

MEDIA

SUSTAINABILITY

INDEX

2004



IREX

"THE ATTEMPTS TO IMPOSE POLITICAL CONTROL OVER MEDIA GET BACK TO THOSE WHO INITIATE THEM LIKE A BOOMERANG. SO ON THE ONE HAND, WE HAVE, METAPHORICALLY SPEAKING, A COUNTERREVOLUTION. ON THE OTHER HAND, WE HAVE A STRONG AND EFFICIENT PUBLIC DISCOURSE ON THE PREVENTION OF ATTEMPTS TO JEOPARDIZE MEDIA FREEDOMS," SAID DENIS KULJIS.



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fter nearly four years in power, the Social Democratic Party (SDP) and its center-left government were defeated by the reformed center-right Croatian Democratic Alliance (HDZ) in the November 2003 elections. Political analysts agreed that the ruling coalition lost because it could not fulfill the many promises it had made when coming to power in 2000, including reforming the justice system, prosecuting fraudulent business leaders, maintaining full cooperation with the International Criminal Court at The Hague, and sorting out the criminality in the privatization process. Furthermore, unemployment and external debt levels remained high and the SDP-led coalition slipped into a cycle of political infighting.

Depending on a very thin and fragile parliament majority, the HDZ committed itself to Euro-Atlantic integration. The HDZ quickly concluded that the foreign-policy priority for the country would be joining the European Union and resolving all open questions with Croatia's neighbors. The HDZ insisted that it would comply with Croatia's obligations toward the Hague tribunal and promised to accelerate the process of returning Serb refugees. During 2004, there were encouraging and highly symbolic events, such as Prime Minister Ivo Sanader's speech to the Serbian minority using traditional Orthodox phrases of congratulation for the Orthodox Christmas, that underlined attempts made by the HDZ leadership in reforming the party.

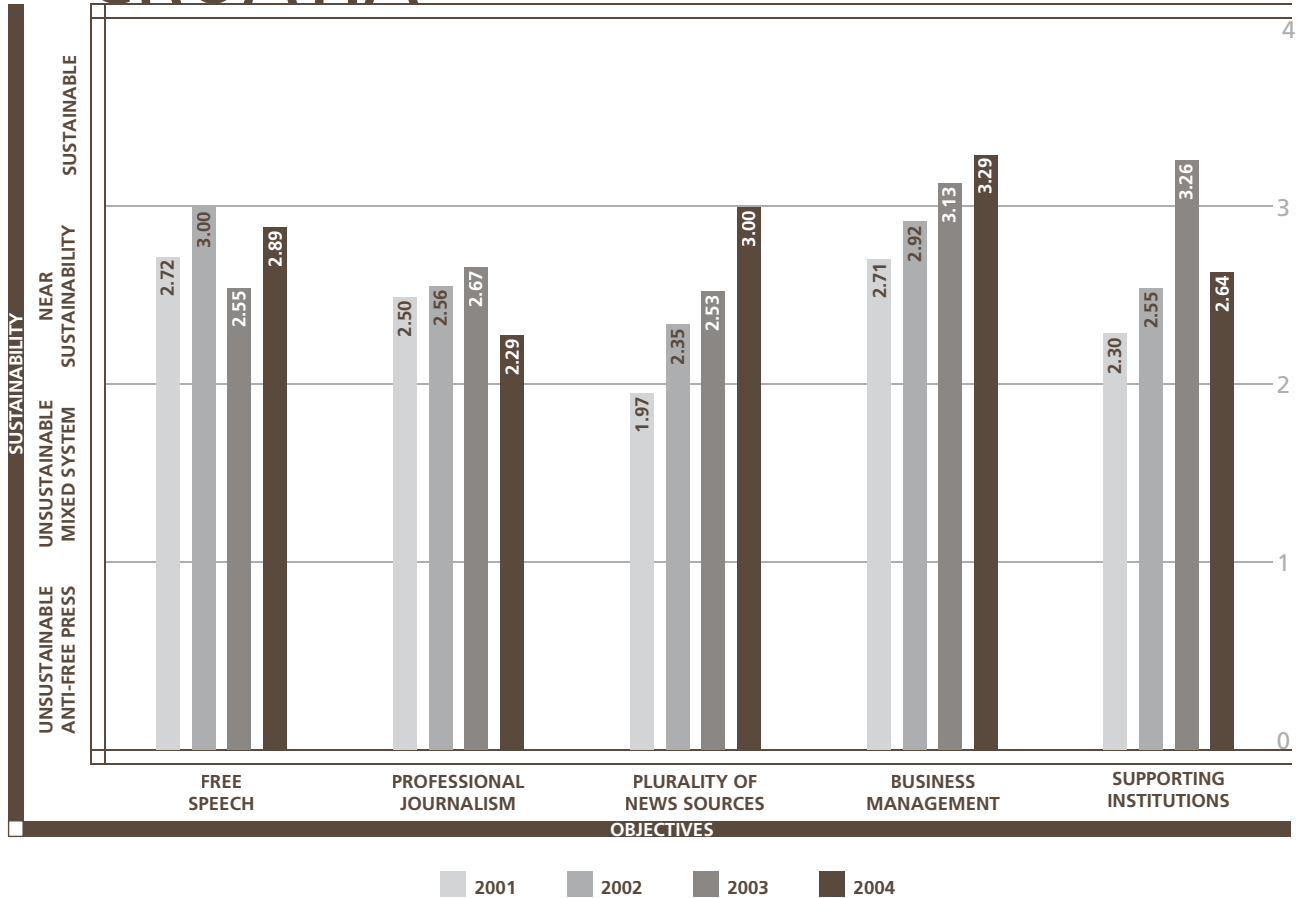
However, the return of the HDZ to power, even as a reformed party, has raised many concerns, both locally and internationally. Considering the notoriously poor HDZ record on human rights and media freedoms, some political analysts were—and to a certain degree, remain—skeptical about the reality of the proclaimed pro-European HDZ orientation.

Indeed, the new government coalition has been attempting to co-opt the media more explicitly than the previous government, especially when it comes to control of the national public television. Tactless violations of media freedoms such as a request by the former vice prime minister to go directly on air by phone during the main live television news bulletin



MEDIA SUSTAINABILITY INDEX

CROATIA



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.

reminded some 2004 Media Sustainability Index (MSI) panelists of the experiences of the 1990s. However, journalists associations, nongovernmental organizations (NGOs), and public opinion in general have managed to prevent a significant return to the period of government direction of the media. “The attempts to impose political control over media get back to those who initiate them like a boomerang. So on the one hand, we have, metaphorically speaking, a counterrevolution. On the other hand, we have a strong and efficient public discourse on the prevention of attempts to jeopardize media freedoms,” said panelist Denis Kuljis, a journalist.

Croatian media today are to a large extent unregulated and subject to free-market rules. With more than 150 broadcasters—four national television channels, 14 local television stations, five national radio stations, and 131 local radio stations—in a country of only 4.5 million people plus six nationwide and seven local dailies and more than 900 other print publications, the Croatian media landscape hardly resembles a monopoly. No longer evident are the open pressure, harassment, economic extortion, and arbitrary prosecutions so characteristic of the media environment during the 1990s. Still, journalists are increasingly subject to different types of subtle censorship or self-censorship. In this way, they are pushed to represent the interests of media owners who seek to use their outlets to promote political or business agendas.

OBJECTIVE 1: FREE SPEECH

Croatia Objective Score: 2.89 / 4.00

Croatian media legislation and the laws that define the media and social framework include the Constitution of the Republic of Croatia, the Media Law, the Electronic Media Law, the Croatian Public Radio and TV Law, the Penal Law, and the Freedom of Access to Information Law, and these measures effectively cover all of the crucial issues. According to the MSI panelists, media-related legislation provides for high levels of media freedoms and protects the journalism profession by setting exacting standards. One panelist suggested that media rights and duties are perhaps even overregulated. “We have an almost too highly regulated system of protecting media freedoms, as a result of implementing all of the progressive standards at once, to show that we can work under the ‘Western standards.’ But that does not mean that journalists themselves are better protected,” said panelist Emil Havkic, a lawyer specializing in media legislation. As an example of “overregulation,” the panelist mentioned broadcast

legislation that very precisely defines the obligations of local and national broadcasters to produce news programming as a strictly set percentage of the total daily programming output.

The media-related legislation is still far from perfect,

however. It was encouraging during 2004 that a high level of consensus had been reached both by the political parties and civil society on what needed to be changed or improved. According to the panelists, the key requirement is increased public awareness of the need to protect and promote media freedoms,

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Legal and social norms protect and promote free speech and access to public information.

FREE-SPEECH INDICATORS:

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

and radical changes are not necessary. Even one of the most obvious shortcomings, the composition and the authority of the Public TV Council, does not threaten the council's independence and professional integrity. Panelists concluded that too-frequent changes in the media law should stop in order for the legal system to stabilize, allowing self-regulatory bodies to become

effective through experience rather than solutions mandated from above.

The licensing of broadcasters and frequency allocation is controlled by an independent board, the Council for Electronic Media, named by the parliament. Panelists agreed that the process by which members are selected and appointed by the parliament

from the list of applications received during a public solicitation is not transparent enough. Furthermore, panelists questioned the professional competence of some members since only a few journalists and no media industry experts sit on the council. On the other hand, there are no guarantees that a different method of electing the council would result in a more independent or efficient body. Panelists agreed that the most important criteria in judging the work of the council should be its results. Since the most important licensing decisions had been made before the council was empanelled, it has not been possible yet to judge definitively its political impartiality and efficiency. However, some initial decisions, such as initiating efficient monitoring of adherence to regulations such as the percentage of airtime for commercials, have been encouraging. "It is clear that the days are past when frequencies are allocated only to the regime's cronies, political allies, and friends," said panelist Denis Kuljis, a journalist.

The media industry is treated equally with regard to taxation and economic opportunities. Media owners demanded the cancellation or reduction of the value-added tax (VAT) mandatory for all business activities relating to print publications and broadcast

productions, but the government did not consider the requests. Only the television subscription rate, about \$10 a month per household, is free from VAT because it is defined as a tax on the ownership of a television or radio. Three percent of the tax, about \$4,000,000 per year, goes to the Fund for Pluralism, which is supposed to promote and support public-interest programs produced by commercial television stations. The commercial outlets criticize the subscription tax as favoring Public Radio and Television (HRT), and panelists agreed that it to a certain extent still has a privileged economic position, since 97 percent of the revenue goes to support the public station. However, panelists felt that the uncontrolled influx of poor-quality programming on public television was a much more significant issue and warned that it frequently neglects its role as a public service, particularly when it comes to cultural or educational programming.

Panelists noted the difficulty of market entry for new print media. The print industry is dominated by two leading companies that often combine their resources to protect their dominant market positions. They collaborate out of commercial interest, not for political gain. However, monopoly situations provide space for the promotion of the agenda of the outlet owners to come into play. There is no monopoly among the broadcast media. Panelists discussed the new phenomenon of print outlets selling additional media products with their newspapers. All the major daily newspapers sell weekly editions that include books, movies, and documentaries on DVD, or music CDs along with the newspapers. Some panelists viewed this trend as representing the profit-driven interests of the newspaper publishers and the further "trivialization" of media products. The trend also was seen as unfair competition that seriously threatens the book-publishing market and bookstore owners. On the other hand, in 2004, Croatian newspaper publishers sold between 5 million and 7 million books, among them many high-quality titles. Some panel members believed that selling 7 million books in a market of 1 million households is a positive cultural benefit that could not be ignored.

Violence against journalists was less perceptible during 2004. The public was generally informed about physical attacks on journalists, although harassment and threats were less publicized. Despite the decreasing number of attacks, panelists stressed that Croatian police still do not resolve those cases that have occurred, even the higher-profile ones that are years old. According to panelist Geza Stantic of the Croatian Helsinki Committee, "During 2004 we could count at least 10 attacks of high-ranking politicians directed against

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Meanwhile, libel is still regulated by the criminal code. Efforts to decriminalize libel have been made, but with no result, although the criminal code was changed so that the offended party must prove falsity or malice. Only one journalist actually came close to prison during 2004, and that was because he did not pay a financial penalty for slander. The problem was resolved by the justice minister, who paid the financial penalty for the sentenced journalist herself to underline the necessity of changing “old and out-of-date legal provisions.”

Panelists warned that the current government is less open than the previous administration, and consequently information from public sources is less accessible. However, there are no examples of deliberate discrimination directed against certain journalists or media outlets. Access to foreign print, electronic, or online sources of information is completely open and unrestricted, as it has been for the past several years.

The government imposes no licensing restrictions for journalists. The Croatian Journalist Association issues press credentials to journalists—including international press cards—independently from the government. Journalists must show that they have been full-time, part-time, or freelance for more than a year; although the association credentials are not required for work as a journalist, they serve as additional identification.

OBJECTIVE 2: PROFESSIONAL JOURNALISM

Croatia Objective Score: 2.29 / 4.00

Balanced, objective, and well-sourced reporting is still the weakest point of Croatian journalism. The Croatian Journalist Association (CJA) is the only organization to provide ethical and professional direction to journalists. Some publishers use an ethical code, as does the largest broadcaster in Croatia, HRT. For most individual publishers and broadcasters, there are no institutions authorized to deal with public complaints. Also, the editors and journalists are organized into different associations and sometimes find themselves in very complicated and extremely unfriendly relationships, which do not help to support the national ethical journalism code. As an example, two of the major Croatian publishers, Euro Press Holding (EPH) and Nacional, have been involved in

Journalism meets professional standards of quality.

PROFESSIONAL JOURNALISM INDICATORS:

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

“media war” since the 1990s. Accusations go from linking the publishers with various criminal operations to “promoting the agenda of foreign intelligence services” and include the brief imprisonment of the EPH owner based on allegations published by his opponent and the still unsolved case of a bomb planted under his car. This battle has divided elements of the media community into camps engaged in a counterproductive contest of wills.

“Media content is becoming more and more trivial, in opposition to the hard-core political content produced by the media in the 1990s. At the same time, this is proof that we are becoming a normal country,” said Ante Gavranovic.

Some journalists end up reporting based on “for whom they work,” not on an accepted level of professional skills and standards.

Some publishers and owners use their publications in promoting their own agenda. This trend is not always politically motivated. The larger publishers combine business and political agendas, siding not so much with political parties as with different networks of business and political lobby groups. This problem

clearly represents a potential threat to journalists' independence. According to panelist Tena Perisin, "At local media, but also at public television, there are frequent discussions about whether or not negative information about large companies should be part of the news. Large advertisers often directly or indirectly influence reporting when they are the subjects of the reports. This occurs at the public-service and at commercial media."

Different forms of self-censorship have therefore mostly replaced open pressure on journalists exerted by top-level politicians. The poor professional autonomy

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of editors is another concern for Croatian journalism. Additionally, editors often work without contracts or any protection from media owners. Therefore, they are susceptible to pressure from their owners and can give in to self-censorship.

The lack of professional skills particularly affects local print and broadcast media that have the

irreplaceable role of supplying local audiences with news that is not otherwise available. Most of these outlets have strong viewership or readership within the local audiences. For example, the daily *Glas Istre* is purchased by almost 60 percent of the households in the Istria region. However, the common problem for local media is the dearth of trained professional journalists. Local papers suffer from a brain-drain as skilled journalists leave to serve as local correspondents for nationally distributed papers, attracted by better salaries and greater prestige. In the case of broadcast media, there is a lack of money to support efficient newsrooms. Also, links with local authorities who in some cases provide direct financial support and in other cases offer favorable monthly rents, can result in unprofessional or biased coverage of the local authorities.

In spring 2004, the results of an anonymous survey conducted by the Journalists Trade Union leaked out and were partially publicized. The survey suggested that journalists felt their rights were very restricted, even at papers known to be frontrunners in implementing media freedoms and democratic and human-rights standards. The survey organizers were brutally attacked in some of the newspapers, and, because of harsh reactions by some publishers, public discussion about the status of journalists' rights was aborted and/or postponed.

Croatian journalism features the well-paid elite, whose wages and benefits can be compared to those at leading global media. At some of the largest national daily papers and outstanding local newspapers, salaries are determined by collective contracts with the publishers. The highest-paid managers have contracts including salaries, apartments, cars, life insurance, and other benefits. In some cases, the real value of such contracts can reach \$15,000 a month or even more, with some at HRT reportedly as high as \$35,000 a month. In contrast, most local media pay very low wages to journalists in the range of \$600 to \$700 a month. In addition, salaries at local media are often paid irregularly and in cash so that the employer can pay less tax on the employee benefits. Journalists from smaller media outlets are sometimes asked to do tasks outside their job description such as selling commercials and ads, or even cleaning the offices.

According to the CJA, there are more than 1,100 freelancers in Croatia out of 3,000 registered members. Most became freelancers not by choice, but because they were direct or collateral victims of the political purges at the beginning of the 1990s. Others were subject to downsizing at the formerly overstuffed government-owned media outlets. The relatively advanced age and educational background of many freelancers makes employment difficult. This lowers the professional standards in media. Although younger journalists are generally better educated, especially in computer skills, than the older generation, there is a gap in professional skills that is difficult to fill without the chance for on-the-job mentoring from more experienced colleagues.

According to general surveys by the Institute for Sociology, journalism is not a profession that has an especially good social or professional reputation. Media in general are governed by market forces to the extent that that they sometimes neglect the essence of professional journalism. Panelist Ante Gavranovic, with just a bit of cynicism, commented: "Media content is becoming more and more trivial, in opposition to the

hard-core political content produced by the media in the 1990s. At the same time, this is proof that we are becoming a normal country.”

For the most part, printing facilities are privately owned and have no limitations or restrictions on operations. Importing of newsprint is completely unrestricted. Technical facilities and equipment generally are modern and efficient. The broadcast media have the necessary equipment but often lack the personnel who are trained in its proper use.

OBJECTIVE 3: PLURALITY OF NEWS SOURCES

Croatia Objective Score: 3.00 / 4.00

With 150 registered and licensed radio and television stations in Croatia, the number of broadcasters is more than the market can support. Those broadcasters currently air their programs for a potential audience of only 4.5 million people. Although the frequency allocations (and related market share) inherited from the mid- to late 1990s are still considered questionable because the process was not transparent and linked to political affiliations, the current situation represents a reasonably fair distribution of power, coverage, market share, and political orientation for radio broadcasters.

Multiple news sources provide citizens with reliable and objective news.

PLURALITY OF NEWS SOURCES INDICATORS:

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

Foreign broadcasters such as BBC, Voice of America, Deutsche Welle, and RFE also broadcast in Croatia, although with much smaller market share than the local stations.

A major problem for radio broadcasters is their close connections to their respective local governments. Local stations depend in many ways on local authorities.

Outlets receive direct financial support from local governments, mostly cast as compensation for expenses from covering local government activities or via commercials bought by public companies controlled by the government. They also use buildings owned by the administrations. Such relations represent a potential threat to fair and balanced reporting on local government activities. An

additional problem is advertising income insufficient to support basic newsroom costs. For this reason, most local stations use the national news agency or a network news provider as their news source. These stations cannot offer proper coverage of local political and social events that are not handled by the national news agency. This situation of local government subsidy through compensation for news coverage or public company commercials also applies to most of the 15 regional commercial television stations in Croatia.

The print media are faring substantially better in Croatia. Readers have a choice of six national and seven local daily newspapers. These papers report on all of the important local, national, and international issues. Panelists agreed that biased political coverage is much rarer now than in the 1990s. However, the powerful influence of the owners and business and political lobby groups to which the media owners belong are a threat to objective reporting. Panelists expressed concern that the harsh competition and openly bad relations between some publishers are too often reflected in the content. This situation then

“Competition in the media market definitely exists. Every important event is reported by four or five daily papers and several television channels. It can no longer happen as in the past when only one source of information exists. It is also unacceptable that a bipolar media scene exists in which outlets are either pro or against the government. Today we have a plurality of points of views,” noted Geza Stantic.

damages the credibility of the broader media and the respectability of the journalism profession in general, the panelists said.

Public radio and television programming represents a sufficient level of political and cultural pluralism. Some public-television programs—particularly coverage of parliament activities and comments during the main television news bulletin—have been criticized by the government, various ministers, and war veterans associations. Other programs led to orchestrated attacks by Catholic groups and institutions against the “media terror on public television.” For example, the *Zlikavci* show, an independently produced *South Park*-style cartoon, was widely criticized. Public television, as previously mentioned, often seeks to compete directly with commercial television. HRT favors shows that generate high ratings, resulting in a high degree of

“The new national channels contribute to the triviality of television programming. But competition in the media market has stopped national television stations from avoiding ‘delicate issues.’ That is simply no longer possible,” explained Anja Picelj.

similarity between the programs offered by public television and those on commercial stations—and too often the same lowest common denominator. Panelists concluded that if public television takes advantage of mandatory subscription fees and tax revenues, it should not

compete with other commercial stations by lowering production and programming standards. HRT’s use of public financing should result in higher-quality dramas, news, and educational programs, the panelists said. The public station justifies its strategy by producing a noticeably higher level of information programs in relation to the commercial competition, but panelists felt that was not sufficient.

Panelists concluded that Croatian media cover the entire spectrum of public interest, leaving no political or social issue without a public voice. The quality of reporting, on the other hand, is another question. Panelist Geza Stantic from the Croatian Helsinki Committee stated: “Competition in the media market definitely exists. Every important event is reported by four or five daily papers and several television channels. It can no longer happen as in the past when only one source of information exists. It is also unacceptable that a bipolar

media scene exists in which outlets are either pro or against the government. Today we have a plurality of points of views.” Added panelist Anja Picelj: “The new national channels contribute to the triviality of television programming. But competition in the media market has stopped national television stations from avoiding ‘delicate issues.’ That is simply no longer possible.”

The Croatian print industry is not monopolized by any one outlet. However, despite clear and unambiguous legal regulations, media ownership is still nontransparent. At the beginning of each year, publishers and owners are obliged to send to the Ministry of Culture statements detailing the ownership structure of their respective media outlets. But many outlets do not comply. The takeover of the daily newspaper *Slobodna Dalmacija* by the largest Croatian (and regional) publisher, Euro Press Holding (EPH), is still a controversial issue due to different interpretations of the relevant antimonopoly provisions. The concentration of media ownership and antimonopoly regulations are still very important, especially in Croatia’s small market. On the other hand, the privatization of the third national television network has, despite some negative consequences, noticeably dynamized that media sector and removed forever the once untouchable public-television monopoly.

Media are widely accessible, despite the relatively high prices of newspapers. According to the European Broadcast Union’s statistics, Croatia has the highest percent of television subscription collection rates among countries in transition, with 94 percent of households regularly paying the fee. This means that almost every household in Croatia has access to the national television channels. Cable television is expanding its reach in the big cities while it builds out its infrastructure. Meanwhile, an estimated 40 percent of the population uses online services at home or at work. Only 5 percent of households have broadband Internet access, but this number is constantly increasing.

There are no restrictions regarding access to foreign news sources. Foreign television channels are available via satellite and on cable television. All of the relevant foreign daily, weekly, or periodical papers are available at kiosks or by subscription.

Nominally, the Croatian government is still the largest media owner (especially if local governments are considered), measured by the number of the outlets in which local governments have a formal owner’s share. Despite ownership of media, the government does not financially or otherwise extend preferential treatment to the papers or broadcasters in which it has a stake. However, there are at least two cases in which

public funds are extensively used to finance media. The transformation of the radio television subscription rate into a tax, which exempted HRT from paying VAT, was previously mentioned. Also, the daily paper *Vjesnik*, suffering from red ink for about 30 years, has received significant government financial support. Some panelists concluded that HRT has a privileged position vis-à-vis the commercial competition since the public station gets income from the mandatory subscription rate and from advertising income. However, since these two funding sources are used by most of the European countries, the privileged position of HRT would not be so important if it actually fulfilled its public-programming obligations. In the case of *Vjesnik*, the paper has been a media institution for generations of readers. It is the remnant of a paper not completely dependent on sold circulation, which in theory could result in higher-quality content. *Vjesnik* has been financed for years out of the government budget, partly because of inertia and the perceived need to save a paper that would not have to compromise between quality reporting and market demands.

There are only two news agencies in Croatia. By far the largest and more important is HINA, a public news agency with relatively good professional services. However, HINA is extremely expensive, and most Croatian media outlets cannot afford it. The other agency is STINA, a small, privately owned agency that specializes in regional news exchanges but lacks a general news service and is therefore inferior to HINA.

OBJECTIVE 4: BUSINESS MANAGEMENT

Croatia Objective Score: 3.29 / 4.00

From the formal point of view, the Croatian print distribution network is almost monopolized by Tisak, a company that owns more than 80 percent of the newspaper kiosks. With an average of only 2 to 5 percent of circulation being sold through subscriptions, the percentage of the overall distribution controlled by Tisak becomes even more important. In the 1990s, Tisak was owned by one of the regime's cronies and used against independent media. In most cases, Tisak did not pay for months, or at all, money owed to independent outlets, bringing them to the brink of bankruptcy. It was mostly thanks to international donors that some of the independent print outlets like *Feral Tribune* survived such pressure.

In 2002, Tisak transformed its huge debt to some of the publishers (and the biggest tobacco factory in Croatia) into ownership shares. From that, Euro Press Holding (the

Independent media are well-managed businesses, allowing editorial independence.

BUSINESS MANAGEMENT INDICATORS:

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

publisher of daily *Jutarnji List*, weekly *Globus*, and more than 20 other titles), *Vecernji List* (the highest circulated paper estimated at between 110,000 and 145,000 copies daily), and the tobacco factory Rovinj each hold 25-percent shares in Tisak. Despite its near-monopoly status, Tisak has been a very efficient distributor, and there have been

no complaints from publishers, including those who are competing directly with two of the Tisak owners. However, a major competitor of the tobacco factory has filed a protest with the antimonopoly agency.

Dailies *Slobodna Dalmacija*, *Novi List*, and *Glas Istre* are using both Tisak and their own smaller networks of

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kiosks. Recently, Distri Press has been very active in distributing papers, mostly for non-kiosk selling points such as delis, grocery stores, and restaurants. Distri Press started in Zagreb, but it is now active in many larger Croatian cities.

Panelists agreed that media receive revenue from a multitude of sources. As mentioned, local radio and television stations receive direct or in-kind financial support from the local government. With one only exception, the low-circulation daily *Vjesnik*, print media do not receive any government subsidies. Also as mentioned, most publishers of the dailies have started selling additional media products with their papers, including books, dictionaries, geographic and road maps, music CDs, and movie DVDs. Due to the large quantity of these products, prices are up to 30 percent lower than through usual distribution. This promotion tactic has proven to be a real boost for newspaper circulation.

Panelists said publishers and producers continue to hide actual circulation numbers or program ratings. The unreliable circulation and viewership data, coupled with the consistent growth of the Croatian advertising market by 15 percent per year, resulted in the creation of new market-research companies. The leading advertising companies are already present in Croatia, and that results in stable growth in the quality and reliability of market data. However, only the largest national media use market surveys, focus-group data, and similar research tools in defining long-term business strategies. Most local media still use unreliable and unprofessional market surveys.

The ratio of advertising to circulation revenue that exists in Western countries (roughly 75 percent advertising to 25 percent circulation) has not yet been attained by Croatian print media. Croatian Chamber of Commerce data show that larger national papers like *Vecernji List* and *Jutarnji List* receive between 60 and 75 percent of the total income from advertising, and up to 90 percent during peak advertising seasons like Christmas. Other papers still depend on circulation for 80 percent of their income, leading some to tailor their journalism toward more popular sensationalism. Subscription revenues represent less than 5 percent of the overall circulation of Croatian papers, creating a kind of "kiosk addiction" that contributes to sensationalism.

Independent media do not receive any government subsidies. The fact that there are more than 150 broadcasters and more than 900 different print publications is the best indication that the industry is healthy and profitable. Panelist Denis Kuljis said, "The media plurality and the competition among outlets

increased the need for the good journalists. That is good as far as the payment of journalists is concerned, especially when we are thinking about the national media. Some journalists have shamelessly high monthly wages. It is good for them, but it is also good for the development of the media market."

OBJECTIVE 5: SUPPORTING INSTITUTIONS

Croatia Objective Score: 2.64 / 4.00

The Croatian Journalist Association (CJA) and the Trade Union of Journalists are the dominant professional associations. They are partner associations that collaborate to protect the professional interests and labor rights of journalists.

Croatia is the rare country in transition with only one association for professional journalists. During the 1990s, CJA had a critical role in defending basic media freedoms. In the later stages of Tudjman's regime, its role was more focused on introducing and implementing advanced professional standards. After the democratic elections in December 1999 to January 2000, CJA began redefining its role from that of a partially political organization to a strictly professional association. Panelists concede this process will take time and probably meet resistance from within.

Supporting institutions function in the professional interests of independent media.

SUPPORTING INSTITUTIONS INDICATORS:

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

CJA drafts media laws and lobbies for media-related legislation. This includes crafting amendments and determining other important elements of the journalism profession such as social and health insurance codes, pension funds, and freelance employment terms. Due to divisions among rival publishers, CJA has experienced difficulties in implementing a solid Code of Ethics. Maintaining a nonpartisan position in the feud was necessary to preserve CJA's professional reputation but increasingly limits the association in its daily activities and overall influence.

The Trade Union is a relatively strong institution that works closely with CJA and focuses on employment law. The union has been actively involved in drafting and implementing labor agreements and collective contracts with publishers. Currently, the labor agreements and collective contracts apply only to major national publishers. However, the Trade Union and CJA are working on a national collective agreement that applies to all media outlets.

Both CJA and the union maintain good relations with counterpart organizations in the European Union. They often offer expertise and other support to professional associations in other transition countries.

Both institutions are to a large degree financially self-sustainable. CJA covers its basic expenses 80 percent through membership fees and 20 percent from renting office space it owns in downtown Zagreb. The Trade Union operates exclusively on membership fees, which vary depending on the gross monthly salary of the member.

Publishers and journalists have not partnered in order to jointly protect and promote media interests. Nor have they acted to enforce the self-regulation of important media-specific problems. For example, panel members said, they need to develop a professional and ethical journalism code. The group representing local electronic and print media known as HURIN, the national association of local television stations NUT, and, recently, the Association of Newspapers Publishers are relatively efficient organizations. Along with HURIN, a small association of independent radio stations UNRP/ AIR formed as a result of the relationships begun in the second half of the 1990s when HURIN was pro-government. Without that political context today, the two associations collaborate to resolve mutual problems experienced by the local broadcasters.

Commercial television stations with national licenses as well as Croatian Public Radio and TV (HRT) do not participate in any of the associations. This lack of participation makes the broadcasters' association

considerably less influential than it could otherwise be. Very tense relations among some of the leading publishers decrease the potential of the publishers' association. This was a main reason why the newspaper publishers did not succeed in negotiations with the government regarding the VAT issue. The Catholic print and broadcast media are organized separately. Because of different and often mutually exclusive interests, cooperation among the print media groups, the electronic media associations, and the publishers' association is more of an exception than the rule. As a result, associations have missed opportunities to create a strong and respectable synergy.

Despite progress made by the Faculty of Journalism in recent years, students do not get enough practical training. CJA has a national education center in Opatija, where meetings and workshops are organized about once per week. Panelist Tena Perisin said, "Most Croatian editors do not want to go to training and journalism workshops. They still have that 'We know everything' approach. Quite often they do not let journalists go to professional workshops, considering it a 'waste of time.' In reality, they fear new skills that could threaten their position."

"Most Croatian editors do not want to go to training and journalism workshops. They still have that 'We know everything' approach. Quite often they do not let journalists go to professional workshops, considering it a 'waste of time.' In reality, they fear new skills that could threaten their position," noted Tena Perisin.

When the IREX/ProMedia project funded primarily by the US Agency for International Development ended in September 2004, Croatia was left almost without international media support. In the 1990s, IREX/ProMedia, Open Society Institute, Press Now, Swedish Helsinki Committee, the US Information Service, and others were very active. Most of the foreign media foundations withdrew their support from Croatia in 2001 and 2002. Panelists were aware that other countries began drawing donor support but concluded that the withdrawal should have been more gradual to wean media from dependency on foreign aid.

Nevertheless, panelists agreed that international donors had a very important role in developing and

diversifying the media scene in Croatia, especially in the mid- to late 1990s. There were times at which donor money was critically important in keeping alive some of the most important voices of civil society. These included financial support to Radio 101 in Zagreb in 1996 and 1998, or financial support that kept alive the *Feral Tribune* in Split after the government imposed a special tax in 1996. It would be very difficult to underestimate the overall impact of these outlets as agents of political and social change in Croatia, a contribution that goes far beyond figures on circulation or audience ratings.

Among the nonmedia NGOs, the Croatian Helsinki Committee is a watchdog organization with a long history of protecting freedoms in the country.

Panel Participants

Ante Gavranovic, president, Association of Publishers

Emil Havkic, lawyer

Denis Kuljis, journalist

Tena Perisin, editor, HRT

Anja Picelj, US Embassy, Public Affairs Office

Geza Stantic, member, Croatian Helsinki Committee

Davor Glavas, Head of Service, BBC Croatia

Moderator

Davor Glavas, Head of Service, BBC Croatia

CROATIA AT A GLANCE

GENERAL (data from CIA World Factbook)

- **Population:** 4,496,869 (est. June 2004)
- **Capital city:** Zagreb (773,000 est. 2004)
- **Ethnic groups (% of population):** Croats 89.6%, Serbs 4.5%, Bosniaks 0.5%
- **Religions (% of population):** Roman Catholic 87.8%, Orthodox 4.4%, Muslim 1.3%, Protestant 0.3%
- **Languages (% of population):** Croatian 96%, other 4%
- **GDP:** US\$47.05 billion (est. 2003); GDP per capita: US\$10.600 (purchasing power parity)
- **Literacy rate (% of population):** 98.5%
- **Chief of state:** President Stjepan Mesic
- **Head of government:** Prime Minister Ivo Sanader

MEDIA-SPECIFIC (data from Croatian Journalists Association and the Association of Croatian Broadcasters and Publishers [HURIN] 2004 Annual Report)

- **Newspaper circulation statistics (total circulation and largest paper):** There are no reliable figures on total circulation of the papers. *Vecernji List* sells between 110,000 and 145,000 copies a day. *Jutarnji List* (Zagreb) sells 75,000 to

110,000 copies, *Slobodna Dalmacija* (Split) sells 55,000 to 70,000 copies, and *Novi List* (Rijeka) sells 45,000 to 60,000 copies. Total circulation of daily papers is estimated at 450,000 to 550,000 copies a day.

- **Broadcast ratings (top three ranked stations):** HRT 1 (Public TV, first channel), HRTL (Croatian RTL), HRT 2 (Public TV, second channel). CME-owned Nova TV, the first commercial station with national coverage/license in Croatia, is fourth. The radio stations most listened to by people age 20 to 65 are Narodni Radio, Otvoreni Radio, and HRT 1 Radio. Otvoreni Radio is the national

radio station most listened to by people age 20 to 50.

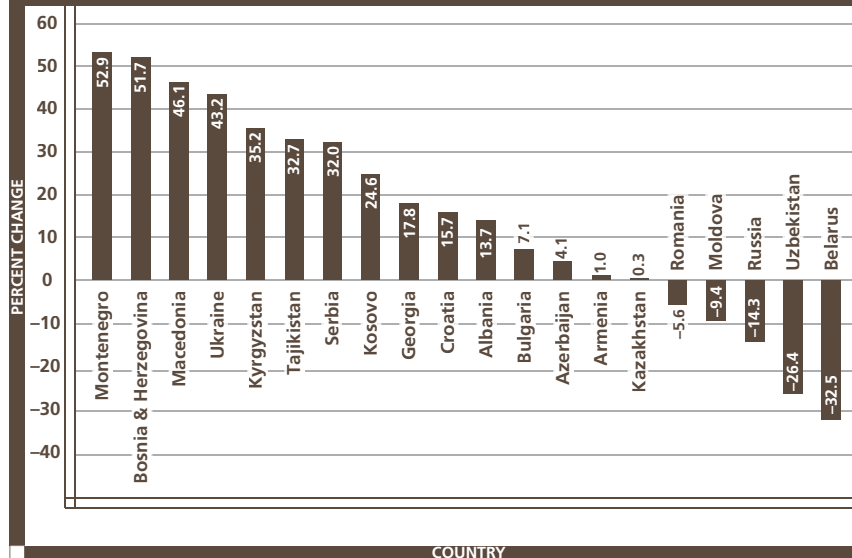
- **Number of print outlets, radio stations, television stations:** There are more than 900 different print titles (dailies, weeklies, biweeklies, monthlies, etc.). There are 13 daily newspapers and 46 weeklies. There are 131 licensed radio stations. Five radio stations have national coverage/license (HRT 1, HRT 2, Narodni Radio, Otvoreni Radio, Hrvatski katolicki Radio/Croatian Catholic Radio). There are three national television stations (HRT, HRTL, Nova TV) and four national channels (HRT 1, HRT 2, HRTL, Nova TV). Fifteen television stations operate at the local or county level. Cable television is provided by 21 licensed operators.

- **Annual advertising revenue in media sector:** Estimated at 2 billion kn (about US\$350,000,000). An estimated 60% of the advertising income goes to broadcasters; 40% goes to print outlets.

- **Number of Internet users:** About 40% of the population uses the Internet.

- **Names of news agencies:** HINA and STINA. IKA/Croatian Catholic News Service provides news only to Catholic media.

MSI AVERAGE SCORES—PERCENT CHANGE 2001–2004



MEDIA SUSTAINABILITY INDEX: CROATIA

