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SERBIA

Serbia's crowded media field keeps growing, but the market cannot sustain the growth. The country now has 1,300 registered media vying for professional survival in a weak and stagnating market. The economic situation remains of serious concern, with more than 800,000 officially registered unemployed. Each year, Serbia spends about €2 billion more than budget revenues. To pay arrears in 2014, Serbia will need to borrow a new €5 billion. The poor economic state continues to thwart the media sector's hopes for growth; development plans and program and technological innovations are not on the agenda.

Sinking journalism standards—perhaps at the lowest level in several years—impacted the sector in 2013. The trend of media tabloidization persists, and political pressure on the media continues to influence editorial lines.

After more than a decade of waiting for the authorities or media institutions to step up and fix the problems, journalists have had enough. They are finally realizing that improvements are only possible if they unite, develop their own initiatives, and pressure the authorities to wake up. Their new motivation is perhaps the most important development of this past year.

On the political front, the year's most significant development was the European Council's June 28 decision to open accession negotiations with Serbia. The decision came after Serbia took steps to improve relations with Kosovo. The media community expects that the process will advance reforms already initiated in key areas—including media freedom.

Despite those hopeful signs for the future, the 2014 MSI study recorded generally unfavorable development in the Serbian media sector. The overall score is nearly identical to the 2013 score, reflecting stagnation or further deterioration of media independence, professionalism, and the media economy. Only several indicators improved compared to the previous period. Objective 2 (Professional Journalism) and Objective 4 (Business Management) experienced minor setbacks as a consequence of the escalating tabloid journalism pervading the media sector and persistent weaknesses in the media market. Scores for Objective 3 (multiple news sources provide citizens with reliable and objective news) improved slightly, as new media are improving access to information. However, the panelists sharply criticized the conditions scored under the other indicators in that objective.

The total picture shows that stagnation and declining standards threaten the Serbian media. If the media community takes full advantage of the opportunities ahead to reform—as presented by the EU accession process, and within the stirring attempts to build meaningful coalitions—the media might be able to advance its interests and end the standstill.

SERBIA at a glance

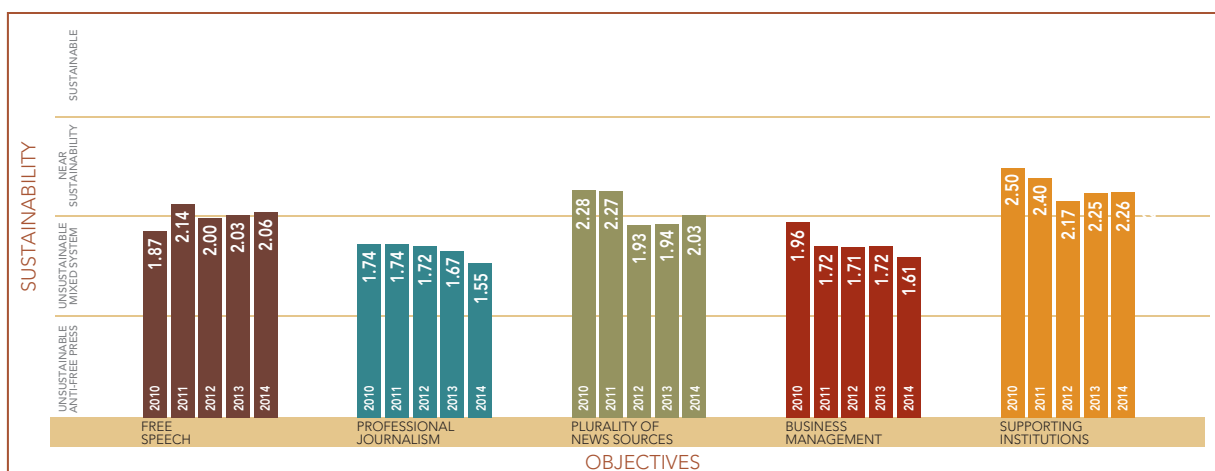
GENERAL

- > Population: 7,209,764 (July 2014 est., *CIA World Factbook*)
- > Capital city: Belgrade
- > Ethnic groups (% of population): Serb 83.3%, Hungarian 3.5%, Romany 2.1%, Bosniak 2%, other 5.7%, Unknown 3.4% (2011 est., *CIA World Factbook*)
- > Religions (% of population): Serbian Orthodox 84.6%, Catholic 5%, Muslim 3.1%, Protestant 1%, atheist 1.1%, other 0.8%, Unknown 4.5% (2011 est., *CIA World Factbook*)
- > Languages: Serbian (official) 88.1%, Hungarian 3.4%, Bosnian 1.9%, Romany 1.4%, other 3.4%, Unknown 1.8% (2011 est., *CIA World Factbook*)
- > GNI (2012-Atlas): \$38.12 billion (World Bank Development Indicators, 2013)
- > GNI per capita (2012-PPP): \$11,430 (World Bank Development Indicators, 2013)
- > Literacy rate: 98%; male 99.2%, female 96.9% (2011 est., *CIA World Factbook*)
- > President or top authority: President Tomislav Nikolić (since May 31, 2012)

MEDIA-SPECIFIC

- > Number of active print outlets, radio stations, television stations, Internet news portals: Print: 647 (20 dailies); Radio Stations: 228; Television Stations: 91; Internet News Portals: 133 (103 with daily news) (Source: APP midyear 2013)
- > Newspaper circulation statistics: Top three dailies by circulation *Blic* (circulation 105,185, private), *Alo*, (circulation 106,500, private), *Novosti* (circulation 97,400, state-owned) (Source: ABC midyear 2013)
- > Broadcast ratings: Pink 21.5% share; RTS1 20.0%; Prva 16.1% (Source: Nielsen AM, Jan. 12, 2013)
- > News agencies: Fonet (private), Beta (private), Tanjug (state owned)
- > Annual advertising revenue in media sector: €150–€160 million (2013 est., Nielsen Audience Measurement)
- > Internet usage: 4.107 million users (2009 est., *CIA World Factbook*)

MEDIA SUSTAINABILITY INDEX: SERBIA



MEDIA SUSTAINABILITY INDEX 2014: OVERALL AVERAGE SCORES



CHANGE SINCE 2013

▲ (increase greater than .10) □ (little or no change) ▼ (.10)

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.

Scores for all years may be found online at http://www.irex.org/system/files/EE_msiscorers.xls

OBJECTIVE 1: FREEDOM OF SPEECH

Serbia Objective Score: 2.06

As they did in previous years, the panelists agreed that constitutional norms and the legal foundation protecting the freedom of speech in Serbia are in line with relevant European and international standards. The panelists appreciated that the government respects the confidentiality of sources. However, the application of the laws, and the court's handling of media cases, remains seriously deficient. The protection of freedom of speech in the courts is still weak, either due to a lack of awareness or the influence of politicians or strong interest groups. Saša Gajin, a law professor at University Union, Belgrade (UBB) said, "The authorities and political elites understand media as a remedy to fulfill their political interests. Therefore, judicial norms in laws may reflect European standards, but in practice, the laws are too weak to defend media independence."

In 2013, for the first time, a court ruled in favor of a journalist. In the case, a reporter sued local Prokuplje Parliament President Dragoljub Zindović for harassment and insult on the premises of TV Forum. Media members welcomed this development, hoping that it finally signaled a new approach from the courts. In spite of clear evidence against Zindović, though, at end of the year a higher court of appeal cleared him. Media associations protested strongly

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

FREE-SPEECH INDICATORS:

- > Legal and social protections of free speech exist and are enforced.
- > Licensing or registration of media protects a public interest and is fair, competitive, and apolitical.
- > Market entry and tax structure for media are fair and comparable to other industries.
- > Crimes against media professionals, citizen reporters, and media outlets are prosecuted vigorously, but occurrences of such crimes are rare.
- > The law protects the editorial independence of state of public media.
- > 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 available; right of access to information is equally enforced for all media, journalists, and citizens.
- > Media outlets' access to and use of local and international news and news sources is not restricted by law.
- > Entry into the journalism profession is free and government imposes no licensing, restrictions, or special rights for journalists.

RBA practices have led to the registration of too many national broadcasters, and now RBA is rushing to introduce one more national television station before digitalization takes effect.

the courts' repeated displays of bias. In another extreme court case, the Appellate Court of Kragujevac ordered the editor of *Svetlost* weekly (which no longer exists) to pay a high fine for text that was published 19 years ago.

Miša Brkić, editor of *Novi Magazin's* Business Plus Portal, agreed that the courts are not impartial. "This year, several top politicians insisted publicly on the importance of freedom of expression, and several journalists appear to have permanent police protection," he said. "But real legal protection is nonexistent, as Serbia's judiciary system is far from independent. On the contrary—it is under strong political pressure and influence." He added that the authorities frequently justify their failure to enforce freedom of expression laws by pointing to a "higher national and state interest." Freedom of expression violations do not typically provoke public protests, as most citizens do not see the freedom of expression as an important democratic institution.

During 2013, discussions on a new law on public information held promise to be the most important development in media law, but again, Serbian authorities failed to finish the process. The panelists agreed the delay was intentional, aimed at preserving the old practice of financing state-owned, politically controlled media despite provisions in the national media strategy that require all future state budget media financing to be given on a project basis.

The year 2013 saw the strongest conflict to date between state and private media, over the new media laws that still have not been adopted. Backed by Serbian authorities, the state-owned media dismissed the request to remove the state from media ownership as a violation of citizens' rights in local municipalities.

Other laws proposed by the media stalled as well, according to Siniša Isakov, legal counsel at RTV. "As we expected, the set of new media laws, proposed by last year's media strategy, did not enter into procedure in the parliament," he said. He explained that the working group formed by the end of 2012 was later extended to include representatives of stakeholders, but efforts to coordinate proposed laws on electronic media and the new law on public services

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became strained, due to the incompetence of working group members and obstruction from ministry officials. After changes in the ministry, efficiency picked up again. Media professionals showed great interest in the public discussions and submitted comments on the proposed laws.

Vanda Kučera, chief governance officer with McCann Erickson Group, added that the new draft laws do not promise improvement on advertising law, and that the regulatory body should include advertising sector representatives to ensure more self-regulation for this aspect of media management.

The broadcast market in Serbia is oversaturated, and the regulatory body (Republican Broadcasting Agency, or RBA) tasked with issuing broadcast media licenses and preventing such a scenario is awash in controversy. Although the agency is formally independent, the panelists agreed that its work is questionable and compromised, and its board is in need of a shake-up.

RBA fails to follow standard procedures, as illustrated in 2013 by the case of TV Nova, which started to promote its virtual channel before the license was formally approved. RBA practices have led to the registration of too many national broadcasters, and now RBA is rushing to introduce one more national television station before digitalization takes effect. Furthermore, RBA is not applying legal provisions on advertising standards; all media advertise longer than mandated by regulations. These issues prompted the Association of Independent Electronic Media (ANEM) to formally ask the RBA to explain its operating principles.

By law, entry into the media market is free, with no specific obstacles to media registration. In spite of media association requests in 2013, the media sector has no tax relief benefits—in fact, VAT rose from 10 to 12 percent, so the situation worsened compared to 2012. The VAT increase will hurt print media especially, but tax increases on ITV equipment have affected broadcast media as well. At the local level, a number of public media do not pay taxes at

all—an open secret that the authorities tolerate and indeed cover. Privately owned companies have to pay all taxes.

Zoran Sekulić, CEO of Fonet, noted anomalies in media registration practices. For example, various services under press agencies are registered separately as individual media. Serbia’s three press agencies are registered as 19 media companies, he said.

The panelists agreed that they have seen progress in the protection of journalists, but attacks on journalists and threats that pressure media continue. The response from the authorities could be more efficient also, panelists said; for example, extensive bureaucratic procedures slow efforts to prosecute militant groups that harass journalists.

Journalists are frequently sued or threatened with lawsuits for insulting powerful people. Investigative journalists tend to be exposed to threats and have little protection from official political and state structures, while their media outlets are subjected to financial pressure.

In 2013, top-level government officials announced that two public services would no longer be financed from citizen’s subscription fees, but from the state budget—its first move to propose a new formal financing system. The financing of public services in Serbia and the province of Vojvodina worsened in 2013, as two-thirds of television owners do not pay subscription fees, and the state did not establish an alternative finance system. Most panelists viewed the government’s announcement as an obvious attempt to increase its control over public services through financial measures. The changes pushed the two public services to the brink of closure several times during the year.

Isakov gave “another clear example of discriminatory practice,” explaining that the government recently extended non-transparent monthly financial aid to RTS, but withheld such assistance from the Vojvodina public service. He noted that even worse, often the debtor does not repay the credit in these cases, and the government eventually writes off the debt.

At the local level, municipal governments distributed around €16 million to local media. Local state-owned media are financed between 70 and 80 percent from municipality budgets, according to Milorad Tadić, the CEO and owner of Radio Boom 93 and president of ANEM, Pozarevac. State-owned local media enjoy this marriage and are not interested in trying to live off of meager market proceeds; thus, they preserve the status quo. In most cases, financing is non-transparent. Aside from direct funding, the state uses hidden and unlawful tactics, such writing off debts, allowing interest-free loans during election campaigns, and allowing the state-owned media to use taxpayer funds to pay fines when they lose court cases.

Regarding the composition of state-owned media leadership, Tadić commented, “The management in state-owned media is not elected neutrally—on the contrary. Only political interests dictate the election of media management and their decisions...the managers and editors of state media and their media are not politically independent.”

In most Serbian municipalities, local and regional authorities elect the editors for state-owned media, and the ruling local parties tacitly agree that all managerial posts in public entities will be divided among the members of the ruling parties. The panelists pointed to the election of the director of the state-owned RTV Vranje as an example. A high-level official of Vranje’s Socialist Party was elected, but just before the formal election took place, he announced that he would be freezing his political activities and party membership, and was elected formally as non-partisan figure. As a result, all public enterprises, including state-owned media, are under direct political control.

Predrag Blagojević shared another example: “The new editor-in-chief of the state-owned Niška TV was elected by the director of the station, not by the board. In that television station’s statutes, the editor-in-chief position was erased, so his post is treated as any other in the television station. Now the director is free to control all posts in the station and to change conditions for the editor post as he wishes. That case is a dangerous precedent for media in state ownership.”

The state also owns three daily newspapers. They are unprofitable and the state covers their losses and finances their activities. The state support creates unfair competition in the print media market and skirts a deadline defined by law 12 years ago to cease this support. This situation keeps most private media at a disadvantage as well.

Media reform advocates have suggested that instead of paying salaries in state-owned media, the state should finance public interest media products so that all media could compete for the funds. Only a handful of municipalities have started this method.

The delay in privatization is maintaining unequal advantages for players in the market. The state still owns 79 media outlets, and they all actively oppose privatization, presenting it as an attack on public interest. With backing from powerful politicians, they have invested in a huge push to promote the view that the process of informing citizens is their media monopoly—arguing that private media are not able to inform citizens objectively. Their lobbying proved successful, as some elements included in the draft

law appear aimed at prolonging and strengthening state control over media. The new draft law on public services, for instance, proposed the establishment of a program council elected by a media managing board, rather than an independent body free from interest group influence.

Last year marked Serbia’s first period following the removal of libel from the criminal code. In spite of that improvement, some other controversial legal provisions remain in the criminal code. Exposing private life to the public and violating state symbols remain criminal acts, creating conditions ripe for misapplication of the law. As Snežana Milošević, secretary general of Lokal Press, said, “New amendments on criminal law decriminalized libel, but did not decriminalize insults—a fact that enables individuals who sue newspapers to sue them for insult instead of libel.”

The number of court cases remains high. According to Tadić, “During the last year, in Belgrade, 242 litigations against the media for publishing information were filed. Media associations warned several times that court cases against journalists are encouraging self-censorship in the media.”

Despite the existence of a law on free access of information, public information is often out of reach for Serbian citizens. Very often, officials obstruct the media’s efforts to obtain information of public interest. The commissioner of public information has made good efforts to help the media, and again won praise from the panelists. Journalists frequently appeal to the commissioner to try to compel authorities to provide information. But in spite of his success, resistance from officials at all levels is still strong.

Amid the many legal obstacles that Serbian media face, several strengths have held steady for a number of years. Journalists have long enjoyed unfettered access to international news and news sources, entry in the journalism profession is free from discrimination, and the government has no legal regulations on Internet services.

OBJECTIVE 2: PROFESSIONAL JOURNALISM

Serbia Objective Score: 1.55

Panelists were very critical of the Serbian media’s lack of objectivity and fairness in reporting seen during the past year. They blamed the shortcomings on the growing political and economic pressure on the media. They reported that national media, and the most influential media, appear to be the worst offenders in terms of unfair reporting, especially on Serbian political themes.

Sekulić said that the editorial policies of national media are tailored to appease the politically and economically powerful. “Nobody is interested in objective reporting,” he said. “A wide variety of sources are consulted only rarely, and most journalists and editors are intentionally subjective and only transmit the attitudes of politicians.”

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There are some exceptions—mostly local weekly print media, which have more time to confirm their information, so fact-checking their sources is the norm. Local media rarely have information that comes as great news to readers, but self-censorship has still spread in recent years. Local journalism is also endangered by the apathy and fatigue of older journalists, who have served as the main backbone of local 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 and retain qualified personnel within the media profession.
- > 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 exist (investigative, economics/business, local, political).

Another effect of the media’s economic woes is the advertising presented as news, which is seeping into local media in an effort to keep the rare advertisers satisfied.

Formal ethical standards are in line with international standards, but tabloids such as *Informer*, *Kurir*, *Alo*, *Blic*, and *Nase Novine* only marginally respect professional standards, and sometimes are openly defiant of them—swearing and resorting to name-calling of political opponents. In the past year, non-compliance with the media’s ethical code grew more typical, further lowering professionalism in the field.

The influence of tabloids is apparent in serious media, as well. Although all dailies except *Danas* accept the jurisdiction of the Press Council, in practice, the council does not make public its decisions on ethical code violations, enabling editors to keep their mistakes from readers.

All panelists agreed that pressure to violate ethical codes intensified in 2013. State-owned media in particular do not abide by the ethics code anymore. For example, in the beginning of 2013, *Južne vesti* received a complete interview with the director of Niš Parking Service. Blagojević, as editor-in-chief, refused to publish it, in spite of pressure. One month later, the complete interview was published in the tabloid *Nase novine*, without revealing that the source of the interview was the parking service itself.

Another common ethical lapse is that private media often steal news from agencies without quoting the source, and they sometimes even distort the reports.

Self-censorship is dominant in state-owned and private media alike, and strong among editors in particular. Editors resort to this measure to not risk losing advertising money from public enterprises and state-owned institutions. The low salaries and the large number of out-of-work journalists also contribute to Serbia’s pervasive self-censorship.

Serbian media cover key political public events well, but they do not touch a number of serious social problems. Information can be found on social networks, but editors and media that pick up such stories can be punished. Recently, the Independent Journalists’ Association of Serbia (NUNS) and the Independent Journalists’ Association of Vojvodina (NDNV) protested the fact that several media portals withdrew news reports two hours after being posted, almost simultaneously. The reports claimed that the daughter of the governor of the national bank was using an official car for private purposes. NUNS and NDNV assessed the removal of the stories as self-censorship in reaction to obvious political pressure, and warned that it is unprofessional behavior for media to cave.

Following years of complaints that journalists' salaries are miserably low, a new practice has emerged: individual sponsors for journalists. Revealed by the signatures under published or broadcasted stories in media, this practice may explain why more journalists are not leaving certain media despite low salaries.

In state-owned local media, salaries are somewhat higher—around Serbian average. For these journalists, pay delays are rare, and they do not have to worry that they will not be paid. Journalist salaries in local private media are far below average, and very often disbursed several months late. Many journalists are registered with the Employment Bureau and do pro bono journalist work for the local media. According to Sekulić, "In mainstream media, salaries are so low, it is not worth mentioning. The low salaries drive many journalists toward other professions, like public relations and marketing."

Isakov said that journalism quality is suffering as a result of money issues. "In spite of high inflation, in the Vojvodina RTV public service salaries have not changed since 2000. Due to financial problems caused by dropping subscription fees, and in the absence of government help, the Vojvodina RTV public service lost any hope of offering pay raises to motivate journalists and other media workers. During the year, several of RTV's best young journalists and editors left the organization, a trend that is expected to continue. The people best suited to uphold professional standards are leaving, yet professionalism is the only measure that can save the media."

Furthermore, throughout the year it became obvious that a number of state-owned media do not pay employee taxes, social security, and similar obligations. On the basis of a survey of 22 local press members, only 26 percent of 514 journalists are classified as full-time employees. Ten years ago it was the opposite. Obviously, local private media are cutting costs and employing fewer journalists—the average number of editorial employees in local print media is six. In spite of that, much more attention in Serbia is paid to employees in state media that could lose their jobs after repeatedly postponed privatization is one day realized.

Concerning the balance of entertainment to news, one panelist pointed out the strong tendency for entertainment programming to crowd out informative content such as news and social and economic themes. The third daily news programs, in the late hours, are postponed on most television stations, and some stations (such as B92) change the program scheme significantly.

Other panelists said that Serbian media consumers are still exposed to abundant news, and the balance between news and entertainment is satisfactory. During the pre-election

period, politicians and political themes will on occasion drift into entertainment programs as well.

Again this year, the panelists lamented the media's poor technical capacities. Access to equipment, software, and services continues to drop, in a trend that has persisted since 2008. To illustrate, Sekulić shared his experience: "My agency, Fonet, photographs 10,000 to 12,000 events every year, and films around 10,000 events. We are constantly servicing and mending our equipment, as we do not have the money for upgrades. In a few years, we will lag far behind new technology innovations, with catastrophic consequences for our development."

High-definition (HD) television has been introduced on cable, but only foreign programs and some RTS HD programs are broadcast with an HD signal. One consequence is that up to 40 percent of viewers in Vojvodina are increasingly turning to foreign programs. As Darko Bročić said, "The viewership of foreign programs is growing parallel to the drop of viewership of national television stations."

During 2013, Slovenia engaged RTS to broadcast the Eurobasket championship in HD. In spite of that, RTS did not promote HD broadcasting in Serbia. The panelists expressed the belief that HD could be introduced relatively easily if RTS addressed the problems. As the biggest television station in Serbia, RTS should dictate broadcasting standards and help push private television stations to transfer to HD resolution as well, panelists said.

Quality niche reporting has still not improved. Journalists that specialize in covering difficult Serbian societal issues are rare. According to NUNS President Vukašin Obradović, "In most media, there are no professionals who are specialized to cover certain areas. Typically everyone is a generalist, as media do not have money to help train individual journalists to specialize. The consequence is the decline in quality."

Panelists agreed that the absence of niche reporters is partly a result of the low level of education many editors and journalists bring to the job, combined with a lack of willingness to advance their education. Obradović added that Serbia has never had more educational institutions and fewer educated journalists.

Another part of the story is the media's higher investment in entertainment than serious journalism. At the local level, the situation is even worse, because national media have fewer local correspondents on the ground. Instead, they are transmitting news from local state-owned media outlets.

OBJECTIVE 3: PLURALITY OF NEWS

Serbia Objective Score: 2.03

In April 2013, about 1,300 media were registered in Serbia—a 10 percent increase in a two-year span. Although some traditional (mostly print) media closed, the number of media outlets continues to mushroom across the underdeveloped Serbian market. As Milošević said, “The quality of content on different modern platforms is questionable. Plurality exists, but not the quality of sources.”

Blogs, Twitter, and other social networks open the possibilities for new sources, but quality is lacking overall in that sector as well, and part of the Serbian population lives in areas where new media are not present. Although Serbia’s Internet penetration rates are strong, research data shows that for more than 90 percent of young people, their Internet usage is limited exclusively to Facebook. In another new trend, politicians are paying much more attention to social networks, including several media websites that are well edited and have many followers.

In today’s Serbia—perhaps even more so than in the Milošević era, some panelists said—there is virtually no oppositional media. Most media compete with each other to praise the authorities and to publish uncritical stories about them. The public services, RTS and RTV, are trying to keep some balance in their editorial policy, but especially on RTS, it is evident that more time is given to parties in the ruling coalition. Instead of covering public interest themes, public

services are competing with commercial television stations for viewership. “Public services produce a modest amount of public interest programming, but it is limited to studio debates—often with incompetent moderators,” Brkić said. He added that moderators are often chosen in a biased way that precludes presentation of the full story.

Brkić also agreed that the local media are still under the thumb of local interest groups, and state-owned media content is determined by local politics. He gave the example of the Kragujevac case. During November 2013, the state-owned RTV Kragujevac and the private TV9 reported in very different ways on a strike by workers at a transportation company. Distressed over unpaid wages, the striking workers blockaded the railways and roads in the region, impacting many companies—including a Fiat plant in Kragujevac. RTV Kragujevac broadcasts reflected the attitude of the city’s mayor, who said that the strike was politically driven. A group of citizens organized a counter-blockade, which the state-owned television reported on in prime time specials, while reporting almost nothing on the five-week-long workers’ strike. The private TV9 and online media Sumadija pres actively reported on both events.

Two independent news agencies, Beta and Fonet, are in unfair competition with the state-owned agency, Tanjug. Thanks to its huge budget, Tanjug enjoys a privileged position on the market. Although in theory, media companies are free to turn to any agencies for their news, they all have tight budgets and in truth could never afford to pay a news agency’s fair prices. In some cases, Tanjug gives its services away for free, or at dumping prices, and it is also uniquely positioned to survive longer periods of waiting on arrears to be paid. One panelist said that as a consequence, many media are deprived of Beta’s and Fonet’s non-partisan and objective information.

Media outlets typically use the services of foreign agencies, though they are too expensive for many media. News agencies are often quoted, but in a number of cases, media fail to credit sources or even try to pass off pieces as their own content.

For the last six to seven years, most local media have produced their own news. Due to the serious economic and financial situation, however, fewer and fewer media are able to continue producing original reports. Instead, they are beginning to reproduce news from other sources, such as online news agencies, or switching to paid content. Only a few media produce more in-depth news, apart from daily news. The panelists attributed this partially to financial strain, and partly to a laziness of spirit.

MULTIPLE NEWS SOURCES PROVIDE CITIZENS WITH RELIABLE, OBJECTIVE NEWS.

PLURALITY OF NEWS SOURCES INDICATORS:

- > Plurality of public and private news sources (e.g., print, broadcast, Internet, mobile) exist and offer multiple viewpoints.
- > Citizens’ access to domestic or international media is not restricted by law, economics, or other means.
- > State or public media reflect the views of the political spectrum, are nonpartisan, and serve the public interest.
- > Independent news agencies gather and distribute news for media outlets.
- > Private media produce their own news.
- > Transparency of media ownership allows consumers to judge the objectivity of news; media ownership is not concentrated in a few conglomerates.
- > A broad spectrum of social interests are reflected and represented in the media, including minority-language information sources
- > The media provide news coverage and information about local, national, and international issues.

The authorities in power and RBA continue to tolerate non-transparent ownership, and the panelists said that they see little improvement in this area. For example, again this year, it is still unclear who owns two national television stations—B92 and Prva—and if they are owned by the same person.

Serbia also does not regulate of the impact of owners on media content, and the panelists confirmed that owners often do affect media content, directly and indirectly. The panelists made a distinction between national local media ownership—local media ownership is always transparent, they said.

The media community is seeking new solutions to improve transparency, but neither current laws nor the draft law on information will affect Serbian business law, which enables off-shore ownership and investment in Serbian businesses. That legislation makes such owners especially difficult to track. Right now, only one media company is listed on the stock exchange (Axel Springer).

Some panelists expressed the belief that too much attention is given to the need to identify media owners, at the expense of far more important media development problems, such as media quality, professionalism, and the media economy. “Foreign investments in media brought commercialization, entertainment, and informative news, as is the case with B92 and Prva. The owner is unimportant,” Brkić commented. “People buy media that speaks to them, no matter who is the owner...and secrecy surrounding ownership is typical for a highly politicized society. The state as the owner is what is frightening, as the state is the most influential media owner.”

Minority-language media are still overseen by national minority councils. Under the legal arrangement, national councils have the power to name managers and editors and to completely control the editorial policy of minority media. Commenting on how this structure has led to declining standards, Isakov said, “During 2013, the ghettoization of minority language media continued—with the obvious intention of national councils to control business and editorial policy of minority language media.”

During the year, RTV launched a one-hour daily program of selections from all minority programs in Vojvodina. The programs were translated into Serbian and broadcast on the first channel. This new approach produced several important effects: the content of minority programs is being presented to a majority viewership; the overall viewership of minority programs is larger, which leads to greater engagement of minority journalists and editors; professional standards are increased; and each minority group becomes better informed on other minority groups, depending

“Public services produce a modest amount of public interest programming, but it is limited to studio debates—often with incompetent moderators,” Brkić said.

on the Serbian language that most minority groups have in common as a second language. Also in 2013, RTV substantially improved its website on minority languages, through communication with radio and television journalists.

Still, the media does neglect some groups—and public services leave out coverage of certain groups, citing the need to compete with commercial stations. For example, in 2013, Serbian stations did not air the European Paralympics games, which meant that Serbians did not have the opportunity to watch the live broadcast.

Citizens have no institutional limitations to accessing local, regional or international coverage. International news is traditionally well covered, and media with national reach cover major events that take place outside of large towns. Local news media in Serbia, panelists said, are clearly focused on local issues and events. In general, the panelists feel that private local media do a better job with news than politically biased state-owned local media. Citizen journalism at the local areas is spreading, promising to help fill some of the gaps.

OBJECTIVE 4: BUSINESS MANAGEMENT

Serbia Objective Score: 1.61

As noted earlier, Serbia has many more media outlets than its advertising market—an industry with annual turnover of about €160 million—can support. It would be too many media outlets for even a market richer than Serbia to maintain.

In this environment, most media find it impossible to reach sustainability and efficiency—and the panelists concluded that most do not achieve these goals, delivering poor marks for business management. According to Brkić, “The only efficient and self-sustainable media in Serbia are media owned by foreigners.” Milošević added, “Most media are not profitable, and a large number of them are reporting losses. Therefore, the question is, why does the state keep these media alive? Local print media do not have any chance to be profitable, not even three local papers with the highest circulation: *Napred* from Valjevo, and *Zrenjanin* and

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Pancevac from Pancevo. Today, their biggest ambition is to simply break even.”

In terms of income, political connections are often more important than commercial activities. As a result, the transparency of financing at most media companies is questionable, as huge sums of money come from state subsidies, public company funds, and agencies with close ties to politicians. Such sources inevitably lead to political influence on media.

The panelists pointed to the public service, RTS, as an example of irresponsible spending of taxpayer money that enables the maintenance of a huge, unrestricted, unprofitable system that produces inadequate programming. Local private media live constantly on the brink of bankruptcy, or else they are in serious arrears. In such circumstances, they are forced to reduce staff—and journalists are relieved if their salary is not more than two months late, according to the panelists.

Data are not available on spending in media financed from public budgets, but public services are known to carry heavy debts to public enterprises (electricity, fuel, communications). After a number of years, compensation in the form of products or services is often accepted.

MEDIA ARE WELL-MANAGED ENTERPRISES, ALLOWING EDITORIAL INDEPENDENCE.

BUSINESS MANAGEMENT INDICATORS:

- > Media outlets operate as efficient and self-sustaining enterprises.
- > Media receive revenue from a multitude of sources.
- > Advertising agencies and related industries support an advertising market.
- > Advertising revenue as a percentage of total revenue is in line with accepted standards.
- > Government subsidies and advertising are distributed fairly, governed by law, and neither subvert editorial independence nor distort the market.
- > Market research is used to formulate strategic plans, enhance advertising revenue, and tailor the product to the needs and interests of the audience.
- > Broadcast ratings, circulation figures, and Internet statistics are reliably and independently produced.

After the announcement by high-ranking government officials that both public media services are switching from being financed through the state budget, the services were faced with the lowest collection rates of television subscription fees ever, leading to a serious crisis for both. In response, the government has provided monthly financial assistance to RTS, but not the Vojvodina public service, RTV. RTV now has accumulated \$1.2 million in debt towards state and other media units and to the owner of its rented space, where it has operated for 14 years, following NATO destruction of all studio and production spaces. The process of securing new premises for RTV has been delayed indefinitely.

Given these issues, some panelists expressed the view that RTV is stuck in a severely unfavorable position compared to other media (including RTS) and most of all with regard to Serbian citizens. RTV’s compromised financial situation prevented it from being able to develop or improve educational and entertainment programming during 2013. Technological improvements and the introduction of new media platforms are also on hold, with the exception of development and implementation of an Android application, www.rtv.rs.

Internet media possess some financial advantages, as their less costly activities and equipment translate into a healthier financial standing than traditional media. Local political parties have taken notice, and they have started to establish their own information portals. In Niš, the leading SNS party financed its own portal from the town budget. Vranje, Toplica, Kragujevac, and other Serbian towns are following suit.

Lokal press research showed that the average local print media outlet brings in €18,000 in revenue per year. On average, only 35 percent of that sum is from commercial activities, with subsidies and donations representing the bulk. One print media outlet in the study drew 95 percent of its income from state subsidies, and just five percent from market proceeds. In private media, the number of business managers and financial specialists employed continues to diminish, while in state-owned local media, about 10 percent of all staff are non-journalists—and in general, these media maintain far more employees than needed. *Lokal press* research also revealed that as many as 60 percent of respondents admitted that they are uninterested in planning activities for survival in the market.

The two principle sources of income for Serbian media are advertising and state subsidies. As Brkić noted, state media (RTS, Studio B, RTV, and local state-owned electronic and print media) do not have stable income sources that could

guaranty sustainability and editorial independence, and “therefore, they are subject to all sorts of influences.”

Though there are some irregularities in advertising, the law bars any financing that could create an imbalance among market players. In Serbian practice, state subsidies are the likeliest response to market distortions. Most private media get public funds through direct deals with the executive bodies of self-governments. Only rarely are these funds distributed through public procurement procedures or public competitions for financing media projects that would offer equal opportunities for all the media.

When local governments have a need for favorable reporting on an important topic, they sometimes dismantle free competition by providing local funds to favorable media, using their budgets as instruments to influence editorial lines. For example, the local authorities in Nis issued a tender for an official information project. To exclude competitors to state-owned media, authorities often will include a funding condition that information on municipality authorities’ activities be published on the first, third, and fourth page of the print newspaper.

For web portals in local areas, donations are the primary source of income. State-owned and funded media are also developing local websites, which also constitute unfair competition to private online media.

Tadić commented, “Media, including online media, should generate income from different sources in a way that none of the sources can decisively impact editorial policy. State-owned media have guaranteed budget proceeds, which give them stability, but not political independence... sometimes sources of income impact editorial policy, management structure, and program content of such media. The state money in the media sector is significant, and is used as a remedy for pressure on media editorial policy.”

The advertising market did not change significantly in 2013. The main advertisers are public and state-owned companies. Advertising agencies are still active, as in past years, but advertisers have lower budgets. Around 30 percent of advertising funds do not go through agencies but directly from advertiser to media outlet (a percentage that has increased since 2012), although some major advertisers still forge agreements with agencies. Agencies tend to focus on national coverage media; local media get just a small part of the total amount.

According to Tadić, advertising rates are unfairly determined. “Advertising agencies and advertisers are in a position to dictate prices. In Serbia, advertising in state-owned media and in both public services is allowed, and in practice, such media negotiate prices with

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Vukašin commented also on the advertising agencies’ political connections. “In the previous period, three agencies owned by leaders from the ruling party dominated the market. Now, after the changing of authorities, new agencies connected to the new leading parties appeared, such as Profajler—which used to employ Vucic, who is now a leading politician.”

In 2013, clear signs emerged that foreign advertising agencies are eyeing the Serbian market, as confirmed by the sale of Serbia’s biggest advertising agency, Direct Media, to a Bulgarian firm.

Internet advertising is still growing, radio is stable, and print media advertising remains about the same, but television continues to capture most advertising business. Increasingly, money is being funneled to media through public relations agencies.

Commercial activities have dropped steadily since 2008—a decline with no end in sight. The purchasing power of citizens is even lower than in previous years, and fewer ads are being produced. In this environment, media houses are again turning towards paid advertising so they might pay even just a portion of their bills and debts.

There are rules on advertising time limits, which a number of media, including public services, violate—drawing little reaction by RBA. Media managers face substantial financial pressure to sacrifice news and educational content in order to broadcast or print as many advertisements as possible. As a result, advertisements in programs can extend to up to 20 percent of the time slot, which is unbearable for viewers and listeners.

Online advertising is still growing, albeit at a slower growth rate than that seen in previous years. Out of

Serbia's total advertising budget of almost €160 million last year, advertisers spent about €12 million, or around seven percent, on online media. Blagojević noted that most advertising money goes to several popular portals of print and electronic media (Blic, B92, etc.) with national coverage. He gave some examples: "Južne vesti as a portal has 30,000 visits per day, but during the whole year, revenue from advertising agencies was no more than €1,000." Here again, local media earn less than media with national reach.

Interest from advertisers determined that electronic and print media both need seven new online readers to equal one hard-copy reader. Several big media portals earn good money on online ads; for instance, the online edition of daily Blic sold more advertisements than the print edition.

Brkić said that state subsidies are a key tool used by the authorities and big business to discipline media. The authorities use subsidies, advertising of state institutions, and other financial incentives to exaggerate pressure on media that are critical, or to reward media that obey to authority's requests. In Serbia, the state (e.g. parties in power) is one of the dominant advertisers, and it often favors certain media in its ad placements, irrespective of media market shares.

Research agencies conduct market research, and some media companies conduct this research on their own. Owners, journalists, and editors are using polls, social networks, and web data to tailor media products to their target populations, and a number of them use results by professional research agencies. According to Bročić, "The use of research findings is somewhat smaller than in previous years, but research results have been used by media and advertisers in Serbia for years. The national media turns to research results more than local media."

Tadić elaborated on the market research situation in Serbia. "Data on electronic media, website visits, print media copies, and the number of subscribers are relevant, but still are not 100 percent exact and reliable. Organizations that are dealing with the number of copies printed are often under the control of politicians, and sometimes they publish biased data. Professional research organizations are experienced and very qualified to produce reliable data. Media entities that have money to pay research results could be informed in a timely way on their standing among viewers, listeners, readers and internet users. Advertisers and media understand the importance of those data and use them in everyday activities," he said.

ABC conducts print media audits, and Ipsos and other professional agencies measure print media readership. A smaller percentage of newspapers is audited than within the broadcasting sector, and questions about ABC's objectivity

have slowed the process. The panelists expressed concern over the fact that in print media, only media belonging to the Axel Springer and Color Press groups are audited. In 2013, ABC announced plans to audit websites of print media that are already its members. Currently, only one Internet site is audited, but different international analytics programs supply necessary data.

Ipsos also conducts radio research, but the geographical spread of listenership is limited only to bigger towns. Most local stations do not have the funds to finance research.

Television viewership is measured with people meters by Nielsen. People meter measurement of viewership gives representative results for Serbia's territory, but is not precise enough for all television stations that broadcast on provincial and regional levels. Viewing of foreign stations is increasing, especially in Vojvodina. The increase there is due to geographical convenience, as Vojvodina sits to the north of Serbia, and due to the predominance of KDS and IPTV cable providers in the region.

OBJECTIVE 5: SUPPORTING INSTITUTIONS

Serbia Objective Score: 2.26

In 2013, the Media Association group of media company owners dissolved, and the country's main publishers, including Color Press Media Group and Informer, launched a new independent association of newspaper and magazine

SUPPORTING INSTITUTIONS FUNCTION IN THE PROFESSIONAL INTERESTS OF INDEPENDENT MEDIA.

SUPPORTING INSTITUTIONS INDICATORS:

- > Trade associations represent the interests of media owners and managers and provide member services.
- > Professional associations work to protect journalists' rights and promote quality journalism.
- > NGOs support free speech and independent media.
- > Quality journalism degree programs exist providing substantial practical experience.
- > Short-term training and in-service training institutions and programs allow journalists to upgrade skills or acquire new skills.
- > Sources of media equipment, newsprint, and printing facilities are apolitical, not monopolized, and not restricted.
- > Channels of media distribution (kiosks, transmitters, cable, Internet, mobile) are apolitical, not monopolized, and not restricted.
- > Information and communication technology infrastructure sufficiently meets the needs of media and citizens.

publishers. Another new media coalition, ZUM, which unites employees from state-owned media, formed in 2013.

A number of traditional associations for journalists remained active, including Local Press (LP), an association of local independent print media; ANEM; the Radio Advertising Bureau (RAB); NUNS; the Journalists' Association of Serbia (UNS); and NDNV. All of these associations protect their members in their own ways. UNS and NUNS, part of International Federation of Journalists and European Federation of Journalists, actively advocate for the protection of journalists and lobby for better media quality. Blagojević shared an example: "Our portal, *Južne vesti*, suffered from threats and pressure during the year, but promptly got strong help and backing by three media associations: NUNS, Local Press, and ANEM." However, Isakov expressed disappointment with the current group of associations. "This year, again I must repeat that in Serbia, we still do not have an association for non-journalist media employees," he said.

The Press Council, as a self-regulatory body, was active in 2013 but has failed to publish its decisions as intended. Still, the panelists emphasized the importance of the media sector initiating self-regulation on media quality.

Significant efforts are also underway to develop a group, Media Coalition, which includes NUNS, UNS, NDNV, ANEM, and LP. The coalition is designed to help implement the adopted media strategy, create new media legislation, and bring media standards in line with EU standards. Media Coalition is also investing in efforts to improve media literacy and promote other interests of the media and journalists—though it was formed on loose connections and on minimal consensus.

Self-regulation does not exist in the sphere of advertisers. However, awareness seems to be growing that they need to unite to address their challenges, panelists said. For example, advertisers are fed up waiting on the new law on advertising, which was prepared in draft but has long been kept in the media ministry drawers. Kučera remarked, "Advertisers are finally aware that they have to push authorities to act."

During the year, members of the media community worked intensively to draft an Advertisers Codex. The advertising community responded very positively, and the group preparing the codex also started preparations for a self-regulatory body for advertising. The Chamber of Commerce strongly backed self-regulation steps, which promise to help speed up the legal procedures.

NUNS worked actively with NGOs during the year, but the panelists said that Media Coalition should explore ways to

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engage the civil society sector with coalition activities, to improve the efficiency of its activities, and to heighten its impact on the authorities.

The case in Niš, involving *Južne vesti*, illustrates how communication between media and NGOs is improving, compared to previous years. As many as 13 NGOs immediately stepped up to protect *Južne vesti* when it was strongly attacked and threatened by the director of the local state public enterprise Niške toplane. Several NGOs from Belgrade even reacted promptly. This development resulted in the founding of a coalition of *Južne vesti* and NGOs, which will be devoted to the realization of civil projects in Niš.

During 2013, several NGOs began asking media companies to help support their activities at the local level, according to the panelists. "Cooperation with the civil society sector is a tradition reinforced this year, with conditions from foreign donors that projects they finance need to have visibility—a media component. CSOs themselves should insist on greater visibility of their activities, and develop more intensive contacts with media," Tadić said. Milošević added, "In 2013, Media Coalition improved contacts between media and civil society organizations. Local media understood that local CSOs are their natural allies. The association *Lokal Press* also developed stronger communications with CSOs than seen in previous years."

In terms of formal education programs for journalists, the panelists agreed that journalism degree programs are inadequate and turn out poorly prepared graduates. Brkić commented that "most young people want this profession because it is trendy, and because of their focus on self-promotion." He said that his impression is that the most popular tracks for journalism schools are those focused on television personalities, and the least popular are for economic journalists.

In spite of some excellent traditions, Serbia has no more student and youth radio. Radio broadcasting used to be a well-respected training ground for future journalists. The panelists faulted the state authorities and RBA for their indifference to the strategic problems of the broadcast

media. They doled out an enormous number of frequencies, but offered none for student or youth radio.

Participants agreed that media members show very poor interest in courses on specialized reporting. Internal education efforts have dried up within both of the public services, but in 2013, RTV took advantage of education opportunities organized by the Association of Western Balkan Public Services for video journalists and mobile journalism. Both courses helped improve the quality of work at RTV.

The panelists did not report any problems with sources of media equipment, newsprint, or printing facilities. All are apolitical, unrestricted, and not monopolized.

Channels of distribution are biased in the sense that the Internet is completely left out of any regulation, producing serious distribution problems in Serbia. Similar problems affect other countries in the region, and are likely to continue, as the EU announced that regulations will not be introduced before 2015.

Technical regulations in Serbia are satisfactory, but media content is completely out of control, which some panelists blame on RBA's refusal to uphold its regulatory duties. RBA is exclusively focused on traditional electronic media, and is not paying attention to cable, which is full of foreign media programs with marginal domestic content.

The panelists also highlighted the case of the sports channel packages on Serbian cable. Those channels broadcast several sporting events, but otherwise keep the channel tied up 24 hours a day without media content. Behind such packages are communication companies that are very profitable but are detracting from media program offerings. There is obviously no goodwill to regulate this area, panelists complained.

Serbian television stations were still not broadcasting in HD technology in 2013. According to Republic Agency for Electronic Communications (RATEL), 86 percent of cable television in Serbia is presented in analog signal.

RTS does already have the required technical equipment, but only broadcasts a very small amount of its productions in HD—and only on the cable program RTS HD. As Isakov explained, "Digitalization of terrestrial broadcasting, which should have wrapped up by April 4, 2012, is overdue. Until November 2013, only initial network, DVB T2/MPEG-4, was

introduced to a significant part of the state. However, for full coverage of territory, there is still lot of work to do—especially to inform citizens on how to adjust and equip during the transition from analog to digital television broadcasting."

Meanwhile, distribution systems have more and more foreign localized HD channels, which are offered to viewers as a special package. Television distributors are still carrying on business without legal regulations—only technical regulations. This hurts viewers as well as domestic media, especially those that create original media content, the panelists said.

Tadić gave an example of the problems stemming from poor regulation. "Telecom and SBB, two big providers, often obstruct the development of media programs in regions where they hold a license. Five years after they secured their license, the providers have not ensured a signal for the whole approved area. At the same time, media in the region must pay all taxes and other fees to the state. RBA's inertia is breathtaking—it is utterly failing to force operators to enable complete technical coverage. To do this job, SBB and Kopernikus have requested an enormous amount of money from affected media to cover the whole area that the state licensed them to cover," he said.

Obradović noted that the problems are not limited to television. "The relations with distributors and producers of media content in print media are also biased," he said. "The draft law on information states that distributors may also be producers of media content. Obviously, in print media as well as electronic media, distributors are pressing to ensure the best position for themselves."

The panelists offered different perspectives regarding the communication technology infrastructure. In terms of mobile technology, one opinion was that mobile operators in Serbia do not treat media as specific partners, and that the infrastructure is not satisfactorily developed for media usage. This is especially true in peripheral territories, where minimal service is not ensured. Other panelists said that the situation is not terrible, and that main problem is again the lack of financial sources, not the infrastructure itself. Over most of Serbia's territory, relatively high quality access exists and modern techniques of information gathering are available, and almost all journalists have smart phones to assist with access.

List of Panel Participants

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