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SERBIA

In 2009, the issue of Kosovo's independence still dominated the Serbian political scene. However, Serbia had other headlining political issues, such as how to harmonize the fragmented political scene, accelerating EU integration, improving governance and building effective state institutions, overhauling the legal and judicial system, and improving the national budgeting process and implementation.

Other matters of public discussion included increasing foreign investment, ensuring sustainable growth, and improving social protection mechanisms. Boosting the quality and efficiency of health services and the education system persist as some of the biggest challenges. Serious environmental problems are waiting to be addressed.

The global financial crisis hit Serbia harder than expected and has led to high illiquidity in the economy and a sharp decline in consumption and investment. The policy response to the crisis has been slow and confused. Particularly troublesome is the sharp decline in manufacturing, with the service sector also continuing to shrink. The bright spot has been the good performance of the agricultural sector, which could increase exports of food and food products.

The media sector is a reflection of the overall political and economic chaos. Serbia ranks among the countries with the largest number of media outlets per capita. Media privatization has made unimpressive progress. State regulatory institutions still tolerate illegal media. The saturated media market is characterized by two unequal groups: private media working under market realities, and government-owned media financed both by government budgets and advertising revenue.

Above all, the media situation worsened due to a surge in political influence on media outlets and their editorial policies. In 2009, the government introduced new regulations to tighten control of the media by state and political actors. The result was homogeneity in news stories at the expense of plurality, a rise in self-censorship, and stunted investigative journalism. Professionalism deteriorated further, accelerated by worsening economic problems at most media outlets and especially private local media.

Serbia's MSI score has slid continuously from its high of 2.52 in 2003. However, in other years the change in score was much smaller: the largest change in overall score since 2003 was 0.08. This year's panel returned an overall score 0.28 lower than in 2009, moving from 2.35 to 2.07, putting Serbia on the edge of the "unsustainable, mixed system" category. All objective scores fell at least slightly this year, with notable declines in Objective 1 (freedom of speech), down 0.34 to 1.87; Objective 3 (plurality of news), down 0.36 to 2.28; and Objective 4 (business management), down 0.49 to 1.96.

SERBIA AT A GLANCE

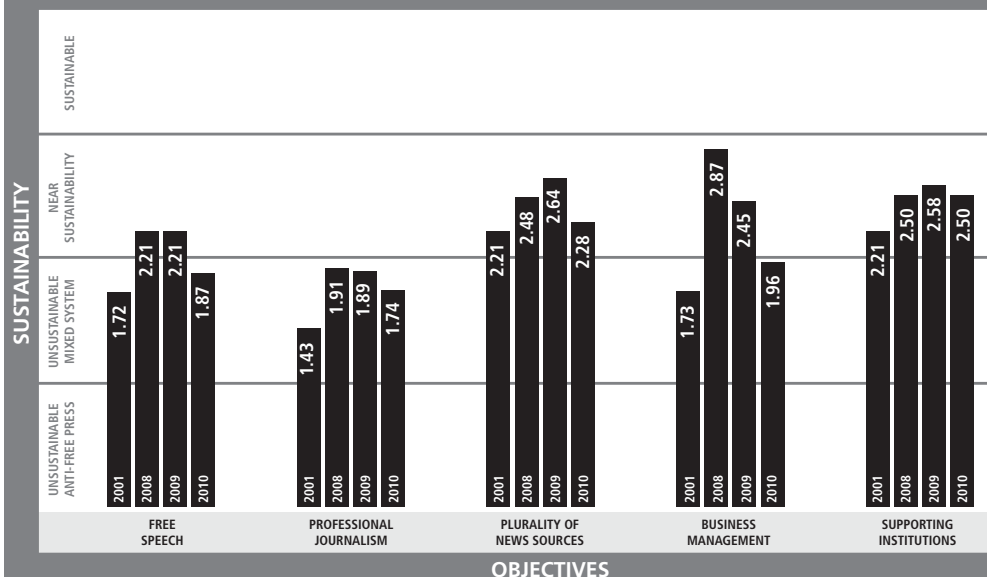
GENERAL

- > **Population:** 7,379,339 (July 2009 est. *CIA World Factbook*)
- > **Capital city:** Belgrade
- > **Ethnic groups (% of population):** Serb 82.9%, Hungarian 3.9%, Romany 1.4%, Yugoslavs 1.1%, Bosniaks 1.8%, Montenegrin 0.9%, other 8% (2002 census)
- > **Religion (% of population):** Serbian Orthodox 85%, Catholic 5.5%, Protestant 1.1%, Muslim 3.2%, unspecified 2.6%, other, unknown, or atheist 2.6% (2002 census)
- > **Languages (% of population):** Serbian 88.3% (official), Hungarian 3.8%, Bosniak 1.8%, Romany 1.1%, other 4.1%, unknown 0.9% (2002 census)
- > **GNI (2008-Atlas):** \$41.93 billion (World Bank Development Indicators, 2009)
- > **GNI per capita (2008-PPP):** \$11,150 (World Bank Development Indicators, 2009)
- > **Literacy rate:** 96.4% (male: 98.9%, female: 94.1%) (2003 census)
- > **President or top authority:** President Boris Tadić (since July 11, 2004)

MEDIA-SPECIFIC

- > **Number of print outlets, radio stations, television stations:** Print: 428 including 19 dailies, 95 weeklies, 39 bi-weeklies, 180 monthlies, 95 others (ABC Serbia); Radio: approximately 550 stations; Television: 107 stations (RBA Belgrade) and about 50 cable and satellite stations
- > **Newspaper circulation statistics (total circulation and largest paper):** Three newspapers with largest circulation are: *Blic* (private), *Vecernje novosti* (state owned), and *Kurir* (private)
- > **Broadcast ratings:** Top three ranked television stations: RTS1 (public service), TV Pink (private), and TV B92 (private). Top three radio stations: Radio 5 (private) with share 13.7, B92 (private) with share 8.25, and Radio Beograd (state owned) with 4.4. (SMMRI radio research, November 2009). Top three websites: Blic, B92, and Krstarica (www.alex.com)
- > **Annual advertising revenue in the media sector:** Approximately \$200 million in 2009 (AGB Nielsen estimate)
- > **News agencies:** BETA (private), FONET (private), TANJUG (state-owned)
- > **Internet usage:** 2.936 million (2008 est., *CIA World Factbook*)

MEDIA SUSTAINABILITY INDEX: SERBIA



Annual scores for 2002 through 2006/2007 are available online at http://www.irex.org/programs/MSI_EUR/archive.asp

Unsustainable, Anti-Free Press (0-1):

Country does not meet or only minimally meets objectives. Government and laws actively hinder free media development, professionalism is low, and media-industry activity is minimal.

Unsustainable Mixed System (1-2):

Country minimally meets objectives, with segments of the legal system and government opposed to a free media system. Evident progress in free-press advocacy, increased professionalism, and new media businesses may be too recent to judge sustainability.

Near Sustainability (2-3):

Country has progressed in meeting multiple objectives, with legal norms, professionalism, and the business environment supportive of independent media. Advances have survived changes in government and have been codified in law and practice. However, more time may be needed to ensure that change is enduring and that increased professionalism and the media business environment are sustainable.

Sustainable (3-4):

Country has media that are considered generally professional, free, and sustainable, or to be approaching these objectives. Systems supporting independent media have survived multiple governments, economic fluctuations, and changes in public opinion or social conventions.

OBJECTIVE 1: FREEDOM OF SPEECH

Serbia Objective Score: 1.87

Panelists complained about a number of emerging and new threats to freedom of speech and freedom of the press, as well as a lack of progress in other related areas, in 2009. The overall objective score fell to 1.87 from 2.21 in 2009. Much of the loss came from drops in indicator 1 (legal protections for freedom of speech), indicator 3 (market entry), indicator 6 (libel laws), indicator 7 (freedom of public information), and indicator 8 (media access and use of foreign news sources). All other indicators showed no change. Indicator 8—despite its lower score this year—and indicator 9 (access to the journalism profession) retained their positions as leading indicators, and both scored more than a point higher than the overall score. However, indicators 1, 2 (broadcast licensing), and 5 (legal guarantees of independence for state media) all scored about two-thirds of a point lower.

During their discussion of legal and social protections for freedom of speech, panelists spoke predominantly about the media law passed in August and the other legislative changes that impacted the legal regime within which the media operate. While these laws affected several Objective 1 indicators and indirectly influenced indicators of other objectives, panelists said that first and foremost they expose the government's aim to control the media and news that citizens receive.

As indicated in the Association of Independent Electronic Media (ANEM) report on legal monitoring,¹ two legislative changes in particular that passed in August 2009 had consequences for the media:

- Amendments to the Law on Public Information: In the name of reining in a few media outlets that ANEM characterized as "ruthlessly and almost continually violat[ing] the basic principles of the journalistic profession and current regulations," legislators added a new fine structure for several possible breaches of the media law. For example, unregistered publications or broadcasters face fines of RSD 1 million to 20 million (\$13,500 to \$270,000), plus the person responsible for the lapse can be fined RSD 200,000 to 2 million (\$2,700 to \$27,000). A court-ordered ban on publishing or broadcasting can also accompany the fine. Media outlets found to have violated the "presumption of innocence" of persons accused of crimes face fines equal to a maximum of having seven days' worth of advertising and sales garnished in the case of a

publication or seven days of advertising in the case of a broadcaster. Additionally, an individual found responsible faces fines similar to those in the case of unregistered media. The law also includes provisions for fining media outlets that violate the rights of minors, and increases penalties for previously enumerated violations. Finally, the law prevents transference of ownership rights from one media owner to another media owner.

- Law on National Councils of National Minorities: The apparent intent of this law is to enhance minority media in Serbia. However, allowing national or local governments to delegate the founding and management of public media to nationally chartered bodies that represent minorities undermines a previous law that mandates privatization and prohibits the further establishment of media funded predominantly by public sources.

Regarding the Amendments to the Law on Public Information, ANEM reported that the government violated the constitution by promulgating the law the same day it was passed. "[P]ursuant to Article 169, paragraph 1 of the constitution, the time between the passing of the law and its promulgation is the period when one third of Members of Parliament (MPs) may lodge a request for prior assessment of constitutionality. The early promulgation of the Law actually restricted the MPs in exercising that right."²

The process of adopting the draft amendments included input from the media community. ANEM reported that both the Independent Association of Journalists of Serbia (NUNS) and the Serbian Journalists Association (UNS) consulted with the opposition Liberal Democratic Party on the amendments. It is unclear to what degree their input influenced the final draft, but UNS, at least, opposed adopting the amended law.

Some influence in the process was manifest. Initial drafts of the Amendments to the Law on Public Information were even more limiting, as were some defeated amendments submitted on the day of the vote. The proposals included establishing a high escrow security requirement for new media licensees, and to suspend outlets that have been in the red for 90 days out of a year. The combined efforts of journalists, civil society, and some legislators helped to defeat what could have been an even more restrictive law.

Panelists, local media experts (such as those employed by ANEM), and international observers such as the OSCE all feared that the new system of fines in particular would have a chilling effect on reporting, especially investigative reporting and coverage of criminal activity. Hans Ola Urstad,

¹ ANEM's reports, *Legal Monitoring of Serbian Media Scene*, may be found at <http://www.anem.org.yu/en/aktivnostiAnema/monitoring.html>

² ANEM. *Legal Monitoring of Serbian Media Scene*, August 2009, p.9. http://www.anem.org.yu/admin/download/files/_id_370/MR3%20engl%20kon.pdf

head of the OSCE Mission to Serbia, criticized parliament's "urgent procedure" to consider the law, saying, "The proposed amendments set fines that are too high for a Serbian context, which could lead to self-censorship and the closure of media outlets."³ The UNS and other organizations have filed constitutional appeals on some sections of the law, and the cases are pending.

Panelists said that political pressures on media outlets increased in 2009. They noted that local media are most susceptible to pressure, in part due to their weaker economic standing. Further, local government officials typically hand-pick the managers and editors of public media in areas outside the capital city.

Serbia still has no restrictions on using certain types of media such as the Internet or satellite broadcasts, and panelists did not imagine that this freedom faces any threat.

Panelists leveled a number of criticisms related to broadcast licensing. These included the composition of the Republic Broadcasting Agency (RBA), which is tasked with overseeing licensing; RBA's enforcement of laws and regulations; its decisions on numbers of licenses to award; and the related issue of privatization of public broadcasting assets.

The law establishes RBA as an independent regulatory body, yet parliament maintains significant control over the makeup of its council members. In 2009, parliament re-elected three members and chose a fourth from Belgrade University. However, the two candidates proposed by NUNS and UNS (selected from six

by the parliament's Culture and Information Committee) did not receive enough votes from parliament to be seated. The vote took place in October and the previous two professional representatives' terms had expired in February.

ANEM reported in October that about 100 unlicensed media still operate despite existing regulations that were further strengthened by the August Amendments to the Law on Public Information.⁴ Unlicensed broadcasters pose a number of problems for those that are licensed, including interfering with licensed signals and bleeding advertising revenue from licensed competitors. Licensed broadcasters say that they feel cheated because they pay licensing fees in part for ownership and protection of their signals, but RBA and the Republic Telecommunications Agency (RATEL) claim that they have no authority to stop illegal broadcasters.

RBA is mandated to select successful license applicants based upon criteria such as proposed quality of programming. However, panelists described the licensing process as fraught with political influence. They claim that political parties prepare lists of applicants for RBA to favor. In some areas, influential local businesspeople manipulate the process. As a result, too many outlets—even what panelists described as pro-fascist outlets—receive licenses. In previous years, no licenses were awarded at all, even though high-quality candidates applied.

The pace of privatization of publicly owned media has still not met panelists' expectations. The government held an auction on December 11 for 12 media outlets, but according to *Politika's* December 30 edition, 55 state-owned broadcast outlets remained to be sold, while only half that number had been privatized successfully. Contradictory laws (such as the Law on National Councils of National Minorities described above) allow some of these media to remain in state hands. When or if these outlets will be sold is unclear.

Aneta Radivojević, editor in chief of RTV5, summed up the situation around licensing and the related regulatory environment. "In Niš, the result of such practices is disastrous: Not less than three regional licenses and nine local licenses were issued by RBA. The pirate stations stayed on the air. All that produced market chaos. A total absence of regulations for the relationship between cable operators and TV stations produced an environment without any rules. One operator, for instance, had this racket, asking for €500 to keep TV Leskovac on its cable package. After TV Leskovac refused to pay, it was expelled from cable." In the latter case, ANEM reported that other television stations in Leskovac faced the same problem, and that even though the

LEGAL AND SOCIAL NORMS PROTECT AND PROMOTE FREE SPEECH AND ACCESS TO PUBLIC INFORMATION.

FREE-SPEECH INDICATORS:

- > Legal and social protections of free speech exist and are enforced.
- > Licensing of broadcast media is fair, competitive, and apolitical.
- > Market entry and tax structure for media are fair and comparable to other industries.
- > Crimes against journalists or media outlets are prosecuted vigorously, but occurrences of such crimes are rare.
- > State or public media do not receive preferential legal treatment, and law guarantees editorial independence.
- > Libel is a civil law issue; public officials are held to higher standards, and offended parties must prove falsity and malice.
- > Public information is easily accessible; right of access to information is equally enforced for all media and journalists.
- > Media outlets have unrestricted access to information; this is equally enforced for all media and journalists.
- > Entry into the journalism profession is free, and government imposes no licensing, restrictions, or special rights for journalists.

⁴ <http://www.anem.org.yu/en/medijskaScena/vesti/story/10916/CRISIS+IN+MEDIA+CONTINUES+IN+2010.html>

spirit of the law would seem to preclude such treatment, law ambiguities and a lack of proper regulation of cable providers permitted the practices.⁵

As compared to other sectors in Serbia, the media industry faces no discrimination in tax treatment or market entry. However, panelists said that the fines as prescribed in the August legislation create a situation of relatively higher fines for media compared to other industries. Panelists saw this as another clear sign that the state treats media outlets differently than other businesses.

Crimes against journalists remain insufficiently prosecuted, as law enforcement agencies and the court system have yet to increase efficiency. However, panelists were quick to point out that in many cases, the state has no problem aggressively prosecuting journalists.

Impunity is not complete; a perpetrator whose identity is known can be prosecuted successfully. For example, ANEM's *Legal Monitoring of Serbian Media Scene* for October reported that Sinisa Vucinic received a six-month jail sentence for threatening a journalist from *Vreme* and a member of parliament. The same month, according to ANEM, Hasan and Faruk Lekic each received 30 days in jail for harassing and threatening a crew from TV Jedinstvo that was filming the illegal construction of a Lekic family house.

In many other cases, the perpetrators are not found. For example, three journalists were killed a number of years ago, but the murderers still have not been prosecuted or even identified. Such attacks are always well publicized in all media forms, followed by especially strong reactions by all media associations. Intellectual pundits almost always treat them seriously.

Journalists commonly face various obstacles in performing their jobs—they suffer insults, petty harassment, and other threats from members of the public as well as officials. Media coverage of protests (e.g., over the Kosovo issue or the anniversary of the NATO bombing of Serbia) or sports-related violence (e.g., the killing of a French citizen after a Partizan-Toulouse football match) resulted in a plethora of death threats.

More severe attacks occur but are uncommon. In one of the most serious cases in 2009, the entrance to TV Pink was destroyed by a bomb or grenade in the early morning of October 4. Police arrested two suspects, who are awaiting trial. Nobody was hurt in the attack.

⁵ ANEM. *Legal Monitoring of Serbian Media Scene*, November 2009, p.4. http://www.anem.org.yu/admin/download/files/_id_481/MR%20VI%20FV%20eng.pdf

State media enjoy many advantages, some *de jure* and some *de facto*. Further, legal protections for the independence of state-owned media are ignored routinely. "The fact that state ownership in media still exists is producing dramatic damage in the media sphere, with unbearable pressures on local media, including media in minority languages," said Dinko Gruhonjić, president of the Independent Journalists Association of Vojvodina. "In all local areas, ruling coalitions are pressing or controlling local state media."

The example of Niš is indicative. Its municipality-controlled station receives preferential treatment, and despite being financed from the local budget, it has specific financial ties with enterprises controlled by the state. That enables the station to rely less on advertising revenue, which affects the overall Niš market negatively, since it can charge lower prices for airtime.

Another example is the renewal of the law that allows the state to establish a news agency. The Serbian government still uses taxpayer money to finance the state agency Tanjug, endangering two private news agencies, Beta and Fonet, which survive on their earnings in the market only.

Panelists stressed that in local areas, all state media outlets are controlled by local governments and politicians and face extreme pressure. Because they depend on politicians for their budgets and appointments, local stations broadcast seriously biased news programs. According to Vesna Sladojević, deputy editor in chief for the public service Radio-Television Serbia (RTS), "The situation in local media is a despair that persists. In such circumstances, there could not be a word of professionalism or editorial independence in news reporting."

In another example of preferential treatment, state-owned media are eligible for a Ministry of Culture tender intended to help "endangered" media—even though state media already collect money from public budgets.

As in previous years, libel is a criminal law matter, and suits may be filed in civil courts also. One of the more noteworthy cases in 2009 came in March, when a court in Niš fined Dragana Kocic and Timosenko Milosavljevic from daily *Narodne Novine* RSD 1 million (\$13,250) because of a 2008 article in which they quoted from an indictment against a public official. Other cases involved breaches of privacy of various public officials or publishing incorrect information about authorities.

Accessing information has become relatively easier, and panelists credited the work of Commissioner for Information of Public Importance Rodoljub Šabić. Improvements extended to local levels as well, though journalists there still have more problems than those in the capital city. According to Voja

Žanetić, marketing specialist with MOSAIK marketing agency, “Especially easy to access is news and information on our president’s activities.” As noted above, however, publishing certain information related to ongoing court cases or state secrets can result in criminal fines, even if the information is from a public document.

The government does not limit media ability to use foreign news sources. Practically all media in Serbia use the Internet to obtain information, and prices are affordable for all.

Panelists did not mention any changes regarding the ability to enter the journalism profession; it is still unrestricted. Bloggers, however, are not considered by state institutions to be journalists and so far this has not surfaced as an issue. Panelists expected that this will change in the coming years, however.

OBJECTIVE 2: PROFESSIONAL JOURNALISM

Serbia Objective Score: 1.74

Serbian journalists can hardly claim to meet professional standards of quality, and panelists provided a slightly worse picture of professional journalism this year, with much of the loss coming from a lower score for indicator 7 (modern equipment and facilities). Most of the indicators scored close to the overall objective average, except indicator 4 (journalists cover key events), which scored about three-quarters of a point higher; and indicator 5 (salaries for journalists), which scored equally behind.

A handful of Serbian journalists produce professional and objective work. However, whom individual print or electronic

JOURNALISM MEETS PROFESSIONAL STANDARDS OF QUALITY.

PROFESSIONAL JOURNALISM INDICATORS:

- > Reporting is fair, objective, and well sourced.
- > Journalists follow recognized and accepted ethical standards.
- > Journalists and editors do not practice self-censorship.
- > Journalists cover key events and issues.
- > Pay levels for journalists and other media professionals are sufficiently high to discourage corruption.
- > Entertainment programming does not eclipse news and information programming.
- > Technical facilities and equipment for gathering, producing, and distributing news are modern and efficient.
- > Quality niche reporting and programming exists (investigative, economics/business, local, political).

media support is completely obvious very often. Tabloids are the worst offenders. Most media publish basic information or political party and state announcements without analysis or opposing views. Sladojević commented, “The strong impact of political forces, superficiality, and biased products make the picture worse than in our worst periods. Instead of improving with the years, we all step backwards.” A number of media outlets are losing their identity and increasingly look, sound, or read alike. Media training programs are poor in quality as well, further lowering the level of professionalism.

Public relations continues to strongly influence the media sphere. However, work in this field is a relatively new phenomenon for Serbian journalists. The country’s two professional associations have not yet addressed the issue or spelled out any ethical guidelines differentiating public relations work and journalism. Occasionally, professional associations comment on individual cases of poor journalism, but Serbia does not have an institutionalized watchdog dedicated to journalism quality.

As in previous years, the ethical codes adopted by both journalist associations are often not applied in practice. A smaller number of Serbian media (some of them with high circulation) ignore completely all ethical norms. Journalists are inhibited from applying ethical standards due to a number of factors: the general drop in buying power, the smaller salaries, the influence of tycoons, the pressure from politicians, and the fear of job loss. However, in 2009, respect for children’s rights in the media (e.g., not printing the names or photos of child victims) increased compared to last year.

As a result of the pressures mentioned, self-censorship is growing, along with threats of fines and lawsuits. “If in a state-owned media the journalist is brave enough to write—and editor brave enough to publish—news unpleasant to ruling politicians, the consequence will be one of them will be fired,” Sladojević said.

Some media members are willing to report these stories; the country’s better journalists and media outlets are not deterred by threats or pressure, even when they produce controversial stories. However, last year, one freelancer was fired by B92 after commenting on President Tadić during his regular weekly show.

The media cover key events in society. With the enormous number of Serbian media taken as a whole, every interesting event in the country receives coverage. Sometimes on the local level, individual media are pressured to not cover some events, but such pressures are generally unsuccessful with private media.

Serbian media lack serious approaches to a number of events and topics, especially economic issues, such as economic

development, export problems, public spending, etc. Media outlets have an insufficient number of journalists with specialty knowledge of these areas. Further, blogs and social networking tools better cover certain topics, such as organized crime, war crimes, and security issues.

Journalists have low salaries and a poor standard of living, which promotes corruption— especially in smaller towns. Panelists provided several examples. In the town of Niš, the average monthly salary is RSD 25,000 (\$330) for a journalist and RSD 48,000 (\$650) for an editor. The owner of a private radio station also has a salary of RSD 48,000 per month. Panelists concluded that pay levels are lower than last year. By comparison, the salaries of other professionals (such as teachers and civil servants paid from government budgets) are almost equal to journalists'. Due to the economic crisis, the incentives to leave the profession have decreased. In last year's report, panelists noted the trend of journalists departing for public relations positions, but these opportunities have dried up as companies cut back.

Both entertainment and news program options are abundant in Serbia. "The entertainment programs are dominant, but this is normal," said Darko Bročić, director of AGB Nielsen. "There are also enough news programs in the country. Our research results suggest that their shares in total programming are practically optimal." The new development this year is cost savings being applied to news programs first, to offset the worsening economic situation. For example, Fox cut news programs after laying off journalists and presenters.

In difficult economic circumstances, media do not have the luxury to upgrade equipment and take advantage of the latest innovations. Panelists said that the situation has deteriorated compared to last year. Even the new technologies obligated per their license requirements are not being procured.

For the last 10 years, donors have provided journalism education classes. Their short-term training courses have proven helpful and journalists have learned a great deal. However, the panelists said that they feel that investing in technology should be a higher priority than repeating educational courses. "It is a pity that media donors keep a tough stance in their policies in Serbia; their insistence on improving production and to have better education is useful, but if we don't have good devices to work, results will be unsatisfactory," said Milorad Tadić, CEO and owner of Radio BOOM 93 in Pozarevac. "There is a need for more donations to upgrade technology. On the other hand, the digitalization problem is extremely hard for private media. In the present, when survival is our main task, the digital link we are obliged to buy costs \$12,000. State-owned media are looking to public budgets as the source for that cost. Obviously, the

economic crisis is the reason for media lagging in technical innovations."

Serbian media is thin with examples of niche reporting and investigative journalism. In characterizing those areas, Gruhonjić said, "There is not so much qualitative and investigative journalism. In Serbia there is no critical public, so most reports are removed from strong critics. The worst thing is the trend of not improving niche reporting. One of the reasons is a lack of specialists for complex topics. Only Internet media are expanding in this area."

OBJECTIVE 3: PLURALITY OF NEWS

Serbia Objective Score: 2.28

This traditionally strong objective suffered somewhat of a drop this year, as panelists noted a worsening situation regarding three indicators. They gave lower scores to indicator 2 (citizen access to media), indicator 3 (state media are non-partisan), and indicator 4 (news agencies). Most indicators scored close to the overall score, although indicator 1 (plurality of news sources) and indicator 2 still managed to exceed it by slightly more than half a point. Indicator 6 (transparency of media ownership) scored more than a point lower, however.

Serbia achieved relative strength in its plurality of news sources years ago. Nearly any point of view is available, and the public can rely on a large number of media in virtually all platforms. International sources are generally within reach as well. In fact, as pointed out above, Serbia has frankly too

MULTIPLE NEWS SOURCES PROVIDE CITIZENS WITH RELIABLE AND OBJECTIVE NEWS.

PLURALITY OF NEWS SOURCES INDICATORS:

- > A plurality of affordable public and private news sources (e.g., print, broadcast, Internet) exists.
- > Citizens' access to domestic or international media is not restricted.
- > State or public media reflect the views of the entire political spectrum, are nonpartisan, and serve the public interest.
- > Independent news agencies gather and distribute news for print and broadcast media.
- > Independent broadcast media produce their own news programs.
- > Transparency of media ownership allows consumers to judge objectivity of news; media ownership is not concentrated in a few conglomerates.
- > A broad spectrum of social interests are reflected and represented in the media, including minority-language information sources.

many sources of information and the market is saturated. The reliability and objectivity of news at each outlet depends on the editorial policies in place; often the public must rely on multiple sources to get a complete picture.

There are no serious barriers to accessing domestic or international news, other than the low purchasing power of some citizens. However, one case that angered most of the panelists involved cable providers blocking of a number of foreign channels, including several from neighboring countries, during three days of mourning in November following the death of the patriarch of the Serbian Orthodox Church. The cable operators said that they would not air any entertainment programming during those days, noting that RBA (whose president is a priest) had made the recommendation. "The practice by RBA during the mourning days is yet further proof of how easily the state is using its authority to control media," UNS President Ljiljana Smajlović said.

State-owned media are financed 100 percent from public budgets and are not in a position to offer critical assessments of those in political power. The differences between state media and private media in treating same event are often noticeable. According to Đorđe Vlajić, director of the BBC's Belgrade office, "For state-owned media, the impact of politics is more or less evident. Public service [RTS] handles it in a sophisticated manner, but in local state-owned media, it is done in a rough manner." Radivojević, herself representing RTS, said, "The public service of Serbia this year is more moderate than in previous years in supporting authorities."

Both of Serbia's independent news agencies continue to operate as in previous years, but they face uncertain market prospects due to two key challenges. The first is a carryover from previous years: State-owned competitor Tanjug receives almost \$2 million per year from the state budget. The second challenge is the rise of the Infobiro news agency, a new phenomenon in 2009 financed by political parties and businesses. Infobiro produces video reports for its funders on a contract basis, featuring television clips from different events. After production, the products are available for free download from its website for broadcasting. As the state is its biggest contractor, Infobiro mostly covers events requested by state institutions, which in turn also ensures a wider presence in the media. Their products are technically appealing and a number of television stations use their products.

This matter initiated a very lively discussion among the panelists. Most of them agreed that in essence, Infobiro is a public relations agency promoting its customers. Further, it undermines the market of the two independent, subscription-based news agencies—especially Fonet—and endangers the continuing existence of news agency content produced with generally good quality journalism. In addition,

Infobiro's contract conditions are not transparent to the wider public.

"Infobiro is another deviation in the media system," Gruhonjić said. "Their PR products are used as if they were a journalist's products."

The tougher economic conditions of 2009 forced some media to cancel their news agency subscriptions. Also, there are still cases of using agency news downloaded from Internet without quoting the source. Smajlović added, "To a media [outlet]'s audience, it must be clear what a product of any print or electronic media is. If it is an advertisement, it has to be clearly stated. In other words, is information published or broadcast a product of a journalist's work, or is it transferred PR material? When a TV station publishes Infobiro's material in its news program, viewers do not perceive it as PR product." Ljubica Markovic, director of the BETA news agency, agreed, saying, "The case of Infobiro is an indicator of a serious problem that is getting bigger and bigger: mixing PR activities with journalism."

Private broadcast media in Serbia have a strong tradition of producing their own news. Despite the economic crisis, largely they continued to produce their own news, and the same was true for local media.

The Serbian media market is still characterized by too many players; there is no concentration of ownership of which to speak. The panelists warned, however, that the media sector has numerous cases of fictitious ownership; i.e., the formal owners named with the government registering agency are not the real owners, with whom they have secret contracts.

A number of social interests are present in the media, but often with lackluster quality. The problem with minority media in 2009 is essentially same as before: So-called minority councils play the role of minority language media owners, and as is the case with Serbian-language state-owned media, politicians from minority groups control minority language media. In addition, minority programs are poor quality and the state is not initiating serious steps for their improvement.

OBJECTIVE 4: BUSINESS MANAGEMENT

Serbia Objective Score: 1.96

The impact of the financial crisis and the continued problems surrounding market saturation in Serbia led panelists to downgrade the Objective 4 score by nearly half a point compared to last year. Indicator 6 (market research) and indicator 7 (audience and circulation data) scored about half a point higher than the objective score, and indicator 1

(media are efficiently managed and profitable), was lower by slightly more than half a point. All others were close to the average but lower.

Media outlets lack efficient and professional business management as a result of a number of obstructions: a loosely regulated market; unequal treatment between state, private, and unlicensed media; and economic pressure from the financial crisis. Media outlets generating profits are rare; most of them aim to break even. Illiquidity in the Serbian economy is a key reason for the poor performance. State-owned media, foreign-owned media, and media with ties to influential politicians performed somewhat better.

The year 2009 was not the best for business plans. Some stronger local media have developed serious business plans, but the crisis has rendered them useless. Now, media companies are preparing operational plans to overcome the crisis. Of course, the numerous media outlets with a handful of employees have no practice of using business plans.

Private media are obliged to follow accounting standards, while state-owned media often do not follow set standards and have incomplete financial reports. Private media often outsource accounting, and the standards followed are in line with legal provisions.

The main source of income—advertising—experienced a serious plunge in 2009. Bročić provided some statistics: “The value of advertising in the media dropped between 20 and 25 percent this year. The worst drop was in print media, between one-third and one-half, followed by billboards and TV stations, with drops between 25 percent and 33 percent. Local and regional TV stations were hit the worst. Altogether, advertising in all media diminished. Only Internet advertising

is on the rise, but its share in total advertising in Serbia is marginal.” On television and radio, advertising is limited to 20 percent of air time per hour.

Subscription fees are not a major source of revenue, and donor funding is extremely low. For the small number of media receiving donor assistance, donor funds account for up to 10 percent of their revenue. The Ministry of Culture has some limited resources available, but its fairness in grant decision-making is questionable. The newest development is the EU Instrument for Pre-Accession Assistance (IPA) funds competition. However, both sources are minimal compared to the real needs of numerous media in Serbia; the drop of advertising revenues by far outpaced these two new sources for media financing.

The advertising industry is well developed outside of the capital and major cities, but the majority of advertising is in the hands of two Belgrade advertising agencies, so advertising is much more modest in local markets. Most agencies in Serbia are affiliates of large international agencies, but several are owned domestically. Tadić noted, “In the media advertising business, the three biggest agencies covering 80 percent of the market are owned by two advisers of the republic’s president and one town mayor—all high officials of ruling party.” The near-monopolistic situation in advertising produces problems for media, who are often forced to wait excessively to get paid by such companies. Television stations seem to suffer the worst from the problem.

The percentage of advertising revenue in relation to other sources is becoming less ideal. Some media faced with the reality of lower advertising revenues are entering into additional business activities, such as organizing marketing promotions, opening cafés, producing books, etc. Last year, panelists predicted that many local media outlets would be forced to close in 2009, and this in fact happened with several local media outlets—including some under state ownership. Also, at least two national television stations are having very serious problems, and most probably will be sold soon.

The government solidly subsidizes state-owned media. Last year’s statistic that state-owned media receive 66 to 100 percent of their financing from the state budget still holds true. However, government subsidies for independent media are minimal. As described above, the Ministry of Culture has offered some assistance. “On the tender by the Ministry of Culture for help to Serbian media, a considerable amount of funds was given only to journalists in Serbia who backed the Amendments to the Law on Public Information,” Smajlović said.

The government is an important source of advertising for independent media, though, and takes a different approach when placing ads: It uses nontransparent methods

INDEPENDENT MEDIA ARE WELL-MANAGED BUSINESSES, ALLOWING EDITORIAL INDEPENDENCE.

BUSINESS MANAGEMENT INDICATORS:

- > Media outlets and supporting firms operate as efficient, professional, and profit-generating businesses.
- > Media receive revenue from a multitude of sources.
- > Advertising agencies and related industries support an advertising market.
- > Advertising revenue as a percentage of total revenue is in line with accepted standards at commercial outlets.
- > Independent media do not receive government subsidies.
- > Market research is used to formulate strategic plans, enhance advertising revenue, and tailor products to the needs and interests of audiences.
- > Broadcast ratings and circulation figures are reliably and independently produced.

in distributing advertising to those private media that are willing to be less critical. Radivojević noted, "The authorities are well aware of the fact that they have media in their power more than ever before."

Media companies continue to use market research to formulate strategic plans, enhance advertising revenue, and tailor products to the needs and interests of audiences. However, most market research companies do not have enough money to survey a large number of media. Ratings research is funded by a combination of donors and users, but now users are the prevailing financiers. All national television stations are covered, and virtually all the most relevant regional and local media. In areas where People Meters are not present, the old diary methodology is used. Advertising agencies use the results to plan market penetration, and media outlets tailor programs to the needs of target groups.

People Meters allow an independent agency to reliably collect broadcast ratings. Another positive development is stabilization of the Audit Bureau of Circulation (ABC). For years, circulation data was an unknown quantity to anyone except individual media outlets. Now any stakeholder can access most circulation figures. The results show a large number of print media with small circulations. Milan Kovačević, representative of ABC Serbia, noted, "ABC Serbia is registering sold circulation for 90 percent to 95 percent of dailies and 80 percent of magazines produced in Serbia."

OBJECTIVE 5: SUPPORTING INSTITUTIONS

Serbia Objective Score: 2.50

The score for this objective remained more or less unchanged. Only indicator 2 (professional associations) received a score noticeably lower than last year. Most of the indicators scored close to the overall objective score, with the exception of indicator 6 (apolitical sources of newsprint and printing services), which scored slightly more than half a point higher.

Serbia has a number of professional and trade associations. In 2009, all associations noticeably diversified their activities. Among their most important activities is the protection of journalists and media rights. For example, ANEM systematically and comprehensively monitored legal developments such as new legislation, court cases, harassment of journalists, and the performance of government agencies with oversight authority on the media sector. Such associations, while active, are still too weak to effectively reverse government and political party pressure. Panelists said that NGOs are generally losing influence in the dialogue on Serbia's future.

Further, the old problem persists of the lack of an active journalist trade union. Media associations deal mainly with problems of media development, political influences on media, media strategy, and state treatment of media. Their role in treating journalists' labor issues and status as a profession is important but cannot replace engaged trade unions.

Several NGOs actively opposed the Amendments to the Law on Public Information. Their role in legal support is low, however, and to some degree unnecessary, due to the free legal help that NUNS and UNS offer to journalists and other media members. On average, NGO cooperation with international free speech organizations is good, but Serbia has seen cases of international organizations backing government moves because of higher-level political interests.

All panelists agreed that in spite of the fact that Serbia has 13 faculties of journalism, in addition to approximately 14 lesser programs, the quality of Serbian journalism schools is low overall. Too many journalists remain poorly educated.

Some domestic companies organized several short-term training sessions. Other foreign donors provide training on the Internet as a new source of income, and similar themes devoted to new media development. Short-term programs are often very well conceived and useful to the participants. The program just finishing in the south of Serbia for journalists was extremely well planned. Such educational courses are organized by USAID, medienhilfe, and the OSCE. "Short-term trainings at local media organized by IREX are often better than faculty programs," Sladojević commented. "Quality education within a journalist's own media outlet gives the best results."

Panelists had no complaints about access to printing facilities or sources of newsprint.

SUPPORTING INSTITUTIONS FUNCTION IN THE PROFESSIONAL INTERESTS OF INDEPENDENT MEDIA.

SUPPORTING INSTITUTIONS INDICATORS:

- > Trade associations represent the interests of private media owners and provide member services.
- > Professional associations work to protect journalists' rights.
- > NGOs support free speech and independent media.
- > Quality journalism degree programs that provide substantial practical experience exist.
- > Short-term training and in-service training programs allow journalists to upgrade skills or acquire new skills.
- > Sources of newsprint and printing facilities are in private hands, apolitical, and unrestricted.
- > Channels of media distribution (kiosks, transmitters, Internet) are private, apolitical, and unrestricted.

An important leap forward in freeing broadcast distribution is the decision to break up RTS's monopoly of the transmission networks. A special institution will be established to replace public television's monopoly. The decision itself, though not yet operational, gives hope to media outlets that they will experience fairer treatment in the future when solving transmission problems.

In 2009, some problems emerged in other distribution channels. Futura Plus, which controls 25 percent of print media distribution, was prolonging payment for sold copies. The delays were so drastic that print media united to stop supplying this company's kiosks with copies. The government did not intervene, despite publishers' hopes.

Individual regional cable operators also present some difficulties for television and radio distribution. Some ask domestic media for payment in order to include them in their cable lineup. On the other hand, cable operators pay foreign channels so that they may be included. This chaotic situation is a consequence of the state's inability to regulate the cable business. The only state obligation imposed on cable operators is to include public service television on cable.

List of Panel Participants

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Aneta Radivojević, editor in chief, RTV 5, Niš

Ljubica Marković, director, BETA news agency, Belgrade

Đorđe Vlajić, director, BBC representative office, Belgrade

Dinko Gruhonjić, president, Independent Journalist Association of Vojvodina, Novi Sad

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