

CROATIA



MEDIA SUSTAINABILITY INDEX 2018

Tracking Development
of Sustainable
Independent Media
Around the World



CROATIA

AT A GLANCE

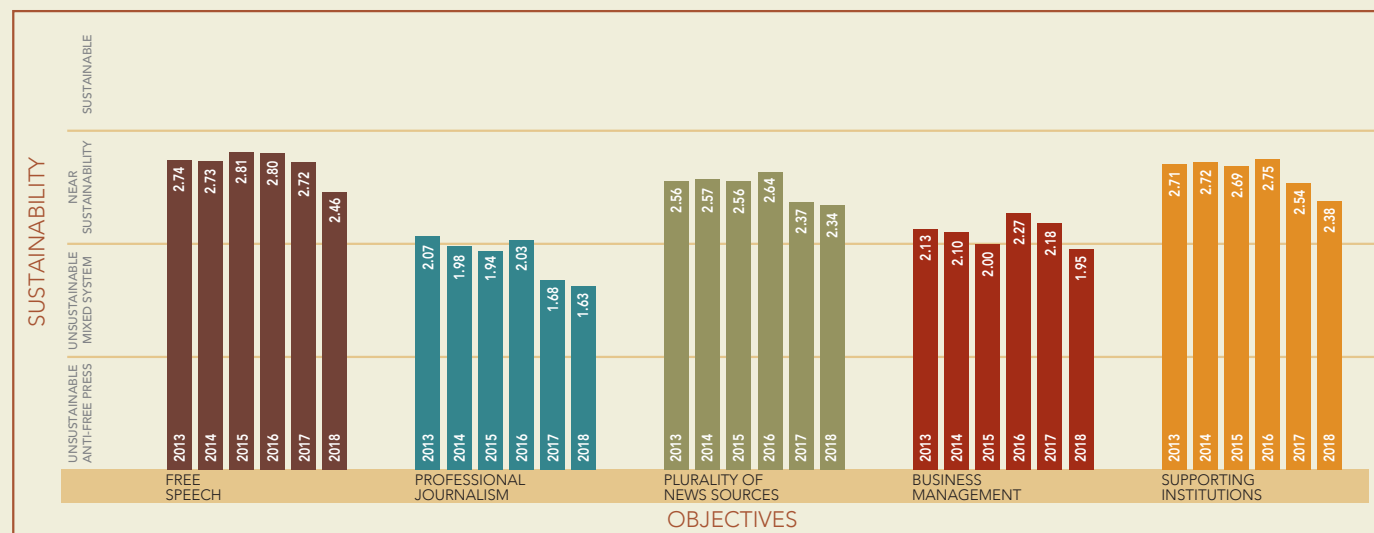
GENERAL

- **Population:** 4,154,213 (December 2016 est., Croatian Bureau of Statistics)
- **Capital city:** Zagreb
- **Ethnic groups (% of population):** Croat 90.4%, Serb 4.4%, other 4.4% (including Bosniak, Hungarian, Slovene, Italian, Czech, Roma, etc.), unspecified 0.8% (2011 census, Croatian Bureau of Statistics)
- **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 census, Croatian Bureau of Statistics)
- **Languages:** Croatian (official) 95.6%, Serbian 1.2%, other and undesignated 3.2% (including Italian, Hungarian, Czech, Slovak, Roma, German, etc.) (2011 census, Croatian Bureau of Statistics)
- **GDP (2016, Atlas):** \$50.71 billion (World Bank Development Indicators, 2016)
- **GDP (2016, PPP):** \$95.65 billion (2016 est., CIA World Factbook)
- **GDP per capita (2016, PPP):** \$22,930 (World Bank Development Indicators, 2016)
- **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 print outlets, radio stations, television stations:** 11 major daily newspapers; 5 major political weeklies; 152 radio stations, 6 of which are national; 31 television channels (free-to-air), 12 of which are national; 297 "electronic publications" (websites; as of December 2017)
- **Newspaper circulation statistics (total circulation and largest paper):** The total circulation of daily papers is estimated at 300,000 copies a day, the top three being the tabloid *24sata* (circulation 55,000), *Večernji List* (circulation 40,000), and *Jutarnji list* (circulation 30,000); the highest circulated political weekly is *Globus* (9,000 copies).
- **Broadcast ratings:** Top three television stations: Nova TV (private/commercial), RTL Croatia (private/commercial), HRT 1 (public)
- **Annual advertising revenue in media sector:** Approximately \$320 million
- **News agencies:** HINA (public), Media Servis (private), IKA/Croatian Catholic News Service
- **Internet usage:** 3.12 million; 74.3% of population (July 2015 est., CIA World Factbook)

MEDIA SUSTAINABILITY INDEX: CROATIA



SCORE KEY

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>



All of the objective scores for Croatia dropped this year, pulling the overall score down from 2.30 to 2.15, continuing the gradual decline that began a few year ago. Self-censorship, lack of fact checking, and low salaries keeps the professional journalism objective the lowest of the five at 1.63. Additionally, the business management objective fell back into the unsustainable mixed system category due to instability in the advertising market with a drop of 0.23 points from 2.18 to 1.95.

In spring 2017, the Agrokor Group—the largest privately-owned company in Croatia and its biggest advertiser—collapsed into a \$8 billion debt hole (10 percent of Croatia's GDP), threatening to push thousands of small producers and suppliers into bankruptcy. When the country's biggest advertiser suddenly disappeared, the media, which depended on advertising revenue from Agrokor, abruptly found their annual advertising contracts with the company void and their outstanding invoices unpayable. The print media had a reason for additional concern: Agrokor has a complex monopoly on the country's print distribution network. Many in the mainstream media only then discovered their appetite for investigative journalism, publishing stories on the massive financial fraud within The Agrokor Group; issues that have been known about for almost 20 years were kept secret from the public and sacrificed for lucrative advertising contracts.

While the term "fake news" has taken on global significance, another buzzword has emerged in Croatian public discourse recently: "hybrid warfare." "Croatia is in hybrid warfare," claimed President Kolinda Grabar-Kitarović, when asked about the stalemate in relations with neighboring countries. "This is a hybrid warfare against me," responded Minister of Defense Damir Krstičević, when faced with plagiarism

accusations regarding his master's thesis from the U.S. Army War College. Finally, when asked about international reactions to his statement after The Hague Tribunal found six Croatian generals guilty of war crimes committed during the war in Bosnia-Herzegovina, Prime Minister Andrej Plenković replied, "Are you waging hybrid warfare against Croatia?"

"We were labeled 'traitors' and 'red, yellow, black, and green devils' in the 1990s, only to become 'hybrid warriors' in the recent days. The vocabulary and vigor have changed, but I don't see much progress in that," commented a panelist whose experience encompasses three decades of active journalism work. The panel warned about a further decline in almost all the relevant media indicators, along with a continued erosion of professional journalistic standards. One such example is the open call for "young and ambitious" journalists to join the team of one of the country's leading media companies. The company specifically asked for young graduates in "economics, mathematics, physics, and philosophy," but not for students of journalism or political science. An omission of the copywriter? Not likely. "Most media owners want obedient—not educated—journalists," a panelist said.

**OBJECTIVE 1:
FREEDOM OF
SPEECH**

2.46

Aligning constitutional and other legal provisions of freedom of speech with higher international standards has not been a key issue in Croatia for the past five to six years. When Croatia joined the EU as its newest member state in July 2013 and as a requirement for EU accession, the country had to upgrade its legal framework, including media and media-related legislation, to bring it in-line with the EU's *Acquis Communautaire* (the body of law accumulated by the EU). The homework has been done, but the practice is lagging both in the letter and spirit of the law. "The EU membership has raised expectations, including those for the media. However, the overall feeling so far is more dystopian than optimistic," a panelist said.

"The constitutional provisions and media legislation are in line with the democratic legal standards in terms of protecting free speech. After all, the European Convention on Human Rights is 'older' and superordinate to our national legislation," said Vesna Alaburić, a lawyer and media legislation expert. She continued, "I do think that, in a case of a serious violation of free speech, the public would react, although the predominant 'left' and 'right' divisions in the public discourse are too often obscuring this debate." Nada Zgrabljic-Rotar, a professor of journalism, commented, "The normative framework is good, but this society lacks the culture of dialogue." Nataša Božić, editor at N1 news channel, added, "Social protection . . . well, I don't see it. Media are more often [treated as] targets of attacks than a profession which enjoys the public support."

Any unilateral decision by the executive

branch to set aside freedom of speech would be unthinkable. Source confidentiality is recognized and respected at the normative level, although it is not always practiced in the newsroom. Regarding the difference between the basic constitutional provision on free speech and specific acts of media legislation, freelance journalist Helena Puljiz observed, "We have to say that the constitution might be good in terms of free speech, but that the subordinate media legislation urgently needs to be revised."

Licensing applies only to the media that use the limited public good of terrestrial broadcasting (for example, radio and television). Print media and websites are required only to register themselves with the responsible authority (e.g., the Chamber of Commerce, the Agency for Electronic Media [AEM]) and disclose their ownership structure. The AEM, which is the licensing authority, has built its reputation painstakingly. It was widely considered as a tool in promoting the interests of the ruling party in the 1990s, but in the past two to three years it has become a respected independent regulatory body. However, recently the Agency's reputation and integrity have been under the magnifying glass again. "The key issue here is: Could an institution, which is not independently appointed, be independent in its work and decisions?" said Sanja Despot, a freelance journalist. Toni Gabrić, the founder of the nonprofit website H-Alter and a civil society activist, thinks that the Agency's previous composition had "more competency and expertise" than the current one. "This is a deliberate effort . . . to undermine the Agency's independence and promote the government's agenda," he said. The responsible authority for the AEM—the Ministry of Culture—received more than 60 applications to replace three AEM members whose mandate had expired. The names of the new AEM members were published, of course, but the selection process was not transparent. The

applicants' names, for example, are still not available. "This is disturbing, indeed, but even more disturbing is the fact that all three new members are from the ruling coalition list," said Zgrabljic-Rotar.

There are no specific legal restrictions or capital requirements in the media sector that would differentiate it from other non-media businesses. On the contrary, Croatia has adopted a super-reduced VAT rate (five percent, while the standard VAT rate is 25 percent) on print media (daily papers)—a substantial tax break worth millions of dollars annually. "This is in line with higher international standards, which is good. But I don't see any positive effect of this on

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.

editorial independence,” said Gabrić.

Crimes against journalists and media professionals are on the rise. “The number of physical attacks on journalists in 2017 has doubled in comparison to 2016,” warned Saša Leković, president of the Croatian Journalists’ Association (CJA). MSI panelist Božić was recently the target of a death threat over social media. The police reacted very quickly and efficiently—and the perpetrator was arrested—but the reason for serious concern remains. “This person used his real Facebook profile when sending me a death threat,” Božić said. “Does he understand that a death threat is a death threat, regardless of how it’s being delivered?” Indeed, how

Nataša Božić, editor at N1 news channel, added, “Social protection . . . well, I don’t see it. Media are more often [treated as] targets of attacks than a profession which enjoys the public support.”

is it that such rhetoric exists at all? Some panelists would say that it started in 2015, when a former head of the ruling party said that “one can think whatever he or she wants within his/her own four walls, but in the general public, only the patriotic approach would be tolerated.” Puljiz said, “It was like opening a hunting season on journalists.” Senior investigative reporter Drago Hedl noted, “The public is not always aware that a threat over social media should be treated seriously. Even some of my friends are asking me why I am reporting threats received over social media to the police. They think that it goes with the territory, like we should accept threats as an inseparable part of our profession.” On the positive side, some of the leading politicians (including the prime minister) have clearly supported zero tolerance for crimes and threats against

journalists. “This is a positive development, by all means. But for now, this should be treated as a ‘too little, too late’ approach,” said Leković.

Does the law protect the editorial independence of the public media? In practice, not at all; everyone on the panel agreed on that. Public service broadcasting is sinking to its lowest audience ratings ever, primarily due to the heavily politicized and biased programming as a direct result of politically driven editorial interference. “We’ll sweep you out as soon as we get into power,” a senior member of the then-parliament’s opposition party said during a 2015 debate on public television. Indeed, once the new ruling coalition came to power in 2015, they made an unprecedented purge of editors and journalists on public service media (PSM). “The gloves are off. It would be enough to say that the representatives of the major coalition parties have been arguing fiercely for months about whose candidate will be appointed the PSM general manager,” said Božić. “We should not forget that it was the former ruling coalition that adopted the laws and bylaws that allow such political control,” reminded Alaburić. “They are now surprised by the fact that someone else has decided to take all measures stipulated in the law to control the public service. They should not be; it’s their own fault,” Božić added.

“We have not yet managed to decriminalize libel, although one could be reasonably sure of a positive outcome in court proceedings, unless it is about a really brutal intrusion into one’s privacy,” said Alaburić. Other panelists have found that the law on criminalizing libel (or so-called vilification, defined as a “smear and intentional campaign against individuals or legal persons”) has already had a deeply detrimental impact on free speech. “It is up to the judge to decide whether or not a certain, published fact is in the public’s interest, or if

it is considered ‘vilification,’ which is an elusive but threatening category,” said Slavica Lukić, a reporter at Hanza Media.

The right to information access is nominally guaranteed, but in reality it depends on many ad hoc elements. “The government is not organizing regular press conferences,” said Božić. “They would rather use friendly media, giving them the opportunity to ask previously agreed upon questions,” she added, pointing out just one of the media’s many objections to this type of government communication.

There are no restrictions on the access and use of local and international news and news sources. Intellectual property and copyright standards have improved somewhat, but the “copy-and-paste” approach is still widely used.

No license is needed for entry into journalism. The government does not interfere or restrict any area of work. “Media owners and editors are much more efficient in imposing restrictions than the government,” a panelist commented.

OBJECTIVE 2: PROFESSIONAL JOURNALISM

1.63

Objective 2 has been Croatia’s lowest-scoring component for many years; if it were not for the indicator regarding technical media facilities and equipment, the overall score would be even lower. “It’s almost like having islands of good journalism surrounded by an ocean of trivial, editorially controlled content,” remarked one panelist. Indeed, any panelist would be able to mention a number of highly professional and responsible journalists, but the overall impression is that they are becoming more the exception than the rule.

"Journalists are exposed to multiple pressures—from their editors, owners, and the powerful political and business lobbies. The media landscape is changing and requires a reaction almost instantly, with no time to verify the facts. [Journalists] are underpaid and under a constant threat of losing [their] jobs," said Leković. "The media are usually understaffed. The pressure of the news cycle is such that journalists are disregarding fact-checking their information more and more," commented Božić. There is a growing trend of presenting "secondary information" (information taken from another source) without checking the reliability of the source and without verifying the facts. Technical experts consulted or interviewed are often not selected by merit, but rather to give "legitimacy" to the predetermined views of the journalist or editor.

The CJA is well known for adopting its detailed

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).

code of ethics almost two decades ago. In many cases, the code has been used by international organizations as a reference point in discussing ethical reporting issues with other partners in transitional democracies. What has happened in the meantime? "Some 15 years ago, when I was new to the profession, the code of ethics was an often used phrase in newsrooms; this is no longer the case, I'm afraid," remarked Božić. "We used to have an exemplary internal code of ethics. Recently, our management replaced it with what they call 'information standards,' which, among other things, say that a journalist must observe the 'professional standards and interests of the owner' in reporting. These mandatory 'standards' oblige journalists to actively contribute to native advertising if asked to do so," said Lukić. The panelists working in the media have confirmed that advertising managers do not consult with editors on advertorial placements but instead are going directly to journalists to order them. "Of course, you may say 'no.' But that would put you on the 'B' list in the newsroom, instead of the 'A' list. The 'A' list consists of those who are 'loyal' to the company; if you're not on the 'A' list, you'll get [fewer] assignments, you'll get less paid, and you'll be made redundant at the first instance," one panelist said. Adherence to higher ethical principles is not an industry standard anymore and is more of a personal choice. "It isn't that younger generations of journalists aren't aware of the ethical standards; it's more that their immediate climate does not encourage them to adhere to standards at all," said Ante Gavranović, a veteran media expert and the former president of the CJA.

Although the word "censorship" itself is considered a relic of the past, a subtler form of censorship—self-censorship—has become deeply embedded. "Journalists at the public service media simply do not have the appetite to open any

politically sensitive or controversial stories. Taking the path of least resistance is their answer to avoiding conflicts with their editors and [thus ending up getting marginalized within the newsroom by being assigned less important stories]," said Tena Perišin, a journalism professor and former editor at the public service media. Lukić elaborated on another form of self-censorship: "My publisher usually goes for an extrajudicial settlement of a libel case, in order to reduce costs. This type of settlement means we publish a public apology to the offended party, regardless of the article's substance and facts. More often, the plaintiff sues a journalist in penal code proceedings for the same offense. My publisher has decided it is not responsible for providing any legal or financial support if the verdict comes out against a journalist. Since my publisher has already published an apology to the plaintiff for the same case, they are practically pronouncing the journalist (or myself) 'guilty.' So, if I have to pay a financial penalty to the plaintiff, and my publisher not only does not help me—but, on the contrary, makes my position more vulnerable—who would dare to open a sensitive issue, a high-profile corruption case for example?"

Journalists do cover key events and issues, but the real question is whether they do it in a systematic and quality manner. It has been said many times on the MSI panels that no issue could be swept under the carpet; but when it comes to the concept of "well-informed citizens," it is definitely not the same as whether an important topic is covered on public service media, on the mainstream media with a higher reach, or on critical websites with a reduced reach of a specific audience profile. In April 2017, the parliament adopted one of the most intriguing pieces of legislation in Croatia's national history—the so-called Lex Agrokor, which gives the government the authority and discretion to

confiscate and dispose of the property and assets of the biggest privately-owned company in Croatia. "It is a public secret that the government-installed manager [at Agrokor] is one of this legislation's authors. This manager, who is privy to privileged information, is negotiating with a foreign investment fund of his own selection. We're talking about billions of dollars here. Yet, government officials are simply not answering the question of who the drafters of this legislation are," said Jelena Berković, a civil society activist and the executive director of GONG, a NGO.

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"This is a real problem, but it goes beyond that," said Hedl. "The [freedom of information] law says that any public official or institution must respond within 15 days from the official request. Usually, I'm receiving the requested answer on the fifteenth day. In many cases, this is simply too late to communicate this information to the audience." Another panelist commented, "Nothing would happen to, say, journalists who investigate the purchase of aircraft fighters for almost \$500 million. But, the government sources don't offer this information, as if it were not in the public interest."

Pay levels usually provoke bitter comments from the panelists, especially regarding the correlation between pay levels and the corruption of journalists. Recently, however, the comments have been going in another direction. "The salaries of journalists are below the national average. No further comments are needed," said Puljiz. "Not so

[long] ago, journalists were among the top-paid and most-respected professions. The fact that the average salary in journalism is now below the national average speaks for itself. And it speaks volumes about where we are as a profession in the social status," said Gavranović.

News production is mandatory for broadcasters. One can hardly complain about entertainment programming eclipsing the news when Croatia has one political tabloid, one public service 24-hour news channel, one private (CNN-affiliated) cable news channel, along with national, commercial television stations substantially investing in news production. Of course, the quantity of news does not address the quality and bias of news production.

The facilities and equipment for gathering, producing, and distributing news are mostly modern and efficient. "You can literally make a TV report with your mobile phone," said Perišin. The software solutions are relatively inexpensive, so even local media outlets can afford them. Access to the Internet is more expensive—and slower—than in other European countries, but this does not have a negative impact on the media.

"Who can afford an investigative team?" asked Božić, in response to quality niche reporting and programming options. Specialized and niche reporting exists more as an exception than as a standard feature in the media. "The public service media has been known for its foreign policy expertise for decades. Now, the Washington, DC public service media correspondent was used to create an immediate 'cover' for the president," said one panelist. This refers to a well-known "interview" showing the Croatian president outside of the White House fence, giving the impression that the president—who was apparently using public funds for a private visit to the United States—a chance to

say that she was having "a number of meetings with top US politicians" but that she could not disclose their names "for security reasons."

OBJECTIVE 3: PLURALITY OF NEWS

2.34

"A media consumer of all political and social affiliations would find information on a topic of his/her interest, for sure, but that would require consulting two, three, or maybe even more sources. Who has the luxury, time, or money for that?" said Alaburić, regarding plurality of public and private news sources. There are a number of dissenting media ready to expose any wrongdoings (including those that the mainstream media do not consider relevant), but one will not find them the most often consulted sources of information.

Multiple news sources definitely exist. The population of some four million is served by 152 radio stations (146 local and six national radio stations), 31 television channels (including 12 national television channels), more than 750 registered print publications (including nine national daily papers), and 297 registered websites (as of December 2017; however, since registration is not mandatory the number is likely much higher). In addition, there are more than 1.4 cell phones (predominantly smartphones) per person, and almost 70 percent of the population uses social media. The numbers would suggest that the plurality of news is guaranteed.

"By all means, pluralism of news sources exists. But this is not a guarantee per se of the plurality of opinions presented. Take the Agrokor case, for

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.
- ▶ Independent broadcast media produce their own news programs.
- ▶ Citizens' access to domestic or international media is not restricted.
- ▶ Transparency of media ownership allows consumers to judge objectivity of news; media ownership is not concentrated in a few conglomerates.
- ▶ State or public media reflect the views of the entire political spectrum, are nonpartisan, and serve the public interest.
- ▶ A broad spectrum of social interests are reflected and represented in the media, including minority-language information sources.
- ▶ Independent news agencies gather and distribute news for print and broadcast media.
- ▶ Broadcast ratings, circulation figures, and Internet statistics are reliable.

example. It was a public secret for many years that this balloon would eventually explode, with dramatic, national consequences. All that was reported from most media until Agrokor actually collapsed was that the situation was normal," said Puljiz.

Access to domestic and international media is completely unrestricted. International press has been available through kiosks since the 1970s, primarily serving the needs of millions of foreign tourists. Foreign broadcasters (such as BBC World Service, Voice of America, Deutsche Welle, and Radio France Internationale) have never been jammed, even when presenting substantially different views on the Croatian political and economic situation. Since the 1960s, hundreds of thousands of households

have had unlimited access to terrestrial television stations from what were then considered "Western" or "capitalist" neighboring countries (e.g., Italy, Austria). The Internet has been considered open from the very beginning, in all of its features (voice over Internet protocol, social networks). The only restrictive and/or prohibitive element is the relatively high cost of Internet services: A standard monthly package (flat Internet, Internet protoo) rarely costs under \$40, which is a solid day's wages. The cost—rather than actual access—is the main reason for the lower Internet penetration in rural and less-developed areas.

"Political control of the content of public service media is open and direct, almost like in the 1990s," said Berković. Heavily biased reporting brought the news productions on public service broadcasting to the lowest ratings ever: Four or five years ago, the central television news on public service media was the most watched news production in the country; now, it has been pushed to the very margins of the public interest. "They (public service media journalists) don't dare ask questions other than what has been agreed to. We dare to ask, but rarely have a chance to do it," said Božić.

The imperative to be "politically correct" (which quite often means a bias in favor of extreme right positions) is omnipresent. "After The Hague Tribunal verdict (against six Croatian generals), public service media almost unanimously reported on the 'injustice,' presenting the convicted as 'heroes.' Not a single word was said about their victims," commented Berković. The productions cover the activities of civil society and the NGO sector are largely marginalized or moved to a public service channel which has a negligible audience. This has its ridiculous side as well: A documentary coproduction on Italian Trieste as the shopping promised land for Yugoslav citizens in the 1970s and 1980s has been renamed

(irrespective of any copyright standards) from "Trieste, Yugoslavia" to "Blue and Black Jeans," to avoid mentioning the name of the former state.

Even aside from a heavy political (or religious) bias, reflecting different views on public service media turns into a travesty ever more often. "What public interest does it serve when you challenge an internationally recognized expert with a populist conspiracy theorist when discussing the vaccination issue, for example?" asked one panelist. "Does that mean that we should host the supporters of the flat Earth theory on public service media, to show that 'different views' and 'all sides' are respected?"

Independent news agencies gather and distribute news in a nondiscriminatory way. The national news agency HINA—which is nearly the definition of a public service media—offers financially affordable services and is often used and regularly quoted by local and national media. International news agencies are used only by a small number of the mainstream media, due primarily to prohibitively high subscriptions.

Private media produce their own news without exception. There are two main reasons for that. First, the news as content still has a relatively high monetization: It attracts advertisers in the blocks before and after the news, and gives higher relevance to content aired in neighboring time slots. Commercial national television stations have recognized this potential and invest in news production substantially. The strong political bias on public service media (and the resulting consequences in terms of a dramatic drop in the audience ratings) makes news on commercial television stations significantly different in content and presentation, even disregarding the editorial "touch." Local commercial broadcasters (radio and television) are obliged by the law to produce their own news. "Don't ask about quality, but the news is there," said one panelist.

"Do we know who the real owners of the media are? I don't think so," said Lukić, regarding transparency of media ownership. "We've been discussing this problem for almost 25 years now, but we haven't found an appropriate answer yet," commented Zgrabljic-Rotar. As of 2010, the law says that the media owners' public register should contain both the legal entities and the physical persons as the final owners of media companies. "But, what does it mean in reality? The owner of my cable channel is a large public investment fund. How can we know the owners of this fund?" said Božić. Still, the presumed ownership structure, at least for mainstream media, allows the consumers to judge the news objectivity. It is a different case whether there exists an alternative to mainstream media, even when consumers know the content is biased.

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A broad spectrum of social interests can be found in the media, but they are usually out of focus of the mass audience and mainstream media. Even media that are considered liberal hesitate to cover minority issues—for example, gender issues or sexual orientation—in order to avoid an attack by the well-organized promoters of the "conservative revolution." The minority-language media are well developed and supported by dedicated public sources, but some of them are becoming more exposed to forms of harassment. That would not happen, say, to media in the Italian, Slovak, or Hungarian languages. However, the Serbian-language Croatian weekly *Novosti*—itself considered by many, including some panelists, as generally the best weekly paper in Croatia—has been subject to

brutal forms of pressure, ranging from accusations that they are enemies of the state to a literal "open fire" approach. Leković explained, "Burning copies of papers in front of the newsroom is not an act that should be treated as the freedom to disagree. This is a clear and unambiguous attack on this paper and on free speech as such." The police have reacted relatively efficiently in these cases, but the message has already been sent.

The media do provide news coverage on local, national, and international news but not in a systematic or editorially consistent way. Aside from needing to consult more sources to get relevant information on a chosen subject, the main problem is a lack of quality coverage of international news. Long gone are the days when the leading media publisher had 11 correspondent offices around the world. "Even taking into consideration the revolution in news distribution and the openness of a myriad of news sources, the public remains uninformed on some key international issues," the MSI panel moderator commented. Of course, discussion on this issue has its "light" side (such as the aforementioned "interview" with the Croatian president "at" the White House), but the core problem remains the same: The general public does not know enough and does not receive information to help them understand global issues.

OBJECTIVE 4: BUSINESS MANAGEMENT

1.95

Once a proud product of local journalistic, editorial, and management skills, the commercial media sector in Croatia has been reduced to a handful of outlets that are barely surviving due to the global restructuring of media and the dire impact of the prolonged financial crisis. If it were

not for a small number of foreign investors and the financial support from public sources, the media industry would be closing.

"Most of Croatia's media are surviving in some kind of a life-support mode," said Božić. Indeed, the Fund for Pluralization of Media, sustained by reallocating three percent of Croatia's public service media fee, has become an indispensable financial source for local radio and television stations. Many—if not most—of the local broadcasters would not have survived the economic crisis and dramatic drop in the advertising revenue without this project-based support. "Most of our media and media owners have not benefited from the profitable years in the early 2000s. They invested their profits in other businesses, which then failed during the financial crisis. These investors lost their financial ability to comply with the dramatic changes in the production, distribution, and consumption of media content," said Gavranović. Even given this environment, the U.S. investment fund KKR & Co. has made a substantial investment by buying the national commercial television broadcaster, Nova TV.

The major media companies operate on the basis of short- and long-term strategic business plans, while the majority of small, local media outlets rely on their survival instincts. "It is impossible to create a strategic plan with so many uncertainties and variables," noted one panelist. "You can survive the next nine months with the support of public funds, but there are no guarantees that you'd be eligible or selected to get the same support next year." The panelists were especially critical of the use of the public money on public service media. "We have a very good example of the irresponsible use of the taxpayers' funds in 2017. What happened when the Public Service Media Supervisory Board reported on the suspicious—if not criminal—fund use by the

management? They were sacked—‘they’ being the board, not ‘management,’ of course,” said Despot.

The media in Croatia receive revenues from multiple clients and sources: the print media, from the sales and advertising revenue; public service media, from the tax on television sets and advertising; national commercial television stations, from advertising; and local broadcasters, from the (public) Fund for Pluralization of Media, advertising, and dedicated funds allotted by local governments. The most vulnerable and exposed media sector is the nonprofit media. A relatively good, functional model of public subsidies for this vital media sector was dismantled in a furious, ideological purge in early 2016. “Literally overnight, the whole nonprofit media sector was left without sources of finance,” said Gabrić. “Now, almost two years afterward, the problem is still open. To make it worse, the Ministry

of Culture has not secured the almost €5 million [\$6 million] from EU funds which support the community media.” This, along with the 2016 purge, has brought the nonprofit sector to the very brink of extinction. “Some of our colleagues are relatively successful in crowd funding, but one can’t consider that [resource as] a systematic and stable solution for the whole sector,” continued Gabrić. “In my view, dismantling of the public subsidies was deliberately aimed to remove the nonprofit sector, or deliberately planned to ‘commercialize’ it by allowing for-profit entities to apply for the EU funds.”

Public service media have a stable source of income—tax on television and radio sets—and, in terms of financing, do not depend on the government or any other political influence (which, unfortunately, is not the case when it comes to their editorial and management integrity). The Fund for Pluralization of Media offers largely influence-free financial support, being politically neutral for almost 15 years; this, however, does not mean that financial aid has gone to the best applicants, or that there was follow-through regarding how the financial support was used. The biggest advertisers have undue influence on editorial policies, although rarely in the form of direct interventions. Local media are the most vulnerable, as they are exposed to this type of influence. “Imagine the situation as follows: The mayor gives you a financial support to ‘inform the citizens on the local government’s activities.’ Are you going to use this money to produce content critical of the local authorities? If so, this would be your last allotment from city hall. If you can’t do that—criticize the local authorities when they deserve to be criticized—then you are not doing your job as one of the local media,” noted Goran Gazdek, editor of a local news website in Virovitica.

In the 1960s, Croatia—as part of the former Yugoslavia—was the first to adopt Western-style

advertising practices. McCann Erickson opened its office in Croatia in the mid-1980s and was followed by all the major advertising agencies and advertisement buyers. Many local advertising agencies are successfully working or have already been sold to global advertising agencies. “There is a level of sophistication in the advertising market, for sure,” said Krešimir Dominić, who works for the agency Komunikacijski Laboratorij. “But then, most of the media are so desperate for the advertising income that they are ready to cross the line between advertising and advertorials, even without being asked to do so.”

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The collapse of Agrokor had significant impact on Croatia’s media advertising market. “It was total confusion for the first two to three months after the government took over the company,” said Dominić. “But then, the advertising continues, since it is of vital importance for this type of company. Competitors have intensified their advertising spending to increase their share of the market that was temporarily left void by Agrokor. So, what has happened? Agrokor is not strong enough anymore to blackmail the media and advertisement buyers with absurdly long delays or heavy discounts in payment. This gap in advertisement spending was filled by Agrokor competitors. The situation has helped the market to consolidate,” continued

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.

Dominić. “It introduced the government as the biggest advertiser in the country,” said Puljiz. It is still too early to predict the ultimate impact of this major collapse on the advertising market, not to mention the country’s economic performance. One new content producer is on the scene: still fighting extradition to Croatia in the United Kingdom, Ivica Todorić, the former owner of Agrokor, is regularly writing his blog from the luxury of his London apartment, a victim of an apparent “conspiracy.”

“For the first time in many years, the print media’s advertising revenue was lower than the income from sales in 2016,” said Gavranović. “This shows a negative trend in the advertising income, rather than an increase due to sales or a change in cover prices. Croatia is following these trends, both in the print media segment and in the percentages of the advertisement market allocated to the broadcast, outdoor, and online media,” he added.

The fact that the government, as manager of Agrokor, now controls a substantial percentage of the advertising market is a new situation in Croatia. The government has never had such an advertising budget (aside from relatively small advertising campaigns for safety in traffic, placement of legal notices, or announcements of EU funds) at its disposal. This also means that it has not been in a position to use advertising as leverage to “discipline” critical media.

Market research is conducted regularly and uses all available tools and methods. These surveys are usually done for the needs of advertising companies; they are too expensive for the market, especially for local media. This gap is hard to bridge—it shows sophistication from the advertisers and advertising agencies; however, a number of media are deprived of this important information.

AGB Nielsen Media Research, as the leading global company in measurement surveys, has been

active in Croatia for years. The broadcast ratings for the leading national broadcasters are, in general terms, precise and reliable. The key problem remains the same as market research: Their sophistication makes them unaffordable for most of the broadcast media.

Since the Audit Bureau of Circulation in Croatia has been created, circulation figures have been reliable and accurate. “The publishers know almost exactly the circulation numbers of their competitors. It would be too risky for [the publishers] to present false or inflated figures to advertisers,” said Gavranović.

OBJECTIVE 5: SUPPORTING INSTITUTIONS

2.38

Many MSI 2018 panelists were active journalists, media analysts, or civil society activists in the turbulent 1990s. The open political pressure and censorship, criminal privatization of media outlets and distribution networks, brutally open promotion of the ruling party’s agenda, and other features of authoritarianism have since been replaced with subtler, but no less effective, editorial interferences. “In the 1990s, who would have imagined that we would now have to invite international media watchdog organizations to evaluate the state of media freedoms—and join them in expressing our deep concern over it?” a panelist said. Indeed, full media freedom remains one of the most expected, yet most unfilled, promises in the past 25 years. “One could say: Well, it is not anymore about political pressures; it’s about market restrictions and business lobbies, but does it really matter?” noted Despot.

Of course, this environment imposes a different agenda on the media and professional representative

organizations. The CJA underwent a mission change as of the early 2000s, in terms of transforming itself from an activist organization representing the media sector and defending media freedoms and human rights in general into a membership-based professional organization. Thus, it has had to reclaim a part of its former mandate. As of 2015, the CJA has introduced the Freedom of Expression Center, which monitors free speech issues in Croatia and offers free legal consultations to its members and pro bono legal representation in cases against independent journalists. A team of 25 experienced lawyers, university professors, and volunteers are available around-the-clock to journalists who have been threatened or whose legal rights have been obstructed. “This was a necessity,” Leković said. “The number and persistence of attacks on journalists and the freedom of expression are such that the Freedom of Expression Center is essential.”

Generally speaking, professional associations and other supporting institutions in the media sector have been recognized as efficient in advocating, promoting, and lobbying for the interests of their members; however, these interests may differ across the media spectrum. Along with the CJA and the Trade Union of Croatian Journalists, a variety of other professional and trade associations are shaping the media sector. Local media (including print, but mostly local radio and television stations) are organized in the Croatian Association of Radio Stations and Newspapers (HURIN). Local television stations are organized in National Association of Television Stations (NUT). Publishers have their own association, which proved its strength in 2014 by lowering the VAT for daily papers to the super-reduced rate of five percent. The publishers of nonprofit and web-based media are organized, too. No sector has been left without a voice. All of these associations are independent of the government,

although they are not necessarily immune to political interest. “They are active in promoting their agenda, but that does not mean that [the agenda] is in the public interest,” Puljiz said.

The government imposes no legal restrictions to prevent the registration or operation of any professional association. Associations cover their operational costs, on an ad hoc basis, by establishing an annual membership fee or by using their eligibility to apply for financial support from public sources (on the national or local level).

Although there are no precise data available, it would be safe to say that there are more than 50,000 registered NGOs in Croatia. This is far more than in the 1990s, when a much smaller number

of networked NGOs managed to keep human rights and media freedom issues on the radar of the national public and international organizations. “Those days are gone,” said Berković. “What we are witnessing [now] is a surge of ultraconservative and war veterans’ organizations aggressively imposing their views. [They are] disguised as NGOs, but with clear and direct support from the church and the extreme right,” she added. Indeed, a number of vocal veterans and “concerned citizens” organizations have managed to reduce public discussion, especially regarding issues relating to the very broadly defined “dignity of the Homeland War,” going so far as to demand censorship in the media and/or in art production. “The NGO sector is flooded with organizations that formally meet the NGO criteria but have been created with a clear intention to destroy the very concept of the NGO—which is to control the authorities at all levels of governance. This is more like a paragovernmental NGO sector, [which is] a contradiction in terms,” noted Lukić. “The fact is also that the NGO sector that used to work closely with the independent media to support free speech has lost its vigor,” said Zgrabljic-Rotar. One reason could be the loss of interest by international watchdog organizations in Croatia after it joined the EU; these include the closing of all free-speech-supporting budget lines for the media and NGOs. “International organizations consider Croatia a ‘mature democracy’ and a ‘problem solved’ by the very fact of its EU membership. In reality, Croatia is sliding into a conservative partitocracy,” Puljiz said.

When it comes to quality journalism degrees, the situation is not getting any better. Some of the journalism studies offer a degree of practical experience (one of them has its own television studio and radio station and regularly produces its own news and video features), but on the average, studies offer only theoretical knowledge. “Even

this theoretical knowledge disregards the whole technological revolution behind the media reality,” said Gavranović. “I’ve seen graduated students of journalism who are not familiar with the ‘five Ws’ concept, let alone the basic ethical standards in producing news,” Božić said.

Even quality graduates have limited options on Croatia’s media market. The number of professional journalists is about 40 percent lower than a decade ago, while the number of students enrolling in journalism studies is on the rise. Problematically, media outlet managers seem ever less inclined to hire educated journalists, as those with lower skill levels are more susceptible to manipulation. “My own publisher does not want to consider employing students of journalism. Where are they going to work?” said Lukić, with regard to getting hands-on skills and training. “When I enrolled in the MBA course, I didn’t tell that to my company. The management would probably have seen it as a potential ‘problem’ rather than encourage me to go for such an opportunity,” she added.

Only a few short-term trainings for young and mid-career journalists are left, from the multitude that had been available as of the late 1990s (which were mostly financed by international organizations); media management has a negative attitude when it comes to their journalists’ participation in them. “A friend of mine—a photo reporter in a news agency—took unpaid leave, as it was the only way for him to join the Reuters organized training course to which he had been invited, with all costs covered,” said Dominić.

Ever since the late 1990s, printing facilities, newsprint acquisition, transmission equipment, software solutions, and similar media services have been market-driven businesses, available to all financially eligible entities. Printing resources have a saturated market, which contributes to a favorable

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.
- ▶ Short-term training and in-service training programs allow journalists to upgrade skills or acquire new skills.
- ▶ Sources of newsprint NGOs support free speech and independent media.
- ▶ Quality journalism degree programs that provide substantial practical experience exist.
- ▶ Printing facilities are in private hands, apolitical, and unrestricted.
- ▶ Channels of media distribution (kiosks, transmitters, Internet) are private, apolitical, and unrestricted.
- ▶ Information and communication technology infrastructure sufficiently meets the needs of media and citizens.

position for clients and excludes any possibility of providing services to media outlets based on any form of political affiliation or interest.

The channels of media distribution (kiosks, transmitters, cable, Internet, mobile) function as privately owned, business-oriented entities. There are no political agendas behind these businesses that would financially restrict any viable client's access to their services. No suspicious equipment failures, network outages, or selectively low Internet bandwidth cases have been recorded since the late 1990s. However, as of spring 2017, concerns have

"In the 1990s, who would have imagined that we would now have to invite international media watchdog organizations to evaluate the state of media freedoms—and join them in expressing our deep concern over it?" a panelist said.

been raised about the possible consequences on print distribution after the collapse of the Agrokor company (itself the monopoly print distributor). "Croatia already has had the highest margin of the distribution fee against the cover price of print media," said the moderator, "Any increase in that fee would be highly detrimental to the print sector, but there are no guarantees that this will not happen."

Croatia's information and communications technology infrastructure meets the needs of the media industry and citizens. Indeed, citizens are able to access media in the ways they wish, through mobile phones or cable networks. Mobile phones and other devices and services available on the market are sufficient to meet the citizens' news and information needs. There are still some "digital islands," areas with no access, but they represent a

very small percentage of the national territory.

So, where is the problem? It is hidden, as it usually is when it comes to leading corporate interests. Croatia is among the European countries with the slowest but the most expensive Internet. Still, mobile and Internet providers have managed to present their service quality as if they were aligned with the highest international standards. Perception is obviously stronger than reality, especially when the perception is supported by a lot of corporate money in the form of advertising and public relations.

List of Panel Participants

Vesna Alaburić, lawyer, media legislation specialist, Zagreb

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

Nataša Božić Šarić, editor, N1 TV (CNN affiliate), Zagreb

Sanja Despot, freelance journalist, Zagreb

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

Toni Gabrić, founder, independent news website H-Alter, Zagreb

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

Goran Gazdek, chief editor, Virovitica.net, Virovitica

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

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

Slavica Lukić, journalist, Hanza Media, Zagreb

Tena Perišin, editor, Croatian Public Radio TV Service; professor of journalism, University of Zagreb, Zagreb

Helena Puljiz, freelance journalist, Zagreb

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

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

Moderator & Author

Davor Glavaš, independent media consultant, Zagreb

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