ALBANIA / BOSNIA AND HERZEGOVINA / BULGARIA

MEDIA OWNERSHIP

CROATIA / CZECH REPUBLIC / ESTONIA

AND ITS IMPACT

HUNGARY / KOSOVO/A / LATVIA

ON MEDIA

LITHUANIA / MACEDONIA / MOLDOVA

INDEPENDENCE

MONTENEGRO / POLAND / ROMANIA

AND PLURALISM

SERBIA / SLOVAKIA / SLOVENIA

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SEENPM

PEACE INSTITUTE, LJUBLJANA, SLOVENIA

This book is published within
SEENPM
South East European Network
for the Professionalisation of the Media
<http:www.seenpm.org>

PEACE INSTITUTE
Institute for Contemporary Social and Political Studies, Ljubljana, Slovenia

MEDIA OWNERSHIP AND ITS IMPACT
ON MEDIA INDEPENDENCE AND PLURALISM

PUBLISHER *Peace Institute, Institute for Contemporary Social and Political Studies,*
Metelkova 6, SI–1000 Ljubljana, Slovenia,
<http://www.mirovni-institut.si>.
EDITOR *Brankica Petković*
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PROOF READER *Michelle Gadpaille*
ADVISORY BOARD *Sandra B. Hrvatin, Algirdas Lipstas, Poul Erik Nielsen, Mark Milner and Ian Wright*
DESIGN *ID studio, Ljubljana, Slovenia*
TYPOGRAPHY *Warnock Pro and DIN*
PAPER *Superprint* $80g^2$
PRINTED BY *Tiskarna Hren Ljubljana, Slovenia*

CIP - KATALOŽNI ZAPIS O PUBLIKACIJI
NARODNA IN UNIVERZITETNA KNJIŽNICA, LJUBLJANA

659.3
316.77

MEDIA ownership and its impact on media independence and pluralism / [editor Brankica Petković]. Ljubljana : Peace Institute, Institute for Contemporary Social and Political Studies, 2004.

ISBN 961-6455-26-5

1. Petković, Brankica

213753344

MEDIA OWNERSHIP AND ITS IMPACT ON MEDIA INDEPENDENCE AND PLURALISM

The publishing of this book was made possible by donation from

OSI *Open Society Institute*
FRESTA SEE *Program of the Danish Ministry of Foreign Affairs*
GUARDIAN FOUNDATION

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PREFACE

This book is an attempt to map ownership patterns and their effects on media pluralism and independence in the countries of South East Europe and EU member states from Central and Eastern Europe. The eighteen country reports and a regional overview are a result of the project organised by the South East European Network for Professionalisation of the Media (SEENPM). The project was conducted from July 2003 to June 2004 and was led by the Peace Institute in Ljubljana, itself a member of the SEENPM.

The aim of the project has been to examine media ownership in these countries, focusing on the regulatory framework and implementation mechanisms, privatisation, ownership structure of the main media ownership patterns and their impact on pluralism and independence of the media.

Eighteen researchers and journalists from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Estonia, Kosovo/a,[1] Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, and Slovenia, collected and analysed relevant data from October 2003 to February 2004. The reports, therefore, reflect the situation at the end of 2003 and the beginning of 2004. Since media markets in these countries are very dynamic, with ownership structures and the number of titles changing on a daily basis, and since media legislation is subject to frequent changes as well, certain data in these reports will inevitably be out-of-date at the time of publication. However, this does not essentially affect the patterns governing the functioning of media markets, the behaviour of regulators and media owners, or their influence on media pluralism and independence described in these reports.

Although a common methodology was used in drafting these reports, certain variations do occur. First, the authors were free to emphasise those features of the media ownership situation that best illustrated the peculiarities of their media markets. Second, (non)availability and (non)transparency of information on media ownership in certain countries resulted in variations in the structuring and selection of data.

Finally, separate reports for Serbia, Montenegro and Kosovo/a, although parts of the formally common state, were necessitated by the post-conflict situation and international protectorate in Kosovo/a, and separate media systems in these units.

The project has been implemented with the support of the Open Society Institute Network Media Program, the Guardian Foundation and the Fresta Program of the Danish Government.

1 Considering two different names in use (Kosovo and Kosova), we have decided to use Kosovo/a in our book. The exceptions are official titles of documents and names of institutions.

It has been implemented in partnership with media centers and institutes, members of the South East European Network for Professionalisation of the Media, and some university departments and OSI national foundations in the respective countries.

The following institutions and the country reporters contributed to the implementation of the project:

COUNTRY	PARTNER INSTITUTION	COUNTRY REPORTER
ALBANIA	ALBANIAN MEDIA INSTITUTE – TIRANA	ILDA LONDO
BOSNIA AND HERZEGOVINA	MEDIA CENTER – SARAJEVO	TARIK JUSIĆ
BULGARIA	MEDIA DEVELOPMENT CENTER	VELISLAVA STOYANOVA POPOVA
CROATIA	INTERNATIONAL CENTER FOR EDUCATION OF JOURNALISTS – OPATIJA	STJEPAN MALOVIĆ
CZECH REPUBLIC	OPEN SOCIETY FUND – PRAGUE	MILAN ŠMÍD
ESTONIA	MEDIA CENTER	TAIVO PAJU
HUNGARY	CENTER FOR INDEPENDENT JOURNALISM – BUDAPEST	MIHÁLY GÁLIK
KOSOVO/A	KOSOVA FOUNDATION FOR OPEN SOCIETY	ISUF BERISHA
LATVIA	MEDIA CENTER	ANITA KEHRE AND ILZE NAGLA
LITHUANIA	JOURNALISM CENTER	AUDRONE NUGARITE
MACEDONIA	MACEDONIAN INSTITUTE FOR THE MEDIA	SNEŽANA TRPEVSKA
MOLDOVA	INDEPENDENT JOURNALISM CENTER – CHISINAU	TAMARA CARAUS
MONTENEGRO	MONTENEGRO MEDIA INSTITUTE – PODGORICA	MLADEN ZADRIMA
POLAND	INSTITUTE FOR JOURNALISM AND SOCIAL COMMUNICATION – KRAKOW	BEATA KLIMKIEWICZ
ROMANIA	CENTER FOR INDEPENDENT JOURNALISM – BUCHAREST	MANUELA PREOTEASA
SERBIA	MEDIA CENTER – BELGRADE	DRAGAN ĐOKOVIĆ
SLOVAKIA	CENTER FOR INDEPENDENT JOURNALISM – BRATISLAVA	GABRIEL ŠIPOŠ
SLOVENIA	PEACE INSTITUTE – LJUBLJANA	SANDRA B. HRVATIN AND LENART J. KUČIĆ

The project advisory board contributed to drafting and implementation of the project with much deliberation. The board included Poul Erik Nielsen, University of Aarhus, Ian Wrigh and Mark Milner, the Guardian, Algirdas Lipstas, Open Society Institute, and Sandra B. Hrvatin, University of Ljubljana and the Peace Institute.

Finally, the project team at the Peace Institute that developed and led this extensive and inspiring endeavour, included Brankica Petković, Sandra B. Hrvatin, Lenart J. Kučić, Olga Vuković, Søren Klougart and Neva Nathigal.

The reports in this book and effort invested in their preparation and presentation derive from the belief that media ownership increasingly shapes the way in which the media relate to public interest and citizens' rights.

REGIONAL OVERVIEW

Sandra B. Hrvatin and Brankica Petković

1. INTRODUCTION

Noam Chomsky repeatedly points out a simple conclusion that no conspiracy theory is needed for the analysis of media deviations in western countries. A handful of individuals and corporations that today own the majority of media outlets, acquired their holdings by openly supporting political elites in the countries in which their media operate. When Chomsky was asked years ago how corporate elites controlled the media, he answered: "That's like asking how corporate elites control General Motors. They don't have to control it. They own it" (quoted in Halimi, 2002: 41-2).[1]

In order to be able to analyse media ownership, and resulting media concentration, one has to know the right questions. Media concentration as such is not a phenomenon exclusive to contemporary societies, but one of its new features is an almost "incestuous relationship between politics and the media." Politicians use (and abuse) media for their own political purposes. Today it seems impossible to remain in power without the support of the media. On the other hand, media owners use their media to promote and disseminate their own political views, and exploit politicians to achieve their own (corporate) goals. By answering the question of who owns the media we also answer the question of who holds the reins of power.

The close interrelation of media, political and economic capital (sometimes in the hands of a single person) is a common feature of EU member states as well as the 18 countries included in this study. This book represents an attempt to delineate some of the basic characteristics of the media markets in post-socialist countries of South Eastern and Central-Eastern Europe (including new EU members), and to place these in the context of the decade-long debate over media concentration in Europe. It provides an overview of "media transition," methods of media privatisation, legal frameworks, the current state of media markets, the largest media owners in these countries and their formal and informal political links. Most importantly, it highlights the implications of media concentration for the independence of the media.

In transforming their media systems, post-socialist countries looked for clear "European standards" regarding restrictions on concentration, protection of media pluralism, journalistic freedom and media independence, and in so doing, they turned to the solutions and models employed by established European democracies. But what, in fact, is the "European viewpoint" on these issues? What is the viewpoint of the European Parliament (EP), the European Commission (EC) and the Council of Europe? Indeed, these three European institutions pursue two different approaches.

It was the issue of media concentration that brought to light the differing opinions and interests of the EP and the EC. In the early 1990s, the EP first put forward certain requirements regarding media concentration. This was followed by two draft directives, extensive consultation and a number of public debates coupled with strong lobbying on the part of the media industry. Finally, in 1997, the EC had to admit failure of its media policy.

In its 1990 Resolution on Media Takeovers and Mergers,[2] the EP explicitly stressed that "restrictions on concentration are essential in the media sector, not only for economic reasons but also, and above all, as a means of guaranteeing a variety of information and freedom of the press". This standpoint was confirmed by another resolution in 1994, in which it called on the EC to propose a directive regulating both the ownership structure and content of the industry at a pan-European level. The EP considered media pluralism "an essential element in the construction of the European Union in accordance with the requirements of democracy (EP, 1994: §N).[3] In the opinion of the EP, the strengthening of the competitiveness of the European media should be accompanied by the strengthening of economic and cultural pluralism in this area. The EP repeatedly stressed that media concentration could affect the freedom of speech of the media as well as of every individual. The EP again alerted the EC to this issue in April 2004, when it published the Report on the risks of violation, within the EU and in Italy in particular, of freedom of expression and information.[4] The report, describing the level of media pluralism in eight countries with a special stress on the dramatic situation in Italy, was written by the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs of the EP. It provoked a heated debate in the EP on April 21, 2004, which concluded with the EP calling on the EC to draft a directive on the protection of media pluralism in Europe.

Standards pertaining to this field do exist and are not specific to Europe but are universal. Article 10 of the European Convention on Human Rights guarantees freedom of expression and information with due respect for the principle of independence of the media. Provisions on media pluralism are contained in the Amending protocol to the European Convention on Transfrontier Television. Article 11, paragraph 2, of the Charter of Fundamental Rights of the European Union (2000/C 364/01) stipulates: "The freedom and pluralism of the media shall be respected." Council of Europe Recommendation No. R(99) 1 of the Committee of Ministers to Members States on Measures to Promote Media Pluralism recommends that the "member states should consider the introduction of legislation designed to prevent or counteract concentration that might endanger media pluralism at the national, regional or local levels."

Freedom of expression is a basic right of every individual. It is not geographically limited. It "belongs" equally to all citizens of EU member states as well as citizens of all other countries. There is no democracy without freedom of expression, nor without freedom of the media.

Why, then, is it necessary to regulate media ownership? Why must certain restrictions be in place? Media owners are in a position to influence media content, and the mere possibility that they would choose to exert such influence justifies restrictions. Their motives may be political, ideological, personal or commercial, but the outcome is the same. Media owners are those who dictate media content. In his book "Les nouveaux chiens de garde," Serge Halimi asks whether it is possible to imagine someone buying an instrument that offers the prospect of influence, but foregoing the chance of influencing the orientation of such an instrument (Halimi, 2002: 52). Fewer owners means lesser diversity of content. A prerequisite for the diversity of content is a variety of owners, meaning that media pluralism can be guaranteed only by plural ownership. Media concentration has an impact not only on media content but on the manner of reporting as well. The media are overwhelmed with "servile" (Halimi) and market-driven journalism (McManus) where the interests of owners and advertisers take priority over the interests of readers. Certain kinds of media content are used only as a guise to promote sponsored texts or advertising. In this case, "censorship is much more effective, because the interests of the owner are miraculously the same as those of 'information.'" (Halimi, 2002: 13) Investigative journalism and investigative articles are increasingly rare. Media owners tend to see journalists as non-essential items on their cost sheets, so streamlining in the media business is often accompanied by lay offs, salary cuts and widespread disregard for collective agreements. Today, the independence of both the media and journalists rests in the hands of media owners, and, consequently, so does the freedom of expression of every individual.

The reports collected in this book analyse the media in eighteen European countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo/a, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia.

Many reports in this book highlight the threat to pluralism posed by media concentration, a problem that is present in all European countries. For those who think that the situation in Western Europe is not near as bad as it is in post-socialist countries, there is one important message: *De te fabula narratur*. (This story speaks about you).[5]

2. LEGISLATION – PROTECTING THE INTERESTS OF THE STATE OR THE CITIZENS?

Following changes in the political systems of the late 1980s and early 1990s, post-socialist countries had to adopt new legislation and replace restrictive media laws. One fundamental issue was how to determine the new owners of media outlets formerly owned by the state or political parties. The state and political parties had never been media owners in the real sense of the word, because their kind of ownership was not one driven by capital gain. The state had not been interested in profit but exclusively in having control over media content. In accordance with this goal, exercising of ownership rights took the form of appropriating the right of access to information. Therefore, media markets in these countries were not markets as we know them elsewhere. Market laws were dictated and controlled by the state and the instruments employed ranged from determining the price of newsprint and newspapers to setting the terms of distribution and a monopoly on broadcast license allocation. Circulation figures or data on the number of radio and television sets had only statistical value and were seen as proof that media were available (if only declaratively).

However, while the state was not interested in commercial gain, political gain i.e. influence, was certainly the focus of its attention. In most of these countries, private persons were legally prevented from founding media outlets (in most cases newspapers were subject to very strict licensing requirements); the appointment of editors was a mechanism designed to secure political loyalty and in the broadcast field, state-run radio and television broadcasters held a strong monopoly. To this list of hindrances we should add restrictions on freedom of expression (in fact, the state held a monopoly on public expression) that were implemented by way of various formal or informal interfering with the journalistic process. In practice, this censorship was effected through an intricate system of measures ranging from "legal prohibition of 'hostile propaganda' and dissemination of 'upsetting news' to ideological threats and psychological extortion of journalists and public speakers, etc."[6]

One would expect that changes in the political system would have prompted rapid changes in media legislation, but the reality was different. The adoption of new media legislation proved to be a long process and, more importantly, legislators lacked vision as to how this area should be regulated. This can be partly attributed to historical factors such as experience of restrictive legislation through which every organisational aspect and content of the media was controlled, and the role that the media (as representatives of civil society) played in political changes. In fact, there was a very short period of time in which the public interest was not in conflict with that of the state. As a result, the opinion that the newly acquired freedom of expression should not be limited by restrictive media legislation prevailed in most of these countries. Public debates were based on the assumption that media legislation was not necessary at all, that is to say, that the media should be left to be freely regulated by an ideologically and politically "neutral" market (as the media market was seen at that time). Therefore, most of these countries intervened in the media sphere only when the effects of market forces became manifest. Unfortunately, this intervention came too late.

Oscillation between the two poles, i.e. strict regulation and deregulation (liberalisation), was best demonstrated by repeated amendments to existing laws. In Bulgaria, for example, the 1998 Law on Radio and Television was amended nine times – twice in 1999, once in 2001, three times in 2002, twice in 2002 and once in 2003. These interventions clearly demonstrated the state's wish to (re)establish control over the media. Croatia amended its media laws eleven times in the past decade, with the law regulating public service broadcasting having been amended eight times. The current director general of the public service broadcaster, *Hrvatska Radio Televizija* (*HRT*), witnessed three legislative amendments in the course of his term in office. Some among these radically altered the composition of the *HRT* Council as the highest management and supervisory body – it changed from the Council whose members were appointed by political bodies, to the Council composed of individuals appointed by various civil associations (as representatives of the public interest), to the Council that represented a compromise between political interests represented in the Croatian Parliament. On the other hand, Estonia, for example, saw four bills pertaining to the media, but none of these was passed. These bills were drafted with different goals in mind – some attempted to define what media should do and others lay down requirements concerning objectivity and representation of the interests of various social groups. Although the Estonian media are (indirectly) regulated by ten different laws, only the Broadcasting Act passed in 1994 directly addresses the media sector. But the Broadcasting Act was adopted two years after the majority of the current broadcast media were established and, much like media legislation in other countries, it has undergone several amendments. The bill drafted by the Estonian Ministry of Culture in 1995, proposing a system of regulation (licensing) of new publications owned by foreigners, is just one example of abortive attempts to introduce media legislation. Opposition from within the media community was so strong that the bill never reached Parliament.

In Moldova, the Press Law passed in 1994 has gone through eight amendments. Most of these changes pertained to the regulation of ownership relations. The Moldovan Press Law and the Audio-visual Law do not include the concept of owner but instead use the terms founders or co-founders, meaning that these laws do not address the concepts of ownership and concentration. Out of a total of seventeen amendments, only one directly addressed the issue of ownership by prohibiting cross-ownership between telecommunications operators and broadcasters. This article was subsequently invalidated by the Constitutional Court with the explanation that it restricted freedom of expression. Chapter 12 of the Press Law entitled "Financing" was amended four times (in 1995, 1998, 1999 and 2001). According to the first (1995) amendment, support to the press provided by foreign legal and natural persons was allowed. However, the 2001 amendment prohibited the governments of foreign countries from supporting the Moldovan print media except in cases where such support was regulated through collateral agreements. This legislative initiative was tabled by the new parliamentary majority. The Audio-visual Law (passed in 1995) was amended seven times. The most significant amendments were those of 1999, stipulating that 65 percent of all radio and television programming be in the official state language.

One could argue that in many cases these frequent amendments to media laws were not backed by a clear vision of the implications of these changes. But some changes resulted from the lack of political will to implement the existing laws, only aggravating the effort to create favourable conditions for an effective functioning of institutions responsible for the implementation of laws.

When speaking of the difficulties experienced by these countries, we should not overlook the fact that they were not prepared for the new conditions created by changes in the political sphere, and that this brought about additional problems. Some countries gave in to the conviction that media laws were not needed at all, while elsewhere, media laws turned out to be a mixture of provisions and solutions employed by "comparable" European countries. Nor were various European institutions any better prepared for this situation. From their perspective, the post-socialist countries looked like a kind of uniform "eastern system." However, while it is true that the vast majority of these countries shared a communist or socialist past, their social systems were radically different in practice, as were their legal and media systems, and ultimately, their new governments and the pace of media democratisation. As a result, legislative models offered to those countries looking for "help" in adopting new media legislation were frequently inadequate. These were actually attempts to transplant to post-socialist countries various individual solutions (or complete media legislations) employed by EU member states. But these legislative proposals were unsuitable and, more importantly, not adapted to the needs of these countries. The case of Albania is a typical example of such an inadequate solution, a model that smoothly operates in the source country but causes difficulties in a country to which it is transplanted. The Albanian press law passed in 1993 was drawn up with the help of the German foundation, Friedrich Ebert. It was based on the recommendations of independent experts and modelled after the law of one of the German states. However, the makers of this law did not take into consideration the historical development and special features of Albanian society, i.e. the rudimentary media system that had been subject to total control in the past. The result was a law that the media community (which was excluded from the drafting process) assessed as restrictive. This law was replaced with a new one in 1997, and it included just one general provision: "The print media are free. Media freedom is protected by law." In light of such circumstances, it is not difficult to understand the words of Albanian poet and MP, Prec Zogaj, who concluded that the Albanian media found themselves in a situation in which there was "freedom of the press, but no free." (*Indexmedia*, 2002 (1):39)

In contrast to the print media that were left almost entirely to market forces, the broadcasting sector continued to be influenced by the state. Most of the countries examined here introduced special authorities that were responsible for broadcast license allocation with a view to public interest, and for the supervision of radio and television stations i.e. their compliance with the applicable laws. The problem was that in many countries, these authorities were introduced too late, only after many important decisions had already be taken by the state. For example, all until 2000, when the Lithuanian Radio and Television Commission was established, the Lithuanian public broadcasting sector was strictly regulated, in contrast to the private/commercial sector that was subject to virtually no regulation. Until the establishment of the Commission, the majority of radio and television stations operated on the basis of their foundation certificates which, however, did not regulate their basic activity – radio and television broadcasting. In Slovenia, from 1990 until the adoption of the Mass Media Act in 1994, the national authority for broadcasting frequencies (Telecommunications Office) allocated broadcast licenses even though there was no legal basis for allocation. The issuing of licenses began in 1993 under the guise of democratisation and under public pressure, and most licenses were granted to commercial broadcasters. All the important licenses, that is to say, those covering the largest portions of the country, were distributed before the adoption of the Mass Media Act. Consequently, the newly founded supervisory body, the Broadcasting Council, which according to this law was responsible for license allocation, inherited an exhausted frequency fund, chaotic ownership relations and invalid (or non-existent) programming concepts that served as the basis for granting broadcast licenses. In other words, the law established a regulatory body that could no longer influence the future development of the country's broadcasting sector.

Obviously, these formally independent institutions with wide authority, ranging from licensing and passing of decrees to supervising broadcasters' operations, face numerous problems in their work. The method by which their members are appointed – one of the basic criteria in assessing the independence of such institutions – is just one among many controversial issues. In Albania, the seven-member council is confirmed by Parliament – one member is proposed/recommended by the head of the state and six by political parties (the ruling and opposition parties). In Bulgaria, members of the Electronic Media Council are nominated by parliamentary parties and the President. In Slovenia, the seven-member council is nominated by civil institutions (the university, the journalists' association, the chambers of culture and commerce), but approved by Parliament. In Serbia, the implementation of the Broadcasting Law (passed in 2002) was delayed over the appointment of the Broadcasting Agency members. In fact, when appointing two members of the Agency, the previous Serbian Parliament, as the supreme legislative body, violated the provisions of the law that it itself adopted. Regulatory bodies nominated by political actors are primarily accountable to politicians and only later to the public whose interests they should be representing. Their independence can be restricted in various ways: by reducing their funds (Croatia, Slovenia), by refusing to confirm their annual reports (Albania, Poland), or by obstructing the implementation of public supervision (shortage of staff).

3. MEDIA PRIVATISATION

One of the basic questions related to the changes in media systems was the determination of the owners of existing media outlets. The media (radio and television systems) were the property of the state, political parties and associations, or, in the case of the former Yugoslavia, media outlets were socially-owned. While in principle there existed a political decision to leave the media to market forces, there was no such "consensus" regarding the method of privatisation. In most of these countries, privatisation began spontaneously, to be regulated by the state only later. Eventually, media were either sold off or ended up in the hands of the state or various state funds. To put it differently, in those countries in which media were socially-owned, state-controlled media were transformed into state-owned media.

In the Czech Republic, for example, the majority of the country's media companies were privatised during the period of spontaneous privatisation (1990 to 1992), with the remainder during the period of state-controlled privatisation (1992–1994). In 1993, not a single media company in the Czech Republic remained in the hands of the state. The Czech Republic was also the first among the Central and Eastern European countries to allocate a television license with national coverage to a private owner (*TV Nova* received a national license in 1993). The new media owners who acquired their media shares in the period of spontaneous privatisation badly needed strategic partners to invest money in the development of these media, because they did not have capital of their own. Journalists and former employees of media companies who acquired media shares during this period sold these once their market value increased.

In Estonia, for example, the privatisation process of the state-run media lasted approximately five years (1991 to 1996). In 1997, the state held only a few print media targeted at specialised readership. The initial course of privatisation was partly induced by the inactivity of the state. The moment the state could no longer provide the print media with production essentials (e.g. newsprint), media companies established their own departments whose task was to generate revenue from advertising and provide money for the purchase of essential supplies on the grey market. These privately managed media naturally wished to be formally privatised. But although the state abandoned its responsibilities towards its own media, it did not completely surrender the opportunity to influence them – pressure on journalists continued. The opinion that prevailed among journalists was that, in order to protect freedom of expression and ensure independence, the best solution was to sell media to their editorial offices. This was what *Postimes* did, a newspaper that later evolved into the largest media company in Estonia, Eesti Media. In contrast to national dailies, the local and regional dailies in Estonia experienced an entirely different fate. Most of these were simply "handed over" to local governments to be managed by them. Their privatisation (until the end of 1996) was accompanied by a number of conflicts. Local politicians openly interfered with journalistic work. Some went so far as to appoint local politicians as editors in chief. The ultimate result of the privatisation of local newspapers was a sell-off, with most of these going to large foreign-owned media companies.

The privatisation process in Latvia was similarly spontaneous in the initial phase and only later regulated by the state. Spontaneous privatisation raised the issue of determining formal ownership rights. The "new state" took over all property of the "former state" (including state-owned media), but the issue of property of the former Communist Party and related organisations remained open. The privatisation of media previously owned by the Communist Party began and ended even before the state determined to whom these media actually belonged. The second round of privatisation began in 1992 with the adoption of the Law on Privatisation. The largest Latvian daily, *Diena*, was privatised in accordance with this law. Only six years later, in 1998, did the state commence with the privatisation of the country's largest printing house. And it was precisely in the area of press distribution where concentration actually continued, despite the state monopoly's never having been properly eliminated.

In Lithuania, the privatisation of the print media began in the 1990s when the Government discreetly agreed to stop interfering with the media. The majority of media outlets were privatised to journalists and employees. Several years later, when their price increased, most sold their shares to large publishing companies or foreign investors.

Privatisation in Hungary followed a similar path with the period of spontaneous privatisation having been followed by privatisation based on the newly adopted legislation. However, spontaneous privatisation, frequently labelled as "scandalous", later proved to have involved fewer irregularities than state-controlled privatisation; the greatest scandals accompanied the legislation-based privatisation of the largest national media.

Unlike the majority of other post-socialist countries, Poland pursued the model of state controlled privatisation from the very outset. The privatisation of the largest publishing company RSW (The Workers' Publishing Cooperative, "Press-Book-Ruch") that had dominated the Polish print media market for 40 years, may be taken as a model of print media privatisation in Poland. At the end of the 1980s, RSW was one of the largest media companies in Central Europe. The legal framework for the privatisation of RSW was laid down by the 1991 Act on Liquidation of The Workers' Publishing Cooperative "Prasa-Książka-Ruch." The process of privatisation was carried out by the liquidation commission appointed by the Prime Minister. In carrying out this privatisation process, the commission pursued three basic strategies: "assigning newspaper and magazines to staff co-operatives (this required approval from more than half the employees who were required to invest three-month's salary in the purchase), selling off the press titles to private owners, and returning the remaining property to the control of state treasury."[7] At the beginning of its activities, the commission controlled the privatisation of 178 newspapers and periodicals, of which 71 were given over to editorial teams (including two leading news weeklies), 104 were sold to private owners and three were returned to the control of the state treasury. In 2000, the Commission submitted its final report (accepted by the Minister of Finance) and formally concluded its mission. It turned out that the primary result of the process was the dismantling of this media giant, but the goal of safeguarding media pluralism was not achieved.

In the case of Slovakia, it is not possible to speak about a specific model of privatisation. All print media had to struggle with the strong interests of the Government, both at the beginning of privatisation as well as later in connection with access to distribution networks and printing plants. The largest distribution network with a monopoly on the market was privatised in 1998 (six months ahead of elections). It was privatised to individuals very close to the ruling party.

Albania saw no privatisation of the media sector, so one cannot find journalists, editors or former media employees among the current media owners. *Zerri i Popullit*, the largest party daily in the previous system, is owned by the Socialist Party. The Albanian Directorate of Economic Competition, charged with exercising control over the price of newspapers, cannot exercise such control over party newspapers and magazines because these are exempt from the Law on Competition.

Early privatisation in Bosnia and Herzegovina was uncontrolled and the process is still underway. Local and cantonal authorities still have shares in the media and frequently use them to exert pressure on journalists.

According to official data, in 2003 the Croatian Government was the largest media owner, although the privatisation of media in Croatia began as early as the late 1980s. The Government still owns 83 media companies, among these two daily newspapers, tens of local and regional publications, a press agency, a printing company, the public broadcaster, *Hrvatska Radio Televizija*, and the public company, Transmitters.

4. MEDIA MARKETS

When comparing media markets in post-socialist countries we compare not only markets of different sizes, but primarily markets offering essentially different conditions for media operation. In certain countries, data on media business operations are not transparent – either no central register of companies exists, or data on ownership stakes supplied by media companies are not checked, or circulation figures are not available despite legal obligation to publish these (in some countries circulation data are treated as a business secret), or there exist no independent surveys of the readership or audience shares.

Despite these differences, it is possible to identify certain common denominators. Most of these markets are small and fragmented, hosting a great number of media, particularly broadcast media, or there are parallel markets divided along linguistic lines. Another feature shared by these markets is the existence of close links between the largest and the most influential media on the one hand, and local owners of capital and political parties on the other. This underlines the urgent need to have transparent ownership data. Public access to data on media ownership and owners' business and political links enables citizens to form an opinion on the editorial policy of a specific media outlet. Unfortunately, data on ownership stakes cannot reveal other potential forms of corporate linkage between companies that are not officially related or merged, although it is precisely these informal links (those not listed in any register) that may point to the conflict of interest or, indirectly, to editorial dependence of a particular media outlet.

Local media markets within these countries introduce a special kind of problem. These markets suffer the most serious consequences of media concentration and of the interplay of economic, political and media power concentrated in the hands of a single owner. Local media markets are particularly sensitive to various kinds of external pressures. Owing to the limited advertising potential (and local advertisers are also local entrepreneurs and politicians) and dependence on advertising income, it is journalists working for local media who are particularly exposed to strong pressure.

Private media outlets are frequently not seen as business undertakings but exclusively as tools for achieving economic or political power. For example, print media in Macedonia are not propelled by market laws. Advertisers do not buy advertising space on the basis of circulation figures or reach, but on the basis of media relations with influential political and business circles in the country. Those companies whose chairmen or executive directors are close to government circles or political parties place their advertisements with the media that support government policies. This politics-friendly advertising artificially keeps alive certain publications that would otherwise never be able to survive on their own.

A single owner thus frequently impersonates a combination of media, economic and political capital. One of the most powerful Macedonian businessmen, Ljubisav Ivanov, is the owner of *Sitel Television*. Officially, the owner of this television station is RIK SILEKS, a shareholding company of which Ivanov is the majority owner, chairman and general manager. This same shareholding company is the founder of eleven other companies operating in various fields ranging from mining, industry and agriculture to trade and finance. The example of the former Macedonian Minister of Finance, who is the owner of one of the largest local television stations, *Kanal 5*, also indicates close connections between politics and the media.

The co-owner and president of the Latvian radio station, *SWH*, who was criticised for his open support for the liberal Latvia's Way party during the run-up to the elections, claimed that on his radio station he could "do whatever he wants," unless it scared away the audience.[8] Foreign media owners buying media shares in post-socialist countries are well aware of the importance of local political "support". Martin Pompadur of Murdoch's News Corporation stated for the Bulgarian *Capital* weekly (February 6, 2000): "I cannot imagine us investing in newspapers. We own newspaper business in Australia, UK and a daily in USA, but outside the English-speaking world we would really feel uncomfortable in press business. In many countries newspapers have political affiliations, but we always insist on 100 percent independence."[9]

Bodo Hombach, CEO of the German media concern, WAZ, stated for the Macedonian *Dnevnik* weekly (1 November 2003) that WAZ ensured the independence of editors and journalists working for their newspapers. "The situation with the media in Southeast Europe is rather hard, but wherever we are, the media are stable. We watch journalists' backs, so they can concentrate on their job." WAZ appointed Srđan Kerim, a former diplomat and the former Foreign Affairs Minister in the VMRO-DPMNE–Liberal Party coalition government a member of the managing boards of all three Macedonian papers owned by WAZ.

Željko Mitrović, the owner of *TV Pink*, the most popular regional television station in the former Yugoslavia, was an MP in the former federal Parliament as a candidate of Mirjana Marković's party (Slobodan Milošević's wife). He described his involvement in politics as a pragmatic business move. In his words, he was never interested in having a political role but accepted it for business reasons – to protect his business.[10]

Among the largest owners of the Albanian *TV Koha* one finds the Minister of Agriculture and the mayor of an important Albanian city. Most of the "local/domestic" media owners are also owners of other businesses, and these other businesses are the source of funds used to support media outlets. Therefore, advertising revenue is not an issue for these media companies. The main advantage of media ownership is the potential to exert political influence. Media power is political power, so for media owners, media outlets are primarily a political lever of influence.

Some owners buy media in order to secure support for other lines of business. In Kosovo/a, for example, Ekrem Luka owns the most popular radio in Kosovo/a, *Radio Dukagjini*, *TV Dukagjini*, Dukagjini Publishing House and Dukagjini Printing Plant, a basketball team, a tobacco company, a construction company and an insurance company.

In Bosnia and Herzegovina, state subsidies and donations rather than distribution and advertising revenues continue to be the main sources of income for media companies. Since 1996, the U.S. Government alone has invested some USD 34 million to support independent broadcast and print media. Add to this the donations of the European Commission and various NGOs (e.g. Open Society), and it becomes obvious that the apparent media pluralism, albeit mainly external, is predominantly based on various forms of aid. "But it is a question how many media would be able to survive without this help. One consequence of their dependence on donations is demonstrated through their specific political dependence on institutions or countries that provide these funds. Experience has shown that the majority of sponsored media have been created as political projects and thus failed to achieve commercial success."[11]

In Moldova, the Law on Sponsorship and Philanthropy does not differentiate between media outlets and other beneficiaries of sponsorship schemes. The share of sponsors' money in some media amounts to as much as one-third of total revenue. But media sponsors, although likely expecting favours in exchange for their support, remain hidden. By definition, sponsorship means direct or indirect financing of media with the purpose of promoting the sponsor's name, trademark or image. A media outlet that is sponsored but declines to publicly disclose the name of the sponsor, or identify content that is being sponsored, cannot claim any real credibility.

One form of interference with the media market is distribution or redistribution of various kinds of state aid. In Albania, for example, there is no portion of the state budget earmarked for the support of media pluralism, but the state does intervene in this field, for example, by renting office space at a price lower than that on the real estate market. However, given the lack of precise criteria and non-transparency of selection methods, this kind of intervention may be abused. When selecting media for state-sponsored advertising, which represents a considerable part of the total advertising revenue on the Albanian media market, the state opts for those media that are not critical of the Government and its policies.

Hungary also knows a "grey zone of subsidies" consisting of advertising money paid by government organisations, state-owned companies, municipalities and so on. While the amount of this sum is difficult to estimate, most experts agree that it accounts for 8 to 10 percent of the aggregate advertising spending (approximately EUR 500 million in 2002).

This kind of advertising is not driven by market forces, but given the total amount of money generated in this way, grey advertising is more important and more influential than other official sources of state aid.

One of the basic problems of media markets in post-socialist countries is monopolies over press distribution. In most of these countries, it was precisely the privatisation of distribution networks that demonstrated that by restricting access to distribution, it was possible to control the entry of new media. In Bulgaria, for example, the distribution network is in the hands of only a few owners. Two distributors have ownership links with the largest publishers (one is WAZ), so by setting unfavourable terms of distribution they can influence the market position of other print media. The third distribution network was bought by the consortium of the Bulgarian print media established exclusively for the purpose of this purchase with a view to securing better circumstances for the distribution of their publications. In Albania, distribution networks cover bigger cities. Add to this the fact that the monthly subscription to a daily newspaper amounts to 13 percent of the average salary, and it becomes obvious that the already limited market is subject to additional restrictions.

We have already said that media markets are not primarily driven by economic factors. A relatively large number of daily newspapers were launched with the intention of securing certain political interests. Hungary, for example, has four political dailies. According to industry analysts, the Hungarian market can sustain only two titles: the centre-left *Népszabadság* (49.97 percent owned by Ringier A.B., 17.68 percent by Bertelsmann A.G. and 26.5 percent by Free Press Foundation) and the centre-right *Magyar Nemzet* (its majority owner is a Hungarian who is also editor in chief).

The Polish print media market, dominated by foreign owners, is characterised by intense consolidation. There were 25 mergers in 2000, with this number rising to 31 in 2001. According to the 2002 report from Arthur and Andersen (Report on the Media Market in Poland), this represents 7 and 8 percent of all mergers in Europe respectively. The investment needed to launch a new daily is currently estimated at EUR 22 million, a sum approximately twelve times less than that needed to launch a new private TV channel with national coverage. Local and regional media markets are those that suffer the most serious consequences of media concentration, mergers and consolidation. As a result, the regional media market is almost completely in the hands of the two biggest market players, the Norwegian Orkla and Polska Press.

In the Czech Republic, foreign investors initially employed the strategy of media ownership expansion. Particularly active were smaller German publishers who acquired almost complete control of the local and regional newspaper market. And why did large media corporations such as WAZ or Alex Springer decide not to enter the Czech market? One possible explanation is that "big players" were primarily interested in the purchase of national dailies, but at that time they were either unprofitable or already had owners that were not willing to sell their majority shares. Some time around the year 2000, the German investors reached a mutual agreement on the future of the Czech regional press. Today, the publishing house Vltava-Labe-Press, owned by the German Verlagsgruppe Passau, controls nearly all regional and local newspapers in the Czech Republic. VLP's Bohemia division publishes 45 daily newspapers, and the Moravia division 9 daily newspapers. VLP also publishes the Prague evening paper *Večerník Praha*, 17 weekly papers as supplements to individual regional dailies, and 2 independent regional weeklies. New media are virtually prevented from entering the regional newspaper market.

The largest circulation daily in Kosovo/a is *Koha Ditore*, published by the private company Koha Group owned by Veton Surroi. The Koha Group portfolio also includes the Koha Print printing house, *Koha Vision Television* (*KTV*) with national coverage, and the Koha Net Internet Provider. The *Koha Ditore* daily can sustain itself, while the television station is financially supported by various NGOs (e.g. Open Society) and governmental organisations (e.g. USAID). *Radio Television 21* (*RTV 21*) is a private multimedia company owned by the Saracini/Kelmendi family, comprising *Television 21*, *Radio 21* and the web radio, *Radio 21.net*. Neither of the two television stations (*KTV* and *Television 21*) would be able to survive on the market without foreign aid. Neither can the newspaper market sustain all five dailies currently published in Kosovo/a (only *Koha Ditore* is self-sustainable). Furthermore, none of the weekly newspapers generates a profit. Of the five weekly newspapers currently published, only *Zeri* has a chance of surviving in the market.

To briefly recapitulate, the media markets covered by this study are defined by the strong presence of foreign owners and close links between owners and people wielding economic and political power. Their other common features include an expanding market for tabloid media, concentration of local and regional markets, and a great number of radio and television stations operating in haphazard broadcasting markets with weak public service broadcasters.

In the past decade, the broadcasting market changed at a slower pace and was more thoroughly regulated by the state. The majority of these countries inherited state-run monopolists in the radio and television broadcasting sector from the previous system. But these radio and television companies, scheduled to be transformed into public services, were not ready for change. The majority had inefficient organisational structures, were overstaffed, poorly managed and lacked vision or desire to change. The promises given by the new governments were only declarative commitments, but the authorities failed to create the essential conditions for the transformation of state-run companies. Consequently, one decade of change in the broadcasting market may be described as ending in the replacement of the state monopoly with the commercial sector monopoly.

In Slovakia, *TV Markíza* has ended up with no real competitor. Slovakia passed anti-concentration legislation only in 2000, but its implementation proved to be a problem. Not one ruling of the Council for Broadcasting and Retransmission issued by 2003 established a breach of anti-concentration provisions. The Council is elected by Parliament, so powerful media groups can influence the selection of candidates and prevent unfavourable consequences for their businesses.

In Hungary, the two national commercial television channels, *TV2* (80 percent owned by SBS) and *RTL Klub (*49 percent owned by CLT-Ufa S.A./Bertlesman, 25 percent by Matáv RT. and 20 percent by Pearson Netherlands B.V.) had a combined audience market share of almost 60 percent in 2003, and around 90 percent share of the advertising market. The situation on the radio market is not much different. The shares held by the two national commercial radio channels broadcasting under the brand names *Danubius* (100 percent owned by Advent International) and *Sláger (*Emmis Broadcasting International Corporation - 54 percent, Credit Suisse First Boston Radio Operating B.V. – 20 percent, and Szuper Expressz Kft – 15 percent) are estimated at some 50 percent of audience market share, and more than a 60 percent of advertising market share. The Hungarian Broadcasting Act was passed after long parliamentary debates in 1995. The only relevant changes to the Broadcasting Act of 1996 were legislated in 2002, but they did not touch upon anti-concentration provisions; the Competition Act of 1996 has been amended several times.

The Polish broadcasting market is divided between one strong public broadcaster (53 percent market share) and several private broadcasters (47 percent share). The television landscape in Poland was shaped during the first licensing period (1993–1994). The main goal was initial pluralism of broadcasters addressing different audiences instead of competing for the same audience segments. Accordingly, licenses were granted to 11 domestic broadcasters (one national – *Polsat*, one supra-regional – *Telewizja Wisla* and nine local) and one foreign broadcaster (pay TV – *Canal Plus*). This strategy envisaged a balanced development of the television broadcasting market in which the dominance of the public broadcaster, already offering two national channels (*TVP I*, *TVP II*), 11 regional channels, 1 satellite channel (*Polonia*) and a TV newspaper channel (*Telegazeta*), would be offset by a strong private sector. In 2000, Poland had 40 TV channels, among them two digital platforms, eight national and supra-regional domestic channels and nine local TV channels. The 2003 report by the National Broadcasting Council noted an increased capital concentration in the radio market, in particular the intensified activities of two owners of local radio station networks – Agora (in 2003 it owned 28 local stations) and ZPR (24 local radio station, 21 of these incorporated in the Eska network). More than half of the local radio stations operating in the 7 largest local markets in Poland are concentrated in the hands of these two owners.

Czech media legislation does not restrict foreign participation in media. The only limit on cross-ownership in the Czech media pertains to the broadcast media – under the Broadcasting Act of 2001, one company may hold only one nation-wide television or radio broadcasting license. According to the criteria of the Czech Office for the Protection of Competition, all mass media form a single market. In the market thus defined (the threshold is 30 percent), no publisher, broadcaster nor media company can have a dominant position on the "relevant market."

The Macedonian broadcast market is highly segmented. Legal restrictions prevented concentration of media ownership. Under Macedonian law, a broadcasting concession may not be transferred to a third person. In practice this meant that it was not possible to buy an existing media outlet but prospective media owners had to establish new ones (i.e. apply for a frequency license). Understandably, pressure on the regulatory body, the Broadcasting Council, was very strong. It is possible to argue that in those countries that introduced clear legal provisions restricting concentration, and in which regulatory bodies adhered to the implementation of these restrictions, there was no significant media concentration.

Among the key instruments used to prevent concentration in the media market are general competition legislation (and, more importantly, its implementation) and special restrictions included in media laws. Most of these countries do have general competition laws and special "safety valves" incorporated in media legislation, but what presents difficulties is the application of general competition provisions to the media field (definition of the relevant market, dominant position and abuse of this position), a problem that is only augmented by the inefficiency of special institutions protecting competition.

Most of the competition protection laws define concentration as cases in which individual companies together with related persons control 40 percent of the relevant market. In Albania, for example, provisions are quite clear prohibiting the reduction of prices if the aim is the elimination of competition; damaging of reputation (i.e. false statements about competitors in order to ruin their business); convincing of employees to breach their contract with a competitor and hiring those employees in order to gain a competitive edge. In reality, however, breaches of these provisions are a common practice.

5. PARALLEL MARKETS

One feature of the post-socialist media markets is the existence of parallel markets divided along linguistic (and ethnic) lines. Parallel markets operate as part of the internal market or, in some cases, they are the result of a special form of media "intrusion" from another (neighbouring) country. Take, for example, the Moldovan media market. It is divided into the Romanian-language and Russian-language markets. The *Komsomoliskaia pravda Moldova* is an eight-page publication inserted in the periodical published in Moscow and distributed in Moldova. The Russian radio stations in Moldova "inform the Moldovan audience about weather forecasts for the Moscow region, decisions of Russian leaders, books published in Moscow which the Moldovans cannot buy, … and even about traffic jams on Moscow streets."[12] However, the audience for these radio stations are the citizens of Moldova, many of whom have never been to Moscow or will never go to Moscow. Newspaper supplements and inserts, radio and television programs broadcast by foreign television stations and re-transmitted in Moldova, are characteristic features of the Moldovan parallel media system. Another feature is two speeds of development: a slow pace of development characterising national daily newspapers and broadcast media with national coverage, and a faster pace for weekly newspapers, local media and publications owned by political parties. A conviction held by Moldovan businessmen (mainly ethnic Russians) is that "a good business is a Russian language newspaper." But the polarisation of the Moldovan media market into the Romanian- and Russian-language markets has another consequence too: it obscures the presence of other ethnic minorities that remain unheard and unseen.

In some countries, the existence of parallel (language) markets cannot be said to promote pluralism, but the effect is just the opposite: exclusion, or media ghettoisation. In Estonia, for example, approximately 400,000 Russian-speaking citizens can choose from among 20 newspapers in Russian. After the Government decided, in 1993, to stop translating television programs, the Russian-speaking population formed consumer cooperatives, bought satellite dishes and started to watch Russian channels by satellite. It is possible to say that the television sector in Estonia is divided between the Russian and Estonian ethnic groups, with each of the two viewing programs exclusively in its native language. The information and media markets in Latvia are similarly polarised along linguistic (ethnic) lines. The number of Russian print media has been on the increase, in contrast to the Latvian print media market that experienced consolidation. The print media in Bosnia and Herzegovina are faced with strong competition from newspapers published in Croatia and Serbia and distributed across Bosnia and Herzegovina. The Montenegrin radio and television market was directly influenced by political events, i.e. relations between Serbia and Montenegro. In 1990, there was only one, state-run broadcaster in Montenegro. The only competition it faced was that from *RAI UNO* and *RAI DUE* that were watched more than the programming offered by the state broadcaster. Today Montenegro has a number of its own radio and television programs and their strongest competitors are Serbian channels. In fact, virtually every Serbian television station, except *B92*, is present in Montenegro, either broadcasting on temporarily acquired frequencies or as part of the programming of

Montenegrin radio and television stations. One should add that Serbian print media are also regularly distributed in Montenegro. By contrast, no Montenegrin radio or television station broadcasts its programming in Serbia.

The public service broadcaster in Macedonia broadcasts in Albanian, Turkish, Romany, Serbian, Vlach and Bosniak, that is to say, in the languages of various ethnic minorities living in Macedonia. Of the 54 local commercial TV stations, 13 air programs in Albanian and two in Romany; of the 67 local commercial radio stations, ten air programs in Albanian, three in Romany and one in Turkish. One radio station in Skopje broadcasts a bilingual program (in Macedonian and Albanian). It is obvious that there are several parallel language markets in Macedonia. But when determining whether a certain company abused its dominant position on the print media market, the Macedonian monopoly authority decided that the notion of the relevant market should also include newspapers in Albanian, explaining that the readers of Albanian-language newspapers are also able to read newspapers in Macedonian. It thus ignored the basic characteristic of parallel markets i.e., language differentiation, as well as the fact that it is disputable whether the Macedonian-speaking population can also read newspapers in Albanian.

Finally, let us mention the case of Kosovo/a, where parallel media markets mainly consist of the Serbian- and Albanian-language media. *Zeri* and *Java* are the two Albanian weekly newspapers with the largest readerships; *Jedinstvo* is the only weekly in Serbian, *Alem* the only weekly in Bosniak and *Yeni Donem* in Turkish. The needs of the Serbian readership have been addressed by OSCE which has been providing distribution of some Belgrade dailies and other print media to the Kosovo/a Serbs.

One could say that, in addition to the public broadcasters that address ethnic minorities living in various countries, it is mainly the parallel markets, which operate as separate (closed) markets, that target their products exclusively at specific ethnic groups. Most problems arise from the fact that the neighbouring (native language) countries intrude with their media that are supported by larger readerships and consequently bigger advertising markets.

6. SIGNIFICANT INDIVIDUALS

A quick look at the media owners in almost every country covered by this study reveals prominent individuals. An overview of their profiles allows us to identify several types of strong individual media owners.

The first group would thus include owners or co-owners of big companies from fields other than the media industry, e.g. oil trade, construction, real estate, banking, even the arms trade. All of these individuals also control several media outlets. Frequently, they are cross-owners of newspapers, radio and television stations and in some cases, family members represent co-owners in their businesses. In Albania, for example, Koco Kohedhima owns the Spekter company, which publishes three daily newspapers and a weekly. He also has shareholdings in a television station and an advertising agency. The co-owner of the company that owns *A1 television* is Koco Kohedhima's brother. Kohedhima also owns companies that deal with construction, advertising, oil refining, etc. In Estonia, Hans H. Luik is the head of the large media concern, Ekspress Group, which owns one weekly and co-owns a daily newspaper that in turn owns three free newspapers. Express Group's other businesses include a printing plant and a book publishing company and, in addition, it is a joint-owner, along with the second-strongest media group, Eesti Media, of the most popular tabloid, 20 journals and a door-to-door delivery service. Luik also has business interests in other industrial sectors like real estate and waste management. In Poland, Zygmunt Solorz-Żak is the owner and chairman of the Polsat group whose flagship is *Telewizija Polsat*. This group owns a range of other broadcast media in Poland and Lithuania, a digital platform and more. In addition, Polsat invested in a pension fund, a life insurance company, in banking, and has a shareholding in a cellular telecommunication network operator. In Serbia, the brothers Bogoljub and Sreten Karić are the owners of a television station with national coverage which also broadcasts via satellite; they own a radio station and several magazines, and through the Astra company, they are the owners of a cellular network operator, construction companies, a bank, a college etc.[13]

In most of these cases, business interests of media owners find expression in the programming of these media, in their manner of reporting and their selection of advertisements.

The second group would include individual media owners with distinct political affiliations, past or present positions within political parties, governments or parliaments. Such an example would be Nikolle Lesi in Abania, the owner of the media publishing house, Koha, which publishes two daily newspapers. Lesi and his wife are the owners of a radio station, and in the past, Lesi owned a television station and a magazine. Nikolle Lesi has been a member of two successive parliaments. Formerly affiliated with the Socialist Party, he is now the leader of the Democratic Christian Party. He is also a member of the Parliamentary Commission on Media.

In Serbia, the most widely known representative of this group would be the owner of the *Pink* television station, Željko Mitrović, who was affiliated with the party led by Mira Marković, Slobodan Milošević's wife. In Slovakia, it is Pavol Rusko, the Minister of Economy in the present Slovakian Government, and the leader of the ANO party (claiming liberal orientation), which is a member of the Government coalition. He indeed disposed of his shareholding in the country's strongest and most influential media outlet, *TV Markíza*, before he entered politics, but he sold his interest to a friend whom he then appointed as his consultant. In addition to *TV Markíza*, the Markíza Group also owns a weekly newspaper, a daily newspaper and the *Okey* radio station. *Markíza* has been criticised for skewing reporting to favour the interests of Pavol Rusko and his party. In Macedonia, this group of significant media owners would include Ljubisav Ivanov, a Socialist Party member and an MP, and Boris Stojmenov, the former Minister of Finance. In Moldova, Iurie Rosca, the leader of the Christian Democratic Popular Party is the owner of the *Flux* daily. In Bosnia and Herzegovina the owner of the largest newspaper publishing house, NIK Avaz, Fahrudin Radončić, was allegedly affiliated with the SDA party for many years.

The third group comprises strong publishers, owners of printing plants, distribution and sales networks, who do not have significant business interests in other industrial branches or obvious political functions. However, they control a significant portion of the media market. In Croatia, this group would include Ninoslav Pavić, a co-owner of one of the largest newspaper publisher, Europapress Holding; in Kosovo/a, Veton Surroi, the owner of a daily newspaper, a television station, a printing house etc.; in Bosnia and Herzegovina (Republika Srpska), Željko Kopanja, the owner of daily newspaper, a radio station and a printing house; in Romania, Adrian Sarbu and Ioan Tiriac, with shares in a television station, a radio network, a news agency, regional weekly magazines and a national press distributor; in Montenegro, professor Miodrag Perović, with stakes in a weekly newspaper, the *Antena M* radio station and a printing house, and in a daily newspaper in which his daughter is co-owner. In some countries, these media owners do not (yet) yield big profits, but their potential for control and influence is indisputable.

However, the categorisation of concrete individual media owners in the three groups is certainly not definite since their profiles change according to changes of their economic and political interests.

7. MEDIA INDEPENDENCE

Editorial independence with respect to the publishers and owners, as well as the need to ensure elaborate mechanisms and safety valves that would protect journalists against the influence of media owners, are the two issues confronted by the media communities of all countries covered by this study.

7.1 LEGAL PROVISIONS PERTAINING TO MEDIA INDEPENDENCE

In many countries studied here, media legislation does not include provisions that would explicitly address editorial independence from the publisher or owner, nor mechanisms for ensuring such independence.

In Poland, one among the group of new EU member states with a large media market, rich media activity and large journalistic community, media legislation does not include explicit provisions pertaining to independence. Other legislations only touch upon editorial independence, like the Albanian Broadcasting Law which includes only the following sentence: "Editorial independence is guaranteed by law." However, mechanisms for the implementation of this provision have never been elaborated and the Broadcasting Council has never intervened on the basis of this provision.

It should be added, however, that provisions pertaining to independence are more frequently found in broadcasting legislation than in press laws. For example, Macedonian and Polish broadcasting laws include general provisions that broadcasting activity shall be based on independence and autonomy of broadcasters and broadcasting organisations.

On the other hand, the Moldovan Press Law, the Slovenian Mass Media Act and the Croatian Media Law stipulate that the relations between publishers and editorial offices shall be regulated by statutes. Moreover, the Croatian media law is quite precise in stipulating that editors have the right to resign if the publisher changes its editorial policy. The Mass Media Act in Slovenia stipulates that the publisher must seek the opinion of the editorial office prior to implementing any radical change to the concept, as well as prior to the appointment or dismissal of the editor in chief. The internal acts of some Slovenian media go even further by requiring that the publisher obtain approval from the editorial board prior to the appointment or dismissal of editor in chief. However, such participation of editorial boards in the appointment of editors in chief – through opinions or even approvals – is rare and not found in other media legislations in the region. Media laws of the cantons and entities in Bosnia and Herzegovina include provisions according to which editorial independence is regulated by way of collective agreements and internal agreements between journalists and publishers.

7.2 COLLECTIVE AGREEMENTS

Collective agreements on the national level regulating professional and social relations among publishers, editorial boards and journalists are rare in the countries studied here. For example, Albania, Bosnia and Herzegovina, Bulgaria, Kosovo/a, Serbia, Romania, Croatia, Macedonia, the Czech Republic, Latvia, Estonia, Hungary, etc. do not have collective agreements. Montenegro has a general collective agreement on the national level that is also applicable to journalists. In Croatia, negotiations between the journalists' trade union and publishers concerning collective agreements on a national level are still underway. In Moldova, the trade union of journalists drafted a law in 1999 on journalistic activity that would include provisions pertaining to professional and social rights, the mechanisms of implementing editorial independence and more. However, the Government pruned and modified this draft law turning it into a collective agreement for the period 1999–2001, signed between the umbrella trade union and the Ministry of Work and Social Protection. The document was ignored by both the journalistic community and publishers.

In Slovenia, a collective agreement on the national level was concluded in the mid-1990s, but recently it has been implemented only rarely. Certain media companies openly ignore the provisions of this agreement and restrict journalists' rights. "Journalists have been diminished to items on the publisher's costs sheets perceived as an obstacle in generating or increasing profit," says Iztok Jurančič, the President of the Trade Union of Journalists in Slovenia.[14] The union indeed drafted a new agreement and has been announcing the start of negotiations with publishers since the beginning of last year. One novel feature of this agreement is that it addresses the relations between publishers and freelance contributors.

In many countries journalists work without signing any individual contract. A 2003 survey of the daily newspapers in Albania showed that 46 percent of journalists have not been offered such a contract; in Moldova, the figure is 36 percent, according to a similar survey conducted in 2002; in Bosnia and Herzegovina, 58 percent of the 190 journalists who participated in one such survey stated that they did not conclude any contract, and those who stated that they concluded such contracts were mainly journalists working for the public radio or television broadcasters.

The unregulated status of journalists working for private media companies is also characteristic of Romania, where there are no trade unions or agreements, and where every attempt by journalists to oppose this state of affairs has so far proved futile. One argument frequently used by publishers to fend off such attempts is the availability of young journalists seeking jobs. The majority of Romanian journalists earn less than the average monthly salary which amounts to roughly EUR 100; journalists working for local media are in the worst position as regards their autonomy and social protection.

The weak position of journalists frequently arises from their inadequate education and the lack of professional attitude. In Slovenia, for example, there are more stipends and seminars available to journalists than journalists interested in applying for these. These options are simply ignored unless they yield personal advantages. In many countries (e.g. Bulgaria) the expanding media market increased demand for journalists, so its needs are now filled by individuals without sufficient professional qualifications or skills needed to develop professional attitude, and identify and resist publishers' attempts to use them to further political or economic agendas.

Internal acts regulating the rights of journalists and relations with publishers are found only in some of these countries and mainly in media companies whose owners or co-owners are foreign media corporations. In Croatia, for example, such an act is found in Europapress Holding, which is partly owned by WAZ. In Lithuania, such a collective agreement is offered by the *Kauno Diena* daily, whose publisher is the Norwegian Orkla. This same corporation offers such an agreement in its media companies in Poland where in the autumn of 2003, the representatives of the journalists' unions established the Forum of Orkla Media Employees. Trade unions in Estonia and some other countries began to establish contacts with trade unions in parent media companies abroad in order to harmonise the protection of their rights and social rights with regard to their owners.

7.3 JOURNALISTS' ORGANISATIONS

There are several journalists' organisations in many of the countries studied here, but most of these do not cooperate or are even antagonistic towards one another. In most cases, at least one of these organisations dates back to the previous system and is opposed by another, independent one. In Montenegro, for example, there are two journalists' associations and two journalists' trade unions. The situation in Serbia is similar. In these countries, another dividing line is the issue of who supported the war in the former Yugoslavia (who cooperated with the ruling party at that time) and who condemned it. Estonia also has two professional organisations, one dating from the Soviet era and the other a more recent development. The two do not cooperate and each has its own press council. In Bosnia and Herzegovina, post-war circumstances and ethnic divisions resulted in a fragmented journalistic community with six journalists' associations. In the Czech Republic and Slovakia there is one trade union of journalists but without significant influence. On the other hand, such organisations in Albania are virtually non-existent and all attempts to establish one have been aborted.

7.4 PRESSURES, CORRUPTION AND ETHICS

Reporters from all countries emphasised pressure on journalists, particularly economic pressure, and also drew attention to the reduction of their social rights and autonomy. In a survey conducted in Poland, more than 40 percent of respondents stated that their journalistic freedom was restricted through "pressure exerted by owners, editors in chief, stations, and direct supervisors". Many media owners in Albania, Bulgaria, Macedonia and Romania are also owners of large companies involved in other businesses unrelated to the media industry, and many were politically active in the past or are currently involved in politics. Needless to say, media operating in such environments are frequently exploited for the promotion of commercial or political goals of their owners, or for negative PR aimed at their business competitors or political opponents. Many of these media survive only thanks to the external funding i.e. funds provided through other businesses. Their owners cover their losses and keep these media alive only in order to secure for themselves a voice that will promote their economic and business interests and help them fight their competitors. This phenomenon of media division between competing economic and political groups is not unknown in Latvia either, or to the Czech Republic. In the latter, two television companies protect the economic interests of their significant owners in such a way that they do not cover events which throw unfavourable light on their owners. Moldova knows another phenomenon i.e. "independent sponsored media". Although sponsoring may account for as much as 30 percent of the total revenue, the relationship with the sponsor is not publicly known, so it may be described as "hidden ownership".

In some cases, the fact that journalists are co-owners of the media for which they work may become a source of potential or realistic conflict of interest. For example, when selecting the topics to be covered, these journalists may succumb to self-censorship and give priority to business interests over journalistic objectivity. The best known examples of media owned by journalists are the Polish *Gazeta Wyborcza* (the media group Agora), and, until recently, the main political weekly in Hungary, *HVG* (last year the journalists with shareholdings in *HVG* sold most of their shares to WAZ). These renowned media are sometimes accused of giving priority to business interests when setting their agendas. *HVG* tried to prevent the conflict between owners' interests and editorial independence by introducing a statute that was designed to protect editorial independence.

In some countries it is the relations between advertisers and media that are problematic. In November 2003, the Polish Chamber of Press Publishers condemned advertisers' attempts to intervene in editorial content. Advertisers frequently exert pressure on editors by threatening to withdraw their advertisements if the media refuse to publish favourable articles about their work or products. The practice in Romania is just the opposite: media extort advertisers. For example, one of the largest daily newspapers in Romania offers advertising space at two rates – a lower price for an ordinary advertisement and a higher price for an article not marked as an advertisement. To be more precise, a full page advertisement costs EUR 1,400 and an "advertising story" EUR 3,190. Of course, it is journalists who are asked to write such article-advertisements. This practice even provoked intervention by the International Advertising Association that accused the Romanian media of blackmailing international corporations advertising their products in Romania by asking for payment in order not to feature unfavourable articles about these corporations. Some Romanian advertisers pay money to those media critical of strong institutions, but do not place their advertisements in these media out of fear of being associated with their critical attitude. Covert advertising and advertorials are not typical of Romania exclusively but are also present in other countries covered in this book, for example, Hungary, Slovakia (despite Press Watch, a weblog monitoring the main Slovak press media) and Slovenia, where there is an ongoing Media Watch project including a Media Watch journal, book series, leaflets, panel discussions and a web page.

7.5 INVESTIGATIVE JOURNALISM

Investigative journalism aimed at disclosing corruption, illegal or other activities contrary to the public interest, has not been a traditional practice among journalists in post-socialist countries. There is also a misunderstanding as to what investigative journalism is, so in some cases even articles based on information supplied by a specific interest group, about the allegedly questionable moves of an opponent, are categorised as investigative journalism. Certain efforts have been made to educate journalists in these countries in the techniques of investigative journalism. The SEENPM network of media training centres in SE Europe, with the help of the Danish school of journalism, provided training for teachers of investigative journalism in 11 countries and encouraged them to establish a network. One of the trainees, Saša Leković from Croatia, made an attempt at developing an investigative team within Europapress Holding, but the project was unsuccessful. In general, publishers as well as media owners mainly do not encourage investigative journalism, so attempts at developing this practice are mainly supported by NGOs and foreign donors. In Estonia, for example, the publishing of a textbook on investigative journalism was funded by the American embassy. A foreign media owner in Estonia provides an award of EUR 2,900 for investigative articles selected by an independent commission; Hungary has a similar award.

6. RECOMMENDATIONS

We have already pointed out that media systems in the countries covered in this study differ from one another. However, certain development trends are common to all, and these alert us to the fact that media concentration and its impact on media pluralism and independence is one area that deserves special attention. Below are several measures that can be employed in approaching this issue.

1. Legislation regulating media concentration.
   Media concentration has an impact on the pluralism of media content. Media legislation should include provisions stipulating restrictions of concentration. Experience shows that the application of general competition legislation alone is insufficient, as

competition laws do not take into account the special role of media in society – the creation of space for public debate.

2. Transparency of media ownership data.
Publicly accessible data about media owners enable citizens to freely decide whether conflict of interest is involved in specific cases. Transparent data further prevent the holders of political and economic power from abusing media for the promotion of their own interests.

3. Active intervention by the state with the aim of ensuring media pluralism.
Restrictive measures are just one mechanism of ensuring media pluralism. The state should practice active policies in this field in order to support content that would otherwise be unable to "survive" on the media market. The state support should be allocated on the basis of clear and precisely formulated criteria. It is particularly necessary to prevent the situation in which the state exploited this channel in order to exert pressure on those media critical of the government.

4. Support for public service media.
Public service media in most of these countries are experiencing a crisis that is the result of insufficient funds and continual interference of the state with their operations, or simply of the lack of political will to transform the former state-run media into the public service media.

5. Independent sources of circulation figures, readership, viewing and listening shares.
Clearly presented and credible data on the circulation of print media, readership, viewing and listening shares represent important information for all market players, state agencies that formulate their media policies on the basis of this information, as well as media employees, researchers and citizens.

6. Regulatory and self-regulatory mechanism for ensuring editorial independence.
Legislation should stipulate the mechanisms that should be developed by the media in order to ensure editorial independence. These mechanisms should be elaborated on the level of individual media groups or media companies, and should include separation of the position of media owner from the position of editor in chief.

7. Regulatory and self-regulatory mechanisms aimed at preventing the abuse of journalism and media in order to advocate political and economic interests of the owner.

Legislation, internal acts and codes of ethics should include the principles and mechanisms for the prevention and sanctioning of the attempts to use media as instruments for advocating political and economic interests of the owner. The codes adopted by journalists' associations do not fully satisfy this requirement, as these provisions should be binding for publishers and owners as well. The mechanisms of lodging complaints and ruling on these complaints should also be enhanced in such a way as to include journalists, publishers and the public as equal participants.

8. Strengthening of professional and media monitoring organisations.
   It is necessary to enhance the capacities of media organisations and associations. These organisations should cooperate, discuss and make agreements regarding interests that they represent. Their common goal should be the achievement of a modern, clear, and successful media operation that serves the interest of the public.

9. Clear and stable relations between employers and employees in the media industry.
   Social conditions of work within the media industry influence the quality of work and professionalism of journalists and other media professionals. Given the role of the media, orderly social conditions in which media professionals are able to perform their work undisturbed is in the interest of society as a whole. The clarity and stability of social conditions should be achieved through agreements on the national level, in-house and individual contracts, which employers and employees should be obliged to conclude by law.

NOTES

1 Halimi, Serge. 2002. Novi psi čuvaji. Mediawatch/ Maska, Ljubljana.

2 “Resolution on Media Takeovers and Mergers”, OJ C 68/137-138. 15 February 1990.

3 Resolution on the Commission Green Paper »Pluralism and Media Concentration in the Internal Market«, OJ C 44/179, 14 February 1994.

4 Report on the risks of violation, in the EU and especially in Italy, of freedom of expression and information, no. A5-0230/2004, PE 339.618, Rapporteur Johanna L. A. Boogerd-Quaak. See <http://www.europarl.eu.int>.

5 Here we paraphrase Karl Marx’s sentence in the preface to the first German edition of Capital. “If, however, the German reader shrugs his shoulders at the condition of the English industrial and agricultural laborers, or in optimist fashion comforts himself with the thought that in Germany things are not nearly so bad; I must plainly tell him, ‘De te fabula narratur!’”

6 For example, the Yugoslav law on public information from the 1980s prohibited the dissemination of “untrue” news, while the state (via its institutions) had the monopoly over “arbitration” i.e. deciding which information published in the media was true and which untrue. Rastko Močnik, 1984, “V boju za svobodo javne besede – danes” (Fighting For the Freedom of the Public Word – Today), a foreword in Marx, Karl and Engels Friedrich, Cenzura in svoboda tiska, Ljubljana. KRT, pp. 7–25.

7 See report by Beata Klimkiewicz in this book.

8 Ilze Nagla, Anita Kehre, an interview with Zigmars Liepins.

9 This is obviously an official standpoint of News Corporation relating to “newspaper business” in Central and East European countries. A similar statement by Martin Pompadur can be found in the report by the European Journalists’ Association, *Eastern Empires, Foreign Ownership in Central and Eastern Media: Ownership, Policy Issues and Strategies* (2003: 7): “We are not interested – it’s too political to own newspapers in some European markets.”

10 Dragan Đoković, an interview with Željko Mitrović, December 2003.

11 See report by Tarik Jusić in this book.

12 Vasile Butnaru, “The information space of commercial radio stations imitates the Russian patterns ” in *Mass Media in Moldova*, analytic bulletin, December, 2001, p. 8.

13 See <http://www.astragroup.co.yu/eng/e_okompaniji.html> (accessed on 14 April 2004).

14 Neva Nahtigal: “Ne smemo se izgubiti v tej peni” (We must not get lost in this foam), *E-novinar*, no. 13/ 2003, p. 6.

ALBANIA

Ilda Londo

1 INTRODUCTION

After thirteen years of struggle for democracy and its consolidation, Albanian media has found itself in a situation when there is freedom of the press, but no free press.[1] The activity of media businesses can hardly be called transparent, and there is little or no state control. In addition, there are problems with legislation, its implementation, the obtaining of data on the media and their transparency and reliability. Market analysis is by no means a familiar practice in Albania, and media businesses operate in the mist, with no data on their efficiency, apart from gut feelings. This paper aims to provide information and analysis of the existing legislation on media ownership, its implementation, the media landscape, its ownership structure, and the evident or foreseeable consequences.

2 LEGISLATION

Since the early nineties, after the fall of communism, Albanian media, like the rest of society, have been faced with a freedom never experienced before, and with equally unfamiliar problems. The advent of a new political system brought about the emergence of new media and, consequently, the need to regulate this chaotic situation.

2.1 PRESS LAW

The Parliament elected in 1992 adopted the Law on the Press. The initiative to draft such a law came from the Government, and owing to the previous legislative vacuum in this sector, all eyes were turned towards other countries' experience. In this context the Friedrich Ebert Stiftung Foundation took the initiative in presenting the Government with examples of such a law as implemented by three German states, with one of these being eventually chosen. The Albanian law was modeled after the German state of Westphalia law and there was little effort to adjust it to the Albanian context. The input of the persons most affected by this law, namely the media community, was not considered an option at all while drafting the law. As a result, the media community soon faced what they considered to be repressive legislation. This law was annulled entirely by another legislature in 1997, and a new law came into effect. At present the print media is regulated by the Law on the Press[2] which comprises only the following vague and quite general statement: "The press is free. Freedom of the press is protected by law."

The Parliamentary Commission on Media, the journalistic community, legal advisors, and other interested persons have at certain points since 1997 debated the need for a detailed press law and the potential shape and effect it can have on media development, and thus on the consolidation of democracy. There was a debate on one such bill in 2001, when many media representatives refused to participate, considering that the bill provided an over-regulated media, with considerable potential for restrictions. The bill provided for the establishment of an Order of Journalists that would serve as a regulator of the media community and its activities, a concept which was strongly rejected as it was considered a structure that must be established according to the free will of journalists, and not engineered by the Parliament or legally obliged to report to the Parliament. According to this provision all journalists would be obliged to be members of this Order and to adhere to its regulation.[3]

The trend of *laissez faire* in the field of journalism triumphed over the other interest groups at the time, preferring media self-regulation instead of too much regulation by the Parliament. Thus, with the existing extremely and vague law on press, the print media seems to enjoy a greater freedom than in the early nineties, but at the same time working on grounds that leave ample room for activities that are little, or not at all, controlled and much speculated about. The process of drafting a new law on the press is ongoing.

2.2 BROADCAST MEDIA REGULATION

In contrast to the print media, the broadcast media is regulated by a fairly detailed Law on Public and Private Radio and Television. In order to guarantee its own implementation, the law provides for a regulatory body, the National Council of Radio and Television (NCRT), which is supposed to be independent.

The NCRT is elected by the Parliament for a maximum of two five-year terms. Composed of seven members, one of whom is proposed by the President and the other six shared equally between the opposition and the majority,[4] this body acts both as the licensing authority and as the supervisor of legality in private broadcasting. The law provides the NCRT with the authority to transform the general rules provided by the law itself into further specific obligations for broadcasting operators.

2.2.1 OWNERSHIP PROVISIONS IN THE LAW

Since the law on broadcast media sets forth criteria for the licensing and activity of radio and TV stations, it also contains a number of provisions regarding media ownership in the field of broadcast media.

First of all, the law states that persons deprived of the capacity to act by a court ruling, political parties and organisations, religious communities and associations, local government authorities or other state authorities cannot obtain a broadcast license. Also excluded from applying for a license are industrial organisations, banks, and credit institutions.[5] According to this law, broadcasters can obtain two kinds of licenses depending on their coverage: local and national. The criteria to be met for national licenses are stricter than those for local or regional ones.

More specifically, the holder of a local license can be a natural or a legal person, with no limitation imposed on the establishment of a company. The law prohibits the granting of more than two local broadcast licenses for the same territory, be it a radio or a television channel. However, the same broadcaster can obtain both a radio and a TV broadcast license. A natural person may not be the owner of a station that covers an area of more than 200,000 inhabitants. There is no limitation on foreign ownership; the shares of a local medium can be owned one hundred percent by foreign owners, but again, it cannot own more than two local media stations.[6]

On the other hand, the limit on ownership stake in a national radio or TV station is 40 percent; thus a national radio or TV station must have at least three owners, either legal or natural persons. The owners of a national radio or television outlets are forbidden to possess shares in another national radio or television enterprise, in whatever amount. It is forbidden for an owner of shares in a national broadcasting station to obtain a local broadcast license.[7] This is a provision that aims to prevent concentration of national media and monopolies, thus safeguarding media pluralism and diversity, as well as a lucrative media market.

Regarding the owners of national media, there is no limitation at all regarding foreign ownership, apart from those that apply to Albanian owners of national broadcast media, namely the 40-percent limit and the other criteria of ownership.

Apart from the limit on ownership stakes, a national media company must be registered as a joint stock company.[8] No natural person can obtain a national license. The main aim of this limitation on ownership of national broadcast media is that legal persons are supposed to have greater accountability regarding VAT, other taxes, and potential remuneration to third parties, as well as better control of the quality of programming in view of the manner of organisation of the joint stock company.[9]

2.2.2 IMPLEMENTATION OF THE LAW

The body that sees to the proper implementation of the law is NCRT, which checks the data provided by the license applicants and supervises the implementation of the abovementioned rules. It is authorised by law to determine the minimum amount of capital a license holder should posses. So, applicants for a national radio license should possess capital of no less than 20,000,000 leks (approximately EUR 14,814), while applicants for a national TV station should possess no less than 100,000,000 leks (approximately EUR 74,074).[10] The entry barriers for a local broadcast license vary in accordance with the population reached in the area covered.

In cases of changes in data on ownership structure provided by the applicants or licensees, NCRT should be notified 15 days in advance. NCRT can oppose the change in case it violates the law. In other words, in the case of a merger of two broadcasting companies or a broadcasting company with another media enterprise, the approval of the NCRT is required. It may be recalled that according to the law, one person may not hold more than 40 percent of the total capital of a national broadcaster (before or after the merger) nor may the same person be given a license for more than two local transmission areas. Therefore in giving its approval, NCRT should take account of these rules and prevent any occurrence of violation.[11]

NCRT also establishes the annual fees to be paid by the broadcasting operators. In general it can be said that the floors imposed on the initial capital of applicants for broadcast licenses plus the taxes and annual fees paid to NCRT and other hindrances constitute relatively high entry barriers for the development of new media. However, as noted in the description of the media landscape, this has not been a hindrance in this regard quite the opposite. As a report put it: "The NCRT has the power to grant broadcast licenses, but seemingly does not have the ability to reject an application."[12]

This is also one of the reasons why the work of the NCRT has, on occasion progressed slowly. In fact, the NCRT commenced its real work in 2000 after the passing of certain amendments to the then broadcasting law. Ever since then the organisation has not had a smooth relation with part of the media companies and especially with the opposition which has continuously boycotted it, referring to its alleged relations with government, hence its lack of independence.

One of the most contested actions of the NCRT was the first wave of license granting in the autumn of 2000 when many of the broadcasting stations and the opposition charged the NCRT with being biased in its decision to grant national licenses to media close to the ruling Socialist Party. Another difficult moment was the rejection of its annual report in the Parliament in February 2002, at a time when a second rejection would have led to a reorganisation of the NCRT. Favouritism towards media friendly to (or clients of) particular clans of the Government has been a frequent charge against this body by the opposition. However, the NCRT has played a certain role in stabilising the broadcast media market in Albania within the legal framework established by the Albanian parliament. At present it is being quite successful in managing to control particular aspects of the broadcasting activity, such as the fight against piracy, a relatively new NCRT responsibility elaborated in the law that came into effect in October 2003.

2.3 OTHER RELEVANT REGULATION

2.3.1 COMMERCIAL LAW

The activity of media companies is also regulated by the Law on Commercial Companies, applicable to media companies the same as to all other registered companies. More specifically, the organisational structure of a joint stock company is supposed to provide a relatively stricter system of checks on its welfare and representation of the interests of all sides. So, the General Assembly appoints two-thirds of the Steering Committee, while the employees of the company appoint one-third. The Steering Committee, in turn, appoints the directors of the association.[13] However, so far there has been no evidence of these controlling mechanisms in the Albanian media companies; they are more of a ghost mechanism.

According to the same Law on Commercial Companies, the responsibility of the members corresponds to the contribution of their initial capital in both joint stock companies and limited liability ones. However, the minimal capital requested by law for joint stock companies is 2,000,000 leks (approximately EUR 1,481),[14] while the minimal amount of capital for limited liability companies is 100,000 leks (approximately EUR 74).[15] As demonstrated above, the NCRT may impose different minimum amounts of capital.

Independently of the manner of organisation or registration of a company, all media companies are forced by law to register their ownership changes in the commercial register,[16] in addition to the obligation of the private broadcast media to report the changes to the NCRT.

2.3.2 COMPETITION LAW

Another law related to media regulation is the Law on Competition[17] (in force from 1995 until December 2003) which states the conditions that companies have to respect during their activity, in order to set the ground for fair competition and the maintenance of a lucrative market. According to this law, the concentration of the market is prohibited, and it is defined as occurring when one company by itself, or merged companies, has/have more than a 40 percent share of the market.[18] The Law on Competition elaborates the technical procedures governing the merger. The property of the constituent companies can be transferred to an existing company or to a new one. Even though a merger can be concluded between companies of different organisational structures, it is worth noticing that national broadcasters should remain joint stock companies. When a new company is established, its establishment occurs in accordance with the rules that are relevant to the form of the company established. The merger enters into effect on the date of registration in the commercial register. When the surviving company is one of constituent (merged) companies, the merger enters into effect on the date of the last meeting of the respective shareholder assemblies approving the merger, unless otherwise provided by the merger agreement.[19]

In addition to the prohibition of market concentration, the law prohibits the lowering of prices if the aim is the elimination of competition. It also forbids the damaging of reputation among businesses, that is false statements *vis-à-vis* business colleagues in order to ruin their business. Convincing the employees to breach their contract with a competitor and hiring those employees in order to gain a competitive edge is also forbidden.[20]

These are only some of the articles that this law contains, but of particular relevance to media company operations, since there has been constant breach of these articles, or allegations that such illegal actions took place, including the application of dumping prices, continuous slandering of other media, and an extremely mobile labour market, which is also facilitated by the lack of working contracts for most media employees.

The Law on Competition also contained an amendment that expressly stated in one paragraph: "In the field of independent print media it is forbidden to lower the price of newspapers and magazines below the cost of their production."[21] This particular paragraph was added upon the initiative of a group of MPs, in order to prevent a phenomenon that, time after time, various voices from within the media community have warned on, selling print items at prices lower than their production cost in order to get a larger share of the market. Recently this problem has become more important, with the ever expanding market for daily papers and the excruciating battle between print and broadcast media. It must be noted that this amendment exempts party newspapers and magazines from price control, and, as such, it is of particular relevance to the preservation of print media economic independence, or at least an attempt to control the fair practice of media companies within the framework of the Law on Competition.

2.3.3 IMPLEMENTATION OF THE LAW

The supervisory body that implements the Law on Competition is the Directorate of Economic Competition (DEC.) Duties of DEC include the following: promotion of economic competition, approval or disapproval of the filed applications, monitoring of breaches, channeling of undue profit to the state treasury through special decisions, market analysis, publication of information, etc.[22] However, the work of the DEC in Albania is almost unknown and it has always kept a low profile, not only regarding the media sector. More specifically, the only media-related act in these years was the investigation into the pricing of some daily newspapers and its relation to their cost of production, and this investigation was undertaken at the request of one publisher, rather than started by the DEC itself.

2.3.4 NEW COMPETITION LAW

The above competition law was in force until 1 December 2003, when a new Law on the Protection of Competition came into effect. The new law does not set any limit related to market domination. It only describes it as a position of "one or more enterprises, which allows them to act in the framework of demand and offer independently of other participants in the market, such as competitors, clients, or consumers."[23] However, regarding concentration or merger of companies, it sets the obligation of asking for approval of the Authority on Competition, whenever their annual revenue exceeds certain limits.[24] The DEC, now defunct controller of competition, has been replaced by the Authority on Competition, which comprises the Commission and the Secretariat. This body, elected by the Parliament, has to control concentration of ownership, since its duties include the naming of a company and of its activity, control of annual revenue in the domestic market, the respective market share of the company, and the expansion of capital through the acquisition of new companies or merger with other companies. In the future this section could become instrumental in supervising compliance with fair competition rules in the media field and beyond, and perhaps increasing the transparency of ownership as well.

3 STATE SUBSIDIES

The Albanian law does not expressly provide any subsidies to media companies in order to protect media pluralism or safeguard independence. However, forms assisting the media exist although not clearly categorised as such. A possible way of subsidising the media in Albania is leasing state-owned facilities to the media outlets. These facilities provide spacious premises at prices as low as EUR 3 per m^2 per month, whereas the rent for private facilities is approximately EUR 10 per m2 for locations in downtown Tirana, from where the overwhelming majority of journalists choose to following the events to cover. However, there is no special law on the rental of these state facilities, and this legal vacuum could turn into a form of financial leverage by the Government towards the media and their editorial policy.

A far more important issue and of particular consequence to the development of an independent media, or lack thereof, is the allocation of state advertising. In view of the structure and development of the Albanian economy, state advertising accounts for a disproportionately large share of total advertising in the print media. "A study of advertising trends in five major dailies, conducted by a journalists' association in September 2001, found that the five newspapers sold 42 percent of their total advertising space to state agencies and corporations."[25] Hence, state advertising would be instrumental to the survival of independent media, and the way these ads are allocated should serve as an indicator of state interest in aiding the development of independent media.

However, this has not been the case in Albania. Most of the ads and notifications that fall into the state advertising category are considered public spending and as such are subject to the public procurement laws. However, there are no regulatory bodies to supervise the implementation of these laws, nor the consequent fair distribution of state advertising among the media. The situation is made worse by the legal pitfalls: both the Public Procurement Law and the Law on Expropriation provide that the notifications be published in two national newspapers with large circulations, or in one national and one local newspaper, without defining, though, what "large circulation" means.[26] The situation becomes even more complicated when considering that there are no surveys or data on the circulation of publications in Albania, in the absence of a detailed law on the press and given the printing houses' obligation to keep these figures secret. In this way, there is considerable potential for abuse in allocating these ads as a reward for changes in editorial policy, or even using them as a financial threat depending on the editorial policy orientation.

3.1 STATE ADVERTISING DISTRIBUTION

The above potential has been used several times before now. For example, an illustrative case is that of *Shekulli* which is considered to be the top selling daily in the market. This paper received a significant amount of state advertising until September 2001, which is the time when the paper changed its editorial policy to a critical attitude towards the then-Prime Minister, Meta. While *Shekulli* was the second top daily that received most state advertising until late September, by mid November other three large circulation dailies carried around four pages of state advertising compared to 1.8 for *Shekulli*.[27]

Another government subsidy representing the carrot-and-stick method was the one granted to *Korrieri* in October 2001. Of ten million leks (approximately EUR 7,407) allocated to *Korrieri*, six million were earmarked for publication of "government propaganda materials," and four for the publication of a supplement on the occasion of Independence Day.[28] This decision of the Council of Ministers was considered an arbitrary and biased one by the rest of the press, because it excluded from financial subsidies papers like *Tema*, which held a consistently critical stance on the Meta government, quite the opposite of *Korrieri*.

4 (LACK OF) JOURNALIST STATUS

In view of the above-mentioned facts it becomes imperative to know the structure of ownership in the Albanian media, considering that the owners are the determining factor in shaping editorial policy. This is even more so in the absence of laws or regulations protecting editors and journalists and safeguarding free expression. As a matter of fact, it is almost unthinkable for journalists to oppose the editorial policy of the media, considering that most of them do not have work contracts and that the journalists' labour market is an extremely mobile one in Albania. For example, in the annual "Monitoring Albanian Media Landscape" survey done by the Albanian Media Institute in 2003, of the 18 daily newspapers asked how many of their employees had work contracts, four refused to respond, while the other papers' total was 135 out of a total working staff of 289, thus 46 percent.[29]

Independence of editorial policy is protected by the broadcasting law, phrased in a very loose manner, with no specific conditions and provisions for this cornerstone of independent media and freedom of expression: "Editorial independence is guaranteed by law."[30] This paragraph attempts to address all the points a law of this kind must comprise in order to be complete, but it fails to address the real problems of identifying and protecting editorial independence, which is, in itself, a difficult concept to grasp and treat. As a matter of fact, the NCRT has not so far ventured on any such undertaking.

The other paragraph of the same article in this law also guarantees what can be considered a sort of equal employment opportunity policy: "Employment, promotion, duties and rights of public and private radio and television are not determined by sex, origin, political conviction, religion, or membership in trade unions."[31] Again, this attempt to protect these two essential ingredients of independent media has many pitfalls when viewed from the legal angle, with no sanctions imposed in case of breach, and with no clear method of defining these concepts or proving their violation. However, the regulatory authority has never attempted to implement this article, and neither have journalists, one reason being the extremely disorganised situation in which they find themselves *vis-à-vis* their employers. Associations of journalists are almost nonexistent, and all attempts to create a trade union have failed.

5 MEDIA LANDSCAPE AND OWNERSHIP

5.1 A CHANGING LANDSCAPE

The landscape of the media in Albania has changed dramatically since the early nineties, and has continued to present a dynamic picture even during the second half of the decade. As a matter of fact, after thirteen years of developing private, allegedly independent, media in the country, the number of media outlets has been increasing rather than leveling off, and announcements of new media outlets may be just around the corner.

At the moment, 98 newspapers and 70 magazines are published in Albania, including general and specialised publications.[32] The list of individuals/companies licensed to broadcast is also extensive: 54 radio stations and 79 TV stations.[33] The NCRT has recently revoked the licenses of 8 TV stations and 13 radio stations, mainly for failure to submit the required documentation for the renewal of licenses. However, the NCRT has not taken any measures to interrupt the broadcasting activity of any of these.

Print and electronic media have followed different paths of development, but their common denominator is their youth. Unlike the media in other countries, the Albanian media did not experience privatisation. *Zeri i Popullit* was the most important paper under the communist regime, owned by the only party existing at that time, and reaching up to 120,000 copies. Other publications were owned by mass organisations, such as trade unions, youth organisations, or the writers' and artists' league, academic institutions etc., and their circulation ranged from 30,000 to 55,000 copies for the most important ones. All the publications were owned by the state, or institutions or organisations under strict state control and supervision. The concept of private property was totally unknown, and any discussion on its introduction in society was inconceivable.

Of the old communist papers, only *Zeri i Popullit* of the Socialist Party, survived, and it still remains the party's property. Another one is *Sporti Shqiptar*, a sports daily, which was closed for some time and then sold to a now powerful media group, Spekter joint stock company. Other publications that have survived the transition period are the professional state-owned ones, none of them a daily. Such publications include papers and magazines targeted at army officials, teachers, scientific researchers, etc, which continue to remain the property of particular ministries and the Academy, hence under government ownership.

Regarding broadcast media, the only existing broadcast media until 1995 was the state-owned radio and television, now transformed into a public service radio and television, but still receiving an overwhelming proportion of support from the state budget. Thus, unlike in other fields in the country, privatisation was not an issue at all in the media field. This is also the reason why you cannot find any employee who also owns shares acquired after the demise of communism.

5.2 THE CASE OF MEDIA BLOOM

The overwhelming majority of Albanian media outlets emerged during the 1990s, with *Rilindja Demokratike*, the daily of the Democratic Party, the first opposition party, leading the way in 1991. For economic reasons, newspapers and magazines were the first in the country to experience a boom. The broadcast media started to emerge in the second half of the 1990s. The first private TV station started to broadcast in 1995, and the first radio station two years later. Ever since, the media landscape has been a fertile one, with a continuously increasing number of media outlets, especially broadcast media.

However, more is not always better. This is especially true in the case of print media. Although the number of dailies has gone from 2 in 1991 to 19 in 2003, the circulation of all 19 dailies together does not exceed that of the first opposition paper in 1991. Of course, people do not long for information in quite the same way as they did in 1991 after surviving almost 50 years of darkness. Also, a wide spectrum of broadcast media is available, and it is indisputable now everywhere that it has the upper hand over the press. At present, the overall circulation of the 19 dailies is believed not to exceed 60,000 copies.[34] Having 19 dailies in a country with no more than three million inhabitants is simply beyond rational accounting.[35]

This is even more so when one considers that the press in Albania is plagued by a malfunctioning distribution system and infrastructure, or rather lack of it. The newspapers are distributed in cities only, and the system is far from perfect: the citizens of Saranda, for example, the southernmost city, receive their paper no earlier than 1 p.m. Also, since some 60 percent of the population lives in the countryside, it can be concluded that less than half the population can buy newspapers in the area where they live.[36] The subscription system, on the other hand, is extremely weak and rarely applied. Given that the average monthly income of a teacher is around 10,000 leks (approximately EUR 75), a teacher would have to allocate 13 percent of his/hers salary for buying a newspaper,[37] which makes the paper rather expensive.

Considering all these facts, and the emergence and consolidation of broadcast media, the failure of some dailies would have been a logical conclusion, but this has not been the case. The number of dailies hit 19 in September 2003, and this amidst constant debate on their financial sources, since in a genuine market economy having all these papers in business would be highly improbable. The most common structural feature is the one-man publisher in most cases. Excluding the three party dailies, which are owned 100 percent by the respective parties, only eleven of them are owned by companies, whereas eight are owned by one person alone, or one-person companies.

Table 1 **PRINT MEDIA MARKET***

PUBLISHING GROUP	MARKET SHARE
SPEKTER	21%
KLAN	16%
KOHA	11%
PARTY PAPERS	16%
OTHER	36%

Source: The Commercial Register
Note: *This table includes all the daily newspapers, and the two main news weekly magazines, leaving out the specialised magazines. The main publishing groups are counted.

Table 2 **OWNERSHIP OF THE MAIN RADIO AND TV STATIONS**[38]

MEDIA OUTLET	OWNERSHIP	COVERAGE AREA	STARTING YEAR
TV KLAN	MEDIA 6 JSC.	NATIONWIDE	1998
TVA	ARBERIA JSC.	NATIONWIDE	1996
TOP CHANNEL	TOP CHANNEL LTD.	REGIONAL	2001
TOP ALBANIA RADIO	TOP ALBANIA JSC.	NATIONWIDE	1998
+2 RADIO	RADIO +2 JSC.	NATIONWIDE	1998
VIZION +	MEDIAVIZION JSC	REGIONAL	1999
TV NEWS 24	EDISUD RADIO-TV LTD.	REGIONAL	2002
RADIO RASH	EDISUD RADIO-TV LTD.	REGIONAL	2000
SHIJAK TV	MEDIA + JSC.	REGIONAL	1995
RADIO TIRANA	PUBLIC BROADCASTER	NATIONWIDE	1938
TVSH	PUBLIC BROADCASTER	NATIONWIDE	1961

Source: NCRT, Department of Juridiction and Licences.

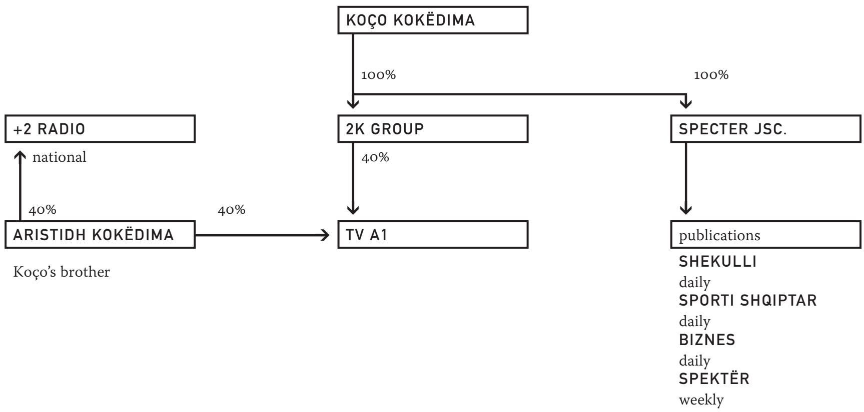
5.3 MAIN MEDIA OWNERSHIP GROUPS

5.3.1 SPEKTER GROUP

Among daily newspaper companies the most prominent group is Spekter JSC., owned 100 percent by Koco Kokedhima.[39] This company owns the dailies *Shekulli* (considered to be the one with the largest circulation by the journalists' community), *Sporti Shqiptar* and *Biznes* (specialising in sports and the economy respectively), as well as the weekly magazine *Spekter* which is considered to be the second biggest in the market of its genre.

Apart from this, Kokedhima directly and indirectly owns shares in a national radio station, a television station, and an advertising agency. This television station (*TV Balkan*) has started to broadcast only recently as *TVA1* although it received its license some years ago, meaning that it violated the broadcasting law which states that the media should start broadcasting within a year of receiving the license. Its 40 percent owner is K group JSC., which is owned by Kokedhima; a 20 percent owner is Isuf Ferra, and another 40 percent owner Aristidh Kokedhima, Koco Kokedhima's brother. Aristidh Kokedhima also owns 40 percent of +2 *Radio*, a national radio, while Jonaq Jorgji and Myftar Troka own the remaining 60 percent.[40] Media operations are not the only activities on which Kokedhima's business focuses. Other companies he owns deal with construction, advertising or graphic work, Internet services, oil refining, etc.

Chart 1 **KOKËDHIMA MEDIA GROUP OWNERSHIP**

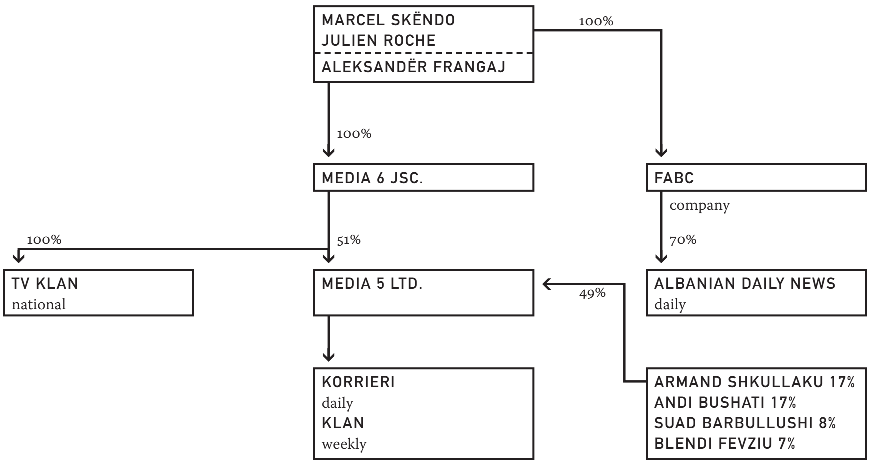


5.3.2 KLAN GROUP

Another important group is what can be defined as the Klan group, named after the national TV station and the magazine this group owns. More specifically, it is the Media 6 JSC., which owns the national television, and it is made up of Julien Roche, a French citizen, Marsel Skendo, and Aleksander Frangaj. The first two are businessmen who own other companies. Frangaj was an equal-share partner in the Koha company, which owned the best selling newspaper until the late 1990s. Frangaj sold his part of the company to his partner in order to join the Klan group. There is a discrepancy of data in this case: according to one source, the three partners own equal shares in their company,[41] and according to another, Frangaj owns 50 percent of the shares, and the other two the rest.[42] The second source is most reliable, as it is specialised in the area and is more regularly updated than the first. If we assume that the data from this source are correct, the company has breached the law, since a natural or legal person cannot own more than 40 percent of the shares in a national electronic media.

The Media 6 JSC. also owns 51 percent of Media 5 LTD., which publishes *Korrieri*, one of the top selling newspapers, and *Klan*, probably the most reputable general weekly magazine on the market. The remaining 49 percent of this company is distributed as follows: two prominent journalists, one currently the director of *Klan* magazine and the other of the news department at *TV Klan*, own 17 percent each; another seven percent owner is the director of *Korrieri*, a well-known journalist, and the remaining eight percent owner is a designer. This is one of the rare cases in Albanian media where the owners of shares are employees.

Chart 2 KLAN MEDIA GROUP OWNERSHIP

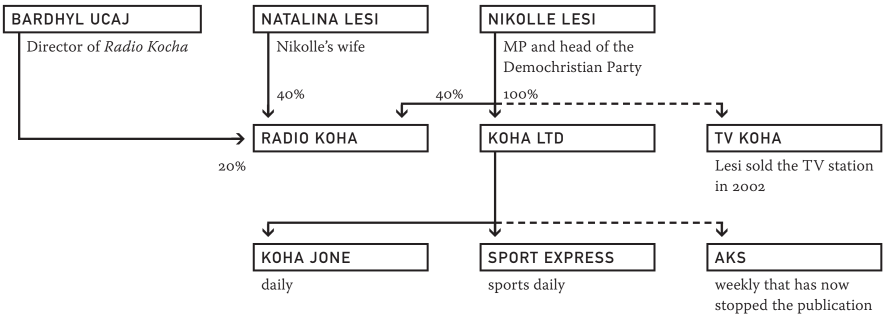


Apart from the TV, paper, and magazine, this group also owned *Radio Klan* which closed down a few years ago. As is often the case with these large media groups, the owners' business dates back to a time before the establishment of the media outlets. So, the cooperation between Roche and Skendo dates back to the time of the establishment of the first private Albanian airline company, Ada Air, in which they had equal shares and which closed in 1998. Other businesses include the FABC company which is again a joint and equal-proportioned cooperation between the two. This firm, apart from trade and other activities, owns 70 percent of the shares in a company called Independent Albanian Economic Tribune, which publishes a daily, *Albanian Daily News*. This is the only paper in English, targeted at foreigners only, and the most expensive one in the market. The paper was also the first among the dailies to build a website, with bilingual information.[43] FABC also owns 30 percent of Adaelekt and 40 percent of Adagips, companies involved in publishing and trade. Another two companies equally owned by Roche and Skendo are Albacom and Maro, companies dealing with trade and communication appliances. Although it cannot be said with certainty that all of their activity has been extremely successful business ventures, the Fasada company has certainly been a success. It is one of the first post-production studios, and Skendo and Roche own 51 percent of the shares, whereas the rest is shared between two professionals that work in this studio, meaning that the pattern of ownership is the same as with the publications above.

5.3.3 KOHA GROUP

Another group to consider is Koha, very much connected with the name and personality of Nikolle Lesi, its owner. The publishing group Koha owns the daily *Koha Jone* and the sports daily *Sport Ekspres* with shares 100 percent owned by Lesi.[44] He also owns 40 percent of *Radio Koha* while 40 percent is owned by Natalina Lesi, Nikolle Lesi's wife, and 20 percent by Bardhyl Ucaj, its actual director. Lesi also used to own *TV Koha* which he sold in late 2002. The Koha group also published a weekly magazine, *AKS*, which was considered to be a quality literary and cultural magazine.

Chart 3 KOHA MEDIA GROUP OWNERSHIP



Unlike the previous groups, the Koha group did not own any business prior to the establishment of media groups. In fact, the *Koha Jone* (established 1991) became the best selling newspaper after people started to lose interest in the other papers and in public TV, which were controlled by the Government of that time. In the period of its glory, this paper boasted some of the top investigative journalists and columnists. Lesi himself has been a member of the Parliament for two terms now, and until recently elected with the support of the Socialist Party. Although officially an independent candidate until the last elections, at present he is head of the Demochristian Party. Lesi is also a member of the Parliamentary Commission on Media. However, it is hard to determine his affiliation, since his paper's editorial policy seems to switch in accordance with the relations he has with other politicians.

5.4 FOREIGN MEDIA OWNERSHIP

Another group that certainly deserves mentioning is the Edisud JSC., owning a daily, *Gazeta Shqiptare*, *Radio Rash*, *TV News 24*, and *Balkanweb*, an online news agency. The broadcast media are registered under the company Edisud Radio-TV LTD., which is 100 percent owned by Edisud.[45] This company has an all-Italian ownership. The first product that came on to the Albanian market was a daily paper, often criticised by media experts as a sensational one, but it was quite successful. This paper was published before WWII in Albania, banned after the war, and resumed in 1993, to be later followed by other media outlets. The last one to emerge was the TV station, a news channel, the only one in the Albanian market. However, it seems that with the implementation of the piracy law, TV stations that cannot afford to buy programs have switched to this more economic way of living, although its sustainability is yet to be tested.

The only other media outlet owned by foreigners (excluding Roche's shares mentioned above) is the TV station, *Telenorba Shqiptare,* which is 40 percent owned by an Italian company, another 15 percent by two Italian persons, and the last 45 percent by Albanian persons.[46] These are the only cases of foreign ownership in the Albanian media; otherwise, the concept of a foreign group controlling important media is only present in the case of Edisud JSC.

5.5 OTHER MEDIA

There are other media that deserve mention, although not classified as a group, or at least not apparently so. One of these is *Top Albania Radio*, the first private radio station to receive a national license. It is owned 40 percent by Vjollca Hoxha, 40 percent by Zhuljeta Lamaj, and the remaining 20 percent by Zyhra Hamiti. This is supposed to be the most popular radio station in the country,[47] using state-of-the-art technology, targeted at young people, and heard even beyond the borders, but its owners are virtually unknown. Moreover, they are all women, and that is quite an exception in media ownership structure in the country.

This radio station shares premises with *Top Channel*, owned by Dritan Hoxha, who is also the director of this TV station. This TV station was launched two years ago and has had a significant success. According to the latest research, *Top Channel* ranked third after the national *TV Klan* and the public *TVSH*[48] even though it has only a local license. This TV station has also practiced a form of networking with local TV stations outside Tirana, thus managing to distribute its programming in cities where it was not allowed to broadcast. This TV station has been one of the most ambitious ones, and it seems that it will soon apply for a national license, in which case it should change its form from the present limited liability company to that of a joint stock company. The owner of this company also owns a graphic and advertising studio, whose quality work is evident in the *Top Channel* programs too. Before venturing into the media field Hoxha made his way through the coffee trade, establishing almost a monopoly over it in the country.[49]

5.6 CONTROVERSIAL MEDIA OWNERSHIP ISSUES AND CASES

Unlike in many other countries in the region, foreign ownership is definitely not an issue in Albanian media, but political influence certainly is. The debate on the relation between media owners, politicians and businesses has been attracting increasing attention recently. The potential ramifications of uncontrolled ownership and financing have started to be mentioned by politicians as well as media representatives and owners.

5.6.1 POLITICIANS AS SHAREHOLDERS

The sale of *TV Koha* is one recent example of the sale of shares to politicians. Lesi, its formal owner, sold to a group of politicians and businessmen. Agron Duka, businessman-turned-politician, and his brother Armand Duka, own 25 percent each, Ardian Abazi owns ten percent, whereas Lefter Koka, a businessman recently elected Mayor of Durres, the largest port in the country and an important city, owns 40 percent.[50] At present this TV station has almost stopped broadcasting, owing to the implementation of the piracy law. However, the ads for a new and powerful re-launch run prominently all the time, and this TV station is undergoing reformation. If it resumes broadcasting it would be interesting to follow the development of the TV station and its editorial policy, considering that the main owners are the Minister of Agriculture and the Mayor of an important city, both of them businessmen, thus with a cluster of interests to protect and especially to promote.

5.6.2 KEEPING THE PRICE LOW

The issue of protection and promotion of interests concerns all Albanian media, and it has surfaced recently in an investigation on print media practices. On Lesi's request in the Parliament, in October 2003 the DEC started an investigation into allegations that certain papers were sold at prices below their production cost, breaching the Competition Law and the special amendment on the press. Since the law does not bind the papers to submit information to the DEC, the only papers that were willing to cooperate were *Koha Jone*, owned by Lesi, *Panorama*, owned by the Panorama group JSC., and *Zeri i Popullit*, owned by the Socialist Party. *Shekulli*, *Sot*, *Republika*, and *Rilindja Demokratike*, the other dailies involved in the request for investigation, did not submit any data. Since the last two, along with *Zeri i Popullit* are party papers, they were excluded from the investigation, because they are not subject to the Law on Competition.

More importantly, this episode illustrates one of the methods denounced as politicians' attempts to buy favorable media coverage. As a report states: "Print media are divided and divisive, run either directly by politicians or their friends in business."[51] Since media experts agree that it is impossible to be on the market by charging 20 leks (approximately EUR 0.15), as *Shekulli* does, the owners should reveal their funding sources. In a recent TV show Kokedhima, the owner of *Shekulli* attributed the success of his paper to the staff rather than to the cheap price of his paper, but did not really address the pricing question52. Although he invited the participants in the show to his media outlets, the paper did not cooperate in the DEC's investigation. Other papers that sell at 20 leks include *Republika*, *RD*, *Sot*, *Ballkan*, and *Panorama*. While the first two are party papers, the other papers are relatively recent ones, owned by persons who have previously established other businesses, such as trade activities.

Another guest in the show featuring Kokedhima was the publisher of *Panorama*. A businessman in various trade activities in the early nineties, he also has shares in the main privatised Albanian beer company, Birra Malto. During this show he also declared that he and a co-owner of the beer company had started *Panorama* and bought shares in *Dita* respectively, which is sold at 30 leks, while the most expensive paper is 40 leks. Apart from allegations relating to prices, other allegations by media experts include traffic of influence between businessmen and politicians, thus using the paper coverage in exchange for business favours. "The most serious threat to freedom of the press today is its economic dependence, which leads to secret agreements between businesses, politics, and the press: these agreements have nothing in common with the free and accurate information,"[53] says Alba Malltezi, once vice-director of *Gazeta Shqiptare*, and presently director at *TV News 24*.

External funding is the only way a media can survive in this small market; this is a conclusion lately voiced by some experts, and this opinion does not exclude the broadcast media. The latest report by the IREX on media sustainability stresses that the media survived through support from their owners' other successful businesses, rather than through advertising revenues: "The advertising pool of USD 5–8 million just does not go far enough to sustain the 65 television stations, 35 radio stations, and 19 dailies."[54]

Apart from the investigation on dumping prices in print media, there have been other public denouncements of what is referred to as the Berlusconi syndrome. One of the most outspoken persons in this field is analyst Fatos Lubonja who has lately started to point at the media's relations with politics, especially in the case of the Spekter JSC.. In an ongoing suit for defamation filed by Kokedhima against Lubonja, Lubonja is attempting to present proof in an attempt to verify Kokedhima's relations with and obligations towards politicians. Lubonja claims that these proofs show that the then-Minister of Culture and present Mayor of Tirana has secured public tenders for Kokedhima's company in a manner that was not in conformity with the legal procedures.[55]

Unfortunately, the influence of the main media groups cannot be translated into their market shares. Research on media, their activity and influence, is totally lacking. There are only sporadic audience surveys, which do not include all of the territory, and there is no data on circulation and readership apart from that which the owners and publishers decide to provide of their own will. In this context it is very difficult to determine in a clear, scientific way which is the most influential or popular medium, and more importantly, what is its profit from its activity.

6 CONCLUSIONS

In general, mapping the ownership pattern in the Albanian media landscape is not an easy task in view of the weak infrastructure of the data system in this area and the legal pitfalls that can lead to the disguise of ownership. Overall it can be said that the media owners have a business background and have continued to tend to their businesses; moreover, they have expanded it. Although the media landscape is extremely rich in terms of the number of outlets, almost unnaturally so, it is possible to map the main media groups. Their owners have constantly been in the spotlight, particularly recently, with ongoing mutual accusations of relations with political groups. However, the legal deficiency and the weakness or lack of willingness of regulatory bodies have not enabled a conclusion to be reached regarding these allegations. Consequently transparency about media ownership, activity, and their influence on the public are immediate needs in the development of media pluralism and its independence. As one media analyst put it: "The Albanian press will start to enjoy its freedom when the first paper that is not read, and the first television which is not watched, but are only paid to exist, go out of business. We must strive to achieve that day."[56]

NOTES

1 Interview with Prec Zogaj, *Indexmedia*, no. 1, 2002, p. 39.

2 Law on Press no. 8239, 1997.

3 Draft Law on Press, 2001.

4 Law on Press no. 8239, 1997.

5 Law on Private and Public Radio and Television, Article 26, no. 8410, 30 September 1998.

6 Law on Private and Public Radio and Television, Article 20, no. 8410, 30 September 1998.

7 Law on Private and Public Radio and Television, no. 8794, 10 May 2001. For some changes in the Law on Private and Public Radio and Television no. 8410, 30 September 1998, Article 7.

8 Law on Private and Public Radio and Television, no. 8410, 30 September 1998, Article 20.

9 *Guide for Electronic Media*, Institute for Public and Legal Studies, Tirana, January 2000, p. 10.

10 NCRT Decision no. 10, 15 May 2000, amended by NCRT Decision no. 52, 16 July 2001. Criteria on Licensing Private Operators for FM Radio and Television Broadcasting.

11 Law on Private and Public Radio and Television, no. 8410, 30 September 1998, Articles 30 and 34.

12 *Media Sustainability Index 2002*, IREX, at <http://www.irex.org/msi/2002/country/Albania.pdf>, accessed on 2 February 2004.

13 *Guide for Electronic Media*, Institute for Public and Legal Studies, Tirana, January 2000, p. 13.

14 *Guide for Electronic Media*, Institute for Public and Legal Studies, Tirana, January 2000, p. 12.

15 Law on Commercial Companies, no. 7638, 04 November 1992, Article 38

16 Law no. 7667, 28 January 1993: On Commercial Register, Article 33.

17 Law on Competition, no. 8044, 07 December 1995.

18 Law on Competition, no. 8044, 07 December 1995, Article 4.

19 Imholz, Kathleen, Elina Koçi & Robert Rittler, *Electronic Media Law in Albania*, January 2001.

20 Law on Competition, no. 8044, 07 December 1995.

21 Amendment on the Law on Competition, no. 8403, 10 September 1998, Article 1.

22 Law on Competition, no. 8044, 07 December 1995, Article 58.

23 Law on the Protection of Competition, no. 9121, 28 July 2003, Article 3.

24 Law on the Protection of Competition, no. 9121, 28 July 2003, Article 12.

25 *The Cost of Speech*, Human Rights Watch, June 2002, 14/5, p. 47.

26 *The Cost of Speech*, Human Rights Watch, June 2002, 14/5, p. 48.

27 *The Cost of Speech*, Human Rights Watch, June 2002, 14/5, p. 52.

28 *The Cost of Speech*, Human Rights Watch, June 2002, 14/5, p. 53.

29 Among the papers that refused to respond were *Shekulli* and *Sporti Shqiptar*, published by the same owner, which are considered to have a quite large staff. Thus the figure is to be taken with reservation, but it still conveys an idea of the situation in the labour market. (*Monitoring Albanian Media Landscape 2002*, Albanian Media Institute, Maluka, 2003.)

30 Law on Private and Public Radio and Television, no. 8410, 30 September 1998, Article 5.

31 Law on Private and Public Radio and Television, no. 8410, 30 September 1998. Article 5.

32 *Monitoring Albanian Media Landscape 2002*, Albanian Media Institute, Maluka, 2003, p. 5.

33 NCRT on Licenses, <http://www.kkrt.gov.al>, accessed on 30 December 2003.

34 The circulation figure is more an estimate rather than an exact number, since nobody knows the real circulation. The newspapers are not required by law to declare it and the only figures available come from the Albanian Media Institute's survey, provided by the editors or publishers themselves, and thus not extremely reliable. Also, some of them refused to supply any figure at all, as was the case with the Spekter JSC., probably the largest one in print media. (*Monitoring Albanian Media Landscape 2002*, Albanian Media Institute, Maluka, 2003.)

35 There is a total vacuum of market analysis in Albania, not only in the media field. However, this market is extremely small for 19 dailies.

36 G. Ibrahimi, A. Loci, *Media Landscape of Albania: Legal Framework*, in *Media Online*, 2001, <http://www.mediaonline.ba>.

37 G. Ibrahimi, A. Loci, *Media Landscape of Albania: Legal Framework*, in *Media Online*, 2001, <http://www.mediaonline.ba>.

38 NCRT, Department of Jurisdiction and Licenses.

39 Commercial register, Tirana Court.

40 NCRT, Department of Jurisdiction and Licenses.

41 Commercial register, Tirana Court.

42 NCRT, Department of Jurisdiction and Licenses.

43 See <http://www.albaniannews.com>.

44 Commercial register, Tirana Court.

45 NCRT, Department of Jurisdiction and Licenses.

46 NCRT, Department of Jurisdiction and Licenses.

47 There is no audience research on radio, but it is generally believed to be the top radio.

48 *Media 2002*, Institute of Surveys and Opinions, p. 30.

49 Llazar Semini, "I media in Albania", in *Osservatorio sui Balcani*, <http://www.auth.unimondo.org>

50 NCRT, Department of Jurisdiction and Licenses.

51 *Media Sustainability Index 2001*, IREX, <http://www.irex.org/pubs/msi_2001/05-Albania.pdf>, accessed on 24 November 2003.

52 Interview in Kombinat Show, *TV Klan*, 12 December 2003.

53 Interview with Alba Malltezi, *Indexmedia*, no. 1, 2002, p. 37.

54 *Media Sustainability Index 2002*, IREX, <http://www.irex.org/msi/2002/country/Albania.pdf>, accessed on 2 February 2004.

55 "Lubonja: Edi Rama gave illegal tenders to Koco Kokedhima," in *Tema*, 23 December 2003, p. 10.

56 Mero Baze, "The press, after 1997, the only pyramid still in place", in *Indexmedia*, no. 1, 2002, p. 32.

BOSNIA AND HERZEGOVINA

Tarik Jusić

1 INTRODUCTION

At present, there are no significant cases of media concentration in Bosnia and Herzegovina (BiH) which might potentially pose a threat to fair and open market competition, but the actual situation is characterized by uncertainty. There are several reasons for this uncertainty, which result from the specific contextual characteristics of the country in question.

Firstly, the extremely complex state structure, with multiple levels of governance,[1] results in a general lack of insight into the processes that take place in parallel on these various levels. Additionally, this lack of transparency is coupled with the radical inefficiency of state administration that cannot ensure implementation and monitoring of its key policies, be it in the field of the economy, social care, or the media. To put it simply, the state is so complex that it cannot manage itself. In effect, the state is not able to ensure full insight into, not to mention control of, media ownership patterns and their influence on media pluralism and independence.

Secondly, the media market in contemporary BiH is extremely over-saturated. There are simply too many media outlets competing on a too small advertising market. The situation is made even worse by the strong competition that comes from the side of state/public broadcasters, taking away a large part of the advertising revenues from commercial broadcasters. In effect, the media are rather weak and largely dependent on donors and/or state subsidies. It is expected that in the near future, and with the reduction in available donations, the number of media outlets will significantly shrink. Hence, at the moment, and somewhat paradoxically, we can say that pluralism threatens pluralism – there are simply too many media, so that almost everyone is endangered. This results in a general uncertainty about the future of the media sphere in BiH.

Thirdly, the legal regulator and self-regulatory framework and institutions in the field of the media are quite weak, not to say inefficient. This is especially so in the area of ownership and competition regulation, where media-specific legislation is just being drafted, and the existing general competition legislation is completely inefficient. Here, the question is if the system will become operational soon enough, so that potential future moves towards monopolisation of specific aspects of the media market are identified on time, and prevented. Moreover, an additional problem that results from the described situation is a lack of transparency of ownership in companies in general.

This is more so because the state has a limited say with respect to the legislation regarding the media. Even when the laws are brought in at the state level, they have to be adopted at entity levels as well in order to be practically operational. In accordance with the Dayton Peace Accord,[2] it is the sole responsibility of entities to adopt and implement the legislation on media. Additionally, in the Federation BiH entity, each of ten cantons is also empowered to have its own media legislation; therefore there is neither a central register of media nor one of commercial companies in Bosnia and Herzegovina as a whole, nor in the entity of Federation of BiH. In other words, there are eleven company registers and eleven media registers in the country: one in Republika Srpska entity, and one in each of the ten cantons of the Federation of BiH. Such a situation is a nightmare for anyone trying to get information about media ownership. Moreover, none of the available registers exists in the digital format, meaning that any inquiry has to undergo a manual digging through hard-copy documents in basement archives.

Fourthly, the privatisation of cantonal and municipal broadcasters is not advancing, as a result of the still continuing ban imposed by the Office of the High Commissioner (hereafter OHR). Hence, only several important media enterprises have been privatised to date. This has also slowed down the consolidation of the media sphere in the country. As a result, no one knows how the forthcoming process of privatisation of these media will influence overall developments in the field.

And finally, as a consequence of all the factors mentioned, and as a result of immense administrative obstacles and legal uncertainty for businesses, there was only a limited interest on the part of large international media corporations to invest in BiH. In effect, there was no major attempt by any of the big corporations to actually enter the media scene aggressively and acquire a significant percentage of media companies.

2 MEDIA MARKET DEVELOPMENT

Considering rather specific circumstances under which it grew, the media system of BiH is both the youngest (in terms of its operation as an industry characterized by market competition) and, at the same time among the most complex ones in the region of Southeast Europe (SEE). The Bosnia and Herzegovina media landscape is determined by the country's complex political and administrative structures, difficult post-war pacification and democratization processes, and its damaged economy.[3] Four years of war ended in December 1995, when the Dayton Peace Accord was signed, opening the way to reconstruction of the country and reconciliation among its three dominant ethnic groups: Serbs, Croats and Bosniaks. Accordingly, BiH now consists of two entities: The Republika Srpska, which is dominated by Serbs and the Federation of Bosnia and Herzegovina (hereinafter Federation of BiH), dominated by Croats and Bosniaks, and consisting of ten cantons which enjoy a large measure of autonomy, and of which four have a Bosniak and four a Croat majority, while the remaining two are mixed cantons.

All in all, based on the described circumstances, one can list several key features of BiH that influence the development of the media sphere as well:[4] the BiH economy is still in a shambles; the market is underdeveloped, and the state largely depends on foreign aid and loans from the IMF and the World Bank; the state administration is extremely inefficient, and such a complex structure is simply non-manageable; the legal and judiciary systems are quite ineffective; there is a general lack of civil society, or democratic and participatory culture; and there are substantial administrative and legal barriers to business.

In such a dynamic and fragmented environment, and under such harsh conditions, the media system of BiH developed in a rather complex way. Today, BiH is characterised by two media systems, one in each entity, and an emerging statewide public broadcasting system.

The development of the media system was contradictory in its own terms, being forged by domestic political forces on one side, which have sought ways to create and use the media as their mouthpiece, and the international community on the other, which has invested enormous amounts of money in the development of an independent media sphere in post-war BiH. According to the report on media environment written by Gwyneth Henderson, Jasna Kilalić and Boro Kontić in January 2003,[5] "since 1996 the U.S. Government (USG) has invested some USD 34 million to support independent broadcast and print media in Bosnia and Herzegovina (BiH) – USD 14.5 million since 1999." Adding to this investment, for the period 2003–2006, the USA has committed an additional USD 4.5 million for the same purposes. Apart from the USA, other big donors such as the Open Society Fund, the European Commission, and many others, will spent at least the same amount for this period. All this points to the fact that the media sphere of BiH is still largely dependent on donations and foreign aid, and its pluralism needs to be taken with due reservations, since it is questionable what will remain functional once the foreign aid completely drains out. Nevertheless, in spite of rather harsh conditions, there are simply too many media outlets in BiH. This is the result of the specific circumstances described above, where "many media outlets are able to access financial support in many different ways, so it is very hard to assess when the market may shrink to a more rational level."[6]

As a consequence of such specific a situation, the media market in BiH is weak. According to agency figures for 2002, the available annual advertising net revenue in BiH totals KM 36 million (approx. EUR 18 million) and is distributed across the industry in the following way: TV gets some KM 23 million (approx. EUR 11.5 million), billboards earn some KM 10 million (approx. EUR 5 million), print gets KM 2 million (approx. EUR 1 million) and the radio sector has KM 1 million (approx. EUR 0.5 million).[7] Nevertheless, it is important to emphasise here that the actual size of the market, which would include advertisements sold directly as well as the substantial barter deals often done, should be somewhere around KM 60 million (approx. EUR 30 million) gross worth.[8]

2.1 BROADCAST MEDIA DEVELOPMENT

The developments in the field of broadcasting have been dynamic since the dissolution of the former Yugoslavia and the war in BiH. Whereas in 1991, there were only 5 TV and 54 radio stations, by 1997 the broadcasting sector had virtually exploded, featuring 156 radio and 52 TV stations. Nevertheless, the numbers continued to grow, so that in 2000 there were 210 radio and 71 TV stations in the country. Between 2000 and 2002 broadcasters were finally required to apply for long-term licenses that were delivered in accordance with strict criteria outlined by the Communications Regulatory Agency (CRA).[9] This has effectively put an end to the mushrooming of the broadcasting sector and has downsized it to numbers more appropriate for the limited BiH market.

Table 1 NUMBER OF BROADCASTERS IN BIH FROM 1991 TO 2000

	1991		1997		2000	
	TV	RADIO	TV	RADIO	TV	RADIO
FEDERATION BIH			34	97	42	127
REPUBLIKA SRPSKA			18	59	29	83
BIH TOTAL	5	54	52	156	71	210

Source: Udovičić et al, 2001.

According to the latest data from the CRA, in late 2003 and early 2004, there are 183 licensed broadcasters in BiH, plus three additional state-wide public broadcasters that form the Public Broadcasting System for BiH: *The Public Broadcasting Service of BiH* (*PBS BiH*), *Radio and Television of the Federation BiH* (*RTV FBiH*) and *Radio and Television of the Republika Srpska* (*RTRS*).

Out of these 183 broadcasters, there are 42 TV stations and 141 radio stations. All together, there are 78 public and 105 private broadcasting media outlets in the country. Out of that number, there are 16 public and 26 private TV stations, while there are 62 public and 79 private radio stations.

Table 2 NUMBER OF RADIO AND TV STATIONS IN BIH IN 2003

	TOTAL	PUBLIC	PRIVATE
TV	42	16	26
RADIO	141	62	79
TOTAL	183	78	105

Source: Media Task Force, 2003.

In 1990, there were only two TV channels with national coverage, which were part of the state broadcaster *RTV Sarajevo*, later renamed *RTV BiH*. By late 1995, throughout the war, the number changed, so that there were altogether three TV channels with almost national coverage: *TV BiH* and *EROTEL*,[10] both covering most of the Federation of BiH and parts of the Republika Srpska, and targeting primarily the Bosniak and Croat populations, respectively. The TV channels of *SRT* (*Srpska RTV*), later renamed the *Radio Television of the Republika Srpska*, covered most of the Republika Srpska and parts of the federation BiH, targeting primarily the Serb population.

The number of TV channels with national coverage changed again in late 1996 when the *Open Broadcast Network* (*OBN*), a TV channel established and run by the international community, started to operate. Its primary task was to balance the nationalist propaganda that was coming from state-owned and nationalist party controlled media in the country.

By the end of 2003, there were 4 TV channels with national coverage. Two of those are TV channels of public broadcasters, the *RTV FBiH* and the *RTRS*, the third is *OBN*, and the fourth is *TV PINK BH* that entered the BiH media market in early 2003. There is also one national frequency reserved for the state-wide PBS TV channel, but it is yet unknown when that channel will eventually go on the air.

Additionally, there is a statewide program produced by a network of several local TV stations, called *Mreža Plus*. Nevertheless, *Mreža Plus* does not have its own frequency but uses the frequencies of networked TV stations, so we cannot really consider it to be a separate TV channel.

Table 3 NUMBER OF TV CHANNELS WITH NATIONAL OR ENTITY COVERAGE IN BIH FROM 1990 TO 2003

	1990	1995	1996	2000	2003
BIH TOTAL	2	3	4	3	4 (5)

2.1.1 COMPETITION ON THE TV MARKET

According to Dunja Mijatović, the Director of the Broadcasting Unit of the CRA, at the moment, there are no available frequencies for another statewide TV broadcaster in BiH. One additional frequency is reserved for the public broadcasting system, since it will be transformed, finally featuring three channels.[11]

The CRA has currently blocked the entrance of new broadcasters into the market in order to create conditions for the stabilisation thereof "the CRA has decided that, for the immediate future at least, it will not issue any new general broadcasting licenses. This is to allow the market to establish and develop and will be reviewed again in Q1, 2004."[12]

The CRA is considering the possibility of offering, in the near future, a number of frequencies, which will allow for a national commercial network for radio and TV.[13]

Nevertheless, this does not mean that it is impossible to establish a statewide TV channel. Through the mechanism of transfer of broadcasting licenses, a company can buy off the licenses of local and regional TV or radio stations, thus effectively establishing a TV program with national coverage. This is exactly what *TV PINK BH* did in early 2003. PINK TV from Serbia registered a Bosnian company, TV PINK BH, which then bought off broadcasting licenses from four local TV stations in the country.

The dominant position of public broadcasters, apart from their reach, results from several sources of financing, according to the Law on Public Broadcasting Systems that was imposed by the Office of the High Representative (OHR) in May 2002. The Law provides multiple sources of funding for public broadcasters, including a license fee, advertising, sponsorship and direct state funding.

Public broadcasters are now allowed to broadcast advertisements to a length of 10 percent of their total daily programming, or a maximum of six minutes per hour (eight minutes per hour during prime-time). These limits, although in accordance with the European Convention of Transfrontier Television, may be problematic, considering the fact that the net worth of the TV advertising market in BiH in 2002 was around EUR 11 million, of which some 50 percent or EUR 5.5 million goes to *FTV*, while the other 42 TV stations have to share the remaining EUR 5.5 million. The advertising market is so limited that it seriously endangers the survival of a commercial TV and radio sector.[14]

The greatest competition for the public broadcasting TV channels, *FTV1*, *RTRS* and *BHTV 1*, now comes from the commercial TV networks, *Open Broadcast Network* (*OBN*), *Mreža Plus* and *TV PINK BH*, who also manage to cover some 80 to 90 percent of population each.

Table 4 AUDIENCE SHARE OF TV CHANNELS IN BIH IN 2002 BY REGIONS

TV CHANNEL	BIH (%)	FEDERATION BIH (%)	REPUBLIKA SRPSKA (%)
FTV 1	30.2	44.8	6.9
FTV 2	4	5.6	1.5
HRT 1, 2, 3	8.9	3.7	17.1
RTRS	7.1	1.6	15.8
RTS 1, 2, 3	2.1	0	5.4
PINK	3.9	0.3	9.7
MREŽA PLUS	12	14.3	8.1
NTV HAYAT	4.7	7.7	0
ATV	3.1	0	8.1
TV TUZLA	1.4	2.3	0
HRTV OSCAR C	0.6	0.9	0
RTV MOSTAR	0.6	0.9	0
NTV ZENICA	1	1.6	0
TV TRAVNIK	0.6	0.9	0
TV JASMIN	0	0	0
OBN NETWORK	11.2	13.8	7.3
OBN	6.6	9.9	1.4
NTV BANJA LUKA	2.3	0	5.9
TV ARENA	0.7	1.2	0
TV CAZIN	0	0	0
NTV ZETEL	0.7	1.2	0
TV X	0.4	0.7	0
RTV GORAŽDE	0.4	0.6	0
TV KISS	0.1	0.2	0
OTHER SATELLITE	6	7.9	3
OTHER DOMESTIC	14.6	8	25.2

Source: Mareco Index Bosnia, BIH member of Gallup International, TV Audience Measurement, May 2002.

2.1.2 RADIO MARKET DEVELOPMENT

Radio is an important media for the local audience in BiH. Some 80 to 84 percent of the population listen to the radio regularly, at least three times a week for 3 to 4 hours at a time.[15]

As stated earlier, there are 141 radio stations in BiH. Nevertheless, only one of these, the public national station, *BH Radio1*, has an audience of any appreciable size, reaching a 10.7 percent audience share.[16] The next station in line is *Radio Federacije BiH*, and it claims a 4 percent audience share in total, followed by several stations that are just below 4 percent. Thus, *RTV BN* has 3.6 percent, *RTRS* has 3 percent, *RTV Big* claims 2.9 percent, *NES radio* has 2.6 percent, *RTV USK* 2.2 percent and *RTV TK* has a 2 percent audience share. All other stations are below the 2 percent line. Most of the stations are music stations, and none of the other stations with reasonably substantial speech programming – the average ratio is 40 percent talk to 60 percent music – reach more than 2 percent of the total population.[17]

Table 5 AUDIENCE SHARE OF 10 MOST POPULAR RADIO CHANNELS IN BIH IN 2002

RADIO CHANNEL	%
BH RADIO 1	10.7
RADIO FEDERACIJE BIH	4.1
RTV BN	3.6
RTRS	3.0
RTV BIG	2.9
NES RADIO	2.6
RTV USK	2.2
RTV TK	2.0

Source: MIB, 2003.

The number of radio stations and their ratings show that the market is extremely fragmented. This also means that revenues are low, especially when one takes into account the assessment that the overall size of the radio advertising market does not exceed EUR 0.5 million per year.

To some extent, the situation between private and public radio broadcasters mirrors that of the television sector, except that there is no state-wide formal radio network that would be equivalent to *Mreža Plus* or *OBN*. Thus, there is only an informal network of radio stations, facilitated by the BORAM Agency. Through this network, 22 stations carry and contribute to news blocks produced by BORAM, and earn revenues through joint advertising. This project was initially supported for a year by the European Union with USD 300.000.[18]

2.2 BROADCAST MEDIA OWNERSHIP

2.2.1 OPEN BROADCAST NETWORK (OBN)

The *OBN* started to broadcast under its initial name, *TVIN*, in September 1996, as an attempt of the OHR and other international factors to break up the information monopolies enjoyed by the ruling nationalist parties at that time, and thus to establish a country-wide TV program that would provide objective and unbiased information to the whole population of the country.

The "seed money" for the creation of the *OBN* came from the several foreign governments, most notably the United States, Sweden, Japan, Canada, Spain and Italy, but also from the European Commission and the Open Society Foundation.[19] It is estimated that some USD 20 million has been spent over the period of five years (1996–2001) in order to help the establishment of *OBN*.[20] The money was essentially put into a Trust, seated in London, which transformed its role from an informal group of donors to the official owner of the company, and the partner company OBN was established in BiH.

Nevertheless, in spite of such significant support, the whole project finally collapsed in 2000, as major donors, dissatisfied with the *OBN* performance as well as with mutual relations, simply withdrew their support.[21]

What has happened in the mean time is that the *OBN* consolidated itself and its ownership structure. According to the latest official data, the *OBN* was registered in the Cantonal Court of Sarajevo as a stock company, on 24 February, 1999. The owners of the company are OBN Limited, based in London, UK, and Gabriel Vukadin from Sarajevo. Vukadin, who is also the director, owns 52 percent of the company and OBN LTD. owns 48 percent. According to Henderson et al.,[22] one of the owners of the London-based OBN Limited is also an owner of *Nova TV*, the Croatian commercial TV station. This means that the two stations, *OBN* and *Nova TV*, are therefore in a position to purchase the programming rights for both countries at favorable rates.

Today, we can say that in spite of all its difficulties, the *OBN* is surviving. As Henderson et al. has put it: "It has an audience share of 5 percent overall – 11 percent in Sarajevo and 14 percent in Mostar. It has gained an additional licence from the CRA to complete its terrestrial coverage with 35 new transmitters. It has twelve affiliate stations which fill in the gaps. Affiliates are both publicly and privately owned."[23]

2.2.2 MREŽA PLUS NETWORK

As a consequence of the collapse of the original, internationally supported *OBN*, in the summer of 2000 USAID/IREX made the decision to try one more time to create a BiH wide network of stations. Hence, through stations that had earlier been *OBN* affiliates, *Mreža Plus* was created. These stations are: *TV Hayat Sarajevo*; *ATV Banja Luka*; *TV Tuzla*; *Oscar C Mostar* and *RTV Mostar*.

Each station has 20 percent ownership, but the distribution of revenues is made according to the market share of each individual station. From the donor side *Mreža Plus* received substantial support for infrastructure, purchase of popular programming, management and marketing training.

The audience figures from 2002 give *Mreža* a 14 percent audience share and an estimated 25 percent of available advertising revenues from agencies. The network signal covers at best 85 percent of the population.[24]

Mreža Plus broadcasts its programming for several hours each day during peak time, using the frequencies of the five member stations. Generally speaking, *Mreža Plus* as a network is almost indistinguishable from other BiH TV channels. It offers the same mix of films, soap operas and light entertainment programs, some sport and cheaply produced local shows. There are some plans to introduce a statewide newscast, but it is not clear whether this will eventually happen.

2.2.3 TV PINK BH NETWORK

Absolutely the newest and most spectacular entry into the BiH media market is the appearance of *TV Pink BH* in early 2003. Before that, *TV Pink BH* was seen in its original packaging, as broadcast in Serbia, and in 2002 its market share in BiH was somewhere around 4 percent.[25] Official entry into the BiH market was made under the name Pink BH Company. The Pink BH Company LTD., was established on 4 February 2003 in Bijeljina. The company is established and owned by DASTO-SEMTEL Bijeljina and Pink International Company LTD. Belgrade. The Director of the company is Jovo Stanišić, but the actual owner is Željko Mitrović from Belgrade, who owns Pink International Company.[26]

The Pink BH Company has taken over, through direct transfer, the frequencies and programming obligations of four TV companies previously existing in BiH, thus creating the *TV PINK BH* network. The four TV companies are: *TV Kometa*, *RTV GLS*, *RTV Patria* and *RTV Step*. As such, the *TV PINK BH* network manages to reach a large chunk of the BiH population. Nevertheless, I was not able to obtain the latest data on its overall reach and market share.

It is obvious that *TV Pink* has already had a significant impact on the overall character of the broadcasting market, increasing competition and aggressively entering areas that were initially reserved for the public broadcasters, *OBN* and *Mreža Plus*. It is therefore not surprising that the creation of *PINK BH* has caused a series of public protests and discussions, mainly among local broadcasters, which fear the market potential and competitiveness of *TV Pink.*

2.2.4 NEOVISNA TELEVIZIJA HAYAT (NTV HAYAT)

Apart from the three mentioned networks, probably the most significant single private broadcaster in the country is *NTV Hayat*. NTV Hayat LTD. is a private company established by Omer Behmen, Emin Svrakić, Mahir Žiško and Nermin Karačić as well as by the Svrakić LTD. company. The initial capital of the company was KM 26,500 (approx. EUR 13,250) of which Svrakić LTD. invested 18,500 KM (approx. EUR 9,250), thus being the majority owner of the company. Originally, the company was established on 19 January 1993, and was re-registered in 2002 in accordance with the new legislative requirements. The Director of the *NTV Hayat* is Elvir Svrakić.[27]

TV Hayat is generally considered the most successful and most professional local TV station in BiH that has established itself in the market. The recently launched satellite service for the Bosnian diaspora overseas with *Mreža Plus* programming will, it is believed, bring in additional revenue. Moreover, *TV Hayat* has plans to extend terrestrial coverage in BiH.[28]

2.2.5 ALTERNATIVNA TELEVIZIJA (ATV)

ATV is registered in Banja Luka. The owners of the company are Nataša Tešanović (34 percent), Darko Aleksić (17 percent) and the representative of the MDLF (Media Development Loan Fund), Milan Lukić (49 percent). The Director of the company is Nataša Tešanović.[29]

ATV is highly regarded among media professionals. It has a strong position in Republika Srpska, and its importance as a news provider is well recognised. Its news programming is also the station's most significant revenue earner. If compared to *NTV Hayat*, *ATV* is not as strong in financial terms, but since it operates within a different context and has a different history, this is not surprising. The market in RS is much weaker than the market in the Federation, and it has been significantly supported by donors to ensure that high-quality news and information programming by, and for, Republika Srpska is available.

2.2.6 OWNERSHIP IN RADIO SECTOR

According to Henderson et al., there are less than a dozen serious private radio stations in the country. This is also reflected in the audience share data we have obtained. Hence, since the radio market is so fragmented, and since there are no truly nation-wide commercial radio channels, we will not go any deeper into the analysis of the ownership patterns thereof.

The only radio station to which we pay attention in our report is *Radio NESS*, and that is only because it is owned by the private company, N.I.G.D. DNN, based in Banja Luka, Republika Srpska, which also publishes the daily paper *Nezavisne novine*. The company is established and owned by Željko Kopanja and Nataša Kopanja. The authorised representative of the company is Željko Kopanja. According to data from early 2004, *Radio NES* has respectable listening figures at 3.7 percent,[30] whereas according to the MIB its audience share for BiH in 2002 was 2.6 percent.

2.3 PRINT MEDIA MARKET

There are 7 daily papers published in BiH, 13 published in Serbia and Croatia, plus 46 monthly and weekly publications produced in BiH and 61 foreign ones available on the BiH market. Of these 46 weekly and monthly publications, only 7 are news-based. Additionally, of those 7, only two are essentially local.[31] Hence, the competition from outside is very strong, and what, on the surface, looks like a relatively uncrowded market is actually flooded with a great number of titles that compete for the readership.

The newspaper readership in BiH has always been limited, and is today at its lowest levels, one reason being poor economic conditions – newspapers and magazines are expensive, at KM 1 (EUR 0.5) and KM 2 (EUR 1) respectively. The overall newspaper readership in Federation BiH is around 40 percent and in Republika Srpska 22 percent, for those who read it at least 3 times a week. News magazines are read regularly, 1 or 2 a month, by some 29 percent of the adult population. Data from the MIB 2003 report are somewhat different, stating that nationwide, 65 percent of the adult population (18+ years) read daily newspapers at least once a week, 45 percent read weekly magazines, 19 percent read bi-weekly magazines and 29 percent read monthly magazines.[32]

According to some assessments,[33] the print media market is underdeveloped as a consequence of the devastated economy and limited advertising revenues. In late 2002 only 6 percent of advertising investment (the total size of the advertising market is around EUR 18 million net worth) went to print media. This means that the print press can count on less than EUR 1 million in net advertising revenues per year. Consequently, it is questionable whether the advertising market can support the survival, not to mention the development, of the print media sector.

Additionally, readership is significantly restricted by the ethnic character of the audience. This prevents print media from reaching a broader audience on the nationwide level, thus forcing them to target whatever specific ethnic group is dominant in the region where a particular paper is published.

Rather interesting is information provided in the MIB 2003 report, which shows that out of all media types, the BiH population has lowest confidence in the print media. Thus, 53 percent of adult respondents state that they have no confidence in any print media, in comparison to 42 percent for radio, and 29 percent for television.

Whereas in 1990 there were 2 dailies published in BiH, *Oslobođenje* and *Večernje novine*, in 2003 there are seven daily newspapers. Five are published in the Federation BiH: *Dnevni Avaz*, *Oslobođenje*, *Jutarnje novine* and *Sarajevske novine* (*SAN*) in the city of Sarajevo, and *Dnevni list* in the city of Mostar. *Nezavisne novine* and *Glas Srpske* are published in Banja Luka, Republic of Srpska. *Glas Srpske* is the only daily owned by the Government.

As a consequence of the poor performance of the print media market, there are no reliable data on print media circulation. According to some assessments from 2001 and 2002, *Dnevni Avaz* has the highest circulation of some 40,000 copies, reaching more than 100,000 copies on Fridays. The next is the daily *Oslobođenje* with approximately 16,000 copies, and *Jutarnje novine* with some 10,000 copies. *Nezavisne novine* and *Glas Srpske* have around 8,000 copies each.

Table 6 READERSHIP OF TOP DAILY NEWSPAPERS IN BIH*

DAILY NEWSPAPER	%
DNEVNI AVAZ	40
OSLOBOĐENJE	17
VEČERNJE NOVINE	14
JUTARNJE NOVINE	13
NEZAVISNE NOVINE	13
JUTARNJI LIST	10
DNEVNI LIST	10

Source: MIB, 2003.
Note: *Readership from every day to at least once a week.

2.3.1 DAILY DNEVNI AVAZ

Dnevni Avaz is the daily paper with the highest circulation in BiH, and it is published by the NIK Avaz publishing company. The President of the Governing Board is Fahrudin Radončić, while the executive director for AVAZ publications is Nedim Lisak. The General Director of the NIK Avaz company is Muhamed Bakarević.[34] In addition to the daily paper, *Dnevni Avaz*, NIK Avaz also publishes several specialised magazines such as *Sport*, *Azra* and *Express*, and owns a distribution system and a printing press as well.[35] All this makes it by far the strongest and the most influential media company in the country.

There has been a lot of discussion about *Avaz*, its finances and its political affiliations. It has been claimed that *Avaz* was initially supported by the ruling Bosniak nationalist party SDA (Stranka Demokratske Akcije), which has ensured the rise of this paper (see Kurspahić, 2003: 178). Nevertheless, the owner of the company, Fahrudin Radončić, states that it was its editorial policy and not SDA support that has made the daily *Dnevni Avaz*, such a successful media company.[36] In 2000, *Dnevni Avaz* suddenly distanced itself from the SDA party, in an attempt to establish itself as an independent daily. This move was severely punished by SDA officials who have used various forms of pressure, including financial police inspectors, to put an end to this rebellion. Nevertheless, thanks to its maneuvering capacity and to support from the international community in BiH, *Avaz* managed to survive this attack and grew even stronger afterwards. Today, it is hard to estimate what its political affiliations are, but it is clear that its influence on the political life of the country is enormous. The editorial concept is that of the family-oriented political daily paper.

2.3.2 DAILY OSLOBOĐENJE

The daily *Oslobođenje* is published by the shareholders' company Oslobođenje which is registered at the Cantonal Court of Sarajevo. The company, as described under the section on the privatisation of *Oslobođenje*, is now owned by the Slovenian financial/investment group, Kmečka družba, which is the majority owner with a 39 percent stake in the company. According to the most up-to-date official information from September 2002, the director of the company is Enes Terzić, and the executive director is Senka Kurtović. The supervisory board consists of a President, Temin Dedić, and four members: Matjaž Prinčič, Hajdar Arifagić, Goran Jovanović and Petar Škert.[37]

Once the leading daily paper in BiH, *Oslobođenje* lost its glory as well as its readers. The paper was not able to adjust to the changed post-war media market, and its importance significantly deteriorated. In a futile attempt to compete with *Dnevni Avaz*, *Oslobođenje* lost a large percentage of its previous readers, and not even the new ownership structure under Slovenian command helped the paper to re-establish itself.

2.3.3 DAILY DNEVNE NEZAVISNE NOVINE

When speaking about the profile of the most important dailies, one could freely say that currently the most serious one, in terms of its content and journalistic quality, is the daily *Nezavisne novine* from Banja Luka. The paper is seen as an opposition paper. It now separates most comment from the news stories, thus standing shoulder to shoulder with most Western papers. The paper, *Nezavisne novine*, is a daily paper published by the private company N.I.G.D. DNN, in Banja Luka, Republika Srpska. The company is established and owned by Željko Kopanja and Nataša Kopanja. The authorised representative of the company is Željko Kopanja.[38]

Although "overall readership of all publications has fallen over the last two years – a notable exception is *Nezavisne novine*, which has secured a sizeable increase in sales throughout the country, despite being based in Banja Luka."[39] Hence, some 30 percent of its sales are in the Federation BiH, and the management of *Nezavisne novine* believes that with a further zoned edition this figure would rise dramatically. The newspaper's management is determined to establish *Nezavisne novine* as the leading state-wide independent daily paper, but also to develop it into a lucrative business.

According to Henderson et al, "*Nezavisine novine*'s business sense – the acquisition of its own printing press – as well as its improvements in layout, and not least its journalism, are impressive. The company is now printing seven other companies` publications, including one Croatian paper and an auto magazine.[40]

The success is even more impressive if one takes into consideration the unfair competition on the part of the subsidized government paper, *Glas Srpske*, continuous pressures from the government, as well as the pressure exerted on some institutions not to advertise with in *Nezavisne novine*.

2.3.4 DAILY JUTARNJE NOVINE

The daily *Jutarnje novine* is published by the private company, Alden print, as is outlined in the section on privatisation of the daily *Večernje novine.*[41] In the impressum of the paper, it is stated that the president of the governing board is Irfan Ljevaković, and that his deputy is Kemal Terzić. What is important here is the fact that Alden print is a publishing company that originally owned a printing press, before it acquired a daily paper (more on the character and the creation of *Jutarnje novine* in the section on privatisation).

2.3.5 WEEKLY MAGAZINE SLOBODNA BOSNA

Based on the circulation data, the two most important weeklies are *Slobodna Bosna* (according to its staff, its circulation is around 25,000 copies, but other sources estimate it at 18,000 or even as low as 10,000) and *Dani* (between 14,000 and 15,000). All other political weekly magazines have circulation of less than 10,000 copies. The circulation data for the weeklies are also based on assessments rather than exact information.

The weekly magazine, *Slobodna Bosna*, is published by the privately owned company "PRESS-SING" LTD., which was registered on 1 January 2002 at the Cantonal Court of Sarajevo. The company is established and owned by Asim Metiljević and Senad Avdić. *Slobodna Bosna* is an important opposition, independent, political magazine that tries to pursue investigative journalism, and is extremely critical of the establishment.[42]

2.3.6 WEEKLY MAGAZINE DANI

The weekly magazine, *Dani*, is published by the privately owned company, CIVITAS LTD., which was registered on 14 June 2000 at the Cantonal Court in Sarajevo. According to the registration decision, the owner and director of the company is Senad Pećanin. The weekly *Dani* was and still is an influential paper in spite of its limited circulation. Just recently it went through a thorough face lift, with a completely new design and improved paper quality, with an increased cover price from KM 2 to 3 (EUR 1 – 1.5). As Henderson et al. says, "*Dani* is important beyond its current readership figures – as are some other financially unstable print outlets. It is they who most often raise issues of substance and frequently set the agenda for the electronic media. Their influence is disproportionate to their readership as some of the print media is in every society."[43]

2.4 MEDIA CONCENTRATION AND CROSS-OWNERSHIP

At present, media market in BiH is characterised by an almost complete absence of significant media concentration and cross-ownership cases. There are four key reasons for this. Firstly, BiH is an undeveloped media market that has not yet produced one or two dominant local companies that would be able to buy out other media companies, and to create significant cross-ownership structures and monopolies. Secondly, since the market is still quite insecure and with significant barriers to new entries, this has resulted in an ultimate lack of significant foreign investment in the media sector, and there were no significant entries of foreign media companies that wanted to buy local media enterprises.

Probably the two most significant cases are Kmečka Družba's purchase of the daily *Oslobođenje*, and the recent entry by *PINK TV* that bought the frequencies of four local TV stations. Also, *Nova TV* from Croatia holds part of the stock in *OBN* (see earlier section on *OBN*).

Thirdly, the strong control of the market by the CRA as well as the strict rules for licensing of broadcasters, have resulted in the creation of a rather plural broadcasting sector with a total of 183 radio and TV stations. This number of media outlets is also the result of significant support by foreign donors and international organisations that tried to create a plural media scene as a counter-balance to those media that were under the strong control of nationalists during and just after the war. As a result, the media scene is extremely plural in terms of numbers, and any significant ownership concentration would be possible only after a period of re-grouping and consolidating of the existing media outlets. However, in the current situation, the extreme plurality endangers the survival of all, since all are competing for the far too limited advertising cake.

And finally, administrative and legal barriers to foreign investors and businesses, combined with general political and economic uncertainty, have prevented the significant inflow of foreign money and thus have delayed the more significant ownership transfers.

We might say that the media market has just entered the phase of consolidation that will lead towards a decrease in the total number of media outlets and to the creation of several stronger media players in the field. Only as this phase matures, can one expect the first cases of serious media concentration and eventual cases of excessive cross-ownership.

Perhaps one might say that the Avaz publishing company has made the most significant progress towards establishing a vertical ownership structure, having under its umbrella the most important daily paper, the biggest printing house and the strongest distribution system, plus a set of valuable specialised publications such as *Azra*, *Sport* and *Express*. Nevertheless, one cannot say that this has established Avaz as a dominant monopoly player on the print-media market, especially when one takes into account the whole variety of print media published in the country.

Certainly worth mentioning is that Željko Kopanja owns both the daily newspaper, *Nezavisne Novine*, and the radio station, *Radio NESS*, in Banja Luka, Republika Srpska, plus a printing press. Nevertheless, this does not place Kopanja's company anywhere near a monopoly position, but instead has merely secured the survival of his media business.

3 REGULATION AND IMPLEMENTATION

In BiH, practically all of the relevant legislation and regulation documents have been passed as a result of overwhelming pressure from the OHR and other international community actors present in BiH. As a consequence, there was no significant involvement of local stakeholders in the process of adopting and passing these laws, nor has it been thought through whether such legislation can actually be implemented in an environment where key stakeholders have not been consulted and where there are no necessary structural preconditions that would actually ensure a basis for implementation to happen in the first place.

As a consequence, the current legislation and regulatory frameworks and mechanisms have largely remained ineffective in terms of their implementation. This has happened to the Freedom of Information Act, the Defamation Law, the Press Code, and the PBS Law – all of which on paper represent advanced achievements in the field of media legislation, based on the best Western European models, but fail in the actual process of implementation.

The reasons for failure are many: lack of stakeholders' understanding and support, a complex legal environment, and the lack of basic structural preconditions for the successful implementation of legislation and regulation. What often happens is that the legislation works brilliantly on paper, but in praxis there is no one to implement it.

As Henderson et al. described, "the Freedom of Information legislation came into effect in 2001. We were unable to find evidence that it has yet made much difference to journalists seeking information – institutions do not refuse access to information - they simply do not respond to the requests."[44]

A similar situation exists with the Libel and Defamation legislation that simply does not correspond to the actual circumstances in the judiciary system. "Decriminalisation of libel and defamation is greatly welcomed – however the welcome is somewhat tempered by the general despair at the irresponsibility of the print media and the regular publication of unsubstantiated accusation, gossip, rumor and personal attacks. The view too seems to be that until the courts are reformed an individual is unlikely to try to seek civil redress since it may take three, five or even more, years for the case to be resolved."[45]

A similar story is that of the European Union funded Press Council, close to the UK model, which did not have much success in its first years of operation. First of all, money was a problem. Secondly, the media community did not offer it the necessary support, and the Press Council failed to establish itself as the moral and professional authority. For example, of the 32 adjudications it had made until early 2003, just over 50 percent were published by the outlet concerned.[46]

And last but not least, the PBS Law that was imposed by the OHR in mid 2002, did not change much in terms of helping the actual creation of the PBS system in the country. BiH still awaits a statewide PBS channel.

All these examples point to the fact that the legislative environment, legal practice, and the attitude of stakeholders work in such a way as to impede and not to support the actual implementation of the legislation in question. It does not matter how good a piece of legislation is. What matters is if there is someone who can actually find the way to implement it in practice. The situation is even further complicated if one takes into consideration the complex state structure of the country (state, entities, cantons, municipalities). All of these factors also significantly influence the whole policy-making process that exists around the issue of media ownership and concentration.

3.1 REGULATION ON MEDIA OWNERSHIP AND COMPETITION

In BiH, there are no regulatory anti-concentration provisions in media legislation or other legislation (competition legislation etc.) that impose restrictions/limits on media ownership (including provisions on cross ownership). Currently, a draft proposal for such regulation, titled Basic Principles on Media Concentration and Pluralism, has been adopted (hereinafter: the Rule) has been adopted by the Council of the CRA in early March 2004, and is supposed to be officialy introduced on 1 April 2004. After the regulation is adopted, it will become an integral part of the Law on Communications of BiH.

According to the Rule, BiH will have rather strict rules preventing concentration of ownership in the media market. The CRA considers these rules necessary to promote competition and diversity, thus ensuring pluralism of content by granting pluralism of ownership. The Rule treats five key areas: Firstly, the Rule determines that mergers among broadcasters that have entity and/or national coverage are banned. Secondly, it bans local TV multiple ownership, especially in cases where TV stations cover the same population range. The CRA can grant exceptions to this on a case-by-case basis, for example, when stations would better serve the local community together. Thirdly, it introduces the local radio ownership limit, stipulating that "one (1) radio station can be owned by one company/individual/group in the same population range", the population range being a specific part of the population covered. Fourthly, no cross-ownership is permitted for ownership in electronic and print media, and the radio-television cross-ownership rule states that one company/individual/group can own one radio and one TV outlet for the population ranges it covers. Finally, the Rule allows for the limited radio and TV transferability of broadcasting licenses in accordance with other provisions of the Rule.

As it seems now, the new rule will not define any penalty provisions to be imposed on a publisher (legal person) if the media law is violated with respect to ownership restrictions and transparency. As Dunja Mijatović said, each instance of violation of the regulation/legislation will be dealt with on a case-by-case basis, by the CRA.

The key institution for the implementation of the provisions of the forthcoming regulation on media ownership and concentration will be the Communication Regulatory Agency since it is the sole regulator of the broadcasting sector in BiH.

Additionally, issues of market concentration and competition are regulated in The Law on Competition in BiH, which was adopted in the House of Peoples on 23 October 2001, in the House of Representatives on 19 April 2001.

The Law on Competition envisions the creation of the Competition Council as an independent body at the state level, whereas two entities will establish within the ministries in charge of trade their Office of Competition and Consumer Protection.[47]

BiH was obliged to introduce the Law on Competition, since it is required by the Stabilization and Association Agreement (SAA) with the European Union.[48] But, as in other areas, inefficient and complex administrative structures have prevented the implementation of the Competition Law.

At the moment, there are no regulatory provisions in media legislation that introduce state subsidies for media publishers as a means of protecting media pluralism. Moreover, the existing Competition Law of BiH completely lacks any provisions on state subsidies to enterprises or sectors.

3.2 TRANSPARENCY OF OWNERSHIP

In accordance with the rules and regulations regarding the issuing of long-term licenses, broadcasters are required to report to the CRA any change in ownership structure that exceeds 10 percent. Moreover, the CRA keeps its own public register of broadcasters that includes the court registration documents of a broadcaster, ownership information, the business plan, commercial contracts, etc.

Apart from this provision, in the cantons of the Federation of BiH as well as in the Republika Srpska, the respective Laws on Information, i.e. the Laws on the Media, normally require media publishers to register their media in the Media Register. The publishers are required to provide all necessary information regarding their media, including the ownership structure, sources of financing, and other relevant information as presented in the Court Register of Companies on the respective state/administrative level. In that context, the media publishing company is normally obliged to report any changes of information provided to the Media Register. For example, the Law on the Media of the Sarajevo Canton requires publishers to report any such change within 15 days after the change has occurred.[49]

The same Media Law of the Canton of Sarajevo, in Article 47 also requires all print media to publish, in each issue, the key information about the publisher and owner of that media outlet, its address, and other relevant information, including the number under which the media outlet is registered in the Media Register of the Canton of Sarajevo. Similar provisions are also outlined in other Media Laws of cantons of the FBiH as well as respective legislation in the Republika Srpska.

Additionally, the Law on Commercial Enterprises of both the FBiH and the Republika Srpska requires that each company/legal person be registered in the Court Register at the relevant court, depending on the location of operation of the legal person.

All information stored either in the Court Register or in the Media Register is open to the public. This is precisely stated in the Laws on Commercial Enterprises of both entities, but it also stands as a consequence of the Freedom of Access to Information Act that was adopted on the state level in November 2000, and then in Republika Srpska as of November 2001 and the Federation as of February 2002. According to this Act, all information available at government and public institutions is available to the citizens, except information that has been previously classified as state secret in accordance with specific criteria. Also, the CRA register of broadcasters is also accessible to the public, short of information on commercial contracts of broadcasters which are considered to be a business secret of those companies.

Thus, formally, there is a sufficient level of public registers and ownership transparency provisions, so that all necessary information on media ownership structure can be found. Nevertheless, this is not exactly true. Information is primarily stored in hard-copy format and is not available in any sort of electronic database, which makes any serious search for information, such as possible information on cross-ownership, or complex relations between companies on several levels, practically impossible or too costly in terms of the money and time needed for such investigation. In other words, from existing registers it is possible to extract basic information on a company, but it is extremely hard to try to establish links between different companies, media owners, individuals, and media outlets.

This is more so if one takes into consideration the additional fact that in the Federation of BiH there is neither a central register of companies nor one for the media, because they are located in the relevant cantonal ministries across the entity. Hence, there is no central register of whatever type on a state level either, except that of the CRA, because of the large-scale independence of the two entities.

4.4 IMPLEMENTATION OF THE REGULATION

It is exactly the phases of implementation where all those advanced legislative solutions are made irrelevant. What is not implemented, does not exist – except on paper. The reasons for the failure of implementation are many, but can be reduced to several "usual suspects" - situational variables that characterize contemporary BiH.

Certainly, one of the important aspects is the lack of the policy making capacity that results in the imposition of all relevant laws by the OHR. In effect, the absence of key domestic players and stakeholders from a policy making process results in a general "lack of ownership" which in effect makes all those laws fail at the level of implementation. Simply, there is no local consensus and understanding necessary for the support of any legal document, no matter how advanced, in its implementation.

The legislation on media ownership and concentration is certainly welcomed, and the attempt of the CRA should receive all the support needed. Nevertheless, debate about this piece of legislation must be much more intensive, and the CRA should find a way to make it applicable in the specific BiH context. This is even more important because of the fact that, for the successful implementation of the law, the CRA will have to rely on largely inefficient existing structures in terms of control of the information it receives from the media. Here, the problem of limited transparency will be one of the crucial issues.

Also, an additional (and possibly the largest) obstacle for the whole initiative is the ineffective Competition Law and still non-existent competition agencies at entity and state levels, who are actually supposed to deal with issues of market monopolization and fair competition. If the CRA is going to depend on these legal frameworks and agencies to-be, then not much can be done. By the time these start to operate, the media system will not be what it is today.

4 PRIVATISATION

BiH was not immune to the troublesome privatisation of the state-owned companies. The first blow was the interruption and the delay caused by the armed conflict in BiH. Although privatisation started at the beginning of the 1990s, the war that started in early 1992 interrupted it, so that the privatisation process was only restarted after 1995. Thus, the process of privatisation, as it unfolded after the war, is based on the relevant legislation passed only after 1996, when the state finally started to consolidate.

4.1 LEGISLATIVE FRAMEWORK FOR PRIVATISATION

The most relevant legislation on which the privatisation of media companies depends is that passed on the entity level. In the Federation of BiH, it is primarily the Law on the Privatisation of Enterprises, published in the *Official Gazette* of the Federation of BiH in 1997, the Law on Privatisation Agency, published in 1996, as well as various decisions and by-law documents. In the Republika Srpska, the key legislation is the Law on the Privatisation of the State Capital in Enterprises, published in the *Official Gazette* of the Republika Srpska in 1998. Additionally, there is also state-level legislation that creates an overall framework for the privatisation process: the Law on the Policy of Direct Foreign Investment in BiH which was published in the *Official Gazette* of BiH in 1998 and the Framework Law on the Privatisation of Enterprises and Banks in BiH, also published in 1998.

According to legislation in the Federation BiH, companies with state (public) ownership can be privatised through "small" and (or) "large" privatisation. In order for the company to be privatised according to small privatisation, it has to have less than a KM 500,000[44] (approx. EUR 250,000) initial value and less than 50 employees. Otherwise, the company is privatised within the large privatisation program. This is important to know, since, according to these criteria, the majority of the media in BiH with state/public ownership belong to the small privatisation category.[50]

According to the initial experience of privatisation, it seems that the greatest dilemma of the directors, editors, governing boards and the owners of such media is the decision on the percentage of state/public capital that should be privatised. It is not uncommon that founders/owners, such as cantonal of municipal governments, decide to keep the majority ownership. There can be many reasons behind such a decision, but two immediately come to mind: the first possibility is that in such a way the owners try to ensure that the media outlet in question will have at least minimum financial security in difficult times. Secondly, the decision to keep majority ownership can also be an attempt on the side of cantonal/municipal authorities to keep at least some form of control over such media.[51]

Owing to the rather volatile media environment, privatisation has not made much progress even in 2004. The delay in the privatisation of broadcasters was caused by the specific situation in the broadcasting sector, where the process of issuing broadcasting licenses took place during the period from 2000 to 2002. Hence, according to the CRA, the OHR previously made a temporary prohibition of the privatisation of small (municipal and cantonal) public broadcasters during the licensing period. With the completion of the process of awarding long-term licenses to broadcasters in 2002, it has become clear that the privatisation of these enterprises is imminent. Nevertheless, even at the end of 2003 the CRA has not been approached by any potential buyer or owner of municipal (cantonal) broadcasters that are to be privatised. The process has reached a stand still.

4.2 MOST IMPORTANT CASES OF MEDIA PRIVATISATION

There are three important cases of media privatisation in post-war BiH worth mentioning, and all three have been widely discussed in terms of their potential irregularities. These are the privatisations of the daily papers *Oslobođenje* and *Večernje novine*, as well as the privatisation of the printing facility, OKO.

4.2.1 PRIVATISATION OF DAILY VEČERNJE NOVINE

Probably the most controversial case is that of *Večernje novine*. This daily paper was partially privatised even before the war, when some 70 percent of the ownership was sold to its workers. Nevertheless, after the war, owing to the increasing debt that reached some KM 275,000 (approx. EUR 137,500),[52] the paper was put out to tender and sold to the local printing company, Alden Print, on 19 May 2000. The buyer paid KM 500,000 (approx. EUR 250,000) in cash; the debt of the paper was also covered, and an additional KM 150,000 (approx. EUR 75,000) has been invested in IT equipment. Additionally, the new owner was obliged to keep all of the employees for the next three years, as well as to keep the same editorial policy for the paper.[53]

Nevertheless, only six months after the purchase, *Večernje novine* had simply disappeared from the scene – shut down by its new owner – and on 13 November 2000 a new daily paper, *Jutarnje novine*, was started, published by Alden Print. The next day, Alden Print asked the Agency for Privatisation for consensual termination of the contract on the purchase of *Večernje novine*. According to Alden Print, the reason for termination of the contract was that the new owner, during the process of purchase, did not know about some additional debt of *Večernje novine* towards the readers of that paper that amounted to some KM 1.7 million (approx. EUR 850,000). The debt was incurred through the lottery game run by *Večernje novine*, which failed to pay the readers prizes won in the game.[54]

The publishing company, Večernje novine, was returned to the Agency for Privatisation and liquidated, and the daily paper *Večernje novine* disappeared. A new paper, *Jutarnje novine*, was established and is still published by Alden Print company. Alden print kept all former workers of *Večernje novine*.

There have been serious allegations in local media about this specific case of privatisation that was widely seen as an example of how privatisation can be irregular. Alden Print and its owners, as well as the Privatisation Agency of FBiH were accused of having set up the whole thing in order to enable Alden print to obtain all the workers and property of *Večernje novine* without having to pay anything. Nevertheless, no court proceedings have ever been initiated regarding this specific case.[55]

4.2.2 PRIVATISATION OF DAILY OSLOBOĐENJE

The second important case of privatisation is that of the *Oslobođjenje* daily paper. Initially, the paper was privatized on 25 April 2000 by distributing shares among several of its employees. The largest individual stockholder was Temin Dedić, with a 30 percent ownership stake; he is the main distributor of *Oslobođenje* for the international market, who is based in Germany. The rest was distributed among the director of the company, Salko Hasanefendić and 141 small individual stock holders – employees.[56] The initial price for the company was KM 2.8 million (approx. EUR 1.4 million), and it was sold to its employees, who offered a total of KM 4.82 million (approx. EUR 2.41 million). Nevertheless, there was no second offer on the table whatsoever.

After that, on 31 January 2001 a Slovenian investment group, Kmečka družba, bought an additional issue of stocks worth KM 1.87 million (approx. EUR 0.93 million) and became the largest owner, with its ownership stake amounting to 39 percent, whereas the ownership stake of the employees was reduced to less than 5 percent.[57]

Oslobođenje was also in the focus of the public eye when its privatisation came under scrutiny in early 2002. The *Oslobođenje* management – the then Director Salko Hasanefendić and the leader of the privatisation team Emir Hrustanović – were accused and investigated on charges that they had misused their positions and power in the process of privatisation of *Oslobođenje*. All charges were dropped in June 2002 and the cantonal prosecutor refrained from any further investigation.[58]

4.2.3 PRIVATISATION OF THE PRINTING COMPANY OKO

And finally, an important case was the privatisation of 67 percent of the state/public interest in the OKO printing company that was bought on 13 November 2001, through public tender, by the Avaz publishing company. The price of the OKO printing company was KM 11.9 million (approx. EUR 5.9 million). Avaz also made commitment to invest KM 10 million (approx. EUR 5 million) and to keep all 205 employees of the OKO.[59]

The only competitor to Avaz at this tender was the publishing company, Oslobođenje, that was excluded from the tender because of legal obstacles regarding the previous relations between Oslobođenje and the OKO. That is, the OKO has earlier brought charges against Oslobođenje for unpaid debt, which prevented Oslobođenje from participating in the tender.

This case of privatisation provoked a furious public debate, primarily fuelled by the texts about this tender published in the competing daily papers, *Dnevni Avaz* and *Oslobođenje*. It has been debated whether such an outcome of privatisation would place the Avaz publishing company in a monopoly position. It has been argued that Avaz will dominate the print media market by owning the biggest printing company and by publishing the strongest daily paper, *Dnevni Avaz.*[60].

4.3 CONCERNS REGARDING MEDIA PRIVATISATION

Privatisation in the media sector was marked by scandals, judicial proceedings and controversial developments. This has been proven by the cases of *Oslobođenje*, *Večernje novine* and the OKO printing company.

There are special concerns regarding the privatisation of cantonal and municipal radio and TV stations. Although the process of issuing long-term licenses ended long ago, the moratorium put in place until the CRA licensing round was completed is still valid. It is expected that the moratorium will be lifted in the immediate future. The problem is that it is unclear what will happen. The cantons have different rules regarding ownership: under their present rules, some only allow 10 percent foreign ownership – others 48 percent and some 100 percent. Moreover, another great concern is that of transparency of the process of privatisation.[61]

5 MEDIA INDEPENDENCE

"In comparison with countries in the region, BiH takes a good position as far as journalists' freedoms are concerned. In the Reporters Without Frontiers Report for 2003 BiH is ranked 37th in the world, above Spain and Italy and well ahead of its regional neighbors Croatia, Former Yugoslav Republic of Macedonia and Serbia and Montenegro," says Media Task Force report from November 2003.[62]

In spite of the generally positive situation with respect to media freedom in the country, the media and their journalists are quite vulnerable when dealing with pressure from their owners. Currently in BiH there is no collective agreement on the national or entity level between journalists' associations and media publishers. It is only on the level of some individual media outlets that there are in-house agreements between journalists and publishers.

There is a large pressure potential from the owners' side, in the circumstances where being a journalist means having a low salary and no social and health security, and where unemployment is rather the rule than the exception. Under such conditions, the owner that pays salaries regularly can exercise significant pressure on the media staff. The power of the owner rise proportionally with the financial dependence of his/her journalists and editors.

The conditions under which journalists work are bleak. In Bosnia and Herzegovina, 57.8 percent of the journalists working in the media have no contract whatsoever with their employers. The Independent Union of Professional Journalists conducted a research on the labor status of journalists. Out of 190 participating journalists, 78 percent were full time employees, while 22 percent work part-time. Journalists with contracts are predominantly employed in the public broadcasters. About half of the journalists are not paid regularly and do not have health insurance.[63]

The regulatory provisions in media legislation that regulate editorial independence (from owners or publishers) can be primarily found in the information or media laws on cantonal and entity levels. Nevertheless, these laws mostly state that these issues are to be regulated by collective and in-house agreements between journalists and publishers or owners.

It is neither a common nor a frequent practice that journalist' professional organisations or media self-regulatory bodies publicly expose problems of pressure on journalists and editors, based on the commercial interests of the owners. This does not mean that such pressures do not exist. The truth is that journalist's professional organisations, self-regulatory bodies and media watchdog organisations are simply not that efficient in uncovering and publicly exposing such cases. This is the direct consequence of the extreme fragmentation that exists in the field of professional associations of journalists. Thus, there are six existing journalists' associations in BiH, and their work and mutual relationships are strongly shaped by the rather polarized and ethnically divided political scene, which makes any serious cooperation on a national level hardly possible. According to the Media Task Force report,[64] "there are no real media watchdog organisations in BiH, nor signs of such institutions being developed. There is a trend towards increased media monitoring capacities, though. Different organisations as well as private companies developed possibilities for monitoring content, editorial policy, brand, statistics and marketing."

6 CONCLUSIONS

The overall character of visible ownership patterns and regulation in BiH is characterized by several factors that shape the development of the media scene in general. Above all, the media market is extremely fragmented, with a large number of media outlets and characterized by a general lack of strong and established media companies that could attempt to dominate the market. Nevertheless, one could say that the process of consolidation has started, and some of its future shape can already be recognized, with Avaz having an important role in the print sector, followed by Nezavisne novine publishing company. In the TV broadcasting sector, two networks are emerging as potential market leaders – *OBN* and *Pink BH* – with *Mreža Plus* being the potential third player. Additionally, *NTV Hayat* and *ATV* seem to have the necessary potential for further development into prominent players in the sector.

The media sector is still radically underdeveloped, owing to the limited advertising market and the generally inappropriately high number of the media competing for limited advertising revenues. As a result, no single domestic media outlet has reached a level at which it can attempt to dominate the specific market segment. Moreover, the vast majority of the media are still dependent on foreign donations and state subsidies.

Inefficient legislative and regulatory mechanisms, as well as the strong administrative barriers to businesses, result in the general insecurity with respect to possible foreign investments in the media sector. Hence the lack of foreign media capital in the country.

Taking all this into account, in early 2004, there are no cases of significant media concentration and cross-ownership that would in any way pose a threat to the fair market competition and pluralism of the media scene in general. The CRA document Future of Broadcasting in BiH states that "one of the conclusions from the recently held Council of Europe and CRA Conference was that there are currently no major concentrations of the media in BiH."[65]

Nevertheless, there is a general inefficiency of media legislation in the country, which makes me wonder about possible results of the forthcoming legislation on media ownership and concentration. It seems that too much in the area of media ownership will depend on the still non-existent competition agencies and ineffective Competition Law, whereas the CRA will have a rather limited role in its implementation. By the time the whole system becomes efficient, so many things could have happened in the media sector that it might even be too late. Unfortunately, all we can do now is to wait and see.

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NOTES

1 Bosnia and Herzegovina is a unique country in terms of its administrative and political organization: it consists of two entities – the Federation of BiH and the Republika Srpska – which have a strong level of independence and autonomy, whereas the state of Bosnia and Herzegovina has rather limited powers in comparison to those of the two entities. Moreover, the entity of the Federation of BiH consists of ten cantons, each having its own administrative structure and government. And finally, there is also a District of Brčko that functions as an almost autonomous unit, belonging to neither of the two entities.

2 The Dayton Peace Accord was initialled in Dayton on 21 November and signed in Paris on 14 December 1995, effectively stopping the war that had devastated the country since 1992. The Dayton Peace Accord granted broad powers to the Office of High Representative for BiH (OHR) which has a mandate to impose laws and intervene in any sphere of political and economic life of the country, including the media, in order to ensure implementation of the peace agreement.

3 The war that lasted from early 1992 until December 1995 left the country in shambles, with a devastated economy and a destroyed society at its core. Approximately 200,000 people were killed, a million displaced within the country, and another million refugees scattered throughout the world. The consequence of the war, apart from human tragedy, was the almost total destruction of industrial production capacities, so that the production level was reduced to a mere 5 percent of the 1991 level, and the unemployment rate in the same regions reached 70 percent in 1996.

4 I will not deal here with these features in detail, because of the limitations in available space for writing this text.

5 See Henderson, Gwyneth, Jasna Kilalić, Boro Kontić. *The Media Environment in Bosnia Herzegovina: An Assessment for the USAID Mission in BiH*, unpublished report, January 2003, p. 3.

6 Ibid, p. 8.

7 See McCann Erikson 01/02. In Henderson, Gwyneth, Jasna Kilalić, Boro Kontić, *The Media Environment in Bosnia Herzegovina: An Assessment for the USAID Mission in BiH*, unpublished report, January 2003, p. 8.

8 See Henderson, Gwyneth, Jasna Kilalić, Boro Kontić, *The Media Environment in Bosnia Herzegovina: An Assessment for the USAID Mission in BiH*, unpublished report, January 2003, p. 9. Also see Jusic, Tarik, Natjecanje za oglašivače: Implikacije zakona o javnom RTV sustavu na komercijalni TV sektor u Bosni i Hercegovini, *Medijska istraživanja*, vol. 9, no. 1, Zagreb, Croatia, 2003.

9 In the initial phase of international intervention, regulation of broadcasting was split between two agencies – the Telecommunications Regulatory Agency (TRA), responsible for telecommunications and frequency management, and the Independent Media Commission (IMC), responsible for the licensing of radio and television stations, program monitoring and standard setting in terms of establishing codes of practice. The two agencies were merged in March 2001 by the decision of the High Representative, creating the Communication Regulatory Authority (CRA). The CRA is an independent regulatory authority, but concerns have been raised whether it will be able to remain so owing to the financial pressures faced it ever since it went from the OHR straight under the supervision of the Council of Ministers of BiH. "Unfortunately (...) the agency is about to face severe political interference due to new budget decisions which make the CRA dependent on decisions of BiH Council of Ministers. The CRA is currently financed from the technical license fees; hence, it does not spend or relies upon State budget allocations. The budget set-up of the CRA, as it stands, is open to political interference, which is against EU-standards (note the Council of Europe's Recommendation in 2000). The CRA Budget for 2003 was cut by the Council of Ministers. There are sufficient funds on the CRA account; however, the CRA is not able to use them, due to Council of Ministers reduction of budget" (taken from Media Task Force 10-11, also see Henderson et al., 2003, pp. 4–7). The CRA powers are derived from the decisions of the Office of High Representative as well as from the Law on Communications of BiH. The Broadcast Division of the CRA is responsible for the licensing and regulation of the broadcasting sector through the following activities: Issuing broadcasting licenses; Setting regulations for broadcasters, treating such issues as advertising, Program content, and ownership; Applying and enforcing rules; Monitoring compliance with the Rules and Regulations; Acting to prevent illegal broadcast operations; Protecting copyrights.

10 *EROTEL* was a TV station under full control of Croat nationalist hard-liners and the ruling HDZ party (Hrvatska Demokratska Zajednica – Croatian Democratic Community) that was closed down by order of the IMC (Independent Media Commission) – the predecessor of the current CRA (see Kurspahic, 2003, pp. 223–225).

11 At the moment, *BHTV 1* broadcasts joint a newscast at 19:00 hours on frequencies of *FTV1* and *RTRS* but will gain its own frequency probably during 2004.

12 See *The Future of Broadcasting in BiH*, Communications Regulatory Agency CRA), 20 March 2003. At <http://www.cra.ba/en/broadcast/reports/default.aspx?cid=2497> (accessed on 23 December 2003).

13 Ibid.

14 See Jusić, Tarik, Natjecanje za oglašivače: Implikacije zakona o javnom RTV sustavu na komercijalni TV sektor u Bosni i Hercegovini, *Medijska istraživanja*, vol. 9, no. 1, Zagreb, Croatia, 2003.

15 See Henderson, Gwyneth, Jasna Kilalić, Boro Kontić. *The Media Environment in Bosnia Herzegovina: An Assessment for the USAID Mission in BiH*, unpublished report, January 2003, pp. 16–17. See also MIB, 2003.

16 Ibid.

17 Ibid.

18 Ibid.

19 See Udovicic, Radenko, *The End of the Highest Priced Media Mission in Bosnia-Herzegovina*. Dossier: The Case of OBN, Media Online 2001, p. 8. At <http://www.mediaonline.ba>.

20 Ibid.

21 Ibid.

22 See Henderson, Gwyneth, Jasna Kilalić, Boro Kontić, *The Media Environment in Bosnia Herzegovina: An Assessment for the USAID Mission in BiH*, unpublished report, January 2003, p. 12.

23 Ibid.

24 Ibid, p. 13.

25 See Mareco Index Bosnia, BH Member of Gallup International, TV Audience Measurement, Wave 3/8, 2002.

26 Court Registration File available in the CRA register of broadcasters.

27 Ibid.

28 See Henderson, Gwyneth, Jasna Kilalić, Boro Kontić, *The Media Environment in Bosnia Herzegovina: An Assessment for the USAID Mission in BiH*, unpublished report, January 2003, p. 13.

29 According to Nataša Tešanović, director of the ATV.

30 Ibid, p. 20.

31 Ibid, p. 19.

32 Ibid, p. 9.

33 Interview with Senad Zaimović, the Director of the FABRIKA advertising agency from Sarajevo, BiH, 2002.

34 It is important to note here that I was not able to get to the Court Registration file of the publishing company NIK Avaz because it was outside of the Court Register Archive. Hence, the information provided here is based on the information from the paper's impressum as well as from its website: <http://www.avaz.ba/impressum.htm> (accesed on 23 December 2003).

35 Based on the information from the paper impressum as well as from its web site: <http://www.avaz.ba/impresum.htm> (accessed on 23 December 2003).

36 Ibid.

37 Court Register file of Oslobođenje.

38 Court of Register file of N.I.G.D. DNN.

39 See Henderson, Gwyneth, Jasna Kilalić, Boro Kontić. *The Media Environment in Bosnia Herzegovina: An Assessment for the USAID Mission in BiH*, unpublished report, January 2003, pp. 19–20.

40 Ibid, p. 20.

41 As in the case of NIK Avaz, I was not able to get the Court Registration File of the Alden print company, which publishes the daily paper *Jutarnje novine*.

42 Court Register file of Slobodna Bosna.

43 See Henderson, Gwyneth, Jasna Kilalić, Boro Kontić. *The Media Environment in Bosnia Herzegovina: An Assessment for the USAID Mission in BiH*, unpublished report, January 2003, pp. 20–21.

44 See Henderson, Gwyneth, Jasna Kilalić, Boro Kontić. *The Media Environment in Bosnia Herzegovina: An Assessment for the USAID Mission in BiH*, unpublished report, January 2003, pp. 7–8).

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47 Mekić, Dragiša. Assistant Minister, Ministry of Foreign Trade and Economic Relations, *Bosnia and Herzegovina (1) - Seminar on the Promotion of Foreign Direct Investment to Southeastern Europe*, 8 November 2002, Tokyo, JIIA Ministry of Foreign Affairs of Japan, The Japan Institute of International Affairs, web site: <http://www.jiia.or.jp/pdf/russia_centre/02_invest/add_07a1.pdf>, (accessed on 4 January 2004).

48 See EC, Report from the Commission to the Council on the preparedness of Bosnia and Herzegovina to negotiate a Stabilization and Association Agreement with the European Union, Commission of the European Communities, Brussels, 18 November 2003.

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57 *Dnevni Avaz*, 16 February 2002, p. 10.

58 Ibid. See also *Oslobođenje*, 11 July 2002, p. 3.

59 *Oslobođenje*, 5 October 2001, p. 4; 3 November 2001; 14 November 2001; *Slobodna Bosna*, 11 January 2001; 4 October 2001; *Dnevni Avaz*, 21 September 2001, p. 2; 4 October 2001, p. 9.

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63 Ibid, p. 14.

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65 CRA. *The Future of Broadcasting in BiH*, Communications Regulatory Agency, 20 March 2003. <http://www.cra.ba/en/broadcast/reports/default.aspx?cid=2497> (acessed on 23 December 2003).

BULGARIA

Velislava Popova

1 INTRODUCTION

A string of paradoxes. Perhaps that is how the development of the Bulgarian media market in the last 14 years could be described. The monopoly positions of the state media were replaced by the domination of several private media groups. The development of the country and the market in the last 14 years "produced" a distinctive media sector. The publications of the German group Westdeutsche Allgemeine Zeitung (WAZ) continue to have the largest circulations. Bulgaria appears to be the only country in Europe where the media tycoon Rupert Murdoch has acquired ownership of a terrestrial TV station - the first private national channel *bTV*. An US media group invested in the only radio network, broadcasting exclusively Bulgarian music. The political party papers have slowly disappeared. The Bulgarian editions of magazines such as *Playboy*, *Auto Bild* etc. emerged ten years after the beginning of the social transition. The relatively small amount of advertising revenue, which is distributed unequally among the media outlets, has generated a new kind of dependence among the media – economic dependence.

Petar Emilov Stefanov is a Rom. He is the executive director, the manager and a reporter at *Roma TV*. The TV station is owned by his father's company – Nastya-90-Emil Stefanov sole trader. This cable TV station is popular because it is the only Roma TV station in Bulgaria. The story about the TV station started with a family camera and video player which were used by the Stefanov family and their neighbours to watch recorded weddings of their friends. Nowadays, the TV station offers news and even sells reports to the national broadcaster *BTV*. "We've owned a bakery since 1993, and we used to pour the money here, into the TV station," was Petar Stefanov's explanation of the source of financing for his television station.[1]

The *Roma TV* story is just one example of the incredible ways in which some of the media in Bulgaria are sustained; it is an instance of how odd a media set up and development could be. However, it is not always easy to identify the sources of financing or the owners of the Bulgarian media. "There is no transparency of media capital whatsoever and one never knows what the real situation is, so one cannot hope to apply any fair regulation in this field. You don't know what you regulate. It is concealed. The introduction of the Access to Information Act, which, in my opinion, is a binding piece of legislation, represented an attempt at bringing the media to supply information about the sources of funds. Because, if you set up a media outlet and sell a product which is directly related to freedom of speech, it is normal to be able to track the business from the very beginning, that is, to track the genealogy of the message in the business sense." This is a remark made by Associate Professor Georgi Lozanov, a former member of the Council for Electronic Media.[2]

In fact, the lack of clarity regarding the source of capital sustaining the Bulgarian broadcast media prevents one from identifying on whom media are dependent or whose interests are involved, the two issues that significantly influence their editorial policies. The French philosopher Albert Camus described the ideal conditions for the existence of an independent media: "Free press exists when it is dependent neither on the power of rulers, nor on the power of money." This ideal situation, however, is utopia for Bulgaria – the 14 years old media market in Bulgaria could be described as a combination of both kinds of dependence: dependence on the politicians in power, and on the power of money.

2 LEGAL ENVIRONMENT

Usually it is the legislation that provides the basic rules that ensure the clarity of media ownership. In Bulgaria, the only explicit restrictions on ownership are laid down by the Law on Radio and Television. In this frequently amended law, which was adopted in 1998 and which still regulates the operation of Bulgarian broadcasters, the restrictions on ownership pertain to applicants for broadcast licenses or those requesting the registration of a cable programme.

According to this Law, the owner of a broadcast medium may be a legal person registered in Bulgaria exclusively. Several provisions are aimed at protecting the media space from the entry of dubious capital. Under Article 105, ineligible license applicants are "legal persons to which an authorisation has been refused or withdrawn for the conduct of insurance operations, by virtue of paragraph 8a of the Law on Insurance" and legal persons in which these legal persons or their members or shareholders have interests. This provision is the result of a specific feature of the Bulgarian market, where certain insurance companies evolved out of structures related to the previous regime (so-called "business for security services"), and its aim is to prevent these businesses from entering the media market. According to another provision that has been introduced for similar reasons, also excluded from the category of eligible applicants are legal persons in which there are members or shareholders who are also members or shareholders of legal persons involved in security services or carrying on security services. In order to be able to understand this provision, one should know that, following the initial accumulation of capital through criminal rackets, the so-called Bulgarian power groups, legalised part of their illegal business. So, the idea behind the legislation was to protect the media environment from the influx of such capital and prevent exploitation of the media for money laundering purposes. However, owing to a weak market unable to sustain the licensed broadcast and print media, the opportunities for the entry of suspicious capital into the media space have recently increased.

Other legal persons excluded from the category of eligible applicants for a broadcast license are as follows: natural persons or companies that are unable to produce evidence of ownership of their property or of capital in accordance with the Law on Measures Against Money Laundering; legal persons whose members or shareholders are persons included in the list under Section 3, subsection 1 of the Law on Information Concerning Non-serviced Credits (to put it differently, the legislator has decided that "credit millionaires" should not be allowed to become radio and TV stations owners.); telecommunications operators placed in a monopoly situation on the market (i.e. the state telecommunications company Bulgarian Telecommunications Company (BTC), whose resources are used by all operators for broadcasting their programmes (in Bulgaria such an organisation is Bulgarian Telecommunications Company – BTC, a state-run telecommunications company renting resources to all broadcasters.); and advertising agencies or companies including partners or shareholders who have interests in other advertising agencies (this provision was included to prevent owners of advertising and media agencies from cultivating media ownership because this could affect the advertising market). However, legal persons who were refused a broadcasting license or registration, or whose license was revoked during the year preceding the application, are eligible to apply for the license.

Observing those provisions is important because anyone not complying with these conditions cannot be a licensed operator, and also a license could be taken away if irregularities are found. When applying for a license, a declaration should be submitted with an account of the current legal situation, which shows who the owners are and what their shares are, including documents stating the origin of the capital for the last three years. In addition, the application documentation must include a list of media enterprises in which the persons are shareholders or partners.

If the license is transferred, the new owner should meet the same requirements. Any licensed operator should strictly observe these conditions, because a license can be revoked if any irregularities in this respect are established at a later stage. The Radio and Television Act also includes a description of the conditions under which a license may be revoked. This represents a powerful instrument that can be enforced when gross violations of the principles of radio and television activity are discovered.

Licenses are awarded through a competitive procedure which, according to the Radio and Television Act, is initiated when interest is expressed by any person concerned, and there are frequencies available for the requested license. However, since August 2002 the process of licensing in Bulgaria has been blocked by amendments adopted by the ruling coalition National Movement Simeon II (NMS2) – Movement for Rights and Freedoms

(MRF). The Radio and Television Act has been amended with a provision that binds the Council for Electronic Media (CEM) and the Communications Regulation Commission (CRC) to elaborate a strategy for the development of radio and TV activity. On the whole, it could be said that the intention was positive – i.e. to "examine" the market and set priorities defining whether and when new national broadcasters should be licensed, and whether local and regional radio and television stations should be licensed first. But it should be noted that the initiative was provoked by the unwillingness of the ruling parties to allow the CEM to grant licenses, because it has turned out that its five members appointed from the parliamentary quota (the other four CEM members are appointed by the head of state) have been under the influence of private lobbies. The strategy was written within the deadline, but the paper's status has remained "pending" in Parliament for almost a year. Therefore, the last licenses were actually awarded in the spring of 2001.

2.1 LIMITATIONS OF THE LEGISLATION

The Radio and Television Act of 1998 was elaborated with the purpose of regulating, or rather establishing, a market of broadcast media, which until then had functioned only on the basis of various kinds of permissions awarded by a variety of governmental bodies. Five years later, the media market is in need of additional provisions that would regulate media concentration. In addition, the role of antitrust legislation should be boosted as well.

The current law regulating the broadcast media field includes restrictions on cross-ownership, pertaining only to national broadcasters. According to this law, licenses may not be awarded to legal persons, or persons related to legal persons which already possess licenses for local radio or television stations, unless they discontinue the local radio or television activity. This amendment was introduced after detecting cases of local operators acquiring licenses for national broadcasting. The provision also stipulates that national operators are not allowed to become owners of local and regional stations. The Radio and TV Act further includes a provision that requires applicants to declare that they do not hold stakes, shares or other rights of participation in radio and television broadcasters above the threshold set by the anti-trust legislation.

Similar provisions are found in the Telecommunications Act. However, the Communications Regulation Commission (CRC), which monitors its implementation, has only a complementary role, because it issues telecommunications licenses to operators already holding a broadcast license (also referred to as a "program license") issued by CEM. It should be noted that under Bulgarian law, broadcasters are required to obtain two types of licence: broadcast licences and telecommunications licences. The Radio and Television Act regulates the procedure for the former and the Telecommunications Act for the latter.

Anti-trust provisions were not included in the new draft law on broadcast media debated at the beginning of 2003. So far, anti-trust requirements have been included only in the Protection of Competition Act (PCA), which was adopted in 1998 and last amended at the beginning of 2003. According to PCA, a company having a dominant position on the market is one that has more than a 35 percent share of the relevant market in its geographic and product area. However, the law imposes sanctions (fines range from 5,000 to 300,000 leva i.e. EUR 2,564 to 153,846) for companies that abuse their dominant position. In the context of the Bulgarian legislation, "a monopoly position may be authorised by law only where such a position is authorised to the state in accordance with Article 18, paragraph (4) of the Constitution of the Republic of Bulgaria."[3] The anti-trust law regulates some issues related to the concentration of business activity, i.e. monitors mergers and joint market power (e.g. joint distribution). The Competition Protection Commission (CPC) is the body responsible for enforcing the law. Its current members were appointed at the end of 2003.

The Trade Act determines the general terms of the establishment of sole traders, joint-stock companies (or public limited companies) as well as limited companies.

Practice has proved that media ownership may be concealed. Usually, real owners hide themselves using the bearer shares in the company (as an alternative to registered shares). Furthermore, changes in share structure are not always reflected in the company's legal file, which is a publicly accessible document at the Company Department of the City and District Court offices, but they are usually noted only in the shareholders' book. Another channel that is used to acquire shares or property appears to be off-shore companies, because there are no special requirements in this case. Until now, only one public tender included a clearly stated condition that off-shore companies were not eligible to apply – that was the 2001 tender for licensing the first digital TV for the Sofia region. The Bulgarian Telecommunications Company (BTC), still a state-run telecommunications body, won that tender, and digital television will be launched in 2004.

3 ADVERTISING MARKET

Advertising is a factor that media cannot afford to ignore, unless they are sustained by other money sources provided by their owners. The Bulgarian advertising market is often defined as a small one, although market data show growth year by year. In practice, precise data on advertising expenditures are not available, because information available to the public comes only from the market monitoring activities performed by several marketing agencies. However, they usually show aggregate revenues for the TV market (taking into account only nine channels) and for the print media (again not all newspapers and magazines are included, but only major ones – about 100 publications). Moreover, these revenue figures are calculated on the basis of broadcast or published ads without taking into account discounts, commission fees, barters etc. Therefore, the data should be taken with reservations as, according to some analysts, they are inflated by approximately 50 percent.[4] Information about radio advertisements, outdoor, cinema and Internet advertising is not available. Another factor that significantly influences the advertising market is the dominance of a group of companies gathered around the owner of the one of the first advertising agencies in Bulgaria (Kres Agency) – Krasimir Gergov. During the time when the state TV (Bulgarian National Television – *BNTV*) used to be the only market player on the national scale, Krasimir Gergov had got hold of TV advertising through a series of agreements disadvantageous for *BNTV*.

A look at advertising revenue distribution reveals an interesting piece of information: almost two thirds of the total revenue is concentrated in the hands of three national TV stations and a couple of the stronger cable operators. The identical situation exists in the radio market, where the majority of the advertising revenue is distributed among the radio stations with leading audience shares. On the print media market, it is WAZ publications that collect the greatest portion of advertising revenues, and have much higher profits than the competitive newspapers. This is mostly due to their common advertising policy. Given such disproportionate distribution of advertising revenue, one wonders what kind of compromise other media have to make in order to survive, knowing that, apart from a few dailies that disappeared over time and the usual fluctuation in the entertainment print media segment, not one broadcast company has yet filed for bankruptcy.

Table 1 **ADVERTISING EXPENDITURES IN PRINT MEDIA AND TV** (in EUR*)

YEAR	PRINT**	TV	TOTAL***
1998	12,305,882	23,054,731	35,360,613
1999	20,174,448	33,657,800	53,832,248
2000	27,243,478	57,433,248	84,676,726
2001	38,866,496	91,939,641	130,806,137
2002	42,624,040	114,481,329	157,105,369
2003	43,408,205	133,610,256	177,018,461

Source: TNS/TV Plan advertising monitoring.
Note: *1 EUR = 1.995 leva.
** Newspapers and magazines.
*** Data are without discounts and special reductions for agencies.
The advertising specialists estimate the net budget for print and TV at 80,000,000 EUR in 2003.

4 MEDIA LANDSCAPE

If the advertising market is assessed as "small," then the radio and TV markets are usually considered "overcrowded." The Bulgarian TV market has quite a peculiar structure determined by the late licensing (in 2000) of the first private television broadcasting on the national level i.e. *BTV*, which appears to be a commercial operator including some elements of a public service. This peculiar feature is a consequence of a decision made by the former broadcasting council. Under the assumption that Bulgarian National Television (*BNTV*), the national public broadcaster, could not offer pure public service, it imposed such functions on *BTV*. On the other hand, the public broadcaster *BNTV* acts like a commercial operator because it is entitled to sell advertising time, although with some restrictions.

In 2003, Bulgaria witnessed the raging of the so-called television wars, provoked by the peoplemeter survey data on television audience shares (provided by the TNS/TV Plan agency). *Nova TV* (the second national private television station) and *BNTV* claimed that the survey findings were distorted in favour of *BTV*. The battle began at the end of 2002, when *BNTV* management appealed to the Competition Protection Commission, stating that *BTV*, secured for itself the dominant position on the advertising market and abused it by offering advertising options that could be described as unfair competition. After examining *BNTV*'s claims and its competitor's statements, the CPC decided that the law had not been violated. However, *BNTV* appealed to the Supreme Administrative Court (SAC), so at the end of 2003 the case was returned to the CPC for reconsideration.

According to CEM data, currently there are over 300 radio stations, 3 national TV stations, 20 local and regional TV stations and over 170 cable channels in Bulgaria.

How can we identify the largest media outlets on the market? One approach could be the examination of their revenue figures (see Table 2). Another way is by establishing the broadcast media audience shares and the circulation of the newspapers and magazines.

Table 2 BULGARIA'S TOP TEN MEDIA COMPANIES BY ANNUAL REVENUE IN 2001 AND 2002 (in EUR*)

COMPANY	ANNUAL REVENUE 2001	ANNUAL REVENUE 2002
BALKAN NEWS CORPORATION	19,379,540	
MEDIA HOLDING (WAZ)	28,303,325	
168 HOURS (WAZ)	16,459,847	
MONITOR	1,966,240	4,971,356
NOVA TV – FIRST PRIVATE TV STATION	3,844,501	4,693,095
MEDIA MAGAZINE PUBLISHING HOUSE (WAZ)	3,158,568	3,880,307
STANDART NEWS	3,087,468	3,181,586
DARIK RADIO	2,100,256	2,720,716
AGENCY FOR INVESTMENT INFORMATION (AII)	2,340,665	2,553,453
SEGA	1,536,573	1,553,964

Source: Companies' annual balance.
Note: * 1 EUR = 1.955 leva.

5 MEDIA PRIVATISATION

The licensing of the first private national TV station, *bTV*, in 1999 could be considered a privatisation deal, although it was not carried out by the Privatisation Agency but according to procedures falling within the Radio and TV Act and the Telecommunications Act. The launching of this private channel could be considered a privatisation deal because the frequency belonging to the state second television channel, *Efir 2*, was offered to *bTV*. It was different from other privatisation cases in that the owner of this private station did not have to pay for the frequency, apart from the initial license fee and annual fees for the use of the frequency.

This first private national TV station obtained its license through a competitive procedure which comprised two stages. The competition attracted the attention of some major media corporations – News Corporation, Scandinavian Broadcasting Systems (SBS), Modern Times Group (MTG), and Central European Media Enterprises (CME). After reviewing the programme concepts, the broadcasting council of the time shortlisted the Balkan News Corporation (BNC), TV2 LTD (with SBS participation) and the Media Broadcasting Services (a consortium of MTG, Zodiak VN and a company with Iranian capital, LogicInvest). The final selection was made by the commission set up according to Article 45 of the Telecommunications Act, which used to be appointed by the Prime Minister. Its decision had to be approved by the Prime Minister, and after that the Telecommunications Commission could issue a telecommunications license. The winner of the competition was the Balkan News Corporation (BNC), which pledged an investment of EUR 20 million.

Although the procedure comprised a number of steps, it could not avoid raising doubts that decisions were influenced by politics, nor could it escape criticism of the legal set-up of a procedure that actually allowed the Prime Minister to exert influence.

At the beginning of the procedure, it was not clear who was behind the BNC in the competition. Later BNC announced that its owner was Rupert Murdoch's company, News Corporation. During this period it was impossible to check the company legal file because of the process of legal registration (BNC had been registered as lawyers' property, or to put it differently, the shareholders are lawyers. In Bulgaria it is usual that a foreign company which is interested in the Bulgarian market or wants to invest in Bulgaria hires lawyers. So they prepare the documents and "create" a company.). The BNC's links with News Corporation first became evident during the visit of the News Corporation's Vice President, Martin Pompadour, who came to Bulgaria to present the programming concept of the BNC. In a comment for the *Capital* weekly,[5] Mr Pompadour noted that after they had learned about the competition, he and News Corporation's Chairman Rupert Murdoch sent a letter to the Prime Minister expressing their interest. Even later, during subsequent visits to Bulgaria, Martin Pompadour is known to have met the Prime Minister. Additionally, the first managing board of the BNC included the former spokesperson for the Prime Minister, Stoyana Georgieva, and Nelly Ognianova, who was the author of the media law adopted at the time when the UDF party was in power. The doubts related to the ownership and the partnerships between the BNC and Murdoch's company were provoked by the presentation of the television station managers – the Bulgarian television station manager and the advertising director came from companies related to Krasimir Gergov, a businessman involved in advertising.

6 BROADCAST MEDIA MARKET

6.1 TELEVISION MARKET – WHO OWNS BTV?

A few months after *bTV* was licensed, the question of its ownership became the issue of the day. The Telecommunications Commission Chairman at that time, Veselin Stoykov, requested approval from several institutions in order to allow a change in the ownership of the Balkan News Corporation (BNC) that held licenses for a national program and frequency. It then became clear that a 99 percent owner of the BNC had been News Bulgaria Inc., registered in the US State of Delaware, a state offering tax concessions.

The request by Stoykov referred to the transfer of News Bulgaria's property in BNC to another company registered in Delaware – News Bulgarian Television LLC. The remaining 1 percent of BNC used to belong to Martin Pompadour, but he subsequently sold it and BNC has continued to be the sole property of News Bulgaria Inc.

It was in the 2001 annual report of News Corporation that the Balkan News Corporation (BNC) was first listed as a company owned by News Corporation. The News Corporation's annual reports for the last two years revealed that the channel had developed successfully, and in 2002 it had managed to double its profits to 10 million leva (EUR 5,128,205). According to the 2002 revenue data, the national TV station even left behind WAZ companies with the largest circulation daily in the country. The advertising revenue (shown under the title "sales of services") amounted to 53,577,000 leva (EUR 27,475,385), which represented growth of over 40 percent.

"I cannot imagine us investing in newspapers. We own newspaper business in Australia, UK and a daily in USA, but outside the English-speaking world we would really feel uncomfortable in press business. In many countries newspapers have political affiliations, but we always insist on 100 percent independence, and such will be the situation with the TV channel in your country too," remarked Vice President Martin Pompadour of the News Corporation for *Capital* weekly just after acquiring the TV license.[6] The influence of the advertising boss Krasimir Gergov still remains controversial; officially, he is presented as a consultant to *bTV* executive director Albert Parsons.

bTV licensing suggested that the state monopoly on the TV market was replaced by a monopoly of the private company. Therefore, the tender for the licensing of a second national television station followed only six months after *bTV* obtained its license. The reasoning behind the decision to launch a competition to license another national service within such a short time has never been clarified. In view of economic development and competition, the decision appeared to be rather favourable for the media market development.

Most of the applicants in the first competition applied again. One company that was not among the applicants was SBS, but its explanation for its absence was ambigious. The competition was won by Bulgarian company "Nova Television – First private TV station."

Nova TV is the first private TV station in Bulgaria, that broadcasted only in Sofia and the Sofia region. *Nova TV* was established in 1994 by a Serbian, Darko Taminjić, but the structure of ownership was unclear due to the bearer shares. The Broadcasting Council's official explanation of the reason that led it to make *Nova TV* drop out of the first competition at its first stage was related to its ambiguous ownership. Soon after the first competition started, *Nova TV* was mentioned in the media in relation to the murder of Lyubomir Penev, whose name was present in the company registration as CEO and who was described in the press as Taminjić's friend.

In 2000, the Greek company, Antenna Group (through its media company Antenna TV) bought two media outlets – *Nova TV* (holder of a local license for the Sofia region) and *Ex-*

press Radio, reportedly for the amount of USD 3.7 million.[7] The Greeks announced the deal as the first step in their strategy for the neighbouring Balkan countries.

The scandal that broke after the competition for the second national television frequency was related to the fact that the media council listed the consortium Media Broadcasting Services in the first position but the commission, that made the final selection for the license, rated *Nova TV* first. Immediately after the end of the selection procedure, the other candidates – Mef Holding and Media Broadcasting Services appealed to the Supreme Administrative Court (SAC). The legal proceeding went through two SAC sessions and concluded in the summer of 2001 with the revocation of *Nova TV*'s license. The SAC decided that the competition procedure was not sufficiently transparent and clear. After this decision *Nova TV* lost the frequency license, but kept the program license for national television programming. In the summer of 2003, *Nova TV* received a national license after another trial at the SAC.

Now there are three national TV channels in Bulgaria.. Beside *bTV* and *Nova TV* there is also the state owned *Bulgarian National TV* (*BNTV*). *BNTV* still has a strong market position; for instance, its news at eight has the biggest audience share. In addition, during the last few years *BNTV* has produced or purchased several commercial programs and series strengthening its competitive position with regard to private channels. At the same time there is in the state budget for 2004 an amount of 49 million leva (EUR 25,128,205)[8] provided as a subsidy to *BNTV*. Although *BNTV* is subject to legal restrictions (specified in the Radio and TV Act) and can sell only 15 minutes of advertising time daily, the station is the third biggest player (after *bTV* and *Nova TV*) on the advertising market. In 2002, according to the data of the Marketing Department, the advertising income of *BNTV* was around 17 million leva (EUR 8,717,948).

6.2 RADIO MARKET

The development of the Bulgarian radio market has been quite different and more dynamic because it started in 1990. Currently, there are 33 local radio stations in Sofia (300 radio stations in Bulgaria altogether). The first national private radio – *Darik Radio*, was awarded a national license in 2000. There were only two applicants in the competitive procedure. In order to get a national frequency, *Darik Radio* had to give up its previously held local frequencies (this requirement has been included as an amendment to the media law). The provision in the law restricts *Darik* owners' investments in other operators.

There are three stations considered to be affiliated with the *Darik Radio* group, because among their shareholders is a company owned by a former associate of *Darik*, Ivaylo Staevski. He quit the radio to become a co-owner of *Retro Radio* and *Tangra Radio*, which has been transformed into the sports *Radio Gong* with a programme managed by the *Darik* sports editor. His company (ISMA LTD.) has shares in the sports cable TV station *Ring Plus*, too. *Darik*'s owner Radosvet Radev has frequently expressed in public his dissatisfaction with the media law restrictions, which prohibit radio owners from acquiring property in other stations.

Some big radio networks, such as *FM Plus*, *Fresh*, *Inforadio*, and *BG Radio*, have been created in the process of licensing. In practice, it has turned out that it is much more cost effective to collect local licenses covering major cities (for which you pay lower fees), because this ensures a considerable percentage of the city audience which is the target of advertisers.

Radio networks can successfully compete with a national radio station. The consolidation of the radio market in Bulgaria started in 2002 and continued in 2003 with a greater number of deals. The former CEM member, Associate Professor Georgi Lozanov, defines this process of big networks taking over the smaller stations as "concealed bankruptcy."[9]

Some of the networks tend to fill in their frequency gaps in some cities by purchasing the shares of local operators, which are holders of similar radio format licenses, and by agreeing to have their programming, and possibly their radio network brand, copied. Such an act increases their audience and the scale of opportunities available to advertisers. Apart from buying shares, agreements called "station management" contracts have also become a popular way of legitimising the financing of a radio station – by a business group or another station (for example, in Sofia *Viva Radio* was taken over by such a contract from the owners of a chain of luxury restaurants and night clubs). Since most of the stations employ music formats, it seems to be difficult to obtain funds for their survival by serving some particular interest (i.e. sacrificing independence for money).

6.2.1 RADIO GROUPS

A large radio group has been formed around the first private radio station in Bulgaria – *FM Plus*. The station was started in 1992 and currently broadcasts in 7 cities. The British GWR Group owns 48 percent of *FM Plus*. The latter also acquired shares in *Fresh radio*, but for the record, both radio stations prefer to call it a partnership. At the end of 2003, the owners of *FM Plus* and *Fresh* bought shares in another station – *Mila*, which represented the beginning of a third network.[10]

The Bulgarian company Metroradio,[11] holding licenses for *BG Radio* and *Radio One*, also started a third radio station *Nova* in early December 2003. Metroradio is owned by the US Metromedia Group (Metromedia International Telecommunications). In Bulgaria it has invested in a radio format that has turned out to be very successful – it broadcasts exclusively Bulgarian music. Hristo Grozev, President of the Metromedia International Telecommunications, explained their approach by saying: "Our *BG Radio* project was started in 2001 simultaneously with a project in Finland, but the return on investment appeared to be quicker in Bulgaria. This relates to the lower costs here, the higher copyright fees in Finland and to the fact that the Bulgarian advertising market is much more open to new projects. We are interested in consolidating the market. Certainly, it will depend on the strategy of the regulating body. We would prefer more liberal regulation, which accounts for the trend towards greater consolidation without eliminating diversity on the market. We are not interested in investing in networks of the same radio format. Our goal is to offer one-stop shopping for the advertisers or the so-called shopping at one counter – access to various kind of audiences."[12] Owning a couple of radio stations enables the owner to approach advertisers with a syndicated advertisement offering. Radosvet Radev[13] is commenting the situation with radio broadcasting in Bulgaria: "I argue that apart from the top five radio stations, which invariably appear on each rating list, all the others are part of the shadow economy. If an entity representing public good, such as a media outlet, is part of the shadow economy, it's not difficult to predict from where allegations in the run-up to the elections will come. Advertising potential is low, so there is only one answer to the question of how all these stations are sustained – by the shadow economy. I think that the easiest way to prevent it is, given the public significance of the media, to make operators publish their balance sheets. And, as soon as you see three negative balance sheets, you close down the operator."

One station that has been rapidly moving up the audience preferences list – *Vesselina Radio* – is Bulgarian owned. The unusual music formula of the radio, whose play list is composed of a mixture of pop folk, rock and roll, Greek music and pop music, turned out to be very successful, so in November 2003 the owners launched a cable TV outlet with the same brand name.

7 PRINT MEDIA MARKET

7.1 DEATH OF THE POLITICAL PARTY PRESS

Media that used to be openly dependent on political parties gradually disappeared. The two major political parties in Bulgaria – the United Democratic Forces (UDF) and the Bulgarian Socialist Party (BSP) – were incapable of funding their newspapers any longer. While the UDF was in power, the BSP's sponsored *Duma*, a left-oriented daily, encountered problems. It could not afford to pay the price charged by the state-owned printing house, which was managed by a board appointed by the Ministry of Economics, i.e. the ruling UDF party. Following the UDF's election failure and the victory of the National Movement Simeon II, the right-wing *Demokratsia* daily found itself in a similar situation. However, although *Duma* twice disappeared from the market, in both cases the BSP found the formula to bring it back to the news-stands – businessmen affiliated with the party took over its funding. On the first occasion it was Dimitar Ivanov, a former chief officer of the State Security Service (the secret service during the communist regime), who came to its rescue. When he abandoned *Duma* and started his own newspaper, *Republika* (another left-oriented publication that also went bankrupt), *Duma* was brought back to life by Petar Mandzhukov,[14] the former arms trader who had been trying for some time then to get hold of this newspaper. The take-over of *Duma* whetted Mandzhukov's media appetite, so he also invested in a cable TV station, launched a publication carrying TV schedules, and became involved in the purchase of the biggest cable network operator in Bulgaria. According to Mandzhukov himself, he was allocating 50,000 leva (EUR 25,741) on a monthly basis to sustain *Duma*, a newspaper with a small circulation and weak advertising. It is very likely that the funds used to sustain Mandzhukov's media undertakings come from his other businesses, which include construction work, the wine trade and so on. The UDF, on the other hand, either could not find, or refused to accept, a similar sponsorship for *Demokratsia*, which had been the symbol of the democratic press in Bulgaria. *Demokratsia* folded in 2002, and the era of the party press was over.

7.2 WAZ AND THE OTHERS

In recent years, the Bulgarian press market has been seen in terms of WAZ and the others. In 1996 the German media group, Westdeutsche Allgemeine Zeitung, started its invasion of the Bulgarian market, intending "to promote the development of the Bulgarian press by uniting the commercial activity of the publishers without affecting the editorial policy."[15] Initially, the owners of the media concern announced that they would invest 100 million leva (EUR 51,282,051) in their Bulgarian project. Today, WAZ owns not only newspaper publishing companies, but also one of the biggest newspaper distribution companies and printing houses in Sofia and Varna, where they print other publications in addition to their own. In past years the group engaged in a series of legal battles with the Competition Protection Commission (CPC), but managed to emerge as winner and to carry on its advertising policy that guarantees it the position of market leader.

Table 3 WAZ OWNERSHIP

TITLE	MEDIA TYPE	CIRCULATION*
TRUD (LABOUR)	DAILY NEWSPAPER	320,000
24 ČASA (24 HOURS)	DAILY NEWSPAPER	150,000
NOŠTEN TRUD (NIGHT LABOUR)	DAILY NEWSPAPER	50,000
BULGARIAN FARMER	FARMER NEWSPAPER	45,000
168 ČASA (168 HOURS)	WEEKLY	80,000
VESTNIK ZA ŽENATA (WOMEN MAGAZINE)	WEEKLY WOMEN MAGAZINE	N.A.
SEDMIČEN TRUD (WEEKLY LABOUR)	WEEKLY	N.A.
HIGH CLUB	WEEKLY	35,000
AUTO TRUD (CAR MAGAZINE)	MONTHLY	20,000
IDEALEN DOM (IDEAL HOME)	MONTHLY	20,000
MEDIA SVJAT (MEDIA WORLD)	MONTHLY	N.A.
SAVREMENIK (CONTEMPORARY)	MONTHLY	N.A.
SPISANIE ZA ŽENATA (WRITING FOR WOMEN)	MONTHLY WOMEN MAGAZINE	N.A.
STRELA	DISTRIBUTION COMPANY	
PRINTING HOUSES IN BOTH SOFIA AND VARNA		

Note: * Circulation figures are based on the EFJ report *Eastern Empires*, 2003.

WAZ[16] actually entered the Bulgarian market in August 1996, when the President of 168 Časa Press Group, Petyo Blaskov, signed an agreement with the co-owner of WAZ, Erich Schumann, for the sale of 70 percent of his company to WAZ. One year later WAZ acquired the remaining 30 percent, so the 168 Časa Press Group, the publisher of the popular daily *24 Časa* and of the weekly *168 Časa*, became entirely German owned.

In February 1997, 70 percent of the Media Holding company, the publisher of one of the highest circulation dailies, *Trud*, was sold to WAZ under the pressure of the severe economic crisis. At the beginning of 1998, WAZ started offering simultaneous advertising in *24 Časa* and *Trud* newspapers – the same ads in the same spots. The price of the joint offer was higher than that for a separate advertisement in either of the two dailies, but lower than the total of two unit prices. That move ensured a monopoly position for WAZ in the advertising market.

However, by acquiring interests in the Media Holding, WAZ's share of the market amounted to 41.7 percent. Therefore CPC initiated a legal proceeding, on the basis that they should have requested permission from the commission before finalising the deal. In order to bring its share of the market in line with the legislation, WAZ had to dispose of some of its interests in the Media Holding. In October 1999, one of the shareholders, Hansjorg Fondermann (a representative of WAZ in the Media Holding),[17] sold his stake (30 percent) in the Media Holding to Raiffaisen Ost Invest, part of Raiffaisen Centralbank – Austria, based in Vienna. The information in the Company Register shows that at the same time another shareholder, Ulrich Holscher (other representative of WAZ in the Media Holding), sold his 10 percent share to the Swiss PTC Performance Trading. WAZ still retained a 30 percent stake in the Media Holding, and five Bulgarian natural legal persons acquired 30 percent (the editor in chief of the *Trud* daily Tosho Toshev owns 9.9 percent while four other partners are employees of the Media Holding). The CPC's conclusion, once these changes were completed, was as follows: "With its interests in 168 Časa Press Group and Media Holding, WAZ is in control of less than 35 percent of the press market, and therefore it could not be considered a monopolist."

However, some of the lawsuits against WAZ have been seen as a tool used by the ruling party to exert political pressure on the editorial policy of the newspapers.[18] For instance, there was a popular notion that in 1998 CPC decided to divide WAZ publications' joint advertising policy (the "small miracle" which involved the introduction of a common price list for publishing ads in two dailies – *Trud* and *24 Časa*) after consultations with the then Prime Minister.[19] As an act of protest, the newspapers started criticising the Government.

The German publishers have always been explicit about their strategy: "Every newspaper which is interested in getting involved in our publisher's scheme and retaining editorial freedom, is welcome to join us."[20] It should be noted that, at some point in time, being bought by WAZ was seen as the last hope (or the only way out) for some newspapers. At the end of 1998, for example, there was a plan to sell the *Standart* daily to WAZ. A request for a cross-ownership deal was submitted to the CPC. The Bulgarian legislation allows concentration even if it leads to a strengthening of the monopoly position as long as it "aims at the modernisation of the overall production or economy, enhancement of market structures, attraction of investment […] and altogether generates more gains than negative influence on the competition." However, this plan was not realised.

A couple of months after *Standart* attempted to find shelter within the Bulgarian family of WAZ, the CPC rejected a request by the *Kontinent* daily for joint advertising with WAZ daily publications – *24 Časa* and *Trud*. At that time, the anti-trust commission estimated that WAZ, with its two newspapers, had a 75.8 percent market share.[21] In addition, WAZ's share of the total advertising revenue was 63.4 percent.[22] Therefore, the CPC assumed that any commercial benefit would be reaped by the German group exclusively and that the deal could strengthen only WAZ. Some time later the *Kontinent* ceased to exist.

Many protests could be heard against WAZ's monopoly. Initially, all publishers seemed to be united in criticising WAZ. Another severe critic of WAZ was the former CPC Chairman Nikolai Pavlov, who accused it of money laundering. However, the voices protesting against WAZ's monopoly gradually faded away.

"WAZ is not a monopolist. There will be advertising available for the other newspapers, too; WAZ newspapers in Germany will publish positive articles about Bulgaria and no discredited persons will manage a private company here." This is a statement of the head of the anti-trust commission given in 2000 when the war with WAZ was officially terminated. He also assured that the battle would be resumed if any of the requirements imposed by the legislation was not met. The CPC thus withdrew all legal claims against the media concern.

In the spring of 2000, WAZ signed agreements for combined advertising tariffs with six dailies. WAZ publications *Trud* and *24 Časa* offered additional discounts if the advertisers chose to publish ads in some of the other newspapers – *Duma*, *Zemya*, *Pari*, *Standart*, *7 Dni Sport* and *Sega*. The advertising experts recognised this condition more as an indecent proposal than as a solution that could save the rest of the dailies. What happened in practice was that once the CPC realised that it could not prevent WAZ's invasion of Bulgaria, it almost legalised it. WAZ owners in Bulgaria have always claimed that they were not interested in editorial policy but in circulation (however, there are no official figures about WAZ publications' circulation) and advertising revenue. In fact, the officially announced independence of the publications created an opportunity for their policy to be frequently guided by the personal bias and interests of their editors in chief.

7.3 CORNI MEDIA[23]

Since 2000, *Standart* daily has been owned by the Russian businessman Michael Corni, after the publisher, Standart News AG, was sold to the offshore company MSG Holding LTD. Corni was expelled from Bulgaria after having been designated as posing a threat to national security in the summer of the same year.[24] MSG Holding[25] is registered in Cyprus, and its director is Corni's financial head, Joseph Carham; his lawyer, Todor Batkov, represents him in Bulgaria.

At the time when Corni bought *Standart* daily, he still used to be the official owner of the first GSM operator, Mobiltel. Later Corni himself became the head of the publishing company. The price of the deal has never been revealed, but Corni bought the newspaper including some of its debts. At the same time, Corni also bought 50 percent of the sports daily, *7 Dni Sport*. His interest in the sports edition was related to the fact that Corni was also the owner of one of the major Bulgarian football teams – Levski. Coincidentally, Corni's first official media investment was precisely a sports newspaper – *Planeta Sport*, which he had established together with the publisher of the *Monitor* daily, Petyo Blaskov.

Corni's ownership in *Planeta Sport* was also realised via the Cyprus company. The newspaper closed down in 2001, when the Russian businessman ceased financing it. According to the Bulgarian press, Corni's initial media appetites have been related to the TV market and especially to the purchase of *Nova TV* in 1997. The change in shareholders' structure (from bearer shares to nominal ones) of the company that used to be the license holder for the *Nova TV* Sofia frequency, led many newspapers to speculate that Corni had acquired shares in the channel. These allegations, however, have never been confirmed.

Corni's media ambitions have failed following his expulsion from Bulgaria. It has been expected that he would sell his stake in the *Standart* daily, but so far all speculations about the sale have been denied. Corni used the newspaper for his own PR in the course of the legal battle in which he attempted to reverse the decision on his ban from Bulgaria and to refute accusations of occasional unfair competition. In 2002, persons associated with Corni companies participated in the privatisation of the state tobacco company, Bulgartabak. In this process *Standart* headlines were used for daily campaign aimed against the main competitor in the privatisation procedure. After Corni's expulsion from the country, he officially disposed of most of the shares in Bulgarian companies, apart from those in the football team and the newspapers. Although his stakes in the Bulgarian media are realised via an offshore company, it is really a paradox that a person expelled from Bulgaria under accusation of being a "threat to national security" still continue to control two dailies. *Standart* circulation during the last two months of 2003 has amounted at 30,000 to 35,000 copies[26]; Fridays' circulation even tripled. However, this information is based on the number of printed copies – data on the actual sales and the percentage of waste circulation are not available.

7.4 DAILY MONITOR

The circulation of the *Monitor* daily has gone down considerably according to data for 2003: in the period July – December 2003 alone, the number of copies has been reduced by nearly 50 percent. Currently, this newspaper, whose editor in chief is Petyo Blaskov, is being printed at a level of 10,000 to 12,000 copies on average (about 30,000 to 40,000 copies in the first half of 2003), with only Friday circulation being around 29,000 copies. On the other hand, the revenue data for 2002 classify *Monitor* among the top print publications, immediately following those published by WAZ.

But it is explained by the fact that in 2002 *Monitor* maintained high circulation figures of over 100,000 copies because it used to organise a series of "prize games." Readers were attracted by competitions for luxury cars and other prizes which have required them to collect coupons printed in the daily. That increased circulation and sale revenues but did not really attract more advertising. Such games increased the circulation of *Standart*, *Novinar* and even of WAZ daily publications. The games actually shifted the main function of the dailies, which is to inform and analyse, towards an entertainment role with an element of gambling.

The ownership structure of the Monitor publishing company has been changed a number of times in the course of the last years without making clear how exactly assets and liabilities were transferred. At one time, the newspaper even had a publisher registered in a Portuguese offshore zone – Franko De Madeira.

A survey of its ownership history made by *Capital* weekly[27] showed that it has also been owned by other offshore companies, but it was ambiguous who the owners of these companies were. Later the publisher was changed again, and at present the founders of the publication are listed as owners, except for Petyo Blaskov, whose shares are registered in the name of his mother's company.

In addition, at the end of 2002, *Monitor* publishers started a second daily, *Vizh*. It is produced mainly using *Monitor* journalistic resources, but it is printed later in the evening, while following the tradition of the yellow press with short and scandalous texts. *Vizh* costs 0.25 leva (approx. 10 eurocents) and appears to be the cheapest daily in the country, which explains the circulation number of 27,000 copies. It is worth to mention that Petyo Blaskov stood as a candidate for mayor of Sofia in the 2003 local elections, and he made active use of his newspapers in the election campaign.

7.5 CAPITAL AND DNEVNIK

According to 2002 revenue data for the print media market, the Agency for Investment Information LTD. (AII), which publishes the *Capital* weekly and the *Dnevnik* daily, is ranked in third position. Both publications are business-oriented. AII has Bulgarian owners[28] – it is divided between Ivo Prokopiev and Philip Harmadzhiev, who founded the *Capital* weekly ten years ago. The publication was started with the financial support of *Reuters*, which however has not used the option to acquire any shares in the publishing company.

Dnevnik daily was started in 2001. In the last years, the two publishers have developed interest in the wine business, investment and other sectors. Since 2002, the newspapers have been published in alliance with the German media group Georg von Holtzbrinck, the publisher of *Handelsblatt*.[29]

7.6 NOVINAR AND SEGA

Although not among the major media companies, some other interesting examples of media ownership can also be noted. The owners of the *Novinar* daily are privatised companies formerly owned by the Sofia municipality, which used to guide its editorial policy towards support for the former governance at Sofia Municipality Council. For a long time the *Sega* daily was officially known to be owned by two sociologists, that is, until 2003, when an interview with its third owner appeared in the newspaper.[30] This was Sasho Donchev, the head of Overgas – a company dealing with the gasification of Bulgarian towns by importing Russian gas. Previously, Sasho Donchev's involvement in the funding of the publication had been alleged but never indicated in official documents. The interview made it clear that he had acquired the majority stake in the publishing company.

In 2003, the figures for overall newspaper circulation showed a drop estimated at 16 percent to 20 percent.[31] This could generate new risks for the survival of the publications as well as more opportunities for pressure on them.

8 MEDIA INFRASTRUCTURE – DISTRIBUTION AND PRINTING CAPACITIES

Apart from the fall in circulation, another problem of the print media market is distribution. There are some big companies and a dozen small ones involved in newspaper distribution. Two of the distributors are directly affiliated to publishers – Strela is owned by WAZ, and Zhak Press includes shares of one of the *Monitor* publishers. The distribution companies tend to defer payments to the newspapers; they apply tricks for concealing the income from subscription and frequently insist on higher discounts.

The state printing house, Rodina, which currently holds the printing of all non-WAZ dailies and weeklies, was privatised in 2003. The procedure of selling 51 percent of Rodina, carried out by the Privatisation Agency, was completed in November 2003, and the printing house became the property of a consortium of Bulgarian newspapers established especially for this deal – United Bulgarian Newspapers. The group financed the purchase of the printing house by a loan obtained from the First Investment Bank (the price was 6,000,111 leva[32] – EUR 3,076,980). The loan contract included the condition that, if the consortium does not repay the loan, the bank will become the owner of the printing house. Such a condition makes the newspapers somewhat dependent on the bank, which might eventually have certain claims regarding the editorial policy of the publications. Since the remaining stake of Rodina has been sold out through the Bulgarian Stock Exchange, the new owner, United Bulgarian Newspapers,[33] increased its stake to more than 90 percent.

The United Bulgarian Newspapers consortium includes the following companies: Monitor LTD. (publisher of the *Monitor* daily), Novinar LTD. (publisher of the *Novinar* daily), Financial Information Agency LTD. (publisher of the *Banker* weekly), Pressmarket LTD. (publisher of the *Vizh* daily), Infomedia AG (publisher of the *Duma* daily) and Compact Meridian LTD. (publisher of the sports daily *Meridian Match*). It has been suggested that the new structure of ownership might generate problems in serving the other customers of the printing house if the new owners began to resort to unfair competition (for example, abuse of the printing schedule). The privatisation of the state printing house, which is being considered rather late, has already managed to generate competition on the market.

9 LOCAL MARKETS

The most interesting example among the local media markets is the market in Varna, since it has been entirely monopolised by the local economic group, TIM. The group owns two cable TV channels, a radio station, a newspaper and a cable network employing affiliated persons and companies. Another strong player in the local market field is Stepan Eramyan, who owns shares in the companies that publish the *Maritsa* daily (a majority stake) and the *Struma* daily (he is among the main associates with a 42 percent stake, while the majority owner, with a 50 percent stake, is a company, Geosil media,[34] belonging to Oxnig Kuchukjan; a small share (2.6 percent) is owned by a Serbian company, BBM, licensed for activities in the field of commerce and tourism). The *Maritsa* and *Struma* dailies represent the biggest regional dailies in the country, covering Southern and Southwest Bulgaria.

10 PROFESSIONAL JOURNALISM

The quality of the media depends not only on the ownership structure and sufficient funds, but on journalists and their responsibility as well.

The dynamic development of the media market stirred up an increased demand for journalists, which allowed an inflow of people without sufficient professional qualification into the field. If journalism is not perceived as a mission and responsibility, it is not possible to establish a professional guild – one that would stand up for professional standards or protect its interests before those of the media owners. At some media outlets the editorial policy regulations are organised on the basis of internal rules. During the past years a number of media non-governmental organisations have discussed the necessity for a code of ethics as well as various drafts of such codes. At the moment, a project is underway in Bulgaria concerned with the elaboration of the code of ethics and the setting up of a complaints commission to establish self-regulation of the media. In fact, only several provisions pertaining to the anonymity of information sources protect journalists' work. However, some serious penalties for libel and slander are envisaged within the Penal Code.

11 CONCLUSIONS

The variety of ownership generates a range of opportunities for influence on and pressure over media. In a country like Bulgaria, politics, large-scale business and media become entangled in a complicated and twisted circle of controversial relations. The media is considered a weapon for personal or "black" PR; the market has not yet become a true regulator of relations, and media deals are usually provoked by financial problems.

Rupert Murdoch is present on the Bulgarian media market, but there are no local media tycoons who would be persistent and consistent in concentrating and expanding their investments, and developing networks of radio and TV stations, newspapers, magazines, and cable networks. Most of the media owners engage in other kinds of business as well, which creates a dangerous potential for the media to be dependent on and guided by economic and political interests.

Other owners, in order to avoid bankruptcy of their media companies, first resort to selling advertising space or time at dumping prices, a practice which has a negative impact on the long-term development of the market, and then they become inclined to bargain with editorial positions and policy.

The lack of legal regulation of foreign ownership in the media sector, on the one hand, ensured the presence of big media companies that do not work with Bulgarian partners (News Corporation, Antena Group, Metromedia Group). However, on the other hand, the transparency of the capital structure and financing of media was distorted because some media owners were concealed behind offshore companies. In fact, behind most of the companies registered in an offshore zone, stand Bulgarian companies or natural persons that prefer to keep their positions in particular media outlets anonymous.

In the preceding year, WAZ was the first media player to adopt the Principles for Guaranteeing Editorial Independence, elaborated by the OSCE Representative on Freedom of the Media, Freimut Duve, at the 2003 Berlin Round Table. Among these principles are the following: "The ownership structure of all journalistic media, including those that are partly or solely owned by foreign investors, must be known by the public"; and: "Any institutional political affiliation of a journalistic medium should be clearly and publicly stated"; and furthermore: "Where a company holds more than one title, it commits itself to safeguarding journalistic independence and plurality as a contribution to democratisation and to strengthening freedom of the media." In 2004, Bulgaria will hold the OSCE chairmanship, and this is a good reason for the country to try to apply those principles to its own media market before insisting that they are observed in other countries.

NOTES

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CROATIA

Stjepan Malović

1 INTRODUCTION

Media owners in Croatia live dangerously. *Nova TV* owner, Ivan Ćaleta, was shot in the legs in December 2003. The police stated that the assassin could have finished the job, so the shooting had to be understood as a warning. Earlier, the former media tycoon, Zdravko Jurak, was beaten up outside his Zagreb apartment. Ninoslav Pavić, co-owner of Europa Press Holding, Croatia's biggest publishing house, had his car bombed. Former media mogul Miroslav Kutle's jeep was shot while he was sitting in a café. Media executives are exposed to such attacks also. For instance, Andrej Maksimović, editor in chief of *OTV*, a private commercial TV station, has been beaten up twice. And, Denis Kuljiš, one of the top editors, was attacked and beaten at the entrance to his home.

This danger may explain why ownership data is a closely guarded secret. Public access is impossible despite legal requirements. The Zagreb Commercial Court has the information, but its President, Nevenka Marković, refuses to hand it out. The Financial Agency FINA will only give out business results, but not ownership data as well.

Media ownership is one of the most hidden types of data in Croatia. The new Law on Media and the Law on Electronic Media obliged media companies to publish exact data on their ownership structure by 31 January 2004. But it has not happened. Data were not published because the new Law on Media was sent back into the parliamentary procedure. The Constitutional Court decided that this law was not adopted in accordance with the legally prescribed procedure and that the whole procedure should be repeated. Another new law, the Law on Croatian Radio Television (*HRT*, public service broadcasting), has had a similar fate. The new Government found it deficient and proposed amendments.

So, media legislation in Croatia is like a never ending story: laws are introduced one after another, but none is really implemented. In the meantime, decisions are made in the legislative vacuum. Much will depend on the new government, elected in November 2003.

Such mysterious ownership structure affects the media environment. The resolution of many problems, such as the job status of journalists, professional standards, media independence, violation of ethical standards, education, etc. depends on owners, but the public does not know who the real owners of the media are.

2 REGULATION

In 2003, the Croatian Parliament adopted a whole set of media laws, including The Law on the Media, The Law on Electronic Media, and The Law on the Croatian Radio Television. The Law on the Croatian Information and News Agency was adopted in 2001.

The former government, which was in power from January 2000 to November 2003, decided to change the entire legal environment, pledging to "enable better position of the media," as explained by the Minister of Culture at that time, Antun Vujić.[1] The new media legislation was also adopted under pressure from the international community, which criticised the Croatian government for non-democratic media laws and demanded laws close to the EU standards.

In addition to these laws, it is necessary to mention the recently adopted Law on the Right to Access Information (2003), and provisions in the Penal Code (2003), which list criminal offenses related to the media field, or to be more precise, the area of public information. The media community argued that democratic media laws were useless if there was no access to information or if journalists can be prosecuted because of their reports.

2.1 OWNERSHIP TRANSPARENCY

How do the laws mentioned above regulate media ownership? The intention of the Government was to enable ownership transparency. Antun Vujić, the former Minister of Culture responsible for the new media legislation, explained how the Government, at the beginning of its term in office, i.e. in 2000, was afraid to "politically interfere". Such passivity of the Government, explains Vujić, "enabled additional enforcing of non-transparent agglomeration, owners and other interest groups which presented protection of their interests as media freedom."[2] According to Vujić, the new media legislation should prevent such concentrations of media power.

New media legislation lay at the centre of the public debate, especially among journalists and media experts. There were different opinions on the quality of the new legislation. Some eminent media law experts, for example Vesna Alaburić,[3] strongly opposed the new media law, arguing that it was a step backward compared to the previous law, created to EU standards. In contrast, the Croatian Journalists' Association supported the governmental approach, arguing that it protected journalists' freedom.

The real question now is how the law will be implemented. The first test was scheduled for 31 January 2004, the date by which each media company should have submitted to the Ministry of Culture all relevant data on ownership, including the names of all "who indirectly or directly own any shares."[4] The Ministry should also have been informed of the number of shares owned by each owner and have presented it to the general public. Nothing happened, because the Constitutional Court sent the law back to the parliamentary procedure.

Similar demands for ownership transparency are also stipulated in the Law on Electronic Media, including the article pertaining to "connected persons,"[5] such as members of the family, relatives, wife or husband, having up to 25 percent voting rights in a company. This article is intended to prevent concentration of ownership in broadcast media.

2.2 VISIBLE DATA

The new Law on Media obliges media companies to announce, in a visible place or at the end of a radio of television show, all data about "editorial policy, ownership structure, business results, average circulation or data on audience."[6] According to the new law, the newspapers have to publish the number of printed copies in each issue. This obligation will completely change the picture of the media landscape in Croatia, because not one newspaper has ever published circulation data on a regular basis. Such data will reveal the real market position of the newspapers, especially those having very small circulations, defying all market logic.

A similar article existed in the former law, but nobody respected it. A real shift in implementation of the legislation will occur once the judiciary begins to adhere to legal provisions, including the imposition of penalties which, indeed, are rather high for local circumstances.

2.3 ANTI-CONCENTRATION REGULATION

Restricting media ownership was one of the main goals of the new media legislation adopted in 2003. In addition, Croatia has the Law on the Protection of Market Competition,[7] a general law that in Article 18 forbids any kind of concentration that can endanger market competition.

According to the Article 33 of the Law on Media, the publisher of one or more newspapers with the number of sold copies accounting for more than 40 percent of the total number of newspapers sold on the market, cannot own another general newspaper[8] or have shares in it.[9]

The Law on Electronic Media regulates cross ownership, preventing the owners of broadcast media from owning both a national broadcasting license and a daily newspaper having a print circulation of more than 3,000 copies.[10]

Ninoslav Pavić, a co-owner of Europapress Holding publishing company, is very critical of these legal provisions, describing them as "retrograde and old-fashioned." He said: "For instance, according to the new law, a person could be an owner of all the newspapers in Croatia. The law does not forbid one to be the owner of one hundred percent of the print media in Croatia, but at the same time it does place restrictions on us as regards expansion into other media fields, such as the SMS, Internet, television, radio etc."[11]

Pavić's logic is simple: his company is the publisher of the best selling women's weekly magazines on the Croatian market. They are monopolists in this field, and they are in a position to control this market. There are no legal obstacles in place. But at the same time, his company cannot buy a small, local radio station.

Still, the Government's logic is different. No one can limit the market success of one product, but concentration of ownership is something different. According to Tatjana Ružić, an officer with the Agency for Protection of Market Competition,[12] there has been no case of non-legal concentration in Croatia so far. She presented an overview of the anti-concentration regulation and three case-studies: the integration of Vjesnik d.d. and Hrvatska Tiskara; Europapress Holding (EPH) D.O.O. and K. und K., and *Večernji list* and Styria.

These three cases are paradigmatic for all concentration stories in Croatia and, according to Ružić, there "is no doubt about the regularity of these mergers"[13]

In short, *Vjesnik* is a traditional Croatian daily newspaper, but with a small number of sold copies. Hrvatska Tiskara is the biggest printing plant in the country. Under the former communist system, both belonged to the giant Vjesnik, a publishing, printing, sales and distribution company, which disintegrated in 1991. In the new, independent Croatian state, the Government, who owned Vjesnik, and Hrvatska tiskara, decided to re-integrate these two companies in 1998. Ever since then, Vjesnik has been receiving financial support from the Government. The Agency's conclusion was that the merger was in accordance with the general competition law.

The merge of Europapress Holding (EPH) and K. und K. Medien Beteiligunggesellschaft M.B.H. was much more complex. The EPH is the biggest private publishing company in Croatia, and K. und K. is a member of the WAZ concern, owning newspapers in Germany, Austria, in former Yugoslavia, Bulgaria, Hungary etc. Their integration was realised in 1999. When analysing this merger, the Agency stated[14] that the EPH already had a dominant position in the market of weekly political magazines, women and family weeklies, monthly magazines for women and men, and the merging would not have an impact on the newspaper market. Was this a proper ruling? It depends on which standpoint one takes. The EPH supporters are convinced that it was correct, but some independent media experts, such as Zrinka Vrabec Mojzeš, the former editor at *Radio 101*, criticise it as creating a monopoly.[15]

The third example dates from 2000, when *Večernji list,* the best selling daily newspaper on the market, was bought by the Austrian company Styria. The new owner, Styria, had no previous role on the Croatian newspaper market. Therefore, according to the Agency,[16] its role could be positive and would not influence free market competition. The Agency based its decision on the "official sources and figures" (circulation, market and audience share) and referred only to the general competition law.

So, concentration stories have had happy ends, including the latest case in which the license for a (privatised) 3rd TV channel of the public service *HTV* (*Croatian Television*) was won by the HRTL, a company owned by the German corporation RTL and several local companies. The fact that WAZ, having shares in the biggest publishing company in Croatia EPH, has also shares in RTL, was not of any importance to the decision made by Council for Radio and Television, a body responsible for the distribution of the license. Members of the Council accepted the opinion that a company founded in Croatia by a foreign company should be understood as a national company and that "the ownership structure of the mother company has no influence on the ownership structure of the Croatian company."[17]

2.4 EDITORIAL INDEPENDENCE

The new Law on Media regulates the general principles of media freedom in Articles 3 and 4.

However, Articles 24-28 are much more important for editorial independence, regulating, for the first time in Croatia, the importance of the media statute. "Relationship between the publisher, editor in chief and journalists and their mutual rights and obligations are reinforced by media statute."[18] The statute enables editors and journalists to resign and entitles them to financial compensation if the publisher decides to change editorial policy. According to Article 25, the journalist has the right to express his/her opinion, and he/she cannot be punished or fired because of that. Journalists have the right to refuse the assignment if it is against professional and ethical standards (Article 26). Journalists have the right not to sign the text if it has been changed against their will (Article 27). Finally, journalists have the right to protect their sources (Article 28).

2.5 STATE SUBSIDIES

The Government directly owns two daily newspapers, *Vjesnik* and *Slobodna Dalmacija,* and dozens of regional and local media,[19] 82 different media companies altogether. But direct subsidies are provided to selected ones only, or to those that act as mouthpieces for the Government. The Government's criteria are not known to the public. For instance, in December 2003, *Vjesnik* received 33.5 million kunas (approx. EUR 4.5 million) as financial support. This has been the tenth instance of financial support to *Vjesnik* since 1990. At the same time, *Slobodna Dalmacija*, also owned by the Government, was not supported at all.

There is a new institution to support media pluralism - the Fund for Promotion of Pluralism and Diversity of Broadcast Media. The Fund will be financed from the state budget and by other sources decided by special law. The Fund will support production of local and national programs important for ensuring the citizens' right to information, minority reporting, and cultural creativity as well as the development of education, science and art (Article 57, Law on Electronic Media).

Penalty provisions in the new media legislation are very strict. Responsible persons within media companies and companies themselves are to be rigorously punished if they fail to respect the law. However, certain legal obligations are already being ignored. As we pointed out earlier in the text, newspapers are required to publish in a visible place the number of printed copies of the current issue. This has not yet become a practice, but no penalty has been imposed either. That is why serious media analysts, such as Božo Novak, the President of the Council for Media with the Helsinki Committee, and Ante Gavranović, the President of the Association of Newspaper Publishers, are very cautious when evaluating the new media legislation implementation.[20]

3 PRIVATISATION

Privatisation is one of the deadly sins of transition. Croatian roots are deeply entrenched in socialism, where all property was state- or socially-owned. Democratisation implied privatisation, but it was understood in different ways. The new rulers saw it as a chance to become rich. The late President Tuđman encouraged such an understanding, stating several times in public that 200 families should own all of Croatian property.

Privatisation became a synonym for scandal and crime. The media were not any exception. Media companies are also privatised under circumstances not known to the general public. Many of the media companies (82 in total) are still partly owned by the Government, or by various state agencies.[21] Media ownership should be transparent, but Marina Mučalo, Assistant Professor of radio journalism explains: "Journalists are using the term virtual ownership to express their doubts about the accuracy of official data on ownership. /…/ All scandals about media ownership kept the level of journalists' stories or derogated investigative procedures because of the lack of evidence."[22]

In this report we will present three characteristic privatisation stories. The one involving *Novi list* is a successful, but rare example. The cases of privatisation of dailies *Večernji list* and *Slobodna Dalmacija* are scandalous examples of media privatisation, and the privatisation of *Slobodna Dalamcija* is not over yet.

3. 1 SUCCESS STORY: NOVI LIST

Novi list is one of the rare success stories in the Croatian media landscape. From the very beginning (founded in 1900), it was an independent newspaper, well edited by Frano Supilo, an eminent journalist. During the socialist era, *Novi list* became a strong regional publishing, printing and sales company from Rijeka.

Ante Marković, the Prime Minister of Yugoslavia in 1990, initiated a law that enabled the privatisation of companies. Novi list management grabbed the opportunity and started the process of privatisation. But, it was not an easy process, because Croatian

President Tuđman understood how dangerous it could be if he were to allow journalists to become owners of the media.

On 31 October 1991 the Workers' Council of *Novi list* decided to transform the socially-owned company Novi list into the Novi list Shareholding Company. The company issued 68,128 shares and sold these to current, former and retired company employees who had worked for the company for a minimum of two years.[23]

The Governmental Agency for Restructuring and Development delayed the whole process, because they were waiting for the adoption of the new Law on Privatisation. It was adopted on 5 June 1992. But *Novi list* employees were unpleasantly surprised on 25 August 1992, when the Agency appointed a new Managing Board headed by the Deputy Minister of the Police! It was a very clear sign that the Government was not willing to accept such a model of privatisation.

The whole process had a political background. The Rijeka region was not under the control of Tuđman's ruling party, who tried to show how strong his power was. The journalists and employees of *Novi list* were under great pressure, but they did not give in. Readers supported them too. Over 17,000 citizens of the Rijeka region signed a petition in 1992 in support of *Novi list*, local *TV Adria* and *Radio Rijeka*. The Government had no remaining recourse, because the whole process of privatisation was carefully realized according to law and was absolutely legal. Finally, on 26 February 1993, the shareholding company Novi list was legalised. Its journalists and employees became owners of 97.6 percent of the shares, and state funds of 2.4 percent. But, the whole process is not over yet.

In 1999 *Novi list* continued privatisation by founding a new company together with the Media Development Loan Fund (MDLF), who is the owner of a majority stake until 2010. MDLF is a USA-based investment fund operating in Central and Eastern Europe, having the goal of "protecting their economic and professional independence."[24] According to the agreement, MDLF should sell its shares back to *Novi list*. MDLF agreed that it will have influence over business decisions, but not over editorial matters.

3.2 THE BIGGEST SCANDAL: VEČERNJI LIST

Večernji list was privatised under the Law on Privatisation (1992), and the major shareholder became the Pension Fund. The employees had the right to buy no more than 20 percent of the shares. One employed person could buy shares to a maximum of DEM 20,000 (today's equivalent of approx. EUR 10,000). As a result, the journalists who managed their newspapers in the time of socialism, lost all control over their product, and the new management, appointed by the Government, took over the responsibility.

"The Pension Fund was the majority shareowner, and when it ran into financial problems, management decided to sell the paper for DEM 20 million (today's approx. EUR 10 million), a grossly undervalued asking price. Despite the bargain, few local businesses made acceptable offers, so the Pension fund decided to sell the company to the Caritas Limited Fund, an outfit located in the Virgin Islands. Without any public discussion or information about this offshore company, Croatia's best selling daily newspapers changed hands. When pushed for answers, officials answered in their typical laconic style, saying that in modern capitalism the origin of business owners is not important and, furthermore, that the Croatian public is not entitled to information about the new owners."[25]

The sale took place over the Christmas holidays in 1997, but the ownership was not revealed. However, after the change of government in 2000, an investigation was launched, though with little success until 2 years later when a car dealer and construction company boss revealed in an interview for the newspaper who were its owners.

However, evidence from President Tuđman's files indicated that he was involved in the affair. The new government's solution was to sell *Večernji list* as soon as possible, with Styria stepping in December 2000.

3.3 THE AGONY: SLOBODNA DALMACIJA

Slobodna Dalmacija was proclaimed the best edited daily newspaper in the former Yugoslavia in 1990.[26] Today, 14 years later, this newspaper is going through a period of agony, being only a shadow of the former eminent newspaper.

"Since the HDZ got the power in 1990 and until the end of 1992, all Croatian media were under its direct influence with only two exceptions: *Novi list* and *Slobodna Dalmacija*," wrote Srđan Kaić, one of those who are fighting for media independence.[27]

Slobodna Dalmacija, like *Novi list,* used the opportunity provided by Marković's famous law and was privatised on 26 March 1990, becoming a shareholding company. But, Zlatko Mateša, at that time Director of the Governmental Agency for Restructuring and Development, implemented the same method as the one he chose in the case of *Novi list*: a new managing board of *Slobodna Dalmacija* was appointed.

"Miroslav Kutle became one of the newly selected Croatian businesses princes" explained Kaić.[28] And indeed, Kutle became a Croatian media mogul, owning Slobodna Dalmacija's newspapers and printing plant, the Tisak distribution company, and Diona chain of shops, once a very strong sales network in Croatia. In addition, he had shares in radio and television stations, banks, sales companies, hotels and so on. Kutle became a famous businessman, a symbol of success in the new Croatia. But easy come, easy go. At a certain moment, the same political power that created Kutle's empire decided that it had to be dismantled. Kutle was arrested, imprisoned and put on trial. The process is still underway and nothing has yet been proven. He is a free citizen now, and the public is not informed about his activities related to the media.

4 OWNERSHIP

4.1 PRINT MEDIA

The three best selling daily newspapers in Croatia are *Večernji list, Jutarnji list* and *Slobodna Dalmacija* .

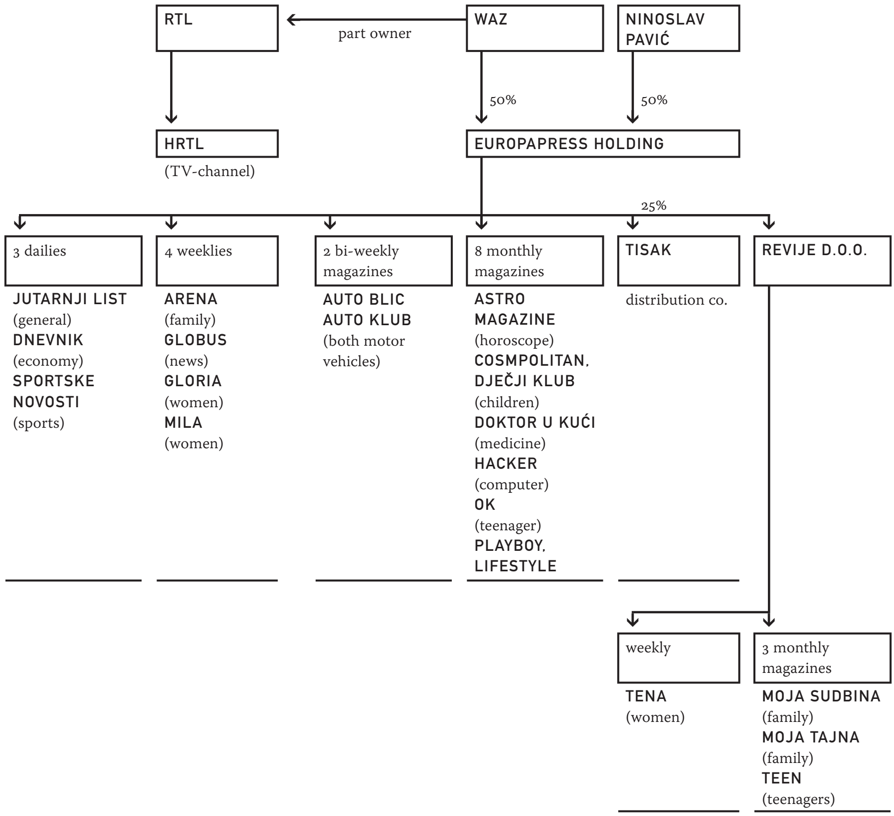
The *Večernji list* ownership structure is now known. The Austrian media company, Styria, bought *Večernji list* and owns the majority of its shares. But this data is not included in the official register, and it is not published on the Official Gazette's website (www.nn.hr), where you can find only the name of Klaus Schauer as a director. Data on the legal relations of *Večernji list* do not mention Styria at all. We have to trust the newspaper article published in the *Večernji list* on 19 December 2000, where a large typeface headline on page 2 read "Styria is a major shareholder of *Večernji list.*" The lead story says that the Commercial Court allowed the transfer of shares to Hrvatska-Styria GmbH from Graz, which is a part of the publishing group Styria from Austria.

The *Slobodna Dalmacija* daily has again found its place in the Government portfolio whence it started ten years ago. A note in the legal register of companies dated 7 July 2003 reveals "that bankruptcy proceeding has been initiated."[29] Eventually, in October 2003, the Government decided to privatise this daily, offering the following model of privatisation: 25 percent of the shares would be allocated – free of charge – to the employees, 5 percent of the shares from the Governmental portfolio would be kept by the Croatian Fund for Privatisation, and the rest of shares from the governmental portfolio would be sold on the market under the condition that the buyer re-invest in the company a minimum of 80 million kunas (approx. EUR 11.3 million). Offers are being collected and it can be expected that in the beginning of 2004 the new owner of *Slobodna Dalmacija* will be known.

Globus is one of the most influential and best selling political weekly magazines in Croatia. Its publisher is Europapress Holding, and the weekly *Globus* was the nucleus of the company. A group of journalists and managers (Ninoslav Pavić, Zdravko Jurak and Denis Kuljiš) founded this weekly magazine on 14 December 1990. A few years later, Pavić bought all the shares of *Globus* from his partners and became the sole owner of the paper. In addition, he soon started up, or bought, several other magazines and advertising companies.[30]

Europapress Holding is now the biggest publishing company not only in Croatia, but probably one of the biggest in the region, publishing three daily newspapers, five weekly magazines, two bi-weeklies and eleven monthly magazines, altogether 21 editions[31] sold in approximately 100 million copies annually.[32]

Chart 1 EUROPAPRESS HOLDING (EPH) AND WAZ OWNERSHIP IN CROATIA



Nacional, the second best-selling weekly political magazine, also sprung from *Globus*. The first issue of *Nacional* appeared on 24 November 1995, after a group of journalists left *Globus*, having been dissatisfied with its editorial policy. Denis Kuljiš, the first editor in chief of *Globus,* led this group of dissidents. He was also the first editor in chief of *Nacional*. A year later (1996), this group of journalists split again. The magazine was in deep financial, editorial and marketing crisis. The new owners were ten journalists and editors who started a new era, creating an influential magazine which became known for its investigations of major scandals in Croatia. The name of their publishing company was *Nacional,* but when faced with a huge penalty decided by the Court because of the label, they simply changed the name of the publishing company to Nakladnik D.O.O. The company was registered on 6 November 1991 and adjusted on 20 December 1995. Its sole founder is Ivo Pukanić. Its ownership structure today is not known.[33]

4.2 BROADCAST MEDIA: IN THE SHADOW OF HRT

For better understanding of the position of private TV and radio stations, it is necessary to explain the role of the public service broadcaster *Croatian Radio Television* (*HRT*).

The Law on the Croatian Radio Television defines the *HRT* as an independent public institution practicing journalism according to professional standards.[34] The *HRT* is the most important and influential media in Croatia. According to a Puls Agency survey published in spring 2003, almost 87 percents of citizens obtain information from the *HRT*. Each political party has to count on a good relationship with the *HRT* in promoting its activities. The party in power has a "hereditary right" to control the *HRT*. This right to control has been incorporated in past legislation, but it is also part of the new Law on the *HRT*, where this right is secured through the Council for *HRT* Programming (shortened to *HRT* Council). The *HRT* Council has 11 members, elected by the Croatian Parliament after a public contest open to all citizens and institutions or NGOs. But each parliamentary party also has the right to "select" and propose their candidates. Basically, if, for example, the Croatian Journalists Association proposes a candidate for the *HRT* Council, he or she will be accepted only if one of the parliamentary parties includes this person in its list! The result of this appointment system was that the members of the *HRT* Council were elected on the basis of the following principle: six members from the ruling parties, five from the opposition parties.

This is an important detail because the *HRT* Council has the right to appoint the General Manager, other influential managers and editors, and to supervise the programming.[35] These authorities are enormous and enable the *HRT* Council to completely control the *HRT*. We can say, one controlling the *HRT* Council also controls the *HRT*. The best example of how political parties understand the law and the importance of controlling the *HRT* Council has been an initiative by a little known nongovernmental organization called Juris Protecta, proposed on 27 December 2003.[36] Juris Protecta demands the canceling of the decision on the appointment of the *HRT* Council members and the restarting of the election process by the new Parliament. Juris Protecta is not an important NGO, but it is close to the ruling party, and its proposal was presented as the "voice of the people." The motive behind this initiative is obvious: the election winners would like to elect their *HRT* Council members and to ensure control over the *HRT*. And, it is not strange that the new Government proposed amendments to the Law on the HRT in February 2004.

Knowing that the *HRT* is financed from the license fee and that it has the right to sell prime time for advertising, which makes it the major advertising medium in Croatia, there can be no mystification as to the importance of this so-called public service, the richest and most powerful medium in Croatia. Any private company starting a new program is facing extremely strong competition from the *HRT* that is protected by law and the Government.

4.2.1 TELEVISION

Eight private TV companies have obtained broadcasting licenses and there is one television production company. Only one of these stations, *Nova TV*, has a national frequency license. *Nova TV* was founded on 11 March 1998 as a shareholding company. Ever since its founders have been fighting for ownership of the company.[37] After one of the owners (Ćaleta) was shot, the parties in conflict seemed to decide to sell the company.[38]

OTV is a regional TV covering Zagreb and having an approximate coverage of 1,200,000 viewers. The journalist, Sergej Abramov, published an article in which he revealed that Miroslav Kutle was accused of paying Vinko Grubišić an amount of DEM 138,475 (approx. EUR 70,000) to take over a 70 percent stake in *OTV*, which he shared with several other partners including Romano Bolković, a journalist, and two businessmen, Frane Boban and Mladen Horvat. In the meantime, in April 2000, the ownership structure changed again: Vinko Grubišić transferred his 20 percent parcel of shares to Željko Pervan, who now owns approximately 35 percent.[39] It is not known who owns the rest.

NET – Nezavisna Televizija (Independent Television) was founded in 1996 as *Televizija Moslavina*, a shareholding company owned 11.8 percent by the City of Kutina and the rest by private owners. In 1998 *TV Moslavina* faced huge problems concerning the ownership and transmitter. *TV Moslavina* became *NET;* it has a regional frequency license and serves one million viewers.

4.2.2 RADIO

According to three radio audience surveys in 2002, *Narodni radio* from Zagreb has the biggest reach.[40] Its popularity formula is simple: lot of music, fun and brief news items. The owner of *Narodni Radio* is Radio Croatia Shareholding Company, founded on 31 May 1996.[41]

Obiteljski Radio is also at the top of the popularity list, having a regional frequency license and reaching over one million listeners. Its owner is Obiteljski Radio, a private limited liability company.[42]

These two completely independent companies according to the accessible legal data have only two elements in common: their address and Juraj Hrvačić as a consultant.

Juraj Hrvačić is a radio editor and manager. He has had a long and very successful career and has been the founder or manager of several popular radio stations, including *Obiteljski Radio* and *Otvoreni Radio*. Commenting on the news stories alleging that he was the real owner of *Obiteljski Radio*, Hrvačić said: “I am employed in *Obiteljski Radio* as a consultant, and that is a function I fulfill for ten other radio stations as well. But I cannot reveal more details about it, because I have to respect my contract, which says that I am not allowed to publish it."[43]

Radio 101 is the symbol of independent, open minded and Europe-oriented radio. When the late President Tuđman made an attempt to ban *Radio 101* in 1997, over 100,000 Croatian citizens rallied in Zagreb's central square to support it. *Radio 101* was always fighting for media freedom, but always had problems with resolving its legal position, frequency license and ownership structure. Finally, in 2003 it regained its original frequency of 101 megahertz and privatised the company, but the City of Zagreb still owns 25 percent of its shares.

4.3 THE BIGGEST MEDIA OWNERS

The Government does not like private media. This is not an emotional statement, but a fact based on data about media owners in Croatia. The history of privatisation of the Croatian media is a long, but not successful story. All Croatian media were socially-owned (state) property in the Socialistic Federative Republic of Yugoslavia. The first private medium was the newspaper, *Oglasnik,* in 1987, specializing only in classified ads. The privatization process started in 1990, but it proceeded very slowly.

The Croatian Mass Media Ownership overview of May 1999[44] clearly indicated that the Government owned all influential media, including printing plants, transmitters, advertising agencies, and distribution and sales companies.

In December 2003, the situation was better, but the Government still owned 82 different media companies,[45] including two daily newspapers, dozens of local or regional print media, radio stations, the news agency HINA, the printing plant Vjesnik, the HRT, Transmitters, which is a public company, and so on. This is a clear case of cross ownership and media concentration. No other publicly known media owner has managed to achieve such cross-ownership.

Table 1 CROATIAN MEDIA OWNED BY THE GOVERNMENT* (DECEMBER 2003)

MEDIA TITLE	MEDIA TYPE	OWNER
ABC TEHNIKE	MONTHLY TRADE PUBLICATION	CROATIAN ASSOCIATION FOR TECHNICAL CULTURE
DOBRA KOB	MONTHLY, HUNTING	SLOBODNA DALMACIJA STATE PUBLISHING COMPANY
DUBROVAČKI VJESNIK	WEEKLY, GENERAL	DUBROVNIK CITY PUBLISHING COMPANY
EUROCITY	QUARTERLY, RAILROADS	CROATIAN RAILROAD COMPANY
HGK INFO	MONTHLY, ECONOMY	CROATIAN CHAMBER OF COMMERCE
HRVATSKA REVIJA	QUARTERLY, CULTURE	CROATIAN CULTURAL ASSOCIATION
HRVATSKE ŠUME	MONTHLY, FORESTRY	CROATIAN FOREST COMPANY
HRVATSKI RADIO	NATIONAL RADIO	CROATIAN RADIO (PUBLIC SERVICE)
49 STATIONS	LOCAL AND REGIONAL RADIO STATONS	
HRVATSKA TELEVIZIJA	NATIONAL TV	CROATIAN TELEVISION (PUBLIC SERVICE)
HINA	NATIONAL NEWS AGENCY	CROATIAN NEWS AGENCY
HRVATSKE VODE	QUARTERLY, TRADE PUBLICATION	CROATIAN WATER COMPANY
HRVATSKI VOJNIK	MONTHLY, MILITARY	MINISTRY OF DEFENCE
INA	QUARTERLY, OIL&GAS	INA PETROL COMPANY
INFORMATOR	WEEKLY, ECONOMY&LAW AFFAIRS	INFORMATOR PUBLIC PUBLISHING COMPANY
JASENOVAČKE NOVINE	MONTHLY, GENERAL	CITY COUNCIL OF JASENOVAC
KOLO	PRESS, QUARTERLY, CULTURE	CROATIAN CULTURAL ASSOCIATION
KRONIKA ŽUPANIJE SPLITSKO-DALMATINSKE	BI-MONTHLY, GENERAL	SPLIT-DALMATIAN PROVINCE
LIPIČKI LIST	BI-WEEKLY, GENERAL	POŽEGA-SLAVONIAN PROVINCE
MAKARSKO PRIMORJE	PRESS, WEEKLY, TOURISM	CITY COUNCIL OF MAKARSKA
MALI OGLASNIK	WEEKLY, CLASSIFIED ADS	SLOBODNA DALMACIJA
MOLVARSKI INFORMATIVNI LIST	QUARTERLY, GENERAL	MUNICIPALITY COUNCIL OF MOLVE
NARODNI ZDRAVSTVENI LIST	BI-MONTHLY, HEALTH	PUBLIC HEALTH COMPANY OF PRIMORSKO-GORANSKA PROVINCE
NOVLJANSKI VJESNIK	BI-MONTHLY, GENERAL	PUBLIC SCHOOL, NOVSKA
OBRANA	WEEKLY, MILITARY	MINISTRY OF DEFENCE
OBRTNIČKE NOVINE	MONTHLY, CRAFTMENSHIP	CROATIAN CRAFT CHAMBER
OBZOR	QUARTERLY, CULTURE	MUNICIPALITY OF ORIOVAC
ODAŠILJAČI I VEZE	TRANSMITTERS	TRANSMITTERS AND COMMUNICATIONS
OPATIJA	MONTHLY, TOURISM	CITY COUNCIL OF OPATIJA
SLOBODNA DALMACIJA	REGIONAL DAILY, PRINTING PLANT AND DISTRIBUTION	SLOBODNA DALMACIJA STATE PUBLISHING COMPANY
VIJENAC	BI-MONTHLY, CULTURE	CROATIAN CULTURAL ASSOCIATION
VJESNIK	NATIONAL DAILY AND PRINTING PLANT	VJESNIK STATE PUBLISHING AND PRINTING COMPANY
VUKOVARSKE NOVINE	BI-WEEKLY, GENERAL	CROATIAN RADIO TELEVISION, VUKOVAR OFFICE

Source: Media&Marketing Guide, Lexis, Zagreb 2003.
Note: *The Government ownership in this table includes ministries, associations or chambers dependent on the Government, county and city councils, public companies responsible to or owned by the Government (completely or partly). The media are listed in alphabetical order.

Why is the Government not privatising the media? If, during the Tuđman era, control of media was understood as a characteristically governmental manner of control, why did the democratic government, elected on 3 January 2000, not get rid of media ownership? The Union of Croatian Journalists warned the former Prime Minister Račan in July 2000 that it would have a negative influence on the media landscape, but to no avail.[46] The new Government elected in 2003 is facing a situation of non-transparent media ownership. The year 2004 will have to provide some answers.

In the shadow of the governmental and media moguls' ownership ridden by scandals, one strong media owner is quietly developing an impressive media group. This owner is the Catholic Church.

The Catholic Church media have a long history and an influential role in Croatia. During the communist era the only opposition media were those published by the Catholic Church. When Croatia became independent, the Church decided to use the legal opportunities and founded new media outlets, such as *IKA* (Informative Catholic Agency), *Croatian Catholic Radio* with a national frequency, TV and video production, new, modern newsmagazines etc.[47]

The influence of the Catholic Church media is enormous, especially because their newspapers are mostly distributed through churches all over the country, and they are understood by readers as a direct message from the Catholic Church itself.

Table 2 CROATIAN MEDIA OWNED BY THE CATHOLIC CHURCH* (DECEMBER 2003)

MEDIA TITLE	MEDIA TYPE	PUBLISHER
IKA	NEWS AGENCY	HRVATSKA BISKUPSKA KONFERENCIJA
GLAS KONCILA	WEEKLY	GLAS KONCILA
PULS	MONTHLY	GLAS KONCILA
MI	MONTHLY	HRVATSKI KATOLIČKI ZBOR MI
MALI KONCIL	PRESS	GLAS KONCILA
KANA	MONTHLY	KRŠČANSKA SADAŠNJOST
MOČILE	MONTHLY	ŽUPA UZNESENJA BLAŽENE DJEVICE MARIJE
HRVATSKI KATOLIČKI RADIO	RADIO (NATIONAL COVERAGE)	HRVATSKA BISKUPSKA KONFERENCIJA
RADIO MARIJA	RADIO (REGIONAL COVERAGE)	UDRUGA RADIO MARIJA
KRŠČANSKA SADAŠNJOST	VIDEO, AUDIO AND BOOK PRODUCTION	KRŠČANSKA SADAŠNJOST
DISTRIBUTION	NATIONAL	CATHOLIC CHURCH

Note: *Catholic Church ownership is understood in general sense, including ownership of different brotherhoods, bishop, parosh or companies owned by or related to the Church.

4.4 DISTRIBUTION AND PRINTING

Vjesnik, formerly a publishing, printing, sales, distribution and advertising company, was a real mammoth in the Socialistic Federative Republic Yugoslavia, remarkable by European standards as well. Its printing plant was the most advanced in the former Yugoslavia. The printing plant became an independent company when Vjesnik disintegrated, and it continued profitable production. The daily newspaper, *Vjesnik*, was not so profitable. Both companies were owned by the Government. The owner's logical solution was to merge the two companies, and Vjesnik, a shareholding company, was founded on 8 October 1998. The state fund owned 80 percent of the shares, and the rest belonged to small shareholders and Tisak.[48]

The distribution company, Tisak, was also a member of the Vjesnik company in socialism, and like many other companies, it was an actor in the long and scandalous story of privatization. It was owned by a controversial media mogul Kutle, then went bankrupt, then recovered, and now it again faces the legalization of its ownership structure. The major newspaper publishers, Europa Press Holding and Večernji list, and the Tobacco Factory Rovinj, claim ownership rights in Tisak based on its huge debt – Tisak was selling their products, but never paid for the merchandise. As a result, each of these three companies is entitled to a 25 percent stake in the company. The remaining of 25 percent belongs to small publishing companies and private shareholders.

4.5 POLITICAL AFFILIATION OF THE MEDIA OWNERS

Given that the largest media owners are the Government and the Church, there can be no doubts about the political affiliation of the leading media in Croatia. This fact speaks to the main problem of Croatian media: the lack of independent, balanced and impartial reporting. Journalists are forced to promote the ideas of the owners. Or, at least, they are not expected to attack the hand which is feeding them. Small media owners have the privilege of criticising, and investigate, but they continue to be small, having no chance for development.

5 MEDIA PLURALISM

The media landscape is changing compared to the period 1990–1995. The number of daily newspapers in 1990 was nine, and in 1995 it was eight. Basically, this was the same number of dailies as existed in the communist era. In 1990 there was one unsuccessful project named *Zapad*, but the daily went bankrupt very quickly because of poor market results. The real change in the landscape was registered in 1998, when *Jutarnji list* appeared on the market. In 2003, there were 11 daily newspapers, and another one has been launched in early 2004. Europapress Holding launched a new financial daily newspaper *Dnevnik*, proving it is strong enough to invest in such a project and take over one additional portion of the market.[49]

Other print media like, for instance, daily *Novi list* and weekly *Feral Tribune*, are also privately owned and independent from the Government, but they are facing other problems. *Novi list* is trying to overcome this situation in the market by integrating similar newspapers into a network of local daily newspapers. On 5 December 2003, the major owners of *Glas Slavonije*, a daily newspaper in Osijek, were Osječki list D.O.O. and Riječki list D.O.O., whose founders and shareholders are journalists and employees of both newspapers, i.e. *Glas Slavonije* and *Novi list*.[50] Such an approach can be an answer to media concentration.

From 1990 till 1998, there were only three national TV licenses issued - all allocated to the *HTV*. In 1998, *Nova TV* obtained a national TV license. Now there are four: beside *Nova TV* also two channels of *HTV* and privatised 3rd channel belonging now to HRTL. There is no change expected in near future.

In 2003, the major news on the media market was exactly the license allocated for a national frequency that had belonged to the 3rd channel of the public service *Croatian Television* (*HTV*). On 16 September 2003, after long and very tense competition, the Council for Radio and Television decided that the winner was HRTL, a company founded by the German giant RTL and local companies such as Agrokor, Podravka, Atlantic Grupa, HVB/Splitska banka and Pinta TV3. It is clear that the big German broadcaster joined forces with strong local companies from various business fields, in founding this multinational company. HRTL should have already started to broadcast, but the scheduled beginning was delayed until summer 2004.

Other competitors in the tender for the frequency were also very strong. For example, a regional broadcaster *NET-TV* Moslavina, which was among those short-listed, and Rovita, backed by Murdoch's News Corporation, Croatian Telecom and Tobacco Factory Rovinj. Slovenian ME, Hungarian HMTM, SBS consortium and UCD did not receive any vote from the members of the Council for Radio and Television.

The Catholic Church is also developing a publishing section, but its latest project has not been successful. The new monthly newsmagazine, *Puls*, appeared on 12 November 2003, but it folded quickly, after the third issue in January 2004.

6 MEDIA INDEPENDENCE

Professional associations, such as the Croatian Journalists' Association (CJA) and the Union of Croatian Journalists, are trying to ensure a better position for journalists. The Union is negotiating a collective agreement with publishers. It is a long process that is still underway. Some media companies have introduced in-house agreements, for example Večernji list, Europapress Holding, HRT and others, but journalists seem not satisfied with their position. In 2003, the Union thus distributed a questionnaire among its members to detect the actual position of journalists in the newsrooms, the level of their independence and exposure to pressure. Results of the survey have not been published yet.

There are indicators that journalists are not satisfied with the level of media ethics standards. During the last annual conference of CJA, held in Opatija on 12–14 December 2003, the participants criticised the Council of Honour's activities, asking for it to take a more active role in solving the ethical problems in media. The Council of Honour has no real impact, and its decisions have only a moral dimension, but cannot influence the media companies to respect ethical principles. One of the initiatives was to transform the Council of Honour to a body similar to the German *Presserat*, which inludes publishers, managers and journalists involved in solving ethical violations. Some media companies have adopted their internal codes of conduct, for example Europapress Holding and HRT, but nobody is applying such ethical codes.

The Croatian Helsinki Committee founded the Council for Media, an independent body consisting of eminent media experts. The Council for Media reacts to any violation of ethical principles, issuing statements or warnings on non-ethical behaviour directly addressed to media managers.

Croatian journalists are trying to improve the level of professional standards through workshops, seminars or conferences on the main problems. They also strive to improve their knowledge, but it is very hard to organise such activities, because media managers and editors do not support them. For instance, the journalist Saša Leković initiated an investigative reporting team in Europapress Holding, but after a while they gave up, having no real possibilities to develop such teamwork.

Obviously, the serious improvement of media standards will not be possible before media ownership becomes transparent and owners begin to participate in the development of modern, democratic and free media.

7 CONCLUSIONS

Croatian media are undergoing a long, painful and uncertain transition process. Internalised socialist principles limit the understanding of media freedom, free speech and the role of the media in the country.

Non-transparent ownership is one of the crucial problems of the media landscape. Real media owners are not known to the public. Not all legal data are accessible. Huge scandals, attacks on media owners, and strange sale transactions are indicative of the many ambiguities in the ownership structure, but the public cannot get the real information.

Even though Croatia has adopted a whole set of new media laws, these are not respected. The two major laws (the Media Law and the Law on Croatian Radio Television are already undergoing the amendment procedure, even before they have begun to be implemented.

The Croatian Journalists' Association, the Trade Union of Journalists and the Council for Media within the Helsinki Committee, repeatedly alert the public to the seriousness of the situation. However, civil society is not sufficiently developed, and it seems everything depends on the Government.

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CZECH REPUBLIC

Milan Šmíd

1 INTRODUCTION

All the Czech media, with the exception of the public broadcasting organisations *Český rozhlas* (Czech Radio), *Česká televize* (Czech Television) and the news agency *ČTK*, which is partly controlled by Parliament, are in private hands.

The Czech Republic is a country with minimum ownership restrictions in the media industry. There is no limit on foreign participation in media. The only limit on cross-ownership in the Czech media was enacted by the Broadcasting Act of 2001. The limit pertains only to the broadcast media (one company shall hold only one nation-wide television or radio broadcasting licence).

The Czech Office for the Protection of Competition considers all mass media a single market. From such a viewpoint no publisher, no broadcaster no media company has a dominant position on the "relevant market" defined in such a way.

Only two media sub-markets have individual media owners occupying dominant position.

First, the commercial television network, *TV Nova*, has a 45 percent share of the TV audience and a majority portion of television advertising. Moreover, *TV Nova* coordinates its programming and pricing policy with the second largest commercial TV broadcaster, *TV Prima*. Fortunately, pluralism in television has so far been guaranteed by the existence of the Czech public service broadcaster *Czech Television*. *TV Nova* is owned by the financial group PPF, with its strong position in insurance and banking, and without other notable media outlets.

Secondly, the publishing house Vltava-Labe-Press, owned by the German Verlagsgruppe Passau, controls nearly all the regional and local newspapers in the Czech Republic. Since the regional newspaper market is a part of the larger daily newspaper market, some guarantee of pluralism does exist, and it is based on the diversity of other newspaper publishers.

Despite the absence of strict rules and limits on media ownership, concentration in Czech media has not reached an extent that could endanger media freedom or pluralism. Vertical concentration can be detected in the print media, where the main newspaper publishers own printing plants and control the press distribution companies PNS and Mediaprint & Kapa Presegrosso. The horizontal concentration of media (dominance on a single media market, for instance newspaper, TV or radio market) is still at the embryonic stage. However, it is slowly developing, and it cannot be ruled out that a menace to media pluralism will someday come from this direction.

2 HISTORY AND POLITICS

Several basic aspects of the history and political background have to be mentioned in order to reach a better understanding of the development of the media in the Czech Republic, since it is in some respect specific and different from other Central and East European countries.

The former Czechoslovakia was the only one among Central and East European communist states (with the exception of the former GDR) where the ruling Communist Party did not attempt to implement any reform of the political and economic system before the fall of the regime in 1989.

The rejection of the former rigid totalitarian political system by Czech society was profound, far-reaching, and led not only to the dismantlement of all of the existing centrally organised structures, but also to the long-lasting support for the concept of political and economic reform, where the role of the state is to be limited as much as possible and where free market forces are to govern society as a whole, including the mass media.[1]

That was the political climate in which the mass privatisation of entire industries, including the media, took place. That was the frame of mind which led to the rejection of all limits to the participation of foreign companies in the media, and created the basis for the deregulation of radio and television.

The Czech Republic was the first country in Central and Eastern Europe to award a nation-wide broadcasting licence to a private person, and to allocate a complete network of frequencies formerly used by public television to private television, *TV Nova,* in 1993.

When the Czech Republic became independent in January 1993, there were no state media in the country. Three former state media outlets, i.e. *Czech Television*, *Czech Radio* and the *Czech Press Agency* (*CTK*) already operated as independent public service companies. The state kept some controlling shares in only two media-related companies: in the former monopolist distribution company První novinová společnost (PNS) and in the former largest printing works owned by the Communist Party before 1989, transformed into the state stock company Česká typografie.

All the other media companies were in private hands, privatised either by spontaneous (1990–1992) or by state controlled (1992–1994) privatisation.

3 MEDIA LEGISLATION

After the first free election in June 1990, the new Czechoslovak democratic Government wanted to introduce a new general media law, which was to govern all three main media sectors – press, radio and television. This intention was never accomplished.

In March 1990, the Federal Assembly revised the 1966 press law by formally abolishing censorship and allowing Czech and Slovak individuals and companies, including foreign owned ones based in Czechoslovakia, to own and publish periodic publications.[2] The amendment opened the way to private ownership and foreign participation in publishing ventures. The former strict licensing of any publishing activity was turned into a simple procedure of mere registration. According to the amended Press Law provisions, a publisher had to be in conformity with the legal system as such, and no other duties exceeding these limits, including any cross-ownership limits, were prescribed. No wonder that the media industry did not feel any need to change this state of affairs.

Another reason why the federal lawmakers abandoned the idea of drafting a new comprehensive media law, involved the differing opinions on its nature in the Czech and Slovak parts of the Czechoslovak Federation. Thus Parliament, under the pressure of public demands regarding private broadcasters, dedicated its main effort to drafting the Broadcasting Law that was finally adopted on 30 October 1991.[3]

The Broadcasting Law was very liberal; it opened a way to broadcasting licences not only for legal persons, but for natural persons as well. Foreign investors were not prevented from applying for a licence, provided that they established a company in Czechoslovakia. Broadcasting legislation did not contain any limit on maximum foreign shareholding or cross-ownership limits for broadcasters. The licensing procedure of the Broadcasting Council should only "take into account" the shareholding of Czech persons, their representation in the applicant's decisive bodies, and the proposed contribution of the applicant to the development of domestic programming.[4]

The only media ownership limits were determined and regulated by the Economic Competition Protection Act (1991).[5] The law defined the term "dominant position" as a situation in which an economic entity controls more than 30 percent of the relevant market. If any entity exceeds this limit, it needs to obtain special approval by the Ministry for the Protection of Economic Competition.[6] The notion of the "relevant market" in the media was, however, difficult to define. This was clearly demonstrated by the administrative procedure in the case of the Vltava and Labe companies, whose owner, Verlagsgruppe Passau, began to build up a monopolist position in the Czech regional press in 1991. In 1993, the Ministry for the Protection of Economic Competition ended the case, concluding that the position of Verlagsgruppe Passau on the relevant market, comprising both national and regional dailies, was not dominant.

In March 2000 the new Press Law[7] was finally adopted. It does not contain any restrictions concerning the publisher, who can be either a natural or a legal person possessing either Czech or foreign citizenship, and who registers the periodical at the Ministry of Culture. The new Act defines the rights and duties of the publishers (e.g. right to reply, obligatory copies etc.), but does not mention any provision regarding ownership.

A year later, the Parliament passed the new Broadcasting Act.[8] The Broadcasting Act is the only legal norm which limits cross-ownership of media in Section 6, titled The Securing of Plurality of Information, Articles 55-58. In simple terms: "any legal entity may be a holder of only one nation-wide radio or television channel". The provisions of this law pertain only to the broadcast media, but do not mention any cross-ownership between the broadcast media and the press. A nation-wide channel is defined as a set of frequencies which covers more than 70 percent of the population. The networking of local stations is permitted up to this limit. Any merger of radio and television enterprises has to be submitted for approval by the regulator, i.e. in cases in which a natural or legal person would gain "a substantial influence on a broadcaster". Substantial influence was defined by the limit of 34 percent of the voting stock.

In 2001, the new Economic Competition Protection Act[9] was adopted. Its provisions are more precise and sophisticated when defining the dominant position and the abuse of dominance. The basic limit for a non-dominant position on the relevant market was raised from 30 to 40 percent. However, this limit serves only as an orientation point, because the evaluation of the dominant position proceeds according to many different criteria. The dominant position is defined in Article 10 in the following way: "(1) One or more companies jointly (joint dominance) are deemed to have a dominant position on the relevant market, if their market power enables them to behave to a significant extent independently of other companies or consumers."

Among the criteria for deciding on dominant position are for instance "ascertained volume of supplies or purchases on the relevant market for the goods in question (market share)" "the economic and financial power of the company", "vertical integration level of the company", or "market structure and size of the market shares of their immediate competitors."

From the viewpoint of media policy, the new legislation adopted in the last five years has not changed dramatically in the liberal approach to media ownership set by lawmakers in the beginning of the nineties.

4 CZECH PRIVATISATION STORY

Market economy rules were introduced into the Czech Republic in several steps. On 1 May 1990, citizens obtained the chance to start a small personal business.[10] At the same time, the provisional Law on Joint-stock Companies was adopted.[11] In October 1990, the Parliament passed the Small Privatisation Act,[12] which enabled auctioning of state property or of the co-op companies in the sectors of services and agriculture. The most important Large Privatisation Act, which founded the National Property Fund and set up the guidelines for the privatisation of industries, was adopted in February 1991.[13]

With the new Commercial Code and the Small Business Act passed in 1991,[14] private business in the Czech Republic was on its way.

The former Czechoslovakia, later the Czech Republic, differed from its eastern neighbours in that privatisation was undertaken at a fast pace and on a large scale , which enabled every Czech citizen to participate, using the "voucher (or coupon) program".[15] About eighty percent of former state property was transferred to private hands in the short period 1992–1994.

The initial phase of dispersing the former state ownership into the hands of millions of small voucher shareholders was followed by a new phase of ownership concentration that began in 1995, in which the most influential actors were hundreds of investment funds and dozens of banks.[16] Some of these also invested in the media. However, by that time the foreign investors had already captured good starting positions in the main press, radio, and television companies (in the years 1991–1995).

Economic reform was accompanied by a steep rise in advertising expenditure. Advertising became an important new source of funding for the media, and advertising money was the main available substitute for former state subsidies to the industry, which ended in 1991.

Table 1 ADVERTISING EXPENDITURE 1990–2002 IN MILLIONS EUR*

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
PRINT	9.54	30.2	84.8	106.5	116.9	111.4	132.3	147.7	153.8	156.9	167.7	177.8	176.9
TV	1.23	5.1	32.3	55.4	83.1	95.4	116.9	135.4	163.1	167.1	175.7	186.2	227.7
RADIO	N.A.	N.A.	N.A.	N.A.	N.A.	18.3	21.8	22.8	26.2	28.0	30.3	32.0	32.3
OUTDOOR	N.A.	N.A.	N.A.	N.A.	N.A.	22.8	27.1	29.2	29.2	29.5	31.2	32.9	33.8
INTERNET	-	-	-	-	-	-	-	-	0.8	1.7	3.4	5.2	5.8
OTHER	0.74	7.5	28.5	34.1	43.5	5.5	6.5	7.1	6.0	6.2	6.5	6.5	7.1
TOTAL	11.51	42.8	145.6	196.0	243.5	253.4	304.6	342.2	379.1	389.4	414.8	440.6	483.6

Source: ArboMedia (IP), *Strategie* weekly, 21 May 2001.

Notes: Data for 2001 and 2002, published in press releases at the <http://www.arbomedia.cz>.
*Exchange rate of 2003: 1 EUR = 32.5 CZK.

4.1 SPONTANEOUS PRIVATISATION 1990–1992

The structure of basic Czech newspapers that developed in the sixties did not essentially change for the next three decades until 1989. This structure consisted of six Czech and five Slovak national dailies, and ten regional dailies published in seven Czech and three Slovak regions. Besides, two thematic national newspapers (sport, army) and several metropolitan evening papers were published daily in Czechoslovakia.

The publishers of the Czech dailies were either political parties – Communist Party: *Rudé právo* (Red Rights), Czechoslovak People's Party: *Lidová demokracie* (People's Democracy), Czechoslovak Socialist Party: *Svobodné slovo* (The Free Word), or "voluntary social organisations" such as Socialist Union of Youth SSM: *Mladá fronta* (The Young Front), the trade union organization ROH: *Práce* (The Work), or state organs such as (Ministry of Agriculture: *Zemědělské noviny* (The Farmer's Daily), Defence Ministry: *Obrana lidu* (The Defence of the People).

Immediately after the fall of communism in November 1989, several attempts at launching new periodicals were made, but the basic structure of daily newspapers remained the same for several months, with two memorable exceptions.

The first exception was the daily *Lidové noviny* (The People's Paper), with a history of photocopied samizdat published monthly by dissidents since 1987, and with reference to a leading *journal d'opinion* before the Second World War of the same name. The first issue of *Lidové noviny* appeared in December 1989. From January 1990, the paper was published twice a week, while daily appearance was achieved on 2 April 1990. The original publisher "Lidové noviny Society," founded by dissidents closely connected to *Lidové noviny* samizdat's past, subsequently founded the joint stock company Lidové noviny A.S. with a new editorial staff.

The second exception was the daily *Hospodářské noviny* (The Economic Daily), which was launched on 21 May 1990 by the joint stock company Economia A.S.. The initial shareholders of the company were the state and state owned institution (e.g. the wire agency *CTK*), including state owned banks (e.g. Czechoslovak Trade Bank ČSOB). *Hospodářské noviny* used the name of a weekly that specialised in economic issues, and which was published until May 1990 by the communist publishing house Rudé právo.

The institutional owners and publishers of other dailies remained the same for several months after November 1989. Political change was manifested only by revolts of editorial staff against incumbent publishers and editors in chief, who had been appointed and controlled by the Communist Party officials. At the beginning of 1990, Czech media were managed in a self-government style by editors in chief, elected by the editorial staff. This state of affairs produced a situation that enabled the spontaneous privatisation of the media.

The process was kicked off by the daily *Mladá fronta*. Its publisher, the Central Committee of the Socialist Youth Union SSM, perished. Negotiations about the transfer of publishing rights to the state owned publishing house Mladá fronta did not come to any conclusion. The property of the Communist Party had already been nationalised,[17] and the deputies in the Federal Assembly had already initiated the same nationalisation procedure for the SSM property,[18] To avoid an uncertain future, the editorial team made use of the new law on joint stock companies, and founded the company MAF A.S., which acquired publishing rights for a newspaper *Mladá fronta Dnes* (The Young Front Today). The first issue of the new daily appeared on 1 September 1990, with a layout and content very similar to that of the old *Mladá fronta*, which ceased to exist.

This model was repeated several times; only the details were different. Soon after, on 16 September 1990, the editorial team of the Communist Party's daily *Rudé právo*, established the stock company Borgis A.S., which launched *Rudé právo* as a "leftist paper" two months later, on 16 November 1990. Unlike the editors of *Mladá fronta*, whose activities were coordinated and approved by the new political elite in the Czech Government, and who used the opportunity to rent the newsroom equipment from the old publisher, the *Rudé právo* editorial staff left everything behind, with the exception of its know-how.

On 27 February 1991, the editors of *Zemědělské noviny* set up the stock company ZN 1. zemská and on 31 March terminated their job contracts with the publishing house controlled by the Ministry of Agriculture. The Ministry of Agriculture tried to keep the original paper alive. The publishing house hired a new group of editors in March. However, they were not able to produce the paper on a daily basis; therefore the original *Zemědělské noviny* continued for several weeks as a weekly paper before it returned to periodicity. The old paper lost the competition with a new paper *České a moravské Zemědělské novin* in 1992, when the Ministry of Agriculture stopped the cash flow subsidising the paper.

Analogous cases, when two newspapers or magazines with the same or similar names were published simultaneously, were not rare in the initial period of spontaneous privatization. The winner in such a competition was usually the group of editors with more extensive experience and with better relations to the printing works or to the company PNS A.S., the dominant press distributor in the Czech Republic.

Old political parties and trade unions were able to retain their once popular newspapers (e.g. *Lidová demokracie, Práce, Svobodné slovo*), but only few of these were able to survive in the new competitive free market environment. The Czechoslovak People's Party sold *Lidová demokracie* to a private company, which stopped the publication as an unprofitable business in July 1994.

The publishing right to the daily *Práce* was passed to the Association of Trade Unions, the heir to the old monopoly communist union organisation ROH. The Association had subsidised the publishing till 1995, when its majority interest in the publisher's company was sold to an entrepreneur, Vladimír Stehlík, who turned the daily into a publicity tool for his business interests. In April 1997 Stehlík's majority stake was acquired by the printing works Česká typografie, which terminated publishing at the end of 1997.

The Czechoslovak Socialist Party lost the majority interest in *Svobodné slovo* in favour of the Czech Investment and Postal Bank (IPB), which provided loans to the loss-making publishers operations. IPB later sold the majority stake to a holding company of the Chemapol group, which passed the publishing rights to the N-Tisk company of Mittelrhein Verlag in 1998. *Svobodné slovo* changed its name to *Slovo* in 1997, and perished in 2001, when it was incorporated into the regional press group organised by German Verlagsgruppe Passau.

The period of spontaneous privatisation ended in approximately 1992, when the real privatisation of state property, in compliance with the new privatisation law, began.

4.2 FOREIGN INVESTORS

Apart from the spontaneous privatisation of existing dailies, Czech and foreign investors made several attempts at launching a new national daily. Only a few of these survived. All the papers with political ambitions perished sooner or later. Among them *Občanský deník* (Civic daily) of the Civic Forum (3 May 1990 – 12 October 1991) and *Český deník* (Czech daily) supporting the right-of-centre Democratic Union DEU (14 October 1991 – 31 December 1994), or *Denní Telegraf* (The Daily Telegraph) which was subsidised by Czech banks and supported Václav Klaus' ODS (1 January 1994 – 6 November 1997).

The first foreign publisher to enter the Czech media market was the Ringier publishing house from Switzerland. In 1991, Ringier had started the economic weekly *Českomoravský profit*, inspired by the Swiss magazine, *Cash*. In April 1992 Ringier launched the very first Czech colour tabloid, *Blesk (Flash)*, whose model was the Swiss tabloid *Blick*.

The other foreign publishers mostly seized the opportunity to bring to the Czech magazine market clones of their home products (e.g. *Burda, Bravo, Tina, Readers' Digest, Chip, Autotip* etc.). As for the daily press, foreign investors tried to join the already existing papers.

The new Czech owners of dailies were looking for strategic partners, because they were short of capital badly needed for the development and modernisation of outdated equipment and technology in the industry. Most of the new local shareholders were ready to abandon their controlling shares, because opportunities to sell shares and stock to foreign publishers were very profitable.[19]

Since Czech capital was not at hand, foreign publishers took control of the spontaneously privatised (*Mladá fronta*, *Zemědělské noviny*) as well as the newly created (*Lidové noviny*, *Hospodářské noviny*) newspapers.

In the beginning, not only German, but also French publishers were active in the Czech media market. The Socpress (French Hersant group) came, via a new company, Mafra, into the ownership of *Mladá fronta Dnes* and the French-German-American consortium, Eurexpansion, bought the controlling share in Economia A.S.. Owing to the financial problems of its mother company, Socpress sold its shares in Mafra to the German Rhineland group Rheinisch-Bergische Verlagsgesellschaft (RBVG) in 1995. A year later, in 1996, the control of Economia A.S. was passed to the publishing group Verlagsgruppe Handesbslatt, represented by the HB-DJ Investments B.V. which is connected to the Dow Jones group.[20]

The initial strategy of foreign investors was expansion. They tried to use any available opportunity. The most active of these were, besides the Ringier company, three smaller German publishers: Verlagsgruppe Passau VLP (Passauer Neue Presse), Rheinsch-Bergische Verlagsgesellschaft RBVG (Dűsseldorf), and Mittelrhein Verlag MRV (Koblenz). None of them figures among the top ten media companies in Germany in terms of turnover.

All of them publish not national, but regional press (Rheinisch Post, Passauer Neue Presse, Rhein Post).

It is interesting that the major German players, like WAZ, Kirchgruppe or Axel Springer did not succeed to the same degree as did these smaller players.[21] There are manifold reasons for this. The major German publishers were hesitant to enter the Czech media market during the initial period of privatisation. They were looking primarily for national media, which in those days either were unprofitable, or already had an owner. Therefore, they were ready to enter only into alliances with the Ringier company, which was fast enough to establish itself as a national publisher.[22]

The small regional German publishers were ready to invest in regional press and in small markets. The Verlagsgruppe Passau was initially interested only in the local press in the South Bohemia region neighbouring on Bavaria, and only later seized the opportunity to expand nationwide. Not all the above-mentioned publishers succeeded. Mittelrhein Verlag left the publishing business in the Czech Republic in 2001.

4.3 CZECH REGIONAL PRESS PRIVATISATION AND ROLE OF THE GERMAN PUBLISHERS

A special case in Czech media history was the privatisation of seven regional dailies and of many other county papers and magazines that were sold to the Verlagsgruppe Passau (VGP). The former publisher of regional dailies was the Communist Party of Czechoslovakia (KPC), i.e. its regional committees. The local county papers were published by local authorities, Národní výbory, today's municipalities.

The Czechoslovak Parliament and the Government decided in May 1990 that all KPC property should become state property, and that only the state had the right to manage it and to dispose of it.[23] The former publishing house Rudé právo of the KPC Central Committee was turned into two state companies, Delta and Deltapress. A young manager with no active communist past Vlastimil Košťál was appointed as its head.

When the privatisation acts were passed in 1991, Košťál teamed up with the publisher of the Passauer Neue Presse, the VGP group, and helped them to design privatisation projects in such a way that they won the approval of the Fund of National Property and of the authorities. The VGP Czech companies, Vltava A.S. and Labe A.S. took control over four of seven regional dailies. Vlastimil Košťál became the CEO of these companies. Vltava and Labe gradually bought nearly all the local county papers from the municipalities, and turned them into supplements of their daily regional newspapers.

VGP gained control over all regional press in the Czech Republic, with the exception of the Prague and Moravian regions. Three important papers there were in the possession of the Rheinisch-Bergische Verlagsgesellschaft RBVG (*Svoboda* in Ostrava, *Rovnost* in Brno) and Ringier, and later Mittelrhein Verlag MRV (*Moravskoslezský deník Den*).

In 2000, the VGP consolidated several of its Czech companies, including the publishers Vltava and Labe, into one big company, Vltava-Labe-Press (VLP). Next year VLP took control of all regional press in the Czech Republic thanks, to an arrangement with other German publishers.

The VGP case can serve as a perfect example of the investors' change of strategy. At first, all these companies adopted a strategy of expansion and competed fiercely with their rivals trying to grab the largest possible share of the market. Then, at the end of the nineties, the same companies decided to concentrate their activities on specialised fields where they had already gained some prominence.

For example, in the years 1994–1995, a new tabloid *Expres*, published by MRV, became a serious rival to a Ringier tabloid *Blesk*. Ringier bought the paper from MRV in 1996, and in return yielded its regional Moravian daily *Moravskoslezský den*. Later on Ringier got rid of the daily *Lidové noviny*, which was sold to RBVG, the owner of another "mainstream" daily *Mladá fronta Dnes*.

Around 2000, all the German investors reached a mutual agreement on the future of the Czech regional press. RBVG and MRV passed their Moravian dailies *Svoboda*, *Rovnost* and *Den*, to the VGP group, which merged all three editorial boards into one. The flag lines of the three publications, now called "Moravia dailies", remained different, but their content became uniform.

The Mittelrhein group (MRV) sold to the VGP not only *Den*, but also its ailing national newspapers, *Zemské noviny* and *Slovo*. (MRV pulled out of the publishing industry in the Czech Republic and remained active only in the Czech printing industry.) VGP merged these dailies into *Pražské slovo* (Prague Word), which ceased to exist in December 2001.

Since VGP also acquired the local Prague evening paper *Večerník Praha*, from RBVG, its expansion to all the Czech regions was now complete.

The financial details of the above mentioned transactions are not public; the consolidation of ownership and control over Czech business takes place abroad, in Germany, in the company POL-Print Medien GMBH. In return for the regional periodical *Svoboda*, *Rovnost* and *Večerník Praha*, the Rheinische RBVG group is to receive a twenty percent share in the POL-Print Medien company, according to available information.[24]

5 PRINT MEDIA MARKET

5.1 DAILY NEWSPAPERS

Six national daily newspapers under the control of five owners are now being published in the Czech Republic. Only five of these can be considered a part of the full-fledged national press, because the daily, *Haló sobota*, is rather a Communist Party bulletin with a small readership. From the point of view of ownership, no publisher occupies any monopoly or dominant position in the national daily press.

Table 2 CZECH NATIONAL DAILY NEWSPAPERS IN 2003

TITLE	PUBLISHER	OWNER	OWNERSHIP SHARE (%)	AVERAGE SOLD CIRCULATION (OCTOBER 2003*)
BLESK	RINGIER ČR A.S.	RINGIER NEDERLAND B.V.	100	485,334
MF DNES	MAFRA A. S.	RBVG - RHEINISCH-BERGISCHE VERLAGSGESELLSCHAFT MAF A.S.	74 26	316,206
PRÁVO	BORGIS A.S.	ZDENĚK PORYBNÝ SMALL SHAREHOLDERS	91.4 8.6	189,593
LIDOVÉ NOVINY	LIDOVÉ NOVINY A.S.	PRESSINVEST A.S. (OWNED BY THE RBVG) SMALL SHAREHOLDERS	96.93 3.07	77,558
HOSPODÁŘSKÉ NOVINY	ECONOMIA A.S.	HB-DJ INVESTMENTS ČTK SMALL SHAREHOLDERS	77.5 10.9 11.6	74,195
HALÓ NOVINY	FUTURA A.S.	CENTRAL COMMITTEE OF THE COMMUNIST PARTY KSČM + SMALL SHAREHOLDERS	MAJORITY	N.A.
ČESKOSLOVENSKÝ SPORT	ČS.SPORT A.S.	RINGIER ČR A.S. – THE COMPLETE CONTROL WAS ACQUIRED AT THE END OF 2003	100	69,274

Note: * Audit Bureau of Circulation ČR.[25]

On the other hand, the regional press is fully controlled by the VGP publisher, Vltava-Labe-Press. VLP's Bohemia division publishes 45 daily newspapers, and the Moravia division 9 daily newspapers. In Prague, VLP publishes the evening paper *Večerník Praha*. Besides, VLP prints 17 weekly papers as supplements to individual regional dailies, and 2 independent regional weeklies.

Table 3 **REGIONAL DAILY NEWSPAPERS OF THE PUBLISHING HOUSE VLTAVA-LABE-PRESS (VGP)**

DAILIES	AVERAGE SOLD CIRCULATION (OCTOBER 2003*)	READERSHIP (2nd AND 3rd QUARTER 2003**)	
DAILIES MORAVIA	170,860	CENTRAL +EAST MORAVIA – 202,000	
		MORAVSKOSLEZSKÝ DENÍK – 145,000	
		ROVNOST – 98,000	
		VYSOČINA – 78,000	∑= 523,000
DAILIES EAST BOHEMIA	58,919	248,000	
DAILIES NORTH BOHEMIA	53,407	203,000	
DAILIES WEST BOHEMIA	61,880	180,000	
DAILIES SOUTH BOHEMIA	46,725	150,000	
DAILIES CENTRAL BOHEMIA + VEČERNÍK PRAHA	70,856	150,000	
TOTAL	462,647	1,454,000	

Notes: *Audit Bureau of Circulation ČR.
**Media Projekt 2003.

This state of affairs has been publicly criticised from time to time by patriotic-minded intellectuals[26] or by politicians who want to present themselves to the electorate as defenders of national interests. For example, VLP has been blamed for being an advocate of the Sudeten Germans' interest in the Czech Republic. However, evidence of any biased reporting regarding Czech-German issues is not available. An analysis of the content of the VLP Press, made by the Centre for Media Studies at Charles' University,[27] found out only that, in comparison with other papers, the VLP is avoiding controversies related to the Czech-German past, but never promotes any pro-German agenda.

In 2000 the market position of the Vltava-Labe-Press companies was the subject of an administrative procedure by the Office for the Protection of Competition. However, the Office decided that the relevant market of the daily press should be taken as a whole and not divided into sub-markets of the national and regional press. If the relevant market is defined this way, then the VLP has the position of one of many competitors.

The Chairman of the Office, Josef Bednář, has confirmed this opinion several times.[28] The same opinion can be found in recent rulings of the Office, for instance in the case of litigation between two press distribution companies, PNS and Mediaprint & Kapa Preseg-rosso.[29] The Office for the Protection of Competition, when deciding about the merger of the newspaper, *Československý sport*, with Ringier two years ago, defined the publisher's shares of the relevant market of the daily press as follows: VLP 29 percent, Mafra 22 percent, Ringier 19 percent, Borgis 12 percent, Lidové noviny 5 percent, and others (Economia, Haló noviny, Sport) less than 5 percent.[30]

A description of the features of the Czech daily press can be found in a study on the Czech media written by a Czech university researcher living in Glasgow, Jan Čulík.[31] The data from this study are a little outdated now, and sometimes too subjectively oriented, but the characterisation of particular papers is still valid. The characteristics according to Jan Čulík are the following: *Blesk (Flash)* – nationwide tabloid newspaper, *Mladá fronta Dnes* - a middle-brow daily of centre-right orientation, *Právo* – a centre-left daily with political views close to those of the ruling Social Democratic Party, *Lidové noviny* – moderately right-of-centre struggling to increase its readership by introducing tabloid themes while trying to retain its reputation as a newspaper read by the "cultural elite", *Hospodářské noviny* specialises in economic and business issues.

With the exception of the communist *Haló noviny*, the daily press is independent of political parties and of any obvious particular interest group. The newspapers are following the policy of their publishers, who are interested in the efficiency and prosperity of their papers, in the stability of society, and in maintaining fair conditions for entrepreneurship.

It is paradoxical that the most vulnerable paper in terms of editorial policy is the daily *Právo*, whose publisher Borgis is in Czech hands. (Borgis is controlled by its editor in chief, Zdeněk Porybný, who owns a 91.4 percent share in the company.) On the one hand, the leftist orientation of the paper produces more critical and oppositional political columns and editorials, compared with the other daily press. On the other hand, *Právo*, not having the backing of financially strong owner, is liable to yield to the pressure of advertising money. *Právo* was ready to support newly born Czech capital against international competition, even in such dubious cases as the dispute of *TV Nova* with the US company, CME.

5.2 MAGAZINES

The post war Czech Republic did not enjoy a tradition of having an influential political magazine. Attempts to revive the respected newsmagazines (*Reportér*) or influential cultural magazines (*Literární noviny*) of the sixties, which perished after the Russian invasion in 1968, failed.

While there is a wealth of lifestyle magazines for women, girls, family or home, only three or four magazines, launched after the Velvet Revolution, have some political ambition.

Respekt is the oldest one. It is the successor of an opposition samizdat paper, *Informační servisI*, from 1989. It has a black and white format, which does not attract many advertisers. No wonder that the big publishers have lost their initial interest in the magazine, whose readership is not large and consists mainly of intellectuals. The 93 percent majority in the publishing company, R-PRESSE s.r.o., is owned by Duke Karl Schwarzenberg, a Chancellor to the former Czech President, Václav Havel. Schwarzenberg's investment in the unprofitable magazine with a circulation of about 18,000 sold copies is of a political nature: he wants to support an independent liberal paper, dedicated to the idea of civil society.

Contrary to *Respekt*, a weekly with a similar name, *Reflex*, launched by a group of Czech journalists in 1990, won the favour of readers and advertisers, thanks to its format, which "stands on the borderline between a current affairs periodical and a 'society' glossy."[32] The magazine's founder sold the weekly to Ringier, which keeps the magazine in its portfolio to this day. *Reflex* is not a typical newsmagazine; political topics occupy a minor part of the magazine's content. The average sold circulation varies between 55,000 and 60,000 copies.

The most popular Czech newsmagazine *Týden* (Week) has changed its publisher several times since its beginning in 1994; among its publishers were Axel-Springer-Verlag and Ringier. Since *Týden* was a loss-making venture, Ringier sold the publishing company Mediacop, to a Polish entrepreneur with Swiss citizenship, Sebastian Pawlowski. Pawlowski invested a reportedly large but undisclosed sum of money in the weekly, and he replaced the editorial team with younger, well-motivated editors. Over a period of two years the circulation increased threefold, from 20,000 copies to 60,000 sold copies.

Týden has no pronounced political profile. Nevertheless, the business interests of the publisher can be tracked down through investigative stories from the world of commerce. Pawlowski, whose real-estate business in Prague needs political support, is an example of the new trend in media investing, in which the entrepreneurs who come from other industries than the media are interested in having influential media.

A vested economic interest lies in the background of still another weekly magazine, *Euro*, whose publisher, Euronews A.S., is financed by a mighty Czech financial group PPF which recently acquired a majority interest in the television station *Nova*. *Euro* tries to compete with the conservative business weekly, *Ekonom,* which belongs to the family of periodicals published by Economia A.S. .

With an average circulation of 25,000 sold copies the *Ekonom* is the most popular business periodical. The circulation data of *Euro* are contested by *Euro's* competitors, who draw attention to the fact that the PPF subsidised *Euro* sells a large part of the 21,000 print run at discount prices.

6 BROADCAST MEDIA MARKET

6.1 TELEVISION MARKET

The Czech Republic introduced a full-fledged mixed public-private system in both radio and the television broadcasting rather early, in the years 1991–1994. There are four nationwide terrestrial television channels available: two public service channels, *CT1* and *CT2,* and two private commercial channels, *TV Nova* and *TV Prima*. Besides, twelve local TV stations in the regions operate mainly as local "window" programmes, sharing frequencies with the overall frame of the *TV Prima* broadcast system. Only two local stations, *TV Praha* and *TV Hradec Králové*, operate their own frequencies. The data in Table 4 show that the dominant TV broadcaster in the Czech Republic is *TV Nova*, with the viewership share between 40-50 percent.

Apart from five radio programmes broadcast by the public service broadcaster, *Český rozhlas* (Czech Radio), there are 77 other radio stations,[33] among them two – *Frekvence 1* and *Impuls* – with nation-wide coverage.

Table 4 **AUDIENCE SHARE OF CZECH TV CHANNELS IN THE YEARS 1994–2002** (in percentages)

	1994	1995	1996	1997	1998	1999	2000	2001	2002
TV NOVA	68.4	71.2	65.2	52.0	51.3	50.4	46.3	47.7	44.2
ČT1	24.2	20.6	24.9	27.9	26.7	25.2	23.8	21.5	21.2
ČT2	2.3	3.0	3.6	7.1	7.3	7.0	7.5	7.6	8.7
PRIMA TV	1.7	2.7	3.7	9.1	11.1	12.4	16.5	17.6	20.3
OTHERS	3.4	2.5	2.6	3.8	3.6	5.0	5.8	5.6	5.6

Source: Media Projekt 94-96, ATO TN Sofres TV Projekt 1997–2002. In: Annual Reports of the Czech Broadcasting Council 1994–1997, <http://www.czech-tv.cz>, <http://www.ato.cz>.

The liberal approach to media policy that prevailed in Czech society in the middle of the nineties affected the changes in the broadcast legislation and also in the structure of ownership in 1995. An amendment to the Broadcasting Law in December 1995 curbed the power of the regulator, the Czech Broadcasting Council, to control the ownership relations of licensed companies.[34] This erroneous move was corrected in another amendment to the Broadcasting Law eighteen months later.[35] However, the regulatory principle, according to which the Czech Broadcasting Council should control the ownership of media only in licensed companies, and not in other companies, remained unchanged.

6.1.1 TV NOVA AND TV PRIMA

Television Nova has been and still is a frequent topic of political debates, mainly because of its negative cultural impact, low common denominator of programming, and because of its confrontational strategy against public service Czech television. Public criticism of *Nova* and of its director, Vladimír Železný, increased in 2003, after the UNCITRAL Arbitration Tribunal decided that the Czech Republic had to pay about USD 355 million to *Nova*'s former partner, Central European Media Enterprises (CME), as a remedy for not having protected CME investments in the country. As a consequence of several legal actions taken by CME against the founder and former *TV Nova* owner, Vladimír Železný, he lost control over the station in 2002. The new owners decided to remove him from the CEO position at *Nova* in May 2003.

A brief recapitulation of the story of *Nova* television is as follows: The licence was awarded to a limited company, CET 21, which had no necessary capital available. The launching of a very successful commercial station was made possible by investments provided by the Czech Savings Bank (Česká spořitelna) and CME. When CME announced that it intended to merge its all-European activities with SBS Broadcasting in 1999, Vladimír Železný started a new broadcast project with a new partner, the Czech company Česká produkční 2000. Prior to the split, Železný gained control over the licensed CET 21 and left the joint venture, ČNTS (Česká nezávislá televizní společnost), owned by CME. The new *Nova* was financed by MEF Holding, a group with a credit link to the Czech Investment and Postal Bank (IPB). This move triggered several legal actions, among them three international arbitration procedures against Vladimír Železný and against the Czech state.

Ronald Lauder, an owner of CME, partly succeeded in his claims, so Vladimír Železný had to return USD 29 million to the CME, and the Czech Republic had to pay the above mentioned damage claims amounting to USD 355 million in May 2003. These legal actions weakened not only Vladimír Železný's position, but also the position of his new partner, MEF Holding, controlled by a young financier, Jiří Šmejc. *Television Nova* and its companies became the target of a takeover attack from the mighty Czech financial group, PPF, in the summer 2002.

It was the PPF which resolved *Nova*'s legal problems with the CME. In September 2002, the PPF settled Železný's liabilities to the CME (USD 29 million) in return for his shares in the companies of *Nova*. In September 2003, the PPF bought the Czech CME subsidiary, ČNTS, which was a subject of litigation between CET 21 and CME. By these actions the PPF secured its leading position within the Nova group of companies. On 19 December 2003, the PPF announced that the ownership ratio of the two financial groups, PPF and MEF Holding (renamed Nova Holding), in the so-called "Nova group" was 66/34.

The second commercial channel *TV Prima* is also controlled by a Czech owner. In the years 1994–2000 the controversial Czech Investment and Postal Bank (IPB) was the main investor in *TV Prima*. When the Government put IPB under forced administration in June 2000, and IPB was sold to the Czechoslovak Trade Bank (ČSOB), GES Holding, a group with close ties to the management of IPB, managed to gain control over IPB's share in *TV Prima*. Some unconfirmed reports said that the MEF Holding, then the owner of *Nova*, financially assisted this transaction.

MEF Holding and GES Holding are investors who emerged from the murky waters of privatisation. In particularly GES, controlled by financier Ivan Zach, consists of an intricate web of companies, interconnected among themselves by obscure relations. Such an environment helps to create loop-holes for non-transparent tax, credit and investment operations.

The PPF, which recently gained control over *Nova*, is more developed in terms of transparency, despite the fact that its original genesis is also a little ambiguous. The PPF has a solid financial background for the time being, thanks to its ownership of the largest Czech insurance bank, Česká pojišťovna.

As to the programming of their channels, *TV Nova* and *TV Prima* are competitors, but they coordinate their activities in fields of common interest, for instance, in purchasing foreign programmes and sports, in the pricing policy for advertisement sales, or in building a united front against the public service broadcaster, *Czech Television.*

From the political point of view, both *TV Nova* and *TV Prima* try to be neutral and balanced in relation to the Government and the opposition. The objectivity of their news-reporting has some limits imposed by the business interests of their owners. The owners do not openly interfere with the journalistic independence of the editorial staff, nor do they try to push through any promotional news to be aired. On the other hand, *TV Nova* and *TV Prima* have been silent whenever any issues or affairs connected to their business interests were discussed (for instance, an investigation on wasted money in the Government project, "Internet for Schools", or critical comments on manoeuvring of personal data in the e-Banka, owned by the PPF).

No doubt, investing in television is primarily a profit making activity for the owners of the Czech commercial stations. However, it cannot be ruled out that a large amount of money invested by the PPF in *Television Nova* also has another aim: to gain political influence to pursue its own vested interests.

6.1.2 GES MEDIA GROUP

The smaller GES group, with ambitions that are not as far reaching, tries to improve its portfolio and to build its empire through expansion into other media. GES Media bought the local TV station, *Galaxie*, with two licenses in Hradec Králové and Prague in 2002. A GES company, *FTV Premiéra*, is a publisher of several magazines, and companies close to the GES group are developing a network of radio stations, *Hey*.

6.2 RADIO MARKET

Among the Czech private radio broadcasters, there is no dominant station with a position comparable to that of *Nova TV* on the television market. The three stations with the largest audience share are *Čro1-Radiožurnál*, operated by the public service Czech Radio, and two nationwide commercial radio stations *Frekvence 1* and *Radio Impuls*. All of these have nearly the same share of the listening public, between 10 and 12 percent. The rest of the audience share is dispersed among seventy other private local stations, some of which are interconnected into co-operating mini-networks (e.g. *Evropa 2*, *Radio Kiss*).

From the point of view of ownership, the most powerful position in the radio market is occupied by a group belonging to a French investor, Lagardere Active Radio International SA, which consists of a nation-wide station *Frekvence 1*, a set of stations *Evropa 2* and a media sales agency Radio Regie Music (RRM).

The second largest private broadcaster, the nation-wide station *Radio Impuls*, is controlled by a joint venture of radio broadcasters from Eastern Germany, the investment consortium Eurocast Rundfunk Beteiligungs GMBH. Eight stations of *Radio KISS*, owned by a foreign investor – the Dutch company Radio Investments N.V., represent the third significant group of radio broadcasters, which also operates its own media sales house RadioNet.

Both media sales houses, RRM and RadioNet, offer their services to other radio stations not belonging to the group of their owners. For instance, *Radio Impuls* sells radio broadcasting time via the RRM sales house of its competitor, *Frekvence 1.*

The third similar media sales house for radio stations, Media Marketing Service (MMS), serves 41 independent stations, among them the *Hey* stations related to the GES group. It cannot be ruled out that, in the background of the recent change of MMS ownership (Stamford Co.), lies money and the interests of the GES group.

The licensing policy of the Czech Broadcasting Council tries to maintain a plurality of local stations; therefore it has a hostile attitude toward local stations networking in the hands of a single owner. On the other hand, the Council does not object to any alliance of a local station with another media (e.g. *Mafra + Radio Classic*), on the condition that it conform with the new Broadcasting Act from 2001.

7 MEDIA INDEPENDENCE

The negative influence of economic pressures endangering media independence might also be detected in the conciliatory attitudes of the press towards the big ad-spenders. For instance, the monopolistic behavior of Czech Telecom before the deregulation of the telecom market was criticised only in independent weeklies (e.g. *Respekt*) and in the small thematic periodicals, not in the mainstream press, because Czech Telecom has been and still is one of the biggest ad-spenders in the Czech media. The debt problems of the largest Czech travel agency, Fischer, which failed in timely payments of insurance fees at the beginning of 2003, were disclosed by the public service television, not by any private media, because the Fischer travel agency is a big, and notably regular ad-spender in the media.[36]

Last but not least, economic pressure has a certain negative impact on the independence of journalists, who are working in a very competitive labour environment, where supply surpasses demand. In general, Czech journalists accept, without any objections, the contracts and working conditions set by publishers and broadcasters. Most journalists are ready to adopt the position of their employers. The only legal framework for contracts is set in the labour legislation; there is no collective agreement on the national level between the journalists' association and media publishers.

The Czech journalists' only association, the Trade Union of Czech Journalists is not a very influential organisation. The majority of active journalists in the leading mainstream media (national dailies, radio and television) are not members, and the Trade Union voluntarily gave up its syndicate role. The Trade Union is focusing its activity on media ethics, on setting and defending professional standards, and on presenting to the public the views of the journalistic profession.

Media publishers and broadcasters support investigative journalism only exceptionally, not because of its contentious nature, but because it is an expensive, time consuming and costly affair. Items of investigative journalism are produced mainly by commercial and public service television, and by some information weeklies (*Respekt*, *Reflex*). Nevertheless, priority is given to scandalous topics with the potential to attract media audience, instead of to socially and politically essential issues.

If there is a barrier to media journalistic pluralism and independence, it is not of institutional nature.

8 CONCLUSIONS

Freedom of expression and the market economy – these were the two main elements that influenced media development in the Czech Republic after November 1989.

The initial stage of development was characterised by the entry of many new media players, and by a boom in new media outlets. The consolidation of the media market and the concentration of media ownership began in the mid-nineties.

Ownership concentration in the Czech media is still under way; for the time being it has not reached an extent that could endanger media freedom or media pluralism. The number of competitors in the field of press and radio broadcasting is still sufficient to guarantee an institutional environment favourable to the existence of pluralistic media.

Unlike the press and radio, the Czech television broadcasting sector experienced the dominant position of *TV Nova*, which in the mid-nineties had a 70 percent share of the television audience. Since then *TV Nova*'s market share has dropped below 50 percent, among other things because of the better performance of its competitors.

As long as digital technology has not opened new communication channels for new television stations, the only defence against the dominance of one or two commercial stations on the Czech television market is public service broadcasting supported by the state.

The battlefield for maintaining media pluralism is now the debate about the future of the public service broadcaster. *Czech Television* is facing a shortage of funds, because the license fee of 75 Czech crowns monthly (EUR 3.3) has not been increased since 1997. Some members of Parliament are tempted to exchange their willingness to approve a higher licence fee for the greater loyalty of *Czech Television* news and current affairs programmes towards politicians.

On the other hand, the Czech media landscape did not experience any brutal attempts by politicians to assault free media or to manipulate them in favour of any particular party interests. The immunity of the people to political indoctrination through the media, which developed during the time of the totalitarian regime, is still high.

A present menace for media freedom and pluralism in the Czech Republic may result more from economic than from political pressures. Not only because of concentration of media ownership, but also because of the small size of the Czech media market and because of the lack of chances to survive in niche markets. Nearly all the Czech media are targeting the "majority audience." The quest for the largest possible audience makes media content more uniform and less varied. The "tabloidisation" or "boulevardisation" of the Czech media are now frequently the subject of discussion.

The Czech media market is still open for new players. However, entry is not as simple and easy as ten years ago. All the basic segments of the market are already occupied. The launching of a new periodical will cost more time and more money until a new audience for the particular product will emerge.

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1. Collection of Laws of the Czech Republic, <http://www.mvcr.cz>.
2. Czech Parliament – documents, stenos, <http://www.psp.cz>.
3. Annual reports of the Council for Radio and Television Broadcasting, <http://www.rrtv.cz>.
4. Commercial Register, <http://www.justice.cz>.
5. Financial statements in the Commercial Bulletin.
6. Print run data from Audit Bureau of Circulation ABC CR. <http://www.abccr.cz>.
7. Audience data from Association of Television Organizations ATO, <http://www.ato.cz>.
8. Weekly Media & Marketing, <http://www.mam.cz>.
9. Annual Report of Publishers Union, <http://www.uvdt.cz>.

NOTES

1 As to mass media policy, the declaration of the new Czech government after the 1992 election said: "… the government will promote plurality in the mass media, because a free information market is a guarantee of the quality and objectivity of information. The Government will encourage the process of privatisation and will support private enterprise also in the field of mass media." Published in the daily *Hospodářské noviny*, 23 July 1992.

2 Act no. 86/1990 Coll., which amends and completes the Act no.81/1996 Coll., on periodical press and other mass information media. For details see: Šmíd, Milan. "History of the Czech Press Law: A missing definition of public interest - the obstacle to the new media legislation in the Czech Republic?". In: *International Journal of Communication Law and Policy*. See <http://www.digital-law.net/IJCLP/2_1999/ijclp_webdoc_13_2_1999.htm> (accessed 25 October 2003).

3 Act no. 468/1991 Coll., on radio and television broadcasting.

4 Article 10, par.6, of the Broadcasting Act no. 468/1991.

5 Act no. 63/1991 Coll., on the protection of economic competition.

6 Article 8a of the Act no. 63/1991: "The linking of companies which might or could infringe economic competition needs the approval of the Ministry. The infringing of competition is caused by linking of companies, whose turnover at the national or local market of relevant goods will exceed 30 percent."

7 Act no. 46/2000 Coll., on rights and duties when publishing periodical press (Press Law).

8 Act no. 231/2001 Coll., on radio and television broadcasting .

9 Act no. 143/2001 Coll., on the protection of economic competition.

10 Act no.105/1990 Coll., on private entrepreneurship.

11 Act no.104/1990 Coll., on stock companies.

12 Act no. 427/1990 Coll., on the transfer of state property of some objects to other legal or natural persons..

13 Act no. 92/1991 Coll., on the conditions of the transfer of state property to other persons.

14 The Act no 513/1991 Coll., Commercial Code, and the Act no. 455/1991 Coll., on small businesses, invalidate the „provisional" Acts no. 104 and no. 105 from 1990.

15 See e.g.: Hristova, Katia. "Czech Voucher Privatization: A Case of Decision Making Under Uncertainty". UAUJE 2002. See <http://www.econ.ilstu.edu/UAUJE/PDF's/CarrolRound/hristovapost.pdf> (accessed 5 November 2003). Or: Hanousek, Jan and Filer, Randall K. "Lessons from Czech Voucher Privatisation". *European Economic Review*, 1999. See <http://www.cato.org/pubs/journal/cj21n3/cj21n3-9.pdf> (accessed 5 November 2003).

16 "About 600 investment funds and 400 investment companies operate in the Czech Republic now, together with an abundance of stock traders on the capital market /…/, 55 banks are active in the Czech Republic for the time being…". Excerpts from the Minister of Finance Kočárník's speech at the trade fair FIBEX in Brno, 1 April 1996. In: *Lidové noviny*, 2 April 1996, p. 12.

17 In May 1990 were adopted: The legal measure of the Federal Assembly no. 177/1990 Coll., on measures concerning property of political parties, political movements and social organisations. The Regulation of the Federal Government no. 212/1990 Coll., on dispossesion of immovable property permanently utilized by the Czechoslovak Communist Party.

18 The law was passed later in December 1990 as the Act no. 497/1990 Coll., on return of the Socialist Youth Union's property to the people of the Czech and Slovak Federative Republic.

19 According to the information published on the Internet during the debate provoked by an essay "The Stolen Fronta, the Stolen Právo" in the monthly *Listy* (J.Vančura, Ukradená Fronta, ukradené Právo, in: *Listy* 1/1998, pp. 15–18), the shareholders of the ZN 1.zemská (*Zemědělské noviny*) were allegedly selling at a price that was twelve-times higher than the original investment. (The document "Jak to bylo se Zemědělskými novinami" was published on 21 May 1998, at the e-zine Britské listy, see: <http://www.britskelisty.cz/9805/19980521c.html> - accessed 21 November 2003). The shares of the MAF A.S. (*Mladá fronta Dnes*) were sold in several steps; the price was considered a business secret.

20 Data on ownership changes were compiled from media news, press releases and web pages of the particular companies, as well as from the court register. All the media and companies' announcements were cross-checked by company records in the court register. Accessible at the <http://portal.justice.cz/uvod/JusticeEN.aspx>.

21 In 2003, for instance, WAZ Mediengruppe from Essen gave up the last significant investment in the Czech Republic, participation in the distribution company Mediaprint & Kapa Pressegrosso.

22 Kirchgruppe co-operated with the Czech Ringier subsidiary in 1993–6 when developing the TV Guide magazine *Týdeník televize.* Axel Springer Verlag was a partner in and a shareholder of the Czech Ringier company in 1996–2000.

23 See: The Legal measure by the presidium of the Federal Assembly no. 177/1990 Coll., on some measures concerning the property of political parties, of political movements and of social organizations, 18 May 1990. Federal government ruling no. 212/1990 Coll., on the dispossession of immovable state property exclusively used by the Communist Party of Czechoslovakia.

24 See: European Federation of Journalists: Eastern Empires: *Foreign Ownership in Central and Eastern European Media*, Brussels, June 2003, pp. 23–24.

25 All the circulation figures in the report are based on Audit Bureau of Circulation ČR, the information is available on <http://www.abccr.cz/index.html>.

26 One prominent critic is for instance Bořivoj Čelovský, who wrote a book: *Konec českého tisku?* (The End of the Czech Press?), Tilia, Ostrava 2001, ISBN 80-86101-45-2.

27 CEMES, School of Social Sciences, Charles University. Unfortunately, the study was commissioned by a private customer, and has not been published.

28 See an interview with Josef Bednář: "Neposuzujeme národnost" ("We do not scrutinise nationality"), *Respekt* weekly, 5 May 2002.

29 Ruling no. S238/02-OK-2222/03-ORP, from April 2003. Available at the <http://www.compet.cz/ISU/2002/HS/pis10609.html> (accessed 10 December 2003).

30 Ruling no. S110/01-2032/01, from November 2001.

31 See <http://www.arts.gla.ac.uk/Slavonic/Czech_Media.doc> (accessed 12 December 2003).

32 Jan Čulík, *Czech Media*. See <http://www.arts.gla.ac.uk/Slavonic/Czech_Media.doc> (accessed 12 December 2003).

33 According to the Annual Report of the Czech Broadcasting Council 2002, see <http://www.rrtv.cz/zprava2002> (accessed 12 December 2003).

34 Act no. 310/1995 Coll., on amendments to the Act No. 468/1991 Coll.

35 Act no. 135/1997 Coll., on amendments to the Act No. 252/1994 Coll. (on license fee), and to the Act no. 468/1991 Coll.

36 The debt-laden Fischer travel agency was later saved from bankruptcy by a takeover from the Czech financial group, Atlantik, in October 2003.

ESTONIA

Taivo Paju

1 INTRODUCTION

The media has played an outstanding role in the transformation and liberalisation process of Estonian society. During privatisation, it was mainly the editorial teams who became the owners of the newspapers. No banks or industry participated in media privatisation during the first years of the privatisation process.

Foreign capital was not interested (with some exceptions) in investments in Estonian media companies until 1998. By that time the local companies had grown into big national corporations. Estonia is clearly situated inside the interest and influence sphere of Scandinavian media companies. No German, English or French companies expressed interest in the Estonian media companies.

During the ten-year period of strong competition and rapid development, dominant major players appeared in every area - in the print media, in radio and TV.

Stabilisation of the media market brings about joint ventures and agreements dividing the market among competing media companies. A very liberal legal framework has given the "green light" for media entrepreneurs to go ahead.

2 FREE MEDIA MARKET – GIFT FROM RECENT HISTORY

There is no legislation regulating publishing companies ownership or the registration of shares in the newspaper industry in Estonia. There are no restrictions on ownership in publishing companies applying to foreign companies or to individuals.

The reason why there are so few legislative restrictions and why such a model works in Estonia without any major problems can be found in recent history. The main historical reasons are: very strict regulations during the Soviet time concerning both organisational and content issues, and active participation of media in the liberation process in Estonia.

During the last decades of the Soviet period (1970–1991), the Estonian media system was similar to the Latvian and Lithuanian ones. All publications were 100 percent state-owned, and legislation prohibited any kind of private media ownership.

Revenue from advertisements was marginal, mainly limited to that accrued by printing cinema, theatre and concert listings or obituaries. The advertising department did not exist. Commercials in general were unimportant because, as a rule, nobody wanted to buy the goods that were advertised, and those that the consumers would have liked to buy were unavailable anyway.

Naturally, in the Soviet Union the state had complete control over the contents of any media. A special censorship system (the so-called GLAVLIT) controlled and checked each and every piece of published material. Censorship in the broadcast media was so thorough that since 1982 even the prime-time news programme on *ETV* (*Estonian TV*) was pre-recorded some hours before broadcast.[1]

The editorial offices were controlled just as strictly: The Communist Party Central Committee in Moscow determined the editorial office employee lists, the number of and payment norms for all papers, including the smallest ones, according to the type of the publication. Yet in spite of this very strict frame, journalists tried to use every opportunity to provide as objective information as possible.

Sometimes it is very difficult for people from the Western world to understand the double-faceted character of the Soviet press. On the one hand, the official press was an important part of the totalitarian state apparatus. On the other, the press in individual republics was an important part of national culture and a carrier of cultural opposition to the Soviet system.[2] It is important to know this background in order to understand why the old "communist" newspapers survived the reforms, and to appreciate the role of the media in the past – during the struggle for independence – and in present times.

The first opportunity for commercial media opened up with the Soviet Cooperation Law in 1987. This law permitted private capital to be involved in small service companies (catering, taxi, souvenirs, clothing, etc.) This form of entrepreneurship also enabled private businesses to establish publishing companies. The new media market was an excellent chance for emerging entrepreneurship. By the end of the 1980s, censorship did not work in practice any more. Many niches were there waiting to be filled – there were no tabloids, business newspapers, automotive magazines, crosswords, erotic or other publications on the media market.

Cunning businessmen filled the gap and the result was a genuine media boom. During the period 1988–1996 more than 800 periodicals were established![3] Most of them did not survive more than two or three years. However, the first (established in 1988) private "yellow" newspaper *Nelli Teataja* – "publishing the truth and almost the truth" – has survived to date, despite its modest circulation. There were no private broadcasting companies then. The first private radio-station, owned by Trio LSL, was established in 1992.

Estonian media played a significant role in the liberation movement – the so-called *singing revolution*. The first major changes had already taken place four years before Estonia became independent. The state-owned *Estonian Radio and TV* aired call-in shows in which the public discussed democratic changes. In 1989, the state-owned media provided full live coverage of the mass meetings called the "Baltic chain," dedicated to the anniversary of the Molotov-Ribbentrop (Stalin's Soviet Union – Hitler's Germany) pact. These mass meetings, which drew together two million people, were held in three Baltic countries. Not only did the media broadcast the meeting, but the liberation movement used the media actively in preparing and conducting the event.

This process proved that the media understood, shared and supported the goals of the nation. Such cooperation would have been dangerous for the media professionals should the liberation movement have failed. The journalists, nevertheless, actively participated and supported the national liberation movement. Public trust was confirmed by an increase in the circulation of the largest daily that jumped to 200,000 copies (currently the largest daily's circulation is 70,000).

Hence, once the Republic of Estonia was restored in 1991, people felt that their freedom of expression was so precious that any media restrictions were out of the question. The previous 50 years had brought nothing but restrictions. Therefore, during the following years when the state-owned media were replaced by private, market-oriented media, there was no need to change the initial liberal system. Conflict between public, personal or media interests was almost non-existent. All later attempts to regulate the media industry have met with public resistance.

Another reason for the few restrictions were massive changes that swept through Estonian society at large. In the 1990s, while the society in general was going through the very basic and the most vital reforms, regulation of the media was understandably not the highest priority.

3 MEDIA LEGISLATION

Estonia lacks a general press law, although political and cultural circles have made a number of attempts to push one through. Four media laws have been drafted during the last 15 years but none of them has ever been passed. These drafts were made with very different goals in mind. Some of them tried to define information and some to force media to be objective and represent the interests of different interest groups equally.

Since the mid 1990s, the introduction of a media law has not been seen as an important issue. There are two main reasons for this. Firstly, media is regulated by other laws. There are about ten different laws that regulate the media industry. Secondly, editorial offices adhere very strictly to the Press Code of Ethics.

The Estonian Press Council, founded in 1991, was actually the bridge between the press and the public, and it alleviated tensions between the press and various social groups. As an example of the increasing trust, we might point out that in 1995 the Estonian Press Council received only 14 complaints, but in 1999 there were already 37 of them. Although the code of ethics does not have the authority of law, it is very influential. It was a joint effort of all editorial offices and it was executed with great care. The code regulates all vital aspects in the work of a journalist. For example, it starts with a statement that a journalist keeps promises given to his/her information sources obliging the editorial office to check any critical material and the reliability of the sources. In fact, the editorial office is responsible for the quality of the printed materials.

The only media-targeted law in Estonia, the Broadcasting Act, was finally approved by Parliament in 1994, two years after private broadcasting companies were founded. The necessity derived not only from political ambitions but from the need to introduce licences in order to regulate and distribute transmission frequencies. The Broadcasting Act has been amended several times during the 1990s.

3.1 REGULATION OF MEDIA MARKET

Media enterprises do not have a special status; their activities are regulated as in all other industries. No licenses or special registrations are necessary for establishing a newspaper, whether based on national or foreign capital. Also, every person in Estonia can establish a printing house or order any printed material. There have been some attempts at regulating the print media. In 1995 it was a publicly known fact that the Government was drafting a decree which would have introduced a licensing system for new publications involving foreign ownership. A huge outcry from the press killed the decree and it never materialised.[4]

Currently, every Estonian citizen or any foreigner may be involved in the media business. The most prevalent form of business is a limited-liability company with share capital of at least EEK 40,000 (approx. EUR 2,550).

All media businesses are mostly regulated by two laws – the Commercial Code and the Law on Competition. The Commercial Code regulates the founding, registration, reporting and auditing of businesses, and the same regulation applies to media businesses. All entrepreneurs and enterprises should be registered in the Business Registry. The data in the Business Registry is public. Everybody may request short reports regarding the registered owners and documents of enterprises at a comparatively low price (about 10 EUR, in some cases less).

There is no special registry for the owners of media businesses. It is likely that even if it existed, it would not be very efficient as there are various possibilities for concealing ownership (i.e. off-shore companies, involvement of law offices etc.).

The Law on Competition prohibits agreements between enterprises that harm competition. The same law regulates the mergers of businesses. The Competition Office may prohibit a merger if it significantly damages competition on the market or causes a monopoly.

In reality, the Competition Office has never prohibited any merger of any media businesses. It did not act when the two largest corporations joined their magazines and tabloids.

Licenses for TV stations are granted by the Ministry of Culture according to the results of the public tender. The results of the competition are not influenced by the source of the capital. In 1996 one broadcast license was given to Modern Times Group based on Swedish capital and thus *TV3* was born. In January 2004, the state commission decided to extend current national television licences held by private owners until 1 October 2009.

Private TV stations have to pay a frequency license fee of EEK 15 million (a little less than EUR 1 million). This is basically compensation for the state-owned *ETV* for its not showing any commercials (it stopped doing that in 2002), and the fee will probably increase to EEK 25 million (approx. EUR 1.6 million) during the next few years. The state TV does not receive this money directly.

According to the Broadcasting Act, the state may refuse to grant a broadcasting license. This may happen when there is a possibility of a press or information monopoly developing in a certain region or when competition principles are not observed. The broadcasting license may also be refused if the same enterprise owns a TV station and publishes a newspaper. One company that seems to have come close to violating the provisions of this law is the largest Estonian media corporation Eesti Meedia whose owner is the Norwegian Schibsted-Group. TV channel *Kanal 2* is part of Eesti Meedia group and at the same time Eesti Meedia owns two national newspapers. But *Kanal 2* is registered as the property of the Norwegian company, and *Postimees*, a national daily, as the property of Eesti Media. So, formally, the company is not in contravention of the law.

4 MEDIA SUBSIDIES

There are two kinds of subsidies granted to the Estonian press: annual subsidy provided by Parliament to important cultural publications, and subsidies provided by the Government for the distribution of newspapers in rural regions. This enables the rural population to buy national and other regional newspapers at the same price as local publications.

Table 1 STATE SUBSIDIES TO THE ESTONIAN PRESS (in approx. EUR)

	1998	1999	2000	2001	2002	2003
CULTURAL PUBLICATIONS	575,000	700,000	700,000	700,000	700,000	700,000
DISTRIBUTION	960,000	960,000	960,000	960,000	960,000	960,000
TOTAL	1,535,000	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000

Source: Estonian Newspaper Association, 2003.

To a certain extent, state subsidies to the largest political parties can also be regarded as support for the press. During the last three years the amount of subsidies has been EEK 20 million (approx. EUR 1.7 million). It will probably increase to EEK 60 million in 2004 (approx. EUR 4 million). This subsidy is not given for newspaper publishing, but in some ways it could be considered as support for plurality of opinion. The largest Estonian party, Keskerakond (Centre Party), publishes its weekly in which they propagate socio-democratic ideology. So far, however, it has remained a niche product.

In Estonia there is no subsidy-system under which the state supports smaller competitors on the print media market. And the experience of many county papers (i.e. the regional newspapers of *Rapla* and *Saaremaa*) shows that good management and good-quality contents make it possible to build a newspaper from scratch and to get ahead of the market leader without any subsidies.

5 MEDIA PRIVATISATION

Privatisation of the state-owned periodicals took about five years (1991–1996). In 1997, only two newspapers (a cultural weekly and a weekly for teachers) and about ten cultural magazines were still owned by the state.

The privatisation of newspapers was a natural continuation of the general privatisation process in Estonia. The fall of the Soviet empire left all enterprises without owners. This situation resulted in a massive wave of bankruptcies, and often the managers of businesses quietly became their owners. Estonia's was one of the quickest large-scale privatisation processes in Eastern Europe, one that filled the state treasury and gave enterprises their owners.

The privatisation of the newspapers was accelerated by the inactivity of the state structures at the beginning of the 1990s. At that time, newspapers lacked supply departments; the printing paper and inks were distributed centrally during the Soviet era. When the state became unable to provide the newspapers with necessary supplies for printing, the state-owned newspapers established commercial departments. The purpose of the new departments was to earn money from advertising in order to buy supplies on the black market. High quality Estonian butter, ham, cheese and vodka were frequently used in these exchanges. In fact, all newspapers started to function more or less as private businesses.

For the reasons mentioned above, the editorial offices that already operated as private enterprises wished for official privatisation. Also, journalists were concerned by some attempts by politicians to influence the press in the beginning of the 1990s. The journalists were convinced that the best guarantee of freedom of expression and objectivity of information was the sale of a newspaper to the members of its editorial team.

There is one remarkable aspect of the Estonian privatisation process worth mentioning: the right of the former "communist" journalists to become the owners of their newspapers was never disputed. Those who have never lived in the Soviet Union may find it difficult to understand this phenomenon. The truth is that journalists who worked for the "old communist newspapers" were very professional. They managed to establish a trusting relationship with their readers even under those unfavourable conditions. They communicated as truthful and as objective information as possible, often writing "between the lines". Hence readers had no reason to turn their back on these newspapers or journalists.

The three cases described below illustrate the privatisation of media in Estonia.

5.1 PRIVATISATION OF DAILY POSTIMEES

The privatisation of the Tartu newspaper *Postimees* in 1991 was the first case of a media outlet privatisation in Estonia. The price quoted by the Government was 50,000 roubles, which was paid by a limited company set up by the journalists and other staff working there.

In reality the privatisation process was long and full of conflicts. By the time the process was concluded (nine months after the first announcement in the summer of 1991), there was nothing left to be privatised. As a matter of fact, even before the process was concluded, the Government abandoned its responsibilities towards the newspaper and left it without essential supplies (paper etc.). The state did not invest in a computer system but the new times demanded better office equipment than old-fashioned typewriters. In addition, fearing that the newspaper would be sold to unknown owners, all the journalists left the newspaper, set up their own limited company and registered the same trademark – *Postimees*. Eesti Meedia, the largest media corporation in Estonia, has grown out of this newspaper.

5.2 PRIVATISATION OF DAILY PÄEVALEHT

The journalists of the second largest national daily, *Päevaleht,* made an offer to the Ministry of Cultural Affairs to lease the property of the state newspaper. The shares of the new limited company were divided between the employees of the editorial office in accordance with the invested money.

Hence, when the Government finally decided to sell the newspaper on a public tender there was nothing left. The state-owned editorial office owned only old furniture and typewriters that no one used. The know-how and the computer system already belonged to the new limited company owned by the employees.

A similar scheme was used by the rural weekly *Maaleht* and the tabloid *Õhtuleht*. All their publishing equipment needed a dramatic upgrade. The state did not allocate any funds. Therefore, in order to sustain the newspapers, the employees were, in a way, forced to establish a new company.

5.3 PRIVATISATION OF DAILY RAHVA HÄÄL

The young Prime Minister Mart Laar, who won the elections in 1992, was deeply annoyed by the newspaper *Rahva Hääl* (Vox Populi), formally belonging to the state. The newspaper sharply criticised the reforms performed by Laar's Government, declaring that the social sphere had been totally neglected. The readers appreciated this approach. In 1991, *Rahva Hääl* had the highest print circulation in the country (as many as 200,000 copies) and earned a profit.

In order to end the situation where a government newspaper criticised the Government and the Prime Minister, the newspaper became the subject of a privatisation process designed to place the newspaper in the hands of people loyal to the Government; there was also a plan to sack the editor in chief.

This decision led to an uncontrolled chain of events that culminated in the foundation of a new newspaper. In fact, the whole editorial office left, found new financial supporters and founded a new newspaper – *Eesti Sõnumid* (Estonian Messages) – that quickly became the largest daily in North-Estonia and in the capital, Tallinn.

5.4 PRIVATISATION OF LOCAL NEWSPAPERS

The privatisation of local newspapers was somewhat different. Most of the local newspapers were given to local governments. The process of their privatisation was accompanied by various tensions and conflicts until 1996. Local governments were meddlers and liked to interfere with the newspapers' work. In some cases a new editor in chief was appointed from amongst the local power elite (this was a common practice during Soviet times, when active party members were often appointed to these posts). Journalists and other editorial staff, as shareholders in the newly established private enterprises, did not have enough capital or experience in the press business. A couple of years later privatised newspapers were usually sold to more efficient and business-oriented owners, usually large media enterprises, often with the participation of foreign capital.[5]

5.5 PRIVATISATION PATTERNS

Only the very first newspaper, *Postimees*, was privatised according to the law regulating the privatisation of enterprises. This law stipulated that enterprises rendering services had to be privatised to their employees. Except for *Postimees*, all other newspapers were planned to be privatised at public tender. This caused disappointment and anger among journalists, who feared that "their newspaper" would be sold to unknown owners. This could have meant the loss of freedom of expression. It was quite clear that the journalists lacked the capital necessary to participate in tenders. Therefore, the Association of Newspapers, an independent trade body for the newspaper industry, asked the Government to proceed from the principle of awarding existing editorial teams a priority right in the privatisation process. Since the Government did not accept this proposal and no laws or decrees to this effect were adopted, journalists were forced to find a way to keep "their newspapers."

This kind of privatisation of newspapers was also recommended by the FIEJ (Federation of International Editors of Journals). In 1994, Mart Kadastik, the CEO of Eesti Meedia, who was the editor in chief of the first privatised newspaper, *Postimees,* participated in the meeting "Relations between governments and media in the countries of the former Eastern block." He described the process as follows: "This 'socialist' approach was recommended to the Estonian Government by the FIEJ in Paris. All attempts to privatise newspapers without the actual involvement of their employees have ended in conflict. The newspaper is a product that is very difficult to separate from its creators. No sensible new owner has 'cleared' the editorial office immediately. If the readers trust the newspaper, firing the editor in chief is the same as distrusting the readers."[6]

At the end of the overview of the media privatisation patterns in Estonia during the period 1991–1996 we can point out that in most cases renowned titles were taken over by private media companies founded by the former employees of state-owned newspaper companies. Since the assets of state companies were meagre and their equipment outdated, in many cases there was nothing that could be privatised.

In the first half of the 1990s foreign investors were not interested in obtaining Estonian media enterprises. Some Finnish capital tried to enter the Estonian market, but in reality these were only weak attempts to probe the market, and no investments followed. Foreign investors were probably scared by the minimal revenues from advertising. Also, the absence of any familiar business environment could have influenced their decisions – these were only the first modest steps towards the Western world.

At that time the local owners of industrial and financial capital did not invest in Estonian media. Estonian entrepreneurs simply lacked the energy and money. For all successful businessmen, the development of their core business was a priority. The Russian market had disappeared, and in order to survive they had to break out of the local market and penetrate Western markets.

People who ventured into the media industry realised that participation in this business needed steel nerves and something more than the mere wish to make money. Hannes Tamjärv, one of the founders of the most successful weekly, *Eesti Ekspess* (Estonian Express), and the largest bank in the Baltic countries, Hansapank, explains: "I am very happy that I got the experience in media business so early. I do not regret that I left this business and I'll never go back. People who are interested in media industry must be motivated to communicate; mere goal-orientation (profit-orientation) is not enough."[7]

6 MEDIA MARKET

According to Hagi Shein, the Dean of the Media Department at Concordia International University, Estonia may be considered a ridiculously small market for a lot of media. Nevertheless, the press and broadcasting media have become part of the country's identity. The Estonians are rather ambitious in this respect. Even though the past ten years have been quite turbulent, with smaller and bigger players trying their luck in the press, radio and television business, it seems that the media sector has settled down. The Estonian media market is dominated by large publishing firms that belong to major media groups.[8]

6.1 PRINT MEDIA

The national tabloid *SL Õhtuleht* (Evening Paper), born in 2000 after the merger of two tabloids, *Õhtuleht* and *Sõnumileht*, has the largest print circulation in Estonia – 65,600 copies. However in the spring of 2004, the leading position in the market was taken over by the quality-daily *Postimees* (70,300 copies).

There are two quality national dailies in Estonia: *Postimees* (Postman) is the descendant of the oldest Estonian newspaper, *Pärnu Postimees* (established in 1857). In 1997 this newspaper moved from the economically less developed region of South-Estonia to the capital and achieved the largest readership also in the capital Tallinn.

The other quality daily, *Eesti Päevaleht* (Estonian Daily), has been operating at a loss for years, and the new owners have abandoned their ambitions to expand to a national newspaper. Their priority is the readers in the capital Tallinn. *Eesti Päevaleht*'s print circulation is 35,500.

Estonia is divided into 15 regional units (counties), and each county has at least one (in some places more than one) local newspaper. The local newspaper is always the most popular one. The largest regional newspaper is that of Pärnu, West-Estonia – *Pärnu Postimees* (Pärnu Postman).

The largest national weekly is *Eesti Ekspress* with a print circulation of 44,700 copies.

About 400,000 Russian-speaking people live in Estonia, and about 20 newspapers and journals are published in Russian. The Russian-speaking population prefers television and radio to newspapers. Hence the print circulations of these newspapers are comparatively low. The most popular newspaper in Russian is the weekly *Vesti* (News), 16,800 copies. The most popular daily is *Molodjozh Estonii* (Estonian Youth) with 7,800 copies.

Table 2 NEWSPAPERS CIRCULATION (MARCH 2004)

NATIONAL DAILIES		REGIONAL NEWSPAPERS		NATIONAL WEEKLIES		FREE PAPERS	
POSTIMEES	70,300	PÄRNU POSTIMEES	15,600	MAALEHT	52,500	LINNALEHT TALLINN	46,700
SL ÕHTULEHT	65,500	SAKALA	11,200	EESTI EKSPRESS	44,700	LINNALEHT TARTU	26,300
EESTI PÄEVALEHT	35,500	NARVA	9,400	MAALEHT	44,600	LINNALEHT PÄRNU	15,300
ÄRIPÄEV (BUSINESS NEWSPAPER)	24,200	VIRUMAA TEATAJA	8,600	VESTI (RUSSIAN LANGUAGE)	16,800		
MOLODJOZH ESTONII (RUSSIAN LANGUAGE)	7,800	MEIE MAA	8,100	DEN ZA DNJOM (RUSSIAN LANGUAGE)	15,400		
VESTI DNJA (TILL APRIL 2004 NAMED ESTONIJA. RUSSIAN LANGUAGE)	6,100	PÕHJARANNIK/ SEVERNOJE POBEREZIJE	8,100	MOLODJOŽ ESTONII SUBBOTA (RUSSIAN LANGUAGE)	10,300		

Source: Estonian Newspaper Union (EALL).

6.2 TELEVISION MARKET

After the fierce competition between the new commercial channels that emerged in the nineties, the television market has settled down and become more stable.

In 1993 the Estonian Government decided to stop translating Russian TV channels and announced a tender for private channels. The Russian-speaking population who lived mainly in big cities received the news dispassionately. Large apartment blocks formed consumer cooperations, bought satellite dishes and started to watch Russian channels via satellite.

There are three national TV channels in Estonia: the state-owned *Estonian TV (ETV)* and two private channels *Kanal 2* (since 1993) and *TV3* (in its present form since 1996). Both private channels are owned by foreigners, the Norwegian Schibsted Group and the Swedish Modern Times Group respectively.

Viewers in North-Estonia can also watch Finnish TV-channels. These were extremely popular during the Soviet era as important sources of information and western culture. However, they have lost their attraction recently since this function has been taken over by the Estonian TV channels. They make available most box office hits. For example, some of the films that were broadcast in autumn 2003 were Die Hard I, II, III, Gladiator, Green Mile, Chicken Run, Titanic etc. Famous documentaries and news-programmes such as "60 minutes" are also broadcast. In February 2004, TV viewers spent 24 percent of their time watching *TV3*, 19.6 percent watching *Kanal 2* and 18.8 percent watching *ETV*.[9]

In many Central and Eastern European countries it has been common for public broadcasters to lose their dominant positions soon after commercial channels appeared on the market. The same did not happen in Estonia. Public service television was able to keep its position as the market leader until 1999. Only recently have insufficient budgets, significant financial losses in 1998 and 1999, and unstable funding forced public television to cut the amount of expensive original broadcasts and the number of staff.[10] In the spring of 2004, the Estonian Government established a 16-member commission to develop a first draft strategy how to merge public service radio (*Eesti Raadio*) and public service television (*ETV*).

There is a big difference between the Estonian and Russian speaking populations. Only 3 percent of non-Estonians watch these news programmes, and the same is true of the news in Russian – it is watched by only 3 percent of viewers. This demonstrates that the Russian-speaking population in Estonia are very active viewers, but they watch CIS (Russian) TV channels and not Estonian channels. Hence, the only way to reach the Russian population is via radio or newspapers.

Table 3 THREE MOST POPULAR TV CHANNELS IN ESTONIA

TV CHANNEL	OWNER
TV 3	MODERN TIMES GROUP
KANAL 2 (CHANNEL 2)	SCHIBSTED GROUP
ETV	PUBLIC BROADCASTING CHANNEL

Sources: TNS Emor[11] and TV Meters Survey.

In 2004, *Pervõi Baltiiski Kanal* (First Baltic Channel), broadcast via satellite from Latvia, plans to provide local news to the Estonian Russian-speaking population.[12] The news is to be produced in Estonia and broadcast from Latvia. *Pervõi Baltiiski Kanal*, available in Estonia via cable, is the Baltic version of the very popular *Russian Pervõi Kanal*.

According to estimates from Telereklaam OÜ, more than 90 percemt of the Russian-speaking population in Estonia watch this programme and more than 10 percent of Estonian commercials are sold to this channel. Two private TV channels – *TV3* and *Kanal 2* – have strongly objected to this as they have to pay 15 million Estonian kroons annually for the license. Hence *Pervõi Baltiiski Kanal* is to a certain extent a legal pirate who collects revenue for commercials from the Estonian market but does not pay the broadcasting license fee in Estonia.

6.3 RADIO MARKET

There are 37 radio stations[13] run by less than 20 businesses. The state-owned public broadcasting radio has, for instance, four different wave-lengths and many private companies produce a wide variety of programmes. There is a broad range of radio stations – for the young, for the not-so-young and also many regional ones. Two of the three biggest radio groups are owned by foreign capital.

Table 4 **FOUR BIGGEST RADIO GROUPS**

RADIO GROUP	RADIO STATIONS	OWNERS
TRIO LSL	RAADIO KUKU; RAADIO UUNO; RAADIO EEVA; RAADIO 100 FM (IN RUSSIAN); RAADIO ELMAR; RAADIO UUNO PLUS	METROMEDIA INC. (USA) 66% EESTI MEEDIA GROUP 34%
SKY MEDIA	SKY PLUS; SKY RADIO; RUSSKOJE RADIO (IN RUSSIAN); RADIO MANIA; ENERGY FM	GROUP OF ESTONIAN BUSINESSMEN
EESTI RAADIO	RAADIO 2; RAADIO 4 (IN RUSSIAN); KLASSIKARAADIO (AD-FREE); VIKERRAADIO (AD-FREE)	PUBLIC BROADCASTING
MEDIAINVEST HOLDING	STAR FM; POWER HIT RADIO	MODERN TIMES GROUP

Source: Special addition Marketing Top Companies 2003, Äripäev, May 2003.

The most popular radio channels in Estonian language are *Vikerraadio*, public service broadcasting, then *Raadio Elmar*, owned by Trio LSL, and the third one is *Raadio 2*, again public service broadcasting. The most popular radio channels in Russian language are *Raadio 4*, public service broadcasting, *Russkoje Radio*, owned by Taevaraadio Sky Media, and the third is *Sky Radio*, owned by the same company.[14]

Sky Media Group has quietly grown into a large enterprise. Five radio stations are connected to the group. Some of these are the most popular among Estonian and Russian listeners (*Radio Sky* and *Russkoje Radio* respectively). The owners are local businessmen, and complicated ownership schemes are used (different companies owning or renting frequencies and selling ads).

6.4 DOMINANT MEDIA CORPORATIONS

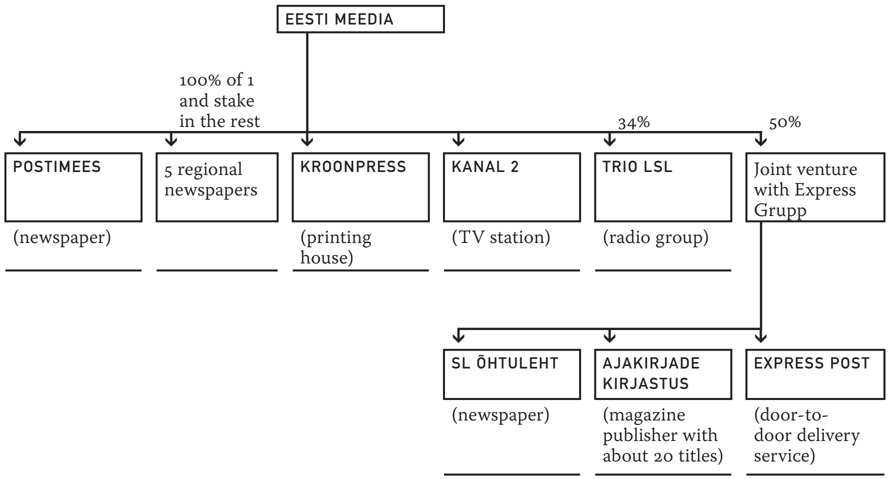
An analysis of the situation on the basis of the number of consumers of all media products and of revenues receivable from advertisements, clearly shows that only a small number of players dominates the market. There are two dominant media corporations in Estonia – Eesti Meedia and Ekspress Grupp.

6.4.1 EESTI MEEDIA

The majority stake in Eesti Meedia is owned by the Norwegian media corporation Schibsted, and 7.5 percent of shares belong to the Tulevik foundation, more specifically to the son of the pre-Soviet owner of *Postimees*. The corporation grew out of the *Postimees* newspaper in the beginning of the 1990s. Schibsted bought the corporation in 1998.

Eesti Meedia owns the following products: the largest national quality daily *Postimees*; five of fifteen regional newspapers (100 percent of the largest regional newspaper *Pärnu Postimees*, stakes in others), four of these are regional newspapers with the largest print circulation in Estonia; 34 percent of the largest radio group based on private capital (Trio LSL); one of two private national TV stations (*Kanal 2*); and the printing house Kroonpress (the largest in Estonia).

Chart 1 OWNERSHIP STRUCTURE OF THE EESTI MEEDIA GROUP



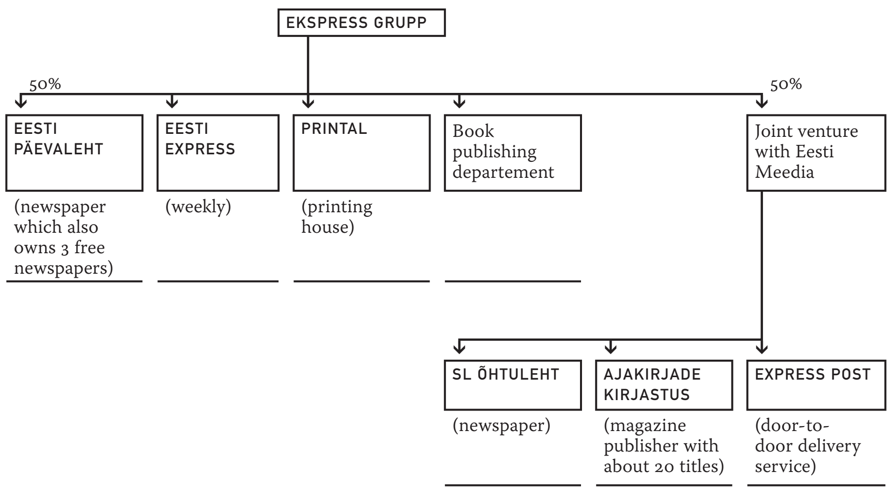
6.4.2 EKSPRESS GRUPP

Ekspress Grupp sprouted from a successful weekly *Eesti Ekspress*. Hans H. Luik, the editor in chief, managed to buy the newspaper soon after it was founded. Subsequently he developed a large media group with himself as the key player. The group actually owned several businesses ranging from the first private radio station (Trio LSL) to shares in the most popular night club in the capital.

When Eesti Meedia was acquired by a strong foreign investor – Norwegian Schibsted – Luik sold 50 percent of his company's shares to the largest Scandinavian media corporation, Bonnier Group. But cooperation between him and the Swedes did not work, and the Swedes ousted him. According to the contract, in November 2001 Bonnier became the sole owner of the Ekspress Grupp. However, the contract also stipulated a certain period during which Luik could buy the whole company back. Luik used this possibility, taking a loan from one of the largest Banks in Estonia, Eesti Ühispank, which belongs to the large Scandinavian SEB Bank Corporation. That was the first time that Bonnier was forced to relinquish ownership in an Eastern European media business. The owner of the Ekspress Grupp, Hans H. Luik, is also involved in other businesses, including real estate and waste management. All his activities are well-known and thoroughly described in other competing media channels.

Ekspress Grupp owns the following media: the national weekly with the largest print circulation (*Eesti Ekspress*); half of the second-largest quality daily (*Eesti Päevaleht*); Eesti Päevaleht owns the three largest free newspapers that are distributed on the streets of the three largest cities – City paper Tallinn, City paper Tartu, City paper Pärnu; a book publishing department; the printing house, Printall (the second-largest in Estonia by turnover).

Chart 2 OWNERSHIP STRUCTURE OF THE EKSPRESS GROUP



While the two media corporations mentioned above were bitter competitors throughout the 1990s, they changed their strategy after 2000 and merged several businesses.

Their joint businesses are: the leading tabloid, one of the newspapers with the largest print circulation on the market, *SL Õhtuleht*; the largest magazine publisher in Estonia, *Ajakirjade Kirjastus,* which publishes about 20 journals (women, youth, leisure etc.); and door-to-door delivery – *Express Post* handles home delivery in the three largest cities in Estonia – Tallinn, Tartu and Pärnu.

In anticipation of Estonia's accession to the EU in May 2004, both Estonian largest media groups - Eesti Meedia and Ekspress Grupp made investments into Lithuania.

Schibsted Baltics (the CEO of Eesti Meedia and Scibsted Baltics' is the same person - Mart Kadastik) bought, in March 2004, 67 percent of shares of the leading Lithuanian journals' publishing house, Zurnalu Leidibus Grupe (ZLG). ZLG is Lithuania's largest magazine publishing enterprise. Its most important editions are *Laima* and *Edita*.

In March 2004, Ekspress Grupp bought the majority stake in the magazine publishing house, UAB Moteris. UAB Moteris publishes the magazines *Panele*, *Moteris*, *Antra Puse* and *Namai Pagal Mus*. Both groups confirmed their intentions of enlarging their activities in the Baltic region.

In conclusion, analysis of the largest Estonian media groups suggests both horizontal (cross-ownership of different media channels) and vertical concentration (ownership of publishing houses and delivery systems).

6.5 ADVERTISING MARKET

It is necessary to point out why the largest media companies have sprouted from newspapers. The advertising market has been growing rapidly since 1992. Newspapers have always collected the largest percentage from advertising revenues. In 2002 the total revenue of the advertising market was EEK 908 million (approx. EUR 52 million.),[15] and in 2003 the total revenue was approx. EUR 58 million.

Table 5 ADVERTISING MARKET IN ESTONIA IN 2002–2003

	2002	2003
TOTAL REVENUE	EUR 52 MILLION	EUR 58 MILLION
NEWSPAPERS	45%	44%
MAGAZINES	13%	12%
TV	24%	26%
RADIO	10%	9%
OUTDOOR	5%	6%
INTERNET	2%	3%

6.6 PRINTING AND DISTRIBUTION

The economic circumstances forced companies to establish their own printing houses. For example, the establishment of the largest printing house Kroonpress (Eesti Meedia Group) was made urgent by the fact that the state was not capable of increasing printing capacity to meet the needs of the newspapers.

Distribution companies were established for the same reason – Eesti Post (the national post service) had retained a Soviet mentality. The publishers were dissatisfied with a situation where newspapers and magazines arrived in readers' mailboxes only late in the afternoon, not in the morning. And the countryside was even worse off – with less than 300 km from border to border, newspapers were delivered with a one-day delay!

6.7 SILENCE ON MEDIA CONCENTRATION IN ESTONIA

Discussions concerning media concentration have not been a priority in Estonia. So far, neither politicians nor citizens' organisations have raised the issue so far. Most of the political parties accuse the press of serving the interests of their opponents. This could be seen as a sign of media objectivity.

The issue of concentration was raised for the first time only recently, in autumn 2003, when the largest media corporation, Eesti Meedia, announced that it had acquired a 34 percent stake in the largest radio company, Trio LSL. The second owner of the company is Metromedia International, which has shares in other media businesses in Eastern Europe.

The prevalent opinion is that owing to the small size of the Estonian media market, it is difficult to limit concentration. On the other hand, one of the leading media scientists, Marju Lauristin, Professor at Tartu University, has repeatedly pointed out the dangers of high media concentration. According to her, Estonia should develop competition legislation, including specific provisions aimed at limiting the dangers of further media concentration. "The issue here is not only deviation of the market but, more importantly, defence of freedom of information and opinion."[16]

Large media corporations have either avoided the subject or justified concentration. Mart Kadastik, CEO of Eesti Meedia, has stated: "The smaller the market, the more difficult it is to prevent overstepping the borders of different media types. Where and how can they [Estonian media enterprises] develop /.../ Politicians are worried about consolidation. A fragmented media is more easily manipulated. In fact, what is the difference between one owner controlling a newspaper and a radio and a single stakeholder in a newspaper and an Internet portal? Is one more dangerous than the other?"[17]

There are two other reasons why discussions concerning media concentration have been stagnant. Firstly, there is the prevalent concept of the principle of social responsibility. Throughout the past (including the Soviet era), the faculty of Journalism at Tartu

University has been teaching socially responsible journalism and highlighting the need to serve the public interest instead of producing "communist journalism." Another important factor was the influence of Scandinavian media traditions. This is expressed in two ways: first, through the support of Scandinavian, especially Norwegian and Danish media schools. These schools have long since offered student exchange programmes, lecturers and study materials, introducing the Nordic tradition where "media is more than just business." This cooperation has had an important social role as a source of information and a balancing tool in society. Many journalists received training in Scandinavian media schools under these programmes in the early 1990s and are now the followers of the same tradition in the positions of editors in chief. Secondly, Estonia is still within the sphere of influence of Scandinavian media holdings. This means that local editors have to follow principles of objectivity. When the largest quality daily, *Postimees,* closed down its cultural supplement without any explanation and without consulting journalists, the Norwegian branch of the global PEN Club requested explanations from Schibsted's (the owner of *Postimees*) management as to why their publication was so anti-cultural.

7 MEDIA PLURALISM

Changes in media consumption have been most extensively studied by the media department of Tartu University, chaired by professors Peeter Vihalemm and Marju Lauristin. The consumption of media products has decreased significantly since the end of the Soviet regime.

In comparison with 1990 – the best year in terms of print media circulation figures – by 1995 the circulation of national dailies had decreased more than 3.5 times, that of local newspapers 2.5 times, of magazines 3 times and of cultural publications 19 times. The pattern of media usage among Estonians has also changed: newspaper reading has become more of an elite habit. Many people are not able to subscribe to even one newspaper because of low income. It should be stressed here that, compared to other products, the price of newspapers has increased much more.[18]

According to the data provided by the National Library, the number of all kinds of periodicals and newspapers has increased significantly. In 1987 (the last truly "Soviet" year) 110 periodicals were published in Estonia; in 2001 this number was 1088.[19] Periodicals are the most varied type of media targeted according to various criteria, for example, social groups (women, children, older people) or hobbies/interests (technology, cars, gardening, fishing, home decoration, family etc.).

In the field of broadcast media, instead of a few channels seen by the majority of people (during the Soviet period there were only one Estonian TV channel and three radio channels), there is now a growing number of channels targeted to narrowly defined audiences. Radio channels are diversified according to the style of music (pop, rock, folk, etc.) and regions.

The entry barriers are quite tough. The problem is the production cost of a new newspaper. In order to break even, it is necessary to reach a number of printed copies of around 10,000, which is a figure hardly attainable by newcomers. On the other hand, if an existing newspaper wants to start a new publication, it may add it to an existing product as a supplement. In this way its print circulation is high from the start. Furthermore, if an existing large corporation is interested in introducing a new publication, it may also use its other products for free advertising, a possibility unavailable to newcomers. One page of advertisement in a newspaper costs about EUR 2,000. It takes at least a year before a publication becomes profitable. If you plan to advertise in one newspaper once a week, this sum piles up to EUR 100,000 annually. In addition, it is necessary to take into account labour costs, rent and other overheads.

Although new national dailies or new national TV channels are unlikely to appear in the coming years, a channel for free expression of opinion is still guaranteed thanks to the very popular Internet portals: the first portal to publish readers' comments without censorship was *Delfi* at the beginning of 2001. Recently, even conservative publications have started to publish uncensored comments in their on-line editions.

8 MEDIA INDEPENDENCE

There are no known cases of business managers trying to influence journalists. To a certain extent this problem appeared in connection with certain PR companies that offer journalists various benefits (usually trips to South European resorts or car exhibitions for journalists covering automobile industry or travel news). One of the latest scandals in media was related to travelling. One of the travel agencies offered a trip to Egypt to all journalists of all the leading media companies. Many of those who travelled to Egypt to explore this "new destination" were not regular travel journalists but editors in chief of these publications. In this case the media preserved its role of watchdog; the business newspaper *Äripäev* published a thorough report on it.

In spite of the presumably high quality of Estonian press, the credibility of the Estonian media has decreased. In fact, it hit its lowest recorded level in the summer of 2003 – in

June 2003 as many as 54 percent of the participants in a research claimed that they did not trust the media.[20]

This decline in media credibility has been blamed on many reasons, among these politicians' indifference towards disclosures in the press, the absence of professionalism among journalists, and discontinuity in journalistic reporting. Other factors can be blamed too: "shock-therapy-induced" rapid social differentiation divided the Estonian population into "losers" and "winners". Many people participating actively in the restoration of independence found themselves among the losers: these were the intellectuals, the older generation, the survivors of Stalinist repression, and people in villages and small towns, far from the rapidly prospering capital city. People expected media to become socially active and defend their interests or at least to help them understand what was going on in the society at large. These expectations were not fulfilled. Media, driven by market forces, clearly took the side of the "winners."[21]

Therefore, the biggest danger for the Estonian press is not so much its coming under the influence of politicians or dominating businessmen, but the unprofessional work of journalists and editors. What should be blamed is their inability to organise and systematise the huge amount of available information, and to communicate a complete, realistic picture to their readers-listeners-viewers .

Censorship by media owners does also exist in one way or another. The owners do not tend to sway the political or economical positions of the publications, but censorship is present when attention is drawn to their business or to the owners themselves. When we compare the articles in *Postimees* and *Päevaleht* on the price war between the two dailies, it is clear that each newspaper defended the position of its own owner and leader. The approach in covering the divorce of the owner of the second largest media corporation was totally different in his own publications and in competing publications.[22]

8.1 EMPLOYMENT CONDITIONS

As to the independence of journalists, we can argue against the assumption that collective job contracts between the organisation and the state and/or staff and publishers form a valid criterion for measuring the independence of journalists. Only one valid contract exists between staff and employers (in public service *Eesti Raadio*).

The reason that Estonian journalists are not organised is partially historical. 1990–1998 was a period of the "invasion" of journalists because tens, even hundreds, of new publications, as well as TV and radio stations, were in desperate need of new journalists. Fluctuation was high, as the editorial offices bought journalists from each other frequently. Even those journalists who had been fired owing to poor performance or corruption had no difficulties finding new jobs. Salaries offered by private companies were at least twice as big as the state average.

The situation changed dramatically in 1998 when Estonian business was seriously affected by the Russian crisis. Export to Russia became non-existent, and many Estonian businesses ended in bankruptcy. As a consequence, the advertising market decreased by 20 percent during 1998 and by another 13 percent in 1999.[23]

In a situation of decreased income, media companies introduced cost-cutting programmes and many companies cut the number of journalists by 10 percent. Many journalists were left unemployed as a result of two mergers: the merger of the two leading Estonian tabloids and two "high society" magazines.

There is no special procedure to hire an editor in chief. The publishers hire them like any other employee and offer a contract. The editor in chief works within the limits of the contract, and if the publisher is not satisfied with his/her work, there are clauses in the contract stipulating the terms of its termination. So far, all editors in chief have adhered to contractual terms and left as soon as they were asked to do so. Although one can always go to court, no such case has yet been recorded. In recent years, the largest Estonian dailies changed editors several times. The most recent example is *Postimees*, whose editor left in November 2003. This practice enables radical changes if necessary, for example, if the business is not good enough, if the number of readers is decreasing or if the editor is not in the position to relieve inner tensions.

Monthly salaries in media in Estonia fall into the following range – an editor in chief receives approximately EUR 3,000 (inclusive of taxes), and a journalists earns EUR 1,000 on average.

8.2 MEDIA PROFESSIONAL ORGANISATIONS

There are two media professional organisations in Estonia. One of these is the Estonian Newspaper Association (EALL) that unites all the largest Estonian newspapers and is financed by media businesses. The other one is the offspring of the Soviet organisation - the Organisation of Estonian Journalists (EAL). It brings together journalists mainly of the older generation and the freelancers. These organisations do not cooperate. EALL tends to express the views of publishers, although it claims that it is concerned with the problems of both publishers and journalists. EAL is more like a trade union. They have acquired new young members recently and have strengthened their contacts with other journalist organisations from the Nordic countries. This means that they are not giving up.

The Estonian media leaders have a very interesting challenge in front of them. With the trade unions in parent Scandinavian companies being very strong and exerting profound influence, it is only a question of time how long the Estonian media businesses can be kept away from trade unions and their influence.

Both organisations have bodies that solve problems outside court. EALL has the Press Council and EAL has its own Press Council (Council of the Public Word). Unfortunately, as does frequently happen in Estonia, the two bodies compete rather than co-operate.

8.3 INVESTIGATIVE JOURNALISM

The situation of investigative journalism is not bad, and these skills are taught in journalism schools and with foreign help. The first step forward was made in 1995 when Lisa Trei – an expatriate with journalistic experience, published a textbook on investigative journalism with the support of the Embassy of the United States. This textbook comprises theoretical chapters (what is investigative journalism, how to collect information, etc.) as well as translations of articles from the foreign press. As an example, it includes descriptions about the conditions in Russian nuclear submarines.

EALL grants special annual press prizes. The special prize was established by the Swedish media corporation, Bonnier AB. They award a journalist whose article is chosen by a committee of editors in chief from all the largest newspapers. The prize amounts to approx. EUR 2,900. The winning articles so far have covered a wide range of subjects: falsified information given to the stock exchange regarding an already closed factory in Russia, smuggling of human organs, government's unlimited thirst for luxury, the weakness of regulations on state tenders, activities of a leading lawyer who bought the land his client just lost, etc.. EALL provides regular training and publishes materials for investigative journalists. A public information law textbook was published in 2003.

As a rule, no special investigative units exist, but more and more work is being planned a long time ahead. This is now possible because the period of rapid change is over, and the situation is stable. Therefore, professional journalists have more time for research.

9 CONCLUSIONS

Many aspects of the Estonian media market are very controversial. On the one hand, it is one of the smallest in the world. In the 15 to 84 age group, there are only 731,000 people who speak Estonian. Considering the number of real purchasers, the realistic size of the media market comes down to 600,000 consumers.[24] On the other hand, Estonians are very eager media customers. For example, in November 2002 they set a record for TV watching - the average television viewing time increased to 4 hours and 50 minutes daily.[25] At the same time they are still very active readers. The first newspaper was published in 1857 and today Estonia holds the 18th place in the world in the number of newspapers purchased per capita.

The Estonian media are spreading their activities to other businesses. Media companies have already entered new areas (i.e. conference business); development of technology and alliances with telecommunications gives new possibilities. They are starting to disseminate content through different media channels. Big media companies have more and more possibilities for providing news through many channels simultaneously: radio, newspapers, TV and the Internet. Considering that trend, monitoring media ownership concentration becomes even bigger imperative.

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HUNGARY

Mihály Gálik

1 INTRODUCTION

This study is an attempt to describe the system of media ownership in Hungary in the early 2000s. The Hungarian media scene is dominated by market forces: the long march towards the media market started in 1988 and, by and large, it took a decade. Strong foreign ownership, a declining political press and growing numbers of tabloids, triumphant commercial radio and television channels, a weak public service broadcasting sector with minimal social prestige and a small market share, plus a deeply divided journalistic community – these are the main characteristics of the contemporary media scene in the country. This is clearly not the outcome one would have expected from the media transformation accompanying revolutionary changes in the political system in 1989–1990, and this is not the type of scene media scholars draw as a framework for the so-called democratic media, but, unfortunately, this is the state of affairs.

For half a century after World War II, Central and Eastern European media systems were framed in a given political, institutional, economic and legal structure that was shattered in the glorious years 1989–90. In Hungary's case, freedom of the press was guaranteed in the Constitution, and a separate press law was passed by the Parliament in 1986, but the law was a mere façade. The infamous Hungarian press law of 1986 required that citizens obtain a license before they were allowed to found a publishing company, while the radio and television sector remained de facto a party monopoly supervised by a state appointed committee.

At the very end of the 1980s, the frozen social structures suddenly started to melt in Hungary and in other parts of East Central Europe as well. Transition from an authoritarian regime to democracy, from the command economy to the market economy, began to look possible, and it seemed more than obvious that the media system would also undergo basic changes within a very short period of time.

The print media licensing system was abolished altogether in June of 1989. This event, together with the provisions of the Business Associations' Act that had been passed six months earlier, cleared the way for new players to enter the publishing industry. Nevertheless the outgoing communist government did not dare to pass a broadcasting law and imposed a moratorium on frequency allocation instead. This was a political gesture toward emerging opposition forces during the national political roundtable negotiations in 1989. This moratorium proved to be rather long for various reasons, and no broadcasting law was passed until the very end of 1995. Once the President of the Republic signed it into law, it was registered as Act I of 1996 on Radio and Television (hereinafter the Broadcasting Act of 1996).

2 LEGISLATION – ANTI-CONCENTRATION PROVISIONS AND THEIR IMPLEMENTATION

2.1 HOW TO REGULATE MEDIA CONCENTRATION

Economies of scale and economies of scope, two main factors behind concentrated markets, are common in media industries. It is not surprising that most media scholars agree that media industries tend to be concentrated (Picard, 1989; McQuail, 1994; Doyle, 2002), and even the digital revolution has not changed the basic rules of media economics: media markets remain concentrated in and dominated by large corporations.

Media theorists widely assume that media concentration restricts the presentation of different viewpoints and is thus inherently antithetical to democracy. In practice there exist certain kinds of legislation, detailed or less detailed, on media concentration in democracies, but it is true that legislation on media concentration is very difficult from the professional point of view, on both the national and international levels, as failures of different regulatory initiatives on the EU level have testified during the last decade (Sánchez-Tabarnero – Carvajal, 2002).

2.2 A HISTORICAL PRELUDE TO ANTI-CONCENTRATION LEGISLATION

The two round parliamentary elections held in March and April of 1990 brought the expected result: emerging centre-right parties won, so they could form a coalition and the new government. These parties, however, had less than a two-thirds majority in the Parliament, so they were not in a position to change the Constitution without the consent of opposition parties. Owing to the curious parliamentary arithmetic, the strongest centre-right party (the winner of the election, called the Hungarian Democratic Forum) and the strongest opposition party (the Alliance of Free Democrats, the Hungarian liberal party that came second to the Hungarian Democratic Forum) combined had almost two-thirds of the parliamentary seats.

To the great surprise of many people, leaders of the two big parties entered negotiations about the basics of the new Constitution soon after the elections and before the new Parliament had been convened. They managed to reach a compromise, called a *pact* in political jargon, at the end of April 1990, and two months later the new Parliament voted for the changes prepared ex ante by the leaders of the two parties. As far as media legislation is concerned, the two big parties agreed that the future broadcasting law should be passed with a two-thirds majority in the Parliament, and that the legislation on prevention of media monopolies would need a two-thirds majority as well (Constitution, Article

61(4)). They agreed to change the press law of 1986, but the changes did not touch upon anti-monopoly measures.

2.3 ANTI-CONCENTRATION PROVISIONS IN THE BROADCASTING ACT OF 1996

The Broadcasting Act of 1996 has several anti-concentration provisions on market share and ownership. They seem a bit old fashioned now, but they are still valid: achieving a two-thirds majority vote as a precondition needed for changing the law seems rather unlikely in the near future, since Hungary has been deeply divided into two political blocks since 1998 (socialist-liberal alliance versus alliance of centre-right parties). The only relevant changes to the Broadcasting Act of 1996 were legislated in 2002, but they didn't touch upon anti-concentration provisions. The changes introduced by Act XX of 2002 were strictly linked to the requirement for harmonisation of the Broadcasting Act of 1996 to the EU broadcasting directives, and both government coalition parties and opposition parties voted for them.

According to the provisions in Article 86(5), one market player may not provide more than one national broadcasting service, or two regional and four local broadcasting services, or twelve local broadcasting services. Specialised (thematic) broadcasters are exempt from these restrictions, but in cases where they operate more channels than detailed above, they will have a lower ceiling for advertising time than the standard 15 per cent (Article 86(6)). The terms national, regional and local broadcasting services are well defined in the Act, and restrictions seem clear, although they appear rather arbitrary. One might ask why the ceiling for the holders of two regional licenses is set at four local licenses rather than five or six, etc., and why twelve (and not less or more) local licenses are set as an upper limit for one market player in local markets.

However, these questions do not have too much importance in practice in the Hungarian broadcast market, since the two national commercial television channels (*TV2* and *RTL Klub*) combined had almost a 60 percent audience market share in 2003 (source: AGB Hungary) and an even higher share, 90 percent or so, of the advertising markets (estimate based on company announcements, balance sheet figures and other industry sources). The same figures for the two national commercial radio channels broadcasting under the brand names *Danubius* and *Sláger* are somewhat lower (estimated at about 50 percent of audience share, source SZONDA-GFK, and more than 60 percent advertising share) so one can say that these four commercial channels dominate the Hungarian broadcast market.

2.4 ANTI-CONCENTRATION PROVISIONS IN THE COMPETITION ACT OF 1996

Officially named Act LVII of 1996 on the Prohibition of Unfair and Restrictive Market Practices, the Competition Act of 1996 contains no specific provisions on media industries. In certain cases, defined clearly by law, concentration of undertakings needs the authorisation of the Office of Economic Competition. Such authorisation shall be sought if the aggregate net turnover or net revenues of the undertakings concerned exceed ten billion Hungarian forints, and they exceed at least half a billion Hungarian forints in the case of each undertaking in the preceding business year (for a detailed description of the law, see Articles 24-28). As far as the currency rate between Hungarian forint (HUF) and the euro (EUR, before 2002: ECU) is concerned, see the figures in Table 1 below.

Table 1 HUF/EUR YEARLY AVERAGE RATES FROM 1996 TO 2003

YEAR	1996	1997	1998	1999	2000	2001	2002	2003
RATE	191	211	241	253	260	257	243	254

Source: National Bank of Hungary

The Competition Act of 1996 has been changed and/or amended several times since 1996. Legislation on competition seems to be a matter of technocratic procedure, and it is not discussed in detail in the media. The Office of Economic Competition is regarded as a fairly balanced, politically neutral government organisation, successfully managing to keep its distance from day-to-day politics. Its most important body, the Competition Council, has been carefully run by technocrats, and its resolutions on competition cases are rarely challenged in the Court (and if they are, only a few are overruled by the Court).

2.5 SPECIAL OWNERSHIP RULES IN THE BROADCASTING ACT OF 1996

Before we proceed to explain ownership rules, we should stress that leading state officials at both the national and local levels, members of the judiciary (judges, state attorneys, etc.), party officials, members of regulatory bodies on broadcasting and telecommunications, etc. are excluded by law from being broadcasters. The law also stipulates that companies in which the state has a controlling interest (25 percent or more) and companies founded by parties, cannot obtain broadcasting license. The most important provisions can be summarised as follows:

- national (and regional) broadcasters shall operate as companies limited by shares (Article 85(3));

- natural persons with Hungarian citizenship residing in Hungary or legal entities based in Hungary shall hold at least 26 percent of the voting rights in a company limited by shares, and the majority of board members shall be Hungarian citizens residing in Hungary (Article 122(1), 122(4)). By the way, these provisions will be repealed after Hungary's accession to the European Union;
- a single company may hold a maximum of 49 percent of the voting rights in a national terrestrial television broadcaster (Article 122(2)).

2.6 CROSS-MEDIA OWNERSHIP RESTRICTIONS IN THE BROADCASTING ACT OF 1996

Generally speaking, there are many restrictions on cross-media ownership in the law, and they are taken seriously. Cross-ownership between radio and television broadcasters is limited by the provisions detailed earlier in sub-chapter 13, paragraph 2, and cross-ownership between market players in publishing and broadcasting is strictly limited as well.

Publishers of national dailies and weeklies (better to say: those undertakings that have controlling interest in such a publisher) shall not have controlling interest in broadcasters (Article 125(1), 125(2)) and *vice versa*. Publishers of local and regional dailies with circulations of more than ten thousand copies cannot have a controlling interest in those broadcasters whose signal area overlaps by more than eighty percent with their distribution area and vice versa (Article 125(3)). There are certain kinds of restrictions on cross-ownership between broadcasters and cable distributors, as well as broadcasters and newspaper or magazine distributors (Article 126), but these have less importance in practice and will not be discussed in detail. We would like to point out once more that publishing a newspaper (or a magazine) needs no license; it is only cross-media ownership that is restricted by law.

3 IMPLEMENTATION OF THE LEGISLATION

3.1 MEDIA CONCENTRATION CASES CONSIDERED BY THE REGULATORS

The first case to be presented is a rather special one: an acquisition outside Hungary eventually led to changes in the ownership structure of the publisher of the largest circulation political daily in Hungary. In 2001, Bertelsmann A.G., the big German media empire, decided to raise its interest in RTL Group to 53.1 percent, as a part of its global corporate strategy. CLT-Ufa S.A., a fully owned subsidiary of RTL Group, happens to be the main shareholder with a 49 percent interest in M-RTL RT., the national commercial television broadcaster that runs RTL Klub channel in Hungary. As Bertelsmann raised its interest in

RTL Group, the media giant's indirect interest through CLT-Ufa S.A. exceeded the 25 percent threshold (controlling interest) in M-RTL RT..

In 2001, Bertelsmann had a 67.65 percent direct interest in Népszabadság RT., the publisher of the largest circulation political daily in Hungary. Therefore, when the media giant raised its interest in RTL Group to 53.1 percent, and consequently Bertelsmann's indirect interest in the television broadcaster M-RTL RT. exceeded the 25 percent threshold, the unchanged ownership structure in M-RTL. RT. (see Table 9) suddenly violated cross-ownership restrictions laid down by the Broadcasting Act of 1996 (Article 125(1)). Bertelsmann had two options: to decrease its interest in Népszabadság RT. or to do the same in M-RTL RT..

The regulatory body in charge, the National Board on Radio and Television, determined the violation of the law by the resolution 1130/2001. (VIII. 28.) and asked the broadcaster to bring its ownership structure in line with the law within 180 days. Bertelsmann Co. *de facto* accepted the resolution and decided to reduce its interest to 17.68 percent by selling a 49.97 percent share in Népszabadság RT. to another publishing group, the Ringier A.G. (more precisely to the B.V. Tabora holding company, a 100 percent Ringier A.G. interest, registered in the Netherlands). Finally, Bertelsmann's decision was accepted by the Board as a solution to the case (Resolution of 1038/2002. (VI. 27.)).

Apparently unhappy with its new position as a minority shareholder in Népszabadság RT., Bertelsmann later headed toward a new anti-concentration case, but this time the company ran into difficulties stemming from competition legislation. Tabora and Bertelsmann made a deal on 27 February 2003, linked to an international share transaction, and as a result of the deal, Tabora acquired the remaining 17.68 percent Bertelsmann interest in Népszabadság RT. Having done so, it became a majority shareholder with a controlling interest in the publisher. Taking into account that in 2002 the aggregate net turnover of Ringier Kiadó KFT. (a 100 percent Ringier A.G. interest, the leading national daily newspaper publisher, registered in Hungary) and Népszabadság RT. exceeded the ten billion forint (EUR 41.2 million) threshold, and both undertakings' net turnover exceeded half a billion forints (EUR 2.1 million), under the Competition Act of 1996 (Article 24(1)(2) and Article 26(1)(2)), the parties were required to obtain the authorisation of the Office of Economic Competition.

The Competition Council of the Office of Economic Competition rejected Tabora's application and did not authorise the deal (Resolution no. Vj-59/2003/65.). Competition judges, as the members of the Competition Council are called, argued that the acquisition of a controlling interest in Népszabadság RT. secured excessive power for Ringier A.G. in the market of national political dailies, and this was clearly an outcome that should be prevented by denying authorisation to the acquisition. B.V. Tabora and Népszabadság RT. threatened to file a suit against the resolution of the Competition Council, and, according to the latest information, they did so at the end of 2003.

The third case was widely discussed in the Hungarian media in 2003. It involved the sale of a 75 percent stake in HVG RT., the publisher of the largest circulation political weekly magazine named *HVG*, with a very strong position in the advertising market as well. HVG RT. was fully owned by the members of the magazine's editorial staff and the employees of the publishing company, staff members and managers alike, and they decided to sell three fourths of their interest in 2003. The company's net turnover amounted to 4.6 billion forints (EUR 18.9 million) in 2002. After time consuming negotiations with would-be buyers, they made a deal with Ost Holding Gmbh that belongs to the large Westdeutsche Allgemeine Zeitungsverlag Gmbh (WAZ) group. The price WAZ paid for the shares has never been disclosed.

WAZ entered the Hungarian regional daily newspaper market in 1990, buying four strong county papers in West Hungary in an open tender. The Hungarian subsidiaries of WAZ are regarded as successful, and they have been extending their activity in the Hungarian market, continuously generating a net turnover of 5.8 billion forints (EUR 23.9 million) in 2002. The acquisition was approved by the Competition Council at the end of September 2003. Competition judges reasoned that the two companies are present in two different markets (regional dailies and political news magazines), and the 75 percent acquisition of HVG RT. did not create excessive market power in either market.

4 TRANSPARENCY OF MEDIA OWNERSHIP

Not a single media outlet registered in Hungary is a public company; none of them is listed on any stock exchange. They are less transparent in every sense than public companies, but a certain degree of ownership transparency is guaranteed by a set of laws.

First, all business associations have to be registered at one of the Court of Registers, and all of them have to report to the Court their ownership structure and changes in ownership structure. These files are open to the public at no charge. There are online commercial services that offer some relevant data on registered companies on a case by case basis, but they are rather expensive and do not provide full description of ownership structure – a visit to the Court of Registers is inevitable in most cases if one wants to have a detailed picture.

All broadcasters are obliged by law to report changes of ownership structure to the Office of the National Board on Radio and Television as well. The Board itself passes a resolution on the acceptance of changes in ownership structure if regional and national broadcasters are concerned, and this topic is also discussed in detail in the Annual Report of the Board submitted to the Parliament. The Annual Report is public by the nature of the law itself, but it is not available on the Board's website, and it is rather difficult to get a copy.

Although this kind of treatment of the Annual Report is subject to criticism, the Board sticks to this practice arguing that it is not their duty to make the Annual Report public or to inform the public about ownership changes of broadcasters.

Obtaining adequate information on local broadcasters seems to be extremely difficult in many cases. Many local broadcasters neglect to report ownership changes to the Office of the Board and/or to the Court of Registers and, being out of sight, they can get away with it.

The Office of Economic Competition pursues a fair policy of making their resolutions available to the public: all of these have been available online since 1997 at no charge. The economic analysis of mergers and acquisition cases forms a part of such resolutions and provides valuable help to the members of the public (journalists, academic media professionals and other interested persons) in understanding the standpoint taken by competition judges when ruling on applications.

5 STATE SUBSIDIES TO THE MEDIA

There are three important state funds that provide support to cultural industries in general, and the broadcasting sector in particular, on an application basis, but none of them subsidises newspaper publishing as a matter of policy.

The National Cultural Fund supports the publication of various periodicals (monthlies and quarterlies) on arts, literature, history, theatre, etc. and a couple of monthlies carrying general socio-political content. The Hungarian Motion Picture Foundation has a narrow focus – in the centre of its activity is the Hungarian film industry.

The Broadcasting Fund was set up by the Broadcasting Act of 1996 as a special fund outside the system of the general state budget (Articles 77 and 78) in order to support public service broadcasting, public broadcasters, non-profit oriented broadcasters, public service programmes and programme items. Its main purpose is to ensure the preservation and further development of culture, and programming diversity, as well as to promote some specific goals defined in the Act (e.g. upgrading cable systems). Various fees paid by broadcasters and a part of the license fee serve as sources of finance for the Broadcasting Fund. During the six years from the middle of 1997 to the middle of 2003, the Broadcasting Fund provided 13 billion forints support (it is about EUR 53.0 million if we take a 245 HUF/EUR exchange rate as an unweighted average for the six year time period) and administered 45 application procedures (Csányi, 2003).

The National Board on Radio and Television has the power to make decisions on the genres and the amounts of grants within the limits laid down by law. As far as supporting the production of audiovisual programmes is concerned, drama, children's programmes, news and current affairs and films (documentary, animation, drama) lead the list of genres (5.5 billion forints or EUR 22.5 million in 1997–2001). Other rather important segments targeted within the framework of The Broadcasting Fund are upgrading and/or building cable systems in small villages and towns (5.1 billion forints, i.e. EUR 20.9 million in 1997–2002). Members of the Board designate experts in order to examine and evaluate applications on an *ad hoc* basis. The Committee experts select the solution by a simple majority vote and recommend it to the Board, which makes the final decision about the application.

The overall sum of support (or their annual average, i.e. EUR 8.8 million) does not seem too high, if compared with the 28 billion forints (EUR 115.2 million) of state support provided in 2003 to the Hungarian Television Co., the main public service television broadcaster. Nevertheless, The Broadcasting Fund's grants have played an important role in the industry. As the incumbent government *de facto* abolished the license fee in 2002, the Fund's sources guaranteed by law have decreased significantly.

Of course, besides formal state subsidies to media outlets, there exists another, less transparent form of state support. This might be called the grey zone of subsidies in the form of advertising spending in the media by government organisations, state owned companies, municipalities etc., and support from public foundations with board members appointed by the incumbent government. It is not easy to estimate these sums, but most experts agree that 8 to 10 percent of the aggregate advertising spending (approximately EUR 500 million in 2002) might be labelled as "driven by non-market forces" (Gálik, 2003). If this estimate is correct, the grey zone of media subsidies has greater weight than the official, by and large transparent, state subsidies in Hungary.

6 MEDIA LEGISLATION AND EDITORIAL INDEPENDENCE

Media legislation does not deal with editorial independence directly. However, the Broadcasting Act of 1996 stipulates (Article 29) that public service broadcasters shall formulate and apply special in-house programme making regulations (set of guidelines in practice). For instance, the "Public service operational rules of the Hungarian Radio Co." devote one chapter to provisions ensuring journalistic independence within the organisation: this is Chapter XIV on the "Independence of programme makers." Below are several provisions from this document:

> "(1) The programme maker (journalist) pursues his obligations independently, in accordance with law and the regulations of the Hungarian Radio. The authorised editor and the management of the Hungarian Radio may only instruct him.

(3) The programme maker shall not be forced to produce or co-operate in the production of a programme which is against his conviction.

(5) In every such case when there is an attempt to violate the programme maker's independence, he or she is obliged to report on this to his or her supervisor. In case it is justified, the programme maker may also report such cases to the board of Trustees of the Hungarian Radio Public Foundation ("Board of Trustees"). If the management of the Hungarian Radio learns about such cases, it shall immediately report on the case to the Board of Trustees."

These codes of operation provide rules that can be regarded as a framework for editorial independence. In addition, both large commercial television channels have adopted some kind of guidelines for factual programmes (news and current affairs). The most we can say about these rules is that they are not discussed among professionals.

7 MEDIA MARKET, PRIVATISATION AND OWNERSHIP STRUCTURE

7.1 EMERGING MEDIA MARKET

Applying the term privatisation to the Hungarian media market is somewhat misleading as far as content production is concerned. In the newspaper and magazine sector, new players appeared on the stage in 1988. The four big state-, or party–owned, publishing houses were not privatised - they simply collapsed and disappeared from the market. The exceptional circumstances of the political transition from the authoritarian political regime to democracy made an extraordinary method of privatisation possible on a mass scale: the journalists themselves and not the representatives of the state set the speed and terms of the privatisation process ("spontaneous privatisation"). The journalists entered into negotiations with would-be investors and managed to persuade them to invest in the publishing of newspapers that had been already on the scene (Jakab – Gálik, 1991). In addition, many new titles were introduced within a short period of time. These were mostly tabloid newspapers and consumer magazines, since foreign professional investors were rather quick to enter the liberalized publishing industry and they soon filled the gap between supply and demand for such a publications.

The monopoly of the two state broadcasters was *de iure* broken in 1989, when some small private channels managed to get broadcasting licenses in various ways, but these small channels were not able to break the *de facto* monopoly of state broadcasters. The licensing procedure for national and regional commercial broadcasters (all of them dominated by foreign professional investors) took more than one year, so they could enter the scene only in October 1997.

7.2 OWNERSHIP STRUCTURE OF THE LARGEST MEDIA OUTLETS

7.2.1 PRINT MEDIA MARKET

The three largest circulation dailies in Hungary come from three different segments i.e. free daily newspaper, political daily and tabloid daily sectors, to apply the widely used and commonly accepted subdivisions of the newspaper industry. Circulation figures are measured and audited by the Magyar Terjesztés Ellenőrző Szövetség (Hungarian Audit Bureau of Circulation), abbreviated as MATESZ, a joint venture of leading publishers and advertising agencies in Hungary.

MATESZ circulation figures are accepted by all market players as a yardstick of market position, and they are available both in some professional periodicals and online (free registration). The three largest circulation national dailies are published by different media companies, but foreign professional investors dominate all of these. Nevertheless, in the case of the largest circulation political daily, *Népszabadság*, a Hungarian legal person, Free Press Foundation, which is, by the way, close to the Hungarian Socialist Party, has a controlling interest in the publisher, as shown in Table 3.

Table 2 THREE LARGEST CIRCULATION DAILY NEWSPAPERS IN HUNGARY IN 2003

TITLE	TYPE	DAILY CIRCULATION	PUBLISHER
METRO	FREE	317,000	MTG METRO GRATIS KFT.
BLIKK	TABLOID	242,000	RINGIER KIADÓI KFT. (RINGIER A.G.)
NÉPSZABADSÁG	POLITICAL	181,000	NÉPSZABADSÁG RT.

Source: MATESZ.

Table 3 OWNERSHIP STRUCTURE OF PUBLISHERS OF THE LARGEST CIRCULATION DAILIES AT THE END OF 2003

TITLE	OWNER	OWNERSHIP SHARE (%)
METRO	METRO INTERNATIONAL (MTG)	90
	ONE NATURAL PERSON	10
BLIKK	RINGIER KIADÓ KFT.	100
NÉPSZABADSÁG	B.V. TABORA (RINGIER A.G.)	49.97
	BERTELSMANN A.G.	17.68
	FREE PRESS FOUNDATION	26.50
	NÉPSZABADSÁG ASSOCIATION	5.50
	EDITORIAL STAFF	0.40

Sources: Court of Registers, Office of Economic Competition.

The overall number of national daily titles amounts to twelve: there were four political dailies, three tabloids, one sports daily, two business dailies, one daily with classified ads and one free circulation daily on the market at the end of 2003.

Table 4 CIRCULATION OF PAID NATIONAL DAILY NEWSPAPERS BY SUBMARKETS AND PUBLISHERS IN 2003

PUBLISHER	CONTENT					
	GENERAL		SPECIALISED			
	POLITICAL	TABLOID	SPORTS	BUSINESS	CLASS. ADS	TOTAL
RINGIER KFT.	35,000	242,000	92,000			369,000
NÉPSZABADSÁG RT.	181,000					181,000
NEMZET KFT.	81,000					81,000
HÍD RÁDIÓ RT.		66,000				66,000
SOM MÉDIA RT..		45,000[A]				45,000
EDITORIAL KFT.	28,000					28,000
EXPRESSZ RT.					22,000	22,000
ZÖLD ÚJSÁG RT.				12,000[A]		12,000
NAPI GAZDASÁG KFT.				9,000[A]		9,000
TOTAL	325,000	353,000	92,000	21,000	22,000	813,000

Source: MATESZ and estimates for titles with mark A.

It is worth mentioning that the titles of the four political dailies on the market are the same as those that existed in 1988. Of course, every other feature of the four political dailies – their publisher, content, size, design, printing, circulation, market position, etc. – has changed considerably since then, but the titles, which serve as brand names in newspaper publishing, are the same. It is a widely held belief among industry analysts that the submarket of national political dailies is overcrowded, and market forces provide support for only two titles: the centre-left *Népszabadság* and the centre-right *Magyar Nemzet* (Gálik – James, 1999).

The centre-right political daily newspaper is published by Nemzet Publishing Company LTD., and owned mainly by a Hungarian natural person who also happens to be the editor in chief of *Magyar Nemzet*. The weakest daily, the leftist *Népszava*, is owned by its editorial staff, and the fourth title, the centre-left *Magyar Hírlap*, belongs to the Ringier group. This submarket is *de facto* closed – all the three market entries during the 1990s have failed, and no one expects that a new title will appear here in the near future.

A look at the circulation figures of national dailies during the last four years shows (see Table 5) that political dailies have been losing ground slowly but surely. Tabloid circulation is soaring, thanks to the delicate, carefully designed cooperation (called media partnership) between their publishers and the two big commercial television channels. The free daily launched in 1998 seems to be stabilising its market position.

Table 5 CIRCULATION OF NATIONAL DAILIES FROM 1999 TO 2003

TYPE	2000	2001	2002	2003
POLITICAL	356,000	341,000	335,000	325,000
TABLOID	178,000	264,000	326,000	353,000
FREE CIRCULATION	220,000	280,000	321,000	317,000

Source: MATESZ and estimates.

As far as the largest circulation weekly newspapers and/or news magazines (Sunday editions of daily titles excluded) are concerned, the data on the leading two titles and the ownership structure of their publishers are shown in Table 6 and Table 7.

Table 6 TWO LARGEST CIRCULATION POLITICAL WEEKLIES IN 2003

TITLE	TYPE	WEEKLY CIRCULATION	PUBLISHER
SZABAD FÖLD	NEWSPAPER	160,000	GEOMÉDIA RT.
HVG	NEWS MAGAZINE	108,000	HVG RT.

Source: MATESZ.

Table 7 **OWNERSHIP STRUCTURE OF THE PUBLISHERS OF THE LEADING WEEKLIES AT THE END OF 2003**

PUBLISHER	OWNER	OWNERSHIP SHARE
GEOMÉDIA RT.	LÁNG HOLDING RT.	1442 SHARES
	PROMEDIA	58 SHARES
HVG RT.	WAZ	75%
	EMPLOYEES ALTOGETHER	25%

Source: Court of Registers.

The two weekly titles have clearly different audiences and market values. *Szabad Föld* is targeted at the low income rural population and has been going down in circulation during the last decade. *HVG* has an up-market audience and stable circulation and enjoys a privileged position on the advertising market: it is certainly the most profitable title among political dailies and weeklies.

Regional newspaper markets are very strong in Hungary. In 2003, the overall circulation of regional daily newspapers was close to the circulation of national dailies if we exclude *Metro*, the free national daily. The audited circulation figures of regional dailies amounted to 755 thousand in this time period, and the 18 regional newspaper titles belonged to four publishers, as data in Table 8 demonstrate.

Table 8 **NUMBER OF TITLES AND COMBINED DAILY CIRCULATION OF REGIONAL DAILIES BY PUBLISHERS IN 2003** *(in thousand copies)*

PUBLISHER	NUMBER OF TITLES	COMBINED CIRCULATION
AXEL SPRINGER MAGYARORSZÁG KFT.	8,000	247,000
WAZ	4,000	219,000
VORALBELGER MEDIENHOUSE	3,000	157,000
DAILY MAIL GROUP TRUST	3,000	132,000
TOTAL	18,000	755,000

Source: MATESZ, Court of Registers.

Axel Springer Magyarország KFT. is owned by Axel Springer Verlag A.G (93.5 percent majority interest) and Vinton KFT. which is fully owned by two Hungarian natural persons.

There exists a small county daily outside this circle and there was an ailing Budapest daily as well (it went out of business at the end of January 2004). There are no circulation figures for these dailies, but they might be around 12 thousand and 22 thousand respectively, according to estimates.

The regional markets form monopolies on a "one county one daily" basis (there is only one exception where the same publisher kept both titles dating from the period before privatisation). The four big publishers of regional dailies are vertically integrated, and at the moment they all have their own printing houses and distribution divisions. There have been a dozen or so attempts to enter the regional daily market since 1990 when the privatisation of regional dailies took place, but all of these ended in failure: new entrants had to leave the market soon, owing to heavy financial losses. This result corresponds to the very nature of local newspaper markets that tend to be monopolies where incumbents enjoy all the advantages over contenders. Of course, all markets are contestable in theory, but many of them not so in practice, and in Hungary regional daily markets seemingly belong to the latter category.

7.2.2 TELEVISION BROADCAST MARKET

Television viewing market shares are measured in different ways. AGB Hungary LTD. provides audience figures, measured by the well-known peoplemeter method, and these figures are regarded as industry standards. Oddly enough, television channels, which are the main subscribers to this service, allow AGB Hungary to publish only aggregate audience figures, but not viewership data on individual channels as well: they do this themselves, cherry picking among data in accordance with their business interests. Of course, reliable audience figures do exist, and these are definitely the data provided by AGB Hungary, but getting them, if you are not a subscriber, seems a bit difficult. Even the two public service television broadcasters claim that audience figures are not for the general public!

Two commercial channels, *TV2* and *RTL-Klub*, compete for first place in the television market. As far as audience share figures are concerned, this seems to be a neck-and-neck race, since both channels had close to 30 percent audience share (4+ population) in 2003. At the same time, *RTL-Klub* clearly has a better position in the advertising market than *TV2*, thanks to the composition of its overall audience: the channel is a market leader in the 18-49 age group.

The third commercial channel, *VIASAT3*, with satellite and cable distribution, lags far behind the two market leaders with its 2.4 percent audience share, but it is catching up: the broadcaster's management seems to be rather ambitious and wants to boost the channel's audience share by securing the broadcasting rights for some up-market programmes (e.g. Sex in the City, live coverage of UEFA Champions' League).

Table 9 **OWNERSHIP STRUCTURE OF THE THREE LARGEST TELEVISION BROADCASTERS AT THE END OF 2003**

BROADCASTER AND CHANNEL	OWNER	OWNERSHIP SHARE (%)
MTM-SBS RT. (TV2)	SBS BROADCASTING S.A	81.51
	MTM-TV2 BEFEKTETÉSI KFT.	16.00
	TELE-MÜNCHEN FERNS. GMBH	2.49
M-RTL RT. (RTL-KLUB)	CLT-UFA S.A. (BERTELSMANN A.G.)	49.00
	MATÁV RT.	25.00
	PEARSON NETHERLANDS B.V.	20.00
	IKO GROUP	6.00
VIASAT HUNGÁRIA RT. (VIASAT3)	MTG GROUP	95.00
	TWO NATURAL PERSONS	5.00

Source: National Radio and Television Board, Court of Registers.

Owing to the provisions of the Broadcasting Act of 1996, SBS Broadcasting S.A. can have a 49 percent voting right (Article 122(2)), so in this case ownership shares and voting rights are different (voting rights are 48.99, 27.61 and 23.40 percent, respectively).

7.2.3 RADIO BROADCAST MARKET

Data on radio audience shares are measured in different ways as well. A consortium composed of the two leading market and opinion research companies, SZONDA IPSOS and GFK, provides the data that are accepted as standard and used by advertisers. The so-called National Media Survey data are not public, as the survey itself is a commodity sold to anyone who is willing to pay for it. Radio broadcasters follow the same policy as do television broadcasters in making audience data public. It is worth mentioning, however, that Gallup Hungary LTD.'s data on listenership are public and available online on its free homepage (Gallup Hungary does audience surveys for the public service radio, *Magyar Rádió* RT.).

According to the information we have received courtesy of Sláger Rádió Műsorszolgáltató RT. management, the two big commercial radio channels with national coverage have very similar audience share figures (15+ population): the *Danubius* channel has slightly more than 25 percent and the *Sláger* channel slightly less than 25 percent (by the way, these figures do not differ significantly from Gallup audience share data). The biggest regional radio channel, *Juventus*, comes in third with its 6.4 percent share, but *Juventus* leads a network of local stations, and if we take this into account, they might have a ten percent or so audience share in the market. As far as ownership data are concerned, these are shown in Table 10.

Table 10 OWNERSHIP STRUCTURE OF THE THREE LARGEST RADIO BROADCASTERS AT THE END OF 2003

BROADCASTER AND CHANNEL	OWNER	OWNERSHIP SHARE (%)
ORSZÁGOS KERESKEDELMI RÁDIÓ RT. (DANUBIUS RÁDIÓ)	ADVENT INTERNATIONAL	100.00
SLÁGER RÁDIÓ MŰSORSZOLG. RT. (SLÁGER RÁDIÓ)	EMMIS BROADCASTING INTERNATIONAL CORPORATION	54.00
	CREDIT SUISSE FIRST BOSTON RADIO OPERATING B.V.	20.00
	SZUPER EXPRESSZ KFT.	15.00
	MAGYAR KOMMUNIKÁCIÓS BEFEKTETÉSI KFT.	5.50
	CSFB RÁDIÓ (HUNGARY) BEFEKTETÉSI KFT.	5.50
JUVENTUS KERESKEDELMI, SZOLGÁLTATÓ ÉS ÜGYNÖKI KFT. (JUVENTUS RÁDIÓ)	METROMEDIA INTERNATIONAL INC.	53.00
	METROMEDIA INTERNATIONAL CONSULTING SERVICES INC.	47.00

Source: National Radio and Television Board, Court of Registers.

7.2.4 RADIO AND TELEVISION BROADCASTING NETWORKS

From a technical point of view, national commercial terrestrial broadcasters are networks in themselves, and, given the characteristics of the Hungarian broadcast market, they leave little room for networks composed of and organised by regional and/or local broadcasters. There are eight radio networks and one television network in function, but we shall not go into details on their market role, which is rather limited.

We do not cover either local/regional television markets (these are monopolies, and most of the channels are owned indirectly by local councils) or local/regional radio markets (these are private monopolies in small and oligopolies in medium size markets) in this paper. Local television markets cannot support commercial channels in Hungary because of the lack of available advertising revenue in these markets. In contrast to television broadcasting, local and regional markets can support local and regional commercial radio channels, but, as we said earlier, national channels are clearly dominating the radio industry in the country.

7.2.5 PUBLIC SERVICE BROADCASTING – WHY DOES IT SEEMS TO BE A WASTELAND?

As far as public service radio and television are concerned, their main mission is to correct market failures in a multichannel broadcasting area. Unfortunately, Hungarian public service broadcasters have not been able to fulfil this mission. This topic is so hot and so complex that it is almost impossible to discuss it in a few paragraphs.

The first half of the 1990s brought little change in the legal status of the former state radio and television. Although in July 1990 government coalition parties and opposition parties came to an agreement on the nomination of two persons with high social prestige to the posts of president of Hungarian Radio and president of Hungarian Television, and they were appointed consequently by the President of the Hungarian Republic, they had no legal power to carry out the transformation from state to public service broadcaster. It is true that the new, democratically-elected government could not resist the temptation to interfere with the day-to-day operation of the two broadcasters, and the good old excuse used to legitimize this effort sounded rather familiar: the country faced a long process of transition and complete democracy was not yet possible.

According to most politicians that took office in 1990, the media in general, and radio and television in particular, had been expected to serve the interests of transition – at least, this is how the democratically-elected government interpreted their mission. However, neither opposition parties nor the newly appointed presidents of the two state broadcasters shared this idea, so the Government soon tried to get rid of these two independent-minded intellectuals. All of this inevitably led to the so-called ”media war" in Hungary (Hankiss, 1994), which is a development similar to that in other countries in East Central Europe.

The former state broadcasters were transformed into public service broadcasters by law in 1996, but political pressure on them did continue in the new legal environment. Of course, methods have changed, and political interference became institutionalised, but the outcome seems to be just about the same. Since 1990, each election has brought a government change, and purges have become regular practice among leading journalists after elections. The main public service broadcaster, Hungarian Television Co., has "consumed" five presidents since 1996. In addition to regular political interference, other factors like inherent weaknesses in legislation, mismanagement, lack of employee loyalty, partisan editorialising, and the never-ending fights between journalists, etc. have also contributed their share to the failure of the public broadcasting sector.

It is fashionable to talk about the crisis worldwide of public service broadcasting in the multichannel era, but there is no more appropriate word to choose than crisis when analysing the performance of the Hungarian Television Co. and Hungarian Radio Co. (Sükösd – Bajomi-Lázár, 2003). Hungarian public service media have been regarded as politically biased, economically weak, depending on state subsidies and internally divided: they promote particular rather than universal values and interests. The overwhelming market success of commercial broadcasters has been made easy by the failure of the public service sector, regardless of the values commercial broadcasters promote. Nevertheless, as far as news and current affairs are concerned, you cannot blame people if they prefer infotainment over state propaganda: this choice seems rational. The sad thing is that this is the only, pre-defined choice the audience has to face.

There is little hope that things will improve in the near future, because government and opposition parties' mutual distrust runs deep: for the time being there is no room for compromise that could lead to changes in the Broadcasting Act (it would need a two-thirds majority of support in the Parliament). "Whatever the laws might say, the political and economic conditions for the flourishing of a recognisable 'public-service broadcasting' do not really exist in Central and Eastern Europe. The idea that if one established 'the rule of law', with a freely elected parliament and an independent judiciary, one had reached a state when the collective will could be formulated democratically and administered impartially, was clearly naïve. Irrespective of legal frameworks, political realities have been such as to ensure that the control of broadcasting remains a highly politicised question throughout the region." (Sparks, 1998, p. 171). This quotation has not lost its relevance and actuality, although five years have passed since Spark's book was published.

7.2.6 THE LARGEST PRINTING HOUSE IN THE NEWSPAPER INDUSTRY

The largest printing house, Szikra Lapnyomda RT. was privatised in two steps in the 1990s (in 1995 and 1999) in two open tenders. The ownership structure of the company at the end of 2003 is shown below:

Table 11 OWNERSHIP STRUCTURE OF SZIKRA LAPNYOMDA RT. AT THE END OF 2003

OWNER	OWNERSHIP SHARE (%)
LÁNG HOLDING ÉS KIADÓI RT.	55.74
EUROPEAN BANK OF RECONSTRUCTION AND DEVELOPMENT	19.15
ÁPV RT. (STATE PROPERTY CO.)	13.74
NATURAL PERSONS	1.37
SZIKRA LAPNYOMDA RT. (NON VOTING SHARES)	10.00

Source: Court of Registers.

Although Szikra Lapnyomda RT. is really the biggest player in the industry, the market position of the company is not as favourable as it looks from outside: the printing house was in the red in 2002, and it had been squeezed out of the regional dailies' market. Ringier, as the biggest newspaper publisher and the buyer of printing services on a mass scale, seems to enjoy a very good bargaining position against the printing house. The formation of a kind of strategic alliance between the two outlets seems likely, if one can believe rumours circulating among industry experts.

7.2.7 THE LARGEST DISTRIBUTOR IN PUBLISHING

Newspaper distribution is partly privatised, since the big French professional investor Hachette bought from Magyar Posta RT. the single-copy sales division in 1998 for 4.4 billion forints (ECU 18.3 million) and acquired a majority share in the new distribution company, as is shown below:

Table 12 OWNERSHIP STRUCTURE OF MAGYAR LAPTERJESZTŐ RT. AT THE END OF 2003

OWNER	OWNERSHIP SHARE (%)
HACHETTE DISTRIBUTION SERVICE S.A.	80
KVK KFT.	15
NEWCO KFT.	5

Source: Court of Registers.

It is worth mentioning that consumer magazines rather than newspapers account for the majority of single copy sales; consequently newspaper distribution can be regarded as rather fragmented: regional markets belong to the four big vertically integrated publishers, single copy sales are handled by Magyar Lapterjesztő RT., and home delivery of national papers remained in the hands of Magyar Posta RT..

7.2.8 THE LARGEST MEDIA OWNERS

There is not a perfect yardstick for determining the three largest media outlets in Hungary. Axel Springer Verlag A.G. is clearly one of them, as combined annual revenues of the five media companies they dominate were close to 20 billion forints (EUR 82.3 million) in 2002. The annual revenue of M-RTL Klub RT. was 21.6 billion forints (EUR 88.9 million) in the same year, so Bertelsmann A.G., the main shareholder in the company and the holder of an interest in Népszabadság RT. (7.2 billion forints, i.e. EUR 29.6 million net revenue in 2002), might be regarded as second on the list. SBS Broadcasting S.A., the main shareholder in the other national commercial television broadcaster might be ranked as the third biggest player (16.9 billion forints, EUR 69.5 million net revenue in 2002). Other relevant players from the European media scene, like the Swiss newspaper publisher Ringier A.G, the Finnish consumer magazine publisher Sanoma OY and the German newspaper publisher WAZ, trail after the big three.

7.2.9 MEDIA PRIVATISATION AND POLITICAL ORIENTATION

Privatisation in the media can be divided into two phases. At the very beginning a kind of spontaneous privatisation prevailed (Jakab-Gálik, 1991) in publishing, and this was followed by privatisation based on the law. Some spontaneous privatisations were called scandalous in their time in 1989–1990, and with reason, especially the privatisation of regional dailies, but it is an irony of history that they could not be compared to the biggest media privatisation scandal in Hungary, where the procedure was fully based on the law.

Allocating frequencies to national commercial television broadcasters was administered by the powerful broadcasting regulatory body, the National Radio and Television Board. According to the application terms, the minimum figure (the lowest bid) to get one of the two licenses for ten years was set at eight billion Hungarian forints (ECU 38 million), and some qualitative criteria connected to programming had to be also met. Three contenders led by foreign professional investors – all three were multinational television companies, namely RTL, SBS and CME – entered the two-phase race, and the Board finally awarded the licenses to the consortia led by RTL and SBS groups.

Although the consortium named IRISZ TV, led by CME, offered by far the highest sum (ECU 58 million, far above RTL's bid which was kept to the minimum of ECU 38 million), it lost. This was obviously too much to stomach, and the consortium filed a lawsuit against the Board's decision in 1997 (Gálik, 1998).

Later, the Supreme Court of Hungary ruled that the Board had violated the procedure rules, but before the next trial was concluded CME relinquished its claim on the very last day (Vrannai, 2000) and sold its Hungarian interests to SBS (and indirectly to RTL). The Hungarian state was freed of paying a very high compensation to CME, but the Board's reputation had been seriously tarnished.

As far as the licensing of national commercial radio channels and the privatisation of printing houses and distribution companies are concerned, they were by and large transparent and did not stir emotions in the country.

Big media outlets are trying to avoid becoming involved in politics as a matter of business policy. They are powerful enough not to bow to politicians, and, at the same time, they are cautious enough not to interfere with politics: they regard the media as business first of all. News and current affair programmes on commercial television are increasingly turning into infotainment, and the political press has been losing ground to tabloids as well: Friedman's famous saying that "the business of business is business" is coming true in the Hungarian media.

8 EDITORIAL INDEPENDENCE AND INVESTIGATIVE JOURNALISM

As far as we know, a collective agreement on the national level does not exist between the three journalists' associations and media publishers. One of the main reasons is that the journalists' associations were busy participating in political fights, instead of representing the journalists' interests according to the new, transformed environment after the collapse of communism.

Collective agreements between employees and management, and agreements with industry trade unions covering the basic terms of employment (wages, workload, etc.) are common at big media outlets. Nevertheless, there are very few media outlets with an in-house agreement between journalists and publishers on editorial policy, and even fewer enforce these agreements. At both the highest circulation political daily, *Népszabadság*, and the leading weekly news magazine, *HVG*, editorial staff have their statutum. This special agreement clearly states the independence of journalists from the publishers' business interests, and in accordance with the provisions of the statutum, journalists themselves elect the editor in chief for both newspapers. However, as far as we know, self-censorship is stronger at *HVG* than the pressure from the publisher's side. Since *HVG* was fully owned by a group of employees themselves, self-censorship was sometimes driven by the business interests of journalists. At the same time, *HVG* has a reputation as an independent liberal political magazine, and the publisher's management keeps saying that editorial work and advertising activity are clearly separated. *Népszabadság* has a centre-left editorial policy and has less of a reputation than *HVG* as far as editorial independence is concerned.

As far as we know, journalists' professional organisations or media self-regulatory bodies do not publicly expose problems of pressure on journalists and editors based on commercial interests of the owners. In the same way, significant problems related to PR articles and hidden advertising are not exposed by professional organisations or media monitoring and research institutions. This does not mean that there are no significant problems in that area or that one can not hear rumours about paid journalists (journalists 'for sale') who write articles to order and whose journalistic products are not real journalistic products but hidden PR articles or covert advertisements.

It also happens regularly that newspapers run special sections on specific industries (chemical, banking, energy etc.) sponsored by the major actors in the industry. While these are good for generating extra revenue for the paper, the articles appearing in the special sections are written by the same journalists who normally cover the area. Thus they find themselves in a situation where they do PR interviews with the people they normally use as sources for news articles. And this phenomenon is the least harmful, not to mention when journalists themselves give PR advice in their free time – when they do not work as journalists, in order to generate extra income.

A consensus on how investigative journalism should be defined does not exist in Hungarian journalism. In the last decade, political debates and fights have supplanted professional debate. Questions such as what kind of professional rules journalists must follow when they write investigative pieces, what an investigative piece looks like, and what kinds of requirements both the editors and the audience should have of an investigative article, remain unclear.

However, in the past few years it became fashionable to mention investigative journalism whenever a controversial case emerged, or when any kind of scandal erupted. Unfortunately, such events are related to the phenomenon journalists call among themselves "dossier-journalism": whenever any journalist obtains a secret or confidential document from any authority – regardless of who leaked the papers and what kind of intentions lay behind the act of leaking information – both the representatives of the profession and the public start to say that this was a journalistic investigation. It is harmful for all the actors involved and for democracy overall, because investigative journalism – based on the Anglo-Saxon methodology and practice – should contain the journalist's original work and investigation instead of relying on somebody else's work (even if the source is an authority that has been established to reveal corruption or abuse of power).

The phenomenon described here is the result of Hungary's lack of the "guild" traditions of modern journalism. Because of this, media publishers – even if most Hungarian media are owned by Western professional investors – do not encourage investigative journalism through special budgets or special units in the papers or television stations. In cases of isolated attempts to create an investigative section in a newsroom, or at least grant the opportunity to some privileged journalists to work on an important topic, the rest of the newsroom tended to react with jealousy toward the so-called investigative colleague. Often the piece was not published in the end, either because it was never completed, or because the publisher or the editor opted to avoid the unnecessary conflict that would have likely ensued.

Since 1991, a Pulitzer Prize Committee has existed in Hungary. The awards they hand out also include ones for investigative journalism each year. However, the lack of professional consensus about what investigative journalism is makes it difficult to find any consistency in the logic of the committee in awarding journalists in the last 10 years. Similarly, a new foundation was set up two years ago by three individuals to commemorate a Hungarian journalist who died of cancer at the age of 35. The foundation awards a prize (including a considerable amount of money) every year for the best investigative piece, but again, the lack of generally agreed norms destroys the credibility of their original intention.

9 CONCLUSIONS

Media ownership is fairly concentrated in Hungary, and most media industries are dominated by foreign companies. The high share of foreign ownership in the media is partly explained by the global nature of many media industries, primarily commercial television and consumer magazine publishing, but some special factors had their influence, too.

Looking back to the privatisation of political daily newspapers, it is true that there was a certain trade-off between the penetration of foreign ownership and the speed of privatisation. At the dawn of the change in political regime, it seemed more and more clear that some newly emerging political forces did want to keep political newspapers previously owned by the state/communist party in order to secure their support during transition. This effort was blocked by the phenomenon called spontaneous privatisation, assisted by the journalists themselves.

There is no sign that foreign owners of political dailies want to set an editorial line or that they interfere with the day-to-day practice of making a political daily. It might sound ironic, but it is true to say that the two national political dailies in Hungarian hands are regarded as party papers by professionals and by the man-on-the-street alike. Of course, there is nothing wrong with party newspapers in themselves, but the link between editorial line and ownership is clearly much stronger here, compared to the independent newspapers with foreign majority ownership.

What is wrong with party newspapers in Hungary is the unwillingness of their editors to accept professional journalistic standards and to show due respect for colleagues working for other titles. The deep political divide between the "two worlds" in Hungary is mirrored in the political press, and opinion leader journalists are not able to set standards to be followed.

Tabloid and consumer magazine publishers followed different lines. Most of the titles on the market are new, and have been brought to the scene by foreign publishers relying on the experience of developed media markets: saturated markets at home drove them to the emerging market economies in East Central Europe, including Hungary, and the lack in supply was filled quickly. The role of the journalist at these publications is seemingly not more than to provide entertainment to the general public.

As far as the broadcast media are concerned, commercial television has conquered the media scene in five years. Their programmes favour mainstream commercial values and consumer culture. They do it efficiently, capitalising on the heavy investment owners have made since 1997. They do not care too much about politics: the news and current affairs programmes they provide do represent the infotainment genre. Self-regulation does not seem their corporate strength, and they do not show sufficient signs of the social responsibility they really ought to bear in contemporary Hungary.

The owners and managers of the largest media outlets are clearly not members of the previous nomenclature in the fallen communist regime. The state interventions in the media market, practiced with zeal by every government since 1990, have had very limited success compared to the social costs involved. The media scene in Hungary is dominated by the market, regardless of whether one likes it or not. Media markets are media markets, and expectations related to their output must remain within the limits defined by this structure.

The mission of the public service sector is mainly to correct market failures and imperfections, and to provide audiovisual merit goods to the audience, but this has proved to be a kind of "mission impossible" in Hungary so far. It is rather sad, but the blame lies entirely on us. Conversely, no one can change this situation but us. This might sound like either a hopeful conclusion or a dark one. Think of the metaphor of the bottle filled exactly to 50 percent: is it half empty or half full? Take your choice!

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ACKNOWLEDGMENT

ÉVA VAJDA, Ph. D. student, research assistant in November 2003.

KOSOVO/A

Isuf Berisha

1 INTRODUCTION

Probably no other field of Kosovar society went through more dynamic postwar development than the media scene. Only one year after the end of the 1999 war in Kosovo/a, there were around 100 broadcasters, some ten newspapers, several weeklies and tens of biweeklies, monthly publications and other journals.

This unprecedented development boom should be attributed to circumstances created with the ending of the repressive Serbian regime, and support for new media from governmental and non-governmental donors that arrived in Kosovo/a after the war.

These are impressive figures if we bear in mind that Kosovo/a is a small country with around 2 million people, and especially if we recall the fact that systematic persecution by Serb authorities of the few Albanian language media that existed during the 1990s had resulted in their complete closure before the war.

Today the Kosovar media market is overcrowded – there are 112 broadcasters (89 radio and 23 TV stations), 5 dailies, 5 weeklies and tens of other journals. A temporary media regulatory regime that was established in Kosovo/a after the war is expected to end during 2004 with approval of the new law on broadcasting and the establishment of an Independent Media Commission.

2 HISTORICAL BACKGROUND

The Kosovar media scene cannot be explained without referring to the pre-war situation in Kosovo/a, i.e. the period of media development at the time when Kosovo/a was under control of the former Yugoslav Federation, or Serbia (1944–1999). Throughout these years, the media in Yugoslavia, including Kosovo/a, were controlled by the one-party totalitarian system. During the late 1980s and early 1990s, the period in which party control over the media in Yugoslavia as a whole was brought to an end, Kosovo/a was forcibly stripped of its autonomy and subject to political persecution and a widespread campaign aimed against the media in Albanian.

The first media in Kosovo/a after the Second World War were established at the beginning of 1945. On 12 February 1945, the Yugoslav Communist Party's local committee for Kosovo/a launched the newspapers *Rilindja* in Albanian and *Jedinstvo* in Serbian to meet the needs of agitprop. Until 1948, *Rilindja* was an occasional publication. Afterwards, it started to be published twice a week, until 1957. For about one year it was published three times a week, and in 1958 it became a daily newspaper.[1] Over time, *Rilindja* became the core of print media development and publishing activities in Albanian.[2] The *Jedinstvo* newspaper went through the same process of development. It became a newspaper and book publishing enterprise, whose output included a number of magazines in Serbian.[3]

At the end of the Second World War, there were two low power local radio stations in Kosovo/a: *Radio Prizreni*, established in 1941, and *Radio Kosovo,* which started broadcasting in 1942 in Prishtina.[4] On 5 February 1945, by a decision of the new communist authorities, *Radio Prizreni* resumed broadcasting, and was later supported with the technical equipment of *Radio Kosovo*. One year later, when Prishtina became the new political and administrative center of Kosovo/a, the technical equipment of *Radio Prizreni* was transferred to Prishtina, where it continued to broadcast as *Radio Prishtina.*[5] Initially it had broadcast programs in Serbian and Albanian, later adding programs in Turkish (1951)[6] and Romany (1986).[7] Over time, *Radio Prishtina* increased its transmitter power and became a nation-wide broadcaster. By installing a 1000 KW transmitter in 1978, this initially small radio station grew into a powerful broadcaster that could be heard beyond Kosovo/a.[8] *Television Prishtina* began to broadcast in 1975, operating with the staff that previously produced the program in Albanian broadcast by *TV Belgrade* during 1966–1974.[9] *TV Prishtina* and *Radio Prishtina* established *Radio Television Prishtina* (*TVP*). *TVP* began to broadcast programs in Albanian, Serbian and Turkish, and, from, 1986 in Romany.[10]

After Kosovo/a was violently stripped of its autonomy in 1989, the Serb authorities imposed administration in all of the socially-owned enterprises and public institutions of Kosovo/a, ranging from the National Theatre and University Library to the Kosovo/a Red Cross and sports clubs. On 5 July 1990, the day Serbia decided to dissolve forcibly the Parliament and the Government of Kosovo/a, Serbian special police forces invaded the building of *Radio Television Prishtina*, expelling and beating journalists and workers who were at their workplaces. Local radio stations went through the same experience. *TVP* employed 1,260 people at the time when the Serb police violently banned it.[11] On the same day, the Serb authorities took the decision to put the socially owned enterprise Rilindja under imposed administration.[12] Two weeks later, Serbia decided that the *Rilindja* daily should come under the authority of the Republic of Serbia Assembly.[13] On 7 August 1990, following journalists' opposition to this decision, the Serb authorities banned the publishing of *Rilindja*, which at that time was the only daily newspaper in Albanian in Kosovo/a and the entire former Yugoslavia.[14]

In reaction to this, throughout the 1990s Albanian journalists made persistent efforts to break this media blackout. On 18 January 1991, *Rilindja* journalists began to publish a semi-underground daily newspaper, *Bujku* (Farmer), borrowing the name from a monthly magazine on agriculture, which was registered but which had not then been published for many years.[15] At the end of 1993, the weekly, *Zeri* (Voice), was resumed, this time as a private company. In 1994, the Koha Company, which was registered in Zagreb, launched a weekly with the same name, which three years later became a daily newspaper. Another daily, *Kosova Sot* (Kosova Today), appeared at the end of 1998. However, having been exposed to systematic pressure exerted by Serbian authorities, *Bujku* and *Zeri* were discontinued in 1998, and the same fate befell *Koha* (Time) and *Kosova Sot*, which were closed down by the police on the eve of the 1999 NATO bombing campaign. During this intervention, Serbian police destroyed or burned down the offices and printing plants of *Koha* and *Kosova Sot*, killing one worker of the Koha Company.[16]

3 REGULATION AND IMPLEMENTATION

3.1 APPLICABLE LAWS

The UN administration mission which took over Kosovo/a following the end of the war in 1999, lacked appropriate strategies and policies for the further development of Kosovar society. In an attempt to bring under control the vigorous and chaotic post-war environment, the United Nations Interim Administration Mission in Kosovo (UNMIK) initially decided to declare applicable those laws that had been in force prior to the beginning of NATO bombing on 24 March 1999.

Following strong opposition from Kosovars, who argued that the laws were discriminatory in nature and were imposed after Kosovo/a was violently deprived of its autonomy by Serbia on 23 March 1989, Bernard Kouchner, then Special Representative of the Secretary General (SRSG) to Kosovo/a, decided to declare applicable those laws that were effective until 22 March 1989. These laws were to be applied in addition to other UNMIK regulations.[17] This legislation, applicable before Kosovo/a was stripped of its autonomy in 1989, consisted of eight laws that regulated the field of public information, including the laws of the Socialist Federal Republic of Yugoslavia, was applied in Kosovo/a.[18]

Since these laws dated from the period of the totalitarian system, meaning that they were designed to ensure control for the Communist Party over the media, they were not suitable to regulate the development of free media in a democratic society.

3.2 UNMIK REGULATIONS

For the purpose of filling the legal gap, and in response to vigorous developments in the Kosovar media scene, the UN authorities made persistent efforts to place the Kosovar media under temporary legislation. These efforts were widely criticised by both local and international journalists' associations. The main reason was the approach taken by the OSCE, which was scheduled to have a leading role in this field, as provided by the UNSC Resolution 1244. As a result, the OSCE was forced to drop the plan to regulate the Kosovar media through a Media Policy Board based on the Bosnian model. The OSCE's initiative to establish a new, independent association of journalists as an instrument of self-regulation also failed.

On 17 June 2000, Chief Administrator Bernard Kouchner announced Regulation no. 2000/36, On the licensing and regulation of broadcast media in Kosovo/a, and Regulation no. 2000/37 On the code of conduct for the print media in Kosovo/a.

3.2.1 BROADCAST REGULATION

Regulation no. 2000/36 addresses the urgent issue of broadcast media licensing. Based on the first section of this regulation, the Temporary Media Commissioner (TMC) is responsible for the development and promotion of independent and professional media in Kosovo/a and the implementation of a temporary regulatory regime for all media in Kosovo/a.[19] Section 2 defines the criteria that should be met by radio and television operators, in order for them to obtain a license and be able to broadcast. Section 3, starting with the requirements to broadcast a correction or apology, specifies sanctions that may be imposed by the TMC, ranging from fines to the termination of the broadcast license. Based on Section 4, media can appeal against any of the decisions made by the TMC, and the Media Appeals Board (MAB) is the body that decides on appeals.[20] According to section 5, radio and television operators must refrain from broadcasting personal details of any person, if the broadcast of such details would pose a serious threat to the life, safety or security of any such person through vigilante violence or otherwise.

Four months after the announcement of Regulation no. 2000/36, The Code of Conduct for the Broadcast Media was announced on September 8, 2000, as an annex to Regulation 2000/36.[21] Article 1 specifies that broadcast license allocation is conditional on compliance with this code. The first paragraph of Article 2 reads: "All programming will meet generally accepted international standards of civility and respect the ethnic, cultural, and religious diversity of Kosovo." The second paragraph of this article stipulates that "broadcasters will not broadcast any material that encourages crime or criminal activities or which carries imminent risk of causing harm, such harm being defined as death, or injury, or damage to property or other violence." The third paragraph says that "broadcasters will not broadcast any material that denigrates an ethnic or religious group or implies that an ethnic or religious group is responsible for criminal activity." Articles 3-11 define the mandatory conduct of broadcasters, concerning privacy, fairness and impartiality, separation of news and opinion, false and deceptive material, language, right of reply, complaints by the public and archives.[22]

Neither Regulation no. 2000/36, nor the Code of Conduct for the Broadcast Media, include any provisions pertaining to the concentration of media ownership. Therefore, the

Temporary Media Commissioner decided to address this issue through a list of six qualifying criteria to be met by the applicants for broadcasting licenses. This document, published in June 2000 and titled Qualifications, was later included as part of the application form.[23] The first condition on this list reads as follows: "Applicants who are not owners of or investors in any newspapers published and/or distributed within Kosovo may apply for a maximum of one local radio and one local television station." The second condition stipulates that "applicants who are owners of or investors in any newspapers published and/or distributed within Kosovo may apply for a maximum of one local radio or one local television station within the territory of Kosovo." This document also addresses the issue of family ownership in the media sector. According to the third condition, "any close family relation to an applicant or legal entity with a financial interest, directly or indirectly, in the operation of a proposed television or radio station may not apply for an additional license." Meanwhile, based on the fourth condition, "all legal entities listed in the applications must be registered to do business within Kosovo or be certified as a local NGO within Kosovo".

The fifth condition prohibits any individual who has been convicted of violent crimes and/or crimes of dishonesty and theft from having a senior managerial role and/or financial interest in any radio or television station within the territory of Kosovo/a.

And finally, based on the sixth condition, "applicants who wish to operate a satellite uplink /…/ or a microwave-link as part of their broadcast operations shall be subject to additional licensing requirements."[24]

3.2.2 PRINT MEDIA REGULATION

Based on the first section of Regulation no. 2000/37 On the conduct of the print media in Kosovo, the Temporary Media Commissioner, under special circumstances, may issue temporary codes of conduct, which, by the decision of the SRSG, may be promulgated into law. Section 2 gives the TMC the mandate to impose various sanctions on media owners who operate in violation of the applicable law, or codes of conduct, including a warning, the requirement to publish a reply, a fine of up to DM 100,000, and suspension or closing down of operations.[25]

Based on Section 3, a person or entity affected by a decision of the TMC to impose sanctions may appeal to the Media Appeals Board, while under the provisions of Section 4, publishers should refrain from publishing personal details of any person, if the publication of such details would pose a serious threat to the life, safety or security of any such person through vigilante violence or otherwise.[26] Based on the mandate given to it by Regulation no. 2000/37, Article 1, the TMC announced The Temporary Code of Conduct for the Print Media in Kosovo.[27] This code, similar to the temporary code of conduct for the broadcast media, prohibits publishers from publishing or distributing any material that encourages crime or criminal activities or which carries imminent risk of causing harm, such harm being defined as death, or injury, or damage to property or other violence. In addition, the distribution of any material that denigrates an ethnic or religious group or implies that an ethnic or religious group is responsible for criminal activity, is forbidden. The Code also defines the mandatory conduct of print media publishers, concerning the privacy of accused persons, separation of news and opinion, false and deceptive material, right of reply, complaints by the public, and media archives.[28]

3.2.3 PROHIBITION AGAINST INCITING TO ETHNIC HATRED

UNMIK Regulation no. 2000/4, on the Prohibition Against Inciting to National, Racial, Religious or Ethnic Hatred, Discord or Intolerance, which came into force on 1 February 2000, is part of the legal package on media regulation. According to this regulation, "whoever publicly incites or publicly spreads hatred, discord or intolerance between national, racial, religious, ethnic or other such groups living in Kosovo", will be punished by a fine or sentenced to up to ten years in prison.[29] During election campaigns, the media are obliged to operate in conformity with electoral rule set out by the OSCE and the Central Election Commission (CEC).

3.3 NEW MEDIA REGULATION PENDING

The Temporary Media Commissioner (TMC) was meant to be a temporary solution. According to Regulation no. 2000/36 on TMC establishment, the TMC is responsible for the implementation of the temporary regulatory regime for all media in Kosovo/a, until the Independent Media Commission is established.[30] A Law on the Independent Media Commission was drafted in 2001 and had reached the final phase of approval and signing by the Chief Administrator of Kosovo. But some problems that appeared at that time between UNMIK and the Interim Administration Council (IAC) after the Čović-Hækkerup agreement was signed,[31] as well as changes within UNMIK, postponed the signing of the regulation. In the meantime, the independent broadcasters used this delay to reopen the debate on the quality of this law. After discussion and amendments to the law, the last version of the Law on the Independent Media Commission and Broadcasting was submitted to the Government by the TMC at the end of 2003 and is expected to be approved by the Parliament of Kosovo/a in 2004.[32]

According to Article 1 of the proposed law, the Independent Media Commission (IMC) is authorised to regulate and supervise the civil broadcasting system within Kosovo/a, including the implementation of the broadcasting policy, which is to be determined by the Commission.[33] IMC will have a council, made up of seven members, who will define the broadcasting policy, and also an office of the executive director, who will be in charge of implementation of broadcast policies determined by the council.[34] Article 2 anticipates the definition of clear provisions of broadcast policies which would prevent monopoly in the broadcasting sector in Kosovo/a and promote fair and just competition among broadcasters.

According to Article 10, radio broadcasting licenses would be valid for five years, and television licenses for 7 years. According to the same article, a license will not be issued to: a) a political party, a group or organisation substantially controlled by a political party, or an entity substantially controlled by an individual in an elected post, or a member of a political party executive body, or b) an individual, or an entity substantially controlled by an individual who has been convicted of a violent crime or fraud.

According to Article 16, advertising is the main source of revenue for private broadcasters, and a supplementary source for public broadcasters. The TMC also supervises the transitional phase of elimination of financing by the Consolidated Budget of Kosovo/a and the reduction, and if possible elimination, of advertising as a source of revenue for the public broadcaster.

As expected, this law does not address the supervision of the print media. It is foreseen that the print media will be self-regulated, in accordance with the Code of Ethics and that its implementation will be supervised by the Press Council. Article 29 on transitional provisions in the Law on Independent Media Commissioner and Broadcasting foresees that the function and competencies of the TMC, in accordance with UNMIK Regulation 2000/37 on conduct of print media in Kosovo/a, will be implemented by the IMC until professional self-regulation of print media in Kosovo/a is established.[35]

3.4 IMPLEMENTATION

Although formally the temporary media regulatory regime was widely based on applicable laws, during its implementation the TMC de facto restricted its actions to UNMIK regulations and related codes of conduct. The overall results of the implementation of this temporary regulatory regime have been positive. This particularly holds true for the broadcasting media sector, where the TMC introduced order into the licensing process and implementation of the code of conduct for broadcasters. The TMC has so far effected three rounds of licensing, which before its establishment was an ad hoc and uncoordinated process.[36]

Yet, in the print media sector, the implementation of this temporary regulatory regime has been much more problematic ever since its beginning. First of all, both Kosovar and international journalists and media associations strongly opposed the regulation of the print media, perceiving it as an undemocratic undertaking.[37] However, UNMIK and TMC argued that, given the absence of self–regulation, some kind of regulation of the print media had to be implemented, among other things in order to prevent "vigilante journalism" in the environment of a post-conflict society.[38]

The introduction of print media regulation, coupled with a heavy-handed approach by both UNMIK and the TMC at the beginning of its implementation, produced additional problems. On 3 June 2000, SRSG Bernard Kouchner passed an executive order, closing the offices of the *Dita* newspaper for 8 days, after it featured an article about a Serb employee of UNMIK who allegedly committed crimes during the war in Kosova, and who was found dead some 20 days later.[39] In addition, after *Dita* published an article titled "Crime and Criminals Have Names; The Life Undisturbed" (4 July 2000), TMC punished it with a fine of DM 25,000. Subsequently, when *Dita* failed to pay the fine, TMC ordered an immediate suspension of the newspaper's operation on 27 July. This kind of heavy handed approach worked as a catalyst to turn local journalists and editors against the international administration.[40] The Media Appeals Board (MAB) later "voided the entire TMC decision for failure to satisfy internationally guaranteed standards of the due process",[41] but damage had already been done, since *Dita* had ceased publication in the meantime. After that the TMC became more careful in its implementation of the temporary regulatory regime. However, the frustrations of Kosovar journalists with temporary media regulation remain.[42]

Since it was established on 17 June 2000, the TMC has received and processed 115 media complaints. In the first year it received two complaints, one against the *Dita* newspaper mentioned above, and another one against the daily newspaper, *Bota Sot*. The TMC fined *Bota Sot* DEM 50,000. MAB upheld TMC's decision but reduced the fine to DEM 45,000. During the following year, the TMC received 23 complaints. Most of these were related to politically biased newspapers.

The number of complaints during 2002 rose to 44, of which 14 were against *Bota Sot*, and 14 against the *24 Ore* newspaper, an AAK (The Aliance for the Future of Kosova) supporter. Seven complaints were against *Epoka e Re*, three against *Koha Ditore*, one against *Zeri*, one against *RTK*, etc.[43] According to TMC data, during 2003 there were 46 media complaints, mainly against print media. Half of the 44 complaints that were made during 2003 were dismissed (22); 14 ended in reply or clarification, and in 5 cases a letter of warning was issued. Only in two cases was the newspaper fined, in both cases the *Bota Sot* daily.[44]

One can notice that all media complaints were filed against Albanian language media, although the TMC admits that "Serb-language media continued its destabilizing propaganda"[45] during the post-war period. For example, for several weeks during 2003 and 2004, the weekly *Jedistvo*, which continued its pre-war editorial policy, had been publishing a serial of "dossiers" on Kosovo/a Albanian public figures and lesser known people, including personal data and photographs under the title "Criminals," and there was no reaction by the TMC.[46]

4 MEDIA OWNERSHIP

The media scene experienced an extraordinary development after the 1999 war. Only a few months after the NATO forces entered Kosovo/a in June 1999, there emerged eight daily newspapers, ten TV stations and 72 radio stations.[47] All these radio and TV stations were newly established, because before the war Kosovo/a had only one TV station – *Radio Television Prishtina* (*RTP*) – which was closed down in 1990, when the Albanian journalists were expelled by the Serb police.

The development pace later slowed down. However, in 2001 there were 145 broadcasters including KFOR and international broadcasters in Kosovo/a. One year later, in 2002, there were 118 licensed civil broadcasters.

Currently, five daily newspapers are published in Kosovo/a. According to the TMC, there are 112 broadcasters – 89 radio stations and 23 TV stations. Four radio stations and three TV stations broadcast Kosovo/a wide. As regards local broadcasters, there are 74 radio stations and 17 TV stations. There are also 14 low-power stations – 11 radio and 3 TV stations.[48]

4.1 PRINT MEDIA

Twelve daily newspapers could be found on the Kosovar media scene after the war. Only three of these, *Rilindja* (1945 – 1990), *Koha Ditore* (1997–1999) and *Kosova Sot* (1998–1999), had also been published before the war, while the others were newly established dailies. Of these newspapers, eleven were published in Albanian, while the *Kosova Times* was published in English.

Currently, *Koha Ditore*, *Kosova Sot, Zeri, Bota Sot* and *Epoka e Re* are still published. *Rilindja, Kosova Times, Dardania Press, Gazeta e Dukagjinit,* and *Gazeta e Re* were discontinued, mainly owing to fierce competition in the small market of Kosovo/a.

The *Dita* daily newspaper effectively ceased to exist after its office was closed down by decision of the SRSG in June 2000, and it was fined DM 25,000 by the TMC because it published the personal data of individuals who allegedly committed crimes during the war in Kosovo/a.[49] The daily newspaper, *24 Ore*, ceased to be published after the murder of the former UCK commander, Tahir Zemaj, against whom the newspaper published harsh accusations of treason.[50]

Koha Ditore, Bota Sot and *Zeri* are the three most popular newspapers currently published in Kosova.

By contrast, nine weeklies could be found on the Kosova media market after the war. Two of these, *Zeri* and *Fjala Jone,* were also published before the war, while *Pasqyra*, *Dukagjini*, *Java*, *Jedinstvo*, *Srpski Nedeljnik*, *Alem* and *Yeni Donem* emerged after the war. It is worth mentioning that during the same period about ten biweekly and monthly magazines appeared, such as *Kombi*, *The Forum*, *Eksklusive*, *Çlirimi*, *Glas Juga*, *Kosovarja*, *Albi*, *Demokracia*, etc. Currently the following weeklies are still published: *Zeri*, *Java*, *Jedinstvo*, *Alem*, and *Yeni Donem*. *Pasqyra* was discontinued two years ago and is now available only online.

Zeri and *Java* are the most popular Albanian language weeklies published in Kosovo/a. *Jedinstvo* is the only weekly in Serbian, *Alem* in Bosniak and *Yeni Donem* in Turkish.

4.1.1 KOHA DITORE DAILY

Koha Ditore (Daily Time) is the newspaper with the largest circulation in Kosova. It was launched in March 1997, then discontinued two years later in March 1999, when Serbian forces destroyed its offices and the printing house, and finally resumed on 20 June 1999.

The newspaper is published by the Koha Group, a private company owned by Veton Surroi which, in addition to the newspaper, also includes the Koha Print printing house, the *Koha Vision Television* (*KTV*), and the Koha Net Internet Provider.[51] It was financially supported by various governmental and non-governmental donor organisations. Currently it covers its publishing costs from sales and advertising revenue.

According to its representatives, *Koha Ditore's* daily print circulation is 16,000 copies (it is printed by the Koha Print printing house), and 12,000 copies are sold. Half of these copies are delivered by the distribution network of the newspaper and the rest by the Rilindja Sales distribution company. *Koha Ditore* is an independent newspaper. It has criticised all political parties, especially the LDK, the largest party, and its leader Ibrahim Rugova. It has also criticized UNMIK and the new institutions of Kosovo/a.

4.1.2 BOTA SOT DAILY

Bota Sot (World Today) was established in Switzerland in 1995. It was printed in Switzerland, Germany and the US and was distributed in the Western countries with sizeable Albanian diaspora. In 1999, it was also published in Macedonia, from where it was distributed to Kosovo/a and Macedonia.[52] Currently, it is also registered in Prishtina.

Since 2003 it has also been printed in Prishtina at its new printing house. According to its representatives, about 10,000 copies of the newspaper are printed in Kosovo/a, and about 7,000 to 8,000 of these are sold.[53]

The owner of *Bota Sot* is Xhevdet Mazrekaj. He defines it as a national independent newspaper with a pro-western stance. However, he explains, unlike other Kosovo/a Albanian language newspapers, *Bota Sot* has no ties with any political group. Even before the war, he says, *Bota Sot* had followed an independent nationalistic policy.[54] Still, *Bota Sot* is rightly seen as supporting the LDK. Asked by the author of this report to comment on this, the new Executive Director of *Bota Sot*, Agim Gjakova, stated that this conviction arises from the fact that the newspaper has been positioned as a right wing publication and because some of its journalists are LDK supporters. According to him, this party militancy has damaged the newspaper's reputation and its sales. According to Gjakova, last year's daily circulation of *Bota Sot* amounted to 26,000 copies.[55]

4.1.3 ZERI DAILY

Zeri (Voice) daily newspaper was launched in 1999, by the Private Informative Publishing Enterprise (PIE) Zeri, which since 1993 has also published the weekly with the same name. Zeri also publishes the monthly art and culture magazine, *Sheshi*, while also carrying out additional publishing activities. Zeri is owned by Blerim Shala, Halil Matoshi and Bardh Hamzaj. Some 9,000 copies of the daily newspaper are printed by the Koha Print printing house and about 73 percent of these are sold. It is distributed by the Rilindja Sales and Distribution Network.

About 75 percent of the newspaper's revenues come from advertising, and only 25 percent from sales. The newspaper covers almost all of its expenses, and only 6 percent of the 2003 budget is planned to be covered from donations.[56] So far it has been supported by various governmental and non-governmental donor organisations. *Zeri* is an independent newspaper, although more moderate in its criticism of UNMIK and Kosovo/a institutions than *Koha Ditore.*

Table 1 MAIN DAILIES IN KOSOVO/A[57]

DAILY	CIRCULATION (PRINTED)	CIRCULATION (SOLD)	OWNER
KOHA DITORE	16,000	12,000	VETON SURROI
BOTA SOT	10,000	7,000	XH. MAZREKAJ
ZERI	9,200	7,000	BLERIM SHALA BARDH HAMZAJ HALIL MATOSHI
EPOKA E RE	7,000	4,000	M.MAVRAJ
KOSOVA SOT	-	1,000	RUZHDI KADRIU

Source: Publishers and APJK.

4.1.4 ZERI WEEKLY

Zeri first appeared on May 15, 1945, initially as a monthly, *Zani i Rinise Shqiptare*, later renamed *Zani i Rinise*. It was the newspaper of the official youth organisation. *Zeri* was part of the Rilindja Socially Owned Combined Enterprise until 1993, when the latter was put under administration of the Panorama Enterprise, established by Serb authorities especially for the purpose of taking control over Rilindja. In December 1993, Zeri was registered as a private enterprise, taking only the name from the previous enterprise. It is owned by Blerim Shala, Bardh Hamzaj and Ali Hajdini, and it continues to publish *Zeri* as an independent news weekly. After the war, *Zeri* restarted publishing in June 1999, and in 2000 it was registered by UNMIK as a private news publishing enterprise.[58]

7,000 copies of the weekly *Zeri* are printed by the Koha Print printing house in Prishtina and distributed by the Rilindja distribution company. 70 percent of the copies are sold.[59]

4.1.5 JAVA WEEKLY

Java (The Week) appeared in December 2001 as an independent newspaper. Until September 2002 it was published on a bimonthly basis, and since then as a weekly. It is published by the Private Publishing Enterprise, Kelmendi, owned by Migjen Kelmendi. Its print circulation is 1,700 copies, while the number of sold copies amounts to 1,000 to 1,100. It is distributed by the Rilindja Sales network in Kosovo/aa, partly through subscription sales. The Kosova Foundation for Open Society (KFOS), OSI, Press Now and OSCE have so far supported the newspaper. About 75 percent of its costs are covered from sales and advertising revenue, and the rest from donations.[60] Promotion and development of investigative journalism was the main promised goal of the newspaper when it started. But after two years of its existence, one can say that it has not fulfilled this promise. Only at the beginning did it make efforts to treat some current issues through investigative journalism. But this enthusiasm soon diminished, so *Java* continued to address current issues through editorials and interviews. On the other hand, it is worth mentioning that *Java* has made efforts, partly successful, to encourage public dialogue on sensitive issues, such as Kosovar identity, the problems of the Standard Albanian language, religious tolerance, the wearing of head scarves by Muslim women in public institutions, etc. Although its editorials, stories and main interviews cover current issues of political life, cultural topics attract most of *Java's* attention.

Table 2 MAIN WEEKLIES IN KOSOVO/A

WEEKLY	CIRCULATION (PRINTED)	CIRCULATION (SOLD)	OWNER
ZERI	7,000	5,000	BLERIM SHALA BARDH HAMZAJ HALIL MATOSHI
JEDINSTVO	2,000	-	PJPE PANORAMA
ALEM	2,000	1,500	NGO KOSOVSKI AVAZ
YENI DONEM	2,000	1,400	MEHMET BUTUC
JAVA	1,700	1,100	MIGJEN KELMENDI

Source: Publishers.

4.2 BROADCAST MEDIA

The main radio and TV stations of Kosova are *Radio Television Kosova* (RTK), *Radio Television 21* (RTV 21) and *KohaVision Television* (KTV).

4.2.1 RADIO TELEVISION KOSOVA (RTK)

Radio Television Kosova (RTK) is a public broadcaster. According to a survey conducted by Index Kosova, RTK is the most watched and trusted TV station in Kosovo/a.[61] It consists of *Television Kosova* and two radio stations, *Radio Kosova* and *Radio Blue Sky*. *Radio Prishtina*, later renamed *Radio Kosova*, was the first to begin broadcasting, on 28 July 1999. *Television Kosova* began broadcasting in September 1999, and in October of the same year, together with *Radio Kosova*, it merged into one entity – *Radio Television Kosova* (RTK). It was established by the OSCE with the assistance of the European Broadcasting Union (EBU). In 2000, RTK also integrated the UNMIK radio station, *Radio Blue Sky*.[62] To date, RTK has been financed from donations provided by EAR and the governments of Switzerland, Japan, Sweden, etc., and from a reserved part of the Kosovo/a budget and commercial revenues. According to the RTK 2002 annual report, its budget structure was as follows: 40 percent from the reserved part of the Kosovo/a budget, 31 percent from donations and 29 percent from other sources of revenue, mainly commercials.[63]

In accordance with the Administrative Directive of the SRSG no. 2003/5, a mandatory license fee for RTK, EUR 3.5 per month, will be introduced in 2004. It will be included in electricity bills and collected by the Electric Corporation of Kosovo/a (KEK).[64] According to Article 11 of UNMIK regulation no. 2001/13, RTK will be financed from the license fee plus other revenues. In addition, in accordance with point 3 of this article, the RTK Board may also ask funds from the Consolidated Budget of Kosovo/a.[65] RTK broadcasts programming 24 hours per day through the Kosova Terrestrial Broadcast Network and via satellite, in Albanian, Serbian, Bosniak, Turkish and Romany. At the end of 2003, RTK had 336 employees, 231 of these working in television and 105 in radio stations.[66]

4.2.2 RADIO TELEVISION 21 (RTV 21)

Radio Television 21 (RTV 21) is a private multimedia company, comprising *Television 21*, *Radio 21* and the Internet broadcast *Radio 21.net*. The core of the company is *Radio 21*, which began broadcasting on the Internet in May 1998. In April 1999, *Radio 21* started broadcasting on short wave of *Radio Holland* from Macedonia, where part of the staff had been deported by Serb forces after NATO bombing started. After the withdrawal of Serb forces from Kosovo/a in June 1999, *Radio 21* resumed broadcasting in July from Prishtina. It broadcasts on the Internet and on the FM band. In September 2000, *Radio 21* received a license for television broadcasting Kosovo/a wide and became *RTV 21*.[67]

RTV 21 broadcasts a radio program 24 hours a day on the FM band and on the Internet, as well as a 24-hour TV program through the Kosova Terrestrial Broadcast Network and via satellite in Europe and North America.

RTV 21 is a shareholding company, the vast majority of which belongs to the Saracini-Kelmendi family (Aferdita Saracini-Kelmendi, General Director owns 60 percent of the shares, Eugen Saracini, Director of the News Program owns 20 percent, Florin Kelmendi, Director of the Cultural Programming – 10 percent, and Xheraldina Vula, Deputy Director General – 10 percent of the shares).[68]

RTV 21 currently covers 80 percent of its operational costs from revenues, and 20 percent from donations. Since it was established, *RTV 21* has been substantially supported by USAID and OSI.[69]

4.2.3 KOHA VISION (KTV)

Koha Vision (*KTV*) is an independent TV station which started broadcasting in September 2000, initially a two-hour program on a daily basis, i.e. before it received a Kosovo/a wide broadcast license. *KTV* is part of the Koha Group, which consists of the daily newspaper, *Koha Ditore*, the Koha Print printing house and the Koha Net Internet Provider.

The owner of the Koha Group is Veton Surroi. *KTV* has been broadcasting its programming 18 hours a day since January 2003. Since August 2003, it also broadcasts via the AlbanicaSat platform. *KTV* started operating with only 35 employees, but today it has 96 employees, including journalists, technical personnel and other staff.[70] Ever since its foundation, *KTV* has been substantially supported by USAID and OSI.

Table 3 MAIN TV STATIONS IN KOSOVO/A

TV STATION	OWNER	%	TYPE OF BROADCASTER	STARTING YEAR
TELEVISION KOSOVA (RTK)	RTK (PUBLIC)		PUBLIC SERVICE	1999
TELEVISION 21 (RTV 21)	AFERDITA SARACINI KELMENDI EUGEN SARACINI FLORIN KELMENDI XHERALDINA VULA	60 20 10 10	PRIVATE	2000
KOHA VISION TELEVISION	VETON SURROI		PRIVATE	2000

Source: Broadcasters.

4.2.4 RTV DUKAGJINI

Radio Dukagjini is the most popular radio station in Kosova.[71] It started broadcasting on 16 September 1999. Since December 2001, it has had a Kosovo/a wide broadcasting license. Advertising revenues account for 70 percent of its budget, while 30 percent is covered by the Dukagjini Corporation. Its 24-hour program includes 14 editions of 3-minute flash news, and it also retransmits news programs by *Radio Deutche Welle*, BBC, and *Radio Free Europe.*[72] *TV Dukagjini* is a local TV station that started broadcasting in June 2002 and covers Kosovo/a's south-west region of Peja with a 12-hour program.

RTV Dukagjini is part of the Dukagjini Corporation, owned by Ekrem Lluka.

Table 4 THE MAIN RADIO STATIONS IN KOSOVO/A

RADIO STATION	OWNER	%	TYPE OF BROADCASTER	STARTING YEAR
RADIO DUKAGJINI	EKREM LLUKA, DUKAGJINI CORPORATION		PRIVATE	1999
RADIO KOSOVA (RTK)	RTK (PUBLIC)		PUBLIC SERVICE	1999
RADIO 21 (RTV 21)	AFERDITA SARACINI KELMENDI EUGEN SARACINI FLORIN KELMENDI XHERALDINA VULA	60 20 10 10	PRIVATE	1999
BLUE SKY RADIO (RTK)	RTK (PUBLIC)		PUBLIC SERVICE	1999

4.2.4 RADIO NETWORKS

Main radio networks in Kosova are *PROFM* and *Kosovo Media Association* (*KMA*). The *PROFM* network was established in 2001 by the five most popular local radio stations in Albanian: *Radio Plus* (Prishtina), *Radio Tema* (Ferizaj), *Radio Helix* (Prizreni), *Radio Energjia* (Gjilan), *Radio Amadeus* (Gjakova). Members exchange news and other programs among them through the Internet and FTP. *PROFM* is currently working on establishing communication among its members through links. One of the main activities of the *PROFM* network is promotion of the role of radio within the community. *PROFM* organises public service campaigns that are financed by the network itself on issues relevant to the public, like voters turnout, voter education, public health (AIDS, smoking, etc.).[73]

The Kosovo Media Association (*KMA*, or, in Serbian, *Kosovska Medijska Mreža*, *KOSMA*) is a network of 27 radio stations in Serbian that is expected to start operating at the beginning of 2004. The aim of *KMA* is to help the networked stations to resolve their main problems, among these the lack of news programming, since very few of them produce their own news. The technical set up of the network started in May 2003 and involved the linking of stations using repeater sites so that all can receive shared programming. The five main regional stations that produce their own news have installed capacities to receive and send materials, while other smaller stations will be able only to receive material. The

KMA has been established with financial support from the European Agency for Reconstruction and help from OSCE.[74]

4.3 MINORITY MEDIA

Minority media in Kosovo/a also experienced very dynamic development after the 1999 war. Thanks to the special attention paid to these media by donors, and support provided by OSCE, tens of minority media outlets were introduced during the postwar period, most of these in Serbian. However, there are also media in Bosniak, Turkish, Romani and Gorani that were launched after the war.

The minority media scene is dominated by broadcasters, while the print media have been less attractive or successful. The Serbian language daily, *Jedinstvo*, that had been published in Prishtina until 1999, was restarted after the war as a weekly. We should also mention the Serbian magazine, *Glas Juga,* that has been published by the NGO, Srpsko slovo, since 2001 in Laplje Selo, Prishtina. However, the needs of the Serbian readership have been addressed by OSCE, which has been providing distribution of some Belgrade dailies and other print media to the Kosovo/a Serbs.[75]

Much more attractive for Serbs and donors have been broadcasting media. Today there are 33 broadcasters, 27 radio and 6 TV stations broadcasting in Serbian. There are also 4 radio stations in Bosniak and 2 in Turkish. It should also be mentioned that 16 radio and 2 TV stations broadcast in more than one language.[76] One of these is *RTK* which, apart from programs in Albanian, broadcasts programs in Serbian, Bosniak, Turkish and Romany. Efforts to launch a radio station in Romany based in Prizreni are underway.

Table 5 MINORITY LANGUAGE BROADCAST MEDIA

	ALBANIAN LANGUAGE	SERBIAN LANGUAGE	BOSNIAK LANGUAGE	TURKISH LANGUAGE
RADIO STATIONS	53	27	4	2
TV STATIONS	17	6	-	-
TOTAL	70	33	4	2

Source: TMC, Operational Framework of TMC and Preparation of IMC.

Speaking of the print minority media, we should mention *Alem*, a magazine in Bosniak, and the *Yeni Donem* weekly, the only remaining newspaper among a few outlets in Turkish that appeared during the postwar period. The Roma, Ashkali and Egyptian (RAE) communities also made efforts to establish their own print media. Two magazines that were launched by Ashkali NGOs , *Zeri i Popollit Ashkali* by a Ferizaj based NGO with the same name, and *Jehona* by the Podujovo NGO, Shpresa Demokratike, have not been published regularly for some time now, while the cultural journal, *Romano Alav,* in Romani is still being published in Prizreni by the NGO, Durmish Aslano. *Romano Alav* is planned to be transformed in 2004 into the magazine, *Yekhipe*.[77]

4.3.1 JEDINSTVO WEEKLY

The *Jedinstvo* newspaper first appeared in 1945. It later became a publishing enterprise, which, in addition to daily newspapers, also published books in Serbian. Until the 1980s, *Jedinstvo* was mainly a newspaper of the political protocol in Kosovo/a, and it was not popular among the Kosovo/a Serbs, who preferred newspapers of better quality published in Belgrade and distributed in Kosovo/a. In the mid 1980s, after Slobodan Milošević took power and launched a campaign to abolish Kosovo/a's autonomy, *Jedinstvo* intrigued the public by articulating requests of the political circles such as the Serb Resistance Movement, which asked for the radicalisation of Serbia's new policy towards Kosovo/a. *Jedinstvo* was discontinued in June 1999, when most of its journalists left Kosovo/a along with the withdrawing Serb forces. Its publication was resumed on August 1999 on a weekly basis. Since then *Jedinstvo* has been printed in Belgrade, where its head office is based. It also has offices in Mitrovica and Gračanica near Prishtina. *Jedistvo* is published by the Public Publishing Enterprise Panorama.[78] According to estimates from *Radio Contact Plus*, the circulation of the weekly *Jedinstvo* is around 2,000.[79]

4.3.2 ALEM WEEKLY

Alem is an independent magazine in Bosniak. It was launched as a weekly newspaper in 2001, and was a successor to *Kosovski Avaz*, which had been published since 1999. It is published by the Bosniak NGO, Kosovki Avaz. Its editorial offices are located in Prishtina and Prizreni. *Alem* provides information on current developments in Kosova and the reintegration of the Bosniac community into a post-war Kosovar society. It also provides regional and world news. It is printed at the Koha Print printing house, and its circulation is around 2,000 copies. *Alem* is distributed in Bosnia and Herzegovina, Montenegro, Serbia (Novi Pazar), Turkey, Italy, Germany and Switzerland. About 1,000 copies are sold in Kosova by the Rilindja distribution network. *Alem* is published with the support of non-governmental and governmental organisations, the US Office in Prishtina, KFOS, etc., because its sales, subscription and advertising revenues do not cover the costs of publishing. On several occasions its publication has been delayed because of the lack of funds.[80]

4.3.3 RADIO CONTACT PLUS

Radio Contact Plus, based in Mitrovica, is the main news radio station in Serbian that broadcasts in Kosovo/a. It started broadcasting in April 2000, as a part of the Prishtina based *Contact Radio*. A year later it was registered as a broadcasting company, and its sole owner was Snežana Pejčić Tarle. Its aim was to provide news programs for the Serbian population in the northern part of Kosovo/a, Mitrovica, Zvečan, Leposavić and Zubin Potok. Owing to problems caused by poor management, at the beginning of 2003 it was reregistered as a NGO with Valentina Cukić as a director.

Radio Contact Plus broadcasts 24 hours a day, with in-house production accounting for fifteen hours of its programming. *Radio Contact Plus* also broadcasts news in Serbian from the *BBC World Service*, *Deutsche Welle* and *Radio B92*. Since its marketing revenues are very low, *Radio Contact Plus* has been financed by donors – SHC, OSI, Press Now, Medianhilfe and others – in the amount of EUR 1,750 in 2003. It has 11 editors and journalists, and 7 technical and other staff members.[81]

4.3.4 RADIO KIM

Radio KIM, based in Čaglavica, Prishtina, began to broadcast its experimental programming on 3 December 2000, supported by the governments of the US, UK, Canada, Germany and France. Its signal covers most of the territory of Kosovo/a, namely Prishtina, Fushe Kosove/Kosovo Polje, Lipjan, Stime/Štimlje, Obilić, Vučitrn and part of the municipalities of Ferizaj/Uroševac, Theranda/Suva Reka, Prizreni, Peje/Peć, Mitrovica, Gjilan/Gnjilane, Novo Brdo and Podujevo. According to *Radio KIM*, the size of the Serb population in the area that is covered by its signal is 60,000. *Radio KIM* broadcasts a 24-hour program, with around 7 hours of programming being its own production. It has 20 journalists, speakers and technicians, and 10 correspondents.[82]

4.3.5 TV MOST

TV Most (TV Bridge), based in Zvečan, is the main Serbian language TV station in Kosovo/a and has broadcast since 2002 when it was licensed by the Temporary Media Commissioner. It is registered as a private business owned by Zvonimir Miladinović. *TV Most* is a regional broadcaster that covers most of Kosovo/a's territory. It has 80 journalists and other staff, mainly people who worked before the war for *Radio Television Prishtina*. It broadcasts a whole day program which, apart from news programs, includes sports, entertainment, film, children's and educational programs. *TV Most* is financed mainly from revenues generated from marketing.[83]

4.3.6 TV SILOVO

TV Silovo (DTV), based in Silovo, was established at the beginning of 2001 with support from KFOS. It is registered as an NGO, with Zlata Milenković as its director. *DTV* employs 15 journalists and other staff. Its signal covers the eastern part of Kosovo/a, namely the municipalities of Gjilan/Gnjilane, Kamenica, Novo Brdo, Viti/Vitina and neighbouring areas of southern Serbia that altogether have some 300,000 potential viewers, since *DTV*, according to its representative, is also watched by Albanians.[84] The main components of its programming broadcast from 12.00 to 24.00, are children's programs, film, music, and news. It retransmits two 30-minute news programs from *Radio Television Serbia/RTS*. After 24.00 it broadcasts the satellite program of *RTS*. From the beginning it has been supported substantially by various donors, such as KFOS, OSCE, UNICEF, UNHCR, IOM, etc.

4.4 MAIN MEDIA OWNERS

The selection and ranking of the major media owners in Kosovo/a can be done only approximately, because there is a lack of precise information on the value of the media they own. However, based on rough estimates, the major media owners in Kosovo/a are Veton Surroi, Aferdita Saracini-Kelmendi and Ekrem Lluka.

Veton Surroi could be ranked as the biggest media owner, because he owns the Koha Group (*Koha Ditore* daily newspaper, *Koha Vision Television*/KTV, Koha Print and Koha Net).

Ekrem Lluka, who owns the most popular radio station in Kosova, *Radio Dukagjini*, with national coverage, *TV Dukagjini* which is broadcast in the south-west of Kosova, Dukagjini Publishing House and Dukagjini Printing Plant, competes for the second position with Aferdita Saracini-Kelmendi, a member of the Saracini-Kelmendi family, who owns 90 percent of the shares in *RTV 21*. But, given the fact that the Dukagjini Corporation also owns an insurance company, a basketball team, a tobacco company, a construction company, etc., Ekrem Lluka can be considered economically the strongest. However, one should bear in mind that the most powerful Kosovar in terms of wealth, Behxhet Pacolli, the owner of the Mabetex Group, has so far been rather shy in the media field, where he owns just one monthly magazine, *Ekskluzive*, launched at the beginning of 2000. Yet it should be noticed that the publisher of *Ekskluzive*, ATV Media Company, which is a part of the Mabetex Group, has broadcasting activity listed among many other activities in its registration ID.[85]

Table 6 MAIN MEDIA OWNERS IN KOSOVO/A

OWNER	PRINT MEDIA	RADIO	TV STATION	OTHER MEDIA FIELD PROPERTY	PROPERTY OUTSIDE MEDIA FIELD
VETON SURROI	KOHA DITORE	-	KOHA VISION/KTV	KOHA PRINT KOHANET	
EKREM LLUKA	-	RADIO DUKAGJINI	TV DUKAGJINI	PRINTING PLANT PUBLISHING HOUSE	DUKAGJINI CORPORATION
AFERDITA SARACINI-KELMENDI	-	RADIO 21 60 %	TV 21 60 %		

5 PRIVATISATION

Privatisation is not a major issue on the Kosovar media scene. Almost all broadcasters that started operating in Kosovo/a after the war have been newly established. They are either private businesses or registered as NGOs. According to an OSCE list of the property structure of 75 radio and TV stations in Kosovo/a, 52 are registered as private businesses and 22 as NGOs. The situation on the print media market is similar. The vast majority of the print media outlets were established after the war and registered as private companies.

When talking about media privatisation in Kosovo/a, we should mention the socially owned newspaper publishing enterprise Rilindja, *Radio Television Prishtina* (*RTP*) and the socially owned printing enterprise Kosova (formerly Ramiz Sadiku, based in Prizreni). The issue of the current municipal radio stations, which were also part of the *RTP*, has been solved in a way, because all have been transformed either into NGOs (*Radio Gjakova*, *Radio Gjilani*, *Radio Ferizaj*, *Radio Prizreni*) or into private enterprises (*Radio Peja*). It is possible to predict that this outcome will be challenged by *RTP*. Indeed, thanks to persistent efforts, *RTP* at last managed to be re-registered with UNMIK on 30 January 2001 as a socially owned enterprise providing public information – *Radio Television Prishtina*. At the moment, it is demanding the return of its buildings and other assets that were used by *RTP* before the war. Since 1999 all these assets have been used by *RTK*. *RTP* claims to have documentation proving its ownership of all these assets.[86]

Before falling under the control of the Serbian regime on 5 July 1990,[87] which was effected through the imposed administration, Rilindja consisted of seven units:[88] Rilindja Daily; Magazines (11 journals and magazines); Publishing House; Printing House; Wholesale, Retail, Export and Import; Sales and Advertising; and the *Zeri* weekly. In 1993, the Serbian authorities transferred all Rilindija's assets to Jedinstvo, which for this purpose was renamed Panorama (Panorama is a public media publishing enterprise).

The main element of Rilindja's privatisation is the Rilindja Media House (a building), where Rilindja had its offices. Rilindja was recognised by the municipal authorities of Prishtina as an investor in the Media House,[89] and consequently, as the owner (user) of most of the space of Media House, while the remaining part of the building was given for use to the Jedinstvo company, Tan company, Enti Per Botimin e Teksteve (a textbooks publishing company), and to the newspaper, *Komunist*.[90] Rilindja and other media organisations that used Media House after the war were evicted from this building by UNMIK at the beginning of 2002.[91]

6 MEDIA PLURALISM AND INDEPENDENCE

Today one can certainly talk about media pluralism in Kosovo/a. And this is true for both print and broadcast media. As pointed out earlier, there are 5 dailies on the market today, i.e. fewer than during the first two post-war years, when there were around ten newspapers. However, compared to 1990, when, following the closure of the daily *Rilindja*, only *Jedinstvo* remained on the scene, or to 1995, when *Bujku*, the semi-underground newspaper, was added to *Jedinstvo*, the number of dailies increased significantly.

It should be mentioned that efforts to restart the *Rilindja* newspaper are still in progress. Since its eviction from its offices and effective closure, it has published several special issues. Yet it is hard to believe that in the given circumstances of an overcrowded market *Rilindja* could survive without substantial support from some source. Today, the launching of a new daily in Kosovo/a would require initial capital of around EUR 120,000 for office equipment, while monthly operating costs would be around EUR 85,000.

Table 7 NUMBER OF DAILIES AND TV STATIONS - 1990, 1995 AND 2003

MEDIA	1990	1995	2003
DAILIES	RILINDJA* JEDINSTVO	JEDINSTVO BUJKU***	KOHA DITORE BOTA SOT ZERI EPOKA ERE KOSOVA SOT
KOSOVO/A WIDE TV STATIONS	RADIO TELEVISION PRISHTINA (RTP)**	RTP****	RTK RTV 21 KTV

Notes: **Rilindja* was banned in 1990.
** RTP was closed down by the Serbian police on 15 July 1990.
*** *Bujku* was semi-underground newspaper.
**** RTP restarted its broadcasting under Serbian imposed administration in 1990 without Albanian staff.

Two of the five dailies currently published in Kosova openly support the two main political parties - *Bota Sot* supports the LDK (Democratic League of Kosova), and *Epoka e Re* is a PDK (Democratic Party of Kosova) supporter, whereas three others are self-defined as independent. Ever since its beginning, *Koha Ditore* has maintained its editorial independence in relation to the authorities and political forces. Before the war it was critical of Milošević's regime, and also of the main Kosovar political party, LDK. After the war, *Koha Ditore* continued with this critical attitude, now aimed at UNMIK, new Kosovar democratic institutions and political parties. *Zeri* is also critical of the authorities and political parties, although its criticism is more moderate than that of *Koha Ditore.*

According to the UNMIK regulation on its establishment, *Radio Television Kosova* (*RTK*) is "independent and impartial,"[92] and is managed by a Director General who reports to the apolitical Board of Directors. This regulation obliges *RTK* Board members not to seek or accept any instruction in the performance of their duties from any authority, except as provided by law.[93] This is why *RTK* claims to have editorial independence. However this claim has sometimes been questioned, bearing in mind that Board members are appointed by UNMIK.[94] However, *RTK* remains the most often watched national TV station. Within the 24-hour programming structure, the central place is accorded to news and information, with significant air time reserved for educational and children's programs, sport, music, film, and also news programming in minority languages.

Having in mind that the majority of Kosovars are young people, *KTV*'s target audience is youth. This is why its 18 hours of programming – i.e. the total air time excluding the news programs that occupy the central place – special attention is paid to sports, music and films programs. *KTV* has adopted the editorial formula of the *Koha Ditore* daily, and has been critical of the Kosovar authorities and political parties.

The programming schedule of *TV 21* is heavily dominated by telenovelas. During evening and night hours this TV station that is supported by USAID and OSI currently broadcasts some 10 telenovelas - 8 per day. Five or six of these telenovelas are broadcast twice a day.[95] Between two telenovelas, *TV 21* broadcasts 3-minute flash news, in addition to the two 30-minute news programs during evening hours. Among other things, once per week *TV 21* broadcasts "Stories from the courts", a telenovela of its own production.

Most of the Kosovar media do not cultivate investigative journalism. This issue has been addressed again and again since 1999, through workshops, seminars, roundtables, and efforts that have been organised by donors and journalists' organisations to encourage media support for investigative journalism. However, the results have been quite modest so far. For example, the *Java* weekly started with the promise to promote investigative journalism, only to abandon this undertaking after two or three initial attempts.

One encouraging exception is the *Koha Ditore* daily, which lately has been addressing some corruption cases through investigative reporting. These cases are usually reported by *KTV* as well.

The reasons for this reluctance of the Kosovar media to engage in investigative journalism, should be sought not only in the non-existence of a tradition and experience in this field but also in the lack of trust in newly emerging institutions and the justice system. One can add to this the fact that journalists have not yet succeeded in creating instruments for defense of their professional rights.

For example, there is still no collective contract on the national level between journalists' associations and media owners. Also there are no in-house collective contracts. Only lately have professional associations started monitoring cases of pressure on journalists or violation of journalists' rights.

7 CONCLUSIONS

Within a year of the end of the 1999 war in Kosovo/a, there were some 100 broadcasters, about 10 newspapers, several weeklies and tens of biweeklies, monthly publications and other journals. In 2001, the number of radio/TV stations, including KFOR and international broadcasters, rose to 145. These are impressive figures if we bear in mind that Kosovo/a is a small country with around 2 million people, and especially if we recall the fact that the systematic persecution of the few Albanian language media that existed in the 1990 ended with their closure before the war.

This unprecedented development boom can be attributed to the circumstances created by liberation from the repressive Serbian regime, and to the support for new media that came from governmental and non-governmental donors that arrived in Kosovo/a after the war. As a result of the harsh competition of so many media within the small market of Kosovo/a, a significant number of postwar outlets that did not enjoy support from donors disappeared soon after they were launched. This has been particularly true in the print media field, where around half the dailies and weeklies disappeared soon after they were launched.

Today, the Kosovar media market is still overcrowded, with 112 broadcasters (89 radio and 23 TV stations), 5 dailies, 5 weeklies and tens of other journals. The struggle for survival will become even more difficult with the current tendency among the donors to decrease media support. It is expected that the number of media will further decrease, and the first to be affected will be those NGOs or private media that have not achieved self-sustainability.

Within the Kosovar print media market today there is room for a maximum of 3 dailies. Today there are 5 daily newspapers. Apart from the *Koha Ditore* daily that is self-sustainable, *Bota Sot* and *Zeri* can nearly cover their publishing costs, and therefore have a chance to survive. Two other dailies can stay in the market only as long as they continue to be financed by their publishers, *Kosova Sot* by Interpress Company, and *Epoka e Re* by Muhamet Mavraj. None of the weeklies currently on the media scene, i.e. *Zeri*, *Java*, *Jedinsto*, *Alem* and *Yeni Donem*, is self-sustainable, and with the exception of *Zeri*, none has the potential of achieving that in the near future.

Less clear is the situation in the field of the broadcasting media. Within a group of broadcasters with Kosovo/a wide coverage, only *Radio Dukagjini* is self-sustainable and enjoys stable financial backing from the Dukagjini Corporation. And while, for the time being, the public service *RTK* has secured funding from different sources, including donors, marketing, license fees and, if need be, from Kosovo/a's Consolidated Budget, two other private broadcasters, *RTV 21* and *KTV*, still need support from USAID and OSI.

Under the new law on the Independent Media Commission and Broadcasting that is expected to be approved during 2004, the Temporary Media Commissioner that was established to implement the temporary regulatory regime will be replaced by the Independent Media Commission. This new authority will regulate all aspects of the civil broadcasting system in Kosovo/a, whereas the print media are expected to be self-regulated by means of the Press Council.

Further media market development in Kosovo/a mainly depends on donors' policy. It seems that their support should aim not at further expansion but consolidation of the media scene. Also, it would contribute to the consolidation of the media market if the present 15 percent VAT on media and 10 percent customs rate for newsprint were reduced, since it would increase the self-sustainability of the media that now depend on donors' support and are struggling to survive. On the other hand, it is crucial for media pluralism and independence in Kosovo/a that *Radio Television Kosova* is further developed as a public service broadcaster with an independent editorial policy, which would enable it to eliminate as soon as possible the need for government financing.

NOTES

1 A. Sutaj (ed), *Rilindja 1945–1985*, Rilindja, 1985, p. 225.

2 Ibid.

3 Ibid.

4 Q. Sokoli, *RTP Radiotelevizioni i Prishtinës 1945–1995 ("*RTP Radio Television of Prishtina 1945–1995*")*, Prishtina, 1996, p. 23.

5 Ibid, p. 33.

6 Ibid, p. 35.

7 Ibid, p. 79.

8 Ibid, p. 48.

9 Ibid, p. 72.

10 Ibid, p. 79.

11 Ibid, pp. 80–81

12 Odluka o preduzimanju privremenih mera društvene zaštite samoupravnih prava i društvene svojine u složenom drušvenom preduzeću Rilindja i listovima *Rilindja* i *Zeri e Rinis* (Decision on taking temporary measures of protection of self-management rights and social property in the Combined Socially Owned Enterprise Rilindja and the newspapers *Rilindja* and *Zeri e Rinis*), *Službeni Glasnik Socijalističke Republike Srbije*, Broj 34, 5. jul 1990, p. 1311 (Official Gazette of the Socialist Republic of Serbia, no. 37, 5 July 1990, p. 1311).

13 Odluka o preuzimanju prava i obaveza osnivača prema listu *Rilindja* iz Prištine (Decision on taking rights and obligations of founders towards the newspaper *Rilindja* based in Prishtina), *Službeni Glasnik SRS*, broj 37, 19 jul 1990, p. 1388 *(*Official Gazette of the SRS, no. 37, 19 July 1990).

14 Odluka o prestanku izlaženja lista *Rilindja* (Decision on stopping the publishing of *Rilindja* newspaper), *Službeni Glasnik SRS*, broj 44, 7. avgust 1990, p. 1669 (Official Gazette of SRS, no. 44, 7 August 1990).

15 Interview with Behlul Jashari, former editor in chief of *Bujk*u, Prishtina, 23 December 2003.

16 Interview with Shpend Dobranja, executive director of Koha Company, Prishtina, 10 January 2004.

17 UNMIK Regulation no. 1999/24 On the Law Applicable in Kosovo, See UNMIK website: <http: //www.unmikonline.org> (accessed 19 December 2003).

18 *Regjistrii i dispozitave ne fuqi te Kosoves* (Me 22 mars 1989), (The Registry of the Provisions in Force in Kosovo on 22 March 1989), Ramajli & Partners, Prishtina, 2003.

19 Regulation 2000/36, on the licensing and regulation of broadcast media in Kosovo, 18 December 2003. See UNMIK website: <http://www.unmikonline.org>.

20 According to Section 4 of Regulation no. 2000/36, the Media Appeals Board is an independent body that decides on appeals against TMC decisions. It has two international members and one local member, who are appointed by the SRSG.

21 TMC Report 2002.

22 Ibid.

23 Interview with Robert Gillette, The Kosovo Temporary Media Commissioner, 16 January 2004.

24 TMC, Qualifications.

25 Regulation no. 2000/37 On the conduct of print media in Kosovo, 18 December 2003. See UNMIK website: <http://www.unmikonline.org>.

26 Regulation no. 2000/37.

27 TMC Report 2002.

28 Temporary code of conduct for the print media in Kosovo, 18 December 2003. See UNMIK website: <http: //www.unmikonline.org>.

29 UNMIK Regulation 2000/4, 18 December 2003. See UNMIK website: <http://www.unmikonline.org>.

30 The Office of the Temporary Media Commissioner (TMC) has its Legal Section, Licensing Section, Media Monitoring Section, Technical Section and Administrative and Language Unit. The first TMC was Douglas Davidson, who was appointed on 18 October 1999. At the same time he was the Director of the OSCE Department of Media Affairs. He was replaced by Simon Haselock, on 3 August 2000. Jeremy Lidstone was appointed Acting TMC on 12 April 2001. Ana Di Lellio served as TMC from 3 September 2001. She was replaced by the current TMC Robert Gillette, who was appointed on 21 July 2003.

31 The agreement between the SRSG Hans Hækkerup and Serbia's Deputy of Prime minister Nebojša Čović was signed on 5 November 2001.

32 Interview with Robert Gillette, The Kosovo Temporary Media Commissioner, 16 January 2004.

33 Draft of The Law on the Independent Media Commission and Broadcasting (TMC copy).

34 "The Council shall be composed of seven(7) members, of whom two(2) shall be international members and five (5) shall be residents of Kosovo (hereafter "resident members"). (…) International members of the Council shall be appointed by the SRSG. One (1) resident member of the Council shall be nominated and appointed by the Assembly of Kosova, while four (4) resident members shall be nominated by civil society." (Section 3, Draft Law on IMC and Broadcasting).

35 Draft Law on IMC and Broadcasting. The broadcast licensing is to be regulated by Articles 7-10, violation of the licensing criteria by Articles 18 and 19, establishment of the Media Appeals Board by Articles 20-26, financing of the IMC and Appeals Board by Articles 27-28, while Articles 29-31 define transitional provisions.

36 During the first year after the end of the war, temporary licenses were issued by Kosova's Provisional Government and KFOR in an uncoordinated manner. There were also broadcasters operating without licenses. After its establishment on June 17, 2000, the TMC released a public announcement on 22 June 2000, inviting all those broadcasters and aspiring broadcasters not yet licensed to apply for a broadcast license. During this first round of licensing, the TMC issued licenses to all applicants as long as they demonstrated compliance with the TMC's regulatory regime and submitted complete applications. Later, in November 2000, two additional tenders were announced, first for Kosovo/a wide radio and television frequencies, and second for ten additional local frequencies. On 11 December 2003 a fourth tender was announced for (1) license for areas that are currently underserved, or not served at all, by local media, and (2) licenses for multiethnic stations.

37 TMC Report 2000–2001, TMC Report 2002

38 Ibid.

39 TMC Report 2000–2001.

40 Ibid.

41 Ibid.

42 On 21 November 2003, both the Association of Professional Journalists of Kosova and the Association of Independent Broadcasting Media sent an open letter to TMC in which, among other things, they raised the issue of the temporary media codes of conduct, which they called unacceptable and damaging for the development of journalism and freedom of expression.

43 TMC Report 2002.

44 TMC, TMC Decisions on UNMIK Regulation 2000/ and 2000/37 and Codes of Conduct for the Media in Kosovo in 2003.

45 TMC Report 2000–2001.

46 The series of articles, "Albanian Terrorism and Organized Crime in Kosovo and Metohia" started to be published in the *Jedinstvo* weekly in November 2003, and in February 2004, when this report was completed, it was still underway.

47 TMC Report 2000–2001.

48 TMC, Operational Framework of Temporary Media Commissioner and Preparation of Independent Media Commission (released on January 2004).

49 TMC Report 2000 – 2001.

50 TMC Report 2002.

51 Interview with Shpend Dobranja, Executive Director of Koha Company, Prishtina, 10 January 2004.

52 Presentation paper of *Bota Sot* for donors, 10 September 1999 (distributed through OSCE).

53 Interview with Agim Gjakova, Executive Director of *Bota Sot*, Prishtina, 15 January 2004.

54 Presentation paper of *Bota Sot* for donors, 10 September 1999 (distributed through OSCE).

55 Interview with Agim Gjakova.

56 Interview with Blerim Shala, Chairman of Zeri Company, Prishtina, January 14, 2004.

57 Owing to the lack of response by publishers to the reporter's effort to get official information, circulation figures of *Kosova Sot* are based on data from the Association of Professional Journalists of Kosova (APJK), and those of *Jedinstvo* on *Radio Contact Plus*. According to the APJK, all data given by publishers, with the exception of the *Java* weekly, are overstated by 10 to 20 percent.

58 Interview with Blerim Shala, Chairman of Zeri Company, Prishtina, January 14, 2004.

59 All data on circulation, if not stated otherwise, are given by representatives of the media in question. Ac-

cording to the APJK, these data are overestimated by 10 to 20 percent.

60 Interview with Migjen Kelmendi, owner and editor in chief of *Java*, Prishtina, 22 December 2003.

61 According to the survey conducted by INDEX Kosova (Joint venture with BBSS Gallup International) in the fall of 2001, which was released on 17 October of that year, *RTK* was the most widely watched TV station in Kosovo/a, with a 76.1 percent audience share, compared to the 43.8 percent audience share of *RTV 21*, or the 34 percent share of *KTV*. According to the data of the same agency, these percentages for *RTK* were 91.1 during October 2002 and 89.3 during July 2003. See: <htpp://www.index.kosova.com> (accessed 2/1/2004).

62 See <http://wwww.rtklive.com> (accessed 2 April 2004).

63 Ibid.

64 Administrative Direction No. 2003/5 On Implementing UNMIK Regulation no. 2001/13 On the Establishment of Radio Television of Kosovo. See UNMIK website: <http://www.unmikonline.org>.

65 Regulation no. 2001/13 On the Establishment of Radio Television of Kosovo. See UNMIK website: <http: //www.unmikonline.org>.

66 See <http://www.rtklive.com>.

67 See: <http://www.radio21.net>.

68 Interview with Aferdita Saraçini-Kelmendi, Director General of *RTV21*, Prishtina, 16 January 2004.

69 Ibid.

70 Interview with Shpend Dobranja.

71 See <http://www.index.kosova.com>.

72 Interview with Fehim Kurhasani, Editor in Chief of *RTD*, Prishtina, 21 January 2004.

73 Interview with Ermal Hasimja, a representative of *PROFM*, Prishtina, 12 January 2004.

74 Interview with Angela Tenbruck, team leader, Media Development Unit, OSCE Mission in Kosovo, Prishtina, 16 January 2004.

75 Ibid.

76 TMC, Operational Framework of TMC and Preparation of IMC.

77 Interview with Ibrahim Elshani, Editor in Chief of *Romano Alav*, Prishtina, 19 December 2003.

78 *Jedinstvo*, 12 January 2004.

79 *Radio Contact Plus*, 2004 Business Plan. The author of this report several times contacted the offices of *Jedinstvo,* in both Belgrade and Mitrovica in order to get official data about this weekly. I was advised by the editor in chief, Radosav Janićijević, and by the Belgrade office to talk to the director, Svetozar Vlahović, whom I could not reach.

80 Interview with Nadira Avdić-Vllasi, Editor in Chief of *Alem*, Prishtina, 20 December 2003.

81 *Radio Contact Plus*, 2004 Business Plan.

82 *Radio KIM*, Data, provided by the Director of RK Nektarije (Vorgučić), Čaglavica, Prishtina, 27 January 2004.

83 Information on *TV Most*, provided by the Director, Zvonimir Miladinović, Zvečan, 27 January 2004.

84 Interview with Zlata Milenković, DTV Director, Prishtina, 15 January 2004.

85 *Ekskluzive*, no. 1, January 2000.

86 Indeed the management of *RTP* presented the author of this report with ownership lists (flete poseduese) for most of these assets, including the building of *Radio Prishtina*, the building of *Television Prishtina*, a transmitter in the village of Bakshi, and many other sites. In this documentation these assets are described as socially owned property that is being used by *RTP*. And this is the tricky aspect that has been used by OSCE/RTK to challenge the claims of *RTP*.

87 Decision on taking temporary measures of protection of self-management rights and social property in the Combined Socially Owned Enterprise Rilindja and the newspapers *Rilindja* and *Zeri e Rinis* , *Službeni Glasnik SRS*, broj 34, 5 jul 1990, p. 1311 (*Official Gazette of the SRS*, no. 37, 5 July 1990).

88 At that time these units were called Basic Organisations of Associated Labor (BOAL).

89 Decision of the Secretariat for Urbanization , Municipal Works and Housing of the Municipality of Prishtina, no. 355-102, 3 April 1978.

90 According to the "Marreveshja Vetqeverisese mbi Shfrytezimin e Objektit, Organizimin dhe Financimin e Sherbimeve ne nivel te Shtepise se Shtypit ne Prishtine" (Self-management Contract on Use, Organisation and Financing of Services at the Level of the Media House in Prishtina), *Rilindja* was given the

right to use the first nine upper floors, plus 50 percent of the two ground floors, while *Jedinstvo* was to use floors X,XI and XII, Enti Per Botimin e Teksteve (Textbooks Publishing House) floors XIII and XIV, the Turkish newspaper and publishing house Tan – XV and part of floor XVI, while the newspaper *Komunist* was to use the rest of floor XVI.

91 A letter of 26 December 2001, from UNMIK Department of Public Services, addressed "To all the current occupants of the Rilindja Tower and warehouses", reads that for the purposes of providing office space for the Transitional Departments of the Provisional Institutions for Self Government, the premises known as the Rilindja Complex are required to be empty by 1600 hours 31 January 2002. According to this decision all occupants had to make their own arrangements to relocate before that date.

92 Regulation no. 2001/13, Section 1.

93 Regulation no. 2001/13, Section 6.

94 The Daily *Koha Ditore* of 5 August 2003 reported that the Ombudsperson of Kosovo, Marek Antoni Nowicki, said that *RTK* had so far served more as a state broadcaster than as a public one. Referring to Section 4 of Regulation 2001/13, which stipulates that *RTK* Board members are to be appointed by the SRSG, Nowicki criticized UNMIK for having intentions of controlling the public broadcaster. According to him, this is in contradiction of the Constitutional Framework of Kosovo, which stipulates that Board members of public broadcasters are to be appointed by the Provisional Institutions of Self Government.

95 The telenovelas, El Clone, Por Ti, Heartbreak High, Azul Tekila and Incantesimo are broadcast twice a day during evening and night hours, while Amantes de Luna Llena, Rei de Gado-King of the Cattle, Gollope Bajo and Call of the Wild are broadcast once a day.

LATVIA

Ilze Nagla and Anita Kehre

1 INTRODUCTION[1]

Latvian media ownership patterns have evolved in close correlation with general developments in the political, economic and social domains. The collapse of the Soviet regime at the end of the 1980s triggered the multidimensional processes of a post-communist transition. In addition to the transition from a totalitarian to a democratic system, and from a planned to a free market economy, Latvia also experienced the process of decolonisation, or in other words – a break away from the USSR and rebuilding of the Latvian state that had already existed between 1918 and 1940 and was discontinued by the Soviet occupation.

Those three interlinked transition processes produced a number of specific constraints and circumstances and affected the formation of the media system and media ownership structures. For one thing, it brought about a cleavage along ethnic lines – between Latvians, on the one hand, and, on the other, Russians and other non-Latvian residents of Latvia, who had quietly coexisted through all totalitarian regimes. The ethno-linguistic cleavage is mirrored in the existence of two parallel information spaces and two markets for media products. Since Latvia has only 2.34 million residents, this market split has generated extra constraints on the media industry because it has limited the size of the available market. This constraint distinguishes the Latvian media market from those of other post-communist countries, as it is trying to accommodate the communication needs of two linguistic groups, somewhat similar in size.

The present extent of media ownership concentration in Latvia cannot be seen as a threat to pluralism. However, the lack of transparency in the patterns of media ownership in Latvia, in both the Latvian and the Russian media, is rather serious, and the situation has not significantly improved since the period of predominantly grey economy of the early 1990s. A lack of publicly available and updated information about the real owners of different media companies is the main drawback to the Latvian media market.

2 REGULATION AND IMPLEMENTATION

The laws regulating the media and media ownership in particular do not form an elaborate or clear system in Latvia. The first and foremost problem is a lack of transparency about media ownership structures and a lack of regulation to ensure that. In the early 1990s, Brikse, Duze and Sulmane claimed: “It is not only readers, but sometimes journalists themselves do not know who owns a particular publication, who publishes it and what its sources of income are. The question of the availability of such information is very important for a nation which wants to create a democratic and lawful society in which the mass media are regarded as the 'fourth estate.'"[2]

At the end of 2003, the situation on the media market remains largely unchanged in terms of the transparency of media ownership structures, although the media system has developed and stabilised. In Latvia, in some cases, it is very difficult to determine the real owners of a media company, even though there is no shortage of rumour and speculation in the media about who owns what. There is still an absence of public information about the various ownership structures because there is no currently available register of media owners. Partial information on the owners of media companies can be obtained from the Company Register, which is also accessible through the on-line database of Lursoft for a certain fee.[3] However, the Company Register's record does not invariably include information about the real media owners. For one thing, the law on the Company Register of the Republic of Latvia (Article 6) does not require mandatory disclosure of shareholders in a joint stock company if a company has its own internal register, which it may choose not to disclose to the public.

In addition, there are different types of corporate interaction that lead to powerful relationships (corporate partnerships, strategic alliances, merchandising arrangements and other forms of synergy) without actually merging businesses.[4] Such teaming arrangements do not have to be disclosed and do not have to be registered at the Company Register, as they do not produce changes in the formal structure of ownership, meaning that the integrity and formal independence of the relevant media company are preserved.

In Latvia, the secrecy surrounding media ownership structures has been attributed to two major factors – secrecy helps to ensure personal security of the actual owners, and it also prevents accusations of possible conflicts of interest. Yet it is precisely the latter argument about conflict of interest that makes transparency in media ownership structures very important.

The current legal framework regulating the media in Latvia does not include special regulations targeted at insuring better transparency of media ownership structures, neither does it stipulate any institution responsible for the supervision of this process. The current media-related legislation consists of the 1990 Law on the Press and Other Media, the 1995 Law on Radio and Television, the decisions that have been issued by the National Radio and Television Council, plus other general laws such as the Competition Law, the Law on Disclosure of Information, the Law on Copyrights, etc.

The press in Latvia is still regulated by a press law which was adopted in December 1990 and came into force in 1991. It was the first media law passed during Latvia's post-communist transition. The Press Law officially abolished censorship of the media and prohibited monopolisation of the media. However, it did not address the issue of the level of ownership concentration that is to be regarded as monopolisation. Thus, press owners are restricted only by the general Competition Law, which does not include special provisions for media companies.

The Competition Law specifies that one or more market participants achieve a position of dominance when they take over at least 40 percent of the market share in the relevant market and when they have the capacity to hinder, restrict or distort competition in a significant way. The law prohibits any market participant who is in a dominant position from abusing that dominant position in any way. In general, the law is designed to prevent dominant market positions in the economic sense and to maintain competition, but it does not deal with the social and pluralistic aspects that are part of the mix in the case of media concentration.[5] Under general regulations on concentration, for instance, a merger or acquisition cannot be prevented on the basis of media-related considerations alone. Also, the internal growth of a media company cannot be restricted by law as long as the company does not abuse its dominant position. Another important issue that is not addressed by law is the dominant influence on public opinion that results from internal growth or acquisitions but is not classified as an abuse of a dominant position.[6]

The broadcast media are currently regulated by the 1995 Radio and Television Law, which has been amended several times. In this law, the norms of structural control of media ownership and concentration are mainly stipulated by Article 8, which forbids the networking of regional or local electronic mass media outlets unless such networking is in compliance with the national concept of electronic mass media development. The law also stipulates program development. No broadcasters other than public service broadcasters are allowed to establish more than three broadcasting organisations. Any individual who is a sole founder of a broadcasting organisation, or who holds a controlling stake in one, may not own more than 25 percent of the shares in another broadcasting organisation, and this norm also applies to the respective individual's spouse. This, it might be added, is a provision that can easily be circumvented, for instance, through the establishment of an offshore company.

Political parties and establishments, including companies that are founded or controlled by political parties, are not allowed to establish electronic mass media outlets (as opposed to press outlets, which can be owned by parties). People who hold elected positions in the administrative structures of parties and who also own, have shares in, or control an electronic media organisation, may not have voting rights on the board of a media organisation. It should be noted that this restriction does not cover all the possible situations, and there have been some visible cases of conflict of interest that, nevertheless fall within the limits of the law.

When it comes to implementation of the media laws, one shortcoming is the powerlessness of the National Radio and Television Council, even though "in the course of 2000, the role of the National Radio and Television Council was enhanced, but its monitoring and disciplinary authorities need to be further reinforced. Since June 2001, this body has been able to issue administrative fines. Its administrative capacity needs to be increased."[7]

3 PRIVATISATION

In Latvia privatisation in the press sector was rather chaotic and was carried out at a very early stage of the transition process. Some media outlets freed themselves from their former party – affiliated owners as early as 1990. At the same time, privatisation in the broadcast media sector did not take place at all. The formerly state owned broadcast media remained state regulated and owned, while new commercial broadcasters were founded and entered the broadcast media market.

The press in Latvia underwent two rounds of privatisation – the so-called "spontaneous privatisation" by management and employees, as well as regular privatisation. The first round of privatisation was very rapid, and some market participants argued that it was not proper privatisation at all. Many newspapers and magazines were appropriated by their employees and management, who managed effectively to seize them from their former owners and treated them as their own property during a period of unregulated privatisation in the late 1980s and early 1990s. None of these seizures was ever challenged in the courts.

The spontaneous privatisation of the press in Latvia was facilitated by legal confusion about property rights. The Government claimed legal ownership of all-union enterprises immediately after the declaration of independence, but in addition to state property, there was also the property of the Communist Party and its subsidiary organisations. In Latvia, the Communist Party was collapsing and splitting up, and this complicated the question of ownership of the party's property. The print media, which had once belonged to the Communist Party, simply followed their own path, without waiting for the new government to decide what to do with the property of the party.

The two most visible examples of this spontaneous privatisation were those of Latvia's largest newspaper, *Lauku Avize*, and of a successor to the Latvian Communist Party's newspaper, *Cina*. In both cases the majority of employees walked away from their previous publishers and started to publish the newspaper on their own. In the case of *Lauku Avize,* a new publishing company was founded by all employees, while in the case of *Cina,* in 1990, three representatives of the new management took everything into their own hands and became sole owners of the newspaper.

The second round of privatisation took place after 1992, when the first laws on privatisation were already in place. The most significant case in this round was the denationalisation of the Government daily, *Diena*. The reason that *Diena* could not take advantage of the previous spontaneous denationalisation was that it was not owned by the collapsing Communist Party. Rather, in 1990, the new Latvian government had established *Diena* as the Government's official mouthpiece. The newspaper was privatised to a joint-venture company with 153 shareholders – employees of the newspaper and Sweden's daily, *Exspressen*.

The privatisation method of some of these newspapers might be vulnerable to certain legal objections, but the fact is that the process was an important step in the de-sovietisation of the press. Since 1992, all press in Latvia has been in private hands.[8] Some newspapers attained this state through privatisation, while others were founded as private enterprises.

In spite of that, privatisation of the press industry had not been completed by the mid-1990s. The state had withdrawn from production, but it still kept control over paper supply and distribution, as well as the printing industry. The state-run printing facilities were sold much later, when private printing houses were already in full operation. The privatisation of the largest printing facility, Preses Nams, took place only in 1998. Another example of delayed privatisation was the national news agency, *LETA*, which was privatised only in 1997, when it had lost most of its clients and employees because of bad management and a lack of investment. The delayed privatisation of *LETA* allowed for the emergence of the pan-Baltic news agency, *Baltic News Service* (*BNS*), in the early 1990s. It dominated the news market throughout the 1990s.

The press distribution network was partly privatised in the late 1990s. Subscription services were a monopoly of the state until 1994 and were operated by the country's post offices. In 1994, the joint stock company, Diena, launched its own subscription centre, and this was seen as a countermeasure to the national postal service's inability to modernise its operations in response to new market demands – some people cancelled their subscriptions to morning papers after they realised that the papers were being delivered around midday or even later.

The largest newsstand network owner, Preses Apvieniba, was put up for privatisation only in 2000 and was acquired (85 percent) by the Norwegian-owned Narvesen Baltija, LTD. which already had a strong presence in the newsstand market. Thus the distribution stage gradually became more concentrated without ever having been properly de-concentrated.

4 CURRENT MEDIA OWNERSHIP

Latvia's economic situation has a significant effect on the formation of media ownership patterns, as most media companies are highly sensitive to the ups and downs of the overall economy, because the performance of the economy affects the level of advertising – the primary source of income for most media companies.[9] Also of importance are the amount of disposable income and the level of consumer confidence, which are especially important in the case of the press. The state of the Latvian economy was characterised by uneven growth throughout the 1990s, which pushed many publications to look for outside financial support. This unevenness constrained the development of the media system and shaped media ownership patterns into their current form.

We shall now proceed to give a brief overview of the biggest media outlets in Latvia's media market and their owners.

4.1. PRINT MEDIA

The three largest dailies in Latvia in terms of circulation[10] at the end of 2003 are *Diena* (65,000), *Latvijas Avize* (57,550) and *Neatkariga Rita Avize* (36,000). The largest daily in Latvian, *Diena,* is published by JSC Diena, which is owned by the Swedish media company Tidnings AB Marieberg International (83.5 percent), belonging to the Bonnier Group. Other owners are 12 private persons whose identity the management of the company is not willing to disclose. It is interesting that information provided by the company itself differs from data about the structure of shareholders in the Company Register, according to which JSC Diena belongs to the newspaper publisher, Exspressen AB (49 percent), and former and current employees (51 percent). Taking into account the lack of requirements for mandatory disclosure of shareholder structure to the Company Register, the information provided by the company itself is believed to be more accurate.

Until 1 December 2003, the present *Latvijas Avize* daily was a triweekly newspaper called *Lauku Avize.* This predecessor of *Latvijas Avize* used to focus on rural concerns and has managed to keep its market share over the years, mostly by competing with small local newspapers. It seems that *Latvijas Avize* has inherited both the tone of and subscribers from its predecessor. JSC Lauku Avize, which publishes *Latvijas Avize,* is owned by a single shareholder, Viesturs Serdans, the Chairman of the newspaper's managing board. The ownership structure of this company also raises some questions and doubts that will be addressed later in this study.

The third biggest daily, *Neatkariga Rita Avize,* is published by JSC Mediju Nams, which belongs to the Latvian oil transhipment company, JSC Ventspils Nafta (90.23 percent), and JSC Preses Nams (9.77 percent), which is also owned by Ventspils Nafta. In addition to these dailies there is also a number of smaller dailies published in Russian. At the end of 2003, there were five dailies in Russian – *Vesti Segodnya, Chas, Komersant Baltic Daily, Telegraf,* and *Bizness&Baltiya*, and only three dailies in Latvian which had higher circulation figures than the Russian ones.

Table 1 OWNERSHIP OF THREE BIGGEST DAILIES IN LATVIA

TITLE	PUBLISHER	OWNER	OWNERSHIP SHARE (%)	CIRCULATION
DIENA	JSC DIENA	TDNINGS AB MARIEBERG INTERNATIONAL (BONNIER GROUP)	83.5	65,000
		PRIVATE PERSONS	16.5	
LATVIJAS AVIZE	JSC LAUKU AVIZE	VIESTURS SERDANS	100	57,550
NEATKARIGA RITA AVIZE	JSC MEDIJU NAMS	JSC VENTSPILS NAFTA	90	36,000
		JSC PRESES NAMS	10	

Source: Data gathered by the news agency *LETA*, Autumn 2003.

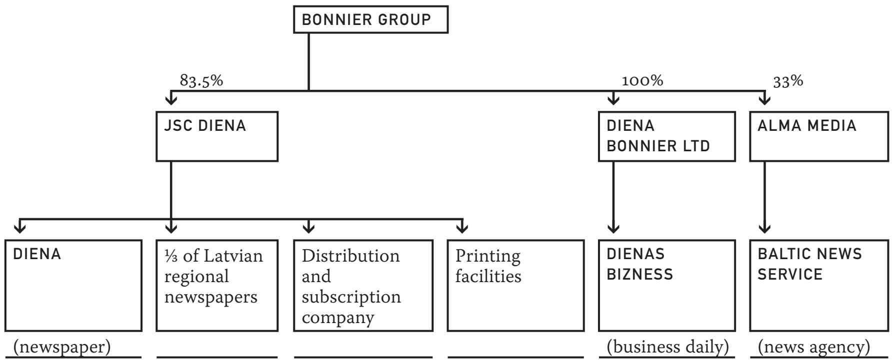
To sum up, in the market of Latvia's national daily press there are three national dailies in Latvian and five in Russian, a number of evening tabloids in Latvian (*Vakara Avize Vakara Zinas, Rigas Balss*) and in Russian (*Vechernaya Riga*), as well as business and sports press.

In contrast to the press market in Central and Eastern Europe, the Latvian press market has not attracted major foreign investment, and only one international media concern has appeared on the scene. The reasons why there has been little flow of foreign capital into the Latvian press market, except for the investments of the Swedish Bonnier Group, can be attributed to the rather limited size of the market. Another reason has been put forward by Humphreys, who argues that countries that do not share a language with a large neighbour are somewhat more protected from the entrance of large foreign media concerns.[11] Given this context it is somewhat paradoxical that none of the Russian media concerns have made any serious attempt to enter the market of the Russian language press in Latvia.

Concentration in the press market has taken place along the lines of language and spheres of influence. The Latvian national daily press market is concentrated in the hands of two major publishers – the Swedish media concern, Bonnier Group, and companies associated with the Ventspils political economic group. This, of course, makes it difficult for new publications to enter the market and to compete with existing media concerns.

The Swedish media concern, Bonnier Group, directly or indirectly owns a significant share of Latvian media companies – JSC Diena, which publishes the largest Latvian daily and owns one third of all regional newspapers; Diena-Bonnier, LTD. which publishes the only business daily in Latvian; and indirectly (via the Finish media company, Alma Media), it owns the pan-Baltic news agency, *Baltic News Service*. Bonnier Group in Latvia is an example of horizontal concentration, having interests in a number of newspapers, as well as vertical concentration, since JSC Diena has printing facilities and a distribution and subscription company.

Chart 1 **BONNIER GROUP OWNERSHIP IN LATVIA**

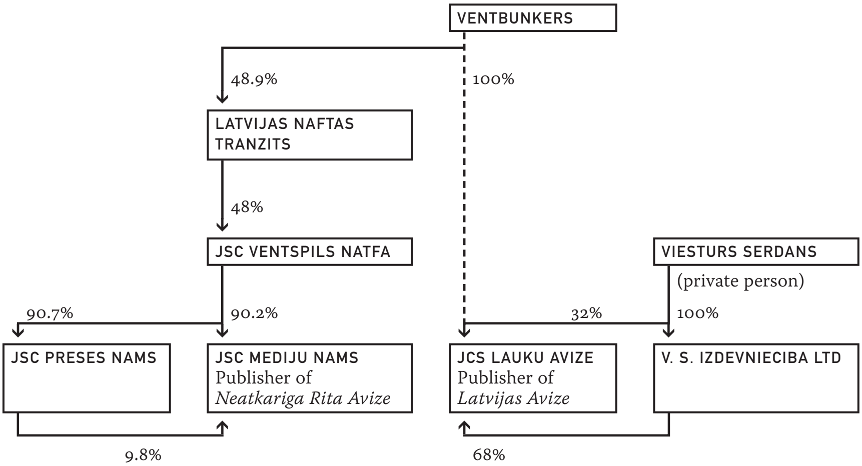


Another group of big media owners comprises companies associated with a political-economic group called Ventspils Group. Clemens described this group as follows: "First, there was a powerful business clan in Ventspils, headed in the late 1990s by Aivars Lembergs, mayor of the port city. Hungry for Russian oil and oil revenues, it favoured closer ties with Russia than with the EU."[12]

One of the Group's companies – the oil transhipment company, Ventspils Nafta, owns Mediju Nams, which publishes the third largest daily in Latvian and a number of smaller evening newspapers and magazines, thus representing an example of horizontal concentration. Horizontal concentration has allowed Mediju Nams to streamline various back-office activities such as accounting, administration, etc. There have even been attempts to consolidate resources by creating a joint unit for research and analysis, one that would produce analytical articles for any of the publisher's newspapers.

There have also been other concentration developments in the press market, associated with companies believed to belong to the Ventspils political-economic group. According to information based on accessible sources and a number of newspaper reports, it is likely that the change in ownership of JSC Lauku Avize (the publisher of the second largest daily, *Latvijas Avize)* at the end of 2001, increased the share of companies belonging to the Ventspils political economic group. It seems that JSC Ventbunkers has acquired 100 percent of JSC Lauku Avize, even though the formal holder of the shares is Viesturs Serdans, the former editor of the newspaper that was published by JSC Lauku Avize.

Chart 2 MEDIA OWNERSHIP OF VENTSPILS GROUP (UNOFFICIAL)



Sources: Company Register and press materials.

There are no legal documents to prove the acquisition of JSC Lauku Avize by the indirect owners of Mediju Nams, but the owners and managers of competing publications have claimed this.[13] Also, the amount of dividends received by JSC Ventbunkers in 2002 from an unidentified publishing company coincides precisely with the amount of dividends paid by JSC Lauku Avize to its owners.[14] This leads one to assume that there is a proprietary relationship between the two, even though the nature of this relationship is not clear. If allegations about the teaming arrangements (see chart above) between the assumed owners of JSC Lauku Avize and the indirect owners of Mediju Nams prove to be correct, then that would mean further horizontal concentration of media outlets that are directly and indirectly owned by companies belonging to the Ventspils political economic group. In such a case, its market share in national newspapers has been increased as it has control of the second and the third largest dailies.

The Russian press market, by contrast, is less stable and less concentrated, and it experiences the emergence of new dailies and bankruptcy of others on a yearly basis. The number of Russian dailies and publishers has increased, which is a trend that is in contrast to the consolidation in the Latvian press.[15] Along with some smaller publishers of one or two titles, there are also two larger publishing houses, each having a national daily in Russian. One of the publishing companies, Fenster, is owned by Andrey Kozolv and his mother. Fenster publishes the largest daily in Russian, *Vesti*, as well as the *Komersant Baltic* daily in Russian and a number of weeklies and magazines. However, according to publicly available information in the Company Register, the assets of Fenster are mortgaged at the Parex bank, thus allowing for speculation about its dependence on the bank, which is regarded as one of the influential players among the Latvian political economic elite having certain political interests. Another large publisher of the mainly Russian press is *Petits*, owned by its manager, Aleksey Sheinin.

It is interesting that the Latvian and Russian press sectors give a somewhat different picture and that corporate ownership of the Latvian daily press differs from the still diverse and privately owned Russian press. Even though, in terms of diversity of media suppliers, the Russian market seems to be a better example of media pluralism, we must, however, note that economic constraints prevent many of the Russian language dailies from enjoying editorial autonomy. Either they depend on support from a media concern, or they depend on aid from various outside sources, including large corporations and political economic groups.

The two biggest weeklies in terms of circulation are the women's magazine, *Ieva* (70,000), and the weekly celebrity tabloid, *Privata Dzive* (67,000). Both are published by the same media concern - Zurnals Santa, LTD. which is owned by two individuals closely involved in the management of the company – Santa Anca (55 percent) and Ivars Zarins (45 percent). It should be mentioned, however, that in terms of circulation, weekly TV guides tend to exceed the circulation of any daily newspaper or other type of weekly. In general, the magazine market in Latvia can be seen as less concentrated compared to the Latvian daily press market, as the number of media outlets is relatively high, but the fact is that in terms of market share, according to *Baltic Media Book 2001*, the publishing house, Zurnals Santa, LTD., dominates the market with 712,000 readers and 6 titles. According to subscription data at the end of 2003, of the 15 magazines with the largest number of subscribers, six were published by Zurnals Santa, LTD.[16]

4.3 TELEVISION MARKET

The two largest private television stations in Latvia are *LNT* (25 percent audience share) and *TV3* (15 percent audience share). Until mid 2003, the *LNT* was directly and indirectly owned by the Polish television concern Polsat (60 percent) and by three private individuals – Janis Azis (14 percent), Haralds Apogs and Edvins Inkens, both having indirect ownership via Bete, LTD. (26 percent). In the summer of 2003, there appeared information in the press about possible changes in the structure of *LNT* shareholders as, according to the information in the Company Register, shares of Bete LTD. were sold to Baltic Media Holdings B.V. (BMH), which is registered in the Netherlands. According to speculation in the press, BMH represents the interests of Rupert Murdoch's News Corporation.[17] The Russian daily, *Telegraf,* has even speculated that 33 percent of Polsat (which owns 60 percent of *LNT*) belongs to News Corporation, which would mean that Murdoch's share of the Latvian *LNT* is even bigger.

The second largest private television station, *TV 3*, is owned by the Swedish media concern, Modern Times Group (100 percent). Thus, both commercial television stations with nation-wide coverage are owned by foreign media conglomerates, the two biggest media owners in the broadcast media market in general.

Table 2 OWNERSHIP OF THE MAIN TV STATIONS IN LATVIA

TITLE	OWNER	OWNERSHIP SHARE (%)	AUDIENCE SHARE (%)
LNT	POLSAT	60	25
	JANIS AZIS	14	
	BETE LTD. (owned by Baltic Media Holdings B.V.)	26	
TV3	MODERN TIMES GROUP (MTG)	100	15

4.4 RADIO MARKET

The three biggest private radio stations in terms of audience share are *Radio SWH* (9 percent), *SWH+* (8 percent) and *Star FM* (5 percent). The program of the first two is produced by JSC Radio SWH, which is owned by private individuals represented in the company's management (Zigmars Liepins (35 percent), Guntars Krumins (8.5 percent) and Janis Sipkevics (6.5 percent)) and by the largest Latvian private television station, *LNT* (50 percent).

The third most popular private radio station, *Star FM*, belongs to the Swedish media concern, Modern Times Group (100 percent), which also owns *TV3*. Even though this study does not include the analysis of public broadcasters, it must be mentioned that public service radio also has a very significant share of the radio audience, with *Latvian Radio 1* having 15 percent and *Latvian Radio 2* holding 25 percent of the radio audience. This is a unique situation, where public service radio programs have managed to attract and sustain in the long term larger audience shares than private broadcasters.

Table 3 OWNERSHIP OF THE MAIN PRIVATE RADIO STATIONS IN LATVIA

NAME	OWNER	OWNERSHIP SHARE (%)	AUDIENCE SHARE (%)
RADIO SWH	LNT	50	9
	ZIGMARS LIEPINS	35	
	GUNTARS KRUMINS	8.5	
	JANIS SIPKEVICS	6.5	
SWH+	LNT	50	8
	ZIGMARS LIEPINS	35	
	GUNTARS KRUMINS	8.5	
	JANIS SIPKEVICS	6.5	
STAR FM	MODERN TIMES GROUP (MTG)	100	5

5 MEDIA PLURALISM

The main political concern linked to the concentration of media ownership is its threat to pluralism. Although the Bonnier Group and Ventspils political-economic group, as media owners, dominate the daily press market, they do not hold as considerable a share in the overall press market, including the daily press in Latvian and Russian. The guidelines of the European Union suggest that a supplier with a market share of more than 30 percent in terms of readership should be seen as a threat against pluralism.[18] In relation to this norm, Latvia's press market has a very diverse pattern of media suppliers, and there should be no concern about any threat to pluralism.

In the context of evaluating pluralism of the Latvian media, it is also important to consider the consolidation of editorial functions, which can occur irrespective of separate or joint ownership, but can lead to homogeneous output and thus endanger pluralism. Companies in Latvia which are partly, and some also indirectly, owned by the Bonnier Group, such as JSC Diena, regional newspapers, Diena-Bonnier and *Baltic News Service*, do not share their editorial or any other resources, and in the domestic marketplace they function as completely separate companies. This means that the Bonnier Group's holdings in Latvia do not represent a threat to pluralism. Mediju Nams, by contrast, consolidates resources and is more likely to limit diversity of output.

Another way to evaluate media pluralism is to analyse the number of media outlets. As can be seen from the table below, Latvia represents a very pluralistic media system, with a high number of different media outlets, especially taking into account that the population of Latvia is 2.34 million.

Table 4 NUMBER OF NEWSPAPERS IN LATVIA 1990–1999

	1990	1995	1997	1998	1999
TOTAL NUMBER OF NEWSPAPERS	172	286	229	226	235
NUMBER OF DAILIES	N/A	N/A	21	24	23
NUMBER OF NEWSPAPERS IN LATVIAN	N/A	193	161	155	161
NUMBER OF NEWSPAPERS IN OTHER LANGUAGES	N/A	93	68	71	74

Source: Baltic Media Book 2001.

The number of dailies and television programs with national coverage has actually increased at a time when consolidation of publishers has been the major trend in the Latvian press market. Entrance barriers, it must be said, are significantly lower in the Russian press, but the fragmentation of the market for Russian language dailies has made it very difficult for publishers to achieve financial success. Gillian Doyle has argued that a media industry in which ownership is too fragmented is susceptible to inefficiency.[19] This has clearly been demonstrated by the rather poor financial performance of most Russian press publishers.

However, the proportion between the number of media outlets – an area in which Latvia performs rather well – and the number of autonomous media suppliers which are not associated with any political economic group, is not very comforting, at least in the sector of the national daily press. The politicised nature of some media companies and their affiliation with political economic groups is closely linked to the very nature of the post-communist transition. The transition from a state-regulated economy to a market economy involves politically motivated privatisation. This fosters greater linkage between the political and economic domains, leading to the merger of the political and economic elites. Links between some media companies and the political economic elite, therefore, are a natural by-product of the post-communist transition or, as Colin Sparks puts it, the highly politicised nature of commercial broadcasters and some press outlets is "a function of the nature of the transition."[20]

When it comes to state subsidies to different media companies in order to promote pluralism and support certain media outlets, it has to be noted that there is no consistent state policy regarding subsidies to such media outlets in Latvia. On the national press level, there have been scattered instances when a cultural publication has received state aid, but it is no longer the case at the end of 2003. The situation is different in the public broadcasting sector, where public broadcasters receive a state subsidy in addition to advertising income, but those state subsidies do not apply to privately owned broadcasting companies.

6 MEDIA INDEPENDENCE

The situation regarding editorial independence of media outlets has improved in recent years, but during the first half of the 1990s economic constraints forced many media companies and their owners to accept financing from major non-media concerns in exchange for positive publicity, or to become the object of a take-over. Those who did not want to accept, or did not manage to secure, one of these two options, often went bankrupt. Another factor was that most of the newspapers had been denationalised by their employees, which meant no inflow of investment or know-how about newspaper management in the new conditions of a market economy. The undeveloped advertising market could not improve the situation. Until the late 1990s, few media companies managed to survive without giving up their editorial independence under the severe economic constraints that prevailed. As a rule, these were either those newspapers that were the first to appreciate and utilise the benefits of the emerging advertising market as a source of revenue (*Diena*), or those with very high circulations (the then weekly *Lauku Avize* and the afternoon tabloid *Vakara Zinas*, which quickly reached a circulation of 80,000 in the first half of the 1990s).

But even at the end of 2003, there is much space for various types of influence and breaches of editorial independence. In Latvia, there is neither a collective agreement on the national level between the journalists' association and media publishers, nor in-house agreements between journalists and publishers. The journalists' professional organisation, Union of Journalists, is very weak and inactive, which means that there is no mechanism or institution to expose publicly the problems of pressure on journalists and editors based on commercial interests of the owners. This allows media ownership to be the dominant power in the market, since counter institutions are non-existent or too weak (or unwilling) to act. Therefore in Latvia, media owners have a rather large space for manoeuvring and influencing their media, in so far as it does not have a negative effect on their circulation and subsequently financial performance.

In Latvia there has been a variety of public discussions regarding the editorial independence of media and some media analysts view current media outlets as belonging to different competing political economic groups. Such preferences for political and/or economic groups are also characteristic of the Russian language press in Latvia. *Panorama Latvii* (discontinued in 2003), for instance, strongly favoured a left-wing Russian political group and was believed to receive financial support from it. *Telegraf* belongs to Belokon and promotes his economic and political interests. *Vesti Segodnya*, as a result of Fenster's dependence on the Parex Bank where its assets, according to the information available in the Company Register, are mortgaged, supports the political and economic interests of the Parex group.

Since the broadcast media market is state regulated, it is often more influenced by relationships between the political economic elite and media owners/media outlets, than is the press. Some media owners use their media as a commodity in the market of political influence. Some have personal ambitions, while others represent the political interests of someone else in exchange for political support in such areas as regulation and competition. *Radio SWH*, for instance, was accused of supporting the liberal Latvia's Way political party before the elections, but the station's co-owner and president, Zigmars Liepins, claims that in his radio station he can "do whatever he wants," unless it scares away the audience.[21]

The above mentioned example can also be described as hidden advertising. In Latvia this term refers to cases where a political party's program or views are published during the election campaign without specifying that it is advertising. In 2002, the Soros Foundation and the NGO Delna, which is a local representative of Transparency International, sponsored research in the Latvia's media in order to determine the level and amount of hidden advertising. The results of this research have been widely disputed, and the authors have been accused of bias and lobbying for various interests. However, research showed that the problem exists of a rather large amount of hidden political advertising, which became particularly pronounced before the elections.

In addition to ownership and business connections not always revealed in the formal structures of companies, there is also a personal aspect. If we take into account the relatively small size of the Latvian population, we must acknowledge that there are different kinds of family relations, friendships and relations among former colleagues or classmates. The fact that the former head of the broadcasting council was once a very close colleague of one of the shareholders in *LNT* – a shareholder who was also an MP – and also of one of the shareholders in *Radio SWH*, is something that may point to a special relationship. This does not necessarily mean preferential treatment for anyone, but it does mean that outsiders – and especially foreigners – may find it difficult to join the ranks of the "media people" in Latvia. The fact that MTG's *TV3* proved unable to ensure sufficient political backing by attracting influential local partners while its competitor *LNT* obviously had more political credibility, delayed the process of *TV3* receiving its national coverage license for two years until February 2001.

When it comes to the strength and development of investigative reporting in Latvia, which can be seen as a sign of media independence, the situation is not reassuring. Investigative journalism is rarely encouraged by media publishers through allocation of special budgets or creation of special units. Throughout the 1990s, there existed an independent media company of freelancers (called NIP Birojs) specialising in investigative journalism and offering its research findings and articles to different media outlets. However, owing to pressure and to financially weak demand for its investigative reports, is was closed down. Since then there have not been systematic and sustained attempts at serious investigative reporting, even though some publications are trying to encourage their journalists to work in this area of journalism.

NOTES

1 This article is largely based on Ilze Nagla's ongoing doctoral research project "Media Ownership in Latvia: Ten Years of the Post-communist Transition, 1991–2001" at the University of Oslo.

2 I. Brikse, D. Duze and I. Sulmane "Latvia: From the Singing Revolution to the 1993 Elections" in S.Hoyer, E. Lauk and P. Vihalemm (eds.) *Towards a Civic Society: The Baltic Media's Long Road to Freedom*, Nota Baltica, Tartu, 1993, p. 243.

3 All data on current and previous media owners in this article are taken from the Company Register. Authors would like to express special thanks to the Company Register and its director Ainārs Brūvelis in particular for granting free access to the on-line data base of the Company Register, which has eased the research process.

4 V. Mosco, *The Political Economy of Communication*, Sage, London, 1996, p. 189.

5 Here and also in other places in the text authors uses data collected from I. Nagla's still ongoing research project at the University of Oslo, *Media Ownership in Latvia: Ten Years of the Post-communist Transition, 1991–2001.*

6 *IrisPlus:* Media supervision on the threshold of 21st century. What are the requirements of broadcasting, telecommunications and concentration regulation? European Audiovisual Observatory, Strasbourg, 2002, p. 5.

7 See <http://europa.eu.int/scadplus/leg/en/lvb/e20104.htm>.

8 The exception is the official government journal *Latvijas Vestnesis*, which was launched on 25 February 1993, after the previous government newspaper, *Diena*, was privatised.

9 G. Doyle, *Understanding Media Economics*, Sage Publications, London, 2002, p. 3.

10 All data on circulation of publications and audience of broadcasters in this article are taken from information provided by the national news agency *LETA* as there is no centralised and official database of circulation and audience data of media outlets.

11 P. J. Humphreys, *Mass Media and Media Policy in Western Europe*, Manchester University Press, Manchester, 1995, p. 91.

12 Clemens Jr, Walter C., *The Baltic Transformed: Complexity Theory and European security*, Lanham: Rowman & Littlefield Publishers, 2001, p. 66.

13 E.g., an editorial in Diena (31 July 2002); an interview with Arvils Aseradens, president and shareholder of the JSC Diena done for the ongoing project – I. Nagla, an ongoing doctoral research at the University of Oslo, *Media Ownership in Latvia: Ten Years of the Post-communist Transition, 1991–2001*.

14 Business daily *Dienas bizness*, 11 August 2003.

15 I. Nagla, an ongoing doctoral research at the University of Oslo, *Media Ownership in Latvia: Ten Years of the Post-communist Transition, 1991–2001*.

16 Data collected and published by the news agency *LETA*, 8 January 2004.

17 According to the research published by the news agency *LETA*, 24 February 2004.

18 Draft proposals for an EU media pluralism directive (1996) and an EU media ownership directive (1997) suggested that the market share of a single supplier should not be allowed to exceed 30 percent of the market share as based on audience measurements.

19 Doyle, G., *Understanding Media Economics*. London: Sage Publications, 2002, p. 167.

20 Sparks, Colin with Anna Reading, *Communism, capitalism and the mass media*, London: Sage, 1998, p. 172.

21 Interview with Zigmars Liepins, president and one of the shareholders of *Radio SWH*, done for the ongoing project – I. Nagla, an ongoing doctoral research at the University of Oslo, *Media Ownership in Latvia: Ten Years of the Post-communist Transition, 1991–2001.*

LITHUANIA

Audrone Nugaraite

1 INTRODUCTION

The changes Lithuania experienced during the last five years allow us to talk about an increasing market concentration of the Lithuanian mass media. One of the peculiarities of this market is the prevalence of national capital. This is particularly obvious in the periodical press. At the same time, one can observe a tendency for Lithuanian industrial concerns to enter the mass media business.

When a media system operates in market conditions, information becomes a commodity. The question that arises in this connection is whether the media serve the interests of society or if their goal is primarily commercial? When analysing the media market and its development trends from this perspective, it is necessary to take into account changes in capital concentration and competition in the Lithuanian media sector (1988–2003). Furthermore, there are two aspects of the Lithuanian media market that should always be kept in mind when assessing the mass media market and comparing it with European markets. The first aspect is historical market relations, the regulatory systems and legislation; the other is the expansion of new technologies and new possibilities for the provision of information to the public, and the extent to which they fit into, expand or modify the old legislative frameworks.

2 REGULATION AND IMPLEMENTATION

The Constitution of the Republic of Lithuania, adopted by referendum in 1992, lays down the main provisions safeguarding freedom of speech and freedom of information, as well as basic human rights and guarantees. Article 44 of the Constitution says "Censorship of mass media shall be prohibited. The State, political parties, political and public organisations, and other institutions or persons may not monopolise means of mass media."[1] Article 46 of the Constitution provides for the terms and conditions of joint ownership and competition. "The law shall prohibit monopolisation of production and the market, and shall protect freedom of fair competition."[2] This provision is also applicable to the mass media. In the Law on the Press and other Mass Media, adopted by the Supreme Soviet of the Lithuanian Socialist Republic in 1990, only freedom of the press and the abolition of censorship were highlighted.

The Seimas (Parliament) of the Republic of Lithuania adopted the new Law on the Provision of Information to the Public in 1996. It was in this law that the provisions regulating mass media competition were introduced for the first time. Article 29 ("Honest Competition in the Sphere of Provision of Information to the Public") says: "State and local government institutions, as well as other enterprises, institutions and organisations or natural persons, may not monopolise mass media. A dominant position in the sphere of provision of information to the public, shall be determined based upon the Law on Competition."[3]

2.1 COMPETITION LEGISLATION

So far there have been no special laws regulating concentration and competition of media in Lithuania. The Law on Competition, adopted in 1999, regulates relations concerning competition.[4] It prohibits actions that restrict or may restrict competition, regardless of the form of economic activity, with the exception of activities exempt by this law or other laws governing separate areas of economic activity. According to the Law on Competition, an economic entity or a group of entities is considered to have a dominant position if it faces no direct competition in the relevant market or is in a position to exercise decisive, biased influence in that specific market by effectively restricting competition. Unless proved otherwise, an economic entity is considered to have a dominant position in a market when its market share amounts to 40 percent. Unless proved otherwise, it is considered that any company that is a member of a group that holds a 70 percent or higher market share has a dominant position. In cases when it is proved otherwise, the economic entity is not considered to have a dominant position, even though its market share corresponds to that indicated in the Law. The law prohibits abuse of the dominant position without exception.

2.2 BROADCASTING REGULATION

According to the current Law on the Provision of Information to the Public, all radio stations, TV stations, and cable TV stations registered in Lithuania are required to obtain a broadcasting license. Lithuanian national radio and television services are exempt. Broadcasting licenses for the broadcasting and re-broadcasting of programs are awarded through tenders organised by the Radio and Television Commission. The establishment of the Commission is regulated by Article 27 of the Law on the Provision of Information to the Public.[5] The executive institution is the Radio Frequency Service with the Ministry of Communication and Informatics.

Certain requirements applying to the broadcast media are related to the fact that frequencies are the property of the state of Lithuania. Accordingly, the state, acting through the Radio and Television Commission, grants to a station only a temporary permit to use a specific frequency.

Until 2000, all radio and television stations registered before the establishment of the Radio and TV Commission were operating only on the basis of foundation certificates, which, however, did not regulate their broadcasting activity. According to Article 2 stipulating the method of implementation of the Law on the Provision of Information to the Public, these stations were allowed to operate until 1 January 2000. After that date they were required to obtain broadcasting licenses. This involved meeting certain conditions, for example, observation of the norms of the Lithuanian language as provided by law, an obligation to broadcast a certain percentage of children's programming, etc. The licensing of broadcasting activity helps not only to regulate the media market, but also to evaluate quantitative and qualitative program parameters. According to Article 26 of the Law on the Provision of Information to the Public, the Radio and Television Commission adopts program content and production requirements by a two-third majority. State transmitters and antenna masts belong to the Lithuanian Radio and Television Centre.

2.3 REGULATION AND SELF-REGULATION OF MEDIA ETHICS

Under the Law on the Provision of Information to the Public, a new institution, the Inspector of Journalist Ethics was established. The Inspector is a state officer appointed (and approved since the middle of 1997) by the Seimas of the Lithuanian Republic. The Inspector investigates the complaints of natural persons concerning violations of their honour and dignity in the mass media, and professional claims of the subjects of mass media. The Inspector of Journalist Ethics, being a state officer, reports on his work to the Seimas and the Government. Another similar institution is the Ethics Commission of Journalists and Publishers financed from the Fund for the Support of the Press, Radio and Television, which, in turn, is financed from the budget. This means that both institutions of the media self-regulating system are slightly dependent on the authorities, although neither the Seimas nor the Government can directly influence their activity. However, owing to economic and financial difficulties, the mass media of the country are not able to maintain these two institutions on their own.

In fulfilling their legally prescribed functions, media self-regulation institutions have so far been concerned merely with content and the protection of freedom of the press. The absence of specific legislation that would regulate media competition predetermined the peculiarities of development in the Lithuanian media market, the specific features of concentration and monopolisation of this market.

2.4 STATE SUPPORT TO MEDIA PLURALISM

Owing to competition, only those publications that cater to the taste of the mass consumer are able to make sufficient profit and survive on the mass media market. With the competition intensifying, the Government became concerned about the pluralism of the media. The media operating in the spheres of culture, children and youth, as well as media catering for ethnic minorities, were unable to secure their due share of the market.

This led to the decision to set up an institution whose function is to maintain the equilibrium, not merely by satisfying the needs of different groups of readers but by facilitating the maintenance of cultural values in the country. The Fund for the Support of the Press, Radio and Television was established on 2 September 1996 on the basis of the Law on the Provision of Information to the Public, and it is financed from the state budget. The Fund provides financial assistance to those media that submit adequate cultural and educational activity programming. It is an independent public institution promoting cultural and educational activity of the producers of public information. The Fund allocates financial support by means of annual tenders.

Table 1 STATE SUPPORT FOR THE MEDIA (IN EUR)[6]

YEAR	1997	1998	1999	2000	2001	2002
BUDGET FINANCING	1,321,739	1,341,202	1,091,884	812,170	577,790	824,348

Over the last five years, press-related projects were awarded the largest amounts of funding. However, funds awarded to audiovisual projects have been increasing. For instance, in 1999 such projects accounted for only 19.39 percent of the total sum of support, whereas in 2003 their share amounted to 27.05 percent. In 2003 the Fund granted support to 109 projects – 52 press projects, 31 audiovisual projects and 26 Internet projects.

3 MEDIA MARKET DEVELOPMENT

In 1988 the changes occurring in the spheres of policy, economy and public life evoked new tendencies in the media system of the country. After the fall of the Soviet Union, the process of de-concentration was very intense. All state press companies were privatised; independent periodicals, private radio stations and a bit later private television channels appeared. Publishing companies often added "independent" to their flag line to indicate that their publication was no longer under state control. Between 1988 and 1992, nearly 615 new periodicals were launched in Lithuania.[7]

The creation of the new media system was facilitated by one of the last acts passed by the Supreme Council of the Soviet Socialist Republic of Lithuania: the Law on the Press and other Mass Media was accepted in February 1990 and entered into force a month later.[8] It abolished censorship and prohibited the Government from interfering with the work of the media; in addition, it promulgated freedom of the press. This law not only liberated the old and new media from the ownership of the party, but also provided them with the possibility of changing their status.

According to the Law On the Initial Privatisation of State Property, passed by Restorative Seimas of the Supreme Council of the Republic of Lithuania on 10 April 1991, the order of privatisation of the state-owned property was established.[9]

In July 1994, the Government of the Republic of Lithuania established the rules for privatising state capital, describing them in Resolution no. 571. According to this resolution, it was possible to purchase state shares when they made up more than 20 percent of the value of authorized capital. In the same year, the Central Privatisation Commission stressed in its report (Protocol no. 140, 16 August 1994) that "Publishing companies, having accepted into their balance the premises belonging to the state, must re-register the capital of publishers of periodicals and editorial departments and any changes to the capital structure". The majority of editorial departments became UAB, "uždaroji akcinė bendrovė" (private limited liability company).[10] These companies appropriated the former periodical's property, including all the offices and equipment. These laws did not include any provision regulating concentration of the media.

Newspaper privatisation took place in the early 1990s with the Government agreeing that it should no longer be involved in newspaper and magazine publishing. In most cases, privatisation of newspapers took the form of a journalist and/or staff buy-out. A few years later, however, most of these original shareholders sold their shares to local or foreign publishers. Thus, the end of the 1990s brought a considerable reduction in the number of journalists as shareholders in their own newspapers.

3.1 PRINT MEDIA MARKET

Generally, we can divide the print media in Lithuania into two distinct groups: the former official dailies, magazines and many of the regional newspapers which were established in the Soviet era and which have since been privatised. The second group comprises the new titles that came into existence during or after the change of the system.

The largest Lithuanian dailies are the leaders on the print media market, greatly contributing towards concentration. At the moment, Lithuania has five daily newspapers. These are *Lietuvos rytas* (Lithuanian Morning), *Vakaro žinios* (Evening News), *Respublika* (Republic), *Lietuvos zinios* (News of Lithuania), and *Kauno diena* (Kaunas Day). Their daily circulation, excluding Sunday editions, amounts to 300,000 in total. *Lietuvos rytas* is the largest newspaper in the country. The tabloid paper, *Vakaro žinios,* is next in line. *Respublika,* which had been the second largest daily for a long time, closely follows. All these papers are published in the capital of Vilnius, except *Kauno diena* .

Table 2 MAIN DAILIES IN LITHUANIA (2003)[11]

NO.	TITLE	COVER*	COVER MAXIMUM**	OWNER
1	LIETUVOS RYTAS	23.2%	51.5%	UAB LIETUVOS RYTAS 40% owned by the Editor in Chief, G. Vainauskas, most of the remainder divided among employees
2	VAKARO ŽINIOS	15.7%	34.1%	UAB NAUJASIS AITVARAS 75% legal persons and 25% natural persons
3	RESPUBLIKA	9.5%	24.2%	UAB RESPUBLIKOS LEIDINIAI owned by 3 of the editors
4	LIETUVOS ŽINIOS	6%	13.8%	ACHEMA GROUP
5	KAUNO DIENA	5.8%	10.7%	ORKLA

Source on coverage: TNS Gallup, December 2003.
Notes: * Percent of people who have read or looked over one issue of edition.
** Percent of people who had a chance to read or look over one issue of edition.

The main daily, *Lietuvos rytas,* experienced a fascinating course of transition. It was established during the Soviet era and owned by the communist youth organization (Komsomol). In 1989 it became the first daily to be privatised. According to the Law On the Initial Privatisation of State Property, shares were divided among all journalists and Komsomol leaders. Journalists later bought out their shares. Now Lietuvos rytas is a private limited liability company and one of the market leaders. The structure of Lietuvos rytas is becoming similar to that of a classic big concern. The shares are divided as follows: Editor in Chief G. Vainauskas — 40 percent, two deputies V. Strimaitis — 1.8 percent, and A. Budrys – 14.2 percent; the other 83 shareholders (most of them are journalists) — 44 percent.[12] *Lietuvos rytas* publishes two regional newspapers, *Panevezio rytas* and *Laikinoji sostine*, and the weekly magazines, *Kompiuterija*, *Ekstra*, and *Stilius plius*. It has its own subscription and delivery service.

The publishers, who started their business in market conditions and following the experience of other countries, understood the necessity of a private printing house. On 1 December 1994, the printing house of Lietuvos rytas was opened. It offers printing services to other publishers as well. So, not only does a private printing house help reduce the costs of publishing in the competitive struggle, but in the long run it also becomes a source of income. On 1 October 1996, Lietuvos rytas launched a one-hour TV program “Lietuvos ryto televizija” that was broadcast by one of the commercial channels. This undertaking later evolved into a private limited liability company, Spaudos televizija.

The *Respublika* daily, which was founded in 1988 by the movement Sajudis, is one among the new publications on the market. In 1992 this daily was privatised into an independent, private, limited liability company, Respublikos leidiniai, which publishes, in addition to *Respublika* (in Lithuanian and Russian), a regional newspaper, *Vakarų ekpresas.* Respublikos leidiniai also has its own printing-house, subscription and delivery service. It differs from Lietuvos rytas in that it is owned by three members of the editorial board: the Editor in Chief V. Tomkus and his two deputies.

Lietuvos rytas and *Respublika* include daily supplements on different topics: culture, life style, etc., all of which are very popular. This strategy has enabled daily papers to fight more effectively for audience share and generate more advertising revenue.

The *Vakaro žinios* daily was founded in 2001 by the private limited company Naujasis aitvaras. It can be classified as a large circulation newspaper for a mass audience. It is the cheapest daily newspaper in Lithuania. Naujasis aitvaras is owned by legal persons (75 percent) and natural persons (25 percent) who are not obliged to disclose public information about investors and shares.

The newspaper *Lietuvos žinios*, re-established during the nineties (1996), was among the first dailies to be purchased by representatives of the national industrial capital from the Achema Group. One could claim that this publication paved the way for a series of investments through which the major Lithuanian industrial concerns penetrated the mass media market.

All four daily papers are owned by local shareholders, and only the *Kauno diena* daily is owned by foreigners.

City newspapers are published in the largest Lithuanian cities, such as Vilnius, Kaunas, and Klaipėda. The majority of these newspapers date from Soviet times, with only their names having been changed. For example, the *Kauno tiesa* (Kaunas Truth) was renamed *Kauno diena* (Kaunas Day) and the *Tarybinė Klaipėda* (Soviet Klaipėda) was changed into the *Klaipėda*. All these city newspapers are published by private limited liability companies, owned by members of their editorial staffs. New publications on the market are mainly supplements to the largest dailies.

The case of the city daily newspaper, *Kauno diena*, published in the second largest city in Lithuania, Kaunas, is exceptional. For several years now it has been successfully competing with the national dailies. Foreign capital could help the *Kauno diena* become one of the leading national dailies within a short time.

Much like the city newspapers, two thirds of the regional newspapers are publications founded in the Soviet period and privatised to the people employed by those newspapers. In most cases the editor of the newspaper manages the stock portfolio. 69 regional publications are published in Lithuania, most of them twice or three times a week. The circulation depends on the population of the region and varies between 2,000 and 8,000 copies.

The situation of the Lithuanian national weeklies is somewhat peculiar. The weeklies that have survived from the Soviet era or the newly established ones (during the nineties) lost popularity or simply went bankrupt. Among the most popular now is the weekly newspaper *Akistata* (Identification*)*, covering crime (established in 1991). At the beginning it came out once a week, but now it is published twice a week by Kriminalistika.

The number of publications in Russian has decreased. Among those remaining, the weekly newspaper, *Ekspres nedelia* (Weekly Express), a publication started in 1998, ranks as the most popular.

3.1.1 PRESS DISTRIBUTION

The only press distribution company in Soviet Lithuania was the state-run post office which used to accept subscriptions and deliver products to subscribers and press kiosks. In 1991 there were 1095 post offices in Lithuania. The post office was under the authority of the Ministry of Communications and Informatics. After the declaration of independence in Lithuania and with the implementation of the laws of market economy, the situation changed. The post office split into two state enterprises in 1991: Lietuvos paštas (Lithuanian Post) and Lietuvos spauda (Lithuanian Press). The latter distributes the press only to kiosks.

Lithuanian Post accepts subscriptions, delivers newspapers to subscribers and, according to the orders of the Lithuanian Press, delivers the press to the press outlets in small towns and villages. The Lithuanian Press was reorganised into a state-owned, public limited liability company (AB) in 1995.

As already mentioned, since 1989 when independent publications started to appear, the distribution terms offered by the Lithuanian Press were not satisfactory for publishers, who wanted to sell as many of their products as possible while earning the biggest possible profit. The first publication to find alternative ways of distribution was the weekly *Pirmadienis* (Monday). In 1992 it published advertisements inviting private persons to sell periodicals in the streets. These ads were mainly targeted at children on vacation. The interest shown was beyond expectations. Children who were selling newspapers in the streets received 15-20 percent of each copy sold, and the circulation of *Pirmadienis* increased. The editorial staffs of the biggest Lithuanian dailies *Lietuvos rytas* and *Respublika,* which soon after started their own street sales networks, introduced still another innovation. Owing to unfavourable weather conditions, publishers were compelled to seek opportunities to sell periodicals in shopping centres. However, shop owners resisted at first, because periodicals used to be sold only in kiosks. This new service would have to prove itself useful for both sides. The argument was that such a practice is normal in Western Europe. So it was only in 1994, when the first huge shopping centres were opened and self-service was re-introduced, that periodicals found their place in such locations.

Alternative distribution and subscription services have been appearing as well. The subscription department of Lietuvos rytas was opened in 1991. This was an alternative to the state enterprise, Lithuanian Post service, which, being the monopolist in Lithuania, started increasing the delivery price for subscribers. The subscription department of Lietuvos rytas not only offered smaller prices but also enhanced service: they deliver the newspaper before 8 a.m., while the Lithuanian Post managed to deliver the newspaper only by 11 a.m. Subscribers welcomed this improvement, and the majority switched to Lietuvos rytas's subscriber service.

The editorial departments of the other biggest dailies – *Respublika*, *Kauno diena*, etc.– followed this example: they opened their own subscription and delivery services. In some of these companies (e.g. *Lietuvos rytas*, *Kauno diena*, *Respublika*) subscriptions are collected by the editorial departments. This form of subscription service is the cheapest.

According to the type of delivery, press distribution companies can be divided into two groups. One group comprises enterprises engaged in subscription and delivery of publications (e.g. Lithuanian Post, the delivery services of editorial departments) in various towns of the country. The other group is composed of enterprises engaged in press distribution only to shops and big supermarkets.

At present there are a few dozen private enterprises - Vaskota – 182 selling points, PenBas – 32 selling points, Teva – 25 selling points, Spreka and others, in addition to the above mentioned state enterprises, Lithuanian Post and the joint-stock company, Lithuanian Press. This range provides the subscriber with the possibility of choosing the most convenient way of acquiring a publication.

3.2 BROADCAST MEDIA MARKET

Commercial radio and television stations broadcasting nationwide are privately owned and profit-driven ventures. The owners of commercial television and radio stations in Lithuania are private persons or private limited liability companies with national and foreign capital. The Lithuanian Radio and Television Company (LRT) is a national broadcaster financed from the state budget and from advertising. The management of the LRT is accountable to the Parliament via a Board selected by public organisations and state institutions. The LRT runs two television and two radio channels.

3.2.1 RADIO

The Lithuanian radio market is dominated by two owners – Hubertas Grušnys with private capital, and the Achema Group concern, whose investment was the first case of local industrial capital investing in the media business.

On 31 December 1989, the first non-state radio station *M-1*, which was broadcast in Soviet Lithuania, irrevocably destroyed the monopoly of the state owned radio. This was the beginning of private initiative in the broadcast media. *M-1* was founded by a decision of the Central Committee of the Young Communist League of Lithuania (YCLL) as a station for young people. At that time YCLL had its newspaper. During perestroika, when the mood of society was clearly changing, in order to maintain contact with young people, the Komsomol Committee favourably accepted initiatives from a few people, Hubertas Grušnys, and journalists Rimantas Pleikys and Gintautas Babravicius, to launch a radio station. The launching of the station was enabled by support of few German organisations, among them the Suddeutche Rundfunk radio and the chocolate manufacturer Ritter sport who provided 15,000 German marks. *M-1* was neither a state-run nor a commercial radio station. This means that legally the station belonged to the Young Communist League, but according to the Statute of the Radio Station *M-1* it was allowed to "acquire income from commercials, paid concerts, advertisements, its branches, contracts with foreign companies, etc."[13] The musical format and call-in shows were an absolutely new experience. The abbreviation *M-1* meant: M – music, 1 – the first station of such type. It is important to add that *M-1*, being a youth station, and its branches, were exempt from income and profit tax on the basis of the Decision of the Council of Ministers of the USSR (from 1988), "Concerning development of economic activity of the Young Communist League of Lithuania".

On 1 May 1990, after the restoration of independence in Lithuania and changes in the legislation, H. Grušnys registered the independent radio station *M-1*. There were four shareholders of the station. Later, having bought all the shares from other partners, H. Grušnys became the sole owner of the station. In 1996, he found a new radio station *M-1 Plius* which later became one of the market leaders. *M-1* and *M-1 Plius* signed long term contracts with NSAB, the Swedish owner of digital broadcast satellites Sirius in 1999. Now H. Grušnys is one of the biggest media owners, owning national radio stations *M-1*, *M-1 Plius*, and *Lietus*, and several regional radio stations, including *Raduga* in Russian language.[14]

Dramatic events in Lithuania on 13 January 1991 radically changed the situation of media companies. The Soviet Army occupied the TV tower, the Press Palace and the Radio and Television Committee's headquarters. Political tension in the country created a paradoxical situation. The commercial radio station, *Radiocentras*, started to broadcast on January 31 using the frequency of the second channel of the state broadcaster National Lithuanian Radio. R. Pleikys, the founder of *Radiocentras*, said that it was "an unusual and rare event that a private company could broadcast on the frequency of a state radio station".[15] Now *Radiocentras* (authorized capital Lt 2,000,000 or approx. EUR 579,710) is owned by the Achema Group concern (97 percent).[16]

Achema Group was established in 2001, and at present it manages more than 30 enterprises that do business in the fields of chemistry, pharmaceuticals and mining, food industry, trade, energy, construction and maintenance, logistics, transportation and cargo handling, financial operations, hotel management, health care and entertainment, education and vocational training, mass media (national daily newspaper *Lietuvos žinios* (authorized capital Lt 1,250,000 or approx. EUR 362,318), regional newspaper *Naujienos* (authorized capital Lt 250,000 or approx. EUR 72,463), two private limited liability companies dealing with the radio business – popular radio stations *RC2* (owned by Muzikos Topai) and *Russkoje Radio Baltija* (owned by Rimtas Radijas). These radio stations have over 25 percent of the country's audience. Achema Group is also involved in publishing (two printing houses in Kaunas and Šiauliai) and advertising (the radio advertising company Tango reklama).

Radiocentras (authorized capital Lt 2,000,000 or approx. EUR 579,710) was the first to start round-the-clock broadcasting and the first radio station that started broadcasting on the FM broadcast band in May of 1992. The music format of the *Radiocentras* channel is based on the most popular European standard – HER (European Hit Radio). The audience for the three radio stations keeps growing; accordingly, the number of advertising orders increases every year, largely thanks to Tango Reklama, another subsidiary company of *Radiocentras*, which owns exclusive rights to sell the advertising time of *Radiocentras*, *RC2* and *Russkoje Radio Baltija*. Coordinated activities of *Tango Reklama* and the popular radio stations allow the provision of high quality advertising services to clients. At the moment *Radiocentras* has the largest network of transmitters among private broadcasters in Lithuania.[17]

According to the latest research findings by TNS Gallup, the absolute leader among all radio stations in Lithuania is the radio station *M-1*. In the fifteen years of its existence, the radio station *M-1* has become the top commercial station – not only did its popularity exceed that of all other commercial stations, but it is also more popular than the national Lithuanian radio programme, a long-time leader in the market.[18]

Table 3 RADIO AUDIENCE – DAILY AND WEEKLY REACH (AUTUMN 2003)

TITLE	DAILY REACH	WEEKLY REACH	OWNER
M1	14.8%	30.5%	HUBERTAS GRUŠNYS
RADIOCENTRAS	12.7%	25.9%	ACHEMA GROUP
PŪKAS	11.3%	20.7%	-
RUSSKOJE RADIO BALTIJA	11.2%	19.2%	ACHEMA GROUP
LIETUS	10.1%	19.8%	HUBERTAS GRUŠNYS

Source: TNS Gallup, December 2003.

3.2.2 TELEVISION

Unlike the press, the Lithuanian audiovisual media market is dominated by foreign capital, mostly from the Nordic countries (Norway and Sweden).

The year 1993 was very important in the history of Lithuanian commercial television, since it marks the beginning of the privatisation of television stations. The first Lithuanian commercial channel, *Tele-3*, launched its pilot programs in May 1993. It re-broadcast popular Russian TV programs. In the same year regional Eastern Lithuania television was privatised, and in June it became *Baltijos TV*. On 7 January 1994, the new television channel *Litpoliinter* was launched, based in the second biggest Lithuanian town, and occupying the premises of the former palace of Soviet culture. It broadcast from 19.30 to 00.30. Later, it won the license for the frequency previously used by the Russian channel *Ostankino*. Owing to bad marketing and management, the monthly expenditures of the channel exceeded its revenue. Advertising was not enough to keep up the channel. Accordingly, in December 1994 its property was confiscated (because of its debts, the television building and the equipment were mortgaged to the then Lithuanian Agricultural Bank,[19] and in February 1995 the Radio and Television Centre closed down the *Litpoliinter* television because of its debts. In March 1995, the Lithuanian Agricultural Bank, which was in possession of the mortgaged property of the Litpoliinter television station, opened a new, private limited liability company, Free and Independent Channel (UAB LNK).

The shares were distributed among Lithuanian Agricultural Bank (44 percent), joint stock company Vilniaus vingis (27 percent), Litpoliinter depositors' association (10 percent), Lithuanian workers' union (9 percent) and Griaustinių aidas (10 percent).[20]

The *LNK* started to broadcast in spring 1995. At that time 48 journalists of the former television station *Litpoliinter* worked there. A loan of EUR 3.4 million was taken for the acquisition of equipment and programs. The rent for the transmitters was EUR 1.4 million per year. In the beginning LNK broadcasted 84 hours per week, later increasing its air time to 130 hours per week. In 1997, the LNK already had 35 percent of the Lithuanian television market, and for the first time it outran the state television, which until then had been the absolute leader among television channels. In March 1996, the LNK stopped broadcasting Russian television's news programme Vremia, and launched its own news programme Vakaro žinios (Evening News). In 1996, the main owners of the portfolio started looking for a strategic investor because, according to the Law on the Provision of Information to the Public, banks may not own television shares. In October 1997, British Pacific Media Management (BPMM) bought 46 pecent of *LNK* shares. However, it did not buy this stake from the Lithuanian Agricultural Bank, but from other owners.[21] In January 1998, it was announced that H. Grušnys had acquired a controlling block (54 percent) of *LNK* shares from BPMM and other smaller shareholders.[22]

In September 1998, 54 percent of *LNK* shares were acquired by Marieberg Media, a subdivision of the Swedish company, Bonnier Media Group.[23] The Swedish company had long expressed a wish to buy the *LNK* channel. It acquired 44 percent of the shares from the Lithuanian Agricultural Bank and 10 percent from H. Grušnys. Having acquired the controlling interest, the Swedish company secured for itself the management and control. The Lithuanian Agricultural Bank did not disclose the price of the shares, but, according to earlier reports, it expected EUR 4.5 million.[24]

In February 1999 H. Grušnys sold the remaining shares in *LNK*. The Swedish company became a 100 percent owner of the portfolio. In addition, the LNK company is the owner of several other media outlets in Latvia and Estonia.

At the end of 2003 Bonnier sold its shares in *LNK* television (100 percent) to the MG Baltic concern. The purchase contract was signed between MG Baltic's daughter company MG Baltic Investment and Bonnier. In January 2004, MG Baltic Investment was given permission to take over and operate the *LNK*. The main reason that led Bonnier to sell its shares was the changed strategy of the company: "We decided to allot all investment to Nordic countries. *LNK* was the only company belonging to and acting beyond the boundary of Nordic countries."[25]

LNK is the second investment in the media by the industrial concern, MG Baltic Investment. In April 2003 it already possessed 50.86 percent of *ELTA* (Lithuanian news agency, previously state-owned) shares. The parent company, MG Baltic concern, owns 29 enterprises in the Baltic countries, including such companies as Stumbras, Mineraliniai vandenys, Apranga, Birštono mineraliniai vandenys and others, which employed 2.9 thousand people as of 1 December 2003.

According to non-official sources, MG Baltic paid EUR 17 million for the shares in the commercial Lithuanian TV station *LNK*.[26]

At the end of 1995 legal bankruptcy proceedings were started against *Tele-3*. *Tele-3* channel was bought by Swedish Modern Time Group (MTG) and renamed *TV3*. MTG International is a media subdivision of the Swedish concern Kinnevik. It is the owner of ten television and radio stations, advertising agencies, manufacturing and other companies in Scandinavia and the Baltic countries. MTG reorganised a couple of channels - *Free TV* and *Pay TV* - into the international satellite network for Scandinavian countries, Viasat Broadcasting Group. *TV3*, having successfully joined Viasat Broadcasting Group more than two years ago, became part of a huge international television network in Scandinavian and Baltic countries. MTG is expanding its activity in the Baltic region. It has acquired television stations in both Latvia and Estonia. Viewers of *TV3* have already noticed changes in the channel, since MTG has quite a range of possibilities for acquiring quality films and improving its programme in other ways. But the company treats the television business as local business, and *TV3* is remaining a Lithuanian channel.

According to figures from TNS Gallup for February 2004, *TV3* is the most popular channel, with an audience share of 27.6 percent. *LNK* follows close behind with 26.9 percent, while the third spot is occupied by the state-owned *LTV*, with a 10.9 percent share, and several other channels following with lower ratings.

3.3 MEDIA OWNERSHIP CONCENTRATION

There is a growing tendency towards concentration of ownership. Publishing companies owning just one newspaper or magazine are being forced to sell out to bigger publishing concerns or go out of business. Local media concerns have began to emerge, and foreign capital owners express interest in the media business in Lithuania.

When considering city and town newspapers, it is necessary to mention foreign investment in these publications. The first case is *Kauno diena*, fully owned by the Norwegian Industrial Financial Group Orkla since 1999. The foreign owner is likely to turn *Kauno diena* into one of the widely acclaimed national dailies.

The expanding national and local media market has become the "promised land" for the big industrial and media companies, such as Alga group, M-1 and others, who began to invest in local and regional media businesses in order to build their own chains.

Meanwhile, the regional press market leaders have started buying smaller regional and local newspapers, securing future profits from the growth of this sector. However, small local publishers are making joint efforts to defend their position, which may result in a structured partition of the regional and local market.

The degree of concentration of various kinds of media is different. Much depends on the number of competitors participating in a specific market: television, radio and dailies.

The analysis of the available data allows us to state that there is no monopoly over one specific kind of media, but the clear predominance of a certain type of media is noticeable. It is also possible to speak about local media concerns and the influence of foreign capital on the Lithuanian media market.

All these processes are extremely obvious in audiovisual media. Lithuania is one among few European countries where a public channel competes with three commercial channels with national coverage. For nearly 10 years, only the national public broadcaster was regulated, while commercial channels were vaguely regulated and controlled, which is the reason why the commercial sector in Lithuania is very strong.

Commercial income of broadcasting companies more than twice doubled during the period 1997 –2003.[27] Having this in mind, it is possible to predict that the Lithuanian advertising market will grow even more in future. This expansion will be related to competition and concentration. How many television channels, radio networks or both types of media is it necessary to have in order to avoid the danger that one owner will start to shape the ideas of our society? What is the maximum market share of a single owner that is still acceptable as not posing a threat to the pluralism of ideas? At present, discussion about amendments to the Law on the Provision of Information to the Public related to mass media concentration is underway in the Seimas.

In 2004, annual financial reports of registered enterprises in Lithuania will be public – this possibility will be available when the register of legal persons comes into force. Financial reports must be submitted to it within a month of their confirmation. The new provisions in compliance with EU legislation have met with mixed reactions on the part of businessmen: some appreciate a more transparent business practice that will make decisions easier, while others are afraid of the more attentive scrutiny from competitors and still tend to see financial accountability as a "business secret". However, according to the EU Directive, it is not a business secret. In 2004, when the Register of Legal Persons will be introduced, the Register of Enterprises and separate registration systems, such as registration of public organizations, associations, budget institutions, trade unions and their alliances, credit unions and their associations, etc., will be abolished.

4 MEDIA INDEPENDENCE

The legal status of journalists in Lithuania is an acute problem. Employees of only a few editorial departments have signed collective agreements. The first to do this was the *Kauno diena* daily where the employees signed a collective agreement with their employer, the Norwegian Orkla concern. Nevertheless, it often happens that before the termination of the agreement employees experience great pressure exerted by the owners of the publication to change the conditions provided in the collective agreement in a way prejudicial for the employees.

The Lithuanian Union of Journalists provides a constant reminder of the importance of a collective agreement in guaranteeing journalists' rights. The media business is considered a business like any other. That is why the wish of an owner of a newspaper or radio or television station to earn as much as possible is only natural. It is true that in such a case it is increasingly difficult to speak about the special mission of the press and journalists - i.e. to inform society about the important issues of life. The employers do not want to incur additional expenses because of journalists, so it seems that it is the task of journalists themselves to take care of their social rights and status through actively participating in trade union activities. One of the most important elements guaranteeing the independence of journalists, as well as other professionals, is social and economic security. After the liberalisation of work relations in Lithuania, it provided an instrument to the media owners for influence on journalists. As a result, at the moment most media employees receive fees rather than salaries, with these fees being subject to frequent changes. Absolute financial dependence is one of the biggest problems in establishing the status of an independent journalist in Lithuania today.

5 CONCLUSIONS

The Lithuanian media market is facing rapid change. Since the end of 1988 the national publishing and industrial groups have become important owners and players on the Lithuanian mass media market. Up to the mid nineties (1996), the press saw a prevalence of small shareholders. However, during recent years, Lithuanian legal persons have started to acquire a portfolio of shares. Ownership concentration has taken place in the press sector and played an increasing role in the privatisation of radio, TV and telecommunications at the end of the nineties.

Existing media companies in Lithuania are currently focusing on securing their place on the market and developing strategies for the future. But this process leads to the concentration of media ownership – the big media companies buying the weaker titles or stations, thereby strengthening their own position.

The repurchasing of the media during recent years shows an increasing tendency of industrial capital to enter the media business. This trend is most obvious in the television business.

The Lithuanian media market has seen more investment from local capital than from foreign investors.

International companies from Norway and Sweden target the Lithuanian media landscape. Foreign companies are supporting a policy of investment in television rather than in the daily press or magazines. Even though the relevant legislation is in place, media do not comply with the provisions of the legislation. However, no sanctions have been imposed on them for these infringements. It is the independence of journalists and editorial offices that can provide guarantee that a society will have both a free press and media deserving the status of fourth estate. In order to create the chance for the media to fulfil their mission and avoid potential influence, it would be absolutely necessary to separate the position of the media owner from the position of an editor in chief. And, in order to avoid media monopolies in Lithuania it would be necessary to revise legislative framework and implementation mechanisms, and to establish institution to monitor media concentration.

NOTES

1 Constitution of the Republic of Lithuania, *Valstybės žinios*, 1992, no. 33-1014.

2 Ibid.

3 The Law on the Provision of Information to the Public, *Valstybės žinios*, 1996, no. 71-1706.

4 Law on Competition, *Valstybės žinios*, 1999, no. 30-856.

5 The Law on the Provision of Information to the Public, *Valstybės žinios*, 1996, no. 71-1706.

6 See <http://srtrf.lms.lt/Apie_fonda.html> (accessed 15 December 2003).

7 Svennik Hoyer, Epp Lauk and Peter Vihalem (ed.), *Toward a Civic Society. The Baltic Media's Long Road to Freedom,* Tartu, 1993, p. 341.

8 Law on the Press and other Mass Media, *Valstybės žinios*, 1991, no. 7-163.

9 Law on the Initial Privatisation of State Property, *Valstybės žinios*, 1991, no. 10-261.

10 Law on Companies, *Valstybės žinios*, 2000, no. 64-1914.

11 See <http://www.tns-gallup.lt/orig/en/data.php?id=44&page=1> (accessed 16 December 2003).

12 Lietuvos verslo lyderiai 2003–2004 (The Leaders of Business in Lithuania 2003–2004) Supplement of *Verslo žinios*, 2003, p. 153.

13 Archives of Public Organizations, f.4421, folder 43, file 8, p. 41

14 Radio and Television in Lithuania 2002: broadcasters, market, data,Vilnius, 2003, p. 25.

15 S. Čeponytė, "Svečiai valstybiniame radijuje:orientacijos į daugumą pabaigą" (Guests in the state radio: the end of orientation to the majority), *Kalba Vilnius*, 1991, no.14, pp. 2–3.

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20 A.Guobys, "TV ataka" (TV attack), *Respublika*, 13 March 1994, p. 4; D. Gudavičiūtė, "LNK vadovas nori sukurti geriausią televiziją šalyje" (The LNK leader wants to create the best television in the country), *Lietuvos rytas*, 16 March 1996, pp. 25–27.

21 Gudavičiūtė D. "Anapus LNK ekrano-savininkų ir vadovų kaita" (Beyond the LNK screen: change of owners and leaders), *Lietuvos rytas*, 1997, spal.16, pp. 1–3.

22 Gudavičiūtė D. "Televizijos neperkamos kaip bulviu maišai turguje" (Televisions are not bought like sacks of potatoes in a market), *Lietuvos rytas,* 1 February 1998, pp. 1–3.

23 Merkienė A "*LNK* televizijoje šeimininkaus švedai" (Swedes will boss around in LNK television), *Respublika,*. 30 September 1998, p. 2.

24 ”Privačią *LNK* televiziją gali įsigyti švedai" (Swedes can acquire private *LNK* television), *BNS*, 17 September 1998.

25 ”Už *LNK* bus sumokėta 60 milijonų litų" (The price of *LNK* 60 mil. litas), *BNS*, 12 December 2003.

26 Ibid.

27 See <http://www.rtk.lt/en/news/index.php?id=16725&no=0&gid=> (accessed 5 February 2004).

MACEDONIA

Snežana Trpevska

1 INTRODUCTION

This endeavour to map the patterns of media ownership is the first of its kind in Macedonia. We can safely assert that media concentration and its influence on the content and pluralism of the media were of secondary importance during the first formative years of the new media system. The main emphasis in the course of this period was on the creation and consolidation of the pluralistic media space seen as an antipode to the previous media system, which was dominated by the *Makedonska Radiotelevizija* (state broadcaster) and the state-run newspaper publishing company Nova Makedonija. In addition, the new, democratic political environment established by the new Constitution in 1991 was not supplemented with new legislation, so the creation of media pluralism took place in the absence of a legislative framework.

Broadcast media, particularly radio stations, sprouted on every corner, so by 1997, when the Law on Broadcasting Activity was adopted, there were more than 250 radio and TV stations. Introduced after almost seven years of "spontaneous," or to be more precise, chaotic development of the broadcasting field (Kolar-Panov, 1997:76), this law formally legalised the already existing pluralism by constituting a dual broadcasting model; i.e. alongside the public, it standardised the existence of the private sector, through a system of concessions[1] allocated by an independent regulatory authority.

Legally, the founding of the privately-owned print media was enabled in December 1990, in the former SFR Yugoslavia, by the Law on the Basis of the Public Information System, according to which all natural and legal persons gained a right to found and publish mass media under equal terms. At the beginning of 1991 the first privately-owned print media[2] appeared. During this early stage, new daily newspapers were appearing at a somewhat slow pace, primarily owing to problems with printing and distribution (the state monopoly over the only major printing house and over distribution). Even today, there is still no law on mass media, although the Government has made several attempts to draft an act that would primarily regulate the field of the print media.

Given these facts, anyone charting the forms of media ownership in Macedonia necessarily has to take into account the specific social-historical circumstances and norms that formed the framework within which the process of media democratisation and liberalisation has been taking place during the past 13 years. This process has resulted in a situation that is marked by several distinctive characteristics: the fragmentation of the media market (the great number of media), the existence of parallel markets due to linguistic diversity, affiliation of the biggest and the most influential media with powerful local businesses and with political parties, and a very weak development of any form of concentration (primarily owing to the legal limitations).

2 MEDIA AND COMPETITION LEGISLATION AND ITS IMPACT ON MEDIA CONCENTRATION

2.1 OWNERSHIP RESTRICTIONS IN MEDIA LEGISLATION

The purpose of introducing the Law on Broadcasting Activity was to standardise and legally regulate media pluralism that, by the time this law was adopted in 1997, had already been established in practice. Therefore, its content, primarily the part prescribing limitations on ownership, was mostly oriented towards the guaranteeing and protection of pluralism and prevention of all forms of concentration that could endanger it.

For example, cross ownership within one sector is very narrowly restricted – the law stipulates that a legal or natural person may be the founder of only one broadcasting company, and the co-founder of just one more broadcasting company, in which it may have a maximum of 25 percent of the founding capital (Article 10). In addition, a broadcasting company may be allotted only one radio or television station concession for a national service, while for a local service, at most two concessions may be allotted for non-neighbouring areas, one for a radio and one for a television station. (Article 17). Cross ownership between broadcasting and print media fields is completely restricted – a legal or a natural person who performs activity in the field of the press may not found a broadcasting organisation and perform a broadcasting activity, and vice versa, a broadcasting organisation may not found an organisation and perform an activity in the field of the press (Article 11). Cross-ownership among broadcasters and Internet service providers is not regulated at all.

In addition, a broadcasting concession may not be transferred to a third person (Article 21). In practice, this has proved to be a very restrictive provision, actually presenting an obstacle not only for all types of media concentration, but for the free circulation of capital in the field of broadcasting media as well. There are also limits on the entry of foreign capital into Macedonian broadcasting companies. A foreign legal or natural person may be a cofounder of a broadcasting company, with a maximum of 25 percent stake in the share capital of the company, while the assets of several foreign legal and natural persons who are co-founders of a single broadcasting company may not exceed 49 percent of the share capital of the company. This has also presented an obstacle to the entry of foreign capital into the media sphere; thus, during the seven years of the implementation of this law, not a single foreign investment in the broadcasting field has been realized.[3]

Article 35 of the Broadcasting Concession Agreement prohibits any changes in the ownership structure, founding shares and managerial rights, or change of founders and cofounders, without the Government's consent. The Law on Broadcasting Activity, Article 19, determines that the Government, on the proposal of the Broadcasting Council, can revoke the concession if the broadcaster does not respect the provisions regarding the changes in ownership structure. Furthermore, under Article 85(1)(4) of this Act, a transfer of concession to a third party is an offense subject to a penalty of 100,000 to 300,000 denars (EUR 1,630 to 4,900).

The Law on Broadcasting Activity does not contain provisions establishing an obligation of the media to publish either data on the ownership structure or other information related to their work. According to the Broadcasting Concession Agreement (Article 33), the concessionaire is obliged to submit to the Broadcasting Council, upon its request, all data related to its work, including those concerning the ownership structure. This information is available to the Broadcasting Council for all commercial broadcasters, because they are obliged to submit the ownership data as part of the application procedure for the broadcast concession. The Council is also allowed to inspect the Court Register to check the data.

In December 2002, activities began for drafting a new law on broadcasting activity,[4] on the initiative and under coordination of the National Media Task Force of the Stability Pact for SEE. It is expected that the bill will enter the parliamentary process during the first quarter of 2004. The working text incorporates several provisions that, if adopted, would mean a far more liberal regime for cross-ownership and for the circulation of capital in the field. However, cross-ownership in the broadcasting and other sectors would remain strictly limited, and would even extend to several additional fields. Cross-ownership of television and radio would be allowed (Working Text of the New Law on Broadcasting Activity, 2003).

The instances of unlawful media concentration would be established by the Broadcasting Council, which would have the authority to impose on the broadcasting company an obligation to bring its ownership structure into line with the Council's decision within a period of three months. If not, the Council could initiate a license revocation procedure. For each increase in ownership stake exceeding five percent, the broadcasting company would be obliged to ask for approval from the Broadcasting Council, which would be issued upon a prior opinion from the Monopoly Authority. However, experts in the field are of the opinion that this part of the law is not based on a well-grounded analysis of the legal and economic circumstances and that the provisions are still not fully elaborated, particularly as regards the thresholds to which the influence of one commercial company in the media market could be limited. These thresholds would serve as the basis upon which the Broadcasting Council would make decisions about specific instances of merger requests.

As far as the print media are concerned, they are not regulated by any media law. The only provisions related to the limitations of media ownership that apply to the print media, although only indirectly, are those in the Law on Broadcasting Activity regulating the prevention of the ownership and capital integration of the broadcast and print media and the provisions in the competition legislation.

2.2 ANTI-CONCENTRATION RESTRICTIONS AND OWNERSHIP TRANSPARENCY PROVISIONS IN COMPETITION LEGISLATION

In the Law Against Limitation of Competition, adopted on 14 December 1999, there are several provisions pertaining to the measures aimed at preventing the limitation of competition among all legal entities, print and broadcast media included. Chapter III of this law refers to enterprises having a dominant position on the market, to their obligation to report on mergers as well as to control over mergers performed by the Monopoly Authority. According to Article 25(4), it is considered that an enterprise has a dominant position if it has a one-third share of the market for a certain type of products or services. Two or three enterprises have a dominant position if their joint share of the market amounts to 50 percent or more, while four or five enterprises have dominant a position when their share of the market is two thirds or more.

The Monopoly Authority has to be notified about every merger between enterprises that may lead to their gaining a dominant position on the market (Article 26). The Monopoly Authority, on the basis of the legal provisions, determines whether the merger would lead to the creation of a dominant position or would result in reinforcing the already existing dominant position of the merging enterprises (Article 27). In cases where it is determined that a dominant position on the market, or abuse of that position by a certain enterprise, exists, the Monopoly Authority can ban the merger, immediately after it learns about the proposed merger or after the merger has been carried out. Any merger that has been effectuated in spite of the Monopoly Authority's ban, is annulled, except in cases when it has been authorised by the Trade Minister. The Trade Minister can issue a merger permit only if the effects of the resulting limitation of competition do not endanger the market economy system, in cases when the competition limitation is balanced by the advantages which that particular merger produces for the overall economy of the country, as well as in those cases when the merger is justified by a prevailing public interest, upon a prior opinion of the Commission for Monopolies.

Under Article 47(2) of the Infringements and Penalty Provisions section, any person that implements contracts or decisions that were nullified by the Monopoly Authority will be held responsible. For committing this offence, a legal person is liable to a fine of 100,000 to 600,000 denars (EUR 1,630 to 9,800), and the responsible person within the company to a fine of 30,000 to 100,000 denars (EUR 500 to 1,630). The infringement lawsuit is filed by the Monopoly Authority.

2.3 REGULATORY PROVISIONS ON STATE SUBSIDIES AND MEDIA PLURALISM STIMULATION

According to the existing Law on Broadcasting Activity (Article 77), 10 percent of the funds gathered from the license fee[5] are to be allocated for radio and television programs of public interest produced by independent producers and broadcasting companies. The intention of this provision is to stimulate the production of new and original programs, which would not be under editorial control of the public broadcasting service, and to develop and strengthen the program output of domestic independent producers. The allocation of these funds, following a proposal by the Broadcasting Council (based on a previous public announcement), is effected by the Government of the Republic of Macedonia.

Practice has proved this solution to be an efficient mechanism for the preservation and promotion of pluralism in the broadcasting sphere, because these funds were an important source of support for programs produced by a large number of local broadcasters and helped their survival amidst the strong competition on the broadcast market. This is particularly true of commercial broadcasters that air programs in the languages of various ethnic communities in the Republic of Macedonia, since their programs cannot attract enough advertising revenue.

As far as the print media are concerned, although there is no special legal act that precisely regulates this field, the state, in past years, showed a certain care for the protection and stimulation of pluralism in the print media field.[6] Until 1992, the Government allocated financial aid only to the state-owned print media. Afterwards, as a result of many reactions from the newly launched private media, the Government began to grant subsidies to a certain number of independent print media as well. The main objection from the media was that throughout this period the biggest portion of the means was distributed to the state-owned print media (publishing company Nova Makedonija) and to the pro-governmental private media, while the independent and the opposition media were granted only minimal amounts. It was in 1999 when, for the first time, the publications of Nova Makedonija received only half of the cake, while the other half was divided between several other print media, among which were the independent dailies *Dnevnik*, *Makedonija Denes* and *Fakti*.

The funds are allocated by the Government at the end of the year, following a proposal by the Agency for Information and without a public competition. In general, this measure was considered as "outdated" by the Association of Print Media (APM), which suggested that subventions should be abolished and instead, the media should be exempt from the five percent tax. If the Government continue to grant subsidies, APM suggested that the granting process should be made transparent and based on unified and relevant criteria. The latter option was implemented in the 2003 budget, where the criteria serving as grounds for allocating the funds were defined. These include the character and the basic concept of the newspaper/magazine, the employee structure, the circulation, the organisation of distribution and other elements. During 2003, the Government did not reply to APM's demand to introduce general tax alleviations for all media. On the contrary, a decision was brought to abolish the budget subsidies for the media in 2004. This spurred public reaction on the part of the APM, which, in an open letter to the Government, warned that abolishing subsidies while not introducing any other economic incentives for the media would further aggravate their economic situation.

3 MEDIA PLURALISM AND DEVELOPMENT OF THE MEDIA MARKET

3.1 BROADCAST MEDIA

The first private broadcast media appeared in 1991, soon after the new Constitution was adopted.[7] In the beginning, the appearance of private media proceeded at a slow pace, because the general conditions for the development of the media business were still disadvantageous (no possibility of importing equipment, the high cost of equipment, insufficient knowledge about the specifics of the business or opportunities to make a profit). In 1995, a real boom in the development of private broadcast media occurred, described by theoreticians as a kind of "media and sociological phenomenon," particularly if one has in mind the size of Macedonia's territory (25,713 km2) and its population (1,945,932, according to the 1994 Census) (Šopar, 2001: 4). Thus, by 1997, when the Law on Broadcasting Activity was adopted, there were 250 private broadcast media on the market. Most of these submitted applications on the first invitation by the Broadcasting Council to apply for broadcast concessions, in 1998. A total of 140 concessions were allocated, three of them for national services, of these two for television and one for radio, and 137 for local services, 57 for television and 80 for radio (*Broadcasting Council Bulletin* Vol. 1, 1998: 14). Although it was clear that this number was too large for the economic potential of the market, the notion prevailed that most of the already operating media should be given equal opportunity. The following five years were exceptionally unfavourable for the development of Macedonia's economy (especially during the periods of war crisis in 2000 and 2001), and this situation affected the functioning of the private media. Nevertheless, their number had not substantially decreased by 2003, and expectations that the market would be the main corrective of this non-realistically created pluralism were not fulfilled. Thus, in December 2003, there were 126 commercial broadcast media operating on the market, five of them providing national services (two television and three radio stations) and 121 local services (67 radio and 54 TV stations). Besides the commercial media, the public broadcasting service - *Makedonska Radiotelevizija* (with three television and three radio channels) and 29 local public radio stations (12 of which also have TV studios and broadcast TV programming) operate on the market too.

Table 1 TV MARKET IN 1991

MTV 1	50%
MTV 2	27%
MTV 3	18%
OTHER	5%

Table 2 TV MARKET IN 2003

A1	33.93%
MTV 1	15.07%
SITEL	12.08%
MTV 3	3.99%
MTV 2	3.59%
MREŽA +	3.09%
54 LOCAL TV CHANNELS	13.07%
INTERNATIONAL TV CHANNELS	15.17%

Media professionals[8] locate the reasons for continuing market fragmentation in several factors. The main problem, from the outset, has been that the commercial media were not treated as businesses but rather as a means of achieving political, economic or other influence. Real market relations in this sphere were not established in the initial period, nor do they exist today, and the reason is that the media cannot carry out their market operations on the basis of an objective and valid media currency – data about the audience they reach. Only in the last few years, following the entry of several larger foreign companies and the introduction of regular audience research, has market logic in the selling of advertising time in broadcast media started to function. Today, about 80 percent of the money from the advertising cake is controlled by the advertising agencies. The broadcast media, with rare exceptions, are inferior when selling their advertising time, because they are still not well acquainted with marketing principles of operation. The second reason for the fragmented market is that in the past few years there have been many financial interventions by the Government – the media were continually receiving various kinds of subventions and grants. Furthermore, an additional reason was the legal ban on broadcast concession transfer, which resulted in pressure on the Broadcasting Council to allocate new frequencies, because whoever wanted to engage in the media business could not realise that intention by buying an existing medium, but only by founding a new one.[9]

Table 3 **GROSS ADVERTISING EXPENDITURE IN 2002**
(total 30 million EURO)

TV	67.6%
RADIO	4.9%
MAGAZINES	5.4%
DAILIES	7.9%
BILBOARDS	14.2%

Source: Analitica/Media&Advertising, 2002.

Table 4 **TV ADVERTISING EXPENDITURE IN 2002**
(total 20,28 million EURO)

A1	40%
MTV 1	21%
SITEL	16%
TELMA	8%
MTV 2	6%
CANAL 5	3%
OTHER TV STATIONS	6%

Source: Analitica/Media&Advertising, 2002.

The situation on the market is further complicated by the fact that the public broadcasting service also takes a part of the advertising cake, which is already very small for the existing number of commercial media. In the past several years, this has been a cause of major discontent among and reactions from commercial broadcasters, which accused *Makedonska Televizija* and the local public television stations of monopolising the market. The accusation mostly referred to public service broadcasters, and the argument was that they were financed by money from the license fee and were selling their advertising time at lower prices, thus creating unfair competition.

The Government's latest public announcement for granting new concessions opened on 9 February 2004 on a proposal by the Broadcasting Council. It will certainly lead towards further fragmentation of the market. There will be announced 4 new concessions for television at the national level, 15 concessions for radio at the local level and 8 concessions for television at the local level. The announcement sparked strong reactions, especially among the existing commercial national TV stations, which argue that the market is already too fragmented and cannot sustain an even greater number of broadcasters, i.e. that this will certainly have a negative influence on the work of existing broadcasters. The arguments of the Broadcasting Council are that the main intention of the Announcement is to enrich pluralism and the program offering, especially at the national level.

Macedonia is distinctive because of its so-called parallel markets that arise from its linguistically and culturally diverse communities. In addition to programs in Macedonian, the public broadcasting service airs programs in the languages of the ethnic communities living in Macedonia (Albanian, Turkish, Romany, Serbian, Vlach and Bosniak). Along with the public service, a certain number of commercial radio and TV stations broadcast programs in the languages of these ethnic communities. Of the 54 local commercial TV stations, 13 air programs in Albanian and two in Romany; of the 67 local commercial radio stations, ten air programs in Albanian, three in Romany and one in Turkish. One radio station in Skopje broadcasts a bilingual program (in Macedonian and Albanian).

The data taken from an audience survey confirm that linguistic preferences, i.e. linguistic barriers, are a factor in the audience segmentation on a linguistic basis. An approximate picture of how the parallel markets function can be indirectly derived from these data.

Table 5 AUDIENCE SHARE OF TV CHANNELS – MACEDONIAN AUDIENCE

A1	37%
MTV 1	18%
SITEL	14%
MTV 2	4%
MTV 3	0%
MREZA +	4%
LOCAL TV CHANNELS	8%
INTERNATIONAL TV CHANNELS	15%

Source: BRIMA Gallup, Day After Recall, September/October/November 2003.

For example, Macedonians mostly watch TV stations that broadcast Macedonian language programs at the national level (*A1, MTV1, Sitel* and *MTV2*). Macedonians do not watch at all the third channel of the public service (*MTV3*) that airs programs in the languages of other ethnic communities. As far as local TV stations are concerned, Macedonians watch only those that broadcast in the Macedonian language (a total of 31 local TV stations), and among the foreign channels (these are mainly obtained through cable operators), they watch mostly those that air programs in the Serbian and Croatian languages (*TV Pink Plus* being the one with the highest rating, followed by *HRT1*, *BK TV* and *RTV Srbija*). Among the channels that broadcast in English or other languages, the ones with the highest ratings are *MTV*, *Canal+*, *Hallmark*, *Eurosport* and *Discovery Channel*.

Table 6 AUDIENCE SHARE OF TV CHANNELS – ALBANIAN AUDIENCE

MTV 3	25%
A1	19%
MTV 1	2%
MTV 2	2%
SITEL	1%
MREŽA +	1%
LOCAL TV CHANNELS	34%
INTERNATIONAL TV CHANNELS	16%

Source: BRIMA Gallup, Day After Recall, September/October/November 2003.

The Albanian ethnic community mostly watches TV stations that broadcast programs in Albanian, but they also watch TV stations that air programs in Macedonian and in other languages that they understand. Among the national television services, they mostly watch *MTV 3*, which airs about ten hours of Albanian language programming. As far as other national service networks that broadcast in Macedonian are concerned, they mainly watch *A1 Televizija*, while they watch almost none of *MTV1* and *Sitel*. Among the local TV stations, they mostly watch TV stations with Albanian language programs (30 percent audience share), but they also watch TV stations that broadcast in Macedonian (4 percent audience share). As for foreign TV channels, received through cable or individual satellite dishes, the most often watched are *TV Kosovo*, *TV Albania*, *Show* (a Turkish entertainment channel), *Alsat* (an Albanian satellite channel) and *ATV* (a Turkish channel). Among the foreign channels that air programs in other languages, the Albanians from Macedonia watch *RTL*, *Premiere*, *SAT1*, *MTV*, *PRO7*, *Canal+* etc..

3.2 PRINT MEDIA MARKET

During the first half of 1991, the only dailies on the market were those published by the publishing company NIP Nova Makedonija, i.e. *Nova Makedonija* and *Večer*.[10] The first attempt to found a private daily newspaper was *Republika* (launched on 2 August 1991), which ceased to exist after only a few months owing to lack of finance. Until 1996, or more precisely, until *Dnevnik* appeared, the market conditions for publishing a daily newspaper were exceptionally disadvantageous, primarily because of the monopoly that NIP Nova Makedonija had over the only major printing house in Macedonia and over distribution. The success of *Dnevnik*, the first daily that had a circulation relatively large for Macedonian circumstances (at that time over 30,000 copies), can be attributed to several factors. With the help of foreign donations, the first major privately owned printing house in Macedonia was opened, which had the capacity to meet the needs of printing a daily newspaper. On the other hand, *Dnevnik* made several successful marketing moves: its price was drastically lower than that of the newspapers published by NIP Nova Makedonija; it organised its own street sale distribution network, and it made its content more attractive to readers. What was particularly important, from the point of view of pluralism, was that the content of this newspaper offered a real alternative to the existing publications of the NIP. After two years, in 1998, two other privately owned dailies appeared – one in Albanian (*Fakti*) and one in Macedonian (*Makedonija Denes*), as well as the first sports daily (*Makedonski Sport*). In 1999, the third private newspaper in Macedonian appeared (*Utrinski Vesnik*), different in character from the existing ones in that it adopted an investigative-analytical approach to the subject treatment. In 2000, the market was enriched with a fourth daily newspaper in Macedonian (*Vest*), conceptually closest to the political tabloid.

In 2003, 11 daily newspapers, 21 weeklies, 10 biweeklies and 20 monthlies were published in Macedonia. In addition, there were about 21 periodicals and 21 children's magazines. By languages used, seven of the dailies were in Macedonian, two in Albanian, one in Turkish and one in Romany. Of the weeklies, 7 were magazines focused on news and political affairs. Six of these are published in Macedonian and one in the Albanian language.

Table 7 CIRCULATION OF SOME OF THE DAILY NEWSPAPERS

TITLE	FIRST HALF OF 2002 (TOTAL)	AVERAGE DAILY	SECOND HALF OF 2002 (TOTAL)	AVERAGE DAILY	FIRST HALF OF 2003 (TOTAL)	AVERAGE DAILY
DNEVNIK	6,757,843	43,044	7,406,878	46,879	8,135,668	52,488
VEST	3,536,500	22,525	3,536,500	22,383	4,297,000	27,723
UTRINSKI VESNIK	2,864,356	18,244	3,172,843	20,081	3,489,664	22,514
VEČER	2,910,500	18,538	3,231,225	20,451	683,100	4,407
NOVA MAKEDONIJA	725,550	4,009	654,094	3,555	330,183	1,824
FAKTI (ALBANIAN)	801,659	5,106	781,898	4,949	742,479	4,790
FLAKA (ALBANIAN)	116,112	740	185,878	1,176	116,112	749
BIRLIK (TURKISH)	73,110	937	71,874	921	54,179	695

Source: Monopoly Authority.

In contrast to the period before 1996, when only one major printing house and one distribution company existed on the market, today conditions for the publishing of dailies are more favourable. However, the situation in the market is still very discouraging, primarily because of the general crisis affecting the whole Macedonian economy, low advertising income, and the monopoly of the three newspapers with the largest circulation that were bought by WAZ. It is estimated that, at the end of 2003, these three newspapers accounted for nearly 90 percent of the dailies' market in Macedonia. Nevertheless, some media owners think that the potential success of a new daily on the market primarily depends on the editorial inventiveness of the publisher in attracting an audience with new and interestingly specialised content, as well as on its marketing approach.[11] Although it is hard to make a precise estimate of the financial means necessary to launch a new daily newspaper, it might be said that, given the circumstances in Macedonia, the amount would be from EUR 200,000 to 400,000.

On 4 February 2003, a new privately owned daily newspaper, *Vreme,* appeared on the market. Its printing started in the printing house of NIP Nova Makedonija, and it organised its own street sale distribution. This daily started with a circulation of 40,000 copies, which soon rose to between 80,000 and 100,000 copies, and it has a very strong and smart marketing campaign. The newspaper's content is advertised on the national commercial TV station, *A1 Televizija* on a daily basis. In return, *Vreme* publishes advertisements for and short content features on the most popular soap operas aired on *A1*, as well as posters with the "heroes" of these shows. Formally, there are no indications of cross-ownership between *Vreme* and *A1 Televizija*.

In addition, printing of *Nova Makedonija* and *Večer* (publications of NIP Nova Makedonija) continued in 2004, although in small circulation (between 5,000 and 7,000 copies). *Nova Makedonija* has already been redesigned and has a new editorial concept with the primary intention of profiling itself as an independent and professional daily newspaper that will abide by a serious, analytical approach towards the topics.[12] On the other hand, the *Večer* management announced that the newspaper will be fully redesigned, that a new editorial approach will be implemented and a strong marketing campaign aimed at gaining readership and a market share.[13]

As far as the parallel markets are concerned, the situation is similar to the one in the broadcast media field. It is a fact that, owing to the audience's linguistic preferences and language barriers, the relevant markets of the print media differ. This influences the number of advertisements, indeed a relatively small one, that flow into these media. However, the situation with media published in the languages of ethnic communities is quite specific. They receive considerable funds from foreign donors, and the Albanian language media are supported by the strong diaspora, so the publishing of these media does not present a problem for their publishers. In the market of the Albanian language media, there is a monopoly of one daily newspaper (*Fakti*) and one weekly (*Lobi*), but this is because there are no other dailies or weeklies in Albanian.

One specific problem that applies to all print media, irrespective of the linguistic division, is that they virtually do not employ market logic. The advertising space in the media is not priced on the basis of relevant indicators about the public that reads them, but mostly on the basis of a specific medium's affiliation with one or another political or business group. Companies close to the Government or to certain political parties, acting on a recommendation, give money to the media close to their orientation in order to keep them alive. Consequently, market mechanisms are undermined. What is true for the broadcasting media market, is true for the print media as well. Until several years ago, the advertising money came from about 15 domestic companies, which allocated their advertising budgets mainly according to the orientation of the media. However, the recent arrival of large foreign companies imposed new market criteria on agencies that sell space in the print media. They insist on taking audience survey data as the basis for media planning, i.e. for the allocation of advertising money to the media.

4 MEDIA OWNERSHIP STRUCTURE OF THE MACEDONIAN MEDIA

4.1 OWNERSHIP STRUCTURE OF THE PRINT MEDIA

In this chapter we will describe the ownership structure of the media that are selected according to circulation, regularity of appearance and the editorial content.[14] These are as follows:

- the three largest daily newspapers in Macedonian: *Dnevnik*, *Utrinski Vesnik* and *Vest*;
- the only daily newspaper in Albanian: *Fakti*;
- the two biggest Macedonian language weeklies: *Fokus* and *Kapital*;
- the only Albanian language weekly: *Lobi*;
- the joint distribution company of *Utrinski Vesnik*, *Dnevnik* and *Vest*;
- one of the biggest private printing houses: Grafički Centar.

The first substantial change in the ownership structure of Izdavaštvo Krug DOO[15] from Skopje, which is the publisher of the daily newspaper *Dnevnik*, after 1996 when it was established, occurred on 16 June 2003, when OST Holding Vienna (WAZ) became the owner of 93.8 percent of its assets. Five other natural persons[16] appear as founders of the company, with a total share amounting to 6.2 percent. The company has a managing board consisting of three managers, two of them representing OST Holding Vienna (Srđan Kerim and Peter Jankovski), and one representing Izdavaštvo Krug (Vladimir Bogoev).

The publishing company Most from Skopje[17] publishes the daily *Utrinski Vesnik*. The ownership structure of this trade company was changed on 24 July 2003, when OST Holding Vienna entered with a majority stake of 51.16 percent. The second major owner of the company, with a 24.33 percent stake, is the Trade and Services Company GOFI DOOEL[18] Skopje, which is known to be owned by the Macedonian businessman Trifun Kostovski.[19] Five more natural persons[20] appear as other founders, with a total stake of 24.51 percent.

The managing board of the company comprises three managers, two of them representing OST Holding Vienna (Srđan Kerim and Peter Jankovski), and the third representing DOO Most (Todor Kostadinov).

Table 8 **OWNERSHIP STRUCTURE – DAILIES**

DAILY	PUBLISHING COMPANY	MAIN OWNER (%)	OTHER OWNERS (%)
DNEVNIK	IZDAVAŠTVO KRUG DOO	OST HOLDING - 93.8	FIVE INDIVUDUALS - 6.2 (Branislav Geroski, Vladimir Bogoev, Zlate Lozanovski, Bojan Kicurovski and Milorad Stojmanovski)
UTRINSKI VESNIK	DID MOST BRANKO EROL I DR. DOO	OST HOLDING - 51.16 GOFI DOOEL - 24.33	FIVE INDIVUDUALS - 24.51 (Mančo Mitevski, Branko Tričkovski, Vasil Mickovski, Erol Rizaov and Ljupčo Popovski)
VEST	DOO OGLEDALO SKOPJE	OST HOLDING - 51.06 GOFI DOOEL - 24.05	JOINT STOCK KOMPANY FERŠPED - 14.83 TWO INDIVIDUALS - 10.06 (Dončo Mirčev and Goran Mihajlovski)
FAKTI (Albanian)	NIK EREBARA ŠKUP	INDIVIDUAL - 100 (Emin Azemi)	

The newspaper publishing company Ogledalo DOO Skopje, has published the daily *Vest* since July 2000. On 24 July 2003, this company passed into the ownership of OST Holding Vienna, which entered with a stake of 51.06 percent. The second major owner of *Vest*, with 24.05 percent of the stocks, is the company GOFI, while the third largest owner (14.83 percent) is the joint stock company Feršped. The other owners are two natural persons[21] that have a total share of 10.06 percent. The managing board of *Vest*, just as in the case of the other two newspapers, consists of three managers, two representing OST Holding Vienna (Srđan Kerim and Peter Jankovski), and one representing DOO Ogledalo (Todor Kostadinov).[22]

The only Albanian language daily – *Fakti*, is published by the trade company NIK EREBARA-Škup. The owner of this company is Emin Azemi, formerly a journalist with *Nova Makedonija*.

The weekly *Fokus* is published by the newspaper publishing company Fokus DOO Skopje, owned by two natural persons.[23] The weekly *Kapital* is a publication of the publishing company Ekonomist Artun i Ljupčo DOO, owned by two natural persons.[24] The Albanian language weekly *Lobi* is a publication of the trade company Lobi DOOEL from Skopje, the sole owner of which is Iso Rusi. None of these trade companies appears as a founder, or shareholder in other media. The same applies for the natural persons that appear as their founders, i.e. owners.

Table 9 OWNERSHIP STRUCTURE – WEEKLIES

WEEKLY	PUBLISHING COMPANY	OWNER (%)
FOKUS	FOKUS DOO SKOPJE	TWO INDIVUDUALS - 100 (Nikola Mladenov and Biljana Mladenova)
KAPITAL	EKONOMIST ARTUN I LJUPČO DOO	TWO INDIVUDUALS - 100 (Ljupčo Zikov and Artun Usein)
LOBI (Albanian)	LOBI DOOEL	ONE INDIVIDUAL - 100 (Iso Rusi)

The distributions of *Utrinski Vesnik, Dnevnik* and *Vest* have, de facto, started functioning jointly, although, de jure, their merge has not yet happened. Thus, the existing distribution of the three dailies is the largest at the moment. The other dailies use the distribution networks of other companies or organise their own distribution, which is a rather expensive and difficult task. The new daily newspaper *Vreme* has successfully organised its own distribution network, through which *Nova Makedonija* and *Večer* are currently distributed as well. There is no other bigger, independent distribution company.

The largest printing company in the country is that owned by NIP Nova Makedonia. However, owing to the process of liquidation of the whole enterprise, this printing company is currently for sale i.e. an international tender is to be announced. One of the two biggest private printing companies is Grafički Centar from Skopje, where *Utrinski Vesnik* is printed. It is registered as a company for newspaper-publishing activity and graphic production Grafički Centar KM Kreativ DOOEL Skopje. The founders of this printing company are: GOFI (the same company that owns shares in *Utrinski Vesnik* and *Vest*), KM Kreativ and four natural persons.[25] The manager of the printing company is Todor Kostadinov.

4.2 OWNERSHIP STRUCTURE OF THE BROADCAST MEDIA

The broadcast media included in the description of the ownership structure are selected on the basis of their audience share and signal area:[26]

- the two national TV channels: *A1* and *Sitel*;
- the largest national radio network: *Kanal 77*;
- two larger local TV channels that broadcast programming in Macedonian: *Telma* and *Kanal 5*;
- one larger local TV channels that broadcasts programming in Albanian: *TV Era*;
- two larger Macedonian language local radio channels: *Radio Fortuna* and *Radio Plus Forte*;
- one bigger local radio channel in Albanian: *Radio Vati.*

On the basis of the station license issued, *A1 Televizija* was registered on 29 July 1998. The sole founder of *A1 Televizija* is Velija Ramkovski, with one hundred percent of the ownership. The other national television channel, *TV Sitel* was registered on 11 June 1998. The sole founder and owner of *Sitel Televizija* is the industrial mining company RIK SILEKS.

Table 10 **OWNERSHIP STRUCTURE – NATIONAL COMMERCIAL BROADCAST MEDIA**

NATIONAL BROADCAST MEDIA	OWNER (%)
A1 TELEVIZIJA	ONE INDIVUDUAL - 100 (Velija Ramkovski)
SITEL	JOINT STOCK COMPANY RIK SILEKS - 100
KANAL 77	DT MAKKOOP DOOEL ŠTIP - 100 (owner: Goran Gavrilov 100%)

The largest national radio network, *Kanal 77*, was founded as a broadcasting company on 17 July 1998. Its sole founder is DT Makkoop DOOEL Štip, the sole owner of which is Goran Gavrilov, who is also Manager of *Kanal 77*. Neither *Kanal 77*, nor the legal person that is its founder, have shares in other broadcasting companies. Nor does Goran Gavrilov, the sole owner of DT Makkoop, have shares in other broadcasting companies or in print media.

The sole founder and owner of *Televizija Telma*, the local TV channel covering the Skopje area, is the joint stock company Makpetrol, a trade company whose basic activities are the import and sale of oil and its derivatives. AD Makpetrol appears as a founder of six other trade companies,[27] none of which is involved in the broadcast or print media.

Table 11 **OWNERSHIP STRUCTURE – LARGEST LOCAL COMMERCIAL BROADCAST MEDIA**

LOCAL BROADCAST MEDIA	OWNER (%)
TELEVIZIJA TELMA	JOINT STOCK COMPANY MAKPETROL - 100
KANAL 5	PEČATNICA BS - 100 Printing Company for Professional Rehabilitation and Employment of Disabled Persons
TV ERA	TWO INDIVIDUALS - 100 Agron Memedi and Abdula Memedi
RADIO FORTUNA	ONE INDIVIDUAL - 100 Violeta Božinovska
RADIO PLUS FORTE	THREE INDIVIDUALS (EACH 33,3) Nebojša Karapejovski, Tošo Markoski and Denis Lazoski
RADIO VATI (ALBANIAN)	VAT-INOS DOO EKSPORT-IMPORT SKOPJE - 100 Enterprise for Production and Trade. (owner: Ekrem Kadri)

The sole founder of *Kanal 5*, a local TV channel based in Skopje, is the Pečatnica BS. This legal person was founded by the Holding Company BS. Neither the legal person that is the founder of *Kanal 5*, nor the Holding Company that appears as its founder have shares in other broadcasting companies or in print media. *TV ERA* is the largest local TV channel that airs Albanian language programs in the area of Skopje. Its sole founder is the Enterprise for Broadcasting, Trade and Services Era DOO from Skopje, whose founders are two natural persons.[28] One of them is also the manager of the TV channel (Abdula Memedi). Neither the enterprise that is the founder of *TV Era*, nor the natural persons who are the founders of the enterprise have shares in another broadcasting company or in print media.

Radio Fortuna from Skopje is one of the local radio channel with the widest reach. Its sole founder is a natural person, Violeta Božinovska, who does not have shares in any other broadcasting or print media. *Radio Plus Forte* is a radio station that airs programming in the Tetovo area. Its founders are three natural persons,[29] each of them having a share of 33.3 percent of the company ownership. On 21 October 2003, a request for approval of a change in the ownership structure of the local channel, *TV Menada* from Tetovo, was submitted to the Broadcasting Council. The submitters asked permission for two natural persons, the founders of *Radio Plus Forte*, to acquire interests in *TV Menada* amounting to 50 percent.[30] The Broadcasting Council rejected the request with an explanation that the provisions of the existing Law on Broadcasting Activity do not allow the creation of monopolies in one local area.

Radio Vati is one of the two radio stations that air Albanian language programs in the Skopje area. Its founder is the Enterprise for Production, Trade, Mediation and Representation, Vat-Inos DOO Eksport-Import Skopje. The sole founder of this enterprise is Ekrem Kadri. Neither Vat-Inos, nor its owner have shares in other broadcast or print media.

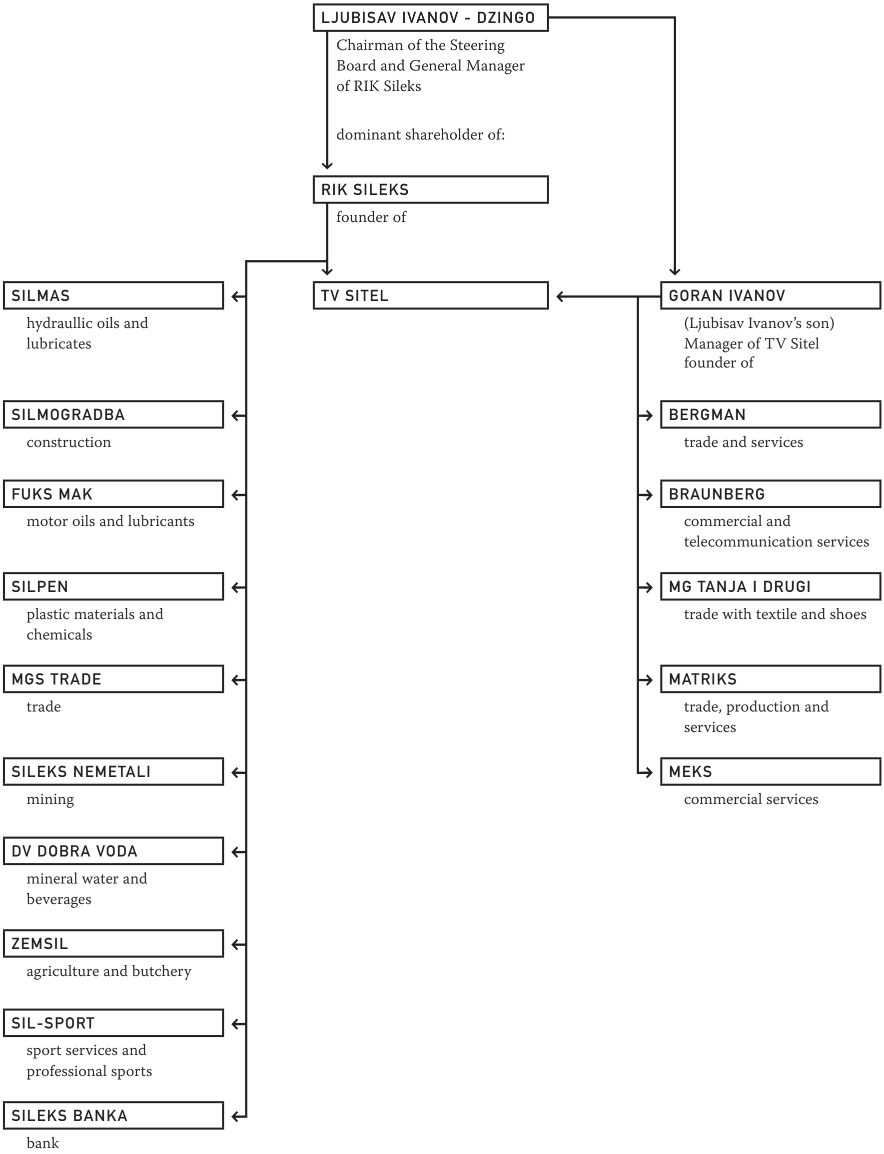
From the data presented, it can be noticed that in the sphere of the broadcast media, there has been almost no media concentration so far. The dominant patterns of ownership in the broadcast media are: (1) for the most influential media, ownership by individuals, with powerful industrial or trade companies behind them, and (2) for smaller local media, predominantly ownership by individual owners. Although the existing Law on Broadcasting Activity has until now allowed for a certain level of concentration, this has not occured in practice.

4.3 THE BIGGEST MEDIA OWNERS

At the moment, information about the ownership structure, either of the print or of the broadcast media, can be obtained only from the Court Register of Broadcasting Companies. The Register is a public book that can be accessed for free, upon written request. It is a problem to obtain data about the ownership structure of the joint stock companies (media founders) that issue securities. According to the Securities Law (Article 56), they are obliged to publish, among other things, data about the changes in their ownership structure, in at least one daily newspaper and on the Macedonian Stock Exchange WEB site. However, they usually do not comply with this requirement, even though they are liable to fines – 100,000 to 300,000 denars (EUR 1,600 to 4,800). The Central Securities Depository does store these data, but according to the Securities Law, they can be obtained only by institutions authorised by law.

It is widely known that one of the biggest Macedonian businessmen and owner of a large number of companies, Ljubisav Ivanov – Dzingo is behind *Sitel Televizija*. Officially, the founder of *Sitel Televizija* is the Mining Industrial Company RIK SILEKS from Kratovo (see Chart 1), a joint stock company where the dominant share is in the hands of Ljubisav Ivanov - Dzingo, who is the Chairman of the Steering Board and the General Manager of this company.[31] RIK SILEKS itself appears as a founder of 11 companies in different sectors: mining, industry, agriculture, trade, banking etc.

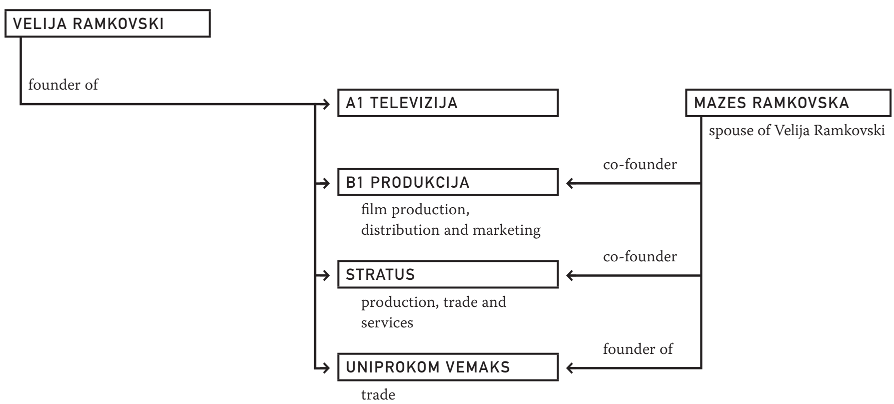
Chart 1 **OWNER OF SITEL TELEVIZIJA**



On the other hand, the Manager of *Sitel Televizija* is Goran Ivanov, Ljubisav Ivanov - Dzingo's son, who is himself the founder of five companies, all in the field of trade. Ljubisav Ivanov - Dzingo is the leader of the Socialist Party and its sole representative in Parliament. In November 2003, together with the leaders of two other political parties – Democratic Alliance (Pavle Trajanov) and Democratic Alternative (Vasil Tupurkovski), Ljubisav Ivanov - Dzingo promoted the new political option – The Third Route, which is expected to participate as a coalition partner in the local and presidential elections to be held in 2004.

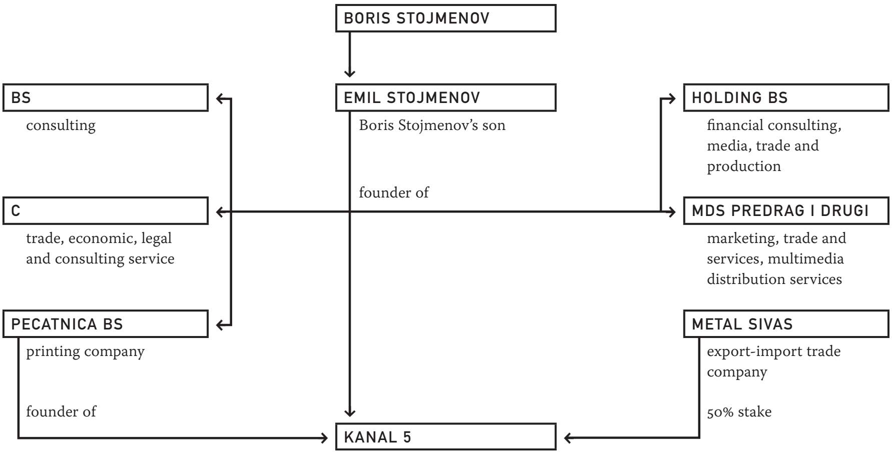
The owner of the other national TV channel, *A1 Televizija*, is Velija Ramkovski, a well-known businessman and owner of a large trading company that deals with a variety of products. Besides *A1 Televizija*, Velija Ramkovski appears as a founder of two more trade companies: Company for Film Production, Distribution and Marketing B1 PRODUKCIJA DOO Skopje and Company for Production, Trade and Services STRATUS DOO Skopje (see Chart 2). The first case is an example of cross ownership of a TV station and a production and distribution company, which is not in collision with the provisions of the existing Law on Broadcasting Activity because this type of cross-ownership is not regulated at all. Ramkovski's spouse appears as a co-founder of B1. She is also the founder of the trade company UNIPROKOM VEMAKS Eksport-Import DOO. Stratus's products are extensively advertised on *A1 Televizija*.

Chart 2 **OWNER OF A1 TELEVIZIJA**



The third characteristic example of a big businessman standing behind an influential medium is Boris Stojmenov, the former Minister of Finance in the Government of the now oppositional VMRO-DPMNE and the founder and leader of VMRO-VMRO (a political party which evolved from VMRO-DPMNE). *Kanal 5 Televizija*, one of the largest local TV stations, is founded by the printing company Pečatnica BS, the founder of which is the Joint Stock Company for Financial Consulting, Media, Trade and Production HOLDING BS. Boris Stojmenov's son, Emil Stojmenov appears as a founder of Holding BS. Emil Stojmenov also appears as founder or co-founder of other trade companies: BS DOO Skopje, a consulting company, C DOOEL, a company dealing in trade and providing economic, legal and consulting services, and MDS Predrag i dr. DOO, a company for marketing, trade and services, and multimedia distribution systems (see Chart 3). *Kanal 5* is an example of cross-ownership of a TV station and a printing house, which is also not regulated by law. In January 2004, *Kanal 5* submitted a request to change its ownership structure, i.e. to sell a 50 percent stake to a trade company Metalsivas Export-Import DOO Skopje.[32] The Broadcasting Council approved the requested change and submitted a proposal to the Government, which made the final decision on 19 January 2004. This is one rare example of a change in the ownership structure of a major broadcast medium.

Chart 3 **OWNER OF KANAL 5 TELEVIZIJA**



None of the three biggest media owners possesses shares in other media companies, be it broadcast or print media. The reason, as explained by some of the media owners,[33] is that the 25 percent share, which is the upper limit according to the law, is not enough to ensure a dominant business interest for the investor. Macedonia seems rather specific regarding co-ownership. Business partnerships are still rare, and it seems difficult to establish fair business cooperation and necessary business confidence.

4.4 WAZ IN MACEDONIA

The entry of the German media giant WAZ is the first case of a bigger concentration of print media in 13 years of the development of media pluralism in Macedonia. According to the ownership structure, the print media in Macedonia were predominantly in the hands of individuals, one or two founders who, as journalists, were mainly recruited from the state owned newspaper publishing company. Before WAZ came, there was almost no attempt at a domestic merger or purchase of a printed medium, which is mostly explained as resulting from the fact that the media, with rare exceptions, were not treated as businesses, but as means to achieve political influence or to "cover" suspicious deals. Thus, from the media business point of view, WAZ probably represents a new impulse towards development of the market and competition; on the other hand, it also aroused all the controversies related to the issue of media concentration and its possible implications for competition and pluralism.

WAZ entered Macedonia by buying a controlling interest in the three biggest daily newspapers: *Dnevnik*, *Utrinski Vesnik* and *Vest*. According to the ownership structure data, WAZ has the biggest share in *Dnevnik* – 93.8 percent, while in the other two newspapers it has controlling shares – 51.16 percent in *Utrinski Vesnik* and 51.06 percent in *Vest*. The record of the change in the ownership of *Dnevnik* was entered into the Court Register in June, and for *Utrinski Vesnik* and *Vest* in July 2003. The three publishers did not inform the Monopoly Authority about the takeover, although that was their responsibility. When the Monopoly Authority requested data about the ownership structure, the three newspapers first responded by publishing reactions and articles that criticised the Authority. However, after a warning that an infringement proceeding had been started against the three publishers, these data were submitted to the Monopoly Authority. In accordance with the legislation, the Monopoly Authority is conducting activities in order to determine whether this takeover led to the dominant market position of the companies and whether there has been an abuse of that position. In case it establishes such a situation, the Authority could ban the merger.

According to information from the Monopoly Authority, the decision-making procedure in the case of this takeover was still underway at the end of January 2004. What had already been determined is the dominant position of the three newspapers, established on the basis of data concerning their sales on the daily newspaper market during the year preceding the takeover – 2002. These data show that, in determining their market share, the Monopoly Authority took into account eight dailies, four of which are the publications of *NIP Nova Makedonija* (in Macedonian, Albanian and Turkish language) and one privately owned newspaper in Albanian (*Fakti*). According to the explanation, it is considered that the notion of the relevant market should also include newspapers in Albanian, because readers of newspapers in Albanian are also able to read newspapers in Macedonian.

Table 12 THE SHARE OF THE THREE NEWSPAPERS IN THE DAILY NEWSPAPERS MARKET IN 2002

DNEVNIK	38.46%
VEČER	16.68%
VEST	19.21%
UTRINSKI VESNIK	16.39%
FAKTI	4.30%
NOVA MAKEDONIJA	3.75%
FLAKA AND BIRLIK	1.21%

Source: Monopoly Authority of RM.

As the data show, in 2002 these three newspapers accounted for 74.06 percent of the dailies market. In the first six months of 2003, the market share of the three newspapers following the take over was 89.21 percent, which is due to the fact that the Nova Makedonija publications had low circulation.

Table 13 THE SHARE OF THE THREE NEWSPAPERS IN THE DAILY NEWSPAPERS MARKET IN THE FIRST SIX MONTHS OF 2003

DNEVNIK	45.58%
VEST	24.08%
UTRINSKI VESNIK	19.55%
FAKTI	4.16%
VEČER	3.83%
NOVA MAKEDONIJA	1.85%
FLAKA AND BIRLIK	0.95%

Source: Monopoly Authority of RM.

Besides the evidently dominant position (monopoly) on the market, there was an ongoing procedure for determining abuse, i.e. conduct that limits the competition of the other subjects on the market. The problem was that, in December 2003 and January 2004, there were almost no other daily newspapers on the market. The new developments concerning *Nova Makedonija* and *Večer* were yet to be seen (these brands were sold on 23 December 2003).[34] It was announced that their publication would continue with renewed editorial content. On the other hand, in January 2004, a new daily newspaper was expected to appear on the market, so the issues referring to the possible hindrance of the competition were yet to be determined. In this view, especially indicative could have been the future conduct of WAZ, bearing in mind that the marketing of the three dailies has already been merged[35] and that there was an intention to merge their distribution as well. It was expected that WAZ would offer bigger benefits to advertisers when creating their media plans and the potential to reach a broader readership.[36] On the other hand, WAZ negotiated to buy the two biggest printing companies in Macedonia (Evropa 92 and Grafički Centar). If this had happened, it might have served as a serious indication of possible monopoly conduct. However, the final decision of the Authority was that the dominant market position achieved through these three newspapers was not abused. The argumentation given by the Authority is that the monopoly position of the WAZ publications did not prevent competition in the market, since the new private daily newspaper, *Vreme*, successfully started publication, and the other two dailies, *Nova Makedonija* and *Večer*, continued regular publishing in 2004.[37]

What makes WAZ's entry into Macedonia especially controversial is the fact that, for the first time in a country in this region, WAZ appointed a former politician as its head man. WAZ's manager in Macedonia, who is the manager of the boards of all three newspapers, is Srđan Kerim, a diplomat and former Foreign Affairs Minister in the coalition government of the VMRO-DPMNE and the Liberal Party. On the other hand, the second biggest owner in *Utrinski Vesnik* and in *Vest*, by way of the trade company GOFI, is the businessman Trifun Kostovski, a member of Parliament who, in the 2002 parliamentary elections, headed one of the lists of candidates of the ruling SDSM. The second problem is that the three newspapers also received money from the budget allocated for media subsidies in 2003. The decisions to grant the means were brought at the end of June and in July, meaning at the time of the merger. In the case of *Utrinski Vesnik* and *Vest*, the decision was made 20 days before the formal acquisition, but in the case of *Dnevnik*, it happened after the agreement with WAZ was signed. The explanation that the Government gave, after a series of public reactions relating to the decisions, was that it had not been informed about the merger.

Among the print media, there is a belief that initially WAZ will not undertake steps that would lead to a monopoly or limitation of competition. However, they fear that in the long run WAZ will attract most of the advertising money, meaning that it will slowly exhaust all the other print media, predominantly the dailies, but weeklies and biweeklies as well.[38] The WAZ representatives, however, give completely opposite information and opinions about their participation in the Macedonian market. When asked why WAZ bought the three main newspapers in Macedonia, Bodo Hombach, in a media statement during his last visit to Macedonia in November 2003, stated that "the presence of the media group WAZ on the Macedonian market is a result of initiatives by the Macedonian partners, that were expressed on several occasions in the last few years, and that coincided with WAZ business interests and strategy/…/ it is true that the investment risk in Macedonia is higher than in other European countries,/…/ but WAZ puts itself in a flexible position regarding that risk, because it believes in Macedonia's future, as part of the European Union."[39] In the same interview, Bodo Hombach also stated that WAZ has signed the OSCE Charter for Media Freedom and that WAZ guarantees independence to the editors in chief and to the journalists in the newspapers in Macedonia. "The situation with the media in Southeast Europe is rather hard, but wherever we are, the media are stable. We watch journalists' backs, so they can concentrate on their job."[40] He also stated that WAZ has no intention of creating new monopolies in any sector, including prices, and, as far as WAZ's share of the newspapers' market is concerned, it can only be a result of successful business policy and good acceptance among the readers, who sovereignly make the decision on which newspapers will find a place in their homes.

5 PRIVATISATION – CASE OF NOVA MAKEDONIJA PUBLISHING COMPANY

The privatisation process of the publishing company NIP Nova Makedonija started in 1990, in accordance with the legislation adopted by the former SFR Yugoslavia. These regulations continued to be implemented after Macedonia gained independence, during 1990 and 1991, and the effects of the privatisation, begun on the basis of this regulation, were built into the Law on the Privatisation of Enterprises with Social Capital,[41] adopted in 1993. According to this law, enterprises had an opportunity to independently choose their privatisation model until the end of 1999. Such a decision was taken for NIP Nova Makedonija on 3 March 1995, which chose the employee buyout model. The privatisation process of the publishing company NIP Nova Makedonija officially started in December 1995. According to the first estimates, the value of the NIP was EUR 14 million. The ownership structure of the NIP at the time when privatisation started was as follows: 22.45 percent of the stock was owned by the employees (which they had obtained on the basis of the previously valid federal legislation of the SFR Yugoslavia); 32.9 percent of the stock belonged to the state; 37.95 percent of the stock was owned by the Privatisation Agency (socially-owned capital), and 6.7 percent of the stock to the Disablement and Retirement Insurance Fund.[42] The NIP employees were given a period of three years to buy additional stock in order to reach the controlling interest (51 percent of the share capital), in three installments. However, only two installments were paid by the specified deadline, so the privatisation model was not realised, which resulted in a situation in which the state acquired a 69.76

percent share, i.e. it gained managerial control over the NIP. According to the opinions of some of the leading people from the NIP,[43] the years from 1995 to 1998 were decisive for the company's transformation and reorganisation to enable it to function in the new market economy conditions. The lack of vision and of transformation concept, the lack of inner vitality on the part of the management teams and employees, the wrong moves while realising the privatisation, and especially the fact that privatisation was not completed following the chosen model, as well as various external factors, were the reasons for the failure of this publishing enterprise to adjust to the new conditions.

The events that followed were the beginning of the end of NIP Nova Makedonija. Since it had already accumulated enormous debt, and continued to produce debt, the NIP was put on the list of "loss-makers". The Government had to solve the status of these companies as a precondition for obtaining the FESAL 2 arrangement, negotiated with the World Bank and IMF. The World Bank insisted that the stock of the enterprises with socially-owned capital should not be sold on the Macedonian Stock Exchange, but through a public tender, upon a prior analysis (economic, cost benefit etc.) by an authorized consultant, who had the task of evaluating whether the stocks of the enterprise were to be sold or if it would be liquidated. Based on such an analysis, the Government made the decision to sell the NIP in April/May 2002, i.e. part of the stock that comprised the socially-owned and state capital (69.76 percent). A tender was published, and only one company applied - Jugstoritve from Slovenia. The decision was brought by the Government in August 2002. The price was EUR 2.3 million, and Jugstoritve undertook the obligation to pay back the NIP's debts to all trustees (EUR 10.5 milion), to keep the employees and to make investments of EUR 6 million, while the overdue salaries of the employees were to be paid by the Privatisation Agency. The deadline by which Jugstoritve was to pay the money was 12 September 2002, later extended to 18 September 2002. After the Government's conclusion, and on NIP's request, it was demanded that the Agency should transfer the funds for overdue salaries to the account of NIP Nova Makedonija. However, on 18 September, the Agency, acting upon the governmental conclusion, transferred the 134 million denars (EUR 2.3 million) to a different account – one belonging to the newly founded company Nova Makedonija Press DOOEL. The problem with this transfer is that the employees have never received their salaries.

There was a change of Government after the elections in autumn 2002. The employees of the NIP went on strike in December 2002 because of the illegal execution of NIP's buyout and because their overdue salaries had not been paid. The new government concluded that the buyout was unlawful, and the Privatisation Agency and the Public Attorney started court proceedings for the annulment of the purchase agreement. In June 2003, the Government made the decision to start the bankruptcy procedure, and on 22 October, the majority of the trustees, during the Trustees Assembly, held in the First Instance Court Skopje 1, decided to liquidate Nova Makedonija. The main reason for this decision were the enormous debts of the company. It was decided that the real-estate of Nova Makedonija and its media brands would be the subjects of separate sale undertakings. More than 1,300 employees were left unemployed. Some of these returned to the company, signing service contracts, because it was decided that the publishing of NIP's newspapers and magazines would continue. On 23 December 2003, the Board of Trustees decided to sell part of the NIP's brands. The Marketing Agency Idea Plus is the new owner of *Večer*, the company Zonik bought *Nova Makedonija*, Evroazija-tehnika bought *Birlik* (a Turkish language newspaper), and the Publishing House Prosvetno delo bought *Detska Radost*. The representatives of the companies that bought *Nova Makedonija* and *Večer* publicly stated that they planned to redesign the newspapers and to publish them on a regular basis. On 26 December, a second tender was announced for the sale of those brands for which there had been no offers at the first one (*Skok*, *Osten*, *Puls*, *Flaka*, *Ekran* and the archives of the publishing company). The two buildings of the publishing company will also be auctioned off. The starting price for the smaller building is EUR 3.5 million, and for the bigger one EUR 13.5 million. An international tender will be announced for the printing company, and there is a plan to auction the 180 kiosks in Skopje.

The controversial involvement of the Slovenian company Jugstoritve provoked a special interest in the domestic as well as in the Slovenian media. According to information published in the Slovenian media, Jugstoritve is a consortium founded with the sole purpose of buying Nova Makedonija.[44] What still remains unclear are the real reasons that led Jugstoritve to decide to make such a big investment in Macedonia, which was, and still is, viewed as a risk country. According to the official statements of the Jugstoritve's representative, they considered it to be a good business opportunity. However, there was a series of articles in the Slovenian and Macedonian print media[45] about the possible intention of the companies gathered in this consortium of engaging in suspicious businesses in Macedonia, as well as about an alleged connection between Jugstoritve and individuals close to the then ruling party VMRO-DPMNE. These claims were reinforced by the information about the manner of the buyout, i.e. the transfer of EUR 2.3 million intended for paying off the overdue salaries. After the initial transfer to the account of NIP Nova Makedonija Press DOOEL, there were several other bank transactions: the money was first moved to an account at Tutunska Banka, then most of it to another account at Rado Banka and the rest to the account of the Zoom Promotion company.[46] The representatives of the Nova Makedonija Trade Union stated that the an audit of the purchase of Nova Makedonija will show that the company was bought using this money.

6 MEDIA INDEPENDENCE

The review of the legislation shows that in Macedonia only the broadcasting media sector is subject to regulation, while the print media are only bound by the general provisions laid down in Article 16 of the Constitution. Therefore, issues related to editorial independence of the media i.e. independence from media owners, are, to some extent, treated only by the Law on Broadcasting Activity, while as regarded the print media, this issue is generally covered by self-regulation i.e. in the Code of the Journalists of Macedonia.

The Law on Broadcasting Activity does not contain provisions that directly regulate the editorial independence of the broadcaster from the owner. However, in the general provisions (Article 8), it is stipulated that broadcasting activity is based upon the principles of independence and autonomy of the broadcasting organisations, prevention of a monopoly of individuals and groups having influence in the broadcasting organisation, and prohibition of censorship. These provisions also incorporate measures that guarantee and promote “internal pluralism” within the media, i.e. each medium is committed to keep its programming open to different points of view and opinions that circulate in society. Accordingly, all broadcast media are obliged to present different options and standpoints in a “balanced” manner. Thus, Article 8 of the Law stipulates that broadcasting activity should be based on the principles of truthful and timely information, open to free competition and different political ideas, cultural and other tendencies and opinions, and should provide appropriate and impartial treatment of political subjects, and programs that would not serve one-sidedly any political subject, group or individual (especially during election campaigns). Besides, Article 32 stipulates that the entire program output of the broadcaster must not one-sidedly serve any particular political party or interest, as well as that (Article 33) the broadcaster’s programming must depict events truthfully, with equal treatment of different approaches and opinions.

Despite these extensive and detailed mechanisms, the intention of which is to ensure the independence of the editorial policy of the broadcast media from the influence of political parties, business groups and individuals, in past years the broadcast media, television in particular, have shown “tacit inclination towards particular political views, recognisable through the more extensive presentation of their standpoints, activities and initiatives” (Šopar, 2002: 52). Numerous media analyses, conducted by scientific-research institutions and organisations[47] that monitored the election campaigns, confirm the thesis that the broadcast media were primarily used as a means for achieving political goals and for the articulation of political, economic and other interests (*Broadcasting Council Bulletin* Vol. 3, 6, 8 and 13).[48] This was characteristic of the programming of the public broadcasting service (*Makedonska televizija*), as well as of the commercial television stations.

The fact that the public broadcasting service did not manage to guard its independence from the influence of the ruling structures, was probably one of the main reasons for the continuous efforts of the opposition parties to establish "political balance" by influencing commercial media. In this way, broadcast media (and their owners and journalists working for them) were continuously at the centre of the political struggle between the Government and the opposition, not succeeding in winning autonomy for the media sphere i.e. its independence from politics (Andrevski, 2001: 81). If this issue is looked upon from the point of view of ownership and its impact on pluralism, then the thesis could be formulated differently: the political protagonists and large business groups needed media (primarily television) to fulfill their long-term political or commercial goals. This is clearly proven by the cases of the biggest TV stations dealt within the section on ownership structure. The trade or industrial companies that own TV stations use them continually as a space for advertising products that they sell or produce. On the other hand, the individuals behind these media, who belong to various political groups, use them as a space for personal political promotion, especially at the time of the election campaigns.

As far as the print media and their editorial independence from politics is concerned, one must keep in mind that the print media sector, unlike broadcasting, is subject to looser regulation, and that a certain political preference is allowed to the print media even according to the European standards.[49] However, the issue of guarding the professional and editorial independence of journalists from media owners has not been considered or discussed within the journalists' associations so far. This, according to the representatives of the journalists' association,[50] is a result of the insecure social and economic position of the journalists (low and irregular salaries, the owners do not pay for pensions or health insurance), so they are objectively not motivated to raise the issues of professional independence. To our knowledge there have been several instances of pressure on journalists by the media owners. One recent example is a "quarrel" between the owner of a TV station and its editor in chief provoked by the owner's attempt to influence the manner of reporting the news, which led to the journalist's transfer to another TV station.[51] However, these cases, although well known to journalists, were not discussed either in the public or in the journalists' association. There are no collective agreements between journalists' association and media owners, nor in-house agreements between the journalists employed by a medium and its owner.

On the other hand, what is really not missing in journalistic practice in Macedonia are training and seminars related to the rules of performing the journalistic profession, investigative journalism, professional ethics and the need for editorial independence. These kinds of training have been organised in the course of the past ten years, by various foreign and domestic organisations and foundations, which grant scholarships, prizes and other types of support.

7 CONCLUSIONS

Media pluralism, as a precondition for the creation of the new democratic society, was established, legally and in practice, during the 1991–2003 period. Today, in contrast to 13 years ago, the public has at its disposal a wide variety of public and private media that mirror the multiplicity of political views and cultural pluralism in the Republic of Macedonia. However, the commercial media, predominantly television and the print media, were treated during this period more as means of achieving political and commercial goals, and less as business ventures. Market relations in this sphere were hard to introduce because the advertising space in the media was not sold according to market criteria but mainly on the basis of a medium's links with specific political or business groups. It has been only recently, and thanks to the entry of several larger foreign companies, that market criteria began to be imposed. Nevertheless, the situation on the market is still exceptionally unfavourable, owing to the general crisis in the Macedonian economy and the small advertising income (about EUR 30 million annually), which is mostly controlled by the advertising agencies.

In the past period, media concentration in the broadcast media sector was virtually non-existent. The main reasons were the absence of market logistics in the media business and the rigid provisions of the Law on Broadcasting Activity. The transfer of concessions was prohibited, and the forms of cross-ownership that were allowed did not offer sufficient economic motive to invest in another medium. This resulted in a severe fragmentation of the market, the proliferation of small and unprofessional media owned by individuals, and the linkage of the biggest and the most influential ones with powerful local businesses and political parties. In this sense, it is also hard to talk about monopolies, whether on the national or on the local level. Commercial television has long been reacting to the monopoly of the public broadcasting service, which, although financed from the license fee, takes a part of the advertising cake by selling its advertising time at dumping prices. However, the advertising expenditure data for 2002, show that it is actually the commercial TV networks *A1* and *Sitel*, as well as few other stations based in the Skopje area, that attract the biggest share of the advertising money. Although the Law Against Limitation of Competition states that one company may have a maximum 30 percent share of the market, it seems that the Monopoly Authority is still not prepared to raise the issue of the dominant position of some of the broadcast media in the market. On the other hand, the issues of the thresholds, of the market share or of the audience share of a broadcast medium, are not treated in the existing Law on Broadcasting Activity.

The future broadcasting regulation envisages a much more liberal media concentration regime, which primarily has the goal of inciting the development of the media business and the creation of economically viable and professional media companies that will bring new programming quality. However, at this moment we are dealing with a working version of the future law, and the prevailing assessments are that cross-ownership provisions are not grounded in a reliable analysis of the market and of the possible consequences of concentration for the already established pluralism. Among media professionals in the broadcasting field, there is a lack of knowledge about the issues of media concentration and of economic regulation, so it would be advisable to start expert discussions and to make appropriate analyses, before the new law is adopted.

The picture of the ownership structure of the print media is similar to that for the broadcast media. The print media were predominantly founded by individuals or by small groups of journalists who were mainly recruited from the state-run newspaper publishing company NIP Nova Makedonija. Throughout this period it was facing an exceptionally difficult financial situation, and after the unsuccessful privatisation that began in 1995, and the suspicious sale to the Slovenian phantom company Jugstoritve at the end of 2003, it was finally liquidated. The arrival of the media concern WAZ brought the first case of a larger concentration in the print media sector in the 13 years of media pluralism development in Macedonia. From the media business point of view, WAZ probably represents a new impulse in the development of the market and the competition; on the other hand, it has aroused controversies related to media concentration and its possible consequences for competition and pluralism. WAZ has already made several moves that, according to media experts, could qualify as competition hindrance and will affect all other print media in the long run. In fact, by taking over the three biggest daily newspapers, WAZ also merged their marketing and their distribution, and there are announcements about the purchase of the two largest private printing houses, or probably of the printing house owned by Nova Makedonija, which is yet to be sold through a public tender.

The existence of the so-called parallel media is specific to the media space in Macedonia. Their emergence is related to the linguistic and cultural diversity of the ethnic communities living in Macedonia. It is a fact that, owing to linguistic preferences and language barriers, the relevant media markets differ. This results in a relatively small amount of advertising in the ethnic communities' media. These are the reasons why linguistic pluralism in the media in the past period was continuously supported by donations and other forms of support. Linguistic pluralism is greater in the broadcast than in the print media sector.

Despite the fact that the broadcasting regulation includes extensive measures for the protection of media and journalists from different types of influence by groups or individuals, practice shows that the Government, political parties and the powerful business groups manage to impose their control over the broadcast media, particularly television. On the one hand, this was particularly evident through the influence of the Government over the public broadcasting service and on the other, through the influence of the owners of the biggest TV stations, who have continually been using their media either to support their businesses or for personal political promotion, especially during election campaigns.

NOTES

1 In the Constitution of the Republic of Macedonia (Article 56), it is determined that the exploitation of public goods of general interest (among which is the frequency spectrum) could be performed under the terms specified in the law. According to the Law on Broadcasting Activity, broadcasters perform the broadcasting activity based on a concession that is issued in conformation with the stipulations of this Law, the Concession Law and the Telecommunications Law. The system of licences is to be introduced with the new Law on Broadcasting activity.

2 In March 1991 the independent magazine *Zbor* appeared, and in August the independent daily *Republika*. Afterwards followed the political weeklies *Puls* (in the framework of the Nova Makedonija system) and *Epoha*, as well as the party biweekly *Glas*.

3 An attempt at foreign capital entrance is the example of the privately-owned Greek station *TV Alpha* that wanted to completely buy the local TV station *TV Skopje*. Owing to legal limitations, or more precisely, to the inability to own more than 25 percent of the local TV station's stock, *TV Alpha* founded another legal entity, the trade company Alfaskop, which bought a majority share of *TV Skopje* stock.

4 In July 2003, the main oppositional political party VMRO-DPMNE appeared with another initiative for adopting a new Law on Broadcasting Activity. It submitted the bill to the Parliament of the Republic of Macedonia. In the Parliamentary debate, held in September 2003, the bill proposed by the VMRO-DPMNE was not adopted.

5 Although in this document we use the commonly known term "licence fee", we should point out that the expression used in the law is "broadcasting tax". The reason is that the fee that is paid by all households that own a television set is treated as a "public tax" that is collected by the Taxation Office and is not exclusively intended for financing the public broadcasting service, as in other countries (only 51 percent of the collected tax is intended for the PBS).

6 In the legal provision which has so far been used as a basis for allocation of these means, it is not strictly stated what their purpose is. According to the Law on the Budget of the Republic of Macedonia (Article 45), the Macedonian Government, on a proposal by the Agency for Information, allocates a certain amount of financial support to the local public media (local public radio stations) and to the publishers of newspapers and magazines.

7 The first radio and TV stations appeared in 1991 and 1992 (*Radio Kanal 77*, *Radio Kanal 4*, *TV Teko*, *TV Tera*, *A1 Televizija*, to name just a few of them).

8 Interview with Goran Gavrilov, owner of *Kanal 77* (16 December 2003) and with Darko Peruševski, Manager of *A1 Televizija* (17 December 2003).

9 According to the Broadcasting Council, in the past period, several broadcast media, mainly local radio stations, were sold, but owing to the provision on non-transferability of the license, these acts were not legalised or entered into the Court Register.

10 The newspapers in Albanian (*Flaka*) and in Turkish (*Birlik*) were published three times a week.

11 Interview with Aleksandar Damovski, former co-owner of *Dnevnik* and founder of a new daily newspaper *Vreme*, 28 October 2003.

12 Interview with Mirče Adamčevski, Editor in Chief of *Nova Makedonija*, 24 February 2004.

13 Interview with Petar Ribarski, Executive Manager of *Večer* Press DOO, 25 February 2004, and Vasko Eftov, Editor in Chief of *Večer*, 2 March 2004.

14 The data on the ownership structure of the print media were gathered from the Court Register of Trade Companies on 16 December 2003 and from the Monopoly Authority of the Republic of Macedonia.

15 DOO stands for a company with limited responsibility.

16 Branislav Geroski, Vladimir Bogoev, Zlate Lozanovski, Bojan Kicurovski and Milorad Stojmanovski.

17 DID Most Branko Erol idr. DOO Skopje.

18 DOOEL stands for a sole owner company with limited responsibility.

19 In the Court Register, the foreign company, Group of Finance and Investment S.A., appears as a founder of GOFI.

20 Mitevski Mančo, Tričkovski Branko, Mickovski Vasil, Rizaov Erol and Popovski Ljupčo.

21 Dončo Mirčev and Goran Mihajlovski.

22 Todor Kostadinov, who sits on the Managing Board of both *Utrinski vesnik* and *Vest* and is also the manager of the printing house Utrinski vesnik, is a nephew of

Trifun Kostovski, the second biggest owner of these two dailies.

23 Nikola Mladenov and Biljana Mladenova.

24 Ljupčo Zikov and Artun Usein.

25 Gjoko Stojanovski, Zoran Spasov, Johan Elzaser and Predrag Radonjanin.

26 Data about the ownership structure of the broadcast media are provided from the database of the Broadcasting Council and from the Court Register of Trade Companies, realised on 16 December 2003.

27 AD Makpetrol is the founder of the following companies: Trade and Service Company Šampion DOOEL Import-Export Skopje, UGOTUR Joint Stock Company for Catering and Tourism, Agency and Trade Skopje, Joint Stock Company for Production, Trade and Maintenance of Electronic Appliances and Components Makpetrol – TEAS AD Skopje, Mines and Ironworks Topilnica – AD for Production and Trade in Iron and Steel Products and AD for Production and Trade Makpetrol TEMA Skopje.

28 Agron Memedi and Abdula Memedi. The enterprise that appears as founder is not a broadcasting company i.e. broadcast medium, although it includes the word "broadcasting" in its title and registration.

29 Nebojša Karapejovski, Tošo Markoski and Denis Lazoski.

30 Nebojša Karapejovski with 25 percent and Tošo Markoski with 25 percent.

31 The information originates from the Court Register of Trade Companies.

32 Founders of this company are two natural persons: Mirsad Jonuz and Erato Paligora-Jonuz.

33 Interview with Goran Gavrilov, owner of *Radio Kanal 77*.

34 The brand of *Nova Makedonija* was bought by the trade company Zonic, and the brand of *Večer* by the marketing agency Ideja Plus.

35 The joint marketing company is registered as a separate legal entity Media Print Makedonija DOO Skopje. Founders of this company are the same entities that publish the WAZ's newspapers: Izdavaštvo Krug, DID Most and DNID Ogledalo.

36 The weeklies *Kapital* (no. 208, 24 October 2003) and *Lobi* (no. 140, 21 October 2003) warned about this kind of monopoly conduct of WAZ in other countries.

37 Interview with Pančе Bardarov, Director of the Monopoly Authority, 23 February 2004.

38 This assumption was expressed by the members of the Board of the Print Media Association.

39 *Dnevnik*, 1 November 2003, "WAZ Believes in Macedonia's European Future" <http://www.dnevnik.com.mk>.

40 *Dnevnik*, 1 November 2003, "WAZ Guarantees Independence to the Newspapers", <http://www.dnevnik.com.mk>.

41 The dominant type of ownership in the former socialist system was called "social ownership", defined as ownership which belongs to the society, i.e. neither to a group nor to an individual. Thus, the term "social capital" refers to the part of the capital of a legal entity that has not yet been transformed (through the privatisation process) into state or private capital.

42 The data was obtained from the Privatisation Agency of the Republic of Macedonia (interview with Anela Darkovska, Director of Legal Department, 29 October 2003).

43 Interviews were held with Mirče Adamčevski (Editor in Chief of *Nova Makedonija*), Predrag Dimitrovski, (Deputy Editor in Chief of *Večer*) and Mirče Tomovski (editor in ehief of the weekly *Puls*)

44 This is a statement given to the Slovenian *POP TV* (10 December 2002) by Vito Komac, owner and Manager of Zoom Promotion, one of the founders of this consortium, which consisted of: Koroški holding, FMN, Zoom Promotion and the natural person Dušan Grabnar. The biggest shareholder is FMN with 40 percent.

45 Slovenian dailies *Večer* (6 August 2002) and *Delo* (7 August, 29 September, 27 November 2002). Macedonian dailies *Dnevnik* (5 August 2002) and *Utrinski vesnik* (5 and 6 August, 24 and 25 September 2002)

46 In the current affairs program Preverjeno, aired on 10 December 2002 on the Slovenian private TV station *POP TV*, Vito Komac, the representative of Jugstoritve, admitted that the money intended for paying the salaries was used as a guaranty for the loans Jugstoritve obtained from Tutunska Banka for the purchase of NIP Nova Makedonija.

47 Institute for Sociological, Political and Juridical Research from Skopje, European Institute for the Media, OSCE (Media Monitoring Mission during the Elections), Republic of Macedonian Broadcasting Council etc.

48 This was especially visible during the election campaigns in Macedonia, the parliamentarian elections in 1998 and in 2002, the presidential elections in 1999 and the local elections in 2000.

49 In the Explanatory Memorandum to Rec. no. R (99) 15, it is stated that "..due to the different nature of the print and the broadcast media, the press is free to have a distinct political leaning."

50 Interview with Viktorio Jakovlevski, Secretary General of the Association of Journalists of Macedonia, 30 October 2003.

51 See *Dnevnik*, 6 November 2003, "*A1* Without the editor in chief".

MOLDOVA

Tamara Caraus

1 INTRODUCTION

The media market in the Republic of Moldova has some peculiar features. First, it is divided into media sub-markets of the Romanian language and the Russian language. Second, the media system reflects the Moldovan state's search for national identity, and often serves as a tool for creating and consolidating various identity options. Third, media economics seems to have little relevance in Moldova. Investors are putting money into the Moldovan media, but not with a return on investment as a primary objective – buying influence over society appears to be their principal motivation.

There is no significant push for profitability or normalisation of the market. The political forces now in control do not permit change. Moldovan society and most of its elected representatives do not seem to have understood yet that diversity of the media is vital for guaranteeing pluralism of opinions, adequate political representation, and citizens' participation in a democratic society.

2 MEDIA REGULATION

After gaining independence in 1991, Moldovan society had the opportunity to understand that media can be not only a tool of propaganda in a totalitarian regime, but also a tool for achieving everyone's right to freedom of expression. Before 1991, the ownership of mass media was a privilege exclusively reserved for the state and the party; then, suddenly, everyone had the right to found a newspaper, and this right was confirmed by Moldovan media legislation: "a publication or an audio-visual company can be founded by one or more natural or legal persons who is 18 or older and is a citizen of the Republic of Moldova," assured both the Press Law and the Audio-visual Law.[1] But if a natural or legal person wants to hold one or more media outlets, the legislation becomes restrictive. The Audio-visual Law stipulates that a natural or legal person may hold more than a 50 percent stake in the share capital of one audio-visual company, but no more than 20 percent of the share capital in other companies.[2] It is not specified whether the permitted 20 percent might be owned in a newspaper company or in another audio-visual company. The Press Law does not specify the amount of the share capital that a natural or legal person may hold in one or more press companies. There are no other cross media ownership regulations in either the Press Law or the Audio-visual Law.

It should be mentioned that both the Press Law and the Audio-visual Law use the word "founder" and "cofounders" instead of the word "owner". Also there is no mention of the terms "ownership" and "concentration" in the media legislation of the Republic of Moldova.

The authors of the Moldovan media legislation do not seem to have conceptualised information in commercial and market terms; the dominant features of the media legislation prove this assumption. The first media regulation in the post-communist period was the Decision signed by the Moldovan President in April 1992, which provided, "the subvention for the press companies according to the list approved in the established way" and "the monopolisation of press distribution."[3] In 1994, the Press Law was adopted. It has been amended eight times since then. Multiple interventions in this act have been made without a clear concept. Most of the modifications concerned property issues but in such a way that does not resemble any standard regulation. Thus, Chapter 12 of the Press Law ("Financing"), was the subject of four amendments (in 1995, 1998, 1999, and in 2001). Two amendments concerned state subsidies for publications founded by public authorities, and two focused on the participation of foreign owners in the Moldovan press. The first intervention, made in 1995, allowed foreign natural and legal persons to provide support for the press. The second amendment made in 2001 forbade the governments of other states from supporting the Moldovan press, except in cases where bilateral agreements to this effect exist between the Moldovan and another government. The legislative initiative came from the communist majority in Parliament. The purpose of this amendment was to stop the financial support that some periodicals belonging to the political opposition received from funds allocated by the Romanian government for Romanians living abroad[4]. As a result, the governments of the United States of America, France, Holland, Romania and Greece, which were carrying out programs supporting the national press, had to retreat.

The Audio-visual Law was adopted in 1995 and amended seven times. The most significant amendments were those in 1999.[5] The legislative initiative came from the former parliamentary majority; the objective of the amendment was the creation and protection of a national audio-visual space. By this modification, Article 13.3 was introduced, which obliged broadcast media institutions, public or private, to broadcast at least 65 percent of their programming in the official state language. Of the seventeen amendments, only one was directly concerned with the issue of ownership: telecommunications businesses and those running broadcast communications networks were banned from owning or co-owning broadcast outlets. The Constitutional Court rejected this article, arguing that it restricted freedom of speech.[6]

In 2000, a Member of Parliament, Vasile Spinei, launched an initiative to abrogate the Press Law.[7] In his opinion, the Press Law was not needed at all, and all media-related issues could be regulated by other laws. Among the main reasons mentioned was the fact that the law did not regulate the independence of the press but only routinely described the organisational structures of press companies. Also, the relationships between founders, editors and journalists were regulated from the perspective of state ownership of the press, and such regulations encouraged public servants to control the press in a camouflaged way. The author of the legislative initiative argued that only a few articles out of a total of 28 should be preserved and included in other laws, like the Law on Publishing Activity, the Law on Entrepreneurship, the Penal Procedure Code, and the Civil Procedure Code.[8] Neither this legislative initiative, nor other more recent ones, proposed including media-competition regulations in the Competition Law, which was adopted by the Moldovan Parliament in 2000.[9]

In April 2001, the most influential media NGOs – the Journalists' Union, the Independent Journalism Center, The Committee for Freedom of the Press, The Access Info-Center, The Association for Broadcast Media (APEL), and The Association for Independent Press – sent to Parliament a bill on state support for the mass media, which intended to create optimal conditions for media activity through tax exemptions, reasonable tariffs, and adequate VAT.[10] The bill was categorically rejected by the ministries and departments whose approval was required. In 2002, the Broadcasting Co-ordinating Council (BCC) sent to Parliament a draft of a new Audio-visual law.[11] APEL[12] submitted its own draft in July 2003. In the APEL version the regulations on ownership are formulated according to international standards.[13] For the time being, both drafts have been ignored.

Not only the existing legal framework of the Moldovan mass media but also the current legislative trends and initiatives show that in Moldova mass media is not understood in market terms.

Another proof of this understanding of the media could be the fact that in the Republic of Moldova the mass media were not included in the process of privatisation characteristic of the whole commercial sector in the post communist period. No periodical or broadcasting outlet that existed before 1990 was privatised. Most of them disappeared, and those that remained are still state property. But there were some trends towards privatising the distribution networks, and the assets of central and local press companies. In the communist period there were two state distribution networks: Posta Moldovei and Moldsoiuzpeciati. Posta Moldovei is now a state network with the biggest distribution system, covering the entire territory of the Republic of Moldova. In 1994, Moldsoiuzpeciati became a joint stock company, Moldpresa, with state share capital.[14] Moldpresa's distribution system consists of 100 news stands in the capital city and urban areas. Posta Moldovei and Moldpresa hold monopolies, and they charge up to 40-45 percent of the cost of production for their services.[15]

2.1 PROTECTION OF NATIONAL ATTRIBUTES IN MEDIA REGULATION

Before 1991, Moldova had never existed as an independent nation-state within its present borders. On 27 August 1991, Moldova became independent for the first time. Subsequent events proved that Moldova's ethnic majority (65 percent) was and is split internally. While one part of the population considered that independence was a step towards unification with Romania, the "mother-country", another maintained that Moldova must remain independent because it is the state of the "Moldovan people". Over the following years the split became more pronounced and shaped not only the political and cultural life of the country, but also the everyday life of individuals, and especially the mass media system. For example, the lingering questions that split the ethnic majority – "Are we Romanians or Moldovans? "; "Is our language Moldovan or Romanian?"[16] – have been mirrored in the paradoxical existence of publications in the same language, but which contained immediately under the title the note: "periodical in Romanian"[17] and "periodical in Moldovan."[18]

Is the media regulation in Moldova free of bias towards one or another national identity? Is the media legislation able to consolidate the cohesion among the citizens of the same nation-state and to promote ethnic diversity? The answer is no. On the contrary, the specific features of the Moldovan media legislation, like the foreign media ownership rules and the obligation to broadcast 65 percent of the total volume in the official state language, can be understood only in the context of the Moldova's endeavours to build a nation state.

The Moldovan media legislation differentiates between foreign and local owners/founders. According to the Press Law, foreign individuals or companies may not own more than 49 percent of a print medium.[19] Foreign governments are banned from proffering any support to the print media, except in cases where bilateral agreements to this effect exist between the Moldovan and another government.[20] Also, only a citizen of Moldova may be editor in chief of a publication or news agency. In the case of broadcast media, foreign ownership is banned, except when a broadcaster is a joint venture containing both Moldovan and foreign capital (no quotas specified).

A series of articles from the Audio-visual Law address the creation and protection of a local/national audio-visual space. The first five criteria for granting the available frequencies are: the originality of programming, with the purpose of assuring the development of a national/local audio-visual space; the prospects for creating a network with a large territorial coverage; the amount of in-house production in the broadcast volume; the amount of national production in the total broadcast volume; the priority of programs in the official state language; the propagation of the national culture of the "Moldovan people and cohabitant ethnic groups."[21]

The Audio-visual Law abounds in content regulation, with these stipulations referring, for example, to the language of the broadcast media and the volume of original local programming in the total broadcast volume. Article 13.3 thus stipulates: "Audio-visual institutions, public or private, shall broadcast at least 65 percent of their audio-visual programs in the official state language. This provision does not extend to the TV programs broadcast via satellite and provided by cable, nor to foreign stations and stations that broadcast in areas compactly inhabited by ethnic minorities."

This article turned to be the most controversial and the most difficult to respect of all the articles of the Audio-visual Law. In September 2000, a NGO of the Alumni of Western and Romanian Universities, CAIRO, addressed a letter to the Broadcasting Co-ordinating Council in which it was pointed out that several private radio and TV stations were not respecting the legal provisions referring to language, mainly Article 13.3 of the Audio-visual Law regarding the obligation to broadcast 65 percent of the total broadcast volume in the state language and, therefore, "violating our (CAIRO's members*)* legal right to have programs in the state language."[22]

CAIRO requested the cancelling of the license for eight radio stations rebroadcasting programs in Russian[23] (*Europa Plus, Russkoe Radio, HitFM, Nashe Radio, Serebriannii Dojdi, Radio Nostalgie, Radio d'Or, Radio Monte Carlo*) and four TV channels: *ORT Moldova, NIT TV, TVC 21, Sun TV* (for broadcasting *Eurosport* and *Discovery Channel* in Russian, although the Romanian translation was also available).

Because the BCC ignored the request, CAIRO filed a lawsuit against the BCC.[24] In arguing their case, CAIRO's defence mainly referred to the international media legislation that provides protection for the national languages and to the examples of mature western democracies, like France and Belgium, whose media legislation pursues the protection of national audio-visual space.[25] Both the defenders of the radio stations and the defenders of CAIRO made multiple references to Article 10 of the European Convention for the Protection of Human Rights and Fundamental Freedoms. The representative of the radio stations argued that CAIRO's request violated the freedom of expression that is guaranteed in Article 10.1: "Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers…" The defence of CAIRO referred to the same article 10.1: "This Article shall not prevent States from requiring the licensing of broadcasting, television or cinema enterprises."

CAIRO won the lawsuit. The Court of Appeal obliged the BCC to revoke the license of those eight private radio stations and obliged *SUN TV* to rebroadcast the *Discovery* and *Eurosport* programs in the official state language. However, the victory of CAIRO was short-lived. The Russian language media from both Chisinau and Moscow wrote that CAIRO's victory violated the rights of the Russian ethnic minority from the Republic of Moldova and human rights in general, and called the CAIRO members "nazis, extremists, unionists".[26] On 29 September 2000, Parliament decided to interpret article 13.3 in the following way: "The stipulation of paragraph (3) of Article 13 of the Audio-Visual Law about the requirement to broadcast at least 65 percent of programs in the state language refers exclusively to locally-produced programs and does not refer to the transmission time during which programs of foreign channels are re-broadcast by audio-visual institutions, which operate on the territory of the Republic of Moldova."[27]

CAIRO members and observers of the legal proceedings stated that, from the legal point of view, article 13(3) was and is clear and unambiguous; therefore, the interpretation was not necessary. In their view, the interpretation was made in order to influence the ruling in the CAIRO vs. BCC case, because "the interpretation of a law, unlike an amendment, is retroactive…"[28] Indeed, after the interpretation was issued, the Constitutional Court of the Republic of Moldova annulled the decision of the Court of Appeal and the "CAIRO case" was closed. Those eight radio stations and three TV stations won the lawsuit retrospectively.

The CAIRO vs. BCC case shows that the Moldovan media legislation is not neutral with regard to the new state's search for national identity. Being under an imperative to consolidate the nation-state, legislators feel free to ignore the principles of pluralism.

2.2 STATE SUBSIDIES

Moldovan media legislation does not contain any provision stipulating support for and maintenance of the diversity of media outlets. Article 12 ("Financing") of the Press Law provides that the State "takes responsibility" for publications for school children and preschoolers, the cofounders of which publications are ministries and departments of the Moldovan Government. Also, publications and press agencies "founded by public authorities are financed from the state budget". Neither the Press Law, nor the Audio-visual Law contains other provisions related to support for media outlets. Activist journalists and media NGOs tried to change this situation by presenting to the Moldovan Parliament new legislative approaches.

In 1999, Parliament adopted the Decision regarding the Concept of state support to and promotion of the mass media for the period 1999–2003.[29] The Journalists' Union from Moldova drafted the Concept and proposed three directions of activity: 1. Reform of the media legislative framework according to international standards; 2. Elaboration of the mechanisms for the implementation of laws: mechanisms of privatisation and mechanisms of tax exemption, preferential tariffs at printing houses, renting of offices for media organizations etc.; 3. The establishment of a normative framework concerning editorial independence, self-regulation, and the relationships between owners and journalists. The reform of the framework presupposed amendments to the current media legislation (including the Law on Sponsorship and Philanthropy and the Law on Advertising) and drafting of the following new legislative acts: Law on the State Support to the Media, Law on the Public Broadcast Institution; Law on the Social Status of the Journalist, Law on Access to Information.[30]

According to the second direction of activity proposed in The Concept, the Government was declared responsible for carrying out the privatisation project by providing the national press with assets. The Journalists' Union proposed two alternative solutions[31] for privatising the complex known as the "Press House". (The Press House is located in the center of the capital and until 1990 housed the headquarters of many publishing organizations). According to the first one, the Government was invited to establish a joint stock venture of which it would have been the majority owner in the initial stage, with other shareholders being members of editorial staffs. According to the second alternative, the Government could allocate the Press House to the Journalists' Union, which would then transform it into a National Media Center. Both initiatives were ignored.

The provisions of The Concept had to be carried out in two stages: the proximal – 1999–2001 – when the concrete mechanisms of privatisation and tax strategies had to be concretised; and the maximal stage – 1999–2003 – in which the laws had to be adopted. However, the only mechanism implemented was the VAT exemption for printing services during the first stage of The Concept. Of the whole set of media laws, only two have been adopted: the Law on Access to Information and the Law on the Public Broadcast Institution. Other drafts have been ignored.

3 MEDIA LANDSCAPE – PROBLEMS OF EXTERNAL AND INTERNAL PLURALISM

Given the framework presented above, one could ask how the Moldovan mass media evolved and developed? How did they pass from a totalitarian media system to a pluralistic one? Probably, the correct answer would be that Moldovan media have developed at "two speeds". The media outlets could be categorised according to these different dynamics of development. The "slow rate" of change is characteristic of the dailies with national circulation and of broadcast media with national coverage. A "faster rate" of change is characteristic of weeklies, local media and political parties' publications.

Table 1 NATIONAL DAILIES AND TV CHANNELS

NATIONAL DAILIES (4-5 A WEEK) 1990	1995	2003
MOLDOVA SOCIALISTĂ founder: The Government of the Republic of Moldova	ȚARA founder: Christian Democratic Popular Party (successor of the Popular Front)	FLUX founder: Press Group Flux
SOVIETSKIA MOLDAVIA founder: The Government of the Republic of Moldova	FLUX founder : Press Group GP Flux	JURNAL DE CHIŞINĂU founder/owner: Jurnal de Chisinau Ltd.
TARA founded in 1989 by the Popular Front from Moldova	MOMENTUL founder Săptîmîna Ltd.	MOLDOVA SUVERANĂ founder: The Government of the Republic of Moldova
	MOLDOVA SUVERANĂ founder: The Government of the Republic of Moldova	NEZAVSIMAIA MOLDOVA founder: The Government of the Republic of Moldova
	NEZAVSIMAIA MOLDOVA founder: The Government of the Republic of Moldova	VREMEA founder: Vremea Ltd.
NATIONAL TV CHANNELS		
TV MOLDOVA (state/public TV)	TVM	MOLDOVA 1 (public/state TV)
OSTANKINO (Russian state/ Public TV)	ORT (Obscestvenoie Rossiskoe Televidenie - Russian Public TV)	PERVÎI CANAL (Russian Public TV)

The national TV channels are the same in 1990, 1995 and 2003: the state/public television of the Republic of Moldova is matched by the state/public television of the Russian Federation, which in the post-soviet period "inherited" the state network no. III with national coverage. The only change is the variation in these channels' names. Thus, in 1990 these two institutions were called *TVM* and *Ostankino*, in 1995 *TVM* and *ORT* (*Obscestvenoie Rossiskoe Televidenie* - Russian Public Television), in 2003 *Moldova 1* and *Pervîi Canal*.

Moldovan public television is currently in the process of transformation. On 24 April 2002, the Parliamentary Assembly of the Council of Europe adopted Resolution 1280 concerning the functioning of democratic institutions in the Republic of Moldova.[32] Article 10 of the Resolution recommended the transformation of *Teleradio Moldova* from a state company into a public broadcast entity. In July 2002, Parliament passed the bill proposed by the Moldovan President, although it did not pass the expertise test of the Council of Europe.[33] The journalists and media NGOs now demand that Parliament abrogate the current law and replace it with the Law on the National Public Broadcasting Institution, drafted by the Association for the Electronic Press and recommended by the experts from the Council of Europe as a model for the functional, financial and editorial independence of a public broadcasting institution.[34]

A new TV channel with national coverage, *STIL TV*, was supposed to start broadcasting in 2001, but it did not manage to go on the air within a year, as the law required. The owners asked for additional time, and the former board of the BCC approved the request. But after a month, the new BCC board withdrew the license of the station following a notification from the General Prosecutor's Office, which argued that the Audio-visual Law did not provide for the prolonging of the preparation period granted to a broadcast station before it goes on the air. Indeed, according to the legal provisions, this decision was correct. Nevertheless, opinions about the *STIL TV* case are divided. Some media analysts consider that the withdrawal of the license was a "political order", their argument being as follows: "The BCC acted according to the letter of the law, but counter to the spirit of the law."[35] In other words, the launching of a new national TV channel would have contributed to the development of the national Moldovan broadcasting sector, which is the main emphasis of the Audio-visual Law. According to the assertions of *STIL TV* managers, at the moment of license withdrawal they had already invested 18,000,000 lei (approx. EUR 1.2 million).[36]

Second, media analysts argue that "it is suspicious that amidst the messy conditions reigning in the activity of the private radio and TV stations, the BCC bullied a station not broadcasting yet."[37] And the third argument of media analysts focuses on the fact that in circumstances where the ruling party has a monopoly over the only nation-wide TV station and only the members of the communist ruling party have access to the screen, a new alternative TV station would have been a threat to the authorities.[38]

In contrast to dailies and television stations, the weeklies and party publications proliferated. It seems that the development of the media system in Moldova followed several patterns, which mirrored the fragmentation of society:

a) Party publications: *Țara* (1989–2003) Christian Democratic Popular Party; *Comunistul* (1994) Russian and Romanian editions, the Communist party of Moldova; *Dialog* (1997), The Democratic Party; *Luceafărul* (1995–2002) The Party of Rebirth and Conciliation; *Democrația*, (2001) The Social Liberal Party; *Social Democratul* (2001), Social Democratic Party;
b) Independent Romanian language weeklies with national coverage: *Saptamina* (1992); *Timpul* (2001); *Accente* (2001); *Jurnal de Chisinau* (1999, became daily in 2003);
c) Independent Russian language weeklies with national coverage: *Delovaia Gazeta* (1991); *Economicescoie obozrenie* (1990); *Kishiniovskie novosti* (1991); *Kishiniovskii obozrevateli*, (1998); *Komersant Moldovî* (1991); *Komersant Plus* (2001); *Moldavskie Vedomosti* (1995), *Novoie Vremea* (1997);
d) Separate media systems in the Autonomous Territorial Unit of Gagauz-Yeri and in the separatist region Transnistria.

There is no internal pluralism in the mass media outlets described above, i.e. pluralism of content offered by individual newspapers, TV or radio stations. But there is external pluralism that stems from the differences among particular periodicals, TV and radio stations. Some media analysts maintain that: "In the Republic of Moldova a unique pluralism has been created: each media outlet shows preconceptions and narrowness of visions to various degrees; however, taken as an ensemble, they re-create the pluralist image of our society. But to perceive this pluralism you have to read, to watch and to listen to everything."[39] The external pluralism of the Moldovan media seems to be very demanding. Probably, in a fragmented society such as Moldova's, pluralism has specific meaning: it denotes differentiation along ethnic, linguistic and political lines. From this point of view Moldovan media pluralism is also reductive: it reflects people's views but people speak out as members of specific ethnic or political groups. A pluralism that would reflect and address individual diversities is a pluralism that is still to be created.

3.1 PLURALISM OR POLARITY

The media system in Moldova is linguistically divided; it could be said that it contains two separate, autonomous media subsystems, one in Romanian and the other in Russian, which include dailies and weeklies with national circulation, electronic media with seemingly national coverage, and even separate media NGOs.[40] But there are also bilingual editions of periodicals,[41] television and radio programs, practised not only by public television and radio stations but certain private broadcast media as well.

Among Moldovan media entrepreneurs, it is considered that "a good business is a Russian language newspaper."[42] The main explanations of why this business is considered good are subjective and derived from the professional experience and personal convictions of media people. Take, for example, the most usual explanations: a) the major part of the television audience and readers consists of the population from urban areas inhabited by ethnic minorities or Russian language speakers;[43] b)"tradition" - "there are at least four Moscow dailies which have their traditional readers;"[44] c) the preference of the advertising companies for the Russian language media,[45] etc. Some explanations of the "good business", as well as of the parallel market, are derived from Moldova's macro-economic and political situation: the lack of capital investment from the West; the expansion of Russian capital into Moldova, followed by the expansion of Russian commercial media; the pro-Russian orientation of the Moldovan ruling parties; the neo-imperialist strategies of Russia, the old patterns of behaviour and soviet mentality of the audience, etc. Because of the lack of studies, opinion polls and empirical data, these explanations of the parallel media market cannot but be subjective. For example, it is considered that all the economic press is in Russian, because in Moldova "most businessmen are ethnic Russians."[46] In the absence of empirically collected data concerning the ethnic division of labour in the Republic of Moldova, this type of explanation can be neither true nor false – it remains just an opinion.

The question that arises at this point concerns media pluralism: is the existence of the Romanian and Russian media markets a proof of pluralism? There are two possible answers. For the time being, the linguistically divided media seem to confirm the principle, "the medium is the message." In other words, criticism of the Russian Government or of Moscow's foreign politics, and commentaries on the benefits of Moldova's European orientation, are very rare in the Russian media from Moldova. On the other hand, in line with the "mirroring function" of the media, it could be said that the linguistic preferences of Romanian and Russian language speakers in the Republic of Moldova are mirrored by the mass-media system. This indeed is one criterion for media pluralism, but this pluralism is a weak one. It is widely accepted that the mass media have more than just a mirroring functioning in a society: in such a case, the media would have only a conservative role. Moreover, the media have their fundamental, "watchdog" role – a critical stance pointing to the abnormal aspects of a society. In addition, media pluralism should not be merely a mirror of the existing situation - media should improve the chances of every individual to be heard. In this context, pluralism supposes equal access to media for everybody. Therefore, bilingual pluralism is not an adequate pluralism because in the Republic of Moldova, beside the Russian ethnic minority, there are speakers of other languages, but these languages are heard in an inadequate way.

4 MEDIA MARKET

4.1 REGULATORY PROVISIONS ON TRANSPARENCY

In Moldova, provisions concerning transparency of the mass media pertain to information that has to be provided for the audience and information required by the authorities that supervise the activity of media.

The information for the audience is minimal: the Press Law requires that each issue should contain the title of the publication, the founders, the circulation, the registration number, the price and other technical data (Art. 13(1)). It further obliges the publisher to publish, two times a year, in January and in July, information about the amount of support, including non-financial support, received from natural and legal persons from Moldova and abroad.[47] The Audio-visual Law also provides the audience with minimal information: the title, the place of the administration office, the broadcasting frequency, and the institution's symbols (Art. 12).

The information for the authorities has to be rather detailed. In order to participate in a tender for frequency allocation, every applicant should present a file containing the following documents: a copy of the Registration Certificate issued by the Chamber of State

Registration; a copy of the statute of the founder associations; a declaration about the direct or indirect participation of capital in the share capital of other companies; a list of financial sources.[48] Therefore, the Broadcasting Co-ordinating Council (BCC) has access to the basic financial and ownership information about the candidates in competition for the available frequencies. Also, the private audio-visual companies are under obligation to present, at the end of each year, a report on activities to the authority that issued the license. But there is no provision that would oblige the BCC to communicate to the audience at least part of this information.

There is no separate autonomous authority responsible for the supervision of the anti-concentration and transparency regulations. This role is partially performed by the BCC, which has to check all aspects of the private broadcast companies, including ownership and concentration, at the moment of license issuing and to review these data every three/five years when the broadcast license has to be renewed.

4.2 MEDIA OWNERSHIP STRUCTURE

On the following pages we will perhaps for the first time since their foundation present ownership structure of the main Moldovan media. However, this is a minimal step towards transparency, because here we do not disclose company accounts, sources of media revenue, or changes in capital, but only the owners and shareholders of the main independent media outlets.

Table 2 PRINT MEDIA IN ROMANIAN LANGUAGE

MEDIA TITLE	YEAR OF FOUNDATION	CIRCULATION	OWNER	SHAREHOLDERS[49]
FLUX independent daily	1996	39,700[50]	FLUX LTD.[51]	ROŞCA IURIE (99%)
				DELEU IURIE (1%) [52]
TIMPUL independent weekly	2001	15,723[53]	TIMPUL INFO MAGAZIN LTD.[54]	TĂNASE CONSTANTIN (10%)
				TVERDUN LEONID (45%);
				MEDIA NOUĂ LTD. (45%) OWNERSHIP STRUCTURE WITHIN MEDIA NOUĂ LTD:[55] MEGADAT COM LTD. -100%
JURNAL DE CHISINAU free newspaper	1999 AS WEEKLY; BECAME DAILY IN 2003	10,850[56]	JURNAL DE CHISINAU LTD.[57]	SINGLE SHAREHOLDER: BUTNARU VALENTIN[58]
ACCENTE free weekly	2001	5,400[59]	ACCENTE LTD.[60]	SINGLE SHAREHOLDER[61]: ȚÎRA DUMITRU

Table 3 PRINT MEDIA IN RUSSIAN LANGUAGE

MEDIA TITLE	YEAR OF FOUNDATION	CIRCULATION	OWNER	SHAREHOLDERS
KOMSOMOLISKAIA PRAVDA V MOLDOVE daily	1995	51,190 Friday edition 7,000[62] other days	Moldovan-Russian joint venture KOMSOMOLISKAIA PRAVDA BASARABIA LTD.[63]	JOINT STOCK IZDATELISKII DOM KOMSOMOLISKAIA PRAVDA (RUSSIA) (65%) IVANCENCO SERGHEI (17.5%) PRIMAC VEACESLAV (17.5%) [64]
MOLDAVSKIE VEDOMOSTI bi-weekly	1995	6,500[65]	MOLDAVSKIE VEDOMOSTI LTD.[66]	CIUBAŞENCO DMITRII (50%) EDU ION (50 %) [67]
KOMERSANT PLUS weekly	2001	5,000[68]	KOMERSANT PLUS LTD.[69]	BURLACU SVETLANA (70.%) PODOLELOVA TATIANA (30%)[70]

Table 4 BROADCAST MEDIA

MEDIA TITLE	OWNER	SHAREHOLDERS	COVERAGE AREA	AMOUNT OF DAILY BROADCASTING LOCAL / FOREIGN	
PRO TV	Moldovan – Romanian joint venture MEDIAPRO LTD.[71]	CME ROMANIA B.V., HOLLAND (48%) DIAGRO COM S.A, ROMANIA – (36.36 %) SÎRBU ADRIAN (14.64 %) GIOSAN NADEJDA (1 %)[72]	CHIŞINĂU[73]	1 HOUR: ROMANIAN &RUSSIAN LANGUAGE NEWSCASTS	23 HOURS - REBROADCASTING PRO TV ROMANIA[74]
NIT TV	Moldovan-Irish joint venture NOILE IDEI TELEVIZATE LTD. (New Televised Ideas)[75]	WORLD ASSETS LTD, IRELAND (89.97 %) NOVOSTI LTD. (0.03 %) DROBOT SERGHEI – (10 %)[76]	CHIŞINĂU[77]	2 HOURS- NEWSCASTS AND ANALYTICAL PROGRAMS,	20 HOURS REBROADCASTING TV CHANNELS NTV AND TV TZENTER FROM RUSSIA[78]
PERVII CANAL MOLDOVA TV STUDIO PERVÎI KANAL	Joint stock ANALYTIC MEDIA GROUP[79]	Joint stock ANALYTIC MEDIA GROUP (100 %)[80]	THE STATE NETWORK NO. III[81]	1 HOUR - NEWS AND ADS.	23 HOURS REBROAD-CASTING THE RUSSIAN PUBLIC TV CHANNEL PERVÎI CANAL[82]
RADIO STATION POLIDISC	Commercial studio RADIO POLIDISC LTD.[83]	GALUPA VALERIU (55 %) GALUPA DUMITRU (10 %) VASILATII ANDREI (35 %)[84]	TWO CHANNELS IN CHIŞINĂU AND TWO IN OTHER CITIES[85]	1 HOUR - NEWS AND ADS.[86] OWNS AN ADVER-TISING COMPANY.	REBROAD-CAST THE RUSSIAN RADIO STATIONS RUSSKOE RADIO 1 AND RUSSKOE RADIO 2[87]
RADIO STATION HIT FM	Studio for production and creation DIXI-MEDIA GRUP LTD.[88]	LOZOVAN JANA (75) % BOTNARI VLADIMIR (25 %)[89]	NATIONAL COVERAGE BASED ON 6 FREQ. IN DIFFERENT LOCALITIES[90]	1 HOUR[91]	RUSSIAN RADIO STATION "HIT FM"

Source: Chamber of State Registration.

3.3 FLUX MEDIA GROUP - PRESS GROUP WITH A MISSION

GP FLUX owns the press agency *Flux*, the national daily *Flux*, and the publishing house *Flux*. This group owned another daily, *Țara*, founded in 1989, which folded in January 2003.[92] GP FLUX opened several local branches of *Flux daily*: *Flux de Orhei, Flux de Ungheni, Flux de Bălți* (no longer published). Nevertheless, GP FLUX cannot be considered a case of vertical concentration, because the distribution network and the advertising company are missing. GP FLUX belongs to the most influential opposition party, the Christian Democratic Popular Party.

The Press Group *Flux* first appeared in 1995, when the press agency *Flux* was founded.[93] The periodical *Flux* was launched in March 1996. The daily, as well as the agency, declared itself completely free and independent. The editorial staff did not know who the real owner was; the editor in chief assured journalists that the newspaper was "completely free", although journalists had many reasons to be suspicious about their independence.[94] It was a sensational disclosure when it was discovered in 1998 that the real owner of the *Flux* newspaper was the leader of the main political party. After the disclosure, the editorial staff, together with the Editor in Chief, Val Butnaru, left and created, in 1999, a new independent periodical, *Jurnal de Chisinau*. In 2001, the second editorial staff of *Flux,* together with the Editor in Chief, Constantin Tanase, left and created another independent weekly *Timpul*. Therefore, the current main independent newspapers "attended the same *Flux* school, which can be considered the pioneer of journalistic novelties in Moldova."[95]

This press group does not hide its mission; on the contrary, it is clearly stated that "although it seeks to reflect the reality in Moldova in its complexity and diversity, the newspaper is unequivocal about Moldova's total integration into pan-European bodies and its unification, through democratic processes, with Romania."[96] For a country in which one part of the population is longing for the rebuilding of the Soviet Union (the promise given during the last election by the victorious Communist Party), the political orientation expressed above is not neutral. Because of the clear political orientation of this press group, there is an acceptable level of transparency of ownership in it compared with other media outlets.

3.4 CROSS-OWNERSHIP

An example of cross-ownership is a media holding whose cofounders/owners are WORLD ASSETS LTD. (Ireland) and NOVOSTI LTD. (Moldova).[97] This media holding included TV channel *NIT,*[98] the Press Agency *Interlic*[99] and the periodicals *Delovaia Gazeta, Kishiniovskie Novosti, Patria Tînără* and *Molodioj Moldovî.*[100] The last two newspapers ceased to be published because "they did not find an adequate community of readers", as some analysts argue.[101] Unlike GP FLUX, this holding does not clearly state its name and identity. However, all media outlets owned by this holding list the same founders.

In this context it should be mentioned that the Director of *NIT TV*, Serghei Drobot, has been a member of the BCC since July 2001; he was appointed to this post by the President of the Republic of Moldova. According to media observers, Serghei Drobot's BCC membership is a violation of the Audio-visual Law, Art. 33, which stipulates that "BCC members shall not be involved directly in the production of programs in any broadcasting institutions over that period."[102] This violation of the Audio-visual Law was the subject of an investigation pursued by the *Țara* and *Flux* dailies.[103]

4.5 "INDEPENDENT SPONSORED MEDIA"

According to data from the Chamber of State Registration, the main media outlets are owned by limited enterprises. The shareholders in these enterprises are members of the editorial staff. Most of the owners are unknown to the public, the only exception being the owner of the *Flux Daily*, Iurie Rosca (a 99 percent owner), who is the leader of the Christian Democratic Popular Party.

From the data about shareholders it is impossible to identify the three biggest media owners. The explanation is that concentration and monopolisation of the mass media did not take place, because of the political, linguistic and ethnic fragmentation that characterizes the Republic of Moldova. Perhaps, the linguistic and ethnic homogeneity is not a condition of media concentration. But the market mechanisms needed to sell, buy, merge or take over a company are indispensable in order to have concentration and monopolies. However, there are no cases of purchases, mergers or takeovers of media outlets in Moldova. Rather, this peculiar market is characterised by other phenomena such as sudden appearances and disappearences of media outlets, determined mainly by electoral cycles and sponsors' interests. The mechanisms of sponsorship and donations for mass media are not clearly specified in the current legislation. The Law on Sponsorship and Philanthropy does not differentiate between media outlets and other objects of sponsorship. The phenomenon of sponsorship confirms (proves) the existence of the "hidden owners." For example, Dmitrii Ciubasenco, the Editor in Chief of the *Moldavskie Vedomosti,* states that "the newspaper's income consists of several constitutive parts: sales and advertising revenues, subscription and sponsorship. The sponsorship accounts for up to 30 percent of income. Thus, we are un-lucrative, but not completely." Asked why he does not publish the photos of sponsors and articles praising them on the first page of each issue, he answers: "There is not only one person supporting our newspaper, but several of them. They would consider it nonsense to appear without reason on the first page."[104]

According to Article 14 of the Law on Sponsorship, the beneficiaries have the right but not the obligation to communicate to the audience the name of the sponsors and the objectives of sponsorship, and only with the consent of those who gave the money.[105] Because of the lack of transparency, the sponsorship of mass media appears to be in contradiction to the principles of a free press. The Journalists' Union and other media NGOs have asked several times for amendments to the Law on Sponsorship in order to increase the level of transparency.

How independent is a sponsored media outlet? Or, could we say that the main problem of sponsorship is not independence but the lack of business initiative, as some argue: "Media people are more comfortable when they are under the wing of someone who takes care of the money, and they can work without any concerns about how to finance their own paper. The absence of business tradition prevents an orientation towards profit making."[106] Although this explanation is somehow understandable, the new concept of an "independent sponsored media," cannot be accepted: "This mentality needs to be changed quickly, otherwise there will be no independent media."[107]

5 MEDIA INDEPENDENCE

5.1 BETWEEN THE STATE AND THE OWNER

In Moldova editorial independence has turned out to be the last hope for media pluralism. When it is not possible to achieve media pluralism through state protection of freedom of expression, or through real economic independence from the owners-sponsors, the last hope is that journalists will compensate for it through their professionalism and ethics.

How legitimate is this "last hope"? First, the legislative framework does not provide for it, because it does not contain any clear provisions concerning editorial independence. Editorial independence is mentioned only in the Press Law. The statute and basic principles of the publication are adopted by the assembly of the editorial staff and approved by the founders/cofounders (Art. 10). The relations among founders, editors and the editorial staff are regulated by "the Press law, the Labour Code, the statute of the periodical and the in-house contract" (Art. 9). The in-house contract is signed between the founder (editor) and the editorial staff, and it stipulates the volume of expenditure necessary for the production, the distribution of income among the editorial staff and editors, without specifying the character of the relation between the owner and the journalist.

The interference of the state in the activity of the media resolves the dilemma regarding editorial independence from the owners. After the last parliamentary election (February 2001), when the Communist Party won the majority of seats in Parliament (71 of 101 altogether), the interference of the state in the media, both public and private, was very frequent. The journalists protested repeatedly against state interference through strikes, picketing, and protest marches. Owing to the protests and appeals of journalists addressed to international organisations, the case of *Teleradio Moldova* was debated at a special meeting of the Parliamentary Assembly of the Council of Europe (24 April 2002), which obliged the state to transform this state-run company into a public one.

In the case of private media, the state does not intervene in the content, but it employs different administrative sanctions including bans on publication (*Kommersant Moldovi,* 2001), TV and radio station license withdrawals and suspensions (*Vocea Basarabiei,* 2003), jamming (*Catalan TV*, 2001), or intimidation of editorial staff by requiring them to leave the Press House, where most of the newspapers and periodicals have their offices. The latest controversial example in this series is that of the *Timpul* weekly. On 6 February 2004, the Court from the central sector of Chisinau city sequestered its assets and accounts, although the editorial staff did not know that the subjects of their investigative article - the Moldovan government and a private company – had filed a lawsuit.[108]

The Moldovan authorities prefer to apply only the ultimate penalties for all media irregularities. The only penalty provision in the Press Law envisaged for all kinds of violations is a ban on a publication. Only the General Prosecutor may institute legal proceeding regarding cessation (Art. 7(3)). The General Prosecutor used this right to terminate the activity of the weekly *Komersant Moldovî*, on the ground of its "supporting the anti-constitutional regime of the self-proclaimed separatist Transnistrian republic" (a separatist region of the Republic of Moldova since 1990).[109] In the case of the broadcast media, the BCC is entitled to apply the following administrative sanctions: 1) fines; 2) suspension of the broadcasting license or the authorisation license; 3) cancellation of the broadcasting license or the authorisation license. The most frequently used sanction is the suspension and cancellation of the license, because the amount of the fine and the application procedure are not concretised in the Administrative Contravention Code.[110] For example, on 3 February 2004, the BCC, invoking formal pretexts, suspended the licenses for *EURO TV* and *Antena C* in response to the failure of their owners – the City of Chisinau – to adjust their status to legal provisions. The new legal status was elaborated, but the Municipal Council, being politically divided between communists and democrats, could not approve it. The suspension is considered as a violation of freedom of expression.[111]

While it is true that journalists working for private media outlets only rarely protest against their owners' interference, such protests do occur. For example, in May 2001, a group of journalists from *Argumenti i Facti Moldova* resigned in protest at what they claimed was arbitrary dismissal of their editor in chief, Valentia Usakova. She states that her "only fault was the refusal to publish propaganda during the election campaign despite orders from the paper's owner."[112] The pressure on journalists exists and not only during election periods. In January 2003, Nicoleta Bodrug, a journalist from *Pervii Canal,* resigned in protest over interference with content. The managers objected repeatedly that in her press reviews she gave too much attention to articles featured in *Timpul, Jurnalul de Chişinău*, and *Flux*, rather than to the governmental newspapers *Moldova Suverana* and *Nezavisimaia Moldova*.[113]

5.2 SELF-REGULATION

Journalists and owners of private media protest against state interference in the media, but they show much less agreement on independence within their own editorial offices. The owners can choose the orientation of the newspaper, while the journalist has to respect professional ethics. In an attempt to find an equilibrium between the interests of journalists and owners, the Press Law, although more suitable for abrogation, nevertheless stipulates that the editorial staff should adopt statutes which should specify the rights and obligations of journalists, editors and owners. Also, the activity of every journalist should be specified in a bilateral contract. According to an opinion poll among journalists carried out by the Independent Journalism Center in 2002, 64 percent of respondents had signed a contract with the owner and 36 percents did not have such a contract.[114] Also, 60 percent of respondents considered that they were not protected against persecution; 35 percent thought they were partially protected, and five percent felt completely protected.

One attempt of journalists to regulate the relations between journalists and owners was the *National Convention concerning the activity of journalists* drafted in 1999 by the Journalists' Union. This Convention, which was submitted as a bill, regulated all aspects of journalists' activity: employment, labour conditions, payment, social support in different situations and resignation. The Convention was sent to the Government, but the Government sent it on to the ministries and trade unions. The text was modified, and the final document, "Collective labour contract (branch level) for the years 1999–2001," adopted by the National Committee of Trade Unions and approved by the Ministry of Labour and Social Protection, does not resemble the original. Although the document concerns all media employees, it is not a law, and the parties concerned did not find it compulsory. The document was ignored by both journalists and owners, especially because most of the journalists are not members of the trade union.

This document having been ignored, the only mechanism of self-regulation remains the Code of Ethical Principles. On 4 May 1999, the congress of the Journalists' Union from Moldova endorsed a new Ethical Code of Journalists from the Republic of Moldova, based on the recommendations of the Council of Europe and the International Federation of Journalists. Eleven journalists' associations from Moldova, with the aim of gaining it national recognition, countersigned the Code. According to the Code, no matter what the relations with the public authorities or various businesses in the course of carrying out his professional duties, the journalist ought to avoid any complicity that may affect his independence and impartiality. And, in the case that any assignment should violate the principles set in the code, the journalist must reject the assignment. In order to render applicable the principles set in the code, the journalists created a monitoring mechanism, the National Council for Professional Ethics, whose members are renowned journalists elected by the Congress of Journalists. The Council issues expert adjudications in litigation involving the journalist himself and/or the product of his professional activity. But, as the members of the Council have observed, "in the circumstances of ideological censorship, of party dictatorship and economic austerity, ethical self-regulation may not be objectively functional."[115]

5.3 INVESTIGATIVE REPORTING

In Moldova no private media outlet, not to mention any state media, encourage investigative reporting, although in some cases some articles resembling investigative reporting have been published with the purpose of compromising political opponents.

In the last two years, investigative reporting began to be encouraged by international foundations and NGOs. For example, in 2002–2003 there was a series of investigations about human trafficking, sponsored by the Moldovan Soros Foundation. During one year - October 2002 to October 2003 – the Association for Independent Press (API) carried out the project "Investigative reporting on corruption and organised crime," supported by the French Embassy in Moldova. During the project, two articles were published every month in each of those 16 periodicals, members of API, mainly local newspapers. Now the API has created a Center for Investigative Reporting with the support of the National Endowment for Democracy (USA).

Even though, with external support, investigative reporting could be carried out in Moldova, the impact of this risky media genre seems to be very peculiar. As the reporters from the API say, there is a lack of reaction on the part of the authorities, civil servants and other persons whose activities are the subject of investigation. "We proved clearly that a counsellor of the President was implicated in an enormous corruption affair, and no reaction from the authorities followed."[116] The findings of investigative reporting are completely ignored. On the contrary, as reporters noticed, sometimes the state-run periodicals react by publishing articles praising the persons and institutions that have been exposed.[117] The general conclusion is that investigative stories expose journalists to many risks that are considered unjustified, relative to the expectations of action in response.

6 CONCLUSIONS

In Moldova, it is “special enemies” rather than the cycles of media markets that pose a threat to media freedom and pluralism. An almost totalitarian communist government and a soviet-style understanding of media as propaganda tool rather than business are the current enemies. The legal framework and the facts show that in the Republic of Moldova media are not conceived in market terms. Media offerings are shaped not to serve consumer needs, but to obey the requirements of financial subsidisers. Nevertheless, in the Republic of Moldova media pluralism does exist, mainly an external media pluralism, which is accessible to journalists, media analysts and researchers, but not to the large audience, who still receives partial information. This situation suggests a market vacuum that might be filled by a new arrival taking a different approach. But the macroeconomic misdevelopment remains; moreover the powerful forces now in control do not permit the changing of the status quo.

The media system in Moldova is determined by the political oscillations of the new state: the need to construct a nation-state and to respect ethnic minorities, and the impulses towards European integration hindered by “traditional” links with eastern (post-soviet) partners. The Moldovan media are also shaped by the general macroeconomic situation of the country. The mass media cannot function as a market when other aspects of the market do not work properly, for example, when the shadow market is still powerful, or when the majority of people chronically lack income (which reduces their newspaper buying power).

Research on ownership concentration in Moldova is premature research. The concentration studies and anti-concentration measures would be valid and functional in a society where democracy works and, more importantly, where the market works. The case of Moldova reminds us that a free media, a free market and democracy are fundamentally related.

NOTES

1 The Audio-visual Law, no. 603-XIII of 3 October 1995. See *The Official Monitor*, no. 70, 14 December 1995; Art. 5.

2 See the Audio-visual Law.

3 The Decree of the President of the Republic of Moldova concerning the measures for supporting the press, *Monitor*, no. 4, 30 April 1992.

4 Law of the Republic of Moldova, no. 313-XIV/28-06.2001 on amending the Press Law, 28 June 2001, *The Official Monitor*, no. 81-83, 20 July 2001.

5 Law 427-XIX/04.06.99 on modification and completion of the Audio-visual Law, *The Official Monitor*, no.83-86, 5 August 1999.

6 The Decision no. 42/14 December 2000 of the Constitutional Court on the constitutionality of Article 23/1.2 from the Audio-visual Law, *The Official Monitor*, no. 163-165, 29 December 2000.

7 Vasile Spinei, "Freedom of speech: between an outdated law and a progressive law", in *Mass-Media in the Republic of Moldova*, Annual Report 2000, The Journalists' Union of Moldova, 2001, pp. 35–55.

8 Ibid, p. 37.

9 Law no.1103-XIV/30 June 2000 on the Protection of Competition, *The Official Monitor*, no. 166-168, 31 December 2000.

10 *Mass-Media in the Republic of Moldova*, Annual Report, UJM, 2001, p. 90.

11 Report on activities of the Broadcasting Co-ordinating Council of the Republic of Moldova in the period August 2001 - January 2003.

12 The Association for Broadcast Media (APEL) was founded in September 1999 by 9 audiovisual institutions, mainly private TV and radio stations in Romanian. APEL also includes two public institutions founded by the City of Chisinau - *Antena C* and *EURO TV*. APEL's current activities include monitoring the activities of broadcast media in Moldova (while appealing to public and political figures on the national, European and world levels to facilitate the process) and attempting to bring the regulatory framework for the broadcast media in line with a democratic society's standards. See <http://www.acces-info.org.md/sirb.htm> (accessed on 18 December 2003).

13 Interview with Victor Osipov, Executive Manager of APEL (Association for Broadcast Media), Chisinau, 4 December 2003.

14 *Moldpresa* is a joint stock company (not a limited company), and, according to Moldova's legislation, the registration of shareholders of joint stock companies is kept by Independent Registrars. Only shareholders have the right to request information and only with the approval of the whole group of shareholders. Every attempt to obtain information on Moldpresa SA failed.

15 GP FLUX, which publishes the *Flux* daily, tried to create an alternative national distribution network. Because of financial difficulties, the GP FLUX asked other periodicals to join this initiative. Other dailies refused to contribute because "*Flux* has a different political orientation"; weeklies too were not interested in contributing to a network of dailies, and Russian language print media have subscribers mainly in the urban areas where representatives of the Russian ethnic group are concentrated; therefore they are not very interested in creating a network which would distribute newspapers in the "God-forsaken villages". See Val Butnaru, "Sa asteptam pina le va veni mintea la cap", in *Mass-Media in Moldova. Analytical Bulletin*, June 1999, pp. 11–12.

16 The existence of a Moldovan language was assumed by the soviet ideologists who tried to justify the Soviet annexation of the Romanian territories in 1940. Despite their relative success in imposing the expression "Moldovan language", on 31 August 1989, Moldova adopted the Latin alphabet and in 1991 changed the name of the spoken language from "Moldovan" to "Romanian". But, five years later, the second Parliament elected in 1994 in free democratic elections changed the name of the state language back to "Moldovan" (Constitution, Article 13). This was the beginning of the linguistic battle. International conferences, symposia, and workshops were organized to demonstrate that the language spoken in Moldova was, in fact, Romanian. This scientific proof, however, did not convince everybody that that their language was not Moldovan and was not very different from Romanian. There is no simple choice when it comes to naming a language. The intellectual elite and European oriented part of the population call the language "Romanian"; those hostile to the democratic rigors

call the language "Moldovan". Choosing one name over another leads to different behavior: those who believe their language to be Moldovan would read different newspapers, listen to different radio stations and watch different TV stations than those believing their language to be Romanian. Therefore, in this report when refering to the legal and official aspects of the spoken language the expression" the official state language" is used.

17 *Literatura si arta* (founder - the Writers' Union from Moldova), *Tara* (founder: the Popular Front from Moldova).

18 *Moldovanul* and *Pamint si Oameni* - periodicals of the Moldovans Party and the Agrarian Party, no longer published.

19 The Press Law, no. 243-XII/26 October, *The Official Monitor*, no. 2, 12 January 1995, Art. 4(5).

20 Ibid, The Press Law, Art. 12(4).

21 Criteria for granting the licences and authorisation decision. See <http://www.cca.md/legislatie>.

22 The CAIRO case: <http://www.ournet.md/~cairo/stiri/260900_2.html>.

23 According to the last census (1989), 35 percent of the Moldovan population are ethnic minorities, of which only 13 percent are ethnic Russians.

24 The CAIRO Case <http://www.ournet.md/~cairo/stiri/260900_2.html>.

25 Ibid.

26 The campaign was promoted by *Komsomoliskaia Pravda Moldova*, *Arguemni i facti Moldova*, *ORT Moldova*; the Russian TV station *NTV* sent to Moldova a team of expert journalists to monitor the case.

27 Law no. 1257-XIV/29 September 2000 on the Interpretation of Article 13 par 3 of the Audio-visual Law", *The Official Monitor*, no. 133-136, 26 October 2000.

28 The CAIRO Case. See <http://www.ournet.md/~cairo/stiri/260900_2.html>.

29 The Decision of the Parliament no. 272-XIV/11 February 1999 on the Concept of state support and promotion of mass media in the years 1999–2003, *The Official Monitor*, no. 22-23, 4 March 1999.

30 Ibid.

31 Valeriu Saharneanu, "The Beginning of the millennium for the Moldovan press", in *Mass Media in the Republic of Moldova*, Annual Report 2001, pp. 10–18.

32 PACE Resolution 1280 (2002) on the functioning of democratic institutions in the Republic of Moldova, 24 April 2002; also on <http://assembly.coe.int> Documents: adopted texts 2002.

33 Law on the national public broadcasting, Teleradio Moldova, no.1320.-XV/26 July 2002.

34 Draft proposed by Association of Broadcast Media *APEL*.

35 Ion Bunduchi, "The Electronic Media in Moldova, Year 2001", in *Mass Media in the Republic of Moldova*, Annual Report, 2001, p. 117.

36 Constantin Pirtac, "The Moldovan Audio-visual crown of thorns", in *Mass Media in the Republic Moldova*, Annual Report, 2001, p. 44

37 Ibid.

38 A. Golea, I. Bunduchi, "Introduction", *Media Guide*, 2002, p. 5.

39 Dmitrii Ciubasenco, "The Ethical Code of Journalists: necessary but non-achievable" in *Mass-Media in Moldova*, *Analytical Bulletin*, Independent Journalism Center, March, 1998, p. 7.

40 <http://www.irex.org/msi/Moldova> accessed October 7, 2003.

41 The press' practice shows that in the framework of the bilingual newspaper - Romanian-Russian - the circulation of the Russian edition increase. Take, for example, the circulation of the two language versions of the newspaper *Comunistul/Kommunist* in 2003 - the Romanian version, *Comunistul*, was printed in 2,000 copies on publication day, while its Russian version, *Kommunist*, was printed in 19,000 copies. But there is also the conviction that only the *Comunistul/Kommunist*, proves this assumption.

42 Val Butnaru, "A good business: the Russian language newspapers" in *Mass Media in Moldova*, Analytical Bulletin, December 2002, p. 8.

43 V. Renita, "Business in the written press", in *Mass Media in the Republic of Moldova*, Analytical Bulletin, September, 1996, p. 18.

44 Ibid.

45 Val Butnaru, “A good business: the Russian language newspapers” in *Mass Media in Moldova*, Analytical Bulletin, December 2002, p. 9.

46 Ibid.

47 The Press Law, art. 12.3.

48 “The content of the file for participation at the tender for available frequencies” <http://www.cca.md/ legislation>.

49 Data on shareholders were obtained exclusively from the Chamber of State Registration during the November and December 2003. The data were received upon requests made separately for each media outlet. According to the internal procedure of the Moldovan Chamber of State Registration, a natural person can request information about only three different companies per day. The requested information is issued after three days.

50 *Flux* is published four times a week; the Friday edition is larger and includes a digest of the other three editions of the week. The newspaper’s credit box shows a weekly circulation of 39,000.

51 Certificate 05/03- 1816 issued by the Chamber of State Registration of the Republic of Moldova, 9 December 2003.

52 Ibid.

53 Information provided by the publishers in the “credit box” as required by the Press Law; October - December 2003.

54 Certificate 05/03 -1817 issued by the Chamber of State Registration of the Republic of Moldova, 9 December 2003.

55 Certificate 05/03-1880).

56 Information provided by the publishers in the “credit box”, October – December 2003.

57 Information provided by the publishers in the “credit box”, October – December 2003 and the Certificate 05/03- 1859 issued by the Chamber of State Registration of the Republic of Moldova, 9 December 2003.

58 Certificate 05/03- 1859 issued by the Chamber of State Registration of the Republic of Moldova, 9 December 2003.

59 Information provided by the publishers in the “credit box”, October – December 2003.

60 Information provided by the publishers in the “credit box”, October – December 2003 and the Certificate 05/03 - 1815.

61 Certificate 05/03- 1815 issued by the Chamber of State Registration of the Republic of Moldova, 9 December 2003.

62 Information provided by the publishers in the “credit box”, October – December 2003.

63 Certificate 05/03-1713 issued by the Chamber of State Registration of the Republic of Moldova, 09. December 2003.

64 Ibid.

65 Information provided by the publishers in the “credit box”, October – December 2003.

66 Certificate 05/03-1861 issued by the Chamber of State Registration of the Republic of Moldova, 9 December 2003.

67 Ibid.

68 Information provided by the publishers in the “credit box,” October – December 2003.

69 Certificate 05/03-1860 issued by the Chamber of State Registration of the Republic of Moldova, 9 December 2003.

70 Ibid.

71 Certificate 05/03- 1881 issued by the Chamber of State Registration of the Republic of Moldova, 9 December 2003.

72 Ibid.

73 The list of radio stations with transmission over-the-air, BCC, 16 October 2003.

74 *Media Guide* 2002, Independent Journalism Center, 2002, p. 85.

75 Certificate 05/03-1875 issued by the Chamber of State Registration of the Republic of Moldova, 9 December 2003.

76 Ibid.

77 The list of radio stations with transmission over-the-air, BCC, 16 October 2003.

78 *Media Guide* 2002, Independent Journalism Center, 2002,p. 84).

79 Certificate 05/03-1874 issued by the Chamber of State Registration of the Republic of Moldova, 8 December 2003.

80 Ibid. According to Moldova's legislation, the registration of shareholders of a joint stock company is kept by Independent Registrars. Only shareholders have the right to require information and only with the approval of the whole group of shareholders. In the case of Analitic Media Grup SA, the registrar is SCONTA LTD. Every attempt to obtain information on Analitic Media Grup SA from SCONTA LTD. failed.

81 The list of TV stations with transmission over-the-air, BCC, 16 October 2003.

82 *Media Guide* 2002, Independent Journalism Center, 2002, p. 71.

83 Certificate 05/03-1882 issued by the Chamber of State Registration of the Republic of Moldova, 9 December 2003.

84 Ibid.

85 The list of radio stations with transmission over-the-air, BCC, 16 October 2003.

86 *Media Guide* 2002, Independent Journalism Center, 2002, p. 98.

87 Ibid.

88 Certificate 05/03-1873 issued by the Chamber of State Registration of the Republic of Moldova, 9 December 2003.

89 Ibid.

90 The list of radio stations with transmission over-the-air, BCC, 16 October 2003.

91 *Media Guide* 2002, Independent Journalism Center, 2002, p. 96.

92 Ibid, p. 39.

93 Ibid, p. 105.

94 Interview with Alina Radu, freelance writer, formerly journalist at *Flux Daily*, Chisinau, 15 October 2003.

95 Igor Volnitchi, "Was the year 2001 the beginning of a new era in the development of the Moldovan printed press?", in *Mass Media in the Republic of Moldova*, Annual Report, 2001, p. 20.

96 *Media Guide* 2002, Independent Journalism Center, 2002, p. 39.

97 A. Golea, I. Bunduchi, in "Introduction", Media Guide, 2002, p. 5. The authors use the name "Miig" for this media holding, but this name is not widely used. The "credit boxes" of four periodicals show that the founders are WORLD ASSETS LIMITED and NOVOSTI LTD. The date from the Chamber of State Registration shows that NIT has the same owners.

98 Certificate 05/03- 1875 issued by the Chamber of State Registration from the Republic Of Moldova, 11 December 2003.

99 *Media Guide* 2002, Independent Journalism Center, 2002, p. 107.

100 Information provided by the publishers in the "credit boxes".

101 A. Golea, I. Bunduchi, in "Introduction", Media Guide, 2002, p. 5.

102 Valentina Luca, Victor Bogaci, "BCC - an Autonomous Public Authority?" in *Mass media in Moldova*, Analytical Bulletin, June 2002, p. 23.

103 According to *Flux daily*, Serghei Drobot is "the man of Boris Birstein in the BCC" and "the general director of the media holding which includes the Moldovan-Irish company NIT TV, the radio station, *Serebreanii Dojdi*, the press agency, *Interlic*, and the periodicals, *Delovaia gazeta*, *Kishiniovskie Novosti*, *Patria Tinara*, *Molodioj Moldovi*". *Flux* daily, 16 July, 2003, p. 3; *Flux* and *Tara* - both belonging to GP FLUX - wrote extensively on the activity of "the controversial Canadian businessman," Boris Birstein, in the Republic of Moldova, and in other former soviet republics, and about his relation with the Moldovan political elite; *Flux* daily, being accused of defamation, entered into several lawsuits with Boris Birstein, see: <http://ijc.iatp.md/curier_media/archive/cm21nov.html>; <http://www.rferl.org/newsline/2003/4_See/see_190803asp.>; <http://www.transparency.md/news/a123.htm>.

104 Dumitru Ciubasenco, "The Newspaper-Man" in *Capitala* magazine, October, 2003.

105 Law 521-XIII/7 July 1995 on Philanthropy and Sponsorship, *The Official Monitor* no. 47, 24 August 1995.

106 Panel discussion on mass media in Moldova organised by IRES, with the participation of 15 media managers and analysts; <http://www. Irex.org/msi/Moldova>; accessed 12 October 2003.

107 Ibid.

108 <http://www.transparency.md/Docs/art_timp2.pdf> accessed 7 February 2004.

109 *Mass-Media and Legislation*, Analysis, Opinions, Proposals, Freedom of Expression and Access to Information Promotion Center, Chisinau 2003, p. 31.

110 For example, Decision no. 17/23 October 2001; the BCC cancelled the license # 143 of 29 August 2000, issued to the association TEMMA for the radio station *Radio d'Or*, rebroadcasting a Russian radio station *Avtoradio*; another example: Decision # 27/ 23 May 2000 of BCC cancelled a previous decision (no. 85, 26 October 1999) issuing a license for Emico LTD., the owner of the radio station *Vocea Basarabiei*, which rebroadcast *Voice of America*, *Radio Free Europe/Liberty*, *Radio BBC*; information/report offered by BCC.

111 <http://ijc.iatp.md/curier_media/moldova.html#1>; <http://www.azi.md/tribune?ID=28008>; <http://www.rsf.org/article.php3?id_article=9211 - 28k>; http://www.ifex.org/en/content/view/full/56689/ - 34k.

112 <http://ijc,iatp.md/curier_media/archive/2001/cm10.pdf>.

113 <http://www.acces.info.org.md/eveniment_25_1_februarie_03htm>.

114 *Mass-Media in Moldova*, Analytical Bulletin, December 2002, pp. 22–29.

115 Ion Enache, "Journalists' professional self-regulation as basis for media credibility"; in *Mass Media in the Republic of Moldova*, Annual Report, 2001, p. 138.

116 Interview with Cornelia Cozonac, reporter, Center for Investigative Reporting, Association for Independent Press, Chisinau, 8 December 2003.

117 Ibid.

MONTENEGRO

Mladen Zadrima

1 INTRODUCTION

The number of media outlets in Montenegro has significantly increased over the past fourteen years. In 1990, the media market consisted of one daily newspaper, one state-run national radio and the influential state-run national television, plus a few radio stations owned by the local authorities.

New media legislation was adopted at the end of 2002, but its implementation has been difficult. Although there were several obvious breaches of the new laws, the authorities have not reacted so far. The implementation of media legislation has even caused a political crisis in Montenegro, since the opposition parties withdrew from Parliament after the Council of Public Service *Radio and Television Montenegro* (*RTVCG*) decided to terminate the coverage of Parliament sessions that were broadcast on a special channel of *Radio and Television Montenegro* (*RTVCG*).

Media concentration and monopolies do not seem to pose a threat to media pluralism in Montenegro yet. A much more serious problem has proved to be political affiliations, both in the state-owned and in the private media.

2 REGULATIONS AND IMPLEMENTATION

At the end of 2002, the Montenegrin Parliament adopted three laws that now regulate the media sphere: the Media Law, the Broadcasting Law and the Law on the Transformation of State Television into Public Service Television. The three laws were prepared in co-operation with the Council of Europe and OSCE, and in accordance with the European standards.

The new media legislation stipulates that the broadcast media owned by the state or local authorities must be transformed into public service broadcasters, and the print media privatised. In accordance with this legislation, an independent regulatory body (the Broadcasting Agency) was created, as well as a task force to oversee the implementation of the media laws.

There are still no laws in Montenegro that would regulate ownership transparency and concentration in the print media, whereas the Broadcasting Law addresses the issue in a separate chapter (IX), titled "Preventing unlawful media concentration". Article 106 stipulates that media concentration is unlawful when a holder of a national television or radio license owns more than a 25 percent share in another broadcasting company that holds a similar licence (with national coverage). It is also unlawful for a private broadcaster to broadcast more than one radio and one television program in the same area. A holder of a national broadcasting license may not publish a daily newspaper with a circulation exceeding 3,000 copies, neither own more than a 10 percent share in another company that publishes a daily with a circulation exceeding 3,000 copies, nor more than a 10 percent share in a news agency. A local or a regional broadcaster is prohibited from owning more than 30 percent of another local or regional broadcaster in the same area, as well as from owning a local daily newspaper in the same or in a neighbouring area.[1]

When the Broadcasting Agency completes the Strategy and Frequency plan (due in spring 2004), it will announce a tender for frequencies for all broadcast media in Montenegro. According to the Broadcasting Law, any company or entity that does not have a clear ownership structure will not be eligible to receive a frequency license. At the moment, there are several companies in Montenegro that have an unlawful cross-media ownership structure and are in breach of the Broadcasting Law. It should be stressed that all of these companies had been established before any restrictions were in place, and some are currently undergoing the process of ownership transformation.

One of the latest developments regarding the Montenegrin media legislation was a meeting in Podgorica on media concentration and transparency, held on 22 January 2004. Council of Europe experts and members of the task force responsible for implementing the media legislation agreed that a new law has to be drafted that will address the issue of ownership concentration in the print media. At present, the only regulations that can be applied to the print sector in terms of ownership restrictions are contained in the above-mentioned provisions of the Broadcasting Law. Also relevant in this respect is Article 5 of the general Media Law that forbids a monopoly over information provision and stipulates that protection of competition in the field of information provision will be regulated by separate laws.[2]

A new law that will address the issue of ownership concentration in the print media will be drafted by a task force that will consist of both domestic and foreign experts.

3 PRIVATISATION

So far there has been no privatisation of the state-owned media in Montenegro. The state broadcaster is in the process of transforming itself into a public service broadcaster. The newspaper publishing company, NIP Pobjeda, which publishes the *Pobjeda* daily, is still owned by the state. Its estimated market value is around EUR 15 million. Its privatisation has not yet been carried out because of the already mentioned delays in the implementation of media legislation, and NIP Pobjeda is still subsidised by Parliament. According to some sources, WAZ is a serious candidate to buy *Pobjeda*.

After the collapse of socialism and disintegration of Yugoslavia, all new periodicals in Montenegro were launched by private owners, and frequencies were also allocated to private broadcasters. Yet it should be noted that frequency allocation at times seemed to be a process carried out in an arbitrary manner, rather than based on a systematic strategy.

4 MEDIA PLURALISM

The size of Montenegro and its population of 700,000 do not make a big market for the media, yet there are four daily newspapers, two leading weekly magazines, 15 TV stations and 44 radio stations. These numbers include 13 local public radio services and two local public television services.

Until 1997, when *Vijesti* was established, the only daily had been the Government controlled *Pobjeda*, which was founded in 1944. At present, there are two other national dailies in Montenegro, *Dan* and *Publika*. It is estimated that a launch of a new daily in Montenegro would take an investment of about EUR 1.5 million.

The newspapers differ among themselves in their political orientation. *Pobjeda*, with an estimated circulation of about 20,000 copies, is only rarely, or rather never, critical of the Government's work. *Vijesti,* a business-oriented newspaper with a strong position in the market, has changed its editorial policy and become more critical of the Government since WAZ became its co-owner. *Dan*, a daily with the reputation of having supported Slobodan Milošević's politics in Montenegro, is pursuing a clear anti-government editorial policy. In the summer of 2002, the *Dan* daily published the name of the protected witness K32 in the Hague trials on war crimes in former Yugoslavia. Its owner, director, and editor in chief, Duško Jovanović, was subsequently summoned to the Hague to explain this decision. His answer was that he wanted to raise circulation. The envisaged punishment for this kind of offence is seven years in prison or a fine of EUR 100,000 or possibly both. Duško Jovanović's trial at the Hague Tribunal is set for 12 May 2004.[3]

The biggest private printing house in Montenegro is Rotoslog, with the Daily Press company being its major owner. The same company owns a majority stake in the main distributing company Štampa as well. The second printing house is entirely owned by Jumedia Mont.

The TV market has changed significantly in the past decade as well. In 1995, there were only two private stations, *Blue Moon TV* and *Sky Sat.* Today, there is a much greater variety: *APR*, *BOIN*, *Elmag*, *EHO*, *Glas Plava*, *MBC*, *Montena*, *IN TV*, *Orion*, *Panorama*, *Sky Sat*, *Teuta* (all these members of UNEM, the Association of Montenegrin Independent Broadcasters), *TV Nikšić*, *TV Budva* and *RTV CG* (the state-run *Radio and Television Montenegro*).

5 MEDIA OWNERSHIP STRUCTURE

5.1 PRINT MEDIA

The estimated number of potential newspaper readers in Montenegro is somewhere in the range of 550,000 persons, but naturally, circulation figures cannot reach that number, owing to the pass-over readership. Research has shown that daily newspapers are read by almost 70 percent of the potential readership. According to a survey conducted in June 2003, Montenegrins' favourite daily is *Vijesti* (19.4 percent), closely followed by *Dan* (16.7 percent); 8 percent of the respondents opted for *Pobjeda*, and 2.6 percent for *Publika*.[4]

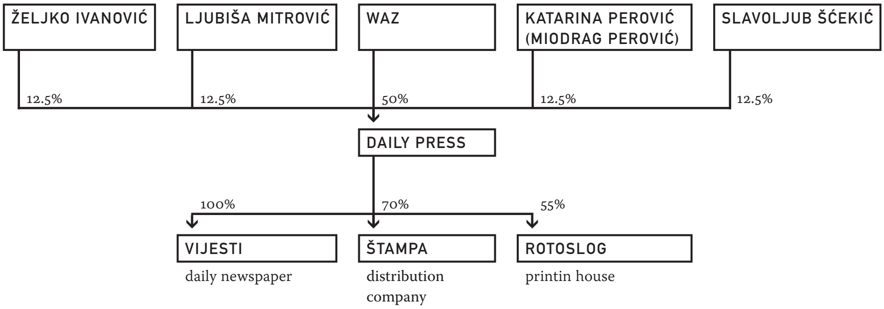
The same survey showed that 61.7 percent of the Montenegrin population reads weeklies. The most popular weekly is *Revija D* with 11 percent of the readership, followed by *Monitor* with 8.8 percent of the total readership.

5.1.1 VIJESTI DAILY

The first issue of *Vijesti* was printed on 1 September 1997 and within a short period of time the daily established itself as a strong player in the media market. At the end of 2003, *Vijesti* was selling 40,000 copies, but a significant portion of that figure can be attributed to the marketing campaign "Read books." Thursday editions of *Vijesti* are supplemented with a book and can be bought at the price of EUR 2.99. The regular circulation of the daily is in the range of 22–25,000 copies.

The *Vijesti* daily is published by the Daily Press company that also owns other enterprises in the print media sector (70 percent of the largest distribution company, Štampa, and 55 percent of the printing house Rotoslog).[5] The daily was established mainly with money provided by donors. At the time of its establishment, the ownership of the newspaper was divided among five persons with 20-percent shares: Katarina Perović (Miodrag Perović),[6] Željko Ivanović, Slavoljub Šćekić, Saša Eraković and Ljubiša Mitrović. After WAZ entered *Vijesti* in 2003, through a stake in Daily Press, this picture changed dramatically. WAZ bought 50 percent of the newspaper for approx. EUR 5 million. One shareholder, Saša Eraković, decided to withdraw, and the four remaining individual shareholders now have a 12.5 percent stake each. Therefore, neither WAZ nor the individual owners have an absolute majority.

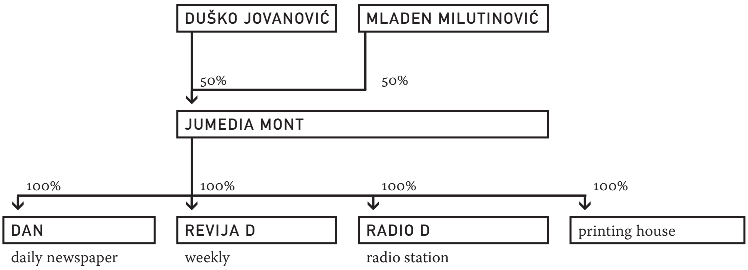
Chart 1 DAILY PRESS OWNERSHIP STRUCTURE



5.1.2 DAN DAILY

The daily newspaper *Dan* was established in 1998 by the Jumedia Mont company that also publishes the weekly *Revija D*, runs the radio station *Radio D*, and owns a printing house. The newspaper has a daily circulation of 22–25,000 copies. The ownership structure of Jumedia Mont is quite clear, as the company is owned by Duško Jovanović and Mladen Milutinović, each with a 50 percent stake.

Chart 2 JUMEDIA MONT OWNERSHIP STRUCTURE



5.1.3 PUBLIKA DAILY

The *Publika* daily was established in 2002 and is the newest arrival on the dailies market in Montenegro. Its circulation is only around 6,000 copies.[7] The founder of *Publika* is the Millennium company, owned by Vuk Rajković.

5.1.4 REVIJA D WEEKLY

Revija D, the most popular weekly in Montenegro, is 100 percent owned by the Jumedia Mont company that also owns other enterprises in the media sector (daily *Dan*, *Radio D*, and a printing house). Its circulation is about 10,000 copies.[8]

5.1.5 MONITOR WEEKLY

The *Monitor* weekly was established in July 1990. At the time, it was the only independent professional media outlet in Montenegro, and the only one that raised its voice against the war in the former Yugoslavia. Today, *Monitor* has a circulation of about 6,000 copies. The founder and one of the owners of the publishing company that runs the *Monitor* weekly is Miodrag Perović, a professor at the Montenegro University. In addition to him, there are thirty other shareholders, most of them working for *Monitor*. Through Miodrag Perović, the *Monitor* weekly is linked to the *Antena* radio station, the Rotoslog printing house, and to the Daily Press company (publisher of the *Vijesti* daily and the major owner of distribution company Štampa).

5.2 BROADCAST MEDIA

The most influential broadcast medium is the *Radio Television Montenegro* (*RTVCG*), which is in the process of transformation into a public service broadcaster. Once this process is completed, Montenegro will have one national public service broadcaster and 14 local public service broadcasters, as all local media that are under the control of local authorities are to be transformed according to the new law. But the 14 broadcasters that are still under local governments' control are already past the initial deadline for the completion of this process, i.e. 23 May 2003. Recently, the Council of *RTVCG* requested approval from the Government to raise the license fee from EUR 2.5 to EUR 5. At first, this was refused with the explanation that license fee will not be raised before *RTVCG* has made the necessary transformation. However, after several public discussions the license fee has been raised to EUR 3.5.

In addition to the public service broadcaster, there are three other television broadcasters with national coverage in Montenegro: Serbian *Pink TV*, Montenegrin *IN TV* and the *Montenegrin Broadcast Company*, *MBC*.

On the radio market, public service radio still holds a significant position, while the most popular private radio station is *Radio Elmag*, followed by *Radio D* and *Antena M*.

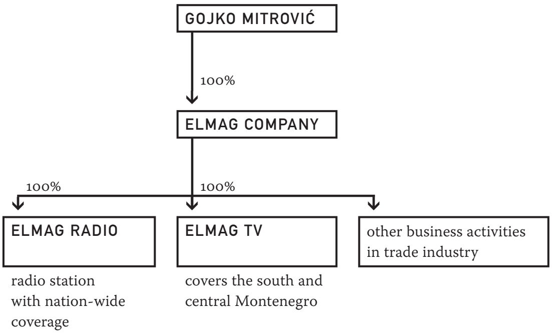
5.2.1 RADIO ELMAG

Radio Elmag, based in Podgorica, broadcasts nationwide on several frequencies. It was the first private radio station in Montenegro, when it launched its 24-hour music program in June 1994. At the end of the 1990s, *Radio Elmag* introduced news programs as well.

The sole owner of *Radio Elmag* is the Elmag Company, owned by Gojko Mitrović. The Elmag Company also produces TV programs for its own channel, *Elmag TV*, that covers the southern and central part of Montenegro. It has recently faced a drop in its audience share, because of the reductions in programming. For the most part, *Elmag TV* re-broadcasts Serbian *BK TV* news programs.

The Elmag Company is also registered for performing trade activities, and the media outlets are mainly financed through trade business.

Chart 3 ELMAG OWNERSHIP STRUCTURE



5.2.2 ANTENA M RADIO

Antena M broadcasts on several frequencies throughout the country and covers about 85 percent of Montenegro. It was established in July 1994 and played a part in making the first steps towards a democratic development in Montenegro. The station is currently going through ownership transformation, but at the time of writing the report it is 100 percent owned by Miodrag Perović. Through his media ownership, radio *Antena M* is linked to the *Monitor* weekly, the Rotoslog printing house, and the Daily Press company.

5.2.3 RADIO D

Radio D covers the wider area of Podgorica with its program, mostly consisting of music. The station is 100 percent owned by the Jumedia Mont company that also owns other enterprises in the media sector (the *Dan* daily, the *Revija D* weekly, and a printing house).

Table 1 OWNERSHIP OF THE MAIN RADIO STATIONS IN MONTENEGRO

RADIO STATION	OWNER	AUDIENCE SHARE
RADIO ELMAG	ELMAG COMPANY	18.2%
PUBLIC SERVICE RADIO	PUBLIC SERVICE	12.5%
RADIO D	JUMEDIA MONT	12.0%
ANTENA M	MIODRAG PEROVI	7.1%

Source: Central Court Register and Survey "Radio programs in Montenegro", Montenegro Media Institute, November 2003.

5.2.4 IN TELEVISION

IN Television, the first private TV station in Montenegro to distribute its signal via optical cable, covers the most part of Montenegro. It was launched on 11 February 2002 and shortly afterwards attained a rather large market share and became the leading Montenegrin private broadcaster. Its executive director, Rade Vojvodić, stated in an interview that the founder of *IN TV* is the billboard advertising company Montepano, established in 1999 in Podgorica. According to the data in the Central Court Register, the founders of Montepano are Lela Vojvodić and Slobodanka Pavlović. Rade Vojvodić is the executive director and a member of the company board. Other board members are Zoran Jelić and Vladimir Pavlović, but the shareholder structure is not available.

5.2.5 MBC TV

MBC TV, formerly *Blue Moon TV*, covers various parts of Montenegro via several local frequencies. It was established on 1 June 1995 in Podgorica as the first independent TV station in Montenegro. *Blue Moon TV* was a small station focused on entertainment programs with a low audience share on the national level. Later, *Blue Moon TV* was selected as a partner of IREX Montenegro, and the station was renamed *Montenegrin Broadcasting Company* (*MBC*). About 30 newcomers to the station formed a newsroom and started to produce balanced news programs. The latest survey put *MBC* in the fourth place among nation-wide television broadcasters in Montenegro, and the third place among the private outlets (its audience share is 6.9 percent).[9]

The ownership structure of the TV station has remained unchanged since it was established - Milutin Radulović owns 64 percent and Svetlana Barović owns the remaining 36 percent.

5.2.6 TV MONTENA

The private TV station, *Montena*, a member of Prevalitana group, covers central and south Montenegro, and only the town of Berane in the north. Before *IN* and *Pink* appeared on the Montenegrin TV market, *Montena* was one of the leading private TV stations, but as a survey on audience shares demonstrates, *Montena* now holds a fairly small audience share (to 1.9 percent).[10]

Prevalitana has three owners - Stevo Vučinić owns 55 percent of the company, Đuro Vučinić 28 percent, and Miodrag Vukmanović the remaining 17 percent.

5.2.7 PINK TV

In the summer of 2002 (and practically overnight), the Serbian private TV station *Pink* began to cover twelve Montenegrin cities with perfect sound and picture. The occurrence of *Pink TV* in Montenegro caused quite a stir among the Montenegrin media associations. The first question that was raised was how *Pink TV* could enter the Montenegrin broadcast media market, and who allowed it, since none of the Montenegrin broadcasters, members of the Association of Montenegrin Independent Broadcasters (UNEM) had been able to obtain a licence for several years, and no tender for allocation of frequencies had been invited. The UNEM published a letter in which it stated that "chaos in the Montenegrin media market is continued through the entrance of *Pink TV*", and that "Montenegro is a republic where laws are not respected". *Pink TV* started its programming without the permission of the Republic Information Secretary, which is required by the Media Law.

Table 2 OWNERSHIP OF THE MAIN TV STATIONS IN MONTENEGRO

TV STATION	OWNER	AUDIENCE SHARE
RTVCG	PUBLIC SERVICE	30.2%
PINK TV	ŽELJKO MITROVIĆ	25.5%
IN TV	-	18.9%
MBC	M. RADULOVIĆ AND S. BAROV	6.9%
TV MONTENA	PREVALITANA HOLDINGS	1.9%

Source: Central Court Register and survey "TV programs in Montenegro", Montenegro Media Institute, October 2003.

6 THE BIGGEST MEDIA OWNERS

There are six major media groups in Montenegro, and all of them can be considered as cases of cross-media ownership.

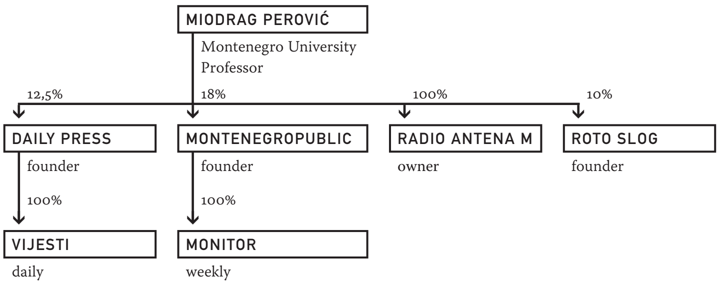
6.1 JUMEDIA MONT

Jumedia Mont Co., owned by Duško Jovanović and Mladen Milutinović, owns the *Dan* daily, the *Revija D* weekly and *Radio D* that covers Podgorica, Danilovgrad and Cetinje. The same company also owns a printing house. Its ownership is illustrated in Chart no. 2.

6.2 MIODRAG PEROVIĆ

Miodrag Perović, a professor at the Montenegro University, owns the publishing company that runs the *Monitor* weekly, and the radio station, *Antena M*. Perović is also the founder of the Rotoslog printing house and he or his daughter Katarina Perović[11] is a shareholder in the Daily Press company that owns the *Vijesti* daily and the Štampa distribution company. However, the ownership structure of these media outlets, distribution and printing companies is currently under transformation.

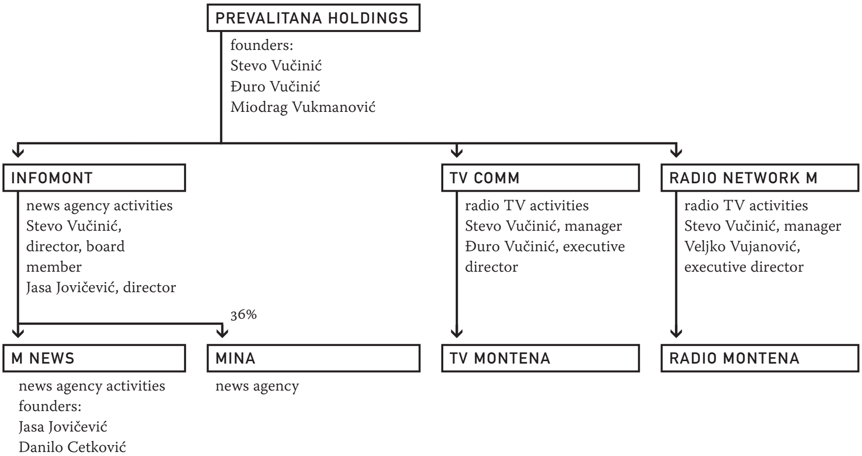
Chart 4 **MEDIA OWNERSHIP OF MIODRAG PEROVIĆ**



6.3 PREVALITANA HOLDINGS

Prevalitana Holdings (shareholders Stevo Vučinić, Đuro Vučinić and Miodrag Vukmanović) owns *Radio Montena* that covers central and southern Montenegro, and *TV Montena* that covers the same area, plus the town of Berane in the north. The company also has a 36 percent share in the *MINA* news agency.

Chart 5 **OWNERSHIP STRUCTURE OF PREVALITANA HOLDINGS**



6.4 ELMAG (GOJKO MITROVIĆ)

Gojko Mitrović owns the nationwide *Radio Elmag* and *TV Elmag* that covers the central and southern part of Montenegro. The Elmag Company is also registered for performing trade activities, and the media outlets are mainly financed through trade business. The media and other business ownership of Elmag group (Gojko Mitrović) is illustrated in Chart no. 3.

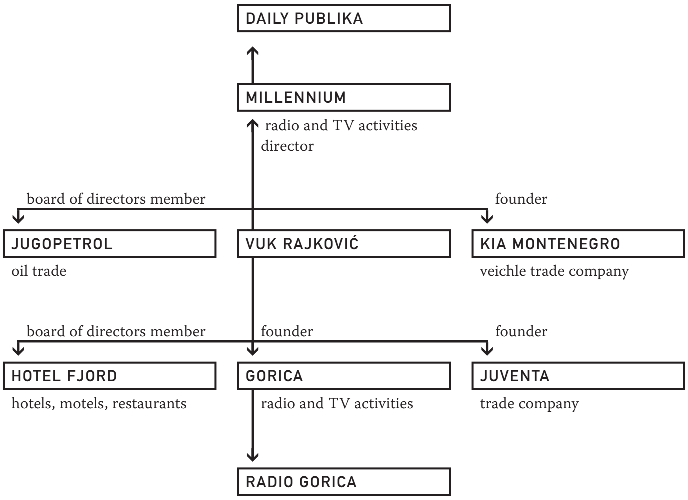
6.5 IZEDIN DINO RAMOVIĆ

Izedin Dino Ramović owns *Radio Mir* and *TV Teuta* that cover the same market, Podgorica, Bar and Ulcinj.

6.6 VUK RAJKOVIĆ

Vuk Rajković is the owner of the Millennium company that publishes the *Publika* daily. He is also the founder of the Gorica company that owns *Radio Gorica*. Vuk Rajković is also a board member in Jugopetrol (oil trade) and Hotel Fjord (hotels, motels, restaurants), and the owner or founder of several other companies outside media business.

Chart 6 MEDIA AND OTHER BUSINESS OWNERSHIP OF VUK RAJKOVIĆ



6.7 POLITICAL AFFILIATIONS OF THE MAIN MEDIA OWNERS

The biggest media owners in Montenegro are Jumedia Mont, Prevalitana and Elmag. The political orientation of their founders and owners is not an issue they would discuss in public. However, some of them have been active on the political scene. Duško Jovanović (Jumedia Mont) used to be a member of the Democratic Party of Socialists, and for a while a member of a break-away party, the Socialistic People's Party. He left politics after internal problems and poor election results of the party. Despite this, the daily *Dan*, run by Jovanović, is known as an outlet for anti-government opinions. The political stance of the other shareholder, Mladen Milutinović, is not publicly known.

The founders and owners of Prevalitana, Stevo Vučinić and Miodrag Vukmanović, were also founders and politically active members of the Liberal Alliance of Montenegro. Vukmanović was highly rated inside the party before him and Vučinić (together with several other founders) left the Liberal Alliance. However, Vukmanović and Vučinić have not completely abandoned politics since on 26 January 2004, they publicly warned Liberal Alliance members to change the current leadership structure in order to save the party.[12]

7 MEDIA INDEPENDENCE

In Montenegro there is a collective agreement at the national level valid for all employers and employees. Based on that, special agreements are signed for specific industries. They enable employers and trade unions to regulate their relations through in-house agreements. The in-house agreements define the rights and duties of employees, job descriptions, amount of salary, and categorise employees based on their education and working experience. In the media industry, some publishers have never made in-house agreements, and even where such agreements are signed, the degree to which the publishers respect them varies.

There are several journalists' associations and trade unions in Montenegro, but no strong NGO's to monitor the media or play the role of media watchdog. The Association of Young Journalists is trying to conduct a media monitoring program, but they lack the capacities to do so. A journalists' self-regulatory body (Independent Self-Regulatory Body, NST) was established in the summer of 2003. Its aim is to promote the Code of Ethics and to take initiatives in terms of the watchdog role.

The Association of Professional Journalists of Montenegro was established in 1990. It gathered journalists who confronted the political leadership and refused to participate in the war propaganda. In the first half of the 1990s, it played a part in raising professional standards and the protection of journalists. However, in recent years the association has been less active and a number of journalists have left it.

The Association of Journalists of Montenegro was set up in the communist era. Numerous journalists left this association in the 1990s because of its open support for Milošević's regime and the Montenegrin Djukanović-Bulatović leadership at the time. Apart from granting annual awards, the association currently plays only an insignificant role.

The Independent Trade Union of Journalists was established several years ago. The aim of this organisation is to improve the position of journalists in Montenegro as well as to educate them about their rights. It has links with a number of similar organisations across Europe. The union is not yet influential but it invariably reacts whenever journalist's rights are violated.[13]

The Newspaper and Printing Trade Union operates within the framework of the Alliance of Independent Trade Unions, established in the communist era. The organisation does not have a significant influence and has not undergone any changes since the time it was established.

UNEM is the Association of Montenegrin Independent Broadcasters, which includes almost all private TV and radio stations in Montenegro. UNEM plays a significant role in the implementation of media laws in Montenegro. Montpress is a similar association for print media, but so far it has only had limited influence.

Investigative journalism is often encouraged by NGOs, both domestic and international, but only rarely by publishers. Among those that have most strongly encouraged investigative journalism in the past years are the IREX office, the Montenegro Media Institute, and the Independent Self-Regulatory Body (NST) whose latest attempt to promote it was the Investigative Journalism Award for 2003.

8 CONCLUSIONS

The new media legislation in Montenegro (the general Media Law, the Broadcasting Law and the Law on the Transformation of State Television into Public Service Television) set the grounds for significant changes in the Montenegrin media system, when adopted at the end of 2002. However, the implementation of the ground-breaking legislation that is in line with the international (including EU) standards has been problematic. The demanded transformation of the state or local authorities-owned broadcasters into public service broadcasters is taking place, but with delays, while the privatisation of print media has not even begun. The regulations regarding media concentration (contained in the Broadcasting Law) are evidently violated in more than one case of cross-media ownership. In several major media companies the ownership transformation is underway to bring the companies in line with the media legislation. It should be noted that the set of media laws contains only indirect regulations of ownership transparency and concentration in the print media, and that subject still has to be addressed in a separate law. Domestic and foreign experts are to draft a law in near future.

Overall, the print media market currently consists of six major players: one state-owned and three privately owned dailies and two privately owned weeklies. A clear (pro or con) stance to the Government can be recognised in the majority of those media outlets, underlined by the fact that several major media owners have become publicly known for their political activities. Political affiliations, both in the state-owned and private media, can currently be pointed out as a more serious concern than media concentration itself.

The latter issue, however, does have great importance as the owners in the print sector hold strong positions in broadcasting as well. It is expected that the Broadcasting Agency will announce tenders for frequencies for all broadcasting media in the near future. If the Agency is strict in the implementation of media legislation, frequencies will not be allocated to the companies with unclear media ownership.

Professional and social conditions for the work of journalists are rarely regulated through in-house agreements, and a number of free-lance journalists work without any insurance. There are several professional media organisations, some inherited from the past regime and others “independent”, but with little impact on the protection of journalists’ rights or defence of media independence.

NOTES

1 The Broadcasting Law, published in the *Službeni list Republike Crne Gore* (Official Gazette of the Republic of Montenegro), no.51, 23 September 2002. See <http://www.mminstitute.org>.

2 The Media Law, published in the *Službeni list Republike Crne Gore* (Official Gazette of the Republic of Montenegro), no.51, 23 September 2002. See <http://www.mminstitute.org>.

3 See <http://www.un.org/icty/bhs/frames/cases.htm>.

4 Survey "Public opinion on dailies and weeklies in Montenegro," Montenegro Media Institute, Podgorica, June 2003.

5 The data on ownership structure of all Montenegrin media companies (and all other respective companies) are collected in the Central Court Register, and have been available free of charge at <http://www.crps.cg.yu>.

6 In the Central Court Register, Katarina Perović is listed as a co-owner of Daily Press, but in the document which the Executive Director of the company sent to the author of the report, Miodrag Perović is stated as a co-owner. Also, if one searches for data on the Daily Press company through the names of owners in the Cental Court Register, Miodrag Perović appears among the owners.

7 Montenegro Media Book, Montenegro Media Institute, Podgorica, July 2002. See: <http://www.mminstitute.org/knjigaeng.php>.

8 Ibid.

9 Survey "TV programs in Montenegro", Montenegro Media Institute, October 2003. See <http://www.mminstitute.org>.

10 Ibid.

11 In the Central Court Register, Katarina Perović is listed as a co-owner of the Daily Press, but in the document which the executive director of the company sent to the author of the report, Miodrag Perović is stated as a co-owner. Also, if one searches for data on the Daily Press company through the names of owners in the Central Court Register, Miodrag Perović appears among the owners.

12 *MINA* news agency.

13 In the openning speech at the workshop "Protection of Free-lancers" in Budva , Montenegro, in January 2004, the President of the Independent Trade Union of Journalists of Montenegro, Vesna Pejović, said that "within the private media in Montenegro there is only a small number of journalists who enjoy rights arising from regular employment. Free-lance journalists work in very difficult conditions, have no social, health and pension insurance, no free weekends and holidays, and working for small fees. Employees hide the number of journalists engaged under such inhuman terms."

POLAND

Beata Klimkiewicz

1 INTRODUCTION

The current media ownership landscape in Poland is a result of two divergent strategies that originated in the political and economic transition dating from 1989. State run privatisation and deregulatory policies concerning the print press helped to establish a press system almost exclusively dominated by private ownership and by a commercial model of market supply and demand. In a different vein, the television and radio scene was subject to control under the broadcasting regulatory scheme, leading to the establishment and maintaining of a private/public ownership duopoly. Such a patchwork of media ownership in Poland has been subsequently modified, and also challenged by the rapid development of monomedia expansion, cross-media concentration, regional consolidation, synergetic investment, as well as commercialisation of public broadcasters. Some of these processes, concentration in particular, continue to have a significant impact on external media pluralism in Poland, ultimately resulting in lesser diversity of media outlets and supply as well as sustaining consolidation.

2 REGULATION AND IMPLEMENTATION

In general, media pluralism and ownership issues in Poland are regulated by media and competition laws. Both frameworks are applicable in parallel but also complementary. 2003 saw an attempt to reform the existing regulatory scheme that turned out to be an unsuccessful project. The failure revealed not only the political and economic interests that underlay the normative goal of media pluralism (*Rywingate*), but also the unsuitable definition of media policy objectives. Protection of competition on the media market and safeguarding media pluralism are two different objectives that can hardly operate as mutually replaceable. Whilst the given regulatory framework provides appropriate conditions for implementation of the latter objective, the regulation of the former seems to need further improvement. There is no single regulatory mechanism or institution responsible for the distribution of state subsidies to the media. Existing direct and indirect subsidies are distributed with various purposes and within the frameworks of different institutions. In the same vein, editorial independence from owners and publishers is not explicitly regulated by the current media law.

2.1 SOFT ANTI-CONCENTRATION RULES

In addition to constitutional provisions,[1] the media landscape in Poland is regulated by a national media law - the Broadcasting Act of 1992,[2] with subsequent amendments, the regulations issued by the National Broadcasting Council, and the Press Law of 1984.[3] As a market, media landscape in Poland is subject to national competition law - the Act on Competition and Consumer Protection (2000)[4] and other related regulations.[5]

Limits on the concentration of broadcast media ownership were laid down by the Broadcasting Act within the framework of the procedure for granting and revoking broadcasting licences. Under this law, a broadcasting licence may not be awarded if transmission of programming by an applicant could result in the achievement of a dominant position in mass media in the given territory (Art. 36).[6] The broadcasting license may also be revoked on the same grounds (Art. 37).[7] Yet, the Broadcasting Act does not explicitly define what a dominant position in mass media in the given territory is. It is the Act on Competition and Consumer Protection that provides the interpretation of a dominant position. This is understood as a position which enables an entrepreneur to prevent efficient competition on the relevant market. At the same time, it is assumed that the entrepreneur holds a dominant position when his market share exceeds 40 perent (Art. 4).[8] In compliance with the Broadcasting Act, the National Broadcasting Council evaluates whether a particular applicant may achieve such a dominant position while taking into account one of the main goals of the Broadcasting Act – ensuring of open and pluralistic nature of broadcasting. It should be added in this respect that media sector markets are treated separately, because the Polish competition law conceives relevant markets as those where products are regarded by consumers as substitutes.[9]

Hence, media specific legal provisions aim at limiting horizontal media concentration only (or monomedia concentration, referring to concentrated ownership within a single sector of activity). Neither diagonal media concentration, i.e. integrating ownership and capital among different media sectors, nor vertical media concentration, i.e. integration of ownership and capital across different phases in the supply chain, is regulated by the current broadcasting law.[10]

Monomedia press, as well as broadcasting concentration is subject to the provisions in the Act on Competition and Consumer Protection, which protects competition by preventing any company from acquiring a dominant position on the press market.

As described above, anti-concentration provisions enshrined in both the media and the competition laws in Poland may be defined as soft, because they tackle only certain aspects of the problem. At the same time, unlike in many EU member states, sector specific media rules, additional to those stipulated by the competition law, are not applicable independently in their entirety. They are partly parallel, partly complementary.

In terms of powers to prevent concentration on the media market, the regulator, the National Broadcasting Council, may require that a broadcaster, prior to authorisation, supply necessary information (including ownership data) that proves that the broadcaster fulfils conditions for granting the licence. The Broadcasting Act entitles the National Broadcasting Council to call upon a broadcaster to cease production or transmission of programmes if these infringe upon the provisions of the Act and terms of the broadcasting licence (Art. 10).[11] Such control practices are not applicable to the press, except in some merger cases, where the Office for Competition and Consumer Protection may intervene on grounds of competition protection.

2.2 NEW MEDIA LAW AND "RYWINGATE"

The provisions limiting concentration in the broadcasting market in Poland have been subject to further re-drafting since 2001. The National Broadcasting Council prepared the Draft Amendment to the Broadcasting Act in January 2002.[12] The document has been further modified in the course of consultations with the Government, headed by the Minister of Culture.[13] As regards limits on concentration, the rules on cross-media ownership were inserted into Article 36 of the Amendment, that operate through disqualification on the holding of license concerning both the broadcast and the print media. Hence, for instance, according to this draft, the publisher of a national daily would be disqualified to hold a license for a national radio or television channel.[14]

The Draft Amendment received high publicity in spring 2002, when heads of the largest private media companies filed a protest with the Prime Minister. In their opinion, the Amendment might lead to limitation of domestic media development and decrease its competitiveness on the internal EU market. Moreover, in the opinion of private media owners, the Amendment undermined freedom of speech and of the media.

On 27 December 2002, *Gazeta Wyborcza*, the leading national daily in Poland,[15] exposed a corruption scandal widely referred to as *Rywingate.* In his conversation with *Gazeta Wyborcza's* Editor in Chief, Adam Michnik,[16] in July 2002, the film producer, Lew Rywin,[17] solicited an immense bribe in order to induce changes in the Draft Amendment, which would be advantageous for Agora company, the owner of *Gazeta Wyborcza*. During the conversation, recorded with the use of two hidden tape recorders by Adam Michnik, Lew Rywin mentioned that he was acting on behalf of "a group in power" and made it understood that Prime Minister Leszek Miller, knew about Rywin's visit. Other names mentioned in addition to the PM's name were Robert Kwiatkowski, the former Chairman of Polish Television, and Włodzimierz Czarzasty, a member (and former Secretary) of the National Broadcasting Council. Lew Rywin suggested that the USD 17.4 million (EUR 14.3 million) bribe (5 percent of the estimated value of *Polsat* - USD 350 million - EUR 286.9 million) would be used for the needs of the ruling Democratic Left Alliance (SLD) and that he wanted to obtain a position as the future chairman of the *Polsat* television.[18] *Gazeta Wyborcza* waited six months before it revealed *Rywingate,* because its journalists were investigating, albeit unsuccessfully, who initiated Rywin's proposal and what its real goal was.

Gazeta Wyborcza's leading story provoked an immediate public reaction. The *Newsweek Polska* reported: "There is no clear definition of pathology. But what we have done with our public life has surely crossed the limit of normality."[19] *Rzeczpospolita* concluded: "No one doubts that the Rywin affair is the biggest scandal in recent years, and it will shake not only the world of politics and business."[20]

Shortly after the *Gazeta Wyborcza*'s disclosure, the Speaker of the Sejm (the lower chamber of the Polish Parliament) made an unprecedented decision and interrupted the work of the *Sejm* on the Draft Amendment. The Sejm appointed a special investigative committee on 10 January 2003 to scrutinise "corruption revealed by the mass media concerning changes during the work on an amendment to the broadcasting law." Since its formation, the meetings of the Sejm Committee have taken place in public and have been fully covered by the media. In addition to this inquiry, the Public Prosecutor's Appellate Office has conducted a separate investigation into the case. Also, journalists have started their own examination, aimed at uncovering the political and business background to the corruption scandal.

Prime Minister Leszek Miller[21] denied during the hearing before the Sejm Investigation Committee that he authorized Lew Rywin to act as his intermediary. Moreover, he remained firm about the controversial Amendment and insisted that there was no reason to stop work on the broadcasting law. Unfortunately, hearings of the Sejm Investigation Committee disclosed several serious irregularities concerning legislative work. Juliusz Braun, a former Head of the National Broadcasting Council, stated before the Committee that "various stages of work on the Draft Amendment involved machinations, in the popular rather than legal sense of the word."[22] In addition to problematic competency of some of the drafters, two words of crucial importance disappeared during the drafting process. This was the expression "or periodicals" that vanished from a key section of the Draft Amendment containing the anti-concentration rules. It meant, in fact, that publishers of periodicals would not be restricted from holding a licence for a national TV channel, while the publishers of national daily newspapers were denied this possibility.[23]

These circumstances led to broad criticism of the Draft Amendment and repeated appeals to withdraw it from the Sejm. A number of organisations demanded profound changes, such as a reform concerning nomination of members to the National Broadcasting Council.[24] In the proposal of the Press Freedom Monitoring Center, candidates for membership are to be proposed by academics and media professionals to ensure that they represent professional communities, not active politicians.[25] Other demands included a division of the legislative procedure into two parts: one would comprise a new Draft

Amendment that would be designed to encompass "European provisions" only, while all other matters, including anti-concentration rules on cross-media ownership, would be regulated by a new, future media law that would replace, not amend, the current Broadcasting Act.[26] Another point that has been criticised was the fact that under the Draft Amendment several institutions shared responsibility in the licence granting and frequency allocation procedure, while it could be more effective for one body to fully control these regulatory matters.[27]

Ultimately, under the pressure of public opinion, Leszek Miller asked the Sejm Speaker to withdraw the Draft Amendment from the Sejm at the end of July 2003. At the same time, the Ministry of Culture began to work intensely on a new amendment (also called "a small amendment"). It was accepted by the Government in October 2003 and delivered to the Sejm on November 2003.

The document itself does not contain anti-concentration provisions, nor does it regulate how the transparency of media ownership should be superintended. It focuses mainly on such issues as the portion of programming reserved for European works (Art. 15), the definition of "European works" (Art. 15b), provisions regulating advertising in broadcast media (Art. 16a,b), sponsorship (Art. 17), protection of minors (Art. 18), and the mission of public radio and television (Art. 21).[28] The only change with an impact on ownership concerns foreign investment. Under Article 35, broadcasting licences may be granted to foreign persons or entities permanently resident in the EU. Companies with foreign shareholders from countries other than the EU may be granted a licence if foreigners do not hold more than 49 percent in the opening or share capital of the company.[29] The Draft Amendment was enacted by the Sejm on 2 April 2004 and came into effect on 1 May 2004.[30]

Rywingate corruption scandal showed that effort to reform media legislation in Poland was a Gordian knot – one that is too tangled to be neatly untied, and so can only be cut. Although investigation seems to be approaching its final phase, it is nowhere near a breakthrough in disclosing "a group in power," and media reform is still far from being completed. The Sejm Investigation Committee approved as its final report an account of an MP, who argued that Rywin was a deceiver, acting alone and without support from "a group in power," because there was no such group. Since the end of July 2003, the Appellate Prosecutor has been conducting an investigation into the case of the former Draft Amendment from which two words of crucial meaning were removed during the legislative procedure. The trial of Lew Rywin, accused of "paid protection,"[31] is being conducted by the District Court in Warsaw. Hearings have been taking place since the beginning of December 2003. Finally, PM Leszek Miller has announced his resignation as of 2 May 2004.

2.3 TRANSPARENCY OF OWNERSHIP

Two authorities have the legal power to investigate, to a certain extent, the transparency of media ownership in Poland. As regards the broadcasting sector, the National Broadcasting Council may require a broadcaster to provide materials, information and documentation in the scope necessary for the purpose of supervising the broadcaster's compliance with the provisions of the Broadcasting Act and the terms of a broadcasting licence.[32] In accordance with the Amendment to the Broadcasting Act (2001), broadcasters should submit to the National Broadcasting Council their annual financial statements in the form specified by the Act on Accounting (1994).[33] The purpose of this requirement is to review the financial and economic situation of broadcasters including advertising revenue, financial results (profits and losses), ownership structure and capital concentration.

In practice, the national Broadcasting Council is not always able to obtain a clear picture on the basis of the analysis of these financial statements. The following is the quote from the report of the National Broadcasting Council, "these (the financial statements) do not always give a complete insight into the economic and financial situation of broadcasters and results achieved through their broadcasting activity."[34] Over and above these measures, the National Broadcasting Council may control ownership transparency with reference to licence-granting schemes. If another person (other than that stated in the broadcasting licence) takes over control of the broadcaster's activity, the broadcasting licence may be revoked by the National Broadcasting Council.[35] There are no such regulations related to the press.

As concerns provisions in the competition law, the Office for Competition and Consumer Protection performs control over media ownership and concentration on the basis of the Act on Competition and Consumer Protection (2000). The President of the Office must be notified about the intended concentration if the combined turnover of the merging enterprises exceeds EUR 50 million.[36] The obligation to notify the Office about the intention of concentration concerns almost all forms of mergers in the media market, including, among others, mergers of two or more independent companies, takeovers through acquisition and purchase of stocks, securities, and shares.[37] It should be mentioned here that these provisions refer equally to print, broadcasting and other media companies operating on the market. After notifying the President of the Office, companies must wait for the final decision by which concentration may be permitted (Art. 17 and 18) prohibited (Article 19), or the decision may be withdrawn because of unreliable information. (Article 20).[38]

The Draft Amendment to the Broadcasting Act (2002) withdrawn by the Sejm in July 2003 included a requirement on transparency of ownership and capital as a condition specified in the broadcasting licence.[39] No provisions to this effect are found in the 2004 amendment.

2.4 MEDIA SUPPORT SCHEMES

In order to protect pluralism and counteract concentration on the media market, European countries have developed a system of direct and indirect subsidies (low postal and telecommunication rates, interest-free loans, reduction or exemption from VAT, etc.) for the print media publishers and other media companies. In Poland, this policy is solely comprised of indirect subsidies, with an exception of special types of the press, such as national minority press or cultural magazines. It would be an overstatement to describe these indirect media subsidies as a single coherent policy with a mechanism of implementation. One can rather point to scattered policy initiatives developed within different government departments.

The most widely approved indirect subsidy is the exemption from or reduction of VAT. Until 2001, the print media (both production and distribution) benefited from a zero VAT rate. The 2001 amendment to the Act on Commodity and Service Tax and Excise Tax (1993) introduced a 7 percent VAT on the sale of newspapers, magazines and periodicals,[40] and 0 percent on print services concerning newspapers, magazines and periodicals.[41] Because all newspapers, magazines and periodicals were included in VAT exemption, and later reduction, this policy hardly influenced pluralism within the sector of the print media. It did not help small newspapers in any particular way to survive on the market, but rather strengthened the print media sector as a whole in fact of the many difficulties with which it is confronted.

In August 2003, a new bill on Commodity and Service Tax was proposed by the Government to the Sejm.[42] This bill included provisions imposing 22 percent VAT on printing services[43] and 22 percent on the sale of newspapers, magazines and periodicals whose substantial space is reserved for paid and unpaid commercial announcements, advertisements or advertising texts.[44] These changes met with much criticism from the press publishers, who argued that the competitiveness of Polish print houses on the internal EU market may be reduced and that the law might be implemented in a quite arbitrary manner because of the vague definition of “substantial space.”[45] As a result of negotiations with publishers, the Sejm Committee for Public Finances accepted a correction by which “substantial space” was replaced by “at least 67 per cent of the (newspaper’s, magazine’s, periodical’s) space” following Danish and French models.[46] The Act was passed by the Sejm in March 2004.[47]

Small and community publications are protected through the “specialised periodicals” scheme. Under the Act on Commodity and Service Tax and Excise Tax (1993), the printing and selling of specialised periodicals is exempt from VAT.[48] Specialised periodicals are defined as periodicals focused on culture, education, science, academia, social and professional topics, regional and local issues, and those designed for the blind. They may not be published more often than once a week, and their circulation cannot exceed 15,000 copies.[49] The new Act on Commodity and Service Tax (2004) defines specialized periodicals in the same terms and provides zero VAT for magazine delivery and import.[50] Unlike the 1993 tax law,[51] however, the new Act does not require that the list of these periodicals is approved by the Minister of Finance, Minister of Culture and Minister of Scientific Research and Information Technology.

Another example of indirect subsidies for a "special category" of media includes protection of "social broadcasters" by the Broadcasting Act currently in force. The Act exempts social broadcasters from fees payable for awarding or altering the licence.[52] A social broadcaster is defined as a broadcaster who propagates learning and educational activities, promotes charitable deeds, respects the Christian system of values and strives to preserve national identity through its programming. Such a broadcaster cannot transmit advertising or teleshopping or sponsored programs and may not charge any fee for transmission, retransmission or reception of programming.[53]

Direct subsidies are provided for a relatively modest number of periodicals. The Ministry of Culture, the Ministry of Scientific Research and Information Technology and the Ministry of Environmental Protection disburse funds to cultural magazines, academic periodicals and environmental magazines. Only a small part of these subsidies are provided as ongoing support, while others are awarded through competitive grants. National minority press is subsidised by the Department of National Minority Cultures with the Ministry of Culture. In 2003, 34 national minority periodicals were assigned subsidies totalling PLN 2,484,000 (EUR 552,000).[54]

2.5 JOURNALISTIC AND EDITORIAL INDEPENDENCE

Editorial independence from owners and publishers is not explicitly regulated by the current media law in Poland. Journalistic independence is protected within a general clause of freedom of speech. Article 54 of the Constitution of the Republic of Poland states that freedom of opinion and freedom to acquire and disseminate information shall be ensured to everyone.[55] It also stipulates that preventive censorship of the means of social communication and the licensing of the press shall be forbidden.[56] The Press Law (1984) ensures that an employee in a printing industry or distribution service cannot limit printing and distribution of newspapers, magazines, periodicals or other publications on the grounds of their internal policy or content.[57] The Press Law also contains measures against a person who suppresses press criticism[58] or uses violence or threat towards a journalist in order to compel him to publish or stop the publication of particular journalistic material[59]. The independence of broadcasters (in the sense of persons producing or assembling programme services) is protected by the Broadcasting Act (1992)[60].

3 MEDIA PRIVATISATION

A legacy of censorship and tight media control during the Communist era led to relatively broad political acceptance of deregulatory media policies after 1989. Privatisation of press companies lay at the very center of the Government's response to the problem of the monopolistic and centralised media system in Poland. Other policy tools aiming at the full liberalisation of the press included abolition of censorship and its control bodies and the replacement of licensing requirements for the press with registration in courts. Thus, unlike in some other countries of the region where privatisation was mainly a spontaneous process, the administration in Poland chose the model of state directed privatisation[61].

3.1 BREAKING UP RSW

The Government's privatisation initiatives in the field of the press can be largely subsumed by a process of dismantling the giant publishing organisation - RSW "Prasa-Książka-Ruch" (The Workers' Publishing Cooperative, "Press-Book-Ruch"), that had dominated the Polish press landscape for 40 years. As its name suggests, RSW was a huge state conglomerate comprising news production, publishing, printing and distribution of newspapers and periodicals. At its peak, in the late 1980s, RSW was the largest press institution of its kind in Central Europe.

The legal frame for RSW privatisation was set up by the Act on Liquidation of The Workers' Publishing Cooperative "Prasa-Książka-Ruch" (1990).[62] The law stipulated that RSW's dismantling was to be undertaken by a liquidation commission appointed by the Prime Minister.[63] The commission was established on 6 April 1990, and it conducted most privatisation transactions at the very beginning of the 1990s. Pursuant to the law on RSW liquidation, the commission followed three basic strategies: assignment of the newspapers and periodicals to staff co-operatives, sale of the press titles to private owners, and returning of the remaining property to the control of the state treasury. The law also set out how the commission should transfer newspapers and periodicals to journalistic teams. In order to do so, at least a half of the staff members were required to invest in the co-operative an amount equal to the three average monthly salaries they earned at the newspaper or periodical in 1989.[64]

In general, the commission tended to hand over to employees successful periodicals with good prospects for development and continuous publishing, while other titles were put up for sale. Although plausible at the level of planning, in practice the choice has not always been based on economic criteria. A number of the commission's decisions were made on political grounds, which is a process that could hardly be seen as transparent[65].

The normal process of privatisation through sales would involve auctions and the highest price criterion. In some cases, the commission's procedures lacked these two attributes, thus giving rise to criticism by the Supreme Chamber of Control. Referring to the privatisation of 17 printing houses, the Chamber highlighted serious failures concerning the sale of two printing houses in Gdańsk and Kraków without an auction and at lower price. Ultimately, the Chamber also critically evaluated the total revenues from RSW privatisation, which according to the Chamber's estimates should have been 55 percent higher than they were in practice.[66]

Pertaining to sell-offs, one has to hint at other factors that influenced the work of the commission. The amended 1984 press law contained no provisions regarding intervention in the press market, and hence no restraints on media concentration. Although there had previously been widespread political agreement on this option, it appeared to be flawed in view of new circumstances that came about as a consequence of privatisation. The commission could obviously influence the first round of sell-offs on the press market, but not subsequent mergers and acquisitions. This then led to a relative concentration of ownership on the press market. Moreover, an unbalance between a deficit of domestic capital and an abundance of foreign investment resulted in the dominant presence of foreign owners, unlike in the case of broadcast media safeguarded by legal barriers.

At the beginning of its activities, the commission supervised the privatisation of 178 newspapers and periodicals. Of these, 71 were turned over to editorial teams, including two leading news weeklies, *Polityka* and *Wprost.* The remaining 104 titles were sold to private owners, and three were returned to the control of the state treasury.[67] The final report of the commission was accepted by the Minister of Finance in November 2000. The commission formally finished its mission in March 2002 when the Prime Minister abolished a resolution on its appointment.

Evaluating RSW's liquidation and subsequent privatisation, some commentators described it as one of the most far reaching and successful privatisation projects in Poland,[68] and one that resulted in establishing conditions for the development of independent and pluralistic media.[69] However, in sum, there were many more critics of than supporters of the RSW privatisation. In the view of the latter, the privatisation process was confined to the dismantling of the RSW conglomerate, but the main objective – safeguarding media pluralism - has not been achieved. It was argued that the Commission did not act to secure diversity on the press market and protect newspapers facing extinction. Ultimately, the critics pointed out that the liquidation commission did not envisage the careful future planning needed for the development of a pluralistic media landscape.[70] It should be noted in this connection that, despite the commission's declared intention of contributing to the development of a pluralistic press, its powers were limited. Not surprisingly then, the commission admitted in its final report that it had failed to create a press system accurately reflecting the pluralism of Polish society.[71]

3.2 LONG PRIVATISATION OF THE DISTRIBUTION SYSTEM

In addition to newspapers and printing houses, RSW held a monopoly of the distribution system through the Ruch chain. Ruch's history goes back to 1918. After WWII the enterprise was nationalised and since 1973 incorporated into the structures of RSW. In 1991, a year after the formal liquidation of RSW, the Minister of Industry created a separate entity – "Przedsiębiorstwo Kolportażowo-Handlowe Ruch" (Distribution-Trade Enterprise Ruch), later transformed into a joint-stock company. It comes as no surprise that 40 years of a legally guaranteed monopoly contributed to the unquestionable leadership of Ruch on the press distribution market. Today, Ruch claims to be the largest retail network in Europe owning over 13,000 sales outlets and supplying press to more than 22,000 other co-operating outlets[72]. Yet, unlike the overwhelming majority of the press titles that once belonged to the RSW, Ruch is still owned by the Polish State Treasury. In answering the question of why this is so, we must first point out the intricate and problematic privatisation process of the company that started in September 1995. During the first privatisation round, 12 companies applied for negotiations, among them 5 media sector companies,[73] including two domestic and three foreign ones. The Minister of Privatisation shortlisted three investors, who were then asked to prepare a final offer. The deadline, 30 April 1996, was met by only one company – the trust Hachette Distribution Services (HDS)[74]. Negotiations with the Minister ended by 31 December 1996, when a preliminary agreement was signed with the *HDS*. Meanwhile, the UNIVERSAL company with a group of investors representing Polish capital (who later established the trust PGK[75]) declared its willingness to offer better transaction conditions than the HDS. As a result, the Minister of State Treasury renewed negotiations and re-launched the first round of Ruch privatisation in March 1997. Claiming that the preliminary agreement from December 1996 was legally binding, the HDS responded by suing the State Treasury. Since then the case has remained open and owing to ongoing judicial proceedings, Ruch privatisation has been suspended. In October 2003, the District Court in Warsaw adjourned the hearing until January 2004.

Meanwhile, Ruch has been gradually losing its market share at the expense of new private competitors. As early as in 1993, about 99 percent of the newspaper distribution was handled by Ruch, while in 1996 Ruch's market shares dropped to 70 percent and in 2003 to 53 percent. Revenues from sales during 1995–2005 were comparable to operational costs, whilst it was expected that the company will bring high profits. This trend might be even intensified with the continuous prolongation of the privatisation process.[76]

4 MEDIA OWNERSHIP – THE PATCHWORK OF CONSOLIDATION

Dominant media owners in Poland may be divided into three categories: companies opting for monomedia expansion and specialisation (mainly foreign publishers – H. Bauer, Axel Springer, Verlagsgruppe Passau), owners developing through cross-media ownership (Agora, ITI Holdings) and groups choosing synergy investment in media and outside media sectors (Polsat).

The print media sector is dominated by foreign, mostly German owners. The only domestic competitor with control over large circulation shares is Agora Co. It must be added, however, that a number of relatively smaller Polish owners publish highly popular titles (for instance Murator, Polityka – Spółdzielnia Pracy, AWR "Wprost", Migut Media and others). Furthermore, some of them, for example news weeklies, compete quite successfully with well-established foreign companies. At the same time, small media companies still continue to merge with powerful owners. In 2000, 25 mergers took place on the press market in Poland, and in 2001, 31 mergers, which respectively represents 7 and 8 per cent of all mergers on the press market in Europe.[77]

Concerning acquisitions and sell-offs, one can observe three tendencies: thematic specialisation, diversification and regional consolidation. Thematic specialisation can best be illustrated by the strategy of H. Bauer in Poland. Diversification is practised most notably by Agora, which has entered successively various fields of media activity. Finally, the strategy of regional consolidation, leading practically to the prevalence of one owner in one region, has been used by Orkla Press and Polskapresse.

4.1 NEWSPAPERS

The unquestionable leader among daily newspapers in Poland is *Gazeta Wyborcza* (Election Gazette). Since its establishment in 1989, *Gazeta Wyborcza's* 100 percent owner has been the Agora company. *Gazeta* grew into the best selling daily newspaper and a widely used source of information. Thanks to its unique formula of combining one national section with 19 regional supplements and a number of weekly magazines, *Gazeta* has dominated both the national and regional markets. Today, its daily sales amount to 420,000 copies, cementing the daily's top market position.

The *Fakt* daily (Fact) was founded as recently as 22 October 2003 by the German *Axel Springer,* operating in Poland through Axel Springer Polska LTD. Owned 100 per cent by the AS, the daily was designed to follow the model of the German *Bild*, Axel Springer's flagship business and the best selling daily newspaper in Europe. The first issues of *Fakt* were sold in record numbers amounting to 410,000 copies.

Table 1 OWNERSHIP, CIRCULATION AND SALES OF MAIN NATIONAL DAILIES IN POLAND IN 2002 AND 2003

NATIONAL DAILY NEWSPAPER	OWNER	CIRCULATION 2002	SALES 2002	CIRCULATION 01–06 2003	SALES 01–06 2003
GAZETA WYBORCZA	AGORA CO.	536,072	420,628	542,726	418,249
FAKT	AXEL SPRINGER POLSKA LTD.	-	-	628,000*	342,000*
SUPER EXPRESS	MEDIA EXPRESS LTD.	406,695	299,495	390,795	269,723
RZECZPOSPOLITA	PRESSPUBLICA	251,838	188,265	248,800	186,970

Sources: ZKDP, The Press Circulation Audit Union (2003), Media and Advertising Almanac 2002/2003.
Notes: *The data refer to the period 22 – 31.10. 2003
** The table contains average data for given periods.

Until the launch of *Fakt*, *Super Express* – modelled as the first Polish tabloid - had been the second largest Polish daily newspaper in terms of sales. Since its onset in 1991, *Super Express* has been published by Holding ZPR Co. (Polish capital). In December 1994, ZPR sold 30 per cent of the shares to the Swedish company, Tidnings AB Marieberg, belonging to the Bonnier Group. Currently, the ZPR and AB Marieberg International each have 50 percent shares in Media Express LTD., the publisher of *Super Express*.

Rzeczpospolita (Republic) was founded in 1982 as an official government daily. Shortly after its formation in 1989, the new Solidarity government decided to sell 49 per cent of the stock to Socpresse, owned by the French media baron Robert Hersant. Thus, since 1991, the daily has belonged to the company Presspublica, comprising state owned PPV Rzeczpospolita (51 percent) and French Socpresse (49 percent). In 1995 Hersant bought an additional 2 percent, reaching a total of 51 percent. Today it is estimated that Hersant has invested USD 4.5 million (EUR 3.75 million) in *Rzeczpospolita*, a situation which has contributed to *Rzeczpospolita's* becoming a daily reputed for providing reliable information with a stable readership reaching 190,000. In 1996, the Norwegian company, Orkla Media, bought all 51 percent in *Presspublica* from Hersant. This ownership structure was maintained until recently, but Orkla has expressed its interest in buying the remaining 49 per cent from the Government[78].

4.2 NEWS WEEKLIES

Although established only in 2001, *Newsweek Polska* gained the leading position among news weeklies in Poland. *Newsweek Polska* entered the Polish press market as a new project of its sole owner Axel Springer Polska. Fortunately for its competitors, the weekly has not taken away the majority of their readers, being able to attract new audience segments. However, differences in weeklies' sales figures have been very narrow, as can be seen from the table below.

The first issue of *Polityka* (Politics) appeared in 1957. After 1989, *Polityka*'s staff succeeded in taking over the weekly in the RSW privatisation process and established the co-operative, *Polityka - Spółdzielnia Pracy* ("Polityka – Labour Co-operative"). This strategy appeared to be rewarding. It has been perceived as a phenomenon that the second most popular news weekly in Poland is owned by its staff while this ownership structure has not changed over the years.

Wprost (Straight) weekly has been present on the Polish press market since 1982. Similar to *Polityka*, *Wprost* was acquired by a journalistic co-operative in 1991. In order to innovate publishing, it signed an agreement with Rok Corporation, but it expired in 1993. Since then, *Wprost* has been published by Agencja Reklamowo-Wydawnicza ("Advertising-Publishing Agency") *"Wprost"*.

Table 2 OWNERSHIP, CIRCULATION AND SALES OF MAIN NEWS WEEKLIES IN POLAND IN 2002 AND 2003

WEEKLY	OWNER	CIRCULATION 2002	SALES 2002	CIRCULATION 01–06 2003	SALES 01–06 2003
NEWSWEEK POLSKA	AXEL SPRINGER POLSKA LTD.	411,952	252,117	385,091	222,322
POLITYKA	POLITYKA – SPÓŁDZIELNIA PRACY	349,745	223,931	324,321	210,212
WPROST	AGENCJA WYDAWNICZO-REKLAMOWA WPROST LTD.	336,208	188,119	319,404	184,194

Sources: ZKDP (2003), Media and Advertising Almanac 2002/2003.

4.3 NEWSPAPER DISTRIBUTION AND PRINTING

The largest share of the press distribution market in Poland, 53 percent, is held by Ruch, a joint stock company owned by the State Treasury. Its main private competitor, KOLPORTER, owned by three Poles, claims to control 32 percent of distribution. Established in 1990, this Kielce-based company co-operates with 22 thousand sales outlets and distributes press 3,000 titles.[79] Distribution of the foreign press is dominated by Eupress Polska (Axel Springer Verlag – 50 percent, Hachette Distribution Services – 50 percent). The largest printing houses in Poland are RR Donnelley in Kraków (owned 100 percent by the American RR Donnelley & Sons Co.) and Winkowski Co. (owned by Zakłady Graficzne Piła Co., 58 percent – belonging to Prószyński i S-ka, and American Quad Graphics, 42 percent).

4.4 TELEVISION

The Polish television landscape is largely dominated by the public broadcaster *TVP* – Telewizja Polska Co. (Polish Television), comprising the national channels *TV1* and *TV2*, regional *TVP3* composed of 12 regional channels and a satellite channel *TV Polonia,* all together amounting to 53 percent of national TV audience in 2001. *TVP* is owned by the State Treasury. Its operation is financed predominantly from advertising revenues (about 58 percent), viewer licence fees (29 percent), sponsorship (3 percent) and other sources (10 percent). The low percentage of revenue collected from viewers license fees results in a relatively high share for TVP in the national advertising market (26.7 percent in 2001[80] and 29.1 percent in 2003[81]) and in the television advertising market (47.6 percent in 2001[82] and 42.5 percent in 2003[83]).

The superior position of *TVP* ensues from two reasons. First, the public (formerly state) broadcaster has monopolized the TV landscape for 40 years, thus securing high audience loyalty. Second, unlike in the area of the press, broadcasting regulation imposed limits and control on the broadcasting market. Until May 1 2004, foreign investors were allowed to hold only a minority share (up to 33 percent) in the Polish broadcasting media under the 1992 Broadcasting Act. In consequence, the absence of influential foreign investors has contributed to a division of the television market into two parts: one covered by the strong public broadcaster (53 percent) and the other by several private broadcasters (47 percent).

Table 3 OWNERSHIP AND AUDIENCE SHARES OF MAIN TELEVISION STATIONS IN POLAND IN 2002 AND 2003

TV STATION	OWNER	AVERAGE AUDIENCE SHARES 2002*	AUDIENCE SHARES NOVEMBER 2003**		AUDIENCE SHARES DECEMBER 2003**	
		TNS OBOP	TNS OBOP	AGB	TNS OBOP	AGB
TVP 1	STATE TREASURY	26.5	25.5	24.4	29.0	28.3
TVP 2	STATE TREASURY	20.6	22.2	21.5	20.6	19.6
POLSAT	TELEWIZJA POLSAT CO.	18.5	17.9	17.5	17.1	15.9
TVN	ITI HOLDINGS CO.	13.8	14.1	14.9	13.2	14.5
TVP 3 REGIONAL	STATE TREASURY	4.4	4.8	4.7	4.5	4.9
TV4	POLSKIE MEDIA CO.	3.9	3.2	3.5	3.1	3.0
TVN SIEDEM	ITI HOLDINGS CO.	2.2	1.5	1.8	1.3	1.8

Sources: TNS OBOP (2003), AGB (2003), National Broadcasting Council (Annual Report 2002), Media and Advertising Almanac 2002/2003.

Notes: *The data refer to the percentage of average audience share in television market.

**The data refer to weekly audience share.

In the first broadcasting licence application process in 1993 - 1994, Time Warner, Bertelsmann, Reuters, and Central European Development Corporation were partners for Polish license applicants. They were, however, turned down in favour of a Polish businessman, Zygmunt Solorz-Żak. The National Broadcasting Council's decision for his *Telewizja Polsat* (Television Polsat) was backed by the argument in support of domestic instead of foreign investment.[84] Today, *Polsat* broadcasts 24 hours per day and covers 70 per cent of the country's territory, reaching 80 percent of the population. The television station is owned by Telewizja Polsat Co., being a part of Polsat Capital Group controlled by Z. Solorz-Żak.

The second largest private channel – *TVN* - has been present in Poland since 1997. Initially, its 33 percent owner was the American CME (Central European Media Enterprises), also investing in the Czech *TV Nova*, Slovak *TV Markíza* and other television stations in the region. The majority share belonged to the Polish ITI Holdings Co. registered in Luxembourg. At the end of the 1990s, CME's shares were taken over by the Swedish Scandinavian Broadcasting Systems – SBS, and in 2002 and 2003 they were bought by ITI.[85] ITI Holdings, though, is not a 100 percent owner of *TVN*. On July 2003, the company signed an agreement with the BRE bank, which entitles the bank to exchange ITI securities for 10 per cent shares in *TVN*.

TV4 is the third most popular private television channel operating in Poland. It was established in 1998 as *Nasza TV* by the Polskie Media company, partly controlled by @Entertainment Inc. In 2000, *Nasza TV*, burdened with debts amounting to PLN 80 million (EUR 18.5 million), joined the Polsat group and was renamed *TV4*.

4.5 RADIO

The monopoly maintained until the beginning of the 1990s by *Polskie Radio* (Polish Radio, currently the public, formerly the state broadcaster), has not had as strong an impact on the re-shaping of the radio scene as did that in the television field. The total audience share for the public radio (comprising four national channels – *Program I*, *II*, *III*, and *Radio BIS*, plus one external channel and seventeen regional public radio channels) was 28.9 percent in 2002. Two main victors in the battle for radio audiences emerged at the beginning of the 1990s from the private sector.

Radio *RMF FM* (Radio Muzyka Fakty – Radio Music Facts) was established in 1990 in Kraków as *Radio Małopolska Fun* in co-operation with the French Fun Radio. The newly founded radio profited from the equipment and know-how provided by the French. In 1993, Krakowska Fundacja Komunikacji Społecznej - KFKS (Cracow Foundation of Social Communication), together with the Bank BPH (owned by the State Treasury), formed the company Radio Muzyka Fakty LTD., which since then has been a formal owner of the radio. The Foundation and the Bank held 60 and 40 percent stakes in the company, respectively. Five years later, the Foundation took over the Bank's stakes, enabling, in fact, Stanislav Tyczyński, the chairman and the founder of the radio station, to control the company.

RMF's main rival, Warsaw based *Radio Zet,* has been broadcasting since September 1990. It acquired its national coverage in 1994 and soon took up the second position in the audience ranking. The *Radio Zet* is fully owned by Eurozet company.

Although incomparable with *RMF FM* and *Radio Zet* in terms of market shares, the Catholic *Radio Maryja* is the third, non-public radio station in the ranking of listener numbers. The station was created in 1992 by the Redemptorist Fathers, who were granted a nationwide licence in 1994. In addition to *Radio Maryja*, there is a Catholic radio network - *Radio Plus* (22 radio stations) operated by individual dioceses.

Table 4 OWNERSHIP AND AUDIENCE SHARES OF MAIN RADIO STATIONS IN POLAND IN 2002 AND 2003

RADIO STATION	OWNER	AVERAGE AUDIENCE SHARES 2002	AUDIENCE SHARES 08–10 2003	AUDIENCE SHARES 09–11 2003
RMF FM	HOLDING FM Licence holder: Krakowska Fundacja Komunikacji Społecznej	22.4	24.3	23.6
RADIO ZET	EUROZET LTD.	17.5	19.2	19.0
PROGRAM I PR	STATE TREASURY	17.9	15.9	16.0
PROGRAM III PR	STATE TREASURY	4.6	5.2	5.4
RADIO MARYJA	PROWINCJA WARSZAWSKA ZGROMADZENIA NAJŚWIĘTSZEGO ODKUPICIELA Redemptorist Fathers	3.3	2.4	2.5
RADIO WAWA	WAWA CO.	1.3	0.8	0.8
PROGRAM II PR	STATE TREASURY	0.6	0.8	0.6
RADIOSTACJA	EUROZET LTD. 67 %, STOWARZYSZENIE ZHP 33%	0.4	0.6	0.6
LOCAL RADIO STATIONS INCLUDING NETWORKS	AGORA CO., HOLDING ZPR CO., AD POINT LTD., Y-RADIO LTD., ETC.	24.0	-	-

Sources: SMG/KRC – Radio Track (2003), National Broadcasting Council (Annual Report 2002), Media and Advertising Almanac 2002/2003, Catalogue of Polish Media 1999/2000 .
Note: *The data refer to percentage of average audience share in the radio market.

4.6 RADIO NETWORKS

In its 2003 report, the National Broadcasting Council noted that capital concentration on the radio market had increased[86]. In particular, the Council identified intensified activities of two owners of local radio station networks – Agora and ZPR, who concentrate more than half the local radio stations operating in the 7 largest local markets in Poland.[87] Nowadays, Agora owns 28 local radio stations providing programmes in several music profiles. Holding ZPR Co. owns 24 local radio stations, of which 21 broadcast under the heading of the *Eska* network.

5 BIGGEST PRINT MEDIA OWNERS

Given the ranking of print media owners according to their revenues, the group of the strongest publishers includes four companies: Agora Co., Wydawnictwo H. Bauer LTD., Orkla Press and Polskapresse (Verlagsgruppe Passau).

Table 5 PRINT MEDIA OWNERS ACCORDING TO REVENUE IN 2002

OWNER	REVENUE (PLN MILLION)	REVENUE (EUR MILLION)
AGORA CO.	826	206.5
WYDAWNICTWO H. BAUER LTD.	580	145.0
ORKLA PRESS	330	82.5
POLSKAPRESSE (VERLAGSGRUPPE PASSAU)	302	75.5
AXEL SPRINGER POLSKA LTD.	260	65.0
EDIPRESSE POLSKA CO.	258	65.0

Source: Policy Pursued by the Polish State Towards Electronic Media in the Context of the European Audiovisual Policy: Premises for the New Law on Electronic Media and Amendments to other Legislation, Warsaw, 2003.

5.1 AGORA

Agora was established in April 1989 by the well-known film director, Andrzej Wajda, and two Solidarity leaders, Aleksander Paszyński and Zbigniew Bujak, to publish *Gazeta Wyborcza*. Over time, the number of the company's shareholders encompassed more than 20, most of them being *Gazeta Wyborcza*'s employees. Leading journalists, among them Adam Michnik, obtained a significant portion of the company's shares. In 1993, 12.5 per cent of Agora's stock was acquired by the US trust, Cox Enterprises, and since 1999, the company's shares have been listed on the Warsaw and London stock exchanges.

Agora has consequently followed the strategy of cross media expansion, complementing its organic growth with mergers and acquisitions. Among the milestones of cross-sector development, the following investments should be mentioned: a network of local radio stations (networking began in 1996), the launch of the Internet portal, *gazeta.pl* (2001), acquisition of 13 magazines (2002) and purchase of shares in the outdoor advertising company – Art Marketing Syndicate (AMS) (2002).[88] In 2002, Agora was rumoured to have been interested in buying shares in Polsat, with this alleged intention having led to a proposal of bribery solicitation by Lew Rywin.

Recently, the Agora's ownership structure has been composed of: Agora-Holding (20 percent), employees (individual shares – 25.2 percent), Cox Poland Investments Inc. (10.3 percent) and public stock offering (44.6 percent).[89] The company has decided to implement another phase of organisational transformation, aiming to increase the effectiveness of its operations within changing market conditions. This will cause the lay-off of 500 persons in the first half of 2004.[90]

Table 6 MEDIA AND OTHER BUSINESSES OWNED BY AGORA IN 2003

MEDIA TITLE/MEDIA SECTOR ACTIVITY	LAUNCHED	MEDIA TYPE	CIRCULATION/ AUDIENCE/ MARKET SHARE 2003*
GAZETA WYBORCZA	1989	NATIONAL DAILY	542,726
AUTO+	FEB. 2003	MONTHLY	144,414
BUKIETY (Bouquets)	1998	QUARTERLY	-
CITY MAGAZINE	NOV. 1998	FREE MONTHLY	155,000
CZTERY KĄTY (Hearth & Home)	OCT. 1991	MONTHLY	149,809
DZIECKO (Child)	JAN. 1995	MONTHLY	90,956
KUCHNIA (Cuisine)	JAN. 1995	MONTHLY	53,239
KWIETNIK (Flower and Garden)	1994	MONTHLY	106,761
LUBIĘ GOTOWAĆ (Fine Cooking)	DEC. 1997	YEARLY MAGAZINE	-
ŁADNY DOM (House Beautiful)	NOV. 1998	MONTHLY	77,960
MOTOCYKLE ŚWIATA (Motorcycles of the World)	1992	YEARLY CATALOGUE	-
OGRODY (Beautiful Gardens)	MAY 1999	MONTHLY	42,764
PORADNIK DOMOWY (Good Housekeeping)	SEPT. 1990	MONTHLY	637,868
ŚWIAT MOTOCYKLI (Motorcycle World)	1993	MONTHLY	64,905
WIEDZA I ŻYCIE (Science and Life)	1926	MONTHLY	89,339
METRO	2001	FREE DAILY	154,176
GAZETA WYBORCZA. TYDZIEŃ W BIAŁYMSTOKU (Gazeta Wyborcza. Białystok Week)	2003	FREE WEEKLY	12,000
GAZETA WYBORCZA. TYDZIEŃ W BYDGOSZCZY (Gazeta Wyborcza. Bydgoszcz Week)	2002	FREE WEEKLY	15,000
GAZETA WYBORCZA. TYDZIEŃ W TORUNIU (Gazeta Wyborcza. Toruń Week)	2003	FREE WEEKLY	12,000
GAZETA WYBORCZA. TYDZIEŃ W TRÓJMIEŚCIE (Gazeta Wyborcza. Trójmieście Week)	2003	FREE WEEKLY	14,000
RADIO TOK FM	1998 (AGORA–41.6%)	SUPER-REGIONAL NEWS/TALK RADIO	0.71%**
28 LOCAL RADIO STATIONS IN 20 LARGEST POLISH CITIES INCLUDING NETWORK BLUE, ZŁOTE PRZEBOJE AND OTHERS.	ACQUIRED BY AGORA SINCE 1996	NETWORK OF LOCAL RADIO STATIONS	11.9%
GAZETA.PL	JAN. 2001	INTERNET PORTAL	1.0%
AAABY.PL	2003	INTERNET ANNOUNCEMENT SERVICE	-
AMS CO. (ART MARKETING SYNDICATE CO.	1990 (ACQUIRED BY AGORA IN SEP. 2002)	OUTDOOR ADVERTISING	27%

AGORA BIAŁOŁĘKA, AGORA PIŁA, AGORA POLIGRAFIA	1994, 2000, 1998	PRINTING HOUSES	-

Sources: Agora webpage <http://www.agora.pl> (accessed 7 August 2003), ZKDP (2003), SMG/KRC – Radio Track (2003), P. Płaneta, Media and Landscape Communication in Poland, Projekt Verlag, Bochum, 2003, Media and Advertising Almanac 2002/2003.

Notes: *Circulation refers to the period Jan. – June 2003, radio audience to Jan. – June 2003, internet users to April 2002 and shares in advertising revenue to Jan. – June 2003.

**The data refer to October-December 2002, SMG/KRC – Radio Track.

5.2 H. BAUER

H. Bauer has operated in Poland through Wydawnictwo H. Bauer LTD. since 1991. Its started with publishing *Bravo* (1991), successively developing main categories of its magazine segment: women's weeklies and monthlies, TV guides, youth magazines, computer and electronic game magazines and motor magazines. Bauer prefers specialisation and sells off titles that do not fit into its thematic portfolios. The most notable example is the sale of Bauer's fortnightly, *Twój Weekend,* and bimonthly *Kawai* in 2003. On the other hand, expansion through specialisation can be best illustrated by the purchase of the popular women's magazine, *Twój Styl,* in 2002 and the establishment of the women's weekly *Bella* in 2003. To date, Bauer has not invested in daily newspapers or other types of media[91].

Table 7 MEDIA AND OTHER BUSINESSES OWNED BY H. BAUER IN 2003

MEDIA TITLE/MEDIA SECTOR ACTIVITY	FOUNDED OR ACQUIRED BY H. BAUER	MEDIA TYPE	AVERAGE CIRCULATION 01–06 2003
TWÓJ STYL (Your Style)	2002	WOMEN'S MONTHLY	337,333
TWÓJ STYL LOOK	2002	WOMEN'S MONTHLY, SINCE MARCH 2004 - QUARTERLY	106,964
TWÓJ STYL TRENDY	2002	WOMEN'S QUARTERLY	100,000*
FILIPINKA	2002	WOMEN'S MONTHLY	127,362
CHWILA DLA CIEBIE (Time for You)	1995	WOMEN'S WEEKLY	619,679
TAKIE JEST ŻYCIE (That's Life)	2001	WOMEN'S WEEKLY	212,105
TINA	1992	WOMEN'S WEEKLY	516,515
TWOJE IMPERIUM (Your Empire)	1998	WOMEN'S WEEKLY	440,060
ŻYCIE NA GORĄCO (Hot Life)	1994	WOMEN'S WEEKLY	817,403
BELLA	2003	WOMEN'S WEEKLY	487,740
ŚWIAT KOBETY (Woman's World)	1993	WOMEN'S FORTNIGHTLY	186,815
ŚWIAT SERIALI (TV Series' World)	2000	TV FORTNIGHTLY	178,032
IMPERIUM TV (TV Empire)	1998	TV WEEKLY	244,943
KURIER TV (TV Courrier)	2002	TV WEEKLY	418,674
SUPER TV	2001	TV WEEKLY	457,835
TELE MAX	2002	TV WEEKLY	497,408
TELE ŚWIAT (TV World)	1995	TV WEEKLY	540,440

TELE TYDZIEŃ (TV Week)	1993	TV WEEKLY	1,745,696
TO I OWO (Miscellaneous)	2001	TV WEEKLY	614,112
MAGAZYN DLA RODZICÓW: MAM DZIECKO (The Magazine for Parents: I Have a Child)	2002	MONTHLY	115,372
BRAVO	1991	YOUTH FORTNIGHTLY	356,078
BRAVO GIRL	1994	YOUTH FORTNIGHTLY	236,036
BRAVO SPORT	1997	YOUTH FORTNIGHTLY	138,673
TWIST	2000	MONTHLY	156,117
ACTION PLUS	2002	COMPUTER MONTHLY	48,916*
CD ACTION	2002	COMPUTER MONTHLY	158,210
CLICK!	2000	COMPUTER MONTHLY	106,339
CLICK! FANTASY KONSOLE	-	COMPUTER BIMONTHLY	-
KONSOLE	-	COMPUTER QUARTERLY	-
PC FORMAT	2002	COMPUTER MONTHLY	50,827
AUTO MOTO	2001	FORTNIGHTLY	112,290
MOTOR (Motorcycle)	2003	WEEKLY	65,505
KLUB DLA CIEBIE (Club for You)	2000	MAIL ORDER CLUB	800,000 MEMBERS
BAUER – DRUKARNIA WYDAWNICTWA (Bauer – Publisher's printing plant in Ciechanów)	1997	PRINTING HOUSE	-

Sources: H. Bauer webpage <http://www.bauer.pl> (accessed 22 August and 26 November 2003), H. Bauer Annual Report (2002), ZKDP (2003), Media and Advertising Almanac 2002/2003.
Note: *The average circulation in 2002 provided by H. Bauer in The Annual Report 2002.

5.3 ORKLA PRESS

Poland was the first foreign market for the Norwegian Orkla, starting in 1990 in Wrocław with the unsuccessful launch of *Dziennik Dolnośląski* (Dolnośląski Daily). Since then, Orkla has not attempted to establish new titles, acquiring instead shares in regional daily newspapers. In 1994, an unexpected sale offer came from Robert Hersant, who was forced to sell all regional dailies and later also the national *Rzeczpospolita,* owing to financial problems in France. In 1998, Orkla invested in the largest Lithuanian regional daily, *Kauno Diena* (Kaunas Daily – 100 percent) and in the Ukrainian *Wysokyj Zamok* (Upper Castle – 50 percent).

Orkla has tended to seek monopoly newspaper positions in regions where the company has been active, while not interfering with provinces occupied by its competitor – Polskapresse.[92] These two companies co-operate in several ways. For instance, advertising sales are shared across regional newspapers, thus reducing costs. In 2000, Orkla bought a 20 percent share in the advertising agency, Media Tak, owned by Polskapresse. The purpose of this transaction was to prevent domination by *Gazeta Wyborcza* of regional markets.[93] In addition, the weekly TV guide, *Tele Magazyn*, published by Polskapresse is distributed along with Orkla's titles.

Not surprisingly then, both companies found regional consolidation reasonable to achieve prevalence of one owner in one region. In September 2003, Orkla sold two of its Wrocław dailies – *Słowo Polskie* and *Wieczór Wrocławia* – to Polskapresse. Thus, Wrocław and Dolnośląskie province became largely dominated by Polskapresse. By December 2003, all Wrocław dailies were consolidated into one daily appearing under the title *Słowo Polskie /Gazeta Wrocławska* (Polish Word/ Wrocław Newspaper) with a 12-page supplement, *Wieczór Wrocławia* (Wrocław Evening).

Table 8 MEDIA AND OTHER BUSINESSES OWNED BY ORKLA PRESS IN 2003

MEDIA TITLE/MEDIA SECTOR ACTIVITY	NATIONAL/REGIONAL PUBLISHING COMPANY	ORKLA'S SHARES	MEDIA TYPE	CIRCULATION 01–06 2003
RZECZPOSPOLITA (Republic)	PRESSPUBLICA	51 %	NATIONAL DAILY	248,800
DZIENNIK WSCHODNI (East Daily)	EDYTOR PRESS	100 %	REGIONAL DAILY	30,815
GAZETA POMORSKA (Pomorze Newspaper)	GP MEDIA	100 %	REGIONAL DAILY	11,367
GAZETA LUBUSKA (Lubuska Newspaper)	LUBPRESS	100 %	REGIONAL DAILY	64,614
GAZETA WSPÓŁCZESNA (Contemporary Newspaper)	KRESY	100 %	REGIONAL DAILY	28,649
GŁOS KOSZALIŃSKI/GŁOS SŁUPSKI (Voice of Koszalin/Voice of Słupsk)	RONDO	39 %	REGIONAL DAILY	35,406
GŁOS POMORZA (Voice of Pomorze)	FORUM	100 %	REGIONAL DAILY	29,893
GŁOS SZCZECIŃSKI (Voice of Szczecin)	SZCZECIN PRESS	100 %	REGIONAL DAILY	26,553
KURIER PORANNY (Morning Courrier)	AWH EDYTOR	100 %	REGIONAL DAILY	23,761
NOWINY (News)	R-PRESS	64 %	REGIONAL DAILY	37,600*
NOWA TRYBUNA OPOLSKA (New Opole Tribune)	PRO MEDIA	53 %	REGIONAL DAILY	50,942
TYGODNIK OSTROŁĘCKI (Ostrołęcki Weekly)	TYGODNIK OSTROŁĘCKI	60 %	REGIONAL WEEKLY	24,557
WYSOKYJ ZAMOK (Upper Castle)	-	50 %	FOREIGN REGIONAL DAILY (UKRAINE)	54,898*
KAUNO DIENA (Kaunas Daily)	-	100 %	FOREIGN REGIONAL DAILY (LITHUANIA)	35,951*
MEDIA TAK		20 %	ADVERTISING AGENCY	-
JOBS.PL			INTERNET PORTAL	-

Sources: Orkla webpage <http://www.orkla-press.pl> (accessed 7 August 2003 and 23 March 2004), A. Nalewajk, „Redaktorzy Excela," *Press*, no 3 15.03 – 14 April 2003, ZKDP (2003), Media and Advertising Almanac 2002/2003.
Note: *The data refer to average sales in 2002.

5.4 POLSKAPRESSE (VERLAGSGRUPPE PASSAU)

The history of the publishing success of Verlagsgruppe Passau in Poland goes back to 1994, when the Bavarian concern paid 100 million German marks for regional dailies sold off by Robert Hersant. The new empire of regional press grew quickly. Polskapresse's main aspiration was to control regional readership in provinces where the company was a major player. In the cities, where Polskapresse acquired two or more dailies, some dailies were liquidated and others consolidated. Thus, *Wieczór Wybrzeża* and *Dziennik Bałtycki*, both published in Gdańsk, were merged into one daily. On the other hand, *Express Poznański*, published in Poznań, was liquidated. Most spectacular, though, was the consolidation of the three Wrocław titles, eliciting a prompt response from the Office of Competition and Consumer Protection.[94]

Like Orkla, Polskapresse did not tend to invest outside the market for regional dailies. According to the Polish Agency for Foreign Investment, Polskapresse spent USD 174.5 million (EUR 145.4 million) in Poland.

Table 9 MEDIA AND OTHER BUSINESSES OWNED BY POLSKAPRESSE IN 2003

MEDIA TITLE/ MEDIA SECTOR ACTIVITY	REGIONAL PUBLISHING COMPANY	POLSKAPRESSE SHARES	MEDIA TYPE	CIRCULAT. 01–06 2003
DZIENNIK BAŁTYCKI/ WIECZÓR WYBRZEŻA (Baltic Daily/ Evening Coast)	POLSKAPRESSE LTD., BRANCH PRASA BAŁTYCKA IN GDAŃSK	100 %	REGIONAL DAILY	91,481
DZIENNIK ŁÓDZKI (Łódź Daily)	POLSKAPRESSE LTD., BRANCH PRASA ŁÓDZKA IN ŁÓDŹ	100 %	REGIONAL DAILY	76,508
EXPRESS ILUSTROWANY (Illustrated Express)	POLSKAPRESSE LTD., BRANCH PRASA ŁÓDZKA IN ŁÓDŹ	100 %	REGIONAL DAILY	79,877
GAZETA KRAKOWSKA (Kraków Newspaper)	POLSKAPRESSE LTD., BRANCH PRASA KRAKOWSKA IN KRAKÓW	100 %	REGIONAL DAILY	60,906
DZIENNIK POLSKI (Polish Daily)	WYDAWNICTWO JAGIELLONIA CO.	25 %	REGIONAL DAILY	90,483
GAZETA POZNAŃSKA (Poznań Daily)	POLSKAPRESSE LTD., BRANCH PRASA POZNAŃSKA IN POZNAŃ	100 %	REGIONAL DAILY	61,383
GŁOS WIELKOPOLSKI (Voice of Wielkopolska)	OFICYNA WYDAWNICZA GŁOS WIELKOPOLSKI LTD.	24.5 %	REGIONAL DAILY	77,373
SLOWO POLSKIE /GAZETA WROCŁAWSKA (Polish Word/ Wrocław Newspaper)	POLSKAPRESSE LTD., BRANCH PRASA WROCŁAWSKA IN WROCŁAW	100 %	REGIONAL DAILY	67,500*
DZIENNIK ZACHODNI (West Daily)	POLSKAPRESSE LTD., BRANCH PRASA ŚLĄSKA IN KATOWICE	100 %	REGIONAL DAILY	113,220
TRYBUNA ŚLĄSKA (Silesian Tribune)	GÓRNOŚLĄSKIE TOWARZYSTWO PRASOWE LTD.	76%	REGIONAL DAILY	74,213
NASZE MIASTO (Our City)		-	FREE WEEKLY	87,900
TELE MAGAZYN (TV Magazine)	TELE MAGAZYN LTD.	MAJORITY SHARES	FREE WEEKLY SUPPLEMENT	1,779,781
TV PILOT	-	-	FREE WEEKLY SUPPLEMENT	370,000**
SUPER TELE	-	-	FREE WEEKLY SUPPLEMENT	340,000**
MOTO EXPRESS	-	-	ANNOUNCEMENT WEEKLY	-
JARMARK	WYDAWNICTWO JARMARK LTD.	MAJORITY SHARES	ANNOUNCEMENT WEEKLY	41,225

AUTOGIEŁDA WIELKOPOLSKA 4 KOŁA	-	-	FREE WEEKLY SUPPLEMENT	-
20 COMMUNE WEEKLIES (e. g. Tygodnik Kociewiak, etc.)	-	MAJORITY SHARES	COMMUNITY WEEKLIES – SUPPLEMENTS TO REGIONAL DAILIES	-
MEDIA TAK	-	73.2 %	ADVERTISING AGENCY	-
WIELKOPOLSKI DOM MEDIOWY	WIELKOPOLSKI DOM MEDIOWY LTD.	MAJORITY SHARES	ADVERTISING AGENCY	-
GRATKA.PL	GRATKA LTD.	MAJORITY SHARES	INTERNET ANNOUNCEMENT SERVICE	1,200,000 INTERNET USERS**
NASZEMIASTO.PL	-	-	NETWORK OF INFORMATION SERVICES COVERING 99 POLISH CITIES	800,000 INTERNET USERS**
SIX OFFSET PRINTING PLANTS	-	-	PRINTING HOUSES	-

Sources: Polskapresse webpage <http://polskapresse.pl> (accessed 27 November 2003), ZKDP (2003), M. Karaźniewicz, G. Kopacz, "Jedna mocna gazeta", *Press*, no 12, 15 December 2003 – 14 January 2004, pp. 16 –17, K. Cira, Zagraniczne koncen-rny prasowe na polskim rynku dzienników regionalnych, in *Zeszyty Prasoznawcze*, no 1-2, Kraków, 2000, pp. 7 –33.
Notes: *The data refer to the first issue of 3 aggregated titles, which appeared on 1 December 2003.
**Data provided by Polskapresse.

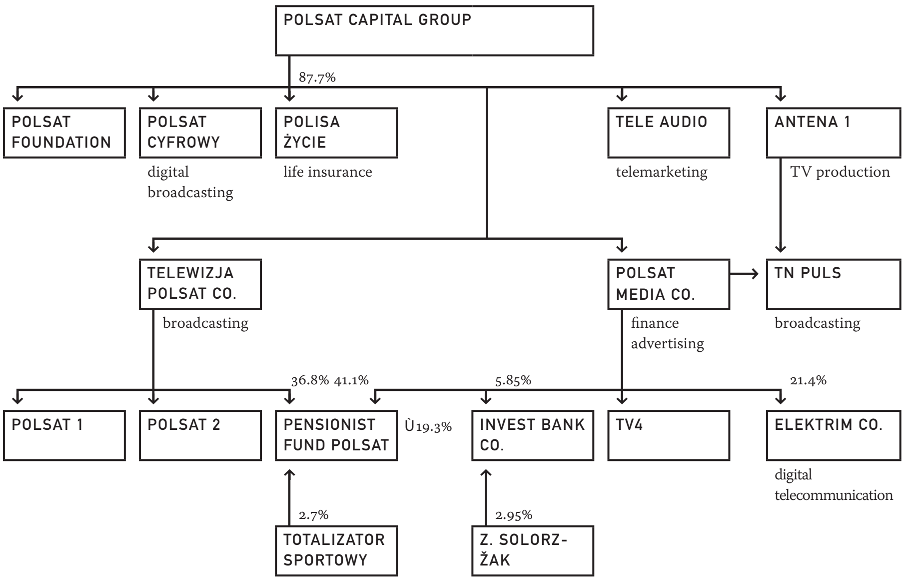
6 BIGGEST BROADCAST MEDIA OWNERS

6.1 POLSAT

The Polsat capital group is centered around *Telewizja Polsat* (Polsat Television), owned by the Polish businessman, Zygmunt Solorz-Żak. Since the launch of its core TV channel in 1992, broadcast via satellite from the Netherlands, Polsat has vigorously engaged in a number of business activities including the establishment of new channels (*Polsat 2*, *Polsat Sport*), operation of the digital platform, *Polsat Cyfrowy* (1999), investments abroad (Lithuanian *Baltjos TV*), incorporation of *TV4* (2000) and re-animation of *TN Puls* which was connected to the Catholic Church and facing financial problems (2003). In 2002, the National Broadcasting Council accepted a resolution to grant Polsat a licence for the satellite broadcasting of *Radio Polsat*.

In recent years, the Polsat group has followed the main strategy of its chairman and owner, paving its way to benefit from a synergetic development of complementary functioning companies. This helps to explain why Polsat has invested in banking (INVEST-BANK), the Pension Fund, Polsat, and the life insurance company, POLISA – ŻYCIE. At the beginning of 2003, Polsat Media signed an agreement to acquire a 21.4 percent share in the Elektrim company. This is widely regarded as the next step in achieving control over Telefonia Cyfrowa, the operator of the cellular telecommunication network, Era, owned by Elektrim and Telekomunikacja Polska (Polish Telecommunication).[95] This has also proved that Polsat is in the possession of substantial financial sources and thus does not necessarily need a strategic investor, such as *Agora* or some other source.

Chart 1 **POLSAT OWNERSHIP STRUCTURE**



Sources: Polsat webpages <www.polsat.com.pl>, <www.ptepolsat.com.pl>, <www.polisa-zycie.com.pl> (All accessed on 9 December 2003), Media and Advertising Almanac 2002/2003, Catalogue of Polish Media 1999/2000.

6.2 ITI

ITI was established in 1984 by two Poles – Jan Wejchert and Mariusz Walter. In 1991 they were joined by Bruno Valsangiacomo. All three constitute the management board of the ITI group and are its main shareholders.[96] Since 1995, the company has focused exclusively on media and entertainment. ITI's flagship TV station – *TVN* - was launched in 1997. Four years later, the company set up *TVN 24* - the first 24-hour news channel in Poland. In 2002, ITI bought the *RTL7* channel from CLT-UFA and transformed it into *TVN Siedem.* Finally, in May 2003, *TVN Meteo* was established. These four TV channels now make up the main segment of ITI activities – television broadcasting. The next two segments involve new media and entertainment. It has to be mentioned in this context that ITI operates the most popular internet portal in Poland – *onet.pl* (46 percent of market share). In the first half of 2003, ITI's revenues amounted to USD 78 million (EUR 65 million). The company's future plans include buying majority shares in the football club, Legia Warszawa.[97]

6.3 HOLDING FM

The largest private radio station in Poland, *RMF FM*, is the core business of the Holding FM, controlled by its chairman, Stanisław Tyczyński. In addition to *RMF* radio, there are six other main areas of Holding FM's activities: multimedia, photography, internet, advertising, PR and concerts. Recently, *Holding FM* has been preparing the basis for launching a new entertainment-music TV channel, by seeking a strategic investor able to finance the new enterprise.

6.4 EUROZET

Among the Eurozet shareholders are two heiresses of *Radio Zet* founder Andrzej Woyciechowski – 23 percent each, the French company EDI Pologne (belonging to Lagardère Active Radio International) – 40 percent, Kanoko company (belonging to American Advent International) – 9 percent and Manaco (the company established by the managers of the radio) – 5 percent. The company owns three radio stations: *Radio Zet, Radiostacja* (67 percent shares - Eurozet, 33 per cent – ZHP[98]) and *Radio 1* (supra-regional station in Hungary). In addition, Eurozet produces radio and TV ads through Studio Zet and operates the advertising agency, RRM.

7 MEDIA PLURALISM

Referring to transition and reform of the Polish media after 1989, Tomasz Goban-Klas wrote that "the Polish press became pluralistic but not really independent."[99] The difficulty with assessing media pluralism stems from the complexity of the issue and the lack of a precise and widely agreed definition of this term. Most authors, however, distinguish between internal and external pluralism. Thus, media pluralism would encompass both diversity of media supply reflected in the existence of a plurality of independent and autonomous media (external) as well as diversity of media contents available to the public (internal).

7.1 EXTERNAL PLURALISM – DIVERSITY OF MEDIA SUPPLY

External media pluralism would be reflected in the existence of a plurality of autonomous and independent media. The table below shows the number of newspapers, magazines and television channels in subsequent periods.

Table 10 NUMBER OF NEWSPAPERS, MAGAZINES AND TV STATIONS IN POLAND

MEDIA TYPE	1995	2000	2002
NEWSPAPERS	108	66	53
MAGAZINES	4340	5468	5762
TV CHANNELS	12* (+15 PUBLIC)	42* (+16 PUBLIC)	44* (+16 PUBLIC)

Sources: Statistical Yearbook of the Republic of Poland, 2001; GUS, Central Statistical Office (2003) – <http://www.stat.gov.pl/english/serwis/polska/2003/rocznik11/ksiaz.htm> (accessed 10 December 2003), ZKDP (2003), Media and Advertising Almanac 2002/2003, Catalogue of Polish Media 1999/2000.
Note: *The number includes regional, supra-regional and national private TV channels, thematic satellite and cable channels, and digital platforms. It does not contain channels of public broadcasters and cable TV operators.

In some respects, newspapers numbers have declined in absolute terms during the last 14 years. The period following 1989 saw a proliferation of manifold new titles on the Polish press market. At the beginning of the 1990s, 100 new titles on average were registered each month. At the same time, many of these never got off the ground. During the later period, the number of newspapers began to decline gradually. This process was intensified, especially at the regional level, in the second half of the 1990s, when owners have repeatedly used the pracice of consolidation.

On the other hand, the number of magazines has been increasing. Publishers often decide to introduce a new title similar in content to the best-selling category. Accordingly, Bauer publishes eight TV guides, slightly differing one from another. The average circulation of dailies is decreasing, while circulation of magazines is stable and in some cases increasing. Financial and business dailies represent an exception to this trend, as their circulation has been stable and recently even increasing. In comparison to 2002, the number of daily newspapers in 2003 diminished, as three regional dailies (two Wrocław dailies and Bydgoszcz's *Ilustrowany Kurier Polski*) and two national dailies (*Życie* and *Prawo i Gospodarka*) were discontinued. One national daily (*Fakt*) entered the newspaper market in October 2003.

The television landscape in Poland was fundamentally shaped during the first licence-granting period (1993–1994). The aim was to set up a model that would provide initial pluralism of broadcasters, not competing for the same audience but complementarily addressing different audiences and their needs. As a result, licences were granted to 11 domestic broadcasters (one national – *Polsat*, one supra-regional – *Telewizja Wisla* and nine local) and one foreign broadcaster (pay TV – *Canal Plus*).[100] Ideally, this should balance the dominance of the public broadcaster already offering two national channels (*TVP I, TVP II*), 11 regional channels, 1 satellite channel (*Polonia*) and a TV newspaper channel (*Telegazeta*).

A significant change in the number of TV channels broadcasting terrestrially, via satellite and cable, took place in the next five years. During this period more than 20 thematic, mostly foreign, TV channels appeared on the market (including three *Discovery channels*, *MTV Polska*, *Animal Planet, Le Cinema, HBO Polska, Eurosport Polska* and others). Thus in 2000, there were more than 40 TV channels broadcasting in Poland, among them two digital platforms (*Wizja TV, Cyfra+*), eight national and supra-regional domestic channels and nine local TV channels. The situation had not significantly changed by 2003. Some new players entered the television scene (*MTV Classics, Tele 5 – Fincast,* digital platform – *Polsat Cyfrowy*, *TVN Meteo*), some merged with others (*Wizja* and *Cyfra+*), some changed owners and were renamed (*RTL 7* for *TVN Siedem* and *Nasza* for *TV4*) and some interrupted broadcasting (*TN Puls*). The National Broadcasting Council granted a licence to *TV Trwam,* which was connected to the Redemptorist Fathers and Tadeusz Rydzyk, who chairs *Radio Maryja* and publishes *Nasz Dziennik*. When launched, *TV Trwam* will be the second Catholic television channel in Poland, after *TN Puls*.

7.2 CONDITIONS FOR ACCESS

The press landscape in Poland is relatively diverse, although it is far from being saturated. There are still a number of niches to be filled in terms of interests and groups of readers. The experience of recent years has shown that new titles (Agora's monthly *Auto+*, *Newsweek Polska*) can successfully attract new audience segments. At the same time, more newspapers are being closed down than newly established.

At present it is estimated that an investment of PLN 100 million (EUR 22 million) would be needed to launch a new daily newspaper with national coverage in Poland, which is approximately twelve times less than would be needed to launch a new national private TV channel. These costs may be correspondingly lower for regional dailies and regional TV channels. Ironically, it is the market of regional daily newspapers that suffers most from the effects of concentration, mergers and consolidation.

As regards the foundation of new newspapers in Poland, the re-establishment of the *Życie* daily (approaching a circulation of 150,000) in January 2004 should be mentioned. The rights to publish both *Życie* and *Prawo i Gospodarka* – two titles of Dom Wydawniczy Życie (Publishing House Życie) - were bought by AIB Investments LTD. for 750,000 PLN (EUR 166,666).[101] The initial investment of the publishers in Życie was EUR 3 million.

Access to the broadcasting landscape depends heavily on the regulation policy of the National Broadcasting Council. In March 2003, the Council announced a call for applications to grant a nation-wide TV frequency. Since *Polsat* television was the only applicant, the Council accepted a resolution to award the licence to *Polsat*. The final decision of the Council will be taken in spring 2004.

7.3 DIVERSITY OF CHOICE

Internal media pluralism may be best reflected in diversity of media types and contents available to the audience. A good example to describe diversity of choice would refer to daily newspaper with national coverage, given their specific contribution to exchange of information and opinion. In 2003, a potential reader in Poland could choose between 6 general interest dailies with national coverage (*Gazeta Wyborcza, Rzeczpospolita, Super Express, Fakt* – since 22.10.2003, *Nasz Dziennik, Trybuna*), 4 financial and business dailies (*Parkiet, Puls Biznesu, Gazeta Prawna, Rynki Zagraniczne*), 2 sport dailies (*Dziennik Sportowy-Przegląd Sportowy/Tempo, Sport*) and 2 free dailies (*Metro, Metropol*).

Gazeta Wyborcza (*GW*) has no broadsheet format, but in terms of content it is undoubtedly a quality daily. It offers both information and thorough analyses and essays. Sławomir Majdan described *GW* as: "an information factory, but also a picky and stuck-up aunt who sits on the couch fiendishly dispensing biting remarks about the guests who were unlucky enough to drop in for tea"[102]. *GW* is generally perceived as a newspaper with a liberal orientation, but socially sensitive and investigative in its reporting. *Rzeczpospolita* evolved gradually from a government controlled daily established during the communist period towards an independent information and analysis-oriented newspaper. In comparison with *GW*, *Rzeczpospolita* devotes more space to in-depth economic and legal analyses and less to political and historical essays.

Super Express (*SE*), the first Polish tabloid, offers a mix of infotainment and human interest stories. In recent years, *SE* has gained a more dynamic image and earned some notoriety for its blunt headlines and paparazzi photographs invading the privacy of some politicians. As already mentioned, *Fakt* was designed to follow the model of Axel Springer's flagship title – *BILD Zeitung* – traditionally perceived in Germany as a tabloid with a right-wing orientation, reflecting anti-communist views and the Cold War experience of Axel Springer himself.[103] It is too early to indicate this orientation for *Fakt*. For now, the daily seems to be overwhelmed, just like *SE*, with infotainment, scarcely tackling analysis of political issues.

Nasz Dziennik (Our Daily) belongs to the media empire of Father Tadeusz Rydzyk and the Redemptorists already running *Radio Maryja* and paving the way for the broadcasting of *TV Trwam*. It strongly supports right-wing politicians, especially those who are connected with a Catholic organisation – the Radio Maryja Family. Before the EU accession referendum, *Nasz Dziennik* exhibited an EU-sceptical orientation, often with anti-German sentiments.

Trybuna (Tribune) is linked to the previously published *Trybuna Ludu* (People's Tribune), one of the leading newspapers during the communist period. It has remained closely tied to left-wing politicians and offers mostly information and opinion. During 2002 it faced an immense drop in sales (-23 percent), similar to the other daily with a distinct political orientation (right-wing) – *Życie*.

Diversity of choice is also affected by editorial habits and innovations. Economic pressure compels some editors to replace serious news journalism with infotainment, while others resort to internal circulation and "recycling" of press articles and background information. This undoubtedly saves on the cost of journalistic production, but also decreases diversity of content and limits readers' choice.

The range and offer of national private TV channels in Poland is far from being fully diverse. The main private terrestrial TV channel, *Polsat,* is predominantly oriented towards entertainment. In 2002, its programming consisted of movies (43 percent), entertainment (29 percent), information and opinion (5.5 percent), sport (4 percent), education and advice (2 percent) and other genres. This structure resembles the programming of the main *Polsat* competitor – *TVN*, whose offer includes movies (36 percent), entertainment (30 percent), information and opinion (6.8 percent), education and advice (3.8 percent), sport (0.2 percent) and others.[104] In both cases, entertainment, as the main programme genre, comprises mainly talk shows, reality shows and tele-competitions. Accordingly, *TV4* and *TVN Siedem* focus mainly on movies, TV series and entertainment.

8 MEDIA INDEPENDENCE

8.1 PRESSURE ON JOURNALISTS

One of the main dangers posed by present developments in the Polish media is that of pressure on journalists and devaluation of journalistic independence. There are several kinds of pressure, with a variety of causes. The most obvious, perhaps, is the economic one, closely tied to journalistic employment. The fear of losing a job compels journalists to accept difficult working conditions and to follow orders from their managing editors.[105] Presenting results of a sample survey among Polish journalists, Andrzej Krajewski provides evidence of another source of risk: "Reporters are officially censored or quietly corrupted by the local authorities. It is mostly those authorities that are themselves publishers of local dailies and weeklies."[106]

An additional serious problem is that of pressure from advertisers. As recently as in November 2003, the Management Board of the Chamber of Press Publishers condemned advertisers' attempts to intervene in editorial content.[107] This protest emanated particularly from the publishers' raising awareness of pressure and reiterated complaints about advertisers threatening publishers and editors with the withdrawal of advertisements if they fail to publish favourable articles.[108]

A study of Polish journalists, conducted in the 1990s by Zbigniew Bajka, exposes the problem of restrictions on journalistic freedom. The question "Who or what restricts journalistic freedom?" was clearly answered by the journalists interviewed. An overwhelming majority of respondents – 42 percent – asserted that journalistic freedom was restricted through "pressure exerted by owners, editors in chief, stations, and direct supervisors". For 19 percent of respondents, the main source of restriction was "censorship in the editor's office", for 13 percent "other reasons, such as political preferences, etc.", for 11 percent "autocensorship", and for 8 percent "external pressure."[109]

The pressure on publishers exerted by politicians serves as just another illustration of restraint on journalistic practice. This issue has been repeatedly raised by Polish publishers. One of the most insistent comments was addressed during the debate about the conditions of Polish journalism organised by the Senate Commission on Culture and Mass Media in April 2002. A representative of a large foreign media owner stated that publishers are frequently approached by politicians to mitigate critical reporting and local politicians seek repeatedly support from Warsaw to influence media coverage.[110]

8.2 INDEPENDENCE FROM OWNERS

Needless to emphasise, ownership structures and processes, such as consolidation or concentration, are reflected in the relations among owners, editors, and journalists. One salient issue of inter-dependency in the media environment is the question of whether a collective agreement between journalists and owners should be external, for instance, concluded on the national level, or internal. In Poland, journalists and owners have not formalised an agreement of this kind within the structure of national organisations representing both groups. However, there are some in-house arrangements. One such arrangement was recently initiated by journalists working in newspapers published by Orkla. In the fall of 2003, representatives of the journalists' unions established the Forum of Orkla Media Employees, to provide a space for debate and negotiations between owners and employees.[111]

Some journalist-owner relations are specific to situations where journalists are shareholders of the media in which they work, as is the case of *Gazeta Wyborcza* and Agora, or the weeklies *Polityka* and *Wprost*. The close relations and overlapping, sometimes even conflicting, interests may lead to an intricate dilemma between safeguarding corporate interests or respecting journalistic independence. Thus, journalists of *Gazeta Wyborcza* were criticised by some colleagues from other newspapers for the fact that they waited five months before revealing Rywingate which has been perceived by some as protecting corporate interests of Agora.[112]

9 CONCLUSIONS

Our study of media ownership patterns in Poland and their effects on media freedom and pluralism followed three steps: analysis of the normative framework and media policies, description of media ownership structures, and a brief portrayal of media diversity and pluralism.

At the normative level, media ownership patterns are regulated gently in Poland. Anti-concentration provisions enshrined in both media and competition laws tackle a small scope of the problem, basically because they address neither diagonal, nor vertical media concentration. An attempt to reform media regulation in Poland failed not only due to Rywingate and the revelation of the political and economic interests that underlay a normative goal of media pluralism, but also because of the inconsistency of the policy objectives that were to be addressed in one regulatory model. The need to secure media pluralism stems from disparate conditions and it is a different policy objective than ensuring appropriate functioning of the market through competition. This missing distinction may help to explain the absence of a structural regulatory mechanism which could aim at safeguarding media pluralism.

Evolution of media ownership patterns follows three basic developments in Poland. Monomedia expansion and concentration through specialisation is primarily the domain of foreign magazine publishers (e.g. H. Bauer, Axel Springer). By contrast, cross-media ownership and concentration has been practised largely by domestic groups (Agora, Holding FM, ITI Holdings). As for now, few players choose synergy investment in media and the outside media sector (Polsat). Small media owners continue to merge with powerful ones. In terms of media acquisitions and sell-offs, the three tendencies may be distinguished: thematic specialisation, diversification and regional consolidation. The last in particular has been placed at the center of concern, as it has led to an almost clear division of the regional press market in Poland between two competitors (Orkla and Polskapresse).

The changes in media ownership patterns in Poland have been accompanied by strengthened links between sectors and common strategies used by owners. These include sharing of costs and services (Orkla and Polskapresse), establishment of new companies controlled by existing ones (Polsat), agreements made to benefit from cross-sectoral provision and cross-ownership of disparate service providers (ITI, Holding FM). These links and common strategies might be furthered by technological convergence between the traditional media, telecommunications and computer sectors.

Media ownership patterns and related processes have a significant impact on external media pluralism in Poland. As a result of the above mentioned developments, the diversity of the print media landscape has been continuously affected by decline and consolidation of newspapers. Because of sustaining concentration, the regional press market achieved the state of a duopoly, as it is controlled by two strong publishers (Orkla and Polskapresse). There is a private and a public sector duopoly in the television landscape, with four major channels (public *TVP 1, TVP 2,* and the private *Polsat, TVN*). A similar picture emerges in the radio landscape, which is dominated by four leading players (private *RMF FM, Radio Zet* and public *Program I PR, Program III PR*).

The need to safeguard media pluralism in Poland may be addressed by policy responses tailored as structural regulation. Over and above these provisions, structural regulation should be designed to encourage diverse forms of media ownership and control, as well as diversity of media types and content.

First, this calls for the introduction of long-standing and systematic monitoring of both external and internal media pluralism and transparency of media ownership, including content and service providers of the new communication services. Second, external and internal media pluralism may be reinforced by positive and negative measures. The positive measures for stimulating external media pluralism would encompass empowerment of diverse (local, community and in particular minority) media, direct financial support schemes and indirect subsidies, as well as the extension of public service broadcasting beyond existing public corporations. The negative measures protecting external media pluralism could include the re-shaping of current anti-concentration provisions with the purpose of limiting not only horizontal, but also diagonal and vertical concentration, the introduction of limits on press consolidation at the regional level and chain broadcasting rules explicitly aiming at keeping ultimate control over content at the level of local broadcasters rather than networks.

Internal media pluralism could be fostered by positive measures including promotion of diverse media content, indirect and direct support for investigative, creative and quality reporting and encouragement of media organisations to strengthen editorial and journalistic independence through self-regulatory means, in-house agreements and nationally agreed standards. Negative measures, on the other hand, could include securing independence of journalists from owners (e.g. through influence on the employment of editors) and a requirement for a certain portion of original programming in broadcasting and original content in the print press to limit recycling of media content. Where relevant, all of these measures should be extended to the new technology services.

NOTES

1 The Constitution of the Republic of Poland, adopted on 2 April 1997, *Official Gazette* no. 78, item 483, 1997, mainly Articles 22 and 54.

2 Broadcasting Act, adopted on 29 December 1992, *Official Gazette* no. 7, item 34, 1993.

3 Press Law, adopted on 26 January 1984, *Official Gazette* no. 5, item 24, 1984, as amended.

4 Act on Competition and Consumer Protection, adopted on 15 December 2000, *Official Gazette* no. 122, item 1319, 2000, as amended.

5 The regulation concerning media content, advertising and intellectual property rights has not been included in this respect.

6 Broadcasting Act, adopted on 29 December, 1992, *Official Gazette* no. 7, item 34, 1993, as amended, Art. 36, para. 2, p. 39. See also: <http://www.krrit.gov.pl/stronykrrit/english.htm> (accessed 3 October 2003).

7 Ibid, Art. 38, para. 2, p. 41.

8 Act on Competition and Consumer Protection, adopted on 15 December 2000, *Official Gazette* no. 122, item 1319, 2000, as amended, Art. 4, para. 9, p. 3.

9 C. Banasiński, R. Rittler, M. Kolasiński, *Prawo radiofonii i telewizji w Polsce w świetle standardów europejskich* (The Broadcasting Law in Poland in the Light of European Standards), Wydawnictwo KiK Konieczny i Kruszewski, Warsaw, 2001, p. 140.

10 Ibid, p. 141.

11 Broadcasting Act, adopted on 29 December 1992, *Official Gazette* no. 7, item 34, 1993, as amended, Art. 10, para. 3, p. 27.

12 Projekt nowelizacji ustawy o radiofonii i telewizji. Tekst przyjęty przez Krajową Radę Radiofonii i Telewizji na posiedzeniu w dniu 14 stycznia 2002. (The Draft Amendment to the Broadcasting Act accepted by the National Broadcasting Council at its session on 14 January 2002).

13 Krajowa Rada Radiofonii i Telewizji (The National Broadcasting Council): Sprawozdanie KRRiTV z rocznego okresu działalności, (The Annual Report), 2003, p. 31, available on: <http://www.krrit.gov.pl/index.htm> (accessed 3 October 2003).

14 Sejm Rzeczypospolitej Polskiej (The Sejm of the Republic of Poland), Document no. 1424, The Report of the Sejm Committee on Culture and Mass Media Including the Draft Amendment to the Broadcasting Act, Art. 36c, para. 1, p. 21.

15 *Gazeta Wyborcza* was established in 1989 with the purpose of supporting the Solidarity during the first free elections after the collapse of communism in Poland. It was meant to be a temporary newspaper, but with Adam Michnik as its Editor in Chief, it has become the most popular daily in Poland. It has acquired the status of a publicly influential institution and became part of a multimedia corporation benefiting from paramount business success.

16 Adam Michnik is the former anti-communist, dissident and political prisoner, author of numerous books and essays, a moral authority and one of the most influential Poles. Since 1989, he has been Editor in Chief of *Gazeta Wyborcza* and one of the shareholders of the Agora company.

17 Lew Rywin is a film producer, since 1991 owner of the company Heritage films producing and co-producing films such as "Schindler's List" by Steven Spielberg, "Pan Tadeusz" by Andrzej Wajda and "The Pianist" by Roman Polański. He was President and Head of the Supervisory Board of Telewizyjna Korporacja Partycypacyjna, a company controlling *Canal Plus* and *Cyfra+* platform. After disclosure of Rywingate, he resigned from these positions.

18 The cover story, with a written record of the conversation between Adam Michnik and Lew Rywin was reported by P. Smoleński, "Ustawa za łapówkę, czyli przychodzi Rywin do Michnika." (The Law for a Bribe or Rywin Calling on Michnik), *Gazeta Wyborcza*, no. 300, 27 December 2002. See also: <http://www1.gazeta.pl/kraj/1,42985,1237212.html> (accessed 1 November 2003).

19 W. Maziarski, M. Karnowski, "Polityka sięgnęła bruku", (Politics Touched the Pavement), *Newsweek Polska*, 12 January 2003, pp. 10–15.

20 M. Majewski, A. Marszałek, L. Zalewska, "Nowe tropy w aferze Rywina" (The New Tracks in the Rywin's Scandal), *Rzeczpospolita*, 13 January 2003, p. 1.

21 Leszek Miller announced that he and his government will resign on 2 May 2004. One reasons for the lack of support from the ruling SLD concerned the Rywin corruption scandal and the failure of media law reform.

22 "Krajowa Rada do dymisji" (The National [Broadcasting] Council to Resign), *Rzeczpospolita*, 11 March 2003, p. A3. "Resignation Please", *Warsaw Voice*, 13 March 2003. See: <http://www1.warsawvoice.pl/view/1613> (accessed 27 October 2003).

23 Under Article 36c, para 1b of the Draft Amendment to the Broadcasting Act, it would be the Office for Competition and Consumer Protection that would be authorized to control whether an applicant for a nation wide licence for TV or radio broadcasting attains an influence on a national daily newspaper or regional daily newspapers and his market share, figured on a basis of sold or distributed copies, exceeds 30 percent. Sejm Rzeczypospolitej Polskiej (The Sejm of the Republic of Poland), document no. 1424, The Report of the Sejm Committee on Culture and Mass Media Including the Draft Amendment to the Broadcasting Act, Art. 36c, para. 1, p. 21.

24 Under the Broadcasting Act currently in force, 4 members of the National Broadcasting Council are appointed by the Sejm, 2 by the Senate and 3 by the President. Broadcasting Act, adopted on 29 December 1992, *Official Gazette* no. 7, item 34, 1993, as amended, Art. 7, para. 1, p. 25.

25 Centrum Monitoringu Wolności Prasy (The Monitoring Center for Press Freedom), "Apel w sprawie nowelizacji ustawy o radiofonii i telewizji" (An appeal concerning the Draft Amendment to the Broadcasting Act), <http://www.freepress.org.pl/210302_apel_rtv.html> (accessed 11 October 2003).

26 See: J. Braun, "Czas na nowe prawo o mediach", (The Time for a New Media Law), *Rzeczpospolita*, 8 July 2003, A7; "Napiszmy od nowa" (Let's Write it from Scratch), *Gazeta Wyborcza*, 9-10 August 2003, p. 27.

27 J. Braun, "Czas na nowe prawo o mediach", (The Time for a New Media Law), *Rzeczpospolita*, 8 July 2003, A7.

28 Ustawa o zmianie ustawy o radiofonii i telewizji, projekt uwzględniający uwagi zgłoszone na posiedzeniu Rady Ministrów w dniu 21 października 2003 r. (The Amendment to the Broadcasting Act, the draft incorporating comments notified at the session of the Council of Ministers, on 21 October 2003), <http://www.mk.gov.pl> (accessed 22 January 2004).

29 Ibid, Art. 35, pp. 13–14.

30 See the text passed on to the Senate: Ustawa z dnia 4 marca 2004 r. o zmianie ustawy o radiofonii i telewizji (The Amendment to the Broadcasting Act of 4 March 2004), <http://ks.sejm.gov.pl/proc4/ustawy/2213_u.htm> (accessed 14 March 2004).

31 "Paid protection", as interpreted in the Polish Penal Code, is an act liable to prison term up of to three years, while the charge of "corruption or fraud" can be sentenced by up to 12 years.

32 Broadcasting Act, adopted on 29 December 1992, *Official Gazette* no. 7, item 34, 1993, as amended, Art. 10, para. 2, p. 27.

33 Ibid, Art. 37a, p. 40. See also: Act on Accounting, adopted on 29 September 1994, *Official Gazette* no. 121, item 591, 1994, as amended; Biuletyn Informacyjny KRRiTV (The Information Bulletin of the National Broadcasting Council), *Sytuacja finansowa mediów publicznych i koncesjonowanych* (The Financial Situation of the Public and Licensed Media), January/February 2003, p. 7; available on: <http://www.krrit.gov.pl/index.htm> (accessed on 3 October 2003); Krajowa Rada Radiofonii i Telewizji (National Broadcasting Council), *Informacja o podstawowych problemach radiofonii i telewizji* (Information about Basic Issues of Broadcasting), 2003; p. 10, available on: <http://www.krrit.gov.pl/index.htm> (accessed 3 October 2003).

34 Krajowa Rada Radiofonii i Telewizji (National Broadcasting Council), *Informacja o podstawowych problemach radiofonii i telewizji* (Information about Basic Issues of Broadcasting), 2003; p. 10, available on: <http://www.krrit.gov.pl/index.htm> (accessed 3 October 2003).

35 Broadcasting Act, adopted on 29 December 1992, *Official Gazette* no. 7, item 34, 1993, as amended, Art. 38, para. 3, p. 41.

36 Act on Competition and Consumer Protection, adopted on 15 December 2000, *Official Gazette* no. 122, item 1319, 2000, as amended, Art. 12, para. 1, p. 6.

37 Ibid, Art. 12, para. 2 and 3, p. 7.

38 Ibid, Art. 17, 18, 19, 20, pp. 8–9.

39 Sejm Rzeczypospolitej Polskiej (The Sejm of the Republic of Poland), Document no. 341-A, Autopoprawka do projektu ustawy o zmianie ustawy o radiofonii i telewizji oraz o zmianie innych ustaw (Auto-correction to the Draft Amendment to the Broadcasting Act), Art. 37, para. 1.10, p. 12.

40 Act on Commodity and Service Tax and Excise Tax, adopted on 8 January 1993, *Official Gazette* no. 11,

item 59, 1993, as amended, Art. 18, para. 2, p. 25 and enclosure no. 3, p. 78.

41 Ibid, Art. 50, para. 5, p. 56.

42 Sejm Rzeczypospolitej Polskiej (The Sejm of the Republic of Poland), Ustawa o podatku od towarów i usług (Act on Commodity and Service Tax), Draft of 1 August 2003, Document no. 1874.

43 Ibid, Art. 36, para. 1, p. 62.

44 Ibid, Art. 36, para. 1 p. 62 and the enclosure no 3.

45 G. Kopacz, "Nadciąga VAT", (The VAT is Coming), *Press*, 15 October –14 November 2003, pp. 46–49.

46 G. Kopacz, "Granica 67 procent", (67 Per Cent Limit), *Press*, 15 February–16 March 2004, p. 16. See also the text passed to the Senate: Ustawa z dnia 20 lutego 2004 r. o podatku od towarów i usług (Act on Commodity and Service Tax of 20 February 2004), enclosure no. 3, <http://ks.sejm.gov.pl> (accessed 14 March 2004)

47 See the text passed on to the Senate: Ustawa z dnia 20 lutego 2004 r. o podatku od towarów i usług (Act on Commodity and Service Tax of 20 February 2004), <http://ks.sejm.gov.pl> (accessed 14 March 2004).

48 Act on Commodity and Service Tax and Excise Tax, adopted on 8 January 1993, *Official Gazette* no. 11, item 59, 1993, as amended, Art. 50, para. 5, pp. 55–56.

49 Ibid, Art. 50, para. 5b, p. 56.

50 See the text passed on to the Senate: Ustawa z dnia 20 lutego 2004 r. o podatku od towarów i usług (Act on Commodity and Service Tax of 20 February 2004), Art. 148.1.3.a,b <http://ks.sejm.gov.pl> (accessed 14 March 2004).

51 The Law expired on 1 May, 2004. See the text passed to the Senate: Ustawa z dnia 20 lutego 2004 r. o podatku od towarów i usług (Act on Commodity and Service Tax of 20 February 2004), Art. 172, <http://ks.sejm.gov.pl> (accessed 14 March 2004).

52 Broadcasting Act, adopted on 29 December 1992, *Official Gazette* no. 7, item 34, 1993, as amended, Art. 39b, para. 2, p. 41.

53 Ibid, Art. 4, para.1a, p. 24.

54 Among them, the receivers of the largest subsidies have been: the weekly *Niwa* (PLN 310,000 – EUR 6,888) for the Belorussian minority and the weekly *Nasze Słowo* (PLN 340,000 – EUR 7,555) for the Ukrainian minority.

55 The Constitution of the Republic of Poland, adopted on 2 April 1997, *Official Gazette* no. 78, item 483, Art. 54, para. 1.

56 Ibid, Art. 54, para. 2.

57 Press Law, adopted on 26 January 1984, *Official Gazette* No 5, item 24, 1984, as amended, Art. 3, p. 1.

58 Such a person may be fined or imprisoned. Ibid, Art. 44, para. 1, p. 12.

59 Such a person may be imprisoned up to 3 years. Ibid, Art. 43, p. 12.

60 Broadcasting Act, adopted on 29 December 1992, *Official Gazette* no. 7, item 34, 1993, Art. 6, para. 1, p. 25 and Art. 13, para. 1, p. 27.

61 A. Gulyás, "Print Media in Post-Communist East Central Europe," in European Journal of Communication, no. 1, 2003, p. 87.

62 Act on Liquidation of the Workers' Publishing Cooperative "Prasa-Ksiazka-Ruch", adopted on 22 March 1990, *Official Gazette*, 1990, no. 21, item 125.

63 Ibid, Art. 3, p. 1.

64 Ibid, Art. 5, p. 2.

65 See: The report from the 30th session of the Sejm, on 25-27 September 2002, document no. 40 (521) and the Bulletin no. 948/IV of the Sejm Committee on Culture and the Mass Media.

66 T. Mielczarek, *Między monopolem a pluralizmem. Zarys dziejów środków komunikowania masowego w Polsce w latach 1989–1997*, (Between Monopoly and Pluralism: Review of the History of Mass Media in Poland in 1989 – 1997) Wyższa Szkoła Pedagogiczna im. Jana Kochanowskiego, Kielce, 1998, p. 42.

67 K. Jakubowicz, "Media in Transition. The Case of Poland" in Media Reform: Democratizing the Media, Democratizing the State. Ed. M. E. Price, B. Rozumilowicz and S. G. Verhulst, Routledge, London, 2002, p. 212.

68 L. Giorgi, *The Post-Socialist Media: What Power the West?* Avebury, Hants, 1995, p. 80.

69 Komunikat Komitetu Ekonomicznego Rady Ministrów, 27 May 1999, Warsaw; available at: <http://www.kprm.gov.pl/1937_2879.htm> (accessed 15 December 2003).

70 See: The report from the 30th session of the Sejm, on 25–27 September 2002, document no. 40 (521) and Bulletin no. 948/IV of the Sejm Committee on Culture and the Mass Media.

71 K. Jakubowicz, "Media in Transition. The Case of Poland" in Media Reform: Democratizing the Media, Democratizing the State. Ed. M. E. Price, B. Rozumilowicz and S. G. Verhulst, Routledge, London, 2002, p. 215.

72 Official web-site of Ruch, available at: <http://www.ruch.com.pl> (accessed 26 November 2003).

73 These included: *ZPR* company from Warsaw, Ruch*'s* main private competitor – KOLPORTER, Norwegian Orkla Media Newspapers, Swiss Polinvest Holding AG and French Hachette Distribution Services who applied with the Polish investor – Wydawcy Prasy. A company Wydawcy Prasy (Press Publishers) was established by the Union of Press Publishers and the National Association of Press Publishers.

74 The HDS trust was established by the companies HDS – WP and SPC. HDS – WP consists of Hachette Distribution Services (85 percent) and Wydawcy Prasy (15 per cent). SPC comprises Polish companies – "Echo Press" Co. (34 percent), ELEKTRIM Co. (33 percent), "Forin" controlled by the BIG Co. (33 per cent).

75 PGK – Polska Grupa Kapitałowa (The Polish Capital Group).

76 In consequence, Ruch management prepared a new strategy for the years 2003–2005, aimed at raising company's profit and its value before privatisation is completed.

77 Report on the Media Market in Poland, Arthur and Andersen, 2002.

78 "W druku" (In the Press), *Press*, no. 6, 15 June-14 July 2003, p. 7.

79 In 2003, KOLPORTER merged with the Warsaw press distributor Jard Press and opened a new distribution center in Warsaw.

80 The data refer to 2001. Artur and Andersen 2002, CR Media 2002.

81 Data provided on the basis of: Expert Monitor, Rynek reklamy 2003 (Advertising Market 2003), January 2004.

82 The data refer to November 2003, AGB.

83 Monitor, Rynek reklamy 2003 (Advertising Market 2003), January 2004.

84 R. Filas, "Kapitał zagraniczny w polskich mediach audiowizualnych" (Foreign Capital in the Broadcasting Media), in Zeszyty Prasoznawcze, no. 3–4, Kraków, 2000, p. 88.

85 In December 2002, ITI bought 2.6 percent shares in *TVN* from SBS paying USD 11 million (EUR 10 million) and in December 2003 purchased the remaining 30.4 per cent shares for EUR 131.5 million.

86 Krajowa Rada Radiofonii i Telewizji (National Broadcasting Council), *Informacja o podstawowych problemach radiofonii i telewizji* (Information about the Basic Issues of Broadcasting), 2003; p. 7, available on: <http://www.krrit.gov.pl/index.htm> (accessed 3 October 2003).

87 Ibid, p. 9.

88 In 2003, *AMS* acquired *Media System Europlakat Group* paying PLN 1.9 million (EUR 454,545).

89 <http://www.agora.pl> (accessed 12 March 2004).

90 <http://www.agora.pl> (accessed 12 March 2004), see also: "W druku" (In the Press), *Press*, no. 2, 15 February–14 March 2004, p. 8.

91 <http://www.bauer.pl> (accessed 22 August and 26 November 2003).

92 In February 2004, the Office of Competition and Consumer Protection initiated an anti-monopoly procedure against Orkla Press, as it has dominated the market of regional daily newspapers in Białystok after acquiring a majority share in *Gazeta Współczesna*. In addition to *Gazeta Współczesna*, Orkla Press publishes the daily *Kurier Poranny* in Białystok. See: A. Nalewajk, "Dominacja" (The Domination), *Press,* no. 3, 15 March–14 April 2004, pp. 36–40.

93 A. Nalewajk, "Redaktorzy Excela" (The Editors of Excel), *Press*, no. 3, 15 March–14 April 2003, p. 52.

94 On October 2003, the Office of Competition and Consumer Protection initiated an anti-monopoly procedure, condemning Polskapress that the company had neither notified the intention of concentration, nor applied for the transaction permission. Under the competition and consumer protection law, a company is obliged to apply for such approval if the total amount of transaction exceeds EUR 50 million. In February 2004, the President of the Office judged that Polskapresse did not meet this obligation and ordered it to sell off the *Słowo Polskie* daily. In addition, Polskapresse was fined EUR 50,000. A similar decision was issued in February 2004, in the case of the companies Prasa Poznańska and Oficyna Wydawnicza Wielkopolski, owned and co-owned by Polskapresse. In this case, the President of the Office ordered the cancellation of an agreement of co-operation between the two

companies and requested that Polskapresse sell off part of Oficyna Wydawnicza Wielkopolski's property. In addition, he urged Polskapresse to pay a penalty of EUR 50,000. Reacting to both decisions, Polskapresse decided to appeal to the Court of Competition and Consumer Protection, which will be the first such case concerning the print press in Poland. See: <http://www.uokik.gov.pl> (accessed 23 March 2004).

95 There has been an initial agreement between Polsat and Vivendi Universal for the purchase of 49 per cent of *Elektrim*'s shares for EUR 600 million. "W druku" (In the Press), *Press*, no. 2, 15 February–14 March 2003, p. 16.

96 <http://www.iti.pl> (accessed 9 December 2003).

97 <http://www.press.pl> (accessed 30 March 2004).

98 Związek Harcerstwa Polskiego – Polish Scouts Union.

99 T. Goban-Klas, *The Orchestration of the Media: The Politics of Mass Communications in Communist Poland and the Aftermath*, Westview Press, Boulder, 1994, p. 223.

100 Krajowa Rada Radiofonii i Telewizji (National Broadcasting Council), *Sprawozdanie KRRiT za 1995 rok* (The Annual Report 1995), 1996; available on: <http://www.krrit.gov.pl> (accessed 10 December 2003).

101 "Druga próba" (The Second Test), *Press*, no. 10, 15 October–14 November 2003, p. 16; G. Kopacz, "'Życie' w pośpiechu" ('Życie' in Hurry), Press, no. 2, 15 February–14 March 2004, p. 8.

102 S. Majdan, "Slinging Some Mud", *Warsaw Voice*, 13 January 2003.

103 H.J. Kleinsteuber, "Federal Republic of Germany", in The Media in Western Europe: The Euromedia Handbook, Sage, London, 1997, pp. 82–83.

104 Krajowa Rada Radiofonii i Telewizji (National Broadcasting Council), *Informacja o podstawowych problemach radiofonii i telewizji* Information about Basic Issues of Broadcasting), 2003; p. 25, available on: <http://www.krrit.gov.pl/index.htm> (accessed 3 October 2003)

105 T. Goban-Klas, *The Orchestration of the Media: The Politics of Mass Communications in Communist Poland and the Aftermath*, Westview Press, Boulder, 1994, p. 241.

106 A. Krajewski: "Shackling the fourth estate", *Warsaw Business Journal*, 12 May 2003, available at: <http://www.freepress.org.pl> (accessed 11 October 2003).

107 The Chamber stated: "*The Management Board of the Chamber (...) considers it unacceptable that conditions are stipulated in relation to editorial content, whose approval or disapproval could lead to an order of for advertising...*" "W druku" (In the Press), *Press*, no. 11, 15 November–14 December 2003, p. 9.

108 Ibid, p. 9.

109 Z. Bajka, "Dziennikarze lat dziewięćdziesiątych" (Journalists in the 1990s.), in Zeszyty Prasoznawcze, No 3-4, Kraków, 2000, p. 55.

110 Zapis stenograficzny (188) z 8. posiedzenia Komisji Kultury i Środków Przekazu w dniu 9 kwietnia 2002 r. (Report [188] from the 8. session of the Culture and Mass Media Committee on 9 April 2002), <http://www.senat.gov.pl> (accessed 25 November 2003).

111 "W druku" (In the Press), *Press*, no. 10, 15 October – 14 November 2003, p. 12.

112 "Samoświadomość" (Self-consciousness), *Press,* no. 12, 15 December 2003–14 January 2004, pp. 50–53.

ROMANIA

Manuela Preoteasa

1 INTRODUCTION

Romanians cannot complain about the number of media outlets. They have plenty of these. There is only one problem – it is possible to count the reliable ones on the fingers. Soon after the fall of communism, more than 1,200 new titles emerged. Five years later, some of these disappeared, others took root. The figures have not changed much lately. Nowadays there are about 1,500 publications in Romania, the majority of which are weeklies, supplemented by a couple of hundreds of daily newspapers; 14 of these are based in the capital of the country, and between one and five in every county. Despite such an impressive plurality of sources, independent media analysts cannot sleep well.

Professor of Journalism Mihai Coman stated: "Journalists in the whole region have lost control of the profession, which has become mostly dominated by media owners."[1] Freedom House classified the Romanian media as partially free.[2]

After having identified no critical report against the Government in an entire week of TV news, of which 78 percent covered Government activities,[3] the Media Monitoring Agency (MMA) expressed concern: "With the approaching of electoral year, the political pressure on media is increasing; the phenomenon with the most negative impact (…) is the political distortion of information broadcast by TV stations; at the local level, a phenomenon of media "Berlusconisation" is taking place".

Dr. Mark Percival, Head of the Romanian think-tank, said: "In spite of the country's apparent progress towards EU membership, in the last two to three years there has been a notable deterioration in the position of the independent media, particularly on a local level."[4]

The legislation on access to public information and on transparency has been improved, but there are still problems with implementation. There are dozens of media organisations and associations operating countrywide. The most influential, but also the most controversial, the Romanian Press Club, gathers data on owners of media outlets. In 2002, about 30 media NGOs joined the Convention of Media Organisations, trying to act together to protect freedom of expression and the professional community. There is still much to be done in this field. As Ioana Avadani, head of the Centre for Independent Journalism said: "Media is as good as the society is". And Romanian society is still plagued by corruption, scandals, lack of economic resources and political battles.

2 REGULATION AND IMPLEMENTATION

In Romania, economic concentration needs to be authorised by the Competition Council (CC), on the basis of the Law on Competition (adopted in 1996), modified by order of the CC's President (in 2001). In contrast to radio and television, print media concentration cases are treated within the general framework applicable to all businesses. The main criterion is the dominant position on the market. Such a position is considered illegal when it is likely to lead to a significant restriction, prevention or distortion of competition on a certain market or a part of it.[5] Breaking the law implies fines of up to 10 per cent of the company's turnover. Since the Competition Council is the only body with the authority to decide on the matter, its autonomy is a must. Despite this, the opposition has repeatedly accused the Government of trying to politicise the Council, last time in December 2003. This specific legislation is mostly harmonised with EU regulations,[6] yet companies usually find ways to circumvent the Competition Law, even by hiding their real ownership. The lack of legislation regarding holdings, as economic entities, can also have effects in this regard. Broadcasting regulation is stricter; the Audiovisual Law (adopted in 2002) restricts the market share of one player to 30 percent.[7] On the other hand, the Audiovisual Law eliminated the differences in the treatment of foreign media investors and Romanian nationals.

There are no provisions on ownership transparency pertaining to the media. However, Article 30(5) of the Constitution reads: "By law, it is possible to obligate the mass media to disclose their financial source."

As a rule, Romanian legislation forbids the anonymity of owners; every company is obliged to publish this data in the Trade Register Office (TRO) and to communicate changes. In practice, few companies meet this obligation to update data, since there are no sanctions in force. When the Government decided to move the TRO to the Ministry of Justice, IREX[8] reported "concerns that the Government would try to censor information regarding the ownership of companies". One thing is certain: censored or not, the TRO only shows the tip of the iceberg, while the real owners may hide in tax havens. Despite imperfections, the TRO remains the main source of data on Romanian companies' ownership. But transparency does have its price: although public, the information is not free of charge. One simple check can cost between EUR 2 and 30, or even more, depending on its complexity.

3 MEDIA MARKET AND OWNERSHIP

3.1 TELEVISION

Private owners of the print media were the first to arrive on the media market in Romania, followed by private broadcasters a couple of years later. In 1995 there were three main national players on the television market: *Antena 1*, *Tele 7 abc*, and, at the end of 1995, *Pro TV*. During the next eight years, three other national channels appeared: *Prima TV* (1997), *Realitatea TV* (2001, the first attempt at launching an "all-news" station in Romania) and *National TV* (the autumn of 2003). In addition, there are many local stations, usually affiliated with a national operator. Public television consists of four national channels, *TVR 1* and *TVR 2*; the smaller *TV Cultural* and *TVR International* broadcasted via satellite.

Television remained the most widely available source of information, with almost 80 percent of the population getting their information from television newscasts.[9] Despite its vast power, diversity is limited by the low penetration of cable television: only half of the households with a TV set are subscribers to cable television services; moreover, a certain number of households do not even have a TV set. Consequently, public television remains the only national broadcaster able to reach the majority of the rural population. A private television station usually reaches from 50 to 68 percent of the Romanian population, compared to the 99 percent reach of the public station, *TVR 1*.

By analysing nationwide television coverage, we can get an idea about the number of people influenced by a certain source of information. On the other hand, in urban areas, the battle for audience is rather fierce. From this point of view, public TV is behind commercial stations. The two channels of the public broadcaster, *TVR 1* and *TVR* 2, have a combined audience share of about 36 percent,[10] but when analysing ratings in urban areas, they only have about half of that.

There are six major television channels competing on the national TV market. The first two with a combined 36.4 percent audience share are the public service channels, *TVR 1* and TVR 2 (combined rating); the third is the CME owned *Pro TV*, followed by *Antena 1* (owned by the Voiculescu family, with an audience share very close to that of *Pro TV*). The fifth channel is *Prima TV* (owned by C. Burci), and the sixth is another CME owned television channel, *Acasa TV*.

Table 1 MAIN TELEVISION CHANNELS IN ROMANIA

CHANNEL	POPULATION REACH	AUDIENCE SHARE[11]	OWNER COMPANY	MAIN OWNER	
TVR 1 AND TVR 2	BOTH 98-99 %	28.1% (TVR 1)	PUBLIC		
PRO TV	68%	15.4%	PRO TV (MPI)	66% 19% 15%	CME ION TIRIAC ADRIAN SARBU
			MEDIA VISION	70% 24%	CME MEDIAPRO BV AMSTERDAM & MEDIA PRO MANAGEMENT
ANTENA 1	68%	13.1%	ANTENA 1 INTACT ADVERTISING	60%	THE VOICULESCU FAMILY
PRIMA TV	62%	7.1%*	AMEROM TELEVISION	82% 4%	RBC (46.5% SBS + 53.5% RID) MANAGERS OF PRIMA TV, INCL. CRISTIAN BURCI
ACASA TV	52%	6.6%	SAME DATA AS FOR PRO TV		

Source: For audience share: CSOP/TNS, quoted in the CME report, May 2004.
Note: *Arbo Media, July 2001, quoted by Media Monitoring Agency – Academia Catavencu, *Report on the Freedom Speech in Romania*, Bucharest, October 2002.

Television attracts the major part of advertising expenditure. According to data from the weekly *Capital,*[12] 56.25 percent of the advertising expenditure in Romania in 2003 went to TV, 28.1 percent to print media and only 5.6 percent to radio. The total advertising expenditure in Romania for 2003 is estimated at EUR 180 million.

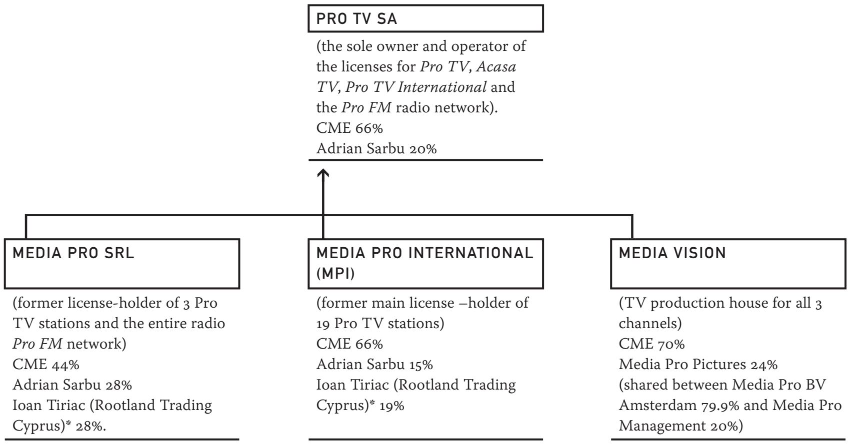
3.1.1 PRO TV GROUP

Pro TV is the leading private television channel, reaching 68 percent of the Romanian population, with a nationwide all-day audience share of 19.2 percent in 2002.[13] In the same group is *Acasa TV*, oriented towards a female audience and with a nationwide all-day audience share of 6.2 percent in 2002[14] (and 9 percent audience share in urban areas[15]). It broadcasts mainly telenovellas, soap operas, other entertainment, and a few news programs. The third channel in this group, *Pro TV International*, is targeted at the audience from abroad.

On 22 July 2002, a new law was introduced that obliges broadcasters to have a sole holder of the license and operations. CME started this process and set up Pro TV SA (formerly Pro TV SRL), in which it holds a 66 percent ownership stake.[16] Pro TV SA will become the sole owner and operator of CME's broadcasting licenses (*Pro TV*, *Acasa* and *Pro TV International*) when the transfer from Media Pro International and Media Pro SRL is completed. As the major owner, CME also changed the governance structure in its favour.

After the completion of a multi-year series of payments to Ioan Tiriac for his interest, its main partner will remain Adrian Sarbu.

Chart 1 PRO TV OWNERSHIP



Source: National Trade Registry Office.

Note: * Ioan Tiriac has agreed to sell to Adrian Sarbu, Rootland Trading Cyprus (the company through which Tiriac operates).

The 2002 EU Commission Report on Romanian's accession progress, included a mention of *Pro TV*'s debt. "*Pro TV* is heavily indebted to the Romanian state and has applied to the tax authorities for a rescheduling of its outstanding tax liability. This makes the channel's continued operation dependent on the good will of the Romanian authorities."[17] An agreement with the Romanian tax authorities has reduced and re-scheduled a portion of these interest and penalty charges in return for specific deposits and an agreed repayment schedule. According to the Ministry of Finance, tax liabilities in the approx. amount of EUR 6.2 million were re-scheduled on 31 December 2003. In CME's financial reports, these liabilities are considered a major problem: "Should the Romanian tax authorities demand immediate payment of all potential tax liabilities, the Romanian operations would experience difficulties in continuing to operate."[18]

3.1.2 ANTENA 1

Antena 1 is the main competitor of *Pro TV*. Launched in 1993, *Antena 1* reaches 68 percent of the population. Its market share in urban areas is 16.2 percent, approximately 1.5 percent less than that of *Pro TV*, according to CSOP/TNS.[19] *Antena 1* is operated under the license held by the company Corporatia pentru cultura si arta Intact, owned by the Voiculescu family. Dan Voiculescu is the key person in this company, and he is also the leader of the Romanian Humanist Party (PUR). It is clear that the owner put a lot of effort into increasing the rating of *Antena 1* before the 2004 elections.

3.1.3 PRIMA TV

Prima TV is the third ranked private television channel in Romania, with an audience share of about 7 percent. Its license holder and operator is Amerom Television, while Creative Vision International is the main producer. Both are controlled by a company substantially financed by the state, through the Ministry of Transportation. The name of this company is Romanian Investment & Development (RID). It is based in Bucharest, but is wholly owned by a New Jersey firm. The second owner of *Prima TV* with a 38 percent ownership share is Scandinavian Broadcasting System (SBS), registered in Luxemburg. *Prima TV* currently reaches approximately 53 percent of the television households in Romania.

The key person in this company is the minor shareholder and Manager of *Prima TV*, Cristian Burci, a former Romanian emigrant to the USA during communist times. After 1990, he returned to Romania. He has American citizenship, which explains the registration in the USA of some companies under his control. Therefore, *Prima TV* is licensed and operated by Amerom Television SRL, registered in Romania; but this company is wholly owned by Amerom Television LTD based in New York.

Cristian Burci started *Prima TV* in 1997, and in March 2000, SBS bought a 86 percent interest in it. The station later experienced serious financial problems, so in July 2001 SBS decided to deconsolidate its business in Romania. On the same date, a "strong" investor took over the main stake in *Prima TV*. This investor was Romanian Investment Development (RID). A few months earlier, RID had been financially strengthened with EUR 5 million, provided by state companies owned by the Ministry of Transportation. Coincidentally, RID purchased a 43.87 percent share in *Prima TV* for a similar amount of money.

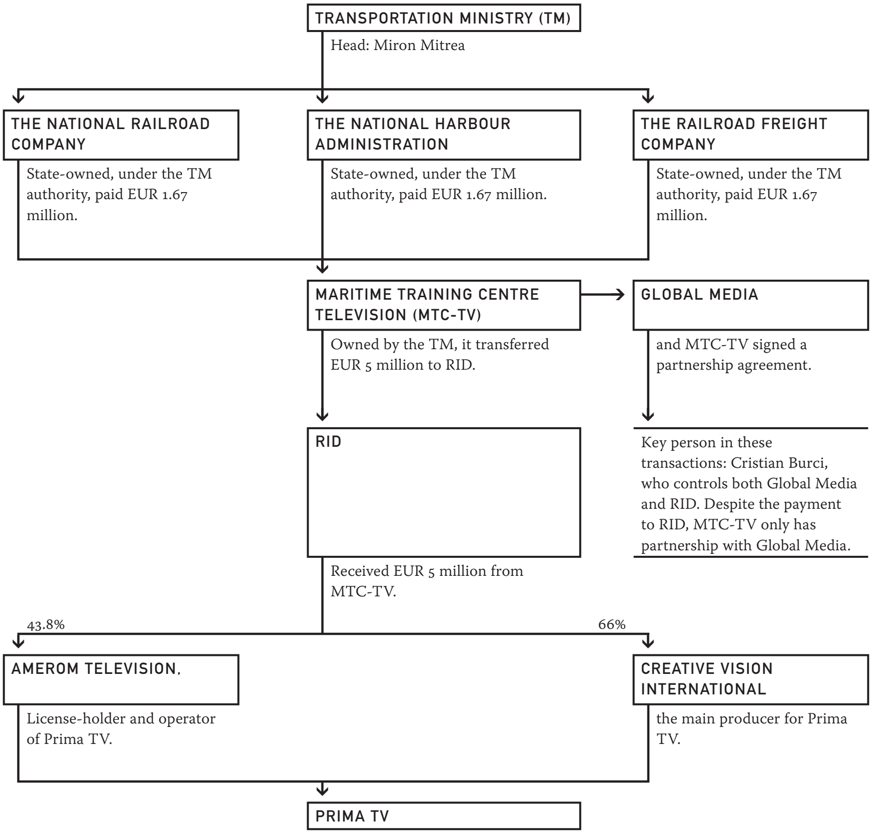
Since direct subsidies are forbidden by law, a complicated financial engineering scheme has been applied in the case of *Prima TV*. In April 2001, the Romanian Government approved the creation of a state-owned TV production house,[20] Maritime Training Centre Television (MTC-TV), under the authority of the Minister of Transportation. The Government described it as a "strategic company", with the declared mission of better reflecting the activities of the Ministry of Transportation in the Romanian media, according to official documents. The Ministry of Transportation ordered three companies under its authority to associate with MTC-TV, with the prospect of sharing future profits. To attain this remote "benefit", each of these companies had to pay EUR 1.67 million in advance. The National Railroad Company, The National Harbour Administration and The Railroad Freight

Company paid between them a total amount of EUR 5 million. None of them really needed promotion, as they are either monopolists or have only administrative assignment.

Who was it that really gained from this transaction? Not MTC-TV itself, but Cristian Burci, *Prima TV*'s small shareholder, who also controls RID. As the first link in the chain, MTC-TV passed the money on to RID, but not on the basis of any contract, as was revealed after the opposition had initiated a motion in Parliament.[21] The only document related to this transaction that could be retrieved was a partnership agreement between MTC-TV and another of Burci's companies, Global Media.

Despite media reports and even a Parliamentary moratorium, neither the Government nor other Romanian authorities has taken any action to investigate this case.

Chart 2 HOW PRIMA TV WAS FINANCED BY THE TRANSPORTATION MINISTRY



As a result, SBS decided in April 2001 to no longer consolidate the financial transactions of *Prima TV*.[22] The *Capital* weekly explained: "To get rid of the losses at *Prima TV*, SBS handed over control of *Prima TV* to the 'local partner' (RID). The only condition was that RID, the company under Burci's control, ensured the financing of Prima TV by providing EUR 5.37 million in 2001."[23] The "de-consolidation" period lasts three years, and after that SBS can regain its shares, which is precisely the duration of the association between MTC-TV and the three transport companies.[24]

3.1.4 B1 TV

Although it has not reached a significant audience share, the ownership of *B1 TV* is interesting. It is a local station covering the Romanian capital, launched in 2001 by one of the Paunescu brothers. They are among the first media "moguls" who emerged immediately after the communist period. They still own national and regional papers, but their main areas of business lie in other fields (hotels, oil, etc). The Paunescu brothers were investigated in connection with the first bank bankruptcy in Romania, as beneficiaries of questionable loans. Holding the third position on the 100 Richest People list, with a fortune estimated at USD 640–650 million, the Paunescu brothers are still supporters of the Social Democrat Party (SDP).

3.1.5 REALITATEA TV

Launched in November 2001, *Realitatea TV* is the only channel wholly dedicated to news and talk shows. It also hosts the only program about media issues. *Realitatea TV* was founded by Silviu Prigioana, the owner of a powerful urban sanitation company, Rosal. In December 2003, Prigoana sold 55 percent of *Realitatea TV* to Bluelink Comunicazioni, an Italian company registered in Switzerland only a couple of months earlier. Speculation about the real owner of this company cannot be confirmed, as Swiss law protects the anonymity of ownership for some categories of companies. Prigoana also has a traditional music channel (2002), and a sports channel, *TV Sport* (2003).

3.1.6 NATIONAL TV

A new competitor on the Romanian television market, *National TV*, founded by the Micula brothers, appeared in the autumn of 2003. The Miculas (mostly active in the food processing business) were rather close to the former ruling coalition, but after the last elections they became very discreet about their political preferences. Among the 100 richest businessmen, they have invested in the media field only recently. Besides TV, they founded a daily, *Realitatea romaneasca*, with no audited circulation.

3.2 RADIO MARKET

There are more than 150 private local FM stations, which usually broadcast music and hourly news bulletins. The largest is *Europa FM*, with an audience share of 19.1 percent. The second position is held by *Pro FM*, with 10.7 percent, followed by *Radio XXI*.

On the radio market, the most influential owner is the French group Lagardère, which owns a majority stake in *Europa FM*, but it also has an important stake in *Radio XXI* (20 percent).[25]

3.2.1 EUROPA FM

Founded in 2000, *Europa FM* was the first and only radio broadcaster to obtain a regional private license. All its competitors had to obtain approval for every local station they launched; some of them protested at the time. *Europa FM* covers 60 percent of Romanian territory, reaching 80 percent of the population. It is part of Lagardère Active Radio International network (Lagardère owns 76 percent of *Europa FM*), which operates in Romania through Europe Development International Romania SA (EDI).

In May 2003, *Europa FM* found itself at the center of a scandal about political pressure inside the newsroom. The head of the News department at the time, Rodica Culcer, and her two colleagues, resigned because of editorial censorship imposed by the management. They testified to the pressure exerted by the management not to broadcast news reports about a sales transaction involving airplanes which would have upset the Government. The fact is, that in addition to its media division, Lagardere owns 16 percent of the powerful European Aeronautic Defence and Space Company (EADS).[26] Not long after the resignation of the three journalists, the Romanian Government publicly revealed plans to buy four new A318 planes from Airbus, the aircraft maker whose majority owner is EADS.[27] These new aircrafts are to be added to the predominantly Boeing jet fleet, and they will cost Romania approximately EUR 132 million.[28]

Several papers criticised the position of *Europa FM*'s management. *Cotidianul* put it bluntly: "Culcer, Prelipceanu and Forga denounced political pressure." The headline of the *Ziarul de Iasi* read, "SDP Manoeuvres Destroy *Europa FM*." Independent media organisations, e.g. the Centre for Independent Journalism in Bucharest and the Media Monitoring Agency, also protested against censorship inside *Europa FM*. The Journalist Alexandru Lazescu stated that "the case of *Europa FM* reveals that not even foreign capital guarantees editorial independence."[29]

3.2.2 PRO FM

Pro FM is *Pro TV*'s brother in the radio field. The network has 26 local stations, either owned or affiliated, reaching 31.25 percent of the population. In 2002, *Pro FM* had an average all-day audience share of 10.7 percent. As with *Pro TV* station, *Pro FM* is planned to be held and operated only by Pro TV SA.

3.2.3 RADIO XXI

The ownership structure of *Radio XXI* (based on Trade Register Office data last updated on 6 September 2002) points to a rather peculiar connection between the French media group, Lagardère (owner of a stake in the airbus company, EADS), and the Romanian Minister of Defence, Ioan-Mircea Pascu.

Radio XXI is the third most popular radio network in Romania, with a 7.7 percent audience share. It is also the Romanian number one station for people under 30.[30] Lagardère owns 20 percent of the shares in *Radio XXI*, and presents the station on their website as part of the Lagardère Active Radio network.[31] Furthermore, *Radio XXI*'s General Manager is *Europa FM*'s Chairman, Ilie Nastase, a former SDP candidate for the position of Mayor of Bucharest. Moreover, the current Minister of Defence, Ioan Mircea Pascu, was among its board members until 1 April 2003, when the Anti-Corruption Law explicitly forbade members of the Government to run private companies. The same Minister Pascu initiated a law that would oblige the media to publish all replies from state authorities to media articles. The initiative was very controversial at the time, and after many public debates, was finally rejected. At the time, Minister Pascu expressed his dissatisfaction over disobedient media, stating at a press conference that "some papers don't want to be controlled."[32]

3.2.4 KISS FM

One of the first FM radio stations in the post-communist period, *Contact FM*, became *Kiss FM* under the control of Cristian Burci. Alex Ulmanu, an assistant professor at the University of Bucharest, School of Journalism and Mass Communication, stated that "the move could be seen as part of a wider strategy by the SDP to take control over or establish new media outlets to gain more visibility and influence before the parliamentary elections scheduled in 2004."[33] At the end of 2002, *Contact FM* was ranked in fourth position in terms of audience share.

3.2.5 STAR FM AND THE EXPULSION OF BBC

Although it is not among the top ranking radio stations, it is important to mention *Star FM*, "the elder brother" of *Kiss FM*. Through RID, the same company which owns part of *Prima TV*, Cristian Burci took over the former *Uniplus* network. He changed its editorial policy and began to target especially women aged 20-30. As a result, the retransmission of the Romanian *BBC* programs (renowned for their criticism of the Government) was dropped by the new *Star FM* network. *Uniplus* had transmitted *BBC* since its first day, as one of its key programs. Christian Mititelu, the Director of the Romanian department of BBC, told *Capital* that the radio network retransmitting BBC "was not loved either by the former Government or by the one in power, which deconsolidates it in financial terms."[34] Journalist Alexandru Lazescu described the discontinuation of BBC programs as an example of "the actual consolidating influence of the Government on private news and TV programs."[35] Since BBC, as such, is not licensed in Romania, the loss of the several broadcasting partners over the last three years caused its audience share to drop by 25 percent.[36] The BBC management has also faced problems inside its Romanian section, when one of the famous Romanian journalists working with the BBC in London saw his contract terminated. Other colleagues left the station as a sign of solidarity, accusing the management of editorial compromises. The BBC management replied that it was part of a new strategy: downsizing of the bureau staff in London, and increasing the number of journalists in their Bucharest office, in order to improve the quality of programming. The official explanation does not hold water, since BBC programs in Romanian are less and less often retransmitted by local stations, so there is no justification for an increase in personnel.

Table 2 MAIN PRIVATE RADIO CHANNELS IN ROMANIA

RADIO	START	COVERAGE	AUDIENCE SHARE	OWNER	
EUROPA FM	1999	REGIONAL LICENSE: 60% OF THE COUNTRY'S TERRITORY.	19.1%	76%	LAGARDÈRE ACTIVE RADIO INTERNATIONAL SA
PRO FM	1993	25 URBAN STATIONS.	10.7%	66%	CME ADRIAN SARBU IOAN TIRIAC
RADIO XXI	1993	21 URBAN STATIONS.	7.7%	52.5% 20%	FUNDATIA SECOLULUI XXI LAGARDÈRE ACTIVE RADIO INTERNATIONAL SA
RADIO KISS FM (former Contact FM)	1990	21 URBAN STATIONS.	7.6%		Ownership structure data has not been updated in the public records, but Cristian Burci is believed to be the new owner.

Sources: IMAS, *Market Research in Urban Areas*, quoted by Reichl und Partner Communication Group. National Trade Register.[37]

3.3 PRINT MEDIA MARKET

In the market of daily newspapers in Romania, The one with the highest circulation is the tabloid *Libertatea*.

Speaking about non-tabloid dailies, the main players are *Adevarul*, in the top position, closely followed by its strong competitor, *Evenimentul Zilei* (EZ). Their circulation figures are 150,000 and 130,000 copies respectively. *Romania Libera* and *National*, with the German WAZ being a significant shareholder in each, trail after with 60,000 – 76,000 copies. Other publishers' print circulations average around 50,000 copies or less; these are mainly companies that are part of other Romanian business groups.

3.3.1 RINGIER GROUP

The undisputed leader on the print media market is the Swiss group Ringier. It owns the largest circulation daily (app. 250,000 copies) in Romania, the *Libertatea* tabloid. Ringier Romania recently expanded its operation by purchasing the most popular sports newspaper, *Pro Sport* in June 2003, while its latest acquisition is the daily *Evenimentul Zilei*. Thus, Ringier controls a significant percent of the national newspaper market. Additionally, this media group publishes the largest circulation business and economic weekly, *Capital*, and several TV, women's and music magazines. While Ringier focuses on media industries, its Romanian competitors have usually evolved from big business groups engaged in other fields.

3.3.2 ADEVARUL DAILY

Adevarul is a successor to *Scanteia*, the most widely read daily during communist times (it was the Communist party's mouthpiece). In the post-communist period, *Adevarul* managed to remain on top. Its publisher, the joint stock company, Adevarul SA, has been sold gradually, mainly to its journalists. In December 2002, its main official owner was Dumitru Tinu (80.7 percent), who was its General Manager at the time. After Tinu tragically lost his life in a car accident on New Year's Eve of 2003, the paper found itself amidst a huge controversy as to who its real owner was. Normally, the shares would have passed to Tinu's daughter, Anamaria. However, Tinu's alleged second natural son, Andrei Iucinu, appeared after his death, and claimed in court his share of the Tinu inheritance

Adevarul's ownership became even more complicated when allegations were aired that an Arab businessman, Fathi Taher, together with an SDP leader, were behind Tinu's shares. In an open letter, Iucinu's lawyer asked both to clarify the matter.[38] Taher denied any involvement and thus protected the reputation of the newspaper. The inheritance suit is still underway. The practice of hiding behind "harmless" names has become increasingly widespread in Romania. The procedure is quite simple: the person who wants to remain hidden signs a document by which he transfers his interests to a second person. However, the latter has only a formal role, but not the proper right to use these shares without the real owner's agreement. The documents remain secret, but the operation can be risky, especially in unpredictable situations (such as death, divorce etc.).

3.3.3 EVENIMENTUL ZILEI DAILY

Bertelsmann's paper division, Gruner + Jahr, agreed to sell the daily *Evenimentul Zilei* (*EZ*) to Ringier at the end of 2003, with the arrangement coming into force on 1 January 2004. The sale is part of a broader strategy, in which Gruner + Jahr have sold all their newspaper operations in Eastern Europe. *Evenimentul Zilei* has been managed by Cornel Nistorescu (formerly a significant owner), and the change of ownership did not modify the management structure.

3.3.4 ROMANIA LIBERA AND NATIONAL DAILIES

Third and fourth ranked by the Audit Bureau of Circulation, *Romania libera* and *National* are both owned by the Balkan division of the German Westdeutsche Allgemeine Zeitung (WAZ): 35 percent and 50 percent respectively. The East European Development Fund holds 21.6 percent in *Romania libera*, half of whose circulation is subscription circulation; the paper is famous for its classified ads. Regarding the *National*, the other half of the shares are owned by founder-journalists, who have maintained an editorial content rather close to tabloid style.

Table 3 MAIN DAILIES IN ROMANIA

TITLE	CIRCULATION	SALES	OWNER	
LIBERTATEA	272,000	222,000		RINGIER
ADEVARUL	151,000	141,000	80.7%	ADEVARUL SA (owned by the Tinu family)
EVENIMENTUL ZILEI	130,000	103,000		RINGIER
ROMANIA LIBERA	76,000	71,000	35% 21.6%	WAZ EEDF
NATIONAL	60,000	54,500	50% 50%	WAZ N&V PRESS GROUP
ZIUA	42,000	34,000	42% 26%	ZIUA SRL (GEORGE GAITA) SORIN ROSCA-STANESCU)
JURNALUL NATIONAL*	41,000	32,000		JURNALUL SA (Dan Voiculescu's family)

Sources: Audit Bureau of Circulation in Romania, Trade Register Office (data accessed in December 2003), and companies.
Note: *Period January – June 2003; The circulation of *Jurnalul National* has significantly increased in 2004, which brings it up to the first positions.

3.3.5 CAPITAL WEEKLY

Owned by Swiss Ringier, *Capital* is the leading business weekly. Founded 11 years ago, it ranks among the top economic print media. It has the reputation of a neutral paper, focused on business matters but also on general interest topics, analysed from an economic point of view. It sells about 50,000 copies, of which more than half are subscriptions, indicating a stable audience.

3.3.6 ACADEMIA CATAVENCU WEEKLY

Academia Catavencu's ownership is transparent and published on its website. *Academia Catavencu* was founded thirteen years ago by several journalists who are still the major shareholders of the paper (either personally, or via IQ Editex company). Mainly a satirical paper, it has the reputation of publishing investigative stories, written in a satirical way. It sells about 43,000 copies, of which 83 percent account for direct sales.

Table 4 MAIN WEEKLIES IN ROMANIA

TITLE	CIRCULATION*	SALES	OWNER
CAPITAL	61,000	50,000	RINGIER
ACADEMIA CATAVENCU	56,000	43,000	SC ACADEMIA CATAVENCU (owned by the journalists)

Sources: Audit Bureau of Circulation in Romania, Trade Register Office (data accessed in December 2003), and companies.
Note: *Period January – June 2003.

3.3.7 DISTRIBUTION CAPACITIES

The largest distribution company is the formerly state-owned Rodipet, privatised on 23 December 2003, for EUR 7.5 million. The buyer, Magnar System Com, based in a village near Bucharest, is suspected of being the successor to a company with the same name that police and tax authorities had investigated for fiscal fraud three years earlier. The on-line investigative publication, *Anchete.ro*,[39] discovered the same names among their owners and managers. Although the print media quoted the story, there were no official reactions. State-controlled distribution has had a significant effect primarily on the local press; the most significant case is *Ziarul de Vrancea*, a small local paper repeatedly excluded from Rodipet's network, because of its criticism of the local administration. The Convention of the Media Organisations took action against "the discriminatory treatment, which limits freedom of expression."[40] Even the powerful media group, Ringier, faced problems and accused Rodipet of censorship. The MMA stated that "Rodipet has been frequently used to intimidate or prevent from entering the market those publication unfavourable to the government."[41] Sales represent about 80 percent of Romanian newspapers' income.[42]

3.3.8 PRINTING CAPACITIES

In the print field there are many competitors, foreign and Romanian. The costs are much higher for small papers, as a larger number of copies means bigger discounts. Sometimes, publishers prefer to pay for transport if the costs of printing in their town are higher. But, in general, there are many printing facilities all over the country and many papers have bought their own, even if second-hand. Possible political pressures may interfere mostly with newsprint provision. At the beginning of 2003, a Romanian printing plant was purchased by the SDP Mayor Dumitru Sechelariu (in Bacau) and another SDP member. Sechelariu has his own local media holding (newspaper, radio and TV), as well as interests in a local advertising company.

4 MEDIA OWNERSHIP PATTERNS

4.1 MAIN MEDIA OWNERS AND THEIR POLITICAL AFFILIATIONS

Several media outlets often grow under the same patron, thus nourishing media concentration. A newspaper owner will not be happy unless he makes an attempt at launching at least one radio station, if not a TV network. From this perspective, there are three main media players. One is widely known as Media Pro. In fact, Media Pro does not exist as a holding, but the companies belonging under this umbrella are related through common shareholders. The Media Pro family has two main branches.

The first branch is mainly owned by the American CME and, significantly, by the businessmen Adrian Sarbu and Ioan Tiriac. It comprises the leading private TV channel, *Pro TV*, a production house, Media Vision, and the radio network, *Pro FM*. Central European Media Enterprises (CME) is a Bermuda company, part of the American Lauder group, which invested in Romania via a subsidiary in Amsterdam. Both Ioan Tiriac and Adrian Sarbu are among the richest 100 people in Romania, the former with an estimated fortune of USD 650–700 million.[43]

The second branch includes the news agency, *Mediafax*, regional weeklies published by Publimedia International, and the National Distribution Company (NDC).

The second media owner in terms of influence is Dan Voiculescu's family, the owner of the second leading private TV channel *Antena 1*, the TV production house, Intact Advertising, a local radio station, *Romantic FM*, and the dailies *Jurnalul National* and *Gazeta Sporturilor*.

Third place belongs to Cristian Burci, whose influence has recently undergone a considerable increase. He controls the television channel *Prima TV* (third in terms of audience share), the TV production company, Creative Vision International, and two radio networks *Radio Star* and *Kiss FM*.

While both Adrian Sarbu (Media Pro) and Cristian Burci (*Prima TV*) invested mostly in media, entertainment and advertising, Dan Voiculescu has businesses in different fields, among these commerce, agriculture and industry. He is also a politician, the Chairman of the Humanist Party in Romania (PUR), which last year withdraw from the coalition with the ruling Social Democrat Party (SDP). It is not known on whose side the PUR will be in the 2004 elections.

Regarding political affiliation of the other two big media owners, Cristian Burci is notorious for his support of the SDP, while CME and Adrian Sarbu's companies are not free to "vote" against the Government, because of the companies' huge debt to the state. Romanian media investors are among the 100 richest people in Romania, for instance Voiculescu is among the first ten, with an estimated fortune of USD 250–260 million.[44]

Others among the 100 richest Romanians have also developed media groups. For example, the Paunescu brothers or the Micula brothers, SDP and Liberal Party oriented, respectively. So far, their media outlets have not achieved significant audience shares at the national level. The richest Romanian, Iosif Constantin Dragan, has his own local media kingdom, although of a rather low profile.

4.2 POLITICIANS AS MEDIA OWNERS

The number of politicians who buy newspapers to gain power and influence has been increasing. One example of such a conduct has been the case of the Bacau based *Desteptarea* paper, as revealed by the *Capital* weekly.[45] In the 1990s, the local Social Democrat Party leader and the Mayor of Bacau, Dumitru Sechelariu, took over the former communist paper and renamed it *Desteptarea*. He publicly admitted that the newspaper was really useful to his political career. "It is the Mayor's best property. /…/ Of course it helped me in the elections, I could tell people what I thought."[46]

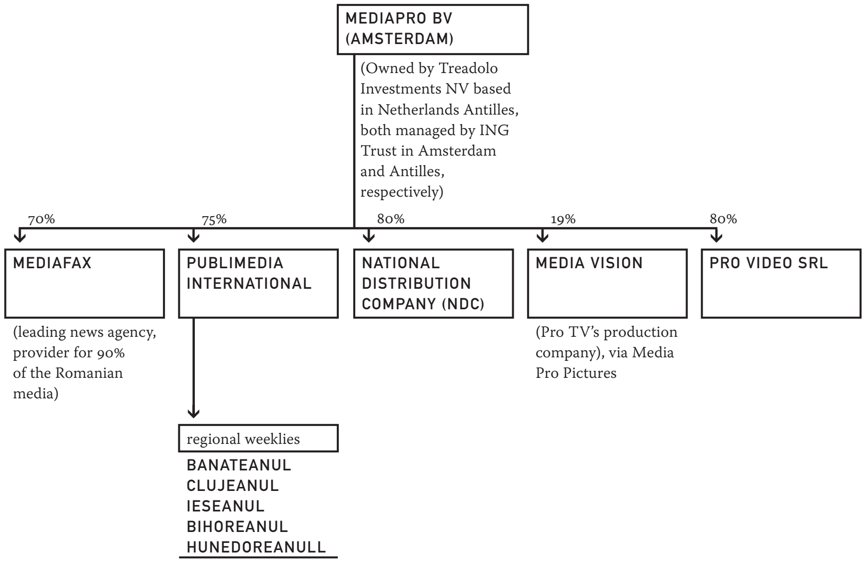
4.3 HIDING MEDIA OWNERSHIP

Founded in 1991, *Mediafax* has become the main news agency, providing information for 90 percent of the Romanian media. While the state-owned news agency lacks credibility, other small private agencies like *AM Press*, *AR Press*, and *Rom Net* remain just minor players.

Mediafax is largely known as part of the Mediapro group; in 2002, the initial ownership structure changed discreetly. The former main shareholder was replaced by Mediapro BV, registered in Amsterdam (73.9 percent). In fact, there is nothing behind Mediapro BV but the Caribbean company, Treadolo Investments NV, registered in Curacao, Netherlands Antilles. Both are managed by the local based ING Trust, a unit of the Dutch ING Group that specialises in trustee services.[47] All traces of the real owners have been kept secret, and ING, invoking a confidentiality agreement made with its client, declined to comment.[48]

Lack of ownership transparency in the *Mediafax* news agency may call into question the credibility of thousands of pieces of information daily spread countrywide by most of the Romanian media.

Chart 3 MEDIA PRO BV IN AMSTERDAM (MEDIAFAX OWNER)



5 MEDIA INDEPENDENCE

The Media Monitoring Agency (MMA) considers that several media outlets are increasingly becoming a tool for their owners to gain influence. Businessmen involved in politics have founded their own media groups and set clear directions for their employees as to who are the "good guys" and who are the "bad guys". These kinds of media companies have not been created for profit, but in order to exercise influence, to protect business and to attack economic and political adversaries.[49]

As a result of increasing political, but also economic, pressure, investigative journalism has appeared less frequently and almost disappeared from TV screens. Occasionally, news programs do broadcast investigative peices, but mostly about petty corruption. There are no radio programs with a clear investigative format; only talk-shows and news reports cover corruption and other sensitive topics. Rather than radio and television, it is the print media that cover corruption or other sensitive topics. Moreover, investigative journalism lacks credibility. Special budgets for investigative stories are very rare, and a journalist working in this field does not have any special status inside the office, apart from a few small privileges (e.g. a more flexible schedule and sometimes higher payment, but not significantly higher). Moreover, investigative reporters are sometimes the victims of physical violence, and one investigative journalist was found dead in the town of Timisoara.

A collective agreement on the national level between journalists' associations and media publishers has often been debated. However, NGOs have never come to a common conclusion. Journalists in private media are not united within unions. This is an issue that is regarded as very sensitive. Without any in-house agreement protecting their rights, journalists can easily be fired if they refuse to write an article. When an employee tries to protest, the owner usually replies: "Three young persons are waiting at my door to be hired." Most of them earn less than the average wage (100 EUR per month), not to mention journalists working for local publications.[50] An independent press can only exist in a functional and sound market based on economically sound operation and well trained journalists who are aware of their own value: transparent editorial policies and good salaries for employees, which provide them with the proper motivation and lead to better professional performance, are just two of the solutions in this respect.[51]

In practice, the pressure on journalists has increased considerably, and often without a clear boundary between political and commercial interests, between journalism and hidden advertising. One of the three largest circulation dailies in the country offers through its web-site two types of advertising: one clearly marked with A (from advertising), the other, twice as expensive, without a distinguishing mark for advertisement. One A category page costs EUR 1,400, while an advertising story without A costs EUR 3,190.

In 2002, the International Advertising Association accused a segment of the Romanian media of blackmailing international companies with attacks on their images. The issue reached the pages of the *Financial Times*, which quoted several investors who faced such situations. A journalist working for the local media described the principle as follows: "If you pay, you're the best. Otherwise, you'll be in media scandals."[52] There is also a practice where advertisers provide financial support to the media without requesting that their advertisements are published in the media. This kind of arrangement is related to either political or economic motives. Usually, such payments go to newspapers that criticise local authorities, where the respective companies do not want to see themselves associated with a newspaper running against the mainstream. But companies often finance newspapers just in order not to be attacked, without any advertising being published. The main source of these unhealthy practices is the lack of money on the advertising market. With few exceptions, advertising revenue is so low that it does not allow the paper to survive with transparent resources. The paradox is that almost no media outlet has gone bankrupt; on the contrary, the number has been constantly increasing. It seems that money talks: Romania is the only candidate for accession to the EU belonging in the category of countries with a partially free press, according to the Freedom House ranking.[53]

6 CONCLUSIONS

There are no legal provisions forcing media outlets to reveal their real owners. Ownership data should be public as for any other company, but media owners sometimes hide their traces using legal means guaranteeing secrecy. Foreign ownership is present in every media field, but sometimes it has behind it companies registered in tax haven jurisdictions (CME Bermuda, Albany Holdings in New Jersey). Often, the foreign investors are only part of a big business. Romanian entrepreneurs usually created their own media outlets to gain more influence. One leading television is owned by a political leader. Until April 2003, the law did not clearly sanction such conflict of interest, so there were cases of ministers running media businesses. A new law that came into force in mid 2003 prohibits public servants from running businesses.

While the provincial Romania politicians try to directly control small media outlets, the Government perseveres in keeping an eye on the majority of the big players - especially because of tax liabilities, and in some cases, through indirect subsidies.

Monitoring of TV news and print media revealed the lack of investigative journalism in broadcast programming and almost no criticism of the Government. Consequently, media organisations have warned several times both civic society and the international community that little formal advancement and no substantial progress have been made in 2003 concerning freedom of the media in Romania.[54]

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SERBIA

Dragan Đoković

1 INTRODUCTION

The Serbian media market is characterised by transition. Media ownership is continuously changing, for economic and political reasons. The transformation of socially owned capital into private property is still underway, and it is accompanied by numerous difficulties and irregularities. The difficulties are mostly generated by bad implementation or misuse of legal acts. The new laws lack strong support from the state apparatus and justice mechanism. On the other hand, some laws, like for example the Law on Public Access to Information, are yet to be adopted. That is why Serbia is an attractive market for risk investments of all types. The investors are especially fond of media, as the Serbian market remains one of the largest in South East Europe.

The most important media are owned by local businessmen, with foreign companies slowly taking over. The local businessmen are mainly entrepreneurs who generated their basic capital by working closely with the regime of Slobodan Milošević in the 1990s (for instance *BK Telekom*, *RTV Pink*). The foreign investors in Serbia are media groups that have been focusing on the South East Eureopean market in the last years (WAZ, Gruner + Jahr, Ringier). There is also a phenomenon of journalists securing their ownership shares and stability of their media through foreign donations (for instance *B92*, *Danas*).

Nowadays, we cannot really talk about direct and brutal attacks on media freedom, but a new trend involving pressure from local and foreign capital is emerging. When buying media, the owners are taking over journalists as "labour force", thus creating a sort of media proletariat. Media freedom is no longer endangered by political projects but by business interests. Freedom of speech is not succumbing to ideology, but to profit. In the transitional times of Serbian media privatisation, journalists and copyrighted programs are transferred like money or merchandise (the Klopka TV show was transferred from *RTV Pink* to *BK TV*; the movie program editor, Robert Nemeček, left *TV Pink* for *B92*; the *RTS* chief editor, Bojana Lekić, has now joined *BK TV*, etc). And neither local, nor foreign investors care for improvement of journalists' professional and social standards.

2 REGULATION AND IMPLEMENTATION

The media scene in Serbia is regulated by three basic acts: the Broadcasting Law,[1] the Public Information Law[2] and the Law on Telecommunications.[3] Representatives from all the relevant professional organisations and associations, media and legal experts, representatives from the OSCE and the Council of Europe, and other interested parties took part in the process of law-making with belief that the Serbian media scene could be successfully transformed.

2.1 BROADCASTING LAW AND ROLE OF THE BROADCASTING AGENCY

The main regulatory body for the broadcast media is the Broadcasting Agency or, to be more precise, the Council that runs the Agency. The Broadcasting Law establishes the Agency,[4] and defines its role and functions. The role of the Agency is to define a development strategy for the broadcasting sector, to issue broadcasting licenses, to set working conditions for broadcasters, to protect the interests of minors and authors' rights, and to stop broadcasting of any program which induces discrimination, hatred or violence. The Agency should also control the legality of the broadcasters' work. The method of electing the nine members of the Broadcasting Council is intended to ensure the Agency's independence from the authorities. The members of the Council have to be highly respected individuals, with large credibility before the public, and should by no means engage in conflicts of interest, or the appearance of conflict of interest.[5]

2.1.1 OWNERSHIP RESTRICTIONS

The Broadcasting Law contains restrictions regarding the founders of and ownership shares in the broadcast media, but has no provisions on transparency about the origins and ownership of the capital used for starting a media. Both the Broadcasting Law and the Public Information Law require the media to make basic data on the founding organisation public, including their addresses and the names of the responsible individuals (chief editors and editors in charge).

According to the Broadcasting Law, any concentration of media ownership is prohibited; no single broadcaster can invest in the founding capital of another broadcaster or company publishing printed media, and vice-versa.[6] But that provision is often ignored in practice and circumvented by establishing "sister companies". The concentration of media ownership is highest in the big media groups, especially those under direct control or influence of the previous regime. For example, the media group Politika publishes three daily newspapers, ten weeklies, newsmagazines and other periodical publication; it also owns a television station, *TV Politika*, a radio station, *Politika*, and one of the largest printing companies as well as a sales and distribution network. The group Novosti, owns a radio station, the most popular daily newspaper, *Večernje novosti*, and twelve other publications. The group Braća Karić owns a TV and a radio station and publishes magazines. The group Pink has a TV and a radio station.

According to the Broadcasting Law and the Public Information Law, a license to broadcast a program or publish a newspaper cannot be obtained by political parties, organisations or coalitions, nor any legal entity founded by a political party.[7] No public enterprises, institutions or other legal entities founded by the State or Autonomous Provinces, can be granted a license, with the exception of public broadcasting service entities. But many Serbian municipalities are still owners of television and radio stations, and they exert political influence over their editorial policies by appointing members to editorial boards in line with their political merits. This is the biggest problem with most of the local media and the greatest obstacle to their professionalisation and independence. Under the Broadcasting Law, these stations must be privatised by 2005.

2.1.2 TRANSPARENCY PROBLEMS AND BROADCASTING WITHOUT LICENSES

Because of the lack of legal provisions on the transparency of ownership shares in the media, it is often very difficult to figure out who owns what on the media scene, and it is even more difficult to find out in which way and in what percentage certain media have shares in other media. All sorts of information on media operation, such as the ownership structure, the value of the company or its accountability, are kept as a business secret. One part of the information on the management and the ownership of the media can be obtained from the Court of Commerce, where companies are registered, but this information is not reliable because the data on ownership structures are not regularly updated, despite the legal obligation.

The Ministry of Culture and Public Information that should have all the data on the media, is relying on an incomplete register of the media and waiting for further instructions from the Broadcasting Agency, which is about to start operating. In addition, access to this information will be more difficult under the Public Information Law that specifies that the founders of media are not obliged to be listed in the media register.[8] This register has been abolished, and the founders are now only obliged to found a legal entity that publishes the media or broadcasts the program.

An inside look at the state of the media scene is limited by the fact that most of the broadcast media operate without any broadcasting license. In order to understand the situation, one should know that after the democratic change in 2000, the new authorities introduced a moratorium on the allocation of public frequencies, preserving the status quo in the number and operations of radio and TV broadcasters, in an attempt to avoid major abuses of the lack of legal grounds. It was said that the moratorium would be lifted in a few months, but it is practically still in force. Everyone is waiting for the Broadcasting Agency to prepare a plan, to set frequencies and to allocate them by way of public tender, along with the criteria that need to be met by broadcasters before they are awarded licenses. Until this process is over, neither the restrictive legal provisions on the concentration of media ownership, nor other anti-monopoly provisions can be implemented.

The big turning point in the number of electronic media operating in Serbia will happen once the Broadcasting Agency starts to implement the law, which defines that public broadcasting systems have to ensure quality reception for no less than 90 percent of the country's population, while commercial broadcasting systems have to ensure quality reception for no less than 60 percent of the population.[9] In addition, the following provisions are likely to further limit the number of media operating: the broadcaster has to have 50 percent of its own programming, of which no less than 50 percent has to be produced in Serbian language; the radio and TV stations broadcasting programming for national minorities also have to have no less than 50 percent of their own programming.

2.2 TELECOMMUNICATION LAW AND ROLE OF THE TELECOMMUNICATION AGENCY

The Telecommunications Agency should focus on preventing the concentration of media ownership and market monopolies. It was established by the Law on Telecommunications (adopted in April 2003)[10] as an independent body running the Serbian frequencies. Its task is to prepare a development strategy for the telecommunications sector, to issue licenses for using frequencies, to ensure the quality level of the services and to prevent anti-competition and monopoly activities.

2.3 PUBLIC INFORMATION LAW

The Public Information Law was adopted in April 2003 too. The fact that the law was subject to an accelerated passage procedure during the state of emergency declared after the assassination of the Prime Minister Zoran Đinđić cast a shadow over this act, so it never gained the confidence of media circles. The Government claimed the law to be very restrictive,[11] because most of the articles deal with various sanctions against journalists and editors, while only a few promote, in a general manner, freedom of information and opinion (the right to information is guaranteed; no one has the right to deny the right to information; presentation of opinions and ideas is guaranteed; public institutions and political leaders have to make all relevant information public, etc.). In the Public Information Law, media pluralism is promoted, to a certain extent, only in the section relating to national minorities and persons with special requirements; the state has a general commitment to support their media, but there are no provisions on the terms and the level of support.

2.4 PUBLIC SERVICE BROADCASTING

The delay in implementing the Broadcasting Law, and thus in appointing the Broadcasting Council, also blocked the transformation of the state broadcaster *Radio Television Serbia* (*RTS*), into a public service. This state-owned company was left without reliable funding or a new management structure, and open to continuing outside interference. Preparations for public bidding for broadcast frequencies were also brought to a halt, and the chaotic media market was needlessly allowed to continue. The delayed application of the law also set back the transformation of media owned by local governments.

There was an attempt to amend the Broadcasting Law regarding the financing of *Radio Television Serbia*. The Government proposed that until the radio and television subscription system comes into force, state television should be financed through a special tax on financial transactions. Explaining the proposal, the Government specified that state television could be financed from the current budget only until 1 October 2003, and that the ability of the *RTS* to meet its obligations as a future public service broadcaster for Serbia and Vojvodina was doubtful. The Parliament, however, dismissed the proposal from its agenda, and it remains unclear when the amendments will be debated, if at all.

3 PRIVATISATION

In Serbia, the privatisation of the socially owned media started in 1990, under the law passed by the pro-liberal government of the former Yugoslavia, led by Prime Minister Ante Marković. But the authorities were largely unprepared to renounce social property and rather keen to retain control over the media. The privatisation had turned chaotic, with different acts regulating media ownership, some on the Serbian, and others on the federal level. Provisions for the models of privatisation were controversial, and media organisations were free to choose the legal basis for their privatisation. The authorities occasionally responded by canceling privatisation. It was mostly effected by government decrees.

3.1 CASE OF VEČERNJE NOVOSTI

Privatisation of the *Večernje Novosti* daily newspaper is one of the best examples of how the regime behaved towards the media in 1990s.

According to the 1989 Law on Companies (the Yugoslav federal law), the Borba public enterprise split into 12 companies, one of these being *Večernje Novosti*.[12]

The first privatisation of the evening newspaper, *Večernje Novosti*, took place in 1991, according to the Law on Social Capital passed by the ex-Yugoslav Parliament.[13] The law provided the basis for *Večernje Novosti* to become a shareholder company, the entire capital of which was distributed among the company's employees.

The change in ownership structure took place in 1999, according to the Serbian Law on Transformation, and new re-definition of capital in 1999, under the Serbian Law on Companies: an additional 30 percent of the capital was divided among employees, the State continued to directly own 24 percent of shares, and the company's employees were now owners of 76 percent of the shares. Večernje Novosti was registered as a stockholders company.[14]

But, in March 2000, the Federal Government issued a decree, which was Milošević's favourite way to circumvent the law, removing the company from the court register and making it once more part of the Federal Public Enterprise Borba.

A year later, in 2001, the new pro-democratic government repaired some of the media problems created by Milošević's regime. Apart from having abolished the Public Information Law, it managed to return the money that the previous government had taken from the media under the rapid penalty system, and the Novosti company was given back to its previous owners. The Government gave the Novosti company its legal ground for functioning, by passing a decision on the transformation of the Public Enterprise Borba, splitting it into three different companies. The former stockholders of the Novosti company were approved ownership rights for about 70 percent of the new company, while 30 percent remained state-owned property. The state still owns the building in which Novosti have their corporate headquarters. The main consequence of such decision is that the company cannot make strategic decisions and appoint management without representatives of the state.

For two years now, the Novosti company has been trying to break its bonds with the state and become 100 percent privately owned, but so far without success.

3.2 DILEMMAS ON PRIVATISATION OF LOCAL MEDIA

According to the Broadcasting Law, radio and TV stations owned by local and regional governments have to be privatised within no later than four years from the day the law came into effect (i.e. by mid 2006, since the Broadcasting Law was adopted in mid 2002).[15] Furthermore, the Ministry of Privatisation was obliged under the law to come up with a bylaw regulating the methods of television and radio station privatisation, no later than within six months from the day the law came into effect.[16] But the Ministry failed to do that, most probably because it was incapable of such a move and lacked the political will.

There are some open questions regarding the expecting privatisation of radio and television stations owned by local and regional authorities. Their privatisation might be risky from the point of view of their participation in a tender for frequencies. Being a kind of public broadcasters, as they are at present, and providing programs of special importance for the public, these radio and TV stations have better chance to pass the tender for frequencies (one that will establish legal distribution of frequencies and broadcasting licenses).

Another problem is that programs of special importance for the public are expensive, especially those designed for national minorities and produced in minority languages.

Taking into account the above mentioned it seems that local authorities will have to contribute to sustainability of the local radio and TV stations also in future to make them able to provide minority programs. The situation causes certain fear from privatisation of local media especially in Vojvodina because of the number of national minorities there and a need to provide for them space in the media.

4 MEDIA OWNERSHIP

4.1 PRINT MEDIA

4.1.1 DAILY VEČERNJE NOVOSTI

The Novosti company is the founder and publisher of two daily newspapers, ten magazines and one radio station. According to a public opinion poll conducted by the TNS Medium Gallup in September 2003, their daily *Večernje Novosti* is the most popular daily in Serbia. About 210,000 copies are sold every day, and it has 265,000 regular readers.

The official estimated value of the Novosti company is EUR 1.5 million.[17] The company is a joint venture. There are 6,739 stocks in total, of which 70.52 percent are privately owned by former and present employees of the company, while 29.48 percent is owned by the state. The Novosti company has 430 stockholders; its bodies are the stockholders assembly (12 members, each of them representing at least 200 stocks, their own or with authorisation from the owners), the management board, the supervisory board, the executive board of directors, the general manager and the chief editor.

4.1.2 DAILY BLIC

Blic is the second-highest rated daily newspaper in Serbia, in terms of circulation and readership, according to data obtained by the Strategic Marketing and Media Research Institute (SMMRI): 150,000 copies are printed every day, and more than 200,000 people read the newspaper all around Serbia and Montenegro.[18]

The newspaper was founded in the autumn of 1996, with shared Serb-German capital. The owner of the German share was the Gruner + Jahr AG Co from Hamburg, part of the Bertelsmann media group. Soon after 2001 and the democratic changes in Serbia, *Blic* became entirely owned by the German company, and the Serbian owner withdrew.

In November 2000, the company Blic bought the radio and TV station *Košava* from Slobodan Milošević's daughter. The transaction was conducted despite a moratorium on any move involving frequency allocation and ownership in the media proclaimed by the new democratic authorities. The purchase price has never been made public.

RTV *Košava* was founded and technically equipped by means of "donations" from large state-run companies, some of whom have later been liquidated for their huge business failures. It was later made public that one of the many "donations" to RTV *Košava* was DEM 430,000 (approx. EUR 220,000) worth of interior decoration for the editorial premises, paid by Beobanka and Jugopetrol. The media expected that RTV *Košava* would file for bankruptcy, instead of undergoing an ownership change.[19]

The Hamburg company, Gruner + Jahr AG CO, had the business goal of making RTV *Košava* a regional radio-television station focused on entertainment. It is rather significant that, regardless of the moratorium on frequencies, RTV *Košava* was strengthening and widening its signal area, and it now covers more than 70 percent of the Serbian territory, while in 2000 its signal was limited to the region of Belgrade. [20]

In 2003, the entire property owned by Gruner + Jahr AG CO in Serbia was sold to the Swiss media group Ringier.[21] According to the company's statement, Ringier will take over the major share in *Blic* in early 2004.

4.1.3 DAILY POLITIKA

One of the oldest daily newspapers in the Balkans, *Politika* was founded in 1904 and was the basis on which a powerful media group was built, nowadays consisting of three companies: Politika AD, Politika Newspapers & Magazines, and RTV Politika.

For decades before the rise of Slobodan Milošević, the newspaper *Politika* enjoyed great respect, and the same goes for the media group as a whole, which includes the largest printing plant in Serbia and the best developed distribution and sales network. In the early 1990s, Politika became a stock company, with large state-run companies as major stockholders; their representatives entered the Executive Board and allowed Milošević to exercise total control over editorial boards within the whole group and to determine its business and editorial policy. The largest stockholder was a Belgrade-based bank, Komercijalna Banka, an important cornerstone of the Milošević regime. The Komercijalna Banka claimed its capital in Politika on the basis of loans and interests to the company during the 1990s.

Supporting Milošević's regime for nearly a decade, Politika's business were down, and the company was facing a debt crisis. Today, the General Manager of the Komercijalna Banka is an influential member of the Executive Board of Politika AD, and at the same time his long-time advisor is the General Manager of Politika AD.

The entry of German capital into *Politika* was made official on 1 March 2002 when a company called Politika Newspapers & Magazines was formed as a 50:50 joint venture of Politika AD and a German corporation, WAZ.[22] The contract on founding the new Serbian-German media company was signed on 27 November 2001 in Essen by the General Manager and one of the owners of the German corporation, Erik Schumann, and the Chairman of the Executive Board of Politika AD, Darko Ribnikar, a descendant of the family which founded *Politika* back in 1904.

Standing behind the men who signed the contract were those who negotiated the whole deal: Bodo Hombach, Chairman of the Executive Board of WAZ, on one side, and on the other, Serbian Prime Minister Zoran Đinđić, Minister for Foreign Economic Relations in the Government of Serbia, Goran Pitić, General Manager of the Komercijalna Banka, Ljubomir Mihajlović, and General Manager of Politika AD, Mirko Đekić.

The Company Politika Newspapers & Magazines (PNM) owns three daily newspapers distributed all across Serbia and Montenegro: *Politika*, the serious, morning daily newspaper read by the middle class, political leaders, businessmen and intellectuals, with a circulation of 115,000 copies and a readership of no less than 230,000 people on a daily basis; *Politika Ekspres*, the evening newspaper with a low circulation of about 25,000 to 35,000; and *Sportski Žurnal*, printed in 39,000 copies. PNM also publishes 14 magazines. It owns a large printing house with three new offset machines, and a sales network including 1,100 newspaper stands.[23] The market value of the PNM company has been officially estimated at EUR 25 million.[24]

As for the other two companies of the Politika group, Politika AD owns not only one half of PNM, but also half of its real estate, printing plants, multimedia and publishing companies, three buildings with over 20,000 square meters of business premises and an additional 8,000 square meters of industrial space. In the Belgrade industrial zone, the company owns 140,000 square meters of land and a printing house of about 40,000 sq. meters.

The third company, RTV Politika, founded in 1990, covers almost 90 percent of the Serbian population with its signals and, unlike other broadcast media, this radio-television station has its own transmitters that cover most of the Serbian territory.[25]

Following the venture in *Politika*, WAZ bought another two daily newspapers in Serbia and Montenegro. It bought the Novi Sad-based *Dnevnik* and the Podgorica-based *Vijesti*. On 23 October 2003, WAZ officially became owner of a majority share in the Novi Sad-based daily newspaper *Dnevnik*, the third media organisation engaging in a partnership with WAZ. WAZ became the owner of 55 percent of the capital in *Dnevnik*, while 45 percent remains owned by the Vojvodina Parliament, the founder of the newspaper.[26]

Chart 1 POLITIKA GROUP OWNERSHIP AND WAZ SHARE

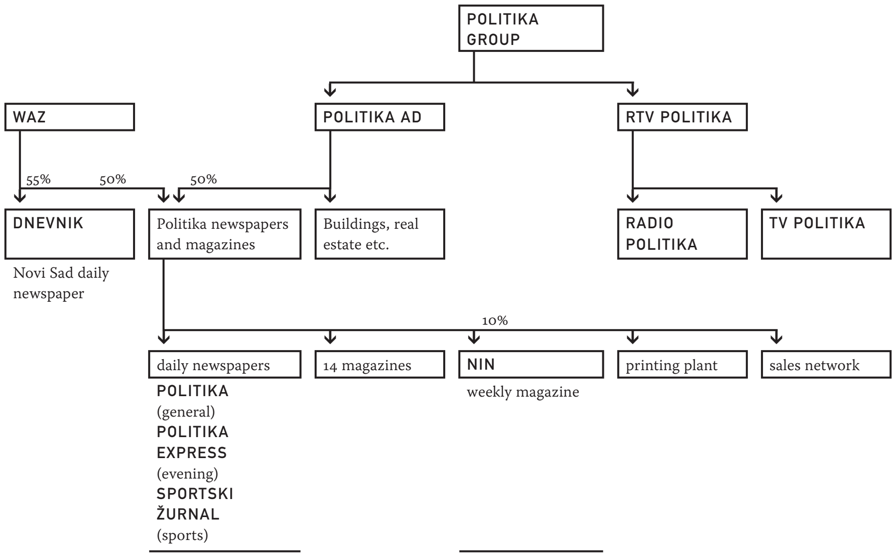


Table 1 OWNERSHIP STRUCTURE OF THREE BIGGEST DAILIES IN SERBIA

DAILY	OWNER	OWNERSHIP SHARE (%)
BLIC	RINGIER MEDIA GROUP	100
POLITIKA	POLITIKA AD	50
	WAZ	50
VEČERNJE NOVOSTI	EMPLOYEES OF NOVOSTI COMPANY	70.52
	STATE	29.48

Source: Court of Registers, end of 2003.

4.1.4 WEEKLY NEDELJNI TELEGRAF

Momčilo Đorgović has been the sole owner of the weekly *Nedeljni Telegraf* from the beginning. This weekly has existed for about ten years and it is entirely financed from sales revenue – there are no foreign donations and no other assistance of any kind. Beside publishing the weekly *Nedeljni Telegraf* with a circulation of 90,000 copies, Đorgović's Nedeljni Telegraf company is the publisher of two additional magazines (*Zdravlje i Lepota/* Health and Beauty with a circulation of 70,000 copies, and *Ljubav*/Love with a circulation of 40,000 copies[27].

Đorgović has stated[28] that he is open for talks on selling part of his share in *Nedeljni Telegraf*, but so far the right offer has not appeared. For him, selling part of his share would be a way to improve production capacities.

4.1.5 WEEKLY NIN

NIN is one of the oldest and one of the most prestigious Serbian political weekly magazines, founded in 1935. Its founder was the Politika Company, but it later split. In 1993, it was registered as an independent company, which began the transfer of socially-owned to private capital under the 1988 Federal Law on Companies. Nowadays, Politika AD owns 9.74 percent of shares in *NIN*; 2.4 percent is owned by the employees, and 87.80 percent remains socially-owned capital. Politika AD plans to buy shares in *NIN* as soon as they appear on the market.[29]

4.1.6 WEEKLY VREME

The weekly *Vreme* was founded in October 1990 by a group of journalists from the largest Serbian publishing house Politika, led by Dragoljub Žarković. The group became private owners of the newsmagazine *Vreme*. The whole project was financially backed by the well-known Serbian lawyer, Srđa Popović, who became the majority shareholder (53.46 percent) of the company Vreme Newspapers Company, with eleven other shareholders being a group of journalists.[30]

4.2 BROADCAST MEDIA

4.2.1 RTV PINK

The sole owner of *RTV Pink* is Željko Mitrović. In the early 1990s, he started the second private radio station in Serbia, *Radio Pink*, Belgrade. He was elected a Member of the Yugoslav Federal Parliament in 1996, as a candidate for a party led by Milošević's wife – Yugoslav Left (JUL). *RTV Pink* has 40 frequencies. "The hardware for a new TV station in Serbia would cost about USD 50 million, but the ratings are worth up to USD 500 million. The key to *Pink*'s success is not the hardware, nor the building, nor the equipment, but the ratings, the position *Pink* has gained on the media market", explains Željko Mitrović, saying that "it all started as a radio station, with a highly commercialized program playing lots of folk music"[31].

TV Pink was one of the cornerstones of Milošević's regime. According to Miša Đurković, a research fellow with the Institute of European Studies, it was far more important than *RTS*. "*Pink* is a more supple and therefore more successful mechanism for governing. Its enormous manipulative and political potential is actually based on its (alleged) absolute lack of political interest."[32]

Željko Mitrović is widely suspected to have used his political and business relationships, and personal friendship with some of Milošević's henchmen, to create a technologically and commercially powerful TV station. According to the article "Document on Pink Empire Rising" written by *Vreme* journalist Dejan Anastasijević, Mitrović's claims that it is possible to establish a 300-million-dollar company on the basis of a 2–25 million annual revenue sounds rather unrealistic.[33]

Željko Mitrović started his TV station with a helping hand from Milorad Vučelić, the General Manager of *Radio Television Serbia* in the early 1990s. At that time it was the *RTS* that had control over the broadcast sector rather than the Federal Ministry which only issued licenses.[34] In the existing media and legal conditions, everyone was using the only avenue for obtaining frequencies, i.e. by establishing formal business links and technical cooperation with the *RTS*. According to the contract, *Pink* had certain obligations towards *RTS* in return for its services. "But we took nothing from the *RTS*, nothing at all," says Mitrović.[35] The cooperation with *RTS* ceased in 1998, but the contract was officially terminated much later, in 2001.

Mitrović claims[36] that the contracts with *RTS* were just a formal framework so that *RTV Pink* could begin broadcasting, like the other media formally founded by the *RTS coup de main* at the time.

RTV Pink is now one of the most powerful companies in Serbia. According to Pink company newsletter, their net profit has been growing geometrically in the last three years. In 1999, the annual revenue was between USD 2 and 3 million. In 2003, it is above USD 20 million.[37]

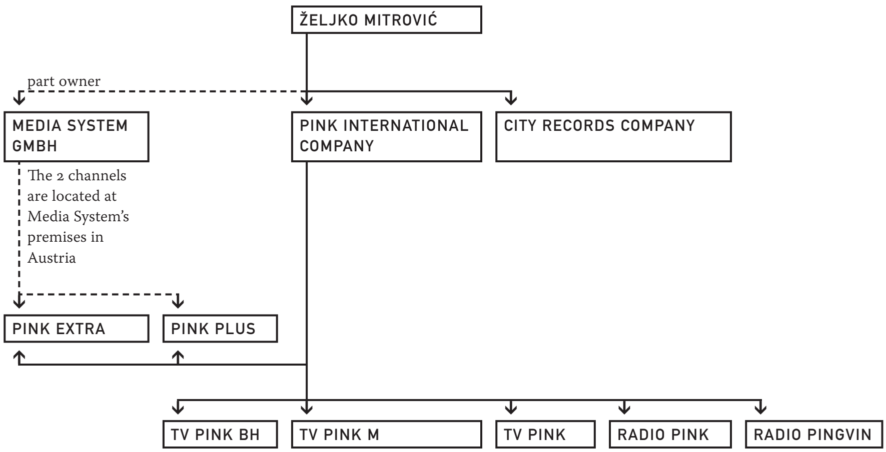
Željko Mitrović also has an interest in *Radio Pingvin*. He bought the radio station from the heirs of the assassinated criminal warlord, Željko Ražnatović Arkan. Being obliged by the law,[38] he officially sold his ownership stake last year, but *Radio Pingvin* is still described as "a part of Pink family since 1997" on the *RTV Pink* web site.[39] Mitrović is also the owner of the City Records Company and the Media System Company. He said[40] he was never interested in having a role on the political scene, yet he ran as a candidate for the Yugoslav Left (JUL) party in the 1996 federal elections. It seems he was elected Member of the Federal Parliament for business reasons – to protect his business.

The tax on the satellite pay-per-view programs *Pink Plus* and *Pink Extra*, watched only by subscribers with Irdeto cards, is paid in Austria, where the Media System Company is based and whence it distributes the programs. Mitrović is one of a number of shareholders in the Media System Company and the only non-Austrian shareholder.

"Unlike the initial turbo-folk concept that proved successful in the first few years, 50 percent of *Pink*'s program nowadays is Hollywood productions. Only 3 percent of the programming involves folk music, which is actually a very important business arrangement for the City Records Company, a good advertisement and a guarantee of success in production," explains Mitrović about the changed program concept of *Pink*.[41]

Pink's programming cornered the market in Serbia and has continued to develop and spread around the region. *Pink Plus* and *Pink Extra* now function as separate satellite programs. *Pink* is developing a network of five channels broadcast in the region. Together with the two satellite programs, *RTV Pink* has become the strongest and most profitable media network in the South East Europe, leaving behind Murdock, RTL, CME and TV Nova, claims Mitrović.[42] According to him, *Pink* also plans to launch authentic local programming in the region (in Bulgaria, Macedonia and Slovenia).

Chart 2 PINK GROUP – OWNERSHIP OF ŽELJKO MITROVIĆ



4.2.2 BK TELEKOM

The TV station *BK Telekom* was founded in December 1994, under the slogan "Symbol of Good Television."[43] The founder and the major shareholder is the Karić family. It started to work under a business and technical cooperation contract signed with *RTS*, like many other TV stations at that time. *BK Telekom* is member of the Astra Group (owned by the Karić family) that consists of 20 companies "with the annual income of over EUR 150 million operating in the following areas: telecommunications, Internet, finance, construction, trade, consulting, agriculture, travel, marketing, education and sports."[44] *BK TV* has about 300 employees.

The family also owns *BK Radio*, which is one of few formatted stations, broadcasting music for teenagers. They own the *Jefimija* magazine, and are major shareholders in the magazines *Profil* and *Dama*. The Chairman of the *BK Telekom* Executive Board is Ljubomir Mihajlović, the owner of the Komercijalna Banka (the one with interest in the Politika/WAZ media group in Serbia).

4.2.3 RTV B92

Radio B92 was founded in 1989, as an experimental youth station broadcasting in Belgrade on a fifteen-day license. The station rapidly expanded into a multi-media organisation. Apart from broadcasting a mixture of news, culture, entertainment and phone-in radio shows to Belgrade audiences, B92 also comprises a television and film production section, books and CD publishing division, while also acting as an Internet service provider.

Television B92 was launched in September 2000, ahead of the crucial elections in Yugoslavia. Its news and current affairs programs were produced in Belgrade and distributed via satellite to local TV stations, 18 members of the ANEM TV Network, as well as to other stations in the region. After the events of 5 October 2000 (the day when Milošević's regime was overthrown by a great mass of people demonstrating in downtown Belgrade), *B92* was able to restore control of its operations, transmitters and premises which had been seized by Milošević regime since 1999 (the time of NATO bombing of Yugoslavia).

By the end of the year 2000, *Radio B92* ranked as the most popular station in Belgrade, while its television counterpart, after only three weeks on the air and covering just 60 percent of the capital city, ranked 7th out of 20 stations, 19 of which had been on the air for at least two years.[45]

RTV B92 has come a long way from a limited company to the stockholders company "Radio Broadcasting Company B92 AD, Belgrade", thanks to the privatisation process. The founding capital of the RBC B92 AD is 15,469,000 dinars (approximately EUR 250,000), according to the Court of Commerce Register. The major stockholder is the American fund, Media Development Loan Fund (MDFL), with 48.06 percent; the B92 Trust Company (owned by the three founders of *RTV B92*: Veran Matić, Saša Marković, Ksenija Stefanović) has 42.3 percent, the Republic of Serbia Stocks Fund owns 0.02 percent, and the rest (9.54 percent in total) is shared by present and past employees. In the further process of ownership structure transformation of B92 scheduled to take place in the spring of 2004, a large part of the stocks currently owned by the B92 Trust Company will be offered to 200 employees, so in 2004, the employees would own 45 percent of the stock, while the company would keep only 7 percent of the stock. The *Radio B92* program is broadcast on three frequencies, and *TV B92* is broadcast and re-broadcast on no less than 30 channels in Serbia.[46]

Table 2 OWNERSHIP STRUCTURE OF THREE BIGGEST TV CHANNELS

TV CHANNEL	OWNER	OWNERSHIP SHARE (%)
TV PINK	ŽELJKO MITROVIĆ	100
BK TV	BK COMPANY	100
TV B92	MDLF	48.06
	B92 TRUST COMPANY	42.38
	EMPLOYEES	9.54
	REPUBLIC OF SERBIA STOCKS FUND	0.02

Source: TV Boards, Court of Registers, end of 2003.

4.3 NEWSPAPER DISTRIBUTION

The main newspaper distribution company is Borba Distribution Company, part of the Borba Company, with 1,600 employees and 550 newsstands in Serbia and Montenegro. At the moment, 70 of the 550 newsstands are being rented (under a franchise). The number of rented newsstands varies from time to time, but is not changing a lot. Apart from the newsstands and building plots, the Distribution Company owns a network of depots, the largest one being located in downtown Belgrade.

The Borba Distribution Company was 100 percent owned by the Yugoslav Federation, and the founder of this company was the Federal Government. Nowadays, the owner of the Borba Distribution Company is still the State Union of Serbia and Montenegro.

4.4 NEWSPAPER PRINTING HOUSE

The main printing house is a Belgrade-based printing company, Borba AD, prints eight dailies and many magazines. It is 79 percent owned by the state, that is, the Republic of Serbia, while the present and past employees own 21 percent of the shares. Nowadays, the printing company, Borba AD, employs about 500 full-time workers on a long-term basis, the majority of whom are graphics technicians.

5 MEDIA PLURALISM

In Serbia, there is even a problem of listing media: some of the founders and owners decline to give any information on the media, and some of them do not know the relevant data such as a basic description of the media, its circulation, signal area, frequency and the like. In a couple of cases the media representatives were totally unaware of the exact name of the media they were representing at the time, so they tried to guess it in front of the audience, causing many laughs, not to mention embarrassment.[47] Prvoslav Plavšić has mentioned this issue in his introduction to "The Yugoslav Media Guide", when trying to explain why his efforts to list all the media and their relevant references had been unsuccessful, in spite of hard work that lasted for several months. This was always happening with the radio and TV stations. The official state agency's "Media Guide for 2002" lists 456 radio stations, while independent estimates[48] push this figure to more than 600 radio stations operating in Serbia in 2002, and more than 800 in 2003. The situation with TV stations is much the same. The Federal Agency for Media Research and Public Relations, Belgrade, 2002 has counted 176 TV broadcasters in Serbia, and independent sources (AGB Strategic Research and Strategic Marketing) claim that there are more than 300 of them. One should bear in mind that not only are the figures changing, but so are their frequencies and the area covered by their signals.

If we look at the statistics, three quarters of the total number of media operating nowadays in Serbia were launched in the last 12 years. By looking at statistics, we can note that a media, a broadcasting media in most cases, was founded or shut down every two or three days. The statistics failed to register all of them, let alone to note how many of them were shut down and how many continued to operate. We can only rely on the Federal Agency for Media Research' estimates and on the estimates made by the Strategic Marketing agency.

According to them, 903 media were launched in the period 1991 to 2000 (the period of Milošević's rule) and 179 media were launched in the period 2001 to 2002 (the post-Milošević era).

The record was set in 2000, with 157 new media emerging. In addition, there were 132 new media in 2001, 123 in 1997 and 114 in 1998. The reasons for the lack of sustainability of such a large number of media are mostly economic. AGB Strategic Research and Strategic Marketing's researchers say that the Serbian economy, consumer confidence and the needs of the big advertisers show that less than one-third of the present number of media can remain sustainable on the market. The Federal Agency for Media Research claims that the motive for establishing new media in the last few years "was not the needs of the population or the economy, but rather the combination of two dominating issues – political interests and income. Some were fighting for position, some were just hoping for money." For example, in 2000 advertisers in Serbia spent about EUR 50 million (taxes not included). Most of this sum was spent on TV advertising – about 36 million; the printed media took EUR 6 million, and radio took EUR 2.5 million. The rest of the money was spent on other forms of advertising.

6 MEDIA INDEPENDENCE

There is no direct government pressure on the media. At least not like that which characterized Milošević's regime. If we take a look at the period from December 2000 to December 2003, i.e. from one Serbian parliamentary election to another, the most obvious attempt of the authorities to retain control over broadcast media was recorded when the majority in the Parliament decided to form the Broadcasting Council in an illegal way, by clearly ignoring legal procedure. The OSCE and the EU have issued official letters of protest. In January 2004, the Parliamentary Assembly of the Council of Europe examined the issue at its winter session and concluded that the Broadcasting Council was illegal.

The most straightforward answers about the pressures on media and journalists by politicians and owners were obtained in a poll conducted by the Belgrade Media Center, with the support of IREX, in December 2003.[49] Among other important conclusions that show different lines of pressure on the media, the following is unprecedented: "Businessmen are taking over the championship of limiting media freedom from political leaders. We also found answers that testify to the large submission of journalists, and the inferiority of professionals, even in cases involving elementary standards. For example, our respondents say that the owner can do whatever he/she wants to, that his/her word is always the last, that the owner's instructions, shared via the editors, take priority over professional norms – and that's the way it's got to be. Therefore, one of the crucial issues of professional journalism is whether the professional code is also binding on the media owners. The given answers testify to a strong appeal for professional or unionist action to do something for the improvement of working conditions, but also to show that the journalists still have high expectations from the state."

There are no collective contracts between journalist associations and publishers of the media. The publishers cannot keep their hands off the editorial work; they continue to wage private warfare using their media and give preferential treatment to certain political or business parties. Covert advertising and commissioned and paid articles remain regular practices.

Investigative journalism is being neglected, mainly because of the weak interest in discovering the truth. There are attempts to promote investigative journalism, but these are somehow limited to enthusiastic ventures, not appealing to professionalism. When some media reveals the truth, it often means that they gain some benefit by doing so, and that they are endangered by an opposing position. But, in Serbia, it seldom happens that editors or owners are ready to pay for an investigation for the sake of truth itself.

7 CONCLUSIONS

TV Pink is spreading all around the Balkans by broadcasting a very commercial program popularly known as "turbo-folk" culture. It is estimated that its advertisements account for approximately 70 percent of total advertising in Serbia. At the same time, the would-be public broadcaster, *RTS*, is not showing any signs of improvement. Bearing in mind a variety of problems ranging from securing sources of finance to implementing the necessary legal provisions for its operations and establishing the Broadcasting Council, which is connected to the unstable political developments, there is a real danger that *RTS* could be shut down in 2004.

It seems that in order to secure media pluralism in the South East European region, the public broadcasters should form a network, and have norms and standards set on the regional level. There should be a counter-weight to the regional expansion of *TV Pink*'s concept of culture.

NOTES

1 Broadcasting Law, published in *Official Gazette*, Belgrade, 2002.

2 Public Information Law, published in *Official Gazette*, Belgrade, 2003.

3 Law on Telecommunication, published in *Official Gazette* , Belgrade, 2003.

4 Broadcasting Law, Art. 6-21.

5 Broadcasting Law, Art. 22-32.

6 Broadcasting Law, Art. 97-102.

7 Broadcasting Law, Art. 42.

8 Public Information Law, published in *Official Gazette*, Belgrade, 2003.

9 Broadcasting Law, Art. 47.

10 Law on Telecommunication, passed on 21 April 2003, published in *Official Gazette* , Belgrade, 2003.

11 Media on media, from 23 April 2003. See <http://www.mediacent.>

12 Interview with Zoran Čadež, Editor of *Večernje Novosti*, Belgrade, October 2003.

13 Law on Companies, 1989.

14 Court of Commerce Register, Belgrade.

15 Broadcasting Law, Art. 96.

16 Broadcasting Law, Art. 126.

17 Court of Commerce Register, Belgrade.

18 Strategic Marketing and Media Research Institute, See: <http://www.agb.co.yu>.

19 Nezavisna svetlost, *Channel 1.* See <http://www.svetlost.co.yu/arhiva/2001/287/287-6.htm>.

20 Nezavisna svetlost, *Channel 1*. See <http://www.svetlost.co.yu/arhiva/2001/287/287-6.htm>.

21 *Blic*. See <http://www.blic.co.yu/arhiva-10-25/strane/drustvo.htm>.

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23 *Basics Facts on Politika*. See <http://www.politika.co.yu/info/basic.htm>.

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25 M. Đurković, *Basics Facts on Politika.*

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27 Interview with Momčilo Đorgović, *Nedeljni Telegraf* owner, Belgrade, November 2003.

28 Interview with Momčilo Đorgović, *Nedeljni Telegraf* owner, Belgrade, November 2003.

29 See http://www.nin.co.yu.

30 *Vreme*. See <http://www.vreme.com>.

31 Interview with Željko Mitrović, Belgrade, December 2003.

32 Miša Đurković, *Republika*, 226. See <http://www.yurope.com/zines/republika/arhiva/99/226/226_18.html>.

33 D. Anastasijević, Documents on Pink Empire Rising, *Vreme*. See <http://www.vreme.com/cms/view.php?id=343416>.

34 Law on Radio Television Serbia, 1991.

35 Interview with Željko Mitrović, Belgrade, December 2003.

36 Ibid.

37 *Pink Company Newsletter*. See <http://www.rtvpink.com>.

38 Broadcasting Law, Art. 99.

39 See <http://www.rtvpink.com/pink/kompanija/radio.php#RadioPingvin> (accessed on 14 April 2004).

40 Interview with Željko Mitrović, Belgrade, December 2003.

41 Ibid.

42 Ibid.

43 *BK Telekom*. See <http://www.bktv.com>.

44 See <http://www.astragroup.co.yu/eng/e_okompaniji.html>_(accessed on 14 April 2004).

45 Interview with Veran Matić, *RTV B92* President, Belgrade, December 2003.

46 Ibid.

47 *The Yugoslav Media Guide*, Belgrade, 2002.

48 AGB Strategic Research and Strategic Marketing. See <http://www.agb.co.yu>.

49 M. Milošević, *Profession Journalist*, Belgrade, 2004. See <http://www.mediacener.org.yu/profesijanovinar.htm>.

SLOVAKIA

Gabriel Šipoš

1 INTRODUCTION

Slovakia's media market is fairly concentrated. This partly stems from the small size of the country, making larger media outlets more efficient and productive. On other hand, the state's substantial holdings continue to restrain competition necessary to limit the negative effects of high ownership concentration. Most significantly, this is the case in the TV market, where the dominant *TV Markíza* has been left without any meaningful competition for several years.

Moreover, anti-concentration legislation had not been in place until 2000, but even after that it has not been properly implemented. Furthermore, there has been little public pressure on publishers and broadcasters towards transparency and disclosure of conflicts of interest. The Slovak media continue to publish news about their owners, while disclosing little relevant information about their interests or ownership ties. In such an atmosphere, highly concentrated media ownership can have a negative impact on the country's democracy as well as on its economic development.

2 REGULATION AND IMPLEMENTATION

In 1993, the first year of its independence, Slovakia, alongside the Czech Republic, inherited its legislation from the times of Czechoslovakia. Media legislation was no exception.

Issues of media ownership had been dealt with only vaguely in Slovakia's legislation during the first seven years of the country's existence. The first, 1991 version of the Broadcasting Law[1] contained only a brief stipulation referring to the obligation of the Council for Broadcasting and Retransmission, the body authorised to issue broadcasting licenses, to take into consideration the ensuing market position of the applicant when issuing a license, with a view to preventing market dominance of individual license holders (notwithstanding this provision, as this report highlights below, the media group around *TV Markíza* achieved exactly that by the late 1990s).

In 2000 Parliament adopted a new Law on Broadcasting, which included anti-concentration clauses.[2] According to this law, in order to insure information pluralism, no person or company can hold, or have ownership ties with a holder of, more than one national television or radio license, nor can such a person be a publisher of a national daily. Ownership ties and human resources sharing within a network of broadcasters are allowed, unless such a network covers more than 50 percent of the population. However, this is restricted to a television or radio network, but cannot include a national newspaper. Should these provisions be breached, the Council can revoke the given license. The Council itself is entitled to request the necessary information on ownership and personal ties of license holders.

The law also stipulates ownership transparency rules for broadcasters: every license applicant needs to provide a list of its owners (shareholders), as well as their sources of money to service the broadcasting. Ownership ties with other media outlets, local or foreign, have to be highlighted. In turn, the Council may issue a license (which has to be approved by Parliament), after taking into consideration the following issues:[3] plurality of information and media content; ownership transparency; transparency of the sources of finance; preventing the applicant from acquiring a dominant position on the market; and ensuring adequate representation of Slovak owners and representatives in a joint-venture company with a foreign partner (this does not imply a minimum of 50 percent ownership of Slovak entities, however).

A license applicant or holder needs to announce any changes to the information provided in its application, including the ownership data. The law does not address the editorial independence of TV or radio channels in any way.

Despite the provisions in the law, some experts have noted the difficulties in its enforcement – friendly ties would escape the letter, if not the spirit, of the law.[4] There was no Council ruling involving a breach of the anti-concentration clause, nor any request addressed to it to look at such breaches, neither by the end of 2003 nor during the three years the law has been effective.[5] Moreover, the Council, which is authorised to impose sanctions, is elected by Parliament, which gives any powerful media group leverage against any attempt to strip it of its licenses.

There are no anti-concentration nor ownership transparency rules for the press, other than the provisions in the broadcasting law mentioned above. The Press Law (amended several times since 1966) requires publishers to register with the Ministry of Culture and provide the name and address of the publisher and its printing house, as well as the personal data of the editor in chief. However, no information about owners is required. By law, all newspapers and periodicals need to publish in every issue the following information: name of the publisher, address of the newspaper, name of the editor in chief and his or her deputy, plus date, place of issue, number and price.[6] Much as in the field of the broadcast media, there are no provisions shielding editorial independence from owners or publishers.

Nor does the legislation provide for state subsidies to media as a means of protecting media pluralism, if one disregards the subsidies to public TV and radio and the state-owned *Press Agency of the Slovak Republic* (*TASR*). The only pluralism-motivated subsidies have been provided on an annual basis to the ethnic minority press. In 2002, support to these periodicals amounted to 20.5 million Slovakian koruna (about EUR 480,000), of which about half went to the local Hungarian community periodicals.[7]

3 PRIVATISATION

There is no single pattern in the privatisation of newspapers in Slovakia. Nevertheless, all print media have gone through fierce encounters with government political interests, if not during the privatisation process itself, then certainly later, in the struggle over access to distribution and printing capacities.

Nový Čas started in 1991 as a successor to a minor party newspaper *Ľud*. The paper was bought by two Austrian entrepreneurs and re-launched as a tabloid. Early foreign ownership in combination with strong foreign media investors (Germany's Gruner+Jahr, and currently the Swiss Ringier) has proved a boon to the paper – it soon became the most successful and best-selling paper in Slovakia.[8] Moreover, all attempts to launch a rival nationwide tabloid have failed to date.

The former communist party flagship daily, *Pravda*, was sold to its journalists in 1990. However, they could not stop the heavy decline in circulation caused by many new competitors, and, in 1995, they sold their shares to its present owners, a group of investors known as Harvard investment funds (a set of privatisation funds).

The journalists of the formerly communist youth paper, *Smena*, failed to emulate *Pravda*'s example. When political pressures on the paper increased at the onset of the Vladimír Mečiar's government (in its second term), the journalists left the paper to establish a new one, *SME*. It was supported and owned by another privatisation fund, PSIS. *SME*, as a main opposition daily, survived consequent attacks on its owner, PSIS, as well as the politically-motivated loss of a contract with its then printing house. Only after the German Verlagsgruppe Passau (Passauer Neue Presse) merged with *SME*'s publisher, VMV, in 2000, was the paper assured of long-term stability.

Poštová novinová služba (PNS), the former monopolist in the press distribution field, was privatised in February 1998 (half a year before the parliamentary elections), into the hands of Danubiaprint (itself privatised in December 1996), the biggest printing house owned by people close to the ruling HZDS party. Although the Antimonopoly Office declared the transaction invalid in late 1998, the purchase created immense pressure on publishers in the meantime – while PNS's late payments multiplied, Danubiaprint insisted on payment deadlines for its printing services.[9] On top of this, PNS has apparently been stripped of its assets by its managers in the meantime and went bankrupt in 1999.[10] It was later bought back by the state-owned Slovak Post, which is currently negotiating its sale, possibly to a consortium of publishers.

During its troubled times PNS sold over four fifths of its newsstand outlets to a company personally connected to its only competitor, Mediaprint Kapa Pressegrosso owned by the tycoon, Ivan Kmotrík. He took over the by then bankrupt printing house, Danubiaprint, and renamed it Versus; it remains the largest printing house in Slovakia.

Only one nationwide TV channel (the one with the smallest signal coverage of the three state-owned channels at the time) has so far been privatised in Slovakia, since the rest of the former state-owned radio and TV channels were declared public, and the numerous present-day private stations were issued new licenses. This so-called third TV channel was awarded in August 1995 to Markíza-Slovakia in a public tender. *TV Markíza* grabbed 50 percent viewership within four months of its existence, while continuously expanding its coverage.[11]

4 MEDIA OWNERSHIP STRUCTURE

The *Pravda* daily remains the only one among the top three newspapers without a foreign partner. Up to now it has been able to finance its re-branding and heavy promotion campaigns thanks to the investments of its own publisher, Perex, a company belonging to one of the largest privatisation funds established in the 1990s. The ownership of Perex is murky (*Pravda* has not responded to inquiries about Perex), with the company having little interest in transparency – not even its phone number appears in the daily's masthead. The top Slovak daily, the tabloid *Nový Čas*, is fully owned by the Swiss media company Ringier. One in four Slovaks reads it on a daily basis. Both *Pravda* and *SME* reach about 9 percent of the population, according to the spring-summer poll by Median Sk agency. Half of those polled claimed to read newspapers.[12]

Table 1 OWNERSHIP OF MAIN PRINT MEDIA

DAILY NEWSPAPER	CIRCULATION*	PUBLISHER	OWNER
NOVÝ ČAS	157,957	VYDAVATEĹSTVO ČASOPISOV A NOVÍN, LTD.	RINGIER 100% (AS OF 01/01/04)
SME	76,049	PETIT PRESS, JSC.	PSIS (PETER VAJDA) 50%, VERLAGSGRUPPE PASSAU 50%
PRAVDA	72,841	PEREX, JSC.	HARVARDSKÉ INVESTIČNÉ FONDY (JURAJ ŠIROKÝ)
WEEKLY			
PLUS 7 DNÍ	217,415	SPOLOČNOSŤ 7 PLUS, LTD.	JOZEF DUKES, KAROL BUSTIN, ŠTEFAN ŠIMÁK (EACH A THIRD)
FORMÁT	10,000 -20,000****	ECOPRESS, JSC.	ECONOMIA, JSC.(HOLTZBRINCK +DOW JONES INVESTMENTS 77.5%)

Table 2 OWNERSHIP OF MAIN BROADCAST MEDIA

TV CHANNEL	AUDIENCE**/ SIGNAL COVERAGE***	BROADCASTER	OWNER
MARKÍZA	67/86%	MARKÍZA-SLOVAKIA, LTD.	CME MEDIA ENTERPRISES, NETHERLANDS, 34% A.R.J., JSC. 50% (MILAN FIĹO 51%, FRANTIŠEK VIZVÁRY 34%, JÁN KOVÁČIK 15%), MEDIA INVEST, LTD. 16% (JÁN KOVÁČIK)
STV 1	28/96%	PUBLIC TV	-
JOJ	20/82%	MAC TV, LTD.	GRAFOBAL GROUP, J.S.C. (IVAN KMOTRÍK) 50%, ČESKÁ PRODUKČNÍ INVEST, J.S.C., PRAGUE (PPF) 47.5%, VLADIMÍR KOMÁR 2.5%
STV 2	6/89%	PUBLIC TV	-
TA3	4/CABLE+DIGITAL SIGNAL	C.E.N., LTD.	J&T 90%
RADIO CHANNELS			
SLOVENSKO	27/100%	PUBLIC RADIO	-
EXPRES	13/62%	D.EXPRES., JSC.	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT 26%, VÁCLAV MIKA 8%, DUŠAN BUDZÁK 5%, ROBERT BARTOŠ 5%, EFM, LTD. (CYPRUS), FRAMLINGTON (JERSEY)
ROCK FM	10/92%	PUBLIC RADIO	-
OKEY	9/34%	OKEY RÁDIO, JSC.	MICHAL ARPÁŠ, ĹUBOMÍR MESSINGER, DRUKOS, JSC., MARIÁN PAKSI
FUN	9/57%	RADIO, JSC.	PATROL LTD. (ŠTEFAN GVOTH), BRATISLAVA, SOCIETE D´EXPLOITATION RADIO CHIC, FRANCE

Sources: SME daily, Broadcasting Council, company registers and J&T.
Notes: *Circulation average in third quarter 2003, sold copies, based on Audit Bureau of Circulation (ABC SR)[13]
**Median Sk poll, May-August 2003; audience describes people who watched or listened to the program yesterday
***Signal coverage of population as of 2002, unless otherwise noted
*****Formát* does not release its circulation data, yet it claims to have a readership of around 40,000[14] – hence the author's estimate.

Slightly fewer than two-thirds of Slovaks read weeklies. A large majority of these are life-style weeklies. The most popular news weekly (as well as the top weekly on the market) is the locally-owned *Plus 7 dní*, with a 20 percent share of readership. The other general news weekly is a young upstart, *Formát*, with up to 2 percent audience. Its majority owner is the Dow Jones-Handelsblatt group, which also has a majority stake in *Hospodárske noviny*.

TV Markíza has been a dominant media player since its successful launch in 1996. It continues to attract the largest and overall the most lucrative audience. It reached a 67 percent TV audience share in the mid-2003 year poll by Median Sk agency, trailed by *STV 1* with a 28 percent and *Joj* with a 20 percent audience share.

Markíza is owned by three local businessmen and the CME media company (Central European Media Enterprise), well-known for its TV holdings across Central and Eastern Europe.

Joj is half-owned by the owner of *Nova*, the dominant private TV channel in the neighbouring Czech Republic. The other half of *Joj* belongs to the company of Ivan Kmotrík, a big media player in Slovakia.

The all-news channel, *TA3*, belongs to J&T, an investment and financial group with the reputation of a ruthless investor in Slovakia operating on the edge of the law and exploiting opportunities with little regard for ethics.

Public radio channels dominate the radio market. Its flagship outlet, *Radio Slovensko*, grabbed a 27 percent market share in the above-mentioned Median Sk poll, and one of its channels, *Rock FM*, claimed a further 10 percent.

The top private radio, *Expres*, has a 13 percent share. It is owned by several institutional investors, together with the European Bank for Reconstruction and Development, the investment vehicle of the rich EU countries meant to support development in the market economies of Eastern Europe. The other two important players, *Okey* and *Fun,* keep a 9 percent share of the audience each. While the first one is owned by local entrepreneurs, the other is co-owned by a French media group.

5 MEDIA CONCENTRATION

5.1 MARKÍZA MEDIA GROUP

Media ownership in Slovakia is practically in several pairs of hands. The dominant media group revolves around Pavol Rusko, the former co-founder, co-owner and manager of by far the most influential and powerful Slovak medium, *TV Markíza*. Rusko is currently the Minister of Economy in the centre-right government. *Markíza* pulls in about 80 percent of TV advertising revenues or over a third of the total advertising market in the Slovak media (author's estimates based on 2002 Broadcasting Council data).[15]

On entering politics last year, Rusko sold his stake in *Markíza* to a friend, František Vizváry, who has since become his advisor at the Ministry.[16] Vizváry, with two other Slovak businesspeople (Ján Kováčik, Milan Fiľo) and with American CME, controls *Markíza* at the moment – although CME is looking to acquire complete control of the TV station.[17] The group as a whole, and taking into account its indirect personal and capital ties, is cited to include *TV Markíza* (no. 1 TV with half of the total TV audience share), the lifestyle weekly, *Markíza* (no. 2 weekly), the *Národná obroda* daily (no. 4 broadsheet) and *Radio Okey* (no. 4 or 5 radio channel; survey data vary).[18] While this concentration would officially be in breach of the anti-concentration clauses of the Broadcasting Law, there are no direct ties that could be a subject of the Broadcasting Council's investigation.[19]

As the company register indicates, the group gathered around *Markíza* is also tied through Ján Kováčik to a popular theatre, Štúdio L+S, as well as to the Forza agency, whose activities include modelling (the Miss Slovakia contest) and music production. Milan Fiľo is a co-owner of Neusiedler SCP, a leading paper and pulp manufacturer.

This group has been criticised time and again for skewing their reporting towards the interests of Pavol Rusko (also referred to as the Slovak Berlusconi) and his political party ANO (claiming liberal orientation), a part of the government coalition. The Broadcasting Council itself issued several fines to *Markíza* during the election year 2002, mostly for undue preference for Mr Rusko and his party in news reporting. Similarly, the independent media watchdog, MEMO 98, has pointed out bias in *Markíza*'s news reporting on several occasions in 2003.[20]

5.2 IVAN KMOTRIK MEDIA GROUP

The second most important media owner is Ivan Kmotrík. His empire stretches through Grafobal Group from *TV Joj* (50 percent ownership share, no. 3 channel) to Mediaprint-Kapa Pressegrosso, JSC. (the largest newspaper distributor and retailer), four big printing houses (Versus, Bratislavské tlačiarne, Polygraf print, Svornosť), a book publisher, SPN-Mladé letá, and the largest Slovak advertising agency, EURO RSCG Artmedia.

Kmotrík himself has wielded muscle in the past. His printing house, Versus, asked Perex, the publisher of the *Pravda* daily, to sign an unacceptable contract for 2001 at the last moment, shortly before the end of the year 2000. Perex was forced to use several smaller printing houses but at journalists' expense, because they had to work against tighter deadlines as the printing process now took longer.[21] Perex has since acquired its own printing capacities.

5.3 PETIT PRESS MEDIA GROUP

Petit Press has become another important media player thanks to an investment by the German Verlagsgruppe Passau. This publisher produces the no. 2 (3) daily, *SME*, the no. 5 daily in Hungarian, *Új Szó*, the English-language weekly, *The Slovak Spectator*, the *Roľnícke noviny* weekly, as well as 27 local dailies and weeklies all over Slovakia. Petit Press owns the only more or less complete network of regional newspapers in Slovakia.

5.3 RINGIER MEDIA GROUP

Since Ringier bought from its partner Gruner+Jahr stakes in several publications, it is expected to become another strong player by the end of 2003. It now owns the top daily tabloid *Nový Čas*, and several lifestyle periodicals, including weekly *Život* and monthly *Eva*.

5.4 STATE (PUBLIC) MEDIA

State-owned (public service) media remain significant as well. Two state TV channels are watched by a third of the population, with one of these channels (*STV 1*) being second in terms of viewership to the leader *Markíza*. Similarly, radio stations no. 1, 3 and 7 on the market are also state-owned, as is one of the two press agencies, *TASR*, which depends on government subsidies for its operations. Public radio and television are financed through license fees (every owner of a TV set or a radio is required to pay EUR 2.5 and EUR 1 per month, respectively) as well as advertising. Annual subsidies to operations or programming have been a common feature in financing public services, although there have been attempts by the Government to cut off these subsidies.

With such substantial holdings, the ruling government can influence media competition through media legislation – or by threatening to privatise them and thus create stronger competition for advertising revenues. While the pressure on public media has substantially weakened since 1998, it is unlikely to be completely eliminated.[22]

The public has partial access to media ownership information in Slovakia. All electronic media need to include data about their owners in their license application to the Broadcasting Council, and they also need to declare any subsequent changes. The Council publishes this information on its website. However, there is no such system established for print media. Publishers are generally chary of publishing such information (it is rarely published on their websites or inside newspapers), including their financially results.

At the end of 1999, most of the big publishers, together with the associations of advertising agencies and brandname retailers, set up an Audit Bureau of Circulation (ABC SR), an official body tracking the circulation of newspapers and periodicals on a monthly average basis.[23]

6 MEDIA PLURALISM

After ten years of independence, Slovakia's media began to offer a respectable level of pluralism unseen for most of the country's independent history. As of 2003, there have not been pro-government papers or TV programs. Other than support for specific issue in the media (such as the European Union accession information campaign), there is no official government funding of the private news media. Even the public TV or radio stations are far from toeing the Government line. This situation is in stark contrast to the polarised mid-1990s media scene, characterised by several, mostly state-financed pro-governmental media contested by private outlets that made the ouster of the then Vladimir Mečiar's government their main goal.

By the admission of the Mečiar's party top official in late 1995, about a third of the local and regional newspapers in Slovakia were open to the party's meddling with their news and opinion pages.[24]

Nominally, public Slovak TV as well as the state news agency, *TASR*, were openly used as tools by the Government (*TASR* started publishing a pro-government daily, *Slovenská republika*, in 1993, and later sold Salus LTD. with Mečiar's party as one of its owners). In 1996, at a cost of 50 million Slovakian koronas (about EUR 1.25 million at the time), the Government helped launch and subsidise the *Nová Smena mladých* daily, but it flopped and folded the same year.

The Government also exerted influence through the state-owned companies on which many newspapers depended for their advertising revenue. The most notorious was VSŽ, a large steel mill in eastern Slovakia, which in this way held at bay several regional dailies at the time, among them *Lúč*, *Košický Večer* and *Nové Korzo*.[25] Mečiar's government even handed out direct subsidies to *Slovenská republika* and the like, by allocating funds notionally reserved for minority projects, even though the winners had little experience and even fewer minority readers.[26]

Even after the Mečiar's government lost the 1998 election, many journalists kept their instinctive sympathies in their news reporting for one or the other political orientation. In the last few years, however, the Slovak media have become increasingly weary of political affiliation. They have started paying much more attention to the pros and cons of particular policies regardless of their political background. Consequently, even the media most supportive of the current government's policies have kept their critical distance and have served as genuine government watchdogs.

The regime change in 1989 has produced a print media boom. There were two sources of the boom, both temporary (see Table 3). The opening up of media market opportunities by pulling down political restrictions was used by entrepreneurs for business purposes (return on investment), and for political purposes (buying influence with voters or decision-makers). Both were also supported by the huge wave of privatisation in the 1990s, creating a class of wealthy businessmen able to create media empires, which is a situation not unlike that in many other East European countries, of which the most notable example is Russia. In addition, the governments themselves felt obliged to provide direct or indirect (advertising orders) support to selected media outlets. The ebbing of the main privatisation wave, together with the departure of Mečiar's government led to a decline in artificially supported publications. One such daily, *Slovenská republika*, folded in 2000. *Práca*, a daily traditionally owned by, and associated with, labour unions, went out of business in 2002 (it was taken over by a bigger daily, SME).

Table 3 CHANGING NUMBER OF NATIONAL DAILY NEWSPAPERS AND TV CHANNELS SINCE 1989

	1989	1995	2002
DAILIES: ALL / NATIONWIDE	12 / 7	19 / 10	16 / 9
TV CHANNELS	2	2	5*

Sources: Gindl[27] and Ministry of Culture[28].
Note: *One of them, the all-news channel TA3, is transmitted by cable and digital satellite signals.

Many analysts expect a further consolidation of the daily newspaper market, owing to business constraints.[29] According to their forecasts, only three national newspapers will remain on the market in a few years: the politically middle-of-the-road *Nový Čas* tabloid, the leftist *Pravda* and the centre-right SME. The latter two are already heavyweights in newsmaking and analysis or commentary. The centrist *Národná obroda* as well as *Nový deň*, which is in essence a party paper of the former Prime Minister Vladimír Mečiar, are expected to stay in the business as long as their owners continue covering their losses in exchange for political influence. With their readership on the wane, this may not last long.

Alongside the general broadsheets, there are several dailies with a specific focus, such as *Hospodárske noviny* (business), *Šport* (sports) and *Roľnícke noviny* (agriculture – in 2003 turned into a weekly). Even here consolidation has occurred. *Hospodársky denník*, another business daily, has capitulated in its battle with *Hospodárske noviny*, and turned itself into a business news website in November 2003.

There has been no single attempt to launch a broadsheet national daily since 1996. Even the last, 1996 adventure was a government financed scheme to break into the ranks of private dailies hostile to the policies of the then Mečiar's government. The project of launching *Nová Smena mladých*, however, folded the same year.

Several publishers have tried their luck in pushing a new daily tabloid on the market, in an attempt to imitate the hugely successful market leader, *Nový Čas*. None of them has succeeded, though. *Nonstop* lasted a year (1996–97) and *Trhák* almost three (1997–2000). In 2003, Ringier launched its successful Hungarian tabloid, *Blikk*, in southern Slovakia for the local, half a million-strong Hungarian minority (the local version of *Blikk* includes a few pages of local news as well).

The public TV channel, *STV1*, offers a typical menu of programs provided by other public broadcasters in western Europe: a strong news, analysis and debating focus mixed with entertainment (movies, talk shows, quiz shows). The other public TV channel, *STV2*, gives much more space to sports, documentaries and other minority programs such as classical music concerts, language courses or broadcasts for various ethnic and religious groups.

The market leader, *TV Markíza*, combines heavyweight entertainment (including Hollywood blockbusters, telenovellas, teenage movies and music shows, as well as adult movies) with tabloid news as well as often surprisingly serious debating shows.

TV Joj is in many ways similar to *Markíza*. However, it tries to undercut *Markíza* with yet more tabloid-format news and more Hollywood movies and shows.

Finally, *TA3* is a 17-hour news channel seasoned with the occasional talk show and news documentary. Its programming is heavily focused on local politics, even more so than the likes of *CNN* or *BBC*.

Like the present-day public TV and *Joj* news programs, the matter-of-fact *TA3* has had no obvious political affiliation or sympathies. The big political player remains *Markíza*, whose former boss heads the ANO coalition party as well as the Ministry of Economy (see the section on media owners above).

According to Valéria Agócs, head of the Council of Broadcasting and Retransmission, there is no nation-wide frequency or set of frequencies available for a new TV network to set up shop in Slovakia. More competition may be provided by digital broadcasting, which is planned to be tested in several cities in the course of 2004. However, it may take a decade before it is accessible to most of the Slovak population.[30]

7 MEDIA INDEPENDENCE

The main journalists' association, The Slovak Trade Union of Journalists (SSN), produced a code of ethics in 1990, which includes a few clauses (article IV) aiming to support journalists' independence from publishers: the right to legal protection, the right to refuse to write a PR piece, consultations and reasonable pay rights.[31] The code, however, along with the SSN itself, remains little respected throughout the local media scene.

Given the ever-present double pressure on the media in the 1990s (quick money, quickly-achieved political influence), journalists' work as well as their working conditions suffered.[32] The publishers' upper hand has shown in low quality journalism, even at the most serious media outlets. The poor critical reading skills of much of the audience have further weakened the demand for high-quality work as well as for deeply researched investigative pieces.[33]

Little help has been provided to journalists by the Press Council, which was established in spring 2002 by the SSN, together with the print publishers' association. The Council deals with ethical breaches in the Slovak press – although its rulings are not published or discussed publicly by local media. Moreover, it does not even deal explicitly with journalists' independence from publishers *per se*.[34] From April 2002 to the end of 2003, it published thirty adjudications, of which one-third referred to complaints dismissed as unrelated to the work of the Council. It confirmed one case of plagiarism and a few breaches of privacy. In several cases the newspapers in question did not reply to the Council's queries.

This silence of the Council is all the more curious because the visible result of publishers' pressure on journalists, the so-called PR articles, are far from being unknown in Slovak media, as claimed by insiders themselves.[35] *The Slovak Press Watch*, a weblog monitoring the main Slovak press media (edited by the author of this report), has highlighted a number of instances when an article resembled all too closely a classic PR piece.[36]

8 CONCLUSIONS

Slovakia's media market is a fairly-concentrated one, yet it has become less so in the last few years. The dominant media player, *TV Markíza*, is starting to feel the challenge of *Joj*. *Expres* has managed to become the top private radio station in less than three years. No big player has arrived on the print market, yet the competition for the top spots has become intense, as witnessed by the *SME*'s challenge to the once unbeatable serious paper, *Pravda*.

None of this competition is driven by anti-concentration regulation, however. The issuing of broadcasting licenses appears to play a much bigger role. This points to the very important role played by the Broadcasting Council. Nevertheless, the state could help competition by relaxing its ownership of some radio and TV channels, such as *Rock FM* or *STV 2*. This would, in the author's view, boost competition on Slovakia's media market and limit, most effectively at the moment, the potential negative impact of unclear ownership ties.

NOTES

1 Law 468/1991 on Radio and TV Broadcasting, JASPI-WEB, 3 October 1991, Art. 3, para. 5, section 10.

2 Law 308/2000 on Broadcasting and Retransmission, JASPI-WEB (Ministry of Justice official legislation database, <http://jaspi.justice.gov.sk>), 14 September 2000, Art. 1 para. 42-44, section 10.

3 Ibid, para. 46-47.

4 J. Füle, Z. Mistríková, E. Gindl, *Médiá* ("Media") in Kollár, M.,, Mesežnikov, G. (eds.), Slovensko 2001 – Súhrnná správa o stave spoločnosti ("Slovakia 2001 – A Global Report on the State of Society"), Inštitút pre verejné otázky, Bratislava 2001, pp. 589–614.

5 Phone interviews with Valéria Agócs, Chairwoman of the Council of Broadcasting and Retransmission, and with Lucia Maxonová, Head of the Licencing Department at the Council's Office, 30 January 2004.

6 Law 81/1966 on periodical press and other mass media outlets, JASPI-WEB, 25 October 1966 (including eight amendments), Art. 2, para. 5,6 and 9.

7 The Slovak Ministry of Culture data.

8 Z. Mistríková, A. Zmeček (eds.), *Mediálna ročenka – Slovensko 1990–2000*, (*Annual Report on Media – Slovakia 1990–2000*), Mediálny Inštitút, September 2001, p. 120.

9 *Mediálna ročenka*, p. 136.

10 Ibid. pp. 136–138.

11 *Mediálna ročenka*, p. 76.

12 *Slováci najviac čítajú Nový Čas* ("Nový Čas daily most widely read by Slovaks"), *TASR*, Stratégie Online, 7 October 2003.

13 See <http://www.sme.sk/abc/abc.asp>.

14 Phone interview with Miloš Nemeček, director of *Formát*'s publisher , 29 January 2004.

15 The report on broadcasting in the Slovak Republic and on the activity of the Council for Broadcasting and Retransmission in the year 2002, the Council for Broadcasting and Retransmission, April 2003.

16 Rusko na ministerstvo ťahá ľudí z Markízy ("Rusko is taking people from Markiza to ministry"), *Pravda*, 15 October 2003, p. 1.

17 Američania chcú sto percent Markízy ("Americans want 100% in Markiza"), *SME*, 6 October 2003.

18 J. Füle, Z. Mistríková, E. Gindl, Médiá ("Media") in Kollár, M.,, Mesežnikov, G. (eds.), Slovensko 2001 – Súhrnná správa o stave spoločnosti ("Slovakia 2001 – A Global Report on the State of Society"), Inštitút pre verejné otázky, Bratislava 2001, pp. 599, 610.

19 Phone interviews with Valéria Agócs, Chairwoman of the Council of Broadcasting and Retransmission, and with Lucia Maxonová, Head of the Licencing Department at the Council's Office, 30 Jauary 2004.

20 All MEMO reports can be found at <http://www.memo98.sk>.

21 *Mediálna ročenka*, p.140.

22 World Development Report 2002: Building Institutions for Markets, The World Bank, 2001.

23 Data are regularly updated at <http://www.sme.sk/abc/abc.asp>.

24 E. Gindl, *Mass Media* in M. Bútora, P. Hunčík (eds.), Global Report on Slovakia 1995–96, Sandor Marai Foundation, Bratislava, 1997, p. 248.

25 *Mediálna ročenka*, p. 115-7.

26 E. Gindl, *Mass Media* in M. Bútora, P. Hunčík (eds.), Global Report on Slovakia 1995–96, Sandor Marai Foundation, Bratislava, 1997, p. 250.

27 E. Gindl, *Mass Media* in M. Bútora, P. Hunčík (eds.), Global Report on Slovakia 1995–96, Sandor Marai Foundation, Bratislava, 1997, pp. 247, 254–57.

28 Ministry of Culture statistics. See <http://www.culture.gov.sk/main/index.php3?ida=1302>.

29 J. Füle, Z. Mistríková, E. Gindl, *Médiá* ("Media") in Kollár, M.,, Mesežnikov, G. (eds.), Slovensko 2001 – Súhrnná správa o stave spoločnosti ("Slovakia 2001 – A Global Report on the State of Society"), Inštitút pre verejné otázky, Bratislava 2001, p. 597.

30 Phone interviews with Valéria Agócs, Chairwoman of the Council of Broadcasting and Retransmission, and with Lucia Maxonová, Head of the Licencing Department at the Council's Office, 30 January 2004.

31 *Kódex novinárskej etiky Slovenského syndikátu novinárov* ("Journalism Ethics Code of the Slovak Syndicate of Journalists") , adopted on 19 October 1990, <http://www.trsr.sk/docs/kodex_nov_e>.

32 J. Füle, Z. Mistríková, E. Gindl, *Médiá* ("Media") in Kollár, M.,, Mesežnikov, G. (eds.), Slovensko 2001 – Súhrnná správa o stave spoločnosti ("Slovakia 2001 –

A Global Report on the State of Society"), Inštitút pre verejné otázky, Bratislava 2001, p. 613.

33 G. Šípoš: *Služba verejnosti?*, ("A Service to Public?"), *OS – Fórum občianskej spoločnosti*, no. 3, March 2003.

34 *Štatút Tlačovej rady Slovenskej Republiky*, ("The Charter of the Press Council of the Slovak republic"), 20 March 2002, <http://www.trsr.sk/docs/statut_trsr.pdf>.

35 Z. Mistríková, M. Žitný: *Úloha médií v boji proti korupcii, etika v médiách, korupcia v médiách*, ("The Role of Media in Fighting Corruption, Ethics in Media, Corruption in Media"), Transparency International Slovensko, May 2001.

36 G. Šípoš, *The Problems in the Ethics and Professionalism of Slovak Journalists*, Institute for Economic and Social Reforms INEKO, December 2003.

SLOVENIA

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1 INTRODUCTION

The media situation in Slovenia is rather specific. After almost 15 years of market economy and completed privatisation process, many media companies are still directly or indirectly owned by the state. Media legislation is thorough and restrictive, but media concentration is high and regulatory bodies do not have political support or the autonomy necessary to implement it. Data on ownership are easily accessible but change rapidly, making the media landscape difficult to map and interpret.

So, when in June 2003 Prime Minister Anton Rop announced changes to the Mass Media Act, he stressed that it was necessary to introduce more order and clarity into the media field, restrict concentration and ensure plurality. This move came in response to warnings that "the media are controlled by the owners and managers of big companies that are at the same time the largest advertisers in these media, then by the owners of advertising agencies who buy and sell media advertising space, and the presidents of executive boards of the largest Slovenian companies (mainly state-owned) as well as secret representatives of political interests."[1]

Other threats to media pluralism include the monopolisation of print media distribution and of the distribution of radio and television signals via cable networks. All this led to the Government's decision to amend the media law and introduce tighter media regulation, at least as regards ownership, cross-ownership and takeovers.

But the problem the state will have to confront is the conflict of interest involving the state itself – in fact, it will have to impose restrictions on media companies in which it indirectly has considerable stakes via state funds. People who sit on the supervisory boards of these funds, banks and companies are a group of individuals with unambiguous political profiles. Another salient question is whether legislative amendments are indeed necessary, given that the current law includes a sufficient number of mechanisms that could prevent media concentration if only there were sufficient political will. Why have not the Government and institutions responsible for this field taken steps earlier if they believe that concentration in the media sector has occurred and that media plurality has been threatened?

The print media in Slovenia mainly do not have strategic owners. For example, among the owners of the largest mainstream daily, *Delo*, which is also the owner of the *Slovenske novice* tabloid, a daily with the highest circulation in the country, one can find a large brewery, several state funds and an investment company. The *Dnevnik* daily is controlled by a company that is officially involved in the publishing business, but the bulk of its profit goes to the purchase of shares in marinas, spas, insurance companies and distribution companies. The major shareholder in the *Večer* daily is a bank and a related investment company whose major owner is the state. The present owners buy and sell media shares with such alacrity that even while writing this report we had to update it several times to reflect all the changes that had happened in the meantime. The buyers of media shares are banks, investment and insurance companies, most of them with the state as a significant owner. The reasons propelling this media brokerage, where the property only apparently changes hands, remain guesswork.

It is fairly easy to obtain data on owners and their ownership stakes in media companies. The Mass Media Act stipulates that the publishers must provide information on owners when registering a medium, and these data are published in the *Uradni list RS* (The Official Gazette of the Republic of Slovenia). Data from the media registry are publicly available on the web pages of the Ministry of Culture,[2] and the law envisages high penalties for those who fail to meet these requirements. But it is obvious that the main problem does not arise from any flaw in the current law, but from the fact that legal obligations are not met. There are many reasons for this and they range from inefficiency of supervisors and shortage of staff, to the lack of will to actually impose sanctions for the most serious violations. Accordingly, while media ownership may appear dispersed at first glance, what it actually comes down to in practice is an intricate web of links among various companies.

The present ownership structure is the result of two factors: the absence of distinct media policy and a specific model of media privatisation. The law that regulated the transformation of ownership of enterprises indeed enabled media employees to become major shareholders in media companies. However, these employees, whose interests the law was protecting, "sold out" their advantage (by selling their shares). The state, on the other hand, has directly or indirectly preserved its ownership stakes via state funds. Does the state adhere to its media stakes because of economic or political gains? The Ministry of Finance, which regulates this field, has proposed that the new law should be adopted through an accelerated procedure "in order to forestall consequences that cannot be easily repaired and that could affect the operation of the state."[3] It seems that the story of privatisation will obtain its epilogue only now, ten years on, at the time of Slovenia's accession to the EU. And it is precisely the kind of epilogue Slovenia once tried to avoid.

2 MEDIA PRIVATISATION

The factor that most importantly contributed to the present ownership structure was a specific privatisation model implemented at the beginning of the 1990s. The fundamental dilemma widely discussed during the early stage of privatisation was whether media privatisation should have been subject to the Transformation of the Ownership of Enterprises Act[4] or a separate law. A group of MPs who participated in the drafting of the Transformation of the Ownership of Enterprises Act were of the opinion that media privatisation (with the exception of the public institution *RTV Slovenija* whose ownership was regulated by the 1994 RTV law)[5] should have been governed by the law observed in the privatisation of any other company. This raised the issue of whether the capital investment by the state should be taken into account in the process of privatisation, the same as in the privatisation of all other, previously state-owned companies, because this could lead to a situation in which the privatisation of the state-owned media could have effectively resulted in their nationalisation. The ultimate decision – a political one – was to use a special model of media privatisation, which implied an internal buyout. In this way, the media could remain the property of their employees, and this was expected to ensure their political autonomy. It was in this spirit that Article 39 of the 1994 Mass Media Act (ZJG)[6] was adopted – the article that represented a kind of "safety valve" aimed at preventing nationalisation by stipulating dispersed ownership. In other words, it forestalled the possibility of the media ending up in the hands of a single owner.

In practice, media privatisation was based on the following scheme: a certain amount of ordinary shares was transferred to special funds, i.e. 10 percent to Kapitalski sklad invalidskega in pokojninskega zavarovanja (Capital Fund of the Pension and Disability Fund, hereafter KAD), 10 percent to Odškodninski sklad (Indemnification Fund, hereafter SOD) and 20 percent to Razvojni sklad (Development Fund of the RS). These shares were later to be distributed to authorised investment agencies. The second stage of the privatisation process consisted of the internal buyout. The part of the socially owned capital allocated for the internal buyout was transferred to the Ordinary Shares Fund, and these shares were subject to a 25 percent discount. More than one-third of all employees had to participate in the internal buyout. The company had to buy back all shares from this fund within the next four years, at least one-fourth of all shares annually, at a price that was equal to their nominal value. The company could not grant any loans or issue any guarantees to the employees for the purchase of common shares.

2.1 PRIVATISATION OF DAILY DELO

Although formally this model of media privatisation enabled employees to acquire the majority shareholding in their companies, the outcome was contrary to what was expected, as the case of the largest daily newspaper, *Delo,*[7] clearly demonstrates. It was the state that emerged as one of the largest media owners, albeit indirectly, because it acquired media shares through state funds and other companies in which it had considerable shareholdings.

The goals of privatisation, as they were presented to the future owners of *Delo*, were as follows: to preserve the autonomy and independence of the company, to achieve better business results and to ensure the highest possible standard of living and work conditions for employees, which would be based on capital gains among other things.

Delo decided on the following privatisation scheme: 40 percent of socially-owned capital was allocated to the state funds, i.e. the Pension Fund (10 percent), the Indemnification Fund (10 percent) and the Development Fund (20 percent), while its employees were to become a 60 percent owner. The internal buyout scheme was as follows: 20 percent of the property was distributed among the employees, their close family members, former and retired employees in the form of ownership certificates; 22 percent was to be sold through the internal buyout, and 18 percent was to be sold to *Delo*'s readers. This privatisation model indeed provided the chance for *Delo*'s employees, ex-employees, their families and readers to become a majority owner. However, the story took a different twist.

As a result, the current dispersed ownership of media in Slovenia, as it was envisaged by the provisions of the Mass Media Act, is only apparent, while in reality media are concentrated in the hands of few companies that are directly or indirectly owned by the state. *Delo*'s journalists, much like their colleagues at other daily newspapers, as well as employees and former employees, simply sold out the option of having control over their media.

3 REGULATION

Apart from a specific model of media privatisation, the absence of distinct media policy also contributed to the present ownership structure.

The Mass Media Act (Zmed)[8] passed in 2001 addresses the issues of media plurality and diversity in minute detail in Section 9. Much like the previous law dating from 1994, this act also treats anti-concentration provisions inside a wider framework embracing the protection of media pluralism and media diversity. But unlike the 1994 law, the new act explicitly addresses concentration restrictions in Article 58. Furthermore, unlike the 1994 act, according to which investment funds were exempt from anti-concentration measures, the new act does not mention exemptions. The question that remains open, however, is how the anti-concentration measures listed in the 2001 law will be harmonised with Article 11 of the Protection of Competition Act (ZPOMK),[9] which stipulates that interests in businesses acquired by investment companies shall not be treated as concentration cases if the rights resulting from these interests are exercised with the purpose of preserving the value of the investment and if this does not affect the competitive performance of the company. It should be added at this point that Article 62 of the 2001 media law stipulates that media publishers and broadcasters are subject to the provisions protecting competition.

3.1 MEDIA OWNERSHIP RESTRICTIONS

What ownership restrictions are stipulated by the 2001 law? Under this law, a publisher of a daily newspaper, or any natural or legal person, or group of related persons, who has more than a 20 percent interest in the capital or assets of that publisher, or more than 20 percent of management or voting rights, may not be an owner or co-founder of a radio or television broadcaster, and may not engage in radio and television activities. The same restriction applies to a radio or television broadcaster, who under this law may not be a publisher of a daily newspaper (Article 56). Paragraph 3 of Article 56 further restricts ownership by stipulating that a publisher or broadcaster, a legal or natural person, or group of related persons[10] with more than a 20 percent share in the assets of another publisher or broadcaster, may not hold an ownership stake of more than 20 percent, or a share in the management or voting rights of more than 20 percent, in the assets of any other publisher or broadcaster.

Article 58 of this law stipulates that in order to acquire an ownership or management stake, or a share in the voting rights in the assets of a broadcaster of 20 percent or more, it shall be necessary to obtain approval from the Ministry of Culture, which shall issue such approval following a prior opinion from the Agency for Telecommunications, Broadcasting and Postal Services. And, according to Article 100, it is the Broadcasting Council that takes a decision regarding the preliminary opinion in connection with the restriction of concentration. In other words, the Broadcasting Council decides whether a specific case represents concentration, and that decision is then adopted as a preliminary opinion of the aforementioned Agency, on the basis of which the Ministry of Culture issues approval.

As regards restriction of concentration, Slovenian law is very precise, if only apparently. The first paragraph of Article 58 explicitly states that in order to acquire an ownership or management stake of 20 percent or more in the assets of a broadcaster, or a share of the voting rights of 20 percent or more, it shall be necessary to obtain approval from the relevant ministry which can refuse to issue such approval if any of the following conditions is fulfilled: first, if by acquiring that stake the broadcaster would obtain a dominant position on the advertising market in such a way that its sale of advertising time in a particular radio or television program would exceed 30 percent of the total sales of radio or television advertising time in the Republic of Slovenia; second, if by acquiring that stake the broadcaster would obtain a dominant position on the market in such a way that either alone or together with its subsidiaries its station signal would cover more than 40 percent of the Republic of Slovenia, with regard to the overall coverage of Slovenian territory by all radio and television stations; and third, if by acquiring that stake the publisher of one or more daily newspaper would have a dominant position on the market, alone or via one or more subsidiaries, such that the number of copies sold would exceed 40 percent of the total number of dailies sold in the Republic of Slovenia

If the Ministry establishes that any one of these conditions has been fulfilled, it will refuse to issue approval.

In February 2002, the Ministry of Culture considered the first such application applying criteria laid down in Article 58 of the Mass Media Act. The applicant was KBM Infond, which intended to increase its share in the *Večer* daily, but the Ministry refused to issue approval unless the applicant sold off the "excessive" stakes in *Radio Tehnik* Ptuj, a broadcaster and a publisher of a weekly.

In the 2001/2002 report,[11] the Broadcasting Council, which takes decisions regarding concentration, explicitly stated that paragraph 3 of Article 58 of the Mass Media Act, which establishes the cases in which the Ministry of Culture may refuse to issue approval, is not sufficiently detailed, and that a methodology for establishing media concentration had not yet been formulated. Finally, it pointed out that provisions in this paragraph were incompatible with the law regulating protection of competition. The Council thus concluded that this issue should be adequately resolved within the shortest possible time. At its session in April 2003, the National Assembly Committee for Culture, Education, Young People, Science and Sports approved this report by the Council and, among other things, demanded from the Ministry of Culture and the Government that the articles referring to restriction of concentration should be amended.

In February 2003, the Securities Market Agency[12] focused its attention on media takeovers, particularly the purchase of 25 percent of *Delo* shares by Pivovarna Laško. As a result, in July 2003 the Agency sent a letter to the Prime Minister drawing his attention to a failure to comply with the provisions of the Mergers and Acquisitions Act[13] relating to the acquisition of shares via indirect ownership stakes in the media. The Agency, therefore, proposed that the Mass Media Act should be amended in such a way that the Agency would be authorised to revise the related persons' transactions and their ownership links. In July 2003 the Government convened the first meeting to which were invited all relevant institutions and the representatives of the Journalists' Association. This meeting marked the beginning of the preparations for the amendments to the Mass Media Act.[14]

4 MEDIA OWNERSHIP

According to the data in the media registry as of 31 January 2003,[15] there are 7 electronic (web) media in Slovenia, 83 radio broadcasters, 37 television broadcasters (including local and cable operators), and 330 print media outlets, with the last group including practically every kind of media from daily newspapers to papers published several times a year, various life-style magazines, then magazines targeted at specific demographic or other interest groups, as well as local community bulletins, and even some media that have not yet seen the light of the day.

4.1. PRINT MEDIA

Our analysis will include the following print media: the dailies *Delo, Dnevnik,* and *Večer*, and the news weeklies *Mladina* and *Mag*. Other important dailies and weeklies in Slovenia include the tabloid *Slovenske novice*, a daily with the largest circulation in the country almost entirely owned by the joint-stock company Delo d. d. (which is also the publisher of the *Delo* daily); *Finance,* a business newspaper, published five times a week and owned by the GV group and Dagens Industri (a member of the Swedish media group Bonnier), each having a 50 percent share; and *Žurnal*, a free weekly published on Saturdays. The first issue of *Žurnal*, the latest arrival on the newspaper market in Slovenia, appeared on 7 November 2003. It is the first weekly in Slovenia fully financed by a foreign owner, the Austrian publisher Styria Verlag. Also the other free paper, *Dobro jutro,* is financed by Austrian capital provided by the Leykam print company, which is one of the major shareholders in the *Večer* daily.

Table 1 MAIN DAILIES AND WEEKLIES

DAILY	CIRCULATION (PRINTED)	READERSHIP
SLOVENSKE NOVICE*	107,000	355,000
DELO	90,000	237,000
DNEVNIK	66,000	159,000
VEČER	62,000	170,000
FINANCE**	10,000	36,000
WEEKLY		
MLADINA	19,300	102,000
MAG	17,000	58,000
ŽURNAL***	214,000	/

Sources: Nacionalna raziskava branosti 2003 (National Survey of Readership 2003), and *Delo, Dnevnik, Večer, Mladina, Mag, Žurnal, Finance.*
Notes: * tabloid
** business newspaper
*** free newspaper

4.1.1 DELO DAILY

Delo d. d. is a controlling company in the concern that also includes Slovenske novice d.d., the publisher of the *Slovenske novice* tabloid, the only daily that recorded a significant increase in circulation in the past year. *Delo* is recognised as the most important daily in Slovenia. It is the only daily newspaper with a truly "national" character, since the other two dailies are more locally oriented. It has six local editions. Its daily supplements – *Vikend* (TV guide), *Ona* (women), *Polet* (men), *Delo in dom* (household), *Znanost* (science) and *Književni listi* (literature) – also have large readerships, as well as its Sunday edition and the "elite" Saturday supplement (*Sobotna priloga*). On 19 December 2003, the newspaper company Delo launched a new weekly called *Več* (More).

According to the data of the Klirinška depotna družba (Central Securities Clearing Corporation, KDD),[16] the largest individual shareholder in Delo is Pivovarna Laško (Laško Brewery), the owner of nearly 25 percent of Delo shares. The state funds SOD and KAD are 11.7 percent and 7.4 percent shareholders respectively, while approximately 25 percent of the shares is in the hands of various investment companies many of which are owned by banks, insurance companies, other big companies and investment companies. The largest individual owner among Delo's employees is its current chairman, Jure Apih (1.5 percent), while journalists and other employees virtually do not have ownership stakes any longer.

4.1.2 DAILY DNEVNIK

Dnevnik d. d. is the publisher of the *Dnevnik* daily, the *Nedeljski dnevnik* (the Sunday edition with a circulation of 172,000), and *Hopla,* a tabloid weekly (circulation 33,000). The majority owner (51.04 percent) of Dnevnik is the DZS, one of the largest book and stationery publishers and traders in Slovenia. Until the end of 2003, the second largest owner had been KD Holding (25.73 percent), a company predominantly involved in strategic investment, marketable securities and other securities not quoted on the exchange market. It is a member of the KD Group which is a 91.3 percent owner of Ljubljanski kinematografi, a film distribution company, a majority owner of the Kolosej multiplex cinema, and of the largest Slovenian cinema network. The other shareholders are the state fund KAD (10.11 percent), Večer, the publisher of the *Večer* daily (6.6 percent), and the largest state-owned mobile operator, Mobitel (2.7 percent).[17] According to public statements, KD Holding reportedly sold its 25.7 percent share in *Dnevnik*, along with its 29.8 percent share in the Sarajevo *Oslobođenje* daily, to the Austrian company Styria Medien AG. In the words of the Deputy Manager of the KD Group, this sale was prompted, among other reasons, by their disagreement with the management style and lack of clarity in Dnevnik's business operation, imposed by the majority shareholder,[18] i.e. the DZS.

4.1.3 DAILY VEČER

The Večer publishing company is the third most important newspaper publisher in Slovenia. Its main line of business is the publishing of the *Večer* daily, the most influential print medium in the north-eastern part of Slovenia, then of the *7D* weekly, the *Naš dom* magazine and some other special editions. The largest shareholder in Večer is Infond Holding (36.29 percent), which is one among the three companies that was formed after the transformation of the authorised investment company Infond Zlat. Infond Holding is a member of KBM Infond, an investment group whose majority owner is Nova KBM bank, whose majority owner, in turn, is the state. KBM Infond main line of business is the management of investment funds; at the moment it manages Infond PID, an authorised investment company, Infond ID, an investment company (the third largest shareholder in *Večer* with a 15 percent stake in this daily), and three mutual funds. The second largest shareholder in *Večer* is Leykam Hoče (26.7 percent), the Slovenian branch of the Austrian print company Leykam. Other important shareholders are the SOD fund (10 percent), and the largest distribution company in Slovenia, Delo Prodaja (6.9 percent). Obviously, the major owner Infond Holding and the related company Infond ID together hold a 51 percent stake in the *Večer* daily. We should add that a considerable stakeholder in both funds is the state.

Table 2 OWNERSHIP OF THE MAIN DAILIES IN SLOVENIA

DELO	%	DNEVNIK	%	VEČER	%
PIVOVARNA LAŠKO D.D.	25.0	DZS D.D.	51.0	INFOND HOLDING D.D.	36.3
SLOVENSKA ODŠKODNINSKA DRUŽBA D.D.	11.7	STYRIA VERLAG	25.7	LEYKAM HOČE	26.7
ID MAKSIMA D.D.	11.1	KAPITALSKA DRUŽBA D.D.	10.1	INFOND ID D.D.	15
KAPITALSKA DRUŽBA D.D.	7.5	ČZP VEČER D.D.	6.5	SLOVENSKA ODŠKODNINSKA DRUŽBA D.D.	10.0
INFOND ID D.D.	6.8	MOBITEL D.D.	2.7	DELO PRODAJA D.D.	6.9
NFD 1 INVESTICIJSKI SKLAD D.D.	5.1	LB MAKSIMA D.O.O.	0.9	SENICA MARTIN	0.8

4.1.4 WEEKLY MLADINA

Mladina is one of the most important political weeklies in Slovenia. Its reputation for investigative journalism and its popularity date primarily from the 1980s, when several of its issues were banned for political incorrectness and when it uncovered a series of political and economic scandals. On 31 December 2002, the publisher of the *Mladina* weekly, Mladina d.d. merged with Infomedija, the publisher of computer journals and computer-related books. According to the media registry records at the Ministry of Culture as of 30 April 2004, the shareholders (holding more than a 5 percent stake) in Mladina d.d. are members of the editorial office, Bernard Nežmah (6.92 percent), Miha Fras (5.54 percent) and Robert Botteri (6.92 percent); director Andrej Klemenc (14.45 percent); and Delo TČR

(7.53 percent) and Factor Leasing d.o.o. (18.77 percent).[19] *Mladina*'s ownership structure has been unclear ever since Franci Zavrl, the founder and co-owner of the Pristop Group (the group incorporates several companies involved in advertising, media buying, branding and PR, and has branches in several countries of South East Europe), sold his majority stake in Mladina in 2000. It is not clear to whom he sold this share.[20] But although he formally withdrew as an owner, Zavrl had remained the president of the supervisory board of Mladina d.d. until it merged with the Infomedija company in 2002. Since then, Mladina d.d. and Pristop, have been sharing office space and facilities in downtown Ljubljana.

4.1.5 WEEKLY MAG

The other important political weekly is *Mag*. In terms of point of view, it is perceived as the opposite pole of *Mladina* and all three dailies. Its publisher is the Salomon 2000 company, which is also the publisher of the *Ekipa* sports daily, of *Salomonov oglasnik,* the largest Slovenian classified ads paper, and a youth magazine. The Salomon group consists of three companies each of which has a one-third stake in the Salomon and Salomon 2000 companies. The Salomon group also owns two radio stations, *Radio Veseljak* and *Radio Salomon*. In addition, it is connected with the radio station *RGL*, since a nearly 51 percent owner of RGL d.d. is the SET company, whose 68.56 percent owner is Salomon, while Salomon 2000 is the holder of an additional 9.74 percent stake in this company.

4.1.6 PRINTING AND DISTRIBUTION CAPACITIES

Printing and distribution are prerequisites for the survival of a daily newspaper. By concentrating content, production and distribution resources, it is possible to effectively increase the market share, as this provides an important lever that can be used in fighting (restricting) competition. The costs of setting up a newspaper's own distribution network are very high, but the owner of a distribution network can easily adjust the price of its services in such a way that it affects the price of the competitive product.

The largest Slovenian printing house is Delo Tiskarna. The larger shareholders in Delo Tiskarna are Infond holding[21] (29.94 percent), SOD (11.8 percent) and KAD (8.02 percent). Delo Tiskarna and its shareholders have considerable shareholdings in two smaller printers. However, concentration in the print market is not so pervasive, because other bigger printers – Tiskarna Ljubljana, Mladinska knjiga, Leykam, Gorenjski tisk and Novo mesto – have completely different ownership structures, with foreign capital being predominant in Leykam and Mladinska knjiga.[22]

The picture of the distribution sector is, however, completely different. The largest Slovenian distributor and seller of both Slovenian and foreign newspapers and magazines is Delo Prodaja, with more than 10 million copies of newspapers and magazines distributed each month. The company has its own network of retail outlets. Its main competitors are Dnevnik and Večer, each holding only a 10 percent market share. In 2002, the Salomon and Salomon 2000 companies terminated all business contracts with Delo Prodaja and handed over the distribution of their nine publications to Dnevnik. In 2001, the publications of Salomon and Salomon 2000 accounted for as much as one-tenth of the net sales revenue of the distribution sector, so the termination of the contract with Delo Prodaja somewhat changed the relations in this segment.

The largest shareholder in Delo Prodaja is Banka Celje (24.4 percent) whose largest owner, in turn, is the mainly state-owned Nova Ljubljanska banka. A 10 percent shareholder in Delo Prodaja is the state fund SOD. Another interesting shareholder is the DZS, one of the largest book publishers and traders in Slovenia. On several occasions the DZS expressed its interest in acquiring a bigger share in Delo Prodaja.

The print and distribution sectors also contribute to the peculiar picture of the Slovenian media market. All companies that still have Delo as part of their names – the publishers of the *Delo* and *Slovenske novice* dailies, Delo Tiskarna (printing plant), Delo Prodaja (distribution network), Delo Tisk časopisov in revij (newspapers and magazines printer) and Delo Revije (the publisher of magazines) – are actually a case of vertical concentration to a certain extent, given that they have in their hands the entire production and distribution and together hold a huge market share. Yet, it would be difficult to find formal proof of these companies' interrelatedness through ownership links. For example, the owners of a competitor newspaper have potentially a greater influence on Delo Prodaja than the former parent company (ČGP Delo). This may appear strange, but an explanation may be indicated by a rhetorical question frequently posed by the political opposition: is it possible to say that Slovenian dailies really have different owners and that they compete among themselves?

A simple listing of newspapers' shareholders does not reveal much. Therefore, in the next section we describe another useful approach in investigating media ownership, or rather, two other levels on which influential links may be formed. These involve links between the owners of media companies, and links between board members of official media owners and companies that are not direct shareholders in media companies but can still promote/realise certain interests.

4.1.7 BEHIND PRINT MEDIA OWNERSHIP

The reason why we dedicate so much space to the print media is simple: newspapers and political magazines remain the major private agenda-setters. Public broadcasting is excluded from this report, while commercial radio stations and television stations in Slovenia do not seem to have any political (content) aspirations, although they did use political connections to either obtain broadcast licenses or realise mergers. But the Slovenian newspaper sector presents a completely different picture. The question of who will control the most important dailies is not just a question of political prestige. It also reveals a close relationship among politics, economy and media that did not cease to exist despite the fact that the privatisation process has been completed and that all companies have officially become private enterprises.

At the beginning of this report we said that the current state of media ownership was most influenced by the privatisation of the formerly socially owned companies. Brisk changes in the ownership structure of the three largest dailies between 2000 and 2003 clearly illustrate events in the aftermath of privatisation.

Changes in the ownership structure of *Dnevnik* in the period 2000–2002 make a story about a takeover. However, the case of *Dnevnik* also illustrates how complicated an attempt to establish links between apparently unrelated media shareholders can be. The DZS increased its shareholding in *Dnevnik* step by step, and in so doing, it made use of companies popularly known as "parking lots" – these are companies that are brought into the game in order to temporarily store ("park") the shares of a company targeted by a buyer i.e. in which this buyer is interested in the long run. In this way, the investor circumvents the provision according to which it has to obtain approval from the competition authority before buying a stake in that company. In our study published at the end of 2002,[23] we hypothesised that the "parking lot" for the DZS was Rent A. Our hypothesis was based on the data from publicly accessible sources and our long-time tracking of newspaper articles, which all indicated a number of connections between the two companies. The data from December 2003 confirmed our hypothesis, because Rent A was removed from the shareholder register and its share today officially belongs to the DZS.

The daily that experienced the greatest number of changes in its ownership structure in the period 2000–2002 was *Večer*. Most of the small shareholders, who at the end of 2000 owned 24 percent of the company, have sold off their shares since then, and the Talum company withdrew. The largest owners of *Večer* have thus become Infond Holding, the Austrian print company Leykam, Probanka, SOD, Delo Prodaja and the DZS. In 2003 Probanka sold its stake, and Infond Holding, Leykam and Infond ID increased theirs. The ownership structure of Infond ID is practically the same as that of Infond Holding, meaning that the owners of these two companies are indirect owners of a 51 percent stake in *Večer*.

4.1.8 LINKS BETWEEN PRINT MEDIA OWNERS

A closer inspection of the list of *Delo*'s owners will show that several of its shareholders - KAD, SOD, Infond holding and Infond ID – together own nearly a 30 percent stake in the *Delo*'s largest individual shareholder, Pivovarna Laško. The remaining part of Pivovarna Laško's shares is in the hands of investment companies founded by big banks and insurance companies, in which KAD and SOD still own significant stakes, and whose owner is the state, either directly or indirectly. Among important shareholders in both Infond Holding and Infond ID are the Radenska company, whose majority owner is Pivovarna Laško, and the parent company Nova KBM, in which major shareholders are KAD, SOD and the Zavarovalnica Triglav insurance company, in which KAD and SOD hold an 85 percent share.

A similar pattern is found in the *Dnevnik* daily. The main shareholders in the DZS (the major owner of Dnevnik) are the Nisa company (we could not obtain data on its ownership structure, but we presume that it is controlled by the DZS), two state funds, *Dnevnik*, Portorož Marina (controlled by the DZS through related companies), Delo Prodaja (the largest distribution company), and Fond Invest.

Infond Holding and ID together have a 51 percent ownership stake in Večer, the publisher of the *Večer* daily. Since we have already treated Infonda in the section dealing with *Delo* shareholders, at this point we will concentrate on the state fund SOD, Delo prodaja, which is one of the DZS shareholders, and the Slovenian branch of the Austrian print company Leykam.

Leykam's share in *Večer* is the only case of foreign capital directly invested in a Slovenian daily, and it is a rare example of an ownership stake that cannot be described as "state-owned." KAD and SOD are state funds that are not majority shareholders in any daily newspaper, but they are owners of other big media owners or owners of those owners (in many cases the owner of an owner of a big media owner is the state itself, particularly of banks and insurance companies). This means that we have good grounds to propose that only two large owners of daily newspapers in Slovenia cannot be categorized as state-related: Leykam, with its stake in *Večer*, and KD Group[24] with its stake in the *Dnevnik* daily. All other owners may be controlled by the state through companies that are formally independent. Therefore, it is relatively unimportant in which companies individual media owners actually have stakes, since the question that has to be answered first is whether there are several media owners or there is, in fact, just a single owner.

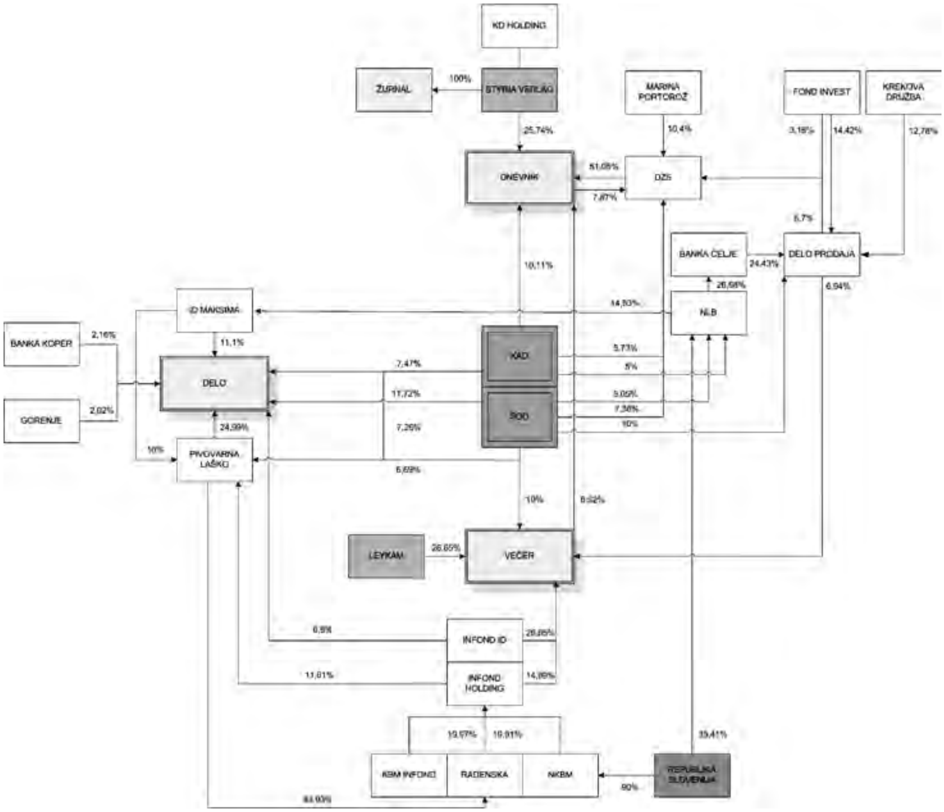
Another way to approach this issue is to look at it from an entirely different perspective. Slovenia is a small state with a small economy, small stock exchange and a small number of large companies. An important source of income for banks, insurance companies and other large companies are short-term and long-term investments, and the situation for the investment companies is similar. Profitable companies do not have infinite investment opportunities but can only invest in other bigger companies. The logical outcome is ownership links between virtually all important players on the market, and media companies could hardly be left out. Why, then, do we find it so difficult to accept the thesis that a stake in an important daily newspaper should be seen solely as a good investment? The answer is simple: because regardless of what the owners (and the Government) publicly assert, they are still aware of the importance of capital acquired through media ownership – one that enables them to influence public opinion.

Links between owners within the Slovenian media industry are just one aspect of redistribution and concentration of influence and power. In order to understand how powerful current media owners are, we have to look at the composition of the supervisory boards of these companies. The members of these boards are chairpersons of the largest Slovenian companies (which are also the largest advertisers), owners of advertising agencies and chairpersons or supervisory board members of the largest banks. This means that media power is closely connected with economic power, and with political power, which, although not identifiable at first glance, is nevertheless present.

Composition of the supervisory boards of Slovenian dailies is similar to that of their largest shareholders. The economic and political power of people who supervise Slovenian dailies is under the control of economically and politically powerful supervisors of media owners, who are, most importantly, linked through capital and vested interests.

Although media owners invariably insist that media stakes are exclusively a lucrative investment, political interests have always been part of the game. One proof is an agreement between the two state funds (KAD and SOD), the holders of interests in all three dailies, on not selling these stakes. This agreement was aimed at preventing “politically unsuitable” companies from obtaining influence (political takeovers), particularly those companies that had close relations with the opposition parties.

Chart 1 LINKS BETWEEN PRINT MEDIA OWNERS IN SLOVENIA



Proof that this is not mere speculation was provided in 2000 when the coalition government headed by Janez Drnovšek was brought down. Among the first steps taken by the new government was an attempt to replace the directors of KAD and SOD[25] in order to obtain control over their decisions involving the sale of ownership stakes. Two weeks before he was released from duty in July 2000, the director of KAD sold 5.5 percent of KAD's shares in Delo. The price was approximately 700 million tolars and the shares were sold to Cobito (a stockbroker company), Gorenje,[26] and Emona Maximarket. This is the maximum percentage of shares that may be sold without seeking approval of the company meeting (which is an important piece of information because, given political changes at the time, it is very likely that such approval would not have been given). *Delo* came under further pressures in November 2000, when KAD and SOD allegedly decided to sell their shares in *Delo.*[27] Presumably, the buyer was Mohorjeva družba,[28] or the "right" wing of *Delo* shareholders. In their public statements directors of both state funds asserted that *Delo*'s shares were not for sale, at least as long as the executive boards of both funds did not lift the ban on their sale.

This was not the end of the redistribution of ownership stakes, nor of the events that clearly indicate that media ownership is primarily a form of political capital (if only insofar as the state is concerned). In February 2003, Pivovarna Laško (whose chairman sits on *Delo*'s supervisory board) purchased a 24.98 percent share in the newspaper company Delo from Krekova družba. The price was 5.8 billion tolars (approx. EUR 23 million). Krekova družba, the former owner of a one-quarter stake in *Delo* and a one-third stake in *TV3*, had to sell its media shares in order to bring these in line with the provisions of the Mass Media Act.[29] It sold its interest in *Delo* to Pivovarna Laško and that in *TV3* to the Croatian businessman Ivan Ćaleta. The media spread various interpretations of the "real" motives behind this purchase. According to one, Pivovarna Laško was "forced" into this transaction in exchange for the promised permission to take over the Union brewery;[30] other explanations were that "Delo was under the control of persons not listed among the shareholders," that "Krekova družba has always been an undesired owner," that "people from Laško overpaid the stake in Delo" and that politics played an important role in the sale/purchase transaction.

Before Pivovarna Laško purchased a one-fourth stake in Delo, the media extensively wrote about the DZS's alleged plan to takeover Delo.[31] In an interview given to *Finance* on 5 February 2002, when asked about the motives for the purchase of Delo, the chairman of the DZS, Bojan Petan, stated that Delo was more than an ordinary joint-stock company so "when buying Delo shares one has to pay for some other values in addition to the share capital value." In his opinion these "other values" were related to the "shaping of public opinion." This means that a purchase of a medium is not an "ordinary business transaction." A media owner may influence medium profiling (according to Petan this is possible "in the long run, but is more difficult to achieve in the short run") and the structure of media ownership may affect media pluralism.

4.1.9 FUTILE ATTEMPTS TO ESTABLISH NEW DAILIES

Ever since the early 1990s, political parties, particularly opposition parties, have insisted that the media space in Slovenia is "politically unidimensional" and that the media favour the political standpoints of the largest coalition party. Complaints about the bias and absence of media pluralism are thus an invariable component of the relations between the ruling parties and the opposition. In January 2003, Janez Janša, the SDS opposition party leader, presented to the Government six requirements, the majority of which related to the ensuring of media pluralism. The opposition parties demanded live coverage of the

National Assembly sessions and all other important sessions of parliamentary working bodies; they also demanded that *RTV Slovenija* should have two channels (one under the control of the ruling government and the other under the control of the opposition parties) and that the Mass Media Act should be amended to include an article which would stipulate the establishment of a fund for the pluralisation of the print media (the money would be provided from the state budget). The SDS's demands were supported by a civil initiative called "Something has to be done", which collected more than 10,000 signatures.

All of the previous governmental interventions aimed at ensuring the pluralism of the print media proved futile. In March 1991, Lojze Peterle, Prime Minister at the time, managed to introduce a new item into the state budget – approx. EUR 1.4 million earmarked for media democratisation and the setting up of new media. The problem was that for the Government media democratisation meant primarily the introduction of a new daily that would pursue editorial policy reflecting the Government's point of view. Accordingly, most of this fund was spent on the launching of the "right-wing" daily, *Slovenec.*[32] The chronology of *Slovenec*'s downfall is quite illustrative. It shows that the media cannot function as a proxy for political interests, at least not in a democratic society. In November 1991, five months after the first issue saw the light of the day, the owners replaced the first editor in chief. Political interference with the editorial policy was obvious. This and subsequent replacements inspired rumours about the newspaper's radical right orientation, created the impression of instability in the eye of the public and had negative effect on circulation by diverting readers belonging to the political centre.[33] Even though the right and centre-right parties won 40 percent of votes at the election, the Slovene political right never consolidated around its "own" newspaper. Venčeslav Japelj, then president of the Trade Union of Journalists, wrote that the management of *Slovenec* ventured into the new project "in an amateurish and economically adventuresome manner".[34] The media company Slovenec d.o.o., the publisher of the newspaper, accumulated nearly a one billion tolar debt (approx. EUR 4.3 million) during the seven years of its existence, and the newspaper eventually folded in 1997.

Neither were the left-wing parties satisfied with the state of affairs. Towards the end of 1992, a new daily called *Republika* was launched – also another political project. The newspaper had reportedly been launched with strong support from some leftist circles as a "counterbalance to right-wing media aspirations." But both newspapers, the "right" *Slovenec* and the "left" *Republika*, were political projects. Their editorial policies were seen as following the political requirements of the parties that were behind their launch. This was also obvious from the manner of covering major political events in the country. Although editors and journalists made efforts to adhere to professional standards in editorial matters, it was clear that the agenda setting was not under their control but in the hands of the newspapers' owners.

The designers of the *Slovenec* and *Republika* projects (and particularly of the even more tragic *Jutranjik* that folded within one month of its appearance, in June 1998), were motivated primarily by political interests. One could even argue that all of these newspapers were political rather than market-based projects, so they could not undermine, let alone seriously threaten, the domination of the existing daily newspapers *Delo*, *Dnevnik* and *Večer*.

4.3 BROADCAST MEDIA

4.3.1 RADIO

Among the broadcasting media, it is precisely radio stations that never really recovered from the consequences of privatisation and the lack of strategy. The allocation of broadcast licenses was based on personal relations rather than on agreed, pre-set criteria.

From 1991 to the foundation of the Broadcasting Council in 1994, the allocation of broadcasting frequencies had been under the control of the Telecommunications Office of the Republic of Slovenia. By 23 April 1994 when the Mass Media Law took effect, the Telecommunications Office had issued 86 television licenses and 56 radio licenses. This means that by the time the Mass Media Act took effect and the Broadcasting Council was founded, the Telecommunications Office had allocated more than 90 percent of the available frequencies, including all of the important ones.[35] A review of frequencies allocated from 1995 to May 2001 (when the Council allocated the last license according to the criteria established by the Mass Media Law) shows that the majority of new license holders have ended up as part of one or another radio "network" and with it discarded the programming concept on the basis of which they acquired their broadcast licenses.

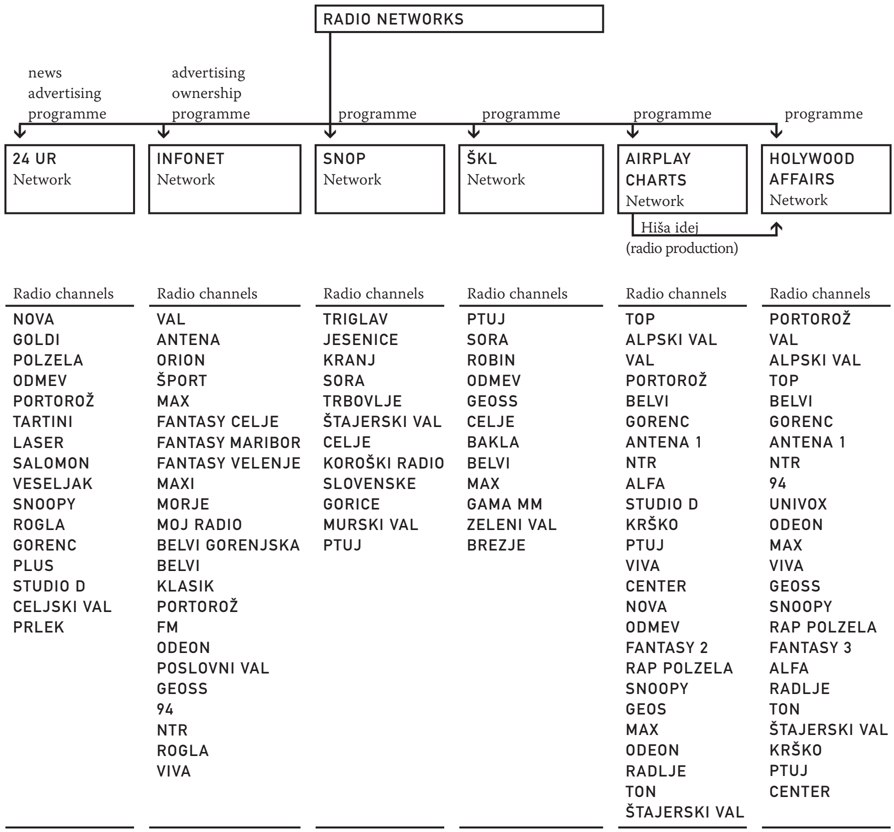
A peculiar approach to license allocation is the main reason for the present state of affairs in this sector. First of all, too many frequencies were allocated, although the majority of small commercial radio stations can hardly survive unless they join some radio network. And, since the setting up of these networks was not based on any clear strategy and was not subjected to supervision or regulation, the whole sector is now in disarray. In addition, it is difficult to assess the size of individual radio stations given that their actual size loses significance once they are incorporated in a wider network.

Radio and television broadcasters can form a network under the conditions specified in Article 83 of the Mass Media Law. The fundamental requirement is that each network member broadcasts only within the area for which its license was issued, that each broadcasts a minimum of two hours of in-house produced programming, and that each network member acquires approval from the Agency if its programming concept has been changed as a result of networking. Obviously, Article 83 addresses only association through programming, while capital and ownership links are an area regulated by the provisions concerning the restrictions of concentration.

There are six radio "networks" in Slovenia. Of these, just one – Infonet – is a real network and as such it was entered in the media registry in 2002. The Infonet network includes 23 radio stations that share the technical service department, musical section, program and advertisements production sections, legal service and promotion departments. Infonet member stations are linked in several ways, i.e. through programming, advertising and ownership links, all of which can importantly influence the programming concepts on the basis of which these radio stations acquired broadcasting licenses. When entering the network into the media registry in 2002, the Ministry of Culture did not check if Infonet fulfilled the requirements set down by law. The statement of the broadcaster that the network fulfilled these requirements was taken as sufficient.

Other existing networks cannot be classified as such if we adhere to legal definitions, although these networks are based on certain forms of association through programming, advertising or ownership links. 24 ur – radijske novice (24 hours – radio news) is a news program broadcast by 16 radio stations. Pro Plus, the broadcaster of the two largest commercial television programs, heads the project.

Chart 2 **RADIO NETWORKS**



There are six radio channels with national coverage. Four of them belong to the public radio broadcaster, *Radio Slovenija*: *Program A*, *Program Ars*, *Val 202* and *Radio Slovenia International*. The other two are *Radio Ognjišče*, owned by the Slovenian Roman Catholic Church, and RGL, a member of the Salomon Group (which is the owner of two other radio stations, the weekly *Mag* and the sports daily *Ekipa*). The signal areas of other commercial or regional radio stations depend on the region. Other important radio stations that reach[36] more than 500,000 citizens are *Radio Trbovlje*, *Radio Štajerski val*, *Radio Veseljak*, *Radio Zeleni val*, *Radio Salomon*, *Radio Poslovni val*, *Radio Hit*, *Radio Gama MM*, *Radio Dur* and *Radio Antena*.

A cursory look at the list of radio broadcasters would not reveal any ownership concentration in the radio sector. But the reality is just the opposite. Our scrutiny of sources showed that many radio stations were related in one way or another – through ownership links, advertising and programming, or through related persons. Therefore, while there are 83 radio stations altogether, the number of owners is far lower. Most of the commercial radio channels are owned by private persons or by joint-stock companies that are not legally bound to reveal all the facts about their operation. In addition, there is another, and quite obvious, systemic flaw in the radio field: while data entered into the court registry are not checked, it is a copy of the court registry record that is required when ownership has to be confirmed or authenticated. So the question that should be posed here is whether an attempt to establish or map ownership links is sensible at all, knowing that even this basic source of data is quite problematic.

4.3.2 TELEVISION

Unlike the print media and radio sectors, where foreign capital is virtually absent, the television sector is dominated by it. The main commercial TV channels are *POP TV* and *Kanal A*. The owner of the broadcasters of both channels is Pro Plus, which is, in turn, owned by the CME Slovenia, a branch of the US CME corporation.

The main change in the television sector in Slovenia occurred with the launch of the *POP TV* channel in 1995. It brought with it many "first-timers" in Slovenia. It involved the first substantial foreign investment (although officially it was called "a loan" and not an investment, because only in such a way could Slovene partners retain equal shares). The American corporation CME invested USD 16 million and hence acquired a 58 percent share in the production company Pro Plus that is responsible for the management, production, technical operation and finances of *POP TV*. Other shareholders were Slovenian companies MMTV and Tele 59, but the former sold its 20 percent share in Pro Plus one and a half years later to CME for USD 5 million, so CME increased its share to 78 percent. Besides, *POP TV* was the first television station that "was not a television station." The executives of Pro Plus strictly adhered to the explanation that *POP TV* was a program, a trademark, and not a television station. Why was this necessary? The answer is simple. The 1994 media law restricted ownership stakes of individual owners of a radio or television broadcaster to 33 percent. CME could thus acquire a majority share in the production company Pro Plus because it was not subject to this legal restriction, although Pro Plus produced *POP TV* programming which was broadcast by three television stations where CME was a legally permitted 33 percent shareholder. In October 2000 some complex moves were taken in order to link Pro Plus and *Kanal A*. Super Plus Holding acquired a majority stake in *Kanal A*, which signed the contract about the long-term cooperation with Produkcija Plus d.o.o. According to the words of some leading people, the "goals of this business linking were primarily the reduction of program purchase costs, the streamlining of program libraries and ensuring of domestic production." In December 2002, Pro Plus got a loan from Bank Austria Creditanstalt and Nova Ljubljanska banka (NLB). The loan amounted to EUR 8 million and was intended for further expansion of the company and reinforcing of its position on the Slovenian media market, as was asserted in the public statement. At the same time, CME became a 96.7 percent owner of Pro Plus. After that Pro Plus applied to the Ministry of Culture for approval of the purchase of a share in excess of 20 percent in *POP TV* and *Kanal A*. In the words of F.T. Klinkhammer, the Chairman and the Director General of CME, the approval was needed in order to simplify their complicated ownership structure.[37] The Broadcasting Council was of the opinion that although the bringing of *POP TV* and *Kanal A* under the roof of one owner would result in the two broadcasters exceeding the 30 percent advertising share with regard to the size of the entire advertising space in Slovenia, this would not secure for it the predominant position on the market. This view was also corroborated by the opinion issued by the Office for Competition Protection, which was an arbitrator in the conflict between *POP TV* and the public institution *RTV Slovenija* concerning dominance on the advertising market. The Council issued its decision with some reservations: the merger could receive the green light, but only on the condition that the two programs remain separate, that is to say, that their programming concepts are not changed.

Foreign capital is also involved in *TV3*, formerly owned by the Catholic Church.[38] In February 2003, the then Church-related shareholders, Tiskovno društvo Ognjišče, Koper Diocese, Marketing 3 and Franc Bole, sold *TV3* to four buyers from Croatia. At the moment, a 75% shareholder is the Croatian businessman Ivan Ćaleta[39] against whom several legal proceedings have been brought in Croatia concerning the ownership and management of the Croatian television *Nova TV*. One-quarter of the shares were retained by Krekova družba and Mladinska knjiga. The former shareholders saw this sale primarily as a contribution to the plurality of the Slovenian media and a move that would at least partially obstruct the victorious march of the political left.

Table 3 MAIN TELEVISION CHANNELS IN SLOVENIA

TV CHANNEL	BROADCASTER	MAIN OWNER (%)	AUDIENCE SHARE* (%)
TV SLOVENIJA 1 AND 2 CHANNEL	RTV SLOVENIJA	PUBLIC SERVICE	TV SLO1 25.4 TV SLO2 9.3
POP TV	PRO PLUS	CME 96.7	29.7
KANAL A	PRO PLUS	CME 96.7	8.8
TV3	TV3	IVAN ĆALETA 73	1.8

Source: Media Services AGB, Ljubljana.
Note: *In the period October–December 2003, including individuals over 4 years of age.

One of the questions relating to media regulation that will certainly gain significance in the next few years is that of convergence. Cable operators and Internet providers are increasingly active distributors of television content. Cable operators have already begun to consider the provision of their own television programs (e.g. *TV Pika*, *TV Paprika* and many other local televisions), and the largest Slovenian Internet provider offered, in 2003, the transmission of television programs as part of its ADSL package. Its range of programs is already wider than that offered by cable operators. In addition, mobile telephony operators have also begun to show interest in content provision. For them, this is a way to sell the mobile telephony services of the third generation. Since content providers of this type are not bound by the media law in principle, and since their distribution channels are not limited by technical restraints, which is one of the more important arguments in support of the regulation of the broadcasting field (i.e. a limited number of frequencies), we can expect that this area will be plagued with difficulties that the current legislation will not be able to resolve.

5 MEDIA INDEPENDENCE

In the words of the President of the Journalists' Association, Grega Repovž,[40] the main problems that trouble Slovenian journalists are their social status, demands for ever higher productivity and non-observance of the copyright law. These problems are not noticeable at first sight. Slovenian journalists have signed the collective agreement that regulates employment relations, wages, allowances, compensations and refunds, as well as rights and obligations of parties in dispute. The problem is that the provisions of the collective agreement are not observed in practice. At the beginning of 2003, a new law on employment[41] took effect. It regulates individual relations, while collective relations are the subject of the agreement between partners. The law does not bring any explicit changes nor does it impose deadlines for the amendments to the existing collective agreements, but some employers nevertheless understood the new situation to mean the invalidation of the collective agreement. Iztok Jurančič,[42] the president of the Journalists' Trade Union, drew attention to these pressures, primarily aimed at reducing the price of the journalists' work. In fact, media owners frequently view journalists as "items on the costs sheet" that reduce both the potential and actual profits of the media.[43]

However, for many journalists in Slovenia, and here we have in mind free-lance journalists, this is not an issue, because in practice the collective agreement is not applicable to them. On top of that, the number of journalists employed by media companies has been decreasing, meaning, among other things, that many young journalists in Slovenia are left outside the system of medical insurance and the pension scheme. But these free-lance and contract journalists freely set dumping prices on the grey market, thus indirectly affecting the salaries of regularly employed journalists. Their salaries hence appear high compared to free-lance journalists' fees and this discrepancy is exploited by employers as a convenient argument. The unsatisfactory social status of journalists raises still another important question – that of pressure exerted on journalists.

This is another area where relations only appear to be in order. In the debates about legal requirements related to data in the media registry, the Association of Journalists succeeded in securing acknowledgement for the legal explanation[44] that says that the fundamental legal act of the publisher is the act adopted by the publisher's highest ranking body which, in addition to the components of its organisation and operation, also regulates the issues laid down by the media law. This means that the autonomy of the editorial board and editors in chief must be explicitly mentioned in the company's statute (in the case of a joint-stock company) or in partnership agreements (in the case of a limited liability company). The owners, therefore, cannot afford to behave arbitrarily when shaping their media contents, since they are not completely independent when choosing editors in chief. Some media require approval from journalists (e.g. the daily *Dnevnik*) or the supervisory council (if the editor in chief is appointed by the management board), while others seek an opinion from journalists. The Journalists' Association has further observed that sensitivity to pressure exerted by advertisers has increased. They have partly attributed this to the impact of the new journalistic code of ethics and its explicit warning about covert advertising,[45] and to the Honourary Tribunal's contribution to the resolution of such cases. The Journalists' Association has also noted that media companies began to cover the costs of journalists' foreign trips that were not covered in the past – escorting state delegations to foreign countries or participations at "educational seminars" carried out by domestic or international multinational companies.

Recently, investigative journalism in Slovenia has been discussed mainly in the context of the case of Miro Petek. At the end of February 2001, Mirko Petek,[46] a journalist for the regional daily newspaper, *Večer*, was brutally beaten by unknown attackers. Petek was the author of a series of critical articles dealing with corruption in the region from where he reported. In these articles he disclosed the links between banks and local businessmen, who allegedly exploited the privatisation process to acquire possession of certain socially owned companies at low prices. The police were quick to give assurances to the public that the identification and arrest of perpetrators was expected in a matter of days. The person who was most frequently mentioned in these articles filed claims for damages against Miro Petek and several other journalists who took up "the story." At the same time, the chairman of the supervisory board of the newspaper *Večer* (who, at the time of publication, was the president of the bank which was the subject of Petek's articles and whose major owner is the state), claimed that "journalists had no business investigating irregularities in banks."[47] It was only at the end of September 2003 that the police and the public prosecutor announced that ten persons suspected of the attack were detained. In their public statements following these arrests, the General Manager of the Police and the Public Prosecutor "accused" the media and the public of being directly responsible for the prolongation of this case.

The most recent actively debated issue has been that of copyright.[48] "Nearly all Slovenian journalists have signed contracts by which they renounce their copyright in favour of the employer," writes Grega Repovž.[49] Journalists do not receive compensation for texts published in internal publications, sales of documented materials, or sales of articles by clipping services. Neither do they receive compensations for the second or any further reproduction of their copyrighted texts.[50]

Finally, we would like to propose another, journalist-less-friendly conclusion in which injustice suffered by journalists is not wholly blamed on social pressure. Indeed, only a few journalists sincerely care for their education, read widely or have a good overview of international and domestic developments. Similarly, few of them are willing to dig deeper into their subjects and few have the feeling that their reporting based on references to "official sources," or their comfortable cohabitation with the political or commercial power centers, or their stenographic coverage of Parliament's sessions or press conferences, are flawed in any way. There are more international seminars and scholarships available to journalists than journalists interested in undertaking such courses. Few journalists are willing to participate in projects not directly related to personal advantage, while solidarity with fellow journalists and awareness about the primary interests that journalists should represent are very low. This said we can conclude that journalists themselves should be blamed for many things that have gone wrong. Therefore, if they want to exercise their rights they will have to fight for them, and they will also have to gain respect for their own profession.

6 CONCLUSIONS

The main feature of the present day media space in Slovenia is its extraordinarily high concentration with the consequence being corporatisation of media discourse – media content is subordinated to the interests of media owners and the largest advertisers. The model of media privatisation used in Slovenia enabled journalists and other media employees (excluding employees of the public service television *RTV Slovenija*) to retain ownership of and control over the media. Unfortunately, journalists sold this opportunity when the value of media shares increased. As an illustration, in the daily *Večer*, the proportion of small shareholders (internal owners) decreased by nearly 30 percent in the period 2000–2003. Unlike journalists, the state adheres to its ownership stakes in the largest media companies. The privatisation of the formerly socially owned property is currently drawing to an end and its outcome is a special form of state ownership. Although the state maintains, speaking through the voice of media owners, that investment in media is just another way to augment capital, it is evident that certain political interests underpin every single instance of media shares sales. Being a media owner means having an opportunity to influence media content and editorial policy. And this is the kind of influence that the state will not easily let slip from its hands.

At first glance, daily newspapers in Slovenia appear to be characterised by relatively dispersed ownership. But at closer inspection, this seemingly great number of unrelated owners in practice boils down to a few persons related through capital and management functions. The owners of one newspaper sit on the supervisory boards of other newspapers. The media are thus under the control of owners and managers of large companies that are at the same time the largest advertisers in these media, the owners of advertising agencies that sell and buy advertising space in these newspapers, the chairmen of some of the largest, mainly state-owned, Slovenian companies, and "hidden" representatives of political interests. These supervisors actually supervise themselves and take care that their economic and political interests are safe against undesired media reporting. Our inspection of the lists of supervisory boards members has shown that power is actually concentrated in the hands of a small group of individuals. Pressure on media and journalists' autonomy has become more concealed and this may have long-term implications.

The number of hybrid articles/ advertorials that pretend to be editorial content, but are in fact paid advertisements, has been increasing. The barrier separating advertisements from editorial content has been breaking down under the weight of the drive for profit. The responsibility for market success of the media is placed with editors leaving them with little maneuvering space for the shaping of editorial policies.

Our analysis showed a number of links between media owners that point to media concentration, but it eludes the classical definition because of the absence of formal links. The situation in the broadcasting sector is even more serious owing to the uncontrolled allocation of broadcast licenses. The Slovenian market is too small to enable the survival of 83 radio stations and 37 television stations. So, we can expect networking that will essentially alter individual programming concepts. Those radio stations that adhere to in-house production and fulfillment of their basic task, i.e., providing information to citizens, cannot cover the extremely high price of production and cannot compete effectively with networks whose programming costs are much lower. Yet, while the price of radio advertising time has been falling and the value of professional journalists' work hit its lowest level, the market price of radio stations has been increasing. The major part of the 50 million tolars (approx. EUR 210,000), the current market value of a local radio station, is the value of broadcast license. On the other hand, only a few more frequencies are still available for allocation.

In the popular game Monopoly, the winner is the player with the largest property and most money, the one who remains a sole player by excluding others. In the realistic media world in Slovenia, it could happen that a group of ten owners and five of the most influential supervisors come through sharing between themselves the entire media property. The game will probably end with their selling off ownership stakes to foreign investors. But it is ironic that, in contrast to other East and Central European countries with the socialist past that sold off their media to foreign owners at the beginning of the transition period (1990–1992), Slovenia took the whole decade to carry out the privatisation process, impose restriction on media ownership, and pass two media acts, only to be confronted in the end with the outcome that it strived to prevent at the beginning of the 1990s.

NOTES

1 *Delo*, 12 September, 2003

2 See <http://www.gov.si/mk/>.

3 *Finance*, 6 January 2003.

4 *Uradni list RS*, 55/1992, pp. 3117–3124. The law was amended two times in 1993 (*Uradni list RS*, 7/1993 and 31/1993).

5 According to the Radio and Television Act, the founder of the public institution *RTV Slovenija* is the Republic of Slovenia (Article 1). See *Uradni list RS*, 18-729/1994).

6 The 1994 Mass Media Act (*Uradni list RS*, 18/1994) stipulated in Article 39 that an individual natural or legal person can have the maximum of 33 percent interest or 33 percent of management rights in the assets of a company or an institution that is a publisher of the daily newspaper or creates, prepares or broadcasts a radio or television program. Article 40 restricted cross-ownership to 10 percent. These restrictions did not apply to the funds listed under Article 22 of the Transformation of the Ownership of Enterprises Act, i.e. Kapitalski sklad invalidskega in pokojninskega zavarovanja, Odškodninski sklad and Sklad RS za razvoj.

7 The privatisation of *Delo* is a good example of the privatisation formula used by other companies, with smaller or bigger alterations.

8 The Mass Media Act came into force on 26 May 2001. It replaced the 1994 Mass Media Law.

9 The Protection of Competition Act was published on 13 July 1999 in *Uradni list RS* 56/1999.

10 The Mass Media Act (Article 57) precisely defines the meaning of related persons.

11 *Poročevalec Državnega zbora RS*, 1/2003, 8 January 2003.

12 "We have been studying the fluctuation of Delo shares in the certain time period - from October 2002 to February 2003 Delo shares went up by 40 percent. If we suspect any strange transactions, we shall inspect the transactions by all those involved which could influence the price. This would represent a market manipulation, which is one of the most serious forms of the violation of rules observed on the securities market" said the Director of the ATVP. See *Delo*, 5 February 2003.

13 *Uradni list RS*, 47/1997 and 56/1999.

14 Amendments to the law are still at the drafting stage at the Ministry of Culture.

15 Under Article 12 of the Mass Media Act, before the beginning of any activity the publisher must register the medium with Ministry of Culture. Given that the report has not been updated for a whole year now, on 15 December 2003 we checked at the Ministry of Culture whether the state as of 31 January 2003 has changed in the meanwhile. We were told that the registry now includes 752 media, that is, 295 more than listed in the last published registry. We could not obtain an answer to the question why the registry has not been updated.

16 December 2003.

17 Klirinško depotna družba (Central Securities Clearing Corporation, KDD), December 2003.

18 *Delo*, 30 December 2003.

19 See the media registry records at the Ministry of Culture at <http://www.kultura.gov.si/cache/bin?bin.svc=obj?bin.id=1824> (accessed 30 April 2004).

20 See Kaja Jakopič, "Kdo so lastniki *Mladine*?" (Who Are the Owners of Mladina?), *Medijska preža* (Media Watch journal), 9/2000, at <http://mediawatch.ljudmila.org/bilten/seznam/09/trg/print.html>.

21 Infond holding and it related companies are a 6,8 percent shareholder in *Delo*, 51 percent in *Večer* (*Večer* is a 6.5 percent owner of *Dnevnik*) and 29.9 percent in Delo Tiskarna. The largest owners of Infond holding are KBM Infond, NKBM and Radenska; a 83 percent owner of Radenska is Pivovarna Laško, the owner of 25 percent of the Delo shares.

22 A 55.583 percent shareholder in the Mladinska knjiga printing company is the Dutch company MKT Holding (source KDD).

23 Sandra B. Hrvatin and Lenart J. Kučić, *Medijska preža* (Media Watch) no. 15, December 2002.

24 Technically speaking, the share of KD could also be classified as a foreign capital, since the owner of almost 14 percent of its shares is Bank Austria.

25 Kapitalski sklad invalidskega in pokojninskega zavarovanja and Odškodninski sklad.

26 After Gorenje was damaged by fire the Government headed by Andrej Bajuk demanded from Gorenje to sell its share in Delo if it wanted to receive state aid. The management of Gorenje refused to do it. The opposition parties insisted that KAD temporarily stored its shares with the politically "friendly" company thus preventing the takeover by the right wing parties.

27 *Finance*, 15 November 2000.

28 It is not clear how Mohorjeva družba, whose assets in 1999 amounted to 70 million tolars and its capital to 8 million tolars, could buy a 6.2 percent of *Delo* shares worth 600 million tolars.

29 The deadline for harmonisation was the end of October 2002.

30 At that time, the main economic topic was "brewers' war" involving the Belgian trans-national company Interbrew that tried to buy the largest Slovenian brewery, Union. Pivovarna Laško (Laško Brewery) prevented this and thus earned public approval for its presumed "defense of the public interest."

31 The DZS is the majority owner of Dnevnik.

32 The name is not without historical symbolism, since the newspaper bearing the same name supported the Christian democratic political option at the beginning of the previous century.

33 *Delo*, 4 May 1996.

34 *Večer*, 7 December 1996, Delo, Readers Letters, 7 December 1996.

35 Report by the Broadcasting Council, *Poročevalec*, no. 78, 1997.

36 Source: Radiometrija 2002/2003.

37 *Finance*, 30 January 2003.

38 *TV3* never managed to dispel prejudice that it was a "political project," a television owned by the Church and the political right.

39 According to Croatian analysts, all four Croatian companies are related to Ćaleta. See article by Petra Šubic, *Medijska preža* (Media Watch journal), no. 16, p. 26.

40 Grega Repovž: "Optimizem!", *E-novinar*, no. 13, p. 1

41 Emplyoment Act. See *Uradni list RS* 42/2002.

42 Neva Nahtigal: "Ne smemo se izgubiti v tej peni" (We must not get lost in this foam), E-novinar, no. 13, p. 6. For more on the situation of journalists, see *Medijska preža* (Media Watch journal), no. 14, 15, 16, 17-18.

43 "The biggest costs are those of paper and salaries," said the chairman of Delo Jure Apih in an interview for *Delopis*, a bulletin of Delo's journalists (December 2003).

44 The application for entry into the register must be accompanied with the company fundamental legal act (Article 12 of the Mass Media Law).

45 The Journalists' Association regularly publishes the examples of violation of the Document about the unacceptability of covert advertising and abuse of newspaper space. See <http://www.novinar.com/krsitve>. Although the Mass Media Law (Article 47) explicitly prohibits such advertising, no publisher has been sanctioned so far.

46 For the chronology of events, main actors, media articles by Petek and commentaries see <http://www.primerpetek.net>.

47 Published on 17 June 2002 in the weekly *Kapital* in Maribor.

48 *Medijska preža* (Media Watch journal) featured many texts about the copyright laws.

49 Grega Repovž: "Optimizem!", *E-novinar*, no. 13, p. 1.

50 Copyright in Slovenia is protected by the Copyright and Related Rights Act adopted in 1995 and amended in 2001. The rights arising from scientific, artistic, and research activities and inventions are also protected by Article 60 of the Constitution.

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MEDIA OWNERSHIP
AND ITS IMPACT ON MEDIA INDEPENDENCE AND PLURALISM This book is an attempt to map ownership patterns and their effects on media pluralism and independence in the countries of South East Europe and EU member states from Central and Eastern Europe. The eighteen country reports and a regional overview are a result of the project organised by the South East European Network for Professionalisation of the Media (SEENPM). The project was conducted from July 2003 to June 2004 and was led by the Peace Institute in Ljubljana, itself a member of the SEENPM.

ISBN 961-6455-26-5
9 789616 455268