

MEDIA SUSTAINABILITY INDEX

2006/2007

**The Development
of Sustainable
Independent Media
in Europe and Eurasia**



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The Development of Sustainable Independent Media in Europe and Eurasia

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IREX

2121 K Street, NW, Suite 700

Washington, DC 20037

E-mail: msi@irex.org

Phone: (202) 628-8188

Fax: (202) 628-8189

www.irex.org

Project managers: Mark Whitehouse and Drusilla Menaker

IREX Project and Editorial Support: Blake Saville, Drusilla Menaker, Mark Whitehouse, Michael Clarke, Leon Morse

Copyeditor: Kelly Kramer, WORDtoWORD Editorial Services

Design and layout: OmniStudio

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It is probably because of civil society's higher standards that Croatia's Media Sustainability Index (MSI) for 2006 saw some indicators fall behind the 2005 and 2004 marks. In a country with a stable democracy, a slow but consistently growing economy, and firm expectations for European Union (EU) membership in the near future, civil society is not ready to tolerate a lack of professionalism or lapses into the political servility.



CROATIA

Late 2006 saw the 10th anniversary of the mass rally in support of Radio 101, the most important independent broadcast voice in Croatia in the troubled 1990s. In late November 1996, the Council for Electronic Media decided to revoke the station's license with the explanation that Croatia did not need the "production format" of Radio 101. By the evening of the day the decision was made, some 100,000 people gathered at Zagreb's central square to give their support to Radio 101 and to express their discontent with the government's policy. Then-President Franjo Tudjman was receiving medical treatment in the United States at the time and ordered the Ministry of Police to use "all means necessary" to prevent the gathering. The Minister of Police, however, refused the order. The next morning, in the wake of the public outrage, the Council for Electronic Media reversed its decision and renewed Radio 101's license. In a way, the Radio 101 case was the announcement of the beginning of the end of authoritarian rule in Croatia.

On the 10th anniversary of the events, Radio 101 received well-deserved compliments for all that the station had done in promoting democratic values and standards in Croatia. Almost simultaneously, the Council for Electronic Media gave a "serious warning" to Radio 101 for a piece in its newscast that was cited as a clear example of hate speech. In today's pluralistic Croatian media scene, with more than 140 radio stations, a completely deregulated and privately owned print sector, a strong public television, two commercial national television channels, and complete openness to foreign print, broadcast, and new-media content, Radio 101 is just another commercial radio station—one that could occasionally lapse into hate speech. Regulatory bodies are independent and do not promote the agenda of the government or any other political force. Croatian civil society is mature enough to punish its former media heroes.

It is probably because of civil society's higher standards that Croatia's Media Sustainability Index (MSI) for 2006 saw some indicators fall behind the 2005 and 2004 marks. In a country with a stable democracy, a slow but consistently growing economy, and firm expectations for European Union (EU) membership in the near future, civil society is not ready to tolerate a lack of professionalism or lapses into the political servility. In the view of the MSI panel, against these standards, some serious setbacks were seen in 2006: hate speech where it was least expected, the government's attempts to "do something" with the central news agency, introduction of dubious provisions to the Law on the Electronic Media, the owner of the renewed independent daily paper sacking eight editors in a day for publishing an article on his own shady financial operations, serious threats to journalist Drago Hedl, and others. New menaces to higher professional standards are on the horizon for the media sector, such as promoting the interests of the business lobbies and predominance of commercial content over balanced news reports and productions in the public interest. With 2007 being an election year, the MSI panel forecast that these lapses into sensationalism or the hidden promotion of political agendas would likely be even more present as the year progressed.

CROATIA AT A GLANCE

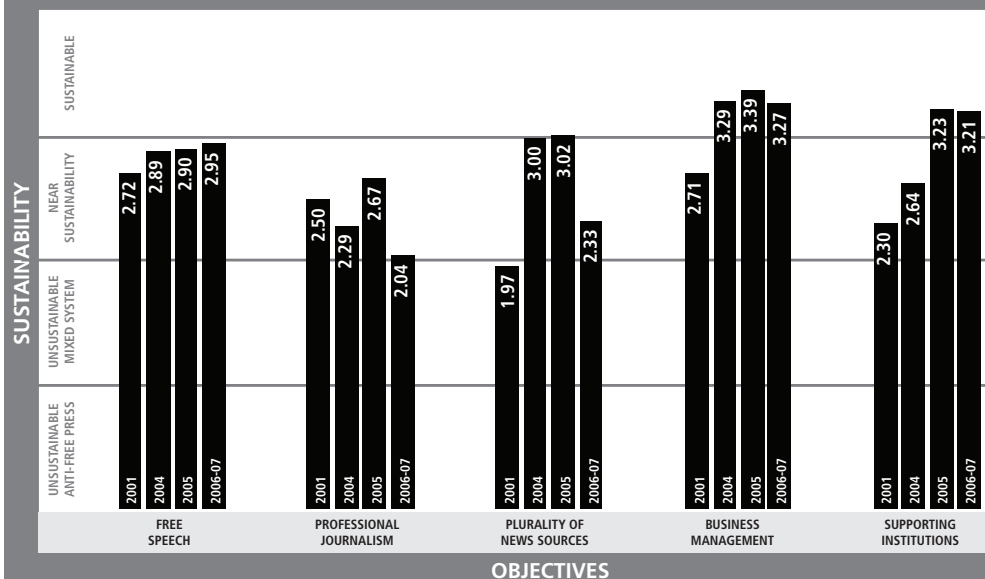
GENERAL

- > **Population:** 4,493,312 (July 2007 est., *CIA World Factbook*)
- > **Capital city:** Zagreb
- > **Ethnic groups (% of population):** Croat 89.6%, Serb 4.5%, other 5.9% (including Bosniak, Hungarian, Slovene, Czech, and Roma) (2001 census, *CIA World Factbook*)
- > **Religions (% of population):** Roman Catholic 87.8%, Orthodox 4.4%, other Christian 0.4%, Muslim 1.3%, other and unspecified 0.9%, none 5.2% (2001 census, *CIA World Factbook*)
- > **Languages (% of population):** Croatian 96.1%, Serbian 1%, other and undesignated 2.9% (including Italian, Hungarian, Czech, Slovak, and German) (2001 census, *CIA World Factbook*)
- > **GNI (2006-Atlas):** \$41.401 billion (World Bank Development Indicators, 2007)
- > **GNI per capita (2006-PPP):** \$13,670 (World Bank Development Indicators, 2007)
- > **Literacy rate:** 98.1% (99.3% male, 97.1% female) (2001 census, *CIA World Factbook*)
- > **President or top authority:** Prime Minister Ivo Sanader (since December 9, 2003)

MEDIA-SPECIFIC

- > **Number of active print outlets, radio stations, television stations:** 14 daily newspapers, 46 weekly newspapers, 19 television stations, 131 radio stations
- > **Newspaper circulation statistics:** The total circulation of daily newspapers is estimated at 500,000 to 550,000 copies a day.
- > **Broadcast ratings:** highest-rated television outlets: HRT 1 (public television) HRTL (Croatian RTL), HRT 2 (public television), Nova TV (private)
- > **News agencies:** HINA, STINA, IKA.
- > **Annual advertising revenue in media sector:** Approximately \$650 million. An estimated 60% of advertising income goes to broadcasters, 40% to print. (*Croatian Chamber of Commerce and Croatian Association of the Advertising Agencies estimates*)
- > **Internet usage:** 1.451 million (2005 est., *CIA World Factbook*)

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.

OBJECTIVE 1: FREE SPEECH

Croatia Objective Score 2.95/4.00

Free speech in Croatia is guaranteed and well-protected, although when it comes to legislation, there is always room for improvement. Croatian media legislation and the wider legal framework consisting of the Constitution of the Republic of Croatia, the Media Law, the Law on Telecommunications, the Electronic Media Law, the Law on Public Radio and TV, the Penal Law and the Freedom of Access to Information Law meet high European standards. "There is enforced legislation, and in cases of violation, there is legal protection in general," said panelist Antonella Cerasino of the Organization for Security and Cooperation in Europe's (OSCE) mission to Croatia. "What is very important is that whenever there are violations of free speech, there is public outrage and reaction, so that's a good sign."

Interference with free speech takes place more often on a local level, where municipalities and local government in many cases still directly finance the local media. Panelist Emil Havkić, a lawyer who specializes in media legislation and media cases, agreed there is a high level of legal and social protection of free speech but warned on one legal provision, recently taken from Russian legislation, on protecting the reputation of companies against libel. The biggest oil company in Croatia sued Croatian public television in October 2006, demanding \$42 million as compensation for damages "in the company's image and income," after a television

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

FREE-SPEECH INDICATORS:

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

"There is enforced legislation, and in cases of violation, there is legal protection in general," said panelist Antonella Cerasino of the Organization for Security and Cooperation in Europe's (OSCE) mission to Croatia. "What is very important is that whenever there are violations of free speech, there is public outrage and reaction, so that's a good sign."

journalist made negative comments about the quality of one of the company's gasoline brands. Havkić said he feared that the case could have a deterrent effect, especially on journalists covering business activities.

All panelists agreed that public protection of free speech is effective, as well as the awareness of civil-society organizations and the public more broadly about free-speech issues.

Frequency allocations, the licensing of broadcast media, and the sanctioning of breaches of the legal, ethical, or financial provisions of the Law on Electronic Media are within the mandate of an independent board, the Council for Electronic Media. Panelists agreed that there had been no indications of direct political control over the Council's decisions but were more critical concerning the competence and professional references of the Council's members. Most of the objections were about the licensing procedure, which panelists suggested still is not transparent enough. Even if it is not politically controlled, the panel said, the licensing procedure lacks sufficiently elaborated criteria, which, in some cases, raises allegations of corruption or plain incompetence.

Nontransparent procedures and lack of fixed criteria were the panelists' main objections on the allocation of funds from the Fund for Media Pluralism, which gives grants of up to \$120,000 quarterly in individual grants to commercial radio and television stations for productions in the public interest. The Council dispenses more than \$6 million in these funds annually, although "some radio and TV stations appear on the list much more often than others, for no obvious reason," one panelist said. This could indicate corruption or "very friendly relations" between some Council members and some media owners, panelists warned.

However, the most worrisome concern about apolitical and fair licensing was not related to the Council itself, but to an attempt in November 2006 by the government to change important legal provisions without public debate. The Minister of Culture, responsible for the Law on Electronic Media,

sought to change the law and introduced a new function of Director of the Council appointed by the government. This, the panel said, directly interfered with the Council's independence. The attempt was stopped by an efficient action of the civil society with full support from the OSCE Mission and the Delegation of the European Commission and raised many suspicions about the real intentions of the government, which continued to contend that the change represented only "technical improvements of the legislation."

When it comes to market entry and taxation, the media sector is treated equally to all other industries. There are no special requirements to enter the media business, aside from a standard provision defined by the Commercial Law. There are no discriminatory elements regarding taxes, but some panelists said the sector should benefit from positive discrimination. Dragutin Lučić, president of the Croatian Journalists' Association (CJA), said that a different value-added tax (VAT) rate should apply to the print media. "The print media pay 22 percent VAT, just as any other commercial company," he said. "In the EU, the VAT for printed media is up to 7 percent. Our suggestion is to lower VAT on print in Croatia to 5 percent and to implement this lower rate on papers that promote quality content and have signed collective agreements to protect employees."

Market entry for broadcasting media is more complicated than print. Starting a new print media outlet depends almost exclusively on the level of investment. But starting a new radio or television station is far more complicated, not only because of the standard legal provisions and international regulations but also partly because of inefficiency and incompetence at the Telecom Agency, the Council for Electronic Media, and other institutions involved in frequency allocation, MSI panelists said.

Crimes against journalists are relatively rare, especially compared to the 1990s, but not always entirely properly dealt with, said Cerasino. Civil society and public opinion are very sensitive to such cases, but the prevailing opinion of the panelists was that police and the justice system should be more active in both protecting journalists and prosecuting violators. The year saw some of the worst cases of nonphysical threats to journalists of the past five years. Opening an official investigation into war crimes committed by Croatian paramilitary units in Eastern Slavonia, a topic that journalist Hedl had been covering for almost 15 years, has brought him serious and brutal threats. "As long as our colleague Drago Hedl is receiving serious death threats, regardless of how isolated these incidents are, we all have reasons to feel uncomfortable as individuals and restricted as professionals," said panelist Davor Glavaš of the BBC Croatian Service.

It is possible to consider the public subscription fee to public radio and television as "preferential legal treatment," said Havkić. It is not if the public service provides quality content, including cultural, educational, and children's programs, he said. But it is preferential if public funds are used for commercial programming, said another panelist. Panelists were concerned by the great increase in commercial programming in the public media at the expense of quality content, explained as "making the program more competitive on the market."

Editorial independence of the public media is guaranteed by the law. In general terms, independence is part of daily practice. But one recent case—the temporary suspension of two editors of the central news on public television after the airing of a video showing the current President of State's speech from the early 1990s, a speech containing views in absolute contrast to his current public standings—has shown how fragile this independence is. For some panelists, this was an indicator that "public TV will remain under political pressure for many years to come."

Libel in Croatia remains criminalized, although only one person was sentenced to jail—not for libel, but for refusing to pay the fine. The panel could not reach a consensus on this issue. Panelists from international organizations advocated the immediate decriminalization of libel, while a local panelist and legal expert thought that the current situation was completely in line with European legal tradition and legacy. "The offended party must prove falsity and malice; otherwise, the cases should be dropped," said Havkić. The president of the Journalists' Association said consideration should not be only for journalists under the threat of libel, but also for victims of unprofessional journalism. "There were more libel cases against journalists in 2006 than in 2005, and more in 2005 than in 2004," Lučić said. "This indicates higher pressure on journalists, indeed, but I would say it indicates at least as much a lack of even basic professional and ethic standards in part of the journalists' community."

Legal framework for the access of information is well-defined, but the practice far behind it. For journalists, it is still essential to have "sources," even for information that should be public. Access to information is more restricted on the local level, as the result of a combination of a certain degree of "arrogance" on the part of local politicians and the fact that, in many cases, local authorities, in one way or another, finance the local media, panelists said.

Media outlets in Croatia have completely open and absolutely unrestricted access to international news sources. The same goes for the general public. The only objections that could be raised were the high cover price of international papers and relatively expensive online services. The further expansion of high-speed broadband Internet connections

and the introduction of IPTV technologies were expected to contribute to the further openness and affordability of the international news sources.

OBJECTIVE 2: PROFESSIONAL JOURNALISM

Croatia Objective Score 2.04/4.00

The MSI panel was more critical on this issue than in previous years. The general conclusion was that the quality of reporting has been deteriorating from 2000 to the present, with no indication of the reversal of this trend. The intrusion of low-quality commercial media, both in print and in broadcast, contributed significantly to offensive, subjective, and sensationalistic types of journalism, panelists said. The introduction of high-circulation free papers on the Croatian market also contributed to frivolous and trivial media content. Is it possible to imagine investigative reporting in free papers, panelists asked, or articles critical to the most important advertisers? In Croatia, only 3 percent of the print circulation is sold on a subscription basis, whereas 97 percent are finding their way to market via kiosks. This fact creates additional pressure on editors. A high percentage sold on kiosks results in “screaming headlines” and tabloid-type graphics, even in the “serious” daily papers, panelists said, and tough competition discourages serious and time-demanding investigative journalism.

As in the MSI 2005 discussion, panelists mentioned “trivialization” as a new and negative trend on the media scene. Media that had reached higher professional standards

in the 1990s are faced with blatantly commercial media that are seizing a growing market share. Some of them are fighting new competitors by lowering their own professional level, offering more trivial content to their readers.

“I am often found in moral dilemmas while defending journalists in libel cases,” said lawyer Havkić. “It is my duty to protect the interest of my client, but frankly, in too many cases, I am defending journalists who didn’t care to find facts, who didn’t consult more sources, didn’t investigate the story. They just wanted a new front-page scandal.” “Croatian journalism has lost its ‘middle class,’” said one international panelist. “There is a group of excellent professionals, who meet the highest journalistic standards in every regard. Then there is a gap, a big one, and then we have a mass of journalists who are not educated enough, or simply don’t care about professional or ethical standards.”

Croatian journalists were well-known for their relatively efficient self-regulation and the high standards defined in their ethics code. More than 90 percent of all active journalists in Croatia are members of the CJA, and a large majority of them do follow basic ethical standards. But there is also a minority that does not care for any standards. There are no “higher goals” for the promotion of basic democratic values as in the 1990s, panelists said, with journalism today too often only a profit generator or to interested in promoting the interests of business lobbies. Panelists were concerned by the sudden surge of hate speech, sometimes even in media outlets where it would be least expected, and intolerance toward ethnic, social, religious, or sexual minorities.

In such an environment, examining the degree of censorship and self-censorship is becoming ever more important. Although some cases were relatively close to political censorship, such as the temporary suspension of the two editors on public television for running a video clip critical of the president, panelists agreed that political censorship is relatively rare. Self-censorship is more common, however. Journalists are well aware of whom their outlet’s editor or, more often, owner is siding with, and this fact could be very efficient in imposing self-censorship. “What is the message sent to the whole generation of young journalists when they see the owner of a decent paper, engaged in promoting higher democratic standards, sacking the whole editorial board for publishing a story on his own shady business deals?” one panelist said. “I am afraid the message is: ‘Be aware of owner’s interest in any given moment.’”

“Is it common to interview the spokeswoman of a big company on Sunday, in her living room,” asked one panelist, reminding the others of what happened when public television had to run a short piece critical of the biggest advertiser in Croatia. A journalist was sent to the

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.
- > Media outlets have unrestricted access to information; this is equally enforced for all media and journalists.
- > Quality niche reporting and programming exists (investigative, economics/business, local, political).

spokeswoman's apartment on Sunday, for efficient damage control. "Criticize the prime minister, criticize the government or opposition politicians as much as you want, but don't touch the telecom operators," one panelist concluded.

The corporate world in Croatia has found a way to influence the media, some panelists said, by ensuring their advertising money discourages investigative reporting on big businesses. "Make a list of, say, five of the greatest advertisers, and then try to find critical comments on them. I am afraid that the list of critical comments would be even shorter than the list of the advertisers," one panelist said. In addition, big businesses don't like to see their ads and commercials placed alongside serious social and political reports but instead seek placement near more trivial content. "Even some of the "serious" papers are mixing news reporting with commercial content, making a strange and confusing mix. Is a big interview with the owner of a store chain advertising or serious journalism? I know it is advertising in the form of journalism, but can the reader detect it as such, as well?" asked one panelist.

The MSI 2006 panel agreed that Croatian journalists cover all key events and issues. Information is not equally dispersed in the media spectrum, but there are no deliberately uncovered issues. "It is impossible to hide any facts anymore," a panelist said. "But one could say that there is ever less good investigative reporting or background information explaining some of the key local or international issues. Editors, unfortunately, think that this type of journalism doesn't sell papers or increase audiences."

As usual, the MSI debate on pay levels for journalists and corruption was lively. Panelists agreed that there are no direct relations between salary levels and corruption. No pay level could ever prevent corruption if a journalist is corrupt. It is not about money; it is about individual moral standards. One panelist warned of different forms of corruption in the Croatian media, some not always seen as "corruption." "But what else is it than corruption when car-magazine journalists are driving sponsored cars, when sports journalists are traveling on the expense of the sports clubs, when journalists covering public health are going on a 'study tour' visiting exotic destinations at the expense of the pharmaceutical companies?" a panelist said.

According to Lūčić, president of the CJA, journalists in Croatia are relatively well-paid, especially compared to other professions. "I make almost twice as much as my wife. She is a doctor with a PhD and—let's be frank—responsibilities that go beyond mine. My pay level is far from the highest ones, but I have no reason to complain," said Lūčić. Salary levels in the industry range widely, panelists said, with some making \$15,000 or more per month; others are earning a modest \$600 to \$700.

Croatian public television remains the highest-rated broadcaster in Croatia. The panel expressed its concern over more entertainment content in both printed and electronic media as a result of the ever growing pressure of the commercial media. Some media analysts have even suggested the Council for Electronic Media start the process of reviewing broadcast licenses, taking Croatian RTL as an example. "They (RTL) got the license to broadcast after submitting a program projection that includes culture programming, children's and educational content, drama, and documentaries. But the whole program is based on low-quality, commercial programming. It is about time to remind them of their legal obligations," said panelist Lūčić.

Technical facilities of most of the national media outlets are modern and efficient. A number of media outlets in Croatia—about 960 dailies, weeklies, and periodical editions for a population of 4.5 million—shows that all the market niches are covered at least in a number of editions, if not in quality reporting as well, the panel concluded. The introduction of IPTV or Internet TV (MaxTV) and the first business channel on cable television. Kapital Network, should contribute additionally to the quality of niche reporting, the panel said.

OBJECTIVE 3: PLURALITY OF NEWS SOURCES

Croatia Objective Score 2.33/4.00

Panelists agreed that media pluralism in Croatia undoubtedly exists in print, broadcast, and online media. More than 3,100 journalists, more than 150 radio and television stations, including four national channels, and a total of about 960 printed media editions are serving a population of 4.5 million. News portals are mushrooming with about 40 percent of the population using online services and 12 percent of all households connected to the Internet via broadband. Metro, the world's largest free paper, has entered the Croatian market as well. Although panelists expressed their concern over the impact free papers have on the quality of "higher" journalistic forms (investigative reporting, for example), free papers could be considered as a development in spreading the news as far as possible, MSI panelists noted. The relatively fast penetration of IPTV—in just the first three months following the introduction of this new service in September 2006, some 8 percent of all households had subscribed to it—also contributed to broadcasting pluralism.

Access to local and international news is absolutely unrestricted. Even in the 1970s and 1980s, a specific feature of Yugoslavian socialism was openness and relatively easy access to foreign media. Foreign press was available, albeit

mostly during the tourist season, and there was no jamming of international radio or television programs. The habit of consuming foreign media was therefore a long tradition, but due to the high prices of international press (\$4 to \$6 on average for dailies and weeklies), it is limited mostly to free-access media. About 40 percent of all Croatian households have access to satellite television and radio stations, or to cable television networks.

The problem with high prices applies to local media as well. The cover price of daily papers (\$1.10) or weekly papers (\$2.20) and Internet rates (starting at around \$20 a month) are restrictive to some social groups (pensioners, students, unemployed persons) who therefore use television and radio more for news. If it weren't for the affordability issue, MSI panelists said they would have given Croatia the highest ranking for this indicator.

The panel agreed that public media cover the entire political and social spectrum of views, issues, and problems. Panelist Tena Perišin of the public broadcaster said it covers all issues from all points of view, although she is not satisfied with the placement of these productions. "The programming of public interest should be more present in the prime time than it currently is. Sometimes, we create ghettos of sorts for, say, the problems of minority social groups. Management would probably say that we have to compete with the commercial stations, but this shouldn't become our first criteria," said Perišin.

The panel considered where there were still political pressures on public media and specifically reviewed the case of two editors from public television's main news who were

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suspended temporarily in December 2006 for running a video from the early 1990s showing the current president in an unexpected light. Perišin said, "There no longer are any open political pressures on public TV. What happened with these two editors was more of a reaction of the public TV's general manager, in his own interest, than a result of any political pressure." (The general manager was waiting for the president to issue official confirmation of his appointment as the Croatian ambassador to France.) As in previous years, panelists were more concerned with the situation in the local media, primarily radio and television, who are still dependent on local governments and too often serve political instead of public interests.

HINA is the leading news agency in Croatia, covering more than 90 percent of the agency news market as a public news agency. The other two agencies are the private STINA agency and the Catholic news agency IKA.

Although the government tried to impose a list of members it preferred to HINA's board in October 2006, the panel agreed on HINA's high standards. A major objection, however, was voiced concerning the affordability of the service, which is prohibitively expensive for some smaller and local media outlets. The biggest national publisher, Europa Press Holding (EPH), is expected to launch a new agency open to the market in 2007, which would certainly create dynamic development in the Croatian agency news market and potentially benefit users' services.

Bigger national media outlets have their own news-gathering teams, including foreign correspondents and niche experts. Most of them subscribe to foreign news agencies as well, mostly to Reuters's general and business services.

All broadcasters in Croatia must have their own news production, which has created a multitude of broadcast news sources. News production is a strict requirement in the Electronic Media Law. As is commonly the case with such general provisions, however, some broadcasters are

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.

Media advertisement represents more than 1 percent of the gross national product, which is relatively close to the standards of higher-developed countries,” panelist Lūčić said. “It is too early to conclude whether this is good for the Croatian media, especially for their content,” he said.

finding their own ways to bypass it. On many local radio and television stations, “news” may be superficial and exists only to fulfill the legal requirement but is not a result of the genuine intention to serve the public interest. For that reason, one panelist said that it would be better to amend the Law on Electronic Media in this regard. “The newscasts are still the most watched programs, so even commercial TV stations should have their interest in running them. But it makes no sense to keep it as a strict legal requirement. Should each local TV station have a news production team? Should, say, music TV channels run news on the hour?” asked a panelist.

With regard to media ownership, panelists were deeply concerned by Croatia’s largest media publisher, EPH, making further media acquisitions. After buying the biggest local daily paper (*Slobodna Dalmacija*), EPH was poised to buy the best-known independent weekly (*Feral Tribune*), which has serious financial troubles. Panelists agreed that the Croatian print-media sector is very close to the definition of a “duopoly,” with the other player being the Austrian publisher Styria, which could be prohibitive to the entry of other market competitors.

The transparency of media ownership is not a problem in comparison to the 1990s, but it is still not transparent enough, MSI panel members said. All media outlets should be registered with a list of owners at the Commercial Court, Ministry of Culture, and, for broadcasters, with the Council for Electronic Media. But this does not guarantee transparent ownership. The register is publicly available, but panelists think that there are still too many “cover names,” cloaking the real owners. It is not only about hiding political interests, they said. “Cover names” are used more often in broadcast media on a local than on a national level to bypass antimonopoly provisions that forbid one person from having shares in broadcast media in two neighboring local areas of coverage.

While panelists agreed that the media covered all of the major political, cultural, and international issues, they were more critical about the coverage of social issues, primarily

regarding ethnic, religious, social, or sexual minorities. In 2006, there have been just too many examples of hate speech, intolerance, or deliberate spreading of prejudices. “Minority issues have to be covered more broadly by the mainstream media. I also think that better efforts must be taken by the government, by the authorities, to give more money for minority issues. And maybe the Fund Media Pluralism should be better tailored to cover minority issues,” said Cerasino.

The debate on minority-language media was a lively one. As in the 2005 discussion, some panelists thought that minority-language information sources could create or increase the minorities’ feeling of living in a social or political ghetto. It is very hard to say where this fine line between “informing” and “creating” ghetto in real life is. But some panelists noted the experiences of the Italian and Czech minority media in Croatia, which have supported cultural identity for decades without creating a “ghetto” problem.

OBJECTIVE 4: BUSINESS MANAGEMENT

Croatia Objective Score 3.27/4.00

The Croatian media market appears to be attractive to local and international investors. “Statistics show a drop in circulation of almost all papers in Croatia, but still, I haven’t heard of any publisher that has declared bankruptcy,” said panelist Lūčić “This is, I would say, ultimate proof that the media industry is a profit maker.” Leading international media conglomerates have entered the Croatian media scene, mostly in partnership with local entrepreneurs or media outlets. Almost all have kept local management or

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.

hired local staff for the highest positions, an indicator of the good level of local management skills. As an example, EPH, the biggest publisher in southeast Europe, was founded by a group of young Croatian journalists in the late 1980s and has been managed exclusively by local managers. EPH has since generated a pool of excellent professionals as well as contributed to the overall favorable business climate in Croatia, with foreign investors recognizing this and profiting from it as well.

In the 1990s, distribution was monopolized, politically controlled, and used as an additional tool for political pressure, most often in the form of financial extortion of the independent media. Nowadays, distribution is still largely controlled by one company, Tisak, but is in general terms efficient from the publishers' point of view and a profit maker for owners. There have been no complaints on Tisak's business practice or indications of preferable status of one publisher over the others.

Media in Croatia receive revenue from a multitude of sources. Some of the more traditional sources of income—for example, subscription to newspapers—are still in very low percentages (in many cases, between 2 percent and 3 percent). Some panelists thought that the 97 percent of the circulation sold on kiosks must have a direct impact on the type of journalism, favoring, as one put it, "screaming headlines on the cover page, in order to distinguish the paper on the newsstands, even in more serious papers." Having a very high percentage of the circulation sold on kiosks also creates more problems in predicting company income. Advertising revenue both in printed and broadcast media is constantly growing.

The MSI panelists continued an annual debate on the multitude of income sources for public television. Croatian public television receives about \$130 million to \$140 million a year from mandatory subscription fees but, on other hand, has the lion's share of the advertising market, estimated at \$240 million per year. Perišin, a panelist from public television, said that advertising income is important for the broadcaster, making it less vulnerable to different forms of political pressures and more competitive on the market. "Public TV must have both incomes because, unlike commercial TV stations, public TV must invest in more expensive productions of public interest," said Perišin. Other panelists differed: "It is not a problem to enjoy the best of both of worlds, subscription and advertising. But I see a problem when public TV spends subscription money for commercial programming. A solution is relatively easily implemented, but public TV doesn't want to do it. It would be enough to have two different financial accounts, one for the income from subscription fees [and] the other for

"Statistics show a drop in circulation of almost all papers in Croatia, but still, I haven't heard of any publisher that has declared bankruptcy," said panelist Lūčić. "This is, I would say, ultimate proof that the media industry is a profit maker."

advertising revenue, as some Nordic countries have. Then it would be clear where my subscription money was going and whether it was used for what it should have been used for—for the production of programs pertaining to public interest," one panelist said. "Advertising income would be transparent as well, and public TV would be free to use it for any expense they consider would help them to keep public TV competitive."

Media advertisement represents more than 1 percent of the gross national product, which is relatively close to the standards of higher-developed countries," panelist Lūčić said. "It is too early to conclude whether this is good for the Croatian media, especially for their content," he said. But the fact that advertising is growing fast supports the market position of the print and broadcast media. As expected, the market entry of the third mobile-phone operator and a few of the biggest chains of superstores have contributed to the further growth of the advertising market. The fastest-growing area is online advertising, which probably would motivate even more publishers to go with online editions. Most of the biggest global advertising agencies have opened branch offices and companies in Croatia, making the advertising sector sophisticated and professional.

The ratio of advertising to circulation revenue in Croatian print media still is lower than in Western countries. Some of the highest-circulated national daily papers are generating up to 60 percent, or even more, of their overall income from advertising, but this percentage is substantially lower in local papers. In many cases, local papers generate more than 80 percent of their income on cover prices, which makes them more vulnerable to market variances.

No subsidies are available for the independent media in Croatia. There are certain forms of "hidden subsidies"—public announcements or advertising and awareness campaigns financed by the government or local authorities, for example—and panelists said there are indications these more often are given to "friendly" media outlets than to the others.

Regarding financial self-sustainability, panelists see the biggest problem in the local media, especially with local radio and television stations. A relatively large percentage of the

local media, especially local radio and television stations, are still partially owned by local governments or dependent on financial and in-kind support from them. So-called contracts on regular coverage of local government's activities are quite often a regular and substantial part of local media budgets. This has predictable consequences for the quality and impartiality of news productions. The local media quite often use office spaces, communications, or other services provided for free or at lower-than-market rates by local governments. The CJA initiated a proposal to stop these practices but was faced with a fierce reaction from the local media. "We wanted to change it, but many local media outlets are afraid that these changes would result in their bankruptcy," said Lučić, president of the CJA.

From early 2006 on, there is an additional source for the financing of independent media. Based on the amendments in the Electronic Media Law, adopted in the summer of 2005, 3 percent of the subscription fee for public television goes to the so-called Fund for Media Pluralism for the "support of productions in the public's interest on commercial broadcasters." Financial support is allocated to the recipients by the Council for Electronic Media. The total amount for 2006 is estimated at \$6 million from individual grants of \$1,500 to \$120,000. The panel agrees that the Council should be more transparent in making grant decisions, and that more defined criteria are needed. Panelist Cerasino from the OSCE Mission to Croatia said that money from the Fund should have been used to support and promote minority issues in the media.

Ratings surveys and market research have a relatively long history in Croatia but are still not used properly and regularly. Market researchers and advertising companies are using sophisticated tools and methods in their surveys, but most local media simply cannot afford to pay for such expensive services. As one panelist said, even for media that can afford to pay, market surveys are now kind of a "fashion" or "must," which doesn't mean that they are properly used to define a company's strategy.

Print and broadcast figures are still not provided by an independent institution, but most of the bigger advertising agencies make a serious analysis of ratings and circulation figures. Panelist Davor Glavaš suggested that surveys are all too often used in advertising and promotional campaigns, especially by national commercial television stations, "in a selective and unprofessional way." "Nowadays, no serious media would go to a national advertising agency with inflated ratings, audience, or circulation figures. But they are deliberately presenting selected figures to the general audience, with no further explanations as what to what they are really for, only to prove their leading market positions," concluded a panelist.

OBJECTIVE 5: SUPPORTING INSTITUTIONS

Croatia Objective Score 3.21/4.00

A variety of trade associations are very active in supporting a whole range of interests in the media community. The local media, including newspapers but mostly local radio and television stations, are organized under the Croatian Association of Local Radio and Print (HURIN). Local commercial television stations are organized under the National Association of Local TV Stations (NUT). Jointly with national television stations (Croatian RTL, Nova TV), local television stations have formed the National Association of Commercial TV Stations. A group of local radio stations are organized under AIR (Association of Independent Radio Stations). Publishers have their own association, although tense relations between some of the publishers diminish its efficiency. All of these trade associations are active in promoting the agenda of the associated media professionals. But MSI panelists said that there is no larger framework for their activities. "They are active in protecting their particular interests, but what is missing is their joint action in promoting a common media agenda," said Lučić.

The CJA has a membership body of almost 3,100 journalists, with more than 90 percent of them active professionals. For almost a decade, the CJA was a unique association that encompassed almost all professionals nationwide, working on protecting their rights beyond individual political affiliations. In the 1990s, the CJA had a key role in defending and promoting basic human rights and democratic standards as one of the most important independent voices during the authoritarian regime. Nowadays, the CJA has lost most of its ground in defending basic human rights but is still

SUPPORTING INSTITUTIONS FUNCTION IN THE PROFESSIONAL INTERESTS OF INDEPENDENT MEDIA.

SUPPORTING INSTITUTIONS INDICATORS:

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

a well-organized, financially self-sufficient professional association, promoting and safeguarding higher industry standards. In the current changed socio-political environment, some panelists said they thought that the CJA should disperse its activities into smaller, more efficient fractions or task forces and pressure groups.

The Croatian Journalists' Trade Union (CJTU) is a partner association to the CJA. It concerns itself with protecting and improving journalists' labor rights. The CJTU has been appointed by the International Federation of Journalists as the referral center for trade unions in transitional countries, which indicates the significant results that the CJTU has achieved since the 1990s.

There are more than 10,000 registered nongovernmental organizations (NGOs) in Croatia, encompassing a whole range of civil-society activities. In late 1999 and early 2000, practically all international donors withdrew from Croatia, which had quite a profound impact on the Croatian NGO scene. But as one panelist concluded, this has also helped Croatian NGOs to become even more rooted in the local community and its problems, avoiding the relatively common situation from the 1990s when many NGOs were more in touch donor interest than real local problems. NGOs are generally active in promoting free speech, but still not as active as they should be, according to some panelists. In many cases, one said, "the activities of the NGOs in promoting or protecting free speech cease upon reaching the city limits of Croatia's capital."

The debate on the degree of journalism quality again divided panelists, as in the MSI 2005 debate. There are three full journalism faculties—two in Zagreb, one in Dubrovnik—and a permanent training center in Opatija, the International Center for the Education of Journalists, run by the CJA. The Academy for Media Sciences in Split was scheduled to open in September 2007.

The panel said these institutes should be enough to secure quality education in journalism. Perišin, who lectures at the Faculty of Journalism, said the journalism degree programs are professional, giving students both theoretical knowledge and practical training through well-equipped laboratories.

There is inflation in the number of young journalists with a university degree, exceeding the media market's needs, warned panelist Anja Picelj. On the other hand, mid-career journalists do not necessarily attend workshops and trainings frequently enough. "Media owners and editors are not encouraging their staff to learn more through training or workshops," said Anja Picelj. "Some of them don't want their journalist to become more educated or more aware of their

rights, or simply couldn't afford to send a person for a week or longer to trainings or workshops."

Panelist Glavaš said a journalism degree does not fully prepare journalists for the real professional environment: "Journalism degrees are mostly based on traditional professional theory and skills. But they still don't prepare new generations of journalists for challenges of the new media."

Sources of newsprint and printing facilities in Croatia are private, apolitical, and completely deregulated and unrestricted. The market offers more privately owned printing facilities than demanded for this service, which has resulted in the lowering of printing prices. Newsprint and printing facilities allow all daily papers to be in full color, offering many supplement sections for the same price—albeit a rather high one for many—as the black-and-white, no-supplement editions of only a few years ago.

In the 1990s, distribution was monopolized, politically controlled, and used as an additional tool for political pressure, most often in the form of the financial extortion of the independent media. Nowadays, distribution is still largely controlled by one company, Tisak, but is generally viewed as an efficient and profit-oriented company. There have been no complaints about Tisak's business practice or indications of better service given to one publisher vs. another. The other channels of media distribution, including kiosks, transmitters, and the Internet, also are private, apolitical, and completely unrestricted.

Panel Participants

Emil Havkić, Media Lawyer, Zagreb

Geza Stantić, Media Specialist, Croatian Helsinki Committee

Dragutin Lučić, Croatian Journalists' Association

Antonella Cerasino, OSCE Mission to Croatia

Martin Mayer, Delegation of the European Commission to Croatia

Anja Picelj, Media Specialist, U.S. Embassy, Zagreb

Tena Perišin, Public TV, Study of Journalism, Zagreb

Moderator

Davor Glavaš, BBC Croatia

Observer

Krešimir Dominić, Media and PR Specialist, Zagreb