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CROATIA

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Several events of significance for the Croatian media sector coincided with the MSI panel discussion. Just before the MSI panel discussion took place, the Croatian Media Council, which gathers together journalists and publishers, was established. With the formation of the Croatian Audit Bureau of Circulation (ABC) earlier in 2011, one might consider that the 20-year efforts of the Croatian Journalists' Association to build a self-regulation framework are finally complete.

On the morning of the panel discussion, Drago Hedl, one of the most distinguished journalists in Croatia and a regular MSI panelist, was awarded one of the highest civilian medals by the President of the Republic for his courage and professional perseverance investigating and exposing war crimes committed by Croatian military and paramilitary units in his home town of Osijek. Mostly thanks to his reporting, a powerful local warlord is currently serving a multiyear prison sentence for war crimes. Hedl risked his life while reporting many times without compromising his professional standards, regardless of the circumstances. Since the most challenging times in the 1990s, his work has set the standard for dignity. In a way, this award symbolically closed the "war/post-war chapter" in the history of Croatian journalism: Hedl has gone from the chief editor of an influential local daily paper, who had been ousted literally at gunpoint by paramilitaries—with likely approval of the state—to a journalist honored by the president of the same, although transformed, state.

The MSI panel took place only three days after the parliamentary elections and only two days before the EU–Croatia accession treaty was signed. An outsider might rightfully expect that these milestone events would have had a proportional effect on the MSI panel. Not so. The outcome of the parliamentary elections was probably the most predictable in the two-decade history of independent Croatia. The election campaign was uninspired, almost boring. The omnipresent evidence of the structural crisis, which goes far beyond pure mirroring of the global (or for that matter, Eurozone) crisis, has narrowed the level of expectations down to "let's hope these guys can do at least a bit better than the previous ones."

As a whole, Croatian journalists and media professionals have matured and are now experienced enough to understand that politics alone, whether local or "Brussels calling," is no longer the sole driving force shaping the media environment. "New government? Signing of the EU treaty? What change could this bring to the media industry now that it is not controlled by politics, as in the 1990s, or by local media tycoons as in the 2000s, but by the largest international banks?" one panelist asked rhetorically.

CROATIA AT A GLANCE

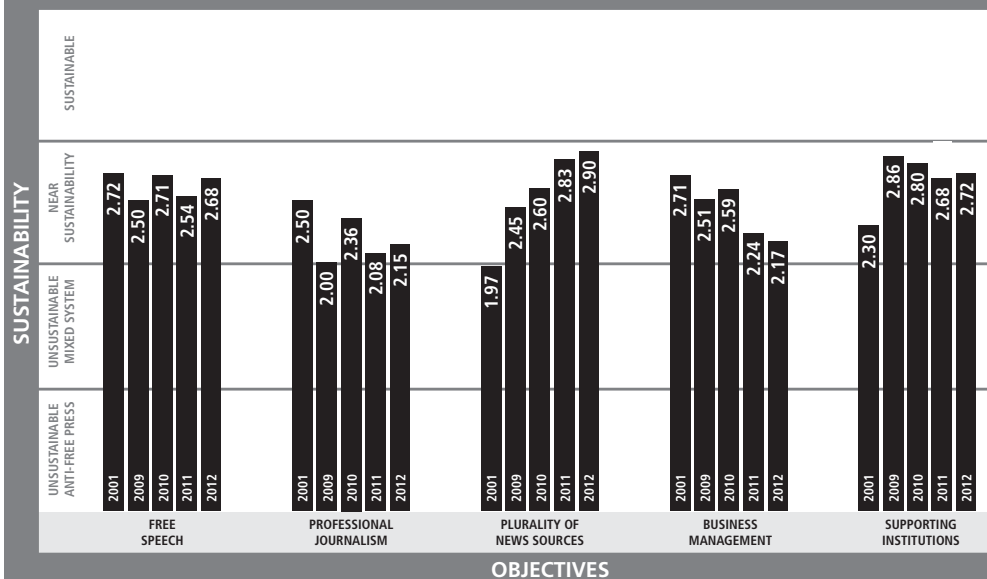
GENERAL

- > **Population:** 4,480,043 (July 2010 est., *CIA World Factbook*)
- > **Capital city:** Zagreb
- > **Ethnic groups (% of population):** Croat 89.6%, Serb 4.5%, other 5.9% (including Bosniak, Hungarian, Slovene, Czech, and Roma) (2001 Census, *CIA World Factbook*)
- > **Religion (% of population):** Roman Catholic 87.8%, Orthodox 4.4%, other Christian 0.4%, Muslim 1.3%, other 0.9%, none 5.2% (2001 Census, *CIA World Factbook*)
- > **Languages:** Croatian 96.1%, Serbian 1%, other and undesignated 2.9% (including Italian, Hungarian, Czech, Slovak, and German) (2001 Census, *CIA World Factbook*)
- > **GNI (2010-Atlas):** \$60.97 billion (World Bank Development Indicators, 2011)
- > **GNI per capita (2010-PPP):** \$18,710 (World Bank Development Indicators, 2011)
- > **Literacy rate:** 98.1% (male 99.3%, female 97.1%) (2001 Census, *CIA World Factbook*)
- > **President or top authority:** President Ivo Josipović (since February 18, 2010)

MEDIA-SPECIFIC

- > **Number of print outlets, radio stations, television stations:** Print: 1,000+ total publications; 17 daily newspapers, 40 weekly newspapers; Radio Stations: 148, 6 of which are national; Television Stations: 28 terrestrial, 7 of which are national; 3 IPTV
- > **Newspaper circulation statistics (total circulation and largest paper):** The total circulation of daily papers is estimated at 400,000 copies a day, the top 3 being tabloid *24 Sata* (circulation 120,000), *Vecernji List* (circulation 70,000), and *Jutarnji List* (circulation 55,000); the highest circulated political weekly is *Globus* (20,000 copies), followed by *Nacional* (12,000)
- > **Broadcast ratings:** Top 3 television stations: HRT 1 (public), Nova TV (private), and RTL Croatia (private)
- > **Annual advertising revenue in the media sector:** Approximately \$550,000,000
- > **News agencies:** HINA (public), IKA (Croatian Catholic News Agency), radio networks
- > **Internet usage:** 2.234 million (2009, *CIA World Factbook*).

MEDIA SUSTAINABILITY INDEX: CROATIA



Scores for all years may be found online at http://www.irex.org/system/files/EE_msiscorers.xls

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

Croatia Objective Score: 2.68

One would expect that a country that has just completed its record-breaking six-year-long EU accession process would not have any significant problems with Objective 1, especially not with Indicator 1. After all, freedom of speech and its legal protection, as part of a larger domain that includes, among the others, human rights and an independent judiciary, is one of the cornerstones of the EU *Acquis Communautaire*, the most often mentioned concept in the accession negotiations. True, a glance at Italy and its Berlusconiized television sector or, similarly, the new Hungarian Media Act, would indicate some worrisome lapses in free speech protection within the EU family of nations, but, as always, the bar has been set a bit higher for aspirant countries.

Croatia MSI panelists have never raised any particular concerns when it comes to the legal framework protecting freedom of speech (which should not be confused with its implementation). The media and media related legislation (the Constitution, the Media Act, the Electronic Media Act, the Public Radio and Television Act, Freedom of Access to Information Act) provide a stable and well-defined legal framework for enabling and safeguarding freedom of speech. In fact, the MSI panel discussion took place almost exactly a

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 or registration of media protects a public interest and is fair, competitive, and apolitical.
- > Market entry and tax structure for media are fair and comparable to other industries.
- > Crimes against media professionals, citizen reporters, and media outlets are prosecuted vigorously, but occurrences of such crimes are rare.
- > The law protects the editorial independence of state of public media.
- > 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 available; right of access to information is equally enforced for all media, journalists, and citizens.
- > Media outlets' access to and use of local and international news and news sources is not restricted by law.
- > Entry into the journalism profession is free and government imposes no licensing, restrictions, or special rights for journalists.

"The state acts like it has an exclusive right to determine what truth is. I already have one legal action against me, based on 'public exposure of harmful facts.' This is ridiculous. How can I work as a journalist without exposing facts that are 'harmful' to someone?" panelist Denis Kuljiš, a journalist with Europapress Holdings asked rhetorically.

year after the EU negotiation chapter that deals with media freedoms has been "closed." In Brussels' terms, that means that Croatia meets all the requested criteria on protection of free speech. Indeed, Croatia's legal provisions that regulate free speech and access to public information are harmonized with EU standards.

With or without Brussels monitoring, Croatia has no history of any "state of emergency" that suspended media freedoms. Even during the war in the 1990s, independent media were not silenced or "disciplined." Nowadays, it would be impossible for politics to interfere directly in the editorial policy of the leading nationwide media (although, the same is not true for local media, where local politicians still have the means, primarily financial ones, to control them). Every such attempt on the national level would provoke an instant reaction of the watchdog organizations and the general public.

Still, worrisome developments occur, and one that took place in early 2011 provoked strong reactions from the panelists. The government in power earlier in the year legislated a new criminal offense, named "vilification," defined as "deliberately publicizing false, offensive, harmful, or fabricated information." "This is for sure a regression in terms of freedom of speech," said panelist Emil Havkić, a lawyer and the media legislation expert. "The state acts like it has an exclusive right to determine what truth is. I already have one legal action against me, based on 'public exposure of harmful facts.' This is ridiculous. How can I work as a journalist without exposing facts that are 'harmful' to someone?" panelist Denis Kuljiš, a journalist with Europapress Holdings asked rhetorically.

"The introduction of 'vilification' opens too wide a space for different manipulations and pressures on journalists, discouraging investigative and any other serious form of journalism," panelist Drago Hedl, an investigative reporter from Osijek, added.

"I haven't been attacked, I haven't even received any serious threat in 2011," panelist Gordan Malić, investigative reporter with Europapress Holdings, said. "Three or four well-known figures from the underworld have started a legal action against me. It looks that even they don't beat journalists anymore."

Lawmakers have explained that the "Vilification Act" was borrowed from the Swiss criminal code without changes to counter the worst abuses of journalism and deliberate smear campaigns. But it should be noted that, while introducing this law, the then deputy speaker of the parliament mentioned that this new act should "discipline journalists." "This is an awkward and worrisome vocabulary," Hedl said. "What the lawmakers do not understand is that transposition of legal definitions from a country with a different political culture and legal praxis, such as Switzerland is to Croatia, just too often has the same effect as adding a new exotic fish to an aquarium populated by local fishes. Instead of supporting the diversity, this more often results in damage done to the fragile equilibrium of the local environment, in this case, the legal one," lawyer Havkić explained. Legal action to annul this act has been initiated.

An independent regulator, the Council for Electronic Media, licenses broadcast media. Most of the panelists think that the main problem with the Council is not political affiliation of members, as it was in the 1990s when most of the frequencies were allocated, but rather the lack of transparency and inappropriateness of licensing criteria. This applies both to frequency allocation and to use of funds dedicated to promoting high quality radio and television productions on commercial stations.

"Contracts on allocation of the radio and TV licenses are still not publicly available. Therefore, the public has no means to check whether a license holder fulfils the basic programming requirements and terms under which the license to use the frequency, as a limited public good, has been granted. This is an outrage to common sense and public interests," one panelist said. "It's been over five years since the signing of the license contract between the Council and two major national commercial TV stations. We still can't get access to it. The Council keeps explaining that it is a 'business secret,' which is not acceptable, since it is about the concession for using a public good," panelist Jelena Berković, a media specialist with GONG, said.

Havkić shared his belief that the process of license renewal should be stricter, rather than being automatically renewed. "The concession for using a public good should be under special scrutiny. Automatic renewal erases the very substance of the license, which is using a public good for the public benefit," he said. However, panelist Miljenko Vinković, the deputy president of the Association of Local Television Stations, had a different opinion. "Try to walk in our shoes," Vinković said. "The capitalization period in radio is five to seven years, for a TV business seven to ten years, at least. Who would invest in it knowing that there's a license reviewing procedure after five or seven years? Which bank would give a loan to an investor under these terms?"

Another panelist mentioned that in the late 1990s Croatia failed to ask for more frequencies from the International Telecommunication Union. Slovakia did so and as a result, the city of Bratislava, which is half the size of the Croatian capital, has almost three times more radio stations than Zagreb, or six times more stations per capita. The Zagreb market would probably not sustain all of them, but it would be up to the free market to regulate that. "The lack of frequencies has only prevented open market competition and has helped in consolidation of the existing media monopolies," Kuljiš said. "In addition, it creates an uncompetitive environment. Two national TV stations have recently been allocated a national frequency for their specialized channels. They haven't generated a single new job, but have been running rerun after rerun. I'd call it market suffocation, rather than market competition," panelist Dražen Klarić, editor for Politikaplus.hr, said.

There is no licensing requirement to launch media that do not use a limited public good such as the frequency spectrum. Media using new communication platforms must only formally register themselves in the Council's register, and pay a modest registration fee. The same procedure applies to the print media, which must formally be entered into the register of the Chamber of Commerce. But this is not without controversy. "The Council for Electronic Media considers web portals as part of their portfolio. As such, they asked us to pay 0.5 percent of our annual income, as radio and TV stations are paying to the Council. Considering the size of our budget, this is not a lot of money, but we should get some services in return for this 0.5 percent, which is not the case now," panelist Toni Gabrić, editor at H-Alter.org, said.

There are no special capital requirements and no undue restrictions, taxes, or procedures in starting a print media organization; the process is the same as for any other type of business. Starting a new print media, assuming it is in line with the antimonopoly provisions, depends only on the investor's budget and market demands. "The print media are

actually in a better position than other industries, including broadcasters as well. They are paying only half of the standard VAT rate. Unfortunately, there have been no public benefits from it. Readers didn't get any additional content for the public interest as a result of the tax break, and the cover prices of all the daily papers have increased instead of reflecting the VAT reduction by lowering the price," panelist Božo Skoko, founding partner of Millenium Promocija, said.

When it comes to the broadcast media, panelists (including the representative of the sector) have agreed that the annual license fees are, regardless of the type of the concession (local, regional, national), more than fair. "I'd rather call them priced under the market, than just fair," Klarić said, criticizing indirectly the Council for what he called "intentional or unintentional neglect of one important source of revenue" and "underselling a public good."

Crimes committed against journalists are rare and in evident decline. The most brutal attacks (such as the beating of investigative reporter Dušan Miljuš in early 2008 and the assassination of editor and journalist Ivo Pukanić in autumn 2008) have not had any sequel. "I haven't been attacked, I haven't even received any serious threat in 2011," panelist Gordan Malić, investigative reporter with Europapress Holdings, said. "Three or four well-known figures from the underworld have started a legal action against me. It looks that even they don't beat journalists anymore." It is encouraging to hear this from an investigative reporter who has been under round-the-clock police protection many times in the past ten years.

More often pressure on journalists takes the form of lower-profile types of harassment. Still, the problem is more evident in local media. "Working in local media means that a journalist in most cases knows personally the actors of his or her stories, and vice versa. This opens a much wider space for different types of harassment. Most often, it is about a low-intensity harassment, probably not 'evident' enough to report it to the police, but it still exists," panelist Vinković, also the director of local television station SRCE-TV, said.

"The Police are more efficient than in previous years. A strong message of zero-tolerance regarding attacks on journalists has been sent to organized crime, with tangible results. But, this is a specific type of crime. It is easier to find perpetrators than to identify who stands behind them and direct motives for the attack," Havkić said. "I am only happy to repeat what I said last year," Kuljiš added. "After so many troubled years, in the past two years, I feel safer than those who featured in my investigative stories," he said.

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Discussion of Indicator 5 (The law protects editorial independence of state or public media) provoked a brisk exchange of opinions. "Legal norms can make only a basic framework for editorial independence. Any further legal stipulation that would go into details would not support editorial independence. On the contrary, it would mean a government intervention into editorial independence," Havkić said.

"Public TV is chaotic, but politically independent. One can see the most important and the most trivial content mixed together in the prime time. But, one thing is sure: programming is not politically controlled. It depends much more on different lobbies and pressure groups. The same goes for the managers and board members. They represent the public domain, NGOs, the civil society. This is not a problem; the problem is their sense of responsibility," Malić said. Most of the panelists agreed that there is no such a thing as "the best model" when it comes to legal definitions and by-laws to protect editorial independence, and "the best model" to ensure independence of the management board from political influence. It depends mostly, they agreed, on the capacity, maturity, tradition of dialogue, and appetite for democracy of each society much more than on the legal norms.

Berković, a member of the experts team that monitored elections, pointed out an exception, although not of such an overwhelming importance as to eclipse the final conclusion. "Politics interfered directly with public TV programming regarding the issue of the election coverage," she said. "It was politics that demanded equal time for public presentation of each election runner. Editors and journalists didn't have a word in this process."

There are no laws that would favor public media journalists over those from private media. Access to information is equally open—or closed, depending on the situation—for both.

Despite the regressive development elaborated earlier ("vilification" as part of the criminal code), libel and defamation remain a civil law issue. The burden of proof is on the plaintiff. As evidenced by the anticorruption campaigns and the fact that 2011 was an election year, public figures are

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held to higher standards. Regarding judges, panelists do not think there is a problem with corruption rather they question their capacity (and competence) to preside over media cases, especially libel, defamation, and now “vilification” cases. “In addition, judges tend to raise the fines for ‘damaging reputation,’ which has become, by purpose, prohibitively high,” panelist Zdenko Duka, president of the Croatian Journalists Association, said.

“I have never had any problems with access to information,” Kuljiš said, opening the discussion on Indicator 7. “It is part of our job description to get information, even when the source is not willing to give it to us. Laws do not prevent or prohibit access to information, but we know it’s part of the politicians’ instincts to hide at least some information from the public. We shouldn’t expect them to be completely transparent. We should find our own ways to get information,” he said. Panelist Gabrijela Galić, former president of the Croatian Journalists’ Trade Union, agreed but said that we should not forget that the situation in local media is much different: “Sometimes it is more demanding to get information from a local politician than from a top one.”

There are no regulations precluding any media outlet from accessing public information. Still, some of them seem “more equal” than the others. Malić pointed out the fact known to all media professionals (and passionate media consumers) in Croatia: “A selection has been made as to which media would get classified information on investigations and court procedures against the former Prime Minister. It is, shall we say, a strictly controlled leaking of information from the state attorney’s office and from the defense team of the former PM, channeled only to their ‘friendly’ media. This is a criminal offense, but I don’t see the state prosecutor taking any actions in this respect.” “I am benefiting from it, because I’m on the list,” he added, “but what about those who are not on ‘the list’? How would they get information?”

Access to local and international news, including the Internet and social networks, is open and absolutely unrestricted, both for journalists and the general public. Higher Internet penetration, more affordable rates of on-line services, and the relatively high percentage of households using

broadband or cable Internet, have decisively contributed to the massive and efficient flow of local and international news. However, a problem remains regarding the fair use of intellectual property. “We have a whole new generation of the copy and paste journalists,” panelist Anja Picelj Kosak, media specialist at the U.S. Embassy, said. “Sometimes I think this is the only way they work.”

Entering the journalism profession is free, with no licensing or other restrictions imposed by the government. Accreditation is needed for covering special events, but it depends on publishers and editors. There have been almost no cases in which accreditations have been denied or withdrawn by the government or other public institutions. Enrolling in journalism schools and placement in entry-level positions are in no way influenced by the government or political interests.

OBJECTIVE 2: PROFESSIONAL JOURNALISM

Croatia Objective Score: 2.15

“Journalists are forced into self-censorship, no doubt about it.” This is how Kuljiš opened the discussion on Objective 2, skipping past indicators 1 and 2. “I don’t see any differences between censorship and self-censorship. It is only about who is enforcing it, editors and owners, or journalists,” he added. His colleague from the same newsroom, Gordan Malić, disagreed, saying that self-censorship is more devastating because it is internal and therefore less transparent. “Censorship is more characteristic of an authoritarian environment, whilst self-censorship indicates a situation in which a journalist knows in advance how far she or he

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 and retain qualified personnel within the media profession.
- > 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 exist (investigative, economics/business, local, political).

is allowed to go, and adhere to it. Censorship is usually associated with a certain resistance, self-censorship with conformism," said Malić.

In Croatia, political censorship is a thing of the past. "One can report on the Prime Minister or politicians absolutely freely, without any fears of offending them or fears of any type of direct retaliation or "cold" revenge. It's different with owners who are paying our checks and with advertisers and bankers who are paying our owner's checks," Klarić said. "In 2011, it has become more obvious that owner's interests are predominant in the editorial policy of media. Interests of the media owners and their other businesses are continuously devastating the quality of journalism. Media do not report on issues that can expose their owners and their business partners. One can find information on these issues only in competing media," Gabrić said.

As mentioned above, banks have the strongest position in the media market that they have ever had. Two of the three biggest publishers are directly dependent on the bank loans ("life-supporting financial injections," as defined by one panelist) and their good will to postpone activating of financial and other legal instruments to secure payments. This is not a desirable situation for a media outlet.

"This is probably the worst time for journalism since the fall of socialism. In the 90s, there was a solid group of truly independent, respectable, and responsible media. Nowadays, it is hard to say if there are any relevant media outside the omnipresent network of financial lobbies and pressure groups. Those who remain independent are on the margins, with limited influence on public opinion," panelist Boris Rašeta, a journalist with *Novosti*, said.

Panelist Ante Gavranović, a senior professional with over half a century of journalistic and media management experience, and the former president of the Croatian Association of Publishers, added a bit more colors to the conversation. "Professional standards have deteriorated, indeed. Still, there is a large pool of quality journalists in our media. But, the trend is clearly negative, and this should be a matter of real concern for all of us," Gavranović said.

In the transition to Indicator 1, panelist Đurđica Klancir, deputy editor-in-chief at Tportal.hr, said: "There is negative selection in Croatian media. The owners and editors are promoting journalists not on the basis of their merit and professional achievements, but rather those whom they can influence or manipulate. There are an ever-growing number of journalists who have no problems conforming to the role of promoters of a media owner's interests. Some of them owe their whole career to it," she said.

"Most of the readers even don't see a difference between PR and articles. But, this has a devastating impact on the credibility of the mainstream media with the more demanding readership," Skoko added.

Putting aside some slightly cynical remarks from panelists that the state attorney's office is "one of the busiest news agencies in Croatia," and obvious problems when it comes to general legitimacy of media independence as such, panelists agreed that investigative journalism is a strong factor in the Croatian media, and beyond. After all, they said, media played a starring role in exposing corruption, which has resulted in investigation and prosecution of the former prime minister, deputy prime minister, and dozens of their associates. This should be honored, regardless of the possible strings attached.

In a parallel universe, there exists in Croatia aggressive tabloid journalism. "One can identify tabloid when one sees it. Whoever wants to buy it, let them buy and read it. The problem is when mainstream papers, that should be 'serious,' accept a tabloid approach in a slightly disguised form in order to keep their market position. This is a true killer of professional journalism," one panelist said. Papers in Croatia are almost exclusively sold at newsstands (accounting for over 95 percent of circulation). As a consequence, editors want to be ahead of the competition with "exclusive" stories and headlines for the front page; they want to have their paper stand out on the newsstand. They have less tolerance for allowing more time for verification and checking of facts, for background research, and for consulting a multitude of sources.

But Havkić felt that this is still within reasonable limits: "Experts are consulted on every relevant story, as far I can see. I don't read tabloids, but in the mainstream media, I can find information I need. I am certain there are examples of 'burying' stories in mainstream media, but, if you read more than one, you would find the facts and the background of them," he said. "There are good dentists and bad dentists. There are good lawyers and bad lawyers. There are good journalists, and less good journalists. I do see a decline of professional journalism and editorial standards, as the combined result of mingling of media with business and other lobbies, and of the influx of inexperienced and ill-prepared young journalists. But journalism in Croatia is still ahead of any other country in the region, some EU member countries included," Kuljiš concluded.

The same could be said for ethical standards in the Croatian media. The Croatian Journalists' Association (CJA), as an umbrella organization with a membership comprising more than 90 percent of all active journalists in Croatia, is well known and internationally recognized for its well-elaborated ethical code and respectable Council of Honor. The Council of Honor discusses any individual case upon complaints from individuals, institutions, or companies. The CJA's statute, ethical code, and other documents are fully harmonized with international standards, and are regularly used by the journalists' associations in the region, and further afield. "Our members usually observe the Code of Ethical Standards," said Duka, the president of CJA. "But we have no influence over non-members, a minority of journalists who are almost in constant breach of basic ethical standards. It really makes no sense to appeal to them. They don't do this because they don't know, or because their lack of experience. They have chosen this path by themselves. Unfortunately, the public often perceives the whole profession based on their excesses," Duka said.

One of the most worrisome problems emerging is the mingling of journalism, advertising, and public relations. "Nowadays one can buy not only advertising, or a PR piece, but literally every form of journalism. It is not about hidden advertising any more. It is about pure full-blooded advertising pieces, written in the form of an article, even signed by the author. As the direct consequence of the market crisis, everything is on sale," public relations expert Skoko said. "Most of the readers even don't see a difference between PR and articles. But, this has a devastating impact on the credibility of the mainstream media with the more demanding readership," Skoko added.

As mentioned, media cover all key events. There are no "forbidden issues," including matters of national security. Media consumers may have rightful objections about editorial policy or burying some delicate issue in their preferred media outlet, but that does not mean the subject has been swept under the rug. "Journalists are covering all issues. The problem is whether the editor would have green lighted it. But, even if not, the other media will pick up the subject," Hedl said. "With one exception," panelist Malić added, insisting on his "banks-are-untouchable" theory. "I haven't seen any information on lucrative bonuses paid to the top bank managers in 2011, except in one local paper, and just in the morning edition."

"Some important issues in certain media are not covered as they should be. But this is not the result of any kind of pressure, or direct orders. Most often, it is about shallow and selective coverage that particular media exercise. Trivialization has taken a toll, and has become an active media component," panelist Kuljiš said.

Berković pointed out that as part of the accession procedure, Croatia will hold a referendum on EU membership (later held on January 22, 2012). Although EU supporters have a comfortable majority of votes, Eurosceptics simply did not get an appropriate public voice. "It is not enough just to say: 'Well, we know that the majority of Croats support EU accession,' although every relevant statistic would prove it. It is about giving a voice to those who oppose it. They represent at least a third, if not more, of the population. We can't simply ignore that. By this, the discussion on EU accession, especially on public TV, has become merely pro-accession propaganda than a serious debate on the pros and cons of EU accession," she said.

Neglecting international events has already become a bad habit of Croatian media. Year after year, coverage of international grows less prominent. Croatian media are reducing the number of their international correspondents and foreign affairs desks, focusing mostly on two or three main areas, such as EU accession, events in the former Yugoslavia, relations with the U.S. An in-depth analysis of the global economy, China or Brazil for example, is hard to find. One can always find stories, including quality ones, on the Internet, but this should not be an excuse for the lack of quality coverage of international events. Just two months before the referendum on EU accession, the chief editor of public television, HTV, decided to cancel production of a quality weekly magazine on EU issues on the grounds of "low audience ratings." "Well, for sure, soap operas have higher ratings, but should the ratings be the only element that matters for public TV? What about quality of production, the lack of such content in general or a specific need for it?" asked panelist Tena Perišin, an editor with HTV.

Croatia's MSI panelists have established a kind of tradition to object to Indicator 5 ("Pay levels for journalists and other media professionals are sufficiently high to discourage corruption and retain qualified personnel within the media profession"), especially to the first part of it that connects pay levels and corruption. "In this part of the world, the highest paid officials are usually most corrupted. I don't think that journalists are special compared to other professions. It is about the moral standard of an individual, not about the profession or about the money. When it comes to salaries in journalism...well, all industries are suffering from crises, including the media industry. We are no exception to it," said Kuljiš. In the past three or four years, top salaries in journalism, which used to reach as high as \$150,000 to \$200,000 a year, have dropped significantly. A gross annual salary of \$20,000 is more or less industry standard. In general terms, this is comparable to other professions with similarly demanding job descriptions. However, journalists' salaries in smaller, local media can be as low as \$10,000 a year.

"I would go for a higher score for this indicator, if it weren't for a problem with contracts for part-time workers," Havkić said. Due to very high taxes on salaries, many employers (not only in the media industry) bypass the law by keeping their staff on part-time contracts and therefore paying lower taxes. The downside is that part-timers receive no social and health insurance, no contributions to pension funds and other benefits, and almost no legal protection at all. Contracts are usually for six or twelve months, with no guarantees of renewal.

"It is hard to do your job, knowing that there are two or three journalists waiting in line for your position, and ready to work for half of what you are making," said Galić. "It's getting worse," Perišin said. "There are so many young graduates in journalism and young journalists ready to work under any condition. They are fertile ground for different types of manipulation. Unfortunately, they are lowering professional standards in journalism, although not intentionally," Perišin continued. "Many journalists are contacting my agency, asking for jobs in the PR industry. This is legitimate, of course, although it indicates the status of journalism as a profession. But, it is much more worrisome to see many young journalists who are openly offering us 'services,' meaning inserting PR elements in their articles. I am sure they are doing this primarily because they can't live on what they are making with their part-time contracts," Skoko said.

It is not easy to give a single and unambiguous answer regarding indicator 6, the balance of news and entertainment. Generally speaking, as discussed above, trivialization has taken a serious toll on the Croatian media. New "specialized" television channels, with the exception of the national business channel, offer little apart from cheap entertainment and endless reruns of soap operas and talent shows. Besides, as panelist Klarić rightly objected, they have not generated a single new job. "Infotainment" found its place in the Croatian media dictionary (and vocabulary) a decade ago, and is already deeply rooted both in the broadcast and print media. HTV has lost a lot of its credibility (and audience), although it is still by far the most watched public service broadcaster in the region. A hybrid of the lowest-demanding productions and high quality news continues to be the trademark of national commercial television channels. TV Nova, for example, overflows with reruns of soap operas and reality shows, but still runs the best central news production that competes strongly with HTV news in the same time slot. "It has taken a while for foreign investors to realize that news production is attracting audience in Croatia. True, they are obliged to have news production under their license agreements, but one can see some additional efforts in this respect," Klarić said. The

same hybrid exists side by side with the most notorious tabloid in Croatia, *24 sata*. They are running a specialized television news channel and making extra efforts to run it professionally.

One can find the same hybrids when it comes to the niche and specialized reporting. "There are over 1,000 registered print media in Croatia, which makes almost one title per thousand inhabitants," Gavranović said. "There are hundreds of titles on sports, fashion, health and medicine, car magazines, leisure time, etc. There are two national business dailies, as well. But, when it comes to the mainstream media, one can see the revival of an 'all around' type of journalism. There is ever less space for specialized journalism in the mainstream. Specialized and niche journalism has been pushed to lower-circulation specialized magazines. It wouldn't be right to say that specialized reporting doesn't exist, but it has lost significantly when it comes to a wider audience. This is a global trend," Gavranović concluded.

Generally speaking, the facilities for gathering, producing, and distributing news are in line with higher professional and technical standards. This is true for most of the nationwide media (both print and broadcast), although some small, local newsrooms are sometimes underequipped. "Nowadays, a local radio station can be equipped for just a fraction of what the same investment would have been five or ten years ago. Standard hardware and software are ever more affordable," Klarić said.

OBJECTIVE 3: PLURALITY OF NEWS

Croatia Objective Score: 2.90

Indicator 1 of Objective 3 brings up a common issue for Croatian MSI panelists. "If you want to be informed, you have to buy more papers. Someone will report on any issue, this is for sure, but the question is how many of the media consumers can afford to buy more than one paper," panelist Picelj-Kosak said. To be more precise, statistics report that the 30-day consumption of a single daily paper, combined with the mandatory fee paid to public broadcaster HRT, reaches almost 7 percent of the average salary paid in Croatia, or some 12 percent of the average pension. Who can afford to increase the amount to buy another daily paper just to stay informed? "This is a significant improvement compared to socialism. Then, we had to read between the lines to find out what's going on. Now, we have to buy more papers for the same result," Malić commented.

"Indicator 1 questions the existence of plurality of news sources, not necessarily quality of it," panelist Klarić clarified.

“Ten years ago, there were no doubts about who controlled public TV. It was politics and politicians. Nowadays, politics has no influence on public media. Now, it is about different business and interest lobbies. This category [of influence] is much harder to be identified and to put your finger on. It is much more elusive and therefore probably even more influential,” Klarić said.

“And when it comes to plurality, it would be safe to say that plurality of sources exists,” Klarić said. Indeed, above it was mentioned that one print title exists per 1,000 inhabitants in Croatia. There are seven national television channels, 21 local or regional commercial television stations, 148 radio stations, and many cable television and Internet providers. Croatia is at the very top in Europe when it comes to IPTV penetration. New communication platforms are indispensable for the younger generation, but recently they have been successfully introduced even in some retreats for pensioners and elderly people. With 1.44 mobile phones per capita, 60 percent of households with the Internet access (plus 97 percent of enterprises), more than 10 percent regularly using mobile Internet access, plurality of news sources is secured.

MULTIPLE NEWS SOURCES PROVIDE CITIZENS WITH RELIABLE, OBJECTIVE NEWS.

PLURALITY OF NEWS SOURCES INDICATORS:

- > Plurality of public and private news sources (e.g., print, broadcast, Internet, mobile) exist and offer multiple viewpoints.
- > Citizens' access to domestic or international media is not restricted by law, economics, or other means.
- > State or public media reflect the views of the political spectrum, are nonpartisan, and serve the public interest.
- > Independent news agencies gather and distribute news for media outlets.
- > Private media produce their own news.
- > Transparency of media ownership allows consumers to judge the 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
- > The media provide news coverage and information about local, national, and international issues.

The fastest growing sector is IPTV service, since early 2010 available as a satellite service (important for rural areas and remote islands), which will additionally enhance plurality of news sources.

Even in the late 1960s access to foreign news was not restricted. As a tourist country, visited by millions of foreign tourists, Croatia had international print media available in many newsstands, even in the off-peak season. Croatians regularly watched Austrian and, especially, Italian television channels with no efforts by the government to jam the signals. Hundreds of thousands of Croats working and living abroad (mostly in Germany, Austria, and Sweden) regularly visited their families back home over the holidays, additionally contributing to the news and information flow. The panel discussion moderator, Davor Glavaš remembers a discussion with a retired senior BBC World Service manager in 2005, who said that the former leader of Communist Yugoslavia, Josip Broz Tito, formally gave his word during a 1953 visit to Great Britain that his government would not jam the BBC Yugoslav service signal. He kept his promise and more. All international broadcasters (BBC, Voice of America, Deutsche Welle, Radio France International, etc.) operated freely for decades, and closed their Croatian language services only as a result of their own downsizing.

The government does not block, limit, or restrict access to local or international media in any way. Registration is not needed for using any kind of a technical platform for receiving news. A high literacy rate (98.2 percent) additionally contributes to efficient news dissemination.

The only limitation, mentioned above, is the high cover price of the domestic, and, especially, the foreign press. Internet access (89.8 percent of Internet users use broadband or cable Internet) has become more affordable, especially given the fact that this service is often bundled with IPTV and a fixed phone line. A decade ago, Internet access cost \$150 per month; nowadays, unlimited use is available for a flat fee of \$25 per month, or even cheaper if combined with other communication services. Satellite IPTV has significantly improved access to the Internet in rural and remote areas, although the access to media there is still more restricted than in urban areas.

Public media in Croatia have been basically reduced to radio and television broadcaster HRT plus a low-circulating and almost irrelevant daily newspaper. “Ten years ago, there were no doubts about who controlled public TV. It was politics and politicians. Nowadays, politics has no influence on public media. Now, it is about different business and interest lobbies. This category [of influence] is much harder to be identified and to put your finger on. It is much more elusive and therefore probably even more influential,” Klarić said.

Indeed, HTV offers a variety of programming on its two national channels. But, taking into consideration the budget at its disposal, one might question how well the money has been spent. "Public TV airs programming that is not available on commercial channels," said Perišin. "You can find excellent, even the best, international documentaries. You can find excellent educational pieces and kid's shows, for example. Last month, HRT aired a package of contemporary French movies. It was fantastic, but I really can't understand why those movies were pushed to the midnight time-slot. Who can watch them then? It's such a waste of money," Perišin said.

"Well, you are absolutely right. After watching a real freak-show in the presentation of all party and independent candidates during the election campaign, one can only conclude that public TV covers really everything," Kuljiš added, just slightly ironically. "The whole political spectrum is covered by the public broadcaster, indeed, but I can hardly find any systematic effort to present it in a way to serve the public interest. It's so incoherent, chaotic, as colleague Malić said. There's always a question mark in the background about whose private or particular interest does it serve," said Skoko, formerly a HRT journalist. "It is hard to say that public TV is biased. It is not. I would rather say that some news editors have their own political preferences, and this is evident in news they anchor. But, it is not about any directive given to them. It is about their own adherence," Klarić said.

Officially, there are two national news agencies, but there are many other local news providers who have almost saturated the market. News agencies provide news to all media, with two types of services: free access to news headlines and subscription-based use for different news services (print, audio, video, online, photo service). Since 2008 and 2009, subscription-based news services have become more affordable for local media, although many nonetheless complain that the service is "too expensive." The subscription fee is based on the actual coverage of the client. Bigger national media use international agencies (most often Reuters followed by AFP and AP) as well, with no restrictions. Local broadcasters rely on news provided by radio networks (five of them), which are usually part of barter deals with the content providers: news in exchange for advertising time. The biggest national news agency, HINA, also offers "a subscription for personal use" to professional journalists, for as little as \$35 per month. Regardless of relative affordability of the news services, media outlets (with exception of the national media) do not always cite them as the source. This is particularly, although not exclusively, the case with the web portals.

Private broadcasters produce their own news; they are obliged by the Croatian Electronic Media Act to devote at

"The concept of dividing the ownership and the editorial component is still unknown territory for the Croatian businessman," one panelist commented.

least 10 percent of their programming to news and public information. Most local commercial broadcasters run national and international news provided by radio news networks in exchange for their advertising time so that their news staff can focus on production of local news. To a certain extent, this goes for the print media as well, who are also ever more depending on "hub" suppliers of national and international news while focusing more on their prime local content.

Bloggers have become ever more important, primarily thanks one of last year's MSI panelists, Marko Rakar. It is ever more often the case that even big national media take news from bloggers and elaborate it further. Unfortunately, quite often media do not attribute the source of information, which hurts the ability of bloggers to directly reach the public. For example, a colossal effort made by Rakar and his assistants in gathering together information on public procurement was presented by other media outlets as the result of their "investigative teams."

All print and commercial broadcast media are obliged to disclose data on their owners by the end of January each calendar year. This information is publicly available in the print and web edition of the governmental *Official Gazette*. In general terms, it would be safe to say that most of the Croatian media, or at least the most important and influential ones, have known owners, although not all of them. "Transparency of media ownership is not a Croatia-specific problem," Kuljiš said. "I remember that in the 1990s WAZ [West Allgemeine Zeitung, one of the biggest German publishers] was using one law firm as a cover to buy media in the former East German territory, in order to bypass the media monopoly provisions. Then, in the 2000s, I saw the same law firm operating in South East Europe. Probably doing the same job for the same client," Kuljiš said.

Panelists discussed whether it is possible to achieve a state of true transparency in ownership of media. "Transparency of the ownership is traceable only down to the formally registered owners. But, the formal owner might have lodged a contract on transferring the ownership to any other legal or physical person, and there are no legal means to find anything about it, if the actors don't want to disclose it. The ownership can be impermeable, without being in breach of the legal procedure," Havkić explained. "I think the issue of media ownership is a bit overrated. It is much more important

who sits in the management and supervisory boards, for example. Judging their professional profiles can tell you more about the specific media, than the list of owners," Malić said.

A special state agency enforces relatively strict antimonopoly provisions. A publisher is not allowed to control more than 40 percent of the market of daily newspapers, or of weeklies. The antimonopoly provisions are even stricter in broadcast media, where a license holder is not allowed to hold a license in any other neighboring area of coverage. The cross-sector monopoly provisions do not allow print media owners to enter the broadcast sector, and vice versa. Some panelists objected that the antimonopoly provisions for broadcast media are actually obsolete (e.g., what does a "local" license really mean knowing that the same "local" radio and television station can instantly become "national" on the IPTV platform?), and in many ways detrimental to entrepreneurial development of the broadcast market.

Business conglomerates have only recently entered the print media sector, although the first indications are not exactly encouraging. A local businessman recently bought one of the finest Croatian local daily papers, *Glas Istre* in Pula only to fire an investigative journalist who dared to go (in his own time, and as a private person) to a solidarity meeting with an environmental movement that opposes a mega-development plan for Pula. "The concept of dividing the ownership and the editorial component is still unknown territory for the Croatian businessman," one panelist commented.

When it comes to foreign owners, there were mixed feelings on whether to consider that as a "benefit, detriment, or some combination," as indicator 6 instructs. The fact is that most of the media professionals expected more in the early stages of foreign investments, especially in the television sector. "But that was almost naive," Kuljiš commented. "Why should anyone expect RTL, for example, to change its original format in the Croatian market? Quite the opposite, they come here to sell us exactly this format. But, looking back, we can say that foreign investors have brought to Croatia, if not the highest content standards, then for sure the modern technology, know how, certain stability of the market, primarily in terms of more immunity from political pressures and influences," he continued. It is also a fact that foreign investors in print media, aside from bringing to the market one tabloid and a myriad of fashion, etc., magazines, have not changed the format of the most successful print media they have invested in.

The diversity of media outlets does not necessarily mean that they professionally report on issues concerning gender, ethnicity, social conventions, religion, and sexual and other minority orientations. "It is definitely not about any kind of a taboo," said Gabrić. "The mainstream media are simply

not interested in some relevant subjects, such as gender equality, religion, sexual orientation, or protection of natural or urban environment against 'developers,' for example, because they think it is not 'sexy' enough to cover it for the merit of the subject. They do it only when it becomes a hot topic, merchandise, or commodity they can sell. Sexual orientation, for example, is discussed, correctly, I have to say, mostly before and after gay pride parades, or in the case of violence against LGBT persons, but not on a regular basis," he continued. Web portals and new media in general are much more aware of these issues and devote much more space to them. But, considering a relatively limited outreach, they cannot compensate for the lack of coverage of these issues in the mainstream media.

The weekly paper *Novosti* has become a kind of a phenomenon. Many media professionals would consider it as the most relevant, open, daring weekly paper available on the Croatian media market, and rightfully so. *Novosti* is the weekly paper published by the Serbian minority union in Croatia. It features the Croatian and Serbian language, issues concerning the Serbs in Croatia, but, much more than this, issues concerning every citizen in Croatia regardless of ethnicity. So far, most of the minority language media were limited (if not deliberately ghettoized) strictly to their own ethnicity, even in the case of the daily paper *La Voce del Popolo*, printed in Italian for the Italian minority in Croatia with a respectable circulation of 8,000 to 9,000 copies. "*Novosti* has kind of trespassed from ethnic to the ground of common social and political problems. But, it would be even more important to see the mainstream media making their own trespasses from social and political problems to minority issues," one panelist said.

Considering the number of available media outlets across all types of media platforms, citizens are provided with a variety of information on local, national, and international issues. National media cover all important local issues, whilst other local information, not necessarily relevant for a national audience, is covered by local media. Most of the national media have regional and local editions (permuting pages for each edition), contributing additionally to the variety of information available to local audiences.

OBJECTIVE 4: BUSINESS MANAGEMENT

Croatia Objective Score: 2.17

"Two out of three major publishers in Croatia are still operating only thanks to financial support from the banks and one single biggest advertiser," said Malić, repeating the opinion he shared in Objective 1, in a slightly modified form.

"This is a true indication of how well-managed our main national media are." In addition, "One can hardly see any financial logic behind it. It is more about bank investments given in order to get a grip over the media," Malić clarified.

Considering the hard facts, this is true. But, it must be said that media companies have not fallen into financial troubles due to the crisis in the media and advertising market alone, although a drop in circulation and shrinking of the advertising market have seriously affected the media. If it were possible to analyze media-specific financial data of the largest publishers in Croatia separately, these would be positive, although modest compared to the "fat years" at the end of the 1990s through 2007. But, what has pushed these companies into the red is speculation on the non-media market, or using media assets as collateral for other business operations. "For example, the daily *Novi List* would still be in the plus, but the former owner used it as collateral for bank loans for his failing petrochemical business," Gavranović said. The famous Radio 101, one of the most influential independent media in the authoritarian 1990s, is on the brink of liquidation, due to a \$ 3.5 million tax debt incurred by the former management. Some of the managers escaped in time. The others are subjects of a criminal investigation for fraud. Owners of the newspaper *Glas Istre*, for decades the eponym for a quality local daily paper in Croatia, suffered a net \$ 20 million loss speculating on the volatile real estate market. Now, it is on the paper to offset the debt, primarily with cuts in staff, salaries, and other benefits. The same goes for the biggest publisher in Croatia (and the biggest in the South East Europe region), which had made investments in the real estate and tourist market just before the Zagreb

"For example, the daily Novi List would still be in the plus, but the former owner used it as collateral for bank loans for his failing petrochemical business," Gavranović said.

Stock Exchange imploded. In all the cases mentioned above, the non-media investments have had a harsh, if not even terminal, consequences for the "media" component.

"Media might have excellent management per se, but they are no miracle workers. They can't repair the damage done in other sectors by company owners," Kuljiš said. This is a sad development: Croatia has been known for its excellent media management skills for years. The largest publisher in South East Europe, Europa Press Holding (EPH) was built from a scratch by a group of journalists, then in their early thirties, and grew to its pinnacle in the late 1990s and early 2000s without foreign investment. Likewise, the television market had a variety of capable and open-minded professionals who pioneered commercial television, such as Z3, in the late 1980s and brought their stations to the top of ratings.

"We've got older and less enthusiastic. Some of us are disillusioned, the others are disillusioned as well, but with pockets full of money. At the same time, our former colleagues turned-media-owners at a moment got the wrong perception that they were bigger than life, and expanded their business out of the field they knew. And here we are, trying to save media from their owner," said Kuljiš sadly, himself one of the founders of Z3, Globus, EPH, and Nacional.

MEDIA ARE WELL-MANAGED ENTERPRISES, ALLOWING EDITORIAL INDEPENDENCE.

BUSINESS MANAGEMENT INDICATORS:

- > Media outlets operate as efficient and self-sustaining enterprises.
- > 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.
- > Government subsidies and advertising are distributed fairly, governed by law, and neither subvert editorial independence nor distort the market.
- > Market research is used to formulate strategic plans, enhance advertising revenue, and tailor the product to the needs and interests of the audience.
- > Broadcast ratings, circulation figures, and Internet statistics are reliably and independently produced.

This situation overshadows all other factors measured by Indicator 1. The mainstream media are following business plans; indeed, nowadays these focus on cutting expenses and staff and stretching budgets and human resources to the breaking point. Accounting and finance practices are in line with the international standards, regularly monitored by first-class international auditors.

In the transition to Indicator 2, it must be mentioned that most local media survive only thanks to in-kind (renting of newsroom/studio space for a symbolic fee) or direct financial support from the local government (often in the form of contracts for "covering the municipal issues"). Both models, usually combine together in a single "package," have a direct impact on the quality of reporting and/or editorial independence. However, it was the same local media outlets that were the strongest opponents of the CJA's initiative to regulate local authorities' relations with media (including selling off shares and reviewing their financial contracts with

“I have absolutely no problem to report on any important issue or person in this country, provided it is not about my own company,” one panelist said.

the local media). Local media preferred to accept the “limited sovereignty” in terms of editorial independence, than to risk losing what until now has been a stable source of financing.

This issue featured in EU negotiations, as EU regulations govern how public funds are used in private sector activities. Public television broadcasters may use income from public sources only for productions that are defined as a public service, such as news, educational, minority, and cultural programming or documentaries, quality movies, and rights for important sporting events. Advertising income may be used for acquiring any commercial productions. The rationale is to allow fair competition between public and commercial television stations. It is too early to judge its real impact on the Croatian market, since HTV management keeps finding excuses to postpone the implementation of the dual accounting system.

“It is about a simple operation: installing new software that would separate the income generated by subscription fees from the advertising income. A good software expert would do it in, okay, let’s be generous, about a week. But we all know that it’s not about the software problem. It’s about the transparency in spending the public funds, and the lobbies at the public TV don’t like transparency when it comes to finances. They don’t like it at all,” panelist Gordana Simonović, a journalist and editor with *Novinar*, said.

Another outcome of EU negotiations is an obligation for more transparent usage of advertising spending by the government and public companies. The new law stipulates that at least 15 percent of their advertising budgets must be spent on the local media. Statistics show that the government is not the largest advertiser on the market, and not as important as in neighboring countries. Estimates say that, for example, the government in Serbia generates almost 60 percent of the total advertising market. Similar figures in Croatia are not exact, but the percentage is definitely lower than in Serbia. Still, some ministries have quite generous advertising budgets. The Ministry of Tourism, for example, spends millions every year promoting Croatian tourist destinations in Croatian papers. The Ministry of Environment has intensive awareness campaigns on environmental protection and energy efficiency. The Ministry of the Interior focuses on safety in traffic, especially before the high tourist season and before school starts. It would be a bit too harsh

to say that these budgets have been used exclusively in an arbitrary way so far, although the appearance of complaints that pro-government media are favored are common, but more transparency in spending is definitely needed. This could be an important new revenue line for local media, although the law still waits for its full implementation.

On the surface, it appears that commercial media enjoy a multitude of sources of revenue. At one point, major national print media had advertising revenue percentages close to those in more developed media markets (70 to 75 percent of total revenue). This percentage has dropped recently as a result of the shrinking advertising market. Still, with 60 to 65 percent of total revenue, the share of advertising income is a decent one. As mentioned above, subscriptions to print media in Croatia have always been low.

There are no direct government subsidies to private media, for good or bad. Commercial broadcast media make their income on the market, with one important exception. Namely, local commercial radio and television stations may apply for financial support from the Fund for Pluralization of Media. Funded by three percent of the television subscription fee, the Fund supports non-commercial or minority language programming of public interest on local radio and television stations. The Fund disburses about \$5.5 million, which is not inconsequential considering there are some 150 commercial broadcasters. “This is a very good idea, but here we are facing problems with transparency and the lack of criteria again. The financial support is too often going to the ‘usual suspects’ year after year, almost automatically,” Simonović said.

New media such as web portals also have two sources of income. One is advertising, which, when it comes to the web, has not yet lived up to expectations. The other source, especially for non-profit web portals, is the National Foundation for Civil Society. The Foundation has different sources of finance, although the most important ones are the National Lottery and the state budget. The Foundation is very active in supporting NGOs in Croatia and non-profit media projects as well.

While a multitude of income sources does exist, there are still problems with editorial independence and advertising. In short, the problem relates to a coalition between the major media, the biggest advertisers, and, recently, the biggest banks “that are providing oxygen to the major media in Croatia,” as panelist Malić put it. Banks and advertisers provide a relatively stable cash flow; in return, media offer “protection” to advertisers and banks. “I have absolutely no problem to report on any important issue or person in this country, provided it is not about my own company,” one panelist said. “Let’s take the recent example

of Kamensko. Who are the protagonists? It is the most notorious Croatian tycoon from the 1990s, the most powerful Croatian businessman, who is also the biggest advertiser; one of the biggest banks, and; the biggest media owner in the region, in a joint, probably criminal, enterprise. This is almost by definition a top story. Have we found a single relevant article about it in the mainstream media? No. This is about censorship, but not politically motivated censorship. Politics has nothing to do with it. It is about money, about the business lobbies, and about advertisers," Malić said. Independent web portals are investigating and reporting this story, but their reach is limited.

The advertising sector has influenced media much more than just as a complementary industry. "In early 2000, advertising was among the fastest growing industries in Croatia," Skoko said. "But, in times of continuous crisis and serious reduction of the advertising market, at least some of the advertising agencies are a 'surplus.' In addition, big advertisers increasingly make deals directly with media, bypassing the agencies. As a result, media are offering discounts on an individual basis, which additionally distorts the market," Skoko said.

"As a direct consequence of the crisis, nowadays advertisers can buy in media not only advertising space for a bargain, but they can 'buy' literally all journalistic forms, including PR articles disguised in the form of standard journalistic articles and reporting," Skoko added. Panelists Klancir and Rašeta agreed. "Advertisers are making direct deals with media, mixing advertising, PR and journalism as never before," Klancir said. Rašeta was even more direct: "Bigger advertisers, making cartels of interest with media owners and banks, have escaped market—or for that matter any other—control," he said.

The Public Television Act, adopted in December 2010, limits advertising time on public television to nine minutes per hour, and four minutes in prime time (6 pm to 10 pm). "The public TV cannot attract enough advertisers at their regular advertising rates. In order to fill its advertising minutes, the public TV offers discounts that go up to 70 percent of the standard rates. With this, they are directly competing with the local commercial TV stations, dramatically distorting even the local advertising market," said Vinković. Indeed, one can see commercials for local car washes, pizzerias, or beauty salons more often on HTV programming. "The giant has entered our territory. We can't compete with the public TV when it comes to local advertisers," Vinković said.

"Unprecedented discounts have created an almost absurd situation," Skoko said. "The volume of the advertising market has dropped by almost 50 percent compared to 2007, but there are ever more advertising minutes on TV and ads in

papers. Meaning the advertising prices have dropped to their historic low."

On the positive side, surveys and market research follow high industry standards, using all the recognizable tools and sophisticated methods. Although there are still examples of "research" made on the basis of ad hoc phone calls or interviews, the leading international players in the field of surveys, audience ratings, and market research have set clear professional standards to all. "Surveys are done professionally, but that doesn't necessarily mean that media are using them for strategic planning in the full extent. In many cases, major media managers consider them as 'interesting material,' but then make decisions still based more on their vision or 'hunch,' than on the hard facts. In addition, local media in general can't buy quality surveys, which are pretty expensive," Skoko said.

"There is no consistency in using the survey data. Media usually take one part of them, which suits their interests, and then presents it to the public. Last year, our faculty made a complex survey on media consumer habits and preferences. One national TV appears to be the most watched in a certain, very specific age group. To my surprise, only days after that, this TV station launched a national advertising campaign in print, promoting itself with a slogan 'The Faculty of Political Science in Zagreb has proved that we are the most watched TV channel in Croatia.' It is not about ignorance. It is about misusing the facts and misleading the audience," Perišin said.

But, unlike media managers, advertising companies, apart from the market distortions described above, take surveys seriously. "On the increasingly restricted market, you would think twice before selecting the media for your advertising client," Skoko said.

As of recently, the same applies to circulation figures. For years, circulation figures have been arbitrarily reported, unreliable, and, in many cases, hugely inflated. This forced major advertising agencies to make their own circulation estimates. Understanding that, in the long run, unreliable figures only damage their reputation and market position, the leading Croatian publishers have finally adopted an Audit Bureau of Circulation (ABC). "The Audit Bureau of Circulation has started operating, which was almost unimaginable two, three years ago. This is now a serious and respectable operation, backed up by the leading publishers. I expect others to join the initiative in the course of 2012," said Gavranović, one of the ABC Croatia's founders.

Since Internet figures are easy to verify, there are absolutely no disputes regarding that. "Although, these figures are still not properly reflected in our advertising income," Gabrić said. However, this is more a consequence of broader market trends in Internet advertising.

OBJECTIVE 5: SUPPORTING INSTITUTIONS

Croatia Objective Score: 2.72

As mentioned in the Introduction, the establishment of the Media Council in December 2011 represents a formal completion of the media self-regulation process. Indeed, there is no sector and no interest in the media industry left without a voice. The Croatian Journalists' Association (CJA), as the umbrella organization, gathers over 90 percent of journalists in the country, organized in different sub-associations (investigative journalists, free lancers, journalists covering the economy, health and medicine, ecology, the IT sector, bloggers, automotive reporters, sport reporters, photographers, etc.) that comprise basically the entirety of specialized fields in the profession. Local media (primarily radio stations, but print media as well) are organized in the Association of Local Radio and Print (HURIN), local commercial TV stations in the National Association of Local Television Stations. National commercial television stations have their own association, print publishers as well. Recently, representatives of the Internet sector have also organized themselves. "It seems that only media consumers do not have their own association," Berković said.

All these associations are involved in active lobbying for the member's interests, with varying results. The Association of Publishers, for example, managed to lobby the government for reduction of VAT on daily papers four years ago, helping newspaper owners rake in an additional \$70 to \$80 million

SUPPORTING INSTITUTIONS FUNCTION IN THE PROFESSIONAL INTERESTS OF INDEPENDENT MEDIA.

SUPPORTING INSTITUTIONS INDICATORS:

- > Trade associations represent the interests of media owners and managers and provide member services.
- > Professional associations work to protect journalists' rights and promote quality journalism.
- > NGOs support free speech and independent media.
- > Quality journalism degree programs exist providing substantial practical experience.
- > Short-term training and in-service training institutions and programs allow journalists to upgrade skills or acquire new skills.
- > Sources of media equipment, newsprint, and printing facilities are apolitical, not monopolized, and not restricted.
- > Channels of media distribution (kiosks, transmitters, cable, Internet, mobile) are apolitical, not monopolized, and not restricted.
- > Information and communication technology infrastructure sufficiently meets the needs of media and citizens.

so far. "Well, this is member service, indeed," Simonović said. Other associations probably have not been so successful in enhancing their members' profit, but have surely actively supported their members' interest when it comes to media legislation, by-laws, and regulations, legal advice, financial terms and tax issues, individual support to members, etc. All of these associations are independent of the government, although not necessarily completely immune to political interests. Associations cover their operational expenses by themselves. There are absolutely no legal restrictions imposed by the government when it comes to registration and function of these organizations.

In Croatia, for decades, the backbone of professional journalism has been a single organization, the Croatian Journalists' Association (CJA). Unlike many other professional associations in the region, CJA was not formed in the aftermath of the break-up of Yugoslavia. CJA was founded in 1910 and has been the only and the sole representative of the profession in Croatia for the past century. Thanks largely to the existence of such a strong institution, regardless of their political affiliations and professional sectors, Croatian journalists have managed to preserve a single strong voice when it comes to defending and promoting free speech and professional standards, even in the most challenging times.

Indeed, in the 1990s, CJA was much more than just an association representing an industry. In that authoritarian environment (or, during the troubled transition to democracy, as some panelists would prefer it), CJA was the strongest voice in defending not only free speech and media freedom, but human rights in general as well. CJA is an example of a successful organization that managed to keep its membership focused on a professional agenda rather than waste its energy and credibility on politically motivated drifts or on interests of particular groups.

Still, CJA has had quite a problematic evolution from emissary of media freedoms and human rights, as it used to be in the 1990s through the mid-2000s, to an organization offering concrete support to its members facing new demands shaped by professional and business crises in journalism. There are no more tangible lines that divide free speech and authoritarian restrictions. There are no more "missions" transcending journalism; there are only persistent activities aimed at preserving higher industry standards in an increasingly tougher professional and market environment. "For the first time ever, CJA membership is in decline. This is not a reflection of many layoffs in the industry. This is much more the result of dissatisfaction of members with the services and protection offered by the CJA," said Gavranović, who served as president of CJA in the 1990s.

"In the past two years, almost 400 journalists have been fired. Hundreds of others are working as part-timers, literally at the mercy of their editors and media owners. What have we done to reverse the current? I am afraid that public announcements and silent protests are not enough anymore," said Simonović, a member of the CJA Board. "Young journalists are not interested in the journalists union until they themselves are targeted by their employers. They consider trade unionism as something that is obsolete in their world of Facebook and social media until they face a 19th century-type of layoff," Galić said. "But by then, it's already too late. For them, it is CJA and the Trade Union then to be blamed. For me, these two organizations can only be as efficient as their membership is active," he added.

All professional associations have established close relations with international professional and trade associations. CJA, for example, has been highlighted by the International Federation of Journalists as a role model of a journalists' association in transitional countries and "emerging democracies" for years. The same could also be said for the Trade Union.

There are more than 30,000 NGOs in Croatia, with new ones registered on a daily basis. But, when it comes to a real social impact and active social advocacy, the number could be reduced down to 150 to 200 NGOs. "There is no clear line dividing the media sector and NGOs," Havkić said. "We shouldn't forget that CJA is also an NGO, as well as all other media sector associations," he said. That said, the panelists did not neglect the fact that there are strong NGO's that categorize themselves in the fields of human rights, election monitoring, transparency monitoring, etc. For example, GONG has earned an international reputation in election monitoring and advocating free access to information. Transparency International exposes corruption and advocates for more transparency. Although these NGOs and their activities are well covered by media, the prevalent feeling is that much more could be done. "Some of these NGOs have a more important role in shaping the EU Progress Report and the media chapter than, for example, CJA," Berković rightfully pointed out.

In general, apart from the lack of synergy between the media sector and human rights NGOs, the panelists concluded that NGO's are active in media advocacy activities, support free speech and access to information issues, or observe and critique the media and media-related legislation. The leading Croatian NGOs have very elaborate international networks of contacts and cooperation. There are no legal restrictions in registering NGOs: five persons sign a founding document and a symbolic sum for administrative registration accomplishes this.

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"Four elements are indispensable for journalism: ethics, responsibility, professionalism, credibility. All these elements must include a life-long education," said Gavranović, a media expert with over half a century of professional experience (and almost a book per year analyzing the media and media trends), opening discussion on Indicator 4. Statistics would say that the journalism sector in Croatia is saturated with educational programs. There are eight full-size graduate studies of journalism in Croatia, with new ones waiting to be opened.

There are no doubts that at least some of the journalism degree programs are capable of delivering high standards. The Studies of Journalism at the Faculty of Political Science in Zagreb are among them. The program has a quality television studio at its disposal and a student radio station that has gained a cult following among younger listeners. The program offers undergraduates not only practical knowledge, but also a chance to get journalism degrees abroad.

"It is not a problem in quality of journalism degree programs," Perišin said. "The problem is that graduates can't find jobs. The other problem is that mid-career journalists are ever less interested in short-term training. Or, better to say, even when they are interested, their editors are not willing to allow them to participate on these trainings," she added. "When we are organizing trainings and workshops longer than a day, many participants are complaining that they had to use their free days for it, because their editors do not support staff efforts," Picelj-Kosak said.

But, the absorption capacity of the Croatian media is an even bigger problem. "There are a large number of unemployed or laid off journalists. The Studies of Journalism are enrolling increasing numbers of students of journalism. The newsrooms are under the constant pressure by young, freshly graduated students. We can't offer them jobs. We even can't offer them any practice or internships anymore," said Klancir. "It's a structural problem, common in some other professions, too. Why do so many want to go into professions where there is an obvious surplus of workforce? Who in Croatia would need

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dozens of movie directors and hundreds of journalists every year?” Kuljiš asked rhetorically.

There are no restrictions imposed by the government regarding purchasing of equipment, software, video, or transmission equipment, or the acquisition of any other product or service needed for journalists to gather information and produce their work. Supplies of newsprint and printing facilities are completely deregulated, private, and market-driven, offering a multitude of options to publishers. There is absolutely no discrimination against clients due to political interest or any other non-market criteria. Printing resources have substantially surpassed the market demand, creating an important price break for publishers. Further, there are modern and efficient printing presses in neighboring countries (Slovenia, Bosnia Herzegovina, Serbia), just a two or three hours drive from the main publishers in Croatia, which can always serve as a back-up option or an even cheaper alternative in the case of—however unrealistic this scenario is—any cartel-type agreement between the Croatian printing presses on raising printing prices or blocking access for political reasons.

There are no undue restrictions in media distribution (Internet, mobile phones, cable networks, transmitters, etc.) either. Providers of these services are privately owned; most of them are local branches of the largest international IT and communication conglomerates. They offer professional, efficient, and unrestricted access to all parties under standard market conditions. The largest mobile phone and Internet provider in Croatia has been, considering the size of the market, the most profitable part of one of the largest international communications companies for years. As mentioned, Croatia is among the leading European countries when it comes to sophisticated services such as IPTV. A very-well elaborated fiber-optic network keeps the IT infrastructure up to the highest demands. There have not

been any suspicious equipment failures, network outages, or selectively low Internet bandwidth hindering broadcast, mobile, or Internet media, or any other single incident of using of the transmission and/or communication facilities to achieve any politically or business-motivated goals against private companies or individuals. In this respect, the panelists agreed, Croatia is a candidate for the highest score.

However, print distribution spoils this picture. A single company, Tisak, dominates this market segment. Tisak is a subsidiary of the largest privately owned company in Croatia and the biggest advertiser on the market. Tisak’s distribution covers the whole national territory. Although it operates as an efficient, market- and profit-oriented company, and although so far there have been no elaborate objections to its operation (or objections to any market restrictions, apart from the relatively affordable “entry fee” which Tisak demands from any new entry print media), Tisak, and print distribution itself, deserves monitoring. “This could be an interesting issue to be opened at Croatia’s formal EU accession. I’m sure that the whole business environment in which Tisak operates, namely, the fact that the distribution network is owned by a company with such a big and media-related portfolio, could represent conflict of interest at some level, or even a violation of the EU antimonopoly provisions,” one panelist said.

Finally, with 1.44 mobile phones per capita; 60 percent of households with the Internet access (plus 97 percent of enterprises), and a vast majority on them on the broadband; with over 10 percent of the population regularly using mobile Internet access, and; a very well elaborated network of transmitters, satellite, and fiber-optic cables, Croatia can meet higher industry standards. Digital broadcasting, Internet streaming of audio or video content, podcasting content via mobile phone networks (SMS and/or audiovisual MMS) are regular market services. The fastest growing sector is IPTV service (since 2010 available as a satellite service), which will additionally enhance the ICT capacities for rural areas and remote islands.

At the time this chapter was written, the Croatian Government announced a six-percent tax on mobile phone services, prompted both by dire situation facing the state budget and the extraordinarily high profits that mobile phone operators have been making, even in times of crisis. One of them, for example, reported an estimated net profit of nearly \$900 million for 2011, which would, taking into account the size of the market, would be equivalent to \$70 billion in the United States.

“Well, now we’ll see who runs the show. The prime minister or international mobile phone operators,” one panelist commented to the author after the MSI panel was held.

List of Panel Participants

Emil Havkić, media lawyer, Zagreb

Dražen Klarić, editor, Politikaplus.hr; lecturer, High School of Journalism, Zagreb

Martin Mayer, political adviser, European Union Delegation to Croatia, Zagreb

Denis Kuljiš, journalist, Europapress Holding, Zagreb

Božo Skoko, founding partner, Millenium Promocija, Zagreb

Đurđica Klancir, deputy editor-in-chief, Tportal.hr, Zagreb

Toni Gabrić, editor, H-Alter.org, Zagreb

Gordan Malić, investigative reporter, Europapress Holdings, Zagreb

Gabrijela Galić, former president, Croatian Journalists' Trade Union, Zagreb

Gordana Simonović, journalist and editor, *Novinar*, Zagreb

Ante Gavranović, former president, Croatian Associations of Publishers, Zagreb

Jelena Berković, media specialist, GONG, Zagreb

Anja Picelj Kosak, media specialist, U.S. Embassy, Zagreb

Boris Rašeta, journalist, *Novosti*, Zagreb

Tena Perišin, editor, Croatian Television; professor of journalism, University of Zagreb, Zagreb

Miljenko Vinković, director, SRCE TV; deputy president, National Association of Local Television Stations, Čakovec

Zdenko Duka, president, Croatian Journalists Association, Zagreb

Drago Hedl, investigative and war crimes reporter, Osijek

Moderator and Author

Davor Glavaš, lecturer of journalism studies, University of Zagreb, Zagreb

The panel discussion was convened on December 7, 2011.