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CROATIA

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Despite Croatia's diversity of media platforms, variety of publications, plurality of information sources, and volatile media market dynamics, one major event seems to decisively shape the Croatia media scene each year.

Two years ago, the Croatian media was rocked when an alleged organized crime boss sent letters from prison to a prominent Croatian publisher. The year 2008 was marked by the assassination of one of the leading Croatian publishers, Ivo Pukanic, and his business associate. The shock of the first murder ever of a publisher influenced the MSI Croatia panelists, who gathered just weeks later amid an atmosphere of gloom. This year, the decisive moment was the unexpected resignation of the Croatian prime minister—and the subsequent “reinvented investigative journalism,” as one MSI panelist put it, in the form of reports on corruption and misuse of public funds.

The Croatian economy was not exempt from the global financial crisis, although a relatively good 2009 tourist season helped Croatia weather it slightly better than its neighbors. However, for the media, the total advertising budget (including print, broadcast media, and web) shrank by almost 37 percent in the past year. The circulation of daily and weekly papers fell some 20 percent in the same period. However, one panelist noted, “Thanks to the crisis, serious issues have once again prevailed over trivial media content.”

Croatia remains a candidate for membership in the European Union (EU). The panelists said that Croatia can either prove or disprove the perception that EU candidate states no longer care about a pluralistic and competitive media environment once they have secured a chair in Brussels. Scores of independent, quality media outlets have fallen to market predators in “New Europe,” and MSI panelists were unsure whether the same will happen in Croatia.

CROATIA AT A GLANCE

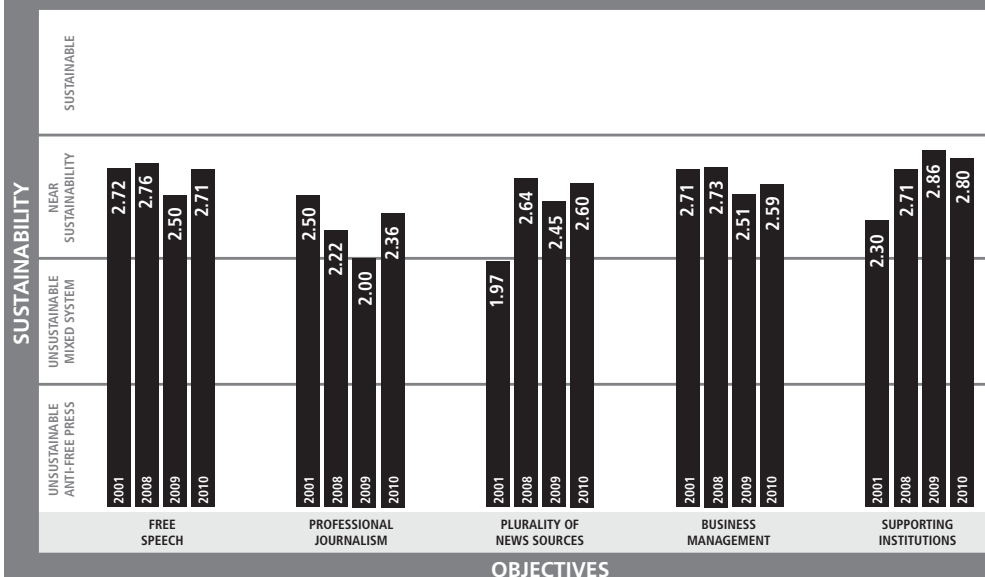
GENERAL

- > **Population:** 4,489,409 (July 2009, *CIA World Factbook*)
- > **Capital city:** Zagreb
- > **Ethnic groups:** Croat 89.6%, Serb 4.5%, other 5.9% (including Bosniak, Hungarian, Slovene, Czech, and Roma) (2001 census, *CIA World Factbook*)
- > **Religion:** Roman Catholic 87.8%, Orthodox 4.4%, Muslim 1.3%, Protestant 0.3%, None: 5.2% (2001 census, *CIA World Factbook*)
- > **Languages:** Croatian 96.1%, Serbian 1%, other and undesignated 2.9% (including Italian, Hungarian, Czech, Slovak, and German) (2001 census, *CIA World Factbook*)
- > **GNI (2008-Atlas):** \$60.19 billion (World Bank Development Indicators, 2009)
- > **GNI per capita (2008-PPP):** \$18,420 (World Bank Development Indicators, 2009)
- > **Literacy rate:** 98.1% (male 99.3%, female 97.1%) (2001 census, *CIA World Factbook*)
- > **President or top authority:** President Ivo Josipovic (since February 18, 2010)

MEDIA-SPECIFIC

- > **Number of print outlets, radio stations, television stations:** Print: 1,000+, 13 daily newspapers, 40 weekly newspapers; Radio: 136, 5 of which are national; Television Stations: 19, 3 of which are national; IPTV (Internet-provided TV, including video-on-demand): operated by Croatian Telekom (the local branch of the Deutsche Telekom), and Iskon
- > **Newspaper circulation statistics (total circulation and largest paper):** The total circulation of daily papers is estimated at 450,000 to 500,000 copies a day, the top 3 being tabloid *24 Sata* (circulation 140,000), *Vecernji List* (circulation 75,000 to 90,000), and *Jutarnji List* (circulation 55,000 to 75,000 copies); the highest circulated political weekly is *Globus* (35,000 copies), followed by *Nacional* (30,000)
- > **Broadcast ratings:** Top 3 television stations: HRT 1 (public television), RTL Croatia (private commercial television), and Nova TV (private commercial television)
- > **Annual advertising revenue in the media sector:** Approximately \$720,000,000
- > **News agencies:** HINA, STINA, IKA/Croatian Catholic News Service
- > **Internet usage:** 1,880,000 (2008 est., *CIA World Factbook*). The highest growing sector is broadband Internet service, with about 30% of the households currently using it. About 18 percent of households use IPTV service, provided by two national providers (HT and Iskon).

MEDIA SUSTAINABILITY INDEX: CROATIA



Annual scores for 2002 through 2006/2007 are available online at 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: 2.71

Respecting the basic principles of the freedom of speech has not been an issue in Croatia for the past 10 years. To a large degree, media-related legislation is harmonized with international standards—as should be expected from an EU-candidate country. The constitution, media law, electronic media law, law on public radio and television, freedom of access to information law, and a score of by-laws provide a defined framework for safeguarding freedom of speech. However, the media sector still sees cases of freedom of speech violations; for example, a blogger was sentenced for posting an “offensive” comment on his blog, but the higher court annulled the sentence.

The independent Council for Electronic Media, in conjunction with the Croatian Post and Electronic Communications Agency, issues broadcast licenses and allocates frequencies. The recent appointment of new council members has proven once again that political affiliation is still an important element. However, there has been no indication of direct political involvement in frequency allocation procedures. According to Gordana Simonović, editor-in-chief of *Novinar*, “When it comes to frequency allocation, there have been two phases since the mid-1990s. In the first phase, frequencies were allocated by political criteria. In the second phase, still in effect, expected revision of the ‘politically’ allocated frequencies hasn’t happened. Frequency allocation is no longer politically motivated, but it has helped those who obtained it under the political criteria to keep it and to consolidate their monopoly.”

Panelists said that political pressure has been replaced by incompetency, a lack of professionalism, and siding with business lobbies. This combination almost inevitably leads to lack of transparency. “Appointment of the council members depends on political will, which is mostly defined by different lobbies. Saying this, one should conclude that decisions made by this institution simply can’t be transparent, professional, and unbiased,” said Jelena Berković, news editor for Radio 101.

The panelists agreed that the council should work in cooperation with the appropriate ministries to make more frequencies available, rather than wait to get a list of frequencies and then putting them on tender. “The last radio frequency in Zagreb was allocated back in 1998. The council should be more active in providing new frequencies, especially where the market can support it,” said Davor Glavaš, lecturer of journalism studies at the University of Zagreb.

The council’s allocations through the Fund for Pluralization of Media generated comments on non-transparent decision-making processes. Individual grants of up to \$120,000 were given to commercial radio and television stations for productions in the “public interest,” but panelists cited a lack of transparency and fixed criteria. “I have been considering a score of ‘0’ on the council’s transparency,” said panelist Zdenko Duka, president of the Croatian Journalists’ Association (or HND, its Croatian acronym). “But then I realized that the situations in, say, Iran and Zimbabwe are far from what we have here, and decided to give a better mark. But it is depressing even to know that the discussion on transparency in Croatia involves considering the media situation in such countries.”

With only less attractive local radio and television frequencies left available after the last major allocation process in 2003, the media sector has not seen any important new market entries. Panelists expressed their expectation that the switch to digital by 2012 will improve the broadcast market dramatically, but also said that they are concerned that the government is not doing enough to prepare the market, advertisers, consumers, and the media legal framework.

The new broadcast law, adopted in December 2009, should contribute greatly to the transparency of the frequency allocation procedure during 2010. The law stipulates that the license agreement under which a frequency is allocated must be available publicly online. The law also requires public availability of an applicant’s tender documents, including percentages of programming types (news, entertainment, culture, sports, etc.) to which the applicant has committed for its broadcast schedule.

The government places no undue restrictions, special taxes, or procedures on starting a print media business as compared to any other industry. Starting a new print media outlet depends only on an investor’s budget (assuming that the outlet would be in line with anti-monopoly provisions). Panelists agreed that Croatian laws on tax structure and other financial obligations favor media. “One national television channel pays annually a bit more than €1 million [\$1.5 million] for a license fee, and makes an annual advertising turnover of some \$45 million. This is a pure example of the unadjusted tax system that actually favors national broadcasters,” said Denis Kuljiš of Article XIX.

VAT on print is 5 percent, compared to the 23 percent that other businesses pay. However, Berković said, “Public television does not pay VAT at all, which has created significant market distortion.”

The discussion on crimes against journalists was completely different from the previous year. “After Pukanic’s

assassination, I was really scared for my life," Kuljiš said. "But, what happened? New ministers of interior, a new minister of justice, and new head of police have been appointed, and now finally I can say that police are really doing their best to find perpetrators of attacks on journalists. That doesn't mean that they are finding perpetrators, but they are doing all that they can. I feel reasonably safe today."

Even lower-profile incidents involving journalists, such as verbal threats, are given significant media coverage and cause immediate public outcry. Although Croatian law has close to zero tolerance on crimes against journalists, pressures still exist. "Good investigative journalists are leaving journalism because they don't want to be exposed to subtle or open pressures all the time," Berković said. Simonović pointed out that this is not unique to Croatia: "Investigative journalists are under pressure in each and every country. Croatia is no exception." Added Kuljiš, "It is more important to consider whether or not the social or political climate favors perpetrators, which is not the case."

Although the government has not issued direct subsidies to the public media in the past 10 years, most panelists agreed that allowing public television to collect subscription fees—while controlling more than half of the television advertising market, with no legal restrictions—shows that public media do enjoy preferential status.

The absence of direct government funding of public television has resulted in a measure of editorial independence, panelists

said. "Just look at the coverage of the presidential election campaign," Kuljiš said. "The ruling coalition candidate has received the least coverage, to the point that he himself accused public television of bias. This couldn't have happened just few years ago," Kuljiš said. At that time, it would have been impossible to imagine the ruling party candidate not having a dominant position in the news.

Most local media outlets, however, are still financed substantially by municipalities, posing a constant threat to their editorial independence.

Libel is a civil issue in Croatia, and the offended party must prove falsity and malice. Each year has seen a drop in such cases. Panelists did not indicate that corruption is the biggest problem with the judiciary. Rather, problems stem from "incompetent judges" who cannot cope with the new judicial and legal standards, they said.

Panelists agreed that general public information is available without excessive restrictions. "It is much harder to get elaborate details, but this is the territory of investigative journalism, after all. Another problem is that many government offices simply lack awareness about what information they can and cannot give," Simonović said.

Some media outlets acquire hot tips more easily than others, panelists said, and public officials (especially at the local level) are still discriminatory in providing information. "Many journalists do not know how to get information. They have no IT skills to find even information from the open sources. Combined with skills needed to get information from the government sources, this represents a real problem," Berković said.

Access to local and international news, including the Internet, is open and unrestricted, both for journalists and the general public. The high cover price of international papers lowers sales, but the availability of online content reduces that impact. Croatia now receives a massive flow of international news, thanks to Internet access becoming more affordable through market competition and the relatively high percentage of households using broadband technology. A broadband connection in Croatia is more expensive than in some other EU countries.

Croatian authorities have never required any kind of licensing for journalists. Accreditation depends on publishers and editors, and the media sector has seen almost no cases of government interference. The panelists described some problems with "unwanted" reporters occurred on the local level—in the city of Split, for example, but the situation there was due to the peculiarities of the mayor there and is not an example from which to draw general conclusions.

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.

Entry to journalism schools depends on preliminary qualifying exam scores and the ability to pay relatively high tuition fees (up to \$8,000 a year).

Journalists are free to organize themselves. Croatia has about a dozen organizations for journalists specializing in investigations, business, health, courts, etc. HND is the largest of the organizations. Among its other responsibilities, HND is tasked with expanding the definition of “journalist” to include new categories of professionals.

OBJECTIVE 2: PROFESSIONAL JOURNALISM

Croatia Objective Score: 2.36

The MSI panelists cited several incidents that indicate how political pressure and influence over editorial policy, a notorious legacy from the 1990s, has turned into apolitical, cross-party market competition involving business lobbies.

The panelists pointed to the case of a minister’s forced resignation over a multi-million-dollar scandal concerning a leading Croatian company with which he was directly involved. His lawyer secured the first minutes of the main public television newscast to explain that the events in question were normal business practice for avoiding a hostile takeover. In another case, an independent presidential candidate with more than 150 criminal charges against him appeared in the first minutes of the central television news after he announced his candidacy.

The panelists also noted the case of a television news anchor who came under criminal investigation last year for alleged close business relations with a public relations company that offered prime slots during the news for financial compensation. Yet another case occurred after the third big railway accident in a row, and in the midst of an almost \$1.5 billion bribery scandal with the minister of transportation. The main central television news defended the minister by suggesting that trade unions were deliberately causing the railway incidents in an effort to force the minister to resign.

Still, panelists said, good investigative journalism has kept its prominent position, and Croatian journalists have produced reports on corruption, bribery, and lack of transparency in the use of public funds. “After the prime minister’s resignation, we have suddenly reinvented investigative journalism,” Kuljiš said.

However, the panel expressed concern about the intrusion of poor quality media contributing to sensationalism and subjective coverage. Panelists said that the Croatian media market is just too small to sustain a number of quality daily papers, but the market should have a place for one or two.

“Instead of keeping and increasing the quality of papers to attain this market position, most publishers are making a concession to quality [and] are lowering quality down to tabloid standards, expecting to keep the circulation figures in this way. But you can’t beat tabloids by being ‘half-tabloid.’ That’s a losing battle,” Glavaš said.

Pressure on journalists to be more commercial, which may come from owners via editors, also discourages investigative reporting or checking information from different sources, panelists said. “A survey has shown that most information on the public television’s central news service is based on only one source. Instead of checking and verifying information, public television often uses phrases such as ‘reportedly,’ ‘allegedly,’ and so on, indicating the prevalence of lower editorial standards. With such praxis on public television, we shouldn’t expect more from commercial television stations,” panelist Viktorija Car, a professor, said.

“Experts are consulted more often to contribute to the sensationalistic flavor of the issue, not to clarify it,” Emil Havkić, a media lawyer, said. A good example is the outbreak of the swine flu pandemic; most papers created their own “expert teams” that supplied the public with catastrophic scenarios.

Panelists said editors too often do not want to allow journalists additional time to check information or go in depth, preferring to be ahead of competition even at the expense of facts. In addition, almost 97 percent of the circulation of Croatian papers comes from newsstand sales, which encourages the use of “screaming headlines.”

In a survey, almost half of those responding (48.6 percent) identified the key problem of the Croatian media as the “absolute control” of owners and publishers over the media

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).

content. "I know many journalists who have decided to leave the profession rather than conform to new 'standards' introduced by publishers and editors," Anja Picelj, a media specialist with the US Embassy, said.

However, it would be a mistake to identify an "average" Croatian journalist's attitude toward the ethical standards, one panelist cautioned. HND is known for its ethics code, and most journalists follow higher standards, but there is also a vocal minority that does not. "It's about making a name as soon as possible, regardless of collateral victims," Luko Brailo, a journalist from Dubrovnik, said.

Duka said that the reputation of all Croatian journalists is tarnished when a few choose not to adhere to ethical standards. "Mostly, the public perceives all journalists by these examples of the minority, which has had a devastating effect on the journalism as a profession. We can't blame them for that."

Several panelists said self-censorship is ever more present. "Journalists know that certain names and companies are not to be criticized, or even mentioned in a negative context, and that's terrifying," Berković said. As Gabrijela Galić of the Journalists' Trade Union put it, "It's like an inner voice that tells you what you could and what you should not do."

Still, the situation today is not even remotely comparable to 1990s, when censorship or self-censorship resulted almost directly from political pressure or from perverted definitions of "patriotism." Comparing that era to now, Kuljiš said, "In the 1990s, there was a kind of institutional conspiracy on the governmental level against independent journalists. They were considered to be state enemies. There was a wall between them and what should have been publicly available information. There is no such conspiracy or walls today. It is easier to get information, but it has become harder to persuade your editor to make it public. The good news is that it's still possible to 'trespass' to another publisher's territory and publish it. It requires that you have a name and reputation, but it's possible."

As one of the consequences of advertising and circulation declines, top salaries in journalism (which used to be as high as \$150,000 to \$200,000 a year) have declined, which makes sense to some MSI panelists. There are no substantial differences between salaries in print and broadcast media, or between private and public media. A gross annual salary of \$25,000 to \$30,000 is about the industry standard, and is comparable to, if not higher than, other professions. Local media salaries trend lower, to about \$10,000 a year.

Selling articles directly is not common, but some panelists think that accepting gifts (going to promotions and public relations events at the organizer's expense) should be treated

the same. Galić asked, "Is there a big difference between accepting money, and going on a 'free' weekend to a fancy ski or summer resort to write about the promotion of, say, a new cosmetic or pharmaceutical line?"

Infotainment is a global trend and Croatia is not exempt. But thanks to the financial crisis and the intense political events, news programming has once again prevailed over cheaper entertainment production. "It seems to me that the biggest wave of trivialization hit Croatia in 2008. This year reintroduced politics and economy as major issues, sending trivial content where it belongs: specialized niches," Kuljiš said. Other panelists gave examples of sensationalism, including a national commercial television channel that, without explanation of the news value, opened a program with footage of a man who hanged himself. All broadcasters in Croatia are obliged to devote a minimum of 10 percent of their daily programming schedule to news production, which contributes to the quantity if not necessarily the quality of news production.

Panelists noted that while technical facilities and equipment for gathering, producing and distributing news and most national media outlets are modern and efficient, this is less true for local markets.

There are many good niche reporters and journalists working in the leading media outlets, according to the panel, but, overall, panelists felt that there are not enough skilled journalists to cover the large number of media outlets in Croatia professionally.

OBJECTIVE 3: PLURALITY OF NEWS

Croatia Objective Score: 2.60

Panelists concluded that Croatia has a plurality of media sources, and that citizens have unrestricted and ever-growing access to domestic and international news. With regard to media sector numbers, Croatia can compare itself with any country on the "New Europe" map. More than 3,000 registered journalists are registered in the country, out of a population of less than 4.5 million. Croatia also has about 1,100 freelancers, although not all identify themselves as such.

Croatia has approximately 150 radio and television stations at the city, county, and national levels, including two public national television channels and two national commercial channels. The Croatian Chamber of Commerce has in its registers 1,050 dailies, weeklies, and periodicals, including four national political daily papers, two regional papers, two local dailies, and two major national political weeklies.

The latest data, from 2008, shows that 53 percent of households have at least one computer, and 45 percent have an Internet connection. Internet usage is even higher, as most employees have Internet access at work, with 97 percent of active companies reporting Internet access. Some 60 percent of households have satellite television receivers or cable television subscriptions.

As in the previous study years, panelists named the relatively high prices for newspapers and services as the only substantial obstacle to news access. The cover price of daily papers (\$1.40) or weekly papers (\$2.80) and high prices of international dailies and weeklies (from \$6 to \$10) are prohibitive to a segment of the population, which therefore still relies on information from television, radio, and Internet. Internet services are more affordable than in the previous years, mostly due to tougher market competition. Flat broadband rates are about \$25 a month, and cable television fees are about \$10 a month for a basic package. The problem continues with unequal distribution of news between urban and rural areas, but a higher percentage of “location neutral” media (satellite, broadband, wireless and mobile internet, IPTV) has contributed significantly to better distribution of the news sources.

Foreign broadcasters operate without any restrictions, but their relative audiences (and consequently, their relevance) have diminished significantly. Only Deutsche Welle continues as a major media player in Croatia, the result of a more open political climate in the country and international broadcasters shifting their priorities to other regions, such as the Middle East. Panelists said the shift has not caused local audiences

significant difficulties in accessing international news. Given the country’s topography, most populations have access to foreign terrestrial television stations.

Twitter, Facebook, blogs, and other new media platforms are gaining popularity rapidly. They proved efficient in organizing student protests in 2008 and 2009, and were used heavily during the first round of the presidential election in late 2009.

“I do not get the feeling that the ruling party controls public television,” said Martin Mayer, from the EU delegation to Croatia. Kuljiš agreed. “The ruling party’s candidate on the presidential elections was one of the least represented candidates in public television’s election program, which speaks for itself that the ruling party does not control it,” he said. “But the ruling party still has powerful means—fiscal policy, for example—to influence public broadcasters. So it would be too early to say that politics have lost control over public television once and for all.”

The panelists agreed that public television political affiliations have been replaced with powerful business and special interest lobbies. Compared with the 1990s, when public television was a mouthpiece of the ruling party, this is considered a lesser evil, but far from complete professionalism. Many radio stations still depend financially or logistically on local authorities, as reflected in the quality and political bias of their local news programming.

Public television provides enough public affairs and political programming, but lacks educational, cultural, and minority programming. “You can’t find a lobby ready to pay for inclusion of such programming into the programming schedule of public television,” according to one panelist.

Some panelists suggested that news agencies are now of diminished importance, but Simonovic disagreed, and said that the formerly state-owned HINA agency is “still the most important source of information, especially in local media, which don’t have resources and staff for their own news-gathering process.” Other panelists agreed that HINA provides quality, professional services. Aside from HINA, two major publishers in Croatia have their own newsgathering agencies (providing some services, such as photos, to other clients as well).

Most local broadcasters operate within networks, with a central hub that provides national and international news, leaving their members more resources to produce local and service news by themselves. This is viewed as contributing to the quantity of the news production, although not necessarily the quality. The majority of radio stations are members of Croatia’s major radio network, and they link their news programming. The ever-increasing number of local and

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.

national web portals also contributes to better dissemination of local, national, and general news.

All media companies are obliged to disclose their ownership structure to the authorities at the beginning of the new calendar year. This information is available publicly. Panelists agreed that readership and audiences are aware of who owns media outlets, and employees are even more aware, given the restrictions in covering areas or issues about which their owners are sensitive.

Panelists were split on the monopoly issue. Some said that two of the biggest publishers control the lion's share of the market, but Kuljiš disagreed. "In such a small market, we have three major publishers—two foreign and one local. We have four national television channels, two of which are majority-owned by foreign investors. We have a myriad of local radio and television stations and small publishers. This doesn't look like a monopoly to me."

The impact of foreign investment is unclear. Some have brought low-quality commercial content or sought to undercut established trade union standards. But panelists said that generally, they have contributed to the maturity, stability, and variety of the media market in Croatia.

Most recently, Croatia got a new minority-themed paper, the Serbian *Novosti*. The paper joined Croatia's other well-established minority media, which represent the Italian minority especially. Some panelists said that minorities would be better served by more articles on minority concerns appearing in the mainstream media. "It is an old dilemma: Do the minority media help their consumers to be better informed citizens, or contribute in a way to their ghettoization? I don't know the answer," Glavaš said.

OBJECTIVE 4: BUSINESS MANAGEMENT

Croatia Objective Score: 2.59

In 2009, advertising income fell by a staggering 37 percent, circulation dropped by more than 20 percent, the number of unemployed persons reached a historic high, the GDP dropped 5.7 percent, and no end to the crisis is in sight—but all major media players are still in the market. Not a single bankruptcy in the media industry has been recorded to date. Panelists debated whether this was an indicator of managerial skill or how big profits were previously.

Major media players in Croatia have business plans, well-elaborated human resources policies, and financial practices in line with international standards. Unfortunately,

this cannot be said for the majority of the smaller and local media. Most of those still operate on the basis of "friends of friends" hiring and are quite often involved in some form of social tax evasion. Most local media are surviving thanks to the financial or in-kind support of local authorities, which seriously influence their editorial independence. "Community" media does not exist per se in Croatia, although very newly introduced legislation would open this area as well.

Commercial media in Croatia receive revenue from multiple sources, although some clients are "privileged" (companies on the list of top five advertisers, for example). The print media's main sources of income are sales of print copies and advertising, with subscription generating less than 5 percent of overall income. Advertising revenue is the only income for the national commercial television stations (Croatian RTL and Nova TV).

Subscription fees and advertising fund public television. Panelists said that public media has been irresponsible in using taxpayers' subscription money—one of the major reasons for the forced resignation of public television's CEO just after the MSI panel was convened. Local commercial broadcasters, aside from the advertising income and financial support from the local authorities, have an additional income source: if their productions comply with the criteria set for "producing of programs of the specific public interest," local radio and television stations could get up to \$120,000 of the support from the Fund for Pluralization of Media (built from three percent of the subscription fee paid to public television).

Every year, a debate is raised on public television's income sources. Croatian public television receives \$150 to \$170 million a year from a mandatory subscription fee (\$12 per household per month). Aside from this, public television controls a majority of the television advertising market. "More than 60 percent of the advertising money goes to public television, which has created a real distortion in the market," Kuljiš said. "With money secured from subscription fees, public television plays with dumping advertising rates, competing even with local stations. This is a clear example of the distorted market, and it should not be allowed."

Tena Perišin, from public television, had a different opinion. She said that advertising income is vitally important for public television, making it less vulnerable to different forms of political pressures than it would be if subscription fees were the only income source.

Print media circulation has dropped significantly in the last six to seven years, due in part to a lower level of interest in

politics compared with the 1990s and part to the financial crisis. As shown in a survey by the Faculty of Political Science, lack of trust in the media content is another very important element to be considered by publishers. The fact that circulation has dropped in other market niches (women's weeklies, sports magazines, etc.) indicates a certain fatigue with consuming traditional media, but new media are not yet profitable. Indeed, these forms have been hit harder than the "traditional" media by the shrinking of the advertising market in 2009, panelists said.

Until late 2008, the advertising industry had been one of the faster-growing business sectors in Croatia, supporting the stable market position of most of the national media. Most of the biggest global advertising agencies opened branch companies in Croatia, making the advertising market increasingly more professional. ("The advertising industry is more sophisticated than the media themselves," Kuljiš commented.) Until last year, the Croatian media advertising market contributed to the gross national product with more than one percent, which was almost in line with the standards of more developed countries. Advertising income had been on a steady rise for more than a decade, sometimes with even two-digit annual growth. This had contributed greatly to the stability of the media industry by offsetting the drop of circulation in the print media sector.

Croatian print media have not yet met Western media's advertising-to-circulation ratio for revenue, which is roughly 70 to 75 percent advertising to 25 to 30 percent circulation. Revenue figures continue to incline more to advertisement, however. More commercially successful national papers (*24 sata*, *Vecernji List*, *Jutarnji List*) are making between 55 to 60

percent of their total income on advertising revenue. Other papers still depend on circulation, sometimes with more than 80 percent. That level of dependence has a tangible impact on the type of journalism that those papers practice, primarily in terms of a more tabloid-type approach.

The government sets no limits to the number of ads in print. Limits on minutes of advertising on commercial broadcasters (radio, television) and public television are in line with EU recommendations. Independent media do not receive direct government subsidies. A constant issue is "hidden subsidies"—public announcements, advertising, or awareness campaigns financed by the government or local authorities. Many indicators prove that hidden subsidies are going more often to government-friendly media than to others, panelists said. The same is true for the government's Fund for Pluralization of Media. "It is absolutely okay as an idea, but it's absolutely non-transparent when it comes to the criteria for granting financial support," Berković said.

Another government revenue source, the Fund for Civil Society Development, is controlled by an independent committee of respected civil society activists. The new electronic media act will allow combining of financial support from the Fund from Pluralization of Media and the Fund for Civil Society Development, which is expected to benefit non-profit media.

One panelist noted that major publishers are using thorough market research. However, others said that the capacity exists for organizing and performing sophisticated market research, but is used improperly by major media corporations and barely at all by smaller, local media.

Broadcast ratings and circulation figures are not provided by an independent agency and are not reliable. Publishers are obliged to submit circulation figures to the chamber of commerce at the beginning of the year, but that applies to reporting printed, not sold, copies. To offset this problem, most advertising agencies are making their own circulation estimates, which have proven to be quite precise. For that reason, publishers refrain from presenting over-inflated circulation figures to serious advertising agencies, but are still shy of presenting the same figures to the general public.

The same applies to broadcast ratings. Through people meters and other sophisticated survey methods, leading broadcasters do have reliable ratings figures, but panelists expressed doubts about whether they use the figures in their strategic planning and program scheduling. Also, they said, leading broadcasters are presenting ratings figures to the general public very selectively, only to prove "the highest ratings" for some of their shows.

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.

OBJECTIVE 5: SUPPORTING INSTITUTIONS

Croatia Objective Score: 2.80

Even during the turbulent post-war 1990s, Croatia's media support organizations enjoyed an excellent reputation. HND, with a membership of almost 3,000 journalists and media professionals (more than 90 percent of the active journalists), is an example of an organized and efficient professional association that has managed to overcome politically motivated drifts. HND encompasses almost all media professionals in the country, regardless of their political and other positions and interests, working to protect their rights. Currently, HND is involved mostly in promoting and safeguarding higher principles of freedom of speech and preserving higher industry standards in toughening market conditions.

Also considered effective is the Trade Union of Croatian Journalists (TUCJ), a partner association that collaborates with HND to protect labor rights of journalists. HND and TUCJ have been active in drafting all media-related legislation in Croatia.

Along with HND and TUCJ, a variety of professional and trade associations actively promote the professional agenda of different professional groups. Local media (including print, but mostly local radio and television stations) are organized under the Croatian Association of Local Radio and Print (or HURIN, its Croatian acronym). Local television stations are organized under the National Association of Local Television Stations (NUT). Together with the national stations (Croatian RTL, Nova TV), local television stations have formed a joint national association of commercial television stations that has been very active lately. Publishers are organized in their own association,

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.

which proved its strength by lowering the VAT for print media outlets from the standard 23 percent to the privileged rate of 5 percent. All of these associations have been very active in 2009, mostly in drafting new legislation (the broadcast law, for example), or in defending free speech and industry standards. No sector has been left without a voice.

In order to be even more responsive to its members, HND structured itself into sub-organizations representing specific sectors of the profession (investigative reporting, economics, health, sports, IT, environment, blogging, freelancing, photo reporting, etc.). Still, some panelists said that it is time to further decentralize and disperse the activities of these institutions (especially HND) into smaller, more efficient task force groups.

A specific problem is the lack of NGO activity in rural parts of the country. "NGO is almost an unknown term just kilometers from the city limits of the five or six largest cities in Croatia. Expansion of IT communications helps, but this is still a problem for Croatia," one panelist concluded. But where NGOs are present in Croatia, they are vocal in their support. Violations of freedom of speech, any hate speech, or examples of sexism "will provoke an almost immediate reaction from NGOs," Glavaš said.

As in previous years, a debate on the quality of journalism degrees divided panelists. Perišin, who lectures at the Faculty of Journalism, thinks that a journalism degree at the faculty meets higher education standards, combining theoretical knowledge with practical activities in relatively well-equipped training centers (which were upgraded with a new USAID donation in November 2009). When it comes to mid-career training, Perišin is less optimistic. "Publishers and editors are still not willing to encourage staff to participate in trainings and workshops." It is an old dilemma, particularly affecting local media. Publishers and editors of local media often hesitate to send their journalists to workshops because they do not want their journalists to become more educated or more aware of their position and rights, panelists said. Also, they may operate small newsrooms that cannot spare anyone for a week or longer to training programs or workshops.

Currently, about 2,100 students of journalism are attending various programs. Panelists raised some concern about where these graduates would be employed, given the layoffs that have resulted from the financial crisis. An additional problem is a lack of interest in mid-career training, in part because journalists do not want to appear in need of development. Panelists found this disturbing, due to the fast-paced changes in communication platforms.

The government imposes no restrictions on newsprint acquisition or the printing industry. Both are completely

deregulated, private, and market-driven, offering a multitude of options to press publishers. Since early 2000, numbers of printing resources have substantially surpassed the market demand, creating a beneficial situation for publishers. Although the average cover price of newspapers is high (\$1.40), all daily papers are in full color, offering more content at the same price as the black-and-white and no-supplement editions of only a few years ago.

Distribution is dominated by one company, Tisak, which operates as an efficient, market- and profit-oriented company. Its current operations contrast starkly to the 1990s, when the company was owned by one of the most notorious Croatian tycoons and used by the regime as a tool for economic extortion of dissident and independent media.

Tisak distribution covers the entire national territory, including rural areas and remote islands, benefiting all sides—publishers, distributors, and readership. Nonetheless, panelists expressed some concern about the presence of a single operator. “Distribution monopoly does not comply with higher media standards. There have been no indications of wrongdoing, but still, in the long run, this is not a good solution,” Duka said.

Glavaš, the panel’s moderator, warned about the recently introduced “entry fee” of \$12,000 that new publications must pay in order to put on the Tisak distribution list. “It is not about the money. Any serious publisher must have such an amount at its disposal. It is more about the principle here,” he said. Brailo agreed, adding, “This sounds pretty much like taking advantage of the monopoly position—at least as a one-off fee. Why should publishers pay this ‘entry fee’ knowing that they will have to pay 25 or 30 percent of commission of every sold copy of their publication?”

Panelists agreed that other distribution means (Internet, transmitters, etc.) are completely apolitical and privately owned, and offer professional, efficient, and unrestricted access to all parties under market conditions. There has not been a single incident of using distribution or transmitting facilities to gain any politically or business-motivated goals against private operators.

List of Panel Participants

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

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

Zdenko Duka, president, Croatian Journalists’ Association, Zagreb

Gabrijela Galić, Journalists’ Trade Union, Rijeka

Tena Perišin, HTV, Zagreb

Anja Picelj, media specialist, US Embassy, Zagreb

Gordana Simonović, editor-in-chief and journalist, *Novinar*, Zagreb

Jelena Berković, news editor, Radio 101, Zagreb

Drago Hedl, journalist, Osijek

Neven Šantić, journalist, *Novi List*, Rijeka

Luko Brailo, journalist, Dubrovnik

Viktorija Car, professor of journalism, University of Zagreb, Zagreb

The following participant submitted a questionnaire but did not attend the panel discussion.

Denis Kuljiš, Article XIX, Zagreb

Moderator and Author

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

Assistant

Kresimir Dominic, assistant manager, Abrakadabra Communications, Zagreb

The panel discussion was convened on November 25, 2009.