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8. TERRESTRIAL BROADCASTING

The practice established since 2002 of dividing the functions on regulation of the media sector has been retained in 2004 after the adoption of the new Telecommunications Act (effective from 07.10.2003). The regulation of the telecommunications activity of terrestrial broadcasting (radio and TV) is carried out by CRC, and of the program contents – by the Council for Electronic Media (CEM). The licensing regime for telecommunications activity is directly bound to the licensing of the programs for radio- and TV broadcasting activity in compliance with the provisions of the European legislation.

Compared to 2003, development of the terrestrial radio broadcasting market is observed - the number of issued licenses and of the operators implementing this kind of telecommunications activities has significantly increased. This growth is a result of the adopted Act to Supplement the Radio and Television Act (State Gazette, issue 99 of 2003). Pursuant to this Act the following persons are provided with an opportunity to continue or renew their activities:

- Persons who have obtained individual licenses in accordance with the procedure established by § 14 of the Transitional and Final Provisions of the Telecommunications Act of 1998, the term of which is not extended;

- Persons who carried out and/or carry out terrestrial radio broadcasting in populated areas, in which no contests were conducted for the issuance of licenses for this kind of telecommunications activities;

- Persons who possess or possessed licenses for carrying out terrestrial radio broadcasting with local and regional coverage, issued on the grounds dropped out in consequence of a Decision of the Supreme Administrative Court, which has entered into force;

- Persons who carried out and/or carry out terrestrial radio broadcasting up to the entry into force of the Telecommunications Act of 1998 and who filed applications for the issuance of licenses up to the entry into force of the Act to Amend and Supplement the Telecommunications Act (State Gazette, issue 112 of 2001) in populated areas, in which no contests were conducted for the issuance of licenses for this kind of telecommunications activities.

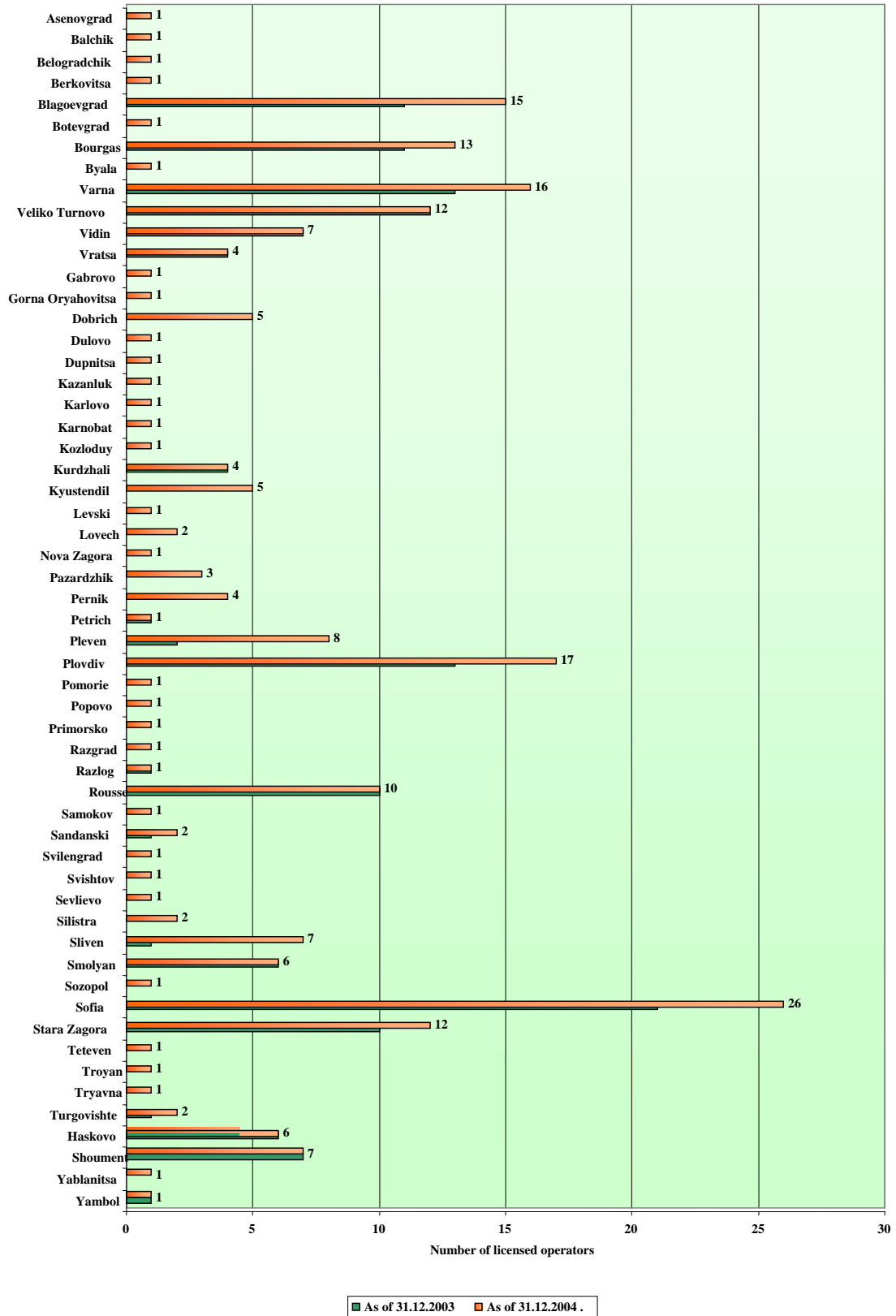
8.1. VHF FM RADIO BROADCASTING

At the beginning of 2004 in the country there were 58 operators of public telecommunications networks for terrestrial radio broadcasting working under 143 licenses with local coverage and 2 operators working under licenses with national coverage – the Bulgarian National Radio (BNR) and “DARIK RADIO” PLC.

While during the past year no licenses were issued for this kind of telecommunications activities, and the number of revoked licenses for terrestrial radio broadcasting with local coverage is 40, in 2004 there were no revoked licenses and their number increased by 59%. Thus as of 31.12.2004, 96 operators of public telecommunications networks for radio broadcasting with local coverage with 227 licenses worked on the market. 32% of the operators implement activities in more than one populated area.

Distribution of the public telecommunications networks for radio broadcasting with local coverage per populated areas as of 31.12.2003 and 31.12.2004

Populated areas



Source: CRC
Fig. 70

All operators of public radio broadcasting networks broadcast their own programs.

The national radio operator, that has a license for the whole territory of the country, is the Bulgarian National Radio. It broadcasts two 24-hour programs - "Horizont" and "Hristo Botev", which have 100% coverage achieved by territory and population. The emissions for abroad "Radio Bulgaria" are a part of the Bulgarian National Radio. Programs of "Radio Bulgaria" are broadcast by over 50 radio stations in over thirty countries throughout the world. The "Horizont" program is broadcasted on the Internet 24 hours a day. Five regional programs are included in the BNR system: Varna – with a 24-hour program, Plovdiv, Stara Zagora, Shoumen and Blagoevgrad - with 18-hour a day programs. In 2005 the development of a new web site of BNR is forthcoming, which will be a multimedia product – information in text, sound and image from and for Bulgaria in eleven languages.

The other radio operator with national coverage is "DARIK RADIO", which has regional radio stations in most of the big cities in the country. Its programs are broadcasted in real time on the Internet in real play format. The signal of "DARIK RADIO" has been uploaded through its own Earth satellite station to the satellite "Intelsat".

The revenues from the major activity of the two radio operators holding national licenses have been comparatively stable for the last two years, and as of 31.12.2004 they decreased by 1%., compared to the end of 2003.

8.2. TELEVISION BROADCASTING

As of 31.12.2004 three operators provided services under issued licenses for terrestrial TV signal broadcasting with national coverage – the BULGARIAN NATIONAL TELEVISION (BNT), "BALKAN NEWS CORPORATION" PLC (BTV) and "NEW TELEVISION – FIRST PRIVATE CHANNEL" PLC.

Another six operators obtained the right to implement this kind of telecommunications activity during the year, whose licenses have local coverage: television „SEVEN DAYS“, „GEORGIEV 58 – TODOR GEORGIEV“ Ltd, „CABLE AND AIR TELEVISION NETWORK“ Ltd, „MUNICIPALITY OF BELOSLAV“, „MUNICIPALITY OF SHABLA“ and „R.D. - TV“ Ltd. No activities were implemented during the year under two of the licenses.

Thus as of 31.12.2004 seven operators in total really render services through the licenses for television signals terrestrial broadcasting issued to them.

In 2004 the revenues from the main activity of the television operators amounted to over BGN 110 million, which is by 22% more compared to 2003. Over 96% of the realized revenues are from broadcasting of commercials, their relative share in the total structure having grown up by 6%.

The amount of the investments made in 2004 into the networks adds up to about BGN 10 million, that represents nearly 3 times more than the investments for construction, maintenance and operation of the networks for television broadcasting in 2003.

The coverage of population attained by the programs of BNT as of 31.12. 2004 was 100%, of BTV - 98%, and of "NEW TELEVISION – FIRST PRIVATE CHANNEL" PLC – 63%.

BNT has four territorial divisions – centers in the towns of Blagoevgrad, Varna, Plovdiv and Rousse. Besides "Channel 1", the BNT also broadcasts the satellite "TV Bulgaria". The BNT satellite channel is broadcasted through EUTELSAT. On the territory of

Bulgaria all cable TV operators broadcast "TV Bulgaria". The possibility for the use of TELETEXT technology will create complementary convenience for the viewers of "TV Bulgaria". The availability of a satellite Bulgarian channel is a good opportunity for our country to present itself as an attractive location for tourism and recreation and to attract the interest of foreign investors.

BTV is fully equipped with digital equipment. The television has a contract with a telecommunications operator for satellite broadcasting of its program. The BTV program by satellite is not coded, with the exception of the films with subtitles and the international sports programs. In 2004 the operator started up the service bTV. SMS, which is designated for people with dynamic way of life, who wish to be acquainted with the latest news of the day. The user sends SMS with the title of the information category he is interested in (news, sports, the weather and so forth), to number 288 and he immediately receives an answer with the requested information. The service allows the users to specify their search, if they need supplementary information.

The program of "NEW TELEVISION – FIRST PRIVATE CHANNEL" PLC is also broadcasted in a satellite manner. As the signal is coded, the purchase of decoding card and access module is needed.

The three national operators are in permanent competition among each other for winning the national audience.

A trend has been observed that the operators holding individual licenses for radio or television programs make use of alternative forms for signal carriage – through satellite or cable, using the already built-up networks of other licensed telecommunications operators.

At the beginning of 2004 the construction of the network of the first digital television through terrestrial digital broadcasting in Bulgaria commenced, with the anticipation that it will have its first users in 2005. The license for terrestrial digital television broadcasting for the territory of Sofia was issued to BTC PLC after a tender awarded in 2001.

The introduction of the terrestrial digital broadcasting in the country will result in more effective use of the frequency spectrum (carrying out of telecommunications through digital networks with a smaller number of channels than the analogue networks), higher quality of the broadcasted programs and offer of new complementary interactive services like of video on demand, electronic trading and banking operations, Internet access, electronic mail, information services etc.

At present the terrestrial digital broadcasting is not a serious alternative of the numerous cable operators functioning on the Bulgarian market, because the set of offered programs, compared with those on the cable networks, is significantly smaller. Taking into consideration the needed investment expenditures and the expenditures for the maintenance, the introduction of terrestrial digital broadcasting in less populated areas is not perspective.

The big cities with population of over 100 000 inhabitants are a potential market for the digital television in Bulgaria. There is a real users' interest in the reception of television programs combined with diversified interactive services of high quality. Further to that the level of consumption in the big towns may form sufficient revenues for the operators, which shall provide for their development in the future and compensate the significant expenditures for the maintenance of the digital network. Taking into consideration the fact that the use of Internet by cable is concentrated almost fully in the big cities, it may be stated that the users there are the digital television target market.

The introduction of digital television transmitted through terrestrial broadcasting, would cost less to the users compared to the television provided through a satellite, which will make the service more competitive to the existing cable networks in the future.