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CROATIA

It was Friday at 4:15 p.m. A phone interrupted the MSI panel discussion, already in full swing. Turning-off mobile phones during the panel standard procedure, but considering the circumstances, the moderator had made an exception. "He's busted!" one of the panelists exclaimed. "Austrian police have just confirmed that they have arrested him," she added.

"He" was the former Croatian prime minister, Ivo Sanader. Just a day before, Sanader had left the country in a hurry, only hours before the parliament lifted his immunity from prosecution as a result of an anti-corruption investigation. The shaken Sanader was arrested in Austria, where he had formerly resided. The same evening, two of the MSI panelists were guests on public television's special late evening news. The arrest of Sanader was a grand finale of a year in which politics dominated media headlines in every way.

However, the past year saw Croatian media struggle and in many areas the sector regressed. Panelists reported that professional media standards deteriorated and that the global economic crisis continued to weigh heavily on the media industry. For the third consecutive year, advertising income for all media outlets and circulation levels for print outlets fell precipitously. Hundreds of jobs have been lost and iconic media outlets including Radio 101 and *Glas Istre* remain on the brink of collapse.

While physical attacks on journalists are rare, many local journalists continue to face verbal threats and intimidation. Bloggers and electronic media outlets endure government pressure for their work. Marko Rakar, a prominent blogger and MSI panelist, was detained by police on charges that he released classified data, but was later cleared and released. And blogger Željko Peratović's reporting on corruption has made him the target of civil suits by government officials.

The poor performance of public television is another area of concern. Tainted by financial scandals and hampered by ineffective management and employee protests, audience ratings fell significantly. Panelists reported that despite having advantages over commercial competitors, including receipt of taxpayer subscription fees, public television continued to produce low quality programs.

Despite significant regression in some areas, there are signs of improvement in others. New media outlets continue to grow in size and diversity; the police moved quickly to protect threatened journalists and solved multiple prominent cases involving attacks on journalists; and public media organizations shed the pro-government bias that plagued the outlets during Sanader's rule.

Overall, Croatia's media sector remains unable to make significant progress forward or prevent some regression, but still maintains the basic freedoms and market principles adopted over the past two decades. This is reflected this year in a lower overall score, although not by a large amount. Losses in most objective scores were offset to some degree by improvement for Objective 3, plurality of news.

CROATIA AT A GLANCE

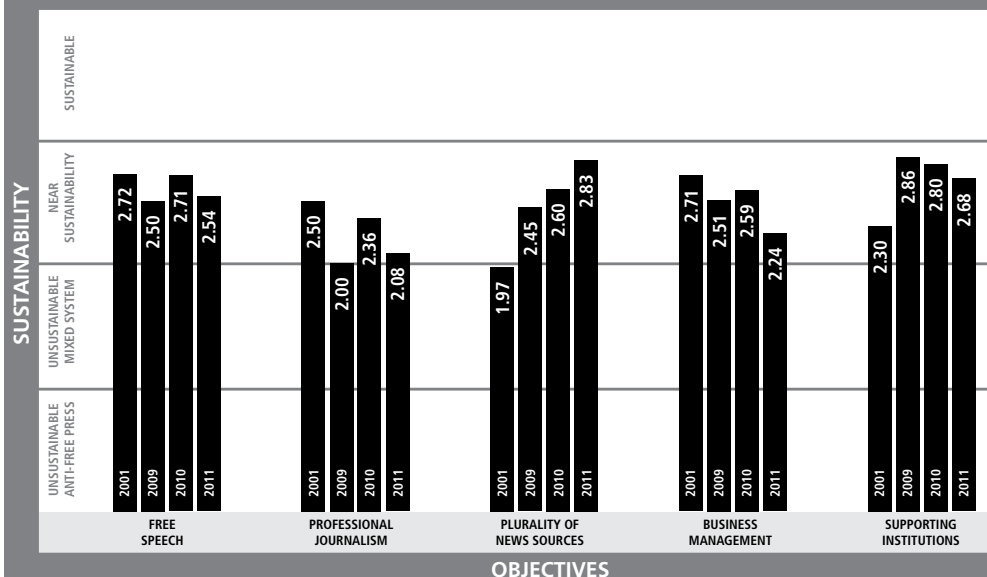
GENERAL

- > **Population:** 4,486,881 (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) (*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% (*CIA World Factbook*)
- > **Languages:** Croatian 96.1%, Serbian 1%, other and undesignated 2.9% (including Italian, Hungarian, Czech, Slovak, and German) (*CIA World Factbook*)
- > **GNI (2009-Atlas):** \$60.79 billion (World Bank Development Indicators, 2010)
- > **GNI per capita (2009-PPP):** \$19,040 (World Bank Development Indicators, 2010)
- > **Literacy rate:** 98.1% (male 99.3%, female 97.1%) (*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+, 17 daily newspapers, 40 weekly newspapers; Radio: 140+, 6 of which are national; Television Stations: 23, 5 of which are national.
- > **Newspaper circulation statistics (total circulation and largest paper):** The total circulation of daily papers is estimated at 420,000 copies a day, the top 3 being tabloid *24 Sata* (circulation 130,000), *Vecernji List* (circulation 75,000), and *Jutarnji List* (circulation 55,000); the highest circulated political weekly is *Globus* (35,000 copies), followed by *Nacional* (30,000)
- > **Broadcast ratings:** Top 3 television stations: HRT 1 (state), RTL Croatia (private), and Nova TV (private)
- > **Annual advertising revenue in the media sector:** Approximately \$550,000,000
- > **News agencies:** HINA (public), STINA, IKA/Croatian Catholic News Service
- > **Internet usage:** 2.23 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: 2.54

Several of the indicators received lower scores this year, contributing to a moderately lower score than last year. Indicator 3 (market entry and taxation), indicator 5 (legal guarantees of editorial independence for public media), and indicator 7 (access to information) all lost some ground. The latter two scored more than half a point behind the objective score. Indicators 8 (unrestricted use of domestic and international news sources) and 9 (free entry into the journalism profession) also scored lower this year, but still about a point higher than the objective score. Indicator 2 (media licensing) improved in the eyes of panelists, however.

The legal framework protecting freedom of speech in Croatia has never been a concern. All panelists agreed that legal provisions protecting free speech are in line with international standards. In the 20 years since the end of communist rule, the Croatian public opinion has become especially sensitive to infringements on freedom of speech and the European Union application process forced the Croatian government to harmonize its media legislation with the European legal framework. The panelists reported, however, that there are still problems with the

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

FREE-SPEECH INDICATORS:

- > Legal and social protections of free speech exist and are enforced.
- > Licensing 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 or public media.
- > Libel is a civil law issue, public officials are held to higher standards, offended party 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.

As a caveat Galić added, "Publishers haven't used this tax break to improve working conditions or salaries for journalists. It goes straight to their profit margin."

implementation of the laws governing freedom of speech and the media.

"Legal provisions are defined according to international standards. They are pro-democracy oriented, by all means. But, there is still not enough consistency in how the judiciary system implements them" panelist Gordan Malić, a prominent investigative reporter, said. "Problems now emerge when a judge is not competent enough to handle the case." Veteran journalist Denis Kuljiš added, "Most of them [judges] have no experience with or specialized training in highly demanding fields like media law."

Panelists reported significant problems with the Croatian Telecommunications Agency, which oversees broadcast licensing. "The Agency is one of the most non-transparent institutions in Croatia. It is almost impossible to get any relevant information," Toni Gabrić editor of H-Alter.org said. In the 1990s, the Agency was highly politicized, both in terms of its composition and the decisions it made. While it would not be fair to say that the same situation exists now, especially after the fall and dissolution of the former prime minister's network of formal and informal influence, panelists reported that it remains one of the worst functioning regulatory agencies in Croatia. "The Agency is not under political control. But, they have no history of being independent, so they still think they should respect political interests," Kuljiš said.

Three years ago, a law was passed obliging the Agency to publish online its contracts with license holders for public review. To date, the Agency has not posted the information online. "The Agency's website has been 'under construction' for the past two years," the moderator, Davor Glavaš, said.

Panelist Marko Rakar, a noted Croatian blogger, added that from his perspective the Agency's oversight of the Internet has been extremely disappointing: "We should end the Agency's control over the Internet immediately. They don't know what they are doing. They are not aware of the implication of their acts." Other panelists agreed with Rakar's assessment. "The Agency began making a register of web portals in Croatia. But why now? Because the new Electronic Media Act has given them the right to collect a percentage of a web portal's income for Agency activities," panelist Gabrić

“The situation is particularly bad outside of large media markets. Many local journalists face almost constant harassment and verbal threats, bordering on physical attacks, but there is no public reaction to this,” noted Simeona Pancirov of Narodni List, a local paper in the city of Zadar.

said. “If so, fine, but why don’t they ask the government web portals to pay the fee as well? Why should only independent portals pay?”

There are no capital requirements or special restrictions, taxes, or procedures for new media outlets. Starting a new outlet, assuming it does not violate antimonopoly regulations, depends only on the investor’s budget. “Print media have a privileged position compared to other industries,” panelist Gabriela Galić said. Indeed, daily papers pay only half of the standard value added tax (VAT) rate. The same VAT rule, however, does not apply to the broadcast and electronic media. As a caveat Galić added, “Publishers haven’t used this tax break to improve working conditions or salaries for journalists. It goes straight to their profit margin.”

Statistics show crimes against journalists are rare. Glavaš reported that in 2010 physical attacks on journalists were a virtual non-issue. “For the first time I feel safer than the people I write about,” Kuljiš said. Panelists attributed the improvement to positive personnel changes at the General Police Directorate.

Panelists also reported “tangible improvements” in the prosecution of crimes against journalists. “The murderers of Ivo Pukanić [publisher and journalist killed in a car bomb late in 2008] were found and prosecuted very quickly,” investigative reporter Gordan Malić said. Emil Havkić, a media lawyer based in Zagreb, added, “The public views attacks on journalists as attacks on freedom of expression. After many years, state institutions have started to share the same approach.”

Despite many improvements, journalists still are subjected to verbal threats and intimidation, mostly from criminal gangs and organized crime. “The situation is particularly bad outside of large media markets. Many local journalists face almost constant harassment and verbal threats, bordering on physical attacks, but there is no public reaction to this,” noted Simeona Pancirov of *Narodni List*, a local paper in the city of Zadar.

Public media outlets do not receive preferential treatment from the government and there are no laws that unduly discriminate against private outlets in favor of public outlets. Additionally, panelists agreed that both have equal access to information.

Panelists expressed concern that proposed amendments to the criminal code would make it easier for journalists to be criminally prosecuted for libel. Additionally, the panelists reported that judges are forcing journalists convicted of “damaging reputation” to pay higher fines. “In the 1990s, the fines were HRK 1,000,000 [\$170,000]. In 2000s, fines were reduced to HRK 30,000 to HRK 50,000 [\$6,000 to \$9,000], and these days they are up to HRK 100,000 to HRK 150,000 [\$20,000 to \$30,000],” Havkić said.

Coincidentally, on the day the panel convened, the Croatian Parliament adopted amendments to the Access to Information Act, which significantly expand the definition of classified information. While it remains unclear how this will change journalists’ access to information some panelists argued that this move is indicative of a broader trend toward further restrictions on information deemed sensitive. Others disagreed with the assessment: “There is no such thing as a right to all information for all journalists,” Malić said. “If information is classified or sensitive, access will depend on the individual journalist’s skills and connections. It’s always been like that, from the Watergate scandal onwards. The problem is when even the information that should be ‘open’ is not available, or when you have to wait for weeks to get official documents.”

Panelist Marko Rakar reported direct experience with a prominent case involving classified information. In early 2010 Rakar was detained by police and falsely accused of hacking into the Ministry of Defense’s computer network, copying the names of 500,000 registered war veterans and making them public. This event opened an important debate in Croatia over what information should be classified and what information should be made public. Rakar was eventually released and his computer equipment was returned after investigators determined he was innocent.

All panelists agreed that there are no restrictions on access to or use of local and international news. Similarly, there was a strong consensus that entry for aspiring journalists is not impeded in any way. And finally the panelists reported that there are no restrictions on entrance to journalism schools aside from standard university admissions requirements. With a bit of cynicism, one panelist quipped that considering the quality of entry-level journalists he wished there were “some sort of vetting process, at least for journalists to prove they know grammar.”

OBJECTIVE 2: PROFESSIONAL JOURNALISM

Croatia Objective Score: 2.08

The drop in score for this objective is the result of lower scores for three indicators: indicator 4 (journalists cover key events), indicator 5 (pay levels for journalists), and indicator 8 (niche and investigative reporting). Indicator 3 (self-censorship) was the only indicator to lag behind the objective score by more than half a point, while indicator 7 (modern equipment and facilities) exceeded the objective score by more than a point.

The panelists disagreed over the state of professional journalism in Croatia. Experienced journalists on the panel said that professional standards are eroding. "Young journalists do not have mentors. Newsrooms are treating them like disposable material: they use them, pay a fraction of what they should pay, and then throw them away," former president of the Croatian Association of Publishers Ante Gavranović said. "Instead of verifying their information with at least two independent sources, journalists just say 'we heard from a well positioned source.' As a result, media becomes a tool for politicians, lobbies, and different pressure groups to use," journalism lecturer and editor Dražen Klarić said. Additionally, some panelists complained that editors often rush journalists to write stories without proper sourcing so that their publication can be ahead of the competition.

Other panelists said that their colleagues were being too hard on Croatian journalists and especially on young journalists. "There are good journalists and bad journalists just like everywhere else. We can always say that our generation was

Havkić agreed: "I have yet to meet a journalist with no drive to investigate, to step beyond the initial information. True, there is too much spin in media today, but in general terms, I think we have good quality of information in media."

better educated, more professional, and that journalism is now dominated by a bunch of irresponsible kids, but we should give them a chance," Kuljiš said. Havkić agreed: "I have yet to meet a journalist with no drive to investigate, to step beyond the initial information. True, there is too much spin in media today, but in general terms, I think we have good quality of information in media."

The Croatian Journalists' Association (CJA) has a well-defined code of ethics and a respected Council of Honor that reviews complaints from individuals or institutions. More than 90 percent of active journalists in Croatia are members of the CJA and the vast majority of them follow basic ethical standards. "Unfortunately, there are a few journalists who don't care about any ethical standards. This continues to have a devastating effect on the public perception of journalism as a profession," president of the Croatian Journalists Association Zdenko Duka said. The most common ethical violations reported are journalists failing to respect the privacy and dignity of private citizens and sources. President of the Croatian Journalists Trade Union Gabrijela Galić added, "We do have an ethics code, but daily practice differs substantially from it." And other panelists noted that some outlets still regularly publish articles supporting a prominent patron or attacking the patron's rival to generate revenue.

The panelists reported that poor economic conditions have made journalists more tentative overall. "The general economic crisis and awareness that there are few jobs in the media industry have increased the level of self-censorship," Havkić said. Galić added, "People are afraid. They simply don't know whether they'll find their names on the lay-off list next week." Compared to the 1990s, politics is much less of a factor in self-censorship. "Politics and politicians are not perceived as the center of power any more. Now it is much more about the big advertisers," Gabrić said.

Jelena Berković, a media specialist with Građani Organizirano Nadgledaju Glasovanje (GONG; Citizens Organized to Monitor Voting) pointed out, "Many media outlets, even some previously important ones, haven't been paying taxes for years. Tax authorities can freeze their bank accounts or file bankruptcy procedures against them at their will. I don't

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.
- > Facilities and equipment for gathering, producing, and distributing news are modern and efficient.
- > Quality niche reporting and programming exist (investigative, economics/business, local, political).

“We can definitely conclude that pay level decreases have forced some journalists to leave the profession,” Galić said.

think that the media have enough room to maneuver, or will to criticize, say, the government’s fiscal policy.”

While acknowledging that self-censorship remains an issue, the panelists concluded that it does not prevent important events from being exposed or discussed by the media. “A journalist who doesn’t feel comfortable enough publishing a story on a sensitive issue will simply pass the information on to a colleague who will. You can’t hide relevant information; you can’t prevent it from going public anymore. Someone will publish it,” Kuljiš said. Moreover, the panelists reported that new media outlets are much less restrained than their traditional counterparts and have played a prominent role in breaking controversial stories.

“Taking into account all media—print, broadcast, and online—I can say that all major events and issues are covered,” Havkić said. Martin Mayer political adviser for the European Union Delegation to Croatia concurred: “I haven’t found a single important issue that was not covered by the media.” The growing importance of the new media has contributed significantly to media openness. “Everything goes out, news fit for print, as well as news not-yet-fit to print,” Kuljiš said adding, “In this regard, Croatia is certainly a leader in the region.” That said, the panelists also acknowledge that there is room for improvement. “Too often, irrelevant or sensationalistic stories find their way on to the front page, while socially and politically relevant issues are more often buried on the inside pages,” Gabrić said.

While the panelists reported that on average the salary level for journalists is comparable to other professions, they added that there is significant variation between local and national outlets. Many journalists working for local newspapers and stations receive the minimum salary guaranteed by labor laws, while those working for leading national outlets earn significantly more. “We can definitely conclude that pay level decreases have forced some journalists to leave the profession,” Galić said. Many journalists, especially the younger generation, can only find part-time work. This is a better model for employers, since they control contract renewal and have no further financial obligations. “As a part-time worker, one still works full-time, sometimes even more than eight hours a day, but you have no basic labor rights. You are a second-class employee,” said Berković. The panelists reported that there is no significant difference

in pay levels between print and broadcast or public and private media.

While Croatia is not exempt from the global trend toward infotainment, the government is working to ensure that broadcasters leave space for news programs. All broadcasters are legally bound to devote a percentage of their overall daily programming to news. Consequentially, Croatians have a variety of news programming to choose from. Print and electronic media are still news-oriented, despite the inclusion of some trivial content. “I can always find any information needed,” Mayer said.

The divide between news and information channels is somewhat artificial. “The fact is that one commercial national television station, which is known for its ‘trashy’ programming, also has some of the best and most professional news programs. This is paradoxical, but it works,” Klarić said. Other panelists reported that the print media outlets that have replaced “hard” news with trivial and sensationalistic content are losing readers.

Panelists reached a fast and easy consensus on indicator 7: facilities and equipment for the gathering, production, and distribution of news are modern, efficient, and reasonably priced. Internet access is affordable for the vast majority of journalists and used widely.

“Quality niche reporting is in decline, but there are still enough journalists covering their fields of expertise,” Galić said. Kuljiš agreed that there is a deficit of expert journalists: “I think that the lack of niche reporting will soon become one of the biggest shortcomings of our media community.” And Klancir added that publishers “do not encourage enough niche reporting” and instead prefer journalists to be “generalists.”

Croatia has a strong tradition of quality investigative journalism and investigative journalists are well-respected by the public for their work. Sometimes there is friction between investigative reporters and their editors and publishers. But the plurality of media prevents this from being a serious issue. Relevant and substantive investigative stories find their way into the media, even if they are initially rejected.

The problem is more with other forms of niche reporting. There is an obvious lack of health, education, business, and science reporting. Most of the commercial media do not believe that these topics are of interest to their audience. Some broadcasters and specialized websites do cover specialized topics well, but these outlets are the exception, not the rule.

OBJECTIVE 3: PLURALITY OF NEWS

Croatia Objective Score: 2.83

With increased scores for indicator 3 (public media are non-partisan), indicator 5 (private media produce their own news), and indicator 7 (coverage of minority issues), Objective 3 improved modestly. Indicator 6 (transparency of ownership) dropped in score, however, and lagged behind the objective score by more than a point. Indicator 2 (citizen access to media) and indicator 5 both exceeded the objective score by about three-quarters of a point. The new indicator 8 scored almost exactly the same as the objective score.

Panelists concluded that a plurality of media sources exists and that citizens have unrestricted and ever growing access to domestic and international news. "Croatian citizens are provided with a myriad of information, from all existing sources and platforms," Klarić said. Indeed, with more than 1,080 registered media outlets including four national papers, five national commercial television channels (with more specialized channels to come), more than 140 radio stations, and a wide range of local outlets and web portals, the Croatian media market is close to becoming saturated.

More than 50 percent of the population regularly uses the Internet and there are a wide variety of Internet protocol television (IPTV) platforms. (With more than 25 percent of households using IPTV, Croatia has one of the highest

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) exists 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 non-partisan, 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.

Blogs, Facebook, and Twitter have all had a significant impact in Croatia. Most notably, these new platforms were used effectively by youth and civic to organize protests in Zagreb in the spring and summer of 2010.

penetration rates in Europe.) Twitter, YouTube, Facebook, and other social networking tools are also very popular.

One of the specific features of the Yugoslav variant of socialism was its relative openness to foreign news. Since the early 1970s, foreign papers have been freely available thanks to the hundreds of thousands of foreign tourists and tens of thousands Croats working in nearby countries.

Because of Croatia's geography, most of the western part of the country has access to international terrestrial television stations. Foreign television channels and radio stations (including Italian and Austrian television stations and international radio broadcasters such as BBC, Voice of America, and Deutsche Welle) are used widely by Croatians. Most international broadcasters, such as Radio Free Europe/Radio Liberty, have closed their Croatian language services because the country's media sector has developed significantly over the past decades.

Panelists reported that the average price of home Internet access has decreased significantly in recent years, allowing more Croatians to access information online. Croatians now pay around \$30 a month for unlimited broadband access, compared to upward of \$150 just a few years ago. The prices of international publications, however remain high (\$5 for daily papers, \$7 for weeklies).

Access to media is still somewhat restricted in the rural areas. But since the introduction of satellite IPTV service in 2010, the access gap between urban and rural populations has shrunk significantly. In addition, Croatia's telecommunications providers offer nearly nation-wide coverage, making mobile Internet an increasingly attractive and affordable option.

Blogs, Facebook, and Twitter have all had a significant impact in Croatia. Most notably, these new platforms were used effectively by youth and civic to organize protests in Zagreb in the spring and summer of 2010. Additionally, they have become indispensable daily communication tools for citizens and the government; even new President Ivo Josipović is a devoted Facebook and Twitter user.

“As media professionals and media consumers, we are witnessing a dramatic decrease in the quality of public television. It is not about political control any more. It is about the fact that public television spends our money and does not even come close to putting out a professional product,” panelist Djurdjica Klancir said.

Panelists reported significant improvements in the veracity of the public television channel, newspaper, and new agency since the end of former Prime Minister Ivo Sanader’s rule in 2009. Public television, which is the most widely known and used public media outlet in Croatia, has eliminated its once infamous bias toward the ruling government and now airs exclusively nonpartisan programming. “Public television definitely does not discriminate against political party organizations regardless of where they fall on the political spectrum,” Havkić said.

The panelists reported growing dissatisfaction with the quality of public television’s overall content, however. “As media professionals and media consumers, we are witnessing a dramatic decrease in the quality of public television. It is not about political control any more. It is about the fact that public television spends our money and does not even come close to putting out a professional product,” panelist Djurdjica Klancir said.

The daily public paper *Vjesnik* has moved beyond its Sanader-era format, which focused exclusively on government events and the prime minister’s activities to become a relatively decent publication that provides coverage across the political spectrum. That said, the panelists agreed that it will take years to remake the paper’s public image and increase circulation.

The publicly owned Hina news agency remains the most popular wire service. Panelists agreed that Hina agency provides relatively professional and objective information to its clients and that most media outlets and journalists use Hina in their work. In addition to Hina, there is IKA—a Catholic news agency—and a major publisher that provides some wire services, for example photos, to other clients. International news agencies are available and access is unrestricted.

All media organizations in Croatia produce at least a portion of their own news. Local radio stations generally purchase

national and international news stories from news providers, which they augment with original reporting on local news. Local print outlets follow the same model.

There are no substantial differences between the stories public and commercial broadcasters decide to cover. Commercial outlets, however, generally put more effort into presenting the news in a dynamic and aesthetically pleasing way, which has increased their popularity vis-à-vis public television.

The transparency of media ownership continues to be a significant issue in Croatia, according to the panelists. “Media ownership is remarkably opaque,” Klancir said. Although media owners are legally bound to present their ownership structure to the Chamber of Commerce at the beginning of each year, many do not. “There are no sanctions against this, so they can afford to avoid their obligations,” Gavranović said.

Most of the national media owners started their careers as publishers, editors or, journalists. On the local level, the situation is different. “Local tycoons with absolutely no media background control most of the local media space,” Pancirov said. “They have full control over the editorial policy, as well.” Foreign investment has played an important role in making the media sector more balanced and professional. Panelists supported the continued involvement of international investors.

Mainstream media outlets often address gender, religion, sexual orientation, and minority issues. According to the panelists, the coverage these issues receive is generally balanced and serious. Minority media play a significant and at times controversial role in Croatian public discourse. In 2010, the government-backed Serbian minority paper was widely criticized for publishing a picture of two fighter jets that crashed during a military maneuver with a title that invoked ironically a slogan used by Croatian fighters during the war of independence. While this situation itself was not positive and led to the resignation of the editor-in-chief, the panelists reported that it also reaffirmed the significant and independent role the minority publication play in Croatia.

Multiple panelists were not satisfied with the coverage of some essential international issues, most notably Croatia’s EU accession. “I think that Croatian citizens do not have enough quality information on the Croatia-EU negotiations. There are ever less international correspondents reporting for Croatian media,” Berković said. Božić agreed: “Foreign policy is definitely not represented enough in the media. Even the most relevant issues, such as EU accession process, are covered at the level of protocol.”

OBJECTIVE 4: BUSINESS MANAGEMENT

Croatia Objective Score: 2.24

Croatia's business management score suffered a moderate drop as panelists returned lower scores for indicators 3 (advertising industry), 4 (advertising revenue compared to other sources), and 5 (government intervention in the market). Indicator 5 lagged behind the objective score by about three-quarters of a point, while indicator 6 (market research) exceeded the objective score by more than half a point. Other indicators scored close to the objective.

The global economic downturn has had a negative effect on Croatian media. Advertising revenue has fallen a disastrous 43 percent and circulation has dropped by more than 20 percent. In this environment, many well-respected media outlets have struggled. For example, conflict between employees and new management over austerity measures has led to a series of shutdowns and strikes at *Glas Istre*, one the oldest and most popular local newspapers in Croatia. And Radio 101, an iconic independent broadcaster, is on the brink of bankruptcy after the economic crisis exposed years of irresponsible management.

The panelists agreed that public television needs to better account for how it spends public funds and reported serious concerns about Public Television's business practices: "The biggest problem [for Public Television] is the lack of management strategy, or more candidly the disastrous financial and organizational situation there," Klarić said. "Public television is notorious for its inefficient management

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.

"Public television is notorious for its inefficient management and corruption," Malić said.

and corruption," Malić said. After many years of debate, the channel finally decided to implement a dual accounting procedure to ensure that subscription fees go directly to the production of public interest programming. But panelists still feel that public television has become an expensive media giant that lacks strategy, firm management control, and efficient and transparent internal procedures.

The panelists were divided over whether the broader economic situation, the saturation of the Croatian media market, or poor management is to blame for the overall downturn. "I'd say that this is a reflection of the real market situation. Even the world's best managers would not be able to get out of this type of crisis without sacrificing some benefits," Havkić said. Another segment of the panel countered that if owners had judiciously managed funds during the "fat" years, many media organizations would be in a better position. Meanwhile others said that the country has too many media outlets and the economic crisis is simply pruning the poorly run ones.

Mainstream national media outlets generally adhere to well outlined business plans. Their accounting and finance practices are in line with international standards. Local media organizations, however, are less likely to have and follow a business plan, a fact exposed by their poor response to the economic crisis. For years, many survived thanks to the financial or in-kind support of local authorities, which in some cases damaged their editorial independence. According to the panelists, if there is an upside to the crisis, it is the fact that these practices will end and only healthy local media outlets will survive.

Croatian print outlets receive revenue from multiple sources. Cover price and advertising are the main sources of income for the print media and a smaller portion (less than 5 percent) of revenue is generated by subscriptions. Commercial television stations generate revenue exclusively from advertising. Local commercial broadcasters can apply for grants of up to \$150,000 from the state-run Fund for the Pluralization of Media (which receives three percent of the subscription fees paid to public television) to produce public interest programs.

Despite the economic crisis, the advertising industry has remained exceptionally strong. The biggest advertisers in Croatia are private companies, notably telecommunication

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providers, retail outlets, oil and gas companies, and food distributors.

Given the market situation, advertising brokers are in a position to dictate prices to media outlets. Panelists expressed concerns about the influence big advertisers have on the media in this environment. "One of the leading daily papers published a story about the import of meat past its expiration date but deliberately obscured the name of the wholesaler who was responsible. Is it because that same chain bought three pages of ads in the same paper?" Božić asked rhetorically. According to the panelists events like this are not uncommon. Media outlets also normally avoid criticizing big advertisers and advertisements disguised as articles are often published without necessary warnings.

The fall of Ivo Sanader reverberated in the advertising sector. Fimi Media, an advertising agency that MSI panelists complained about in previous years, was exposed as a tool Sanader used to launder money and give political favors. The firm was responsible for valuable public awareness advertising campaigns and used this power to reward media outlets that stuck to the then government's editorial line.

Croatian public television relies both on advertising and \$170 million in taxpayers' subscription fees to fund its broadcasts. The panelists disagreed about whether the dual funding system promotes independence or gives public television an undue advantage over its commercial peers. "Public television has been underselling its advertising for many years, thanks to the public money it receives. That has resulted in serious distortions on the advertising market, not only for the national commercial broadcasters, but for the local commercial stations as well," Kuljiš said.

In 2010, commercial television stations lobbied hard for parliament to limit the amount of advertising on public television. Under the final version of the law on public television, the channel is allowed to sell nine minutes of advertising per hour outside of prime time and four minutes per hour during prime time compared to the 12 minutes per hour commercial channels are allowed to sell.

Other panelists defended public television: "To a certain degree, I do understand the complaints of commercial television stations. They see public television as a competitor on the market, which has an advantage because of public money. What commercial TV stations don't mention is that public television is obliged to use this money for a variety of purposes, for example keeping a symphonic orchestra, which is definitely not cheap," Havkić said. And public television editor and journalism professor Tena Perišin said that balance of subscription and advertising revenue shields public television from both political and market pressure.

There are no formal government subsidies for the private media in Croatia. But some panelists characterized the 50 percent VAT break that print outlets receive as an informal subsidy.

Use of market research is standard practice for media organizations and advertising firms. Research and advertising companies (notably GfK Croatia, Puls, Henda, Target, and Prizma) use sophisticated tools and methods in their surveys. This research, however, is often ignored by media managers. Professionally conducted surveys are still too expensive to be affordable for smaller and local media outlets. "Those who have money buy surveys or pay for their own. Those who don't rely on their own prognosis," Gavranović said. The panelists agreed that broadcast figures generated by independent agencies using "people meters" are generally reliable but not as precise as they should be.

In the spring of 2010, the Croatian Association of Publishers founded the Croatian version of the Audit Bureau of Circulation to measure readership. "Large advertisers are very interested in this project," said Gavranović, one of the organization's founders. "We still have to convince some publishers that it is in their long-term interest to give us reliable circulation and sales figures. Some of them still hesitate, probably also because of the crisis-generated drop in circulation. But, the idea has finally been institutionalized," Gavranović added.

OBJECTIVE 5: SUPPORTING INSTITUTIONS

Croatia Objective Score: 2.68

The small drop in score for this objective was the result of movement in the scores of many indicators. Indicator 2 (professional associations), indicator 4 (academic journalism programs), indicator 5 (short-term training), indicator 6 (access to media equipment and printing), and indicator 7 (apolitical sources of distribution) all lost some ground, although indicator 6 still scored about three-quarters of a point higher than the objective score. Indicator 1 (trade associations) improved its score and ended up more than half a point higher than the objective score. The new indicator 8 (ICT infrastructure) scored relatively well, keeping the objective score somewhat higher than it could have been given the lower scores elsewhere.

For the past two decades, Croatia has had an excellent reputation among the transition countries of Europe and Eurasia for its media support institutions. Croatian unions and trade organizations exist and actively work to support their constituents. There are absolutely no legal restrictions on the registration and operation of these organizations.

The Croatian Association of Publishers, which successfully lobbied the government for a reduction of VAT on daily papers and helped to increase profits significantly, represents newspapers and magazines. Local and national broadcast outlets both have their own professional associations (the

Klarić replied, "An organization reflects its membership. If we want the CJA to be more active, we must be more active."

National Association of Local Television Stations and the Croatian Association of Independent Local Radio Stations) in addition to a national association of commercial television stations, which lobbies on the behalf of all privately owned television broadcasters. All of these associations are independent of the government, although not necessarily completely immune to political influence. Associations are financed either on an ad hoc basis or through the collection of an annual membership fee.

Internet-based outlets are the only media organizations without an official representative or lobbying group. Gabrić reported that a group of bloggers and online journalists are working to start an association to represent the interests of new media outlets.

The Croatian Journalists' Association (CJA), with a membership of almost 3,000 journalists and media professionals (more than 90 percent of the active journalists) is a well-organized and efficient professional association, resistant to political influence. CJA, which celebrated its hundredth anniversary in December 2010, remains actively involved in safeguarding the principle of free speech and protecting the rights of journalists. In order to be more responsive to its members, CJA has specific sub-organizations representing types of journalists (investigative reporters, area specialists, bloggers, free lancers, photo journalists, etc).

While most panelists agreed that CJA fulfills its mission, some said that the organization should expand and improve its activities. "My impression is that CJA should more actively promote its work. The general public does not know enough about these activities and they don't know enough about problems journalists face," Havkić said. Klarić replied, "An organization reflects its membership. If we want the CJA to be more active, we must be more active."

Other panelists reported that journalists hold misconceptions about the nature of trade unions. "Journalists often take trade unions for granted. They don't think about them until they face a problem. Then, they expect an immediate solution," Galić said. "With so many layoffs, breaches of the collective contracts, and journalists not being paid for months, we've been more active than ever, but still we can't do everything for everyone."

The panelists complained that many of Croatia's more than 32,000 NGOs have stagnated since the 1990s when

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 (e.g., 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.

“Publishers and editors are still not willing to encourage staff to participate in trainings and workshops,” Perišin said. Galić agreed, “Sometimes the problem is the journalists themselves, but more often than not it is their editors who see it as a waste of time.”

international donors funded a wide range of activities. “Some NGOs always complain about not being represented enough in the public, but the fact is that most of them are practically irrelevant,” Havkić said. The panelist reported that there are still a number of NGOs that monitor the press and support media organizations. These include GONG (election monitoring, human rights, and media advocacy), Zelena Akcija (anti-corruption), Eko Kvarner (environmental activism), and Potrošač (consumer protection). The panelists noted that NGOs are mostly based in large cities and as a result they do little work in rural areas.

Given the size of the Croatian media market, the panelists reported that the country might actually have too many schools of journalism. Students who graduate from one of the eight university level journalism programs often struggle to find jobs. Panelists also said that the journalism schools do not provide enough practical training to prepare journalists for the job market.

While journalists have access to a wide range of quality mid-career training, most do not take advantage of the

opportunities. “Publishers and editors are still not willing to encourage staff to participate in trainings and workshops,” Perišin said. Galić agreed, “Sometimes the problem is the journalists themselves, but more often than not it is their editors who see it as a waste of time.”

Newsprint production and printing facilities are private, market-driven businesses, offering a multitude of options to publishers. Because the market is saturated, prices for publishers are generally affordable. Publishers are also free to use printing facilities in the neighboring countries.

There are no undue restrictions in broadcast or Internet distribution means. Providers of these services are privately owned, offering professional, efficient, and unrestricted access to all parties under standard market conditions. There have been no suspicious equipment failures, network outages, or Internet bandwidth reductions meant to hinder the dissemination of media.

The Croatian company Tisak has a monopoly over the print distribution market in Croatia. Panelists reported that while there has been no indication that the company has used its position for ill since the current management took over in the mid-1990s, there is still a concern that it could. “The existence of the distribution monopoly does not comply with higher media standards. There haven’t yet been any serious indications on wrongdoings, but still this is a source of concern,” Duka said. Other panel participants complained about the \$12,000 “entry fee” new publications must pay to work with Tisak.

List of Panel Participants

Emil Havkić, media lawyer, Zagreb

Dražen Klarić, editor, *Made In*; lecturer, High School of Journalism, Zagreb

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

Denis Kuljiš, journalist, Europapress Holding, Zagreb

Marko Rakar, blogger, Zagreb

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

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

Gordan Malić, investigative reporter, Europapress Holdings, Zagreb

Gabrijela Galić, president, Croatian Journalists Trade Union, Zagreb

Simeona Pancirov, editor, *Narodni List*, Zadar

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

Jelena Berković, media specialist, Građani Organizirano Nadgledaju Glasovanje (Citizens Organized to Monitor Voting), Zagreb

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

Boris Rašeta, journalist, *24 Sata*, Zagreb

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

Željko Matanić, secretary-general, Croatian Association of the Local Media, Karlovac

Nataša Božić, journalist, *Novi List*, Rijeka

Zdenko Duka, president, Croatian Journalists Association, Zagreb

Moderator and Author

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

The panel discussion was convened on December 10, 2010.