

MÉRTÉK MEDIA MONITOR

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# A MEDIA SYSTEM ABANDONED:

## The Hungarian media under siege and without support



MERTEK BOOKLETS  
Volume 40



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2024. DECEMBER

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### MÉRTÉK MEDIA MONITOR

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#### Published by

Mérték Médiaelemző Műhely  
Közhasznú Nonprofit Kft.  
[Mertek Media Monitor  
Nonprofit Ltd.]  
H-1042 Budapest, Árpád út 90-92.

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The editing of the report was finished  
at December of 2024.



ISSN: 2559-8937

ISBN: 978-615-6406-19-4

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This study was drafted as part of the [Hungarian Digital Media Observatory \(HDMO\)](#) project. In the framework of the 30-month project, the researchers of Political Capital and Mérték Media Monitor studied the spread of disinformation and the efficacy of the measures taken against it; the journalists of the French news agency AFP and the Hungarian online news site Lakmusz performed fact-checking; the staff of the Idea Foundation held trainings about conscious media [consumption](#); while Epresspack provided the digital infrastructure for the HDMO. Just as the project's first phase, the second phase was also co-financed by the European Commission. The members of the HDMO's consortium, which enjoys full independence in all of its activities, were selected in an [open competition by the European Commission](#).



Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or European Health and Digital Executive Agency. Neither the European Union nor the granting authority can be held responsible for them.

## INTRODUCTION

Freedom of expression is essential for well-functioning democratic societies, and one of the basic conditions for this is that journalists can do their work safely. If they are harassed, abused, or unduly interfered with, it can jeopardize the functioning of a democratic society. Yet violence and harassment of journalists have increased globally over the past decade. Data for Hungary is often incomplete and the situation of journalists working here is not comparable to those working in open dictatorships, war zones, or other conflict zones. Yet Hungary is moving further and further away from European democracies where freedom of the press is a fundamental value. The Hungarian media environment has significantly changed since 2010, as evidenced by the decline in international press freedom indices.

After 2010, the Hungarian media system gradually became polarised, basically split in two. In one part, there are media outlets that the government ensures loyalty by providing unlimited access to public resources. The other half is made up of media outlets that are cut off from such resources. The media loyal to the government have a political mission, for which the professional and ethical rules of journalism can be set aside at any time. The non-government media are ideologically diverse and are clearly defined by the professional and ethical rules of journalism.

The transformation of the Hungarian media system after 2010 has on the one hand avoided violence against journalists and open censorship of critical media. On the other hand, it is so profound that pro-government actors dominate at every point of the information and revenue flow, from printing capacity to newspaper and broadcasting networks to media agencies. This makes independent journalism very difficult, leaving independent media actors in a completely unstable position. However, the pro-government media are openly centralized and manually controlled, which makes the application of censorship in the traditional sense highly unlikely. Therefore, the Hungarian media policy as a whole has been described by the term soft censorship since 2014.

Under the concept of „soft censorship” or indirect censorship, we include those media policy interventions that significantly increase the chances of some viewpoints reaching the audience and significantly reduce the chances of others by shaping the structure of the media market and manipulating the allocation of media market resources. We interpret soft censorship as an arbitrary interference in the structure of the media market and the economic scope of media companies. It aims to strengthen those companies in the media market value chain as a whole that help to broadcast the government’s views, while at the same time weakening, economically destabilizing, or forcing media outlets that are critical of the government to abandon their critical views.

Soft censorship brings relatively slow but lasting changes to the functioning of the media system as a whole. It does not directly influence the production of specific content, but shapes the content available in its entirety, and targets media companies rather than individual journalists. Soft censorship is perceived directly by media owners and media managers, and these interventions can influence editorial and journalistic practice through them.

In addition to the usual economic and legal analyses, our 2023 Soft Censorship Report focuses on the relationship between Hungarian content providers and platforms, and on the Hungarian experience so far in implementing European platform regulation. Furthermore, the chapter on public service media is a detailed description of our European state aid case launched in 2016.

There was no radical shift in the Hungarian media market in 2023, which means not only that Fidesz did not gain any spectacular new positions, but also that the situation of independent media did not become more stable. Two factors, however, give further cause for concern. The European regulation of global platforms does not seem to bring any substantial change in the relationship between Hungarian content providers and platforms, but it will further strengthen the position of the media authority, which has been occupied by Fidesz since 2010. On the other hand, the failure of our European complaints will also take the last legal tools out of our hands, which we could have used to bring the over-politicized media system and the distorted media market at least partly into line with democratic standards.

The Sovereignty Protection Act and the European Media Freedom Act are not yet covered by the 2023 report but will be included in the 2024 Soft Censorship report.

# OVERVIEW OF 2023

## Obstruction of journalistic work

The exclusion of journalists from events, the tendency to refuse interview requests, and the unavailability of public information are a significant violation of press freedom, preventing the media from reporting broadly and impartially on events. It systematically restricts access to information, typically in relation to media critical of the government.

In May, Guardian journalist Flora Garamvölgyi was sent out of the CPAC Hungary forum, interrupting her interview. According to the organizers, the journalist was asked to leave the event because she could only register due to a „system error” and could not have attended. Átlátszó was supposed to interview Tamás Portik (a well-known Hungarian criminal) in prison, but the interview was interrupted for technical reasons. The medium was not allowed to finish the interview later, and the prison authorities even prohibited the publication of the interrupted interview. No explanation was given for its decision. The accreditation of Dániel Németh, a photographer for 444.hu news portal, to attend Pope Francis’ public events was refused because accepting the journalist’s accreditation „would have posed a public security or national security risk to Hungary”. The accreditation of all staff members of Magyar Hang has been rejected, but several other independent media outlets have also had problems with press accreditations. The media is still not allowed to attend any government press conference.

For months in 2023, dozens of online media products critical of the government were targeted by cyber-attacks. The series of cyber attacks against Hungarian news portals is a particularly severe violation of press freedom. The International Press Institute has issued a statement calling on EU decision-makers to take note of the unprecedented scale of the cyber attacks on Hungarian media outlets, condemning the DDoS attacks that threaten Hungarian media freedom and calling for more effective investigations by the Hungarian authorities.

The state interventions affecting the Hungarian media market have been discussed in detail in the chapter 'Media Market in Hungary' so in this chapter, we would like to give just a few examples of the privileged position of pro-government media. After the state bought the Nemzeti Sport sport daily from Mediaworks for HUF 3 billion (over 7,8 million EUR<sup>1</sup>) in 2022, the government will distribute 10,000 copies of the newspaper to various sports and public institutions. In other words, *„it is not enough that the Hungarian taxpayers are financing the deficit of the state-owned Nemzeti Sport, the government is using the public budget to distribute 10,000 copies of the printed newspaper for free so that the printed NS can survive!”* - stated the K-monitor<sup>2</sup>. In October 2023, Momentum chairman Ferenc Gelencsér posted a video on 31 October showing that some key figures of the pro-government media empire left Karmelita, the building of the Prime Minister's Office. None of the government bodies has given any official information about what the representatives of the pro-government press were looking for in Karmelita.

## Public service media

We devoted a whole chapter to the European legal dimension of MTVA's funding in this soft censorship report, so here we have only selected some of the most interesting spending in 2023. MTVA hired applauders for public TV programmes for almost HUF 30 million (ca EUR 78,500). In addition, a tender for a taxi service for a net amount of HUF 490 million (almost EUR 1.3 million) was launched and won by Főtaxi for two years. That's why it was so surprising when it turned out that the state media had built its own car wash for almost HUF 58 million (ca EUR 152,000). According to MTVA's CEO, Dániel Papp, the media company needs its own car wash to ensure the „civilized” image expected of public media. In March, Magyar Hang political weekly reported that MTVA pays a net HUF 450 million (ca EUR 1.18 million) for hairdressing, make-up, and stylist services provided to on-screen staff.

The Demokratikus Koalíció (DK) opposition party submitted a data request based on FOIA in March to find out how much MTVA employees are paid. The MTVA refused to release the data, saying that „commercial media operators could make better offers to the professionals if they knew the data”. However, DK won the lawsuit, and the salary of Dániel Papp, who earns HUF 3.5 million (ca EUR 9,170) per month as CEO, was made public.

<sup>1</sup> The 2023 average exchange rate was used throughout the report (381,85 HUF/EUR).

<sup>2</sup> K-monitor: Megvédi a kormány a reggeli, kivásalt Népsportot [The Government Protects the Morning, Ironed Népsport] <https://www.facebook.com/Kmonitor/posts/pfbid0ff9AqoJ696cLfws2RJpNJ6MasteDvSEryZ78S7MTtKPbBhyCDBwZiaVU73sSeiw5I>

Dániel Papp, CEO of MTVA, informed the European Commission at the consultation of the 2023 Rule of Law Report that the public media is balanced and „it is a fundamental principle of its operation that politics cannot influence the broadcasting“. Papp’s statement is contradicted by numerous cases. Balázs Bende, the former editor of MTVA, told HVG in an interview that he also received information from the government for the discrediting reports. The systematic smear campaign, not only carried out by the public media, is presented in the documentary entitled VALÓTLANUL - Smear campaigns in the Orbán regime, published by 444.hu in November 2023. In the same year, a paper by Mérték researchers was published in an academic journal, showing the prominent role of Hungarian public media in spreading disinformation<sup>3</sup>.

444.hu has also revealed evidence of two specific cases of fake news. In May, in a report on the permanent diversion of car traffic on the Chain Bridge, the answers of the interviewees were selected and edited to support the expected political narrative. A few months later, a statement by a striking teacher was falsified by similar means. In May, a part of Viktor Orbán’s usual Friday morning radio interview, in which the prime minister talks about how part of Ukraine is ancient Hungarian land, was left out of the YouTube version of his interview, allegedly due to a „signal failure“. In February 2023, public media censored a recording of a concert: Orbán’s name was simply muted. All in all, it’s not so surprising that according to Eurobarometer 2023 data, Hungary has by far the worst perception of the credibility of public media in the EU, with Hungarian respondents trusting even their friends’ Facebook posts more than their own.

## Without credible information

If society loses faith in the media, it can pose a serious threat to the democratic system and the shaping of public opinion. Free and independent media play a key role in holding power to account, informing citizens, and discussing issues of public interest. However, if people feel that the media are not credible, distort information, or serve political interests, this also undermines faith in democracy. In Hungary, the pro-government private media often spread misinformation or disinformation.

In February 2023, Anna Donáth, the then member of the European Parliament for Momentum party, sent enforcement officers to Mediaworks Hungary, which operates the newspapers Origo and Ripost, and to TV2, as the pro-government media owed the politician a total of HUF 4 million in compensation. TV2’s company statement also showed that it was under execution for failing to enforce the court judgments against it, failing to pay the compensation months later, and failing to publish the correction. Péter Juhász, former president of the Együtt opposition party, won a lawsuit against TV2 Media Group back in July 2020. The pro-government TV channel published a total of 16 lies, which it refused to publish even after Juhász filed an enforcement action against them and the court imposed a second enforcement fine of half a million euros on the channel. TV2 also made untruths about Péter Márki-Zay opposition politician, which the Hungarian Supreme Court ruled in January had misled viewers.

<sup>3</sup> Ágnes Urbán - Gábor Polyák - Kata Horváth (2023): How Public Service Media Disinformation Shapes Hungarian Public Discourse <https://www.cogitatiopress.com/mediaandcommunication/article/view/7148>



In March 2023, YouTube deleted the PestiSrácok channel, PS TV. Google commented on the removal of the channel; „We have removed the PS TV channel because its creation bypassed our action to remove the PestiSrácok channel, which we removed in February 2020 due to a violation of the terms and conditions for the safety of children”.

Mérték conducted an analysis<sup>4</sup> of the county print newspapers in the pro-government KESMA portfolio, looking at government messages and disinformation narratives. The majority of the narratives found in the newspapers studied literally repeat or reinforce the political communication narratives that the government and the ruling party prefer to disseminate. Telex independent news portal has collected data on the click-baiting practices of online KESMA newspapers. The county portals have tried to boost their reach with fake death reports.

## The acquisition of Vodafone

In January 2023, the state-owned 4iG acquired a majority stake in Vodafone Hungary with the help of a state loan. The Hungarian state bought the remaining 49 percent of Vodafone. Viktor Orbán declared the HUF 660 billion transaction (over 1,7 billion EUR) to be of national strategic importance, thus preventing the Hungarian Competition Authority (GVH) from investigating the market effects of the acquisition. In an interview, Csaba Balázs Rigó, president of the GVH, said that the Hungarian government had acted lawfully and that „the merger could also be in the public interest”. The new owners had already replaced Vodafone’s management with 4iG’s people in February. The five-member board also includes the government politician Antal Rogán’s chief of staff, Ádám Nagy. Csaba Vezekényi, a former Fidesz politician, was the chairman of the shareholders’ meeting that appointed the new directors.

The acquisition of Vodafone has also been reported in the international press, with an article on the „mafia methods” of the Orbán regime in Der Spiegel, for instance. According to the German paper, the Hungarian government is trying to further capture the market by squeezing out foreign companies. Although a European NGO, Good Lobby Profs, has asked the European Commission’s Directorate-General for Competition for a competition review, arguing that the deal raises competition and rule of law concerns, the Commission has refused to intervene.

## Law on the Protection of National Sovereignty

The government’s communication was already heavily based on the „rolling dollars” narrative during the 2022 elections. Later, in June Máté Kocsis, the leader of the Fidesz parliamentary group, said in an interview with Index that the amendment of the Constitution and the Criminal Code are being prepared simultaneously. On 21 November 2023, Máté Kocsis submitted a draft of the so-called Sovereignty Protection Act<sup>5</sup>. In December, parliament voted in favor of the sovereignty protection bill and the related constitutional amendment.

<sup>4</sup> Mérték Media Monitor (2023): A kormányüzenetek mindent beterítenek - Országos és külföldi hírek a megyei lapokban [Government messages cover everything - National and international news in the county papers]. [https://mertek.eu/wp-content/uploads/2024/01/Mertek\\_fuzetek\\_35.pdf](https://mertek.eu/wp-content/uploads/2024/01/Mertek_fuzetek_35.pdf)

<sup>5</sup> Act LXXXVIII of 2023 on the protection of national sovereignty [https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-REF\(2024\)006-e](https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-REF(2024)006-e)



105 NGOs, including the Mérték Media Monitor, protested against the law in a joint statement, arguing that it protects the interests of power while stigmatizing and intimidating citizens active in public affairs. The Hungarian Publishers' Association (MLE) has sent an open letter to the President, Katalin Novák, asking her not to sign the so-called Sovereignty Protection Act. In response, Mediaworks, the leading pro-government newspaper, magazine, and digital publisher, issued a statement calling on the leadership of the MLE to publicly withdraw its statement, otherwise „*Mediaworks will recall its officers and resign from Hungarian Publishers' Association*”. This shows that the pro-government media companies are openly blackmailing professional organizations: if a law is introduced that puts independent media at risk, a professional organization cannot speak out, at least according to the pro-government Mediaworks.

## LGBTQ community

The lack of information or the distortion of information on LGBTQ issues is a concern for press freedom, as it limits the possibility of social dialogue.

The Budapest Government Office has imposed a HUF 12 million (over EUR 31,000) consumer protection fine on Lira, one of the country's biggest book distributors. for the so-called child protection homophobic law, the highest fine ever imposed on the Hungarian book market. According to the government of fice, „*the books concerned portray homosexuality, but they were placed among books for children and youth literature, and were not distributed in closed packaging*”. However, because of a punctuation mistake in the legislation, the operator of the Lira network won in court and did not have to pay the fine.

The scandal around the 2023 World Press Photo exhibition led to the dismissal of László L. Simon, Director General of the Hungarian National Museum. The exhibition featured a series by Philippine photographer Hannah Reyes Morales entitled „Home for the Golden Gays”, which documents a retirement home for lesbians and gay men without explicit or offensive details. Dóra Dúró, MP of the right-wing Mi Hazánk Mozgalom, asked Minister János Csák to initiate a judicial supervisory proceeding over the content, as she believes that LGBTQ propaganda had been carried out at the World Press Photo exhibition. János Csák, Minister of Culture and Innovation, asked the National Museum to allow only children over the age of 18 to visit the exhibition, following the Law on the Protection of Families. However, the proposal turned out to be unenforceable, as the Hungarian National Museum cannot ask anyone for their identity card. In response, L. Simon posted a photo of long queues on social media and thanked Dóra Dúró for the publicity. A few days later, the Minister of Culture and Innovation dismissed László L. Simon, stating that „*the Director-General, failed to comply with the legal obligations expected of the institution, even when called upon to do so, and has thus demonstrated behavior which made it impossible for him to remain at his post*”.

## Pegasus scandal



The European Parliament set up a Committee to investigate the use of Pegasus and equivalent surveillance spyware (PEGA). The committee's delegation arrived in Hungary in February 2023, but Minister of Justice Judit Varga canceled the meeting at the last minute, claiming that national security is not an EU matter, but an exclusive competence of member states. The report, adopted in May 2023, said that several EU governments (including Hungary) had violated human rights by using spyware to gain more control over the media market and public sphere.

## For the Soft Censorship Report introduction and a summary of the media events in 2023, we have used the following articles:



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- 24.hu: A gyermekvédelmi törvényre hivatkozva már nem engednek be 18 éven aluliakat a Nemzetközi Sajtófotó Kiállításra 2023.10.28. <https://24.hu/belfold/2023/10/28/nemzetkozi-sajtofoto-kiallitas-mi-hazank-belepes-modosit-as-18-even-aluliak-gyermekvedemi-torveny/>
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- 24.hu: Vodafone-vásárlás: Rogán Antal bizalmasai foglalták el a kulcspoztokat 2023.02.14. <https://24.hu/belfold/2023/02/14/vodafone-uj-vezetoseg-rogan-antal-miniszter-kabinetfonok-nagy-adam-guller-zoltan-4ig-igazgatosag/>
- 24.hu: A DK nyilvánosságra hozta az MTVA-vezér fizetését 2023.10.29. <https://24.hu/fn/gazdasag/2023/10/29/a-dk-nyilvanossagra-hozta-az-mtva-vezer-fizeteset/>
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# HUNGARIAN INDEPENDENT NEWSROOMS AND GLOBAL PLATFORMS

As part of the soft censorship report, we aimed to explore the relationship of Hungarian independent newsrooms with global platforms. For this purpose, we conducted in-depth interviews with the leaders and social media experts responsible for the social media of five independent media outlets: 24.hu, 444.hu, Debreciner, HVG and Telex. The interviews revealed that, although the platforms offer limited monetization opportunities for news media, they continue to play a major role in reaching audiences as well as in branding and community building for each media outlet. Even though it would be essential for the media to know how the platforms work, neither algorithm changes nor the ability to follow community guidelines accurately are provided by the tech giants. In addition, communication with platforms is almost impossible for the media. Independent newsrooms continue to recognize the opportunities offered by the platforms, and given the unpredictable and non-transparent nature of algorithms, they have all started to develop different strategies to become more independent from social media platforms in the future. For the research, we also approached media close to the government. Still, none of the four pro-government media outlets we asked - Index, Magyar Nemzet, Mandiner, and Origo - responded to our request.



The big global platforms certainly play a dominant role in the online media landscape. The Mérték Media Monitor's 2023 News Consumption Survey<sup>6</sup> shows that 19% of Hungarians consume political content offered by Google, Facebook, or other similar platforms daily, and a further 35% click on such content at least weekly. Overall, more than half of the respondents to the representative survey regularly read the content offered by the major digital platforms. In this sense, the platforms act as intermediaries, ideally redirecting readers to the media site.

For our survey, we conducted in-depth interviews with the editors-in-chief and social media experts of five national independent newsrooms to explore the relationship between platforms and media, the transparency of changes in community guidelines and algorithms, the usability of social media platforms, and the difficulties they present. To manage the opportunities and challenges created by global tech giants, large independent newsrooms are hiring social media specialists. However, Debreciner, as a smaller, local media outlet, does not have the capacity to employ a specialist in this area, and its editorial team members handle these tasks themselves. We also approached four pro-government media outlets for interviews, but they did not even acknowledge our request.

In our research, we looked at the platforms most frequently used by independent Hungarian newsrooms, which are Facebook and Instagram, operated by Meta, Google and its subsidiary YouTube, as well as TikTok and Spotify. Based on the interviews, the platform usage habits and challenges faced by newsrooms are very similar for each of these mediums. Facebook was highlighted by all the professionals interviewed as the most used platform.

**Table 1:** Followers and subscribers on the major social networking sites for the news portals surveyed (2024 December)

Followers and subscribers <sup>7</sup>	Facebook	Instagram	YouTube	TikTok
24.hu	1,000,000,000	72,700	157,000	29,900
444.hu	477,000	107,000	295,000	29,700
Debreciner	56,000	592	239,000	-
HVG	689,000	74,200	56,100	3911
Telex	619,000	124,000	208,000	756,000

The platforms examined are regulated by the Digital Services Act (DSA)<sup>8</sup>. The DSA aims to regulate the operation of online platforms in the European Union. The Act focuses specifically on platforms that have more than 45 million users per month in the EU. These platforms are referred to by the DSA as „very large online platforms” (VLOPs) or „Very large online search engines” (VLOSEs). The DSA sets stricter rules for these platforms, taking into account their potential impact on society and individuals.

<sup>6</sup> Mérték Media Monitor (2023): News Islands In a Polarized Media System. Mérték Booklets Vol 30. [https://mertek.eu/wp-content/uploads/2023/07/Mertek-fuzetek\\_30.pdf](https://mertek.eu/wp-content/uploads/2023/07/Mertek-fuzetek_30.pdf)

<sup>7</sup> Based on December 2024 data.

<sup>8</sup> European Commission: DSA: Very large online platforms and search engines. <https://digital-strategy.ec.europa.eu/en/policies/dsa-vlops>





The DSA imposes several rules and obligations for very large online platforms, such as transparency. Platforms must clearly and comprehensively display their terms of service, which encompass content moderation policies, advertising management rules, and the functioning of recommendation systems. Furthermore, platforms are obligated to operate a content moderation system that combats the spread of illegal content while simultaneously ensuring the protection of users' fundamental rights, such as freedom of expression. Platforms must ensure that media companies' content is not filtered unjustifiably, while also providing appropriate tools to address illegal content. In our research, we also examined the extent to which our interviewees believe platforms comply with these regulations.

## How media use platforms

For the media examined, the majority of readers are reached via the platforms. For all media, Facebook is the most important social media site for reaching readers, despite Meta's restrictions and algorithm changes to the platform, which have reduced the reach and traffic to political and public content. For instance, Debreciner says that once 50 percent of their reach came from Facebook, but that has dropped to 20 percent due to algorithm changes.

Facebook is mainly used as an intermediary by editorial teams, but Instagram, TikTok, and Spotify can play other strategic roles in branding media. TikTok does not allow links to external sites to be placed in posts, so readers cannot be directed to the newspaper's site through it. Although Instagram does allow external links, the experts' unanimous responses suggest that there is a marginal number of readers coming from mediums' Instagram pages. The platform plays a much more important role in community building. In addition, although most Instagram users do not click on the link to the original article, social media professionals interviewed said Instagram has also become an important platform for news consumption. The podcasts shared by newsrooms on Spotify are often based on a specific news article and are often linked to by newsrooms, but the experts surveyed said that the platform's contribution to clicks on the original article is marginal.

## Data provided by platforms

According to the editorials, the data provided by the platforms on readers' habits is often limited, it is difficult to get reliable information on audience behavior and thus cannot play an important role in content production. The data from social media platforms has often been used in the past to monitor competitors and topics that are very popular in other media, but now this is also limited. Nevertheless, larger newsrooms are using independent companies to monitor their competitors.

The data that could be collected from the platforms played a significant role in the Telex's Like Championship series. Launched in November 2020, Telex Like Championship showed what is going on in Hungarian political communication, who is active and popular, through the most popular posts of Hungarian politicians (and later on through a lot of other statistics). However, in August 2024, Meta changed the rules on data accessibility, shutting down CrowdTangle<sup>9</sup>, a public insights tool for exploring content available to anyone on social media, making it impossible for the 119-episode-long Like Championship<sup>10</sup> to continue.

## How does the algorithm change? - Untransparent operation

Global tech platforms have repeatedly been accused of endangering democracy because they have unilateral control over the algorithms that structure public debate and access to information, shape how we consume news, communicate with and feel about each other, and debate fundamental issues of public interest<sup>11</sup>. In addition, several studies show that platforms are beginning to exercise excessive influence on news dissemination and journalistic practice<sup>12</sup>. The media surveyed also confirmed that platforms' non-transparent rules and algorithm changes often make their work more difficult.

The media analyzed strongly experience the negative consequences of algorithm changes and often suffer a significant drop in traffic as a result. Almost all interviewees mentioned Facebook's algorithm change in 2018, when Mark Zuckerberg announced that the tech giant was *"to encourage meaningful social interactions with family and friends over passive consumption"*<sup>13</sup>, meaning that political and public content was demoted to lower priority. Facebook's algorithm changes have particularly affected Debreciner, where the editor-in-chief said that *"once nearly 50 percent of our visitors came from Facebook"*, but the algorithm changes have caused this figure to drop significantly. After the algorithm change, the number of visitors coming from Facebook dropped to 20 percent.

The Telex social media expert mentioned the Ukrainian-Russian war as another example. In the first few days after the outbreak of the war, the number of interactions on their site jumped from an average of 80,000 to almost 150,000. Then, a few days later, without any warning, it dropped to 60 thousand. According to the expert, it was not a sudden drop in people's interest, but *"Facebook blocked access to news sites because of the abundance of material about the war. This has affected the BBC, CNN, and others"*.

Most mediums report that they have no prior or direct information about algorithm changes from Meta or other platforms. Facebook and Google do not inform journalists or content creators about the changes, so these changes are unexpected. The lack of communication with the platforms and the non-transparency of the algorithms therefore makes it difficult to respond effectively. Google generally provides better communication for media, especially compared to Facebook, which is described as difficult and non-transparent.

<sup>9</sup> Meta: CrowdTangle. <https://transparency.meta.com/en-us/researchtools/other-datasets/crowdtangle/>

<sup>10</sup> Hanula Zsolt: Lájkbajnokság (2020–2024): élt 119 epizódot, aztán megölte a Facebook [Like Championship (2020–2024): lived 119 episodes, then killed by Facebook]. Telex. <https://telex.hu/techtud/2024/08/31/lajkbajnoksag-rip-crowdtangle-facebook-instagram-meta-atlathatosag>

<sup>11</sup> Simons, Josh – Ghosh Dipayan: Utilities for democracy: Why and how the algorithmic infrastructure of Facebook and Google must be regulated. Foreign Policy. [https://scholar.harvard.edu/sites/scholar.harvard.edu/files/dipayan/files/simons-ghosh\\_utilities-for-democracy\\_pdf.pdf](https://scholar.harvard.edu/sites/scholar.harvard.edu/files/dipayan/files/simons-ghosh_utilities-for-democracy_pdf.pdf)

<sup>12</sup> Bailo, Francesco, Meese, James, & Hurcombe, Edward (2021). The Institutional Impacts of Algorithmic Distribution: Facebook and the Australian News Media. Social Media + Society, 7(2). <https://doi.org/10.1177/20563051211024963>

<sup>13</sup> Hernádi Levente: Óriási változások jönnek a Facebookra [Huge changes coming to Facebook]. Index. [https://index.hu/tech/2018/01/12/oriasi\\_valtozasok\\_jonnek\\_a\\_facebookra/](https://index.hu/tech/2018/01/12/oriasi_valtozasok_jonnek_a_facebookra/)

The newsrooms are trying different strategies to avoid algorithm changes, and professionals are constantly trying to monitor and improve the reach of their social media pages. Independent newsrooms are responding to the decline in traffic by focusing on increasing the number of direct visitors to become less dependent on Facebook for instance. They believe that a more stable and secure base of readers comes from those who visit the website directly, rather than from social media. Debreciner also aims to reduce dependency on Facebook, but because it has a smaller editorial team, they have fewer resources to address the problems.

## Invisible content

Not only the algorithm changes, which affect all market players but also the content bans and the related traffic restrictions make the work of the newsrooms more difficult. The process of deleting or limiting the visibility of content is generally not transparent and communication with platforms is difficult, according to the media experts. Facebook has a particularly bad reputation in this area, as it does not provide adequate feedback on content blocking. There is no communication channel for the media to address these problems.

According to most mediums, platforms - especially Facebook - that use algorithms to block or make content less visible often judge a post incorrectly or at least inconsistently. However, as platforms do not provide any or only very general explanations for such blocking, interviewees found it difficult to determine the exact cause.

According to the editorial teams, this is not just a matter of platforms deleting content based on their policies. It also makes a big difference to the number of visitors to a medium, and the number of users each post reaches. This too is driven by algorithms, the workings of which remain a mystery according to interviewees. Very general patterns have been observed by media professionals, but there are no declared rules and trends are unpredictable. As the HVG representative put it, „Facebook doesn't really communicate with us... it's hard to know exactly why things happened or why one piece of content went viral while others didn't". Facebook also received the most complaints on this topic, which can be partly explained by the fact that it is the platform most used by the Hungarian media.

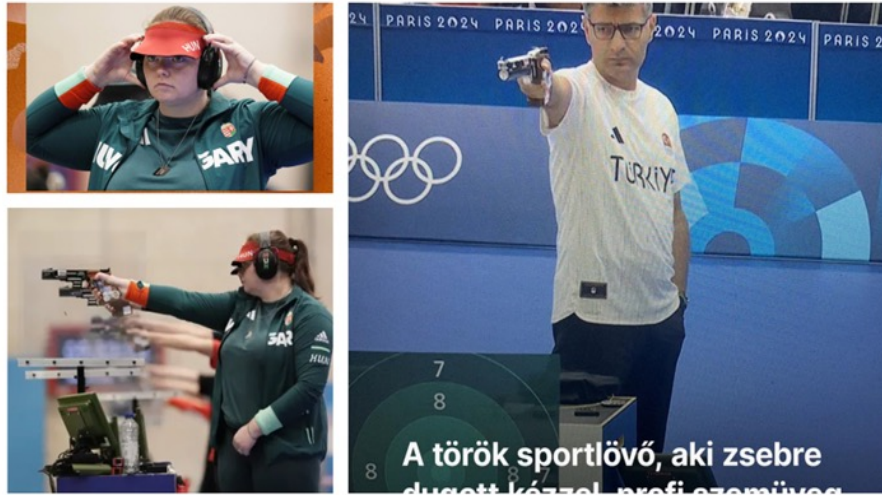
In addition to optimizing the reach of a post, it is also a challenge for editors to filter out what content will be blocked by the platform for violating the company's guidelines. A challenge in this regard is that this checking is also done by the platform's own algorithm, which often restricts content incorrectly.

Another major problem in the system is the lack of effective communication between the two sides. Interviews suggest that editors receive little and too general explanation of the reasons for content deletions and that there is no effective way to review decisions. All of the newsrooms interviewed complained that in most cases they can only communicate with a chatbot when they consider content restrictions to be unfair so media outlets do not receive clear justification for content restrictions during the reporting process, nor can they effectively advocate their own position.

An example of such a blocking was given by the Telex expert. During the 2024 Summer Olympics, a picture of the Turkish shooter who won a silver medal was posted and the post became very popular, generating a lot of reactions and visitors. However, when a picture of the Hungarian bronze medal-winning female shooter was posted, it was blocked by Facebook because it depicted a gun. At least that's what they concluded, since without a precise explanation one can only speculate.



**Figure 1.** Pictures of Olympic shooting published on Telex



A similar example that has been mentioned in interviews is that newsrooms have posted pictures of protests or other events with banners or signs that violate the community guidelines of the platforms. In all such cases, they appeal, as they were not posting their own opinions on the platform, but were reporting on a public event. In such cases they have not been successful, the appeals process is almost impossible to follow and there is no adequate mechanism for the media to effectively challenge the platforms' decisions. A Telex expert who reported a similar incident added that in one such case, not only the post but also the admin of the colleague who posted was banned by Facebook for weeks, who was then unable to work with his profile.

Media often feel helpless when facing content problems or technical errors. They appeal in vain, without clear justification or an adequate response. According to interviewees, it is very rare that they are able to speak to a real employee of the platforms, usually only to the point of reporting the error, which is most often answered by a chatbot, if at all.

Most media reported that it is difficult to communicate effectively with big tech companies and that they often receive too little information, which raises several problems for the two issues mentioned above. According to the expert from 24.hu, "*communicating with Facebook is a bit like communicating with North Korea*", referring to the fact that it is almost impossible to have real communication with the platform and that they do not receive information about algorithm changes. There is little feedback on the reasons for content deletions and no effective way to review decisions. Other media also report that it is almost impossible to have real contact with the platform and that they do not receive help in resolving algorithm changes or other problems. The Telex expert added that with the demise of CrowdTangle, they have even less opportunity to monitor the performance of their content in real-time.

Due to these challenges, editorial teams are devoting considerable resources to using their own experience and observations to avoid sharing content that could potentially get caught by the platforms' automated filters. In the absence of clear rules or explanations, they often rely on the intuition of the experts involved and prefer not to publish content, especially visual content, that is considered questionable, as blocking or restricting visibility would have a significant negative impact on the readership of the newspapers.

## Advertisement

The independent media we interviewed very rarely pay platforms to promote their content. Google Ads are used by some media to generate traffic and promote long-tail articles. HVG runs ads on Google for articles with a "long lifecycle", such as tourism or real estate topics. Some interviewees said that paid advertising is largely limited to media sponsorship campaigns or promotion of their community-building events, while they rely more on organic traffic for their articles and features.

Several respondents noted that Facebook specifically regulates spending on electoral, social, or political issues on its platform, but as the newsrooms studied very rarely pay to promote their content, the experts interviewed could not identify a systemic problem with political content.

## Monetization

The mediums have different strategies to monetize their content on the platforms. Social media platforms alone offer few opportunities to do so. Although all the media studied have very active YouTube and Spotify channels with large follower base, the platforms do not pay for the content they share in a way that at least approximates the cost of producing that content. In the case of YouTube, the media cannot directly sell their content, and the editors receive only a very small percentage of the advertising revenue generated by Google. YouTube's problems in generating revenue are mentioned by 444.hu, *„the revenues on YouTube are very low and the transparency of the platform is questionable, but at least we know what content is generating revenue and how much“*.

Monetizing content shared on various platforms is difficult for the media, but platforms offer another way to make money through institutional support, i.e. participation in projects supported by the platforms. In addition, subscription systems and sponsorships play a prominent role in revenue strategies, specifically for 444.hu and HVG. Shortly after the interviews were conducted, 24.hu also introduced its own subscription model, but this was not mentioned in the research.

From a monetization perspective, it is still a challenge that these platforms do not offer significant revenue opportunities and that changes in algorithms often have a negative impact on traffic.

## What should be changed?



The lack of transparency in algorithms and content management is the biggest problem for most media. As 24.hu's expert put it, they need a better understanding of what platforms base their decisions on and why they block certain content. However, there was a general consensus on this among the experts interviewed.

Several media mentioned that they find it difficult to communicate with platforms, especially Facebook. According to professionals, they lack an effective and direct communication channel to ask questions or solve problems. Understanding the algorithms that influence how content is accessed and blocked would be important for the media, although interviewees also recognize that these are treated as trade secrets by global tech companies. Nevertheless, editorial teams would welcome specialist support, either from platforms or other technology partners, to better understand the tools and legal frameworks for content moderation.

There is no active cooperation between national independent newspapers to engage collectively against the platforms. Apart from a few informal discussions, there is no collective discussion of the problems previously addressed and no joint efforts to find solutions to them. Most experts explained this by the fact that independent newsrooms see each other too much as competitors for such cooperation. Joint work with pro-government KESMA or with the state media was not considered possible by the experts interviewed.

Asked what role the National Media and Infocommunications Authority (NMHH) could play in advocacy against the platforms, the surveyed media also responded unanimously. On the one hand, they do not believe that the NMHH is in a position to have any influence on global tech companies. On the other hand, due to the way the NMHH has operated and the way it is structured, independent media do not have the confidence that the Authority can effectively and efficiently represent their interests.



# MEDIA MARKET IN HUNGARY

As has become clear in recent years, the ruling party largely completed the structural transformation of the media market in the 2010s. In the previous decade, several large media companies were taken over by pro-government investors, KESMA (Central European Press and Media Foundation) was created and an unprecedented concentration of ownership emerged. In comparison, the 2020s have seen no spectacular change, at least regarding the ownership of media companies and the market structure. However, the domination of the media space has continued without spectacular steps, not only in the narrow media market but also in the broader media ecosystem.

## Key market developments in 2023

There were no major events in 2023 that transformed the market structure, but there were still some notable changes. As described in the previous Soft Censorship report, after the parliamentary elections of 2022, the government-related media companies, including KESMA, started to rationalise internally and eliminate smaller media outlets.<sup>14</sup> This trend continued, albeit less spectacularly, and in February 2023 the independent 888.hu news site ceased to exist, merging into the much larger-reach Origo.<sup>15</sup>

<sup>14</sup> Mérték Media Monitor (2023). The frozen media system. Soft Censorship 2022. <https://mertek.eu/wp-content/uploads/2024/04/MertekBooklets36-1.pdf>

<sup>15</sup> Gulyás, B. (2023). Beolvad a 888 az Origoba. [888 merges with Origo]. [Media1.hu](https://media1.hu). <https://media1.hu/2023/02/15/beolvad-a-888-az-origoba/>

A few months later, the independent political talk radio station Karc FM ceased to exist, becoming the radio equivalent of HírTV and taking the name Hír FM. The move was not secretly motivated by cost-cutting reasons.<sup>16</sup>

The extent of the pro-government media empire is demonstrated by the fact that companies without real content production and market relevance are also generating significant revenues. Former wife of Antal Rogán, the head of the Prime Minister's Office, owns Top News Hungary Kft, which operates an online tabloid without any meaningful audience reach, yet in 2023 it had a turnover of HUF 1.27 billion and a profit after tax of HUF 1.12 billion. This represents a profit margin of 88 percent, which is absurd in the media business: real media companies struggle to make minimal profits.

In a distorted market, the situation of independent media struggling to survive has worsened: in addition to the already known and well-documented difficulties, mainly due to the distortion of the advertising market, companies face two new challenges in 2023. On the one hand, cyber-attacks became regular, and they are constantly and visibly organised to cripple independent media and can be seen as a form of digital censorship.<sup>17</sup> These attacks, in addition to the obvious inconvenience and stress, have also led to a significant cost increase for the independent media outlets, since they had to increase IT spending.

There is also a media market impact of the Sovereignty Protection Act adopted at the end of 2023. The long-term effects of the adoption of the law are not yet visible, but it is already clear that the threat and the investigations launched will tie up organisational resources and may lead to a rethinking of strategy.

It is good to see the most vulnerable independent media coming together in difficult circumstances. Eight local online media announced in 2023 that they have formed a Community of Independent Local Newspapers, and the participants plan to cooperate on content production and funding.<sup>18</sup>

## Revenues of media companies

In the Hungarian media, the market distorting effect of the state is well known, which is mainly reflected in state advertising spending. As in the previous year, it is important to present the distribution of revenues among media companies grouped according to their relationship with the government.

In revenue data analysis, we only considered media companies with at least one product in the news and public content market. We did not examine companies producing purely entertainment content. Of course, not all companies were included, as it was not possible to analyse the entire local market, just as only a part of the almost infinite online content supply was included in the analysis. The lists below include media companies that have an impact on the national public, with a significant reach.

First, we looked at data from media companies that were demonstrably close to the government.

<sup>16</sup> Szalay, D. (2023). Elbocsájtják a Karc FM stábjának jelentős részét, HírTV-s műsorokból áll majd a Hír FM adásának jelentős része. [A large part of the Karc FM staff will be laid off, and Hír FM will broadcast a large part of its programmes on HírTV] [Media1.hu](https://media1.hu).

<sup>17</sup> International Press Institute (2023). Hungary: DDoS cyberattacks pose major new threat to media freedom. <https://ipi.media/hungary-ddos-cyber-attacks-pose-major-new-threat-to-media-freedom/>

<sup>18</sup> Media1.hu (2023). Összefogtak a vidéki független lapok [Independent newspapers in the countryside have joined forces]. <https://media1.hu/2023/07/06/osszefogtak-a-videki-fuggetlen-lapok/>



**Table 2: Sales revenues of pro-government media companies in 2023**

Media brand	Company	Net sales revenue (,000 HUF)
County newspapers, national newspapers, radio, television, online	Mediaworks Hungary (KESMA)	69,682,321
TV2	TV2 Média Csoport	53,299,354
Pestisracok.hu	Media Vivantis	1,578,415
Index	<a href="http://index.hu">Index.hu</a>	1,800,688
Rádió 1	Radio Plus	1,250,053
Demokrata	Artamondo	642,729
<b>Total</b>		<b>128,953,560</b>

Source: annual financial statements (<http://e-beszamolo.im.gov.hu/oldal/kezdolap>)

Following the logic of last year's Soft Censorship report<sup>19</sup>, the next category is the so-called grey zone media companies, which are not part of the pro-government propaganda machine but have been captured by the state in some way, creating a strong dependency. This can happen when the owner's other business interests are heavily dependent on the state, for example in the case of ATV and Hetek there is a well-documented link between the owner, who is the leader of the evangelical church, and the ruling party.<sup>20</sup> Other media companies have been captured by the state through an extremely high proportion of state advertising, which could hardly operate without state support and thus cannot be considered independent (66 percent of Népszava's advertising comes from state advertisers, 37 percent for Inforádió and 33 percent for Blikk).

It is important to stress that the media companies in the grey zone are not very significant in terms of size, but they play an important role in the Hungarian public sphere. These media do not spread propaganda, and in some cases, we can even see some very high-quality journalistic output. However, through ownership and revenue, the ruling party is always able to influence content, at least to the level of which topics to avoid. The real importance of grey zone media is that they are effective in reaching opposition party voters and those who do not consume pro-government media.<sup>21</sup>

<sup>19</sup> Mérték Media Monitor (2023). The frozen media system. Soft Censorship 2022.

<https://mertek.eu/wp-content/uploads/2024/04/MertekBooklets36-1.pdf>

<sup>20</sup> Rényi, P. D. (2018). It used to be the stronghold of the left, now they are turning it into a party year for Fidesz. 444.hu

<https://444.hu/tldr/2018/01/10/a-baloldal-fellegvara-volt-most-bulvartevet-csinalnak-belole-a-fidesznek>

<sup>21</sup> Polyák, G. - Szávai, P. - Urbán, Á. (2022). Information Patterns and News Bubbles in Hungary. Media and Communication. 10(3) 133-145.

<https://doi.org/10.17645/mac.v10i3.5373>

**Table 3: Sales revenues of media companies in the grey zone category in 2023**

Media brand	Company	Net sales revenue (,000 HUF)
ATV	ATV	3,390,681
Hetek	Hetek.hu	158,309
Népszava	XXI. század Média	1,872,454
Blikk	Blikk	5,559,264
Inforádió	Inforádió	685,351
<b>Total</b>		<b>11,666,059</b>

Source: annual financial statements (<http://e-beszamolo.im.gov.hu/oldal/kezdolap>)

Independent media companies are those that do not have any verifiable links to political parties and show no evidence of receiving a visible share of their revenues from public sources. It is important to note that several of the independent media outlets are fundraising, and in addition, foreign grant funding and sometimes even 1% of personal income tax can represent a significant amount of their budget. These revenues are not included in the net sales category of the income statement, our aim was to compare market revenues, and this is reflected in the net sales amount.

The list includes those media that have a significant impact on the Hungarian public and are able to shape public opinion and excludes local media and smaller news sources. Euronews and Free Europe are operated by foreign companies, and financial data on their Hungarian operations are not available, so they are not included in the list.

**Table 4: Sales revenues of independent media companies in 2023**

Media brand	Company	Net sales revenue (,000 HUF)
RTL	Magyar RTL	53,938,411
24.hu (+ magazinok)	Central Média csoport	13,809,323
HVG	HVG	5,003,553
Magyar Hang	Alhambra-Press	352,190
Magyar Narancs	Magyarnarancs.hu	232,495
Élet és Irodalom	Irodalom	249,390
Jelen	Liberty Press*	99,641
Forbes	Mediarey Hungary Services	953,101
Klubrádió	Klubrádió	63,567
Partizán	Partizán	6,064
444	Magyar Jeti	802,267
Telex	Van Másik	786,587
Portfolio	Net Média	3,644,568
G7	G-7.hu	82,607
Válasz Online	Válasz Online	12,543
Átlátszó	Atlatzo.hu	2,619
Direkt36	Direkt36	2,238
<b>Total</b>		<b>80,041,074</b>

Source: annual financial statements (<http://e-beszamolo.im.gov.hu/oldal/kezdolap>)

\* For Liberty Press Ltd (Present), the revenue figure is for 2022.

It is worth comparing the above groups, but in this comparison, we have also included public service media as a separate category, which also plays a major role in shaping public opinion. As it is not a business, we have used the total budget<sup>22</sup> instead of the net sales revenue category.

<sup>22</sup> Act LXXXI of 2021 on the National and Communications Authority's 2023 Unified Budget. <https://njt.hu/jogszabaly/2022-81-00-00>

**Table 5: Revenue by media category in 2023**

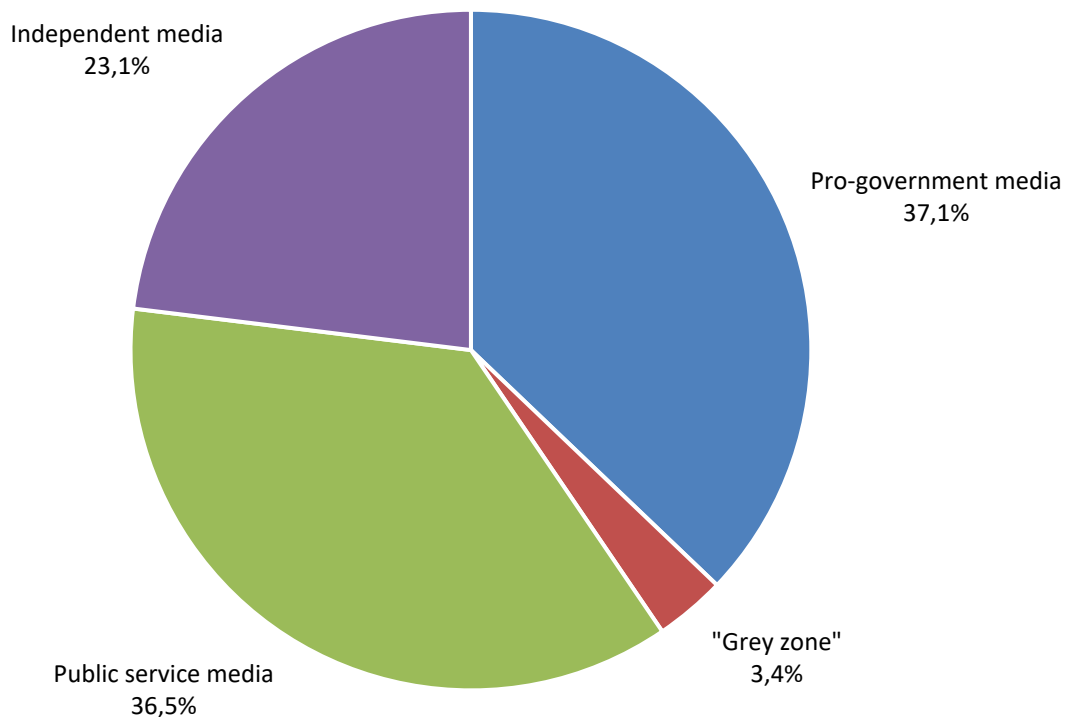


	Amount (,000 HUF)	Percentage
Pro-government media	128,953,560	37,1%
„Grey zone”	11,666,059	3,4%
Public service media	126,577,300	36,5%
Independent media	80,041,074	23,1%
<b>Total</b>	<b>347,237,993</b>	

Source: annual financial statements (<http://e-beszamolo.im.gov.hu/oldal/kezdolap>)

The results show that, including the budget of public service media, companies that are also present in the news market achieved a turnover of HUF 347 billion (ca. EUR 909 million). The shares of the government-owned media and the public service media are outstanding, while the independent media achieved a share of only 23 percent on a revenue basis. This ratio illustrates the distorted Hungarian market, which has been captured for years.

**Figure 2: Revenue distribution by media category (2023)**



Once again, it is important to emphasise that for privately owned media companies, net sales revenue data is used, and it does not include donations from consumers or grant income. These are not market-based revenues but are subsidy-based and our objective was specifically to examine the market. Given that some of the independent media rely on donations and others on grants, independent media actually have more resources than the above figures indicate. These media companies have typically turned to community funding and grants precisely because there is no chance of fair competition in the distorted Hungarian market and alternative funding solutions have had to be found.

It is also important to note that the media studied are the media most influential on public discourse, so they are essentially the tip of the iceberg. It does not include data on local media, including free newspapers published by municipalities, but it does not include local radio stations or even a significant proportion of district radio stations. It also excludes a significant proportion of the highly diversified online content services and political influencers on social media.

## State advertising

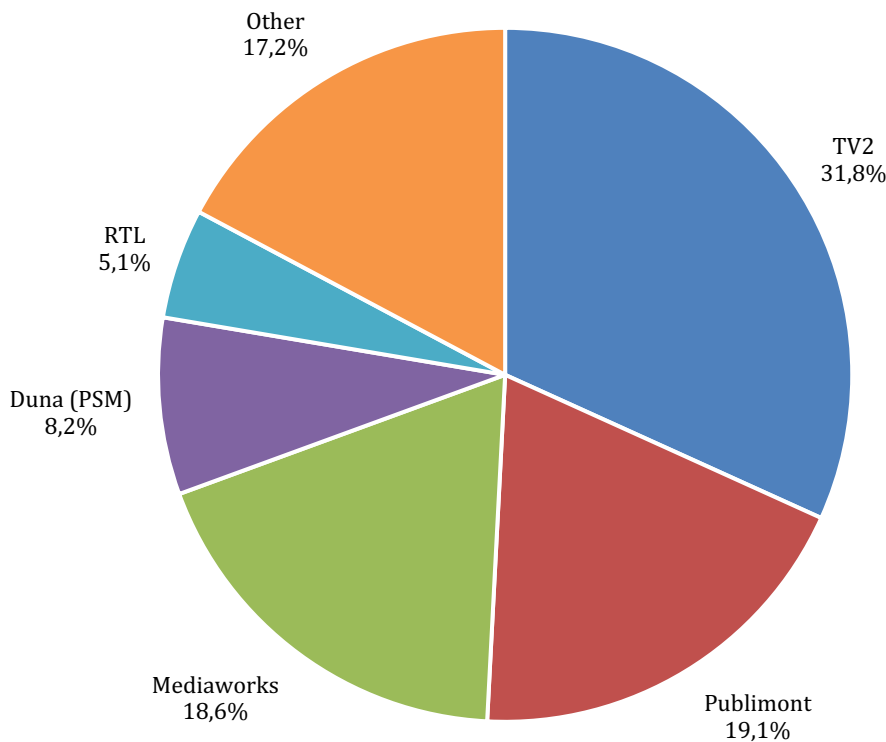
The evolution of state advertising in Hungary and its market distorting effects are well documented. This means that the state, including state-owned companies, spends very significant amounts of money on advertising in pro-government media while spending little or nothing on media critical of the government. This essentially means state aid for the pro-government media, helping to finance its operations, but at the same time putting independent media at a competitive disadvantage, which have to survive in an increasingly difficult market environment.

The analysis is based on Kantar Media's database of list prices. This calculates advertising spending data from the list prices officially published by the media and the advertising space sold. Kantar Media's database covers the media relevant to the market. For larger campaigns, media companies offer significant discounts compared to the list price. Therefore, it is not worth taking into account the amounts in HUF, but rather the relative proportions. An important addition is that the online market data are self-reported and from 2022 Salesworks will no longer provide advertiser-level data. Given that the largest player in the online market is the online arm of the government-related Mediaworks, this means in practice that the database is of limited use for examining state advertising expenditure in the online market.

The 2023 state advertising spending at list price was HUF 86.0 billion (ca. EUR 225 million). This is down somewhat compared to the previous year, probably because the governing party's communication has become increasingly active on digital platforms and a significant part of the communication expenditure is now spent on Meta and Google platforms. Another factor that may have contributed to the decline in public advertising spending is that it is the year following the parliamentary elections, Fidesz's position was unquestionably strong during the period under review, with local and European elections not taking place until the summer of 2024.

The biggest beneficiaries of the HUF 86.0 billion state advertising spending are the commercial television company TV2, the billboard company Publiment, and the publishing company Mediaworks. Concerning the latter, it should be stressed again that no data are available on the company's online business and it is safe to assume that this would result in an even higher share of public advertising. There was plenty of state advertising in Duna, the public service media (PSM), and, somewhat surprisingly, RTL Hungary was among the top five beneficiaries. It is important to note that RTL is a popular television channel with a high audience reach, so it is almost unavoidable in a major advertising campaign. A year earlier, in 2022, RTL had a 4.4% share of public advertising, which was not enough to make it into the top five, but by 2023 its share had increased slightly and was enough to get the 5th position. The concentration of public spending is shown by the fact that the top five companies received almost 83 percent of the total, with 80 media companies receiving state advertising revenue, for a total share of just over 17 percent.

**Figure 3:** Distribution of list-price state advertising spending (2023)

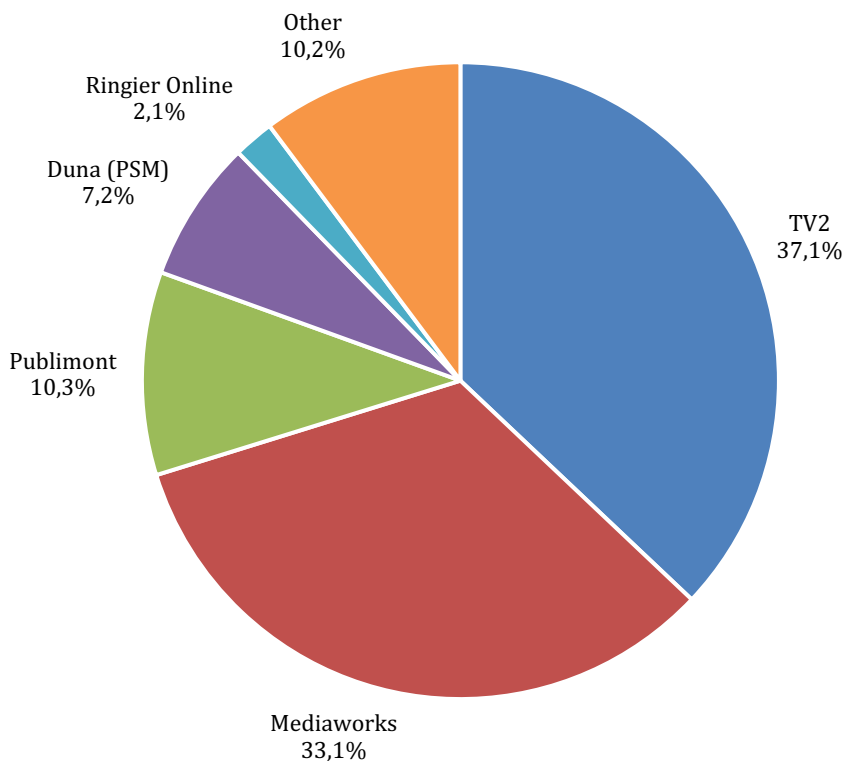


Source: Kantar Media database edited by the authors

The political logic behind state advertising spending is even more apparent when looking at the advertising activities of the Prime Minister's Office. The Prime Minister's Office, which also runs the government's campaigns, spent 29.9 billion forints in 2023 (34.8 percent of total state spending) and the figure shows that the spending is even more concentrated than for the total state advertising pie. This is noteworthy because the Prime Minister's Office should in principle target the whole of Hungarian society, not a specific target group. In fact, it is clear that the Prime Minister's Office advertises almost exclusively in the pro-government media, making no secret of the fact that it is trying to get its messages to pro-government voters.



**Figure 4:** Breakdown of Prime Minister's Office list price advertising spending (2023)

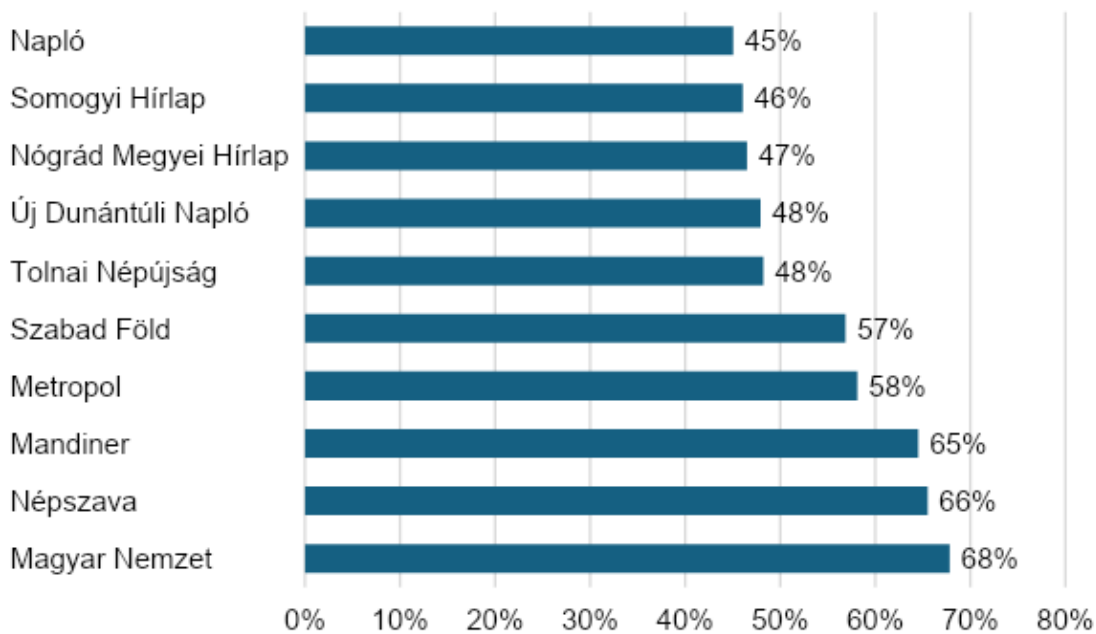


Source: Kantar Media database edited by the authors

The market distorting effect of the state is also evident when we look at how heavily some media outlets depend on state advertising. The figure shows that there are some media close to the government where a very significant proportion of advertising comes from state sources so they could hardly survive on a purely market basis.

Népszava, which is considered left-wing, has been high on this list for years. It is no coincidence that it has been called a grey-zone media: the content is critical of the government, but since the government intends to maintain the paper, journalistic freedom has its limits. If state resources were to dry up, Népszava would probably face similar difficulties as the pro-government papers.

**Figure 5:** Some media brands with high public advertising revenue share (2023)



Source: Kantar Media database edited by the authors

While the media shown in the figure above would hardly survive under market conditions, some media are almost completely independent of the state. Among the relevant players in the public market are Central Médiacsoport Online (1.3 percent), which includes the news portal 24.hu, HVG (1.6 percent), Forbes (2.5 percent), and Magyar Narancs (6.2 percent). So, even in the face of the challenges of the global and Hungarian business environment, it is possible to operate media without state revenues, but the question is how long independent players can survive in this distorted market. In the long run, unfair competition can also be detrimental to companies that are beneficiaries of state subsidies: the lack of competition, a corporate culture based on political patronage, and a loss of innovation capacity can put media in a very difficult position once they are in a truly competitive market.

## The role of the media ecosystem

As discussed in previous Mérték research papers, the transformation of the Hungarian media system is no longer purely about changing the ownership of media companies. In addition to the concentration of ownership that emerged in the 2010s and the market distortion through state advertising, it is about taking the entire media ecosystem captured. The media ecosystem is defined as those companies and sectors that do not produce content, but have a significant impact on the functioning of media companies. This includes, for example, players in the advertising industry or companies that distribute media content.







In the media agency market, as in previous years, the consortium responsible for state advertising spending will continue to play a prominent role. Media agencies are organisations that buy advertising space or advertising time on behalf of advertisers. As we described in last year's report<sup>23</sup>, the consortium New Land Media Ltd - Lounge Design Ltd has a framework contract for public communications and therefore has a monopoly in this market. In fact, it is a group of companies, as both companies are owned by Gyula Balásy, and the combined turnover of the two companies was HUF 99.5 billion (ca. EUR 261 million) in 2023.

Pro-government investors have also gained strong positions on the "other side" of the advertising market, as Lőrinc Mészáros acquired the Atmedia sales house in 2023. Sales houses sell advertising on behalf of media companies, i.e. they sell the available advertising space or time to advertisers or media agencies acting on their behalf. Atmedia has a particularly large portfolio, typically selling advertising to pro-government media, including advertising time in public service media.

Also in 2023, the sale of printed newspapers at post offices will be discontinued. Magyar Posta explained this as a rationalisation, but for publishers, it is a serious loss: the end of postal sales significantly reduces access to newspapers, especially in rural areas, so the distribution has become a bottleneck.

A major change in television distribution was the acquisition of Vodafone's Hungarian interest by the Hungarian state in early 2023. This is likely to have an impact on the development of the overall infocommunications market in the coming years, but of particular importance for our analysis is that the state has become the largest player in the TV distribution market. This means that the state can directly influence the package and price at which channels of television broadcasters can reach a significant proportion of Hungarian households.

## Conclusion

It is clear that the systemic transformation of the Hungarian media has been completed. Looking at the companies in the news market, the market is concentrated, with a significant share of revenues going to the pro-government players, and independent media only accounting for 23% of revenues in 2023. This is slightly better than a year earlier (21.1 percent in 2022), but still reflects the distorted nature of the Hungarian market.

The main instrument of market distortion has long been state advertising spending, as the pro-government media company receives the vast majority of state advertising. At the same time, it is now clear that the political logic is increasingly prevailing in the entire media ecosystem, and the scope for independent players is narrowing.

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<sup>23</sup> Mérték Media Monitor (2023). The frozen media system. Soft Censorship 2022. <https://mertek.eu/wp-content/uploads/2024/04/MertekBooklets36-1.pdf>

The status quo is not good for anyone in the long term. The independent media are at a clear competitive disadvantage and while companies are trying to diversify their revenues and show a high degree of innovation, long-term sustainability is questionable in an increasingly difficult environment. Pro-government media companies certainly appear to be the winners in the current situation, with state aid providing a stable funding base. But at the cost of losing competitiveness, not being forced to meet consumer demand, and not being able to innovate. For the time being, it is a big question whether there will be a company in today's pro-government media empire that will be able to adapt to market conditions again in the case of political changes.



# RADIO TENDERS OF THE MEDIA COUNCIL

## **New supervisory powers for the media authority in relation to platforms**

Act CIV of 2023 on Certain Rules for Internet Broadcasting Services has appointed the National Media and Infocommunications Authority (NMHH) and the President of the Media Council as the Digital Services Coordinator in Hungary. This institution was established by the Digital Services Regulation to carry out the tasks of the Member States in supervising intermediary service providers, including on-line platforms and search services, and enforcing the European Regulation.

The biggest online platforms and search services (Facebook, Instagram, Google, TikTok, etc.) are of course not under Hungarian jurisdiction and the President of the NMHH has no direct influence on them. However, the national coordinator has very strong powers of investigation and sanction against intermediary service providers and platforms operating in Hungary, ultimately imposing a fine of up to 6% of the global annual turnover of the operator concerned in the previous financial year. Its tasks include receiving and handling user complaints against intermediary service providers and platforms. The national coordinator is involved in cooperation at European level and can therefore also influence the operating conditions of platforms not based in Hungary, including so-called “giant platforms” and very popular online search engines.



According to the EU's Digital Services Act, the Digital Service Coordinator is appointed by the Member States, without any formal approval by the European Commission. However, the Regulation requires national digital service coordinators to carry out their tasks impartially and transparently, and to be politically and economically independent and free from external influence. The political influence of the Media Council is treated as a fact in all relevant EU documents. In the light of this, it is surprising that the President of the Media Council, who is also the President of the NMHH, can be given such a significant European mandate.

The Lakmusz-HDMO consortium has experienced twice in the short time that the digital service coordinator has been in place that the NMHH is not politically independent. As part of the Lakmusz-HDMO project, we are to organise workshops to discuss, among other things, with the relevant authorities the current problems of disinformation and the implementation of the European Union Code of Conduct on Disinformation. The first workshop was particularly forward-looking, with the authority and the members of the Lakmusz-HDMO consortium have similar views. However, during the organisation of the second workshop, András Koltay, President of the NMHH, replied that "We have come to the decision that the NMHH can no longer participate in the workshops". In this way, the Digital Service Coordinator is explicitly obstructing the implementation of the EU project for which he is responsible.

The President of the NMHH appoints the members of the so-called Online Platform Dispute Resolution Council. The Online Platform Dispute Settlement Council is responsible for the out-of-court settlement of disputes between service providers and users based on terms of use and legislation. According to the NMHH Decree (NMHH Decree 4/2024 (21.III.) on the detailed rules for out-of-court dispute resolution bodies), which regulates the operation of the Council in detail, two members of the Council are appointed by the President, and the other members of the Council may be proposed by a national organisation which has been engaged in professional representation and self-regulation for at least three years in the interests of the protection of minors, the information society, media content providers and electronic communications service providers, at the request of the President of the NMHH. The Association of Hungarian Publishers nominated, among others, Gábor Polyák, legal expert of Mérték, as a member of the Dispute Settlement Council, who fully meets the professional criteria. At the end of a lengthy process, Gábor Polyák was informed by the NMHH regulatory director that "the President of the National Media and Infocommunications Authority, by decision of the President of the National Media and Infocommunications Authority pursuant to Article 20 (5) of Act CIV of 2023 on Certain Rules of Internet Broadcasting Services, has not appointed you as a member of the Online Platform Dispute Settlement Council". The procedure is undoubtedly not unlawful, but its professional justification is questionable.

A further abuse of the NMHH President's powers is that he decides who can be a so-called trusted flagger. Under the EU's Digital Services Act, platform providers are obliged to give priority to notifications and complaints from trusted whistleblowers, to process them without undue delay and to decide on them without undue delay. Trusted flagger status is therefore a guarantee for more efficient complaint handling. According to the European Regulation, a whistleblower service can be an organisation that has the expertise and competence to detect, identify and report illegal content, is independent from any online platform provider and acts with due diligence, accuracy and objectivity in order to file a complaint. The rules for the qualification of trusted flaggers in Hungary are laid down in the NMHH Decree (Decree 7/2024 (31.VII.) NMHH on the rules for trusted whistleblowers). In principle, the NMHH will register a flagger who meets the legal requirements without discretion, but may also give itself wide discretion in assessing, for example, competence and competence. This could easily lead to a situation where the NMHH does not register an organisation that is not sympathetic to its chairman, for example a fact-checking organisation that is also critical of the government.



Lack of political independence also poses a risk when registering so-called ‘vetted researchers’. Under the EU Digital Services Act, upon a duly justified request by a researcher, the Digital Services Coordinator will grant vetted researcher status to such researchers for the research specified in the request and will issue a request to the relevant platforms to provide access to the researcher’s data, provided that the researchers can demonstrate that they meet the conditions of the Regulation. The Hungarian digital service coordinator’s powers only cover research involving platforms established in Hungary, so Hungarian researchers do not need to apply to the NMHH for the largest platforms and search engines.

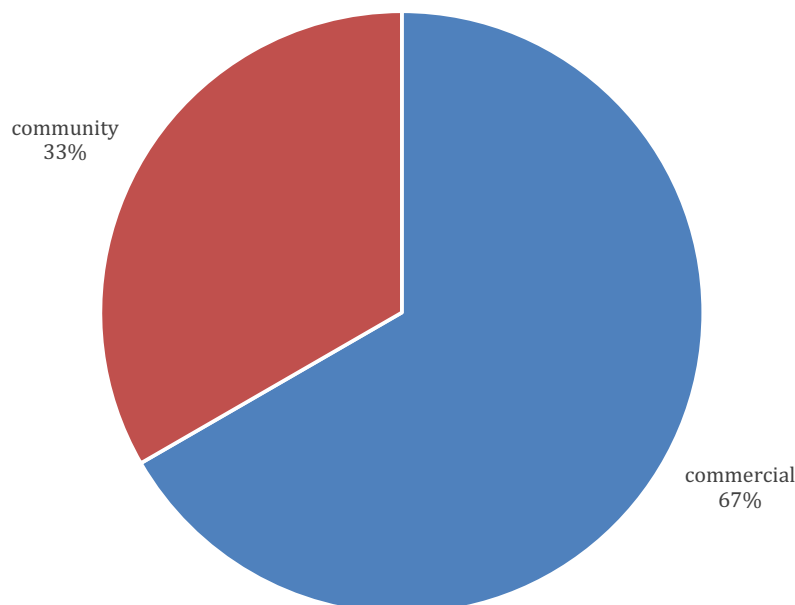
Overall, there is a significant risk in extending the NMHH and its President’s scope of action into the area of platform regulation. Even though the EU Commission could not have prevented the designation of the NMHH by legal means, it would have been appropriate for it to have publicly expressed its concerns about the lack of political independence.

## Key figures from the radio tenders

Our analysis examined radio frequency tenders closed between January 2023 and December 2023. During this period, the Media Council closed 24 tenders.

In contrast to previous years, the majority of the tenders in 2023 were for commercial broadcasting rights. Out of the 24 procedures, the Media Council launched 16 commercial broadcasting licence tenders and eight Community broadcasting licences. According to the law, a community media service provider serves the special needs of a specific social, national, cultural, or religious community or group or of people living in a particular municipality, region, or reception area for information or access to cultural programmes or broadcasts programmes serving the purposes of public service media services for the majority of its broadcasting time (Section 66 of the Media Act).

**Figure 6:** *Proportion of commercial and community radio service applications (2023, %)*





During the period under review, three applications were unsuccessful.

Rádió 1, which belongs to the interests of Lőrinc Mészáros, won 5 frequencies this year, while Best FM, also in the interests of Lőrinc Mészáros, won 3 frequencies, the music radio networks close to the government thus further expanding.

Sláger FM has also begun a network expansion, with a Veszprém licence to complement its seven-year extension from January 2023.

Unlike in previous years, Karc FM/Hír FM did not win a new licence in 2023.

Six network radio services with a religious or ecclesiastical theme won, of which five frequencies were acquired by Mária Rádió and one by Europa Rádió.

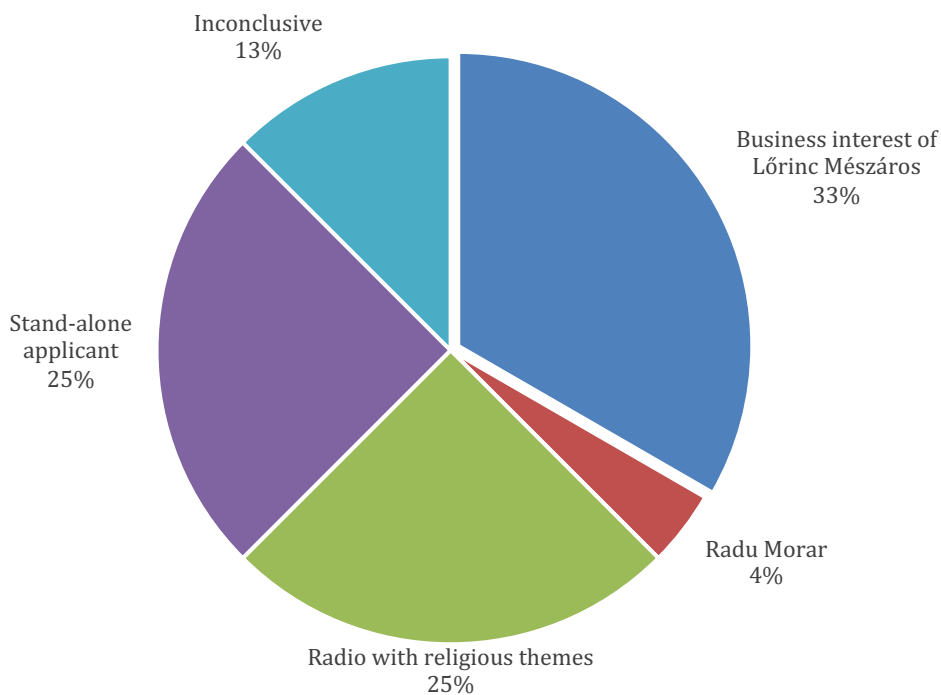
Six applicants obtained licences as stand-alone, non-network radio stations, all of them as local commercial radio stations (Karcag, Zalaegerszeg, Vác, Hódmezővásárhely, Győr and Békéscsaba).

Commercial radio service providers must pay a quarterly media service fee, the minimum of which is set out in the call for tenders for the frequency concerned. The media service fee is a means of competing bids in genuine competitive tendering procedures. The Media Act does not provide any criteria for determining the minimum level of the media service fee. In its calls for tenders, the Media Council adapts the minimum fee to the size of the coverage area. In the period under review, the lowest amount was HUF 260,000 + VAT/year (Barcs 102.7 MHz), while the highest amount was HUF 2,461,000 + VAT/year (Szombathely 97.7 MHz). However, from the second quarter of 2020, the government suspended the obligation to pay the media service fee until 30 June 2024, citing the declared state of emergency.

Already in the first half of the 2010s, competition for radio frequencies was significantly decreasing. In 2023, 20 out of 24 tenders - 83% of the tenders - only one bidder submitted a bid, with an average of 1.1 bidders per tender. For the community radio frequencies, almost exclusively religious-church radio networks competed. There was only one community radio tender (Győr 100.1 MHz) where two stand-alone broadcasters competed for the media rights.

The tendering procedures continued to serve mainly to expand a narrow group of entrepreneurs and specific worldviews. In all cases, analyses of previous tendering periods have revealed a seriously biased tendering practice that has also homogenised the local radio market, replacing genuinely local broadcasters with a small number of national networks. In 2023, the proportion of winning radio broadcasters as stand-alone bidders exceeded the proportions seen in recent years, but this is undoubtedly partly due to the fact that large radio networks such as Hír FM and Rádió 1 have already achieved de facto national coverage.

**Figure 7: Ownership background of winning applicants (2023, %)**



In our Soft Censorship Report for 2022<sup>24</sup>, we presented the players in the radio market in detail, which we will not repeat in this year's analysis. We will highlight only one player, Sláger FM, and the media company behind it, as this player has strengthened significantly in the recent period and is also taking on a new role in the media market.

<sup>24</sup> Mertek Media Monitor (2023): The Frozen Media System. Soft Censorship 2022, <https://mertek.eu/wp-content/uploads/2024/04/MertekBooklets36-1.pdf>

Sláger FM is the fourth most popular radio station in Budapest and the sixth most popular in the country.<sup>25</sup> It is owned by the Tematic Media Group of Radu Morar, which operates media companies in 10 countries. In Hungary, its broadcasting services include Sláger FM, Dikh Radio and Dikh TV, Sláger TV, Magyar Mozi TV, and the Fishing&Hunting television channel.<sup>26</sup> Its first television channels were acquired from IKO Media, of which SportKlub and DoQ are no longer in operation. Sláger FM was launched in 2015 with the acquisition of the former Juventus Radio, which had been operating since 1989. In 2018, the Media Council did not renew the frequency of the radio, but its operator, Tematic Group Ltd., signed an agreement with the owner of another Budapest-based radio station, Rock FM, and since February 2019, Sláger FM has been broadcasting on Budapest 95.8 MHz.<sup>27</sup> The Media Council has renewed the broadcasting licence on this frequency for seven years from 2023. Radu Morar bought Mész Rádió in Veszprém in 2016 and re-bid for the frequency in 2023 under the name Sláger FM, specifically to network with Sláger FM in Budapest.

In 2023, Radu Morar also became a major player in the Hungarian-language media in Transylvania.<sup>28</sup> Morar became the owner of the Magyar Médiaszolgáltatást Támogató Központ Nonprofit Kft., which is the majority owner of Radio Gaga, the radio network of the Hungarian-language commercial radio network in Romania. This makes Morar a key player in Fidesz's cross-border media policy.

According to OPTEN's database, Morar Radu is 100% owner of Tematic Media Group and Magyar Médiaszolgáltatást Támogató Központ Nonprofit Kft.. Sláger FM Rádió Média Kft. ceased to exist on 30 September 2022 and is currently operated as Sláger FM Hálózat Zrt, whose sole shareholder is Tematic Media Group.

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<sup>25</sup> Nemzeti Média és Hírközlési Hatóság: Budapesti és országos napi rádióhallgatottság (2023. március-május), [https://nmhh.hu/cikk/237456/Budapesti\\_es\\_orzagos\\_napi\\_radiohallgatottsag\\_2023\\_marciusmajus](https://nmhh.hu/cikk/237456/Budapesti_es_orzagos_napi_radiohallgatottsag_2023_marciusmajus)

<sup>26</sup> Szalay Dániel: Postás volt, ma övé a leghallgatottabb rádió Budapesten, 24.hu, 2018.05.13., <https://24.hu/media/2018/05/13/postas-volt-ma-ove-a-leghallgatottabb-radio-budapesten/>

<sup>27</sup> Szalay Dániel: Sláger FM lesz a Rock FM-ből, [Media1.hu](https://media1.hu), 2018.12.22., <https://media1.hu/2018/12/22/slager-fm-lesz-a-rockradio-frekvencian/>

<sup>28</sup> Lukács Csaba: Háború Rogán Antal és Demeter Szilárd között? Magyar Hang Plusz, 2023.08.13., <https://hang.hu/magyar-hang-plusz/haboru-rogan-antal-es-demeter-szilard-kozott-156902>



# LEGAL COMPLAINT CONCERNING PUBLIC MEDIA FUNDING IN HUNGARY

Although the political independence of the public service media had been subject to constant challenges even before 2010, the new media laws adopted in 2010 gave rise to a whole new situation in terms of the political influence brought to bear on the public service media. Already starting in 2011, the Media Services Support and Asset Management Fund (MTVA) started to emerge as one of the main players in the public service institutional system. As centralisation intensified in 2015, this leading role became even more evident. Although the Media Act currently defines the Duna Media Service Provider Inc. as a public service media provider, the vast majority of its staff, programme production, and distribution infrastructure, as well as the public service assets and broadcasting rights, belong to the MTVA, which is not a media service provider under the law. The main – and successfully realised – objective behind this dual institutional background provided by the combination of the MTVA and the Duna Media Service Provider was to ensure the complete lack of professional and financial transparency. We know from a freedom of information request by Free Europe that the relations between the MTVA and the Duna Media Service Provider are completely obscure and that no documents that could shine a proper light on how it works are available to the public.<sup>29</sup>

<sup>29</sup> Ákos Keller-Alánt (22 September 2022). Senki nem felelős a közmédiában elhangzottakért [No one's responsible for what is being said in the public media], <https://www.szabadeuropa.hu/a/duna-mtva-hirado-kozmedia/32022133.html>

The European Union has very limited regulatory discretion when it comes to the regulation of public service media. However, this does not mean that the EU is completely powerless to tackle abuses in this area. As a media market player that relies on state subsidies for its operation, public service media are, in principle, subject to EU competition rules governing state aid.

The European Commission has extensive experience in tackling market-distorting public media funding. Given this background, we had reason to expect that the opaque use of public money in the Hungarian public service system, coupled with the lack of external control and clear objectives, would also attract the critical scrutiny of the European Commission. Had the Commission determined that the funding of the Hungarian public media was not in line with European requirements, it would have been able to compel changes in the system operated by the duo of MTVA and Duna Media Service Provider, and this, in turn, could have significantly improved the situation of media freedom.

Ultimately, such an intervention failed to materialise.

## The complaint

In order to prevent market distortions stemming from the use of state funds, the European Commission imposes strict requirements concerning the funding of public service media. In 2016, in a complaint that Mérték filed jointly with Klubrádió and a serving MEP at the time, Benedek Jávor, we argued that the funding of Hungarian public service media runs afoul of European rules on state aid.

The Commission's notice on the rules governing state aid to public service media provides an extensive list of the data concerning the management of public service media that must always be publicly available and verifiable. We would like to highlight that there is a very close connection between the reasonability and transparency of state funding on the one hand and the quality of public service media on the other. Unaccountable, opaque, uncontrollable public spending not only destroys the media market on the whole but also completely precludes the possibility of editorial work free from political influence.

In our complaint submitted to the European Commission, we raised the following objections:

According to the relevant notice of the European Commission, public media management is transparent if public service and non-public service activities are clearly treated distinctly by the management, with the relevant revenues and expenses being recorded and presented separately. This requires that all programmes be either classified as public service or non-public service content and that a clear definition is provided as to what constitutes public service content.

Concerning the operation of the Duna Media Service Provider/Media Service Support and Asset Management Fund, there is no publicly available document that clearly separates the relevant management data concerning the organisations' public service and non-public service activities. Nor does the documentation available show separately the revenues and expenses related to these activities. Finally, there is also no document available to clearly identify which media programmes are classified as public service and non-public service activities. The Commission's notice on the subject states that the spending of public money should be "subject to continuous and effective control by an appropriate authority or a designated body in a transparent manner". The Hungarian public service system does not meet this requirement.

According to the Media Act, the Public Service Board of Trustees monitors the funding and management of public service media providers. Specifically, the job of the Board is to review the compliance of the aforementioned organisations with the applicable EU standards. However, the Board of Trustees lacks the means to perform effective and transparent supervision since the Duna Inc. it oversees is not actually the institution that controls the resources to produce content. These resources appear in the budget of the MTVA, the operation and management of which the Board of Trustees has no authority to monitor.

The managing body of the MTVA, and thus its supervisory authority, is the Media Council. However, the latter is not an independent body that stands apart from the public media system. According to the law, this institution decides whether to add new channels and services to the public media service system, and the President of the Media Council appoints the CEO of the MTVA, while they also nominate the CEO of the public media service provider.

In addition to determining the level of state aid, the law also regulates how state aid is distributed among various public service activities. This task is entrusted to the Public Service Budget Board, which performs the responsibility with limited enthusiasm. On all the relevant decisions, the MTVA and the CEO of Duna Inc. have a majority on the Board. Furthermore, even if the State Audit Office's delegate were to come up with an idea of his own, the Board only has the right to issue an opinion on the budget presented by the MTVA. Hence, there is effectively no external control when it comes to the allocation of aid, and there is no institution in place to represent the public's interests concerning the use of the underlying funds.

However, this was not the only area in which the prevailing Hungarian practices failed to meet European standards. At the time of our complaint, other requirements, such as the obligation of public media service providers to pay back unused overfunding that has not been used for discharging public service functions or the requirement of performing a prior impact assessment before launching new public services, were not met.

## The European Commission responded six years later

The European Commission's preliminary assessment of the complaint filed in 2016 was issued in the summer of 2022; basically, it recommended rejecting the complaint. The recommendation was not a wholesale rejection since, in the process, the Commission managed to wrest some concessions from the Hungarian government concerning certain issues that had been raised in the complaint.

In its preliminary assessment, the Commission noted that the public service value test laid down in the Media Act does not meet European standards because it does not ensure the public consultation of stakeholders. The text of the Media Act has not been amended, but after the Commission notified the Hungarian government of this objection, a Public Service Value Code was adopted by way of the MTVA CEO's Instruction No 100/2020 and the Duna Médiaszolgáltató Nonprofit Inc.'s CEO's Instruction No 8/2020. However, the text of the Code is not available on the websites of either the MTVA or the Duna Media Service Provider. A freedom of information request<sup>30</sup> has been submitted, but it was still pending at the time of this writing.

30 [https://kimitud.hu/request/kozszolgalmi\\_ertek\\_szabalyzat](https://kimitud.hu/request/kozszolgalmi_ertek_szabalyzat)

As a result of our complaint, the Media Act<sup>31</sup> was amended effective 1 January 2021. Pursuant to the amendment, the MTVA is now required to repay any unused funds to the central budget. At the same time, upon a duly substantiated request by the MTVA's CEO, the Media Council may authorise the creation of a public service reserve, the amount of which may not exceed 10% of the funds that had been available to the public media in the previous year. There is, however, an exception to this rule: the Media Council may authorise a higher public service reserve if this is necessary to meet ad hoc objectives and the reserve does not exceed the 10-percent-level for more than three successive quarters.

On the one hand, this regulation clearly shows that until 2021, the MTVA did not even have to account for how it had used the surplus funds it had received. On the other hand, since the Media Council is still not a politically neutral body that operates based on professional principles alone, nor is it clearly separated from the public service media in terms of its organisation, its authority over the future use of unspent subsidies does not constitute actual outside oversight.

Also, as a result of our complaint, as of 2021, the State Audit Office of Hungary (SAO) has begun auditing the use of state aid granted to the MTVA for the performance of its public service functions to verify whether the funding provided to the MTVA for these purposes exceeds the net costs of the public service functions, i.e. to gauge whether the MTVA has received any unjustified overfunding. The SAO's first audit concerns the year 2021 and will then repeat every four years to review the preceding four-year period. The rules governing these reviews are available in a place that's anything but conspicuous, namely the National Media and Infocommunications Authority's 2020 Final Accounts Act.<sup>32</sup>

Since the SAO's report for 2021 was not released publicly, we submitted a freedom of information request.<sup>33</sup> In the FOI, we asked for the results of the audit, along with all relevant documents, the underlying calculations, and other evidence, as well as the full text of the SAO's recommendations under the law. In its response, the SAO acknowledged that the data requested were in fact public interest data that should (sic!) be available but also argued that it had the right to limit the disclosure of the data since, according to the law governing the SAO's operation, the information obtained during the SAO's audit could not be used for any purpose other than the SAO's report, analysis and study. In the SAO's interpretation, this means that the information about the audited entity obtained during the audit may not be used for any other purpose, also ruling out any use involving compliance with freedom of information requests.

Thus, even though in rejecting our complaint concerning the impact of state aid, the European Commission had argued that the involvement of the SAO in the financing of public media subsidies was a sufficient guarantee of the lawful use of state aid, in reality, the SAO is not even willing to publish the report it had drafted in the fulfilment of this mandate. This shows that the Commission has once again acquiesced to being offered formal solutions without bothering to check how the legislative text adopted is actually enforced and whether it fulfils the desired function.

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<sup>31</sup> Article 136. § (3a)-(3b)-(3c) of the Media Act

<sup>32</sup> Article 6 of the Act CLXIX of 2021 on the consolidated 2020 budget of the National Media and Info-Communications Authority.

<sup>33</sup> [https://kimitud.hu/request/mtva\\_ellenorzese#incoming-29976](https://kimitud.hu/request/mtva_ellenorzese#incoming-29976)

## The lawsuit



We took the SAO to court to challenge this wilfully bad-faith interpretation of the law. In the lawsuit, Mérték was represented by a barrister from the Hungarian Civil Liberties Union. The first and second instance judgments ordered the SAO to disclose to Mérték the results of the audit it had undertaken to investigate the use of the funds granted to the MTVA for the performance of its public service responsibilities, along with the relevant documents, the calculations on which the findings were based, and the full text of its recommendations. However, following an appeal by the MTVA, the Hungarian high court, the Curia, rejected our request. In effect, the judgment does not constitute a ruling on Mérték's freedom of information request since it stipulates that the SAO may refuse to disclose data during an ongoing audit before the publication of the report on its findings. However, Mérték's request for data was made after the deadline for the first audit, and we did not refer to any ongoing procedures.

In the course of the proceedings, the SAO and MTVA published the SAO's report for 2021;<sup>34</sup> however, the report did not mention any evidence to support the allegations. The SAO found that on the whole, the MTVA's management was in order. Mérték's freedom of information also requested the underlying calculations with the express goal of getting an accurate picture of how public funds were used. However, the data published by the authorities do not tell us anything relevant in this context.

In March 2024, the European Commission sent its final response, rejecting our complaint. In its decision, it invoked only a single argument, which had also appeared in the preliminary assessment. Concerning that argument, we had already argued in our earlier reply that it was completely unfounded. According to the European Commission, state aid to the Hungarian public service media is so-called existing aid since it pre-existed accession in basically the same form even before the start of the accession negotiations on 10 December 1994.

Yet, in 1994, Hungary did not even have a media law, and Act I of 1996, the first law regulating public service media, had been repealed by the new media laws enacted in 2010. In other words, previously, there had been no legally enshrined public service media funding scheme in place, and the term "public service media" did not even exist in law. However, according to the European Commission, "[s]tarting in 1957, public service broadcasting has been financed by the television fees paid by households. From 1957 to 1996, the level of the household fees was determined by ministerial decrees. Despite the changes in the legal framework (i.e., the household fees have been regulated by various ministerial decrees over the years), it can be concluded that the funding mechanism had already been in place on 10 December 1994 as the basic mechanism for financing public service broadcasting, i.e. the fees paid by households that own television sets, remained unchanged. Moreover (...) the subsequent changes in the financing do not prima facie affect the core elements of the funding of public service broadcasting in Hungary, nor do they constitute a substantive modification of the existing aid."

<sup>34</sup> <https://mtva.hu/wp-content/uploads/sites/17/2023/05/Jelent%C3%A9s-a-M%C3%A9rt%C3%A9k-szolg%C3%A1ltat%C3%A1s-t%C3%A1mogat%C3%B3s%C3%A9s-Vagyongazd%C5%91-Alap-MTVA-ellen%C5%91rz%C3%A9s%C3%A9r%C5%91l.pdf>

In brief, the funding of the Hungarian public service media has been essentially the same since 1957. Ever since 1958, Hungarian public television has indeed been partly financed based on subscription fees.<sup>35</sup> Nevertheless, the determination of the fees, their collection, and distribution, as well as the functions and the organisation of the public service media, have been changing constantly. According to the Commission, even the change of regime in 1989/1990 had not been a real turning point, as the funding scheme of the state-owned public service (sic!) media remained unchanged. In the Commission's view, in its essential elements, the roots of today's public service media can be directly traced back to the communist state media.

We cannot interpret this argument in any other way than saying that the Commission did not want to genuinely engage with the real issues. It has not really examined the transparency and control mechanisms surrounding the funding or the definition of public service responsibilities – in other words, all the points that have had a significant impact on the political independence of the public service media in Hungary. The Commission has not taken the opportunity to contribute indirectly to improving the situation of media freedom in Hungary within the existing framework of competition law.

The last chapter of this protracted lawsuit, which has been dragging on since 2016, was our freedom of information request filed with the European Commission to find out about the communication on the subject that had taken place between the Commission and the Hungarian government, as well as the data that the Commission used to reach its final decision. In its reply, the Commission argued that the data we requested was not public because of the need to protect the purpose of the Commission's state aid investigations. According to the Commission, we failed to demonstrate that there was any overriding public interest in the public release of the data, given that the Hungarian media situation has been on the European Union's agenda since 2010 – at least at the level of spectacular gestures. In the end, the Commission did not make any supporting data or documents publicly available.

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<sup>35</sup> [https://hu.wikipedia.org/wiki/Magyar\\_Telev%C3%ADzi%C3%B3#cite\\_ref-DP\\_1985\\_1\\_61-1](https://hu.wikipedia.org/wiki/Magyar_Telev%C3%ADzi%C3%B3#cite_ref-DP_1985_1_61-1)



