendszer" (The American coding system changes), *DunaTv.hu*, n.a. See <http://www.dunatv.hu/cikkek/amerikai-kodolas.html?query=angol%20felirat%20a%20duna> (accessed 27 January 2011).

126. "Új alkalmazással bővült a Duna Mobil!" (New application is introduced to Duna Mobile!), *DunaTv.hu*, 20 April 2010. See http://www.dunatv.hu/footer/sajtoszoba/duna_mobil.html (accessed 27 January 2011).

127. MNB yearly average exchange rates are used throughout the report. See http://english.mnb.hu/Root/Dokumentumtar/ENMNB/Statistikai/mnben_statistikai_idosorok/en0301_arfolyam.xls (accessed 5 January 2012).

(US\$ 36.8 million) was allocated through tenders between 1997 and 2009 for modernization, creating new connections, especially for less-populated villages. Part of the Broadcasting Fund was to be spent on the digitization process, but the funds remained with the authority. Act LXXIV of 2007 on the Rules of Broadcasting and Digital Switch-over (hereafter Act on the Digital Switch-over) stipulated a decree be issued outlining the tasks and roles related to implementing the digital switch-over, but as this decree is yet to be drafted and passed, the allocated money has not been spent.¹²⁸ In 2011 the media authority, NMHH, saved 3.9 billion HUF (US\$ 20.8 million) compared to its business plan, and much of this sum is to be spent on the digital switch-over.¹²⁹

There is no information available on the funds allocated to the public service broadcasters for the preparation of digital switch-over.

2.1.4 Public Service Media and Digital Switch-over

The digitization of the public service television channels, *M1*, *M2*, *Duna TV*, and *Duna World*, allows easier access to these channels by the diaspora, and enables all viewers with the necessary equipment to enjoy better quality broadcasting. The frequently modified media regulation postponed the digital switch-over of television broadcasting to 31 December 2014 (see section 7.1.1.1).

There is no information available on whether the public service broadcasters had any role in digitization.

However, with the new media regulation, which had as one of its objectives bringing the country's media legal framework into line with the requirements of the digital age, as of 2011 significant changes were introduced in the regulation of the public service broadcasters. Under the previous regulations (Act I of 1996 on Radio and Television, hereafter Act I of 1996), the three public service broadcasters were headed by three public foundations, managed by three boards of trustees.

These boards' responsibilities included approving the annual financial management plan of each foundation. The membership of these boards represented all political parties and a number of civil society organizations. The parliamentary delegates of the boards of trustees served a four-year term. However, the nomination process was not always smooth. Political disputes resulted in incomplete boards of trustees at MTV between 1999 and 2002, and at Hungarian Radio and Duna Television between 2000 and 2002.

The new media regulation changed this scheme. Under the new regulations, the three public broadcasters and MTI, the Hungarian News Agency are owned by the Public Service Foundation (*Közszolgálati Közalapítvány*), which is managed by one single board of trustees (*Közszolgálati Közalapítvány Kuratóriuma*). Three members of the board are nominated by the governing parliamentary party or parties, and the other three by the opposition parties. Candidates are elected by a two-thirds majority of sitting MPs. The Media Council which is the National Media and Infocommunications Authority's (NMHH) decision-making body in all areas

128. ORTT Report 2009.

129. Gk, "Digitális átállásra megy az újabb 3,9 milliárd" (A further [HUF] 3.9 billion will be spent on digital switch-over), *Index.hu*, 06 July 2011. See http://index.hu/kultur/media/2011/07/06/digitalis_atallasra_mehet_az_nmhh_3_9_milliardja/ (accessed 12 July 2011).

related to the 2010 media regulation, nominates the chair of the board of trustees and another member for nine years, and the members nominated by the parliamentary parties also have a nine-year term mandate.¹³⁰ (See section 7.2.1.)

2.2 Public Service Provision

2.2.1 Perception of the Public Service Media

There are two indicators that hint at the public’s attitude toward public service broadcasters. First is the public service channels’ low audience share (see Table 9). Second was the high level of license fee evasion, when the fees were still in place. An estimated 63–68 percent of households were paying the monthly fee (HUF 740 or US\$ 2.9 in 2002), which means that about one million households were not.¹³¹ The Medgyessy government abolished the fee in 2002, and since then public service broadcasters have received this funding directly from the state. Experts suggested that the abolition of the fee showed “that the incumbent government *overtly*” challenged “the independence of public service television.”¹³²

Tibor Závecz, the opinion research director at Ipsos, presented data on the levels of public trust in different institutions at a conference in June 2011. The findings indicate that public trust in the public service media has been decreasing since the 1989/1990 democratic transition. But as Závecz highlighted, “overall, the prestige of public media has not deteriorated more than the average,” i.e. more than the prestige of other public institutions.¹³³

Table 14.
Levels of trust in public institutions (points out of 100)

	1988 ¹³⁴	1989	1990	1992	1994	1998	2005	2010 ¹³⁵
MR	73	75	69	61	54	56	44	54
MTV (until 1992 one broadcaster with MR)	73	75	69	59	51	57	45	53
Press	—	—	—	59	54	51	37	— ¹³⁶
Government	64	56	55	32	40	47	38	27
Police	60	50	48	51	58	49	48	54

Source: Tibor Závecz, Ipsos, presentation.

130. Act CLXXXV of 2010, Art. 86.

131. Bajomi-Lázár 2005, p. 822.

132. Bajomi-Lázár 2005, p. 823 (italics in original).

133. Tibor Závecz, the opinion research director of Ipsos, presentation “*Médiaprestízs—társadalmi bizalom*” (Media prestige—societal trust) at a conference on “*A magyar közmédia küldetése és lehetőségei*” (The mission and possibilities of the Hungarian public media), 16 June 2011, Budapest.

134. Between 1988–1990 research was conducted seeking the trust in “mass media.”

135. In 2010 researchers surveyed trust in “public service television” and “public service radio.” The survey was made before the elections, and indicates the trust in the then-incumbent socialist government.

136. The research in 2010 had two additional categories: commercial radio (level of trust: 57 points), commercial television (37 points) but no press category.

The public service media have always—to a greater or a lesser extent—been biased towards the government of the day. There are at least two possible explanations for this. First, the funding mechanism: the parliament decides on the level of budgetary support for the public service media. Second, whenever a new government takes office, senior news staff are removed and new editors are appointed at the public service media outlets.¹³⁷ In 1998, when Fidesz entered government for the first time, it replaced left-liberal editors with right-wing (including some extremely right-wing) journalists.¹³⁸ In 2002 when the Hungarian Socialist Party (*Magyar Szocialista Párt*, MSZP) came into power, some editors left MTV on a voluntary basis.¹³⁹ In 2011, nearly 600 workers were dismissed from the public service broadcasters as part of the restructuring of public service media.¹⁴⁰ In September 2011, a court ruled that the dismissals were illegal.¹⁴¹

As the media researcher Péter Bajomi-Lázár put it: “Analysts agree that every government has made significant efforts to control the political programs of Hungarian Television.” Audiences were well aware of this practice and were always skeptical of what they saw on television.¹⁴² There are no objective data available on how other journalists perceive the public service media.

2.2.2 Public Service Provision in Commercial Media

Under both the previous regulation (Act I of 1996) and the new media regulation, the national commercial broadcasters have to provide public service content; at least 20 minutes of uninterrupted news in prime-time in the case of television channels, and 15 minutes in the case of radio stations.¹⁴³

Act I of 1996 required commercial broadcasters to provide public service programs.¹⁴⁴ *RTL Klub* and *TV2* met this condition by broadcasting news programs on celebrities in part of this time.

The 2010 media regulation does not contain such provisions for commercial program providers, but broadcasters are required to specify the amount of public service programs they plan to broadcast when they apply for a frequency.¹⁴⁵

137. Bajomi-Lázár 2005, p. 830. See also “Az első száz nap” (The first 100 days), *Mno.hu*, 12 September 2002; <http://www.mno.hu/portal/102342> (accessed 28 January 2011); “Még küzdenek egymással a fideszes médiaháború katonái” (The media war soldiers of Fidesz are still fighting each other), *Hirszerzo.hu*, 3 November 2010; and http://hirszerzo.hu/belfold/20101102_uj_vezetok_kozmediumok (accessed 28 January 2011).

138. Á. Monori, *Médiaháborúk* (Media wars), in: *Magyar médiatörténet a késő Kádár-kortól az ezredfordulóig* (Hungarian media history from late-Kádár period until the millennium), ed Bajomi-Lázár P, Akadémia Kiadó, Budapest, p. 281 (hereafter Monori 2005).

139. Monori 2005, p. 285.

140. J. Stolz, “Mass redundancies leave press fearful of Hungary’s government,” *Guardian Weekly*, 2 August 2011. See <http://www.guardian.co.uk/world/2011/aug/02/hungary-press-freedom> (accessed 2 August 2011).

141. “Jogellenes a közmédiás csoportos létszámleépítés” (The collective redundancies at the public service broadcasters are illegal), *Napi.hu*, 9 September 2011. See http://www.napi.hu/magyar_vallalatok/jogellenes_a_kozmedias_csoportos_letszamelepites.495138.html (accessed 27 September 2011).

142. Bajomi-Lázár 2005, p. 835.

143. Act CLXXXV of 2010, Art. 38, par. 1.

144. A public service program serves the information, cultural, citizenship and lifestyle needs of the audiences living in the area (national, regional, local) covered by the program provider. Act I of 1996, Art. 2, para 19.

145. Act CLXXXV of 2010, Art. 56.

The community media service providers need to broadcast public service content in two-thirds of their airtime, public service content being news for the community served, political information and cultural programs.¹⁴⁶

The earlier version of the so-called “Media Constitution” (Act CIV of 2010) required all media outlets (including linear and on-demand) to “provide comprehensive, factual, up-to-date, objective and balanced coverage on local, national and European issues.”¹⁴⁷ However, in response to an intervention by the European Commission, this requirement was changed in March 2011 to apply only to linear media service providers (see section 7.1.2.1).

2.3 Assessments

Trust in public service broadcasters has declined, as it has for other public institutions. News bulletins provided by public service broadcasters are traditionally biased toward the government of the day, and the staff and management changes that follow each change of government only reinforce these perceptions.

In broader terms, a possible gain from digitization for the public service broadcaster MTV was the ability to broadcast in HD, which probably increased its audience, especially for football games.¹⁴⁸ However, few households receive the digital terrestrial signal of the public service broadcasters, while the taxpayers pay vast amounts for the HD transmission via the state budget.

Public service broadcasters deliver news on online platforms; their programs can be accessed on their websites and reached on social networks. Duna Television has developed an iPhone application.

Unlike its predecessor, the new media regulation does not specify how much broadcasting time by commercial broadcasters should be dedicated to public service output. This is to be determined and declared by the companies applying for a frequency. It follows that this provision is not transparent; with no unambiguous written standard, criteria are subject to the media regulatory authority’s interpretation in every case.

146. Act CLXXXV of 2010, Art. 66, par. 4g.

147. Act CIV of 2010 on the Freedom of the Press and the Fundamental Rules on Media Content, Art. 13, para 2.

148. Cs. Kalmár, “600 milliót már keresett az MTV a vébével” (MTV has already earned 600 million with the World Cup), *Origo.hu*, 19 June 2010. See <http://www.origo.hu/teve/20100618-600-milliot-mar-keresett-az-mtv-a-vebevel.html>? (accessed 27 January 2011).

3. Digital Media and Society

3.1 User-Generated Content (UGC)

3.1.1 UGC Overview

A survey conducted in Hungary as part of the 2007 WIP found that 25 percent of internet users were reading blogs,¹⁴⁹ while 8 percent were themselves bloggers.¹⁵⁰ Researchers found that 51 percent of internet users were members of some sort of social network.¹⁵¹ In 2011 November, 42 percent of the population was registered on at least one social network, and 18 percent registered on at least two social networks. The young are overrepresented among the registered users (85 percent of the 15–19 age group and 75 percent of those aged 20–29 are registered users), those living in larger communities, and those with a higher educational degree.¹⁵²

The most popular websites in Hungary are shown in Table 15:

149. Of these, 16 percent read rarely, 9 percent read regularly.

150. Galácz 2007, p. 52.

151. Galácz 2007, p. 52.

152. Public opinion survey on news consumption 2011, p. 16.

Table 15.
Top 10 websites in Hungary

	Website category	Unique monthly visitors ¹⁵³ in October 2011 ¹⁵⁴	UGC content
<i>Google.co.hu</i>	Search engine	n/a	No
<i>Facebook.com</i>	Social network	4,600,000	Yes
<i>Google.com</i>	Search engine	n/a	No
<i>Youtube.com</i>	Video sharing	n/a	Yes
<i>Index.hu</i>	News website	2,100,000	Yes
<i>Blog.hu</i>	Blog site	2,400,000	Yes
<i>Origo.hu</i>	News website	3,100,000	Yes
<i>Freemail.hu</i>	Mail provider	2,600,000	No
<i>Iwiw.hu</i>	Social network	2,600,000	Yes
<i>Blogspot.com</i>	Blog site	1,800,000	Yes

Source: Alexa.com, “Top Sites in Hungary”; DoubleClick AdPlanner by Google.

Five out of the top 10 websites (Facebook, YouTube, Blog.hu, Iwiw.hu, and Blogspot.com) offer exclusively user generated content (UGC). The news websites Index.hu and Origo.hu may be considered as partly UGC sites, as they display blog posts on their main sites. Two of the remaining four sites are search engines (Google.hu, Google.com), and a mail provider site (Freemail.hu). None of these sites belongs to an established media outlet; however, Origo.hu, Freemail.hu, and Iwiw.hu belong to the leading telecommunications company in the country, Magyar Telekom Group.

Facebook is becoming more and more popular in Hungary. In spring 2010, it had more than 1 million users; by late October 2010, there were more than 2 million users,¹⁵⁵ by January 2011, the figure had risen to more than 2.6 million,¹⁵⁶ and by July 2011 there were almost 3.8 million users.¹⁵⁷ Facebook is most widespread among younger users; in January 2011, 35 percent were aged 18–24, and 30 percent 25–34.¹⁵⁸

153. “Unique visitors (users): the estimated, unduplicated number of people who visit a site over a specific month.” See <http://www.google.com/support/adplanner/bin/answer.py?answer=138833&hl=en> (accessed 30 November 2011).

154. Data based on *DoubleClick AdPlanner by Google*. See https://accounts.google.com/ServiceLogin?service=branding&passive=1209600&continue=https://www.google.com/adplanner/?pli%3D1&followup=https://www.google.com/adplanner/?pli%3D1&tmpl=adplanner#siteSearch?identifier=twitter.com&geo=001&trait_type=1&lp=false (accessed 30 November 2011) (hereafter DoubleClick AdPlanner by Google).

155. “Több mint kétmillióan a Facebook-on” (More than 2 million people on Facebook), *Facebook Habana*, 28 October 2010. See <http://facebook.habana.hu/tobb-mint-ketmillioan-a-facebook-on/> (accessed 25 November 2010).

156. “Hungary,” *Socialbakers*. See <http://www.socialbakers.com/facebook-statistics/hungary> (accessed 23 January 2011) (hereafter Socialbakers, Hungary).

157. Socialbakers, Hungary (accessed 12 July 2011).

158. Socialbakers, Hungary (accessed 12 July 2011).

Iwiw.hu is the oldest social networking website still operating in Hungary, and is relatively popular. It began as Wiw.hu (“who is who”) in 2002 without corporate advertisements on the site. Initially, users could join Wiw.hu by invitation from an existing member.¹⁵⁹ In 2005, the rules of the operation changed when Wiw.hu became Iwiw.hu (“international who is who,” referring to the fact that the site can be read in several languages), and corporate advertisements appeared. In 2006, the site was purchased by T-Online¹⁶⁰ and new servers were added. In 2008, following consolidation within T-Online, Iwiw.hu was merged with the company operating Origo.hu. As Facebook became more popular in Hungary, Iwiw.hu began offering new functions such as a news feed, and “like” or “dislike” buttons. The most recent data on Iwiw.hu users are from December 2008, when the site had 4 million users.¹⁶¹

Blog.hu is a blog-hosting site and, like Index.hu, it belongs to Central European Media & Publishing (CEMP). Only an e-mail address has to be provided for registration, after which anyone can launch a blog. The relatively high number of visitors to this site might be explained by the fact that the established media outlet, Index.hu, has a column on its main site dedicated solely to posts harvested from Blog.hu.

Blogspot.com is a blog hosting site from Google.

3.1.2 Social Networks

Table 16 shows the 10 most used social networks in Hungary, based on the ranking of Alexa.com,¹⁶² and data from Google’s AdPlanner.

159. In early 2002, Wiw began more like an “intellectual experiment” when the programmer Zsolt Várady and colleagues wanted to create a map of social networks. The site became more and more popular, but the voluntary financial contributions were not enough to keep the site alive, so a company was created. As the number of Iwiw members increased, the company had to invest more funds. But Várady disagreed, believing instead in “advertisement-free grassroots community building” and he left the company in September 2003. The company launched developments in 2005 after analyzing the operational model of other social networks. The site was bought by Magyar Telekom in 2006. “Az Iwiw titkai” (The secrets of Iwiw), *Haszon*, 5 April 2007. See http://www.haszon.hu/component/content/article/15/409-az_iwiw_titkai.html (accessed 12 July 2011).

160. “Nagy a visszhangja az iWiW eladásának” (The sale of iWiW makes huge waves), *Origo.hu*, 30 April 2006. See <http://www.origo.hu/techbazis/internet/20060430iwiw.html> (accessed 25 November 2010).

161. “4 millió iWiW felhasználó” (Four million iWiW users), *Iwiw gépház*, 8 January 2009. See <http://ghblog.iwiw.hu/?p=40> (accessed 25 November 2010) (hereafter Iwiw gépház 2009).

162. Alexa.com, “Top Sites in Hungary.”

Table 16.
Top 10 social networks in Hungary

	Unique monthly visitors in October 2011 ¹⁶³	Approximate number of registered users in Hungary as of latest data available
Facebook.com	4,600,000	3,620,640 ¹⁶⁴
Iwiw.hu	2,600,000	4,000,000 ¹⁶⁵
Twitter.com	350,000	n/a
Badoo.com	750,000	n/a
Linkedin.com	150,000	174,266 ¹⁶⁶
Postr.hu	900,000	n/a
Tumblr.com	180,000	n/a
Hotdog.hu	820,000	295,568 ¹⁶⁷
Facebook.hu	1,000,000	3,620,640 ¹⁶⁸
Netlog.com	680,000	n/a
Network.hu	510,000	850,000 ¹⁶⁹

Source: DoubleClick AdPlanner by Google.

According to Table 16, the registered users of Facebook and Hotdog.hu were the most active in the given period; these are the websites where visitors outnumbered registered users. Iwiw.hu follows them; two-thirds of the users visited the site during October. None of these websites are connected to traditional offline media outlets. Postr.hu, which is similar to Tumblr, belongs to Origo. Network.hu is the “social network of communities,” where users can join communities.

3.1.3 News in Social Media

According to a media consumption survey in 2011, 63 percent of the population used television as a primary news resource; 20 percent used the internet, and 8 percent used the radio.¹⁷⁰ Another survey conducted in 2010 found that 60 percent of the population (aged over 18) could access the internet, but one-fifth of these did not use it. Nearly 90 percent of online surfers used the internet for news consumption, while 75 percent used it for social networking. However, in the article on the results of the survey there were no data cross-

163. DoubleClick AdPlanner by Google.

164. “Hungary,” *Socialbakers*. See <http://www.socialbakers.com/facebook-statistics/hungary> (accessed 30 November 2011) (hereafter Socialbakers, Hungary).

165. Iwiw gépház 2009.

166. “LinkedIn statisztika” (LinkedIn statistics), 13 October 2011, Socialtimes.hu. See <http://socialtimes.hu/linkedin-statisztika/> (accessed 30 November 2011).

167. Hotdog.hu. See <http://www.hotdog.hu/> (accessed 30 November 2011).

168. Socialbakers, Hungary

169. “Statisztikák” (Statistics), Network.hu, January 2011. See <http://network.hu/mediaajanlat/statisztikak> (accessed 30 November 2011).

170. Public opinion survey on news consumption 2011.

referencing these two percentages to determine how many of those using social networks used them as a source of news.¹⁷¹ But the 2011 news consumption survey contains some useful data: it shows that 6 percent of the population used social networks as primary sources, and another 30 percent considered social networks important to get news.¹⁷²

Internet users prefer the internet as a source of news over other media platforms, according to a non-representative online survey in January 2007. It found 98.9 percent of respondents used online media outlets frequently, 99 percent used online resources to get the latest news, and 98 percent frequently got the news headlines via the internet.¹⁷³

The internet expert Tamás Bodoky conducted another online survey in August 2007 among the readers of Index.hu about their habits related to blogs. His survey was not representative since the sample was self-selecting, but the results provide clues to blogosphere trends. He found that 79 percent of respondents read blogs, 23 percent commented on blogs, and 21 percent were themselves bloggers. Respondents read blogs because they were “entertaining” (49 percent), their style was “more informal” (47 percent), they had “strong opinions” (45 percent), and “they interpret news items in a more appealing way” (43 percent).¹⁷⁴

Those who read blogs are differentiated by gender. Men are most interested in hobbies, entertainment, lifestyle, politics, and professional issues; women are most interested in blogs about hobbies, entertainment, lifestyle, and private lives.¹⁷⁵

The majority of respondents agreed with the statements “blogs are entertainment, hobby, self-expression” (70 percent), “the content matters, not the genre” (67 percent), and “blogs and the professional press complement each other” (60 percent). Only 20 percent agreed with the statement: “blogs and the professional press are competing for my attention,” and 42 percent believed that “blogging is civic journalism, it changes the media.”¹⁷⁶

While there is anecdotal evidence of news content being shared by Facebook and other social network users, there are no hard data as to the extent of this, or the extent to which they may or may not replace other sources.

171. “Hírolvasásra használják a netet a magyarok” (Hungarians use the internet for news consumption), *Index.hu*, 1 March 2011. See http://index.hu/tech/2011/03/01/hírolvasásra_hasznaljak_a_netet_a_magyarok/ (accessed 11 April 2011).

172. Public opinion survey on news consumption 2011.

173. T. Bodoky, *Nincs tévém, nem olvasok papírujságot* (I don't have a TV, I don't read a traditional newspaper), *Médiakutató*, summer 2007.

174. T. Bodoky, *Támad a civilmédia: minden ötödik Index-olvasó blogol* (The civil media attacks: every fifth Index-reader blogs), *Médiakutató*, summer 2008. (hereafter Bodoky 2008).

175. Bodoky 2008.

176. Bodoky 2008.

3.2 Digital Activism

3.2.1 Digital Platforms and Civil Society Activism

As indicated earlier, the number of registered Facebook users in Hungary has been steadily increasing. This social network has been a platform for civil society activism, particularly when it comes to politics.¹⁷⁷ The so-called “Facebook generation” used the social network site in early 2011 to organize demonstrations against the new media regulation. The rally got coverage not only in the domestic mainstream media, but also from international media.¹⁷⁸ A protest in mid-January 2011 brought several thousand participants to the venue,¹⁷⁹ organized by the Facebook group “One million for Hungarian press freedom.” The same group organized further demonstrations on 15 March 2011 and 23 October 2011, both with the participation of “tens of thousands of people”.¹⁸⁰ Several protests were organized by the civil sphere in December 2011,¹⁸¹ and a major one on 2 January 2012.¹⁸²

The internet is increasingly used as a tool for advocacy. Two online petitions announced in 2011 included a protest against the closure of *Klubrádió* (Club radio) (which lost the tender for its Budapest frequency in December 2011: see section 5.1.2). This has collected more than 26,000 signatures online since early June 2011.¹⁸³ The other, a protest against a proposed government public works program, was signed by more than 3,000 people between mid-July and August 2011.¹⁸⁴ It seems that the internet is becoming more widely used as a tool by opposition groups.

Apart from protests, civil organizations use digital means to further their cause in other ways. The non-governmental Hungarian Civil Liberties Union (*Társaság a Szabadságjogokért*, HCLU), in its “Active citizen” program, provides addresses of authorities, forms and sample letters to request data of public interest, letters protesting against decisions by politicians, complaint letters to the police, and so forth.¹⁸⁵ These actions can be executed both off- and online.

177. Tamás Bodoky, e-mail interview, 16 January 2011.

178. For instance W. Mayr, “Facebook Generation Fights Hungarian Media Law,” *Der Spiegel*, 4 January 2011. See <http://www.spiegel.de/international/europe/0,1518,737455,00.html> (accessed 25 January 2011). F. Facsar, “Online protest taking to streets in Hungary,” *CNN*, 14 January 2011. See <http://www.cnn.com/2011/WORLD/europe/01/13/hungary.protest/index.html> (accessed 25 January 2011).

179. K. Than, “Thousands protest against Hungary’s media law,” *Reuters*, 14 January 2011. See <http://uk.reuters.com/article/idUKTRE70D5I620110114> (accessed 25 January 2011).

180. “Thousands protest against Hungary’s media law that critics say restricts press freedoms,” *The Guardian*, 15 March 2011. See <http://www.theguardian.pe.ca/News/Canada%20-%20World/Society/2011-03-15/article-2332482/Thousands-protest-against-Hungarys-media-law-that-critics-say-restricts-press-freedoms/1> (accessed 16 March 2011).

181. *Civil sphere and grassroot protests in Hungary: December, 2011*. Thecontrarianhungarian.wordpress.com, 2 January 2012. See <http://thecontrarianhungarian.wordpress.com/2012/01/02/civil-sphere-and-grassroots-protests-in-hungary-december-2011/> (accessed 5 January 2012).

182. A.L.B., *Hungary steps out*, 3 January 2012. See <http://www.economist.com/blogs/easternapproaches/2012/01/protest-hungary> (accessed 5 January 2012).

183. *Mondj nemet a Klubrádió megszüntetésére!* (Say no to the closure of Klubrádió!), 7 June 2011. See http://www.peticiok.com/mondj_nemet_a_klubradio_megszuntesere (accessed 2 August 2011).

184. *Munkaszolgálat. Tiltakozás*. (Public work. Protest.), 16 July 2011. See <http://www.peticiok.com/munkaszolgalat> (accessed 2 August 2011).

185. See <http://tasz.hu/aktiv-polgar> (accessed 2 August 2011).

Tivadar Hüttl, HCLU's head of Data Protection and Freedom of Information Program, cited two successful stories—both based on Act LXIII of 1992 on Protection of Personal Data and Disclosure of Data of Public Interest—when both the aim was achieved and media attention engaged. The first was in October 2008, when more than 1,000 information e-mail requests were sent in two days to the Ministry of Economics asking how HUF 190 billion (US\$643 million) had been spent by the SAAB/Gripen group in Hungary. This came out an agreement for Hungary to buy fighter planes from Gripen. In return, Gripen agreed to invest this sum in the country. The other story concerned the feasibility study for a motorcycle racing project at Sávoly in early 2010, when almost 2,000 citizens requested information from the Prime Minister's Office.¹⁸⁶

At the end of 2010, Women with Careers (*Nők a pályán*, NAP), a Hungarian women's group, started to collect citizens' signatures for a referendum on introducing a quota of women MPs. The initiative was launched on a website, with downloadable forms to be signed, followed by several articles and reports as media outlets started to cover the topic.¹⁸⁷ Mainstream media attention grew as celebrities joined the campaign. But the organizers collected only 60,000–65,000 signatures, far short of the 200,000 necessary to trigger a referendum.¹⁸⁸

It is not only human rights activists who harness the internet, however. Extreme right-wing groups use the internet extensively and very effectively. The most famous example is the infamous racist and anti-Semitic website Kuruc.info, which regularly published personal data, including mobile numbers of politicians and judges, and is operated from an American host site. The site was shut down in 2008, but despite government efforts the shut-down was only temporary.¹⁸⁹ The extreme right also uses the internet to organize demonstrations. For instance on 2 January 2010, when a massive opposition protest was organized, the extreme right announced a counter-protest.¹⁹⁰

3.2.2 The Importance of Digital Mobilizations

According to Tamás Bodoky, such initiatives “reach a minority directly, but they infiltrate the mainstream media.”¹⁹¹ The protests for press freedom were organized on Facebook, but in a relatively short period of time, traditional media outlets reported them as well. Traditional media outlets, particularly *Klubrádió*, contributed to the organization of the 23 October 2011 anti-government demonstration by announcing the event.

Digital media appear to combat apathy by demonstrating more effectively the existence of a plurality of views in society. As the number of Facebook users keeps growing, so does the number of possible participants of online protests and mobilizations online.

186. Tivadar Hüttl, HCLU, e-mail interview, 19 July 2011.

187. “Népszavazás” (Referendum), *Nők a pályán*. See <http://www.nokapalyan.hu/static/nepszavazas.jsf> (accessed 25 January 2011).

188. “Nem lesz népszavazás a női kvótáról” (There will be no referendum on quota for women), *Index.hu*, 28 January 2011. See http://index.hu/belfold/2011/01/28/nem_lesz_nepszavazas_a_noi_kvotarol/ (accessed 12 March 2011).

189. “A kormány kérte a Kurucinfo leállítását” (The government asked for Kurucinfo to be shut down), *Origo.hu*, 21 July 2008. See <http://www.origo.hu/itthon/20080721-magyar-keres-utan-allt-le-a-kurucinfo.html> (accessed 4 March 2011).

190. Tisztítsuk meg az utcát a szennytől! Jönnék a gárdisták is! (Let's clean the street from filth! The guardists are also coming!), *Harcunk.com*, 1 January 2012. See <http://harcunk.com/tuntetes> (accessed 5 January 2012).

191. Tamás Bodoky, e-mail interview, 16 January 2011.

While some issues are still only relevant to a small minority of users, the use of the internet for advocacy purposes by civil organizations may well increase in the future. Equally likely to increase, however, is the online dissemination of extreme right-wing ideas.

Several actions organized on Facebook against government measures grabbed the attention of national and international press. It is reasonable to expect further protests to follow. There is clearly potential for opposition activism via social media to intensify, especially if other forms of public expression are curtailed.

The media law was slightly amended following the Facebook-inspired actions. However, it is not clear whether this was primarily a result of the protests or of pressure from the European Union (EU).

3.3 Assessments

In 2010, nearly half the adult population used the internet, and an overwhelming majority of those users consumed news online. A survey by Tamás Bodoky indicated that most readers consume blogs because they provide a “stronger opinion” and interpret news in a more “enjoyable” way. It is possible that blog consumption is based on style rather than content.

Digitization has not only contributed to the overall news offer by providing an additional platform for news distribution and encouraging a different style for presenting news. For digital mobilization itself *produces* news. A significant campaign organized on the internet can end up being covered by both offline and online mainstream media. The examples above suggest that internet opposition actions and online petitions are growing in popularity as a tool of civic activism.

However, since the majority of sites visited are commercial media outlets, they do not promote civil or political activity. As Bodoky comments: “The online presence of the civil sphere is fragmented, there is no central website which would provide a significant mobilizing power, but civil society is increasingly active on Facebook.”¹⁹²

The emergence and the rapid growth of Facebook, along with Web 2.0 more generally, have created a new media space, based on multi-way communications, which reaches mass audiences. Its features are promptness, availability and little or no cost. It takes little more than a minute to create a group on Facebook, which may quickly gain supporters. If the steep rise in the number of registered Facebook users continues, causes could become easier and quicker to spread.

192. Tamás Bodoky, e-mail interview, 16 January 2011.

4. Digital Media and Journalism

4.1 Impact on Journalists and Newsrooms

4.1.1 Journalists

Most of the journalists interviewed for this report¹⁹³ agreed that editorial work has changed a lot in the past five years. This was thought to be mainly a result of the economic crisis and increased news competition, not because of digitization, which is considered merely a technological improvement. The political polarization of the media was another factor whose impact on news coverage was mentioned by nearly all our respondents.

The majority of respondents pointed to the increasing ratio of aggregated news content as opposed to original news content. Most of them blamed news competition and the economic crisis. Many media outlets simply cannot afford to send correspondents to events, instead using news items provided by the Hungarian News Agency (MTI), or in the case of online written media they simply copy and paste articles, sometimes without proper attribution.

Most of the interviewees complained about the increasing amount of unverified information, driven by news competition. Éva Vajda, one of Hungary's leading investigative journalists, asserted that the "basis of journalism is that you check the information and work against a deadline. With the internet, the deadline ceased to exist."¹⁹⁴ In the online press, the "compulsion to publish news continuously" impedes the checking of information.¹⁹⁵ The spread of unverified information is further enabled by the ease with which it can be corrected and republished at any time.

Nevertheless, digitization has advantages: online databases, social networks, information gleaned from blogs, and digital gadgets help journalists in their daily work. Mónika Tóth, the editor of community radio station *Civil Rádió* (Civil Radio) summarized life in the digital era: the recorder is becoming smaller, while the

193. In early 2011, we approached several editor-in-chiefs and journalists with questions related to this research. Some responded on condition of anonymity.

194. Éva Vajda, personal interview, 17 February 2011.

195. Journalist A of a national daily newspaper, e-mail interview, 23 February 2011.

microphone is becoming bigger.¹⁹⁶ Tamás Vajna, a journalist at *HVG*, warned that while smart phones and mobile internet enabled journalists to be online continuously, they did not replace analysis and research.¹⁹⁷

The freelance investigative journalist and internet expert Tamás Bodoky told us that integrated editorial boards for print and online editions began appearing around the middle of the last decade. This happened because media owners began to take online publishing seriously, because more databases became accessible online,¹⁹⁸ and because editorial integration was intended to bring streamlining benefits.¹⁹⁹

None of our respondents believed there had been an increase in the range of voices in the media, but most agreed that more resources were available for journalists.

4.1.2 Ethics

A change related to digitization mentioned by nearly all was plagiarism, which is common in some online written media outlets. Several journalists mentioned tabloidization, as “the headline means everything on an online site ... to this end it does not matter if the headline is ambiguous or distorted.”²⁰⁰ One journalist has mentioned that even though some methods are ethically “borderline,” they are “allowed and accepted, even necessary,” such as on the public affairs program *Célpont* (Target) on Hír TV, which frequently uses hidden cameras to investigate corruption. Of course, he believes personal and moral rights should be respected.²⁰¹

Digitization has not in itself altered the principles of ethical journalism. In 2001, the major players in the online media created the Hungarian Association of Content Providers (*Magyar Tartalomszolgáltatók Egyesülete*, MTE), a self-regulatory organization with a code of ethics, which basically adopted the ethical guidelines of the print press.²⁰² However, online journalism is often practiced by amateurs who may not know the rules of the profession. Furthermore, journalism is often conducted from behind a desk, rather than in the field. Repetition of content is also widespread.

Péter Bajomi-Lázár has assessed the impact of online written media on journalistic ethics in general. His conclusions apply to Hungary, as supported by our examples. Among the positive changes, he lists: “news agenda-setting” (issues are put on the news agenda by non-professional news sources—such as the organization of the 23 October 2011 anti-government demonstration: see section 3.2.1); the “emergence of the fifth power” (citizens’ increased influence on journalists—such as the appearance of the blogosphere: see

196. Mónika Tóth, *Civil Rádió*, officer of Hungarian Federation of Free Radios (*Szabad Rádiók Magyarországi Szervezete*), personal interview, 21 February 2011.

197. Tamás Vajna, *HVG*, personal interview, 16 February 2011.

198. Tamás Bodoky, personal interview, 23 February 2011.

199. Péter Szigeti, *Kreatív*, personal interview, 22 February 2011.

200. Journalist of a regional daily newspaper, e-mail interview, 23 February 2011.

201. Journalist B of a national daily newspaper, e-mail interview, 24 February 2011.

202. MTE, *Code of Content Providing. Regulation of Operations, Ethics and Procedures with Respect to Content Providing*, Issued by the Hungarian Association of Content Providers, 2001. See: http://www.mte.hu/dokumentumok/mte_kodex_eng.doc (accessed 3 March 2011).

sections 1.4 and 3.1.3); and the “emergence of online media critique” (forums where journalists can discuss professional matters publicly, for example some Facebook groups, such as Szól a rádió). But he also lists negative changes: the “shortened news cycle” (which means that news items get published online without any in-depth investigation); “immediate access” (readers get to the news without mediation by professional editor gate-keepers); “tabloidization” (increasing news competition pushes media outlets to focus on human interest and feature stories); “copy and paste journalism” (plagiarism without double-checking the original information); and the increasing number of fabricated stories (hoaxes to entertain the audience).²⁰³

4.2 Investigative Journalism

4.2.1 Opportunities

Éva Vajda points out that investigative journalism is “philosophically independent from digitization,” as the journalist has to speak to people anyway. She said that digitization helped investigative journalism in the sense that more information was available through the internet, but lots of it was inaccurate, so careful checking was essential.²⁰⁴

Tamás Bodoky noted that digitization has helped investigative journalism significantly for several reasons:

- Public databases ease and speed up work.
- One can easily retrieve the origins of a case with a search engine; there is no need for a library.
- Experts are easily accessible via the web.
- Using PGP (Pretty Good Privacy) e-mails and Skype provides security for the source, as many people do not dare speak freely on the phone.

Our respondents listed several tools helpful to investigative journalism: the online accessible court registry (even though, due to a legal modification the owner of a company may ask for his or her name to be removed from the registry),²⁰⁵ social networks, special databases (Feketelista.hu, K-monitor.hu), internet forums, and search engines.

Two examples, among others cited, when digital tools were used for investigative journalism articles included work by Tamás Vajna and Ágnes Lampé. Mr Vajna used social networks to find the relationships between the different parties in a story on how a valuable hunting ground was privatized in dubious circumstances.²⁰⁶ Ms Lampé received an e-mail with a tip-off about a professor, who had allegedly forged his academic application.²⁰⁷

203. P. Bajomi-Lázár, *Média és politika* (Media and politics), 2010, PrintXBudavár Zrt, Budapest, pp.139–149 (hereafter Bajomi-Lázár 2010).

204. Éva Vajda, personal interview, 17 February 2011.

205. Tamás Vajna, *HVG*, personal interview, 16 February 2011.

206. T. Vajna, “Nagyvadak” (Big game), *HVG*, 30 July 2008. See http://hvg.hu/hvgfriss/2008.31/200831_Nagyvadak (accessed 16 February 2011).

207. Á. Lampé, “Fantom professzor” (Phantom professor), *168 óra*, 4 February 2011. See <http://www.168ora.hu/itthon/karoli-petho-sandor-habilitacio-professzor-egyetem-oneletrajz-palyazat-68870.html> (accessed 16 February 2011).

4.2.2 Threats

Digitization helps, but also threatens investigative journalism. Phones can be bugged, computers can be hacked.

Respondents mentioned some other obstacles not connected to digitization, such as the lack of financial resources to conduct investigations or to defend themselves in the event of legal action, the political and economic interests of the actors, and the discouraging legal climate (potential sanctions mean that an investigative report can have grave consequences).

Investigative journalism is further weakened by the 2010 media regulation, which enables the authorities, including the media authority, to require media outlets to reveal their sources in order to protect “national security and public order or uncovering or preventing criminal acts” (see section 7.1.2.1).²⁰⁸

As Éva Vajda put it, “in Hungary, journalism has always been made difficult by the incredibly strong self-censorship caused by putative or real fears.” She believes that “Hungarian democracy is not at a stage where the audience will support a journalist and democratic values against a powerful person.” Political scientist Tamás Fricz coined the phrase “the country without consequences,” which refers to the fact that politicians are not constrained by public opinion or the media.²⁰⁹

4.2.3 New Platforms

Journalism by bloggers is not common. One journalist wrote that “it might happen that a blogger knows a given area better and ... processes information that might be a topic of an investigative report.”²¹⁰ Éva Vajda believes, as do most of our respondents, that a “blog is an opinion genre,” and as such, may only provide ideas.

Both Ágnes Lampé, a journalist at the weekly *168 óra*, and Tamás Bodoky asserted that bloggers can publish a piece of information anonymously without legal liability which may then become the lead in an investigative report. Mr Bodoky added that when blogs publish information related to corruption (such as *Vastagbor.blog.hu* or, earlier, *Eastcasablanca.blog.hu*), they do not provide in-depth analysis, nor do they feel obliged to separate facts from opinions.

Nearly all the journalists said that blogs do not satisfy the criteria of journalism in several respects:

- Not all perspectives are presented.
- The context is lacking.

208. Act CIV of 2010 on the Freedom of the Press and the Fundamental Rules on Media Content, Art. 6, para 3.

209. T. Fricz, *Egy következmények nélküli ország (avagy a magyar demokrácia erkölcsi válsága)* (A country without consequences (or the moral crisis of the Hungarian democracy)), 2004, Kairosz Könyvkiadó Budapest.

210. Journalist from public radio, e-mail interview, 23 February 2011.

- There is no conclusion.
- Facts and opinions are not separate.
- Blogs “publish opinions, informing is not the aim.”

4.2.4 Dissemination and Impact

Dissemination of materials has become radically easier: articles are distributed on sites, forums and social networks. When Tamás Bodoky was summoned by police in 2011 as a result of a post (based on documents received from a source) published on *Atlatszo.hu*, the story was covered in all of the major media outlets, including the evening news bulletin of the market-leading commercial television channel *RTL Klub*, even though the original news from *atlatszo.hu* itself was shared directly by only around 400 users until then.

Tamás Vajna added that an investigative article “rarely has immediate tangible effect”: sometimes it takes years until a criminal case reaches the police and charges are brought—as in the case of one of the actors in his article from 2008.²¹¹

Hence, investigative materials do appear on digital platforms but to date there are no independent data on how frequently they appear or what impact they have. Overall, however, it can be concluded that investigative journalism seldom has significant impact.

4.3 Social and Cultural Diversity

4.3.1 Sensitive Issues

Our respondents almost unanimously saw the Hungarian Roma minority as the most sensitive social issue. Some respondents also mentioned sexual minorities and the poor.

As previously noted, the Roma are Hungary’s largest minority (see Context). Opinion surveys show that the average Hungarian despises the Roma, and that the majority of people hold opinions such as: “criminality is in the blood of the Roma,”²¹² “Roma should be forced to live as Hungarians do,” and the problems facing the Roma would be solved if “they finally started to work.”²¹³ As well as routine discrimination in education, employment, the health-care system, and housing, in the late 2000s the houses of Roma people were targeted in Molotov-cocktail attacks and shootings, in which six people died.²¹⁴

211. Tamás Vajna, *HVG*, personal interview, 16 February 2011.

212. “Továbbra is erős roma-ellenes előítéletek” (Anti-Roma prejudices still strong), *Tárki*, 11 July 2006. See: <http://www.tarki.hu/tarkitekintto/20060201.html> (accessed 6 September 2010).

213. “Cigányellenesség a társadalom értékrendjében: a közös nevező” (Anti-Roma attitude in society’s values: the common denominator), *Publicus Research*, 13 February. See: <http://www.publicus.hu/blog/ciganyellenesség/> (accessed 6 September 2010).

214. “Hungary urged to thoroughly investigate attacks on Roma,” *Amnesty International*, 10 November 2010. See <http://web.amnesty.hu/amnesty-international/a-romak-diszkriminacioja-ellen/a-romak-elleni-tamadasok-melyrehato-kivizsgalasaraszolitottak-fel-magyarorszagot/-hungary-urged-to-thoroughly-investigate-attacks-on-roma> (accessed 10 January 2011).

In their coverage of Roma-related issues, Ágnes Lampé concludes that here, too, the media is polarized: “most outlets cover minority cases in line with their ideologies, perceptions, and interests ... which could be felt even in the case of the serial murders of the Roma.”²¹⁵ A public radio journalist was outraged that some media outlets find the likely ethnic background of the perpetrator of a crime as having news value.²¹⁶ A journalist from a national daily lamented that in many cases, the way minorities are presented can be “counterproductive, as it can strengthen stereotypes.”²¹⁷

The sociologist and media researcher Ferenc Hammer investigated the representation of the poor and poverty in “the current affairs entertainment program” *Fókusz* of *RTL Klub*. He found that “poor people’s problems are almost never contextualized in a wider societal context,” and that almost all poverty-related reports in the period under review were “organized around the larger theme of suffering, misery, or sickness.”²¹⁸

4.3.2 Coverage of Sensitive Issues

In the last decade and a half, research on media representation of the Roma found that stories about them focused on conflicts and problems. Their voices were not heard, they were depicted as a homogeneous group, the context was not presented, and the some media outlets chose to identify Roma ethnicity only in negative stories, such as those on crime.

Journalists say that coverage of minorities is frequently designed to increase readership. Janos Dési, a journalist from the national quality daily *Népszava*, notes that in the analog era it was not that easy to publish an article with extreme views; and readers would have to buy a newspaper. Now those boundaries have disappeared and it is easy to spread ideas.²¹⁹ Both Mr Dési and Tamás Bodoky mention that there was once a consensus on how to cover minority issues, but a section of the media now ignores this, and chooses to exercise a “freedom of hatred.”

4.3.3 Space for Public Expression

Under Act LXXVII of 1993 on the Rights of National and Ethnic Minorities, public service broadcasters must provide programs for the Roma and the other 12 legally recognized national minorities. Like its predecessor, the 2010 new media regulation requires that public service broadcasters satisfy the “media-related needs of national and ethnic minorities ... present their culture, foster the mother tongues of national and ethnic minorities,”²²⁰ and states that minorities “are entitled ... to be regularly informed in their mother tongue by

215. Ágnes Lampé, *168 óra*, e-mail interview, 11 February 2011.

216. Journalist at the public radio, e-mail interview, 23 February 2011.

217. Journalist A of a national daily newspaper, e-mail interview, 23 February 2011.

218. F. Hammer, *Poverty Portrayals Performing Social Exclusion in Hungarian Factual Entertainment Television Programs. A media regulation policy proposal. Draft*, 8 October 2002, Fellowship Program, Open Society Institute and Center for Policy Studies, Budapest, p. 9. See <http://www.policy.hu/hammer/policypaper.pdf> (accessed 12 July 2011).

219. János Dési, *Népszava*, personal interview, 23 February 2011.

220. Act CLXXXV of 2010, Art. 83, para 1e.

means of specific programs aired by the public service media.”²²¹ Both MTV and Hungarian Radio fulfill these requirements, providing regular programming for all national minorities.²²² One of the tasks of MTI, which produces news bulletins for all public service broadcasters, is to “report regularly and objectively on the life of national and ethnic minorities living in Hungary.”²²³ The media regulation stipulates that “media content may not incite hatred against persons, nations, communities, national, ethnic, linguistic and other minorities or *any majority*²²⁴ as well as any church or religious groups,” and media content may not “offend or discriminate against persons, nations, communities, national, ethnic, linguistic and other minorities or *any majority* as well as any church or religious groups.”²²⁵

Some journalists consulted for this report noted that digitization has enabled minorities to make their voices heard. However, others highlighted that digital media were detrimental in the sense that extreme voices were stronger^r and “they talk more about minorities—but without them.”²²⁶ There are some online media outlets produced by Roma journalists (Romnet.hu, Sosinet.hu), and the news items issued by the Roma Press Center are published in the national quality daily *Népszava*.

An example how digitization and the internet in particular can enhance the voices of the “unheard” is an initiative of HCLU; the series “Make your voice visible!” contains short interviews with Roma people, aimed at distributing the messages to a wider audience.

4.4 Political Diversity

4.4.1 Elections and Political Coverage

There have been no changes in the regulations on coverage of elections or politics in general. However the mere fact that the 2010 media regulation now extends to the internet, treating it like other media, is in itself a major change.

The internet brings innovations to the political process for both voters and professional journalists. One example—also singled out by one of our respondents²²⁷—was the first round of the 2010 national elections, when the National Election Committee (*Országos Választási Bizottság*, OVB) banned the media from publishing partial results announced by the National Election Office (*Országos Választási Iroda*) because the

221. Act CLXXXV of 2010, Art. 99, para. 1.

222. B. Tóth, *Minorities in the Hungarian Media. Campaigns, Projects, Programmes for the Integration*. Center for Independent Journalism, Budapest, 2010, pp. 15–17. See http://www.cij.hu/hu/wp-content/uploads/2011/02/toth-b-kisebbmedia-web-eng_final.pdf (accessed 12 July 2011).

223. Act CLXXXV of 2010, Art. 101, para 1g.

224 (emphasis added here and for further references to “majority” in this context)

225. Act CIV of 2010, Art. 17, para 1, 2.)

226. Journalist of a regional daily newspaper, e-mail interview, 23 February 2011.

227. Journalist B from a national daily newspaper, e-mail interview, 26 February, 2011.

polls were still open in some districts. Despite the ban, the results were posted on Twitter²²⁸ by unknown parties and distributed on blogs, while the national television channels and radio stations, with experts standing by in the studios, could not report and comment on the preliminary results.²²⁹

4.4.2 Digital Political Communications

In his study of political campaigns on the internet, András Burján called Ferenc Gyurcsány (MSZP prime minister, 2004–2009) the “pioneer” of blogging by a politician, dating back to the 2006 election campaign. The leader of Fidesz, Viktor Orbán, launched his video-blog site in 2008, when he was leader of the opposition. Mr Burján highlighted the fact that several blogs²³⁰ tried to direct the political orientation of their readers during the 2010 election campaign. All political parties produced their own videos to cut costs and to “demonstrate” their Web 2.0 presence.²³¹ The present author has calculated that no more than 50,000 users Facebook sites of all the parties and politicians, and that Fidesz paid the most attention to social media. Mr Burján found that Mr Orbán (the then Fidesz candidate for prime minister) had more than 24,000 Facebook supporters in spring 2010, while Attila Mesterházy (the MSZP candidate) had 1,200, Gábor Vona of Jobbik, The Movement for a Better Hungary (*Jobbik Magyarországért Mozgalom*, Jobbik) had 9,000, and András Schiffer of Politics Can be Different (*Lehet Más a Politika*, LMP) had 1,200. Mr Burján concluded that the Web 2.0 internet communication by parties and politicians was in its infancy in the 2010 parliamentary elections, as the use of Web 2.0 tools was “coerced” rather than a “conscious, deliberate strategy.”²³²

In discussing the use of new media by politicians, nearly all our respondents spoke of Mr Gyurcsány’s blog and of Prime Minister Viktor Orbán’s Facebook presence. Most agreed that the parties use the internet quite effectively. The Fidesz politician Tamás Deutsch gained attention through his “honest and direct” tweets.²³³ János Dési saw the question as “whether a party can or cannot say what the audience needs”—with the internet being a tool in this process. He also said that the MSZP—the governing party in 2002–2010 which lost the 2010 national elections—performs poorly not because it uses the internet poorly, but because it performs poorly in the real world.²³⁴

Péter Szigeti, the editor-in-chief of the magazine *Kreatív*, said the parliamentary opposition parties Jobbik and LMP performed well in their use of the internet to reach their audiences. A journalist from public radio believes that Jobbik and LMP won seats in parliament, because they made better use of the internet better than other parties. Tamás Bodoky highlighted Jobbik and LMP as well, adding that “online popularity can be converted into political popularity.”²³⁵

228. See <http://twitter.com/valasztasok2010>.

229. Voks 2.0. See <http://facebookmarketing.hu/2010/04/12/voks-2-0/#more-196> (accessed 3 March 2011).

230. Such as piroslapok.blog.hu and gyurcsanyahibas.blog.hu.

231. A. Burján, *Internetes politikai kampány* (Political campaign on the internet), autumn 2010, *Médiakutató*.

232. A. Burján, *Internetes politikai kampány 2.* (Political campaign on the internet 2), winter 2010, *Médiakutató*.

233. ALB, “Tamas’s tweets,” *Eastern approaches*, 4 April 2011. See http://www.economist.com/blogs/easternapproaches/2011/04/twitter_hungary (accessed 11 April 2011).

234. János Dési, *Népszava*, personal interview, 23 February 2011.

235. Tamás Bodoky, personal interview, 23 February 2011.

Our respondents agreed that digitization provides more platforms for political parties, as politicians can and do have blogs and websites, enabling messages to reach the public promptly, and because of interactivity. There are no data to indicate an increased interest in politics among the public as a result of digitization.

4.5 Assessments

Our respondents agreed that the core principles of professional journalism have remained intact. Checking information is even more important today than in the analog era since, for instance, forging a document is easier in the digital world. The same is true of plagiarism. Some minor sites simply copy and paste, or republish articles with minor changes. This is said to be due to the accelerated, or rather permanent, news cycle and the lack of manpower. News competition and the need for immediacy create errors in the articles of major online written media outlets, which may then republish updated versions of articles. Most blogs undertake opinion journalism, but some may provide leads and sources for investigative journalism. Such tools help journalists; however, they can also be used against them.

Digitization helps investigative journalism by providing a range of devices and online databases and, more importantly, making it easier to render contact with sources more secure. On the other hand, the very same tools could threaten the journalists themselves. Investigative journalism is also under threat from the new media regulation, which allows the media authority to require outlets to reveal their sources of information. At this time of writing, the fate of Tamás Bodoky's source is unknown (see section 4.2.4).

Digitization enables those who want it to receive information through the internet. It can enhance the voices of minorities—an example is the HCLU initiative to provide space for the unheard Roma. At the same time, it amplifies extreme voices, such as that of the extremist Kuruc.info. In mainstream media, however, and on their websites, there is little context and background, or deeper social analysis when the Roma, the poor, and sexual minorities are covered.

Web 2.0 tools (social networks, videos) became widespread during the 2010 parliamentary election campaign; all political parties used them, and this is predicted to become more important in upcoming elections. Digitization enhanced the flow of information during the election, when preliminary and partial results were not published in traditional media outlets, but tweets and blogs brought the data online.

5. Digital Media and Technology

5.1 Spectrum

5.1.1 Spectrum Allocation Policy

Between 1996 and 2010, broadcasting frequencies were allocated by the National Radio and Television Commission, ORTT. Since 2010, they have been allocated by the National Media and Infocommunications Authority (*Nemzeti Média- és Hírközlési Hatóság*, NMHH). The members of ORTT were nominated and elected by all parliamentary parties, whereas the members of NMHH's Media Council have been nominated and elected by the governing parties (see section 7.2.2). ORTT's members could balance each other politically, but the virtually one-party NMHH does not have to take any other party into account. (See sections 7.2.1 and 7.2.2 for an analysis of the relationships between Hungary's different regulatory bodies, past and present.)

The 2010 media regulation does not specify the exact conditions for spectrum allocation; it leaves room for the Media Council to define the criteria, as this authority organizes the frequency tender, determines the conditions, and decides on the winner. The applications are evaluated against the principles listed in the tender announcement, that the criteria “shall be transparent, free from discrimination and proportionate.”²³⁶

The spectrum usage fee (i.e. the media service provision fee for commercial radio stations) used to be disproportionately high, so the new media authority reformed the fee calculation system in June 2011. The new, unified fee system is expected to result in a just and proportionate system, which is meant to foster real competition in the radio market. The average concession fee became 23 HUF/person.²³⁷ Between October 2010 and early 2012, decisions will have been made on 100 frequencies.²³⁸

236. Act CLXXXV of 2010, Art. 60, para 3.

237. This fee varied between HUF 16-78/person.

238. Media Council, “Megújulás előtt a rádiós piac” (The radio market is about to be renewed), 19 July 2011. See http://www.mediatanacs.hu/hirek.php?hir_id=664 (accessed 2 August 2011).

Nevertheless, community media service providers do not have to pay the media service provision fee.²³⁹ In the Budapest coverage area in October 2011 there were several non-fee payer broadcasters, such as *Civil Rádió*, *Főnix TV* (Phoenix TV), *Gazdasági Rádió* (Economic Radio), *Mária Rádió* (Radio Maria), *Magyar Katolikus Rádió* (Hungarian Catholic Radio), *Rádió Q*, *Tilos Rádió* (Forbidden Radio), and *Lánchíd Rádió* (Radio Chain Bridge).²⁴⁰ In December 2011, the Media Council gave the status of community media service provider to 66 media service providers.²⁴¹

5.1.2 Transparency

Before 2010, there were some dubious frequency allocations by ORTT. In 2009, bidders applying with “unrealistic business plans”²⁴² won two national radio frequencies in 2009, despite both having conflicts of interest (see section 6.1.2).

The frequency allocation process was and is transparent in the sense that the *process* of allocation is known. But there is no consistent set of requirements for the tenders, leading to arbitrary decisions. The example of the two national commercial radio station frequencies described in section 6.1.2 suggests that the Hungarian allocation *policy* is not well-defined. The new media regulation does not change much in this sense; the calls for tenders are prepared by the authority. A more recent example is the case of the left-wing regional radio, *Klubrádió*, which got its frequency license renewed for two months at a time, on a temporary basis—which many believe was for political reasons.²⁴³ *Klubrádió* lost its Budapest frequency in December 2011 in a much debated process.

239. Under Act I of 1996, public program providers and non-profit program providers did not have to pay a fee for their frequencies. These broadcasters (both radios and televisions) needed to request their recognition as community media service providers from the Media Council before 30 June 2011, and until the decision of the Media Council they can enjoy their status (Act CLXXXV of 2010, Art. 209, par. 1.). The community media service providers need to broadcast public service content in two-thirds of their air time (see section 2.2.2), and they can broadcast only six minutes of advertising per hour.

240. “Földfelszíni sugárzású helyi és körzeti műsorszolgáltatók” (Terrestrial broadcast local and regional media service providers), NMHH, 20 October 2011. See http://www.mediatanacs.hu/nyilvantartasok/1319115732_helyi_korzeti_mszolg_20111020.xls (accessed 5 January 2012).

241. “A Médiateanács decemberben 66 médiaszolgáltatónak adott közösségi státuszt” (The Media Council gave the community media service provider status to 66 media service providers in December), Media Council. See http://www.mediatanacs.hu/hirek.php?hir_id=814 (accessed 5 January 2012).

242. B.Á. Kovács and B. Molnár, Hungary, Freedom House, Nations in Transit, 2010, p. 241. See <http://freedomhouse.org/images/File/nit/2010/NIT2010Hungaryfinal1.pdf> (accessed 20 November 2010) (hereafter Freedom House Hungary 2010).

243. “Statement. Hungary: KlubRadio case demonstrates censorship of the recent media law,” *Article 19*, 8 September 2011. See <http://www.article19.org/resources.php/resource/2723/en/hungary:-klubradio-case-shows-recent-media-laws-censoring> (accessed 27 October 2011).

The case of *Klubrádió*

The history of *Klubrádió* goes back to 1998, when the Hungarian Auto Club (Magyar Autóklub) won the 95.3 MHz frequency in Budapest to broadcast transport news. However, the radio station was sold in 2001, and only the name and the frequency remained, while a completely new program structure was created, different from what the media authority (ORTT) accepted in 1998. *Klubrádió*, with its current liberal, talk-radio profile, started broadcasting in 2001 and got other frequencies in the country in the following years. As the Budapest frequency was to expire in February 2011, the management applied for and won a different frequency (92.9 MHz) in April 2010, declaring that it ceased broadcasting on 95.3 MHz. A contract for the new frequency was never signed.²⁴⁴ Losing advertisers after the 2010 parliamentary elections, the radio introduced a funding scheme (see section 6.2.2). In December 2010, the Media Council declared that *Klubrádió*'s tender application was invalid, withdrew the frequency, and meanwhile announced a tender for the 95.3 MHz frequency. The tender FOR 95.3 MHz called for a “music radio station that presents some local information and values,” which is far removed from *Klubrádió*'s talk radio profile with little music.²⁴⁵ Meanwhile, the 95.3 MHz frequency kept being renewed every two months. The decision on the new tender was made in December 2011, resulting in *Klubrádió* losing its frequency in Budapest.²⁴⁶ Annamária Szalai, the president of the media authority, claimed that the radio station was being “provocative” in submitting a “weak application.” *Klubrádió* got one point less in the evaluation process than the winner. As the five tender applications for this frequency are not public – except for *Klubrádió*, which published it on its website – the neutrality of the evaluation process cannot be assessed. The winner of the frequency, Autoradio Ltd., is a company founded in 2011, with no experience in broadcasting, which is due to start broadcasting in the first quarter of 2012.²⁴⁷ *Klubrádió* claims around 500,000 listeners, and plans to take the case to the court. It also says it will continue broadcasting temporarily online and/or via other alternative means.²⁴⁸

244. The contract was not signed either due to the “chaotic status at ORTT after the Parliamentary elections” (Bayer J., see next footnote), or—as János Auer, a member of the Media Council put it—because *Klubrádió* wanted to use its “old” frequency until it could broadcast on the “new” one. See “A Fidesz háttérzágáról semmiféle információ nincs” (“I have no information on the hinterland of Fidesz”), *Magyar Narancs*, XXIV, Nr.1, 5 January 2012. p. 20–22.

245. J. Bayer, *Hungary: A popular talk radio loses its licence to a music radio—layoffs at the public service media*, Medialaws.eu, 12 July 2011. See <http://www.medialaws.eu/hungary-a-popular-talk-radio-loses-its-licence-to-a-music-radio-%E2%80%93-layoffs-at-the-public-service-media/> (accessed 31 December 2011).

246. E. Balazs, *Hungarian watchdog takes away frequency from opposition radio*, 21 December 2011. See <http://www.bloomberg.com/news/2011-12-21/hungarian-watchdog-takes-away-frequency-from-opposition-radio.html> (accessed 31 December 2011) (hereafter Balazs 2011).

247. For the critiques of Annamária Szalai and the responses of *Klubrádió*'s management see “Szándékosan gyenge...” (Deliberately weak...), *Klubrádió*, 3 January 2012. <http://www.klubradio.hu/cikk.php?id=16&cid=136963> (accessed 5 January 2012).

248. “Nem hagyjuk abba” (We won't stop!), *Klubrádió*, 5 January 2012. See <http://www.klubradio.hu/cikk.php?id=16&cid=137093> (accessed 5 January 2012).

Klubrádió's loss of its Budapest frequency generated a national and international reaction,²⁴⁹ such that the Media Council claimed that domestic and international political organizations were trying to exert political pressure on them to give the frequency to the radio station.²⁵⁰ The Media Council's decision will be assessed by the high-level group on media pluralism established by the European Commission.²⁵¹

5.1.3 Competition for Spectrum

Four bids from three companies were submitted in the 2008 tender (see section 5.2.2), for the digital terrestrial operation of the five television multiplexes and one radio multiplex. Digital Broadcasting Ltd submitted a bid for television broadcasting, *Magyar Rádió Zrt.* (Hungarian Radio) made a bid for radio broadcasting, and AH made a bid for both television and radio broadcasting.²⁵²

AH won both tenders and got 12-year concessions for the operation of both television and radio digital terrestrial broadcast systems in September 2008. The process appeared to be transparent, with genuine competition among the three companies. AH is not identified with any political parties.

The media authority decides how the multiplexes get filled.²⁵³ The name of AH's service is MinDigTV. Until the digital switch-over, AH was to use the two multiplexes for television and a third one for mobile television (DVB-H), the latter being stopped in September 2011.²⁵⁴ The remaining two multiplexes will be used after the analog switch-off.

In AH's two multiplexes for digital terrestrial television, the MinDigTV package distributes the must-carry television channels and the national commercial channels free of charge (see section 5.2.2.); the MinDigTV Extra package distributes encrypted television channels for a monthly subscription fee.²⁵⁵

249. Balazs 2011.

250. "A Klubrádió ügyében tudatos politikai provokáció folyik" (In the Klubrádió case there is a deliberate political provocation), Media Council, 28 December 2011. See http://www.mediatanacs.hu/hirek.php?hir_id=817 (accessed 5 January 2012).

251. G. Sebag, M. Malhere, "Commission 'studying' Budapest's response, weighing legal options," 4 January 2012. See <http://www.europolitics.info/institutions/commission-studying-budapest-s-response-weighing-legal-options-art322293-36.html> (accessed 5 January 2012).

252. NHH, "Négy ajánlat érkezett a digitális műsorszóró hálózatok üzemeltetésére" (Four bids were made for the operation of digital broadcasting systems), 24 April 2008. See <http://www.nmhh.hu/index.php?id=hir&cid=4350> (accessed 8 March 2011) (hereafter NHH 2008).

253. See Act LXXIV of 2007, Art. 14, 15.

254. "Mobile television (DVB-H) pilots," Antenna Hungária. See http://ahrt.hu/Digitalis_atallas/Digitalis%20kiserletek/DVB-H.aspx (accessed 25 November 2011).

255. "Elérhető műsorok" (Accessible programs), *MinDigTV*. See http://www.mindigtv.hu/Elerhető_musorok.aspx (accessed 8 March 2011).

5.2 Digital Gatekeeping

5.2.1 Technical Standards

Hungary has adopted MPEG-4 compression for television and DAB+ for radio, whereas MPEG-2 and DAB are used in neighboring countries and Western Europe.²⁵⁶ Because decoding devices are not interoperable, a car sold in Hungary with a built-in DAB+ decoder cannot receive digital radio signals in neighboring countries.

The DVB-T standard is used for terrestrial digital television.

There were no debates in public or the media related to the adoption of technical standards for platforms that carry news.

5.2.2 Gatekeepers

The key gatekeeper in digital broadcasting is AH, bound by the law in its contracts with television channels and radio stations. The Act on the Digital Switch-over stipulates a so-called “must-carry” rule for the digital multiplexes involving the public broadcast channels and the national generalist broadcasts.²⁵⁷ AH decides how the television channels and radio stations are to be distributed, except for the must-carry channels. Its main task is to transmit and distribute terrestrial television and radio signals as well as satellite signals.²⁵⁸

Tenders for the operation of the five digital terrestrial television station broadcast systems and the one digital terrestrial radio station broadcast system were announced on 24 March 2008, five months later than stipulated in the original Act on the Digital Switch-over, on account of a lack of consensus among the parties. Finally, once a multi-party political consensus was reached, the tender on the operation of the digital multiplexes was launched. This consensus, ratified by a document signed by four out of five parties, and entitled The Agreement Concerning the Legislative Tasks Related to Media Issues, was published in April 2007.

The agreement included a provision requiring that the tender call for the multiplexes’ operations establish a must-carry condition for “at least two television program providers broadcasting news or programs of public interest serving the information needs of citizens, and operating for at least four years.”²⁵⁹ This provision has been added to the Act on the Digital Switch-over. Only two television channels, *Hír TV* and *Magyar ATV*, both connected to major political parties, met these conditions at the time, thus they became part of the multiplexes’ offer.²⁶⁰ Dániel Pataki, the then president of the former NHH, saw the presence of these must-

256. Gergely Ökrös, telecommunications expert, personal interview, 22 February 2011.

257. Act LXXIV of 2007, Art. 39.

258. “Activity,” AH. See http://www.ahrt.hu/Cegunkrol/Tevekenysegek.aspx?sc_lang=en (accessed 12 July 2011).

259. “Megállapodás a médiaügyeket érintő jogalkotási feladatokról” (Agreement concerning the legislative tasks related to media issues), *Prime Minister’s Office*. 25 April 2007. See <http://www.kim.gov.hu/szolgalattasok/kozlemenyek/media20070425.html> (accessed 8 March 2011) (hereafter Prime Minister’s Office 2007).

260. Z. Szabó, “Kiszúrt a politika az ATV-vel és a Hír TV-vel” (Politics interfered with *ATV* and *Hír TV*), *Index.hu*, 29 September 2008. See <http://index.hu/kultur/media/tv0929/> (accessed 8 March 2011).

carry “party television channels” as a necessary evil, a means to a higher end: “If this is the price of more than one-quarter of the population receiving high-quality television, then one can live with it.”²⁶¹

Press reports recalled that during the debate on the draft bill on switch-over, many experts had warned that the advertising market could not be sustained with several dozen channels accessible free of charge, so it was unlikely that new channels would appear.²⁶²

Hír TV and *Magyar ATV* asked to become accessible only through a special prepaid subscription to their digital terrestrial output, for the reason that “they realize significant revenue from cable and satellite distribution, and making them terrestrially receivable free of charge would have led to the possible loss of that revenue”, according to Rudolf Kárpáti, the broadcast and technical services director of Antenna Hungária Zrt.²⁶³

It took a while before the market-leading national commercial television channels, *RTL Klub* and *TV2*, joined the multiplexes. The alleged reason for their “digital aversion” was a concern that they would lose their dominant position in the analog market.²⁶⁴ However, the two commercial television channels did join the multiplexes, which may make digital terrestrial broadcasting more “attractive” to other channels.²⁶⁵

5.2.3 Transmission Networks

Some of the transmission networks (the cable operators) and the owners of the major broadcasters operate several principally thematic niche channels. Chello Central Europe is a transmission network but owns several niche channels (*Sport1*, *Sport2*, *Spektrum*, *Tv Paprika*, *Filmmúzeum*, *Deko*, *Zone Romantica*, *Zone Reality*, *Zone Club*).²⁶⁶ *RTL Klub*, the market-leading national commercial television channel is owned by M-RTL Zrt. IKO Média Holding Zrt has a 31 percent share in M-RTL, and it owns other niche television channels (*Sport Klub*, *Cool*, *Reflektor TV*, *Film+*, *Film+2*, *PRIZMA*, *Sorozat+*, *The Fishing and Hunting*, *DoQ*, *Muzsika TV*).^{267, 268} *TV2*, the second largest national commercial television channel has since 2007 been owned by SBS Broadcasting Europe B.V. *TV2* is member of ProSiebenSat.1,²⁶⁹ which also includes channels *FEM3* and *PRO4*.²⁷⁰

261. T. Bodoky, “Az olimpiára el tud indulni” (It can be launched for the Olympic Games), *Index.hu*, 15 December 2007. See <http://index.hu/tech/jog/nhh1536/> (accessed 8 March 2011) (hereafter Bodoky 2007).

262. Z. Szabó, “Haldoklik a digitális átállás” (Digital switchover is dying), *Index.hu*, 4 May 2009. See http://index.hu/kultur/media/2009/05/04/haldoklik_a_digitalis_atallas/ (accessed 9 March 2011) (hereafter Szabó 2009).

263. Á. Lampé, “Átálláshíradó” (Switchover news), *Antenna Magazin*, January 2009. See http://www.antennamagazin.hu/2009-01/03_digitalis_atallas_karpati_rudolf.html (accessed 8 March 2011) (hereafter Lampé 2009).

264. Szabó 2009.

265. “Az RTL Klub mégis beszállt a digitális átállásba” (RTL Klub has finally joined the digital switchover), *Index.hu*, 8 May 2009. See http://index.hu/kultur/media/2009/05/08/az_rtl_klub_megis_beszallt_a_digitalis_atallasba/ (accessed 9 March 2011).

266. See <http://www.atmedia.hu/sajto.pdf> (accessed 12 July 2011).

267. See <http://ikosh.hu/main.php?subm=402> (accessed 12 July 2011).

268. M-RTL and IKO is going to merge after the latter was purchased by M-RTL. See 6.1.2.

269. See <http://tv2.hu/ceginformaciok> (accessed 12 July 2011).

270. See <http://sales.tv2.hu/csatornaink> (accessed 12 July 2011).

These national commercial television channels and niche television channels cover a major part of the Hungarian television market. They can bundle their television channels in packages for carriage by the other transmission networks (cable operators for instance), thereby pushing other television channels off the packages offered by the operators, while at the same time offering a strong common portfolio for advertising purposes.

As of August 2011, the major wireless transmission networks (satellite and terrestrial microwave service) were Digi (42.6 percent), T-Home (28.6 percent), UPC Direct (21.7 percent) and MinDigTV Extra (3.8 percent) (n=899,724 subscriptions). The major wired transmission networks (cable and IPTV) were UPC Hungary (27.8 percent), T-Home (18.8 percent), Digi (15.1 percent). In both instances a handful of minor players make up the balance (n=1,833,016 subscriptions).²⁷¹ These networks cover the majority of the market, and the way they structure their packages for the audience could be considered as an act of gate-keeping. One example was when UPC excluded *Echo TV* from its analog offer, which raised objections among the public and led to accusations of a “political attack” on *Echo TV*.²⁷²

5.3 Telecommunications

5.3.1 Telecoms and News

Given that over 50 percent of households receive television channels via cable broadcasting (see section 1.1.2), cable companies play a major role in the distribution of media content. Cable operators have formed a lobby group to convince the government to rethink the principle of platform neutrality, as cable can also distribute digital signals, and the majority of households have cable.

In August 2011 UPC was the market-leading transmission company in the television market (26 percent), followed by Digi (23.3 percent), and T-Home (21.7 percent)—regardless of technology, among both wired and wireless networks.²⁷³

In September 2011 there were 11,668,700 mobile subscriptions, which means that mobile penetration was 117.1 percent in a market of three players: T-Mobile (a member of Magyar Telekom Group), Telenor and Vodafone.²⁷⁴ In 2012 a new actor, Tesco Mobile, a mobile virtual network operator, will appear in cooperation with Vodafone, which will provide the infrastructure.²⁷⁵ A tender for a mobile frequency was announced, but only one applicant stayed in the competition after two others were ruled out by the media authority due

271. NHH, Flash report on television, August 2011.

272. Z. Szabó, “Ki védi meg az Echo TV-t?” (Who will defend Echo TV?), Index.hu, 20 March 2011. See http://index.hu/kultur/media/2011/03/20/ki_vedi_meg_az_echotv-t/ (accessed 12 July 2011).

273. NHH, Flash report on television, August 2011.

274. NHH, Flash report on mobile phone, September 2011.

275. “Tesco Mobile Magyarországon” (Tesco Mobile in Hungary), *Mobilport.hu*, 21 September 2011. See <http://www.mobilport.hu/tesco-mobile-magyarorszag.html> (accessed 27 September 2011).

to formal deficiencies. This single applicant is a consortium of state-owned companies (Hungarian Post, Hungarian Development Bank, and MVM Group).²⁷⁶ Some mobile companies offer news via SMS, MMS or other services.²⁷⁷

In July 2011 the government approved a decree under which mobile operators can offer Long Term Evolution (LTE) or WiMAX, i.e. 4G service for users of smart phones. At the time of writing only Telenor has the capacity for that, but the other mobile operators may get the necessary additional frequency range if they want to, as the government will sell the unused frequencies. Through this 4G service, mobile operators could have a greater impact in news distribution in Hungary.

Apart from the infrastructure itself, Magyar Telekom Group has started to offer other services such as the popular website Origo, the e-mail system Freemail, and the social network Iwiw.hu. The company has also launched the commercial television channels *Life Network* and *Ozone Network*. However, these involvements do not significantly influence media activity or output.²⁷⁸

5.3.2 Pressure of Telecoms on News Providers

Cable companies have turned to the telecommunications market, while telecoms companies have turned to the television market. Cable companies have started to offer internet and telephone, while telephone companies have started to offer IPTV in a competition for clients. Experts do not believe that the mergers that caused the convergence of cable and telecoms companies have an effect on the independence of the media.²⁷⁹

5.4 Assessments

In Hungary, the spectrum allocation process is politicized, as some frequency distributions have allegedly resulted from back-room deals between political parties. As noted earlier, the tender invitations are based on the ambiguous conditions of the new media regulation, leaving the interpretation to the media regulatory authority executing the government's frequency allocation policy. Until the exact details of spectrum allocation are made public, scandals similar to the *Klubrádió* case can happen again.

The emergence of AH as a digital terrestrial operator has resulted in greater competition, speeding up digitization on other platforms.

276. G. G. Varga, "Mobiltender verseny nélkül" (Mobile tender without competition), NOL.hu, 5 January 2012. See http://nol.hu/gazdasag/20120105-mobiltender_verseny_nelkul (accessed 5 January 2012).

277. "Információs szolgáltatások" (Information services), *T-mobil*. See <http://www.t-mobile.hu/lakossagi/mobilszorakozas/informacios> (accessed 17 March 2011); and "Hírek" (News), *Vodafone*. See <http://vodafone.hu/lakossagi/live/rovatok/hirek> (accessed 17 March 2011).

278. Gábor Juhász, HVG, personal interview, 18 February 2011.

279. Gergely Ökrös, telecommunications expert, personal interview, 22 February 2011.

The official contract between a broadcaster and the authority is based on “public interest,” and the authority “shall check compliance with the provisions of the official contract.”²⁸⁰ The media regulation does not specify the meaning of “public interest.”

The former NHH stipulated that the public interest is served when citizens have access to a wider offer of broadcasters and the quality of transmission is better (see section 7.1.1.3). The latter may not be ensured, given the 31 December 2014 target date for digital switch-over. The approximately 800,000 households receiving their television signal via terrestrial analog transmission in 2011 are believed to belong to a lower socio-economic section of the population who might not be able to prepare for the digital switch-over on their own without subsidies.

On the other hand, as experts warned, the Hungarian advertising market would not be able to support several dozen free-to-air television channels. Nevertheless, the majority of niche cable channels are in the hands of a few owners, who might be able to develop a strategy to cope with the situation. The analog switch-off does not suit the market-leading commercial television channels, as supposedly they cannot maintain their diminishing, but still dominant, positions in terms of audience and advertising revenues.

280. Act CLXXXV of 2010 Art. 161, para 1.

6. Digital Business

6.1 Ownership

6.1.1 Legal Developments in Media Ownership

The 2010 media regulation authorizes the Media Council (*Médiatanács*) of the National Media and Infocommunications Authority (NMHH) to monitor market concentration and instances of media market distortion. The act stipulates that the concentration of media providers can be constrained to preserve diversity in the media market and to prevent the creation of information monopolies. The Media Council examines market conditions, especially the audience share of linear media providers, to prevent media concentration, and for this purpose the Media Council might require the providers to provide certain data.²⁸¹ Along with the Media Council, the Hungarian Competition Authority (*Gazdasági Versenyhivatal*, GVH) also supervises the market. The activities of the GVH are ruled by Act LVII of 1996 on the Prohibition of Unfair Trading Practices and Unfair Competition, which regulates market concentration.

Act I of 1996 on Radio and Television, which was mainly repealed, limited media concentration between 1996 and 2010, as does the 2010 media regulation.

The difference between the old and the new regulation is that the former did not permit cross-ownership; the owner of a national newspaper could not have a controlling share in a media program provider operating in national broadcasting, and vice versa. The present regulation does not have a provision banning cross-ownership. Given that the 2010 media regulation could be seen as a set of rules intended to bring existing law in line with the requirements of the digital age, this new development can be considered an indirect consequence of digitization.

Both the former and the new regulations ban national broadcasters from obtaining a controlling share in other broadcasters. Major linear media service providers (with at least 35 percent of audience share on average per year) cannot initiate a new media service or get a share in a firm providing media content; additionally

281. Act CLXXXV of 2010 on Media Services and Mass Media, Art. 67, 70, 169.

they must act to promote the diversity of the media market (by modifying the program structure, increasing the number of Hungarian programs etc.).²⁸²

6.1.2 New Entrants in the News Market

In 2009, two major players disappeared and two new players entered the national commercial radio market. After 12 years, the frequencies of two national commercial radio stations, *Sláger Rádió* (Hit Radio) and *Danubius Rádió*, expired.²⁸³ ORTT decided to announce a new tender for the frequencies. The two frequencies were won for seven years by the FM1 Consortium (Est Media Group, Econet Nyrt) and Advenio Zrt (Lánchíd Kereskedőház Kft, later Infocenter.hu) in October 2009. The FM1 Consortium received the frequency of *Sláger Rádió* and operates the *Neo Fm* radio station on the same frequency; Advenio received the frequency of *Danubius Rádió* and operates *Class FM*.²⁸⁴

The public was outraged, and the chair of the ORTT, László Majtényi, who later resigned in protest, opposed awarding the frequencies to FM1 Consortium and Advenio Zrt. He noted that the two bidders had submitted “unrealistic business plans.”²⁸⁵ Another problem was that at the time of the tender, Advenio Zrt was part-owner of a regional radio station *Lánchíd Rádió*, and FM1 Consortium had a share in another regional radio station, *Rádiócafé*—both cases violating the rule against concentration. Both issues were resolved, one of them with the active involvement of the politically affiliated members of the ORTT.²⁸⁶ Advenio’s share in *Lánchíd Rádió* was later sold to the Magyar Nemzet–Hír TV group,²⁸⁷ and Econet Nyrt sold *Rádiócafé* to KV Barát Vagyonkezelő Ltd in April 2010.²⁸⁸

The tender procedure was considered highly questionable; a Freedom House report qualified it as “the year’s biggest media-related scandal.”²⁸⁹ As one bidder was “linked to business interests reportedly close to the (then) governing Socialist Party,” and the “other to a business holding with links to the (then) opposition Fidesz,” this “quickly led to speculation about backroom deals between the two largest parliamentary parties.”²⁹⁰

282. Act CLXXXV of 2010, Art. 68, para 1.

283. “Botrányban születtek az új rádiók” (The new radio stations were born in scandal), *Origo.hu*, 19 November 2009. See <http://www.origo.hu/ithon/20091118-egy-eves-huzavona-vegen-hallgat-el-a-slager-es-a.html> (accessed 28 February 2011) (hereafter Origo.hu 2009).

284. “Frekvenciapályázat: az FM1 Konzorcium és az Advenio Zrt. nyert” (Frequency tender: FM1 Consortium and Advenio Zrt won), *Inforadio.hu*, 28 October 2009. See <http://www.inforadio.hu/hir/belfold/hir-311727> (accessed 20 November 2010).

285. Freedom House Hungary 2010, p. 241.

286. Origo.hu 2009.

287. Infocenter.hu wanted to buy IKO Média Holding Zrt, which owns 31 percent of M–RTL Zrt, and operates the market-leading national commercial television channel, *RTL Klub*. In the end the bid failed. Z. Szabó and J. Spirk, “Mégsem tud beszállni az RTL-be Fellegi volt cége” (Fellegi’s former firm cannot join RTL), *Index.hu*, 10 November 2010. See http://index.hu/kultur/media/2010/11/10/nem_vette_meg_az_rtl_klubot_a_miniszter_volt_cege (accessed 22 November 2010).

288. “Eladta a rádiócafé-t a NeoFM tulajdonosa” (Rádiócafé sold by the owner of NeoFM), *Nol.hu*, 29 April 2010. See http://nol.hu/gazdasag/eladta_a_radiocafet_a_neofm_tulajdonosa (accessed 28 February 2011).

289. Freedom House Hungary 2010, p. 241.

290. Freedom House Hungary 2010, p. 241.

The owners of *Sláger Rádió* and *Danubius Rádió* challenged the decision at the International Centre for Settlement of Investment Disputes (ICSID) after a Hungarian appeals court ruled that ORTT should have rejected the bids of FM1 Consortium and Advenio Zrt. for not complying with the formal tender requirements. The Court refused to reverse the ORTT decision.²⁹¹ In early 2011, the Hungarian Supreme Court declared that ORTT acted incorrectly when it gave the frequency of *Danubius Rádió* to Advenio Zrt., as the latter company had a conflict of interest by owning a part of *Lánchíd Rádió*. But in the other case, the Supreme Court reversed the decision of the appeals court and declared that the decision of ORTT was lawful when it gave the frequency to FM1 Consortium, despite the fact that this company also had a conflict of interest. The rationale for the two different rulings was that FM1 Consortium attached a declaration on ceasing the conflict of interest to its frequency application, while Advenio Zrt. did not. Based on the decision of the appeals court, neither of the frequencies was returned to the previous frequency holders.²⁹²

In late 2011, the Media Council distributed three frequencies in Budapest among 20 applicants. The former frequency of *Juventus Rádió* was granted to Prodo Voice Studio Service Provider, that of *Klubrádió* to Autoradio Ltd, and that of *Rádió 1* to *Juventus Rádió*.²⁹³ As *Rádió 1*, a popular commercial music radio (see section 1.3.1.3) lost its frequency in Budapest, some changes might occur in the radio market.

In 2005, the businessman Gábor Széles purchased the liberal daily newspaper *Magyar Hírlap* from the members of the editorial board and converted it into a conservative newspaper—which involved replacing most of the senior editorial staff. In 2005, Széles also launched a commercial cable television channel *Echo TV* and the *Echo News Agency*. Not much is known about the agency, but reportedly it only provides content for *Echo TV* and *Magyar Hírlap*.²⁹⁴

In 2010, Ringier AG and Axel Springer AG created a joint venture for Eastern Europe: Ringier Axel Springer Media AG became at once the largest media company in Eastern Europe. In Hungary, among other outlets, Ringier owns the tabloid daily *Blikk*, the sports news daily *Nemzeti Sport*, and is part-owner of the quality daily *Népszabadság*.²⁹⁵ Axel Springer owns, among other outlets, eight regional dailies and the national economic daily *Világgazdaság*.²⁹⁶ Press reports suspected that some newspapers would have to be sold after the merger,²⁹⁷

291. “Sláger és Danubius: tízmilliárdokra perelhetik a magyar államot” (Sláger and Danubius: they can sue the Hungarian state for 10 billion), *Népszava*, 8 November 2010. See <http://www.nepszava.hu/articles/article.php?id=364149> (accessed 22 November 2010).

292. “A Danubius nyert, a Sláger vesztett a frekvenciaperben” (Danubius won, Sláger lost in the frequency lawsuit), *Origo.hu*, 23 February 2011. See <http://www.origo.hu/itthon/20110223-jogserto-volt-az-ortt-kereskedelmi-radiok-szamara-kiirt-frekvenciapalyazata.html> (accessed 28 February 2011).

293. “Megszűnik a Klub Rádió és a Rádió 1” (Klubrádió and Rádió 1 are closing down), *Gazdaságiradio.hu*, 20 December 2011. See <http://gazdasagradio.hu/cikk/72225/> (accessed 5 January 2012).

294. *Mediacom*, *Tévéző lapkiadók* (Publishers go TV), Nr. 4, 2006. See <http://www.mediacom.com/digitalis-lap/2006-4-szam/Tevezo-lapkiadok/250/> (accessed 27 February 2011).

295. “Termékek” (Products), *Ringier*. See http://ringier.hu/ringier_termek (accessed 18 March 2011).

296. “Napilapok” (Dailies), *Axel Springer*. See <http://axel-springer-b2b.hu/termek/periodika-szerint/napilapok> (accessed 18 March 2011).

297. Z. Szabó, “Eladások nélkül Magyarországon nem egyesülhet az Axel Springer és a Ringier” (Axel Springer and Ringier cannot merge in Hungary without selling assets), *Index.hu*, 2 April 2010. See http://index.hu/kultur/media/2010/04/02/nem_ussza_meg_eladasok_nelkul_a_ringier_axel_springer (accessed 22 November 2010).

which ended up being rejected by the Media Council of the NMHH because “the deal would ‘unequivocally and significantly’ endanger the right to diverse sources of information.”²⁹⁸ Ringier Axel Springer Media AG has properties in Poland, Czech Republic, Slovakia and Serbia.²⁹⁹

A merger that was accepted by the Media Council was that of M-RTL and IKO, as M-RTL purchased IKO (for a list of the television channels operated by these two companies, see section 5.2.3). The Hungarian Competition Authority’s consent is still needed for this arrangement.³⁰⁰

One news outlet, *Független Híregyénökség* (Independent News Agency), in existence since 2004, left the market in 2011. The agency decided to end its operations after the Hungarian News Agency MTI started offering news items for free.³⁰¹ MTI now has a virtual monopoly for news agency content provision in the country’s media market.

Sanoma Bupapest merged its Hir24.hu website with another online property Fn.hu into one site called <http://fn.hir24.hu/>.³⁰²

6.1.3 Ownership Consolidation

The media are clearly divided along political lines. Partisanship is widespread among media outlets, many of which are ideologically left- or right-wing oriented. As the sociologist István Hegedűs notes,

...polarization tendencies in the media sphere have been strengthened following the sharp division of political elites and their electorates into competing ideological camps. Especially in the case of the right side of the political scale, advocacy journalism has emerged always loyal to the major conservative party and its charismatic leader by the turn of the century. On the other hand, some left-wing newspapers also linked together more closely with the Socialist Party in terms of ownership or moved to an uncritical platform regarding the activities of the left-liberal political block.³⁰³

298. “Media Council blocks Ringier-Axel Springer merger in Hungary,” *Budapest Business Journal*, 15 April 2011. See http://www.bbj.hu/business/media-council-blocks-ringier-axel-springer-merger-in-hungary_57235 (accessed 12 July 2011).

299. See <http://www.ringieraxelspringer.com/> (accessed 12 July 2011).

300. “Indulhat az RTL Klub összeolvadása” (“The merger of RTL Klub can go ahead”), *Napi.hu*, 5 October 2011. See http://www.napi.hu/magyar_vallalatok/indulhat_az_rtl_klub_osszeolvadasa.497803.html (accessed 5 January 2012).

301. Z. Szabó, “Érdeklődés hiányában megszűnik a Független Híregyénökség” (Due to lack of interest Független Híregyénökség is closed down), *Index.hu*, 25 May 2011. See http://index.hu/kultur/media/2011/05/25/erdeklodes_hianyaban_megszunik_a_fuggetlen_hirugynokseg/ (accessed 12 July 2011).

302. G. Csuday, “A nagy lenyúlások éve” (The year of big larcenies), *Kreativ.hu*, 29 December 2011. See http://www.kreativ.hu/media/cikk/a_nagy_lenyulasok_eve (accessed 5 January 2012).

303. I. Hegedűs, *Political Clientelism in Hungarian Journalism*, presentation at conference of International Communication Association, Dresden, 22 June 2006. See http://www.europatarsasag.hu/index.php?option=com_content&task=view&id=85&Itemid=32 (accessed 12 July 2011) (hereafter Hegedűs 2006).

Other media outlets try to avoid the coverage of political news, becoming apolitical and focusing more on human interest stories.

Gábor Juhász, a journalist from the weekly *HVG* reckoned that the structure of Hungarian media has been relatively stable over the past 20 years. Nevertheless, while in the 1990s there were two to three regional newspapers in each county, consolidation led to the presence of only one newspaper in a given region, even though the population of some regions could absorb more than one newspaper. (It has to be noted that in March 2011, the Hungarian Competition Authority launched an investigation against the publishers of regional dailies based on the suspicion they formed a cartel, under which the publishers agreed, among other things, not to enter each other's markets.)³⁰⁴

Mr Juhász points out that regional daily newspapers were in a difficult situation, as in many cases the local authorities exerted pressure on them, which sometimes were resolved by the publisher simply handing a page over to the local authority to fill. On a national level, he was not aware of any cases where an owner had forced a journalist to kill a story. More likely were scenarios of editorial pressure, where journalists had to interview potential advertisers.³⁰⁵

In the 2000s business actors linked to the political right attempted to create a media empire, that is, a grouping of media outlets aligned with right-wing political forces. The move to create a “right-conservative media empire” can be seen as a reflection of the view, widely-shared by right-conservative politicians and intellectuals, that there was a “left-liberal media supremacy,” i.e. most media were loyal to left-liberal parties and critical of right-conservative ones. While three out of the four nationwide broadsheets in the 1990s (*Népszabadság*, *Népszava*, *Magyar Hírlap*) could have been labeled sympathizers to left-liberal views, this trend had been reversed by 2010. By then, a right-conservative media grouping had emerged that included daily newspapers *Magyar Nemzet*, *Magyar Hírlap*, the weeklies *Heti Válasz* and *Magyar Demokrata*, the radio station *Lánchíd Rádió*, and the cable news television channels *Hír TV* and *Echo TV*.

So the trend seems to have turned into a “right-conservative media supremacy,” partly due to the efforts of business interests linked to right-wing parties.³⁰⁶

6.1.4 Telecoms Business and the Media

In recent years, there were no significant mergers or acquisitions in the telecommunications industry that would have had an effect on the performance of the media.

304. “Suspected cartel between newspaper publishers,” *Hungarian Competition Authority*, 23 September 2011. See http://www.gvh.hu/gvh/alpha?do=2&tst=2&pg=133&m5_doc=7313 (accessed 26 October 2011).

305. Gábor Juhász, *HVG*, personal interview, 18 February 2011.

306. G. Juhász, “Sajtmérleg: jobbkonzervatív médiatűlsúly” (Press balance: right-conservative media supremacy), 18 June 2010, in *HVG*. See http://hvg.hu/hvgfriss/2010.24/201024_sajtomerleg (accessed 28 February 2011).

6.1.5 Transparency of Media Ownership

The new media regulation stipulates: “the media service provider shall make available to the public at all times” the name or business name of the company, the mailing address of the headquarters, its e-mail address, phone number and the name and address of the regulatory or supervisory authorities.³⁰⁷

Under the 2010 media regulation, all media outlets have to register with the NMHH, including online web products, and news sites, which is a new development.³⁰⁸ They have to provide data on the legally responsible personnel and that information is not publicly available, although the publisher/owner is. However, documents for all companies are deposited with the Registry Courts (this has not been affected by the 2010 media regulation) and are available to the public. Most of the major media outlets’ websites indicate the owner. Thus citizens can learn through publicly available information who the owners of the media are. Obscure ownership is not an issue in Hungary.

6.2 Media Funding

6.2.1 Public and Private Funding

Public funding is indirectly used to support politically friendly media, as state-owned companies advertise in media outlets that are close/loyal to the government of the day. This heavily distorts the economics of the media market. In private funding, the total spend on media advertising has undergone some structural changes in recent years, as indicated in Table 17, with internet advertising dramatically growing in recent years to take third place after TV and radio.

307. Act CLXXXV of 2010, Art. 37, para 1.

308. Act CLXXXV of 2010, Art. 41, para 4. See the list of websites registered “Nyilvántartásba vett internetes sajtótermékek adatai” (Data of registered online media outlets), *NMHH*. See <http://www.nmhh.hu/dokumentum.php?cid=26946> (accessed 27 July 2011).

Table 17.

Estimated shares of media advertising spend (%)

	2006	2007	2008	2009	Change (%) 2006–2009
Television	40.8	40.1	39	40.4	–1
Radio	5.7	5.1	5.8	5.1	–10.5
Print press	36.6	36.2	34.5	30.9	–15.6
Internet	5.5	7.5	10	14.4	+161.8
Outdoor	10.8	10.7	10.2	8.9	–17.6
Cinema	0.5	0.5	0.4	0.5	0
Total net figure (billion forints)	176.3 (US\$837.5 million)	187 (US\$1.01 billion)	200.6 (US\$1.17 billion)	162 (US\$800.1 million)	–8.1
Total figure in rate card (billion forints) ³⁰⁹ price	538.3 (US\$2.6 billion)	551.2 (US\$3 billion)	600.5 (US\$3.5 billion)	583.5 (US\$2.6 billion)	+8.4

Source: Hungarian Advertising Association.³¹⁰

Looking at the estimated data of the Hungarian Advertising Association (*Magyar Reklámszövetség*—MRSZ), advertising spending in television has not changed significantly in recent years. The ratio of advertising in the print press decreased by 16 percent, in radio it decreased by 10 percent, while on the internet it increased by 160 percent. The economic crisis caused a drop in the advertising market, indicated by the 8 percent decrease in the total net figures of 2009 compared to 2006. This tendency is not reflected in rate card prices, which display an 8 percent growth for this period.

The economic crisis appears to have had an effect on the advertising spending of state institutions and local authorities as there was a sharp drop in 2009 as data based on rate card spending received from Kantar Media indicate. In the period studied (2006–2010) the spending based on rate cards shrank by nearly a third. Some segments were preferred to others: television advertising spending increased by 33 percent, that of the internet grew by 12 percent, and that of cable television grew by a quarter. Meanwhile, both radio and daily newspapers advertising decreased by 20 percent between 2006 and 2010.

There seems to have been a delayed effect of the economic crisis, as the advertising spending of the four major state-owned companies dropped from 2009 to 2010.³¹¹ From 2006 to 2010, the total spends decreased by a fifth. Television advertising spending decreased by a third, and daily newspaper spending fell by 3 percent.

309. Rate cards are defined in the advertising industry as a list of tariffs for advertising provided by media outlets to interested advertisers.

310. J. Skriba, “Sajtóközlemény, Reklámköltségi adatok 2009—MRSZ becslés” (Press release, Advertisement spending data 2009—MRSZ estimation), *MRSZ.hu*. See <http://www.mrsz.hu/download.php?oid=Tc2e6e91975712159f04ab7ebfa36844;aid=Tb2b6699955b1d1799084e2cba9e69bc> (accessed 15 February 2011).

311. These are: MÁV Hungarian railway company, MVM electricity company, Hungarian Post, and Szerencsejáték Zrt, a gambling service provider.

But radio advertising increased by more than 70 percent, while internet advertising almost quadrupled, though its ratio is still low. Advertising on cable television also increased by a third in 2006–2010.³¹²

The following trends can be identified from the advertising market of both total and public advertising spending:

- Advertising in the printed press decreased.
- Advertising on the internet increased.
- Television and the print press are still the most important media for advertisers.
- The economic crisis caused a drop in the advertising market.

The *HVG* journalist Gábor Juhász points out that the level of state advertising has always been relatively high in the political press. State support switches to whichever the media outlets are favored by the party in the government. This is indeed a long-standing “tradition” in Hungary: after elections, the funds move from one ideological wing of media outlets to another. This happened in 1998 when Fidesz won and the funds were transferred to right-wing media outlets.³¹³ Again, in 2002 when MSZP won, the advertising funds were reallocated from the right-wing media outlets to left-wing media ones.³¹⁴ This has a detrimental effect on the diversity of voices and encourages partisan journalism, or “political clientelism” as István Hegedűs put it.³¹⁵ That segment of advertising spend represented 8–10 percent of the total advertising spending in 2002, according to experts cited by the media economist Mihály Gálík.³¹⁶

Gábor Juhász notes that the present situation is interesting, because between 2002 and 2010 some leftist media outlets “probably became spoiled” by the state support they received. In the upcoming years some of these media outlets could cease to exist or could change their profiles by moving away from politics.³¹⁷ János Dési, a journalist at the left-wing newspaper *Népszava* noted that “state advertisements were withdrawn immediately after the election”³¹⁸—referring to the 2010 parliamentary elections.

At the time of writing, most of the left-wing media outlets’ daily operation were under threat due to the scarcity of advertising contracts (such as the weekly *168 óra*, the daily *Népszava*, and *Klubrádió*). Right-wing newspapers faced similar problems after 2002 (after the elections won by the MSZP), but they ended up getting some state advertisement money during that period.

312. Kantar Media, e-mail, 17 February 2011.

313. Á. Monori, *Médiaháborúk* (Media wars), in: *Magyar médiatörténet a késő Kádár-kortól az ezredfordulóig* (Hungarian media history from late-Kádár period until the millennium), ed: P. Bajomi-Lázár, Akadémia Kiadó, Budapest, p. 280, (hereafter Monori 2005).

314. Zs. Antal and T. Kubinyi, “A napilapok és hetilapok hirdetői 1998–2002, avagy a pénz, amely politizál 1” (The advertisers of dailies and weeklies 1998–2002, or the money engaged in politics 1). See <http://www.freeweb.hu/mkdsz1/n31/media030201.html> (accessed 12 July 2011).

315. Hegedűs 2006.

316. M. Gálík, *Hungary*, In: *Media Ownership and its Impact on Media Independence and Pluralism*, ed. Brankica Petković, Peace Institute, Institute for Contemporary Social and Political Studies, Ljubljana, pp. 192–217. p. 200.

317. Gábor Juhász, *HVG*, personal interview, 18 February 2011.

318. János Dési, *Népszava*, personal interview, 23 February 2011.

Table 18.

State support to public service broadcasters, in billion HUF

	2007 ³¹⁹	2008 ³²⁰	2009 ³²¹	*2010 ³²²	*2011 ³²³
Total	52.2	51.3	53.7	47.15	58.7

Note: * Planned budget.

Source: Budget Acts.

State support for public service broadcasters has been relatively stable over the past few years (see Table 18). To fund public service broadcasting, the state budget provided HUF 24.9 billion (US\$ 123 million) in 2009,³²⁴ as a replacement for the license fee that was canceled in 2002 (see section 2.2.1). This amount was distributed among the public service broadcasters: 40 percent was given to Hungarian Television, 28 percent to Hungarian Radio, 24 percent to Duna Television, 1 percent to ORT, 1 percent to the three public foundations of the three public service broadcasters (divided equally), and 6 percent was allocated to tenders to support public service programs.³²⁵ The financing of the public service broadcasters is non-transparent. Most of them don't comply with the "glass pocket" law, which stipulates that institutions financed by the state should publish their annual financial reports on their website.

Until 2000, Act I of 1996 stipulated that public service broadcasters are financed directly from the state budget.³²⁶ Since January 2011, the Public Service Fiscal Council (*Közszolgálati Költségvetési Tanács*) determines the distribution of funds between the public service broadcasters,³²⁷ which are now drawn from the Media Service Funding and Asset Management Fund (*Médiaszolgáltatás-támogató és Vagyonkezelő Alap, MTVA*) under the control of the one-party Media Council. The Fund is responsible for the production of public service programs, and the financial support of public service broadcasting. This Fund is expected to receive HUF 64 billion (US\$ 307 million) from the state budget for 2011³²⁸ and HUF 68 billion (US\$ 338 million) in 2012.³²⁹ The advertisements of all public service broadcasters are sold via a centralized agency, MTVA Sales House.³³⁰

319. Act LXXVIII of 2008 on the execution of the 2007 budget of the Republic of Hungary, supplement.

320. Act CXXIX of 2009 on the execution of the 2008 budget of the Republic of Hungary, supplement.

321. Act XCVIII of 2010 on the execution of the 2009 budget of the Republic of Hungary, supplement.

322. Act CXXX of 2009 on the 2010 budget of the Republic of Hungary, supplement.

323. Act CLXIX of 2010 on the 2011 budget of the Republic of Hungary, supplement.

324. Act XCVIII of 2010, supplement 1.

325. Act I of 1996, Art. 84, para 2.

326. Act I of 1996, Art. 75, para 1.

327. Act CLXXXV of 2010, Art. 108, para 2.

328. Act CXLVI of 2010 on the budget of the National Media and Infocommunications Authority and the Media Council of the National Media and Infocommunications Authority, supplement 3.

329. Act CLXXXIII of 2011 on the 2012 integrated budget of the National Media and Infocommunications Authority, supplement 3. US\$ counted based on 2011 yearly average exchange rate.

330. "Egy kézben a közmédiák értékesítése" (The sales of public service media in one pair of hands), *Index.hu*, 4 March 2011. See http://index.hu/kultur/media/2011/03/04/egy_kezben_a_kozmediak_ertekesitese/ (accessed 4 March 2011).

Additional public funding in the past came from ORTT's Broadcasting Fund, which supported several media outlets in ad hoc tenders from the concession fees received by the media regulatory authority. Between 1997 and 2010 it announced 157 such tenders and distributed HUF 32.26 billion (US\$ 144.8million) to support television and radio programs, the development of local television, radio and cable infrastructure, and the operation of non-profit broadcasters.³³¹

The existence of politically biased government support—either that of public funds or frequencies—was clearly undesirable, even when all key political forces were represented in the regulating body. But Mr Juhász suggests that a system based on agreement among parties was working, at least until 2010. But now it is an open question how the system will work under the new media regulation and its ruling party bias.³³²

6.2.2 Other Sources of Funding

During interviews with journalists, a couple of new funding models were mentioned. One is the “minute-adoption” program of the regional *Klubrádió*, launched in 2010. The radio station asks its audience to “adopt” (or sponsor) minutes of programs.³³³ Between October 2010 and 31 July 2011, the “minute-adoption” program raised HUF 128 million (US\$ 656,625).³³⁴ Another model is being introduced by a local commercial radio station that has started to focus on using social networks, as they can easily reach the audience and have direct feedback. Currently the station has made no profit from this; the director expects to develop future complex media offers for advertisers based on this model.³³⁵

György Szabó, the Chief Executive Officer of Sanoma Budapest, a leading publisher, believes the economic crisis “upgraded the importance of consumer purchases” as opposed to advertising revenue in contributing to the total revenue of the company. He also noted that while “the money is flowing rapidly towards the internet ... new models of funding have not appeared.”³³⁶

While not a source of funding, it has to be noted that both market-leading commercial television channels needed to restructure their businesses and introduce cuts as a result of the economic crisis by autumn 2011. *TV2* announced collective redundancies,³³⁷ while *RTL Klub* canceled or reduced the frequency of some of its programs.³³⁸

331. ORTT Report 2010, p. 311.

332. Gábor Juhász, *HVG*, personal interview, 18 February 2011.

333. “Fogadjon örökbe néhány percet” (Adopt some minutes), *Klubradio.hu*. See <http://www.klubradio.hu/fogadjonorokbe/> (accessed 13 April 2011).

334. Rudolf Szilvássy, president of board of trustees of Szabad Sávért Foundation, telephone interview, 3 August 2011.

335. Director of a local commercial radio station, personal interview, 28 February 2011.

336. György Szabó, Sanoma Budapest, personal interview, 16 February 2011.

337. Z. Szabó, “Magára hagyták a TV2-t” (TV2 is left alone), *Index.hu*, 28 September 2011. See http://index.hu/kultur/media/2011/09/28/magara_hagytak_a_tv2-t/ (accessed 26 October 2011).

338. “Csak a főműsoridőre van pénze az RTL Klubnak” (RTL Klub has money only for prime time), *Index.hu*, 19 October 2011. See http://index.hu/kultur/media/2011/10/19/csak_a_fomusoridore_van_penze_az_rtl_klubnak/ (accessed 26 October 2011).

6.3 Media Business Models

6.3.1 Changes in Media Business Models

Data on total and public advertising spending indicate that despite rapid growth, the ratio of advertisements on the internet is still relatively low (see section 6.2). Smart phones and tablets are spreading; half a million smart phones had been sold in Hungary by early 2011.³³⁹ Interviews for this report confirmed that media outlets increasingly offer smart phone applications, but currently no one really knows how such developments will change the media landscape. There are several constraints as well: the Hungarian language, the low digital literacy of the population, and the high number of functionally illiterate people.

Mr Szabó has observed several changes resulting from the economic crisis: the growing importance of consumers; the restructuring of advertising budgets; the tendency of advertisers to turn to outlets with a massive audience reach (the two national commercial television channels, major online media outlets and a couple of magazines); and the fact that only those media outlets that keep operating costs low can turn a profit. He reflected that revenues depended on the purchasing power of the consumers. If, as in the case of Hungary, this power is weak, consumption is low and advertising dries up. Mr Szabó also notes that the Hungarian advertising market was underdeveloped even before the economic crisis.

Mr Szabó fears that if consumers read magazines online for free, they will be unwilling to buy the printed versions. The introduction of online subscriptions is unlikely in Hungary without coordination with rival media outlets. Sanoma Budapest is investing money in the development of smart phone applications, even though the future is unclear. Mr Szabó believes such experimentation is necessary: “One day a business model will develop, but currently we are in a transition period, and publishers must make a profit to survive.” He expects the development of the internet market to have several phases. In the current phase, the internet erodes the market positions of daily newspapers and magazines, while having a de-monopolizing effect. The next phase may be the consolidation of the internet market due to economies of scale. At that stage, people may be happy to pay for edited content, as not all consumers will proactively seek out the information they need.³⁴⁰

According to the director of a local commercial radio station, the economic crisis and the expansion of internet advertising resulted in the revenues of radio stations falling by 40–50 percent. This led to cuts in promotional spending and staff numbers. Radio stations had to “radically restructure their expenditures ... everyone started to save where they could.”³⁴¹

339. “Nem szabad csak az okostelefonokra koncentrálni” (One cannot concentrate only on smart phones), *Hvg.hu*, 27 January 2011. See http://hvg.hu/napi_merites/20110126_okostelefonok_media (accessed 18 March 2011). HVG 2011.

340. György Szabó, Sanoma Budapest, personal interview, 16 February 2011.

341. The director of a local commercial radio station, personal interview, 28 February 2011.

6.4 Assessments

In general, there are two factors hurting the financial independence and sustainability of the media: the economic crisis, which has heavily affected nearly all media outlets, and the discriminatory public funding in the advertising market. It is widely accepted that the spending of public advertising funds depended on the political leaning of the incumbent government, which is detrimental to private media companies—either because they get used to the “easy support” or because those media outlets not clearly pro-government are being “bled out” by funds “drying up.”

Hungary’s media landscape has been politically biased or apolitical roughly since the 1990s. So-called “client journalism” (or partisan journalism) is widespread. The attempts to counterbalance the “left-liberal media supremacy” by building up a “right-wing media empire” are a development of the 2000s, but the basic structure of the media landscape has not changed in recent years.

Since the economic crisis began in 2008, the proportion of advertising in print fell, while that in online media outlets rose—but it still remains relatively low. Nevertheless, advertising funds are still spent mainly in print and television. The decreasing advertising pie makes the advertising accounts of state-owned companies even more important to the media companies.

Most of the traditional media outlets went online in addition to maintaining their original outlet. New online media have been launched too, which further diluted the advertising market. The proportion of internet advertising in the overall advertising spend is increasing. In general, the economic crisis and the reduced advertising budgets, which have resulted in much fiercer competition for advertisers, could lead to the consolidation of the media with fewer outlets in the market.

Sustainable financing models cannot develop under insecure circumstances. The uncertainty and lack of predictability frighten investors away and constrain current players. If given an equal playing field (i.e. either state funds transferred to both left- and right-wing media outlets, regardless of the color of the incumbent government, or no funds transferred at all) and with a (reasonably) predictable economic situation, the media industry players would function more according to the rules of the market.

There is a helpful source of funding that enhances the diversity, pluralism and independence of the media as a whole: the subsidies given to media outlets for programming and infrastructure development, based on bids to the Media Service Promotion and Asset Management Fund, earlier known as the Broadcasting Fund (see section 6.2.1.). These are not expected to change under the new regulation.

7. Policies, Laws, and Regulators

7.1 Policies and Laws

7.1.1 Digital Switch-over of Terrestrial Transmission

7.1.1.1 Access and Affordability

The 2010 media regulation originally postponed the digital switch-over for television broadcasters; a modification in July 2011 amended the target date to 31 December 2012, but another modification set the date back to 31 December 2014.³⁴² The digital switch-over in the case of audiovisual media services (television) will happen in a way that:

at least 94 percent of the population has access to public service broadcasting via the digital television free-to-air broadcasting service, and that devices required for accessing such digital television free-to-air broadcasting service ... are available in retail sales.³⁴³

As 95 percent of the population has the opportunity to receive free-to-air digital television broadcasting in Hungary³⁴⁴ and set-top boxes are available in stores, the switch-over for television broadcasting should happen on time as set out in the law.

The target date for the switch-over for radio is also 31 December 2014, if by then at least 94 percent of the population is capable of receiving public service programs through digital radio broadcasting, and at least 75 percent have the “devices required for accessing digital free-to-air broadcasting services.” If these conditions are not met by the end of 2014, the digital switch-over for radio broadcasting will take place when these conditions are met. For the radio switch-over, the law does not specify a final date as it does for television.³⁴⁵

342. Act CCI of 2011 on the modification of some laws related to the Basic Law, Art. 303, para 1. This law has been in operation since 31 December 2011.

343. Act LXXIV of 2007 on the Rules of Broadcasting and Digital Switchover, Art. 38, para 1.

344. “DVB-T in Hungary,” Antenna Hungaria. See http://www.ahrh.hu/Digitalis_atallas/Digitalis%20televiziozas/DVB-T%20Ma,-d,-on.aspx?sc_lang=en (accessed 5 January 2012).

345. Act LXXIV of 2007, Art. 38, para 2.

The Act on Digital Switch-over defined the rules of switch-over and promised a decree on the division of tasks. As mentioned in section 2.1.3, this decree is yet to come, thus the tasks have not been divided among the authorities.

According to a modification introduced in July 2011, the president of the authority is entitled to determine the technical requirements and the rules of installing and subsidizing the devices capable of receiving digital programming.³⁴⁶

Before the adoption of Act on the Digital Switch-over, the Government Decree 1014/2007 (III. 13.) on the various responsibilities for digital switch-over had been adopted, including a Strategy for the Digital Switch-over (hereafter Switch-over Strategy). It assigned the related tasks to various government agencies and ministries and set deadlines for their execution. The strategy defines the criteria for state support for set-top boxes. The support must be allocated in a competition- and platform-neutral way, for those in need only; the support must also enhance interactivity and interoperability, and the set-top boxes must be capable of decoding MPEG-4.³⁴⁷

The Act on Digital Switch-over stipulates that digital operators must carry the programs of the public service broadcasters free-to-air via the system that reaches the largest audience.³⁴⁸

The financial support from the ORTT Broadcasting Fund that was spent on infrastructure development helped some rural areas to prepare for the digital switch-over, and the additional funds to be spent by NMHH will support the digital switch-over, too (see section 2.1.3).

7.1.1.2 Subsidies for Equipment

There are no specific provisions on when and how the support for the purchase of set-top boxes should be distributed. The Act on Digital Switch-over stipulates that to ensure that public service programs are digitally accessible to all, state support for the purchase of set-top boxes must be determined in a *separate* act, three months prior to the completion of analog switch-off, in a competition-neutral manner, for means-tested households that only have an analog terrestrial signal.³⁴⁹

An action plan prepared in 2010 by the Ministry of National Development scheduled the implementation of the “social support of set-top boxes purchase” for 2011 and the first half of 2012.³⁵⁰ The tasks involve

346. Act LXXIV of 2007, Art. 53.

347. Governmental Decree 1014/2007 (III. 13.), supplement, 175.

348. Act LXXIV of 2007, Art. 3, 4.

349. Act LXXIV of 2007, Art. 44, para 5.

350. “Digitális megújulás cselekvési terv 2010–2014. Az infokommunikációs ágazat cselekvési terve a társadalom és a gazdaság megújulásáért” (Digital renewal action plan 2010–2014. The action plan of the infocommunications sector for social and economic renewal), *Ministry of National Development*, December 2010, p. 104. See http://nfm.gov.hu/data/cms2089529/Digitalis_Meguulas_Cselekvesi_Terv.pdf (accessed 31 January 2011). (Hereafter Digital renewal action plan 2010–2014).

establishing the definition and numbers of those in need and a communication plan to inform the public about these subsidy opportunities. There is no information available on how households' eligibility for state support to purchase a set-top box will be tested, and by whom.

7.1.1.3 Legal Provisions on Public Interest

The notion of public interest is not defined in the regulation of digital switch-over. The former NHH described the aims of digital switch-over as: enriching the program choice, promoting competition, improving service for consumers, and making a more economical use of the frequency spectrum.³⁵¹ This suggests that the public interest is served when the number of accessible broadcasters is increased, the quality of the transmission is better, and the electronic program guide offers greater flexibility—assuming that all this happens in a transparent way.

As discussed in section 5.1.2, the regulation prescribes a “must-carry” rule for other television channels (the two politically affiliated channels) as well.

The Act on Digital Switch-over stipulates that the president of the media authority may license a company, without an open tender-based procedure, to operate a local or regional transmitter for a limited period of time of no longer than three years, in order to provide public services. Public duties are defined as providing information on disasters, and serving special cultural and educational needs of communities, especially those of ethnic minorities.³⁵²

Competition may serve the public interest. Krisztina Rozgonyi, the former president of the NHH, claimed that the tender announced for the terrestrial digital platform also accelerated digitization on other platforms, since several larger cable broadcasters have started to provide digital broadcasting and premium services. She concluded that the “real winner” of the launch of terrestrial digital broadcasting was the consumer, who could choose among an increasing variety of digital services.³⁵³

In 2009, NHH fined AH, the provider of digital terrestrial broadcasting, HUF 40 million (US\$ 197,765), as the digital broadcaster had not met the commitments in its contract with the authority. This included not complying with the commitments related to DVB-T, DVB-H (not including at least one new generalist television channel in the choice of television channels, and the distribution of subsidized set-top boxes) and DAB (there was no contract with public service radio).³⁵⁴ This measure may also be seen as an effort to safeguard the public interest.

351. “Az NHH megbírságot az Antenna Hungáriát, és meghallgatást indít a helyi televíziók digitális átállításáról” (The NHH penalized Antenna Hungária, and launches a hearing on the digital switch-over of local television), *NHH*, 22 October 2009. See <http://www.nmhh.hu/index.php?id=hir&cid=9152> (accessed 31 January 2011) (hereafter NHH.hu 2009).

352. Act LXXIV of 2007, Art. 43/M.

353. K. Rozgonyi, “Első oldal” (First page), In: *Infokommunikáció és Jog*, Nr. 27, October 2008. See <http://www.infojog.hu/szam/27> (accessed 31 January 2011).

354. NHH.hu 2009.

7.1.1.4 Public Consultation

There were public consultations about the draft Switch-over Strategy organized by the Prime Minister's Office in 2006, and about the Digital renewal action plan 2010–2014 (the action plan of the communications sector for social and economic renewal) organized by the Ministry of National Development in 2010. Another example of public consultation was organized by the former NHH in 2006 about the strategy for regulating electronic communications for 2006–2010. Seventeen stakeholders (telecommunications companies, ministries, private citizens etc.) submitted their opinions about the draft, which were then incorporated into the final version of the paper.³⁵⁵

In May 2011, the Ministry of National Development responsible for audiovisual policies announced a public consultation on the draft of the amendments of several acts related to telecommunications (including the acts of the 2010 media regulation). Extra-parliamentary stakeholders had six days to read and formulate their opinions on the 87-page draft. In the end, the draft—with minor changes—was submitted as an individual proposal by members of parliament,³⁵⁶ which did not require the statutory public consultation with extra-parliamentary stakeholders. This practice of individual MPs, rather than the government, introducing bills has been repeatedly used under the Orbán government, effectively circumventing the requirement for public consultation.

7.1.2 The Internet

7.1.2.1 Regulation of News on the Internet

Prior to 2011, the internet was not explicitly regulated. In some cases, Act II of 1986 on the Press (which was amended after the 1989/90 democratic transition and contained basic rules for the printed press, and was applied to online media outlets and news agencies, but it did not contain sanctions), the Civil Code and the Penal Code were applied to articles published online. The media community had long awaited a new media regulation, as the media landscape had changed significantly since the adoption of Act I of 1996 on Radio and Television, in particular because of the internet. But the broadcasting act requires a two-thirds parliamentary majority, and parliamentary parties could not agree on a common draft³⁵⁷ for years until April 2010, when Fidesz and its ally KDNP won the required super-majority.

The new government of Prime Minister Viktor Orbán significantly changed the media regulation in five successive moves (hereafter, collectively, the 2010 media regulation).³⁵⁸ The new media regulation regulates the internet as well.

355. *The National Communication's Authority's Strategy on Electronic Communications Regulation 2006–2010*, NHH, 7 September 2006. See <http://www.nmhh.hu/dokumentum.php?cid=10753&letolt> (accessed 12 July 2011).

356. "Egyes elektronikus hírközlési tárgyú törvények módosításáról (az Mtv. módosítása)" (On the modification of some telecommunications acts (the modification of Act CLXXXV of 2010)), *Médiajogfigyelő*, 19 July 2011. See <http://mediajogfigyelo.hu/index.php?do=a&id=1691> (accessed 22 July 2011).

357. The discarded drafts from previous years did not regulate the internet.

358. For a detailed *Chronology of Events Related to the Hungarian Media Law* by the South and East Europe Media Organisation, see <http://hungary-pressfreedom.org/> (accessed 13 April 2011).

- Act I of 1996 was modified to create the new media authority, the National Media and Infocommunications Authority (*Nemzeti Média- és Hírközlési Hatóság*, NMHH), and the Media Council (*Médiatanács*), the successor to ORTT.
- Act CIV of 2010 on the Freedom of the Press and the Fundamental Rules on Media Content (also known as the “Media Constitution”) was adopted, which is about the basic obligations and content requirements of media content providers, covering all media, including radio and television, newspaper and online outlets.
- Act CLXXXV of 2010 on Media Services and Mass Media was passed, which regulates among other things competition issues, fines and penalties imposable upon media outlets, and the operation of the new authority; this new act replaced Act II of 1986 on the Press and most of the provisions of Act I of 1996.³⁵⁹
- The parliamentary majority modified two articles of the constitution. By virtue of these latter amendments, “everyone has the right to proper information on public issues,”³⁶⁰ and the president of NMHH has the right to issue decrees that can then be enforced.³⁶¹

The government claimed that there were no elements in the media regulation that could not be found in other EU member countries’ media laws. However, a comparison of the Hungarian and some European countries’ laws revealed that “Hungary’s media laws are largely inconsistent with the (...) European practices and norms.”³⁶²

The new media regulation has generated international outrage on account of its anti-democratic nature,³⁶³ and media experts formulated criticisms such as the paper by Dr Karol Jakubowicz commissioned by the Organization for Security and Co-operation in Europe (OSCE)³⁶⁴; or comments by Dunja Mijatovic, Media Freedom Representative for the OSCE;³⁶⁵ or Frank La Rue, UN Special Rapporteur on the Promotion

359. The act was officially announced on 31 December 2010, and came into force on 1 January 2011. Before that date, the public and the actors of the media market could only access a draft version that was modified on more than 200 points (see the website of the Parliament: http://www.parlament.hu/internet/plsql/ogy_iromany.irom_lekerd_egysz:P_CKL=39&P_TIP=NULL&P_FOTIP=null&P_KISZ=CLXXXV&P_KIDA=2010 (accessed 31 January 2011)). Thus the full text of the law could not be read until the last day of the year when it was published in the *Hungarian Official Journal Publisher, Magyar Közlöny*—one day before the act came into force. Since its adoption, the media regulation has been modified several times, and it is a common notion that the newest versions of the laws are not easily available for both researchers and the general public.

360. Act XX of 1949, the Constitution of the Republic of Hungary, Art. 61, 3; as of January 2011.

361. Act XX of 1949, Art. 7/A, 2. Fidesz–KDNP, the governing party alliance, drafted and accepted the new constitution in 2011, which came into force on 1 January 2012.

362. A. Brouillette, *Hungarian Media Laws in Europe. An Assessment of the Consistency of Hungary’s Media Laws with European Practices and Norms*. Center for Media & Communication Studies, 2012. See https://cmcs.eu.hu/sites/default/files/field_attachment/news/node-27293/Hungarian_Media_Laws_in_Europe.pdf (accessed 5 January 2012).

363. A collection of criticism can be found in E. Hume, *Caught in the Middle: Central and Eastern European Journalism at a Crossroads. A Report to the Center for International Media Assistance*. 20 January 2011, Center for International Media Assistance, pp. 37–38. See http://cima.ned.org/sites/default/files/CIMA-Central_and_Eastern_Europe-Report_6.pdf (accessed 12 July 2011).

364. K. Jakubowicz, *Analysis and Assessment of a Package of Hungarian Legislation and Draft Legislation on Media and Telecommunications*, Warsaw, September 2010. See <http://www.osce.org/fom/71218> (accessed 12 July 2011).

365. See collection of Seemo.org, *OSCE*. See <http://www.seemo.org/hungary/osce.html> (accessed 12 July 2011).

and Protection of the Right to Freedom of Opinion and Expression.³⁶⁶ Some commentators regarded it as threatening Hungary's rotating presidency of the European Union, between January and June 2011.³⁶⁷ Amnesty International Hungary warned of the threat to freedom of expression³⁶⁸ and Freedom House downgraded Hungary's independent media index rating in 2011.³⁶⁹

Éva Simon, the media law expert of the HCLU, identified potentially unconstitutional issues and points of the new media regulation that may not be in line with EU law in early 2011.³⁷⁰ These were:

- the new media regulation uses ambiguous language;
- compulsory registration for online and print outlets, even for professional blogs (anonymity may not be ensured on the internet);
- source protection does not prevail;
- sanctioning, heavy fines on all media outlets;
- websites can be suspended;
- the president of NMHH can issue a decree;
- the authority may launch an investigation without a complaint being received;
- the country of origin principle (the scope of the regulation reaches beyond Hungary's national borders: whatever is in Hungarian may be tackled);
- the lack of transparency in the public service broadcasters' finances;
- the postponement of the digital switch-over.³⁷¹

Some issues introduced by the new regulation have been scrutinized by the European Union. Neelie Kroes, the Vice-President of the European Commission responsible for the Digital Agenda, summarized the concerns:

366. Full text of the press statement delivered by the UN Special Rapporteur on the promotion and protection of the right to freedom of opinion and expression, Frank La Rue, after the conclusion of his visit to Hungary, 5 April 2011. See http://www.google.hu/url?sa=t&source=web&cd=2&ved=0CCQQFjAB&url=http%3A%2F%2Fwww2.ohchr.org%2Fenglish%2Fissues%2Fopinion%2Fdocs%2F2011-04-05_Hungary_Freedex_EndMission.doc&ei=RO-hTdWel4PVsgbU7rnmAQ&cusg=AFQjCNGQGTsWjikh1Z8YA5QOiW_0uYsfIQ (accessed 13 April 2011).

367. See for instance "Hungary to create new media watchdog," BBC, 21 December 2010. See <http://www.bbc.co.uk/news/world-europe-12051665> (accessed 4 January 2011); "Hungary passes law boosting government control of media," Reuters, 21 December 2010. See <http://www.reuters.com/article/idUSTRE6BK6KF20101221> (accessed 4 January 2011); "Hungary's new media law puts EU presidency in doubt," *The Telegraph*, 23 December 2010. See <http://www.telegraph.co.uk/news/worldnews/europe/hungary/8220836/Hungarys-new-media-law-puts-EU-presidency-in-doubt.html> (accessed 4 January 2011).

368. "Sweeping new media law threatens freedom of expression in Hungary," Amnesty.hu, 3 January 2011. See <http://www.amnesty.hu/kampanyok/emberi-jogaink/item/340-az-els%C3%B6pr%C5%91-erej%C5%B1-m%C3%A9diat%C3%B6rv%C3%A9ny-a-sajt%C3%B3szabads%C3%A1got-fenygeti-magyarorsz%C3%A1gon/-sweeping-new-media-law-threatens-freedom-of-expression-in-hungary> (accessed 12 July 2011).

369. B.A. Kovács, F. Hevesi, *Hungary, Nations in Transit 2011*, Freedom House, p. 238. See <http://www.freedomhouse.org/images/File/nit/2011/NIT-2011-Hungary.pdf> (accessed 12 July 2011).

370. Éva Simon, presentation held at a press event, 06 January 2011. A part of the critiques can be found at HCLU, "Concerns about media legislation in Hungary (part I)," 3 January 2011. See <http://tasz.hu/en/szolasszabadsag/concerns-about-media-legislation-hungary-part-i> (accessed 23 January 2011).

371. Éva Simon, presentation held at a press event, 6 January 2011.

“a large number of commentators have alleged that the Hungarian Media Law risks jeopardizing fundamental rights in a number of ways:

- by requiring registration of all media, including online media such as forums, blogs and so on;
- by mandating that all media engage in balanced coverage of national and European events;
- by, after the landslide victory of conservative Fidesz, making the media authority subject to political control through the appointment process.”³⁷²

Neelie Kroes also found three issues when analyzing the compliance of the Hungarian media regulation with the EU’s Audiovisual Media Services Directive. First, the media law seems to depart from the country of origin principle, i.e. that the regulations of the country of origin of the media service provider should apply. Second, it is not clear whether the provision of the law that media outlets “need to ensure balanced information” would apply to a “simple video blogger,” and this uncertainty “may leave too much discretion in individual cases.” Third, the rules on media registration may be “over-extensive ... due to the lack of limiting criteria.”³⁷³

Some parts of the media regulation have been amended based on the objections of the European Commission.³⁷⁴ However, further restrictions—among others related to penalization of media outlets and frequency allocation tender calls—were introduced in July 2011 when several acts of media regulation were modified by Act CVII of 2011.³⁷⁵ Below, we highlight the criticisms that affect the rules applying to online written journals and the modifications based on the objections of the European Commission, introduced in March 2011 to tackle these issues.

The new media regulation applies to television channels, radio stations, printed press, and online media outlets. The Media Constitution stipulates that written press products are:

individual issues of daily newspapers and other periodicals *as well as online newspapers and news portals* provided as a service for profit, for the content of which a natural or legal person or a business association without legal personality bears editorial responsibility, the primary objective of which is to distribute textual or image contents to the public for information, entertainment or training purposes in a printed form or via an electronic communications network. Editorial responsibility shall refer to responsibility for control over the selection and compilation of media content, however, it does not necessarily imply legal liability in relation to printed press materials.³⁷⁶

372. Neelie Kroes, Vice-President of the European Commission responsible for the Digital Agenda State of play of Commission’s examination of Hungarian Media Law Extraordinary meeting of the European Parliament’s Civil Liberties, Justice and Home Affairs Committee, Strasbourg, 17 January 2011. See <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/11/22&format=HTML&aged=0&language=EN&guiLanguage=en> (accessed 23 January 2011) (hereafter Neelie Kroes, 17 January 2011).

373. Neelie Kroes, 17 January 2011.

374. “Módosították a médiatörvényt” (Media act has been modified), *Index.hu*, 7 March 2011. See http://index.hu/belfold/2011/03/07/modositottak_a_mediatorveny/ (accessed 15 March 2011).

375. Act CVII of 2011 on the Modification of Some Laws of Electronic Communication.

376. Act CIV of 2010, Art. 1, para 6. (Emphasis added).

In March 2011, this paragraph was narrowed down by stipulating that “service for profit” is carried out by media outlets that operate on a profit-seeker and regular basis, assuming economic risks. This means that a professional (profit-making) blog has editorial responsibility, just like a daily newspaper. According to a member of the Media Council a blog is considered to be a press product, if it is done for a living.³⁷⁷ NMHH issued a publication, in which Hungary’s new media regulation is explained in detail.³⁷⁸

In December 2011, the Hungarian Constitutional Court annulled the provisions of the media regulation in relation to written press products as of 31 May 2012 leaving only audiovisual media services under the operation of this law: “This act shall apply to media services and written press products provided by a media content provider established in the Republic of Hungary.”³⁷⁹ Parliament has until May 2012 to elaborate the regulation in relation to written press products. It has to be noted that the Constitutional Court ruling was based on Act XX of 1949 the Constitution of the Republic of Hungary (amended after the 1989/90 democratic transition), which was replaced by the new constitution (Fundamental Law of Hungary) in force since 1 January 2012.

On-demand audiovisual and radio media services, online written media outlets, and news portals (as well as television channels, radio stations and print materials) are recorded in an administrative register.³⁸⁰ One highly controversial provision universally criticized for its breadth of scope was that media service providers can keep their sources secret provided “the publication of the data was in the public interest.” This was also annulled by the Constitutional Court, so journalists again have the right not to reveal their sources in every case.³⁸¹ But if classified data is included, or the aim is to investigate or to prevent a threat to national security and public order, a court or an investigating authority, including the media authority, may force a media service provider under “exceptionally justified cases” to reveal their sources.³⁸²

For not obeying the rules in these acts, online written media outlets (as well as traditional media) can be heavily penalized, the latter with fines up to HUF 25 million (US\$ 120,105).³⁸³ Those who violate the law may be required to publish the authority’s decision on the home page of their website. The media operation may be suspended for a period of time ranging from 15 minutes to one week. If the online written media outlet does not comply with the penalty imposed, the “intermediary service provider” may be forced to

377. “Tanácsnokok és bloggerek” (Members and bloggers), [Mediatanacs.blog.hu](http://mediatanacs.blog.hu), 11 January 2011. See http://mediatanacs.blog.hu/2011/01/11/tanacsnokok_es_bloggerek (accessed 23 January 2011).

378. *Hungary’s new media regulation*. National Media and Infocommunications Authority, November 2011. See http://www.mediatanacs.hu/uploads/9/12/1321457199hungary_new_media_regulation_eng_web.pdf (accessed 5 December 2011).

379. Decision of the Constitutional Court, 1746/B/2010, 19 December 2011.

380. Act CLXXXV of 2010, Art. 41, para 4.

381. Decision of the Constitutional Court, 1746/B/2010, 19 December 2011.

382. Act CIV of 2010, Art. 6.

383. Based on Act CLXXXV of 2010, the following fines can be imposed: for a media outlet with a controlling share and “media service provider under the regulations of the limitation of media market concentration,” up to 200 million forints; for a national daily, maximum 25 million forints; for a national weekly and journal, up to 10 million forints; other dailies, weeklies and journals, up to 5 million forints; online written media products, up to 25 million forints; broadcasters, up to 5 million forints; intermediary service providers, up to 3 million forints (Act CLXXXV of 2010, Art. 187, para 3).

suspend the broadcasting of that online outlet.³⁸⁴ In the event of “repeated grave infringement,” the media service can be removed from the administrative register, and as a consequence the website has to be made unavailable to the public.³⁸⁵ If there is a complaint against media content, the consumer may turn to the NMHH, but the Commissioner for Media and Communications (*Média- és Hírközlési Biztos*) may also initiate “measures *ex officio* when made aware of any harm to the interests” of the public even if a violation of the law is not suspected.³⁸⁶ The Constitutional Court annulled the institution of the Commissioner as of 31 May 2012.³⁸⁷

Another provision that was changed: “Linear media content providers engaged in news coverage operations shall provide comprehensive, factual, up-to-date, objective and balanced coverage on local, national and European issues”;³⁸⁸ the stipulation was valid for on-demand media content providers, but after the amendment process only the language “linear media content providers” was left. In March 2011 a modification was added to the law: “the media system as a whole is responsible for authoritative, accurate and fast information on these issues and events.”³⁸⁹

The 2010 media regulation has been effective since 1 January 2011, but the rules on sanctions for media services only came into effect on 1 July 2011. Until its provisions have been repeatedly interpreted and tested in practice, the media can be expected to exercise self-censorship to avoid sanctions. The long-term outcomes and effects of the regulation are difficult to predict. So far there was one instance when the Media Council imposed a fine on a media service provider, namely *Echo TV* in 2011 as in one of its programs the speaker made racist remarks about the Roma population, because it harmed “human dignity and incited hatred.” The fine was 500,000 HUF (US\$ 2419).

7.1.2.2 Legal Liability for Internet Content

The intermediary service provider “may be obliged to suspend the broadcasting of media services and online media products” in the event that the publisher of the online media outlet does not comply with the decision of the media authority.³⁹⁰

Act CVIII of 2001 on Certain Issues of Electronic Commerce Services and Information Society Services stipulates that the service provider shall be held liable “for making available unlawful information,” where the service provider is a natural or legal person or organization providing information society services. However,

384. Act CLXXXV of 2010, Art. 189, para 4.

385. Act CLXXXV of 2010, Art. 187, para 3, e.

386. Act CLXXXV of 2010, Art. 140.

387. Decision of the Constitutional Court, 1746/B/2010, 19 December 2011.

388. Act CIV of 2010, Art. 13.

389. Act CIV of 2010, Art. 10.

390. Act CLXXXV of 2010, Art. 189, para 4.

the intermediary service provider will not be held liable under several conditions, especially if the information was not produced by the intermediary service provider.³⁹¹

The “intermediary service provider” cannot be liable in the event of several conditions:

- if it did not initiate the transmission of the information;
- the service provider does not modify the information;
- if the intermediary service provider “does not have actual knowledge of unlawful activity related to the information and is not aware of the fact that the information infringes the right or legitimate interest of any party.”³⁹²

The 2010 media regulation includes online media outlets, applying similar rules to them as to traditional media outlets. Online editorial boards will need to think twice before publishing a piece of information since they could risk losing their place in the register. The introduction of such liability may coerce online media outlets to exercise self-censorship.

7.2 Regulators

7.2.1 Changes in Content Regulation

As part of the reorganization of the public service broadcast system, in 2011 all news items and news programs are to be produced by MTI. The reorganization is being implemented gradually. On 14 February 2011, the “professional supervision” of news production at Hungarian Radio was taken over by MTI,³⁹³ and the process for all public service media was to be completed by end of January 2012.³⁹⁴ According to the plan, the “MTI news center” provides news bulletins and news items to the public service broadcasters, and creates a shared website for all public service broadcasters.³⁹⁵ Csaba Belényesi, the head of MTI, said in an interview that the aim is a more rational, economic and efficient operation, and that “a public service media outlet has to be loyal to the government and fair to the opposition.”³⁹⁶

391. Act CVIII of 2001, Art. 7.

392. Act CVIII of 2001, Art. 8a–10a.

393. “A közmédiarendszer átalakítása újabb szakaszhoz érkezett—Az MTI Zrt és az MR Zrt közleménye” (The transformation of the public media system has arrived at a new stage—announcement of MTI Zrt and MR Zrt), *Radio.hu*, 14 February 2011. See http://radio.hu/index.php?option=com_content&task=view&id=546&Itemid=41 (accessed 15 March 2011).

394. “Egy év alatt teljesen megújul a magyar közmédia” (The Hungarian public media will be completely renewed in a year), *Hvg.hu*, 23 December 2010. See http://hvg.hu/itthon/20101223_magyar_kozmedia_megujulas (accessed 15 March 2011).

395. I. Bednárík, “Hírcentrum az MTI-ben” (News center in MTI), *Nol.hu*, 15 January 2011. See http://www.nol.hu/lap/mo/20110115-hircentrum_az_mti-ben (accessed 15 March 2011).

396. Á. Lampé, “Kormányfelügyelet a médián: ‘Most tesszük le a magyar BBC alapjait’” (Government control over the media: “We are laying the foundations of the Hungarian BBC”), *168 óra*, 13 December 2010. See <http://www.168ora.hu/itthon/kovetkezik-a-hirado-kapcsoljuk-az-mti-t-66216.html> (accessed 15 March 2011).

The 2010 Media Regulation changed the structure of the media content regulators by establishing the NMHH, which merged the ORTT and NHH into one institution. (See section 7.2.2.)

The media regulation contains extensive content regulation. It stipulates that “media content may not incite hatred against persons, nations, communities, national, ethnic, linguistic and other minorities or *any majority* as well as any church or religious groups,” and media content may not “offend or discriminate against persons, nations, communities, national, ethnic, linguistic and other minorities or *any majority* as well as any church or religious groups.”³⁹⁷ While exercising press freedom, one shall respect human dignity, the constitutional order, and human rights, and one cannot violate privacy.³⁹⁸ Additionally, the “exercise of the freedom of the press may not constitute or abet an act of crime, violate *public morals* (emphasis added) or prejudice the inherent rights of others.”³⁹⁹ The law does not define what “public morals” or “any majority” mean.

In addition, the law on the protection of families stipulates that “media service providers are obliged to provide their services respecting the institution of marriage, the values of family and child-raising”. Additionally, the state promotes media content presenting the values of child raising.⁴⁰⁰

7.2.2 Regulatory Independence

Since its creation, the media authority has never been independent from political parties. However, whereas between 1996 and 2010 all parties delegated members of the ORTT, the newly created the NMHH has been converted into a one-party authority, therefore losing any semblance of independence.

The former regime of the ORTT consisted of party delegates, but the new regime gives almost all power to the Head of the Authority, who is appointed by the Prime Minister; the other members have been appointed by the governing party for a period that extends more than two parliamentary cycles. The Media Council has absolute power over the entire media landscape.

Until 2011, the electronic communications market was overseen by the NHH, which was a government agency supervised by the minister of communications. It was funded by broadcasting fees, the authority process fees and supervision fees. Among the NHH’s responsibilities were: to assess the need for the creation or modification of an act related to electronic communications; to review the communications market as a basis of policy-making; to make proposals strengthening competition in the market; and to address—based on a complaint or *ex officio*—violations of the law. The NHH also managed frequencies; it published information on fees, tenders, criteria and conditions of the use and distribution of frequencies; and it administered a database on the frequency spectrum.⁴⁰¹

397. Act CIV of 2010, Art. 17, para 1, 2. The original act stipulated that “the media content may not offend or discriminate against—either openly or covertly—persons...”. The expression “either openly or covertly” was removed upon the request of the European Commission.

398. Act CIV of 2010, Art. 14, 16, 18.

399. Act CIV of 2010, Art. 4, para 3.

400. Act CCXI of 2011 on the protection of families, Art. 5.

401. Act C of 2003, on Electronic Infocommunications, Art. 9, 10, 12.

The NHH had two parts: the National Communications Authority Council (*Nemzeti Hírközlési Hatóság Tanácsa*, NHH Council) and the National Communications Authority Bureau (*Nemzeti Hírközlési Hatóság Hivatala*, NHH Bureau). The six members of the NHH Council were appointed by the minister of communications for five years, and the president was appointed by the prime minister for five years. All seven members could be re-appointed for an unlimited number of times. The director general of the NHH Bureau was appointed by the minister responsible for communications for a term of five years.⁴⁰²

In 2010, the new media regulation introduced the NMHH, which is an autonomous regulatory agency not answerable to any authorities other than the courts, should the legality of its acts be challenged. The NMHH participates in managing frequencies and executes the telecommunications policies of the government. The authority has “three entities with independent powers”: the president of the NMHH, the Media Council and the Bureau of the NMHH.⁴⁰³

The president of the authority is appointed by the prime minister for a term of nine years, and may be re-appointed an unlimited number of times. Since 2010, the president has been Annamária Szalai, a former member of Fidesz and a former Fidesz-delegate in the ORTT. She appoints two vice-presidents for an unspecified period of time, and has the power to dismiss or recall them without explanation. The president appoints, dismisses, and recalls the deputy director generals of the Bureau of the NMHH on the proposal of the director general of the Bureau of the NMHH.⁴⁰⁴ The Bureau supports the work of the president, the vice-presidents of the authority, the Media Council, and the members of the Media Council.⁴⁰⁵

The Media Council of the Authority (*Nemzeti Média- és Hírközlési Hatóság Médiatanácsa*) is a legal entity reporting to Parliament, and the successor of ORTT. The president and the four members of the Media Council are elected by “a two-thirds majority of the votes of MPs present” for a tenure of nine years. The members are nominated by an *ad hoc* nominating committee of parliament by unanimous vote. If the nominating committee cannot recommend four member candidates to the Media Council, there is a second nominating round and if the second round fails too, a new nominating committee must be set up. The ratio of the votes of the members of the nominating committee is weighted according to the proportion of the parliamentary parties.⁴⁰⁶

Based on the parliamentary decree concerning the nominating committee, each party can delegate one member to the nominating committee, appointed by the leaders of the parliamentary parties. The committee’s president is appointed by the governing party or parties, and the vice-president by the opposition parties.

402. Act C of 2003, Art. 9, 14, 17.

403. Act CLXXXV of 2010, Art. 109.

404. Act CLXXXV of 2010, Art. 111, para 2, 3, 5.

405. Act CLXXXV of 2010, Art. 139.

406. Act CLXXXV of 2010, Art. 123, 124.

There is no parliamentary debate before electing the members of the committee. The nominating committee can be formed and the nomination process can be initiated without the participation of all parliamentary parties, but the ratio of the votes remains intact.⁴⁰⁷

Following the July 2011 amendment to the media regulation, the nine-year tenure of the president and the members of the Media Council can be extended—in effect indefinitely—if the parliamentary parties at the time either renominate them or cannot select the new nominees.⁴⁰⁸

The appointed president of the NMHH automatically becomes the presidential candidate for the Media Council. The president and the members of the Media Council can be re-appointed if their mandates have not been terminated due to conflict of interest, dismissal, or expulsion. The duration of the mandate of the President of the Media Council is linked to that of the NMHH President, so if the mandate of the NMHH President ends, so does his or her mandate as President of the Media Council.⁴⁰⁹

The NMHH's financial resources are: concession fees for frequencies, and other fees paid to the authority for supervisory activities. The national assembly decides upon the “integrated budget” of the authority.⁴¹⁰

The Media Service Promotion and Asset Management Fund (*Médiaszolgáltatás-támogató és Vagyonkezelő Alap*) is the successor to the ORTT's Broadcasting Fund. This new fund's financial resources are: media service fees, tender fees, penalties and compensations levied for breaching broadcasting contracts, fines, public service contributions, surplus frequency fee amounts, subsidies from the central government budget, proceeds from the disposal of assets and from commercial activities, interest and voluntary payments. The main task of the Fund is to support public service broadcasting, the production of public service programs, the Public Service Foundation, and community media outlets. The Fund is operated by the Media Council.⁴¹¹

Both the old and the new structures allowed for political domination of the media authorities. But, as the media researcher Péter Bajomi-Lázár notes: “the old structure provided for a *multi-party supervisory mechanism* in which no party had exclusive discretionary powers and the various parties' representatives could mutually limit one another's efforts to enforce their particular interests. The new structure allows for a *one-party supervisory mechanism* in which the opposition parties cannot exert any influence on the work of the media regulatory authorities.” As a result, he adds, “it is at best questionable whether the new institutional framework will be capable of acting as a buffer between the media and the government to eliminate political pressure on the media, including the internet.”⁴¹²

407. Parliamentary decree 81/2010 (IX. 15.) on the setting up of an *ad hoc* nominating committee for the members of the National Media and Infocommunications Authority.

408. Act CLXXXV of 2010, Art. 216, para 8.

409. Act CLXXXV of 2010, Art. 125, para 3.

410. Act CLXXXV of 2010, Art. 134, para 2, 4.

411. Act CLXXXV of 2010, Art. 136.

412. Péter Bajomi-Lázár, personal interview, 7 February 2011.

As reported in earlier sections, all major international stakeholders, from the OSCE to the European Commission, expressed their concerns about the new media regulation, especially about the media regulatory authority (see Section 7.1.2.1). In Hungary, local non-governmental organizations (HCLU and Amnesty International Hungary) and citizen grassroots movements also protested against the 2010 media regulation (see section 3.2.1).

7.2.3 Digital Licensing

Licensing in the analog era was regulated by Act I of 1996. The general tender conditions were announced by the ORTT, first as a draft and then at public hearings. The tender for a frequency could specify a certain ratio of public service programs that were to be aired in order to serve national, ethnic and other minority needs. The ORTT could also allow a non-profit company owned by the self-governments of the national and ethnic minorities to provide weekly broadcasting of between four and eight hours weekly without a tender, if the needs of national and ethnic minorities were not met elsewhere.⁴¹³

The ORTT decided upon the bids' formal and substantive requirements.⁴¹⁴ The broadcasting rights were valid for 10 years for television channels, and seven years for radio stations. These terms could be extended once more for a further five years without a tender.⁴¹⁵

The former regulation of licensing was often abused, as in the case of the licensing of the national commercial television channels in 1996⁴¹⁶ and the tender for the national radio frequencies in 2009 (for details see section 6.1.2).

According to the new media regulation, in order to provide “public duties” the authority can license a company to broadcast without a tender procedure up to three years, public duties being “media service provision in the event of a natural catastrophe affecting a sizeable proportion of the country,” an industrial accident, or “serving a community’s special educational, cultural, information needs, or needs associated with a specific event affecting the given community.” The analog broadcasting rights gained by winning a tender are valid for 10 years for audiovisual media services, and seven years for radio stations. These terms can be extended once only for an additional five years without a tender.⁴¹⁷

The Media Council asks the Bureau to draw up frequency plans before announcing a tender. The Media Council prepares a draft tender call, organizes a public hearing and, based on the comments and proposals, decides on the final version of the tender announcement. The invitation to the tender includes among other things the objective of the tender, the fundamental rules of the procedure, the minimum amount of the media service provision fee, the evaluation criteria, and possibly the following:

413. Act I of 1996, Art. 91, 93, 94, 95.

414. Act I of 1996, Art. 98.

415. Act I of 1996, Art. 107.

416. Bajomi-Lázár 2005, p. 816.

417. Act CLXXXV of 2010, Art. 48.

- a predefined ratio of public service programs;
- a ratio of programs on subjects related to public life or facilitating local daily events;
- a predefined extent of service to national and ethnic minorities and other minority needs;
- an obligation to provide news services.

The bid must include, among other things, data on the bidder, a statement on the ratio of any direct or indirect share in other media services, basic data on the planned media service, the minimum amount of time allotted for public service programs, and regular news and programs to satisfy the needs of the national and ethnic minorities etc. The Media Council examines whether the bid meets its substantial and formal requirements, and if a document is missing, the bidder has 15 days to make the submission.⁴¹⁸ The bid is invalidated if it does not meet the substantial and formal requirements or if it is judged to be unrealistic.⁴¹⁹

The evaluation process is based on the principles listed in the tender announcement, which includes the stipulation that “the evaluation principles shall be transparent, free from discrimination and proportionate.” The winner of the tender is determined by a decision by the Media Council.⁴²⁰

The previous system of licensing was neither legally nor ethically fair, as indicated by the examples of national commercial broadcasters cited earlier (sections 5.1.2 and 6.1.2). The new system of licensing already showed its deficiencies (lack of transparency in the tender applications,) as the debated decision of *Klubrádió*’s ex-frequency indicates (see section 5.1.2). The abuse of the system is almost inevitable under both the previous and current regulation; the allocation criteria are not specified in the media regulation. Thus it is up to the Media Council to define allocation criteria, meaning the regulation leaves room for arbitrary and unfair decisions—or at least it leaves room for suspicion, especially in the (always) heated political situation arising from the cleavages in society.

7.2.4 Role of Self-regulatory Mechanisms

The major media outlets in Hungary have codes of ethics. A journalist may also observe the codes of journalists’ associations, if he or she is a member. The four Hungarian journalists’ associations⁴²¹ have created a joint code of ethics, but it does not provide procedures for handling complaints.⁴²²

The Association of Hungarian Journalists (*Magyar Újságírók Országos Szövetsége*, MÚOSZ) also has a more detailed code of ethics of its own.⁴²³ If a reader has a complaint, he or she may submit it to the MÚOSZ

418. Act CVII of 2011 introduced stricter regulation for the frequency allocation process.

419. Act CLXXXV of 2010, Art. 49, 50, 52, 56, 57, 59, 60, 62.

420. Act CLXXXV of 2010, Art. 60, 61, 62.

421. Association of Hungarian Journalists (*Magyar Újságírók Országos Szövetsége*, MÚOSZ), Community of Hungarian Journalists (*Magyar Újságírók Közössége*, MÚK), Hungarian Catholic Association of the Press (*Magyar Katolikus Újságírók Szövetsége*), Press Union (*Sajtószakszervezet*).

422. “Etikai kódex” (Code of Ethics), 2003. See http://muk-press.hu/?page_id=26 (accessed 2 February 2011).

423. “Újságírói Etikai Kódex” (Journalist Code of Ethics), MÚOSZ. See <http://muosz.hu/kodex.php?page=etikai> (accessed 2 February 2011).

Ethics Committee. If the article's author is a MÚOSZ member, the Ethics Committee may impose sanctions; if the author is not a member, the body can only issue a non-binding opinion.⁴²⁴

So far the only self-regulatory code of ethics specifically for online media outlets is that of the Hungarian Association of Content Providers (*Magyar Tartalomszolgáltatók Egyesülete*, MTE), which combines the market-leading news websites. If the provisions of the code are breached, the organization can impose a sanction on its member, for example demanding that the sanctioned member reimburse the claimant for the procedural costs of filing the claim, or it can exclude the member from the association. MTE's decisions can be appealed in case of infringement of procedural rules.⁴²⁵

The new media regulation stipulates that the Media Council should co-operate with professional self-regulatory organizations and other alternative mediatory forums of media outlets under the control of the Media Council. This is to ensure the "effective realization" of the principles of the media regulation, to "promote voluntary legal compliance" and to make the law enforcement system more flexible. The Media Council may sign a "public administrative agreement" with the self-regulatory body; the agreement must contain a code of conduct. The self-regulatory body may decide on procedures, but the Media Council monitors whether this decision complies with the agreement.⁴²⁶ Since the introduction of the 2010 media regulation the NMHH has signed such public administrative agreements with the MTE, the Advertising Self-regulatory Body (*Önszabályozó Reklám Testület*, ÖRT), the Association of Hungarian Publishers (*Magyar Lapkiadók Egyesülete*, MLE), and the Association of Hungarian Electronic Broadcasters (*Magyar Elektronikus Műsorszolgáltatók Egyesülete*, MEME).⁴²⁷

7.3 Government Interference

Most of the examples of state interference listed in this sub-section are not associated with digitization, in the sense that interference existed prior to digitization, and therefore will likely continue to exist in the digital media market.

7.3.1 The Market

There are several instances of state interference that distort the media market. First, state advertising funds are usually spent in media outlets favored by the government of the day; most of the funds get shifted from some media outlets to others after every election (see section 6.2.1). Second, the media regulatory authority decides

424. P. Bajomi-Lázár and K. Kertész. *Media Self-Regulation Practices and Decriminalization of Defamation in Hungary*, in *Freedom of Speech in South East Europe: Media Independence and Self-Regulation*, 2007, .ed. Kashumov, Alexander. Sofia: Media Development Center, pp. 160–190.

425. MTE, *Code of Content Providing. Regulation of Operations, Ethics and Procedures with Respect to Content Providing. Issued by the Hungarian Association of Content Providers*, 2001. See http://www.mte.hu/dokumentumok/mte_kodex_eng.doc (accessed 2 February 2011).

426. Act CLXXXV of 2010, Art. 125, para 3.

427. G. Raskó, *Hungary. Co-regulatory agreements between the Hungarian media self-regulatory bodies and the media authorities*. IRIS, 2011–9:1/23. See <http://merlin.obs.coe.int/iris/2011/9/article23.en.html> (accessed 5 January 2012).

which outlets will be supported via the Media Service Promotion and Asset Management Fund (see section 7.2.2). Prior to the new media regulation, the ORTT's Broadcasting Fund distributed the resources, and as every parliamentary party could delegate somebody to the ORTT, the influence of party representatives was balanced. Under the new regulation, the one-party media authority's Fund decides which media outlets will receive support. Third, the new media regulation allows the Media Council to impose heavy fines on media outlets, which could paralyze the outlets' operations.

Finally there is the issue of a "media service provision fee" paid by linear media services to the media authority. The media law expert Márton Nehéz-Posony points out that the 2010 media regulation does not exclude radio and television transmitted on the internet from this fee. However, as they do not use frequencies "that looks very much like a tax," he said. The fee is determined by the media authority.⁴²⁸ It is a question whether this is an intended concept in the law or a codification mistake.

7.3.2 The Regulator

Current sources of likely abuse are the political allegiances of the media regulatory authority. The members of the Media Council only represent the dominant governing party, so the "checks and balances" of the former system have disappeared. As noted in section 7.2.3, the regulatory authority has ample room for making arbitrary calls for tenders, as frequency allocation criteria are not specified in the media regulation. However, no national frequencies have been allocated since the introduction of the 2010 media regulation. The tender for the 95.3 MHz frequency at Budapest indicates that the system lacks transparency, thus it cannot be objectively analyzed.

7.3.3 Other Forms of Interference

There is no record of state interference arising from state authorities exerting extra-legal pressure on the media. Tamás Bodoky argued that most of his investigative reports published on *Index.hu* "remained unnoticed, because there was no interest in keeping the issue on the table in the politically controlled mainstream press"⁴²⁹ (see section 4.2.2). The most recent representative research conducted among journalists by the sociologist Mária Vásárhelyi in 2006, which included a survey on the attempts to exert pressure by economic and political means, revealed the following results (no specific examples were discussed; only the existence of such pressures).

428. M. Nehéz-Posony, *The Hidden Treasures of Hungary's Media Legislation*, Seemo.org. See <http://www.seemo.org/hungary/publicpersons/publicpersons11.html> (accessed 23 October 2011).

429. T. Bodoky, *From Endangered to Extinct*, 25 January 2011. See <http://www.tol.org/client/article/22117-from-endangered-to-extinct.html> (accessed 4 March 2011).

Table 19.

Pressure on journalists working for different types of media outlets (as % of respondents)

	Frequency	Daily	Weekly	Online site	Radio	Television	Average
Attempts to apply political pressure	...never	40	60	66	61	45	57
	...rarely	48	37	27	37	46	37
	...frequently	12	3	7	2	9	6
Attempts to apply economic pressure	...never	39	65	59	73	54	59
	...rarely	50	30	34	24	44	35
	...frequently	11	5	7	3	2	5

Note: (N=940)

Source: Vásárhelyi, 2006.⁴³⁰

As Table 19 shows, in 2006 journalists on daily newspapers were in the most difficult situation, followed by journalists at television channels, while online journalists experienced significantly less pressure. Attempts to exert pressure were successful to an extent: 53 percent of those who replied (59 percent responded to this question) claimed that political pressure/exertion was partly or completely successful; while 73 percent of those who replied (37 percent responded to this question) said that economic pressure/exertion was partly or completely successful.⁴³¹

Local authorities exert pressure on journalists of local media outlets that are financed by the local authority itself. It is “almost natural” that the journalists are working according to the expectations of the authority.⁴³² (See section 6.1.3.)

János Dési, a journalist with the leftist daily *Népszava*, mentioned an example of extra-legal pressure that is impossible to prove. “The advertisers from the private sector disappeared. On one hand because they don’t have money, on the other because—and it is difficult to prove—but if someone wants to advertise [at *Népszava*], a nice female voice calls that company: “a tax investigation would be very embarrassing...”, and they don’t even actually have to tell the tax authority, word spreads. But I can never prove this.”⁴³³

430. M. Vásárhelyi, *Foglalkozása: újságíró* (Profession: journalist), Magyar Újságírók Országos Szövetsége, Budapest, 2007, p. 84 (hereafter Vásárhelyi 2006).

431. Vásárhelyi 2006, p. 85.

432. D. Matalin, “Politikailag megosztottak, anyagilag kiszolgáltatottak a magyar újságírók” (Hungarian journalists are politically divided, financially vulnerable), *Nol.hu*, 13 March 2010. See http://www.nol.hu/belfold/20100313-a_csavargyar_hamarosan_bezar (accessed 12 July 2011).

433. János Dési, *Népszava*, personal interview, 23 February 2011.

7.4 Assessments

Having a two-thirds parliamentary majority, the governing party was able to draft and accept a new media regulation without involving parliament. There was no public consultation on the new media regulation as a whole, the drafting process was not transparent at all: the public still does not know who wrote the 2010 media regulation.

Annamária Szalai, the president of the NMHH and a former member of the governing Fidesz party, has been appointed by the Prime Minister. The NMHH's four members have been nominated and elected by Fidesz. The new regulation has established single-party control over the media, as opposed to the multi-party control under the previous regulation. The authority's president and members have been appointed for a term of nine years, compared to the four-year mandates of the president and members of the previous media authority.

Most of the provisions of the 2010 media regulation apply, without distinction, to radio stations, television channels, print press, and online media outlets—apart from the media type-specific regulations. The new media regulation was heavily criticized by both domestic and international media freedom organizations, including Freedom House, the Media Freedom Representative of the OSCE, the European Commission and the UN Special Rapporteur on the Promotion and Protection of the Right to Freedom of Opinion and Expression.

Under the previous regulation, the internet was not regulated separately. Neither was the press subject to regulatory supervision. In some cases, Act II of 1986 on the Press, the Civil Code and the Penal Code was applied to articles published in online media outlets.

The public interest is not served by the 2014 digital switch-over (except for those less affluent households, which still rely on the analog terrestrial signal and might not be able to purchase a device to receive digital terrestrial signals). The public interest will be served to the extent that the legislator obliges digital operators to carry the programs of public service television channels and radio stations for free.⁴³⁴

The introduction of the so-called “must-carry” provision of two television channels that broadcast news and current affairs programs was a legal provision intended to enhance diversity. However, these channels happen to be broadcasters connected to the major political parties, namely the governing Fidesz and the MSZP (The Socialist Party, in government between 2002 and 2010).

434. Act LXXIV of 2007, Art. 44, para 3.

8. Conclusions

8.1 Media Today

The independence of the Hungarian news media has been seriously endangered by the new media regulation introduced in 2010. New regulations had been long-awaited. Since the ratification of Act I of 1996 on Radio and Television, the media landscape had changed radically, partly due to digitization. But the new 2010 media regulation does not move towards liberalization as one might expect, given the wider range of available media outlets. Instead, it applies similar rules to radio stations, television channels, the printed media and online written media outlets.

The members of the Media Council of the new media regulatory authority, the NMHH, say that they are independent. However, all of them have been nominated by the governing party Fidesz for a nine-year term. Annamária Szalai, the president of the Media Council and NMHH, is a former member of Fidesz. The new authority has far wider powers than its predecessor. Its powers range from arbitrary decisions on frequency allocation, investigation, and accessing data, to the penalization of media outlets either through heavy fines or suspension in the case of online written media outlets. It keeps a registry of online written media outlets. It may impose heavy fines on editorial boards, it may require a media outlet to reveal the identity of a source thus undermining source protection and investigative journalism, and it may apply the more ambiguous aspects of the new regulation selectively, leading to editorial self-censorship. One such example is that media outlets must obey the rule that the media content must not harm any minorities or “any majority.” The resulting climate of uncertainty will certainly not promote quality journalism; politically biased and advocacy journalism, meanwhile, are expected to become even stronger.

The diversity of news media may be affected in the future, as the one-party Media Council, which controls funds and spectrum allocation, has much latitude when defining the conditions of tender invitations. Spectrum allocation in Hungary has been politicized for the past 15 years. However, under the former media regulation all parliamentary parties delegated members to the authority providing some checks and balances. The frequency allocation is lacking transparency, which increases mistrust.

Digitization has not affected the principles of journalism, but copy-and-paste journalism flourishes and plagiarism is widespread on certain minor websites. Shorter news cycles and greater competition force editorial boards to publish articles as soon as possible, leaving room for mistakes. Inaccurate information can spread in minutes over the internet, while corrections may not reach the same audience. There is a generation gap in internet use; younger generations tend to consume online media outlets, while older audiences prefer traditional ones. The internet could, at least theoretically, be a forum for everyone.

In addition to politics, the economic crisis is also affecting the diversity of the news media. The advertising market has been shrinking since 2008, causing a decrease in the revenues of print media. This, coupled with the fact that paid circulation has also been falling, could force some media outlets to cease publication. Some leftist media outlets may find the situation further exacerbated, as they relied heavily on advertising paid for by state-owned companies. Since the 2010 elections brought a shift in power, they no longer receive money from that source.

Social networks such as *Facebook*, and more generally Web 2.0, have enhanced multi-way communication within society, as the messages posted there can reach a mass audience immediately and at low cost. Some people use the internet as a primary news source, and more than a third of the population consumes news on the social networks. Specialized information is available for those interested. Pluralism exists, as many voices can appear in the media thanks to digitization. But extreme (especially anti-Roma) voices have been magnified by the internet. Which voices are heard depends largely on the audience; ideas will spread to those most receptive to them. However, opposition movements could speed up digitization and internet use further, since the relative lack of other outlets available to them may force parties and other stakeholders to move to online platforms.

The Hungarian media have been polarized; partisan journalism is the norm. In the political sense, media pluralism has been achieved, given the number of outlets with different political allegiances. The remaining media outlets tend to be apolitical, focusing on human interest and feature stories. The earlier idea of an alleged “left-liberal media supremacy” has been dismissed with the emergence in the 2000s of a right-conservative media grouping.

8.2 Media Tomorrow

The digital switch-over is expected to happen on 31 December 2014 in television broadcasting. The regulation specifies no final date for radio broadcasting. In upcoming years, more television channels and radio stations are likely to join the digital multiplexes. The ratio of programs produced in HD or SD format is likely to increase as more and more households will have equipment to decode the digital signal.

The number of media outlets offering applications for smart phones is expected to grow as the number of smart phones and tablets used in Hungary continues to rise. It is still unknown what contribution these applications will make to the total revenue of a media outlet.

There are major questions relating to the consequences of the new media regulation as it is tested over time. Will the Media Council impose heavy fines for violations on media outlets? If so, can these media outlets survive in a fragile financial climate? Will the regulation's ambiguities be clarified? Will transparency increase in the frequency allocation? Amendments based on the critique of the European Commission were introduced to the media regulation in February 2011. In a non-binding resolution in March that year, the European Parliament urged the Hungarian parliament to make further modifications. The Hungarian parliament complied by making it more restrictive, amending CLXXXV of 2010 in 196 places in July 2011, which was followed by further modifications.

9. Recommendations

9.1 Policy

9.1.1 Media Policy

9.1.1.1 Digital Switch-over

Issue

The target deadline for digital television switch-over is 31 December 2014, when:

- i. 94 percent of the population must be able to receive the programs of the public service broadcasters via digital terrestrial broadcasting, and
- ii. devices (digital television sets and set-top boxes) must be available in retail shops.

These two conditions have already been met, but as the regulation does not set a minimum penetration ratio for devices, that portion of the public which does not receive the TV signal through satellite or cable, and that cannot afford the devices, will still not be ready for switch-over.

Recommendation

Parliament should set a third condition for analog switch-off to take place, defining the minimum proportion of the population that must be able to receive a digital signal via satellite, cable or set-top box.

Also, the president of the media authority should develop, publish and publicize the scheme of subsidies for households that cannot afford set-top boxes.

When these further conditions have been met, digital switchover can take place before 31 December 2014.

9.1.2 Spectrum Policy

9.1.2.1 Reform of Spectrum Allocation

Issue

Spectrum allocation policy is ambiguous, lacks transparency, and is subject to arbitrary interpretation by the media authority.

Recommendation

Parliament should amend the media regulation to establish specific and transparent criteria of eligibility, defining the process of receiving a frequency. The tender applications should be made public after the submission deadline—so that public scrutiny provides a check and balance function to the decision-making the frequencies which are public goods.

Tendering, licensing and spectrum allocation should be taken out of the hands of the media authority and given to an independent committee of experts pending a permanent solution (one option could be a lottery with participation of candidates satisfying a set of preliminary criteria).

9.1.2.2 Spectrum Policy for Linear Media Services

Issue

By law, linear media service providers must pay a media service provision fee determined by the Media Authority. The 2010 media regulation does not exclude radio stations or television channels operating online from the category of media service providers, and these channels also need to pay the fee to the Authority, even though they do not use frequencies.

Recommendation

The concept of linear media service providers should be re-defined in law to exclude radio stations and television channels broadcasting online.

9.2 Media Law and Regulation

9.2.1 Media Regulation

9.2.1.1 Adoption of New Media Regulation

Issues

- i. Like Hungarian society and its elites, much of the media are deeply divided along political lines. The media authority is politically controlled, as its members have been appointed and elected by the ruling party. The 2010 media regulation introduced ambiguous content provisions such as the protection of “public morals.” Fearing heavy fines and the possible suspension of their licenses, editorial boards tend to exercise self-censorship.
- ii. The 2010 media regulation was drafted and adopted in a non-transparent way, after minimal public consultation with academia, professional organizations and the wider public.
- iii. The 2010 media regulation imposes similar rules on all types of media outlets, regardless of their platforms.

Recommendations

- i. Parliament should prepare a new media regulation in consultation with civil society, media scholars, and professional organizations, to meet the standards of an open society.

- ii. At the very least, parliament should amend the media regulation and introduce well-defined content provisions, consistent with international norms, ensuring that editorial boards are able to observe the rules without facing legal ambiguities that might encourage self-censorship.
- iii. Parliament should amend the current media regulation and abolish all provisions on print publications and online outlets, as spectrum scarcity—which could justify strict regulation—is a thing of the past.

9.2.1.2 The Registry of Online Media Outlets

Issue

The 2010 media regulation introduced a registry for online media outlets. If a given outlet does not comply with the law, as a final retaliation, it may be deleted from the registry—which means that the site must be made inaccessible to the public.

Recommendation

This registry should be abolished. Nothing can justify the need for a registry of online media outlets. However, online media outlets should be required to include an imprint or masthead with proprietary information.

9.2.1.3 The Elimination or Reduction of Fines on Media Outlets

Issue

The 2010 media regulation entitles the media authority to impose heavy fines on all media outlets, including print, broadcast, and online. In the context of today's financial and economic crisis, these fines could force vulnerable outlets to close. The mere possibility of incurring a fine may have a chilling effect on media independence.

Recommendation

Parliament should reduce or eliminate the fines that can be imposed.

9.2.1.4 Appointing the Media Authority Members

Issue

The 2010 media regulation enables the prime minister and the ruling party to abuse its two-thirds majority of seats in parliament in order to nominate and elect the president and the members of the all-powerful media authority.

Recommendation

Parliament should amend the media regulation to ensure that a multi-party nomination system prevents one-party control and enables parties and their nominees to mutually constrain each other.

The legislator should also reduce the mandates of the media authority's members from nine to five years, while ensuring that the appointment system remains staggered in relation to parliamentary terms.

9.3 Public Service in the Media

9.3.1 Independence of Public Service Broadcasters

Issue

All public service broadcasters have been united under the Media Service Funding and Asset Management Fund, with economic efficiency given as the rationale. Their news bulletins are created centrally by the Hungarian News Agency's news center (and display a clear pro-government bias).

Recommendation

Parliament should amend the media law to restore the independence of the public service media outlets, and to abolish the monopoly of the news center in supplying the public service broadcasters.

The economic independence of public service broadcasters must also be restored, and their management must regain control over their own assets.

9.3.2 Transparency of Public Service Broadcasters

Issue

The funding and spending of public service broadcasters lacks transparency.

Recommendation

The prosecution service should investigate why some public service broadcasters, funded largely from the state budget, publish their budgets online either incompletely and with large delays, or not at all. The Media Service Funding and Asset Management Fund—administering the assets of the public service broadcasters and coordinating program production—should be transparent in disclosing its sources of funding and its spending.

The legal framework exists,⁴³⁵ but the implementation is lacking. Enforcement of the law would enhance the transparency of the spending of public service broadcasters and the Fund, about which little is yet known.

9.3.3 Public Service Broadcasting in HD

Issue

Broadcasting in HD format demands considerably more spectrum than broadcasting in standard format. As long as most public service programs are recorded in standard definition, it makes no sense to broadcast public service television output in HD. The suspension of broadcasting in HD format would allow significant savings of taxpayers' money.

Recommendation

The public service broadcaster's contract with Antenna Hungaria to broadcast in HD should be suspended until such time as most of MTV's programs are recorded in HD format.

435. Act XXIV of 2003 on the amendment to certain acts on the use of public moneys and on disclosure, transparency and increased control in regard to the use of public property; Act XC of 2005 on the freedom of electronic information.

9.4 Journalism

9.4.1 Source Protection

Issue

The 2010 media regulation undermines source protection and thereby harms investigative journalism.

Recommendation

Parliament should amend the 2010 media regulation to ensure that only the courts can compel journalists to reveal their sources.

9.4.2 Independent Support for the Media

Issue

Due to the financial and economic crisis, and to digital migration, the quality press has been shrinking. Advertising by state-owned companies and administrative units switches from one side of the political press to the other after changes in government.

Recommendation

The Government should consider establishing legal procedures for the transparent and fair allocation of state-funded advertising.

Independent actors (see below) should establish a press fund—in addition to the existing journalists' awards, grants, and scholarships—to support the publication of dailies, weeklies, and magazines and to promote diversity and pluralism, regardless of the political preferences of the incumbent government.

To weaken the role of the state in financing the press, this fund should be financed by third parties independent from the state, for instance as a part of private companies' social responsibility strategy.

List of Abbreviations, Figures, Tables, and Companies

Abbreviations

3G	third generation
4G	fourth generation
AH	Antenna Hungária Zrt.
AMR	average minute rating
DAB	Digital Audio Broadcasting
DVB-H	Digital Video Broadcasting–Handheld
DVB-T	Digital Video Broadcasting–Terrestrial
EU	European Union
Fidesz	Fidesz–Hungarian Civic Union party, Fidesz–Magyar Polgári Szövetség
GDP	Gross Domestic Product
GNI	Gross National Income
GVH	Hungarian Competition Authority, Gazdasági Versenyhivatal
HCLU	Hungarian Civil Liberties Union, Társaság a Szabadságjogokért
HUF	Hungarian forint
HD	High Definition
ICSID	International Centre for Settlement of Investment Disputes
IPTV	Internet Protocol Television
ITU	International Telecommunication Union
Jobbik	Jobbik, The Movement for a Better Hungary, Jobbik Magyarországért Mozgalom
KDNP	Christian Democratic People’s Party, Kereszténydemokrata Néppárt
KSH	Hungarian Central Statistical Office, Központi Statisztikai Hivatal
LMP	Politics Can be Different, Lehet Más a Politika
LTE	Long Term Evolution
MATESZ	Hungarian Audit Bureau of Circulation, Magyar Terjesztés-Ellenőrző Szövetség
MP	Member of Parliament
MPEG	Moving Picture Experts Group
MR	Hungarian Radio, Magyar Rádió

MRSZ	Hungarian Advertising Association, Magyar Reklámszövetség
MSZP	Hungarian Socialist Party, Magyar Szocialista Párt
MTI	Hungarian News Agency, Magyar Távirati Iroda
MTE	Hungarian Association of Content Providers, Magyar Tartalomszolgáltatók Egyesülete
MTV	Hungarian Television, Magyar Televízió
MTVA	Media Service Funding and Asset Management Fund, Médiaszolgáltatás-támogató és Vagyonkezelő Alap
MÚOSZ	Association of Hungarian Journalists, Magyar Újságírók Országos Szövetsége
NAP	Women with Careers, Nők a pályán
NGO	non-governmental organization
NHH	National Infocommunications Authority, Nemzeti Hírközlési Hatóság
NMHH	National Media and Infocommunications Authority, Nemzeti Média- és Hírközlési Hatóság
ORTT	National Radio and Television Commission, Országos Rádió és Televízió Testület
OSCE	Organization for Security and Co-operation in Europe
OVB	National Election Committee, Országos Választási Bizottság
PGP	Pretty Good Privacy
SD	Standard Definition
UGC	user-generated content
UN	United Nations Organization
WIP	World Internet Project

Figures

Figure 1.	Rural/urban breakdown (% of total population).....	10
Figure 2.	Ethnic and linguistic composition (% of total population)	10
Figure 3.	Linguistic composition (% of total population)	11
Figure 4.	Religious composition (% of total population)	11

Tables

Table 1.	Economic indicators.....	13
Table 2.	Households owning equipment, 2005–2010	16
Table 3.	Platforms for the main TV reception and digital take-up.....	17
Table 4.	Internet penetration rate (total internet subscriptions as percentage of the total population) and mobile penetration rate (total active SIM cards as percentage of total population)	18
Table 5.	Daily paid circulation of top 10 newspapers, January to June, 2005–2010	23
Table 6.	Number of daily visits and visitors to the two largest national quality newspapers' websites 2005–2011 (January averages).....	24
Table 7.	Number of daily visitors to top 10 online news and current affairs providers, 2005–2011 (January averages).....	25

Table 8.	Average daily audience reach of market-leading radio stations, age 15+, nationwide population (%).....	26
Table 9.	Average daily audience share (SHR) of television channels for 2007–2010, population aged 4+.....	27
Table 10.	Overview of main television channels.....	28
Table 11.	Yearly averages of share of evening news bulletins of national or quasi-national television channels, 2005–2010 (%).....	29
Table 12.	Ratio of news and current affairs programs on the main national television channels on 20 July 2011.....	33
Table 13.	Media use of government coalition/parliamentary opposition voices in public service broadcasters' news bulletins (%).....	34
Table 14.	Levels of trust in public institutions (points out of 100).....	37
Table 15.	Top 10 websites in Hungary.....	41
Table 16.	Top 10 social networks in Hungary.....	43
Table 17.	Estimated shares of media advertising spend (%).....	72
Table 18.	State support to public service broadcasters, in billion HUF.....	74
Table 19.	Pressure on journalists working for different types of media outlets (as % of respondents).....	95

Companies

Advenio Zrt	MÁV Hungarian railway company
AGB-Nielsen Media Research	Medián
Antenna Hungária Zrt	M-RTL Zrt
Axel Springer AG	MTVA Sales House
Central European Media & Publishing (CEMP)	MVM electricity company
Chello Central Europe	ProSiebenSat.1
Digi	Publicus Research
Econet Nyrt	Ringier AG
Est Media Group	Ringier Axel Springer Media AG
FM1 Consortium	SAAB/Gripen
Független Hírügynökség	Sanoma Budapest
Gemius Hungary Kft	SBS Broadcasting Europe B.V
GfK Hungária	Szerencsejáték Zrt
Hungarian Post	Szonda Ipsos
IKO Média Holding Zrt	T-Home
Infocenter.hu	T-Mobile
Kantar Media	Telenor
KV Barát Vagyonkezelő Ltd	Tesco Mobile
Lánchíd Kereskedőház Kft	UPC Direct
Magyar Nemzet–HírTV group	Vodafone
Magyar Telekom Group	

Mapping Digital Media: Country Reports

1. Romania
2. Thailand
3. Mexico
4. Morocco
5. United Kingdom
6. Sweden
7. Russia
8. Lithuania
9. Italy
10. Germany
11. United States
12. Latvia
13. Serbia
14. Netherlands
15. Albania

Mapping Digital Media is a project of the **Open Society Media Program** and the **Open Society Information Program**.

Open Society Media Program

The Media Program works globally to support independent and professional media as crucial players for informing citizens and allowing for their democratic participation in debate. The program provides operational and developmental support to independent media outlets and networks around the world, proposes engaging media policies, and engages in efforts towards improving media laws and creating an enabling legal environment for good, brave and enterprising journalism to flourish. In order to promote transparency and accountability, and tackle issues of organized crime and corruption the Program also fosters quality investigative journalism.

Open Society Information Program

The Open Society Information Program works to increase public access to knowledge, facilitate civil society communication, and protect civil liberties and the freedom to communicate in the digital environment. The Program pays particular attention to the information needs of disadvantaged groups and people in less developed parts of the world. The Program also uses new tools and techniques to empower civil society groups in their various international, national, and local efforts to promote open society.

Open Society Foundations

The Open Society Foundations work to build vibrant and tolerant democracies whose governments are accountable to their citizens. Working with local communities in more than 70 countries, the Open Society Foundations support justice and human rights, freedom of expression, and access to public health and education.

For more information:

Open Society Media Program
Open Society Foundations

4th Floor Cambridge House, 100 Cambridge Grove
London, W6 0LE, United Kingdom

mappingdigitalmedia@osf-eu.org
www.mappingdigitalmedia.org
www.soros.org/initiatives/media

Cover Design: Ahlgrim Design Group
Design and Layout: Judit Kovács | Createch Ltd.

