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CROATIA

Had we tried at the end of 2007 to predict the media situation in Croatia in 2008, the prognosis could not have been as bleak as the reality has proven. Media professionals and the public would easily agree that the general media framework in Croatia has not been this worrisome since the darkest point of the authoritarian 1990s. On the one hand, Croatia is making its final efforts to meet EU standards by the end of 2009 and join the union, likely in 2011. On the other hand, media freedoms and professional standards apparently reached their peak sometime in early 2000 and have since begun their descent. True, global media industry indicators are discouraging as well, but too many elements show that the crises facing the media sector in Croatia go beyond purely mirroring the current global trends.

Croatia has become a dangerous place for journalists. For the first time ever in Croatia, a publisher—Ivo Pukanic, owner, editor, and publisher of the weekly *Nacional*—was killed in 2008. Journalist Duško Miljuš suffered a vicious beating. Other media professionals live with threats, and harassment of journalists doing their job is all too common.

The *Feral Tribune*, an independent weekly that rightly claimed to be Croatia's best-known media outlet globally and that played an immense role in keeping critical voices alive in the turbulent 1990s, silently disappeared from the media scene due to financial problems and a lack of interest from established publishers to keep it functioning. Police recently arrested a Facebook user who—with obviously satirical intentions—merely posted a link to a photomontage of the Croatian prime minister in Nazi uniform. Blogger Željko Peratović was also arrested after he published "classified material" on the Web.

Croatian Public Television (HRT) has been in the spotlight for months. The deterioration of editorial and professional standards, questionable political affiliations, and financial problems peaked at the end of 2008 with a visit from the special anticorruption police unit following accusations linking a public-relations agency and some of the most influential HRT editors and anchors.

The leading national print media have continued recording negative circulation trends, trying to compensate, with little success, by furthering content trivialization. And finally, to round up a troubled year, total advertising revenue for both print and electronic media in the last quarter of 2008 saw its first decline after more than 10 years of steady, sometimes double-digit, growth.

The result of these developments was that Croatia's overall score fell to 2.46, putting it almost exactly equal to its baseline score as measured in 2001 and down from a high of 3.04 in 2005. Objectives 1 through 4 all experienced perceptible decreases in score, ranging from 0.19 to 0.26. Objective 5, however, did receive a small increase of 0.15.

# CROATIA AT A GLANCE

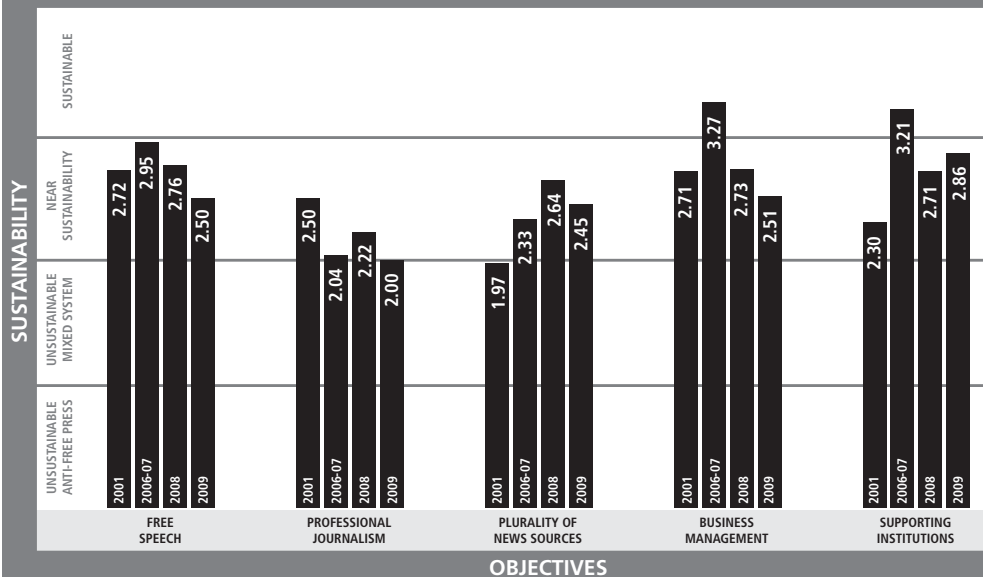
## GENERAL

- > **Population:** 4,491,543 (July 2008 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 (2007-Atlas):** \$46.43 billion (World Bank Development Indicators, 2008)
- > **GNI per capita (2007-PPP):** \$15,050 (World Bank Development Indicators, 2008)
- > **Literacy rate:** 98.1% (male 99.3%, female 97.1%) (2001 census, *CIA World Factbook*)
- > **President or top authority:** President Stjepan (Stipe) Mesić (since February 18, 2000)

## MEDIA-SPECIFIC

- > **Number of active print outlets, radio stations, television stations:** Print: 900+, 14 daily newspapers, 45 weekly newspapers, Radio: 163, 5 of which are national; Television Stations: 19, 3 of which are national
- > **Newspaper circulation statistics:** The total circulation of daily newspapers is estimated at 450,000 to 500,000 copies a day, the top 3 being *24 sata* (circulation 140,000), *Večernji List* (circulation 90,000), *Jutarnji List* (circulation 80,000)
- > **Broadcast ratings:** highest rated television outlets: HRT 1 (public television), RTL Croatia (private commercial television), Nova TV (private commercial television) HRT 2 (public television)
- > **News agencies:** HINA, IKA/Croatian Catholic News Service
- > **Annual advertising revenue in media sector:** Approximately \$1.3 billion
- > **Internet usage:** 1,995,000 (2007 est., *CIA World Factbook*)

## MEDIA SUSTAINABILITY INDEX: CROATIA



Annual scores for 2002 through 2005 are available online at [http://www.irex.org/programs/MSI\\_EUR/archive.asp](http://www.irex.org/programs/MSI_EUR/archive.asp)

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

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

### Unsustainable Mixed System (1-2):

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

### Near Sustainability (2-3):

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

### Sustainable (3-4):

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

## OBJECTIVE 1: FREEDOM OF SPEECH

### Croatia Objective Score: 2.50

Objective 1 suffered the largest decrease of all objectives, from 2.76 last year to 2.50 this year, and down from a high of 3.00 in 2002. The lower score is a result of panelists' downgrading their scores for four indicators: Indicator 1 (the legal framework protects free speech), Indicator 2 (broadcast licensing), Indicator 4 (attacks on journalists), and Indicator 7 (access to information). Only Indicator 6 (libel laws) showed noticeable improvement. Two indicators (Indicators 1 and 6) received scores close to the overall objective score, while the rest ended up either well above or below. On the high side were Indicators 3 (market entry), 8 (media access to foreign news reports), and 9 (free entry to the journalism profession); the latter two finished more than a point higher. On the low side were Indicators 2, 4, 5 (guaranteed legal independence of public broadcasting), and 7; Indicator 4 finished more than a point lower.

The MSI panelists agreed that media-related legislation (the Croatian constitution, the media law, electronic media law, law on public radio and television, freedom of access to information law, penal law) provide a stable, well-defined legal framework for enabling and safeguarding freedom of speech. In reality, conditions do not always conform to the word of law. Local media are more vulnerable regarding issues of free speech. Most local media are still dependent on local governments (for example, favorable lease rates for office space, or being directly financed by the local authorities under the umbrella of "financing production of news on the city council's activities"). This increases occurrences of "friendly coverage" and discourages a critical voice by introducing different models of censorship and self-censorship. This is not a new problem, but it has escaped any effective solutions so far.

Panelists also brought up a related new problem and dilemma: how authorities handle international Internet standards as an unrestricted media platform, given the recent political events involving social networking sites such as Facebook. In May of last year, the Croatian government was overwhelmed by the swiftness and efficiency of high school student protests, which were organized using Facebook as a "meeting point." Demonstrations were held simultaneously in cities across Croatia, with no announcement and no government knowledge. Taken by surprise, the Ministry of Education has accepted almost all of the protesters' demands.

However, the government reacted absolutely inappropriately in its next encounter with the Facebook phenomenon. During the summer, one young Facebooker started a group

critical of the prime minister and hosted a link to an image with the prime minister in a Nazi uniform. Police intervened almost immediately. The Facebooker was interrogated at the police station and had his computer seized. The official explanation was that the police reacted based on the "promotion of Nazi insignia."

"We still don't know which rules apply when it comes to Web platforms and totalitarian insignia," said Ivan Čičak, president of the Croatian Helsinki Committee. "In the US, Nazi supporters are free to use it, are free to march and organize events. In Germany, this is strictly forbidden. We are confused and don't know which approach to accept."

Zdenko Duka, member of parliament and president of the Croatian Journalists' Association, and Davor Glavaš, lecturer of journalism studies at the University of Zagreb, said that the police intervention with the Web space alone, independent of motives, is a potentially damaging precedent. "The mere fact that the police consider themselves a party called on to intervene in the Facebook case represents repression of free speech," Glavaš said.

"The police understood from the beginning that it was not a promotion of Nazi insignia but a satirical case," said panelist Vladimir Lulić, general-secretary of the Croatian Journalists' Association. "That makes it even more dangerous, because police intervene with the Web space to protect the PM from satirical criticism, which is absolutely unacceptable."

Panelists also said that freedom of speech is potentially being threatened by Croatia's new penal code. The code strictly regulates which details on court cases cannot be revealed before the end of the case. "This makes sense when it relates to the protection of privacy but could be a real obstacle in, say, corruption cases. Such court cases in Croatia last for years, and if you exclude the right of the public to know, then the public would simply not be connected to the case itself and the verdict," said Emil Havkić, attorney at law and media law specialist.

As in previous years, panelists said that opacity and questionable professional competence of the independent Council for the Electronic Media are the main problems in the process of licensing broadcast media. Although there have been no direct indications of political interference in the council's decision-making process (compared with the 1990s, for example), the council still lacks transparency and defined criteria regarding frequency allocation and dispensing funds to commercial stations to promote high-quality radio and television productions.

Market entry and tax structure for media are fair and comparable to other industries, panelists agreed. The only restrictions result from applying anti-monopoly provisions

to print media and specific regulations on broadcast media frequency allocation. Since most of these regulations are international standards, they cannot be considered restrictions, but rather a general framework with which the entire media industry must comply.

Panelists said that the media industry even has some tax advantages over other business sectors. For example, recently the government introduced a tax break for print media, reducing VAT from the standard 22 percent to 10 percent. Most panelists welcomed this change but saw it as more of an attempt to maintain politically motivated good relations with the biggest publishers, not a genuine gesture aimed at supporting the industry. "The lower VAT applies to daily papers only, not to the print industry in general," Čičak said. "In addition, journalists and other print media employees would hardly see any benefit from it. Publishers almost simultaneously increased the cover price of papers and were awarded with lower VAT, just to pocket more money for themselves."

Regarding crimes against journalists, 2008 was the worst year in Croatian history; even the events of the authoritarian 1990s cannot be compared to this year. Pukanic, owner, editor, and publisher of the weekly *Nacional*, was brutally killed along with his business associate by a bomb planted near his car in downtown Zagreb, just meters from a classroom with dozens of journalism students who were having some of their first professional experiences. Although the motives for the mafia-style murder could go beyond Pukanic's media activities, the message sent is horrifying: even in a country at

the very doorstep of the EU, a voice could be silenced by a bomb, with brutal disrespect of potential collateral victims.

Reporter Duško Miljuš was severely beaten after publishing one of his many articles on organized crime and its links to high business and political circles. The perpetrators of the Miljuš assault have yet to be found. Internationally known reporter Drago Hedl, author of many crucial articles on war crimes, lives with almost constant threats to his life. Gordan Malić, one of the most acclaimed Croatian investigative reporters, is under 24-hour police protection. Panelists declared that only the immediate public outrage at such crimes kept them from scoring this indicator even worse than they did.

Could police have done more in protecting journalists and preventing such crimes? "It is a delicate issue," Čičak said. "True, police protection gives a sense of security but at the same time controls and restricts your professional routine. We should ask police to be more efficient in resolving crimes against journalists, not in increasing police protection."

One of the most respected Croatian journalists, media analyst and regular MSI panelist Gavranović, said that the gravity of the two events should serve as a reminder of the overall hostility toward journalists in Croatia. "Of course, our emotions and sympathies go to the victims of brutal attacks. But, we shouldn't forget that lower-scale attacks or threats against journalists and photo reporters have reached almost a daily occurrence. It is a dangerous trend, both for our profession and freedom of speech in general."

Indicator 5 was yet another reason for panelists to express their concern over media standards. This year the discussion covered some standard issues, such as whether subscription fees favor HRT over commercial stations—a question with many different answers. This year, the discussion was focused more on editorial independence and the interference of big business with the public media.

This year will be remembered as the year of arguably the biggest setback for HRT editorial independence. Beyond even the direct political interference of years past, editors are automatically exercising strict control in line with the expectations of the ruling party. "Politicians don't even have to make phone calls to the editors to give them 'instructions,' like in the '90s. Editors now read their minds and implement the strategy mercilessly," one panelist said.

A score of high-profile professionals have decided to leave HRT, in protest of introduced censorship. Many "dissenting voices" were sacked or pushed into lower-key positions, as a direct warning to the "silent majority." Professional associations raised their voices against such practices, but HRT officials do not seem to react.

#### 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.

In addition, HRT is an example of the ever-stronger influence of big businesses on editorial policy. "It would be virtually impossible to find a decent piece of unbiased reporting on some of the top-five Croatian advertisers on public TV," one panelist said.

Obvious forms of product placement have become a standard routine with HRT, as have side deals between some prominent editors and large corporations. Punctuating the year, in December 2008 a special anticorruption police unit visited HRT to investigate allegations that one public-relations company bribed some editors and journalists in order to secure "friendly coverage" for its clients.

Libel is a civil issue in Croatia, and the offended party must prove falsity and malice.

Panelists agreed that public information is generally available without undue restrictions. Still, some media outlets get hot tips more easily than others (such in some high-profile arrests, when journalists and photo reporters of the chosen media arrive at the scene almost before the police). Panelists also said that public officials, especially on the local level, are still discriminative in providing information.

Access to national and international news is open and absolutely unrestricted. Broadband Internet is substantially cheaper, compared with early 2000, and is affordable to all professionals.

## OBJECTIVE 2: PROFESSIONAL JOURNALISM

### Croatia Objective Score: 2.00

Although many indicators remained more or less unchanged this year, a few experienced enough of a drop from last year to bring down the overall score by 0.22. Panelists gave these lower scores to Indicators 1 (reporting is fair and well sourced), 6 (news and entertainment balance), and 8 (niche and investigative reporting). As with last year, Indicator 3 (self censorship) received the worst score, about three-quarters of a point lower than the overall objective score; Indicator 7 (technical equipment) received a score about a point-and-a-half higher. All other indicators scored relatively close to the objective score.

"Journalism as a profession is in crisis, and this is a global phenomenon," Gavranović said at the opening of the Objective 2 discussion. "But unlike some other markets, the Croatian media market is just too small for quality segmentation. We don't have the whole print media spectrum, from tabloids to serious papers. Fighting for a share on an ever-smaller print market, our media are increasingly adopting just one approach: triviality."

Panelists noted that professional standards in Croatian journalism have been declining for the past four to five years, with no reverse trend in sight. The offensive commercial media are seizing an ever-larger market share, both in print and broadcasting. As a direct consequence, most of the "serious" media outlets have encountered commercial difficulties and lost a percentage of their readers. Some of them have found a solution in lowering their own professional standards, offering more trivial content to readers in tabloid form. They justify it by citing negative market growth due to a shrinking middle class, their most devoted buyers/readers. Panelists think that the trend is actually the reverse. "A middle class exists. How else would every fifth family in Croatia afford expensive skiing trips to Slovenia, Austria, Italy, Switzerland, and France? They don't buy papers as they've done before because of less quality content," said Dražen Klarić, executive producer of Kapital. network TV.

Many panelists agreed about the decline in print media content. "Quality journalism can be found only in some weekend editions and supplements, not anymore in the weekday papers," said Anja Picelj-Kosak, an independent media specialist. Havkić added: "Papers have become more like advertising leaflets in supermarket chains. As a direct consequence, the readership trusts newspaper content less than they did before. The issue is one of trust and respectability. As a reader, I have both in ever-shorter supply."

Croatia's compromised professional standards are reflected in the worrisome lack of story fact-checking and background research. "True, investigative reporting is in a global crisis. But our specific problem is a crisis of analytic journalism—reporting based on checking facts and presenting all aspects of the problem," Gavranović said.

The credibility issue is compounded by journalists' not backing up their stories with professional input, Havkić said. "As a lawyer, I can say that journalists consult experts far too rarely, with the exception of some sensationalistic cases."

Lulić said that such lax standards also make experts reluctant to cooperate even if they are approached. "Experts are not willing to give interviews, because they know that just too often their words will be rephrased or even made up in order to make the case."

The pressure to be "more commercial" has a growing impact on quality journalism in Croatia. Editors too often do not want to allocate the journalist more time for checking information or in-depth investigation. They want to be ahead of the competition—to be the first on the market, even at the expense of the facts. In addition, more than 90 percent of Croatian papers are sold on newsstands, which contributes to

the practice of “screaming headlines” and a resulting cost to quality journalism.

For more than a decade, the ethical code prepared and adopted by Croatian journalists has been probably the best elaborated and most efficient self-regulatory document among all transitional countries. “It would be untrue to say that Croatian journalists do not follow ethical standards,” panelist Duka said. “In most cases, they do. But there is always an aggressive minority that doesn’t care about any standards at all. Unfortunately, the public just too often equalizes the whole profession with this minority.”

Two relatively recent cases would easily prove that the crisis in ethical standards’ implementation has hit the mainstream media as well. After the assassination of *Nacional’s* publisher and editor, Pukanic, the next issue featured a cover story on “journalists with blood on their hands,” accusing journalists by name of being “murderers” if they have ever published a critical article on *Nacional’s* editorial and journalistic standards. Just days after, the other weekly paper, *Globus*, published on the cover a very well-made photomontage (with no notification that it was a photomontage) of the brutally murdered daughter of a high-profile Croatian lawyer sitting in the lap of her father’s client, who was charged with a multimillion embezzlement, suggesting that the murder was connected with her “love affair” with her father’s client. These cases happened in the two best-known Croatian weeklies, not in obscure tabloids.

Payments and gifts to journalists have become a somewhat standard practice. The recent visit of the anticorruption police to the HRT is just the tip of the iceberg. Expensive gifts, clothes with a sponsor’s logos, free travel arrangements and accommodations (although already paid by the media outlets), free tickets, etc. are standard features in sport desks but are aggressively closing in on news desks as well.

Regarding censorship and self-censorship, Gavranović said that “editors have become the biggest obstacle for quality journalism in Croatia.” The most efficient form of censorship is indirect—editors have to define what would be of interest to their owners and publishers, without getting spoken instructions. “Editors are well aware of the political and business affiliations of their publishers and owners and won’t risk too much by going beyond it,” said panelist Tena Perišin, assistant to the news director at HTV.

Space for independent and critical journalism has become more restricted, with the extinction of the *Feral Tribune*, editorially the only independent weekly in Croatia, and with the buyout of the *Novi List* daily by one of the biggest Croatian tycoons, who is closely related to the ruling party. As explained, publishers attributed it to “market shrinkage,”

but the fact is that independent and critical journalism has found itself in deep crisis. The list of good journalists who have decided to change professions due to their editors’ conformism is just too long.

Perišin said that the media sector cannot depend on the next generation of journalists to reinvigorate critical journalism. “Young journalists are ever less attracted by investigative journalism,” she said. “A desire to expose wrongdoings and contribute to higher social standards should have been the main reason for choosing this profession—at least as I see it. But nowadays, the younger generation is more attracted to PR. They almost see journalism as a PR discipline.”

Panelists agreed that blatant and politically motivated censorship exists only marginally, mostly in small local media outlets. “It is not that much about an open political censorship. We are approaching worrisome territory in which journalists don’t even need editors to censor their articles, but they conform in advance to their editors’ expectations,” Glavaš said.

Do journalists cover key events and issues? Given the sheer volume of reporting, the answer could be a simple “yes.” No subjects are forbidden anymore, and the variety of print and broadcast media, whether publicly or privately owned, guarantees that all events will be covered. But this is just the starting point.

“We have all information at our disposal, but we are not well informed,” Gavranović said, in what at first glance appears to be contradictory. The public is given basic information, but investigative and analytic pieces on the same issue are very rare. Additionally, the massive introduction of the spokesperson and public-relations agencies in mediating

## JOURNALISM MEETS PROFESSIONAL STANDARDS OF QUALITY.

### PROFESSIONAL JOURNALISM INDICATORS:

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

information to the public has contributed to the “having-information-but-not-being-informed” climate.

Year after year, the panel faces the same dilemma: Indicator 5. In general terms, salaries in journalism are decent and comparable to other industries, and panelists said they think that the salary level has little to do with discouraging corruption. It is a question of the professional attitude, not of monthly income. In discussing other sub-indicators, panelists agreed that an outflow of journalists to other professions exists but that this is not exclusively based on income. Salaries in journalism in some cases go up to \$200,000 a year in leading private media outlets but can be as low as \$6,000 to \$7,000 in some smaller local media. Prior to 2008, the biggest publisher in Croatia had a 1:15 ratio between the lowest and highest salary in the company. Now the ratio is 1:8—the lowest salaries are a bit higher, and the highest is a bit lower than earlier.

Gavranović pointed out one interesting issue: “Some journalists in public and private media have lucrative ‘managers’ contracts’ that are renewable year after year, depending on the editor’s opinion. In my view, this is just another subtle way of bribing journalists and introducing self-censorship over them.”

Pressure on the commercial media has resulted in increasing entertainment content. This should not be a reason for concern per se, but a prevalence of low-quality commercial content and productions is worrisome indeed. “Infotainment’ is a global trend, but I can [no longer] see any more difference between news and reality shows,” said panelist Martin Mayer, a media specialist with the Delegation of the European Commission to Croatia.

When asked whether the inclusion of more news-related programs pushes audiences to tune in to other formats, the panelists said no—on the contrary. “I would really like to have a news-only channel,” Picelj-Kosak said. “I just can’t stand any more interference of so many red carpets in news programming.”

Technical facilities and equipment for gathering, producing, and distributing news in most of the biggest outlets are modern, efficient, and, in many cases, state-of-the-art examples. The same cannot be said for small local media, but in general terms, panelists didn’t have any dilemmas regarding this indicator.

Regarding quality niche reporting, Klarić pointed out that Croatia, although a small market, has one specialized business television channel (Kapital Network), which proves the market’s sophistication. Croatia has one registered media outlet for every 3,000 adult inhabitants, which is a respectable number even in global terms.

But with only a few exceptions, the sheer number of niche publications cannot compensate for the lack of quality coverage. “Even in niche reporting, one should read multiple sources to get entire and unbiased information. Relying on just one could result in, sometimes, very biased information, as a result of unprofessional journalism or biased editorial policy,” said Nebojša Gladović, advisor to the general manager at HTV.

### OBJECTIVE 3: PLURALITY OF NEWS

#### Croatia Objective Score: 2.45

Drops in Indicators 3 (public media reflect the views of the political spectrum) and 5 (independent broadcasters produce their own news) were the main contributors to the modest slide experienced by Objective 3. The overall score reflects an average of several much higher and lower scores; only Indicators 5 and 7 (a broad spectrum of social interests are reflected in the media) scored close. On the low side were Indicators 3 and 6 (transparency of ownership), which both scored about a point lower. On the high side were Indicators 1 (plurality of news sources), 2 (citizen access to media), and 4 (news agencies).

Croatia has more than 3,000 registered journalists, more than 170 registered radio and television stations, and more than 950 media outlets for a population of roughly 4.5 million. The latest statistics show that 43 percent of the population uses Internet services, and more than 25 percent of the population has a broadband Internet connection. The expansion of the Internet protocol television (IPTV) sector is comparable with the highest of international standards: estimates indicate that by the end of 2009, some 20 to 25 percent of households will use IPTV services. In addition, some 55 percent of households have satellite television receivers or a cable television subscription. Access to local and international news is open and absolutely unrestricted.

As in previous years, panelists mentioned relatively high prices of papers and services as the only substantial objection to access to the news. The daily papers’ cover price (HRK 7, \$1.40) or weekly papers (HRK 14, \$2.80) and high prices of international dailies and weeklies (from \$6 to \$10 on average) are prohibitive to a part of population, who therefore still rely on information from the “open sources” of television and radio.

Internet services are more affordable than in the previous years, mostly due to tougher market competition. The flat broadband rate is in the neighborhood of \$20 a month, as well as IPTV subscription. The “distribution” of news between the urban and rural parts of the country should be better,



although a higher percentage of “urban neutral” media (broadband and wireless Internet, IPTV) have contributed greatly to better news dissemination.

Foreign broadcasters operate without any restrictions, mostly on their own network of local radio stations. Blogs and text alerts are increasing rapidly in volume. As covered earlier, it was these new platforms (blogs, Facebook) that high school students used with great efficiency to organize protests.

Considering all the aforementioned figures, panelists concluded that plurality has been secured. Access to the local and international news is open, unrestricted, and growing continually in quantity and quality.

The discussion of Indicator 3 motivated some panelists to conclude that the servile attitude of public media, especially HRT, is comparable only to the authoritarian 1990s. The setback in editorial standards and daily practice is obvious. “Talk-show hosts are not entitled to make their own guest lists anymore. It is on the editor to confirm the list and suggest names. How long will journalists tolerate it? I don’t know. But what I do know is that a score of good professionals have already left HRT, and some others are considering doing the same, because they do not want to work under such conditions,” said Perišin, herself an employee of HRT.

“It is not about direct control over the program,” she clarified. “But journalists are aware that too much criticism would move them from the prime-time news to less important and low-rating early morning or late evening news.”

Longer-form public-affairs programs, which were the trademark of HRT and a recognizable point of difference between public and commercial stations, have become sterile and predictable. “It is like reading yesterday’s papers,” commented one of the panelists. “Only issues that are harmless or neutral to the ruling party may appear in the prime time.”

In addition, panelists expressed their concern with production of educational and cultural programming, which Glavaš said “should be public TV’s primary goal. But these productions, with only few exceptions, have been pushed into the area of low rating timing—a kind of daily schedule ghetto.”

Given the current realities of news-agency journalism in Croatia, the conclusion might be drawn that the industry is underdeveloped or politically influenced. Croatia has only one news agency (Hina) that falls completely under the “agency” description. There is a Catholic news agency (IKA), but it does not have the market references to be considered an agency in general terms. Thus, Hina holds a near-monopolistic position in the market. In addition, the government plays a role in

appointing key agency personnel. However, the panelists said that conditions are better than they seem.

“Hina has proven to be professional, even beyond some of its formal restrictions,” Lulić said. Čičak, an expert on the International Criminal Tribunal for the former Yugoslavia (ICTY), said, “Guess which is the most professional source of coverage of the Hague Tribunal activities, in accordance with the high ICTY standards? One wouldn’t guess so, but it is Hina.”

Hina provides all services to its clients with no restrictions whatsoever, although the service prices are often too high for some of the local media outlets.

International news agencies operate freely and with no restrictions. Since Croatia is not a primary focus of international agency coverage, local media do not use them as much as they use Hina. The other prohibitive element is the cost of subscription to their services. A combination of the two makes international agencies less present on the domestic media market.

All broadcast media in Croatia produce their own news programs. Broadcasters have not recognized news programming as audience and income generators; rather, Croatia’s broadcast law requires them to produce their own news programs. Since the early 2000s, most local broadcast media (specifically, radio stations) have been joining different national news networks to reduce their operational costs, leaving local news as their only production. Panelists agreed that this strategy makes sense: Local audiences are more interested in local news coverage, and the local media

#### 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.

are the only ones to provide it, and local media cannot cover national and international news as effectively as national broadcast channels.

“Transparency of media ownership is in short supply, but to make it up, we have lot of media concentration,” panelist Gavranović ironically commented. Irony aside, this comment could be a good description of the current situation in Croatia. All media outlets, like every other business, must register their ownership structure with the Commercial Court. The registry is publicly available, which makes media ownership transparent—at least in theory. However, there are reasons to believe that some media outlets have registered under “cover names,” masking their real ownership. This practice is not driven solely by political affiliations; “cover names” in broadcasting are used to circumvent antimonopoly provisions.

Concentration of ownership is much more worrisome in the print media sector. The national daily-paper market has been operating under a kind of duopoly since EPH (the largest publisher in Croatia) bought the biggest local daily, *Slobodna Dalmacija*, in 2005. Recently, the media ventures have become big companies in which media is not the core business. The biggest local paper, *Novi List*, well-known for its liberal and left-leaning editorial policy, was recently bought by a Croatian tycoon who is well-connected with the ruling party. The core business activity of this tycoon involves petrol and PVC<sup>1</sup>; it remains to be seen what, if any, impact this may have on the paper’s editorial policy on ecological issues, for example. There have been plenty of indications that the paper’s general editorial policy will be reviewed and revised by the time of Croatia’s local elections, scheduled for April 2009.

Foreign investors (with their local partners) own two of the three national television stations (with HRT as the only—and logical—exception) and control at least 75 percent of the print media market. They have brought more professionalism business-wise (sometimes at the expense of journalists’ rights) but have jointly created a concentration that could be—and is—prohibitive to market competitors.

As previously mentioned, the sheer number of media outlets in Croatia guarantees news coverage of all major social, political, cultural, and other issues. The quality of reporting, however, is a different issue and prompted panelists to observe, “We have all information, but are not well-informed.” There were different opinions on minority-language sources. Panelist Perišin thinks that a minority-language information source could increase a minority’s feeling of living in a social or political ghetto. However, panelists Šantić and Glavaš cited the Italian daily *La*

<sup>1</sup> Polyvinyl chloride, a material used in certain clothing, electrical wiring, piping, etc. which has come under scrutiny for possible threats it poses to human and environmental health.

*Voce del Popolo*, which has supported the Italian minority’s cultural identity “without ever being a victim of different political interests.”

## OBJECTIVE 4: BUSINESS MANAGEMENT

### Croatia Objective Score: 2.51

Panelists downgraded scores for a few indicators this year but upgraded one, which contributed to a somewhat lower score compared with last year—2.51 versus 2.73. Indicators 1 (media outlets operate as efficient businesses), 5 (independent media do not receive government subsidies), and 6 (market research) all fell, while Indicator 4 (advertising revenue compared to other revenue sources) increased. Indicators 3 (the advertising market) and 4 both scored about a point higher than the overall score, while Indicators 6 and 7 (circulation and audience measurement) scored a point and three-quarters of a point, respectively, below.

Panelists observed a paradox in this overall objective in Croatia: Media, as well-managed businesses, do not guarantee editorial independence per se. Media as unsuccessful businesses could provide substantial editorial independence (as exemplified by some of the most important media outlets in Croatia in the 1990s), while successful media outlets could restrict editorial independence, as shown by many outlets currently operating.

Panelists concluded that the number of foreign investors interested in the media scene in Croatia and the presence of some of the most respectable international media companies are ultimate proof that the media industry in Croatia is

### 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.

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profitable, with flexible and efficient management. The biggest publisher in Southeast Europe, EPH, was founded by a group of young Croatian journalists in the late 1980s, has been managed exclusively by local managers, and has since generated a pool of local professional skills and contributed substantially to the overall entrepreneurial climate in the country. As a rule, after entering the Croatian market, foreign investors retain local management of the media, recognizing local management skills and profiting from it.

"According to 2007 and Q1 and Q2 2008 data, all relevant media companies in Croatia were profit-generating. From this point of view, media are successful businesses. But, it is editorial incompetence that has become the biggest obstacle in further development of media as businesses," panelist Gavranović warned.

Media in Croatia receive revenue from a multitude of sources. Sales of print copies and advertising remain the main sources of income for the print media, with only up to 5 percent of the overall income generated by subscription. Advertising is the only income for the national commercial television stations. Subscription fees and advertising make up the revenue streams for HRT. Local commercial broadcasters, aside from advertising income, could access one additional source of income: If their productions comply with the definition of "producing programs of specific public interest," local radio and television stations could get up to \$180,000 of support from the Fund for Media Pluralization, which is funded by 3 percent of subscription fees paid to HRT.

The panelists debated on the multitude of income sources of HRT. HRT receives about \$150 million to \$170 million a year from a mandatory subscription fee, for an average of \$12 per household per month. HRT has also dominates Croatia's advertising market, earning an estimated \$250,000,000 from advertising per year. Panelist Perišin (HRT) said that advertising income is substantially important for HRT and allows it to fulfill its "public obligations." Some other panelists, however, expressed a desire to see more transparency or consistency in subscription-money spending. "The best way to secure it is to have two different accounts at the Public TV: one for spending of the subscription money, which should primarily go to public-interest productions, and the other for spending of the advertising money, for which Public TV is free to use it at its will," one panelist said.

Circulation of all the print media outlets has significantly dropped in the past six to seven years. Heavily politicized audiences in the late 1990s actively expected substantial political change, and this era marked the peak of circulation for almost all print media in Croatia. This situation is an anomaly. However, a lower level of interest regarding political activities is not the only reason behind the drop in

circulation. Other elements include a lack of trust in media content, resulting from publishers' siding with certain political/business interests and sensational coverage. The fact that circulation has dropped in other market niches (women's weeklies, sports magazines, etc.) indicates a certain fatigue with consuming traditional media, while new media platforms are on the rise.

Decreases in circulation have, thus far, been largely offset by higher advertising income. Croatian print media have not yet met the ratio of advertising to circulation revenue typically seen in Western Europe and the United States (roughly 70–75 percent advertising; 25–30 percent circulation), but revenue figures are ever more inclining toward advertising. Businesswise, more successful national papers (*24 sata*, *Vecernji List*, *Jutarnji List*) are making between 55 and 60 percent of their total income on advertising revenue. Other papers still depend on circulation revenue, sometimes with more than 80 percent of revenue being derived from circulation, which has a tangible impact on the type of journalism practiced by these papers, primarily in terms of more tabloid-style coverage.

Panelists observed another specific detail of the Croatian advertising market. "The TV industry usually consumes some 40 percent of the advertising market. In Croatia, the television sector consumes between 65 and 70 percent, for the good or worse of it," panelist Gladović said.

As mentioned under Objective 2, big businesses/advertisers have increased their influence on media content. Cancellation of advertising contracts on the basis of "negative publicity" is not considered to be a serious breach of industry standards. One panelist mentioned that he had recently seen a contract between one of the biggest Croatian advertisers and its counterpart in print media business that stipulated standard terms and conditions in addition to some very specific ones: The contract obligates the media house to "positively promote" the advertiser's interest, and it even defines the space in the publication where the advertiser's ads should be placed. "If that is not an undue influence on the editorial policy, then I don't know what it is," panelist said.

The Croatian media advertising market contributes to the more than 1 percent of Croatia's gross national product, which is almost in line with the standards of more highly developed countries. Most of the top-ten international advertising agencies have branch offices in Croatia; McCann Erickson opened its office in Croatia in 1984, for example. Advertising income has been steadily increasing for more than a decade, sometimes with double-digit annual growth. This contributes greatly to media industry stability as well. As mentioned, the drop in circulation as a general trend has been so far successfully offset by the rise in advertising income.

It is too early to predict the full impact of the global financial crisis on Croatia's advertising market and media industry. However, early signs are worrisome. "The advertising market volume stagnated in Q4 2008, for the first time in the past ten years. We should wait for the indicators for Q1 and Q2 of 2009 to see if it was just a temporary market disruption or an indication of a trend. I am afraid it seems to be the latter," panelist Gavranović said. "From the current indicators, I can say that advertising volume in the first half of 2009 will be almost one-fifth lower compared to 2008. I am afraid this will push some media projects to the very brink of bankruptcy," panelist Klarić added.

Independent media do not receive government subsidies. However, the sector faces so-called hidden subsidies, like public announcements, advertising, or awareness campaigns financed by the government or local authorities. There are many indications to prove that these "hidden subsidies" too often go to government-friendly media.

Financial sustainability is still the biggest problem of the local media. As mentioned, a relatively high percentage of local media are still partially owned by municipalities or dependent on financial and in-kind support from them; for example, more than 60 percent of radio stations are co-owned by the local government. Local media quite often use office spaces, communications, or other services provided for free or at lower-than-market rates by local authorities. In addition, so-called contracts on regular coverage of local government activities are quite often a regular and substantial part of local media budgets, with predictable consequences on the quality and impartiality of news productions.

Media businesses so far have been successful in business terms, but panelists were critical of how market research can be properly used in strategic planning. The panelists also found fault with EPH's decision to launch a Croatian version of *Forbes* magazine in the midst of the financial crisis, citing that the company that previously lost millions with an unsuccessful business daily paper that was dropped within a year owing to a mere one-tenth of the planned circulation. This example points to the conclusion that the capacity to organize and perform sophisticated market research exists, but this tool is simply not used by the biggest media corporations in the proper way. To a large extent, market research as a tool is consulted mostly when it conforms to the owner's own projections, but it is used as a tool for strategic planning.

Circulation figures are still not provided by an independent agency (such as an Audit Bureau of Circulation in the US and elsewhere) and are not reliable. Publishers are obliged to submit the circulation figures to the Croatian Chamber of Commerce, but this applies to reporting printed, not sold, circulation. The gap between the two can be significant—

especially considering that almost 95 percent of circulation is sold at newsstands—and is not an accurate way of tracking how many issues were sold. For that reason, most advertising agencies make their own circulation estimates, and these have proven to be quite precise. Knowing that, publishers refrain from presenting inflated circulation figures to serious advertising agencies and are still shy about presenting the same figures to the general public.

Thanks to PeopleMeters and other sophisticated measurement methods, leading broadcasters do have reliable ratings figures, but panelists expressed their doubts on whether these figures are used in strategic planning and program scheduling. Aside from this problem, leading broadcasters present ratings data to the general public in a very selective manner, only to prove the highest ratings for some of their shows and using complicated statistical algorithms to explain their ratings, rather than presenting their overall ratings in a systematic way.

## OBJECTIVE 5: SUPPORTING INSTITUTIONS

### Croatia Objective Score: 2.86

The score for Objective 5 inched up by 0.15 this year amid a lot of fluctuation in individual indicator scores. Indicators 1 (trade associations), 2 (professional associations), 6 (access to printing facilities), and 7 (apolitical channels of distribution) all increased noticeably. However, Indicators 3 (NGOs) and 4 (academic journalism programs) both decreased. Several indicators also varied markedly from the overall score. Indicators 3 and 5 (short-term training opportunities) were more than a half-point behind, and Indicator 4 was more than a point behind. Indicators 1 and 6, however, both scored about a point higher.

Croatia has rightly earned a strong reputation for its efficient professional supporting institutions. For example, the association of publishers has been very successful in promoting publishers' interests; lowering VAT on papers is fine proof of the efficiency of the Publishers' Association. However, publishers' interests do not necessarily correspond to the general professionalism of the journalist community. The core professional association, the Croatian Journalist Association (CJA), has almost 3000 members, which represents more than 90 percent of active journalists in the country. Equally important, the CJA has managed to include almost all journalism professionals regardless of their business or political affiliations.

The CJA played a critically important role in the 1990s, when Croatia was governed by an authoritarian president,

in protecting and promoting free speech and in defending basic human rights. Currently, the CJA is a well-organized, financially self-sufficient professional association, promoting and safeguarding higher principles of the freedom of speech and industry standards. The CJA has been actively preparing, drafting, and lobbying for media and media-related legislations. This includes sub-legislations as well and defines, along with the Journalists' Trade Union, other important elements for the status of journalism as a profession (social and health insurance, pension funds, status of freelancers, problems related with some troubled privatization of the print media, etc.). The CJA has its own sub-organizations, representing specific sectors of the profession (investigative reporters, photojournalists, and niche reporters).

Some panelists are critical of the Journalists' Trade Union, which has become less efficient than it used to be. "It seems like the Trade Union can't follow the pace set by the CJA and the media industry in general. Compared with the CJA, they are less capable of defining a communication channel with media owners and publishers and of redefining their own agenda in an ever-changed business environment," panelist Havkić said.

Along with the Publishers' Association, CJA, and the Journalists' Trade Union, there are a variety of professional and trade associations actively promoting agendas of different sub-profession groups. Local media (print but mostly local radio and television stations) are organized in HURIN (Croatian Association of Local Radio and Print). Local television stations are organized in NUT (National Association of Local television Stations). Together with the national television stations (Croatian RTL, Nova TV), local television stations have formed a joint national association of commercial television stations that has been very active lately.

This situation cannot be applied to the NGO sector, however, especially when it comes to NGOs' role in protecting free speech. "True, the situation is not like in the 1990s, when there were a variety of NGOs active in supporting free speech. Nowadays, we are faced with more subtle challenges to journalism as a profession, which escape the formal definitions of 'threats' or 'violations.' Still, I can hardly see any NGO actively involved in this matter," panelist Picelj-Kosak said. The Croatian Helsinki Committee remains almost the only NGO active in this field, which is, compared to a myriad of NGOs active in the 1990s, "quite disappointing," as one panelist said. "There is no longer such a 'market of crises,' as [there was] some 10 to 15 years ago that would have immediately engaged NGOs. Now, when there are situations to react to, the CJA reacts, and that should be enough to safeguard free speech," panelist Havkić said.

Journalism degrees have become popular in Croatia. Currently, there are more than 2,000 students of journalism in varying programs. However, panelists estimate that Croatia's media sector cannot support more than 100 to 150 new jobs per year. "Where are they going to work? I simply don't see a place for so many new journalists. Where are they going to get some practical experience?" panelist Gavranović asked. In addition, some journalism-degree programs do not include high-level coursework in their curriculums. "Unfortunately, we can see the consequences of it on a daily basis. There are just too many cases to prove that many young journalists do not even know basic grammar, not to mention more sophisticated knowledge and skills. It's terrifying," one panelist said.

Quickly evolving changes in the media environment—primarily the introduction of the new media platforms—should increase the importance of professional development and training for Croatia's journalists. Panelists concluded that there are opportunities for professional development, provided primarily by CJA and its branches (like the International Centre for Education of Journalists), but there is not enough enthusiasm among journalists themselves to participate. "In the more developed media markets, it is kind of a standard for journalists to spend at least 30 days a year in short-term trainings, regardless of their age and professional status. This simply doesn't exist in Croatia. It is up to each individual to decide whether to accept the idea of permanent education or not. Unfortunately, too many journalists decide not to follow this standard," panelist Čičak said.

Newsprint acquisition and printing facilities are in private hands and completely deregulated. There are more privately owned printing facilities in Croatia than the market demands, which has lowered the prices and created a beneficiary position

#### 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.

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for publishers. The same situation applies to media distribution channels (print distribution, transmitters, or Internet), which are privately owned and deregulated. The current condition provides an almost shocking contrast to the 1990s, when both printing facilities and all distribution channels were owned by the government (or their cronies) and were used efficiently against dissent and independent voices.

Still, panelist Duka expressed concern that one of the biggest Croatian corporations (and largest advertisers) controls Tisak, the largest print distribution network in the country. "This simply does not comply with higher industrial standards. I can't say that there have been any wrongdoings, not at all. But in the long run, it is not a good solution," Duka said. Agrokor, the company that bought Tisak, has also acquired distribution networks in Bosnia Herzegovina and Montenegro. "What I can see as a professional and as a media consumer is that Tisak has become more successful business-wise, and a market-elaborated company. Publishers and journalists should primarily benefit from it, although a certain reason for concern remains," concluded panelist Gavranović.

## List of Panel Participants

**Emil Havkić**, media lawyer and specialist in media legislation, Zagreb

**Martin Mayer**, media specialist, the Delegation of the European Commission to Croatia, Zagreb

**Neven Šantić**, journalist, *Novi List*, Rijeka

**Zdenko Duka**, member of parliament, the Committee for Media; president, the Croatian Journalists' Association, Zagreb

**Vladimir Lulić**, general-secretary, Croatian Journalists' Association, Zagreb

**Anja Picelj-Kosak**, independent media specialist, Zagreb

**Tena Perišin**, assistant to the news director, HTV; professor of journalism studies, University of Zagreb, Zagreb

**Ante Gavranović**, founder and president, Association of Publishers, Zagreb

**Dražan Klarić**, executive producer, Kapital.network TV; lecturer of journalism studies, High School of Journalism, Zagreb

**Nebojša Gladović**, advisor to the general manager, HTV, Zagreb

**Ivan Zvonimir Čičak**, founder and president, the Croatian Helsinki Committee, Hrvatsko zagorje

## Moderator and Author

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

## Assistant

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