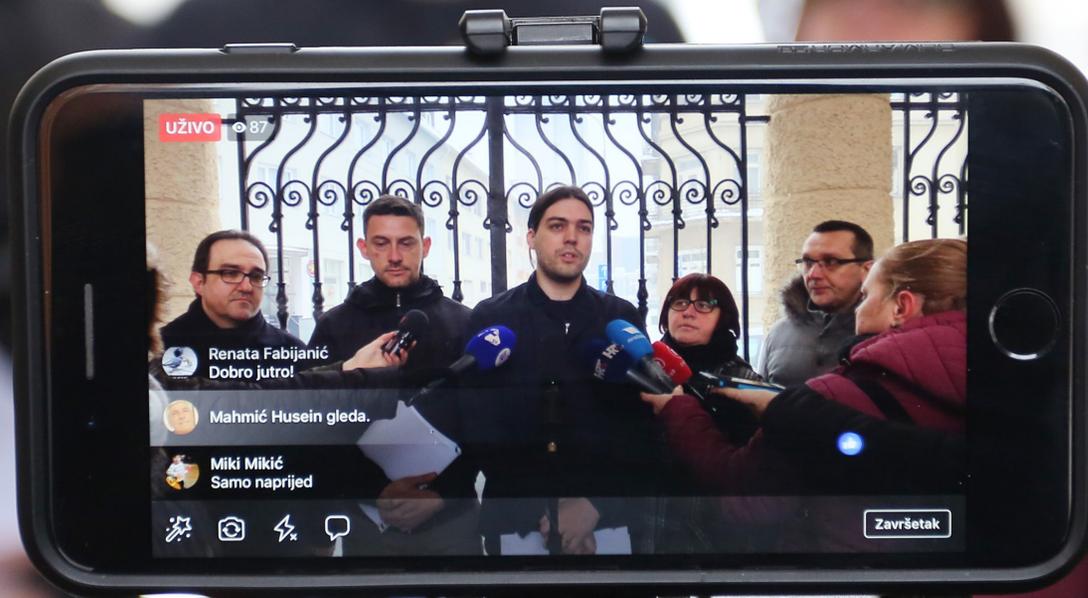


CROATIA



MEDIA SUSTAINABILITY INDEX 2019

Tracking Development
of Sustainable
Independent Media
Around the World



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AT A GLANCE

GENERAL

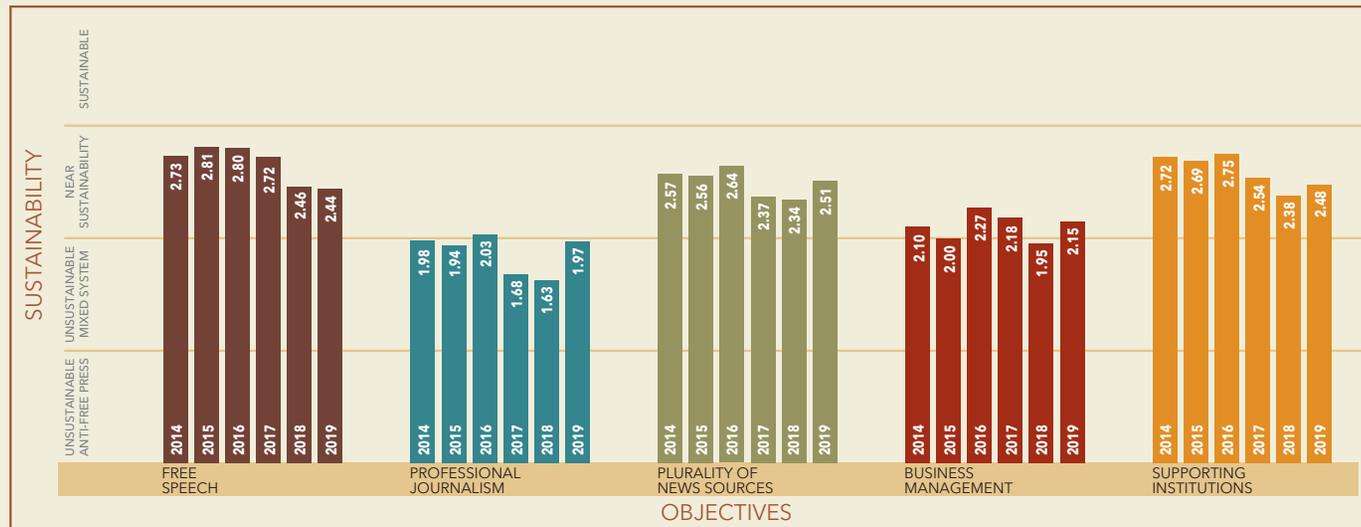
- **Population:** 4,124,500 (December 2017 est., Croatian Bureau of Statistics)
- **Capital city:** Zagreb
- **Ethnic groups (% of population):** Croat 90.4%, Serb 4.4%, other 4.4% (including Bosniak, Hungarian, Slovene, Italian, Czech, Roma, etc.), unspecified 0.8% (2011 census, Croatian Bureau of Statistics)
- **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 (2017, Atlas):** \$54.76 billion (World Bank Development Indicators, 2017)
- **GDP (2017, PPP):** \$102.1 billion (2017 est., *CIA World Factbook*)
- **GDP per capita (2017, PPP):** \$24,700 (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); Prime Minister Andrej Plenković (since October 19, 2016)

MEDIA-SPECIFIC

- **Number of print outlets, radio stations, television stations:** 11 major daily newspapers; five major political weeklies; 152 radio stations, six of which are national; 31 television channels (free-to-air), 12 of which are national; 331 "electronic publications" (websites; as of December 2017),¹
- **Newspaper circulation statistics (total circulation and largest paper):** The total circulation of daily papers is estimated at 280,000 copies a day, the top three being the tabloid *24sata* (circulation 50,000), *Večernji List* (circulation 35,000), and *Jutarnji List* (circulation 28,000); the highest circulated political weekly is *Globus* (7,000 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 \$340 million
- **News agencies:** HINA (public), Media Servis (private), IKA/Croatian Catholic News Service
- **Internet usage:** 3.39 million; 82.2% of population (November 2018 est., Croatian Bureau of Statistics)

¹ This is only a part of the operational electronic publications. Although registration is mandatory, not all electronic publications are registered.

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.



Croatia's overall score saw an increase this year, rising to 2.31 and placing it in the Near Sustainability MSI classification. While Croatia's status as an EU member state helps to ensure freedom of speech and media freedom, the country still struggles with full implementation of these EU standards, and libel has not been decriminalized. Although it has been more than a decade since the collapse of the financial market in the country, Croatia's market still has not fully recovered, and the effects of it still devastate the media sector. Declines in advertising revenue have forced many media into survival mode, which has affected everything from pay standards for journalists to editorial independence to increasingly blurred lines between native advertising and genuine media content.

At the end of 2018, one verdict reminded the media community in Croatia that the path to freedom of expression is all but elusive. A satirical television show was ordered to pay 12,000 Croatian kuna (about \$1,800) to Velimir Bujanec, a notorious far-right television anchor, for "exaggeration" and "disrespect of the facts." The verdict inevitably raises some grave concerns. Has disillusionment resulted in Croatia's scores not meeting expectations set in the years prior to its European Union (EU) ascension? How much have global trends impacted the country? Although journalism and media cannot be reduced to quantifications, statistics, and graphs, they all indicate a persistent crisis in the sector, affecting all aspects, including financial performance and trust in the media.

The year was particularly newsworthy, marked by the collapse of crony capitalism in the country. Ivica Todorčić, founder and former owner of Agrokor corporation—the crony capitalism "godfather," so to speak—returned from a 12-month exile in the United Kingdom to spend only 13 days in jail—a bit more than

a day for each billion dollars embezzled. The Adriatic shipyards, once the backbone of Croatian industry, disintegrated. The country also failed to acquire 12 modified, albeit 30-year-old, Israeli F-16 fighters.

The media focused primarily on why the United States administration refused to greenlight the deal, rather than the fact that the Croatian government agreed to pay \$500 million for aircrafts the US Congress, when considering to approve or reject the deal, estimated to be worth just \$130 million. The country's population continued to decline, with emigration reaching a record high. There was a rare burst of optimism with the country's second-place finish in the FIFA World Cup in July, though it was quickly spoiled by political controversy when, during a celebration in Zagreb, the team captain invited to the stage a notorious right-wing singer, which sparked immediate controversy. Finally, as mentioned, 2018 saw the further deterioration in almost all measurable media indicators, from the sold circulation to the size of the professional journalists' community.

**OBJECTIVE 1:
FREEDOM OF
SPEECH**

2.44

Considering the constitutional provisions and regulatory framework guaranteeing free speech, Croatia should deserve a high score in this area. The key requirement in the EU accession process for any candidate country is a full alignment of its legal framework with the *acquis communautaire*, the body of common rights, regulations, and obligations that constitute EU law. Free speech and media freedom are one of the pillars of the *acquis*. “By joining the EU, Croatia has accepted the primacy of the *acquis* over national legislation,” explained Emil Havkić, a leading Croatian lawyer and an expert in media legislation. “It has also accepted the super-ordination of the European Convention on Human Rights in our national legislation,” he added.

But the *acquis* has not become the daily practice for media professionals; nor has their implementation become standard in the years since Croatia became an EU member state (in July 2013). “There is an obvious gap between the legal standards and their implementation, and the gap is becoming ever deeper,” said Saša Leković, a freelance investigative reporter and, until his 2018 resignation, president of the Croatian Journalists’ Association (CJA). “It is not only about this gap. It is also about different interpretations of the same legal provisions essential for free speech by different judges. Higher-level courts usually correct inappropriate verdicts, but the long and exhausting proceedings contribute to a feeling of uncertainty and exposure to arbitrary decisions,” added Boris Rašeta, a journalist with the daily *24sata* and columnist for the minority-language weekly *Novosti*.

Croatia is an EU member state, which largely eliminates the possibility of annulling the *acquis* by any “emergency” declaration. Drago Hedl, an investigative reporter and a contributor to the online Telegram, said, “There could be no such thing as ‘a state of emergency.’ However, the heavy interference of the executive branch into the judiciary, especially at the local level, often coupled with an ultraconservative interpretation of certain legal norms, indicates selective and deficient rule-of-law standards.” Violations of freedom of speech are often going under the radar of the public. “Twenty years ago, any serious violation would have provoked an instant reaction,” said Ante Gavranović, a media expert and the president of the CJA in the 1990s. “It seems that a certain fatigue, or even disillusionment, prevails nowadays.”

Media licensing and registration processes are in line with international standards. Licensing applies only to media that use the limited public good (frequencies), while print media and web portals are required only to register with the responsible authorities. Historically, the transparency of the licensing allocation process has been a turbulent one. The 1990s saw the process politically controlled, followed by relatively high transparency standards four to five years ago. The past two years, however, have raised concerns, largely due to the objections about the transparency of the selection process of new appointees, who are close to the ruling party, to the regulatory body, the Electronic Media Council (EMC). “The frequency allocation process is predominantly fair,” said Željko Matanić, the long-serving general secretary of the Association of Local Media (HURIN), “We may have objections, but even when it comes to mistakes, I do not see them as politically motivated.” Milan Živković, a media expert and former advisor to the Minister of Culture, added, “This is probably because there are no more

attractive frequencies to be allocated.” In general terms, the panelists agreed that licensing and registration, although not completely transparent, do not limit or restrict the diversity of the media spectrum.

The market entry and tax structure for the media are fair and comparable to other industries. Aside from licensing and registration, there are no other legal or capital requirements greater than those in the non-media business sectors. “We may say that the tax structure is more favorable to the media sector than to other industries,” said Gavranović, referring to the fact that daily papers pay the super-reduced VAT (value-added tax) rate of five percent when the standard rate is 25 percent. “The super-reduced VAT rate should be applied to all the media sectors, including electronic media—not only on the daily papers. Only then would it be considered a sincere government attempt to support the media industry,” Hedl argued.

Croatia struggled with Indicator 4 in this objective: Crimes against journalists or media outlets are prosecuted vigorously, but occurrences of such crimes are rare. “If there were a rating below ‘0,’ I would give it to this indicator,” said Leković. “The only reason to not do this is because journalists are not being killed in this country, unlike in some EU member states,” said Hedl. “There has not been a single month without a serious incident. Cynically, we could say we have gone from being expelled from our newsrooms at gunpoint and beaten with baseball bats to being paid for burying stories,” Hedl continued, referring to a recent case when MP Franjo Lucić offered him money not to publish a story on his financial embezzlements. This largely exemplifies the type and nature of the pressures on media professionals: it is less about criminal gangs or militant groups and more about still very impermeable networks of politicians and business

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lobbies at the local level. But violence does exist. “The number of attacks on journalists is on the rise, year after year,” Leković said, “Even when police act promptly, the slow reaction of the judiciary system makes the process not only irrelevant, but sometimes even ridiculous.”

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.

The EU *acquis* does not prescribe one single model of governing public service media (PSM), including how to best protect editorial independence. The variety of circumstances in which PSMs operate in Europe has resulted

in numerous regulations and sub-regulations in defining their position and independence in promoting the public interest. “We have tried many different governing models suggested by the EU experts,” said Tena Perišin, a professor of television journalism at the University of Zagreb and former journalist and editor with the public service broadcaster, “But the fact is that it is much more about the democratic culture in the country in general than about governing models.” Rašeta added, “Our politicians, regardless of affiliation, have never truly abandoned the concept of state TV. They think that the ruling party should run the public service broadcaster.” Havkić noted that recent amendments to the PSM Act have “basically reintroduced the political control over the public service broadcaster” by limiting the power of the Programming Council. “As the result, the PSM has become aligned with the ruling political interest to a level unprecedented since the ‘90s,” said Lamija Alečković, a television journalist and editor.

Libel and the new legal term “vilification” (introduced in 2014 and defined as “systematic defamation”) have not been decriminalized. The plaintiff has a choice to extend a criminal case into the civil code on the same issue, which has had a chilling effect on both editors and journalists. “A certain inversion of standards is in place,” said Havkić, “Legal standards should require a higher burden to prove libel against public officials. Instead, courts in Croatia tend to do the exact opposite: namely, to consider the authority of the function as the key element in defining and proving the case of libel.”

The right of access to information is nominally guaranteed, but often is harder in actual practice. “The process of purchasing F-16 fighters has once again shown that some media are more preferred by the government than others,” said Jelena Berković,

executive director of nongovernmental organization (NGO) GONG. She explained that media that are more “friendly” to the government will have information leaked to them. Hedl added, “Information is accessible, but it often takes an elaborate network of contacts to get it.”

“The number of attacks on journalists is on the rise, year after year,” Leković said, “Even when police act promptly, the slow reaction of the judiciary system makes the process not only irrelevant, but sometimes even ridiculous.”

The access and use of local and international news are open and unrestricted. The only limitation comes from the affordability of some of these sources, which is a result of the market, not the legal and regulatory framework. Although intellectual property standards have been observed more in recent years, the “copy and paste” approach to news content—directly lifting content from other sources without attribution—remain common.

No license is needed to enter the journalism profession. The government does not interfere or restrict any area of work, including entrance to journalism schools. The accreditation process is largely fair and indiscriminate, though key information is not usually available at press conferences.

**OBJECTIVE 2:
PROFESSIONAL
JOURNALISM**

1.97

While there are active pockets of good journalism in Croatia, the indicators of professional standards in journalism have been in decline long enough that it can almost be considered an irreversible trend, rather than just the consequence of a temporary industry crisis. Although the panelists reached a consensus regarding the degradation of standards, they emphasized a lack of universal fixes. “A growing number of journalists do not check the information they present. They don’t care about the background research or about consulting all the parties relevant to a story,” said Leković, “They are only recycling the information found somewhere else.”

“New ways of consuming the media make the monetization of quality content very difficult, which is reflected by a constant decline in financial performances and, as a consequence, the decline in professionalism in media,” explained Rašeta. “However, in its more representative embodiments, journalism in Croatia is still professional and engaged,” he added. Alečković addressed another major indicator in this objective. “Some media, including, unfortunately, the public service broadcaster, have perverted the standard of ‘giving voice to all sides.’ There is no ‘other side’ in matters of fundamental human rights, for example,” she said, “This is just used as an alibi for inviting representatives of extreme opinions and giving them the limelight of the mainstream media.”

Most of the major media outlets have adopted ethical standards. For years, the code of ethics developed by the CJA has been a point of reference

for many professional associations in transitional countries, so the score for this indicator—journalists follow recognized and accepted ethical standards—should have been relatively high. However, Hedl noted, “The gap between the professionals who adhere to high ethical standards and those who do not care about them at all is such that both ‘0’ and ‘4’ could be a proper score for this indicator.”

In a desperate need for income, leading outlets incorporated native advertising almost immediately after international players introduced it. “We can’t change a global trend,” said Gavranović, “However, it seems that media publishers are deliberately making the line between advertising, public relations, promotion, and genuine media content ever blurrier. This is confusing for audiences. This approach could earn the media additional advertising revenue in the short run, but thinking strategically, this will only decrease the public trust in media and their monetization potential.” Plagiarism is a matter of daily practice. Articles using a lot of professional and financial resources are quickly copied and pasted onto web portals, and often on public television as well, while rarely being attributed.

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It looks as if conformity has replaced self-censorship to a large degree, which is based on the improbability of placing a story, as perceived by the journalist himself/herself. However, there is no such list of people and institutions in which editors would decline critical reporting. “If you work at a

local media outlet, then the likelihood of having a mayor on the ‘don’t-touch list’ is relatively high. If you work at a national media outlet, then it could be, say, the prime minister. However, the same prime minister could be a target of carpet-bombing from some other media outlet,” said one panelist. Although the protocol varies from outlet to outlet, journalists working in mainstream media usually know the “untouchable” people or issues. “I am more concerned about the practice of burying stories, or about the missing context in reporting, than about self-censorship,” said Leković.

With more media platforms available and many professional and uncompromised media in a relatively small market, it is virtually impossible to sweep any issue under the rug. There are no “forbidden issues.” There are no issues media do not choose to report. “There are many issues that all the media cover, they all report about them, but this is not a guarantee that they report on the key aspects of those subjects,” Leković said. Hedl added, “The freedom to report on even the most sensitive issues exists, and there is no need to question it. However, there is an obvious lack of background information and context in reporting.” He continued, “Without the context, without the investigative reporting into the matter, even the substantially important issues are reduced down to yet another scandal.” Indeed, the number of “scandals” is such that there is always at least one more on the horizon before the previous or the current one is properly explained to the audience. “One may think that the government itself is deliberately producing scandal after scandal or leaking attractive information to the media, but harmless to the government, in order to ‘close’ some vexing problems and remove them from the public radar as quickly as possible,” Rašeta said. In a brief exchange, the panelists identified five major issues that emerged in the past 12 months, each of them

worthy of tectonic consequences. Despite that, there were almost no consequences, save the resignation of one minister.

Long gone are the times when media professionals belonged to the middle class, even to the upper part of it. "I am almost ashamed to discuss this issue," said Matanić, "The fact is that estimates for 2018 say that the average salary for journalists is some 10 to 15 percent lower than the average salary paid in Croatia." This is barely enough to keep journalists slightly above the threshold of the functional poverty. "In a way, this is also a very tangible and concrete demonstration of how much society respects journalism as a profession," said Živković, "The immediate consequence is a further erosion of the professional standards in journalism."

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).

"My understanding is that audiences can get information when they need it," said Božić. "The plurality of sources allows for easy access to information." To be more precise, "easy" means consulting multiple sources of information and filtering the news from intentional or unintentional disinformation. While it can be cumbersome, the information is still available, and the need for news still exists. The success of the news channel N1 TV is undeniable proof of that. Within a short period, this news channel, although available only on cable networks, managed to reach audience rating figures comparable or even superior to well-established national terrestrial television channels. Commercial broadcasters are legally required to produce news programming, but beyond that, leading private national television channels understand that in the Croatian market "news sells."

The facilities and equipment for gathering, producing, and distributing news are, generally speaking, modern and efficient. Although some local media may not have the most modern equipment, this is not considered an obstacle in their daily practice.

When it comes to the mainstream media, niche reporting, including investigative or business reporting, is essentially extinct. Specialized weekly niche supplements to the daily papers are now a distant memory. However, a vibrant web scene is slowly recovering the concept of specialized reporting. "A number of specialized web portals covering public finances and business matters in general have been launched recently," said Božić, "Along with other specialized portals, they will hopefully soon fill the gap left by the expulsion of niche reporting from the mainstream media."

OBJECTIVE 3: PLURALITY OF NEWS

2.51

Statistics show the plurality of media sources in Croatia is not an issue. The country boasts a population of just four million people, yet is served by 152 radio stations, 31 domestic television channels, 11 daily newspapers, five political weeklies, and 331 registered web portals (and an unknown number of non-registered ones). In broadcast and print media, the market has been already saturated, with limited space (or a need) for new investments.

However, the quantity of news sources does not necessarily reflect content quality or multiple viewpoints. "Let us put aside the statistics," said Živković, "The government is suffocating the nonprofit sector, severely restricting the financial support to it, and still hesitates to introduce the concept of community media. Local media either depend on a handful of enthusiasts or are controlled by local authorities. Network news spreads information to larger audiences, but they don't contribute to the plurality of views." Although social media outlets allow citizens easy access to news, they are still used primarily for networking and consuming entertaining content. Still, the plurality of news sources allows for the public to be informed, though perhaps not aware of multiple perspectives.

Free access to domestic and international news sources was a specific feature of the former socialist regime. International broadcasters, such as the BBC World Service or Voice of America, have never been jammed. Since the early days of the Internet, access to cyberspace and other Internet features (including voice over Internet protocols and social networks) have been unrestricted. The only issue stems from

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the affordability of these services. The Internet and Internet protocol television (IPTV) packages are more expensive than in other EU member countries.

With a programming schedule opened to western-produced films and serials and quality domestic production since the late 1960s, state television in Croatia had a good starting point during the transition period after long-time communist regimes fell in the 1990s. But the systematic purge during the early days of the war in Croatia (1991 to 1995), coupled with the adoption of the concept of “state TV,” as opposed to public service media, has taken its toll. A relatively liberal period from 2000 to 2015 was not enough to introduce and institutionalize fully a true public service media model. Leković explained that politicians on both sides consider control of the public service broadcaster part of the bounty for winning an election. “Even with good intentions, all amendments to the public service laws have resulted only in variations in the subtleness of efforts to keep a firm grip over the public service broadcaster,” he added. The affiliations of the politically appointed editors and managers at the public service broadcaster burst to the surface in 2015, giving the ruling party disproportionate coverage, both in terms of time and bias, and giving radical political opinions a platform and, to an extent, “legitimacy.” As a result of this blatant political bias, the public service broadcaster’s flagship news formats have been reduced to an almost negligible audience share.

Only one news agency in Croatia meets the definition of a news agency. The Croatian Informative News Agency (HINA) is legally defined as a “public service,” although it is only partially financed from public funds. The agency offers a nondiscriminatory, professional, and reliable wire service to its clients at generally fair prices, although the panelists disagreed on this point. “Affordable’ is not a term

I would use in this context,” said Matanić, “What is ‘affordable’ to big, national media outlets isn’t necessarily affordable for a small, local radio station that is struggling to even pay for utilities.” This is also the main reason why most radio stations in Croatia opt to use the network news provided by the Media Service Agency—a private commercial company that offers radio stations national and international news in exchange for airtime for commercials—thus applying the “news for airtime” barter model.

“The Croatian media scene is pluralistic enough to give each audience group its preferred content, even if that requires an active search of sources,” Rašeta said.

HINA provides print, audio, video, and online services. Generally speaking, the agency’s regular and occasional clients cite HINA as the source of the information presented. There are no restrictions whatsoever for using international agencies (such as Reuters, the Associated Press, and Agence France-Presse); however, most are too expensive for the majority of Croatian outlets, including the major national daily papers.

Private media produce their own news. As mentioned, most local radio stations use syndicated news for national and international coverage while producing local news themselves. But this should not be considered a reflection of audience demand or an editorial policy that prioritizes news production. Commercial broadcasters in Croatia are obligated to produce their own news by law. Although local audiences have a variety of news at their disposal, this legal provision has, at least in the opinion of some panelists, some unwilling consequences as well. “The law stipulates that news production should represent at least 10 percent of the daily outputs of

commercial broadcasters. That made sense, say, 20 years ago, when local radio stations produced six or eight hours of programming, but it is a real burden nowadays when most of the radio stations are on the air 24/7,” explained Matanić, “Instead of focusing on quality news output, local radio stations are constantly in search of any information that may fall under the category of ‘news.’” However, national terrestrial and cable television stations have been investing significantly in news production, having identified it as audience-worthy, especially given the dramatic fall of the audience share of the public broadcaster. Some of them (like the CNN affiliate N1) have basically taken on the role of the public service broadcaster in providing the audience with fair, unbiased, and accurate news. Although the major national daily papers have abandoned their local editions, the sheer number of local news portals and local broadcasters with mandatory news production offer a fair supply of local news.

All media outlets are obligated to disclose their ownership structure, or any significant changes in it, on an annual basis. For electronic media, all data regarding ownership are available on the website of an independent regulator. Print media have to report their ownership structure to the Croatian Chamber of Economy, the data of which become public record and appear in the annual registry of media owners published in the Official Gazette. Although this legal structure is in place, it does not preclude subtle or overt pressure on editorial policies by businesses and political groups, particularly at the local level.

A dedicated news outlet can always find a source that covers social issues of a specific interest, including those concerning gender, ethnicity, social conventions, religion, or sexual orientation. But these issues are increasingly relegated to specialized or niche outlets. “I haven’t seen a report on public TV for years on, for example, LGBTIQ issues other than

in a predominantly negative context," Jelena Berković said. "The Croatian media scene is pluralistic enough to give each audience group its preferred content, even if that requires an active search of sources," Rašeta said. Mainstream outlets are becoming more conservative, led primarily by the public service media which openly promote the political agenda of the ruling party. Minority-language media have a long tradition in Croatia, with some specific legal provisions when it comes to accessing public financing that has helped some of them become relevant far beyond just their respective minority communities.

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.
- ▶ Broadcast ratings, circulation figures, and Internet statistics are reliable.

**OBJECTIVE 4:
BUSINESS
MANAGEMENT**

2.15

It has been more than a decade since the collapse of the financial market in the country, which stormed the media industry and reduced the volume of advertising to such an extent that the market still has not fully recovered. The crisis took publishers and media organizations by surprise, but a lesson has been learned. "We may discuss the quality of media output nowadays compared to, say, 2007 or 2008, or the number and skills of media professionals, but the fact is that all major [media companies] are still there," said Alečković. Most of them are in survival mode, a stark contrast with the early 2000s, when they were serious profit makers. Still, owners consider these outlets worthy enough to keep them afloat. "Big media systems are, in general terms, sustainable," said Gavranović. "The real problem is with local media. Many of them are only operating still thanks to the financial support from their local governments." Ultimately, the financial crisis and its decade-long impact spared no sector, reducing public services—including education, healthcare, and the media—to a bare minimum, devastating services that were taken for granted.

Media outlets in Croatia receive revenue from multiple sources, although at least some of these sources have undue influence over editorial policy. Many panelists see financial support from local governments to local media as a kind of vicious cycle. "The reason why these media are still on is what prevents them from doing what they, as local media, should do," said Leković. Public support to local commercial and especially nonprofit media

is a well-known concept in the EU member states, but it obviously takes a more mature democracy and better procedures to make it fully functional. "In many cases, it's on the mayor to decide which media will be supported by public money. If he or she likes certain media, they will get the support. If the mayor doesn't like it, they won't get the money. It is so arbitrary that it is devastating editorial standards in many local media," said Matanić. "In some cases, local governments are directly paying local media for 'covering local news.' What else should one expect from this type of arrangement other than pure propaganda?" said Hedl. The panelists did positively mention the Fund for the Pluralization of Media, which receives three percent of the mandatory tax for funding public service media. The Fund, established in 2003, has had an important role in supporting quality content in local commercial media while escaping, to a large degree, political control. However, the panelists noticed that a dedicated EU fund of \$5.5 million for supporting nonprofit and community media in Croatia has not been open yet. "Are there any political interests behind it, or is it a matter of negligence?" asked Živković, "The net result is an almost exhausted nonprofit media sector and a further delay in establishing a community media concept."

Advertising has been a regular feature in Croatian media since the late 1950s, when several acclaimed artists created ads for fashion, beauty products, and toiletries. The moderator remembers advertisements in the most influential news magazine in Croatia in the late 1960s and early 1970s, featuring luxury products such as Chris-Craft yachts, top international cigarette and spirit brands (prior to the ban on advertising these products), top car makers, and American soft drinks. McCann, for example, opened its office in Croatia in the mid-1980s, followed by other global players,

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including Grey and BBDO. In short, the advertising industry has a long history in the country.

“Big media systems are, in general terms, sustainable,” said Gavranović. “The real problem is with local media. Many of them are only operating still thanks to the financial support from their local governments.”

“Relevant advertisers want their target audiences. They do not have political preferences; they only serve their clients,” explained Krešimir Dominić, the planning and development director at Komunikacijski Laboratorij agency. However, the collapse of the biggest advertiser in Croatia, Agrokor Group, which dominated the market for years, has had profound consequences to the advertising sector. “The biggest spender is no more. That actually increased the power of the few remaining big advertisers, making media more dependent on them,” said Dominić. Although the public service broadcaster is advertising-restricted (up to four minutes of advertising per hour of broadcasting during prime time), the pricing policy seriously affects the commercial media sector. “The public service [media] has a guaranteed budget. It would be only fair to introduce a ban on advertising on it, giving commercial media more space to survive in the market,” said Rašeta. Advertisements are produced professionally, following global trends. “We didn’t invent native advertising,” said Gavranović. “But we introduced it in our market almost instantly.” This includes advertising agencies selling stories, as opposed to traditional forms of advertising. Because media are so desperate for advertising revenue, they accept many forms of advertising.

For the first time in many years, print

advertising revenue has dropped below 50 percent of the overall income of legacy media. “This is the result both of the migration of advertisement to other media platforms and a substantial increase in the cover price of daily papers,” explained Gavranović. “Generally speaking, we are following global trends.”

Croatia has adopted EU standards in regulating commercial advertising in broadcasting. Commercial broadcasters are allowed up to 12 minutes of advertising per hour of programming, while advertising on the public service broadcaster is restricted to nine minutes per hour during standard times and up to four minutes during prime time, which is from 6:00 pm to 10:00 pm. However, only a few commercial broadcasters are actually capable of filling their programming with the allowed minutes of advertising. Nonprofit radio stations are allowed to sell up to three minutes of advertising per hour, although they should reinvest the money earned in production and other content-producing costs. Aside from public sources, some of these stations also receive funds from international (mostly EU) sources as project-based grants.

“Government subsidies” is a broad term that includes many different forms of direct or so-called indirect support to the media sector. For example, the reduced VAT rate should be considered a “subsidy,” although it is indirect because it affects the whole media sector, not only select media outlets or projects. The subscription fee that goes to the public service broadcaster (collected in the form of a tax on television sets) is also a type of government subsidy, as is the Fund for Pluralization of Media. In some neighboring countries, including Serbia, governments use advertising to support government-friendly media or punish those that have been too critical. Controlling more than 60 percent of the advertising market, the Serbian government

is able to use advertising to exert its influence over the media sector, unlike in Croatia, where government-generated advertising is far less. Still, there is no absolute immunity. “Why should the state oil pipeline advertise in the media, other than to promote a certain political interest?” asked Živković. However, editorial pressures still exist, primarily in the preferential allocation of funds by local governments.

Mandatory EU standards also regulate this sector in order to establish a fair distribution of public money, if and when it goes to the media, and a fair distribution of government-generated advertising campaigns and awareness actions. There is also a stipulation that requires public companies to spend a minimum of 15 percent of advertising budgets in local media. Although this requirement still has not been fully implemented, it at least shows the intention of lawmakers.

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.

The level of sophistication of the advertising market would have been impossible without market research and different forms of media measurement, tailoring media to the needs of audiences, particularly national media. Local media have more limited options in that regard, as market surveys are usually too expensive. However, when it comes to local radio stations, the automation of the process, playlists, and news have limited the ability to address the needs of audiences, reducing most of them to a single format, differing only in music.

The audience ratings, circulation figures, and other media measurement statistics are reliable and independently produced, with no influence by political or other interests. The data are collected and analyzed by leading international providers (such as AGB Nielsen) and used by advertising stakeholders on a daily basis.

OBJECTIVE 5: SUPPORTING INSTITUTIONS

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Croatia's scores for Objective 5 have been relatively high for years—and for good reason. Trade associations in Croatia (primarily the Association of Local Media, the Association of Publishers, and the Association of Commercial Radio and TV Stations) have effectively promoted the interests of their members. The CJA is marking its 109th anniversary; it is one of the oldest professional organizations of its kind in Europe. The current regulatory and self-regulatory environment, as well as the level of media freedom in Croatia, would have been unimaginable without the active engagement of the CJA, which often serves as a role model for professional associations in transitional countries

and emerging democracies. Alongside the CJA, NGOs have also defended and promoted human rights and media freedoms in the country. Quality short-term journalism training and degree programs have existed. For example, the International Centre for Education of Journalists, run by the CJA, has provided quality training and networking for hundreds of journalists from emerging democracies.

Sources of newsprint, printing facilities, channels of distribution, and technology have been apolitical and market-driven since the first Media Sustainability Index (MSI) panel in the early 2000s. Still, most indicators in this objective are declining. The panelists agreed on the main reason for this trend: supporting institutions have not adapted to profound changes in global and local media and the societal environment in a timely manner. "Many of them only just realized the new millennium has started," Gavranović said.

The panelists did not reach a consensus on the effectiveness of trade associations. All sectors are covered (local and national; commercial and nonprofit; and print and electronic media), but there is an apparent lack of synergy in their activities. "Our media legislation is 10 or, in some cases, even 15 years old. This by itself tells a lot about the effectiveness of trade associations," said Matanić. Živković, adding that some trade associations are "very effective," but mostly in advocating for the particular interests of only some sub-industry groups. "The Association of Publishers managed successfully to introduce a super-reduced VAT rate on daily papers but didn't advocate for the same for weekly papers. They were focused only on their own, very particular financial interest," said Živković. Other panelists think the main reason for the lack of synergy is a lack of strategy. "It would be easier

to work within a defined framework and a defined media strategy," said Matanić. "That would also allow for more synergy in the trade associations' activities."

An organization with more than a century of active participation in public life deserves respect. However, in the case of the CJA, it is more than just paying tribute to the institutional continuity. The CJA had an immensely important role in 1990s, when the main pillars of freedom of speech, as well as the professional standards of journalism, had to be established in an environment shaped by war, criminal transition, and authoritarian political will. At that time, the CJA was much more than a journalists' association; it was one of the main promoters of human rights in general. "The CJA has improved its performances in the protection of freedom of speech and exposing violations of media freedom," said Živković. Hedl considers the CJA critical support in his everyday work, citing the security of knowing there is an organization that will advocate for him if and when it is needed.

The CJA also supports journalists with pro bono legal advice. In 2015, it introduced the Freedom of Expression Center, which monitors media freedom issues in Croatia. A team of 25 experienced lawyers, university professors, and volunteers are available 24/7 to journalists who have been threatened or whose legal rights have been obstructed, offering free legal advice and representation to its members. This is where Alečković sees a potential problem. "The CJA reacts promptly on any violation of media freedom," she said. "However, it's reacting to a problem that is already there. I have not seen recently activities from the CJA working to prevent violations of freedom of speech, or promote higher professional standards." Gavranović served as president of the CJA during the turbulent 1990s and managed to preserve the association's unity amid divisions along political, ideological, and ethnic lines.

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"In the 1990s, we had a clear set of goals. We knew where the threats to media freedom were coming from," he said. "It is much more complex now. Media freedom is challenged again, but these challenges are a consequence of the global crisis of the legacy media sector and profound changes in media production and consumption." In retrospect, what is the association's biggest failure? "I would say, not paying due attention to the education of journalists," Gavranović said.

"Even when training is free, journalists hesitate to ask editors and owners for a few days off. Sometimes I think journalists ask themselves whether their jobs would still be there after the training," said Leković.

The CJA has a number of sub-branches, representing all major sectors of the profession. The association also cooperates closely with international professional associations, including the European Federations of Journalists. Membership is fee-based, which represents a major source of the CJA's income. There are no legal restrictions when it comes to registering or participating in any professional association.

The close relationship in the work between NGOs and independent media in promoting media freedom was for years a distinctive feature of the journalism scene in Croatia. This helped in the successful transition from the authoritarian 1990s to an era that established concepts of free speech and press freedoms. "NGOs are still actively supporting media freedom," said Hedl, "But relations are no longer black and white, as they were in the '90s. People are disillusioned. Confronted

by a largely dysfunctional social system, media freedoms do not score as high as, say, 20 years ago." The panelists also pointed out a relatively new phenomenon of ultraconservative NGOs, which have captured significant media coverage and social relevance. "We have to explain processes, which takes understanding and a certain background. Conservative NGOs usually do not offer complex explanations; rather, they use catchy and often inflammatory rhetoric. Some of them, such as veteran and religious organizations, are trying to impose themselves as arbiters of social and political issues that go well beyond their nominal interests," said Berković.

There has not been any substantial improvement in the quality of journalism education and short-term training. With experience as both an active journalist/editor and a university professor, Perišin thinks that, given the circumstances, Croatia has good journalism degree programs. "The problem is that only a few of our best students can make it to the larger newsrooms. Media cannot absorb the number of graduates," she explained. Short-term training programs, once a strong feature of the CJA, are now very rare. "Even when training is free, journalists hesitate to ask editors and owners for a few days off. Sometimes I think journalists ask themselves whether their jobs would still be there after the training," said Leković. Božić added, "There are no mentorships in newsrooms. One should not expect even the best graduates in journalism to start working immediately without guidance and a certain period of learning-by-doing."

Since the late 1990s, sources of media equipment, newsprint acquisition, and printing facilities are apolitical and market-oriented. The surplus of supply over demand works in favor of media organizations and has reduced any potential out-of-market influence to a minimum.

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.

For years, the same applied to print distribution. However, the collapse of the Agrokor business conglomerate, which included newspaper distribution, has affected this important media segment. "Any increase in the margin of profit for distributors would result directly in cutting jobs in newsrooms," warned Gavranović. The Association of Publishers is actively preparing a new distribution model, favoring the public postal service as the new owner of distribution. However, the plan has yet to be finalized. Access to transmission channels, IPTV and cable platforms, and the Internet is open and regulated by international standards.

Mobile phone operators usually advertise their "premium" packages around Christmas and

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the end of the year. Although advertisements may make it seem as if the information and communications technology infrastructure meets the needs of the citizenry and media industry, Croatia has poor Internet speed, and it is expensive. "Croatia is at the bottom of the EU when it comes to Internet speed and at the very top in terms of cost of service," said Živković.

Panel Participants

Lamija Alečković, television journalist and editor, Zagreb

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

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

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

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

Emil Havkić, lawyer, media law expert, Zagreb

Drago Hedl, journalist and investigative reporter at Telegram website; publicist, Osijek

Saša Leković, freelance investigative reporter; former president of Croatian Journalists' Association, Fažana

Željko Matanić, Association of Local Media (HURIN), Zagreb

Tena Perišin, television journalist and editor; professor of journalism, University of Zagreb, Zagreb

Boris Rašeta, journalist at *24sata*, columnist at *Novosti*, Zagreb

Šantić Neven, journalist, editor at Daily News web, Rijeka

Živković Milan, media expert, Zagreb

Moderator & Author

Davor Glavaš, independent media consultant, Zagreb

The panel discussion was convened on December 20, 2018.