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CROATIA

Croatia had a turbulent 2016, indeed. Events unfolded at such a pace—and magnitude—that even an alleged attempt on the life of the Croatian Journalists' Association (CJA) president in October seemed almost logical, and defining of the year, rather than shocking. "Smear campaigns and hate speech have become part of the mainstream, supported by leading public figures," one media expert commented. The president and other political leaders issued disturbing messages regarding cases of open verbal or physical attacks on journalists, warning them that they should be aware of the consequences of what they report. The line between "normal" and "extreme" has become blurred.

The parliamentary elections in November 2015 resulted in a virtual tie between two major political parties: Social Democrats on the center-left political spectrum, and the Croatian Democratic Union on the right and far right. Post-election maneuvers brought a fragile parliamentary majority to the Croatian Democratic Union.

The new government, formed in January 2016, made its media agenda clear. By appointing a pronounced extreme right-winger to the helm of the Ministry of Culture, announcements materialized on radical changes for media policy—which many observers had treated as only excessive pre-election talk. "The new government treated media as an election prize," said one panelist. The minister, in his very first decision, called off the well-established system of financial support to the non-profit media and culture projects, disqualifying them *en masse* as "leftist" or even "traitorous." Before long, the minister dismissed the general manager of the public service broadcaster HRT, and executed a massive reshuffling of key editorial positions.

Simultaneously, parliament launched an official initiative aimed at revoking the mandates of all members of the broadcast regulator, the Electronic Media Council (EMC). Lawmakers stated that they perceive councilmembers as "the exponents of the former government" or even as "anti-Croats." It took a swift response from the international community, primarily the European Independent Regulators Group, to stop the move. They sent Croatian lawmakers an unambiguous message: the independent council should be just that—independent.

In less than six months, the government coalition cracked under its own weight. A new moderate and conciliatory minister of culture has been appointed. But according to the panelists, it will take time to restore citizens' confidence, and a lesson has been learned: progress towards free speech and inclusive public discourse can be reversible.

CROATIA at a glance

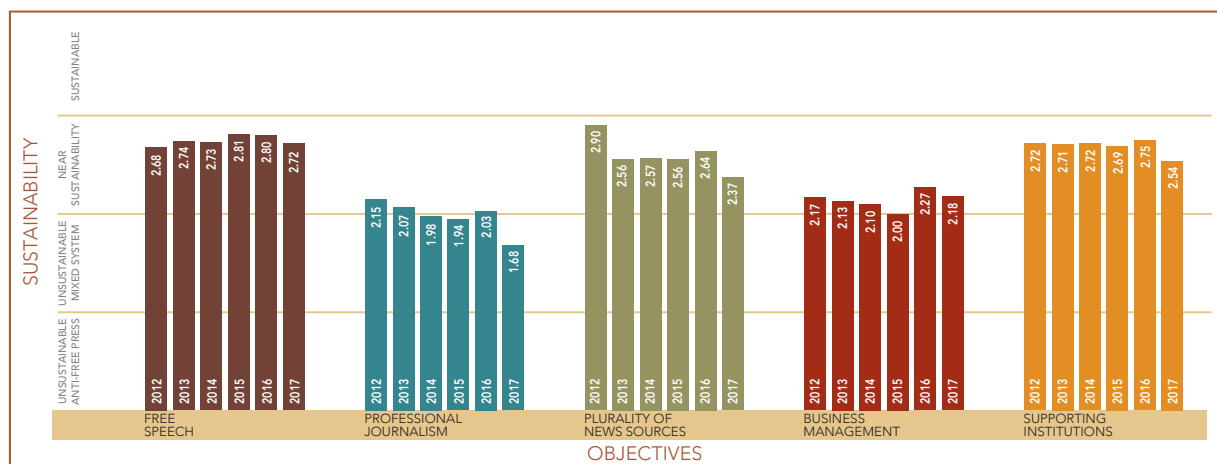
GENERAL

- > **Population:** 4,313,707 (July 2016 est., CIA World Factbook)
- > **Capital city:** Zagreb
- > **Ethnic groups (% of population):** Croat 90.4%, Serb 4.4%, other 4.4% (including Bosniak, Hungarian, Slovene, Czech, and Roma), unspecified 0.8% (2011 est., CIA World Factbook)
- > **Religion (% of population):** Roman Catholic 86.3%, Orthodox 4.4%, Muslim 1.5%, other 1.5%, unspecified 2.5%, not religious or atheist 3.8% (2011 est. CIA World Factbook)
- > **Languages:** Croatian (official) 95.6%, Serbian 1.2%, other 3% (including Hungarian, Czech, Slovak, and Albanian), unspecified 0.2% (2011 est. CIA World Factbook)
- > **GNI (2015-Atlas):** \$53.65 billion (World Bank Development Indicators, 2017)
- > **GNI per capita (2015-PPP):** \$21,750 (World Bank Development Indicators, 2017)
- > **Literacy rate:** 99.3%; male 99.7%, female 98.9% (2015 est., CIA World Factbook)
- > **President or top authority:** President Kolinda Grabar-Kitarović (since February 19, 2015)

MEDIA-SPECIFIC

- > **Number of active media outlets:** 10 major daily newspapers; 6 major political weeklies; Radio Stations: 147, 6 of which are national; TV Stations: 30
- > **Newspaper circulation statistics:** *24 sata* (circulation 55,000), *Večernji list* (circulation 45-50,000), and *Jutarnji list* (circulation 35-40,000); *Telegram* (16,000 copies)
- > **Broadcast ratings:** Top 3 television stations: Nova TV (private/commercial), RTL Croatia (private/commercial), HRT 1 (public TV)
- > **Annual advertising revenue in media sector:** approximately \$315,000,000
- > **News agencies:** HINA (public), Media Servis (private), IKA/Croatian Catholic News Service
- > **Internet usage:** 3.117 million (July 2015 est., CIA World Factbook)

MEDIA SUSTAINABILITY INDEX: CROATIA



Unsustainable, Anti-Free Press (0-1): Country does not meet or only minimally meets objectives. Government and laws actively hinder free media development, professionalism is low, and media-industry activity is minimal.

Unsustainable Mixed System (1-2): Country minimally meets objectives, with segments of the legal system and government opposed to a free media system. Evident progress in free-press advocacy, increased professionalism, and new media businesses may be too recent to judge sustainability.

Near Sustainability (2-3): Country has progressed in meeting multiple objectives, with legal norms, professionalism, and the business environment supportive of independent media. Advances have survived changes in government and have been codified in law and practice. However, more time may be needed to ensure that change is enduring and that increased professionalism and the media business environment are sustainable.

Sustainable (3-4): Country has media that are considered generally professional, free, and sustainable, or to be approaching these objectives. Systems supporting independent media have survived multiple governments, economic fluctuations, and changes in public opinion or social conventions.

Scores for all years may be found online at <https://www.irex.org/msi>

OBJECTIVE 1: FREEDOM OF SPEECH

Score: 2.72

The previous year's developments again underlined the dichotomy between the legal framework and implementation. In transitional countries such as Croatia, regardless of EU membership status, problems in interpretation of media policy often are traced to the lack of democratic tradition, rather than the norms. Croatia has not experienced the neo-conservatism of Hungary or Poland, for example. The worrisome and dramatic *reconquista* in the first half of 2016 ultimately turned against its leaders. It inflicted deep wounds on independent media, but the legal foundations of free speech were not affected.

"I would give a high score to this indicator," said panelist Vesna Alaburić, one of the best-known media law attorneys in Croatia and in the region. "The constitution and other key legislation [are] in line with the highest international standards. [Because] of Croatia's EU admission, the national legislation and legal practice are legally subordinate to the EU *acquis communautaire* and the EU legal norms," she said. Although this hierarchy is not a guarantee of freedom of speech in itself, Alaburić emphasized that Croatia has had no cases that indicate any serious discrepancies between its judicial practice and the standards of the European Court of Human Rights.

The end of January 2016 saw a far-right protest in front of the EMC, which had temporarily revoked the license to a local television station over hate speech. "It was an inversion of values, said Vesna Roller, an EMC member. "Instead of

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supporting us in sanctioning a clear case of hate speech, the politicized interpretation wanted to present it as a restriction of free speech." The demonstration was a pretext for the aforementioned parliamentary move to terminate the mandates to all the EMC members.

Panelists agreed with Roller's interpretation that the political pressure and overall environment in 2016 resulted in steps backward in EMC's efficiency and independency. "These events had an obvious negative impact on the EMC's position and work. We could not quantify it, but something was in the air. The sense that 'we are watching you' has been created," said Toni Gabrić, the founder of the independent web portal H-Alter and a civil society activist.

EMC reached high scores in recent years, thanks to its professional and depoliticized stand. This is in sharp contrast to its predecessors in the late 1990s and early 2000s, when EMC was merely a tool to regulate the frequency spectrum within a clear political agenda. "Let me put it this way: 2016 was not the best year for us. We are still performing better in comparison to five or six years ago, but the setback in relation to, say, 2014 and 2015 is visible," Roller said.

The market entry and the tax structure for media that do not use a limited public good is free, fair, and comparable to other industries. Croatia has no specific capital or other requirements or restrictions. In fact, the print media sector enjoys a substantial tax break: a VAT rate of 5 percent, while the standard rate is 25 percent. Although the rate was not amended during the comprehensive tax and VAT reform in November 2016, "there is a price tag for that," said Helena Puljiz, a freelance journalist. "I have not seen any criticism of the tax reform in print media, because the print media sector was spared of the restrictions."

Other panelists pointed out that indirect support to the print media sector, such as the reduced VAT rate, is common in most EU member states. One noted, "The main criteria is to use it indiscriminately, as a tax break for the whole industry sector considered too important to be regulated only by the market itself."

Attacks on journalists are on the rise. In 2016, there were eight registered attacks, including three physical assaults and one case officially reported as "an attempt on life." In that case, from October 2016, the front right-hand wheel of CJA President Saša

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.

Leković's car dislocated from the axle while on a highway, due to two screws having been removed forcibly. Due to heavy rain, the speed was relatively low and the only consequence was damage to the car. "The minister of the police contacted me immediately and offered 24-hour protection, which I declined," Leković said.

The police responded more efficiently in another case involving a verbal threat against Leković. The perpetrator was arrested and is now in detention awaiting trial. The panelists have taken this as an indication that the police do not consider verbal threats as less real. At the same time, an efficient "zero tolerance" approach by the police would contribute to raising the awareness about the problems related to attacks on journalists, panelists said. "The public does not always understand that a verbal threat should also be treated with the utmost seriousness. Sometimes, they see it as an overreaction," Leković said.

With regard to indicator 5, which measures how well the law protects state or public media independence, 24 *sata* journalist Boris Rašeta commented, "The law on the public TV is a boon for the election winners." Indeed, it was the former government that amended the Public Media Act in 2012, and opened the possibility to appoint the HRT general manager with a parliamentary vote. In February 2016, the center-right government immediately seized this opportunity to replace the general manager, which was followed by a mass repositioning of some 75 to 80 key editors and journalists. "We have tried almost all the avenues suggested by the EU experts to make a good and efficient Public Media Act," Alaburić said. "The current law as a norm guarantees editorial independence, but then the 'one captain on the board' approach was marred by giving the parliament the power to elect and replace the general manager with a simple majority," she said.

Until early 2016, journalists in Croatia had to work under the threat of the criminal code definition of "vilification." In legal practice, vilification even criminalizes publication of verified facts, if a person involved finds it "offensive" or "harmful." These charges were brought against Slavica Lukić, an investigative reporter and a 2016 MSI panelist.

As of spring 2016, the criminal code has been amended. It now excludes the responsibility of the journalist if the subject is of public interest, even if the facts published would prove to be false, but taken with "good faith." Panelists said that the logical next step is vilification being decriminalized altogether.

According to Alaburić, the judiciary is now enforcing the amendments. "Problematic verdicts may happen at the first instance, either as the result of the lack of experience, corruption, or political pressures on judges. But courts of the second instance are almost always rejecting such verdicts."

Nataša Božić, a journalist at N1 (a CNN affiliate), said that some media outlets have more privileged access to government sources. "The public service usually has an advantage to get an interview with, say, a minister or another public official," she said. "It is only because they know that they won't face tough questions on the public service."

The general public has a rising awareness of the right of access to information, according to Jelena Berković, vice president of GONG, one of the most respected NGOs in Croatia. "Citizens are asking us for advice on access to information more often," she said. "The information commissioner and her office are very helpful in that regard." Puljiz agreed but pointed out that full access has not yet become a general practice. "Some ministers are open and very cooperative in terms of providing us with information. The Ministry of the Interior, for example. But it depends so much on who the spokesperson is, rather than on a stable and functional model," she said.

Access to local and international news sources is open and unrestricted. Intellectual property rights are gaining more respect, primarily thanks to implementation of the EU regulations in the sector. Still, a direct copy/paste approach is standard practice in online media. Internet writers are taking advantage of the deregulated cyberspace and the elusive legal status of many web content providers.

The media act provides a definition of "journalist," but this is not used to restrict entry into the profession. No licensing is needed. The state government does not attempt to influence enrollment in journalism schools or hiring of entry-level journalists. However, local authorities do prefer to see journalists of their political affiliations hired by the local media. With regard to the general conditions for job opportunities, Leković commented, "Journalists are exposed to the market. Or, better to say, they are at the mercy of the market."

OBJECTIVE 2: PROFESSIONAL JOURNALISM

Score: 1.68

The panelists agreed that indicator 1, "reporting is fair, objective, and well-sourced," has been impacted most directly by the negative synergy between the financial and advertising market crisis and the shift in media consumer habits. "The quality of reporting has been degraded," Puljiz said. "What matters is to be the first, not the most accurate and balanced. Most often, there is no time for background research." Panelists said that journalists consult experts, although they call repeatedly upon the same people with well-known political positions.

Trivialization of content is used as a deliberate editorial policy, in order to hold the audience's attention and avoid confrontations

with the main political and business lobbies. "There are examples of quality journalism, for sure. But in the bigger picture, they are more indicators of what journalism should be, rather than what journalism nowadays is," Leković said.

Croatia's Code of Ethics, developed by CJA, has been regarded for many years as a point of reference for media communities in other transitional countries. It is well elaborated, in line with standards developed by international professional journalist associations. The core group of media professionals actively adhere to the accepted ethical standards. Any violations are more a matter of interpretation on some issues (for example, the application of the ethics code to satirical content), rather than an open or even intentional breach of the basic rules. However, Nada Zgrabljic-Rotar, a professor of journalism at the University of Zagreb, pointed out one emerging negative trend: "This is all fine, but the surge of online and print media that do not adhere to the ethical standards is changing the game."

Under the umbrella of free speech, and following the pattern of "inverted values" that Roller mentioned under Objective 1, smear campaigns have been orchestrated against prominent civil society activists and journalists. They have been labeled "traitors," "anti-Croats," "communists," etc. A few media members in particular have come under pressure, including the CJA president, journalists at *Novosti* weekly and *Nacional* weekly, and writers for Index.hr and H-Alter.org. The activists targeted include staff from GONG, Documenta, human/minority/LGBTI rights organizations, and transparency/good governance/reconciliation groups.

A significant number of web portals have not disclosed data on their owners and publishers, and Alaburić said that they are under suspicion as the orchestrators. "It is not only about the lack of transparency," she said. "There is also a strong

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impression that they have been created solely for defamation and smear campaigns against their opponents."

Another open issue is the blur between news content and advertising and/or product placement. "Native advertisement" has found fertile soil in local web platforms, additionally confusing readers when distinguishing between genuine and paid content. Plagiarism is omnipresent, according to the panelists. Articles that were produced at significant expense soon make their copy/pasted way to myriad portals, and even to the public television station.

"Ethical standards are stretched to fit the interests of editors or owners," said Ante Gavranović, a veteran media expert who served as president of CJA and the Association of Publishers for years. This flexibility is an easy merging point for the connected problems of ethics code violations and self-censorship. The situation with self-censorship has reached alarming proportions, the panelists agreed. Given the current situation in the media labor market, self-censorship has become a survival tool, according to Božić. "Self-censorship is not even perceived as something that is intrinsically against the very basic definition of journalism. It has become a part of the daily routine in many newsrooms," she said. "Many of our colleagues are desperate to keep their jobs. Even if not asked, many of them will perform some type of soft or open self-censorship."

The panelists questioned how efficient censorship or self-censorship can be in "burying" stories and issues, given that a story omitted from one outlet will surely appear in a matter of days or even hours on some other media platform. Still, according to the panelists, some strategically important information never makes it to the general audience. A notorious example is the lack of coherent critical articles on Agrokor, the biggest company and advertiser in Croatia.

Božić described another, recent example. "The prime minister went to Germany [in December 2016], met Chancellor Merkel, and discussed a billion-plus deal on the involvement of Deutsche Telekom in upgrading the fiber-optic network in Croatia. The former government wanted to keep control over this infrastructure and provide citizens fast Internet access by itself, rather than to give control over it to a private company. We aired info on that. No one followed it," Božić said. (In

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).

actuality, one of Croatia's leading news portals published the story, only to withdraw it in less than an hour.) For the public to understand the relevance of stories such as Deutsche Telekom, background information is necessary. "The problem is that only a few media have the resources to present the story with the background it needs to be comprehensive," Rašeta said.

In a journalist's daily routine, there is no separation of indicators 3 ("journalists and editors do not practice self-censorship") and 4 ("journalists cover key events") as different fields and problems. Self-censorship reflects the improbability that a journalist or editor will place a story. It would be logical to assume that the media sector has a list of taboo issues, or persons not to be subjected to public scrutiny. However, publishers and media owners have no consensus on what should be the untouchable areas. As a result, consumers can read more than one daily paper and most likely find key stories. "It would be impossible to sweep any important information under the carpet," said Dražen Klarić, the editor-in-chief of *Večernji List*. "But, we can argue about quality, impartiality, and balance of the published information."

Newsflashes by citizen reporters and social media platforms are useful, "but they have not reached the mainstream media and their audience," Zgrabljčić-Rotar said. "We have not yet created a critical mass of social media activists to transform them into real media power."

In the early 2000s, journalists belonged solidly to the middle class. During the most lucrative years in the media business (2006 and 2007, for example), the leading journalists' salaries skyrocketed up to 15 times the average Croatian salary. Nowadays, the social status of most journalists is much closer to the precariat. "The average salary paid in the media industry is lower than the national average," Leković said. While the national average in 2016 was about \$840, the equivalent for media industry was only around \$820, mostly due to low (and irregular) salaries paid by local media. Considering all the facets that make journalism one of the most stressful professions, the pay rates are a reminder of the market valuation of the media.

State media salaries are higher than private outlets only for a limited number of editors and staff. "There is no big difference in the entry-level salaries in the public service and commercial media. The salaries at HRT are regular and there are no delays in payments. But that is the only, although important, difference," said Tena Perišin, an editor at HRT and professor of journalism.

Despite the trivialization of content and the consequences of infotainment, Croatian media still broadcast a large number of news and information programs. Commercial broadcasters are obliged to produce their own news programming, but beyond that mandate, the leading private national television companies have understood since their very first days in the Croatian market that the news sells. Of course, the market is more about

the quantity of news programming, not necessarily the quality. Panelists commented that audiences can get information when they need it, but they have to take an active approach to filter the news, and consult more media outlets to get the news plus the contextual background.

Gavranović said that entertainment does not eclipse news programming, and noted the shift into new media. "Even 'infotainment' as a concept is obsolete," Gavranović said. "Rising interactivity calls for new definitions."

The facilities and the equipment for gathering, producing, and distributing news are modern and efficient. A substantial part of news production depends on the infrastructure that all outlets use (transmitters, fiber-optics, ADSL and VDSL, satellite links, etc.). The existing infrastructure makes market entry easier even for a low-budget electronic media project—for better or worse.

Introducing indicator 8 on niche reporting, the panel moderator said, "I used to work in a newsroom that had three journalists with PhDs, specializing in economics, financial systems, and theatre. What is left in niche reporting? Hundreds of biweeklies, monthlies, and special editions covering the whole spectrum of fashion, design, real estate, sports, hobby, DIY. But what about more substantive content?"

A number of investigative projects are funded by international donors (most often the European Commission), but the content has not been published in the mainstream media. Among media outlets, Božić said, "Investigative reporting is very rare. There are no resources or editors actively interested in it."

According to the panelists, specialization is giving way to the "generalist" type of writer, which, article by article, is degrading the image of journalism. "We are ever more confronted with situations where even average media consumers know more about the subject than the journalist who wrote about it. This is devastating our profession and public trust in the media," Klarić said.

OBJECTIVE 3: PLURALITY OF NEWS

Score: 2.37

If the only criteria for indicator 1 was "the plurality of public and private news sources," then this indicator could get high scores easily. With 151 radio stations, 30 television channels, seven daily papers, three major political weeklies, more than 600 specialized print media outlets, and hundreds of web portals, the population of four million is well served in terms of quantity. "The advent of social media has enabled a plurality of news sources that never existed before," Roller said. "Literally every village has its own news portal," she said.

However, the problem lies with the friction of merging plurality with multiple viewpoints. A European Commission survey in 2015 showed that 64 percent of the distributed material is “secondary content”—taken from its original source and then re-distributed with some minor alterations. The trend is global, but its consequences are more visible in smaller markets, such as Croatia. “In the communications sense, we are living in a ‘post-factual’ society,” Rašeta commented. “The sources of information are blurred; the accuracy of news as well. The problem is that the audience is consuming content without questioning its reliability.” That cuts down to the very basics of the profession, as noted by Denis Romac, a journalist for *Novi List* in Rijeka. “You can hardly find examples of good on-location reporting, or a search for a reliable and competent source of information,” he said. “Most of the standard forms of practicing journalism have been replaced by copy/paste or distributing ‘secondary’ information.”

Klarić agreed that professional standards are falling. “The reliability of the raw, initial information, as well as the quality of its journalistic processing, have deteriorated. Superficiality, sensationalism, and the activist’s bias in presenting the news are corroding the reputation of our profession. The media still trying to perform old-school journalism—meaning checking and double-checking the information, and giving a voice to all the relevant actors—are considered almost obsolete,” he said.

Summing up the consensus on the first indicator, multiple sources of information are available, and multiple points of view as well, but their reliability and accuracy are cause for serious concern.

Citizens’ access to domestic and international media is not restricted in any way. The only issue is affordability. For example, the monthly subscription to a decent flat-rate Internet 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.

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IPTV channels package would take up to seven percent of the average salary.

The HRT case offers a convincing example that the lack of a democratic culture could make any legal framework dependent on political will. According to Klarić, “Every new round of elections results in a change in the editorial and management structure of HRT. As a consequence, the substance of the public service is eroding.”

As mentioned, the appointment of the new (acting) HRT general manager in March 2016 resulted in reassignment of more than 70 editors and journalists—generally to lower-profile positions. The changes resulted in an immediate increase in nationalistic and, especially, religious content. “By its own statistics, HRT produced almost 2,000 religious productions in 2016,” said Berković. “In a secular society, this would be nonsense. After all, the Catholic Church has its own television channel.”

Changes in HRT have resulted in apologetic interviews, or talk shows moderated by far-right journalists, where so-called balance is confused with inviting guests of radically opposing opinions. By missing the point—to give the audience accurate information and different views—these talk shows often serve as a platform for extremists to access to the general audience. This lends them a false sense of legitimacy and belonging to the mainstream.

HRT’s third television channel was known as one of the most-watched art and culture and educational channels in Europe in 2015. In 2016, it was subjected to a politically motivated reshuffling and, as a consequence, reduced to a negligible audience share. The shakeup prompted public reactions locally and internationally, including a statement issued by the ad-hoc Joint International Mission in June 2016. The response was not enough to save the integrity of the channel, but it did contribute to the critical mass that resulted in the government’s dissolution soon afterwards.

The Croatian News Agency (HINA) is the only national agency with a full newswire service. HINA is legally defined as a public

medium, although it is financed only partially with public funds. The panelists agreed that HINA produces decent and quality news services, available to all media at a reasonable price. Still, the number of clients is relatively limited. Local radio stations, which had used the agency's services regularly, have turned more to radio networks (Media Servis, for example) as the sources of information for applying the "news for airtime" model. The law places no restrictions on using foreign news services, but most publishers have found them too expensive, panelists said.

Local and national commercial broadcasters are obliged by law to produce their own news. But for national television broadcasters especially, it is more than just a legal obligation. Heavy losses in audience share and an obvious political bias of HRT towards conservative nationalism have helped the commercial television stations (Nova TV, RTL) to take the leading positions in news and informative programming. "This is not only because of the negative public perception of the HRT," said Rašeta. "The commercial television stations are investing significant effort in improving news production." Indeed, some stations, such as N1, have almost taken the proper role of public media in providing accurate and unbiased news. "Too bad they [N1] do not have terrestrial national coverage," said Tamara Opačić, the executive editor of the Serbian-language *Novosti* weekly.

The issue of media transparency provoked a debate and probably the most divided opinions among the panelists. "The lack of the media ownership transparency is one of the biggest problems in Croatian media," said Romac. "The media are on sale, like any other commodity. Transactions are usually non-transparent, along with the origins of the money," he said.

There are still many unanswered questions about the 2015 takeover of the biggest publisher in Croatia (Europapress Holding, now Hanza Media). And the recent acquisition of the Novi List Group by a Slovak company, JOJ, will probably bring even more uncertainties. "We should not mix our thoughts about the owner with the transparency of the ownership. From the legal point of view, media ownership in Croatia is transparent," said Alaburić.

The EMC website provides information on the ownership structure of electronic media, while print media have to report annually on their owners' structures and any changes to the Croatian Chamber of Commerce. Owner interference in the editorial policy is subtle, but efficient, according to the panelists. They expressed disbelief that the JOJ group bought *Novi List* because it cares about the outlet. They said that more likely, JOJ would use it to again instigate a hostile takeover of one of Croatia's biggest private companies, Adris group. JOJ failed in a takeover attempt in 2015.

The neo-conservative editorial policy on HRT has affected the presence and public debate of a wider spectrum of social topics. "LGBTIQ issues, as well as any other minority issues, be it ethnic, political or sexual, are almost always presented in a negative context," said Berković. The variety of media keep the public debate open on these minority issues, but the panelists' overall impression is that the mainstream media have become more conservative.

Minority-language media have a long tradition in Croatia. Some specific legal provisions (multiple sources of public financing, for example) have helped them gain relevancy beyond the limits of their minority communities. *Novosti*, published by the Serbian National Council, is probably the most relevant weekly paper in Croatia. The media sector has more than 200 outlets in the country's minority languages. Given that they are financed mostly from public sources, many have reason to be concerned about the consequences of the former culture minister's decision to stop what he called "financing of the ethno-business."

Most of the national media, including HRT, have closed their local corresponding offices, or reduced staff to the minimum. "There were days when each major national daily paper had a number of local editions," said Klarić. "We cannot afford that anymore." But hundreds of local news portals have intensified the coverage and accessibility of local news. "This is how we keep our portal afloat—by selling our news to the national media," said Goran Gazdek, chief editor of the local portal *Virovitica.net*.

A high penetration rate of IPTV and cable service has allowed for an instant access to local television and radio news, and is another way to compensate for the relatively low representation of the local news in the national media. Panelists expressed more concern over the coverage of international events—and the concern is about quality rather than quantity. The panel moderator, a former foreign policy journalist, said: "It is not enough to put out a photo of the barbed wire and of desperate migrants in freezing temperatures. It takes an in-depth analysis to understand it. I have not seen it yet."

OBJECTIVE 4: BUSINESS MANAGEMENT

Score: 2.18

Seven consecutive years of recession, coupled with the global economic crisis reflected in the traditional media, profoundly and irreversibly impacted Croatian media. Once proud enterprises, some media leaders in the region, of respectable size even by European standards, are now struggling to survive. Mild economic growth in 2016, primarily thanks to an excellent tourist season, will boost the media sector only marginally. "Media owners and managers were not prepared for such a

protracted crisis. They did not have any elaborate business plans on how to weather the crisis, although they saw it coming,” said Gavranović.

The media community in Croatia has lost more than 40 percent of jobs since 2007, with the ongoing downward spiral. Romac explained the connection between the economic slump and the media’s deterioration. “The financial crisis has reduced the public function of the media,” he said. “In the process of devastation of all the values with the ‘public’ prefix, the impression is that the media suffered most. The only answer of the media owners was ‘cutting costs,’ which was a corporate euphemism for ‘cutting jobs.’ They did not realize that the result would be the erosion of quality and professional standards, further loss of circulation and income, and then back to square one—‘cutting the costs’ again.” This was probably possible in the earlier phases of the crisis, but the magnitude is such that space to maneuver is now almost nonexistent. “There is no margin to cope with the continuation of negative trends. Any loss in the sold circulation or advertising income translates directly into the loss of jobs,” said Klarić.

The media in Croatia receive revenue from multiple sources, although the volume has contracted severely. One estimate says, for example, that the advertising market is expected to reach pre-crisis (2007) figures only after 2022. However, the panelists pointed out that allocation of these funds will be very different, and particularly affect the print media sector. “Can we survive without print?” Klarić commented. “I doubt it. The consequences of the complete marginalization of print to the concept of the ‘informed citizen’ would be drastic. The print media should be treated as a public good, and receive indirect subsidies and tax breaks like in [any other] EU member state.”

Public HRT has a firm and guaranteed income (1.5 percent of the average monthly salary), which makes it financially stable despite the continuous decline in advertising income and quality of programming. Responsible spending of taxpayer money remains a problem, according to Roller. “HRT has a strict legal obligation to maintain separate bookkeeping for the budget alimented from the mandatory fee, to allow for more public control over spending. But they have not started to implement that yet,” she said.

Somewhat paradoxically, the shrinking of the advertising market increases the power of advertisers to influence editorial policy. “Less advertising income means that the owners will depend more on the politics, which still controls the financial leverage. It also means that owners will refrain from investigative reporting or critiquing the biggest business conglomerates, in fear of losing advertising income,” commented Drago Hedl, a senior journalist, investigative reporter, and editor, now with the news portal Telegram. Krešimir Dominić, director at the Komunikacijski laboratorij advertising and public relations

agency, noted the same problem. “The media are so desperate to get even a small share of advertising that they would do anything to get it. Advertorials have become a standard practice,” he said.

Local media are even more susceptible to the influence. According to Hedl, “Many local radio stations depend directly on financing from their municipalities. The side effect is that there is no criticism of the local government in the programming at all. It goes against the very reason for their existence.”

Since January 2016, the Ministry of Culture’s financial support of non-profit and minority media has become utterly politicized. Outlets such as the Italian-language daily *La Voce del Popolo* and the Serbian-language *Novosti* are being especially scrutinized. “The [former] minister was presenting us in the public almost as profiteers who are promoting ‘leftist’ and ‘anti-Croatian’ editorial policy at the expense of the Croatian taxpayers,” said Opačić. The ministry’s actions are affecting many other media projects, and the non-profit web portals in particular. “More than 270 jobs and the whole non-profit media scene are under a serious threat due to this policy,” said Gabrić.

The Fund for Pluralization of the Media is yet another source of revenue for local commercial electronic media and non-profit web portals. The fund functions within the EMC and is alimented by a three-percent deduction of the HRT subscription fee (about \$5 million per year). The direct financial support is aimed at supporting “productions of public interest” by commercial electronic media and non-profit portals, with an advantage given to minority-language programs. The fund has proven essential in keeping some of these outlets alive. “We had often criticized the EMC for a lack of criteria and transparency in allocating these funds,” said Gabrić. “But, after experiencing 2016, these objections sound far too critical.”

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.

Gavranović commented on the print media advertising market. “The fact is that the print media suffered losses, both in terms of circulation and advertising income. So, the ratio is about the same, and in line with accepted standards. But television and web media are consuming a higher percentage of the advertising market than dictated by international standards, even up to 80 percent, which makes the market position of the print media more complex,” he said.

The senior panelists recalled the early 1970s and the arrival of American products to the Yugoslav market and the advertising campaigns that introduced those commodities to

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still-unsegmented consumers. “It was beyond belief. One would find in a serial political weekly, side by side, ads for Coca-Cola, Marlboro, BMW, and Chris-Craft yachts,” one panelist said. Anecdotes aside, such an early start helped major international advertising agencies gain a firm hold in Croatia during the 1980s. Contraction of the market did not change the posture of service to their clients. But as explained, the consequence on the media end is self-censorship, in the absence of elaborated media freedom standards. This practice is far from being Croatian-specific, however, and is not a comment on the advertising industry.

The law places no restrictions on the percentage of advertisements in print or web media content, while the radio and television market is more regulated. Commercial broadcasters are allowed up to 12 minutes of advertising per hour of programming; while the public service is restricted to 9 minutes per hour in standard time, and up to 4 minutes in prime time (6 p.m.-10 p.m.). Non-profit radio stations are allowed to sell advertising, up to 3 minutes per hour, but only a few are actually capable of doing that. Aside from public sources, some outlets receive funds from international (mostly EU) sources, as project-based grants.

According to the panelists, neither government advertising nor subsidies distort the market, as in some neighboring countries.

(For comparison, the European Commission’s 2016 Progress Report stated that the government of Serbia controls an estimated 60 percent of the advertising market.)

As elaborated under indicator 2, editorial pressures exist primarily in the preferential allocation of funds at the municipal level. Government-generated advertising is placed by advertising agencies, which is at least a basic precondition for its fair distribution. There is also a stipulation that public companies spend at least 15 percent of advertising budgets on the local media, although the mandate is not yet fully implemented. But according to Gabrić, all of this is of minor importance when compared with the regulation to abolish state subsidies for the non-profit media, announced in January 2016. “This decision alone is enough to define the whole year negatively,” she said.

Sophisticated advertising, especially in national media, goes hand-in-hand with market research, when products are tailored the product to the needs of the audience. The research does not necessarily result in meeting the needs of more demanding audiences (actually, more often it goes against their interests) but this is also the industry trend. Local media have more limited options, given that market surveys are usually too expensive for them to conduct. But the automation of the process, play lists, and networking news have reduced most of them to a single format anyway, with the choice of music being the only difference.

Ratings, circulation figures, and Internet statistics are reliable and produced independently, and not compromised by any political or special interest agenda. Leading international providers (such as AGB Nielsen) collect and analyze the data, which advertising stakeholders use on a daily basis.

OBJECTIVE 5: SUPPORTING INSTITUTIONS

Score: 2.54

Croatia has a long and mainly successful history in trade association activities. Almost all the media sectors are covered. Print publishers have their own association, and local print, radio, and television media are organized under the Croatian Association of Local Radio and Print (HURIN). Local television stations are also represented by the National Association of Local TV Stations. Web publishers and non-profit media have their own associations as well.

All of these associations are independent of the government, although not necessarily immune to political interests. As Alaburić explained, “There is always a line of division. For example, when the daily *Večernji List* asked for the annulment of the government’s decision to exempt from the reduced VAT ‘media with less than 25,000 characters in a single edition,’ which was clearly a discriminatory and unsustainable decision,

other publishers from the association refrained from supporting the *Večernji* move, simply because they did not want to be involved in any argument with the government.”

Trade associations are usually fee-based, although some operate on a volunteer and pro-bono basis. Most of them cooperate actively with their international counterparts.

It would be safe to say that the CJA, with 107 years of tradition and continuous activity, is the most respected association of its kind among transitional countries and “new” democracies. In critically important moments in the 1990s, CJA managed to keep an efficient unity within the media professionals in Croatia, avoiding divisions along political or ideological lines.

After a certain period of “hibernation” in recent years and searching for a new identity in the changed environment, CJA is setting the agenda again. It recently launched the Freedom of Expression Protection Center, which offers pro bono representation and defense of journalists in all cases against them. The service is provided by Croatia’s leading lawyers, panelist Alaburić included. The center also offers educational programs and is running a constant campaign to raise awareness about the importance (and fragility) of media freedoms in general.

After years of a slight but continuous decline, CJA membership is on the rise as of 2015. “My understanding is that the journalists are recognizing CJA as an association that speaks for the interests of media professionals more than before,” said Puljiz. CJA is an active member of the International Federation of Journalists and the European Federation of Journalists, among others. It would be simply impossible to imagine any move to draft or amend any media legislation or bylaws without an active CJA role, according to the panelists.

Some media experts and panelists might say that 2016, especially the first six months, proved worse for media freedoms and the freedom of speech than the authoritarian 1990s. However, that would be an overstatement, given the incomparable media and communication platforms, a different international political environment, and the current overall audience and market challenges.

In November 2015, Tomislav Karamarko, the leader of the then-strongest opposition party, announced during the election campaign that he would not tolerate any dissenting voices. “One may think privately whatever he or she wants. But the public domain should be open only for those who support Franjo Tudjman (the first Croatian president) and his legacy and the homeland war,” he said. As previously described, when his party came to power, Karamarko appointed a person with well-known ultra-nationalistic positions to head the Ministry of Culture. In a matter of days, protesters marched in front of the EMC seat, some shouting pro-Nazi salutes, and demanding the

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.

resignation of the EMC president and the termination of the councilmembers’ mandates, on the grounds of “communist-style suppression of free speech.” In the following weeks, the president warned journalists and public figures that “they should be aware that their words have consequences.” The very first decision of the former minister was to terminate the model of supporting the non-profit media and cultural projects.

These assaults on free speech and the hostile climate they created sparked a massive reaction from civil society. “It would not be accurate to say that this reaction brought the coalition government to its end after only six months, but the contribution was significant,” said Leković. In a way, the neo-conservative *reconquista* has shaken and intensified the non-governmental sector. “Suddenly, we have realized that the non-governmental sector comprises conservative, even radically conservative, organizations as well,” said Berković. The assertive approach of the conservative and far-right organizations brought new dynamics to the non-governmental sector and the consolidation of positions on some important issues. As Alaburić said, “An open dialogue, even when you strongly disagree with the other end, is always better than building an illusion of unity by keeping part of the population out of the debate.”

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Croatian law imposes no restrictions on registration of NGOs. The only requirements are three founders with a valid ID and a bit of patience for the paperwork.

Opening the discussion on indicator 4, regarding the quality of journalism degree programs, Perišin said, "There are many quality journalism studies programs, but the main question is: who needs them anymore? The media labor market is literally hyper-saturated." Public and private journalism programs offer attractive curricula, teach modern techniques, and open up opportunities to earn a degree abroad. The Study of Journalism at the Faculty of Political Science in Zagreb has an excellent practice-oriented training, thanks to a well-equipped television studio [donated by USAID] and a licensed on-air radio station.

Still, given that the media labor market is constantly shrinking, Perišin's question seems to be well placed. She commented further: "Even during the study of journalism, at least half of our students are thinking about their careers in public relations, rather than in journalism." The panel moderator, a lecturer in journalism studies for many years, told the group that he recently ran into one of his best former students, who now works as a waitress. As another panelist concluded, "We started our work in the media under the slogan 'once a journalist—always a journalist.' Now it is more about finding a way to another profession and never coming back to journalism again." Puljiz, who had just been laid off at the time of the panel convening, said, "The editors do not need young and educated journalists. They need a person to do what he/she is asked to do, without too many questions."

Croatian groups offer a variety of short-term training opportunities, but usually the problem is getting permission from editors and owners to participate. The local media, where the newsrooms are composed of one or two journalists, can be excused, but usually not staff from big national outlets. "We are offering training for journalists to improve their professional skills and knowledge, but only a few are willing to participate, even when it is about an attractive program abroad," said Anja Picelj-Kosak, a media specialist at the U.S. Embassy to Croatia. Božić explained, "Journalists are reluctant to leave their newsrooms even for a couple of days. They are afraid for their jobs."

An additional problem is the lack of interest for a mid-career training. "We are planning to organize around 70 trainings in 2017," said Leković. "But it is not easy to convince our colleagues to get involved. This is even more disturbing given the changes in communication platforms and the increasing number of layoffs in the media industry."

At least for the past 15 years, indicator 6 has been an easy one to evaluate. The sources of media equipment, newsprint, and printing facilities are not restricted or controlled in any way.

They function on the market business model, in which the profit and the solvency of a client is the only criteria.

However, print distribution is a persistent issue. Panelists said that the problem has not escalated yet, but it could happen at any moment, given the financial difficulties of Tisak, the most important national print distributor. Tisak is owned by the largest private company and biggest advertiser in Croatia, and covers almost 90 percent of the market, which makes it an indispensable player in the supply chain. There are no reports on restrictions or preferential status for any publication, but Tisak's monopolistic position allows it to charge a 40 percent commission on print cover prices. As Klarić confirmed, "This is excessively high. As far as we know, this is one of the highest commissions in Europe."

At the beginning of the digital conversion, Croatia was the third transitional country, measured by per capita income. In 2016, Croatia was third again, but from the bottom of the list. The same is true with Internet speed, which lags behind many regions. As one panelist commented, why would one expect more in a country where elementary school classrooms are still equipped, if at all, with outdated 486 processor computers?

List of Panel Participants

Vesna Alaburić, lawyer, media legislation specialist, Zagreb

Jelena Berković, civil society activist; executive director, GONG, Zagreb

Nataša Božić, journalist, N1 TV, Zagreb

Krešimir Dominić, planning and development director, Komunikacijski laboratorij, Zagreb

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

Ante Gavranović, media analyst; founder and former president, Croatian Associations of Publishers; former president, Croatian Journalists' Association, Zagreb

Goran Gazdek, chief editor, Virovitica.net, Virovitica

Drago Hedl, journalist, investigative reporter, and publicist, Osijek

Dražen Klarić, chief editor, *Večernji List*, Zagreb

Saša Leković, investigative reporter; president, Croatian Journalists' Association, Zagreb

Tamara Opačić, executive editor, *Novosti*, Zagreb

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

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

Helena Puljiz, freelance journalist, Zagreb

Boris Rašeta, journalist and columnist, *24 sata*, Zagreb

Vesna Roller, member, Agency for Electronic Media, Zagreb

Denis Romac, journalist, *Novi List*, Rijeka

Nada Zgrabljic-Rotar, professor of journalism and communications, Center for Croatian Studies, University of Zagreb, Zagreb

Moderator & Author

Davor Glavaš, independent media consultant, Zagreb

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