



European national news agencies

The end of an era or a new beginning?

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ABSTRACT

This article calls for more concerted scholarly attention to the role of national news agencies. The authors argue that the very viability of the institution of national news agency in many parts of Europe is under severe strain. The sources of pressure, however, are identifiably similar to those which have plagued news agencies since their inception, having to do with issues of ownership, relationship to the state, relations with clients, achieving economic balance, and technology investment. Particular attention here is given to crises of ownership. In western Europe, these are often to do with the tensions between media owners' interests in protecting their own media from competition and in securing exclusive or privileged access to the services which their news agencies provide, and managers' interests in diversifying the range of services they provide for the benefit of the greatest possible number of clients. Owners themselves are becoming incorporated within global media enterprises, undermining the very notion of a 'national' agency. In central and eastern Europe, crises often have to do with the changing role of the state in its relationship to new agencies, and in particular the tendency on the part of the state to maintain some kind of political involvement even as its financial support for the news agency declines.

KEY WORDS ■ agencies ■ deregulation ■ globalization ■ monopoly ■ news

News agency scholarship – or at least English-language scholarship (always a rather dangerous restriction) – has tended to focus on international news agencies, though not exclusively (see, for example, Boyd-Barrett and Rantanen, 1998). There are several histories of individual national news agencies but rarely have national news agencies been subjected as a collective industrial activity to the same kind of economic, political, sociological and cultural analysis which the international or global agencies have attracted. Scholars, like journalists, sometimes construct and reinforce perceptions of reality by

the focus of their questions. Their attention to international news agencies may have pictured the world as one in which these agencies are more powerful and thus more interesting than national, specialist or local agencies. We want to redress the imbalance in the literature. This is both because we consider that the national news agency as a social institution is undergoing considerable strains at the present time and because we believe that any evaluation of the global news system needs to take full account of the role played by the national agencies.

A system comprises interdependent parts, and this is what we find with news agencies: they use each other as sources, they sell to each other, they forge alliances with one another, they sell services to client media and use client media as sources of information. There always have been some dysfunctioning elements, which have been transformed over time. Up to the early 20th century, for example, the operation of a cartel led by Reuters, Wolff and Havas established an imperialistic hierarchy of news agencies that sowed the seeds of its own destruction. One hundred years later, there are equally discordant signs that still raise issues of unequal relationship: direct competition, for example, from international agencies on domestic markets of national agencies that are ill-equipped to compete or which risk losing potential supplemental sources of revenue, as in economic news. There may also be a growing divergence between news suppliers and clients in their respective definitions of news, as the 'tabloidization' of the press becomes increasingly prevalent. Then there is the more profound issue of whether news agencies are suitably structured for an era of 'de-regulated', highly commercial, international, communications 'megopolies'.

Significant changes have taken place among European national agencies since the collapse of communism. The 1990s witnessed the first major wave of news agency formation since the end of European colonization during the 1950s and 1960s. The new or transformed agencies (some have a history which predates communism) which have appeared in the CIS and in Central and Eastern Europe represent a partial re-convergence of ideology and practice between agencies of the former European blocs. Together, the agencies of Europe are part of a club that boasts a long heritage; some members have been in existence for 50 years, 100 years, even 150 years. To propose that this club should be in any kind of 'crisis', therefore, might appear and perhaps is presumptuous. Organizations in 'crisis' have not typically survived for as long as 50, 100 or 150 years unless perhaps crisis is a part of their existential condition or unless they find themselves in a radically changed context where old parameters are no longer relevant. Although we believe that the institution of national news agency does face a range of significant difficulties on the cusp of a new millenium, we also find that these difficulties are similar in genre to

those which the institution has always confronted, namely having to do with:

- respective benefits of different modes of ownership,
- relations between news agencies and states,
- relations between news agencies and their clients,
- methodologies for satisfying client needs while covering expenses and
- exploitation of technology to improve competitiveness in accuracy and speed.

We will identify the main challenges that touch on some of these perennial issues, also taking account of their relations to international agencies, and a cluster of critical questions about the current state of the industry. We take as our starting point the words of the Secretary-General of the European Alliance of Press Agencies (EAPA), Rudi De Ceuster, in opening EAPA's 1999 seminar in Athens:

In a world where contracts for the purchase of news services can no longer be restricted within national boundaries, and hence existing preferential contracts become obsolete (e.g. because of the Internet), in a media landscape where media concerns are no longer national companies but are developing into international conglomerates, and in a world where there is no longer national and regional news, but simply European and regional news, the days of the national media-owned news agencies as they have existed and survived in the past, are numbered. If the current owners do not allow the agency Management to recognize this fact and act upon it, or if the managements of the national news agencies fail to identify this challenge and act upon it, I foresee a bleak future for these agencies.

We should be careful not to create too gloomy a picture. The chief executive of the British Press Association (PA), Robert Simpson, addressing the same EAPA seminar, said that though the period of 'natural monopoly' had come to an end, there remained a 'world of opportunity', largely due to the replacement of prose by data: 'It's a wonderful business to work in. The future will be different, will be fun, will be interesting' (Simpson, 1999). The economic condition of the PA is among the most robust of agencies: is this due to some particular features of the UK context, or is the PA an innovator in ways which other agencies are free to follow?

The future for some agencies is probably much less promising than for the PA. Figures (Vyslozil, 1999) compiled by the Austrian Press Agency (APA) in 1999 on behalf of the EAPA for the first time compared the key economic data of the news agencies of the EU countries (also including Switzerland and Norway) and show a modest annual average turnover of 16.5 million euro (approximately US\$16.5 million). These figures may not, in all cases, take account of 'daughter' companies that are charged with more entrepreneurial activity. Our first remark is that we are clearly not dealing with the most lucrative end of the communications industries, and perhaps these figures

already justify the use of the term 'crisis'. However, there are significant differences among the agencies. Those agencies which are significantly above the average tend to have sizable and wealthy markets and also, with the exception of the PA, have significant international operations. The largest is AFP (France), more usually thought of as the third major international press agency, with a turnover of 195 million euro. This is followed, some way behind, by dpa (Germany) at 99.8 million, ANSA (Italy) at 91.6 million, the PA (UK) at 87 million, and EFE (Spain) at 70.6 million. At the other extreme is the smallest EAPA agency, ANA (Greece) at 6.6 million. More significantly even, are the figures for turnover–yield (profit–turnover ratio) which are low, with an average of only 1 percent, highs of 9 percent (STT/FNB of Finland), 5 percent (PA), 4 percent (APA, ANA), and lows of 0 percent (AFP, ANSA, EFE of Spain, NTB of Norway). Before-tax profits average 0.15 million euro, with a high of 4.3 million for the PA followed by dpa (1.8 million) and APA (0.97 million). Lows of zero were registered for AFP, ANSA, EFE, NTB. Average cash flow was 0.6 million euro, with highs for AFP (13.87 million), the PA (9 million) and dpa (7.55 million), and lows of zero for ANSA, TT of Sweden, and ANA.

Benefits and disadvantages of different modes of ownership

Traditionally, news agency ownership has been divided into three different categories: (1) private; (2) cooperative; and (3) state-owned. Let us now take a look at the current patterns of ownership among the 30 member agencies of EAPA, as captured in a survey conducted for EAPA in 1999 by Nicholas Voulelis, managing director of ANA. We can find the traditional ownership forms, but with some variations. Of the 30 member agencies, 11 are public sector organizations including agencies with different kinds of state affiliations (e.g. AA of Turkey, CTK of the Czech Republic). Six are categorized as 'société anonyme' (e.g. Belga of Belgium), and six are limited, joint stock companies (e.g. dpa of Germany, NTB of Norway), while two are described as cooperatives (ANSA of Italy and APA of Austria). Four have a different status, such as a foundation or corporation (ANP of Holland, MTI of Hungary). Formal legal classifications cut across the traditional categories. Many agencies which are often thought of as 'cooperative' – in as much as they depend on the cooperation of different and possibly competing media with a common interest in securing a cheap and reliable source of news – may be legally described by any of the other available legal categories. Most national news agencies in Europe demonstrate some 'cooperative' features in this broader sense, even when they also involve government agencies in their financing and management.

Using the term in its broader sense, cooperative agencies typically balance difficult tensions such as those between owner interests in saving money as against improving/conserving service, owner interests in membership exclusivity as against universality of service, ambivalence of attitude between entrepreneurship, on the one hand, as against a more minimalist goal of cost coverage on the other, owner preference for a 'business-to-business' operation as opposed to management orientation towards a 'business-to-customer' ethos (see Tesselaar, 1999). Some agencies have survived such tensions for a very long time: e.g. Associated Press (AP) in the USA dating back to 1848, Ritzau (Denmark) to 1866, NT (Norway) to 1867.

There are three different kinds of cooperative: (1) daily newspapers only (e.g. a cooperative of different newspaper companies, as in the case of TT, the Swedish news agency up to 1999); (2) a public corporation which involves journalist associations and newspaper publishers on the board, as in the case of Athens News Agency (the majority of whose members are not appointed by the government, although the agency is owned by the government) or Cyprus News Agency; (3) a private cooperative that includes media and non-media interests, as in the case of the Baltic News Agency, where shareholdings among private individuals do not exceed 12 percent, where the Dow Jones Telerate holds 15 percent and Swedish newspapers hold 15 percent.

The cooperative model offers the following advantages: the notion that all participating media make their local news available to the national agency (there is some uncertainty as to just how common or effective this practice is: it is supposed to be a characteristic of the Associated Press and of the Press Association); certain economies of scale, especially where member facilities can be placed at the disposal of the national agency; improved national reach; the many different news media within any cooperative should facilitate – though cannot of itself guarantee – impartiality (for which other conditions would need to be in place, including freedom of expression, and the consequent expression of a multiplicity of ideological viewpoints).

An associated problem relates to an ambivalence between owners' willingness to support entrepreneurial activities for the collective benefits that a profitable agency would yield, and their own individual interest in minimization of sources of competition. This ambivalence may be intensified for those cooperative agencies which depend very heavily for their income on media markets. Some of the older, cooperative agencies are among those most heavily wedded to traditional media markets. Figures (Vysložil, 1999) compiled by APA on behalf of EAPA in 1999 show that the average dependence on media as a percentage of turnover is 64 percent. Those agencies which are most dependent on media sources are the Nordic agencies TT (Sweden) at 88 percent, STT/FNB (Finland) at 86 percent, Ritzau (Denmark) at 86 percent, and NTB

(Norway) at 85 percent. Those least dependent on media are ANA (Greece), 20 percent, LUSA (Portugal) at 30 percent, and EFE (Spain) 33 percent.

For agencies which have sufficient resources and are not routinely threatened by subscription cuts, a cost-covering 'steady state' may be comfortable; others, less fortunate, encounter reluctance among owner-clients to maintain desired levels of investment and rates of subscription. Rate restrictions imposed by owners are a common cause of dispute between owners and agency executives, sometimes ending with the dismissal of the managing director. Media owner-clients are sometimes even reluctant to extend their agency services to new media clients: they hope to undermine competition for retail consumers through the practice of exclusivity. But exclusivity sometimes has a price: e.g. AP's partnership with telegraph monopolist Western Union in the 19th century, restrictions on the diversity and quality of news for the cartel agencies up to the 1930s, revenue forgone when potential members are denied access.

Difficulties appear to have intensified in the 1990s. In the case of NTB (the Norwegian agency) they have been exacerbated by changes in the character of newspaper ownership from a local and politically responsive level, to the level of media conglomerates, with the acceleration of cross-national mergers throughout the Nordic area. Owners even queried whether they still needed NTB now that they all had the internet. They concluded, however, that they still stood to benefit from the agency's continuing survival. They permitted NTB greater freedom of operation in return for a discount in subscriptions. The agency set up a new, entrepreneurial arm, NTB Plus, whose revenues will help to subsidize general news. The main lesson of all this may be that owners will no longer support general news without regard for commercial and market considerations (Viksveen, 1999).

ANP (Netherlands) finds that its owner-clients are acting increasingly like shareholders, whose attitude is that the agency is a 'business like any other business'. By the end of 1997, ANP had developed a new business plan, changed its top management, reduced the size of its supervisory board from 15 to eight representatives and created a small management council, introduced new products (internet-related), serving new clients. It switched from a 'cost-center' to a 'profit center' mentality, and reduced dependence on shareholders for revenue down to 50 percent, with the aim of a further reduction, to 30 percent, by the year 2003.

ATS/SDA (Switzerland) had also encountered increasing unwillingness by media shareholders to meet subscriptions in the 1980s, yet was heavily dependent on media markets and had given little attention to longer-term strategies. This agency has since worked hard to build new markets: ATS's dependence on media markets was 78 percent in 1988; this had fallen to 66

percent in 1994 and has stayed at that level through to 1999. Although the number of directors has been increased (to 20) to represent all categories of client (not just newspapers), the Committee of the Board of Directors has been reduced in size (to six) to facilitate more rational and effective decision-making, and a new Editorial Advisory Board has been proposed to represent important customers (Schaer, 1999). It has been proposed that the influence on management of powerful shareholders be reduced by paying back some of the share capital. There are still conflicts of interest: for example, ATS cannot sell internet services direct to end-users, but must operate strictly as a wholesaler. ATS knows that its mission in life is balance rather than profit (dividends are not distributed).

In a communications world that is characterized by ever increasing conglomeration and commercialization, cooperatives which have retained a strong identification with traditional media without compromising their independence still seem relatively pure and trustworthy: they seem to have kept faith with an original mission that is identifiably in the public interest. Yet even this small self-contained world is under threat, as owner-clients are increasingly subject to the dynamics of national and international corporate mergers and takeovers.

Among the negatives, we can say that cooperatives tend to operate in an 'open-monopoly environment', i.e. an environment in which competition is possible, and happens from time to time, but is generally beaten back or contained because of the natural advantages that accrue to an organization which can count on the majority of media subscribing to its services, nationwide, and which has established longstanding relationships of trust with political, media and economic elites. Some of these monopoly environments have been around for a long time and their very age may threaten a loss of vitality. Few national news agencies seem big enough to confidently withstand the storms of a de-regulated world.

Where an agency exists only to serve the narrow interests of its owner-clients it may be reluctant or unable to enter into new ventures that might compete with owners' interests. If new activities subsidize the cost of the news operation and reduce subscription levels, owners may be dissuaded from intervention; but given the very nature of ownership, no commitment which owners make is absolutely dependable. Owners' restrictions are of greater concern where agency ownership has been reduced to just one or two major groups, in which case the agency in effect has become a potential pawn of the business and political interests of its owners. Such a fate may already have befallen the agencies of Canada and New Zealand, countries whose newspaper presses have been largely taken over by media moguls such as Conrad Black and Rupert Murdoch. As it is in the very nature of a cooperative to pool

resources and avoid the wastefulness of competition, cooperative agencies may lack the competitive stimulus that could serve to prepare them for the de-regulated conditions in which they now find themselves.

A further consideration is the development of new competition that sometimes emerges within the membership from press or media conglomerates which have ambitions of self-sufficiency. But such efforts, historically, have generally been repulsed by the incumbent agency. The phenomenon has been encountered in recent times and in different ways by ATS/SDA (Switzerland), AFP (France) and the PA (UK), each of which finally triumphed. This follows a historical pattern dating back to the commercial wars of the 19th and early 20th centuries, fought by certain agencies to establish themselves as 'national' agencies. The virtues of a single national agency are dictated by economics. A national monopoly leaves room for specialist and local agencies, but not enough room for competing national agencies, in part because competition reduces the credibility of competitors' claims to be 'national', given the important reciprocal relations that are often sustained between member/client news media and national agencies.

Relationships between states and agencies

A separately identifiable if overlapping group of agencies that face exacerbated financial problems are the state-owned or public agencies. This group includes three agencies that combine strong international activity with state affiliations AFP (France), ANSA (Italy) and EFE (Spain). News agencies in Central and East Europe are mostly state agencies, even in reconstituted, post-communist times; their problems are not only political and financial, but also organizational and cultural (Rantanen, 1998).

There is a range of state–agency relationships. Traditionally, the nature of ownership determines whose goals an agency serves, and which activities or services will be prioritized by management. Ownership may include the state, whether government or parliament, but even if it does not, there are always issues about the relationship between the state and the agency which affect vital matters to do with agency access to news sources, the perceived credibility of the agency, and the revenues which come from the state in its role as client or subsidies which come from the state in its role as patron.

The downside of a relationship with government is too well known to rehearse. The point we want to emphasize is that it is not the relationship in itself that is so damaging as the manner in which that relationship is structured and lived. We have referred to the largely positive case of AFP. Though government involvement may undermine credibility, credibility is not always

the point – the point is that something has been stated to be the case by the government and this statement is reported to the world by the national news agency: regardless of its truth-value, it is ‘news’. The nature of the relationship between agency and government, and attitudes towards that relationship, are inevitably influenced by what has been historically acceptable. The traditions of Central and Eastern Europe are distinct from those of Western Europe. Western Europe has a tradition of relatively benign government involvement in (some) media that makes it possible to raise questions and to discuss the role of the state in an altogether different way than might be the case, say, in Latin America, where the safe West European assumptions of checks and balances, accountability, and good faith too often did not apply.

There are various potential constitutional checks and balances that affect the way in which the government–agency relationship can be played out. In the case of CTK, the Czech agency, for example, the public organization is directed by a supervisory council that elects the chair person and general manager. The members of the council are appointed by parliament, not government. Council members cannot belong to political parties nor can they have financial interests in media. The constitutional bedrock for CTK is financial independence. The agency owns its own property and the state is not responsible for its liabilities.

In the case of MTI (Hungary), by contrast, we have a public service, joint stock agency which is owned and controlled by parliament and which is explicitly a vehicle for state communications and other state-related organizations and industries. The President of the Republic appoints the President of the Corporation. The President of the Corporation cannot be an active politician or senior public official. The agency made a profit in 1998 – 0.6m euro on a total 100m euro turnover, while reducing staff by 4 percent, engaging in market research, and strategic planning.

The Polish news agency, PAP, has undergone significant changes in the wake of the transition from communism, but in 1999 it was still a government-owned agency. PAP currently employs 420 people, including 19 in its nine regional centers (for a population of 15 million) and 30 abroad. Reflecting on the relative advantages and disadvantages of state ownership, its president noted at the 1999 EAPA seminar that in favor of state ownership is the fact that agency executives are free of the burden of being answerable to media owners. The agency is also free to sell direct to end-users if it wishes, without having the worry of owner-clients who want to protect their own media from agency competition. The agency is controlled by a supervisory board, which is appointed by the Treasury Minister, who currently has little if any interest in the content of the agency. Supervisory board members hold office for two years; senior management hold office for three. The agency is subsidized,

currently at the rate of 18 percent, and the level of subsidy is fixed by parliament (thereby creating an opportunity for deputies to try to exert pressure and win favors).

On the downside, PAP has certain obligations to the state: for example, it must disseminate news and statements from all government departments, though it uses a separate channel for this purpose. It creates web-sites on behalf of its institutional clients, who include the ministries. This service requires only one and a half journalists per web-site and makes good money. The government in 1999 contemplated reducing its 100 percent ownership to 51 percent – set precisely at that figure in order to avoid foreign take-over of the national news agency – and was considering awarding 15 percent of the shares to the agency's employees, together with six seats on the supervisory board, which would reduce the attraction of the agency to potential foreign investors. What kind of investor would the shares attract? A passive investor would not be attracted by the rate of return. An active investor from among clients would introduce all the conflicts of interest between clients and owners that have been found so problematic by other agencies. A foreign investor could be attractive, but this would raise new questions about the status of the agency as a 'national' agency.

By contrast, in the case of Slovenia (STA), government ownership has recently increased from 66 percent to 96 percent, with a private party controlling the remainder. The consent of both parties is still required for key decisions, a provision which is intended as a safeguard that precludes the intrusion of politics to the agency's independence. The government may sell its share, and the private partner has the right to veto the sale to any party that it does not like. In addition, services are sold to government on the basis of an annual contract. Domestic media clients account for 40 percent of revenue; the remainder comes from overseas sales, and from sales to Slovene companies and government institutions. The STA controls 90 percent of the two-million population Slovene media market. The agency currently generates a small profit.

Just as dependence on government for subsidy or for custom is itself a problem for agencies that are dependent on such funding, equally so and for different reasons are *reductions* in government subsidy or custom, a worldwide trend in the wake of processes of deregulation and political transition. Some agencies remain substantially dependent on state revenue; in parts of Central and Eastern Europe state ownership still prevails and, in some cases, government continues to be the major client or source of funding. AFP (France), in particular, is remarkable in that it is still dependent on the state for over 40 percent of revenue, yet sustains credibility on domestic and international markets as one of the few 'global' news agencies. Despite periodic instances of

government intervention in the appointment of directors general, and even of attempts to interfere in news judgments, AFP is in part saved by the professionalism and resolution of many of its managers and journalists. Yet that degree of state dependence has declined in 20 years from over 60 percent, and has pushed AFP to compete more intensely in some overseas markets, notably in Asia.

The case of EFE (Spain), which is without doubt a state agency, and where top management is overhauled with every major change in national political leadership, is less benign. But the drive to greater self-sustainability is evident even there. The Athens News Agency, owned by the Greek Government that accounted for 75 percent of its revenue in 1996, has experienced a reduction in state dependence. Here, the editorial influence of the state is constrained by a board of directors which represents clients and journalists. Perhaps becoming more typical is the case of ATS/SDA (Switzerland), an agency that is a cooperative but in the form of a limited company and in which the public authorities do not have shares. From 1973 to 1990, however, the Confederation used to pay a fixed part of the agency's expenses (11%) in return for services. This arrangement has been replaced by three commercial contracts for three different kinds of service. Straight commercial contracts, in other words, are replacing the less accountable practices that exposed some agencies to charges of indirect government subsidy in the past. The range identified by our 1996 questionnaire survey is considerable, from Agence Belga, for whom the government is merely a client that accounts for less than 3 percent of income, or dpa for whom the government-as-client accounts for less than 10 percent of income, through organizations such as Tanjug, Yugoslavia (33%), and AFP, France (46%), and others such as HINA, Croatia (50%), TASR, Slovak Republic (65%), ANA, Greece and CNA, Cyprus (75%).

Political transformations, as in shifts from communism to post-communism or from dictatorship to democracy (Spain), subvert old structures and philosophies. This is especially the case where the national agency is still popularly associated with the politics and personalities of a discredited regime, or with a particular ethnic or social class grouping that has experienced a reduction in political influence. The very openness of some Central and Eastern European countries to foreign investment, as in the Czech Republic, Hungary and Poland, may in some respects be considered politically and commercially liberating; but it also raises serious issues about national sovereignty and the rights of nation states to shape their information environments, and about public interest protections which have been established over many decades in Western Europe, and whose merits may perhaps be taken a little too much for granted.

Let us consider some of the neglected positives of state–agency relationships. Some agencies are not going to be free of state involvement in the near future. In the first place we have noticed in passing that agencies and states have the option of establishing robust commercial relationships on a contractual basis. In addition to their normal appetite for information, governments increasingly like to contract out services. Perhaps there are ways in which agencies and governments can reach a consensus as to what tasks outside the range of normal provision could most usefully be undertaken by agencies without further sacrificing their credibility.

Can a national agency make a good job of being both a government information service and a media service? Difficult, certainly, but what counts at the end of the day is to have a news service which is comprehensive, fast and accurate, as well as being a source of information as to the government's position on this or that issue. If this can be achieved while at the same time the agency also runs an identifiably separate vehicle through which the government can disseminate official information, this will not be the worst solution for achieving viability that agencies have come up with over the past 100 years. What other roles are there that can help to bring government and citizens together and to which a national agency can legitimately contribute?

New services and diversification

Next, we note the fragmentation or decline of many state broadcasters and the emergence of satellite, cable, free-to-air or pay-TV entertainment. The decline of state broadcasters threatens a reduction in revenue to agencies and the demise of the 'public service' ethos that once characterized the relationship between national monopoly/oligopoly broadcasters and national news agencies. It comes on top of an older problem of saturation of traditional newspaper markets, and increasing concentration. Equally, the appearance of new players opens up a new market, but it is a different market, leaner and more aggressively commercial, holding to an 'infotainment' news philosophy (Thussu, 1998). A news agenda which is dominated by formal politics, economics and sport but which is not equally enthusiastic about sexual behavior and mores, life-styles, the world of entertainment, and social trends, is addressing a relatively small part of the full actual diet of the 'news' media.

The commercialism of news is not only about content but it is also about presentation, about mode of address to the reader or viewer, the uses of language and the relationship of the word to the image. News agency news has not always competed well in these dimensions (though there is now stronger

interest in graphics, in addition to the older and often unsuccessful news-photo services). Perhaps those days are at an end. The critical questions remain: are public tastes in news, and the news values of retail media changing, and are national news agencies keeping abreast of these changes? For example, is 'capital city' or 'national' news of as much interest to local media as it once was? Is 'national' news still as important in this period of simultaneous globalization and localization?

What are the implications in all this of the internet? We see the internet much more as an opportunity than as a threat to national agencies. While in theory the internet reduces the costs of entry to the news business, setting up a web-site is a relatively small part of the battle to attract customers. Established players are best positioned to take advantage of the internet. They already have the news-gathering infrastructure of journalists and networks with primary sources, the know-how of writing, editing, illustrating and packaging, and the hard-earned credibility that can attract the customers who want to read what is provided.

The real difficulty for national agencies is what is it possible to do on the internet that is not a threat to owner-clients or simply to valued traditional clients? The PA (UK) is one example of a national agency that has made significant headway in exploring the entrepreneurial opportunities of the internet, in particular for betting. The PA has struck a deal with owner-clients – provision of traditional services at greatly reduced rates – that will keep their fingers out of the pot, for the time being.

Of the many other issues we could also explore – the costs of computerization and communications, issues of multilingualism and the future of automatic electronic translation, tensions between general news journalists and management (which frequently intensify when management attempts to become more entrepreneurial) and issues of censorship and news control – we choose to place our emphasis on research and development. Since the early 1980s, Reuters has increased its research and development investment from £6.2 million (1982) to £200 million (1996). A sustained commitment to creativity, new product and new markets requires serious money because it makes serious money – where should the resource come from?

Is diversification really the answer for everybody, and if so, how is it best done? The key issue, as always, is where should the money come from (owners, alliances, surplus revenue, public ownership?) and what are the implications for owners and clients? The international agencies, pre-eminently Reuters, have been developing diversification strategies from well before the 1980s' era of de-regulation, but it is the implementation of de-regulation policies, above all, that has pressured all agencies to look to diversification. The worldwide spread of de-regulation has created difficult choices for agencies. Can they

survive in a less protected market-place – one that is open to international predators – with less help from government, in the case of those that depended significantly on governments for revenues? Can they survive with a less paternal interest on the part of owner-clients – in the case of cooperatives? If the prospects for economic viability do not look good, is it time to consider ‘going with the flow’ of conglomerization (searching out deals with giant media conglomerates), or is there even a case for looking back towards the state?

Looking across the national news agencies as a whole we are simultaneously impressed with the imaginative variety of services that have been developed (we can single out the PA (UK) as an example here), while depressed by the conservative pressures of traditional owner-clients. We note that in practice the bid to emulate Reuters’ success in financial news markets does not generally produce impressive results, even though nearly half of all news agencies have economic wires. The head of AFP’s AFX (its financial news service division) has concluded that ‘I really have no way to know if (economic wires) are profitable . . . these editorial products, as such, are usually not sold separately, but in a package which generally included real time quotes, graphs, analysis, historical data, etc.’ Even in the case of AFX, the service is not yet profitable in its eighth year, although it has two wires, 70 reporters (50 in France) or 130 journalists altogether, generating some Ffr50m in revenues from several hundred clients. But Reuters makes almost as much on financial services to the French market as AFX does worldwide (Grellet, 1999). AFX is now concentrating on European language provision with the assistance of local partners.

In some cases, the economic news market is competitively exploited by a local rival agency: as in Slovakia, where TASR had to compete with the private SITA, leading finally to an overhaul of TASR’s economic desk. Austria’s APA regards its Internet Business Services as a long-term investment (3 years to develop, first 6 years in the red, now generating 15 percent of total revenue). Some of the difficulties encountered in the development of economic news markets include on-going consolidation of the vendor market, the crisis in Asia, the rapid growth of big new players like Bloomberg or Bridge, the internet explosion, and a relative decline in the price for financial news.

Diversification strategies broadly cover internet portals; clearing houses for advertising space; dissemination of state statistics; specialized country, county, issue, industry, sports, classified advertising services; consultancy services (e.g. to government); media management services (information, market assessment, feasibility, negotiating deals); PR wires; direct print-to-customer pagination; screen-ready services; teletext services; specialist statistical or data services (e.g. sports, finance). Financial services typically embrace share

prices, performance graphs, unit trusts, company information and graphics, investment analysis graphics. Weather services typically embrace national, regional and international weather graphics, symbol charts, text forecasts and reports, comparative data, detailed analysis, world temperature tables, satellite pictures. Other possibilities include: TV listings; special features in response to customer requests; different language news services.

A popular diversification strategy is the PR wire, distributing press releases, including pictures and audio. Agencies which have PR wires include APA (Austria), Belga (Belgium), ANSA (Italy), TASR (Slovakia), MTI (Hungary), CTK (Czech Republic), PAP (Poland) and ITAR-TASS (Russia). The German agency, dpa, runs News Aktuell, bought by dpa in 1994. This has been profitable in each of its years of operation. It has 60 employees, and earns some 6 million euro. It services 40 different news groups, with an email list-server, on-line databases, a web-site, picture bulletins and a fax server. In PR, the news sources pay for the dissemination of information instead of, or in addition to, the clients. In general news staffing comprises 50 percent journalist, 25 percent technician, and 25 percent administrative/sales. On the PR wire some 50 percent of staff are sales or marketing people, with 25 percent technicians, and 25 percent involved in production. News Aktuell has experienced a growth rate of 20 percent (Meyer, 1999).

Many diversification ventures are placed in daughter companies. Daughter companies sometimes enjoy greater flexibility than the parents: for example, journalists may be paid less, and unions may not be represented. Whereas a goal of budget balance or 1 percent profit after tax may be established for the mother company, especially in the case of a cooperative, the profit target for a daughter company is more likely to be around 10 percent or more. Owners may be encouraged to support such arrangements if they are rewarded, either in the shape of a subscription discount or higher dividend distribution. Dividend distribution may displease non-owner media clients who will argue that dividends are being made at their expense, and even owners who are also clients may prefer lower subscription rates to higher dividends.

Relationships in the 19th century between national and international agencies demonstrate that they are no strangers to alliance capital. Perhaps there is now more substantial scope and motive for interlinkage: e.g. the pooling of foreign correspondents, as demonstrated in the case of the Baltic and Scandinavian news agencies. There may also be scope for the pooling of communications and support services, or for collaborative entrepreneurial ventures (such as the joint launch by dpa and AFP's AFX, in partnership with Teledata, of their own continental European financial news agency, DPA-AFX). Arguments in favor of such collaboration increase in line with tendencies

towards cross-national mergers and other alliances among the media owners of news agencies.

Small agencies typically have one, or less than one, support person per full-time journalist. In terms of overall staffing, the average is 191 persons, with highs mainly attributed to agencies with substantial international operations – 1998 for AFP, 1206 for the PA, 1134 for EFE, 941 for ANSA and 919 for dpa. Except for Belga, the smallest staffing figures are for the Nordic agencies: Belga (115), STT/FNB (137), TT (140), NTB (150), Ritzau (155). Journalists account for an average 66 percent of all staff, with highs of 88 percent for TT, 85 percent for dpa, 81 percent for EFE and 77 percent for STT/FNB, and lows of 45 percent for APA, 46 percent for PA, 60 percent for AFP and NTB. Personnel costs average 56,180 euro, with highs of 72,570 for ANSA, 67,440 for APA and 66,900 for ATS/SDA, with lows of 20,380 for ANA, 30,510 for LUSA and 35,480 for PA. Staffing will always be a prime target for cost-cutting: both pooling of staff in joint services or the launch of joint ventures offer ways of maximizing the return on investment in staff.

The merger of agencies into regional conglomerates – in theory, one could imagine an entity by the name of the Mediterranean Agency, or the Agency of Central Europe, a NAFTA agency or an EU agency – might make some economic sense but they would still be unlikely to compete with national designations. Some previous regional initiatives that brought together poorly run government agencies and subjected them to poorly run semi-governmental international bodies may have given the very ambition a bad press: where commitment is entrepreneurial, and initiatives are driven by grass-roots thirst for survival, the logic of regional alliance may be more powerful.

Part of this is the story of convergence, the bringing together of telecommunications, computing and electronic entertainment technologies. A fashionable concept for some years, only now is convergence becoming a significant reality. National news agencies control important software products and markets that could be attractive to major players. Given the identity of the giant players in global communications, such a trend would do little to off-set the Anglo-American bias in global news flow exercised by Reuters and Associated Press and their respective television news operations.

Opportunities for diversification are suggested by the history of the important role which both national and international agencies have played in establishing powerful images of nation, and of a world made up principally of nation states. In their battle for secure domestic markets, major agencies found that constructing a national identity made practical business sense, located as they were at the very heart of national power, enjoying established relations of trust with powerful political and economic elites, building radial lines of

communication with provincial media. National agencies pushed out comprehensive 'national' news and received back a reciprocal package of local news from local clients.

If national agencies have been about national image, then how could this concept be reinvigorated? Should or could a press agency become a primary site for accessing anything to do with a particular country? Could it be expected that any visitor to a country should routinely think to consult the web-site of its national agency in preparation for the visit? How much do we know about existing information and archival sources of national news agencies and how they compare with rival sources? How could national agencies acquire the sense of identity, the brand image, that would give them a stronger place in the public consciousness?

There is little or no research, to our knowledge, which investigates how different national news agencies are perceived by the publics of their respective countries. Our hypothesis is not that national news agencies are typically seen in a bad light, but rather that they attract relatively little public awareness. This may not have mattered when they performed a discrete and exclusively 'wholesaler' role. Today, national agencies can deliver direct to retail markets through computer terminals, and in these circumstances the public perception of news agencies may become much more important. Even in their wholesaler role, the visibility of the national news agency product in news media potentially affects rates of purchase and consumption. Clients who have a positive impression when they access news agency services directly may also be attracted to media which make prominent use of such services.

In this situation, brand image potentially becomes more important with the erosion of the difference between 'wholesale' and 'retail' operation: the future opens up the possibility of news services delivered, not just to the media, but direct to millions if not billions of clients. Many agencies currently are blocked from this route by the interests of their owner-clients who do not want their news agencies to compete with the internet services which their own media are establishing. Will the logic of the broader market ever be sufficiently compelling to overcome such reservations? May there be a day when news agencies are no longer simply services for media clients or members, but flagships for the media which use them?

Conclusion

In this article we have reviewed and analyzed the major challenges which confront the national news agencies of Europe. Many of these challenges are similar in kind to persistent dilemmas and difficulties which agencies have

experienced since their foundation over 100 years ago, with an additional edge provided by trends towards globalization. Then, as now, these challenges are played out within the contours of an interdependent news system, headed by a small number of larger, international agencies whose own influence on global processes of news-gathering and dissemination are considerable.

What most strikes us at the international level is that the number of giants has grown smaller: the increasing diminution of UPI is the main culprit here, and this is partly off-set by the additional robustness of AFP (e.g. in South East Asia), EFE (in South America), and dpa (still very frequently quoted as a No. 3 or No. 2 source and occasionally as a No. 1 source for international news, in our own 1996 survey of national agencies, see Boyd-Barrett and Rantanen, 1996). ANSA also sustains a strong international presence. EFE claims that it sources 30 percent of all the international news published in Central and South America. The demise of UPI, which for many years was a strong player in US and world markets, has entailed the removal of an important competitive thorn in the flesh of AP. AP was originally stirred into international aggression by the appearance on the scene of UPI in the early years of the 20th century; without UPI will AP continue to be as significant an international player, or revert, increasingly, to being an American agency?

Concerns about diversity at the global level may arguably be diminished where there exists strong national and local diversity of news agencies which can at least improve the range of news sources available to the global agencies, which can establish their own unilateral and multilateral networks. There is also considerable scope for productive partnership between national and global agencies. There have been several recent signs of valuable joint activities. At the 1999 EAPA seminar, international agency representatives testified (Alterman, 1999; Fenwick, 1999) to how national agencies offer them valuable local networks, knowledge and language skills. It may make better sense for the international agencies to develop partnerships than to replicate what is already there. Such partnerships may help bolster the financial standing of national agencies, opening up new revenue streams that may include a share in the sales revenues of services generated by international agencies.

In reviewing the range of strategies available to national news agencies, we have identified two classes of strategy: *patronage* strategies – which essentially involve intensification of reliance on the state, or on the owner-clients, and *diversification* strategies – which essentially involve the generation of new services, partners, and clients. In the longer term, we think that patronage strategies hold less promise: shareholders who are also clients are more inclined to want to reduce outlay on national news services than to increase their subscription rates, governments will be less inclined to pump public money into ventures which they believe, perhaps mistakenly, could just as

well pay for themselves. Diversification strategies, on the other hand, are limited only by the willingness of shareholders to provide news agencies with the freedom to be entrepreneurial. New technologies open up new markets and on a potentially global basis. We believe that the core product of national news agencies is a unique one, one that is not easily replicated by any single 'retail' medium, and which is of considerable public value. Despite current difficulties, national news agencies deserve a future and they can secure a future.

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